

Utopian Strategies



Combining **technology**
with *Wellness*

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Project Summary

Utopian Strategies, LLC is a woman-owned real estate development company with a proposal which we strongly believe is appropriate for the 2021 NAIOP Challenge project site. We are committed to diversifying Sunnyvale's tech-heavy employment base and ensuring new development equitably benefits all sectors of the community, with the entire diverse population in the area, so we are proposing a hybrid project which combines profit-seeking development with a non-profit community wellness center. We propose to construct a 100,000 square foot Data Center (approximately 3 MegaWatts) on the north end of the site with its own environmentally friendly water treatment plant for cooling; and have already negotiated a sole source lease to UniversBook¹ for 10 years with two (2) 10-year options.

In addition to the data center, our project also integrates a 50,000 square feet community wellness center, aimed to benefit not only UniversBook's employees, but also the surrounding employees of other companies, and more importantly, the community and people of Sunnyvale.

The project's **Three Main Goals** are:

1. **Generate profit** by:
 - a. leasing the data center and therefore ensuring high cash flow
 - b. cutting down on operational costs by using a private water treatment plant to reduce water usage
 - c. reducing fixed labor costs since the data center is self-operating
2. **Enhance brand** reputation for UniversBook through *Cause-Marketing*, a cooperative effort between **Utopian Strategies LLC** (For-Profit) & **Utopian**

¹ UniversBook is a fictional social media company based in San Mateo County which is undergoing a major re-branding and re-positioning effort in 2022.

Strategies Wellness Organization (Non-Profit) to improve quality of life for local employees and residents *physical* and *mental* wellbeing. UniversBook will benefit from this project and so will the community, since it will physically create a bridge between Sunnyvale's corporate Moffett Gateway area (mostly technology companies and industrial Research & Development) and nearby residential neighborhoods.

3. Offer an innovative cash flow solution:

- a. long-term, 10+ years, of revenue from Data Center shared to the Wellness Center to meet improvement metrics such as mental health, lowered stress/cortisol levels, cleaner air, noise attenuation for the residential neighborhoods, and growing annual returns over the years

OR

- b. short-term, 3-5 years, by profitably selling the data center to a single third-party user.

Either option offers high investment returns, since the global data center market is continually growing, “estimated at **US\$59.3 in 2020**” and expected “to reach **US\$143.4 billion by 2027**” (“Global internet data centers market report”, 2021).

Additional Info

- Utopian Strategies is primarily a Data Center project, and the Wellness center is a supportive use.



- A total of 275 shared parking spots throughout the entire site, equipped with solar panels and e/v charging stations.
- Total Development Cost for the project is \$173 Million.
- Total construction time needed for the project is ~ 24 months, or two years.
- Intended investment duration is elastic, either short- or long-term. However, our initial recommendation is long-term, at least 10 years.

Physical Details

We will construct a large, single-story data center on approximately 6 acres of the site in front of Highway 237. The building will serve as a noise- and wind-break from the highway; and one of the Wellness Center's first projects will be to install a mural along the highway facing side designed by a local artist. Parking requirements for this mechanical use are very low, so we are including a secure and gated 6,000-square feet parking lot with 25 parking spaces, along with 43,560 square feet (approximately 1 acres) of chillers, water recirculation and 43,560 square feet (approximately 1 acre) of landscaping and secure storage.

Example of beautification mural on data center by Google/Alphabet ([citation](#))



At the edge of the data center parcel, we will construct a secure privacy wall to separate the data center from the 10-acre community wellness center. This 50,000 square feet community wellness center will have a 60,000 square feet parking lot with 250 parking spaces (on approximately 1.38 acres) and 217,800 square feet of outdoor amenities, lawn, recreation, and landscaping (on approximately 5 acres). The community wellness center will include the following amenities:

- Outdoor
 - Swimming pool



- Garden + Campfire style “day-lodging” for stress relief

- Indoor

- Café + Snack bar



- Spa treatment spaces
- Fitness space
- Education and Training rooms



- Meditation / Retreat space



- Event space

Utopian Strategies aims to offer an *Oasis* for workers, residents, and visitors alike, by combining

innovation,
modernization,

and

sustainability.

We will introduce

the concept of

“Resort For A



Day” - for populations of workers who cannot afford exotic vacations but will gain health benefits from intermittent “Retreat Days” at the Wellness Center.

Financial Details

Utopian Strategies is proposing a sole-source lease to UniversBook at a single gross rent (called “all-in pricing”) in order to use UniversBooks own business plan to repurpose a portion of its expenditures to construct and help operate the Wellness Center. UniversBook requires the data center for its business model anyway, so instead of “paying themselves” for this new 3mW of capacity - the money will be paid to Utopian Strategies. In return, Utopian Strategies will charge them a discounted rate for data usage; divert a portion of the monthly proceeds to support the Wellness Center; and provide them with a brand-new N+1 redundancy data center as an asset for them to depreciate, monopolize and (if they choose) to sell or sub-lease for additional revenue. Since we have pre-negotiated a gross lease with UniversBook, our development costs are reduced by:

- No leasing or sales broker commissions; no transaction costs to industry intermediaries. Reduced costs for AEC since data centers are cheap to build (though expensive to operate).
- Discounted cost for land acquisition, since UniversBook’s philanthropy arm is using a large donation to Utopian Strategies to offset tax liability.
- Construction funding at long-term debt rates (3.25%) from the Community Investment portion of a commercial bank; the project qualifies as an Impact Investment which comes with federal guarantees, through the new AOC Green New Deal Infrastructure Bank.

- Substantially reduced marketing costs, since our customer is already in hand; and the users of the Wellness center will be sourced through local businesses and government agencies.
- Reduced operating costs since almost $\frac{2}{3}$ of the property will be held by Utopian Strategies Wellness, a 501(c)3 which qualifies for property tax exemption. In order to reduce costs, the project team decided to eliminate a lot of the transaction costs (e.g. broker commissions, marketing, etc.). We also accounted for over \$1,000,000 per year in operating costs.
- Utopian Strategies is also forgoing most of the typical Developer Fee.

After construction concludes and both the data center and Wellness Center are operating, the Wellness Center is expected to need less and less subsidy from the Data Center lease each year. By Year 10, the Wellness Center operating costs should be self-sufficient, from a combination of:

- Membership sales for the “Oasis for a Day” to community partners such as SF 49ers; SJ Sharks; Rich People’s Community Fund; and others.
- Federal grants and subsidies, including entitlement allocations ([citation](#))
- State, County, and Municipal grants and donations
- Low-income members and guests at the Wellness center will receive services free or at a steep discount based on a sliding scale calibrated to their income

Here is a summary of key financial data:

Total Unlevered Cash Flow

Profit	(\$119,973,487)
Project Costs	\$172,889,452
Unlevered IRR	-24.88%
Equity Multiple	0.31x

Total Levered Cash Flow

Profit	\$6,083,119
Equity Contribution	\$46,832,846
IRR	2.89%
Multiple	1.13x

Entitlements and City Approvals

Utopian Strategies has a long-standing relationship with City officials in Sunnyvale, including (former) Councilmember Mason Fong who is now a member of Governor Newsom's Asian-American Communications Team. We believe that the new Moffett Park specific Plan, with its emphasis on "urban ecology, sustainability, and climate change" will enable us a fast path of approvals for this project. The adjacency to Highway 237 underscores the inefficiency of the property today - providing a noise- and wind-break for the residential neighborhoods by construction the Data Center (with its on-site water recirculation and treatment facility) will allow the neighborhoods to be built denser and more sustainably.



Adjacency to highway; high noise; high wind; high pollution.

Our project reduces daily automobile trips, improving quality of environment for residents.

Summary of research documents

Global internet data centers market report 2021: Market to reach \$143.4 billion by 2027 - Explosion of big data creates opportunities -

ResearchAndMarkets.com. (2021, September 3). BusinessWire.

<https://www.businesswire.com/news/home/20210903005160/en/Global-Internet-Data-Centers-Market-Report-2021-Market-to-Reach-143.4-Billion-by-2027---Explosion-of-Big-Data-Creates-Opportunities---ResearchAndMarkets.com>

<https://www.datacenterplanet.com/data-center/data-center-space-rental-4-things-you-need-to-know/>

<https://www.us.jll.com/en/views/data-centers-expensive-to-build-but-worth-every-penny>

<https://datacenterpost.com/triple-net-vs-modified-gross-vs-all-in-data-center-leases/>

<https://www.us.jll.com/en/views/data-centers-expensive-to-build-but-worth-every-penny>

<https://therealdeal.com/national/2021/03/18/data-center-demand-and-rent-surges-in-secondary-markets/>

Team Info

- **Winnie Hito**

Senior, Business Administration / International Business - Global Management & Leadership

- **Kaelynn Malani**

Senior, Business Administration - Business Entrepreneurship Minor - Engineering Management

Exhibits

Site Plan

