



SAN FRANCISCO PLANNING DEPARTMENT

Planning Commission Resolution No. 18602

Development Agreement

HEARING DATE: APRIL 26, 2012

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: April 12, 2012
Case No.: 2005.0555E; 2012.0403W
Initiated by: Geoffrey Nelson, CPMC
633 Folsom Street, 5th Floor
San Francisco, CA 94107
(415) 600-7206
NelsonGK@Sutterhealth.org
Staff Contact: Elizabeth Watty, Planner
Elizabeth.Watty@sfgov.org, 415-558-6620
Reviewed By: Kelly Amdur, Director Citywide Planning
Kelley.amdur@sfgov.org, 415-558-6351
90-Day Deadline: July 9, 2012
Recommendation: **Recommend Approval**

RESOLUTION APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND SUTTER WEST BAY HOSPITALS DBA CALIFORNIA PACIFIC MEDICAL CENTER, FOR CERTAIN REAL PROPERTY ASSOCIATED WITH THE CALIFORNIA PACIFIC MEDICAL CENTER LONG RANGE DEVELOPMENT PLAN LOCATED AT VARIOUS LOCATIONS IN THE CITY AND COUNTY OF SAN FRANCISCO AND GENERALLY REFERRED TO AS THE ST. LUKE'S CAMPUS, CATHEDRAL HILL CAMPUS, DAVIES CAMPUS, PACIFIC CAMPUS AND CALIFORNIA CAMPUS; MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, FINDINGS OF CONFORMITY WITH THE CITY'S GENERAL PLAN AND WITH THE EIGHT PRIORITY POLICIES OF PLANNING CODE SECTION 101.1(B).

The Planning Commission (hereinafter "Commission") finds as follows:

1. California Government Code Section 65864 et seq. authorizes any city, county, or city and county to enter into an agreement for the development of real property within the jurisdiction of the city, county, or city and county.
2. Chapter 56 of the San Francisco Administrative Code ("Chapter 56") sets forth certain procedures for the processing and approval of development agreements in the City and County of San Francisco (the "City").
3. Sutter West Bay Hospitals, a California nonprofit public benefit corporation doing business as California Pacific Medical Center ("CPMC"), is the owner of certain real

property associated with the CPMC Long Range Development Plan ("LRDP") located at various locations in the City and County of San Francisco and generally referred to as the St. Luke's Campus, Cathedral Hill Campus, Davies Campus, Pacific Campus and California Campus (the "Project Sites").

4. CPMC's proposed LRDP describes an integrated, modern system of health care with medical facilities that would comply with State of California hospital seismic safety laws under a city-wide system of care. The LRDP proposes three state-of-the-art acute care hospitals, increasing the number of San Francisco's earthquake safe hospital beds, creating 1,500 construction jobs (anticipating approximately \$2.5 billion in total development costs), retaining and growing over 6,200 existing CPMC jobs and improving health care access for San Franciscans.
5. CPMC's 2008 Institutional Master Plan describes CPMC's LRDP. Following the San Francisco Planning Commission and the Public Health Commission hearings on the Institutional Master Plan, the Planning Commission on November 19, 2009 accepted the IMP, and in November 2011, the IMP was updated, all in compliance with San Francisco Planning Code Section 304.5 (as so updated, the "IMP").
6. On March 30, 2012, CPMC filed an application with the City's Planning Department for approval of a development agreement relating to the Project Sites (the "Development Agreement") under Chapter 56. Developer also filed applications with the Department for certain activities described in Exhibit B to the Development Agreement (together with the Development Agreement, the "Project"). The Project includes the "Near Term Projects," which generally include the following: (i) on the St. Luke's Campus, a new replacement hospital, renovation and reuse of the 1957 Building, demolition of the existing hospital tower, construction of a new medical office building, and construction of an entry plaza, courtyard and public pedestrian pathway; (ii) on the new Cathedral Hill Campus, a new hospital and medical office building and the renovation and reuse of an existing office building as a full medical office use; and (iii) on the Davies Campus, a new Neuroscience Institute building. The Project also proposes that a portion of the San Jose Avenue right-of-way between Cesar Chavez Street and 27th Street will be vacated by the City and transferred to CPMC for incorporation into the St. Luke's Campus, and that a pedestrian tunnel will be constructed beneath Van Ness Avenue connecting the eastern portion of Cathedral Hill Hospital to the western portion of the Cathedral Hill MOB.
7. CPMC also proposes certain Long-Term Projects (as also described in Exhibit B to the Development Agreement), which are subject to additional review and approvals and generally include the following: (i) on the Davies Campus, a new medical office building; and (ii) on the Pacific Campus, an ambulatory care center addition including administrative and medical office uses and underground and above-ground parking facilities.
8. The Office of Economic and Workforce Development ("OEWD"), in consultation with the Planning Director, has negotiated a proposed development agreement for the Project Site, a copy of which is attached as Exhibit A (the "Development Agreement").

9. On April 10, 2012, the Mayor introduced to the Board of Supervisors an ordinance adopting the Development Agreement.
10. Concurrently with this Resolution, the Planning Commission is taking a number of actions in furtherance of the Project, as generally described in Exhibit I to the Development Agreement.
11. The Project would enable CPMC to continue to provide high-quality patient care using ground-breaking technology in seismically safe, state-of-the-art acute care hospitals, increasing the number of highest rated earthquake safe hospital beds, retaining and increasing emergency room capacity in San Francisco, and providing critical resources for San Francisco's disaster preparedness. In addition to the significant benefits which the City will realize due to CPMC's proposed Project, the City has determined that as a result of the development of the Project in accordance with the Development Agreement additional clear benefits to the public will accrue that could not be obtained through application of existing City ordinances, regulations, and policies. Some of the major additional public benefits that would arise with implementation of the Project include: rebuilding St. Luke's Hospital at a cost of approximately \$250 million; a workforce development program that includes a first source hiring program for construction and operation activities, a local business enterprise hiring agreement and a workforce training payment of \$2 million; a community healthcare program which includes commitments for St. Luke's operation and a substantial health care services program for the poor and underserved; a housing program providing over \$62 million to replacement units, affordable housing and down payment assistance, plus an additional estimated \$35 million for affordable housing from repayment of DALP loans and housing appreciation, and transportation and public improvement funding, all as more particularly described in the Development Agreement. The Development Agreement will eliminate uncertainty in the City's land use planning for the Project and secure orderly development of the Project Sites.
12. The Planning Department analyzed the Project (Case Nos. 2004.0603, 2005.0555, 2009.0885, 2009.0886, 2012.0403), including the Development Agreement and other actions related to the Project, in an Environmental Impact Report published on July 21, 2010 ("DEIR"). On April 26, 2012, by Motion No. 18588, the Commission made findings and certified the DEIR, together with the responses to the comments on the DEIR, as a Final Environmental Impact Report ("FEIR") in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq., ("CEQA"), the State CEQA Guidelines (California Code of Regulations Title 14 Sections 15000 et seq.) and Chapter 31 of the San Francisco Administrative Code (Chapter 31). The Commission has reviewed the FEIR and adopts and incorporates by reference as though fully set forth herein the findings, including the statement of overriding considerations, pursuant to CEQA, adopted by the Commission in Motion No. 18589.
13. Also on April 26, 2012, by Motion No. 18589, the Planning Commission adopted findings, including a statement of overriding considerations and a mitigation monitoring and reporting program, pursuant to CEQA. Such findings are incorporated herein by reference.

14. The Commission hereby finds, for the reasons set for in Motion No. 18592, that the Development Agreement and related approval actions are, on balance, consistent with the General Plan including any area plans, and are consistent with the Planning Code Priority Policies of Planning Code Section 101.1(b).
15. The Director accepted the application for filing after it was deemed complete; published notice of acceptance in an official newspaper; and has made the application publicly available under Administrative Code Section 56.4(c).
16. The Director issued a Director's Report on the Development Agreement on April 6, 2012, at least 20 days prior to the hearing as required by Administrative Code Section 56.10(a).
17. The Director has scheduled and the Commission has held a public hearing as required by Administrative Code Section 56.4(c). The Planning Department gave notice as required by Planning Code Section 306.3 and mailed such notice on April 6, 2012, which is at least 10 days before the hearing to local public agencies as required by Administrative Code Section 56.8(b). The Planning Department also gave advance agenda notice of the hearing on the Development Agreement on April 13, 2012 as required by Administrative Code Section 56.8(b).
18. The Planning Department file on this matter was available for public review at least 20 days before the first public hearing on the development agreement as required by Administrative Code Section 56.10(b). The file continues to be available for review at the Planning Department at 1650 Mission Street, 4th floor, San Francisco.

IT IS HEREBY RESOLVED, that the Commission approves the Development Agreement, in substantially the form attached hereto as Exhibit A, and recommends that the Board of Supervisors adopt an Ordinance approving the Development Agreement; and, be it

FURTHER RESOLVED, That the Commission agrees that if the Board of Supervisors proposes any amendment to the Development Agreement that benefits the City and does not alter the City's General Plan, the Planning Code, or the applicable zoning maps affecting the Project Sites, then such amendments shall not be deemed a "material modification" to the Development Agreement under Administrative Code Section 56.14, and any such amendment to the Development Agreement may be approved by the Board of Supervisors without referring the proposed amendment back to the Commission; and, be it

FURTHER RESOLVED, that pursuant to Administrative Code Section 56.20(b), the Developer shall pay the City an amount equal to all of the City's costs in preparing and negotiating the Development Agreement, including all staff time for the Planning Department and the City Attorneys' Office, as invoiced by the Planning Director.

I hereby certify that the Planning Commission ADOPTED the foregoing Resolution on April 26, 2012.

Resolution No. 18602

Hearing Date: April 26, 2012



Linda D. Avery
Commission Secretary

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CASE NO. 2005.0555E; 2012.0403W
California Pacific Medical Center LRDP

AYES: Fong, Antonini, Borden, Miguel

NAYS: Moore and Sugaya

ABSENT: Wu

ADOPTED: April 26, 2012

