

1 [Development Agreement - Sutter West Bay Hospitals - California Pacific Medical Center]

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3 **Ordinance approving a Development Agreement between the City and County of San**  
 4 **Francisco and Sutter West Bay Hospitals, for certain real property associated with the**  
 5 **California Pacific Medical Center Long Range Development Plan, located at various**  
 6 **locations in the City and County of San Francisco and generally referred to as the St.**  
 7 **Luke's Campus, Cathedral Hill (Van Ness and Geary) Campus, Davies Campus, Pacific**  
 8 **Campus, and California Campus; making findings under the California Environmental**  
 9 **Quality Act, findings of conformity with the General Plan and the eight priority policies**  
 10 **of Planning Code, Section 101.1(b); and waiving certain provisions of Administrative**  
 11 **Code, Chapter 56, and ratifying certain actions taken in connection therewith.**

12 NOTE: Additions are *single-underline italics Times New Roman*;  
 13 deletions are *strike-through italics Times New Roman*.  
 14 Board amendment additions are double-underlined;  
 15 Board amendment deletions are ~~strike-through normal~~.

16 Be it ordained by the People of the City and County of San Francisco:

17 Section 1. Project Findings. The Board of Supervisors makes the following findings:

18 (a) California Government Code Section 65864 et seq. authorizes any city, county, or  
 19 city and county to enter into an agreement for the development of real property within the  
 20 jurisdiction of the city, county, or city and county.

21 (b) Chapter 56 of the San Francisco Administrative Code ("Chapter 56") sets forth  
 22 certain procedures for the processing and approval of development agreements in the City  
 23 and County of San Francisco (the "City").

24 (c) Sutter West Bay Hospitals, a California nonprofit public benefit corporation doing  
 25 business as California Pacific Medical Center ("CPMC"), is the owner of certain real property

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

5 (d) CPMC's proposed LRDP describes an integrated, modern system of health care  
6 with medical facilities that would comply with State of California hospital seismic safety laws  
7 under a city-wide system of care. The LRDP proposes three state-of-the-art acute care  
8 hospitals, increasing the number of San Francisco's earthquake safe hospital beds, creating  
9 1,500 construction jobs (anticipating \$2 billion in total development costs), retaining and  
10 growing over 6,000 existing CPMC jobs and improving health care access for San  
11 Franciscans.

12 (e) CPMC's 2008 Institutional Master Plan describes CPMC's LRDP. Following the  
13 San Francisco Planning Commission and the Public Health Commission hearings on the  
14 Institutional Master Plan, the Planning Commission on November 19, 2009 accepted the IMP,  
15 and in November 2011 and April 9, 2013, the IMP was updated, all in compliance with San  
16 Francisco Planning Code Section 304.5 (as so updated, the "IMP").

17 (f) On March 30, 2012, CPMC filed an application with the City's Planning Department  
18 for approval of a development agreement relating to the Project Sites and on April 9, 2013  
19 filed a request for modification thereto (as so modified, the "Development Agreement") under  
20 Chapter 56. A copy of the Development Agreement is on file with the Clerk of the Board in  
21 File No. 120366. Developer also filed applications with the Department for certain activities  
22 described in Exhibit B to the Development Agreement (together with the Development  
23 Agreement, the "Project"). The Project includes the "Near Term Projects," which generally  
24 include the following: (i) on the St. Luke's Campus, a new replacement hospital, renovation  
25 and reuse of the 1957 Building, demolition of the existing hospital tower, construction of a new

1 medical office building, and construction of an entry plaza, courtyard and public pedestrian  
2 pathway; (ii) on the new Cathedral Hill Campus, a new hospital and medical office building  
3 and the renovation and reuse of an existing office building as a full medical office use; and  
4 (iii) on the Davies Campus, a new Neuroscience Institute building. The Project also proposes  
5 that a portion of the San Jose Avenue right-of-way between Cesar Chavez Street and 27<sup>th</sup>  
6 Street will be vacated by the City and transferred to CPMC for incorporation into the St. Luke's  
7 Campus, and that a pedestrian tunnel will be constructed beneath Van Ness Avenue  
8 connecting the eastern portion of Cathedral Hill Campus Hospital to the western portion of the  
9 Cathedral Hill Campus MOB.

10 (g) CPMC also proposes certain Long-Term Projects (as also described in Exhibit B to  
11 the Development Agreement), which are subject to additional review and approvals and  
12 generally include the following: (i) on the Davies Campus, a new medical office building; and  
13 (ii) on the Pacific Campus, an ambulatory care center addition including administrative and  
14 medical office uses and underground and above-ground parking facilities.

15 (h) Concurrently with this Ordinance, the Board is taking a number of actions in  
16 furtherance of the Project, as generally described in Exhibit J to the Development Agreement.

17 (i) The Project would enable CPMC to continue to provide high-quality patient care  
18 using ground-breaking technology in seismically safe, state-of-the-art acute care hospitals,  
19 increasing the number of highest rated earthquake safe hospital beds, retaining and  
20 increasing emergency room capacity in San Francisco, and providing critical resources for  
21 San Francisco's disaster preparedness. In addition to the significant benefits which the City  
22 will realize due to CPMC's proposed Project, the City has determined that as a result of the  
23 development of the Project in accordance with the Development Agreement additional clear  
24 benefits to the public will accrue that could not be obtained through application of existing City  
25 ordinances, regulations, and policies. Some of the major additional public benefits that would

1 arise with implementation of the Project include: rebuilding St. Luke's Hospital at a cost of  
2 over \$250 million; a workforce development program that includes a first source hiring  
3 program for construction and operation activities, a local business enterprise hiring agreement  
4 and a workforce training payment of \$4 million; a community healthcare program which  
5 includes commitments for a new hospital at the St. Luke's Campus and a substantial health  
6 care services program for the poor and underserved; a housing program providing over  
7 \$36.5 million to affordable housing; and transportation and public improvement funding, all as  
8 more particularly described in the Development Agreement. The Development Agreement will  
9 eliminate uncertainty in the City's land use planning for the Project and secure orderly  
10 development of the Project Sites.

11 Section 2. CEQA Findings.

12 On April 26, 2012, by Motion No. 18588, the Planning Commission certified as  
13 adequate, accurate and complete the Final Environmental Impact Report ("FEIR") for the  
14 California Pacific Medical Center Long-Range Development Plan. A copy of Planning  
15 Commission Motion No. 18588 is on file with the Clerk of the Board of Supervisors in File No.  
16 120357. On March 12, 2013, by adoption of Motion No. M13-042, the Board of Supervisors  
17 affirmed the certification of the EIR and rejected the appeal of Planning Commission Motion  
18 No. 18588. Copies of Planning Commission Motion No. 18588 and Board of Supervisors  
19 Motion No. M13-042 are on file with the Clerk of the Board of Supervisors in File No. 120549  
20 and 120550. In accordance with the actions contemplated herein, this Board has reviewed  
21 the FEIR and the FEIR Addendum for the revised CPMC LRDP Project, and adopts and  
22 incorporates as though fully set forth herein the findings, including a statement of overriding  
23 considerations, pursuant to CEQA, adopted by the Planning Commission on May 23, 2013, in  
24 Motion No. 18880. Said Motion is on file with the Clerk of the Board of Supervisors in File No.  
25 120357.

1 Section 3. General Plan and Planning Code Section 101.1(b) Findings.

2 (a) The Board of Supervisors finds that the Development Agreement will serve the  
3 public necessity, convenience and general welfare for the reasons set forth in Planning  
4 Commission Resolution No. 18893 and incorporates those reasons herein by reference.

5 (b) The Board of Supervisors finds that the Development Agreement is in conformity  
6 with the General Plan, as proposed to be amended and when effective, and the eight priority  
7 policies of Planning Code Section 101.1 for the reasons set forth in Planning Commission  
8 Motion No. 18883. The Board hereby adopts the findings set forth in Planning Commission  
9 Motion No. 18883 and incorporates those findings herein by reference.

10 Section 4. Development Agreement.

11 (a) The Board of Supervisors approves all of the terms and conditions of the  
12 Development Agreement, in substantially the form on file with the Clerk of the Board of  
13 Supervisors in File No. 120366.

14 (b) The Board of Supervisors approves and authorizes the execution, delivery and  
15 performance by the City of the Development Agreement as follows: (i) the Director of  
16 Planning and (other City officials listed thereon) are authorized to execute and deliver the  
17 Development Agreement and consents thereto, and (ii) the Director of Planning and other  
18 applicable City officials are authorized to take all actions reasonably necessary or prudent to  
19 perform the City's obligations under the Development Agreement in accordance with the  
20 terms of the Development Agreement. The Director of Planning, at his or her discretion and in  
21 consultation with the City Attorney, is authorized to enter into any additions, amendments or  
22 other modifications to the Development Agreement that the Director of Planning determines  
23 are in the best interests of the City and that do not materially increase the obligations or  
24 liabilities of the City or materially decrease the benefits to the City as provided in the  
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1 Development Agreement, subject to the approval of any affected City agency as more  
2 particularly described in the Development Agreement.

3 Section 5. Board Authorization and Appropriation.

4 By approving the Development Agreement, including its Exhibits, the Board of  
5 Supervisors authorizes the Controller and City Departments to accept the funds paid by  
6 CPMC as set forth therein, to maintain separate, interest-bearing accounts or subaccounts as  
7 contemplated therein, and to appropriate and use the funds for the purposes described  
8 therein. Any interest earned on the funds shall remain in the designated account or  
9 subaccount for use consistent with the identified purpose and shall not be transferred to the  
10 City's General Fund except as permitted by the Development Agreement.

11 Section 6. Chapter 56 Conformity.

12 The Development Agreement shall prevail in the event of any conflict between the  
13 Development Agreement and Administrative Code Chapter 56, and without limiting the  
14 generality of the foregoing clause, for purposes of the Development Agreement only, the  
15 provisions of Chapter 56 are waived or its provisions deemed satisfied as follows:

16 (a) CPMC shall constitute a permitted "Applicant/Developer."

17 (b) The provisions of Development Agreement Section 4.6 and the Workforce  
18 Agreement attached to the Development Agreement as Exhibit E shall apply in lieu of the  
19 provisions of Chapter 56, Section 56.7(c).

20 (c) The provisions of the Development Agreement regarding any amendment or  
21 termination, including those relating to "Material Change," shall apply in lieu of the provisions  
22 of Chapter 56, Section 56.15.

23 (d) The provisions of Chapter 56, Section 56.20 have been satisfied by the  
24 "Memorandum of Understanding on the Proposed CPMC Project" between CPMC and the  
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1 Mayor's Office of Economic and Workforce Development, the Planning Department and the  
2 Department of Public Works on file with the Clerk of the Board of Supervisors in File  
3 No. 120366.

4 Section 7. Chapter 56 Waiver; Ratification.

5 (a) In connection with the Development Agreement, the Board of Supervisors finds  
6 that the requirements of Chapter 56, as modified hereby, have been substantially complied  
7 with, and hereby determines that the CPMC Project taken as a whole constitutes the type of  
8 large multi-phase and/or mixed-use development contemplated by Section 56.3(g) and waives  
9 any procedural or other requirements of Chapter 56 if and to the extent that they have not  
10 been strictly complied with.

11 (b) All actions taken by City officials in preparing and submitting the Development  
12 Agreement to the Board of Supervisors for review and consideration are hereby ratified and  
13 confirmed, and the Board of Supervisors hereby authorizes all subsequent action to be taken  
14 by City officials consistent with this Ordinance.

15 Section 8. Effective and Operative Date.

16 This ordinance shall become effective 30 days from the date of passage. This  
17 Ordinance shall become operative only on (and no rights or duties are affected until) the later  
18 of (a) 30 days from the date of its passage, or (b) the date that Ordinance \_\_\_\_\_,  
19 Ordinance \_\_\_\_\_, and Ordinance \_\_\_\_\_ have become effective. Copies of said  
20 Ordinances are on file with the Clerk of the Board of Supervisors in File Nos. 130508, 130509,  
21 and 130510.

22 APPROVED AS TO FORM:  
23 DENNIS J. HERRERA, City Attorney

24 By: \_\_\_\_\_  
25 CHARLES SULLIVAN  
Deputy City Attorney

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