

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

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3 **Ordinance: 1) approving a Development Agreement between the City and County of**
 4 **San Francisco and Sutter West Bay Hospitals, for certain real property associated with**
 5 **the 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; 2) making findings under the California**
 9 **Environmental Quality Act, findings of conformity with the City's General Plan and with**
 10 **the eight priority policies of Planning Code Section 101.1(b); and 3) waiving certain**
 11 **provisions of Administrative Code Chapter 56, and ratifying certain actions taken in**
 12 **connection therewith.**

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

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

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

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

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

25

1 (c) Sutter West Bay Hospitals, a California nonprofit public benefit corporation doing
2 business as California Pacific Medical Center ("CPMC"), is the owner of certain real property
3 associated with the CPMC Long Range Development Plan ("LRDP") located at various
4 locations in the City and County of San Francisco and generally referred to as the St. Luke's
5 Campus, Cathedral Hill (Van Ness and Geary) Campus, Davies Campus, Pacific Campus and
6 California Campus (the "Project Sites").

7 (d) CPMC's proposed LRDP describes an integrated, modern system of health care
8 with medical facilities that would comply with State of California hospital seismic safety laws
9 under a city-wide system of care. The LRDP proposes three state-of-the-art acute care
10 hospitals, increasing the number of San Francisco's earthquake safe hospital beds, creating
11 1,500 construction jobs (anticipating approximately \$2.5 billion in total development costs),
12 retaining and growing over 6,000 existing CPMC jobs and improving health care access for
13 San Franciscans.

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

19 (f) On _____, CPMC filed an application with the City's
20 Planning Department for approval of a development agreement relating to the Project Sites
21 (the "Development Agreement") under Chapter 56. A copy of the Development Agreement is
22 on file with the Clerk of the Board in File No. _____. Developer also filed
23 applications with the Department for certain activities described in Exhibit B to the
24 Development Agreement (together with the Development Agreement, the "Project"). The
25 Project includes the "Near Term Projects," which generally include the following: (i) on the St.

1 Luke's Campus, a new replacement hospital, renovation and reuse of the 1957 Building,
2 demolition of the existing hospital tower, construction of a new medical office building, and
3 construction of an entry plaza, courtyard and public pedestrian pathway; (ii) on the new
4 Cathedral Hill Campus, a new hospital and medical office building and the renovation and
5 reuse of an existing office building as a full medical office use; and (iii) on the Davies Campus,
6 a new Neuroscience Institute building. The Project also proposes that a portion of the San
7 Jose Avenue right-of-way between Cesar Chavez Street and 27th Street will be vacated by the
8 City and transferred to CPMC for incorporation into the St. Luke's Campus, and that a
9 pedestrian tunnel will be constructed beneath Van Ness Avenue connecting the eastern
10 portion of Cathedral Hill Hospital to the western portion of the Cathedral Hill MOB.

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

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

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

1 ordinances, regulations, and policies. Some of the major additional public benefits that would
2 arise with implementation of the Project include: rebuilding St. Luke's Hospital at a cost of
3 approximately \$250 million; a workforce development program that includes a first source
4 hiring program for construction and operation activities, a local business enterprise hiring
5 agreement and a workforce training payment of \$2 million; a community healthcare program
6 which includes commitments for St. Luke's operation and a substantial health care services
7 program for the poor and underserved; a housing program providing over \$62 million to
8 replacement units, affordable housing and down payment assistance; and transportation and
9 public improvement funding, all as more particularly described in the Development
10 Agreement. The Development Agreement will eliminate uncertainty in the City's land use
11 planning for the Project and secure orderly development of the Project Sites.

12 Section 2. CEQA Findings.

13 On _____, by Motion No. _____, the Planning Commission
14 certified as adequate, accurate and complete the Final Environmental Impact Report ("FEIR")
15 for the California Pacific Medical Center Long-Range Development Plan. A copy of Planning
16 Commission Motion No. _____ is on file with the Clerk of the Board of Supervisors in
17 File No. _____. Also on _____, by Motion No. _____, the
18 Planning Commission adopted findings, including a statement of overriding considerations
19 and a mitigation monitoring and reporting program, pursuant to the California Environmental
20 Quality Act (California Public Resources Code Section 21000 et seq.) ("CEQA"). In
21 accordance with the actions contemplated herein, this Board has reviewed the FEIR and
22 adopts and incorporates by reference as though fully set forth herein the findings, including a
23 statement of overriding considerations, pursuant to CEQA, adopted by the Planning
24 Commission on _____ in Motion No. _____. Said Motion is
25 on file with the Clerk of the Board of Supervisors in File No. _____.

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. _____ and incorporates those reasons herein by
5 reference.

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

11 Section 4. Development Agreement.

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

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

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
25 Mayor's Office of Economic and Workforce Development, the Department of City Planning

1 and the Department of Public Works on file with the Clerk of the Board of Supervisors in File
2 No. _____.

3 Section 7. Chapter 56 Waiver; Ratification.

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

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

14 Section 8. Effective and Operative Date.

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

20
21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23 By: _____
24 Charles Sullivan
25 Deputy City Attorney