

**REVISED LEGISLATIVE DIGEST**

(6/4/2013, Substituted)

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

**Ordinance approving a Development Agreement between the City and County of San Francisco and Sutter West Bay Hospitals, 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 (Van Ness and Geary) Campus, Davies Campus, Pacific Campus, and California Campus; making findings under the California Environmental Quality Act, findings of conformity with the General Plan and the eight priority policies of Planning Code, Section 101.1(b); and waiving certain provisions of Administrative Code, Chapter 56, and ratifying certain actions taken in connection therewith.**

Existing Law

California Government Code section 65864 *et seq.* (the Development Agreement Statute”) and San Francisco Administrative Code Chapter 56 (“Chapter 56”) authorize the City to enter into a development agreement regarding the development of real property.

Amendments to Current Law

This ordinance approves a development agreement between the City and County of San Francisco and Sutter West Bay Hospitals in accordance with the Development Agreement Statute and Chapter 56. The development agreement would provide CPMC the vested right to develop the projects sites as described in the development agreement. There are no proposed amendments to Chapter 56.

Background Information

This Ordinance is substitute legislation concerning California Pacific Medical Center’s (CPMC) Long Range Development Plan (“LRDP”). This Ordinance substitutes for legislation originally introduced in April 2012. After introduction of the original legislation, CPMC revised its LRDP. The revised LRDP is described generally below. The proposed revisions from April 2012 include an increase in the size of the new hospital at the St. Luke’s Campus (from 80 beds to 120 beds) and a decrease in the size of the new hospital at the Cathedral Hill Campus (from 555 beds to 274 – 304 beds).

CPMC currently operates four acute care medical centers in San Francisco: the California Campus, the Pacific Campus, the St. Luke’s Campus, and the Davies Campus. As part of its program to meet state seismic readiness deadlines, CPMC’s proposes a five campus system with three acute care hospitals – at Davies, St. Luke’s, and a new hospital at the proposed

Cathedral Hill Campus – providing approximately 692 licensed beds and three full-service emergency departments (one at each of the acute care hospitals). The proposed Cathedral Hill Hospital will be a 274 to 304-bed, 226' tall, 12-story, approximately 730,888 gross square foot acute care hospital with 276 parking spaces on three underground levels. The new St. Luke's Hospital will be a 120-bed, 142 feet tall, 7-story, approximately 214,061 gross square foot hospital, sited on an existing surface parking lot and over a portion of the to-be-vacated San Jose Avenue.

Once the proposed hospital is constructed at the Cathedral Hill Campus, the acute care services at the California and Pacific campuses will be transferred to the Cathedral Hill Hospital. The Pacific Campus's existing acute care hospital would undergo renovation and reuse as an ambulatory care center. More details regarding the LRDP, including plans and renderings, can be found on the Planning Department's website at [cpmc.sfplanning.org](http://cpmc.sfplanning.org).

Under the proposed development agreement, CPMC would have the vested right to construct the Near-Term Projects: a hospital and medical office building at Cathedral Hill, a hospital and medical office building at St. Luke's, and a medical office building at Davies. If CPMC constructs the hospital at Cathedral Hill, they must also construct the hospital at St. Luke's and complete it within 24 months following the completion of the Cathedral Hill hospital. Starting 12 months after completion of the Cathedral Hill Hospital, CPMC must make up to 12 monthly "delay payments" to the City until the completion of the St. Luke's Hospital. The default and remedies provisions of the Development Agreement, including substantial liquidated damages for the failure to complete the St. Luke's Hospital, remain the same as presented in April 2012.

The development agreement has a term of 10 years and provides for numerous public benefits including benefits related to housing, healthcare, workforce development, transportation, and streetscape improvements. The public benefits are consistent with the term sheet approved by the Board of Supervisors on March 12, 2013 as Resolution No. 77-13.

By separate legislation, the Board is considering a number of actions in furtherance of projects located at the Cathedral Hill and St. Luke's Campuses, including the approval of amendments to the City's General Plan, Planning Code and Zoning Map.