City of Palo Alto
City Council Staff Report

Report Type: Action Items
Meeting Date: 7/11/2011

Council Priority: {ResProject:ClearLine}

Summary Title: 2nd Reading SUMC Project Ordinances

Title: Adoption of a Resolution Approving the Reorganization of an Approximately .65 Acre Territory Designated “Major Institution/University Lands” Located in the County of Santa Clara and Second Reading for the Adoption of Two Ordinances: (1) Amendment of Title 18 of the PAMC to add a new Chapter 18.36 (Hospital District), adding Section 8.10.95 (Tree Removal in HD Zone) to Chapter 8.10 (Tree Preservation and Management Regulations) of Title 8 (Trees and Vegetation) and amending Section 16.20.160(a)(1) (Special Purpose Signs) of Chapter 16.20 (Signs) of Title 16 (Building Regulations) and amending Section 18.08.010 (Designation of General Districts) and Section 18.08.040 to Chapter 18.08 (Designation and Establishment of Districts) and (2) Approval of a Development Agreement Between the City of Palo Alto and Stanford Hospital and Clinics; Lucile Salter Packard Children’s Hospital at Stanford; and the Board of Trustees of the Leland Stanford Junior University; and Update on Efforts to Address Comments Made by Parents of Students at the Stanford Arboretum Childrens Center

From: City Manager

Lead Department: Planning and Community Environment

RECOMMENDATION
Staff recommends that the City Council:

1. Adopt the Resolution approving the Reorganization of an approximately .65 Acre Territory Designated "Major Institution/University Lands" Located in the County of Santa Clara (Attachment A);
2. Conduct a second reading and adopt the Ordinance Amending Title 18 of the PAMC to add a new Chapter 18.36 (Hospital District), adding Section 8.10.95 (Tree Removal in HD Zone) to Chapter 8.10 (Tree Preservation and Management Regulations) of Title 8 (Trees and Vegetation) and amending Section 16.20.160(a)(1) (Special Purpose Signs) of Chapter 16.20 (Signs) of Title 16 (Building Regulations) and amending Section 18.08.010 (Designation of General Districts) and Section 18.08.040 to Chapter 18.08 (Designation and Establishment of Districts) (Attachment B); and
3. Conduct a second reading and adopt the Ordinance Approving a Development Agreement between the City of Palo Alto and Stanford Hospital and Clinics; Lucile Salter Packard Children’s Hospital at Stanford; and the Board of Trustees of the Leland Stanford Junior University (Attachment C).

BACKGROUND
On June 6, 2011 the City Council certified the Final Environmental Impact Report for the Stanford University Medical Center Facilities Renewal and Expansion Project (“project”) and approved a series of land use entitlements related to the project. These entitlements included a Comprehensive Plan Amendment to exempt the Hospital District from the citywide and area specific non-residential development caps and to permit higher buildings in the HD zone; the creation of a new Hospital District Zone; a Conditional Use Permit for the major components of the project and a Development Agreement which would lock in the entitlements for a period of 30 years in exchange for a mutually acceptable package of community benefits.

The Council also requested that the Development Agreement be revised to include language consistent with the agreement between the City of Palo Alto, the SUMC project applicants, and the City of East Palo Alto, for payment of specific fees related to traffic improvements at University Avenue in East Palo Alto and a payment if the SUMC project sponsors are unable to achieve the 2025 transportation mode-split target as described in the Mitigation Monitoring and Reporting Program, mitigation number TR-2.3.

DISCUSSION
Annexation
In order to ensure that the site is located entirely in Palo Alto and to ensure compliance with the Tri-Party Agreement between the County, City and Stanford regarding the use of medical center land, an annexation is required. On June 6, Council initiated the annexation proceedings by adopting a resolution setting the date of June 20, 2011 to conduct a meeting on the annexation of a 0.65 acre site from Santa Clara County. The City of Palo Alto is the lead agency for annexation proceedings. The property to be annexed is solely owned by Stanford University. No objections to the annexation have been received by the City. To complete the annexation, the City must adopt a Resolution Making Certain Findings (Attachment A).

Zoning Ordinance
Given the unique and complex characteristics of the project, a new Hospital District was added to the Zoning Code. No substantive changes were made to the ordinance since Council’s first reading on June 6. For convenience, a copy of the ordinance is included in this Staff Report as Attachment B.

The Development Agreement- East Palo Alto Traffic Issue
Prior to the June 6, 2011 Council meeting, City of Palo Alto staff, the SUMC project applicants and representatives from the City of East Palo Alto held a series of meetings regarding transportation-related impacts in the City of East Palo Alto. The Final EIR prepared for the SUMC Project concluded that there were no significant traffic related impacts in East Palo Alto.
The traffic study prepared for the Final EIR included a level-of-service (LOS) analysis for East Palo Alto intersections, including Woodland/University, University/Bay, and University/Donohoe. It was determined that with the full build-out of the project in 2025, these intersections would continue to operate in a manner that would not trigger CEQA-impacts. Although East Palo Alto representatives have accepted the Final EIR conclusions, they have argued that there would be perceived impacts from the SUMC Project, in that many East Palo Alto intersections currently operate poorly and that these intersection’s LOS would continue to deteriorate over time, even if the SUMC Project’s contribution does not trigger a CEQA impact. Representatives from East Palo Alto requested payments from the SUMC project applicants and the City of Palo Alto to address the perceived traffic impacts.

In response to East Palo Alto’s request, at the June 6, 2011 meeting the City Council directed staff to incorporate the following additional provisions into the Development Agreement:

1. The Hospitals shall make a payment of $200,000 to the City of East Palo Alto for roadway and traffic signal improvements scheduled to be done on the length of University Avenue within the East Palo Alto city limits. This work includes repaving and restriping/bike lanes to improve both vehicular and non-vehicular traffic flow.

2. In the event the SUMC Parties are unable to meet the trip diversion goal set forth in this Agreement such that the $4 Million penalty payment is triggered, the City of Palo Alto shall remit $150,000 of the penalty payment to the City of East Palo Alto.

The revisions Council directed are incorporated into Section 5(c)(iii) of the Development Agreement (Exhibit A to Attachment C). Approval of a Development Agreement is a legislative act which becomes final 31 days after the second reading of the Ordinance approving the Development Agreement. (Attachment C.)

**Stanford Arboretum Children’s Center**

On June 16, 2011, the City received comments regarding the Stanford Arboretum Children’s Center (operated by the Children’s Creative Learning Centers (CCLC)), located at the Hoover Pavilion site. The commentors expressed concerns that the SUMC project could affect the health of the children who attend the CCLC daycare at 215 Quarry Road. The commentors include parents of children who attend the CCLC.

Representatives from SUMC and Stanford University have met with the parents group to understand their concerns and identify possible solutions. One July 1, City staff met with the parents group and SUMC/Stanford representatives to provide information and answer questions regarding the Health Risk Analysis, Air Quality, Hazardous Materials and Noise analyses contained within the Final EIR. A memorandum with the information was provided by the City’s EIR consultant, ATKINS, and distributed to attendees at the meeting. The memorandum is contained in Attachment D.
The following is a summary of the progress the stakeholders have made with regard to this issue:

- A temporary, off-site daycare center location for the CCLC has been identified by Stanford University. The site would need to be developed to accommodate the CCLC, as it is currently vacant land located in Santa Clara County. Once developed, this site would be the temporary home of the CCLC during construction activities at the Hoover pavilion site, and
- Stanford University has agreed to delay construction of the Hoover Pavilion parking garage until the temporary CCLC site is ready for occupancy.

A follow-up meeting with SUMC/Stanford University and the parents group was scheduled for July 6. At the parents’ request, City staff also attended. At the meeting, Stanford and the parents reviewed construction plans, construction site preparation, and a timeline for construction activities at Hoover Pavilion, and to resolve any remaining issues.

On July 7, Stanford presented a draft letter agreement to the parents. (A copy of this draft letter is included as Attachment E.) This letter agreement summarizes Stanford’s plans to relocate the day care center during the key elements of construction and the additional steps Stanford plans to take to protect the day care center from disruption. Staff will provide a verbal update at the meeting on whether the letter agreement is acceptable to the day care parents, whether there are any remaining issues to be resolved and the time frame for resolution.

**NEXT STEPS**
The ordinances would be in-effect 31-days after the second reading, which would be August 10, 2011.

The SUMC project applicant is expected to begin minimal site preparation at Hoover Pavilion for the building renovation activities within the next few weeks. This may include installation of protective fencing and minimal tree protection and relocation preparation work.

The parties are also negotiating an agreement that would permit Stanford to relocate the major utility infrastructure servicing the project from the SUMC site to underneath Welch Road. This relocation will facilitate better site planning and avoid possible construction impediments. Also as part of this agreement, the City plans to upgrade the capacity of its gas line in this area. Staff will bring this agreement to Council for approval shortly.

**ENVIRONMENTAL REVIEW**
The City Council certified the FEIR for the project on June 6, 2011.

**ATTACHMENTS:**

- Attachment A: Annexation Resolution  (PDF)
• Attachment B: HD Zoning Ordinance  (PDF)
• Attachment C: Ordinance Adopting Development Agreement  (PDF)
• Attachment D: ATKINS Memorandum, SUMC Project Impacts on CCLC  (PDF)
• Attachment E: Stanford University & SUMC Letter Agreement to SACC Parents  (PDF)

Prepared By:  Steven Turner, Advance Planning Manager
Department Head:  Curtis Williams, Director
City Manager Approval:  James Keene, City Manager
Resolution No. _____
Resolution of the Council of the City of Palo Alto Making Determinations and Approving the Reorganization of an Approximately .65 Acre Territory Designated “Major Institution/ University Lands” Located in the County of Santa Clara on the Northwest Side of the Main SUMC Site Adjacent to Pasteur Drive (APN: 142-05-031)

WHEREAS, a petition for the annexation of certain territory to the City of Palo Alto and detachment of said territory from the County of Santa Clara, consisting of 0.65 acres on the northwest side of the Main SUMC site adjacent to Pasteur Drive (APN: 142-05-031) has been filed by the owner of said parcel; and

WHEREAS, on June 6, 2011 the City Council adopted Resolution No. 9170 initiating proceedings for annexation of the area designated as “Major Institution/ University Lands”; and

WHEREAS, said territory is inhabited and all owners of land included in the proposal consent to this annexation; and

WHEREAS, section 56757 of the California Government Code states that the Local Agency Formation Commission shall not review an annexation proposal to any City in Santa Clara County of unincorporated territory which is within the urban service area of the city if initiated by resolution of the legislative body and therefore the Council of the City of Palo Alto is now the conducting authority for said annexation; and

WHEREAS, Government Code section 56663 (a) provides that if a petition for annexation is signed by all owners of land within the affected territory, the City Council may approve or disapprove the annexation without public hearing; and

WHEREAS, evidence was presented to the City Council.

NOW, THEREFORE, the Council of the City of Palo Alto does hereby resolve as follows:

SECTION 1. That it is the conducting authority pursuant to Section 56757 of the Government Code for the annexation of property designated “Major Institution/ University Lands”, more particularly described in Exhibits “A” and “B”;

SECTION 2. That the following findings are made by the Council of the City of Palo Alto:
*NOT YET APPROVED*

a. That said territory is inhabited and comprises approximately .65 acres;

b. That the annexation is consistent with the orderly annexation of territory within the City’s urban service area and is consistent with the City policy of annexing when providing City services;

c. On June 6, 2011, the City Council certified the Final Environmental Impact Report for the Stanford University Medical Center Renewal and Expansion Project pursuant to the California Environmental Quality Act;

d. The City Council on June 6, 2011, enacted an ordinance pre-zoning the subject territory with the “Hospital District” zoning designation;

e. That the territory is within the city urban service area as adopted by the Local Agency Formation Commission of Santa Clara County;

f. The City requests the County Surveyor, if necessary, determine the boundaries of the proposed annexation to be definite and certain, and in compliance with the Commission’s road annexation policies. The Applicant shall reimburse the County for the actual cost incurred by the County Surveyor in making this determination;

g. That the proposed annexation does not create islands or areas in which it would be difficult to provide municipal services;

h. That the proposed annexation does not split lines of assessment or ownership;

i. That the proposed annexation is consistent with the City’s General Plan;

j. That the territory to be annexed is contiguous to existing City limits; and

k. That the City has complied with all conditions imposed by the Commission for inclusion of the territory in the City’s urban service area.

SECTION 3. That no subject agency has submitted any written opposition to a waiver of protest proceedings.

SECTION 4. That all property owners and registered voters have been provided written notice of this proceeding and no opposition has been received.

SECTION 5. That said annexation is hereby ordered without any further protest proceedings pursuant to Government Code section 56663 (d).
BE IT FURTHER RESOLVED that upon completion of these reorganization proceedings the territory annexed will be detached from the County of Santa Clara.

BE IT FURTHER RESOLVED that upon completion of these reorganization proceedings the territory reorganized will be taxed.

INTRODUCED and PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

____________________________   ____________________________
City Clerk        Mayor

APPROVED AS TO FORM: APPROVED:

____________________________
Senior Asst. City Attorney        City Manager

____________________________
Director of Planning and Community Environment

____________________________
Director of Administrative Services
EXHIBIT A
LEGAL DESCRIPTION
ANNEXATION TO THE CITY OF PALO ALTO
STANFORD UNIVERSITY

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING AN ANNEXATION TO THE CITY OF PALO ALTO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE CITY OF PALO ALTO CORPORATE LIMITS, SAID POINT LYING AT THE INTERSECTION OF THE SOUTHWESTERLY LINE OF Pasteur Drive (60 FOOT WIDE) AND THE NORTHWESTERLY LINE OF STANFORD MEDICAL CENTER, SAID POINT LYING AT THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN AS “SOUTH 14° 55’17” WEST 194.50 FEET”, AND AT THE SOUTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN AS “SOUTH 75° 04’43” EAST 400.00 FEET (800.00 FEET TOTAL)” AS PER THAT CERTAIN UNRECORDED MAP ENTITLED “SURVEY CITY OF PALO ALTO CORPORATE LIMITS, STANFORD UNIVERSITY, CALIFORNIA”, DATED JUNE 19, 1985;

THENCE LEAVING SAID SOUTHWESTERLY LINE OF Pasteur Drive, ALONG DESCRIBED COURSE ALONG THE SAID NORTHWESTERLY LINE OF STANFORD MEDICAL CENTER, SOUTH 14° 55’17” WEST, A DISTANCE OF 194.50 FEET TO THE SOUTHWESTERLY TERMINUS THEREOF, SAID POINT LYING AT THE NORTHWESTERLY TERMINUS OF THAT CERTAIN COURSE IN SAID CORPORATE LIMITS LINE ON THE SOUTHWESTERLY LINE OF SAID STANFORD MEDICAL CENTER SHOWN ON SAID MAP AS “SOUTH 75° 04’43” EAST 700.00 FEET (995.00 FEET TOTAL);

THENCE LEAVING SAID CORPORATE LIMITS LINE ALONG THE NORTHWESTERLY PROLONGATION OF LAST SAID DESCRIBED COURSE PER SAID MAP, NORTH 75° 04’43” WEST, A DISTANCE OF 119.85 FEET;

THENCE NORTH 00° 02’51” EAST, A DISTANCE OF 201.24 FEET TO SAID COURSE ON SAID CORPORATE LIMITS LINE AND SAID MAP PREVIOUSLY DESCRIBED AS “SOUTH 75° 04’43” EAST 400.00 FEET (800.00 FEET TOTAL)

THENCE ALONG DESCRIBED LINE, SOUTH 75° 04’43” EAST, A DISTANCE OF 171.51 FEET TO THE POINT OF BEGINNING;

DESCRIBED LANDS CONTAINING AN AREA OF 28,335 SQUARE FEET OR 0.65 ACRES, MORE OR LESS;

THE PROPERTY DESCRIBED HEREON IS SHOWN ON THE ATTACHED PLAT, EXHIBIT B, AND BY REFERENCE, MADE A PART HEREOF;
*NOT YET APPROVED*

REFERENCE: UNRECORDED SURVEY OF CITY OF PALO ALTO CORPORATE LIMITS
DATED JUNE 19, 1995  STANFORD UNIVERSITY MAPPING AND RECORDS
Ordinance No. ______

Ordinance of the Council of the City of Palo Alto Adding Section 8.10.95 (Tree Removal in HD Zone) to Chapter 8.10 (Tree Preservation and Management Regulations) of Title 8 (Trees and Vegetation) and Amending Section 16.20.160(a)(1) (Special Purpose Signs) of Chapter 16.20 (Signs) of Title 16 (Building Regulations) and Amending Section 18.08.010 (Designation of General Districts) and Section 18.08.040 to Chapter 18.08 (Designation and Establishment of Districts) and Adding Chapter 18.36 (Hospital (HD) District) to Title 18 (Zoning) of the Palo Alto Municipal Code

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. The City Council finds as follows:

(a) Stanford Hospital and Clinics (“SHC”), Lucile Salter Packard Children’s Hospital at Stanford (“LPCH”) and Stanford University School of Medicine (“SoM”) operate existing Stanford University Medical Center (“SUMC”) facilities within the City of Palo Alto on two sites that are collectively approximately 66 acres: the approximately 56-acre Main SUMC Site and the approximately 9.9-acre Hoover Pavilion Site. The two sites collectively are referred to in this zoning ordinance as the SUMC Sites. The Main SUMC Site is primarily bounded by Welch Road, Quarry Road, and Stanford University lands in unincorporated Santa Clara County. The Hoover Pavilion Site is located south and east of the corner of Quarry Road and Palo Road. The boundaries of the SUMC Sites are shown on Exhibit A to this zoning ordinance.

(b) SHC, LPCH and SoM have applied for a Zone Change, Comprehensive Plan Amendment, Environmental Assessment, Architectural Review, Annexation and a Development Agreement for the Stanford University Medical Center Facilities Renewal and Replacement Project (“Project” or “SUMC Project”), including the demolition, renovation, and replacement of on-site structures, thereby adding approximately 1.3 million square feet of net new floor area.

(c) Following staff review and preparation of the Environmental Impact Report for the SUMC Project, the Planning and Transportation Commission (Commission) reviewed the Project, including this zoning ordinance, and recommended approval on May 11, 2011. The Commission’s recommendations are contained in Attachment L.

(d) On June 6, 2011, the City Council certified the Environmental Impact Report for the SUMC Project, adopted the findings required by the California Environmental Quality Act (CEQA) and adopted a Statement of Overriding Considerations.

(e) Section 8.80.010 of Chapter 8.80 of Title 18 of the Palo Alto Municipal Code allows the City to amend Title 18 by changing the boundaries of districts, or by changing the regulations applicable within one or more districts, or by changing any other provision of Title 18, whenever the public interest or general welfare may so require. The amendments to Title 18 specified in this ordinance are necessary to carry out the SUMC Project, which will benefit the
public interest and general welfare. The Stanford University Medical Center is recognized as a
global leader in medical care and research, having pioneered advancements in transplantation
medicine, cancer care, prenatal diagnosis and treatment, and diabetes and cholesterol treatments.
In 2009, the SHC and LPCH served 64 percent of Palo Alto residents who required
hospitalization. The Project will enable the SHC, LPCH and SoM to continue this important
work, and the addition of more beds for adults and children will alleviate overcrowding and
allow the hospitals to serve patients who currently must be turned away. The hospitals also
provide the only Level 1 Trauma Center between San Francisco and San Jose. The Trauma
Center and the Emergency Department ensure critical community emergency preparedness and
response resources for the community in the event of an earthquake, pandemic, or other major
disaster.

SECTION 2. Section 8.10.95 of Chapter 8.10 of Title 8 of the Palo Alto
Municipal Code is hereby added to read as follows:

“8.10.95 Tree Removal in HD Zone

Tree removal and relocation in the HD shall be subject to the provisions in Section
18.36.070. To the extent Section 18.36.070 is inconsistent with this Chapter, Section 18.36.070
shall control.”

SECTION 3. The following amendments are made to Chapter 16.20 of Title 16
of the Palo Alto Municipal Code in order to address maximum sign size and location in the HD.

a. Section 16.20.120(a) (Freestanding signs) is hereby amended to read as follows:

“(a) Freestanding Signs Over Five Feet. Freestanding signs over five feet in height
shall be permitted only on nonresidential properties in the Hospital Zone, GM zones and on El
Camino Real in the CN and CS zones and for service stations, restaurants and shopping centers
elsewhere.”

b. Section 16.20.160(a)(1) is hereby amended to read as follows:

“(1) Directory Signs. In all districts where group occupancies in office buildings are
permitted, directory signs may be erected displaying the names of the occupants of a building
who are engaged in a particular profession, business or the like. Such signs shall be situated at
least two feet inside the property line and shall not exceed eight feet in height. Such signs may
have an area of four square feet, plus one and one-half square feet per name, in no event to
exceed seventy-five square feet. In the HD district, Directory and Directional signs may be up to
12 feet in height, thirty square feet in area, and located no less than two feet from the nearest
public right-of-way unless an alternative location is approved by the Planning Director.”

c. Section 16.20.270, Table 1, first note, is hereby amended to read as follows:

“This Table is to be used in all Zoning Districts except for the GM zones, the
Hospital District, and for El Camino frontages of CN and CS zoned properties.”

d. Section 16.20.270, Table 2, first note, is hereby amended to add the following:

“For requirements in the HD district, see Section 16.20.160(a)(1).”
** Not Yet Approved **

SECTION 4. Section 18.08.010 (Designation of General Districts) of Chapter 18.08 (Designation and Establishment of Districts) of Title 18 (Zoning) is amended to read as follows:

<table>
<thead>
<tr>
<th>Map Designation</th>
<th>Zoning District Name</th>
<th>Chapter Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-E</td>
<td>Residential estate district</td>
<td>18.10</td>
</tr>
<tr>
<td>R-2</td>
<td>Two-family residence district</td>
<td>18.10</td>
</tr>
<tr>
<td>RMD</td>
<td>Two unit multiple-family residence district</td>
<td>18.10</td>
</tr>
<tr>
<td>R-1</td>
<td>Single-family residence district</td>
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<td>RM-15</td>
<td>Low density multiple-family residence district</td>
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<td>RM-30</td>
<td>Medium density multiple-family residence district</td>
<td>18.13</td>
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<tr>
<td>RM-40</td>
<td>High density multiple-family residence district</td>
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<tr>
<td>CN</td>
<td>Neighborhood commercial district</td>
<td>18.16</td>
</tr>
<tr>
<td>CC</td>
<td>Community commercial district</td>
<td>18.16</td>
</tr>
<tr>
<td>CS</td>
<td>Service commercial district</td>
<td>18.16</td>
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<tr>
<td>CD</td>
<td>Downtown commercial district</td>
<td>18.18</td>
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<tr>
<td>MOR</td>
<td>Medical office and medical research district</td>
<td>18.20</td>
</tr>
<tr>
<td>ROLM</td>
<td>Research, office and limited manufacturing district</td>
<td>18.20</td>
</tr>
<tr>
<td>RP</td>
<td>Research park district</td>
<td>18.20</td>
</tr>
<tr>
<td>GM</td>
<td>General manufacturing district</td>
<td>18.20</td>
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<tr>
<td>PF</td>
<td>Public facilities district</td>
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<td>Open space district</td>
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<td>Agricultural conservation district</td>
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<tr>
<td>PC</td>
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<tr>
<td>HD</td>
<td>Hospital district</td>
<td>18.36</td>
</tr>
</tbody>
</table>

SECTION 5. Section 18.08.040 (Zoning Map and District Boundaries) of Chapter 18.08 (Designation and Establishment of Districts) of Title 18 (Zoning) is amended to include the HD district on the Zoning Map.

SECTION 6. The following amendments are made to Chapter 18.28 of Title 18 of the Palo Alto Municipal Code in order to remove references to the Stanford Hoover Pavilion Site from the provisions governing the Public Facilities (PF) District:

a. Section 18.28.02(h) (defining the Stanford Hoover Pavilion site) is hereby deleted.

b. Section 18.28.050 (Site Development Standards), Table 2, footnote 3 is hereby amended to read: “(3) Provided that, for parking facilities, the maximum floor area ratio and site coverage shall be equal to the floor area ratio and site coverage established by the most restrictive adjacent district, and provided, further, that the maximum floor area ratio for the Stanford Hoover Pavilion Site shall be .25:1.”
SECTION 7. Chapter 18.36 of Title 18 of the Palo Alto Municipal Code is hereby added to read as follows:

“Chapter 18.36
HOSPITAL (HD) DISTRICT

Sections:
18.36.010 Purposes
18.36.020 Applicable Regulations
18.36.030 Definitions
18.36.040 Land Uses
18.36.050 Development Standards
18.36.060 Parking and Loading
18.36.070 Tree Preservation
18.36.080 Signs
18.36.090 Historical Review
18.36.100 Architectural Review
18.36.110 Grandfathered Uses
18.36.120 Consistency with Development Agreement

18.36.010 Purposes
The Hospital (HD) district is designed to accommodate medical and educational uses including the Stanford Hospital and Clinics (SHC), Lucile Packard Children’s Hospital (LPCH), medical, office, research, clinic and administrative facilities at the Stanford Hoover Pavilion Site, and School of Medicine (SoM) buildings in a manner that balances the needs of hospital, clinic, medical office and research uses with the need to minimize impacts to surrounding areas and neighborhoods.

18.36.020 Applicable Regulations
The specific regulations of this chapter and the additional regulations and procedures established by this title shall apply to all Hospital Districts.

18.36.030 Definitions
For the purposes of this section, the following terms are defined:

(a) The “Main SUMC” site is defined as all properties zoned HD bounded by Welch Road, Pasteur Drive and Quarry Road and is comprised of Assessor’s Parcel Numbers 142-23-003, 142-23-004, 142-08-005, 142-23-006, 142-23-007, 142-23-010, 142-23-012, 142-23-016, 142-23-017, 142-23-018, 142-23-019, 142-23-024, 142-23-025.

(b) The “Stanford Hoover Pavilion” site is defined as all properties zoned HD bounded by Quarry Road and Palo Road and is comprised of Assessor's Parcel numbers, 142-04-011 and 142-04-019.
**Not Yet Approved**

**18.36.040 Land Uses**

The uses of land allowed by this chapter in the HD district are identified in the following table. Land uses that are not listed on the table are not allowed, except where otherwise noted. Permitted and conditionally permitted land uses for the HD district are shown in Table 1:

Table 1: HD Permitted and Conditional Uses

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>HD</th>
<th>Subject to Regulations in:</th>
</tr>
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<tbody>
<tr>
<td><strong>ACCESSORY AND SUPPORT USES</strong></td>
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<tr>
<td>Accessory facilities and activities customarily associated with or essential to permitted uses, and operated incidental to the principal use</td>
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<td>Ch. 18.40,18.42</td>
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<tr>
<td>Eating and drinking services in conjunction with a permitted use</td>
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<td></td>
</tr>
<tr>
<td>Retail services in conjunction with a permitted use</td>
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<td></td>
</tr>
<tr>
<td><strong>EDUCATIONAL, RELIGIOUS, AND ASSEMBLY USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churches and religious institutions</td>
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<td></td>
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<tr>
<td>Public or private colleges and universities and facilities appurtenant thereto</td>
<td>CUP</td>
<td></td>
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<tr>
<td><strong>HEALTH CARE SERVICES</strong></td>
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<td></td>
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<tr>
<td>Ambulance services</td>
<td>CUP</td>
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<td>Convalescent Facilities</td>
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<td>Hospitals</td>
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</tr>
<tr>
<td>Medical Support Services</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other uses which, in the opinion of the director, are similar to those listed as permitted or conditionally permitted uses</td>
<td>P, CUP</td>
<td></td>
</tr>
<tr>
<td><strong>PUBLIC/QUASI-PUBLIC FACILITY USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All facilities owned or leased, and operated or used, by the City of Palo Alto, the County of Santa Clara, the State of California, the government of the United States, the Palo Alto Unified School District, or any other governmental agency</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Community Centers</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td>Utility Facilities essential to provision of utility services but excluding construction/storage yards, maintenance facilities, or corporation yards.</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td><strong>SERVICE USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Day Care Centers</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td>Hotels providing not more than 10% of rooms with kitchens</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td><strong>TRANSPORTATION USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helipads and Helicopter uses</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td>Transit stops and shelters</td>
<td>P</td>
<td></td>
</tr>
</tbody>
</table>
** Not Yet Approved **

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>HD</th>
<th>Subject to Regulations in:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Facilities</td>
<td>CUP</td>
<td></td>
</tr>
<tr>
<td><strong>TEMPORARY USES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmers markets</td>
<td>P</td>
<td></td>
</tr>
<tr>
<td>Temporary parking facilities, provided such facilities shall remain no more than five years</td>
<td>P</td>
<td></td>
</tr>
</tbody>
</table>

18.36.050 Development Standards

(a) Development Standards

Table 2 specifies the development standards for structures in the HD district.

Table 2: Development Standards

<table>
<thead>
<tr>
<th>Minimum Site Area</th>
<th>HD</th>
<th>Subject to regulations in Section (7):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Site Width</td>
<td>No standards</td>
<td></td>
</tr>
<tr>
<td>Minimum Site Depth</td>
<td>No standards</td>
<td></td>
</tr>
<tr>
<td>Minimum Street Setbacks</td>
<td>10 ft (1)</td>
<td></td>
</tr>
<tr>
<td>Maximum Site Coverage</td>
<td>40% (2)(4)</td>
<td>18.04.030(a)(86)</td>
</tr>
<tr>
<td>Maximum Height (ft)</td>
<td>130 ft (5)</td>
<td>18.04.030(a)(67); 18.40.090</td>
</tr>
<tr>
<td>Maximum Floor Area Ratio (FAR)</td>
<td>1.5 to 1 (3)(6)</td>
<td>18.04.030(a)(57)</td>
</tr>
</tbody>
</table>

(1) Measured from the right-of-way line of any public street to the base of the buildings and not including any awnings or other projections. This setback requirement does not apply to below-grade parking facilities or portions of buildings that bridge a street. This setback requirement also does not apply to any portion of a lot or site that does not abut a public street.

(2) Site coverage is calculated based upon the total contiguous area within this zone (Main SUMC site or the Stanford Hoover Pavilion site), rather than on a parcel-by-parcel basis.

(3) FAR is calculated based upon the total contiguous area within this zone (Main SUMC site or the Stanford Hoover Pavilion site), rather than on a parcel-by-parcel basis.

(4) The maximum site coverage for the Stanford Hoover Pavilion site shall be 30 percent.

(5) The maximum height for new construction at the Stanford Hoover Pavilion site shall be 60 ft.

(6) The maximum floor area ratio for the Stanford Hoover Pavilion site shall be 0.5 to 1.

(7) The regulations referenced in this table apply except as revised in this chapter.

(b) Floor Area Ratio

Except as provided in this section, floor area ratio shall be defined in accord with Chapter 18.04 of the Zoning Ordinance. All areas used to enclose service and mechanical equipment, whether on rooftops, basements, interstitial space, or other interior areas, shall be excluded from floor area calculations. All parking facilities also shall be excluded from floor area calculations.
(c) Lot Coverage

Except as provided in this section, lot coverage shall be defined in accord with Chapter 18.04 of the Zoning Ordinance. Parking facilities shall be excluded from lot coverage.

(d) Height and Grade

(1) Except as provided in this section, building height shall be defined in accord with Chapters 18.04 and 18.40.090 of the Zoning Ordinance. Helicopter pads on top of the buildings, rooftop mechanical equipment and associated screens, cryogenic vents, grease hoods, wind or solar energy equipment, and elevator shafts/overruns shall be excluded from building height calculations, but shall be subject to architectural review as required in Chapters 18.76 and 18.77 of the Zoning Ordinance.

(2) Grade shall be measured in accord with Chapter 18.04 of the Zoning Ordinance.

(e) Street Setbacks

Except as provided in this section, setbacks shall be defined in accord with Chapter 18.04 of the Zoning Ordinance. In the HD district, setbacks from public streets shall be defined as the area between the right of way line of any public street to the base of the building, and not including any awnings or other projections. Setback requirements do not apply to any below grade parking facilities or portions of buildings that bridge a street. Setback requirements also do not apply to any portion of a lot or site that does not abut a public street. No setback requirements other than street setback requirements apply in the HD district.

(f) Recycling Storage

All new development, including approved modifications that add thirty percent or more floor area to existing uses, shall provide adequate and accessible interior areas or exterior enclosures for the storage of recyclable materials in appropriate containers. The design, construction and accessibility of exterior recycling areas and exterior enclosures shall be subject to recommendation by the architectural review board, and approval by the director of planning and community environment, in accordance with Section 18.76.020 of the Zoning Ordinance.

(g) Employee Shower Facilities

Employee shower facilities shall be provided for any new building constructed or for any addition to or enlargement of any existing building as specified in Table 3.

Table 3: Employee Showers Required

<table>
<thead>
<tr>
<th>Uses</th>
<th>Gross Floor Area of New Construction (ft²)</th>
<th>Showers Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>All government or special district facilities designed for employee occupancy, colleges and universities, private educational facilities, business and trade schools and similar uses</td>
<td>0 - 9,999</td>
<td>No requirement</td>
</tr>
<tr>
<td></td>
<td>10,000 – 19,999</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>20,000 – 49,999</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>50,000 and up</td>
<td>4</td>
</tr>
</tbody>
</table>
**Not Yet Approved**

18.36.060 Parking and Loading

(a) Except as provided in this section, off-street parking and loading facilities shall be required for all permitted and conditional uses in accord with Chapter 18.52 and 18.54 of the Zoning Ordinance. Except as provided in this section, all parking and loading facilities on any site, whether required as minimums or optionally provided in addition to minimum requirements, shall comply with regulations and the design standards established by Chapters 18.52 and 18.54 of the Zoning Ordinance.

(b) Parking requirements in the HD district will be performance-based, as established by the applicable conditional use permit. Parking shall be provided to meet projected needs, with consideration given to the potential for reduced parking demand due to the proximity of the Palo Alto Intermodal Transit Station (PAITS) and demonstrated effective transportation demand management (TDM) programs.

(c) The following parking improvements shall be exempt from the parking landscape requirements of Section 18.54.040:

1. All structured parking facilities;
2. Restriping of existing surface parking facilities and other improvements to surface parking facilities that do not materially alter the existing conditions; and
3. Parking or loading areas identified for use in the event of emergency or mass population events such as earthquakes, pandemics, or human-made biological/chemical exposure.

(d) Valet parking facilities shall be exempt from the requirements of Sections 18.54.030 and 18.54.040(c).

(e) For the purposes of calculating shading percentage pursuant to Section 18.54.040(d):

1. Shade structures may be utilized in lieu of trees;
2. The canopies of Protected Trees (as defined by Section 8.10.020(j)) transplanted on the Site will count as double the actual tree canopy; and
3. Valet parking facilities may be designed to achieve 25 percent shading (rather than 50 percent shading).

18.36.070 Tree Preservation

(a) Applicability

1. Except as provided in this section, development in the HD district shall comply with Palo Alto Municipal Code Chapter 8.10 (Tree Preservation and Management Regulations), and the City Tree Technical Manual.

2. No Protected tree (as defined by Section 8.10.020(j)), shall be removed or relocated until the Director of Planning and Community Environment (“Director”), in consultation with the City Arborist, has determined whether the
Protected tree meets the standards of Group 1 or Group 2 Trees, as defined below, and the applicable Protected Tree Removal Permit or Protected Tree Relocation Permit has been obtained. The City’s determination whether a Protected Tree meets the standards of Group 1 or Group 2 Trees shall be valid for a period of ten years following the date of such determination.

(3) For the purposes of this Chapter, “Biological tree resources” shall have the same meaning as “Protected trees” as defined in Section 8.10.020 (j).

(4) For the purposes of this Chapter, “Biological and Aesthetic tree resources” shall consist of those trees that are both Biological tree resources and that have been designated as Group 1 Trees by the Director in consultation with the City Arborist based on a finding that the tree possesses at least one of the following characteristics:

(i) Functions as an important or prominent visual feature relating to the existing area, proposed conditions, pedestrian or vehicular thoroughfares;

(ii) Contributes to a larger grove or shared canopy, landscape theme or otherwise provides important visual balance to existing buildings, trees or streetscape; or

(iii) Possesses unique character as defined in the designation of Heritage Trees, (Section 8.10.090) such as, an outstanding specimen of a desirable species, distinctive in form, size, age, location or historical significance.

(5) Within the HD district, Protected trees fall into one of the following categories:

(i) **Group 1 Trees:** Biological and Aesthetic tree resources which are identified in Table 4. If a Protected tree is not listed in Table 4, or if more than ten years have elapsed since the City’s determination whether the tree is a Group 1 Tree, the Director shall determine whether the tree meets the definition of Section 18.36.070(a)(4), above prior to issuance of any permit to remove or relocate the tree;

(ii) **Group 2 Trees:** Biological tree resources that are identified in Table 4. If a Protected tree is not listed in Table 4, or if more than ten years have elapsed since the City’s determination whether the tree is a Group 2 Tree, the Director shall determine whether the tree meets the definition of Section 18.36.070(a)(3), above prior to issuance of any permit to remove or relocate the tree.
**Not Yet Approved**

Table 4: Protected Tree Groups

<table>
<thead>
<tr>
<th>Tree Group</th>
<th>Tree Tag Number (from SUMC FEIR)</th>
<th>Tree Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>33, 34, 35, 36, 37, 38, 39, 40, 41</td>
<td>Kaplan Lawn</td>
</tr>
<tr>
<td>1</td>
<td>317, 318, 319, 320, 322, 323*, 324*</td>
<td>FIM 1</td>
</tr>
<tr>
<td>1</td>
<td>608, 996*</td>
<td>Welch Road</td>
</tr>
<tr>
<td>2</td>
<td>325, 326, 327, 328</td>
<td>FIM 1</td>
</tr>
<tr>
<td>2</td>
<td>887, 960, 961, 966, 967, 968, 969, 970, 1010, 1011, 1016, 1017, 1092, 1096, 1097, 1098, 1102, 1103, 1104, 1107, 1108, 1109, 1111, 1119, 1170, 1172, 1174, 1175, 1176, 1177</td>
<td>LPCH</td>
</tr>
<tr>
<td>2</td>
<td>1349, 1350, 1351, 1352, 1365, 1366, 1388, 1389, 1390, 1391, 1393, 1399, 1400, 1420, 1435, 1438, 1439, 1442, 1469, 1481, 1483, 1485, 1500, 1503, 1506</td>
<td>Hoover</td>
</tr>
</tbody>
</table>

*Trees to be relocated.

(b) **Preservation.** Notwithstanding Chapter 8.10, Group 1 Trees shall not be removed unless they meet the standard in Section 8.10.050(a). Authorized relocation of Group 1 Trees shall not constitute removal.

(c) **Relocation.** Notwithstanding Chapter 8.10, Group 1 and Group 2 Trees may be relocated upon issuance of a Protected Tree Relocation Permit from the Director in consultation with the City Arborist. For purposes of this section, authorized relocation of Group 1 and 2 Trees shall not constitute removal. The requirements for a Protected Tree Relocation Permit shall be as follows:

1. The applicant shall submit a proposed Tree Relocation and Maintenance Plan (TRMP) that (i) evaluates the feasibility of moving the tree to another location on or near the development site; and (ii) identifies the actions to be taken to increase the likelihood that relocation is successful including the following information: pre-relocation irrigation, relocation procedures, monitoring inspections, and post-relocation tree irrigation and maintenance.

2. If the Director determines the proposed relocation is feasible, the Director shall issue a Protected Tree Relocation Permit requiring the following:

   (i) The Protected Tree Relocation Permit shall specify the actions required to increase the likelihood that relocation is successful.

   (ii) Location of relocated trees is subject to review and approval by the Director in consultation with the City Arborist.

   (iii) If the relocated tree does not survive after a period of five years, the relocated tree shall be replaced with a tree or a combination of trees and Tree Value Standards consistent with Section 3.20,
Table 3-1 Tree Canopy Replacement, of the Tree Technical Manual. If, after relocation, a relocated tree is disfigured, leaning with supports needed, or in decline with a dead top or dieback of more than 25 percent, the tree shall be considered a total loss and replaced as described in this subsection.

(iv) The applicant shall provide a security guarantee for relocated trees, as determined by the Director of Planning and Community Environment, in consultation with the City Arborist, in an amount consistent with the Tree Technical Manual.

(d) **Removal of Group 2 Trees.** Notwithstanding Chapter 8.10, removal of Group 2 Trees shall be allowed in the HD district, upon issuance of a Protected Tree Removal Permit from the Director in consultation with the City Arborist. The requirements for a Protected Tree Removal Permit shall be as follows:

(1) Group 2 Trees that are removed without being relocated shall be replaced in accordance with the ratios set forth in Table 3-1 of the City of Palo Alto Tree Technical Manual in the following way:

(i) The Protected Tree Removal Permit issued shall stipulate the tree replacement requirements for the removed tree, including number of trees, size, location, and irrigation. The number and size of trees required for replacement shall be calculated in accordance with Table 3-1 of the Tree Technical Manual.

(ii) The difference between the required tree replacement and the number of trees that cannot be feasibly planted on site shall be mitigated through contribution to the City of Palo Alto Forestry Fund as provided in Section 3.15 of the Tree Technical Manual. Payment to the Forestry Fund would be in the amount representing the fair market value, as described in Section 3.25 of the Tree Technical Manual, of the replacement trees that cannot be feasibly planted on site.

(2) Location of replacement trees is subject to review and approval by the Director in consultation with the City Arborist.

(e) **Appeal.** Any person seeking the Director's classification of Group 1 or 2 Trees, or seeking the approval to remove or relocate a Protected tree pursuant to this Chapter who is aggrieved by a decision of the Director may appeal such decision in accordance with the procedures set forth in Chapter 18.78 (Appeals).

**18.36.080 Signs**

Signs within the HD district shall comply with Chapter 16.20, except as follows: The requirements for Directory Signs and Directional Signs set forth in Section 16.20.160 are modified to allow such Directory and Directional signs to be up to 12 feet in height, thirty square feet in area, and located no less than two feet from the nearest public right-of-way unless an alternative location is approved by the Planning Director.
18.36.090 Historic Review
Any exterior alterations to the Stanford Hoover Pavilion and any new construction on the Stanford Hoover Pavilion site shall be provided to the Historic Resources Commission for comment prior to final review by the Architectural Review Board. In reviewing any new construction on the Stanford Hoover Pavilion site the prime concern of the Historic Review Board shall be to ensure that the new construction is differentiated from the old and is compatible with the massing, size, scale, and architectural features to protect the historic integrity of the Hoover Pavilion building and site.

18.36.100 Architectural Review
Architectural review, as required in Chapters 18.76 and 18.77 of the Zoning Ordinance, is required prior to the issuance of any building permit in the HD district. Architectural review for landscape and design features linking building areas within the HD district may be implemented through approval of Design Guidelines, which may be modified in the same manner as other architectural review approvals. Directory Signs, Construction Project Signs, and Directional Signs consistent with the area and location regulations set forth in Section 16.20.160 (as modified by Section 18.36.080) and temporary, unsecured pedestrian amenities such as café seating and furniture are exempt from Architectural review.

18.36.110 Grandfathered Uses

(a) Applicability

(1) Except as provided in this section, nonconforming uses and noncomplying facilities are governed by Chapter 18.70 of the Zoning Ordinance.

(2) Any use allowed as a conditional use but legally existing as a permitted use prior to the effective date of amendments to the Zoning Ordinance modifying the allowable uses in the HD district shall be considered a conforming use, except that a conditional use permit shall be required if the use is expanded as outlined in Section 18.70.020.

18.36.120 Consistency with Development Agreement
It is the intent of the City Council that the provisions of this Chapter 18.36 be interpreted consistent with the terms of the Development Agreement between the City of Palo Alto and Stanford University approved and adopted by Ordinance No. _______.

SECTION 8. The EIR for this project was certified by the City Council on June 6, 2011.
**Not Yet Approved**

SECTION 9. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

____________________________   ____________________________
City Clerk        Mayor

APPROVED AS TO FORM:          APPROVED:

____________________________
Senior Asst. City Attorney  City Manager

____________________________
Director of Administrative Services
EXHIBIT “A”
**NOT YET APPROVED**

Ordinance No. ________
Ordinance of the Council of the City of Palo Alto
Approving a Development Agreement Between the City of Palo Alto and Stanford Hospital and Clinics; Lucile Salter Packard Children’s Hospital at Stanford; and the Board of Trustees of the Leland Stanford Junior University

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Recitals.

A. Stanford Hospital and Clinics, a California nonprofit public benefit corporation (“SHC”), Lucile Salter Packard Children’s Hospital at Stanford, a California nonprofit public benefit corporation (“LPCH”), and the Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California (“University,” and together with SHC and LPCH, collectively, the “SUMC Parties”) intend to replace, retrofit and enhance their facilities in the City of Palo Alto. In conjunction with certain state-mandated retrofit and replacement work, the SUMC Parties also intend to expand their hospital, clinic and medical office facilities to meet patient demand. To facilitate this, the SUMC Parties have applied to the City of Palo Alto (“City”) for a development agreement pursuant to Sections 65864-65869.5 of the California Government Code and the City’s Resolution No. 6597 (“Agreement”). Pursuant to this Agreement, the SUMC Parties would provide certain community benefits and voluntary mitigation measures.

B. In exchange for these community benefits and voluntary mitigation measures, and in recognition of the substantial public benefits provided by the SUMC Parties’ facilities and operations, the City would vest for a period of thirty (30) years the SUMC Parties’ rights to develop and use their facilities in Palo Alto in accordance with the Project Approvals, and would streamline the process for obtaining Subsequent Approvals, as described in the Agreement.

C. Under the terms of the Agreement, the parties have the right to unilaterally terminate this Agreement, if this ordinance is subject to a referendum or if litigation is commenced seeking to rescind the Project Approvals or the City’s decision to enter into this Agreement within one year from the date of the filing of the Notice of Determination.

SECTION 2. Findings.

The City Council finds and determines that:

A. Notice of intention to consider the development agreement has been given pursuant to Government Code section 65867.

B. The City’s Planning and Transportation Commission and City Council have given notice of intention to consider this Agreement, have conducted public hearings thereon
pursuant to Government Code section 65867 and City’s Resolution No. 6597, and the City Council has found that the provisions of this Agreement are consistent with City’s Comprehensive Plan, as amended.

C. The City has prepared and certified an EIR and has imposed mitigation measures as Conditions of Approval prior to the execution of this Agreement.

SECTION 3. The City Council hereby approves the Development Agreement between the City of Palo Alto and Stanford Hospital and Clinics, a California nonprofit public benefit corporation (“SHC”), Lucile Salter Packard Children’s Hospital at Stanford, a California nonprofit public benefit corporation (“LPCH”), and the Board of Trustees of the Leland Stanford Junior University, a copy of which is attached hereto as Exhibit "A", and authorizes the Mayor to execute the Agreement on behalf of the City.

SECTION 4. The City Clerk is directed to cause a copy of the development agreement to be recorded with the County Recorder not later than ten (10) days after it becomes effective.

SECTION 5. The City Council adopts this ordinance in accordance with the California Environmental Quality Act (“CEQA”) findings adopted by Resolution No. 9168.
SECTION 6. This ordinance shall be effective upon the thirty-first (31st) day after its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

NOT PARTICIPATING:

ABSENT:

ATTEST:                 APPROVED:

__________________________       __________________________
City Clerk                Mayor

APPROVED AS TO FORM:

__________________________   __________________________
City Manager

__________________________             __________________________
Senior Asst. City Attorney       Director of Planning and Community
                        Environment

* NOT YET APPROVED *
This document is recorded for the benefit of the City of Palo Alto and is entitled to be recorded free of charge in accordance with Section 6103 of the Government Code.

After Recordation, mail to:

City Clerk
City of Palo Alto
250 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94303

DEVELOPMENT AGREEMENT

Between

CITY OF PALO ALTO, a chartered city

and

STANFORD HOSPITAL AND CLINICS,
a California nonprofit public benefit corporation,

LUCILE SALTER PACKARD CHILDREN’S HOSPITAL AT STANFORD,
a California nonprofit public benefit corporation,

and

BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California
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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (hereinafter “Agreement”) is entered into as of this ___ day of __________, 2011, by and between the CITY OF PALO ALTO, a chartered city of the State of California (“City”), STANFORD HOSPITAL AND CLINICS, a California nonprofit public benefit corporation (“SHC”), LUCILE SALTER PACKARD CHILDREN’S HOSPITAL AT STANFORD, a California nonprofit public benefit corporation (“LPCH”), and THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California (“University,” and together with SHC and LPCH, collectively, the “SUMC Parties”).

RECITALS

THIS AGREEMENT is entered into on the basis of the following facts, understandings and intentions of the parties:

A. Definitions.

These Recitals use certain terms with initial capital letters that are defined in Section 1 of this Agreement. City and the SUMC Parties intend to refer to those definitions when the capitalized terms are used in these Recitals.

B. Outline of Terms.

Stanford Hospital and Clinics and Lucile Salter Packard Children’s Hospital provide substantial and important public benefits through operation of world-class health care facilities and provision of a Level 1 trauma center located in the City of Palo Alto. The Stanford School of Medicine, which is part of Stanford University, provides substantial and important public benefits through research that will be translated into life-saving and life-enhancing medical treatments and procedures. To comply with the requirements of state law and to provide state-of-the-art medical and research facilities, the SUMC Parties intend to replace, retrofit and enhance their facilities in the City of Palo Alto. In conjunction with certain state-mandated retrofit and replacement work, the SUMC Parties also intend to expand their hospital, clinic and medical office facilities to meet patient demand. To facilitate this, the SUMC Parties have applied to the City for a development agreement pursuant to Sections 65864-65869.5 of the California Government Code and the City’s Resolution No. 6597. Pursuant to this development agreement, the SUMC Parties would provide certain community benefits and voluntary mitigations measures. In exchange for these community benefits and voluntary mitigation measures, and in recognition of the substantial public benefits provided by the SUMC Parties’ facilities and operations, the City would vest for a period of thirty (30) years the SUMC Parties’ rights to develop and use their facilities in Palo Alto in accordance with the Project Approvals, and would streamline the process for obtaining Subsequent Approvals, as described in this Agreement.
C. Nature and Purpose of Development Agreements.

Development agreements were authorized by the State of California in 1979, through the adoption of Government Code Sections 65864-65869.5. These statutes authorize the parties to enter into binding agreements for the development of real property within the City. Because California has a “late vesting” rule, landowners usually cannot be certain that they can proceed with a development project until they have actually obtained a building permit and started building. This lack of certainty can discourage long range planning and investment and make it more difficult for cities to provide needed public facilities. A development agreement, in which a city agrees that, for a certain period of time, it will not change the rules applicable to a project, and the property owner agrees to assist with the provision of public facilities or to otherwise provide community benefits, can benefit all parties.

D. Authority for City Development Agreements.

Pursuant to Government Code Section 65865, the City adopted Resolution No. 6597 establishing procedures and requirements for consideration of development agreements in Palo Alto.

E. Comprehensive Plan.

In July of 1998, the City of Palo Alto adopted its current Comprehensive Plan, a document containing the City’s official policies on land use and community design, transportation, housing, natural environment, business and economics, and community services. Its policies apply to both public and private properties. The Plan is used by the City Council and Planning and Transportation Commission to evaluate proposed land use changes in the City, including the adoption of this Agreement. It is intended to guide City land use decisions.

F. Property Interests.

The University is the fee owner of certain Property. SHC leases from the University certain portions of the Property and operates the Stanford Hospital and Clinics, as well as medical offices thereon. LPCH leases from the University certain other portions of the Property, and operates the Lucile Salter Packard Children’s Hospital thereon. A portion of the Property is occupied by the University’s School of Medicine. A portion of the Property consisting of approximately 0.65 acres is in the unincorporated area of Santa Clara County. The balance of the Property is within the City of Palo Alto.

G. Seismic Safety Requirements.

SB 1953 requires hospitals to retrofit or replace facilities that do not meet State-designated safety criteria by January 1, 2013. Further requirements must be met by 2030. If a hospital does not comply with these mandates, the State may revoke the hospital’s operating license. On September 30, 2010, Governor
Schwarzenegger signed SB 608, which will provide SHC with the ability to apply for up to five additional years for extensions to meet seismic requirements. If the extensions are granted, the legislation sets a new deadline of January 1, 2018. Effective January 1, 2011, SHC may apply for a three-year extension of the structural compliance deadline; from January 1, 2013 to January 1, 2016. SHC may also be eligible for an additional two-year extension of the 2016 deadline, subject to certain patient safety criteria. The Office of Statewide Health Planning and Development is responsible for approving plans for construction work required by SB 1953.

H. Seismic Safety Project Components.

Several buildings on the Property require structural retrofit or replacement to comply with SB 1953 and other applicable laws. Also, many of the facilities within the Property require nonstructural renovations or replacement to comply with SB 1953. Portions of the School of Medicine that currently occupy space in structures used for hospital purposes must be physically separated from those structures or replaced in order to comply with SB 1953 requirements. In addition, new or replacement hospital structures must meet current standards specified by the California building code for hospitals; compliance with these standards necessitates increased square footage and height to accommodate current seismic structural requirements, patient safety requirements, air handling systems and mechanical duct work.

I. Project Purposes.

The City and the SUMC Parties desire that the Project is designed and constructed to achieve timely compliance with the requirements of SB 1953 and other applicable laws, to meet existing and projected future demand for patient care, to provide modern, state-of-the-art facilities designed to deliver high quality healthcare services and related teaching and research, and to meet regional needs for emergency and disaster preparedness.

J. Project Approvals.

The SUMC Parties have applied for, and the City has certified or approved, as applicable, certain environmental documents and land use approvals and entitlements relating to the development of the Project. These actions are identified on Exhibit B.

K. Compliance with City Requirements.

The City’s Planning and Transportation Commission and City Council have given notice of intention to consider this Agreement, have conducted public hearings thereon pursuant to Government Code section 65867 and City’s Resolution No. 6597, and the City Council has found that the provisions of this Agreement are consistent with City’s Comprehensive Plan, as amended.
L. **Binding Future Actions.**

This Agreement will bind future City Councils to the terms and obligations specified in this Agreement and limit, to the degree specified in this Agreement and as authorized under state law, the future exercise of City’s ability to preclude development on the Property.

M. **Elimination of Uncertainty.**

This Agreement will eliminate uncertainty in planning and provide for the orderly development of the Property, eliminate uncertainty about the validity of exactions imposed by City, allow installation of necessary improvements, provide for public services appropriate to the development of the Project, and generally serve the public interest, both within the City of Palo Alto and in the surrounding region.

N. **Orderly Development.**

Development of the Project in accordance with this Agreement and the Project Approvals will provide for orderly development consistent with City’s Comprehensive Plan. The terms and conditions of this Agreement have undergone extensive review by City staff, its Planning and Transportation Commission and the City Council, and have been found to be fair, just and reasonable. Specifically, the City Council has found that:

1. The provisions of this Agreement and its purposes are consistent with the goals, policies, programs and standards specified in City’s Comprehensive Plan;

2. This Agreement will help attain important economic, social, environmental and planning goals of City and enhances and protects the public health, safety and welfare of the residents of the City of Palo Alto and the surrounding region.

3. The SUMC Parties will incur substantial costs in providing community benefits, including voluntary mitigation, in excess of that required to address the impacts of the Project;

4. This Agreement will mitigate significant environmental impacts; and

5. This Agreement will otherwise achieve the goals and purposes for which the Development Agreement Act (California Government Code Sections 65864-65869.5) was enacted.
O. Nature of Recitals.

These recitals are intended in part to paraphrase and summarize this Agreement, however, the Agreement is expressed below with particularity and the Parties intend that their rights and obligations be determined by those provisions and not by the recitals.

AGREEMENT

NOW, THEREFORE, the parties do hereby agree as follows:

1. Definitions.

In this Agreement, unless the context otherwise requires:

(a) Annual Payment.

“Annual Payment” means each annual payment subsequent to the first payment and shall be paid no later than August 31 of the year following the year in which the first payment is made. For example, if the Initial Payment Date is June, 2011, the next Annual Payment would be due by August 31, 2012.

(b) Applicable Rules.

“Applicable Rules” means the City ordinances, resolutions, rules, regulations and official policies in effect on the Effective Date, as amended by the Project Approvals.

(c) Architectural Review Approval.

“Architectural Review Approval” means the approval of an application for architectural review under the Applicable Rules, including without limitation the Hospital Zoning Ordinance.

(d) City.

“City” is the City of Palo Alto.

(e) Comprehensive Plan.


(f) Conditions of Approval.

“Conditions of Approval” are the conditions to the Project Approvals or Subsequent Approvals included in or incorporated by reference in an ordinance, resolution or motion granting a Project Approval or Subsequent Approval, and including the environmental mitigations adopted by the City Council.
(g) **Construction Period.**

For purposes of payment, monitoring and reconciling Construction Use Tax payments in Section 5(b), “Construction Period” is the time period between the issuance of the first permit or approval by a public agency with jurisdiction over the Project, whether it be the City, OHSPD, or any other public agency, which allows the SUMC Parties to undertake development and construction activities contemplated by the Project, the issuance of which the Parties currently estimate to occur in 2011, and December 31, 2025.

(h) **County Property.**

“County Property” means the portion of the Property in the unincorporated area of Santa Clara County, consisting of approximately 0.65 acres.

(i) **Days.**

“Days” shall mean calendar days.

(j) **Design Guidelines.**

“Design Guidelines” means the Design Guidelines approved as part of the Project Approvals, as listed on Exhibit B.

(k) **Development Agreement Act.**

“Development Agreement Act” means Article 2.5 of Chapter 4, of Division 1 of the California Government Code (Sections 65864 - 65869.5).

(l) **Development Impact Fees.**

“Development Impact Fees” means all fees now or in the future collected by the City from applicants for new development (including all forms of approvals and permits necessary for development) for the funding of public services, infrastructure, improvements or facilities, but not including taxes or assessments, or fees for processing applications or permits or for design review. The fees included in this definition include, but are not limited to those fees set forth in Chapters 16.45, 16.47 and 16.58 of the Municipal Code, fees for traffic improvements and mitigation, and fees for other community facilities or related purposes (but not including any school fees imposed by a school district); provided nothing herein shall preclude City from collecting fees lawfully imposed by another entity having jurisdiction which City is required or authorized to collect pursuant to State law.

(m) **Discretionary Action and Discretionary Approval.**

“Discretionary Action” includes a “Discretionary Approval” and is an action or decision which requires the exercise of judgment, deliberation, and
which contemplates the imposition of revisions or conditions, by City, including any board, commission or department and any officer or employee thereof, in the process of approving or disapproving a particular activity, as distinguished from an activity which merely requires City, including any board, commission or department and any officer or employee thereof, to determine whether there has been compliance with applicable statutes, ordinances, regulations, or Conditions of Approval.

(n) **Effective Date.**

“Effective Date” means June 6, 2011.

(o) **Hospital Foundation Permit.**

“Hospital Foundation Permit” means the OSHPD Incremental Project Permit allowing either Hospital to construct the primary load bearing foundation for a new or expanded hospital building. The SUMC Parties’ best estimate of the anticipated date for issuance of the first Hospital Foundation Permit, based on current information, is by January 1, 2012.

(p) **Hospital Occupancy Permit.**

“Hospital Occupancy Permit” means issuance of all permits necessary to allow the first Hospital building to be used by members of the public for healthcare services. Issuance of a temporary occupancy permit for purposes of building preparations in advance of opening shall not trigger obligations based upon issuance of the Hospital Occupancy Permit. However, a temporary or partial occupancy permit that allows the Hospital building to be used by the public for healthcare services shall trigger obligations based upon issuance of the Hospital Occupancy Permit. The SUMC Parties’ best estimate of the anticipated date for issuance of the first Hospital Occupancy Permit, based on current information, is by January 1, 2018.

(q) **Hospitals.**

“Hospitals” means SHC and LPCH.

(r) **Hospital Zoning Ordinance.**

“Hospital Zoning Ordinance” is the ordinance of City, adopted as part of the Project Approvals, amending the Zoning Ordinance to revise and establish the permitted and conditionally permitted uses, intensity, and other standards and specifications applicable to the Property.

(s) **HSSA.**

“HSSA” means the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1973, as amended by the Alfred E. Alquist Hospital Facilities Seismic
Safety Act of 1983, and by SB 1953, as it may be further amended from time to time.

(t) **Initial Payment Date.**

“Initial Payment Date” means the date that is 45 days from the filing and posting of the Notice of Determination filed by the City after the second reading of the ordinance approving the Hospital District zoning and the ordinance approving this Development Agreement.

(u) **Initial Project Approvals.**

“Initial Project Approvals” means those entitlements, permits and approvals listed on Exhibit B.

(v) **Life Of The Project.**

“Life Of The Project” means fifty one years from the Effective Date.

(w) **LPCH.**

“LPCH” means Lucile Salter Packard Children’s Hospital at Stanford, a California nonprofit public benefit corporation.

(x) **Mortgage.**

“Mortgage” means and refers, singly and collectively, to any mortgages, deeds of trust, security agreements, assignments and other like security instruments encumbering all or any portion of the Property or any of the SUMC Parties’ rights under this Agreement.

(y) **Mortgagee.**

“Mortgagee” means and refers to the holder of any Mortgage encumbering all or any portion of the Property or any of the SUMC Parties’ rights under this Agreement, and any successor, assignee or transferee of any such Mortgage holder.

(z) **Net New Square Footage.**

“Net New Square Footage” means the amount of new square footage constructed pursuant to the Project Approvals, less the total amount of existing square footage demolished. For purposes of calculating applicable fees, the demolition of square footage of the structure at 1101 Welch Road, the 1973 Core Expansion building, and the 77 square foot hospital entry shall be credited against the fees for the new SHC hospital structure; demolition of the square footage of the structures at 701 and 703 Welch Road shall be credited against the fees for expansion of LPCH; demolition of the square footage of the Nurses’ cottage.
shops and sheds at the Hoover Pavilion Site shall be credited against the fees for the square footage of the new medical office building at the Hoover Pavilion Site; demolition of the Stone Building complex (1959 Hospital Buildings, including East, West, Core, Boswell, Grant, Alway, Lane and Edwards) shall be credited against the fees for new square footage for the University and SHC in the amount corresponding to the new square footage constructed by each entity. To the extent the SUMC Parties construct new buildings to replace the Stone Building complex and/or 1973 Core Expansion building prior to demolishing or vacating all or part of those structures, the SUMC Parties may, in their discretion, elect to take credit for future demolition of the Stone Building complex and/or 1973 Core Expansion building when calculating payment of fees for the new square footage. Construction of School of Medicine improvements for the University is not expected to result in any Net New Square Footage.

(aa) Occupancy Permit.

“Occupancy Permit” means a permit issued by any agency that allows a new or expanded structure to be used by members of the public for the intended uses of the facility. Issuance of a temporary occupancy permit for purposes of building preparations in advance of opening shall not trigger obligations based upon issuance of the Occupancy Permit. However, a temporary or partial occupancy permit that allows the building or structure to be used by the public for any of the intended uses of the facility shall trigger obligations based upon issuance of the Occupancy Permit.

(bb) OSHPD.

“OSHPD” means the Office of Statewide Health Planning and Development.

(cc) Party.

“Party” is a signatory to this Agreement, or a successor or assign of a signatory to this Agreement.

(dd) Project.

“Project” means development of the Property in accordance with the Applicable Rules, Project Approvals, and this Agreement, which is generally described as follows: (1) construction of the new SHC Hospital (in multiple phases), new SHC Clinic/Medical office buildings, new medical office/clinic building at the Hoover Pavilion site, new LPCH Hospital, new LPCH clinic/medical office space, new buildings for the School of Medicine, new SHC parking structure, new LPCH parking structure, new clinics parking structure at the Main SUMC Site, new parking structure at the Hoover Pavilion Site, Welch Road widening, Durand Way connector road, new driveways and drop-off areas, other roadway improvements, new heliport, and miscellaneous accessory
structures, surface parking, pavement and landscape improvements; (2) renovation and remodeling of existing hospital, clinic and medical office facilities including the Hoover Pavilion; and (3) demolition of the 1959 Stone Building complex (hospital and School of Medicine buildings), 1973 Core Expansion building, 1101 Welch Road medical offices, hospital entry, nurses’ cottage, miscellaneous shops and storage buildings at the Hoover Pavilion Site, 701 and 703 Welch Road medical offices, Parking Structure 3, Falk Lot 5, a portion of the Hoover Pavilion surface parking lot, and other miscellaneous surface parking, pavement and landscaped areas.

(ee) **Project Approvals.**

“Project Approvals” means the approvals, certifications or actions listed on Exhibit B and any Subsequent Approvals, including all Conditions of Approval.

(ff) **Property.**

“Property” means the real property more particularly described in Exhibit A.

(gg) **SB 1953.**


(hh) **SHC.**

“SHC” means Stanford Hospital and Clinics, a California nonprofit public benefit corporation.

(ii) **School of Medicine.**

“School of Medicine” means the Stanford University School of Medicine, which is part of the University.

(jj) **Subsequent Applicable Rules.**

“Subsequent Applicable Rules” means the ordinances, resolutions, rules, regulations and official policies of City, as they may be adopted and effective after the Effective Date that do not conflict with the Applicable Rules, or that are expressly made applicable to the subject matter of this Agreement by Sections 7 and 8.
(kk) **Subsequent Approvals.**

“Subsequent Approvals” means any approval relating to the Project issued by the City upon request of any SUMC Party after the Effective Date, including Discretionary Approvals and ministerial approvals.

(ll) **Subsequent Rules.**

“Subsequent Rules” means all City ordinances, resolutions, rules, regulations and official policies in effect at the time a City action is to be taken that would apply to the Project had this Agreement not been adopted.

(mm) **SUMC.**

“SUMC” means the Stanford University Medical Center.

(nn) **SUMC Parties.**

“SUMC Parties” means SHC, LPCH, and the University.

(oo) **Term.**

“Term” means the term of this Agreement as set forth in Section 18.

(pp) **University.**

“University” means the Board of Trustees of the Leland Stanford Junior University, a body having corporate powers under the laws of the State of California.

(qq) **Vested Right.**

“Vested Right” means a property right conferred by this Agreement that may not be rescinded, reduced, revoked or abrogated by the City.

(rr) **Zoning Ordinance.**

“Zoning Ordinance” is the zoning ordinance for the City of Palo Alto (Title 18 of the Palo Alto Municipal Code).

2. **Interest of the SUMC Parties.**

Each of the SUMC Parties represent that, as of the Effective Date, it has a legal or equitable interest in all or a portion of the Property as required by Section 65865 of the California Government Code.

Subject to the provisions of Section 19 below, this Agreement, and all of the terms and conditions hereof, shall run with the land and shall be binding upon and inure to the benefit of the parties and their respective assigns, heirs or other successors in interest.


The parties acknowledge that, in entering into and performing this Agreement, the City, on the one hand, and the SUMC Parties, on the other hand, are each acting as an independent entity and not as an agent of the other in any respect. Nothing contained herein or in any document executed in connection herewith shall be construed as making City the joint venturer or partner of any of the SUMC Parties, or any of the SUMC Parties the joint venturer or partner of the City.

5. SUMC Parties’ Promises.

(a) Health Care Benefits.

(i) Summary of Intrinsic Benefits.

Stanford University Medical Center is recognized as a global leader in medical care and research, having pioneered advancements in transplantation medicine, cancer care, prenatal diagnosis and treatment, and diabetes and cholesterol treatments. In 2009, the SHC and LPCH provided the following benefits and services:

- 36,559 inpatients admitted
- 48,744 emergency department visits
- 4,759 babies delivered
- $262.6 million in uncompensated medical services, charity care, and community programs.

The SUMC Parties served 64 percent of Palo Alto residents who required hospitalization in 2009. The Project will enable the SUMC Project sponsors to continue this important work, and the addition of more beds for adults and children will alleviate overcrowding and allow the hospitals to serve patients who currently must be turned away. The hospitals also provide the only Level 1 Trauma Center between San Francisco and San Jose. The Trauma Center and the Emergency Department ensure critical community emergency preparedness and response resources for the community in the event of an earthquake, pandemic, or other major disaster.
(ii) **Fund for Healthcare Services.**

Not later than the Initial Payment Date, and subject to the provisions in Section 21(p), the Hospitals will designate for Healthcare Services the amount of Three Million Dollars ($3,000,000), which amount shall increase by 4.5% per year through 2025, and thereby will total Five Million Six Hundred Thousand Dollars ($5,600,000) by December 31, 2025. After completing the reconciliation of construction use tax payments described in Section 5(b)(ii)(C), the Hospitals shall use the resulting Fund for Healthcare Services by spending the fund in even increments over a ten-year period from 2026 through 2036 to assist residents of Palo Alto who have self-payment responsibilities beyond their financial means, to pay healthcare services (“Patient Service Program”). If in any year less than one-tenth of the Fund for Healthcare Services is used by the Patient Services Program, the excess shall be used in any one or all subsequent years or added to the Fund for Community Health and Safety Programs described in Section 5(a)(iii) below. The Patient Services Program shall be in addition to the Hospitals’ Financial Assistance/Charity Care Policy dated August 2010, as amended from time to time, and in addition to any coverage afforded by the new federal Health Care and Education Reconciliation Act and subsequent amendments. The Hospitals, in their reasonable discretion, shall develop criteria for determining whether patients are qualified to receive assistance from the Patient Services Program based on Palo Alto residency status and financial need. The Hospitals shall report the criteria used to determine eligibility for assistance from the Patient Services Program, comparative criteria used to determine eligibility for assistance under the Hospitals’ charity policies (in order to verify that the Patient Services Program is in addition to the Hospitals’ charity policies and other federal requirements) and their disbursements under the Patient Services Program annually, as part of the annual report described in Section 12(a). All reporting will comply with applicable privacy laws and policies, as well as the privacy policies of the Hospitals.

If at any time the Hospitals and City mutually determine that the Patient Services Program creates undue administrative burdens or is not needed by the Palo Alto community in view of other available programs, the Hospitals shall contribute, in annual installments, the remainder of the funds allocated to the Patient Services Program to the Community Health and Safety Program Fund described in Section 5(a)(iii) below.

(iii) **Fund for Community Health and Safety Programs.**

Not later than the Initial Payment Date, and subject to the provisions in Section 21(p), the SUMC Parties shall contribute, in a single lump sum payment, Four Million Dollars ($4,000,000) (the “Community Health and Safety Program Fund”) to the City, to be held in a separate account and to be distributed to selected community health programs that benefit residents of the City, which amount could be spent at the City Council’s discretion in whole or in part on the Project Safety Net Program. The SUMC Parties and the City shall establish a
joint committee to evaluate proposals regarding the other specific programs to receive funding, composed of two representatives selected by the SUMC Parties and two representatives selected by the City. The joint committee may choose to coordinate its efforts with the City’s Human Relations Commission, and the City’s representatives on the committee may be members of the Human Relations Commission. The joint committee shall make annual recommendations to the City Council regarding proposed disbursements from the Community Health and Safety Program Fund, and the City Council shall use its reasonable discretion to decide whether to accept, reject or modify the joint committee recommendations. The City shall keep the funds paid by the SUMC Parties to the Community Health and Safety Program Fund in a separate account, to be used only for the purposes described in this Section 5(a)(iii). The City shall deliver an annual report of disbursements from the Community Health and Safety Program Fund in accordance with Section 12(d) below.

(b) Palo Alto Fiscal Benefits.

(i) Payment of Sales and Use Taxes.

The SUMC Parties shall use their best efforts to maximize the City’s allocation of sales and use taxes associated with Project construction and operation as follows:

(A) Designation of Project Site for Construction Period Sales and Use Tax Purposes.

The SUMC Parties shall accrue or self report sales and use taxes for the benefit of the City pursuant to the applicable regulations of the State Board of Equalization (the “SBOE”) regulations, and any additional regulations issued or amendments made thereto, for the purpose of maximizing the City’s allocation of construction use tax revenues derived from the Project available under the applicable laws and regulations. To this end, the SUMC Parties shall use their best efforts to the extent allowed by law to: (i) obtain all permits and licenses necessary to maximize the City’s allocation of construction use taxes derived from the Project, including but not limited to California Seller’s Permits, Use Tax Direct Payment Permits, and any other license or permit necessary or desirable to maximize the City’s allocation of sales and use taxes derived from the Project; (ii) designate, and require its contractors and subcontractors to designate, the Property as the place of sale of all “fixtures” furnished and/or installed as part of the Project; (iii) designate, and require all its contractors and subcontractors to designate, the Property as the place of use of all “materials” used in the construction of the Project; and (iv) require all contractors and subcontractors to allocate the local sales and use taxes derived from their contracts directly to the City. The SUMC Parties shall, and shall use their best efforts to require their contractors and subcontractors to, complete and file any forms as the SBOE requires to effect the designations required by this Section pursuant to the applicable regulations of the SBOE. The SUMC Parties shall bear all costs associated with its activities under this Section 5(b)(i)(A). This Section 5(b)(i)(A)
does not require the SUMC Parties to establish a purchasing entity or office in the City of Palo Alto.

(B) **Direct Pay Permit for Sales and Use Taxes from Existing Facilities.**

Within thirty (30) days of the Effective Date, the Hospitals shall begin and diligently complete the process necessary to obtain a use tax direct pay permit from the State of California in order to increase, on an ongoing basis, the City tax allocation for the Hospitals’ purchases. The Hospitals shall maintain the use tax direct pay permit for the Life Of The Project, unless the State of California ceases to continue to administer the use tax direct pay permit program or a substantially equivalent program.

(C) **Establishment of Retail Sales and Use Tax Reporting District.**

The SUMC Parties shall cooperate in good faith with the City to assist the City in establishing and administering a Retail Sales and Use Tax Reporting District that includes the Property and the Project, to enable the City to track the generation, allocation, reporting and payment of sales and use taxes derived from the Project. Such cooperation shall include providing the City with a list of all SBOE Permit Codes assigned to the SUMC Parties’ operations and activities on the Property and associated with the Project, and the physical locations (e.g., addresses) associated with such SBOE Permit Codes.

(ii) **Assurance of Construction Use Tax Revenue.**

The SUMC Parties shall take the following steps to provide reasonable assurance to the City that it will receive no less than Eight Million, One Hundred Thousand Dollars ($8,100,000) in construction use tax revenues resulting from the Project by December 31, 2025:

(A) **Funds To Be Used In The Event Of A Shortfall.**

As provided in Section 5(a)(ii), the Hospitals will designate the amount of Three Million Dollars ($3,000,000), which amount shall increase by 4.5% per year through 2025, and thereby will total Five Million Six Hundred Thousand Dollars ($5,600,000) by December 31, 2025.

(B) **Monitoring Construction Use Tax Revenue.**

During the Construction Period, the SUMC Parties shall use their best efforts to require Project contractors and subcontractors to report to the SUMC Parties the permits obtained and payments made pursuant to Section 5(b)(i)(A). Within six (6) months of the conclusion of each calendar year during the Construction Period, the SUMC Parties will submit to the City a report to be used by the City to monitor payment of construction use taxes and to determine the
share of such construction use taxes that the City has received as a result of the Project ("Monitoring Report"). The report shall include the following information: (i) a self-accrual report for the year identifying purchases made, purchase prices and taxes pertinent to such purchases for owner supplied items; and (ii) a memorandum for the year identifying contractor, sub-contractor, sub-contractor vendor, supplier and other similarly situated persons from whom purchases were made, where such contractor, sub-contractor, vendor, and/or other similarly situated party may allocate taxes directly to the City rather than through SUMC Parties' self-accrual system.

Within sixty (60) days of receiving the SUMC Parties’ Monitoring Report, the City shall provide to the SUMC Parties its determination of the amount of construction use taxes that it has received as a result of the Project during the preceding calendar year, along with documentation of the basis for the City’s determination. In the event that the City’s local share of construction use tax revenues is diminished due to legislative and/or other legal changes, the City shall calculate the amount of construction use tax revenue that it would have received under the local share provisions existing on the Effective Date, based upon the payments actually paid to the State Board of Equalization by the SUMC Parties and their contractors and subcontractors, and the City shall add any diminished amount to the amount it has received to arrive at a total amount of “Construction Use Tax Revenues Received” as a result of the Project. The SUMC Parties shall not be required to make up, or assure, to the City that it receives the difference between the actual amount of construction use taxes that the City has received and the amount that the City would have received under the local share provisions existing on the Effective Date. However, as allowed by law and applicable restrictions, the SUMC Parties will join with the City in opposing any legislative or legal change that would result in diminution of the City’s local share of construction use tax revenues because the SUMC Parties recognize that such diminution could adversely affect City services to the community and to the Project facilities.

(C) Reconciliation and Payment of Shortage or Surplus.

In August 2026, or as soon thereafter as records are reasonably available, the City shall provide to the SUMC Parties its determination of the total amount of Construction Use Tax Revenues Received as a result of the Project, along with a report documenting the basis for the City’s determination (“Reconciliation Report”). Within thirty (30) days of receiving the Reconciliation Report, the SUMC Parties shall notify the City as to any dispute regarding the Reconciliation Report, and the SUMC Parties shall provide a report to the City documenting the basis for the SUMC Parties’ dispute. The Parties shall act in good faith to resolve any and all disputes regarding the Reconciliation Report within ninety (90) days from the date that the SUMC Parties notify the City of such dispute or disputes.

Shortfall. Within thirty (30) days of the date the Parties reach mutual agreement as to the total amount of Construction Use Tax Revenues Received as
a result of the Project, the SUMC Parties shall pay to the City the amount of any shortfall between Eight Million One Hundred Thousand Dollars ($8,100,000) and the amount of the Construction Use Tax Revenues Received as a result of the Project, which amount shall be paid in full regardless of whether it exceeds the amount identified pursuant to Section 5(a)(ii). The amount of the Shortfall Payment then shall be deducted from the Five Million Six Hundred Thousand Dollars ($5,600,000) amount that the SUMC Parties designated pursuant to Section 5(a)(ii), and the remainder of that designated amount, if any, shall be applied to the Patient Service Program as described in Section 5(a)(ii).

**Surplus.** Within thirty (30) days of the date the Parties reach mutual agreement as to the total amount of Construction Use Tax Revenues Received as a result of the Project, the City shall provide to the SUMC Parties the amount of any surplus between Eight Million One Hundred Thousand Dollars ($8,100,000) and the amount of the Construction Use Tax Revenues Received as a result of the Project (“Surplus Payment”). The SUMC Parties then shall reduce the amount designated pursuant to Section 5(a)(ii) in an amount commensurate with the Surplus Payment such that the fund for the Patient Service Program shall total Five Million Six Hundred Thousand Dollars ($5,600,000), comprised of the Surplus Payment paid by the City plus the difference between that payment and Five Million Six Hundred Thousand Dollars ($5,600,000) to be paid by the SUMC Parties.

**(D) Costs of Monitoring and Compliance.**

The Parties each shall bear their own costs of compliance with the provisions of Section 5(b)(ii)(A) – (C), including but not limited to monitoring payment and receipt of construction use taxes, preparation and analysis of reports, and reconciliation.

**(iii) Funding of Operating Deficit.**

Not later than the Initial Payment Date, and subject to the provisions in Section 21(p), the SUMC Parties shall pay to the City, in a single lump sum payment, the amount of Two Million Four Hundred Seventeen Thousand Dollars ($2,417,000) for the purpose of assuring that City costs associated with the Project do not exceed revenues to the City resulting from construction and operation of the Project. This amount is the discounted net present value of the projected shortfall in revenues over a 30-year period, based upon the inflation, cost and revenue assumptions used by the consultant hired and directed by the City.

**(iv) Payment of Utility User Tax.**

All requirements and language in Section 2.35.100(a) of the City’s Municipal Code to the contrary notwithstanding, the SUMC Parties shall pay to the City a utility user tax at a minimum rate of five percent (5%) of all electricity,
gas, and water charges allocable to new construction completed as part of the Project for the Life Of The Project, which rate may be increased by the City as provided by Section 2.35.100(b) of the City’s Municipal Code.

(v) School Fees.

The SUMC Parties shall pay to the City, who in turn shall forward to the Palo Alto Unified School District, school fees upon issuance of each building permit from the City or OSHPD, in the amount that is generally applicable to non-residential development at the time of payment based upon Net New Square Footage. For buildings subject to OSHPD jurisdiction, the school fees will be paid within Thirty (30) days after issuance of a building permit from OSHPD.

(c) Traffic Mitigation and Reduced Vehicle Trips.

(i) Summary of Existing Programs.

The Hospitals provide a robust program to minimize commuting by drive-alone vehicles, which currently includes the following components:

- Incentives to forego driving or to carpool, including cash payments or other credit for participating in a carpool program, various parking incentives, online ride matching, pretax payroll deduction for transit passes, emergency rides home, free car rental vouchers, Zipcar car sharing credits, and other gifts and rewards.

- The free Marguerite Shuttle system, supported in part by payments from the Hospitals, connecting the Hospitals to local transit, Caltrain, and local shopping and dining.

- The Eco Pass program for hospital employees, allowing free use of VTA buses and light rail, the Dumbarton Express, the Highway 17 Express, and the Monterey-San Jose Express.

- Free use of the U-Line Stanford Express connecting BART, the ACE train, and Ardenwood Park & Ride to Stanford.

- Alternative transportation support and information, such as bicycle commuter facilities (clothes lockers, showers, bike lockers), transit pass sales, and various sources of ‘green’ and alternative transportation information including an ‘alternative transportation website.'
(ii) Menlo Park Traffic Mitigation.

(A) Payment.

Subject to the City of Menlo Park’s agreement to be bound by provisions substantially similar to those described in Section 21(p) and subject to the City of Menlo Park’s agreement to use payments received from the SUMC Parties as described in Section 5(c)(ii)(B), below, the SUMC Parties shall contribute to the City of Menlo Park a total of Three Million Six Hundred Ninety Nine Thousand Dollars ($3,699,000) for the City of Menlo Park’s use in connection with traffic mitigation and other measures to enhance City of Menlo Park infrastructure and to promote sustainable neighborhoods and communities and affordable housing. The SUMC Parties shall make this contribution in three equal payments as follows:

1. the first payment shall be made not later than the Initial Payment Date;
2. the second payment shall be made within Thirty (30) days from issuance of the first Hospital Foundation Permit; and
3. the third payment shall be made within Thirty (30) days from issuance of the first Hospital Occupancy Permit.

(B) Use of Funds.

The amount of Two Hundred Ninety Thousand Dollars ($290,000) shall be used by the City of Menlo Park prior to January 1, 2018 to install Traffic-Adaptive Signal Technology at the following two intersections in the City of Menlo Park: Middlefield Road/Willow Road; and Middlefield Road/Ravenswood Avenue.

The amount of One Million Forty Six Thousand Dollars ($1,046,000) shall be allocated by the City of Menlo Park to the City’s Traffic Impact Fee Fund to pay for any improvements for which the Traffic Impact Fee Fund has been established, which amount is in lieu of the SUMC Project's fair share contribution toward the cost of construction of one pedestrian/bike Caltrain undercrossing in Menlo Park; improvements at the Willow Road/Bayfront Expressway intersection; improvements at the Bayfront Expressway/University Avenue intersection; and installation of Opticom systems at the following four (4) intersections: Middlefield Road/Willow Road, Middlefield Road/Ravenswood Avenue, Willow Road/Bayfront Expressway, and Bayfront Expressway/University Avenue.

The remainder of the funds shall be used by the City of Menlo Park in its discretion in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing.
(iii) **East Palo Alto Voluntary Mitigation.**

(A) The Hospitals shall make a payment of $200,000 to the City of East Palo Alto for roadway and traffic signal improvements scheduled to be done on the length of University Avenue within the East Palo Alto city limits. This work includes repaving and restriping/bike lanes to improve both vehicular and non-vehicular traffic flow.

(B) In the event the SUMC Parties are unable to meet the trip diversion goal set forth in this Agreement such that the $4 Million penalty payment is triggered, the City of Palo Alto shall remit $150,000 of the penalty payment to the City of East Palo Alto.

(iv) **Contributions to AC Transit.**

The Hospitals shall offer to contribute the following to AC Transit:

(A) Within Thirty (30) days from issuance of the Hospital Occupancy Permit, the Hospitals shall offer to make a one-time payment to the Alameda-Contra Costa Transit District (“AC Transit”) of Two Hundred Fifty Thousand Dollars ($250,000) to be used for capital improvements to the U-Line to increase capacity.

(B) Commencing within Thirty (30) days from issuance of the Hospital Occupancy Permit and continuing for the Life Of The Project, the Hospitals shall offer to make Annual Payments to AC Transit in a reasonable annual amount, not to exceed Fifty Thousand Dollars ($50,000), to be used for operating costs of the U-Line to maintain a load factor for bus service to the SUMC of less than 1.0.

(C) In order to encourage Hospital employees who commute from the East Bay to use public transit from the East Bay to the Project, the Hospitals shall use best efforts to lease seventy five (75) parking spaces at the Ardenwood Park and Ride lot, or an equivalent location, commencing within Thirty (30) days from issuance of the Hospital Occupancy Permit and continuing for the Life Of The Project, at a cost not to exceed Forty Five Thousand Dollars ($45,000) per year.

(v) **Opticom Payments.**

Within Thirty (30) days after issuance of the Hospital Occupancy Permit, the SUMC Parties shall make the following contributions to mitigate traffic in Palo Alto.
(A) Opticom Systems.

The SUMC Parties shall pay Eleven Thousand Two Hundred Dollars ($11,200) to the City for installation of Opticom systems at the following seven (7) intersections: El Camino Real/Palm Drive/University Avenue; El Camino Real/Page Mill Road; Middlefield Road/Lytton Road; Junipero Serra/Page Mill Road; Junipero Serra/Campus Drive West, Galvez/Arboretum, Alpine/280 Northbound ramp. The City shall use its best efforts to cause the Opticom system to be installed at the intersections listed in this Section 5(c)(v)(A) that are not located within the City’s jurisdiction.

(vi) Caltrain GO Passes.

Commencing on September 1, 2015, the Hospitals shall purchase annual Caltrain GO Passes (free train passes) for all existing and new Hospital employees who work more than 20 hours per week, at a cost of up to One Million Eight Hundred Thousand Dollars ($1,800,000) per year, which amount shall be adjusted annually to reflect any change in the San Francisco Bay Area Consumer Price Index (the “GO Pass Amount”). The Hospitals’ obligation to provide GO Passes shall continue for fifty one (51) years, or until such earlier date as: (a) Caltrain discontinues the GO Pass program, or a substantially similar program; (b) Caltrain increases the cost of GO Passes, or a substantially similar program, such that the Hospitals’ annual costs would exceed the GO Pass Amount; or (c) Caltrain service is reduced by such an extent that the Hospitals and the City mutually determine purchase of annual GO Passes, or a substantially similar program, would no longer be effective in substantially reducing Hospital employee peak period trips in order to achieve the Alternative Mode targets specified in Section 5(c)(ix). If the cost of obtaining GO Passes exceeds the GO Pass Amount, the Hospitals shall have the option to elect either to purchase the GO Passes at the then applicable price, or to terminate the obligation to provide GO Passes, or a substantially similar program. If the Hospitals’ obligation to provide GO Passes, or a substantially similar program, terminates for any of the reasons specified in this Section 5(c)(vi), the Hospitals shall contribute the GO Pass Amount to one or more substitute programs to encourage use of transit by Hospital employees or otherwise reduce peak period traffic trips in the intersections impacted by the Project as identified in the Project EIR, including but not limited to regional transportation systems or solutions. The substitute program or programs shall be mutually agreed upon by the SUMC Parties and the City’s Director of Planning and Community Environment.

(vii) Marguerite Shuttle Service.

The Hospitals shall fund the reasonable costs, in an approximate amount of Two Million Dollars ($2,000,000), for the purchase of additional shuttle vehicles for the Marguerite shuttle service, as and when required to meet increased demand for shuttle service between the Project Sites and the Palo Alto Intermodal Transit Station. In addition, for the Life Of The Project, the Hospitals
shall fund as Annual Payments the reasonable costs, in an approximate amount of
Four Hundred Fifty Thousand Dollars ($450,000) per year, to cover the net
increase in operating costs for the Marguerite Shuttle.

(viii) Transportation Demand Management Coordinator.

Commencing on September 1, 2015, and continuing through the Life Of
The Project, the Hospitals shall employ an onsite qualified Transportation
Demand Management (“TDM”) coordinator for the SUMC.

(ix) Monitoring of TDM programs.

The City and the SUMC Parties acknowledge that because use of transit
by employees of the Hospitals is voluntary, and may be influenced by a number
of factors outside of the reasonable control of the Hospitals, such as gasoline
prices, costs and availability of alternative transit, housing costs and availability,
and personal preferences of employees, the Hospitals cannot guarantee the results
of their TDM programs. However, the Hospitals shall monitor the success of
their TDM programs from the date of the Initial Project Approvals through the
Life of The Project. The following interim targets shall be used to measure the
progress toward meeting the desired mode split by 2025. These interim targets
assume that in the early phases of implementation, there may be larger shifts to
alternative modes than the shifts that may occur in later phases of the TDM
program enhancement. For purposes of calculating alternative mode share, any
mode that does not constitute driving in a single-occupant vehicle to and from the
work site shall be considered an “Alternative Mode,” including working remotely
from home.

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Alternative Mode Share</th>
<th>Percent Change</th>
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<tbody>
<tr>
<td>EIR Baseline (2006)</td>
<td>22.9 %</td>
<td>NA</td>
</tr>
<tr>
<td>Project Approval Baseline (2011)</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>2018</td>
<td>30 %</td>
<td>7.1%</td>
</tr>
<tr>
<td>2021</td>
<td>33 %</td>
<td>+3%</td>
</tr>
<tr>
<td>2025</td>
<td>35.1 %</td>
<td>+2.1%</td>
</tr>
</tbody>
</table>

If the applicable interim target is not met for any two consecutive years
prior to 2025, the Hospitals shall provide alternative transportation funding to the
City in Annual Payments in the amount of One Hundred Seventy Five Thousand
Dollars ($175,000) per year until the earlier of the year 2025 or the year the
applicable interim mode split target is achieved, subject to a maximum of five
Annual Payments. The alternative transportation funding must be used by the
City for local projects and programs that encourage use of alternative transportation mode uses or otherwise reduce peak period traffic trips in the intersections impacted by the Project as identified in the Project EIR, including but not limited to regional transportation systems and solutions. The City of Palo Alto should consider transportation systems and solutions that also help to reduce traffic in the City of Menlo Park.

(A) Submission of Reports.

The Hospitals shall submit annual reports showing the current number of employees employed over 20 hours per week; the number of employees using an alternative mode share as documented by a study or survey to be completed by the Hospitals using a method mutually agreeable to the City and Hospitals; and the efforts used by the Hospitals to attempt to achieve the Alternative Mode targets.

(B) 2025 Mode Split Penalty.

If by 2025, the Hospitals have not demonstrated substantial achievement of the Thirty Five and One-Tenth Percent (35.1%) target modal split for alternative transportation modes, the Hospitals shall make a lump sum payment of Four Million Dollars ($4.0 million) to the City for local projects and programs that encourage and improve use of alternative transportation mode uses or otherwise reduce peak period traffic trips in the intersections impacted by the Project as identified in the Project EIR, including but not limited to regional transportation systems or solutions. The City shall identify capital projects and program enhancements for which the funds may be applied. Sample projects may include contributions towards regional transportation projects of interest to the City and that are identified within the Valley Transportation Authority—Valley Transportation Plan or other local planning documents. The City of Palo Alto should consider transportation systems and solutions that also help to reduce traffic in the City of Menlo Park. If required, said Four Million Dollar ($4,000,000) payment shall constitute funds to be used by the City to offset trips by Hospital employees through citywide trip reduction. The Four Million Dollar ($4,000,000) payment shall not relieve the SUMC Parties of any of their other obligations under this Agreement, including but not limited to their obligations to continue to attempt to achieve the 35.1% target modal split through implementation of the GO Pass or substantially similar program, or a substitute program mutually agreed upon by the SUMC Parties and the City’s Director of Planning and Community Environment, which shall continue pursuant to the terms of this Agreement for fifty-one (51) years from commencement of the GO Pass program. Further, the Hospitals shall continue to implement an enhanced TDM program, monitor modal splits by Hospital employees, and strive to maximize use of alternative commute modes by Hospital employees. In addition, the Hospitals shall continue to meet with the City on a regular basis to identify potential improvements to the enhanced TDM program. The City shall keep all payments received from the Hospitals pursuant to this Section 5(c)(ix) in a separate account (the “TDM Fund”), to be used only for the purposes described in
Section 5(c)(ix). The City shall deliver an annual report of disbursements from the TDM Fund in accordance with Section 12 below.

(d) Linkages.

To further encourage use of Caltrain, bus and other transit services, and to enhance and encourage use of pedestrian and bicycle connections between the SUMC and downtown Palo Alto, the SUMC Parties shall fund the following improvements:

(i) Improvements to Enhance Pedestrian and Bicycle Connection from Intermodal Transit Center to El Camino Real/Quarry Road Intersection.

Two Million Two Hundred Fifty Thousand Dollars ($2,250,000) for improvements to enhance the pedestrian and bicycle connection from the Palo Alto Intermodal Transit Center to the existing intersection at El Camino Real and Quarry Road, with up to Two Million Dollars ($2,000,000) of that amount going to the development of an attractive, landscaped passive park/green space with a clearly marked and lighted pedestrian pathway, benches and flower borders. Not later than the Initial Payment Date, and subject to the provisions in Section 21(p), the SUMC Parties shall pay to the City Two Million Two Hundred Fifty Thousand Dollars ($2,250,000) in one lump sum (the “Intermodal Transit Fund”), and the City shall be responsible for constructing the improvements described in this Section 5(d)(i). The City shall keep the Intermodal Transit Fund in a separate account, to be used only for the purposes described in this Section 5(d)(i). The City shall deliver an annual report of disbursements from the Intermodal Transit Fund in accordance with Section 12(d) below. The City shall construct the improvements described in this Section 5(d)(i) prior to issuance of the Hospital Occupancy Permit.

(ii) Public Right-of-Way Improvements to Enhance Pedestrian and Bicycle Connection on Quarry Road.

Four Hundred Thousand Dollars ($400,000) for improvements to and within the public right-of-way to enhance the pedestrian and bicycle connection from the west side of El Camino Real to Welch Road along Quarry Road, including urban design elements and way finding, wider bicycle lanes, as necessary, on Quarry Road, enhanced transit nodes for bus and/or shuttle stops, and prominent bicycle facilities. Not later than the Initial Payment Date, and subject to the provisions in Section 21(p), the SUMC Parties shall pay to the City Four Hundred Thousand Dollars ($400,000) in one lump sum (the “Quarry Road Fund”), and the City will be responsible for constructing the improvements. The City shall keep the Quarry Road Fund in a separate account, to be used only for the purposes described in this Section 5(d)(ii). The City shall deliver an annual report of disbursements from the Quarry Road Fund in accordance with Section
12(d) below. The City shall construct the improvements described in this Section 5(d)(ii) prior to issuance of the Hospital Occupancy Permit.

(iii) Stanford Barn Connection.

Up to Seven Hundred Thousand Dollars ($700,000) for improvements to enhance the pedestrian connection between the SUMC and the Stanford Shopping Center going from Welch Road to Vineyard Lane, in the area adjacent to the Stanford Barn. The SUMC Parties shall be responsible for constructing these improvements prior to issuance of the Hospital Occupancy Permit.

(e) Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing.

(i) Payment.

Subject to the provisions of Section 21(p), the SUMC Parties shall pay to the City a total of Twenty-Three Million Two Hundred Thousand Dollars ($23,200,000) for use in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. The SUMC Parties shall make this contribution in three equal payments as follows:

(A) the first payment shall be made not later than the Initial Payment Date;

(B) the second payment shall be made within Thirty (30) days from issuance of the first Hospital Foundation Permit; and

(C) the third payment shall be made within Thirty (30) days from issuance of the first Hospital Occupancy Permit.

(ii) Use of Funds.

The amount of One Million Seven Hundred Twenty Thousand Four Hundred Eighty Eight Dollars ($1,720,488) shall be used in the same manner as funds collected by the City pursuant to its housing fee ordinance. The City shall keep the balance of the payments made pursuant to this Section 5(e) (the “Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund”) in a separate account, to be used only for the purposes described in this Section 5(e). The City shall deliver an annual report of disbursements from the Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund in accordance with Section 12(d) below.

(iii) Use of Housing Credit.

The housing credit issued to the SUMC Parties in connection with the Alma substation relocation and Quarry Substation Lease may be used to offset the obligations in this Agreement.
(f) **Climate Change.**

(i) **Sustainability Programs Benefit.**

Subject to the provisions in Section 21(p), the SUMC Parties shall contribute Twelve Million Dollars ($12 Million) to the City for use in projects and programs (including carbon credits) for a sustainable community, including programs identified in the City’s Climate Action Plan, as may be amended, and investments in renewable energy and energy conservation. The SUMC Parties’ obligation to make this contribution is conditioned on there being no other non-voluntary requirement applicable to the Project to participate in Palo Alto Utilities’ Palo Alto Green Program. The SUMC Parties shall make this contribution in three equal payments, as follows:

(A) the first payment shall be made not later than the Initial Payment Date;

(B) the second payment shall be made within Thirty (30) days from issuance of the first Hospital Foundation Permit; and

(C) the third payment shall be made within Thirty (30) days from issuance of the first Hospital Occupancy Permit.

The City shall keep all payments made pursuant to this Section 5(f) (the “Climate Change Fund”) in a separate account, to be used only for the purposes described in this Section 5(f). The City shall deliver an annual report of disbursements from the Climate Change Fund in accordance with Section 12(d) below.

(g) **Administrative Costs.**

In implementing each of the funds described in this Section 5, the funds may be used for the Party’s reasonable costs of administering the funds, including establishing and maintaining the necessary accounts, reporting upon the use and balance of funds, establishing and implementing procedures to allocate funding, and other activities to implement the funds’ purposes.

(h) **Satisfaction of All Conditions of Approval.**

The SUMC Parties shall satisfy all Conditions of Approval by the dates and within the time periods required by the Project Approvals, subject to such modifications allowed by this Agreement.
6. **City’s Promises.**

(a) **Vested Rights to Develop and Use the Property.**

City hereby grants to the SUMC Parties the vested right to develop, construct and use the Project on the Property in accordance with the terms and conditions of the Applicable Rules, the Project Approvals and this Agreement, and City hereby finds the Project consistent with the Comprehensive Plan and the Zoning Ordinance as amended by the Project Approvals. City shall not apply to the Project any change in the Applicable Rules adopted or effective after the Effective Date, except as provided in Sections 7 and 8 below.

(b) **Permitted and Conditionally Permitted Uses.**

The permitted and conditionally permitted uses of the Property shall be those described in the Hospital Zoning Ordinance. Upon approval by the City, each conditional use permit issued for the Project shall be vested for the Term of this Agreement and the provisions of Section 18.77.090 of the City’s Municipal Code shall not apply to such conditional use permits; provided however, that the rights of the SUMC Parties to continue and maintain permitted and conditionally permitted uses on the Property shall be subject to compliance with the terms and conditions of this Agreement, the other Applicable Rules, and the Project Approvals.

(c) **Maximum Density and Intensity of Uses.**

When developed, the density and intensity of use of the Property shall not exceed those densities and intensities of use set forth in the Hospital Zoning Ordinance.

(d) **Other Development Standards.**

All design and development standards not set forth in the Project Approvals or this Agreement shall be in accordance with the Applicable Rules and the Subsequent Applicable Rules as applied to the Project; provided such standards shall not conflict with the Project Approvals or this Agreement.

(e) **Subsequent Rules.**

Subsequent Rules that conflict with the SUMC Parties’ rights to develop the Property as provided under this Agreement are applicable to the Project only under the circumstances described in Sections 7 and 8 below. This limitation applies to changes made by ordinance, initiative, referendum, resolution, policy, order or moratorium, initiated or instituted for any reason whatsoever and adopted by the Mayor, City Council, Planning and Transportation Commission or any other board, commission or department of City, or any officer or employee thereof, or by the electorate.
(f) **Subsequent Approvals.**

City shall not deny or unreasonably delay any Subsequent Approval that is necessary to the exercise of the rights vested in the SUMC Parties by this Agreement. Any conditions, terms, restrictions, and requirements for subsequent Discretionary Actions imposed or required by City, including those provided for herein, shall not prevent development of the land for the uses and to the density or intensity of development set forth in the Agreement. Except as provided in Sections 7 or 8 below. City shall not interpret any Subsequent Approval or apply any Subsequent Rule in a manner that would conflict with the Applicable Rules or the Project Approvals or reduce the development rights provided by this Agreement. Upon City approval, each Subsequent Approval shall be vested for the Term of the Agreement and the provisions of Sections 6(a) and 6(b) shall apply to each Subsequent Approval.

(g) **Limitation on Architectural Review Approvals.**

To the extent that the Project Approvals or Applicable Rules require further decisions, determinations or actions pertaining to architectural review “Architectural Review Approval”), the decision in all cases shall be made by the Director of Planning and Community Environment, after recommendation by the Architectural Review Board, subject only to appeal to the City Council, pursuant to Section 18.77.070 of the Municipal Code as set forth in the Applicable Rules, without review or recommendation by the Planning and Transportation Commission. Further, in each case, Architectural Approval shall be limited to determining consistency with the Design Guidelines, the Hospital Zoning Ordinance, and the findings regarding architectural review set forth in Section 18.76.020(d) of the Municipal Code. City shall process any application for Architectural Review Approval expeditiously. The provisions of this Section 6(g) shall apply to each architectural review process undertaken and Architectural Review Approval granted with regard to any portion of the Project.

(h) **Annexation of County Property.**

City shall petition the Local Agency Formation Commission (LAFCO) to annex to City the County Property. The SUMC Parties shall cooperate by executing all necessary documents, by providing all information requested by City acting as the conducting authority for purposes of the annexation proceedings, and by attending annexation hearings and testifying in favor of the annexation. The SUMC Parties shall be responsible for paying all reasonable costs of the annexation.

(i) **Utility and Storm Drain Connections.**

Unless prohibited by a moratorium lawfully adopted by another governmental agency, or by action taken by City in accordance with Sections 7 or 8, or by state or federal law, City shall allow the SUMC Parties to connect the
Subject to any limitation imposed by state or federal law, in the event of a moratorium preventing or limiting discharge or increased runoff to storm drains, the SUMC Parties shall have priority for use of storm drains for the Project over other unbuilt commercial development until December 31, 2025. The SUMC Parties also shall have priority over new commercial space built or approved subsequent to the Effective Date, including but not limited to retail, office, and industrial space, until December 31, 2025.

(l) **OSHPD.**

City recognizes that, pursuant to the HSSA, (i) OSHPD has exclusive jurisdiction of certain aspects of design and construction, including construction of associated infrastructure, of hospital buildings, including plan review, issuance of building permits, building inspections, and issuance of certificates of occupancy, and, (ii) certain OSHPD standards and rules apply to non-hospital buildings that provide outpatient clinical services. In the event that any OSHPD requirement conflicts with the Project Approvals, the City shall (a) approve revisions to Project Approvals or, as necessary, grant Subsequent Approvals for modifications that are not inconsistent with the Hospital Zoning Ordinance, or, (b) if necessary modifications would be inconsistent with the Hospital Zoning Ordinance, promptly and in good faith enter into negotiations with the appropriate SUMC Parties for such modifications to the Project Approvals as are necessary to conform to the conflicting OSHPD requirement so that the public benefits and objectives of this Agreement will be achieved at the earliest feasible date. The approval of such revisions or modifications shall be determined in the first
instance by the Director of Planning and Community Environment, subject to
review only by expedited appeal to the City Council.

(m)  **No Other Dedications.**

Except as may be required to provide for the installation and maintenance
of City-owned public utilities to the Project, including such easements as may be
required to install and maintain utility laterals required to serve the Project
buildings, and except as otherwise set forth in this Agreement or the Project
Approvals, or as may be agreeable to the SUMC Parties, the SUMC Parties shall
not be required to make any dedications or reservations of the Property, or any
portion thereof or interest therein, or of any other property in connection with the
development, construction, use, or operation of the Project, or any portion thereof.
The Parties shall also cooperate to identify the locations for any new necessary
easements, and the locations of any existing easements that are no longer
necessary and may be relinquished or vacated, to minimize the costs to the Parties
of creating, maintaining, or vacating such easements.

(n)  **No Other Public Improvements or Financial Contributions.**

Except as may be required under the Conditions of Approval, in
connection with the relocation of City-owned public utilities under Welch Road,
the gas line retrofitting on Welch Road, or restoration of any public improvements
impacted by the Project construction, the SUMC Parties shall not be required to
construct public improvements or make financial contributions to City in lieu of
public improvements as part of the Project, except as expressly set forth in this
Agreement, or as may be agreeable to the SUMC Parties, or as provided in the
Project Approvals.

(o)  **No Obligation to Develop.**

The SUMC Parties shall have no obligation to develop the Project, or any
component of it. The SUMC Parties may develop the Project in their sole
discretion in accordance with their own time schedule, subject to the terms and
conditions of this Agreement. The SUMC Parties may develop and construct the
Project in any sequence or phases, in their sole discretion.

(p)  **Timing for Performance of Conditions of Approval.**

The SUMC Parties may request in writing a change in the time of
performance of any Condition of Approval. Within a reasonable time of
receiving the request, the City Manager or his or her designee (a) shall determine
whether additional environmental review is required because of the proposed
change; (b) may condition approval of the proposed change upon changes in the
timing of related conditions or mitigation measures; and, finally, (c) shall
approve, conditionally approve or deny the requested change. Within a
reasonable time of receiving the City Manager’s decision on the request, the
SUMC Parties shall give written notice of its acceptance or of its withdrawal of the request. The change shall be effective upon receipt by the City of the notice of acceptance.

7. Exceptions.

To the extent Subsequent Rules (including a moratorium otherwise lawfully adopted by City) conflict with the Applicable Rules or Project Approvals, they may be applied to the Project without the consent of the SUMC Parties only (i) if City determines that application of such Subsequent Rules is necessary to protect against conditions that create a substantial and demonstrable risk to the physical health or safety of residents or users of the site to which the Subsequent Rules apply or the affected surrounding region; or (ii) if such Subsequent Rules are mandated or required by supervening federal, state or regional statute or regulation; or (iii) if otherwise provided by this Agreement.

8. Exclusions.

(a) Sewer Facilities, Storm Drains and Runoff.

This Agreement does not affect the SUMC Parties’ obligations, if any, to pay for or construct improvements in the storm drain system required to implement the Project, nor does it affect the SUMC Parties’ obligations to meet any applicable federal, state and local discharge limits and requirements pertaining to sewer facilities, storm drains or runoff.

(b) Limited Effect on Right to Tax, Assess, or Levy Fees or Charges.

Except as expressly provided herein, this Agreement does not limit the power and right of the City to impose the same taxes, levy the same assessments, or require the payment of the same permit fees and charges by the SUMC Parties as the City requires for all other nonresidential development or property on a citywide basis. The SUMC Parties shall be required to pay all Development Impact Fees in effect on the Effective Date, as provided in this Section 8(b), subject to the SUMC Parties’ right to protest and/or pursue a challenge in law or equity to the new or increased Development Impact Fee. The SUMC Parties shall not be required to pay any new Development Impact Fees adopted after the Effective Date through December 31, 2019, unless such payment becomes due under the Applicable Rules or this Agreement on or after January 1, 2020. Further, the City shall not require the SUMC Parties to pay any increase in the amount of a Development Impact Fee, except as set forth in this Section 8(b) and the amount of the Development Impact Fees shall be calculated as set forth in this Section 8(b). All fees, charges, taxes and assessments permitted by this Agreement, and as modified from time to time, are Applicable Rules or Subsequent Applicable Rules. For buildings subject to OHSPD jurisdiction, City fees shall be considered due not later than 30 days after issuance of the Hospital
Foundation Permit from OSHPD. In no event may any fees be paid later than the date for payment under the Applicable Rules.

(i) All provisions and requirements of this Agreement and the Applicable Rules to the contrary notwithstanding, the SUMC Parties shall have the following options with respect to the timing of payment of Development Impact Fees, and the rates of Development Impact Fees will be calculated as follows:

(A) If the SUMC Parties elect to pay or prepay all or any portion of the Development Impact Fees between the Effective Date and December 31, 2011, the SUMC Parties shall pay such fees at the rate in effect on the Effective Date;

(B) If the SUMC Parties elect to pay or prepay all or any portion of the Development Impact Fees on or after January 1, 2012 through and including December 31, 2019, the SUMC Parties shall pay such fees at the rate applicable citywide to nonresidential development at the time of payment; except that the City shall not require the SUMC Parties to pay any increase in a Development Impact Fee that exceeds an amount calculated according to the rate in effect on the Effective Date and adjusted to reflect the change in the San Francisco Bay Area Consumer Price Index from January 1, 2012 to the date of payment.

(C) If the SUMC Parties elect to pay all or any portion of the Development Impact Fees on or after January 1, 2020, the SUMC Parties shall pay such fees at the rate applicable citywide to nonresidential development at the time of payment, subject to the SUMC Parties’ right to protest and/or pursue a challenge in law or equity to the increased fee.

(ii) The SUMC Parties shall not receive any credit against any City Development Impact Fees for any community benefits provided pursuant to this Agreement.

(iii) Payment of the city-wide Transportation Impact Fees in accordance with this Agreement shall constitute the Project’s entire fair share contribution to the following transportation mitigation measures: TR 2.1 (contribution to traffic adaptive signal technology in Palo Alto); TR 2.2 (contribution to Everett undercrossing in Palo Alto); and TR 7.2 (contribution to Palo Alto Crosstown Shuttle).

(iv) Except as provided in this Section 8(b), the SUMC Parties shall pay Development Impact Fees in accordance with the Applicable Rules, on the basis of Net New Square Footage.

(v) Nothing in this Agreement shall preclude the City from collecting fees from the SUMC Parties that are lawfully imposed on the Project
by another entity having jurisdiction over the Project which the City is required or authorized to collect pursuant to applicable laws.

(c) No Limit on Right of City to Adopt and Modify Uniform Codes.

This Agreement does not limit the right of the City, to the extent permitted by state law, to adopt Building, Plumbing, Electrical, Fire and similar uniform construction codes, and to adopt local modifications of those codes, from time to time. Those codes, as modified from time to time, are Subsequent Applicable Rules.

(d) No Limit on Power of City to Adopt and Apply Rules Governing Provision and Use of Utility Services.

Except as expressly provided in Section 6, this Agreement does not limit the power and right of the City to adopt and amend from time to time rules and procedures governing the provision and use of utility services provided by the City. These rules, as modified from time to time, are Subsequent Applicable Rules. If there is any conflict between such Rules and Section 6, the latter shall control.

(e) California Environmental Quality Act Compliance (CEQA).

The City has prepared and certified an EIR and has imposed mitigation measures as Conditions of Approval prior to the execution of this Agreement. This Agreement does not limit the City’s duty to comply with the provisions of CEQA and the associated Guidelines, and to comply with the provisions of its own local CEQA procedures, as they may be amended from time to time, that comply with the provisions of section 21082 of CEQA. However, the City shall not undertake additional environmental review under CEQA unless required to do so by CEQA. In the event that any such further environmental review is required for a Subsequent Approval or other Discretionary Action, it shall be in accordance with Sections 15162-15164 of the CEQA Guidelines, and the scope of analysis and evaluation shall be as required by CEQA.

(f) No General Limitation on Future Exercise of Police Power.

The City retains its right to exercise its general police power except when such exercise would conflict with the vested rights granted under this Agreement. The police powers so retained and enforceable under this Agreement shall include, but are not limited to, the enactment of regulations concerning the disposition of construction and demolition materials that apply generally to the City.

9. Indemnity.

To the maximum extent permitted by law, the SUMC Parties shall defend, indemnify and hold harmless the City, its City Council, its officers, employees
and agents (each an “Indemnified Party” and collectively the “Indemnified Parties”) from and against any claim, action, or proceeding brought by any third party against the Indemnified Parties to attack, set aside, or void any of the Project Approvals, or any Subsequent Approvals. The SUMC Parties shall take the lead role in defending any such claim, action or proceeding, and may, in their sole discretion, elect to be represented by the attorneys of their choice. The City may, in its sole discretion, elect to be represented by the attorneys of its choice in any such action or proceeding, with the reasonable costs of such representation to be paid by the SUMC Parties. The SUMC Parties and the City shall fully coordinate and cooperate in the defense of any such action and shall keep each other fully informed of all developments relevant to such defense, subject only to confidentiality requirements and any privileges or legal doctrines that may prevent the communication of any such information. The SUMC Parties’ obligations set forth in this Section 9 shall survive any suspension or termination of this Agreement, regardless of cause.


The Parties shall cooperate to implement this Agreement in a manner that ensures that all Parties realize the intended benefits of the Agreement. With respect to the City, such cooperation shall include, but without limitation, diligent processing of applications for approval of development of the Project that comply with the Project Approvals, Applicable Rules and Subsequent Applicable Rules, and the City shall not unreasonably deny or delay any Discretionary Action, Subsequent Approval or OSHPD approval that is necessary to the exercise of the rights vested in the SUMC Parties by this Agreement. Such cooperation shall include, but without limitation, prompt compliance by each Party with all requests by another Party for materials and information necessary to determine the responding Party’s compliance with this Agreement, and the diligent provision and implementation of all community benefits and voluntary mitigation measures to be provided by the SUMC Parties under this Agreement and the City’s expenditures of funds for the purposes described in this Agreement.


Prior to the Effective Date, the Parties will use reasonable efforts to identify and assemble four (4) sets of the Applicable Rules, one (1) set for the City and one (1) set for each of the SUMC Parties, so that if it becomes necessary in the future to refer to any of the Applicable Rules, there will be a common set of the Applicable Rules available to each Party. Failure by City to identify or assemble written Applicable Rules shall in no manner limit City’s ability to later identify or use such Applicable Rules.
12. **Periodic Review of Compliance.**

(a) **Periodic Review.**

City shall review this Agreement annually, in accordance with the procedures and standards set forth in this Agreement and City of Palo Alto City Council Resolution No. 6597 in order to ascertain the SUMC Parties’ compliance with the terms of the Agreement. The SUMC Parties shall submit an annual report (the “Annual Report”) to the Director of Planning and Community Environment (the “Planning Director”), in the form and containing the content described in Section 12(c) below, each year within thirty (30) days after the anniversary of the Effective Date. The Annual Report shall be accompanied by an annual review fee sufficient to cover the estimated costs of review of the Annual Report. The amount of the annual review fee shall not exceed the City’s actual, reasonable costs for such review. Within forty-five (45) days of receipt of the SUMC Parties’ Annual Report, the City shall prepare and submit to the SUMC Parties a Supplement to the Annual Report, in the form and containing the content described in Section 12(d) below, to demonstrate the City’s good faith compliance with the terms of this Agreement.

(b) **Special Review.**

The City Council may order a special review of compliance with this Agreement any time the City Council determines that the SUMC Parties may be in breach of the Agreement. The Planning Director or City Council, as determined from time to time by the City Council, shall conduct such special reviews, at the City’s expense.

(c) **Annual Report.**

The Annual Report to be submitted by the SUMC Parties pursuant to Section 12(a) above shall summarize the SUMC Parties’ progress on the Project, including, at a minimum (i) a list of the net new square footage for which a certificate of occupancy has been received; (ii) a description of the steps the SUMC Parties have taken to comply with the obligations listed in Section 5 of this Agreement; and (iii) any other information the City reasonably requires to determine the SUMC Parties’ compliance with this Agreement.

(d) **Supplement to the Annual Report.**

The Supplement to the Annual Report to be submitted by the City pursuant to Section 12(a) above shall include an accounting of the funds received by the City, including a description of the account balances for each of the funds that the City is required to maintain under Section 5 of this Agreement (“City Funds”), the City’s expenditures from each of the City Funds, and the purposes for which the expenditures were used. The City’s descriptions of the expenditures shall be at the level of detail the SUMC Parties reasonably determine is necessary...
to confirm that the City’s expenditures from the City Funds are consistent with the terms of Section 5 of this Agreement. The City’s report shall be included in any hearings held by the City pursuant to Section 12(e) of this Agreement. The City shall bear the burden of proof that the City has complied with the requirements of Section 5 for use of funds paid by the SUMC parties.

(e) Procedure.

During either a periodic review or a special review, the SUMC Parties shall be required to demonstrate good faith compliance with the terms of the Agreement. The burden of proof on this issue shall be on the SUMC Parties. During the periodic or special review, the City may rely on information in addition to that provided in the Annual Report prepared by the SUMC Parties pursuant to Section 12(a) above. The Parties acknowledge that failure by the SUMC Parties to demonstrate good faith compliance shall constitute grounds for termination or modification of this Agreement in accordance with the provisions of this Section 12.

(i) Upon the SUMC Parties’ submission of the Annual Report to the Planning Director, the Planning Director shall review the Annual Report and, based on the Annual Report and any other information available to the Planning Director relating to the SUMC Parties’ compliance with the Agreement, prepare and submit a report (the “Planning Director’s Report”) to the City Council setting forth the evidence concerning good faith compliance by the SUMC Parties with the terms of this Agreement and the recommended finding on that issue.

(ii) The City Council shall review the Planning Director’s report, the Annual Report submitted by the SUMC Parties, and any other information available to the City Council relating to the SUMC Parties’ compliance with the Agreement.

(iii) If, upon completing its review, the City Council finds that the SUMC Parties have complied in good faith with the terms and conditions of this Agreement, the review shall be concluded.

(f) Default by SUMC Parties.

If, upon completing its review described in Section 12(e), the City Council makes a finding, on the basis of substantial evidence, that the SUMC Parties have not complied in good faith with the terms and conditions of this Agreement, the City shall provide written notice to the SUMC Parties describing: (i) such failure to comply with the terms and conditions of this Agreement (referred to herein as a “Default”), (ii) whether the Default can be cured, (iii) the actions, if any, required by the SUMC Parties to cure such Default, and (iv) the time period within which such Default must be cured. If the Default can be cured, the SUMC Parties shall have at a minimum 90 days after the date of such notice to cure such Default, or in the event that such Default cannot be cured within such 90-day period but can
be cured within one (1) year, the SUMC Parties shall have commenced the actions necessary to cure such Default and shall be diligently proceeding to complete such actions necessary to cure such Default within 90 days from the date of the notice. If the Default cannot be cured or cannot be cured within one (1) year, as determined by City during the periodic or special review, the City Council may modify or terminate this Agreement as provided in Section 12(g) and Section 12(h).

(g) Proceedings Upon Modification or Termination.

If, upon a finding under Section 12(f) and the expiration of the cure period specified in Section 12(f) above, City determines to proceed with modification or termination of this Agreement, City shall give written notice to the SUMC Parties of its intention so to do. The notice shall be given at least ten calendar days before the scheduled hearing and shall contain:

(i) The time and place of the hearing;

(ii) A statement as to whether or not the City proposes to terminate or to modify the Agreement; and

(iii) Such other information as is reasonably necessary to inform the SUMC Parties of the nature of the proceeding.

(h) Hearings on Modification or Termination.

At the time and place set for the hearing on modification or termination, the SUMC Parties shall be given an opportunity to be heard and shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. The burden of proof on the issue shall be on the SUMC Parties. If the City Council finds, based upon substantial evidence, that the SUMC Parties has not complied in good faith with the terms or conditions of the Agreement, the City Council may terminate this Agreement or modify this Agreement in a manner mutually acceptable to the Parties to address the Default. The decision of the City Council shall be final and subject to judicial review as provided in Section 14, below.

(i) Certificate of Compliance.

If, at the conclusion of a periodic or special review, the SUMC Parties are found or deemed to be in compliance with this Agreement, City shall, upon request by the SUMC Parties, issue a Certificate of Compliance ("Certificate") to the SUMC Parties stating that after the most recent periodic or special review and based upon the information known or made known to the Planning Director and City Council that: (1) this Agreement remains in effect, and (2) the SUMC Parties are not in Default. The Certificate shall be in recordable form, shall contain information necessary to communicate constructive record notice of the finding of compliance, shall state whether the Certificate is issued after a periodic or special
review and shall state the anticipated date of commencement of the next periodic review. The SUMC Parties may record the Certificate without cost or expense to City.

13. Default by City.

If the SUMC Parties determine that City has failed to comply with any of the City’s obligations under this Agreement, the SUMC Parties may provide written notice to the City describing its contentions regarding (i) such failure to comply with the terms and conditions of this Agreement (referred to herein as a “City Default”), (ii) whether the City Default can be cured, (iii) the actions, if any, required of City to cure such City Default, and (iv) the time period within which such City Default must be cured. If the City Default can be cured, City shall have at least 90 days after the date of such notice to cure such Default, or in the event that such City Default cannot be cured within such 90 days period but can be cured within one year, City shall have commenced all actions necessary to cure such Default and shall be diligently proceeding to complete all such actions necessary to cure such Default within 90 days from the date of notice. If the SUMC Parties contend that the City Default cannot be cured or cannot be cured within one year, or if City fails to cure within the applicable cure period as provided in this Section 13, the SUMC Parties shall give notice to City of its contentions before pursuing the remedies described in Section 14.


It is acknowledged by the Parties that City would not have entered into this Agreement if doing so would subject it to the risk of incurring liability in damages, either for breach of this Agreement, anticipatory breach, repudiation of the Agreement, or for any actions with respect to its implementation or application. The Parties intend by the provisions of this Section 14 that none of the Parties shall have any liability for money damages arising out of a breach of this Agreement, and no liability in money damages for any claims arising out of the application process, negotiation, execution and adoption, or the implementation or application of this Agreement.

Each of the Parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, including but not limited to temporary or permanent injunctive relief or restraining orders, except that the Parties shall have no liability in damages for any acts which are alleged to have arisen out of or relate to this Agreement, under any circumstances.

The Parties further acknowledge that money damages and remedies at law generally are inadequate, and specific performance is the most appropriate remedy for the enforcement of this Agreement and should be available to all Parties for the following reasons:

(a) Money damages are excluded as provided above.
(b) Due to the size, nature, and scope of the Project, it may not be practical or possible to restore the Property to its original condition once implementation of this Agreement has begun. After such implementation, the SUMC Parties may be foreclosed from other choices they may have had to utilize the Property or portions thereof. The SUMC Parties have invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate the SUMC Parties for such efforts.

Except for non-damages remedies, including the remedy of specific performance, the SUMC Parties, on the one hand, and the City, on the other hand, for themselves, their successors and assignees, hereby release one another’s officers, trustees, directors, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, including, but not limited to, any claim or liability, based or asserted, pursuant to Article I, Section 19 of the California Constitution, the Fifth and Fourteenth Amendments of the United States Constitution, or any other law or ordinance which seeks to impose any money damages, whatsoever, upon the Parties because the Parties entered into this Agreement, because of the terms of this Agreement, or because of the manner of implementation or performance of this Agreement.

All legal actions shall be heard by a reference from the Santa Clara County Superior Court pursuant to Code of Civil Procedure Section 638, et seq. The parties to the action shall agree upon a single referee who shall then try all issues, whether of fact or law, and report a finding and judgment thereon and issue all legal and equitable relief appropriate under the circumstances of the controversy before the referee. If the parties to the action are unable to agree on a referee within ten (10) days of a written request to do so by any Party, any Party may seek to have one appointed pursuant to Code of Civil Procedure section 640. The cost of such proceeding shall initially be borne equally by the parties to the action. Any referee selected pursuant to this Section 13 shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution.

15. **Modification, Amendment or Cancellation by Mutual Agreement.**

Subject to meeting the notice and hearing requirements of Section 65867 of the Development Agreement Act, this Agreement may be modified, amended, or cancelled at any time by mutual consent of the Parties in accordance with the provisions of Section 65868 of the Development Agreement Act and City’s Resolution No. 6597.
16. **Superseding State or Federal Law.**

In the event that any state or federal law or regulation enacted or adopted after the date of this Agreement shall prevent or preclude compliance with any of the provisions hereof, such provisions shall be modified or suspended only to the extent and for the time necessary to achieve compliance with said law or regulation and the remaining provisions of this Agreement shall be in full force and effect. Upon repeal of said law or regulation or occurrence of other circumstances removing the effect thereof upon this Agreement, the provisions hereof shall be restored to their full original effect.

17. **Notices.**

All notices required or provided for under this Agreement shall be in writing and shall be delivered personally or by overnight courier service or sent by certified or registered mail, return receipt requested. Any notice shall be deemed to have been duly given and received upon receipt. Notices to the parties shall be addressed as follows:

City:           City Manager  
               City of Palo Alto  
               250 Hamilton Avenue  
               Palo Alto, California 94301

with copies to:  City Attorney  
               City of Palo Alto, 8th Floor  
               250 Hamilton Avenue  
               Palo Alto, California 94301

               Director of Planning and Community Environment  
               City of Palo Alto, 5th Floor  
               250 Hamilton Avenue  
               Palo Alto, California 94301

SHC/LPCH:  Mark J. Tortorich, Vice President  
           Planning, Design & Construction  
           384 Stanford Shopping Center  
           Stanford, CA  94304

with a copy to:  Sarah Diboise, Esq.  
                Office of General Counsel  
                Building 170, 3rd Floor, Main Quad  
                P.O. Box 20386  
                Stanford, CA  94305-2038
18. Term of Agreement; Force Majeure.

(a) Basic Term.

Except as to those obligations that expressly extend for the Life Of The Project, or otherwise expressly extend beyond the stated Term of the Agreement, the Term of this Agreement shall commence as of the Effective Date, and shall continue for thirty (30) years from the adoption of the Ordinance authorizing this Agreement or until earlier terminated by mutual consent of the Parties or as otherwise provided by this Agreement. Upon the termination of this Agreement, no Party shall have any further right or obligation hereunder except with respect to any obligation to have been performed prior to such termination, or with respect to any default in the performance of the provisions of this Agreement which has occurred prior to such termination, or with respect to any obligations which are specifically set forth as surviving this Agreement.

(b) Extension for Referendum, Litigation, Default or Moratorium.

If a Party is deprived of a benefit under this Agreement as a result of referendum of one or more of the Project Approvals, litigation challenging one or more of the Project Approvals or one or more Subsequent Approvals, a moratorium, or a default by the other Party, then the Party so deprived may elect to extend the Term of this Agreement with respect to that benefit for the duration of the moratorium or default.

(c) Force Majeure.

Performance by either the SUMC Parties, on the one hand, or the City, on the other hand, of an obligation hereunder shall be excused during any period of “Permitted Delay.” Permitted Delay shall mean delay beyond the reasonable control of a Party including, without limitation, an inability to perform caused by (a) acts of God, including without limitation earthquakes, floods, fire, and other natural calamities, (b) civil commotion; (c) riots or terrorist acts; (d) strikes or other forms of material labor disputes; (e) shortages of materials or supplies; and
(f) vandalism. A Party’s financial inability to perform shall not be a ground for claiming a Permitted Delay. The Party claiming the Permitted Delay shall notify the other Party of its intent to claim a Permitted Delay, the specific grounds of the same and the anticipated period of the Permitted Delay within 10 business days after the occurrence of the conditions which establish the grounds for the claim. The period of Permitted Delay shall last not longer than the conditions preventing performance.

19. Assignment; Right to Assign.

(a) Assignment.

(i) Right to Assign.

Each of the SUMC Parties shall have the right to sell, transfer or assign its interest in the Property, in whole or in part (provided that no such partial transfer shall be permitted to cause a violation of the Subdivision Map Act, Government Code section 66410, et seq.), to any person or entity at any time during the term of this Agreement; provided:

(A) Concurrently with any such sale, transfer or assignment, or within ten (10) business days thereafter, the transferor shall notify City, in writing, of such sale, transfer or assignment and shall provide City with an executed agreement, in a form reasonably acceptable to the City, by the purchaser, transferee or assignee and providing therein that the purchaser, transferee or assignee expressly and unconditionally assumes all the duties and obligations of the transferor under this Agreement.

(B) No sale, transfer or assignment of any right or interest under this Agreement shall be made without the prior written consent of the City Council, which consent may not be unreasonably withheld.

Notwithstanding the failure of any purchaser, transferee or assignee to execute the agreement required by subparagraph (i) above, the burdens of this Agreement shall be binding upon such purchaser, transferee or assignee, but the benefits of this Agreement shall not inure to such purchaser, transferee or assignee until and unless such agreement is executed.

(ii) Release of Transferor.

Notwithstanding any sale, transfer or assignment, the transferring Party shall continue to be obligated under this Agreement unless such Party is given a release in writing by City, which release will be provided by City upon the full satisfaction by the transferring Party of all the following conditions:

(A) The transferring Party no longer has a legal or equitable interest in the portion of the Property being transferred.
(B) The transferring Party is not then in default and default proceedings have not been commenced by City under this Agreement.

(C) The transferring Party has provided City with the notice and executed agreement required under Section 19(a) (i) above.

(D) The purchaser, transferee or assignee provides City with security reasonably satisfactory to City to secure performance of its obligations under this Agreement.

Nothing contained in this Section 19 shall prevent a transfer of the Property, or any portion thereof, to an institutional lender or Mortgagee as a result of a foreclosure of a Mortgage or deed in lieu of foreclosure, and any lender or Mortgagee acquiring the Property, or any portion thereof, as a result of foreclosure of a Mortgage or a deed in lieu of foreclosure shall take such Property subject to the terms of this Agreement; provided, however, in no event shall such lender or Mortgagee be liable for any defaults or monetary obligations of the SUMC Parties arising prior to acquisition of title to the Property by such lender or Mortgagee; and provided further in no event shall any such lender or Mortgagee or its successors or assigns be entitled to a building permit or occupancy certificate for any portion of the Project until all fees due under this Agreement have been paid to City, until all outstanding obligations of the SUMC Parties have been performed, and until any and all outstanding Defaults have been cured.

20. Mortgagee Protection.

The Parties hereto agree that this Agreement shall not prevent or limit any of the SUMC Parties in any manner, at their sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any Mortgage securing financing with respect to the Property or development of the Property. City acknowledges that the lenders providing such financing may require certain Agreement interpretations and shall upon request, from time to time, meet with any of the SUMC Parties and representatives of such lenders to consider any such request for interpretation. City will not unreasonably withhold its consent to any such requested interpretation provided such interpretation is consistent with the intent and purposes of this Agreement. Any Mortgagee of the Property shall be entitled to the following rights and privileges:

(a) No Impairment.

Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage or deed of trust on the Property made in good faith and for value.

(b) Notice of Default by the SUMC Parties.

The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee, has submitted a request in writing
to the City in the manner specified herein for giving notices, shall be entitled to receive written notification from City of any Default by the SUMC Parties in the performance of the SUMC Parties’ obligations under this Agreement.

(c) Notice.

If City timely receives a request from a Mortgagee requesting a copy of any notice of default given to any of the SUMC Parties under the terms of this Agreement, City shall provide a copy of that notice to the Mortgagee within twenty (20) days of sending the notice of default to the SUMC Parties. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such Party under this Agreement.

(d) Transfer of Ownership.

Mortgagee shall have the rights set forth in the last paragraph of Section 19 above.


(a) Effect of Recitals.

The Recitals are intended in part to paraphrase and summarize this Agreement, however, the terms, covenants and conditions of this Agreement are expressed with particularity in Section 1, et seq. and the rights and obligations of the Parties are to be determined by the terms of the Agreement and not by the Recitals. To the extent the Recitals provide factual context for the Agreement, they may be considered when interpreting the terms and provisions of the Agreement.

(b) Construction.

As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and neuter and vice versa.

This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the Parties. This Agreement has been reviewed and revised by legal counsel for each Signatory Party, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement. Each Signatory Party has consulted with counsel and determined that this Agreement accurately and completely reflects the agreement of the Parties.

The captions of the sections and subsections of this Agreement are solely for the convenience of reference and shall be disregarded in the construction and interpretation of this Agreement.
(c) **Severability.**

If any terms of this Agreement are determined to be invalid, void, or unenforceable, the remainder of this Agreement shall not be affected to the extent the remaining terms are not rendered impractical or impossible to perform taking into consideration the purposes of this Agreement.

(d) **Time.**

Time is of the essence of this Agreement and of each and every term and condition hereof.

(e) **Waiver.**

No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any other right or remedy or in respect of any other occurrence or event.

(f) **Governing State Law.**

This Agreement shall be construed in accordance with the laws of the state of California.

(g) **Determination of Compliance.**

At any time during the Term of this Agreement, any Party or its lender, may request any Party to this Agreement to confirm that to the best of such Party’s knowledge, no defaults exist under this Agreement or if defaults do exist, to describe the nature of such defaults. Each Party shall provide such a determination to such lender or other Party within forty-five (45) days of the request therefor. The failure of any Party to provide the requested determination within such forty-five (45) day period shall constitute a confirmation that to the best of such Party’s knowledge, no defaults exist under this Agreement. Requests for such determinations shall be made in writing and as required by Section 17 above.

(h) **Entire Agreement.**

This Agreement contains the entire understanding and agreement of the Parties. There are no oral or written representations, understandings, undertakings, or agreements that are not contained or expressly referred to herein, and any such representations, understandings, or agreements are superseded by this Agreement. No evidence of any such representations, understandings, or agreements shall be admissible in any proceeding of any kind or nature relating to the terms or conditions of this Agreement, its interpretation, or breach.
(i) **No Third Party Beneficiaries.**

This Agreement is made and entered into for the sole protection and benefit of the signatory Parties and their successors and assigns, including Mortgagees. No other person shall have any right of action based upon any provision of this Agreement.

(j) **Authority to Execute.**

Each person executing this Agreement warrants and represents that he or she has the authority to bind the signatory Party for which he or she is signing to the performance of its obligations hereunder.

(k) **Administrative Appeal.**

Whenever in the Applicable Rules or Subsequent Applicable Rules any requirement or action by the SUMC Parties is conditioned upon the approval or satisfaction, however expressed, of any entity other than City, such condition shall not be interpreted as providing the third party the right to make any final decision other than as may be authorized by law other than the Applicable Rules or Subsequent Applicable Rules. Where a third party has no right authorized by law other than the Applicable Rules or Subsequent Applicable Rules to make a final decision, a condition requiring approval or satisfaction of such third party, however expressed, shall mean that the third party shall provide, as appropriate, advice, consultation, a recommendation and/or an initial decision regarding the condition. The actual determination in such case will be made by the official or entity of City required or authorized to make such determination in accordance with the applicable provisions of the Palo Alto Municipal Code as set forth in the Applicable Rules. Appeals from determinations made by City officials or entities shall be made in accordance with applicable provisions of the Palo Alto Municipal Code as set forth in the Applicable Rules.

(l) **Exhibits.**

The following exhibits to which reference is made in this Agreement are deemed incorporated herein in their entirety:

Exhibit A – Property Description

Exhibit B – Initial Project Approvals

If the recorder refuses to record any exhibit, the City Clerk may replace it with a single sheet bearing the exhibit identification letter, stating the title of the exhibit, the reason it is not being recorded, and that the original, certified by the City Clerk, is in the possession of the City Clerk and will be reattached to the original when it is returned by the recorder to the City Clerk.
(m) **Signature Pages.**

For convenience, the signatory Parties may execute and acknowledge this Agreement on separate signature pages, which, when attached hereto, shall constitute one complete agreement.

(n) **Precedence.**

If any conflict or inconsistency arises between this Agreement and the Applicable Rules or the Subsequent Rules, the provisions of this Agreement shall have precedence and shall control over the conflicting or inconsistent provisions of the Applicable Rules or Subsequent Rules.

(o) **Recordation.**

Whenever recordation is required or may be required by either Party, City shall be responsible for recordation. If City fails to record a document when required, the SUMC Parties may, but are not obligated to, record the document and by doing so the SUMC Parties do not assume the duties or obligations of City established by this Section or the Development Agreement Act nor does it waive any right it may have to compel City to properly perform its duties and obligations. The failure of City to record or to properly record this Agreement or any other document as provided herein shall not affect or limit in any way the SUMC Parties’ rights to enforce this Agreement and to rely upon it.

(p) **Referendum or Challenge.**

In the absence of a referendum petition, City shall not unilaterally submit the Project Approvals or the ordinance approving this Agreement to a referendum by action of the City Council on its own motion without the SUMC Parties’ consent. In addition to the remedies set forth in Section 18(b), if the Project Approvals or the ordinance approving this Agreement is the subject of a referendum, or if litigation is commenced seeking to rescind the Project Approvals or the City’s decision to enter into this Agreement or to declare this Agreement void (“Legal Action”), less than one year from the filing with the County Clerk by the City of the Notice of Determination following the second reading of the ordinance approving the Hospital District zoning and the ordinance approving this Agreement (the “NOD”), each Party shall have the right to terminate this Agreement by written notice to the other Parties no later than thirty (30) days after the event that gives a Party the right to terminate, or such later time allowed in writing by the non-terminating Party or Parties. Each Party’s right to unilaterally terminate this Agreement as set forth in this Section 21(p) shall expire one year from the date of the filing of the NOD. The Parties may also, at any time by mutual agreement, suspend performance of all or part of the obligations in this Agreement pending the outcome of any such referendum or litigation.
(i)  City’s Reimbursement Obligation.

If the Project Approvals or the Ordinance approving this Agreement is challenged by a Legal Action as described above in Section 21(p), the City shall return payments made by the SUMC Parties to the City according to the following requirements:

(A) If the Legal Action is filed with the court before 90 days have elapsed from the filing of the NOD, then the City shall return all payments made by the SUMC Parties pursuant to Section 5 of this Agreement, within 30 days of the City’s receipt of a written request by the SUMC Parties.

(B) If the Legal Action is filed with the court more than 90 days but less than one year after the filing of the NOD, then the City shall return payments made by the SUMC Parties pursuant to Section 5 of this Agreement, within 30 days of the City’s receipt of a written request by the SUMC Parties, as follows:

(1)  **Section 5(a)(iii) (Fund for Community Health and Safety Programs) Payments.**

The City shall return to the SUMC Parties such portions of payments made by the SUMC Parties pursuant to Section 5(a)(iii) that have not been disbursed through the City’s Human Relations Committee or otherwise, or contractually committed to a third party community health care program by the City.

(2)  **Section 5(b)(iii) (Fund for Operating Deficit) Payments.**

The City shall return to the SUMC Parties such portions of payments made by the SUMC Parties pursuant to Section 5(b)(iii) that have not been contractually committed by the City to a third party.

(3)  **Section 5(e)(i) (Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund) Payments.**

The City shall return to the SUMC Parties such portions of payments made by the SUMC Parties pursuant to Section 5(e)(i) that have not been contractually committed by the City to a third party.
(4) **Section 5(f)(i) (Sustainability Programs)**

**Payments.**

The City shall return to the SUMC Parties such portions of payments made by the SUMC Parties pursuant to Section 5(f)(i) that have not been contractually committed by the City to a third party.

(C) If the Legal Action is filed with the court one year or more after the filing of the NOD, and results in a final judgment that materially impairs the SUMC Parties’ vested rights under this Agreement, then the City shall have no obligation to return any payments already made by the SUMC Parties to the City pursuant to this Agreement, and all of the Parties’ outstanding obligations under this Agreement shall be suspended until the Parties have mutually agreed to either reinstate or terminate this Agreement.

(ii) **Effect of Suspension or Termination of Agreement.**

If the Parties mutually agree to suspend performance of all or part of the obligations in this Agreement pending the outcome of the Legal Action pursuant to Section 21(p) above, the agreement to suspend performance shall address the terms under which the SUMC Parties’ payment obligations under Section 5 shall be reinstated.

In the event that the SUMC Parties unilaterally terminate this Development Agreement pursuant to Section 21(p), the City may elect at its reasonable discretion to revoke the conditional use permit for the Project in whole or in part, and the SUMC Parties will not contend that commencement of construction elsewhere on the Property has vested the SUMC Parties’ rights to construct structures for which construction has not yet commenced. The Parties’ rights and obligations set forth in this Section 21(p)(ii) shall survive the SUMC Parties’ unilateral termination of this Agreement pursuant to the provisions of Section 21(p).

(iii) **Limit of City’s Reimbursement Obligations.**

Except as specifically set forth in this Section 21(p), the City shall have no obligation to return any payments made by the SUMC Parties pursuant to this Agreement.
IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the day and year first above written.

ATTEST:  

CITY OF PALO ALTO

______________________________  _____________________________
City Clerk  
Mayor

APPROVED AS TO FORM:

______________________________
City Attorney

APPROVED:

______________________________
City Manager

APPROVED AS TO CONTENT:

______________________________
Director of Planning and Community Environment

STANFORD HOSPITAL AND CLINICS

By: __________________________
Name: _______________________
Title: ________________________

LUCILE SALTER PACKARD CHILDREN’S HOSPITAL AT STANFORD

By: __________________________
Name: _______________________
Title: ________________________

THE BOARD OF TRUSTEES OF THE LELAND STANFORD UNIVERSITY

By: __________________________
Name: _______________________
Title: ________________________
EXHIBIT A
LEGAL DESCRIPTION
STANFORD UNIVERSITY MEDICAL CENTER

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF PALO ALTO, THE
COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF THE 60-FOOT WIDE
PORTION OF QUARRY ROAD DESCRIBED IN THAT CERTAIN GRANT OF
EASEMENT FROM THE BOARD OF TRUSTEES OF THE LELAND STANFORD
JUNIOR UNIVERSITY TO THE CITY OF PALO ALTO, RECORDED FEBRUARY 13,
1957, IN BOOK 3729 OF OFFICIAL RECORDS AT PAGES 7 THROUGH 17, SANTA
CLAARA COUNTY RECORDS, SAID POINT BEING THE MOST WESTERLY CORNER
OF PARCEL ONE OF THAT CERTAIN ROADWAY EASEMENT AGREEMENT
RECORDE March 30, 1994 IN BOOK N373 OF OFFICIAL RECORDS AT PAGES
0905 THROUGH 0914, SANTA CLARA COUNTY RECORDS, SAID POINT OF
BEGINNING LYING AT THE SOUTHERLY TERMINUS OF THAT CERTAIN COURSE
DESCRIBED IN LAST SAID DOCUMENT AS "NORTH 22° 40'50" EAST 870.12 FEET",
SAID POINT BEING AN ANGLE-POINT IN THE CITY OF PALO ALTO CORPORATE
CITY LIMITS, LYING AT THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE
SHOWN AS "NORTH 21° 46'15" EAST 815.82 FEET (TOTAL)", ON THAT CERTAIN
UNRECORDED MAP ENTITLED "SURVEY CITY OF PALO ALTO CORPORATE
LIMITS, STANFORD UNIVERSITY, CALIFORNIA", DATED JUNE 19, 1985, SAID MAP
BEING FILED AT STANFORD UNIVERSITY MAPS AND RECORDS DEPARTMENT;

THENENCE FROM SAID POINT OF BEGINNING ALONG DESCRIBED COURSE IN SAID
CORPORATE CITY LIMITS LINE, ALONG THE SOUTHERLY PROLONGATION OF
DESCRIBED COURSE PER SAID ROADWAY EASEMENT AGREEMENT, SOUTH
22° 40'50" WEST, A DISTANCE OF 815.82 FEET TO AN ANGLE-POINT IN SAID
CORPORATE CITY LIMITS LINE AS SHOWN ON SAID UNRECORDED MAP;

THENENCE CONTINUING ALONG SAID CORPORATE CITY LIMITS LINE PER SAID
UNRECORDED MAP, SOUTH 15° 49'52" WEST, A DISTANCE OF 618.00 TO AN
ANGLE-POINT THEREIN, SAID POINT BEING THE EASTERLY TERMINUS OF THAT
CERTAIN COURSE IN SAID UNRECORDED MAP SHOWN AS "SOUTH 75° 04'43"
EAST 995.00 FEET (TOTAL");

THENENCE CONTINUING ALONG SAID CORPORATE CITY LIMITS LINE PER SAID
MAP, ALONG LAST DESCRIBED COURSE AND ITS WESTERLY PROLONGATION,
NORTH 74° 10'08" WEST, A DISTANCE OF 1,114.85 FEET;

THENENCE NORTH 00°57'26" EAST, A DISTANCE OF 201.24 FEET TO A POINT ON
THAT CERTAIN COURSE IN SAID CORPORATE CITY LIMITS LINE AND THE
SOUTHERLY LINE OF PASTEUR DRIVE (60 FOOT WIDE) PER SAID MAP SHOWN
THEREON AS "SOUTH 75° 04'43" EAST 800 FEET (TOTAL");

THENENCE ALONG SAID CORPORATE CITY LIMITS LINE AND SOUTHERLY LINE OF
PASTEUR DRIVE, NORTH 74° 10'08" WEST, A DISTANCE OF 555.16 FEET TO AN
ANGLE-POINT IN THE GENERAL SOUTHWESTERLY LINE OF THAT CERTAIN
GRANT OF EASEMENT AND AGREEMENT BY AND BETWEEN THE BOARD OF
TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY AND THE CITY OF

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PALO ALTO, RECORDED JUNE 7, 2002 IN DOCUMENT NO. 16304199 OF OFFICIAL RECORDS, SANTA CLARA COUNTY RECORDS;

THENCE LEAVING SAID CITY LIMITS LINE PER SAID UNRECORDED MAP, AND CONTINUING ALONG SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL, NORTH 15°58′36″ EAST, A DISTANCE OF 15.24 FEET;

THENCE CONTINUING ALONG SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL, NORTH 74°01′24″ WEST, A DISTANCE OF 459.60 FEET;

THENCE CONTINUING ALONG SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL, ALONG A CURVE TO THE RIGHT, SAID CURVE BEING TANGENT TO LAST-SAID COURSE, HAVING A RADIUS OF 200.00 FEET, AN ARC LENGTH OF 99.26 FEET THROUGH A CENTRAL ANGLE OF 28°26′12″;

THENCE CONTINUING ALONG SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL, TANGENT TO LAST-SAID CURVE, NORTH 45°35′12″ WEST, A DISTANCE OF 51.43 FEET;

THENCE CONTINUING ALONG SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL, ALONG A CURVE TO THE LEFT, SAID CURVE BEING TANGENT TO LAST-SAID COURSE, HAVING A RADIUS OF 40.00 FEET, AN ARC LENGTH OF 60.19 FEET THROUGH A CENTRAL ANGLE OF 86°12′45″ TO A POINT ON THE SOUTHEASTERLY LINE OF THE SAND HILL ROAD PORTION OF SAID EASEMENT PARCEL;

THENCE LEAVING SAID GENERAL SOUTHWESTERLY LINE OF SAID EASEMENT PARCEL AND RUNNING THROUGH THE INTERIOR THEREOF, NORTH 46°58′31″ EAST, A DISTANCE OF 169.85 FEET TO A POINT ON THE SAID SOUTHEASTERLY LINE OF THE SAND HILL ROAD PORTION OF SAID EASEMENT, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THE GENERAL NORTHERLY LINE OF THE PASTEUR DRIVE PORTION OF SAID ROADWAY EASEMENT;

THENCE LEAVING SAID SOUTHEASTERLY LINE OF SAID SAND HILL PORTION OF SAID EASEMENT PARCEL, RUNNING ALONG THE GENERAL NORTHERLY LINE OF THE PASTEUR DRIVE PORTION OF SAID ROADWAY EASEMENT, ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE BEING CONCAVE TO THE EAST, THE RADIUS POINT OF WHICH BEARS SOUTH 42°44′46″ EAST, A DISTANCE OF 25.00 FEET, SAID CURVE HAVING AN ARC LENGTH OF 29.39 FEET, THROUGH A CENTRAL ANGLE OF 67°20′48″ EAST TO A POINT OF COMPOUND CURVATURE;

THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 139.00 FEET, AN ARC LENGTH OF 106.05 FEET THROUGH A CENTRAL ANGLE OF 43°42′46″ TO A POINT OF COMPOUND CURVATURE;

THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL, ALONG A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 254.00 FEET, AN ARC LENGTH OF 40.64 FEET THROUGH A CENTRAL ANGLE OF 09°10′00″;
THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE
PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL, TANGENT TO LAST-SAID
CURVE, SOUTH 72°55'20" EAST, A DISTANCE OF 97.64 FEET;

THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE
PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL ALONG A CURVE TO THE
LEFT, SAID CURVE BEING TANGENT TO LAST-SAID CURVE, HAVING A RADIUS OF
260.00 FEET, AN ARC LENGTH OF 109.63 FEET THROUGH A CENTRAL ANGLE OF
24°09'32" TO A POINT OF COMPOUND CURVATURE;

THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE
PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL, ALONG A CURVE TO
THE LEFT, SAID CURVE HAVING A RADIUS OF 289.00 FEET, AN ARC LENGTH OF
89.30 FEET THROUGH A CENTRAL ANGLE OF 17°42'13" TO A POINT OF REVERSE
CURVATURE;

THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE OF THE
PASTEUR DRIVE PORTION OF SAID EASEMENT PARCEL AND EXTENDING INTO
THE WELCH ROAD PORTION PER SAID EASEMENT PER BOOK 3729, PAGES 7
THROUGH 17, ALONG A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS
OF 411.00 FEET, AN ARC LENGTH OF 291.35 FEET THROUGH A CENTRAL ANGLE
OF 40°36'57";

THENCE WITHIN SAID WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER
BOOK 3729, PAGES 7 THROUGH 17, TANGENT TO LAST-SAID CURVE, SOUTH
74°10'08" EAST, A DISTANCE OF 51.01 FEET TO A POINT LYING 6.00 FEET
EASTERLY OF, AT RIGHT ANGLES FROM THE PROLONATION OF
SOUTHERNMOST COURSE OF THE GENERAL EASTERLY AND SOUTHERLY LINE
OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL;

THENCE ALONG A LINE LYING 6.00 FEET EASTERLY OF, AT RIGHT ANGLES
FROM, AND PARALLEL WITH, SAID COURSE PER SAID EASEMENT PARCEL AND
ITS SOUTHEASTERLY PROLONATION, NORTH 15°49'52" EAST, A DISTANCE OF
162.00 FEET;

THENCE LEAVING SAID PARALLEL LINE, NORTH 35°07'22" EAST, A DISTANCE OF
31.82 FEET;

THENCE NORTH 15°49'52" EAST, A DISTANCE OF 56.68 FEET;

THENCE NORTH 03°01'02" WEST, A DISTANCE OF 31.62 FEET TO A POINT LYING
6.00 FEET SOUTHEASTERLY AND RADIAL TO A CURVED COURSE HAVING A
RADIUS OF 420.00 FEET IN THE SAID GENERAL EASTERLY AND SOUTHERLY LINE
OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL;

THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING
CONCENTRIC WITH AND LYING 6.00 FEET EASTERLY OF SAID 420.00 FOOT
RADIUS CURVE PER SAID EASEMENT PARCEL, SAID CURVE BEING CONCAVE TO
THE SOUTHEAST, THE RADIUS POINT OF WHICH LIES SOUTH 71°59'37" EAST, A
DISTANCE OF 414.00 FEET, HAVING AN ARC LENGTH OF 218.17 FEET, THROUGH
A CENTRAL ANGLE OF 30°11'37"; SAID CURVE TERMINATING AT A POINT LYING
6.00 FEET SOUTHEASTERLY AND RADIAL TO THE NORTHEASTERLY TERMINUS OF SAID 420.00 FOOT RADIUS CURVE PER SAID EASEMENT PARCEL;

THENCE ALONG A LINE LYING 6.00 FEET SOUTHEASTERLY OF, AT RIGHT ANGLES FROM AND PARALLEL WITH SAID GENERAL EASTERLY AND SOUTHERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL, TANGENT TO LAST-SAID CURVE, NORTH 48°12'00" EAST, A DISTANCE OF 463.78 FEET;

THENCE LEAVING SAID PARALLEL LINE, NORTH 41°47'08" WEST, A DISTANCE OF 146.51 FEET;

THENCE ALONG A CURVE TO THE RIGHT, SAID CURVE BEING TANGENT TO LAST-SAID COURSE, BEING CONCAVE TO THE EAST, HAVING A RADIUS OF 149.00 FEET, AN ARC LENGTH OF 82.35 FEET, THROUGH A CENTRAL ANGLE OF 31°40'00";

THENCE TANGENT TO LAST-SAID CURVE, NORTH 10°07'08" WEST, A DISTANCE OF 30.93 FEET;

THENCE ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE BEING CONCAVE TO THE WEST, THE RADIUS POINT OF WHICH LIES SOUTH 79°54'42" WEST, A DISTANCE OF 70.87 FEET, HAVING AN ARC LENGTH OF 39.58 FEET THROUGH A CENTRAL ANGLE OF 32°00'06";

THENCE NORTH 42°07'14" WEST, A DISTANCE OF 54.35 FEET TO THE SOUTHEASTERLY LINE OF SAID GRANT OF EASEMENT PER SAID DOCUMENT NO. 16304199;

THENCE ALONG SAID SOUTHEASTERLY LINE, NORTH 48°12'00" EAST, A DISTANCE OF 78.00 FEET;

THENCE LEAVING SAID SOUTHEASTERLY LINE, SOUTH 42°07'14" EAST, A DISTANCE OF 53.98 FEET;

THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE WEST, THE RADIUS POINT OF WHICH LIES SOUTH 47°56'04" WEST, A DISTANCE OF 149.02 FEET, HAVING AN ARC LENGTH OF 83.08 FEET THROUGH A CENTRAL ANGLE OF 31°56'42";

THENCE SOUTH 10°07'08" EAST, A DISTANCE OF 30.93 FEET;

THENCE ALONG A CURVE TO THE LEFT, SAID CURVE BEING TANGENT TO LAST-SAID COURSE, BEING CONCAVE TO THE EAST, HAVING A RADIUS OF 71.00 FEET, AN ARC LENGTH OF 39.24 FEET, THROUGH A CENTRAL ANGLE OF 31°40'00";

THENCE TANGENT TO LAST-SAID CURVE, SOUTH 41°47'08" EAST, A DISTANCE OF 146.49 FEET TO A POINT LYING 6.00 FEET SOUTHEASTERLY OF, AT RIGHT ANGLES FROM THE SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER BOOK 3729 OF OFFICIAL RECORDS, PAGES 7 THROUGH 17;
THENCE ALONG A LINE LYING 6.00 FEET SOUTHEASTERLY OF, AT RIGHT ANGLES FROM AND PARALLEL WITH SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL, NORTH 48°12'00" EAST, A DISTANCE OF 13.10 FEET;

THENCE LEAVING SAID PARALLEL LINE, NORTH 67°28'27" EAST, A DISTANCE OF 31.84 FEET;

THENCE NORTH 48°11'03" EAST, A DISTANCE OF 56.92 FEET;

THENCE NORTH 24°21'54" EAST, A DISTANCE OF 15.21 FEET;

THENCE ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTHEAST, THE RADIUS POINT OF WHICH LIES SOUTH 50°18'56" EAST, A DISTANCE OF 485.00 FEET, HAVING AN ARC LENGTH OF 72.08 FEET THROUGH A CENTRAL ANGLE OF 08°30'56" TO A POINT LYING 5.00 FEET SOUTHEASTERLY OF, AT RIGHT ANGLES FROM THE SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER BOOK 3729 OF OFFICIAL RECORDS, PAGES 7 THROUGH 17;

THENCE ALONG A LINE LYING 5.00 FEET SOUTHEASTERLY OF, AT RIGHT ANGLES FROM AND PARALLEL WITH SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL, NORTH 48°12'00" EAST, A DISTANCE OF 42.42 FEET;

THENCE LEAVING SAID PARALLEL LINE, NORTH 41°48'00" WEST, A DISTANCE OF 5.00 FEET TO SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL;

THENCE ALONG SAID LINE NORTH 48°12'00" EAST, A DISTANCE OF 11.18 FEET TO THE NORTHERLY TERMINUS OF THE WESTERLY LINE OF THAT CERTAIN EASEMENT, ASSIGNMENT, ASSUMPTION AND CONSENT TO ASSIGNMENT OF LEASE AGREEMENT RECORDED OCTOBER 12, 1984 IN BOOK I957 OF OFFICIAL RECORDS, AT PAGES 78 THROUGH 90, SANTA CLARA COUNTY RECORDS;

THENCE LEAVING SAID GENERAL SOUTHERLY AND EASTERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL, ALONG SAID WESTERLY LINE OF SAID LEASE PARCEL, SOUTH 18°01'38" EAST, A DISTANCE OF 252.96 TO THE SOUTHERLY TERMINUS THEREOF;

THENCE ALONG THE SOUTHERLY LINE OF SAID LEASE PARCEL, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTH, THE RADIUS POINT OF WHICH BEARS SOUTH 18°32'47" EAST, A DISTANCE OF 125.00 FEET, SAID CURVE HAVING AN ARC LENGTH OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 34°22'39";

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF SAID LEASE PARCEL, TANGENT TO LAST-SAID CURVE SOUTH 74°10'08" EAST, A DISTANCE OF 119.65 FEET TO THE EASTERLY TERMINUS THEREOF;

THENCE ALONG THE EASTERLY LINE OF SAID LEASE PARCEL, NORTH 04°48'39" WEST, A DISTANCE OF 384.78 FEET TO ITS NORTHERLY TERMINUS, LYING ON

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THE GENERAL SOUTHERLY LINE OF THE SAID WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER BOOK 3729, PAGES 7 THROUGH 17;

THENCE LEAVING SAID GENERAL SOUTHERLY LINE ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTH, THE RADIUS POINT OF WHICH BEARS SOUTH 07°28'27" EAST, A DISTANCE OF 290.00 FEET, SAID CURVE HAVING AN ARC LENGTH OF 88.41 FEET, THROUGH A CENTRAL ANGLE OF 17°28'02";

THENCE TANGENT TO LAST-SAID CURVE, SOUTH 80°00'25" EAST, A DISTANCE OF 39.04 FEET TO A POINT LYING 6.00 FEET SOUTHERLY AND RADIAL TO A CURVED COURSE HAVING A RADIUS OF 420.00 FEET IN THE SAID GENERAL EASTERLY AND SOUTHERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER BOOK 3729, PAGES 7 THROUGH 17;

THENCE ALONG A CURVE BEING CONCENTRIC WITH SAID 420.00 FOOT RADIUS CURVE PER SAID EASEMENT PARCEL AND LYING 6.00 FOOT SOUTHERLY THEREFROM, TANGENT TO LAST-SAID COURSE, SAID CURVE HAVING A RADIUS OF 414.00 FEET, AN ARC LENGTH OF 56.13 FEET, THROUGH A CENTRAL ANGLE OF 07°46'04" TO A POINT LYING 6.00 FEET SOUTHEASTERLY OF AND RADIAL TO THE SOUTHEASTERLY TERMINUS OF SAID 420.00 FOOT RADIUS CURVE PER SAID EASEMENT PARCEL;

THENCE CONTINUING ALONG A LINE LYING 6.00 FEET SOUTHERLY OF, AT RIGHT ANGLES FROM AND PARALLEL WITH SAID GENERAL SOUTHERLY AND EASTERLY LINE OF SAID EASEMENT PARCEL, TANGENT TO LAST-SAID CURVE, SOUTH 72°14'21" EAST, A DISTANCE OF 475.87 FEET;

THENCE LEAVING SAID PARALLEL LINE, ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTH, THE RADIUS POINT OF WHICH LIES SOUTH 18°34'18" WEST, A DISTANCE OF 276.95 FEET, HAVING AN ARC LENGTH OF 29.15 FEET THROUGH A CENTRAL ANGLE OF 06°01'48";

THENCE ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE BEING CONCAVE TO THE NORTH, THE RADIUS POINT OF WHICH LIES NORTH 24°37'35" EAST, A DISTANCE OF 290.12 FEET, HAVING AN ARC LENGTH OF 31.01 FEET THROUGH A CENTRAL ANGLE OF 06°07'30" TO A POINT LYING 10.00 FEET SOUTHERLY OF, AT RIGHT ANGLES FROM THE SAID GENERAL EASTERLY AND SOUTHERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL PER BOOK 3729, PAGES 7 THROUGH 17;

THENCE ALONG A LINE LYING 10.00 FEET SOUTHERLY OF, AT RIGHT ANGLES FROM AND PARALLEL WITH SAID GENERAL EASTERLY AND SOUTHERLY LINE OF WELCH ROAD, SOUTH 72°14'21" EAST A DISTANCE OF 160.35 FEET TO A POINT LYING 10.00 FEET SOUTHERLY OF AND RADIAL TO THE WESTERLY BEGINNING OF A 420.00 FOOT RADIUS CURVE IN SAID GENERAL LINE;

THENCE ALONG A CURVE TO THE RIGHT, SAID CURVE BEING CONCENTRIC WITH AND LYING 10.00 FEET SOUTHERLY OF SAID 420.00 FOOT RADIUS CURVE PER SAID EASEMENT PARCEL, BEING TANGENT TO LAST COURSE, HAVING A RADIUS OF 410.00 FEET, AN ARC LENGTH OF 35.20 FEET THROUGH A CENTRAL ANGLE OF 04°55'11" TO A POINT LYING 10.00 FOOT SOUTHERLY OF AND RADIAL TO THE
EASTERNLY TERMINUS OF SAID 420.00 FOOT RADIUS CURVE IN SAID GENERAL LINE;

THENCE ALONG A LINE LYING 10.00 FEET SOUTHERLY OF THE MOST EASTERNLY STRAIGHT-LINE COURSE IN SAID GENERAL EASTERNLY AND SOUTHERLY LINE OF THE WELCH ROAD PORTION OF SAID EASEMENT PARCEL AND ITS SOUTHEASTERLY PROLONGATION, THROUGH THE SAID QUARRY ROAD PORTION OF SAID EASEMENT PARCEL AND EXTENDING THROUGH SAID ROADWAY EASEMENT AGREEMENT PARCEL PER PARCEL ONE OF BOOK N373, PAGES 0805 THROUGH 0914, TANGENT TO LAST-SAID CURVE, SOUTH 67°19'10" EAST, A DISTANCE OF 144.96 FEET TO THE SOUTHEASTERLY LINE THEREOF;

THENCE ALONG SAID SOUTHEASTERLY LINE OF SAID ROADWAY EASEMENT AGREEMENT PARCEL, SOUTH 22°40'50" WEST, A DISTANCE OF 181.37 FEET;

THENCE CONTINUING ALONG SAID SOUTHEASTERLY LINE OF SAID ROADWAY EASEMENT AGREEMENT PARCEL, SOUTH 24°58'16" WEST, A DISTANCE OF 162.68 FEET TO THE SOUTHERLY TERMINUS THEREOF;

THENCE ALONG THE SOUTHERLY LINE OF SAID ROADWAY EASEMENT AGREEMENT PARCEL, NORTH 74°10'08" WEST, A DISTANCE OF 24.07 FEET TO THE POINT OF BEGINNING;

THE ABOVE DESCRIBED PARCEL CONTAINS AN AREA OF 2,610,098 SQUARE FEET, OR 59.920 ACRES, MORE OR LESS;

THE PROPERTY DESCRIBED HEREON IS SHOWN ON THE ATTACHED PLAT, EXHIBIT A-1, AND BY REFERENCE, MADE A PART HEREOF.
EXHIBIT “A”
LEGAL DESCRIPTION
DEVELOPMENT AGREEMENT PARCEL
HOOVER PAVILION
LELAND J. STANFORD UNIVERSITY

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF PALO ALTO, THE
COUNTY OF SANTA CLARA, THE STATE OF CALIFORNIA, BEING A LEASE LOT,
BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE CENTERLINE OF A ROAD, 60 FEET WIDE,
KNOWN AS QUARRY ROAD, WHICH POINT IS DISTANT ALONG SAID CENTERLINE
SOUTH 43°38'28" WEST, A DISTANCE OF 508.50 FEET FROM THE POINT OF
INTERSECTION OF THE CENTERLINE OF SAID QUARRY ROAD WITH THE
RELOCATED SOUTHWESTERLY LINE OF THE STATE HIGHWAY, (NOW 100 FEET
WIDE), KNOWN AS EL CAMINO REAL; AT CALIFORNIA HIGHWAY COMMISSION
ENGINEER’S STATION 17+12.79, DISTRICT 4, SANTA CLARA COUNTY, ROUTE 2,
SECTION A;

THENCE FROM ABOVE DESCRIBED POINT OF COMMENCEMENT, ALONG THE
CENTERLINE OF SAID QUARRY ROAD SOUTH 43°38'28" WEST A DISTANCE OF
426.02 FEET TO AN ANGLE-POINT IN THE NORTHWEST LINE OF THAT CERTAIN
10.514 ACRE PARCEL OF LAND LEASED TO THE CITY OF PALO ALTO BY THE
BOARD OF TRUSTEES OF THE LEELAND STANFORD JUNIOR UNIVERSITY ON
APRIL 30, 1930 AND FILED IN THE OFFICE OF THE CITY CLERK OF SAID CITY
(AGREEMENT NO. 2);

THENCE, LEAVING SAID CENTERLINE OF QUARRY ROAD, CONTINUING ALONG
SAID NORTHWEST LINE OF SAID 10.514 ACRE PARCEL, SOUTH 56°21'28" WEST, A
DISTANCE OF 200.00 FEET TO THE MOST WESTERLY CORNER THEREOF;

THENCE ALONG THE SOUTHWEST LINE OF SAID 10.514 ACRE PARCEL, SOUTH
46°21'32" EAST, A DISTANCE OF 681.75 FEET TO THE MOST SOUTHERLY CORNER
THEREOF;

THENCE LEAVING SAID SOUTHWEST LINE, ALONG THE SOUTHEAST LINE OF
SAID 10.514 ACRE PARCEL NORTH 24°37'28" WEST, A DISTANCE OF 10.98 FEET
TO A POINT LYING 10.00 FEET NORTHEASTERLY OF, AT RIGHT ANGLES FROM
THE SAID SOUTHWEST LINE OF SAID 10.514 ACRE PARCEL, DESCRIBED POINT
BEING THE TRUE POINT OF BEGINNING;

THENCE ALONG A LINE LYING 10.00 FEET NORTHEASTERLY OF AND PARALLEL
WITH SAID SOUTHWEST LINE OF SAID 10.514 ACRE PARCEL, NORTH 46°21'32"
WEST, A DISTANCE OF 657.77 FEET TO A POINT ON THE SOUTHEAST LINE OF
THAT CERTAIN 0.396 ACRE, MORE OR LESS, QUARRY ROAD ELECTRIC
SUBSTATION, AS DESCRIBED IN THAT CERTAIN LEASE, DATED JULY 1, 1968, BY
AND BETWEEN THE BOARD OF TRUSTEES OF THE LEELAND STANFORD JUNIOR
UNIVERSITY, AS LESSOR, AND CITY OF PALO ALTO, AS LESSEE;

THENCE ALONG SAID SOUTHEAST LINE OF LAST SAID LEASE PARCEL, NORTH
43°28'58" EAST, A DISTANCE OF 28.97 FEET TO THE EAST LINE THEREOF;
THENCE ALONG SAID EAST LINE OF LAST SAID LEASE PARCEL, NORTH 06°18'51" EAST, A DISTANCE OF 97.55 FEET TO THE NORTHEAST LINE THEREOF;

THENCE ALONG SAID NORTHEAST LINE OF LAST SAID LEASE PARCEL, NORTH 45°55'28" WEST, A DISTANCE OF 68.65 FEET TO THE MOST WESTERLY CORNER OF PARCEL NO. 2 OF THAT CERTAIN GRANT OF EASEMENT AND AGREEMENT, RECORDED JUNE 7, 2002 AS DOCUMENT NO. 16303539 OF OFFICIAL RECORDS, SANTA CLARA COUNTY RECORDS (DESCRIBED POINT REFERRED TO AS POINT "B" THEREON);

THENCE ALONG THE NORTHWEST LINE OF SAID GRANT OF EASEMENT AND AGREEMENT, NORTH 44°59'14" EAST, A DISTANCE OF 259.92 FEET;

THENCE ALONG SAID NORTHWEST LINE, NORTH 49°33'34" EAST, A DISTANCE OF 43.91 FEET;

THENCE CONTINUING ALONG SAID NORTHWEST LINE, NORTH 44°59'14" EAST, A DISTANCE OF 55.39 FEET;

THENCE CONTINUING ALONG SAID NORTHWEST LINE, NORTH 40°24'54" EAST, A DISTANCE OF 50.18 FEET;

THENCE CONTINUING ALONG SAID NORTHWEST LINE, NORTH 44°59'14" EAST, A DISTANCE OF 7.41 FEET;

THENCE CONTINUING ALONG SAID NORTHWEST LINE, NORTHEASTERLY ALONG A CURVE TO THE RIGHT, SAID CURVE BEING TANGENT TO LAST SAID COURSE, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 25°50'31", AND AN ARC LENGTH OF 11.28 FEET, TO A POINT OF COMPOUND CURVATURE;

THENCE CONTINUING ALONG SAID NORTHWEST LINE, NORTHEASTERLY ALONG A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 34°09'29", AND AN ARC LENGTH OF 11.82 FEET TO THE NORTHEAST CORNER OF SAID PARCEL NO. 2, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THE MOST NORTHEASTERLY COURSE IN THE GENERAL SOUTHEAST LINE OF SAID PARCEL TWO (DESCRIBED COURSE SHOWN THEREON AS "SOUTH 44°59'56" WEST 109.54 FEET");

THENCE ALONG THE NORTHEASTERLY PROLONGATION OF SAID MOST NORTHEASTERLY COURSE, NORTH 44°59'14" EAST, A DISTANCE OF 11.32 FEET;

THENCE LEAVING SAID PROLONGATED LINE, SOUTHEASTERLY ALONG A NON-TANGENT CURVE TO THE LEFT, SAID CURVE BEING CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 460.00 FEET, A CENTRAL ANGLE OF 10°40'10", AND AN ARC LENGTH OF 85.68 FEET, THE RADIUS POINT OF WHICH BEARS NORTH 42°51'38" EAST;

THENCE SOUTHEASTERLY ALONG A NON-TANGENT CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 700.00 FEET, A CENTRAL ANGLE OF 14°15'06", AND AN ARC LENGTH OF 174.12 FEET,
THE RADIUS POINT OF WHICH BEARS SOUTH 22°34'30" WEST, TO A POINT OF COMPOUND CURVATURE;

THENCE SOUTHEASTERLY ALONG A CURVE TO THE RIGHT, SAID CURVE BEING CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 250.00 FEET, A CENTRAL ANGLE OF 09°11'16", AND AN ARC LENGTH OF 40.09 FEET;

THENCE SOUTH 43°59'05" EAST, A DISTANCE OF 276.66 FEET TO THE SAID SOUTHEAST LINE OF SAID 10.514 ACRE PARCEL;

THENCE ALONG SAID SOUTHEAST LINE, SOUTH 24°37'28" WEST, A DISTANCE OF 629.42 FEET TO THE TRUE POINT OF BEGINNING;

THE ABOVE DESCRIBED DEVELOPMENT AGREEMENT PARCEL CONTAINS A TOTAL AREA OF 394,999 SQUARE FEET OR 9.068 ACRES, MORE OR LESS;

THE BASIS OF THE BEARINGS DESCRIBED HEREON IS THE CALIFORNIA STATE PLANE COORDINATE SYSTEM (ZONE 3);

THE PROPERTY DESCRIBED HEREON IS SHOWN ON THE ATTACHED PLAT, EXHIBIT "B", AND BY REFERENCE, MADE A PART HEREOF.
Exhibit B
Initial Project Approvals

A. Approval of the resolution adopting changes to the Comprehensive Plan to recognize taller building heights at SUMC, to exclude hospital, clinic and medical school use areas from the citywide and area specific non-residential growth limits, and changes to the Comprehensive Plan Land Use Map;

B. Adoption of an ordinance amending the municipal code to establish a new “Hospital” zone district and amending the sign code and tree code to be consistent with the Hospital Zone regulations;

C. Adoption of an ordinance approving a thirty-year development agreement between the City of Palo Alto and the Applicants that would grant certain development rights in exchange for certain public benefits;

D. Adoption of a Record of Land Use Action approving a conditional use permit that would allow specific hospital, medical office, and related uses in the Hospital Zone;

E. Architectural Review Board Approval of the following:
1. Stanford Hospital;
2. Lucile Packard Children’s Hospital expansion;
3. School of Medicine, Foundations in Medicine 1 building (FIM1);
4. Renovation of the existing Hoover Pavilion;
5. Medical Office Building and Parking Garage;
6. Surface Improvements along Welch Road, and Durand Way; and
7. SUMC Design Guidelines.

F. Adoption of a Resolution annexing an approximate 0.65 acre site from Santa Clara County; and

G. Acceptance of SUMC Area Plan Update.
June 30, 2011

Steve Emslie, Deputy City Manager
City of Palo Alto
250 Hamilton Street
Palo Alto, CA 94301

Re: Construction and Operational Air Quality, Noise, and Hazardous Materials Impacts of SUMC Project on Existing Childcare Facility at the Hoover Pavilion

Comments were first submitted to the City on June 16, 2011 regarding the Stanford Arboretum Children’s Center (operated by the Childrens’ Creative Learning Centers [CCLC]) at the Hoover Pavilion Site. The commentors expressed concern that the SUMC Project could affect the health of the children who attend the CCLC daycare at 215 Quarry Road. On June 27, the SUMC Project sponsors agreed to relocate the CCLC during construction at the Hoover Pavilion Site to Stanford land in unincorporated Santa Clara County subject to Stanford’s General Use Permit (GUP) with the County. Nonetheless, the below analysis summarizes the impacts to the CCLC during construction. In addition, it is expected that the CCLC would continue to operate at its current location after the construction period is complete. As such, the below analysis also includes a description of the operational impacts at the Hoover Pavilion Site on the children at the CCLC.

Please note that the EIR makes repeated references to “sensitive receptors” in the air quality, noise, and health risk assessments. As defined in the EIR, sensitive receptors include land uses with populations that may be susceptible to changes in ambient conditions for health-related concerns. Typically, these uses include residences, hospitals, convalescent homes, schools, and daycare facilities. The EIR listed CCLC as an existing on-site use at the Hoover Pavilion Site and for purposes of the discussion below it is considered a “sensitive receptor.”

Section 3.5, Air Quality

Construction Criteria Air Pollutant Emissions (Impact AQ-1)

The Draft EIR, Section 3.5, identified that impacts related to construction air quality emissions would be significant. Heavy construction activity on dry soil exposed during construction phases would cause emissions of dust (PM10 being the air pollutant component of greatest concern). ROG, NOX, PM10 and PM2.5 emissions also would result from the combustion of fuel by construction equipment and construction worker vehicles. Throughout construction, pollutant emissions would vary day-to-day and year-to-year depending on the specific construction phase in progress.

When considered in the context of long-term project operations, demolition and construction-related emissions of criteria pollutants would be temporary, but, given the duration and scale of the SUMC Project and the fact that construction emissions would overlap with emissions from SUMC Project...
operations, emissions of ROG, NOx, PM\textsubscript{10} and PM\textsubscript{2.5} from the construction equipment have the potential for significant effects on local and regional air quality. The determination of significance in Impact AQ-1 is not specifically linked to any particular population, or even to sensitive receptors. The determination of significance is tied to a numerical standard established by the Bay Area Air Quality Management District (BAAQMD) to be protective of public health. Thus, the exceedance of the construction emission standards is significant and would affect nearby uses, including CCLC. As a result, mitigation measures to reduce construction-related air pollutants would be required and applied at project construction sites, including Hoover Pavilion.

To minimize dust emissions, the BAAQMD has identified a set of feasible PM\textsubscript{10} control measures for all construction activities in the air basin. Implementation of the BAAQMD-recommended measures (Mitigation Measure AQ-1.1 below) would reduce the impacts caused by construction dust to a less-than-significant level. Additionally, implementation of construction equipment emission reduction measures (Mitigation Measure AQ-1.2 below) would further reduce NOx, ROG, PM\textsubscript{10} and PM\textsubscript{2.5} emissions during construction compared with the estimates of construction equipment emissions. However, reduction of NOx emissions below 80 lbs/day during the first year of construction could not be guaranteed, and this impact would still be considered significant and unavoidable. Mitigation Measures AQ-1.1 and AQ-1.2 have been developed as part of this analysis to reduce impacts, in consideration of BAAQMD CEQA Guidelines. These measures would reduce the effects of pollutants, like dust, on all receptors, including those at CCLC; only NOx emissions would remain significant and unavoidable.

**AQ-1.1 Implement Recommended Dust Control Measures.** To reduce dust emissions during project demolition and construction phases, the SUMC Project sponsors shall require the construction contractors to comply with the dust control strategies developed by the BAAQMD. The SUMC Project sponsors shall include in construction contracts the following requirements:

- a. Cover all trucks hauling soil, sand, and other loose materials including demolition debris, or require all trucks to maintain at least two feet of freeboard;
- b. Water all active construction areas (exposed or disturbed soil surfaces) at least twice daily;
- c. Use watering to control dust generation during demolition of structures or break-up of pavement;
- d. Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved parking areas and staging areas;
- e. Sweep streets daily (with water sweepers) all paved access roads, parking areas and staging areas during the earthwork phases of construction;
- f. Sweep daily (with water sweepers) if visible soil material is carried onto adjacent public streets;
- g. Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for ten days or more);
h. Enclose, cover, water twice daily, or apply non-toxic soil binders to exposed stockpiles (dirt, sand, etc.);

i. Limit traffic speeds on unpaved roads to 15 mph;

j. Install sandbags or other erosion control measures to prevent silt runoff to public roadways; and

k. Replant vegetation in disturbed areas as quickly as possible.

AQ-1.2 Implement Equipment Exhaust Emission Reduction Measures. To reduce emissions from construction equipment during project demolition and construction phases, the SUMC Project sponsors shall require the construction contractors to comply with the following emission reduction strategies to the maximum feasible extent. The SUMC Project sponsors shall include in construction contracts the following requirements:

a. Where possible, electrical equipment shall be used instead of fossil-fuel powered equipment.

b. The contractor shall install temporary electrical service whenever possible to avoid need for fossil-fuel powered equipment.

c. Running equipment not being actively used for construction purposes for more than five minutes shall be turned off. (e.g., trucks waiting to deliver or receive soil, aggregate, or other bulk materials; however, rotating-drum concrete trucks may keep their engines running continuously as long as they are on site).

d. Trucks shall be prohibited from idling while on residential streets serving the construction site (also included in Mitigation Measure NO-1.1).

e. Diesel-powered construction equipment shall be Tier III or Tier IV California Air Resources Board (CARB) certified equipment to the maximum feasible extent.

f. The engine size of construction equipment shall be the smallest practical to accomplish the task at hand.

Operational Criteria Air Pollutant Emissions (Impact AQ-2)

Mobile Source Emissions. The SUMC Project would result in an increase in traffic from current conditions. For purposes of this analysis, all trips associated with the SUMC Project were assumed to be new trips within the air basin, although some portion of the trips attributed to the SUMC Project would likely occur whether or not the SUMC Project is constructed (i.e., those in need of medical treatment likely would seek treatment elsewhere in the Bay Area if the SUMC facilities were not expanded). Thus, the SUMC Project emission estimate represents an upper bound on potential new emissions from mobile sources.

Stationary Source Emissions. The SUMC Project would generate criteria pollutant emissions from on-site combustion of natural gas for space and water heating and of other fuels by building and grounds maintenance equipment. The SUMC Project facilities also would use larger amounts of electricity, which would result in increased criteria pollutant emissions associated with operations of power plants.
supplying that electricity. Since most of the electricity used in the Bay Area is produced by power plants located elsewhere, the criteria pollutants they produce would have very little effect on the San Francisco Air Basin, and therefore, these emissions were not estimated.

**Total Emissions.** SUMC Project stationary and mobile sources would emit ROG, NO\textsubscript{X} and PM\textsubscript{10} in excess of the BAAQMD 80 pounds per day (15 tons per year) significance thresholds. Thus, the SUMC Project emissions of ROG, NO\textsubscript{X} and PM\textsubscript{10} would be significant. These emissions would be mostly from SUMC mobile sources. Continued implementation of the current Transportation Demand Management (TDM) program is included as part of the SUMC Project for existing employees at the hospitals and the increase in employees that would result from the SUMC Project. As indicated in Section 3.4, Transportation, enhanced TDM measures are identified in Mitigation Measure TR-2.3. The resulting reduction in SUMC Project vehicle miles traveled, however, would not be sufficient to prevent project ROG, NO\textsubscript{X} and PM\textsubscript{10} emissions from exceeding the BAAQMD significance thresholds. Accordingly, impacts would be significant and unavoidable even with mitigation.

As noted earlier for Impact AQ-1, the determination of significance is tied to a numerical standard established by the BAAQMD to be protective of public health. Thus, the exceedance of the operational emission standards is significant and would affect CCLC.

**Localized Carbon Monoxide Impacts from Motor Vehicle Traffic (Impact AQ-3)**

Increases in traffic from the SUMC Project would contribute to localized CO emissions. Table 3.5-8 in the Draft EIR identifies the intersections where predicted CO concentrations would be the highest with the SUMC Project; the closest study intersection to the CCLC is at El Camino Real/Palm Avenue/University Avenue, approximately 1,215 feet from the CCLC. The maximum 1-hour CO concentration at 25 feet from this intersection during the PM peak hour under 2025 conditions would be 5.8 ppm; the maximum 8-hour concentration, approximately 2.5 ppm. The maximum 1-hour CO concentration would be significantly below the federal and State 1-hour standards of 35 ppm and 20 ppm, respectively. The maximum 8-hour concentration would be below the 9 ppm State and federal standard. Because the SUMC Project would not exceed CO standards, it is considered to have a less-than-significant impact on localized carbon monoxide emissions at intersections affected by project traffic. Therefore, localized CO impacts from the SUMC Project would be less than significant for all receptors, including CCLC.

Although the dispersion model was limited to certain intersections, the modeling is adequate for describing possible impacts elsewhere in the project vicinity for two important reasons:

- CO standards in the Bay Area have not been exceeded for almost 20 years and the Environmental Protection Agency (EPA) has designated the entire Bay Area as “Attainment” with regard to the CO air quality standards, meaning that the Bay Area has satisfied the federal standards.
CO levels, even at their highest as measured at Bay Area monitoring stations, are typically only a quarter to a third of the ambient standards. Since these relatively low values are added to the CO modeling results as being representative of local background concentrations, local emissions of CO by vehicles using the intersections would have to be very high to result in a local standard violation.

In addition to increased traffic at nearby intersections, there would be additional traffic ingress and egress at the Hoover Pavilion Site due to the proposed parking garage. Currently, there are 85 parking spaces at the Hoover Pavilion Site and the SUMC Project would include a total of 1,085 parking spaces, for a net increase of 1,000 spaces. As such, it is expected that CO levels would increase slightly over existing conditions. However, as explained above, even the areas in the Bay Area with the highest CO levels have not exceeded the air quality standards in over 20 years. Since the most congested intersections in the Bay Area do not exceed the standards, the proposed parking structure at the Hoover Pavilion Site also would not exceed these standards.

In addition, the proposed parking structure is designed as an open-air garage. CO could be an issue for an underground/closed garage without ventilation and cars driving within the structure and idling. However, in an open-air garage, CO emissions (and any other pollutants emitted by cars) would be rapidly dispersed by wind flow. Additionally, only a small fraction of cars within the garage would be active at any given time. Vehicles that would use the structure are expected to arrive and depart during shift changes for medical and other staff and at steady intervals throughout the day due to medical appointments at the Hoover Pavilion Site. As such, localized CO impacts from the Hoover Pavilion parking garage would have a less-than-significant impact on the sensitive receptors at the CCLC.

Toxic Air Contaminants (Impact AQ-4)

Exposure to diesel particulate matter and toxic air contaminants, depending on their concentrations, may trigger human health risks. The Health Risk Assessment (HRA), Appendix F of the Draft EIR, is summarized under Impact AQ-4 and concludes that sensitive receptors would not be subject to significant health risks, based on the criteria established by the BAAQMD. Receptors both on-site and off-site would be exposed to diesel particulate emissions from construction equipment, additional onsite emergency generators at SUMC, and additional trucks traveling to/from the existing and proposed loading dock at SUMC, and to toxic air contaminants from additional helicopter travels to/from the existing and proposed helipad. The combined exposures during construction and operational emissions would be less than the targeted total cancer risk and chronic hazard index, so that a significance conclusion of less than significant is appropriate.

Appendix F describes in detail the “receptor grid” that was created to estimate human health risks all occupied locations within the SUMC. More specifically, as shown in Figures 3.6 and 3.7 of Appendix F, the modeled receptor grid covered all occupied areas of the Hoover Pavilion Site, including the CCLC. Residential and worker risks were both previously evaluated at these receptors but only the maximum worker risks were presented in the report. Because the modeled risks for residents and
workers in the Hoover Pavilion area were low, it would be reasonable to expect similar conclusions for children at CCLC. The primary contributor to health risks in the vicinity of CCLC is the construction activity and its emissions of diesel particulate matter. During the operational period, risks from truck and electric generator emissions are very small at the Hoover Pavilion Site. This qualitative assessment for the CCLC indicates a low risk from exposure to toxic air contaminants.

ENVIRON has performed a quantitative assessment for a child at the CCLC using the same methodology as presented in the HRA, as included in Attachment A to this memo. Exposure assumptions used in the HRA for child residents and a school child are presented in Table 4.1a of Appendix F to the Draft EIR. At the CCLC location, the estimated risks for a child resident (assumed exposed 350 days/year) would be $5 \times 10^{-6}$ and for a school child (assumed exposed 180 days/year) would be $3.6 \times 10^{-6}$ (both below the Bay Area Air Quality Management District [BAAQMD] threshold of 10 in a million; $10 \times 10^{-6}$ or $1 \times 10^{-5}$). Assuming a daycare child is at the center for the duration of a worker exposure (i.e., whenever the parent is working or an assumed exposure of 245 days/year), the estimated risk would be $4.8 \times 10^{-6}$. The estimated noncancer hazard index for all child populations is less than 0.1 (well below the BAAQMD threshold of 1). Accordingly, the EIR conclusion of a less-than-significant health risk for onsite and offsite receptors is applicable to CCLC. Attachment A to this memo, prepared by ENVIRON, provides further details.

Objectionable Odors (Impact AQ-5)

None of the activities associated with the SUMC Project would have the potential to exposures nearby sensitive receptors, including the CCLC, to objectionable odors. According to BAAQMD CEQA Guidelines, objectionable odors are typically emitted by industrial and commercial operations such as wastewater treatment plants, sanitary landfills, petroleum refineries, chemical factories, and paint and coating operations. The SUMC Project consists of increased inpatient hospital and clinic/medical office uses. Such operations are not known to emit substantial objectionable odors that would impact sensitive receptors or sensitive land uses. As such, the SUMC Project would have a less-than-significant odor impact.

Section 3.7, Noise

Construction Noise (Impact NO-1)

As part of the SUMC Project, construction of a new medical office building and parking garage are planned on sites adjacent to the existing Hoover Pavilion building and the CCLC. Demolition of existing structures (sheds and storage buildings) on the parking garage site and excavation for the garage foundation is expected to take four months; subsequent construction of the garage and medical office building superstructures would take an additional six months; and work on interior finishing for the medical office building and garage would take an additional eight months. As such, the total construction period at the Hoover Pavilion Site would occur over a period of 18 months. During the initial periods of demolition, excavation, and superstructure work on the garage, noise generated by the equipment used for construction would affect the occupants of the CCLC.
The Draft EIR contains Table 3.7-8, which reports typical noise levels associated with the operation of various types of common construction equipment. Table 1, below, presents the noise levels associated with a subset of this equipment, which would most likely be used for construction of the medical office building and parking garage at the Hoover Pavilion Site. There would be a brief initial phase involving demolition of the existing shops and sheds on the proposed garage site; however, these structures are not substantial and would not require the use of any heavy equipment for their removal. Noise levels generated by equipment during garage excavation and construction are shown in Table 1, below, at reference distances corresponding to its operation at the closest approach to the CCLC boundary (estimated to be 50 feet, allowing for a 15-foot zone of construction activity around the garage site, which is about 65 feet distant from the Center) and at an average distance from the garage site center (estimated to be 150 feet).

<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Unmitigated Peak Outdoor Noise Level at 50 feet from the equipment location</th>
<th>Unmitigated Peak Outdoor Noise Level at 150 feet from the equipment location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backhoe</td>
<td>85 dBA</td>
<td>75 dBA</td>
</tr>
<tr>
<td>Dozer</td>
<td>80 dBA</td>
<td>70 dBA</td>
</tr>
<tr>
<td>Concrete Mixer</td>
<td>85 dBA</td>
<td>75 dBA</td>
</tr>
<tr>
<td>Crane</td>
<td>83 dBA</td>
<td>73 dBA</td>
</tr>
</tbody>
</table>

Source: Unmitigated equipment noise levels at 50 feet were taken from SUMC DEIR Table 3.7-8.
Notes:
Unmitigated equipment noise levels at greater distances were estimated using the formula $L_{\text{equip}}(\text{At distance D}) = L_{\text{equip}}(\text{At D=50 feet}) - 20 \log(D/50)$ as recommended in Federal Transit Administration, Transit Noise Impact and Vibration Assessment, May 2006, Chapter 12. No adjustments were included to account for equipment being used for lesser time fractions during a work day or for shielding by terrain or existing structures.

On-site construction activities would expose on-site noise-sensitive uses to high noise levels from operation of multiple pieces of construction equipment working simultaneously. Measurements of background noise levels on the Main SUMC Site indicate that the average hourly daytime noise levels range between 55 dBA and 60 dBA in areas not close to the Main SUMC Site access roads. Site activities and traffic conditions around the Hoover Pavilion Site would result in similar background noise levels in that vicinity. As shown in the table above, construction noise levels could easily and often be higher than existing ambient conditions by more than 10 dBA when construction is occurring nearby and be an on-going source of annoyance for patients, visitors, workers, and children at the CCLC. Therefore, construction noise would be significant for on-site noise-sensitive receptors, especially patients, but also for other sensitive receptors such as CCLC.
Considering the sensitive nature of activities at the CCLC, and the widely recognized special sensitivity of children to the adverse effects of many environmental agents, including noise, the susceptibility of the occupants of the CCLC during construction at the Hoover Pavilion Site is described in more detail below.

- **Hearing Impairment.** Cases of noise-induced hearing impairment are most commonly attributed to high occupational noise exposures. Noise from environmental sources does not often rise to the level or continue long enough to pose a significant risk for hearing impairment, although studies have noted exceptions for noise exposures associated with specific leisure-time activities (i.e., firearm shooting, motorcycle riding and amplified music from discotheques, concerts and stereo headphone/ear bud use). According to the World Health Organization (WHO) *Guidelines for Community Noise* (1999), the risk for hearing impairment would be considerable only if 8-hour average noise levels or 24-hour average noise levels exceed 75 dBA or 70 dBA for occupational and environmental exposures, respectively, over a lifetime exposure period.¹

There is a potential for the development of hearing impairment with extended exposure to noise levels exceeding 70 dBA. This potential increases as the noise level and exposure time increase. As shown in Table 2, below, at 85 dBA, the permissible exposure time is 8 hours and for every 3 dBA increase in noise level over 85dBA, the permissible exposure time is cut in half. Specially, an individual would need to be exposed to 85 dBA continuously for 8 hours before hearing impairment would become an issue; exposures at higher noise levels would require shorter exposure times to remain acceptable. WHO also recommends that high-noise exposure in the workplace for adults never exceed 140 dBA, with the same limit also appropriate for environmental and leisure-time noise. In the case of children, WHO recommends that noise from environmental and leisure-time noise sources should never exceed 120 dBA at any time.

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¹ Note that the EPA reached essentially the same conclusion regarding protective exposure standards in *Levels of Environmental Noise Requisite to Protect Public Health and Welfare with an Adequate Margin of Safety* (1971).
Table 2
Exposure Time Needed for Continuous Noise at the Specified Level
Before Evidence of Hearing Impairment would become Apparent

<table>
<thead>
<tr>
<th>Continuous Noise Exposure Level</th>
<th>Permissible Exposure Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>85 dBA</td>
<td>8 hours</td>
</tr>
<tr>
<td>88 dBA</td>
<td>4 hours</td>
</tr>
<tr>
<td>91 dBA</td>
<td>2 hours</td>
</tr>
<tr>
<td>94 dBA</td>
<td>1 hour</td>
</tr>
<tr>
<td>97 dBA</td>
<td>30 minutes</td>
</tr>
<tr>
<td>100 dBA</td>
<td>15 minutes</td>
</tr>
<tr>
<td>103 dBA</td>
<td>~8 minutes</td>
</tr>
<tr>
<td>106 dBA</td>
<td>~4 minutes</td>
</tr>
<tr>
<td>109 dBA</td>
<td>~2 minutes</td>
</tr>
<tr>
<td>112 dBA</td>
<td>~1 minute</td>
</tr>
<tr>
<td>115 dBA</td>
<td>~30 seconds</td>
</tr>
</tbody>
</table>


The highest outdoor noise levels during construction at the Hoover Pavilion Site would be approximately 85 dBA with one piece of equipment operating near the CCLC and a few dBA higher with two pieces of equipment. This noise level could occur when equipment would operate on the portion of the parking garage closest to the CCLC, which is about 50 feet. For hearing impairment in staff/children to be a possibility at this level, the equipment would have to be stationary at 50 feet and operating at full power. In addition, the staff/children would need to remain outdoors continuously for a full eight hours or a shorter time if more equipment were in operation and/or the equipment were operating closer than 50 feet from the CCLC. See Table 2, above, for those recommended maximum exposure times.

CCLC buildings are located at 50 feet from the closest areas of construction equipment operation; however, staff/children would be inside the CCLC for considerable periods of time during the day. The building structure itself would provide noise attenuation for staff/children inside (i.e., a minimum of 20 dBA, provided that the windows were securely closed while equipment would be operating). Estimates of the maximum indoor noise levels in the closest CCLC buildings from the construction activity are given in Table 3, below. Even if an interior noise level of 65 dBA were to persist all day in the closest CCLC buildings for the duration of garage construction, which is an unlikely scenario, no hearing impairment to staff/children would be expected.
<table>
<thead>
<tr>
<th>Equipment Type</th>
<th>Unmitigated Peak Indoor Noise Level at 50 feet from the equipment location</th>
<th>Unmitigated Peak Indoor Noise Level at 150 feet from the equipment location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backhoe</td>
<td>65 dBA</td>
<td>55 dBA</td>
</tr>
<tr>
<td>Dozer</td>
<td>60 dBA</td>
<td>50 dBA</td>
</tr>
<tr>
<td>Concrete Mixer</td>
<td>65 dBA</td>
<td>55 dBA</td>
</tr>
<tr>
<td>Crane</td>
<td>63 dBA</td>
<td>53 dBA</td>
</tr>
</tbody>
</table>

*Source: SUMC DEIR Table 3.7-8, as shown in Table 1, above, with 20 dBA subtracted to account for the noise attenuation provided by the CCLC structures with the windows closed.*

- **Sleep Disturbance.** Studies of sleep disturbance of people in their normal living situations show an increased association with sleep disturbance when indoor noise level averaged over sleep-time hours exceeds 30 dBA. Also, a relationship has been established between short-term noise events (e.g., aircraft fly-overs, train pass-bys, etc.) and the percentage of people awakened or who showed sleep-stage changes. Thus, the intermittent character of intrusive construction noise, as well as its average level over sleep-time, needs to be taken into account to avoid sleep disturbance. WHO also recommends an indoor maximum noise level limit of 45 dBA to avoid significant sleep disturbance from short-term noise events.

Noise from construction activities at the proposed parking garage, either on the portions close to the CCLC or at other locations on-site, would be high enough inside the CCLC buildings to occasionally exceed the 45 dBA peak levels known to trigger sleep disturbance. These disruptions could be reduced by CCLC staff adjusting the location of noise-sensitive activities during noise-intensive periods of construction. In addition, Mitigation Measure NO-1.1, below, which is required as a condition of approval for the SUMC Project, would help reduce noise levels during construction. For example, Mitigation Measure NO-1.1a, which calls for barriers around noisy operations, could be installed at the CCLC. However, while barriers are effective at reducing noise transmission (e.g., the Federal Transit Administration estimates that at least an 8 dBA reduction can be obtained from a solid barrier that completely shields a noise source from a receptor), disruption of activities at the CCLC would occur during the period of exterior construction of the parking garage. Exterior work on the medical office building would also occur during this time; however, this construction site is too distant from the CCLC to have any potential for noise impacts.

- **Interference with Speech Communication.** For speech to be intelligible in situations where message content is important (e.g., instruction at school, conversing on the telephone, etc.), it has been found that the speech sound level should be at least 15 dBA higher than the background noise level. Thus, for an average speech sound level of 50 dBA, which is typical of casual speech where the speaker and listener are about 1 meter apart, WHO recommends that
environmental noise intrusions should not exceed 35 dBA to allow easy communication. Environmental noise intrusions at higher levels may also mask many other acoustical signals important in daily life (e.g., doorbells, telephone signals, alarm clocks, fire alarms, etc.).

Noise from construction activities at the proposed parking garage, either on the portions close to the CCLC or at other locations on-site, would be high enough inside the CCLC buildings to occasionally exceed the 35 dBA average levels known to interfere with casual speech and school instruction. These disruptions could be reduced by CCLC staff adjusting the location of noise-sensitive activities during especially noisy periods of garage construction. In addition, Mitigation Measure NO-1.1, below, which is required as a condition of approval for the SUMC Project, would help reduce noise levels during construction, but not to a less-than-significant level.

As discussed above, the following mitigation measure, which was provided in the Draft EIR, would not reduce construction noise impacts to on-site sensitive receptors to less-than-significant levels, although the measure would lessen construction-related noise.

**NO-1.1 Implement Best Management Practices to Reduce Construction Noise.** The SUMC Project sponsors shall incorporate the following practices into the construction documents to be implemented by the SUMC Project contractor:

- a. Provide enclosures such as heavy-duty mufflers for stationary equipment, shrouding or shielding for impact tools, and barriers around particularly noisy operations on the site.
- b. Use quiet construction equipment whenever possible, particularly air compressors.
- c. Provide sound-control devices on equipment no less effective than those provided by the manufacturer.
- d. Locate stationary equipment, material stockpiles, and vehicle staging areas as far as practicable from sensitive receptors.
- e. Prohibit unnecessary idling of internal combustion engines.
- f. Require applicable construction-related vehicles and equipment to comply with the City’s truck route ordinance.
- g. Designate a noise disturbance coordinator who shall be responsible for responding to complaints about noise during construction. The telephone number of the noise disturbance coordinator shall be conspicuously posted at the construction site and shall be provided to the City. Copies of the construction schedule shall also be posted at nearby noise-sensitive areas.

**Construction Vibration (Impact NO-2)**

Construction activities cause varying degrees of ground vibration depending on the equipment and methods employed. The demolition of the sheds and storage facilities would occur within a relatively short period of time; however, the construction of the nearby parking structure would pose potential vibration effects for CCLC over the 18-month construction period. Because of the vulnerability of the
Hoover Pavilion to damage from construction vibration, pile driving, which generates the greatest vibration levels, would not be allowed at the Hoover Pavilion Site. This also means that the construction equipment that would most disturb CCLC would not be used.

Schools and daycare facilities are treated by the Federal Transit Administration as a Category 3 Land Use, meaning that the site does not contain vibration-sensitive equipment, but is susceptible to activity interference primarily during the daytime. Category 3 Land Uses are generally tolerant of vibration annoyance levels up to 83VdB on an ongoing basis. The magnitude of vibration impacts from equipment such as trucks, dozers, and excavators is generally only significant at 25 feet or less from the construction site (according to Federal Transit Administration, Transit Noise Impact and Vibration Assessment, May 2006, Chapter 12). The closest construction site to the CCLC would be about 50 feet.

As a result, vibration levels from the anticipated construction equipment at the Hoover Pavilion would result in a less-than-significant impact. The SUMC Project sponsor’s ability to adjust construction schedules; route loaded trucks towards Quarry Road and away from the CCLC; phase demolition, earth-moving and ground-impacting operations so as not to occur in the same time period; and select demolition methods not involving impact, where possible would further reduce construction vibration effects and ensure that impacts are less than the significance threshold identified in the EIR.

Operational Noise Impacts from Transportation Sources (Impact NO-3)

Vehicular Traffic. The SUMC Project-related traffic would increase noise levels along roadways most affected by SUMC Project traffic by a maximum of 0.3 dBA Ldn along Welch Road. The CCLC is in close proximity to Quarry Road and Arboretum Road, which are roadways that were not identified in Section 3.7 as being significant affected by traffic noise. Nonetheless, even for the impacted roadways, the SUMC Project would result in a less-than-significant traffic noise impact.

Heliport Operations. Under the SUMC Project, heliport operations would increase by 28 percent by 2025, specifically from the existing 2,120 annual helicopter trips (six daily trips) to 2,714 (seven daily trips, an increase of about one trip per day). The helicopter approach and departure paths would generally remain the same and CCLC would be within the 85 SEL Ldn contour. It can be assumed that sensitive receptors within the 85 dBA SEL would experience an interior noise level of 65 dBA SEL during an individual worst-case helicopter flyover. The average probability of sleep disturbance associated with this flyover would be about two percent. Increased helicopter operations associated with the SUMC Project would amount to about one additional flight per day and such a single-digit increase in the sleep disturbance to nearby sensitive receptors could be considered insubstantial. Thus, the helicopter noise increase associated with the SUMC Project at the CCLC would have a less-than-significant impact. Further, the City’s Noise Ordinance (Section 9.10.050) exempts noise associated with “emergencies” from its standards and penalties.

Emergency Department (Ambulance) Operations. Based on the increase in size and treatment spaces under the SUMC Project, the SUMC anticipates annual Emergency Department (ED) visits to increase
from the current 42,522 (8,331 annual ground ambulance trips or 23 trips per day) to 72,675 (14,244 annual ground ambulance trips or 39 trips per day) by full occupancy of the hospitals. The current ambulance route accesses the SHC from Arboretum Road and Quarry Road from El Camino Real, which are in close proximity to the CCLC. However, the ED relocation under the SUMC Project would reroute some of the ambulance trips coming from El Camino Real to Sand Hill Road (east of Durand Way), in contrast to their current access route via Quarry Road. Therefore, although the SUMC Project would increase activity at the SUMC Sites, some of the ambulance traffic would be rerouted and would no longer travel along Quarry Road, in front of the Hoover Pavilion Site. The Draft EIR identifies ambulance noise as a significant and unavoidable impact; however, this conclusion focuses on noise-sensitive uses along Sand Hill Road. Therefore, since some ambulance traffic would be rerouted to an area away from the CCLC, ambulance noise would be a less-than-significant impact at the Hoover Pavilion Site.

Operational Stationary Source Noise Impacts (Impact NO-4)

Mechanical Equipment. HVAC equipment would be installed at two rooftop locations at the Hoover Pavilion Site (in addition to three existing HVAC systems on the roof of the Hoover Pavilion building). The noise generated by HVAC equipment can vary substantially according to the type, size, and capacity of the equipment. Most existing HVAC equipment is completely enclosed in penthouses or surrounded by walls, a major purpose of which is to substantially reduce the intensity of the noise radiated from the equipment. Consequently, at the time noise measurements were taken, no HVAC noise was audible at on-site or off-site ground-level locations. The proposed HVAC equipment would likely achieve the same inaudible levels with proper choice of equipment and acoustical shielding. Nonetheless, the following mitigation measure would reduce noise impacts to sensitive receptors (including the CCLC) from HVAC equipment proposed for the SUMC Project.

NO-4.1 Shield or Enclose HVAC Equipment and Emergency Generators. Noise levels from mechanical equipment shall be minimized to the degree required by the City Noise Ordinance by proper siting and selection of such equipment and through installation of sufficient acoustical shielding or noise emission controls. Noise levels for the emergency generators near Welch Road shall be reduced such that noise levels do not exceed the City’s General Daytime Exception standard of 70 dBA at 25 feet. An acoustical analysis shall be prepared by a qualified professional to ensure that the new mechanical equipment is in compliance with noise standards of the Noise Ordinance.

No new emergency generators would be installed at the Hoover Pavilion Site (one emergency generator, EGD 810, already exists at the site). As such, noise from emergency generators would not increase over existing conditions at the Hoover Pavilion Site.

Loading Activity. No loading docks are proposed at the Hoover Pavilion Site. As such, increased noise from loading activities would be less than significant.
Parking Facilities. One parking facility, the 1,085-space structure, would be located at the Hoover Pavilion Site. The net increase in parking at the Hoover Pavilion Site of 1,000 spaces would raise noise levels and increase the potential annoyance and level of disturbance experienced by adjacent uses. Noise sources would include tires squealing, engines starting, doors slamming, car alarms, and people talking.

A 24-hour noise measurement was taken on the Main SUMC Site along the Promenade, adjacent to the existing Parking Structure 3. This location, as shown as Location 8 in Figure 3.7-1 of the Draft EIR, was selected because it was considered representative of on-campus noise levels without exposure to outside traffic on major roadways, but representative of noise from garage activity and medical helicopter flights. Non-helicopter peak noise events, which included any events caused by audible vehicle operations within the garage, did not exceed the Palo Alto Comprehensive Plan 60 dBA Ldn standard for residential and other noise sensitive uses. Even with effects of helicopter operations included in the daily average noise level, the measured on-campus average noise level (59.4 Leq) did not exceed the City’s noise standard. In addition, this average noise level does not exceed the WHO threshold of 8-hour average noise levels or 24-hour average noise levels of 75 dBA or 70 dBA for hearing impairment.

The ambient noise levels at this measurement site (which included noise from the existing parking garage at the Main SUMC Site) would be similar to the levels at the proposed Hoover Pavilion parking garage. However, the helicopter noise is expected to be less at the Hoover Pavilion Site than at the Main SUMC Site, thereby lowering the average noise level. In addition, the measurement was conducted at approximately 15 feet from the Parking Structure 3, whereas the CCLC would be approximately 50 feet from the proposed parking garage at the Hoover Pavilion Site. Thus, future post-construction noise levels at the CCLC are expected to be below the average levels considered acceptable for noise-sensitive uses under the Comprehensive Plan. Any peak noise intrusions from vehicle operations inside the garage are unlikely to rise to levels of concern for hearing impairment, sleep disturbance, or speech communication within the CCLC. The noises from the proposed parking garage would occur sporadically and, while potentially annoying, would not be expected to occur on a frequent enough basis to result in a significant noise impact to the CCLC.

Section 3.12, Hazardous Materials

Hazardous Materials Use and Storage (Impact HM-1)

The SUMC Project would increase the on-site use and handling, disposal, and transport of hazardous materials relative to existing conditions. Regulations restricting emissions and specifying safe work practices would be implemented to reduce impacts of hazardous materials use and storage. These regulations include California’s Hazardous Materials Release Response Plans and Inventory Law (also called the “Business Plan Act”); the 2007 California Building Code; the 2003 Life Safety Code; the 2001 California Fire Code; the San Francisco Bay RWQCB’s groundwater protection program; Cal/OSHA’s Hazard Communication Standard; OSHA’s Bloodborne Pathogen Standard; hazardous waste laws and regulations; radiation control laws and regulations; the California Medical Waste
Management Act; the DOT hazardous materials transportation regulations; the USPS hazardous materials transportation regulations; the EPA hazardous materials transportation regulations; and the BAAQMD and Cal/OSHA. These regulations would minimize the potential for exposure to adverse health or safety effects. Therefore, the SUMC Project would not involve the use, disposal, or transport of materials in a manner that poses substantial hazards to people, animal, or plant populations.

Furthermore, the SUMC Project would implement its required emergency response plan as part of the Hazardous Materials Business Plan (HMBP), which is then submitted to the PAFD. The HMBP, along with the Business Plan Act, would cover incidents such as accidental releases. In a hazardous materials incident, which is unlikely under the SUMC Project, the PAFD would be responsible for incident command, scene management, hazard control, containment, and mitigation until relieved by another agency having jurisdiction over the event. Participation in the PAFD Unified Command of hazardous materials incidents during emergency and post-emergency periods includes, but is not limited to: hazmat site perimeter security, crowd control, traffic control, and evacuation and relocation of evacuees to a secure location. Therefore, the SUMC Project (including operations at the Hoover Pavilion Site) would not result in a significant environmental impact related to the increased use, transport, handling, and disposal of hazardous materials.

Demolition and Construction-Related Hazardous Materials Disturbances (Impact HM-2)

The construction of the SUMC Project could release hazardous materials in existing buildings. Because it was common building practice to use materials containing asbestos, PCBs, lead, and mercury in structures built prior to 1981, demolition of the existing buildings (which were built prior to 1981) could disturb these hazardous building materials and, without control measures, the hazardous materials could cause adverse health or safety effects to construction workers, the public, and/or the environment. However, implementation of the mitigation measure below would reduce impacts from exposure to asbestos containing materials to a less-than-significant level at the SUMC Sites by ensuring that all asbestos containing materials are identified and removed prior to structural modification and/or demolition.

**HM-2.1 Conduct Asbestos Survey at the SUMC Sites.** Prior to building renovation and/or demolition, an asbestos survey shall be performed on all areas of the building anticipated to be demolished and/or renovated. This survey shall be performed by a licensed asbestos abatement contractor. In the event that asbestos is identified in the buildings proposed to be demolished and/or renovated, all asbestos containing materials shall be removed and appropriately disposed of by a licensed asbestos abatement contractor. A site health and safety plan, to ensure worker safety, in compliance with OSHA requirements (8 CCR 5208) shall be developed by the SUMC Project sponsors and in place prior to commencing renovation or demolition work on portions of buildings containing asbestos.

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Exposure to Contaminated Soil and/or Groundwater During Construction (Impacts HM-3 and HM-7)

The Hoover Pavilion Site (211 Quarry Road) is listed on the Cortese List, which compiles information on public drinking water wells with detectable levels of contamination; sites selected for remediation; sites with known toxic material; LUST sites; and/or solid waste disposal facilities. The sites on the list are designated by the State Water Resources Control Board (SWRCB), the Integrated Waste Management Control Board (IWMCB), and the DTSC. Since the Hoover Pavilion Site is listed, construction could potentially expose occupants and the environment to hazardous materials; however, as explained in more detail below, the risks would be low because of prior actions and mitigation measures in the EIR.

The Phase I ESA for the Hoover Pavilion Site identified on-site conditions that represent potential environmental concerns. These conditions include two 2,200-gallon USTs (diesel); one 750-gallon UST (primarily diesel); one 350-gallon waste oil UST; a boiler room with sumps; and three oil-filled transformers. The two 2,200-gallon USTs were emptied and closed in-place under a permit with the PAFD. The 750-gallon UST (which was installed in the 1960s under a permit with the PAFD) was removed in 1996, and the 350-gallon waste oil UST was emptied and closed in-place in 1987. According to interviews conducted as part of the Phase I ESA, the boiler room and sump were closed in 2000, and the three oil-filled transformers were removed and replaced with dry type transformers in the mid-1990s.

The AMEC Geomatrix reports conducted from 2008 to 2010 concluded that residual petroleum is present in soil, particularly in the area of the two 2,200 gallon, closed-in-place USTs that formerly contained fuel oil and diesel. Testing confirms that no petroleum constituents are present in soil vapor. The presence of chlorinated volatile organic compounds (CVOCs) was evaluated as part of the Hoover Pavilion Site (in soil) and found to be limited in concentration, area and depth, and presents no impacts to human health or the environment. The impacted area would be excavated as part of the Hoover Pavilion parking garage excavation. Thus, all of the residual CVOCs and most of the petroleum impacted soil whose areal extent has been defined will be removed as part of the SUMC Project and therefore will not impact operations at the Hoover Pavilion Site post-construction. Mitigation Measure HM-3.4, below, would require a Site Remediation Assessment to reduce impacts to less than significant by specifying measures to protect workers and the public from exposure to potential site hazards and ensuring that the proposed remediation measures would adhere to federal, State, and local requirements.

With respect to groundwater, the studies show no dissolved-phased constituents are present above environmental screening levels and the lateral extent of the plume is confined to the property. In two monitoring wells immediately adjacent to the USTs, 1/8 to 1/4 inch of product composed of a mixture of degraded viscous fuel oil (heavy fuel oil number 6) and degraded diesel has been measured; remediation of this product has been completed to the fullest extent practicable. CVOCs testing in groundwater shows results below the State Maximum Contaminants Levels (MCLs). Therefore, the
Hoover Pavilion Site has been thoroughly investigated and the cleanup meets the State’s standards and poses no threat to human health or the environment.

In addition to the steps that have already been taken to reduce health risks from on-site potential environmental concerns, the following mitigation measures from the EIR would further reduce exposure to contaminated soil to construction personnel and users of the Hoover Pavilion Site, including the CCLC, to a less-than-significant level.

**HM-3.3 Conduct a Soil Excavation Program at the Hoover Pavilion Site.** A qualified consultant, under the SUMC Project sponsors’ direction, shall undertake the following activities:

- Remove all buried underground storage tanks from the property after sheds and storage buildings on the Hoover Pavilion site have been demolished;
- To the extent necessary, additional soil sampling shall be collected to determine health risks and to develop disposal criteria;
- If warranted based on soil sampling, contaminated soil shall be excavated, removed, and transported to an approved disposal facility in compliance with OSHA requirements;
- To the extent required based upon the results of soil sampling and the results of a health risk assessment, a Site Health and Safety Plan to ensure worker safety in compliance with OSHA requirements shall be developed by the SUMC Project sponsors, and in places prior to commencing work on any contaminated site.
- The SUMC Project sponsors shall submit documents to the County DEH to proceed with closure of the Hoover Pavilion Site.

**HM-3.4 Develop a Site Management Plan for the Hoover Pavilion Site.** The SUMC Project sponsors shall prepare a site remediation assessment that (a) specifies measures to protect workers and the public from exposure to potential site hazards, including hazards from remediation itself, and (b) certifies that the proposed remediation measures would clean up contaminants, dispose of the wastes, and protect public health in accordance with federal, State, and local requirements. Site excavation activities shall not proceed until the site remediation has been approved by the County DEH and implemented by the SUMC Project sponsors. Additionally, the Site Remediation Assessment shall be subject to review and approval by the San Francisco Bay RWQCB. All appropriate agencies shall be notified.

Hazardous Waste Generation and Disposal (Impact HM-4)

The regulatory framework for hazardous waste generation and disposal is administered by the Department of Toxic Substance Control (DTSC) and the Radiologic Health Branch of the California
Department of Health Services (CDHS). The regulations require the use, storage, handling, transportation, and disposal of hazardous materials and hazardous wastes to be maintained at a level that would ensure interruption of the exposure pathway between hazardous substances and the environment or populations. The SUMC Project facilities would be required to have in place and to maintain “cradle-to-grave” procedures to dispose of hazardous wastes properly; would need to comply with the federal and State radiation control laws described in the EIR under Applicable Plans and Regulations); and, because the SUMC Sites combined would likely generate 200 or more pounds per month\(^3\) of medical waste, would be required to implement a Medical Waste Management Plan. Compliance with these requirements would ensure the exposure pathway would be greatly restricted. Without a complete exposure pathway, impacts from hazardous waste would be less than significant.

Please let Kirsten Chapman or myself know if we can assist further with an understanding of the project impacts and mitigation measures that would be applicable to the CCLC.

Sincerely,

Rod Jeung
Associate Vice President/Senior Group Manager

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\(^3\) 5.8 tons of hazardous waste per year divided by 12 months equals an average monthly generation of 0.48 tons (about 967 pounds).
APPENDIX A:

TECHNICAL MEMORANDUM

To:      Rod Jeung, Atkins
From:    Liz Miesner/Michael Keinath, ENVIRON
Date:    June 30, 2011
Re:      Health Risk Assessment of SUMC Project on Stanford Arboretum Children’s Center

Introduction
At the request of Post, Buckley, Schuh and Jernigan (PBS&J) (now Atkins), ENVIRON International Corporation (ENVIRON) performed a human health risk assessment (HHRA) of the incremental increase in diesel particulate matter (DPM) emissions associated with the construction and operation of the proposed Stanford University Medical Center Facilities Renewal and Replacement Project (SUMC Project) and the toxic air contaminants (TAC) emissions associated with the helipad operation at the Medical Center, which was included as Appendix F of the Draft Environmental Impact Report (DEIR) for the SUMC Project. The SUMC Project involves demolition, replacement, and expansion of existing medical facilities at the SUMC Sites, which are comprised of the 56-acre Main SUMC Site and 9.9-acre Hoover Pavilion Site. Both the Main SUMC Site and the smaller Hoover Pavilion Site are shown on Figure 1.1 of the HHRA (see attached).

The HHRA presented the maximum risk estimates for onsite and offsite populations or receptors, but did not present any site-specific estimates for children at the Stanford Arboretum Children’s Center, which is located on the Hoover Pavilion Site. As shown on Figures 3.6 and 3.7 of the HHRA (see attached), ENVIRON’s modeled receptor grid covered the Stanford Arboretum Children’s Center. Both worker and residential risks were previously evaluated in the model for all receptor locations. Because the modeled risks for residents and workers on the Hoover Pavilion Site were low (below applicable thresholds), it would be reasonable to expect similar conclusions for children at Stanford Arboretum Children’s Center.

The purpose of this memorandum is to address specifically the estimated risks for children at the Stanford Arboretum Children’s Center associated with the SUMC Project.

Methodology
The purpose of the HHRA was to estimate the potential health effects to onsite and offsite populations associated with the incremental increase in DPM and other TAC emissions from construction sources and operational emissions of the SUMC Project, including:

- Exposure to emissions of DPM from construction equipment used for the SUMC Project,
- Incremental exposure to DPM emissions from additional onsite emergency generators at SUMC,
• Incremental exposure to DPM emissions from additional trucks traveling to/from the existing and proposed loading dock at SUMC, and
• Incremental exposure to TAC emission from additional helicopter travels to/from the existing and proposed helipad at SUMC.

The methodology used in the HHRA is consistent with California Environmental Protection Agency (Cal/EPA) and Bay Area Air Quality Management District (BAAQMD) risk assessment guidance. ENVIRON evaluated potential exposures at the receptor locations using conservative exposure parameters consistent with BAAQMD risk screening guidance (BAAQMD 2005a, 2005b).

This HHRA estimated excess lifetime cancer risks and chronic noncancer hazard indices and compared them to the BAAQMD California Environmental Quality Act (CEQA) thresholds of significance. According to the BAAQMD CEQA Guidelines, the threshold for significance for TACs is a excess lifetime cancer risk greater than ten in one million (1 \times 10^{-5}) and a noncancer hazard index of greater than 1.0 for the maximum exposed individual (MEI).

**Project Description**

The Stanford Hospital and Clinics (SHC), the Lucile Packard Children’s Hospital (LPCH), and the Stanford University School of Medicine (SoM) are jointly proposing the SUMC Project. The SUMC Project consists of demolishing approximately 1.2 million square feet of existing buildings and replacing them with onsite structures containing approximately 2.5 million square feet of new hospital, clinic, medical office and medical research uses; adding approximately 1.3 million square feet of net new floor area. Figures 2.1 and 2.2 from the HHRA (see attached) show the existing and the proposed layout for the SUMC Project, respectively. Table 2.1 from the HHRA (see attached) lists the existing buildings associated with the SUMC as well as the buildings to be demolished or constructed as part of the proposed SUMC Project.

The Hoover Pavilion Site currently contains approximately 84,200 square feet within the Hoover Pavilion building; approximately 7,400 square feet within the Stanford Arboretum Children’s Center; and approximately 13,800 square feet of miscellaneous shops and storage outside of the Hoover Pavilion building (See HHRA Figure 2.1 attached). Under the redevelopment scenario, about 60,000 square feet of clinic/medical office space would be constructed in a new building at the Hoover Pavilion Site and the existing Hoover Pavilion building would be renovated, with portions converted to medical office uses. The approximately 13,830 square feet of shops and storage space at the Hoover Pavilion Site would be demolished to accommodate the construction. To replace the demolished parking and accommodate the increase in clinic/medical office space at the Hoover Pavilion Site, a 60-foot-tall garage would be constructed on that site. The garage would provide 1,085 spaces. The redevelopment scenario is shown on Figure 2.2 of the HHRA (see attached).

On the Hoover Pavilion Site, demolition of existing structures on the parking garage site and excavation for the garage foundation is expected to take 4 months; subsequent construction of the garage and medical office building superstructures would take an additional 6 months; work on interior finishing for the medical office building and garage would take an additional 8 months (thus, the total construction period on the Hoover Pavilion site would be 18 months). In the
HHRA, the construction of the new parking structure and the new medical office/clinic building was assumed to start in mid-2010 and end in late 2011.

The SUMC Project proposes the addition or modification of emergency generators, loading docks and helipads which can be sources of DPM or other TACs; therefore, the incremental impact of these operational sources were also be evaluated in this HHRA. However, as shown on Figure 2.3, 2.4, and 2.5 of the HHRA (see attached) none of these sources are located on the Hoover Pavilion Site.

**Emissions Estimation**
Using established emission standards adopted by the California Air Resources Board (ARB) and an emission estimation model developed by ARB; ENVIRON estimated DPM emissions from emergency generators and loading docks associated with future operations at the proposed SUMC. In addition, ENVIRON estimated incremental TAC emissions for the existing and proposed helipad operation using an emission estimation model developed by the Federal Aviation Administration (FAA). PBS&J provided estimated incremental DPM emissions for the construction of the SUMC Project that were estimated using the ARB In-Use Off-Road Diesel Vehicle Rule.¹

PBS&J provided ENVIRON the year-by-year construction DPM emissions calculated based on ARBs In-Use Off-Road Diesel Vehicle Rule. Table 3.1 from the HHRA (see attached) presents the year-by-year emissions of DPM from building construction and demolition at the construction sites including the Hoover Pavilion Site.

**Air Dispersion Modeling**
Consistent with BAAQMD-approved practices, DPM concentrations for estimated emissions were then conservatively estimated at receptor locations using the American Meteorological Society/Environmental Protection Agency Regulatory Model (AERMOD) version 07026 (United States Environmental Protection Agency [USEPA] 2005) with meteorological data recorded on the Stanford University campus during 2005. This location was determined to be the most representative meteorological data available for air dispersion modeling for the SUMC Project.

Each source type modeled (e.g., construction equipment, emergency generators, and delivery truck/vehicles) is assumed to operate on a separate schedule based on information provided in the SUMC Project application.²,³ Wind roses which correspond to the period modeled for each source are shown in Figures 3.3 (construction activities – 9 am to 5 pm), 3.4 (emergency generators – 6 am to 7 am) and 3.5 (delivery truck/vehicles – 24 hours per day) from the HHRA (see attached).

Three resolutions of grid spacing were used at differing distances from the SUMC Project. A fine grid with 20 meter spacing between receptors was used for areas within and up to 500

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¹ ARB’s In-Use Off-Road Diesel Vehicle Rule was approved on July 26, 2007 and was modified in December 2010. The rule sets increasingly stringent fleet-average emission rates year-by-year.
meters from the Project boundary. A medium grid receptor spacing of 50 meters was used up to one kilometer from the Project boundary, and a coarse grid spacing of 200 meters was used to cover the area bounded by US 101 (northeast), 280 (southwest), and local streets that are 2000 meters northwest and 4500 meters southeast of the Project boundary. Figure 3.6 from the HHRA (see attached) presents an overview of the ground level grid receptor locations used in the analysis. Note that the gridded area (at finest resolution, 20 meter spacing) includes all occupied areas of the Hoover Pavilion Site.

ENVIRON conducted the construction modeling analysis on a year-by-year basis to take into account the relocation of construction activities and employees as the Project progresses. For this analysis, ENVIRON assumed that the operating schedule of the construction equipment is 9 am to 5 pm, Monday to Friday. The location of the proposed construction activities are represented by adjacent volume sources as shown in Figures 3.11a - 3.11m from the HHRA. Figures 3.11a and 3.11b, which include the Hoover Pavilion Site construction in 2010 and 2011, are attached to this memorandum.

**Human Health Risk Assessment**

The HHRA was performed to evaluate the potential health effects associated with exposures to the incremental increase in DPM emissions resulting from the proposed SUMC Project. Specifically, ENVIRON estimated the excess lifetime cancer risks and chronic noncancer hazard indices associated with onsite and offsite exposures to the incremental increase in DPM emitted during construction activities and on-going operations. The potential health effects associated with TAC emissions from helipad operations are not evaluated in this section because the incremental increases of TAC emissions from helipad operations are below the BAAQMD TAC Trigger Levels. According to the BAAQMD, TAC Trigger Levels represent the concentration “below which the resulting health risks are not expected to cause, or contribute significantly to, adverse health effects” (BAAQMD Regulation 2, Rule 5, Section 223).

The HHRA was performed in accordance with the June 2005 BAAQMD Toxic Evaluation Section Staff Report (BAAQMD 2005a) and consistent with BAAQMD’s Risk Evaluation Procedure and Risk Management Policy (BAAQMD 2000) as well as methodologies presented in the California Environmental Protection Agency (Cal/EPA) Air Toxics Hot Spots Program Risk Assessment Guidelines, The Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments (Cal/EPA 2003) and Technical Support Document for Exposure Assessment and Stochastic Analysis (Cal/EPA 2000).

DPM emissions from construction activities and operational sources, including emergency generations and truck traffic servicing the loading docks, are the focus of this HHRA. Diesel exhaust is generated when an engine burns diesel fuel and consists of a mixture of gases and fine particles (also known as soot). Under California regulatory guidelines (Cal/EPA 1998, 2008a), DPM is used as a surrogate measure of exposure for the mixture of chemicals that make up diesel exhaust as a whole. The toxicity values selected for use in evaluating potential adverse health effects associated with exposure to DPM are presented in Table 4.2.

The exposure parameters used in the HHRA for residents, workers, and school children were summarized in Tables 4.1a, 4.1b, and 4.1c of the HHRA (see attached). Note that a child
resident is assumed to be present 24 hours per day; 350 days per year for nine years and a school child is assumed to be present for 10 hours per day; 180 days per year for nine years. It is assumed that a daycare child would be present at the 12 hours per day; 245 days per year for approximately 6 years (age 8 weeks to 5 years). The duration of 245 days per year is the same as for a worker (assuming the worker is taking their child to daycare) and assumes exposure 5 days a week for 49 weeks; minus vacation and holiday time).

Note that since construction activities are assumed to take place between 9 am and 5 pm on weekdays, all populations are assumed to be present during all construction activities. As the emergency generators are assumed to be tested once per week for 30 minutes between 6 am and 7 am, and the truck travel to and from the loading docks are assumed to occur 24 hours per day, not all populations will be present at all times when these sources are operating.

**Findings**
As noted earlier, the HHRA presented the maximum risk estimates for onsite and offsite receptors, but did not present any site-specific estimates for the Arboretum Children’s Center. Table 1 (new, attached) presents the estimated cancer risks and hazard indices (HIs) based on construction emissions at the Stanford Arboretum Children’s Center for all receptors included in the model. At the daycare center location, the estimated risks for a child resident (assumed exposed 350 days/year) would be $4.9 \times 10^{-6}$ and for a school child (assumed exposed 180 days/year) would be $3.6 \times 10^{-6}$ (both below the BAAQMD threshold of 10 in a million; $10 \times 10^{-6}$ or $1 \times 10^{-5}$). Assuming a daycare child is at the center for the duration of a worker exposure (i.e., whenever the parent is working or an assumed exposure of 245 days/year) the estimated risk would be $4.8 \times 10^{-6}$. The estimated noncancer hazard index for all child populations is less than 0.1 (well below the BAAQMD threshold of 1). Note that these are all conservative estimates as they assume that a child is present at that location all day, every day of construction and is outdoors during that time.

Table 2 (new attached) presents the estimated cancer risks and HIs based on construction and operational emissions. As shown on these two tables, the primary contributor to the estimated health risks in the vicinity of Stanford Arboretum Children’s Center is the construction activity and its emissions of diesel particulate matter. During the operational period, risks associated with emissions from delivery trucks and routine testing of standby emergency generators located at the main SUMC Site are very low at the Hoover Pavilion site.

Accordingly, the EIR conclusion of a less-than-significant health risk for onsite and offsite receptors is applicable to the Stanford Arboretum Children’s Center.

**References**


**Attachments**

**List of Tables included from HHRA**

2.1 Existing and Proposed Buildings by Facility - Stanford University Medical Center  
3.1 Estimated Diesel Particulate Matter Emissions – Construction Activities  
4.1a Exposure Parameters – Construction Activities  
4.1b Exposure Parameters – Operational Emissions - Emergency Generators  
4.1c Exposure Parameters - Operational Emissions - Truck Emissions Associated with the Existing and Proposed Loading Docks  
4.2 Inhalation Toxicity Values for Diesel Particulate Matter

**New Table**

1 Estimated Excess Lifetime Cancer Risk and Chronic Noncancer Hazard Indices at the Arboretum Daycare Center

**List of Figures included from HHRA**

1.1 Project Location Map  
2.1 Existing Project Layout  
2.2 Proposed Project Layout  
2.3 Emergency Generator Locations – Existing and Proposed  
2.4 Loading Dock Locations – Existing and Proposed  
2.5 Helipad Locations – Existing and Proposed  
3.3 Windrose for Construction Activity  
3.4 Windrose for Emergency Generator Testing  
3.5 Windrose for Loading Dock Truck Delivery  
3.6 Receptor Grid – Overview  
3.11a - 3.11b Location of Modeled Construction Sources (2009)
### Table 2.1: Existing and Proposed Buildings by Facility - Stanford University Medical Center

**Stanford University Medical Center Facilities Renewal and Replacement Project**

**Palo Alto, California**

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<th>Post-Project</th>
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**Notes:**

1. Information was summarized from the Project Description (dated 06/17/2009) and the data request response from Stanford University on 09/16/2009.

2. Learning and Knowledge Center (LKC) is currently under construction at the site of the former Fairchild Auditorium between Beckman and Fairchild. Footprint is shown on Figure 4.4 of the Project Design.

**Abbreviations:**

AMC: Advanced Medicine Center  
CCSR: Center for Clinical Sciences Research  
FIM: Foundations in Medicine  
HMP: Hospital Modernization Project  
LKC: Learning and Knowledge Center  
LPCH: Lucile Packard Children's Hospital  
PSRL: Children's Surgical Research Lab  
SHC: Stanford Hospital and Clinics  
SoM: School of Medicine

**Source:**

Stanford University Medical Center Facilities Renewal and Replacement Project - Project Design


### Table 3.1: Estimated Diesel Particulate Matter Emissions - Construction Activities
Stanford University Medical Center Facilities Renewal and Replacement Project
Palo Alto, California

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<th>Year 2011</th>
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**Notes:**
1. The project time frame and the year-by-year annual DPM emissions from building construction were summarized from the emissions calculation provided by PBS&J on August 20, 2009.

**Abbreviations:**
- DEMO: demolition
- DPM: Diesel Particulate Matter
- FIM: (School of Medicine) Foundations In Medicine Buildings (FIM 1, 2, and 3)
- lbs: pounds
- LPCH: Lucile Packard Children's Hospital Expansion and Clinic
- MOB: Medical Office Building
- PBS&J: Post, Buckley, Schuh & Jenigan
- SHC: Stanford Hospital and Clinics Replacement Hospital Facility and Clinic/Office Building
- SUMC: Stanford University Medical Center
### Table 4.1a: Exposure Parameters - Construction Activities

**Stanford University Medical Center Facilities Renewal and Replacement Project**

**Palo Alto, California**

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<tr>
<th>Exposure Parameter</th>
<th>Units</th>
<th>Adult Resident &amp; Senior Center</th>
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<th>Worker</th>
<th>School Child</th>
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#### Notes:

1. Offsite sensitive receptors identified for evaluation in this HHRA include childcare centers, schools, and retirement facilities/senior centers. Sensitive receptors at childcare centers and schools were evaluated using exposure parameters recommended by BAAQMD (2005) for school children. Exposure parameters recommended by Cal/EPA (2003) for adult residents were used to evaluate receptors at retirement facilities/senior centers.

2. Fraction of the day exposed for the school child was calculated assuming that the child attends school 10 hours per day (BAAQMD 2005).

3. The exposure duration for adult residents, workers and sensitive receptors at retirement facilities/senior centers corresponds to the planned construction period of 12 years. The exposure duration for a child resident and school child is 9 years per BAAQMD guidance (2005).

4. IF$^{2}$ = DBR x F x EF x ED x CF / AT

5. Consistent with Cal/EPA (2003) guidance, and adjustment factor is applied to evaluate the worker. The adjustment factor converts the annual average concentration (estimated assuming exposure occurs 24 hours per day for 7 days per week) to a concentration a worker may breathe during an 8 hour work day assuming the worker is present at the same time as the construction activity (that is, concurrent with the DPM emissions). The adjustment factor for a worker is 4.2 (equal to [24 hours/8 hours]*[7 days/5 days]).

6. Consistent with Cal/EPA (2003) guidance, an adjustment factor is applied to evaluate the school child. The adjustment factor converts the annual average concentration (estimated assuming exposure occurs 24 hours per day for 7 days per week) to a concentration a school child may breathe during an 10 hour school day assuming the school child is present at the same time as the construction activity (that is, concurrent with the DPM emissions). The adjustment factor for a school child is 3.4 (equal to [24 hours/10 hours]*[7 days/5 days]).

#### Abbreviations:

- BAAQMD: Bay Area Air Quality Management District
- Cal/EPA: California Environmental Protection Agency
- DPM: Diesel Particulate Matter
- HHRA: Human Health Risk Assessment
- kg: kilogram
- L: liter
- m$^3$: cubic meter

#### Sources:

### Table 4.1b: Exposure Parameters - Operational Emissions

**Emergency Generators**

**Stanford University Medical Center Facilities Renewal and Replacement Project**

**Palo Alto, California**

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<thead>
<tr>
<th>Exposure Parameter</th>
<th>Units</th>
<th>Adult Resident &amp; Senior Center</th>
<th>Child Resident</th>
<th>Worker</th>
<th>School Child&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Breathing Rate (DBR)</td>
<td>[L/kg-day]</td>
<td>302</td>
<td>581</td>
<td>149</td>
<td>581</td>
</tr>
<tr>
<td>Fraction of Day Exposed (F)&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0.42</td>
</tr>
<tr>
<td>Exposure Frequency (EF)</td>
<td>[days/year]</td>
<td>350</td>
<td>350</td>
<td>245</td>
<td>180</td>
</tr>
<tr>
<td>Exposure Duration (ED)</td>
<td>[years]</td>
<td>70</td>
<td>9</td>
<td>40</td>
<td>9</td>
</tr>
<tr>
<td>Conversion Factor (CF)</td>
<td>[m³/L]</td>
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<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
</tr>
<tr>
<td>Averaging Time (AT)</td>
<td>[days]</td>
<td>25550</td>
<td>25550</td>
<td>25550</td>
<td>25550</td>
</tr>
<tr>
<td>Intake Factor, Inhalation (IF&lt;sub&gt;inh&lt;/sub&gt;)&lt;sup&gt;3&lt;/sup&gt;</td>
<td>[m³/kg-day]</td>
<td>0.29</td>
<td>0.072</td>
<td>0.24</td>
<td>0.052</td>
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<tr>
<td>Modeling Adjustment Factor (T)</td>
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<td>1</td>
<td>4.2&lt;sup&gt;4&lt;/sup&gt;</td>
<td>4.2&lt;sup&gt;4&lt;/sup&gt;</td>
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<td></td>
<td>3.4&lt;sup&gt;5&lt;/sup&gt;</td>
<td>3.4&lt;sup&gt;5&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**Notes:**

1. Offsite sensitive receptors identified for evaluation in this HHRA include childcare centers, schools, and retirement facilities/senior centers. Sensitive receptors at childcare centers and schools were evaluated using exposure parameters recommended by BAAQMD (2005) for school children. Exposure parameters recommended by Cal/EPA (2003) for adult residents were used to evaluate receptors at retirement facilities/senior centers.

2. Fraction of the day exposed for the school child was calculated assuming that the child attends school 10 hours per day (BAAQMD 2005).

3. IF<sub>inh</sub> = DBR x F x EF x ED x CF / AT

4. Consistent with Cal/EPA (2003) guidance, and adjustment factor is applied to evaluate the worker. The adjustment factor converts the annual average concentration (estimated assuming exposure occurs 24 hours per day for 7 days per week) to a concentration a worker may breath during an 8 hour work day assuming the worker is present at the same time as the emergency generator test (that is, concurrent with the DPM emissions). The adjustment factor for a worker is 4.2 (equal to [24 hours/8 hours] / [7 days/5 days]).

5. Consistent with Cal/EPA (2003) guidance, an adjustment factor is applied to evaluate the school child. The adjustment factor converts the annual average concentration (estimated assuming exposure occurs 24 hours per day for 7 days per week) to a concentration a school child may breath during an 10 hour school day assuming the school child is present at the same time as the emergency generator test (that is, concurrent with the DPM emissions). The adjustment factor for a school child is 3.4 (equal to [24 hours/10 hours] / [7 days/5 days]).

**Abbreviations:**

- BAAQMD: Bay Area Air Quality Management District
- Cal/EPA: California Environmental Protection Agency
- DPM: Diesel Particulate Matter
- HHRA: Human Health Risk Assessment
- kg: kilogram
- L: liter
- m³: cubic meter

**Sources:**

<table>
<thead>
<tr>
<th>Exposure Parameter</th>
<th>Units</th>
<th>Adult Resident &amp; Senior Center¹</th>
<th>Child Resident</th>
<th>Worker</th>
<th>School Child¹</th>
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</thead>
<tbody>
<tr>
<td>Daily Breathing Rate (DBR)</td>
<td>[L/kg-day]</td>
<td>302</td>
<td>581</td>
<td>149</td>
<td>581</td>
</tr>
<tr>
<td>Fraction of Day Exposed (F)²</td>
<td>--</td>
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<td>1</td>
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<td>Exposure Frequency (EF)</td>
<td>[days/year]</td>
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<td>350</td>
<td>245</td>
<td>180</td>
</tr>
<tr>
<td>Exposure Duration (ED)</td>
<td>[years]</td>
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<td>9</td>
<td>40</td>
<td>9</td>
</tr>
<tr>
<td>Conversion Factor (CF)</td>
<td>[m³/L]</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
</tr>
<tr>
<td>Averaging Time (AT)</td>
<td>[days]</td>
<td>25550</td>
<td>25550</td>
<td>25550</td>
<td>25550</td>
</tr>
<tr>
<td>Intake Factor, Inhalation (IF_{inh})³</td>
<td>[m³/kg-day]</td>
<td>0.29</td>
<td>0.072</td>
<td>0.057</td>
<td>0.015</td>
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<td>Modeling Adjustment Factor (T)⁴</td>
<td>--</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Notes:**
1. Offsite sensitive receptors identified for evaluation in this HHRA include childcare centers, schools, and retirement facilities/senior centers. Sensitive receptors at childcare centers and schools were evaluated using exposure parameters recommended by BAAQMD (2005) for school children. Exposure parameters recommended by Cal/EPA (2003) for adult residents were used to evaluate receptors at retirement facilities/senior centers.

2. Fraction of the day exposed for the school child was calculated assuming that the child attends school 10 hours per day (BAAQMD 2005).

3. \( IF_{inh} = \frac{DBR \times F \times EF \times ED \times CF}{AT} \)

4. Modeling adjustment not necessary, as emission sources are in operation 24 hours per day.

**Abbreviations:**
- BAAQMD: Bay Area Air Quality Management District
- Cal/EPA: California Environmental Protection Agency
- HHRA: Human Health Risk Assessment
- kg: kilogram
- L: liter
- m³: cubic meter

**Sources:**
Table 4.2: Inhalation Toxicity Values for Diesel Particulate Matter  
Stanford University Medical Center Facilities Renewal and Replacement  
Palo Alto, California

<table>
<thead>
<tr>
<th>Chemical</th>
<th>CPF [(mg/kg-day)(^{-1})]</th>
<th>Chronic REL (ug/m(^3))</th>
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</thead>
<tbody>
<tr>
<td>Diesel PM</td>
<td>1.1</td>
<td>5</td>
</tr>
</tbody>
</table>

**Abbreviations:**
CPF: Cancer Potency Factor  
PM: Particulate Matter  
(mg/kg-day)\(^{-1}\): per milligram per kilogram-day  
REL: Reference Exposure Level  
ug/m\(^3\): microgram per cubic meter

**Source:**  
Table 1: Estimated Excess Lifetime Cancer Risk and Chronic Noncancer Hazard Indices from Construction at Stanford Arboretum Children’s Center

Stanford University Medical Center Facilities Renewal and Replacement
Palo Alto, California

<table>
<thead>
<tr>
<th>Population</th>
<th>Cancer Risk (in one million)</th>
<th>Chronic HI²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Resident</td>
<td>2.6</td>
<td>0.07</td>
</tr>
<tr>
<td>Child Resident</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Worker</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>School Child</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Daycare Child</td>
<td>4.8</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. This table presents the estimated excess lifetime cancer risks and chronic noncancer HI associated with offsite receptor exposure to diesel exhaust emissions from the construction related to the SUMC Project and assumes the receptor is outdoors for entire construction period.
2. The chronic HI is based on a diesel particulate matter (DPM) concentration of 0.37 ug/m³, which represents the maximum annual concentration from construction activity as predicted at the SACC. Note: the DPM concentration varies by year based on level of construction activity.

Abbreviations:
DPM: Diesel Particulate Matter
HI: Hazard Index
m: meter
PM: Particulate Matter
Table 2: Estimated Excess Lifetime Cancer Risk and Chronic Noncancer Hazard Indices from Construction and Operation at Stanford Arboretum Children's Center

Stanford University Medical Center Facilities Renewal and Replacement
Palo Alto, California

<table>
<thead>
<tr>
<th>Population</th>
<th>Cancer Risk</th>
<th>Chronic HI$^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in one million)</td>
<td>(-)</td>
</tr>
<tr>
<td>Adult Resident</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Child Resident</td>
<td>5.0</td>
<td></td>
</tr>
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<tr>
<td>School Child</td>
<td>3.6</td>
<td>0.07</td>
</tr>
<tr>
<td>Daycare Child</td>
<td>4.9</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. This table presents the estimated excess lifetime cancer risks and chronic noncancer HI associated with offsite receptor exposure to diesel exhaust emissions from the construction and operational activities related to the SUMC Project and assumes the receptor is outdoors for all exposure.
2. The chronic HI is based on a diesel particulate matter (DPM) concentration of 0.37 ug/m$^3$, which represents the maximum annual concentration from construction activity as predicted at the SACC. Note: the DPM concentration varies by year based on level of construction activity.

Abbreviations:
DPM: Diesel Particulate Matter
HI: Hazard Index
m: meter
PM: Particulate Matter
2.2

Source: Adapted from Figure 3-5b Project Replacement Buildings/Structures, Stanford University Medical Center Project - Part 3
Project Description (Rev. 05/2009)
Loading Dock Locations - Existing and Proposed
Stanford University Medical Center
Palo Alto, California

Source: Adapted from Figure 4-1 SUMC Proposed Site Access Plan
Stanford Medical Center Application
Part 4 - Project Design (rev. 06/2009)
Source: Adapted from Figure 5-2a Helipad Location - Existing and Proposed, Stanford Medical Center Application, Part 5 Demographics and Operations, 05/2009.
Figure 3.4

DATA PERIOD:
2005
Jan 1 - Dec 31
06:00 - 07:00

AVG. WIND SPEED:
2.29 Knots

TOTAL COUNT:
730 hrs.

CALM WINDS:
0.00%

DATE:
10/10/2008

PROJECT NO.:
0320376A

NORTH

SOUTH

WEST

EAST

WIND SPEED
(Knots)

>= 22
17 - 21
11 - 17
7 - 11
4 - 7
1 - 4

Calm: 0.00%

DATA PERIOD:
2005
Jan 1 - Dec 31
06:00 - 07:00

AVG. WIND SPEED:
2.29 Knots

TOTAL COUNT:
730 hrs.

CALM WINDS:
0.00%

DATE:
10/10/2008

PROJECT NO.:
0320376A

NORTH

SOUTH

WEST

EAST

WIND SPEED
(Knots)

>= 22
17 - 21
11 - 17
7 - 11
4 - 7
1 - 4

Calm: 0.00%
**Figure 3.5**

**WIND ROSE PLOT:**
Windrose for Loading Dock Truck Delivery
Stanford University Medical Center
Palo Alto, California

**COMMENTS:**
0.00% Calm Winds

**DATA PERIOD:**
2005
Jan 1 - Dec 31
00:00 - 23:00

**TOTAL COUNT:**
8760 hrs.

**AVG. WIND SPEED:**
3.10 Knots

**DATE:**
1/29/2009

**PROJECT NO.:**
0320376A

**WIND SPEED (Knots):**
- >= 22
- 17 - 21
- 11 - 17
- 7 - 11
- 4 - 7
- 1 - 4

**Calms:** 0.00%
Overview of Receptor Grid

Modeled Receptors

Stanford University Medical Center

Figure 3.6
Figure 3.11b

Legend
- Construction Source
- Stanford University Medical Center

Location of Modeled Construction Sources in 2011
Stanford University Medical Center
Palo Alto, California

Drafter: SP  Date:  Contract Number: 0320791A  Approved:  Revised:
July 7, 2011

Dear Stanford Arboretum Children’s Center Parents,

During the last several weeks, representatives from the Stanford University Medical Center Renewal Project have met with parent-nominated delegates from the Stanford Arboretum Children’s Center (SACC) to discuss construction related-work planned for the Hoover Pavilion site. The SACC parents have communicated a wide range of concerns regarding the potential for construction activities to disrupt the SACC programs and we understand that the resulting discussions have been cooperative and productive. Based upon careful consideration of the SACC parents’ requests, the Stanford University Medical Center Renewal Project team has developed the attached statement describing a detailed set of plans to temporarily relocate the SACC prior to construction of the Hoover Pavilion parking structure, perform work to renovate the Hoover Pavilion in a manner that will be protective of the children at the SACC, and continue to work with the SACC staff and parents to address concerns as they arise.

Stanford University, Stanford Hospital & Clinics and Lucile Packard Children’s Hospital support and are committed to the actions described in the attached statement. While temporary relocation of the SACC will be a significant expense, and postponement of the Hoover Pavilion parking structure will present substantial construction logistics challenges, we are willing to take these steps on behalf of our employees, their children and the staff at the SACC. Although we fully expect that the SACC relocation plan will be approved, if for some unforeseen reasons it cannot be carried out, the SACC will have to be closed. Should this transpire, we will not close the SACC before September 1, 2012 and will delay construction on the parking structure until that time. In that unlikely event, we will do our best to help parents find alternate accommodations for their children.

While we are delaying the parking structure construction, please be aware that it is imperative that the renovation and remodeling of the historic Hoover Pavilion building proceed as planned. Completion of the Hoover Pavilion renovation is on the critical path for replacement of Stanford Hospital and, therefore, is necessary for timely compliance with mandatory State of California seismic requirements. As described in detail in the attached statement, the Renewal Project team will take the necessary steps to prevent disruption to the SACC prior to its relocation. However, our ability to keep the SACC open during this first phase of construction
depends upon there being no obstacles to proceeding with the Hoover Pavilion renovations. For that, we need your understanding and cooperation.

The Renewal Project team, as well as other University representatives, will continue to meet regularly with SACC staff and parents to address your concerns and to provide updates regarding project construction and the timing for relocation of the SACC.

We appreciate the collaborative dialog with you that led to a set of procedures and steps that will enable us to move forward.

Sincerely,

Christopher G. Dawes  
President and CEO  
Packard Children’s Hospital

John Etchemendy  
Provost  
Stanford University

Amir Dan Rubin  
President and CEO  
Stanford Hospital & Clinics

cc
James Keene, Palo Alto City Manager
Stanford has identified a campus site to temporarily relocate the Stanford Arboretum Children’s Center (SACC) on Stanford land adjacent to Stock Farm Road, between Oak Road and Campus Drive West. Stanford is determining the location of necessary utilities and other infrastructure in order to design the facility and will then seek the necessary Santa Clara County permits to construct it. Application will be made to the State of California for child care licensing. Upon approval by Santa Clara County, completion of construction, and the receipt of state licensing, the SACC will be relocated to the Stock Farm Site. The SUMC Renewal Project team hopes to complete the relocation process within six months, but recognizes that the timeline for receipt of County permits and State licensing is not entirely within our control.

Although we fully expect that the SACC relocation plan will be approved, if for some unforeseen reasons it cannot be carried out, the SACC will have to be closed. Should this transpire, we will not close the SACC before September 1, 2012 and will delay construction on the parking structure until that time. In that unlikely event, we will do our best to help parents find alternate accommodations for their children.

Until the SACC has been relocated, the SUMC Renewal Project team will refrain from commencing excavation for the Hoover Pavilion parking structure. Only a limited amount of work connected with the parking structure on the Hoover Pavilion site will occur prior to relocation of the SACC. Soil test borings may be performed, but such borings will occur only at times when children are not present at the SACC. In addition, in order to avoid tree removal during the nesting season, trees to be relocated will be boxed and other trees may be removed.

While we are delaying construction of the parking structure, it is imperative that the SUMC Renewal Project team immediately proceed with renovation and remodeling of the historic Hoover Pavilion building. Completion of the Hoover Pavilion renovation is on the critical path for replacement of Stanford Hospital in order to timely comply with mandatory State of California seismic requirements for hospitals. In order to construct the new Stanford Hospital, the medical office buildings housing community physicians at 1101 Welch Road must be demolished. Several of the practitioners at 1101 Welch Road first must be relocated to the renovated Hoover Pavilion. Accordingly, completion of the Hoover Pavilion renovations is a precursor to construction of the new Stanford Hospital.

Prior to relocation of the SACC, utilities work necessary for the Hoover Pavilion may occur on the portion of the site nearest to Quarry Road and around the building perimeter. This utility-related work will also require some tree removal.

With the exception of two brief periods for crane lifts, renovation of the historic Hoover Pavilion building will be performed using electrically-powered hand-held equipment in an area of the site
that is not directly adjacent to the SACC. The specific work planned at the Hoover Pavilion building is as follows:

- Baseline air quality monitoring within the Hoover Pavilion building will be conducted.
- The Hoover Pavilion will be sealed, and interior containment systems will be installed throughout the building. Pursuant to Bay Area Air Quality Management District (BAAQMD) requirements for prevention of exposure to asbestos and other hazardous materials, negative air pressure will be created within the building.
- The construction contractors will perform interior demolition and hazardous materials abatement beginning no earlier than August 8, 2011. Throughout this work, any asbestos and lead paint will be handled as required by BAAQMD and other applicable regulatory agencies in order to prevent exposure.
- To reduce truck traffic near the SACC, off haul of debris from interior building demolition will occur on the Quarry Road and/or Palo Road sides of the Hoover Pavilion building.
- Upon completion of hazardous materials abatement and interior demolition, air quality clearance testing will be performed and then the containment system will be removed.
- The exterior south stairway will be demolished and replaced.
- For approximately two days, a crane will be used to remove mechanical equipment from the Hoover Pavilion rooftop.
- The bridge between the Hoover Pavilion and the Nurses' Cottage will be removed.
- The construction contractor will erect scaffolding on all sides of the existing Hoover Pavilion building.
- The construction contractor will wrap the exterior of the Hoover Pavilion building with a mesh net. In addition to protecting the historically significant building, the mesh net will prevent construction debris from falling outside the active construction area and it will conceal construction activities within the building enclosure.
- Windows on the Hoover Pavilion will be removed and then taken offsite to be repaired to match the historical condition.
- The Hoover Pavilion clay tile roof and other portions of the roof will be replaced.
- For approximately two days, a crane will be used to install new rooftop mechanical equipment.
- New mechanical systems, including HVAC and elevators, and interior tenant improvements and furnishings will be installed throughout the Hoover Pavilion building.
- A glass wall will be installed in an area on the Palo Road side of the Hoover Pavilion.
- The Hoover Pavilion building will be re-painted and other exterior work will take place, including work on awnings and restoration of design features.
- A new finial will be installed on top of the Hoover Pavilion tower.
- Work will be performed at the building entrances to provide access required under the Americans with Disabilities Act.

In performing construction work at the Hoover Pavilion site, the Renewal Project team will comply with all of the dust, construction air quality and construction noise mitigation measures required by the City of Palo Alto in the Mitigation Monitoring & Reporting Program (MMRP) adopted as part of the conditional use permit. With implementation of the measures required in the MMRP along with the protective measures outlined above, the Renewal Project team does not anticipate disruption to the SACC. Nevertheless, the following additional steps will be taken during the construction period:
• Representatives from the Renewal Project team will continue to meet with SACC staff and parents to review the status of permitting and construction work to complete the temporary relocation facility, to address concerns regarding construction work at the Hoover Pavilion site prior to relocation of the SACC, and to address concerns regarding air quality and noise effects from the adjacent parking structure upon return to the Arboretum site.

• The project manager and/or the construction manager for the Hoover Pavilion project component will meet with SACC staff and parents to review the overall construction schedule and provide regular briefings on upcoming construction work at the Hoover Pavilion site. In addition, the project manager and construction manager for the Hoover Pavilion project component will be available on site to respond to questions and concerns as they arise.

• The project team will take baseline noise measurements prior to commencement of construction activities on the Hoover Pavilion site. Periodic noise monitoring will then occur during construction, in locations and at intervals determined in cooperation with the SACC staff and parents, and the results of the noise monitoring will be shared. Based on the results of noise monitoring and feedback from SACC staff, the project team will work cooperatively with the SACC to minimize disruption to the center.

• The Renewal Project team will provide data to the SACC regarding air pollutant emissions and noise levels from full operation of the Hoover Pavilion parking structure.

After the Hoover Pavilion parking structure has been constructed and the SACC Forest Room relocated, the SACC will be returned to the Arboretum site.