



STANFORD UNIVERSITY MEDICAL CENTER
project:renewal

2019-20 ANNUAL REPORT

PREPARED FOR THE CITY OF PALO ALTO | JULY 6, 2020

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EXECUTIVE SUMMARY

On June 6, 2011, the Stanford University Medical Center parties (now Stanford Medicine)—comprised of Stanford Hospital and Clinics (now Stanford Health Care), Lucile Packard Children’s Hospital, and Stanford University—entered into a Development Agreement with the City of Palo Alto, committing to provide a range of community benefits in exchange for vested development rights to develop and use the Stanford Medicine Renewal and Replacement Project (“Renewal Project”) facilities in accordance with the approvals granted by the City, and a streamlined process for obtaining subsequent project approvals. The Renewal Project—driven by a growing demand for healthcare services, state-mandated seismic safety requirements, and the need to replace outmoded facilities with modern, technologically advanced spaces—is transforming the way that healthcare is delivered and research is conducted.

Today, nine years after the execution of the Development Agreement, the Lucile Packard Children’s Hospital Expansion and the new Stanford Hospital are now open for patient care. Meanwhile, the School of Medicine has nearly completed the first phase of development of its replacement facilities, with its BioMedical Innovations building anticipated to receive certificate of occupancy in Fall 2020.

Against this backdrop, Stanford Medicine submits its Annual Report in compliance with Section 12(c) of the Development Agreement, and looks forward to continued collaboration with the City of Palo Alto in advancing the goals of both Stanford Medicine and the broader community.



BACKGROUND AND PURPOSE

The Palo Alto City Council’s unanimous approval of the entitlements for the Stanford Medicine Renewal and Replacement Project in July 2011 has paved the way for a historic investment in new and replacement facilities for Stanford Medicine. The project approvals—including new zoning for the Renewal Project sites, a conditional use permit, architectural review approval, and the execution of a Development Agreement—allow for the construction of approximately 1.3 million net new square feet of hospital facilities, clinics, medical offices, and medical research spaces, and will enable the Hospitals to optimize the delivery of healthcare services to patients, and maintain their position as leading providers of world-class healthcare.

In order to facilitate this important replacement and expansion work, the Stanford Medicine parties entered into a Development Agreement with the City of Palo Alto, which includes a comprehensive package of community benefits and additional development conditions. In exchange for these benefits, the City has vested for a period of 30 years Stanford Medicine’s rights to develop and use the property in accordance with the project approvals, and agreed to streamline the process for obtaining subsequent approvals.

The terms of the Development Agreement (Section 12(c)) provide for a periodic review of compliance, and require that Stanford Medicine submit an Annual Report to the City of Palo Alto’s Director of Planning and Community Environment each year within 30 days of the anniversary of the agreement effective date (June 6, 2011). The Annual Report is to summarize Stanford Medicine’s progress on the Renewal Project, including a list of net new square footage for which a certificate of occupancy has been received, and a description of the steps that Stanford Medicine has taken to comply with the obligations listed in Section 5 of the Development Agreement. With this report, Stanford Medicine fulfills these requirements. Within 45 days of receipt of this Annual Report, the City will prepare a Supplement to the Annual Report, to provide an accounting of the City’s balances and expenditures from each of the City Funds and how they were used.



2019-2020 SUMMARY OF PROGRESS

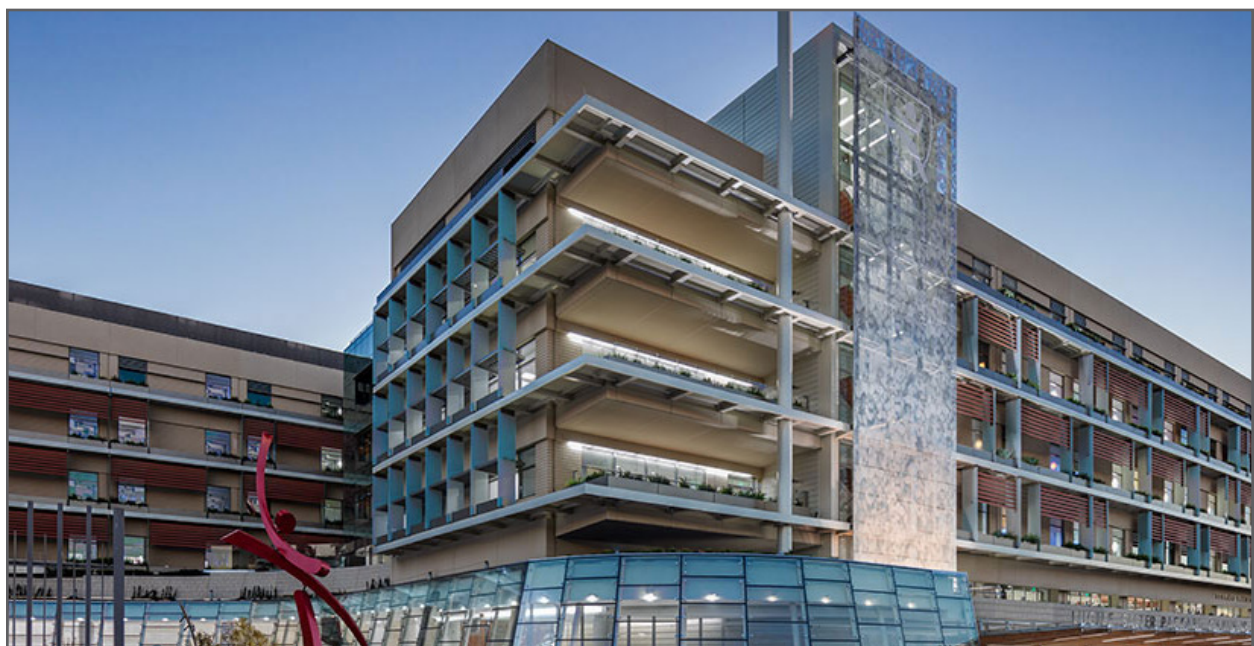
The Renewal Project continues to progress, with its most recent major milestone reached in late 2019 with the opening of the New Stanford Hospital. The construction of the first new School of Medicine facility is also nearing completion. The section to follow provides an overview of central goals for the project elements that presently are under construction or nearing construction, a synopsis of progress to date, as well as a preview of near-term upcoming activities.

LUCILE PACKARD CHILDREN'S HOSPITAL

In response to growing community needs for specialized pediatric and obstetric care, Lucile Packard Children's Hospital opened an expanded facility in late 2017. The new Main building, located adjacent to the preexisting Lucile Packard Children's Hospital (West building), provides patients and doctors with the most modern clinical advancements and technology, while also creating a more patient- and family-centered environment of care, with additional single-patient rooms and more spaces for families to be with their child during treatment and recovery.

The LPCH Main building features a new entrance lobby, public concourse with dining, three floors of nursing units, and new patient rooms. Spaces have been designed with an attention to natural light and views, and the exterior grounds—more than 3.5 acres of outdoor areas and gardens—provide a park-like setting for patients, families, and visitors.

In December 2017, the new facility received its license from the State Department of Public Health; this constituted issuance of an occupancy permit for purposes of the Development Agreement. In Winter 2019, additional shelled spaces within the Main building were completed and opened to patient care, including the Bass Center for Childhood Cancer and Blood Diseases on the 5th floor, and the Betty Irene Moore Children's Outpatient Heart Center on the 1st floor.



2019-2020 SUMMARY OF PROGRESS

NEW STANFORD HOSPITAL

Stanford Health Care is constructing new and replacement hospital facilities to usher in a new era of advanced patient care. Growth in patient volumes and rapidly changing medical technology have rendered much of the existing midcentury hospital infrastructure inadequate, while new seismic safety requirements have accelerated the need to construct replacement facilities.

In November 2019, Stanford Health Care's first phase of facilities renewal completed as the New Stanford Hospital received its license from the State Department of Public Health and opened to patient care. The facility features an advanced interventional platform that combines surgical, procedural and imaging technologies to improve the precision of medical care. The interventional platform brings together 20 operating rooms (ORs), 2 hybrid ORs, 8 interventional, radiology and image-guidance rooms, 3 MRIs, 3 CTs and 1 intra-operative MRI. Here multiple surgical and procedural specialists—cardiologists, gastroenterologists, surgeons, radiologists and pulmonologists—are brought together into one common area. The space is further integrated with a centralized pre-operative and post-operative prep and recovery that allows for coordinated patient care throughout the surgical process.

An expanded Emergency Department at the new Hospital serves adults and trauma patients in private and semi-private patient bays, with imaging next door for expediency. Larger patient treatment areas provide space for families. Pediatric patients seeking emergency services are now treated in a new pediatric emergency department at the preexisting Stanford Hospital. As the only Level-1 Trauma Center between San Francisco and San Jose, the new Stanford Hospital is built to withstand the strongest earthquake and designed for readiness in the event of disaster. The parking structure connected to the Emergency Department converts to a triage and treatment center in the event of a large-scale emergency.

At the center of the new Stanford Hospital is a floor dedicated to providing support and comfort to patients, families, and caregivers, featuring a Family Resource Center, Stanford Health Library, interfaith chapel, and rooftop gardens. The new Stanford Hospital places value on the healing qualities of art and nature. Captivating murals and large-scale art pieces displayed throughout the hospital inspire healing and hope. Four acres of gardens surround the new hospital, providing patients, visitors and staff with access to natural settings, light and open space, all proven to help promote health and well-being.

With the new Stanford Hospital now complete, Stanford Health Care is beginning a series of renovations within its existing facilities, including the conversion of shared patient rooms into private rooms; this renovation work is planned to proceed in phases over the next several years.



2019-2020 SUMMARY OF PROGRESS

SCHOOL OF MEDICINE

The Stanford University School of Medicine is replacing its outmoded research buildings with new state-of-the-art facilities designed to support contemporary translational research. The new facilities will accommodate 21st century medical advancements and enable the development of new medical innovations. The new buildings will feature integrated laboratory suites, with easier access between labs and support facilities, enabling transparency, flexibility, and collaboration. The new facilities will be surrounded by landscaped areas and tree-lined walkways.

The first phase of School of Medicine development (BioMedical Innovations Building 1, or “BMI-1”) features four above-grade floors of research labs and light-filled gathering places, and a lower basement level for utility support, as well as a connective tunnel to other nearby research facilities. Building interiors were designed for best practices for laboratory design safety and space allocation, with a flexible template to maximize efficient use of space and ease of renovation. The four above-grade floors provide space for a mix of disciplines, basic and clinical research, wet and dry labs, and leading-edge translational studies. BMI-1 is now substantially complete, with a certificate of occupancy anticipated in Fall 2020.



2019-2020 SUMMARY OF PROGRESS

NET NEW SQUARE FOOTAGE

The following table summarizes the net new square footage for which a certificate of occupancy has been issued.

PROJECT COMPONENT	GROSS SQUARE FOOTAGE
NEW STANFORD HOSPITAL	
1101 Welch demolished	(40,100)
500 Pasteur ¹	719,261
Total	679,161
LUCILE PACKARD CHILDREN'S HOSPITAL EXPANSION	
701 Welch demolished	(56,300)
703 Welch demolished	(23,500)
Lucile Packard Children's Hospital Expansion	446,088
Total	366,288
HOOVER PAVILION	
Misc. shops and storage demolished	(13,831)
Stanford Neuroscience Health Center (Hoover MOB)	91,605
Total	77,774

¹ Final gross floor area calculations for 500 Pasteur are currently under City review as a revision to Building Permit #12000-00444.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

This section of the Annual Report summarizes the steps that Stanford Medicine has taken to comply with their obligations under Section 5 of the Development Agreement.

HEALTH CARE BENEFITS

In addition to the health care funds listed below, Stanford Medicine provides certain intrinsic benefits to the community, as both a global leader in medical care and research, and as a community healthcare services provider. The Renewal Project enables Stanford Medicine to continue its important work, and the addition of more beds for adults and children will help to alleviate overcrowding. Additionally, the new hospital facilities provide critical emergency preparedness and response resources for the community in the event of an earthquake, pandemic, or other major disaster.

Section 5(a)(ii). Fund for Healthcare Services

The Hospitals have designated the amount of \$3 million for Healthcare Services, which will increase to \$5.6 million by December 31, 2025. No further action is required until 2026. This amount will be reconciled with the construction use tax payments as described in Development Agreement Section 5(b)(ii)(C), and will be spent between 2026 and 2036.

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

Stanford Medicine has contributed a single lump-sum payment of \$4 million to establish a Community Health and Safety Program Fund for the City of Palo Alto. This fund is to be distributed to selected community health programs that benefit residents of the City, including the Project Safety Net Program, a community-based mental health plan for youth well-being in Palo Alto. A joint committee is to be established to evaluate proposals regarding the other specific programs to receive funding, composed of two representatives selected by Stanford Medicine and two representatives selected by the City; this 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.

Stanford Medicine provided the entire required contribution to the Community Health and Safety Program Fund on August 25, 2011. No further action is required by Stanford Medicine to comply with this Development Agreement provision, though Stanford Medicine welcomes the opportunity to participate in the joint committee to evaluate proposals for programs to receive funding. As required by Development Agreement Section 12(d), the City will provide yearly Supplements to the Annual Report to provide an accounting of the City's expenditures from this fund, and the purposes for which the expenditures were used.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

PALO ALTO FISCAL BENEFITS

The Stanford Medicine Renewal Project brings considerable fiscal benefits to the City of Palo Alto. The project is expected to generate \$8.1 million in sales and use tax revenues for the City, and multiple mechanisms have been put into place to ensure that this target is met. The Development Agreement also provides for further fiscal benefits to the City, including a payment by Stanford Medicine to fund the City's operating deficit, and the payment of utility user taxes and school fees.

Sections 5(b)(i) and 5(b)(ii). Payment of Sales and Use Taxes

As required by the Development Agreement, Stanford Medicine submitted its annual Construction Sales and Use Tax monitoring report to the City on June 30, 2020. The Stanford Medicine parties will continue to submit such a report annually during the construction period for the Renewal Project so that the City can determine the share of construction use taxes that it has received as a result of the Renewal Project. Each year, within 60 days of receiving the monitoring report, the City will provide its determination of the amount of construction use taxes that it has received as a result of the Renewal Project during the preceding calendar year. In August 2026 or soon thereafter, Stanford Medicine and the City will conduct a reconciliation process to confirm that the City has received at least \$8.1 million in construction use taxes as a result of the Renewal Project, as further described in Development Agreement Section 5(b)(ii).

To date, Stanford Medicine has taken the following steps detailed below to maximize the City's allocation of sales and use taxes associated with Project construction and operation. Documentation of each of these items is included in the 2019 construction use tax monitoring report already submitted.

- Stanford Medicine has obtained all permits and licenses necessary to maximize the City's allocation of construction use taxes derived from the project, including California Seller's Permits and Use Tax Direct Pay Permits. Copies of permits and licenses are attached to the 2019 monitoring report.
- Stanford Medicine has designated and required all contractors and subcontractors to designate the project site as the place of sale of all fixtures furnished or installed as part of the project.
- Stanford Medicine has designated and required all contractors and subcontractors to designate the project site as the place of use of all materials used in the construction of the project.
- Stanford Medicine has required all contractors and subcontractors to allocate the local sales and use taxes derived from their contracts directly to the City. Stanford Medicine has used best efforts to require contractors and subcontractors to complete and file any forms required by the State Board of Equalization to effect these designations.
- Both Hospitals have obtained use tax direct pay permits from the State of California for their existing facilities in order to increase the City tax allocation for the Hospitals' purchases. The Hospitals will maintain the use tax direct pay permit for the life of the project.
- Finally, Stanford Medicine has assisted the City in establishing and administering a Retail Sales and Use Tax Reporting District for the Renewal Project, to enable the City to track the generation, allocation, reporting and payment of sales and use taxes derived from the Project.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

Section 5(b)(iii). Funding of Operating Deficit

In order to assure that City costs associated with the Renewal Project do not exceed revenues to the City resulting from construction and operation of the project, Stanford Medicine has provided to the City a single lump sum payment in the amount of \$2,417,000. This payment was made on August 25, 2011. No further action is required by Stanford Medicine to comply with this Development Agreement provision.

Section 5(b)(iv). Payment of Utility User Tax

Stanford Medicine will pay the City a utility user tax at a minimum rate of 5 percent of all electricity, gas, and water charges allocable to new construction completed as part of the project for the life of the project. This rate may be increased by the City as provided by Section 2.35.100(b) of the Municipal Code. The 5 percent utility user tax is currently being paid by Stanford Medicine.

Section 5(b)(v). School Fees

Stanford Medicine will pay to the City—which is then to 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, as defined in the Development Agreement.

School fees were paid in 2012 for LPCH and SHC in the amounts of \$188,815 and \$153,802, respectively. In July 2013, additional school fees were paid in the amount of \$7,051 to account for additional program square footage for the New Stanford Hospital and Garage. In May 2014, an additional payment of school fees in the amount of \$16,119 was made to account for the incremental square footage associated with the Hoover Medical Office Building, beyond the 60,000 square feet originally planned. In November 2015, additional school fees in the amount of \$461.16 were paid to account for incremental square footage for the New Stanford Hospital Garage.

TRAFFIC MITIGATION AND REDUCED VEHICLE TRIPS

Stanford Medicine has taken a number of steps to mitigate the potential traffic impacts projected at full project buildout. Already, Stanford Medicine provides a robust transportation demand management program, offering a variety of incentives for employees to forego driving alone to work. As required by the Development Agreement, Stanford Medicine has taken the additional actions outlined below.

Section 5(c)(ii). Menlo Park Traffic Mitigation

Stanford Medicine agreed to contribute to the City of Menlo Park a total of \$3,699,000 for use in connection with traffic mitigation, infrastructure enhancements, and the promotion of sustainable neighborhoods and communities and affordable housing. This contribution has been made in three equal payments; the first payment of \$1,233,000 was made on August 19, 2011. The second payment of \$1,233,000 was made on December 5, 2012, following the November 2012 issuance of the first Hospital foundation permit. The final payment in the amount of \$1,233,000 was made on December 14, 2017, within 30 days from issuance of the first Hospital occupancy permit. No further action is required by Stanford Medicine to comply with this Development Agreement provision.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

Section 5(c)(iii). East Palo Alto Voluntary Mitigation

Stanford Medicine has contributed a single lump sum payment of \$200,000 to East Palo Alto to be used for roadway and traffic signal improvements on University Avenue. This payment was made on August 19, 2011. No further action is required by Stanford Medicine to comply with this Development Agreement provision. In the event that Stanford Medicine does not meet alternative transportation mode goals specified in the Development Agreement by 2025 and is assessed a \$4 million payment under Development Agreement section 5(c)(ix)(B), the City will be required to remit \$150,000 of such payment to the City of East Palo Alto.

Section 5(c)(iv). Contributions to AC Transit

The Hospitals committed to the following actions within 30 days from issuance of the first Hospital occupancy permit, and have fulfilled these commitments as outlined below:

- The Hospitals agreed to offer a one-time payment of \$250,000 to AC Transit to be used for capital improvements to the U-Line to increase capacity (Section 5(c)(iv)(A)). As required, the Hospitals offered to contribute \$250,000 to AC Transit for capital improvements to the U Line; this offer was accepted, and the payment was made on January 5, 2018.
- The Hospitals agreed to offer to make annual payments to AC Transit in a reasonable amount, not to exceed \$50,000, to be used for operating costs of the U-Line to maintain a load factor for bus service to the Medical Center of less than 1 (Section 5(c)(iv)(B)). The Hospitals have commenced annual payments to AC Transit for purposes of U-Line operating costs.
- In order to encourage Hospital employees living in the East Bay to use public transit for their commute, the Hospitals committed to using best efforts to lease 75 parking spaces at the Ardenwood Park and Ride lot, or an equivalent location, at a cost not to exceed \$45,000 per year (Section 5(c)(iv)(C)). From May 2014 to April 2018, a 100-space park-and-ride facility on Kaiser Drive at Campus Drive in Fremont (0.9 mile from Ardenwood Park & Ride) was under lease for the use of Stanford University and Hospital commuters, thus satisfying this requirement ahead of schedule. In March 2018, Stanford was provided with 30-days' notice to vacate the facility, and immediately commenced a search for replacement parking facilities. An equivalent temporary East Bay park and ride solution was secured in the vicinity of Ardenwood, and has been in use by Stanford Medicine commuters from the East Bay. The Hospitals have now secured a long-term location on Fircrest Street in Newark, and the new facility will open to Stanford Medicine commuters in July 2020.

Section 5(c)(v). Opticom Payments

Within 30 days from issuance of the first Hospital occupancy permit, the Hospitals committed to pay \$11,200 to the City of Palo Alto to be used for the installation of Opticom traffic control systems at the following seven 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; and the Alpine/280 Northbound ramp. However, since the time that this commitment was made, the City determined that Opticom systems are outdated, and proposed the purchase and installation of the ATMS.now Emergency.now package, which would allow coordinated prioritization at all City-maintained traffic signals. Agreement to this change in traffic signal priority system is documented in a letter dated December 12, 2017 from the City Manager to the SUMC Parties, which was accepted and agreed to by the SUMC Parties by countersigned letter. The required payment was made on December 12, 2017, within 30 days of issuance of the first Hospital occupancy permit.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

Section 5(c)(vi). Caltrain GO Passes

The Development Agreement requires that the Hospitals purchase annual Caltrain GO Passes for all existing and new Hospital employees who work more than 20 hours per week at a cost of up to approximately \$1.8 million per year, beginning on September 1, 2015. This obligation is expected to continue for a period of 51 years.

Hospital management accelerated the purchase of the annual GO Pass for Hospital employees, and began providing free GO Passes to employees commencing on January 1, 2012. Annual passes were purchased again for all existing and new eligible employees for 2020.

Section 5(c)(vii). Marguerite Shuttle Service

The Hospitals will fund the reasonable costs, in an approximate amount of \$2 million, 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, the Hospitals will fund as annual payments the reasonable costs, in an approximate amount of \$450,000 per year, to cover the net increase in operating costs for the Marguerite Shuttle. Demand for the Marguerite shuttle increased in 2012, and the Hospitals funded the purchase of three new hybrid shuttles to meet this increased demand. Since this time, the Hospitals have funded as annual payments the reasonable costs of the net increase in operating costs for the Marguerite Shuttle.

Section 5(c)(viii). Transportation Demand Management Coordinator

The Development Agreement requires that the Hospitals employ an onsite qualified Transportation Demand Management (TDM) Coordinator for Stanford Medicine, commencing on September 1, 2015, and continuing through the life of the Renewal Project.

Because the Hospitals accelerated the purchase of the Caltrain GO Pass, the Hospitals also accelerated the hiring of the TDM Coordinator, filling this position in March 2012. In September 2018, the position was vacated, and while the position was vacant the Senior Operations Manager of the Hospitals' Transportation Services department fulfilled the responsibilities of this position with support from the TDM team at Stanford Transportation. In October 2019, the Transportation Demand Management Coordinator position was filled again. The TDM Coordinator is responsible for overseeing the analysis, development, and implementation of programs to advance the Hospitals' TDM objectives. Specific duties that are carried out in collaboration with Stanford Transportation include raising awareness among commuters about alternative transportation options and Stanford's commute incentive programs; providing alternative commute planning assistance and responses to customer inquiries; writing and editing electronic and print communications; coordinating and staffing outreach events, such as free transit pass distributions and employee fairs; and providing alternative transportation information and resources at new employee orientations.

In addition, the TDM Coordinator is responsible for overseeing the Transportation Hub within the new Stanford Hospital. The Transportation Hub serves as an alternative transportation information center available to both staff and patients, and includes a monitor screen (Transit Screen) that displays all mobility options in the area at a glance, in real time.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

Section 5(c)(ix). Monitoring of TDM Programs

The Hospitals are required to submit annual monitoring reports showing the current number of employees employed over 20 hours per week; the number of employees using an alternative transportation mode as documented by a study or survey to be completed by the Hospitals using a method mutually agreeable to the City and the Hospitals; and the efforts used by the Hospitals to attempt to achieve the Alternative Mode Targets identified in the Development Agreement. The Development Agreement specifies payments to be made in the event that such targets are not met during particular time periods.

Due to the COVID-19 pandemic, the annual commute survey was not performed in Spring 2020, as doing so would have generated unrepresentative data, and would have distracted staff from more immediate needs. The Hospitals requested an extension of time for this TDM monitoring and reporting requirement, as allowed by Section 6(p) of the Development Agreement, and the City granted this request on March 27, 2020, with the condition that the Hospitals confirm that the TDM programs outlined in the prior Alternative Mode Share Report were maintained up until the start of the COVID-19 pandemic; the Hospitals provided such confirmation on April 3, 2020.



COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

LINKAGES

To further encourage use of Caltrain, bus, and other transit services, and to enhance and encourage use of pedestrian and bicycle connections between Stanford Medicine and downtown Palo Alto, Stanford Medicine has funded the following specific infrastructure improvements.

Section 5(d)(i). Intermodal Transit Fund

Stanford Medicine has provided to the City one lump sum payment of \$2.25 million for improvements to enhance the pedestrian and bicycle connection from the Palo Alto Intermodal Transit Center to the existing intersection of El Camino Real and Quarry Road. Up to \$2 million of this amount is to be used by the City for the development of an attractive, landscaped passive park/green space with a clearly marked and lighted pedestrian pathway, benches, and flower borders. Stanford Medicine paid the entire required amount for the Intermodal Transit Fund on August 25, 2011. No further action is required by Stanford Medicine to comply with this Development Agreement provision. As required by Development Agreement Section 12(d), the City will provide yearly Supplements to the Annual Report to provide an accounting of the City's expenditures from this fund, and the purposes for which the expenditures were used.

In Summer 2017, prior to issuance of the first Hospital Occupancy Permit, the City completed a temporary path with associated lighting, landscaping / green space, benches, and flower borders from the transit center to the existing crosswalk at the intersection of El Camino Real and Quarry Road. Available funds remaining (approximately \$1.69 million) will be applied to the construction of permanent improvements in the future.

Section 5(d)(ii). Quarry Road Fund

Stanford Medicine has provided to the City one lump sum payment of \$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. Stanford Medicine paid the entire required amount for the Quarry Road Fund on August 25, 2011. No further action is required by Stanford Medicine to comply with this Development Agreement provision. As required by Development Agreement Section 12(d), the City will provide yearly Supplements to the Annual Report to provide an accounting of the City's expenditures from this fund, and the purposes for which the expenditures were used. The City was required to construct the improvements prior to issuance of the first Hospital Occupancy Permit, but as agreed to with Stanford Medicine, delayed implementation of these improvements until utility trenching to the Medical Center was complete. In late 2018, the City completed these improvements, including enhanced crosswalks and bicycle striping and signage.

Section 5(d)(iii). Stanford Barn Connection

Stanford Medicine agreed to construct up to \$700,000 of improvements to enhance the pedestrian connection between the Main Medical Campus and the Stanford Shopping Center from Welch Road to Vineyard Lane, in the area adjacent to the Stanford Barn prior to issuance of the first Hospital Occupancy permit. Construction of the improvements completed in November 2017, in advance of issuance of the first Hospital Occupancy permit. No further action is required by Stanford Medicine to comply with this Development Agreement provision.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

INFRASTRUCTURE, SUSTAINABLE NEIGHBORHOODS AND COMMUNITIES, AND AFFORDABLE HOUSING

Section 5(e). Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing

Stanford Medicine agreed to contribute a total amount of \$23.2 million toward City of Palo Alto infrastructure, sustainable neighborhoods and communities, and affordable housing. As required by the Development Agreement, this contribution has been made in three equal payments. The first payment, in the amount of \$7,733,333, was made on August 25, 2011; the second payment of \$7,733,333 was made on December 5, 2012, following the November 2012 issuance of the first Hospital foundation permit; and the final payment of \$7,733,333 was made on December 12, 2017, within 30 days from issuance of the first Hospital occupancy permit. No further action is required by Stanford Medicine to comply with this Development Agreement provision. As required by Development Agreement Section 12(d), the City will provide yearly Supplements to the Annual Report to provide an accounting of the City's expenditures from this fund, and the purposes for which the expenditures were used.

The City will use \$1,720,488 of these funds in the same manner as funds collected under the City's housing fee ordinance.

CLIMATE CHANGE

Section 5(f). Climate Change Fund

Stanford Medicine agreed to contribute a total amount of \$12 million toward City projects and programs for a sustainable community, including programs identified in the City's Climate Action Plan, carbon credits, and investments in renewable energy and energy conservation. As required by the Development Agreement, this contribution has been made in three equal payments. The first payment, in the amount of \$4 million, was made on August 25, 2011; the second payment of \$4 million was made on December 5, 2012, following the November 2012 issuance of the first Hospital foundation permit; and the final payment of \$4 million was made on December 12, 2017, within 30 days from issuance of the first Hospital occupancy permit. No further action is required by Stanford Medicine to comply with this Development Agreement provision. As required by Development Agreement Section 12(d), the City will provide yearly Supplements to the Annual Report to provide an accounting of the City's expenditures from this fund, and the purposes for which the expenditures were used.

SATISFACTION OF CONDITIONS OF APPROVAL

Section 5(h). Satisfaction of All Conditions of Approval

Stanford Medicine will satisfy all Conditions of Approval by the dates and within the time periods required by the project approvals, subject to modifications allowed by the Development Agreement, and has taken several steps in order to ensure that this requirement is met (Section 5(h)). The Conditions of Approval encompass conditions imposed by the Architectural Review Board, mitigation measures enumerated in the Mitigation Monitoring and Reporting Program, and conditions attached to the Conditional Use Permit.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

In order to implement, monitor, and report on the implementation of this diverse array of conditions, Stanford Medicine, with input from City planning staff, has created two Excel spreadsheet tracking and reporting tools. These spreadsheets serve as a centralized repository for compliance monitoring information and documentation, and are updated by the Stanford Medicine project teams on a regular basis, and reviewed by the City.



CONCLUSION

As the Renewal Project completes its ninth year, Stanford Medicine looks forward to continued engagement with the City of Palo Alto as the project continues to forge ahead.

