



FACT SHEET: STANFORD UNIVERSITY MEDICAL CENTER DEVELOPMENT AGREEMENT

Prepared: June 2010

Development Agreements are negotiated contracts between a project proponent/applicant and the City. A Development Agreement is typically sought to ensure that local regulations pertaining to the project will not change over time. In exchange, local governments negotiate an acceptable “community benefit package.”

On June 15, 2009, Stanford submitted a Development Agreement proposal to the City. The City prepared a counter proposal and will continue to negotiate the terms with Stanford. The Development Agreement cannot be approved until after certification of the Final Environmental Impact Report.

Previous City Council Meetings for Discussion of Community Benefits and Development Agreement:

November 26, 2007

March 14, 2009

March 30, 2009

December 7, 2009

April 6, 2010

Reports for these meetings can be found on the SUMC Project website, www.cityofpaloalto.org/sumc

THE SUMC PROJECT SPONSORS (STANFORD) HAVE PROPOSED THE FOLLOWING DEAL TERMS:

- Establishment of two new programs for the exclusive benefit of Palo Alto residents: a \$3 million fund to assist qualified low-income residents and a \$4 million fund to subsidize community health programs within Palo Alto.
- Construction spending and associated use taxes of \$8.3 million and provisions to obtain a use tax direct payment permit that will generate approximately \$26,000 annually.
- Purchase of Caltrain GO Passes for all SUMC employees at an estimated annual cost of \$1.3 million. (Currently only Stanford University employees are provided this benefit.)
- Expansion of the Marguerite shuttle service by purchasing additional shuttles in the amount of \$2 million and by funding additional annual operating costs of \$450,000.
- Funding a range of improvements to encourage use of transit and enhance pedestrian and bicycle connections between the hospitals and downtown: \$2.25 million for pedestrian and bicycle connections around the Intermodal Transit Center; \$400,000 for right of way improvements along Quarry Road; and \$700,000 for a pedestrian connection between the Medical Center and Shopping Center (Stanford Barn area).
- Payment of housing in-lieu fees in the amount of \$23.1 million, which is what an equivalent commercial project would pay.

For more information please go to www.cityofpaloalto.org/sumc, or contact Steven Turner at steven.turner@cityofpaloalto.org

As part of preliminary negotiations, the City Staff has developed the following guiding principles for discussions:

1. Minimize the Fiscal Impacts to the City.
2. Require Project Mitigation.
3. Preserve Community Health Care.
4. Enhance City Infrastructure.

SUPPLEMENTAL DEVELOPMENT AGREEMENT TERMS PREPARED BY THE CITY ARE AS FOLLOWS:

HEALTH CARE

- Extend financial assistance subsidy to qualifying residents (\$3 million) from 10 years to life of Development Agreement.
- Extend community health programs payment (\$4 million) from 10 years to life of Development Agreement.
- Continue appropriate hospital privileges for community practitioners.
- Continue SUMC's current community health/wellness/disease prevention programs.
- Fund co-located Emergency Operations Center (EOC) facility in new buildings within Palo Alto.
- Explore innovative health care initiative/partnership in area of broadband/fiber to the premises.

FISCAL

- Ensure project is at least cost neutral by guaranteeing revenue projections to offset expenditures, funding extra public safety Full-time Equivalents (FTE's) and fully funding mitigations.
- Payment to City in lieu of property tax.

TRANSPORTATION

- Explore re-defining TDM program (Caltrain GO Pass) and re-directing funds toward expanded shuttle program and other Citywide infrastructure improvements.

PEDESTRIAN AND BICYCLE LINKAGES BENEFIT

- These items are covered as SUMC Project mitigations and explained in more detail throughout the EIR document.

HOUSING BENEFIT

- The Hospital District would include additional measures to address the impact on the City's jobs to employed resident's ratio, as identified in Section 3.13 Population and Housing in the EIR.

SCHOOL FEES BENEFIT (PALO ALTO UNIFIED SCHOOL DISTRICT - PAUSD)

- Work with the PAUSD and the City to minimize impacts to schools.

ECONOMIC AND COMMUNITY VITALITY

- Contribute \$30 million to help fund needed Citywide infrastructure such as a Public Safety Building, EOC, roadways, and expanded shuttle programs.