



STANFORD UNIVERSITY MEDICAL CENTER
project:renewal

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2021-22 ANNUAL REPORT

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CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND AND PURPOSE	2
2021-2022 SUMMARY OF PROGRESS	3
LUCILE PACKARD CHILDREN'S HOSPITAL	3
STANFORD HEALTH CARE	4
SCHOOL OF MEDICINE	5
BLAKE WILBUR DRIVE ROADWAY EXTENSION	6
NET NEW SQUARE FOOTAGE	6
COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS	7
HEALTH CARE BENEFITS	7
SECTION 5(A)(II). FUND FOR HEALTHCARE SERVICES	7
SECTION 5(A)(III). FUND FOR COMMUNITY HEALTH AND SAFETY PROGRAMS	7
PALO ALTO FISCAL BENEFITS	7
SECTIONS 5(B)(I) AND 5(B)(II). PAYMENT OF SALES AND USE TAXES	8
SECTION 5(B)(III). FUNDING OF OPERATING DEFICIT	8
SECTION 5(B)(IV). PAYMENT OF UTILITY USER TAX	8
SECTION 5(B)(V). SCHOOL FEES	9
TRAFFIC MITIGATION AND REDUCED VEHICLE TRIPS	9
SECTION 5(C)(II). MENLO PARK TRAFFIC MITIGATION	9
SECTION 5(C)(III). EAST PALO ALTO VOLUNTARY MITIGATION	9
SECTION 5(C)(IV). CONTRIBUTIONS TO AC TRANSIT	9
SECTION 5(C)(V). OPTICOM PAYMENTS	10
SECTION 5(C)(VI). CALTRAIN GO PASSES	10
SECTION 5(C)(VII). MARGUERITE SHUTTLE SERVICE	10
SECTION 5(C)(VIII). TRANSPORTATION DEMAND MANAGEMENT COORDINATOR	11
SECTION 5(C)(IX). MONITORING OF TDM PROGRAMS	11
LINKAGES	12
SECTION 5(D)(I). INTERMODAL TRANSIT FUND	12
SECTION 5(D)(II). QUARRY ROAD FUND	13
SECTION 5(D)(III). STANFORD BARN CONNECTION	13
INFRASTRUCTURE, SUSTAINABLE NEIGHBORHOODS AND COMMUNITIES, AND AFFORDABLE HOUSING	13
SECTION 5(E).	13
CLIMATE CHANGE	14
SECTION 5(F). CLIMATE CHANGE FUND	14
SATISFACTION OF CONDITIONS OF APPROVAL	14
SECTION 5(H). SATISFACTION OF ALL CONDITIONS OF APPROVAL	14
CONCLUSION	15

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, eleven 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, and the School of Medicine has completed the first phase of development of its replacement facilities, with its BioMedical Innovations building open for research. Interior renovations within the 1989 portion of the preexisting Stanford Hospital facility have now commenced, and are expected to continue for the next several years, bringing the facility up to modern healthcare standards.

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 are enabling 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.



2021-2022 SUMMARY OF PROGRESS

The Renewal Project has reached key milestones in recent years, with the opening of the Lucile Packard Children’s Hospital expansion in 2017 and the opening of the New Stanford Hospital in 2019, and most recently the opening of the School of Medicine’s BioMedical Innovations building in 2020¹. While the COVID-19 pandemic changed the pace of progress on the Renewal Project, as Stanford Medicine focused resources on pandemic response, including launching clinical trials for therapeutic treatments for COVID-19 and establishing community testing and vaccination sites, it has also highlighted the importance of modern, state-of-the-art facilities to support Stanford Medicine’s research and patient care.

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.

¹ Temporary certificate of occupancy was issued in 2020; final certificate of occupancy was issued in 2021.



2021-2022 SUMMARY OF PROGRESS

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.

LPCH is currently planning for improvements to its preexisting West building which will modernize its infrastructure and provide a more comfortable patient experience. These improvements include a redesigned main lobby entry and drop-off for the West Building; plans are anticipated to be formally submitted to the City for Architectural Review in Summer 2022.

STANFORD HEALTH CARE

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. With the new Stanford Hospital now complete, Stanford Health Care has begun a series of renovations within its preexisting facilities, including the conversion of shared patient rooms into private rooms within the 1989 portion of the Hospital; this renovation work is planned to proceed in phases over the next several



2021-2022 SUMMARY OF PROGRESS

years. In addition, to continue to maintain its current 600-bed count upon conversion of existing shared patient rooms to private rooms, Stanford Health Care is also planning an addition to the preexisting Hospital of approximately 37,000 square feet. This proposed addition received Architectural Review approval in March 2022, and a City grading / excavation permit was issued in June 2022. Grading activity is expected to commence in Summer 2022

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, featuring integrated laboratory suites, with easier access between labs and support facilities, enabling transparency, flexibility, and collaboration.

The first phase of School of Medicine development (BioMedical Innovations Building 1, or “BMI-1”) is now complete, having received a certificate of occupancy in Spring 2021, and 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.



2021-2022 SUMMARY OF PROGRESS

BLAKE WILBUR DRIVE ROADWAY EXTENSION

As required by the 2011 Project Approvals, a new link roadway will be constructed between Sand Hill Road and Welch Road; this roadway will connect Durand Way to Blake Wilbur Drive, and will provide an important automobile, bicycle, and pedestrian connection in the vicinity of the Medical Center. Specifically, it will serve as an uncongested route for emergency vehicles accessing the medical campus via Sand Hill Road, and will provide improved access to both the Main Medical Campus and the outer Welch medical office buildings. The scope includes two travel lanes in each direction, Class II bicycle lanes, sidewalks with planter strips including new tree plantings and bioretention areas, new signal poles, and underground utilities. The roadway design was approved at the schematic level by the Architectural Review Board in 2011, but design development and construction were not immediately able to advance as the impacted site was under third-party lease until 2020. Design work resumed in 2020, and staff-level Architectural Review approval for the roadway improvements was issued in late 2021. Construction activities are anticipated to commence in 2022, pending permit issuance.

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
STANFORD HEALTH CARE	
1101 Welch demolished	(40,100)
500 Pasteur	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
SCHOOL OF MEDICINE	
BioMedical Innovations building	196,921
Partial decant of 1959 Stone Complex	(18,472)
Total	178,449
HOOVER PAVILION	
Miscellaneous shops and storage demolished	(13,831)
Stanford Neuroscience Health Center (Hoover MOB)	91,605
Total	77,774

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

This section of the Annual Report summarizes the steps that Stanford Medicine has taken to comply with its 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 has recently engaged with City staff to establish the joint committee to evaluate proposals for programs to receive funding. Joint committee meetings are targeted to begin in Summer 2022. 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.

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.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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, 2022. 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 2021 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.
- 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.

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.

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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. In May 2022, school fees in the amount of \$22,641 were paid to Palo Alto Unified School District to account for Stanford Health Care's planned addition to the 1989 portion of the preexisting hospital.

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. 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

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 the alternative transportation mode goals specified in the Development Agreement in the required timeframe, including any period of permitted delay, 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:

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

- 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 are making 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)). The Hospitals continue to meet this requirement, and currently lease 100 parking spaces in Newark (35263 Fircrest Drive). However, the Fircrest-Ardenwood route that provided service to these spaces was suspended in December 2020 due to the pandemic reducing demand and resulting low ridership. East Bay riders continue to be served by the U Line and DB Express.

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.

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 2022.

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

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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. 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.

The Hospitals have also created a new role, Transportation/TDM Director, that is in addition to the previously established TDM Coordinator role, to lead the effort of increasing the use of alternative transportation among Hospital employees.

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



COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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. Stanford Medicine submitted its 2022 Alternative Mode Share Report to the City on May 31, 2022; this report shows an alternative mode split of 19.9% for the Hospitals, representing a significant drop in alternative mode share since the start of the COVID-19 pandemic and a further decrease relative to the Spring 2021 results (28.8%). The continued shift from alternative modes to single-occupancy vehicles among on-campus Hospital staff is consistent with generally observed changes in transit behavior during the pandemic, with the key difference that the Hospitals' on-campus employees largely do not have the ability to perform work remotely, as they primarily occupy roles which require direct patient interface or otherwise require physical presence. Given ongoing concerns over the safety of public transportation during the pandemic, the further reduction in the Hospitals' alternative mode share from the most recent reporting year can be more easily understood. Under the circumstances, the Hospitals are excused from achieving, on schedule, the alternative mode share targets of this section of the Development Agreement.

Due to the pandemic-induced circumstances noted above and as allowed by the Development Agreement, Stanford Medicine has filed a Notice of Intent to Claim a Permitted Delay with the City which establishes that due to the ongoing COVID-19 pandemic the Hospitals are unable to meet the alternative mode share targets on schedule. The Hospitals expect that the period of permitted delay will extend through a period ending one year after the expiration or termination of the United States Secretary of Health and Human Services' determination that a public health emergency exists due to the COVID-19 pandemic. This anticipated period of permitted delay accounts for an end to the current public health emergency, and the gradual return of commuter confidence in alternative transit. During this period, other related obligations would continue to be met, including but not limited to implementing an enhanced TDM program, monitoring progress toward meeting the alternative mode share targets, providing annual reports to the City, striving to maximize use of alternative commute modes by Hospital employees, and meeting with the City on a regular basis to identify potential improvements to the enhanced TDM program. Stanford Medicine plans to file an application for an amendment to the Development Agreement to implement the period of permitted delay and establish viable timelines for compliance with alternative mode share targets.

Stanford Medicine remains committed to increasing its alternative mode share, and enabling employees to travel safely to work using alternative modes.

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

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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.

INFRASTRUCTURE, SUSTAINABLE NEIGHBORHOODS AND COMMUNITIES, AND AFFORDABLE HOUSING

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

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

COMPLIANCE WITH DEVELOPMENT AGREEMENT OBLIGATIONS

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.

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 eleventh year, Stanford Medicine looks forward to continued engagement with the City of Palo Alto as the project continues to progress.

