

SUMC Development Agreement, Section 5 - SUMC Parties' Promises

FY 2021-2022

Health Care Benefits				
DA Section	Description	Summary	Activity	Complies?
5(a)(ii)	Fund for Healthcare Services	Financial assistance for Palo Alto residents	SUMC establishment of a \$3M fund that will grow to \$5.6M by December 31, 2025. Fund will be used in even increments over a ten-year period from 2026-2036 to assist Palo Alto residents who have self-payment responsibilities beyond their financial means, as described in Section 5(a)(ii).	Yes, complies – No activity required in FY 2021-2022.
5(a)(iii)	Fund for Community Health and Safety Programs	\$4M fund for selected community health programs for Palo Alto residents	First and only payment of \$4M on August 25, 2011 to establish City fund. The joint committee formed according to the Development Agreement approved expenditures from this fund for FY 2021-2022. There were expenditures from this fund during the reporting period FY 2021-2022.	Yes, complies - Fund activity and balances in FY 2021-2022 reported in Attachment E.
Fiscal Benefits				
DA Section	Description	Summary	Activity	Complies?
5(b)(i), (ii)	Payment of Sales and Use Taxes	Activities to maximize sales and use taxes paid to the City	SUMC contributes to General Fund Sales and Use Tax revenues via construction-related activities. The City reviews the Construction Sales & Use Tax Monitoring Report that is submitted by SUMC on June 30 of each year.	Yes, complies - SUMC timely submitted the Construction Sales & Use Tax Monitoring Report for the previous calendar year.

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			The City submits a letter to SUMC each year that notes local tax received from SUMC project activities for the year. Based upon the City's review of the annual Construction Sales and Use Tax Monitoring Report, revenues for calendar years 2011 through 2021 have totaled \$5,405,338.	The City sent their required response. This annual reporting assists in the process of ensuring that the City would receive no less than \$8.1M in construction sales and tax revenue by December 31, 2025.
5(b)(iii)	Funding of Operating Deficit / Expansion Cost Mitigation	\$2.417M fund to assure City costs associated with the project do not exceed revenues resulting from construction and operation of the project.	Payment of \$2.417M on August 25, 2011 to establish fund. There were expenditures from this fund during the reporting period FY 2021-2022.	Yes, complies -Fund activity and balances in FY 2021-2022 reported in Attachment E.
5(b)(iv)	Payment of Utility Users Tax	5% tax on all electricity, gas and water charges on new construction	Utilities confirmed that billing accounts were created in past fiscal years when new meters were set for new construction, including NSH, NSH Garage, LPCH, and BMI, and the Utility Users Tax is paid through the normal billing process for each site.	Yes, complies.
5(b)(v)	School Fees	Payment of PAUSD fees for net new square footage	\$342,617 fee paid for LPCH and NSH expansion in 2012. \$7,051 fee paid for NSH and NSH Garage expansion in July 2013.	Yes, complies - SUMC made payments to PAUSD for all net new square

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			\$16,119 fee paid for Hoover Medical Office Building expansion in May 2014. \$461.16 fee paid to account for incremental square footage for the New Stanford Hospital Garage. Additional PAUSD school fees were paid in FY 2021-2022 for the Nursing Pod Extension project due to OSHPD requiring these payments prior to issuance of a construction shoring permit.	footage for which school fees apply at the time of past permit receipt. Staff will reconfirm SUMC payment of PAUSD school fees for the Nursing Pod Extension project when the City issues this permit in a future fiscal year.
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Traffic Mitigation and Reduced Vehicle Trips				
DA Section	Description	Summary	Activity	Complies?
5(c)(ii)	Menlo Park Traffic Mitigation	\$3,699,000 payment for traffic mitigation, infrastructure, sustainable neighborhoods, affordable housing	First of three \$1.23M payments made on August 19, 2011. Second payment of \$1.23M made on December 5, 2012. Third and final payment of \$1.23M made on December 14, 2017, which was within 30 days from issuance of the first Hospital Occupancy Permit (LPCH).	Yes, complies - SUMC made all required payments to Menlo Park, including the last and final payment in FY 2017-2018.
5(c)(iii)	East Palo Alto Voluntary Mitigation	\$200K for roadway and signal improvements on University Ave.	\$200K payment made on August 19, 2011.	Yes, complies.

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5(c)(iv)	Contributions to AC Transit	U-line capital improvements, low load factor ratios, parking spaces at Ardenwood Park & Ride	<p>\$250K payment made to AC Transit on January 5, 2018.</p> <p>SUMC is also invoiced by AC Transit for payments throughout the year that total over the \$50K per year discussed in the SUMC Development Agreement. Payments to AC Transit are required for the life of the project.</p> <p>Since May 2014 and until April 30, 2018, SUMC Parties leased a park-and-ride facility on Kaiser Drive near the Ardenwood Park & Ride. SUMC used an interim temporary facility through FY 2019-2020. In FY 2020-2021 and FY 2021-2022, SUMC leased 100 parking spaces in Newark (35263 Fircrest Drive).</p>	Yes, complies.
5(c)(v)	Opticom Payments	\$11,200 payment for Opticom traffic control system at 7 intersections	<p>\$11.2K payment made to the City in FY 2017-2018 within 30 days from issuance of the first Hospital Occupancy Permit (LPCH).</p> <p>As the City has upgraded systems, the City and SUMC agreed through a letter exchange that the payment could be used for the new coordinated prioritization signaling at City-maintained traffic signals.</p>	Yes, complies.

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5(c)(vi)	Caltrain Go Passes	SUMC purchase of passes for all existing and new hospital employees working >20hrs/week	Go Passes have been purchased per the Development Agreement since January 1, 2012, including for FY 2021-2022.	Yes, complies.
5(c)(vii)	Marguerite Shuttle Service	Purchase of additional shuttles to meet demand	Since 2011, SUMC purchased additional shuttle buses for the Marguerite Shuttle service which now includes five renewable diesel-electric hybrid buses and 23 all-electric buses. Additional all-electric buses also came online in FY 2017-2018. Shuttles were running in FY 2021-2022.	Yes, complies.
5(c)(viii)	SUMC Transportation Demand Management (TDM) Coordinator	SUMC hires coordinator to promote alternative transportation options	TDM Coordinator was hired in March 2012. This position has since been elevated to a TDM Program Manager position and the position remains filled.	Yes, complies.
5(c)(ix)	Monitoring of TDM Programs	Yearly report regarding alternative transit mode use	The SUMC parties found that the alternative mode share milestone target of 33% outlined in SUMC DA Section 5(c)(ix) was not met for 2022, nor was it above the previous 2018 milestone target of 30%; the	SUMC timely submitted their annual Alternative Mode Share report for FY 2021-2022. Monitoring in FY 2021-2022 identified

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			alternative mode share rate for SUMC decreased to 19.9% in FY 2021-2022 between use of alternative modes versus driving alone, largely due to ongoing pandemic conditions.	that SUMC missed the alternative mode share target of 33% for two consecutive years. As received by the City on June 14, 2022, the SUMC Parties asserted a permitted delay under the Force Majeure provision of the Agreement. The SUMC Parties and City staff are actively engaged in developing an amendment to the Agreement in order to resolve this issue.
Linkages				
DA Section	Description	Summary	Activity	Complies?
5(d)(i)	Intermodal Transit Fund	\$2.25M payment to improve pedestrian linkages to PA Intermodal Transit Center	First and only payment of \$2.25M on August 25, 2011 to establish City fund. City constructed temporary improvements prior to the issuance of the first Hospital Occupancy Permit (LPCH) to serve the linkage goal and functional requirements.	Yes, complies -Fund activity and balances in FY 2021-2022 reported in Attachment E.
5(d)(ii)	Quarry Road Fund	\$400K payment to improve pedestrian	First and only payment of \$400K on August 25, 2011 to establish City fund. City	Yes, complies - As of FY2019, there is no longer

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		linkages along Quarry Road	constructed the improvements prior to the issuance of the first Hospital Occupancy Permit (LPCH) to serve the linkage goal and functional requirements.	a fund balance in this category.
5(d)(iii)	Stanford Barn Connection	SUMC budgets up to \$700K for connections in the vicinity of barn	SUMC constructed the Stanford Barn Connection prior to the issuance of the first Hospital Occupancy Permit (LPCH) to serve the linkage goal and facilities are fully operational.	Yes, complies.
Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing				
DA Section	Description	Summary	Activity	Complies?
5(e)	Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund	\$23.2M payment for these uses	<p>First of three \$7,733,333 payments made on August 19, 2011. Second payment of \$7,733,333 made on December 5, 2012. The third and final payment of \$7,733,333 made on December 12, 2017, which was within 30 days from issuance of the first Hospital Occupancy Permit (LPCH). There were expenditures from this fund during the reporting period FY 2021-2022.</p> <p>Of the funds in the Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund, \$1,720,488 was to be used for support of</p>	Yes, complies -Fund activity and balances in FY 2021-2022 reported in Attachment E.

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			affordable housing. SUMC funding supported the Stevenson House project in FY 2013 and the remaining affordable housing funds were fully exhausted in FY 2020 to support the Wilton Court Housing Project.	
Climate Change				
DA Section	Description	Summary	Activity	Complies?
5(f)	Climate Change – Sustainability Programs Benefit Fund	\$12M payment for climate change-related projects and programs	First of three \$4M payments made on August 19, 2011. Second payment of \$4M made on December 5, 2012. The third and final payment of \$4M made on December 12, 2017, which was within 30 days from issuance of the first Hospital Occupancy Permit (LPCH).	Yes, complies -Fund activity and balances in FY 2021-2022 reported in Attachment E.