CITY OF SAN LEANDRO

STAFF REPORT

DATE: May 3, 2010

TO: Stephen L. Hollister, City Manager

FROM: Luke Sims, Community Development Director

BY: Kathleen Livermore, Planning Manager and Sally Barros, Senior Planner

MATTER OF CERTIFICATION OF THE KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER/MIXED-USE RETAIL DEVELOPMENT PROJECT EIR, INCLUDING ADOPTION OF THE ATTACHED CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS AND MITIGATION MONITORING AND REPORTING PROGRAM; ADOPTION OF A GENERAL PLAN AMENDMENT FOR THE ENTIRE PROJECT SITE TO GENERAL COMMERCIAL; RE-ZONING OF THE ENTIRE PROJECT SITE TO COMMERCIAL COMMUNITY WITH A PLANNED DEVELOPMENT OVERLAY [CC (PD)]; APPROVAL OF A PLANNED DEVELOPMENT FOR PHASE 1 OF THE MEDICAL CENTER INCLUDING SITE PLAN REVIEW BASED ON THE GUIDELINES, PLANS AND OTHER PROJECT SUBMITTALS; AND APPROVAL OF THE DEVELOPMENT AGREEMENT FOR THE PROJECT

SUMMARY AND RECOMMENDATION

The purpose of this May 3, 2010 City Council hearing is to receive comments from the public on the merits of the proposed Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development project and on the adequacy of its EIR, and to consider certification of the EIR and approval of the various project entitlements currently sought by Kaiser Foundation Hospitals (Kaiser).

On April 22, 2010 the San Leandro Planning Commission held a special hearing to consider making recommendations to the City Council on these items. The staff report for that April 22, 2010 hearing (see Attachment A and it’s associated Exhibits) indicated staff’s support for Planning Commission recommendations to certify the EIR and to approve the various project entitlements. Following public comment and Commission deliberations, the Planning Commission voted 7 – 0 in favor of recommending certification of the EIR, approval of a General Plan amendment, re-zoning of the site, Planned Development Project approval and approval of the Development Agreement (see Planning Commission Resolution, Exhibit “A” to the April 22, 2010 Planning Commission Special Hearing).
PROJECT DESCRIPTION

Kaiser has been working with the City of San Leandro for several years to develop a 63-acre parcel of property, formerly the site of an Albertson's distribution center, located off Marina Boulevard just west of Interstate 880. Kaiser purchased this property in November 2005. As proposed, the 63-acre project site would be divided into two portions, the approximately 38-acre southern portion is planned as a new medical center, and the approximately 25-acre northern portion is planned for a future mixed-use retail development.

Medical Center

Phase 1 of the Medical Center includes an approximately 436,000 square foot new hospital containing up to 264 licensed beds, an approximately 275,000 square foot Hospital Support Building immediately adjacent to and connected to the hospital, a central utility plant (CUP) containing all of the major mechanical and electrical equipment, and up to 2,100 surface parking spaces. If approved, construction of Phase 1 of the Medical Center is anticipated to commence in the spring of 2010 and be complete by 2014.

Future buildout of the Medical Center may include expansion of the hospital by an additional 175,000 square feet to accommodate an additional 120 beds; the construction of two additional medical office buildings of approximately 100,000 square feet each; and the potential for a structured parking garage. The precise timing, order and rate of development associated with full buildout of the Medical Center are dependent upon a number of currently unknown factors including changes in health care delivery requirements, member needs, market orientation, interest rates, competition and other factors.

Mixed-Use Retail Development

A specific development for the mixed-use retail portion of the site is not currently proposed. Entitlements sought for this portion of the property are limited to certification of the EIR, the General Plan amendment and re-zoning, as well as those described in the development agreement. Prior to any development of the mixed-use retail site a separate project application would need to be filed, subsequent environmental review conducted and discretionary approvals for a separate Planned Development project considered and approved by the City Council. It is envisioned that the mixed-use retail development will be implemented between 2013 and 2019, but these estimated dates are dependent upon the economics of the retail industry and are thus subject to change.

In order to provide flexibility for the mixed-use retail development site to appropriately respond to future market conditions, the program for buildout of the northern portion of the site includes several options. These options include up to 432,000 square feet of retail use only, or a lesser amount of retail (387,000 square feet) with either 250 units of residential apartments, or a 210-room hotel.

KEY ISSUES / MATTERS OF DISCUSSION AT THE PLANNING COMMISSION HEARING

There were nineteen (19) public speakers who commented on the project and its associated EIR at the April 22nd Planning Commission hearing, and considerable discussion, questions and
deliberation by the Planning Commission. Generally, these comments and questions focused on four key issues:

1) whether certain terms of the Development Agreement and its supporting fiscal analysis appropriately account for the costs that the City will bear in order to provide services to the project and to mitigate its impacts;

2) whether traffic impacts associated with the development have been fully and completely mitigated to the extent feasible,

3) whether the project’s greenhouse gas emissions have been fully analyzed and addressed in the EIR; and

4) the potential that approval of the General Plan amendment and re-zoning of the northerly portion of the project site for mixed-use retail development might negatively impact existing retail centers and may result in such severe economic impacts at Bayfair Center and other existing San Leandro retail areas as to result in blight.

Each of these topics is more fully addressed below.

Development Agreement and Supporting Fiscal Analysis

Public comments and Commission discussion was held as to whether certain terms of the Development Agreement and its supporting fiscal analysis appropriately account for the costs that the City will bear in order to provide services to the project and to mitigate its impacts (such as the costs for roadway maintenance).

Staff Recommendation

Because the Medical Center will be largely exempt from property taxes, the Development Agreement calls for Kaiser to contribute to a Community Impact Fund and to agree to the formation of an assessment district to off-set the costs for providing City services. The amount of this contribution ($3,100,000) is based, in part, on a fiscal impact analysis prepared by Keyser Marston Associates. The amount of the Community Impact Fund payment is also based on the results of a negotiation process and an acknowledgment that the Project will yield economic and community benefits that could not be captured in the fiscal analysis.

That Keyser Marston fiscal analysis derives its estimate of the costs for providing City services (such as street maintenance) from the City’s current budget. Staff believes that the methodology used by Keyser Marston in their fiscal analysis and as reflected in the terms of the Development Agreement represent an appropriate and defensible nexus between the revenue that the City could currently contemplate as being derived from development of this property should it not otherwise be exempt from payment of property taxes. In other words, a mitigation payment based on this approach would ensure that the City were made whole, and suffered no negative fiscal impact from the project. Requiring a mitigation payment based on an optimal expenditure level would, in effect, require Kaiser to pay its fair share of a level of service that it would never actually receive.
Traffic Mitigation

Public comment and Commission discussion focused on the issue of whether the circulation plan as proposed, including the mitigation measures recommended in the EIR and the staff’s recommended Conditions of Approval, were adequate to accommodate projected traffic levels associated with development of Phase 1 of the Medical Center. Specifically, comments suggested that a southbound Merced Street double left turn was needed at the hospital’s new main entrance road at Merced Street/Republic Avenue during Phase 1 in order to prevent operational impacts and congestion along adjacent roadways and intersections.

Staff Recommendations

Staff and the City’s traffic engineering consultants have reviewed all information submitted on this topic, including those comments made at the April 22, 2010 Planning Commission hearing. Staff does not believe that any of these comments change the analysis or conclusions presented in the project’s EIR, which have formed the basis of the mitigation measures and recommended Conditions of Approval.

The EIR determined that traffic generated by Phase 1 of the Kaiser Medical Center would adversely impact the Marina Boulevard/Merced Street intersection. Mitigation Measure TR-1.1 requires implementation of an adaptive traffic signal system for all of the signals along the Marina Boulevard corridor between Merced Street and Alvarado Street, and along the Merced Street corridor between Marina Boulevard and Fairway Drive. An adaptive traffic signal system is a state-of-the-art system that allows for the modification of signal cycle lengths and optimized actuated signal phasing sequence and timings for the corridor based on actual real-time traffic conditions. This measure was determined to be capable of reducing traffic impacts associated with Phase 1 of the Medical Center to a level of less than significant. However, implementation of this mitigation measure at the freeway on- and off-ramps on Marina Boulevard would require approval by Caltrans. Although the City does not foresee a problem with Caltrans’ acceptance of these improvements, Caltrans’ acceptance cannot be guaranteed. As such, impacts to the Marina Boulevard/Merced Street intersection are identified as significant and unavoidable.

Even with the adaptive signal system in place, it is anticipated that queuing effects on Merced Street at the new Republic Avenue entrance to the Medical Center could extend beyond the available storage capacity of the turn lane, resulting in an operational impact during Phase 1. Therefore, the staff’s recommended Conditions of Approval requires Kaiser to construct a new signalized driveway to the Medical Center from Marina Boulevard as part of Phase 1 (even though the EIR indicates that this improvement is not required until development of a mixed-use retail project). The new access driveway from Marina Boulevard would provide an additional access point to the Medical Center, thus diverting a portion of project traffic and improving operational characteristics at the Merced Street/Republic Avenue intersection. With these two improvements (the adaptive traffic signal system and the new Marina Boulevard driveway), the analysis indicates that Phase 1 traffic impacts would be reduced to a level of less than significant and operational impacts would also be alleviated.

It is not until development of the mixed-use retail component of the project that further traffic impacts to the Merced Street/Republic Avenue intersection would worsen to a level necessitating a second left turn lane. The EIR recommends Mitigation Measure TR-1.3 to be implemented as part of the development of any future mixed-use retail project, which requires widening the north
leg of the intersection to provide two left-turn lanes, one through lane and one shared-through-right lane on the southbound approach (as well as bike lanes in both directions in accordance with the San Leandro Bicycle and Pedestrian Master Plan). With such widening, the southbound left-turn queue could be accommodated within the storage capacity of the two left turn lanes, and upstream traffic operations along Merced Street would not be adversely affected. Widening Merced Street to accommodate these improvements would require the acquisition of additional right-of-way, particularly at the property know as the Foundry site. Acquiring this additional right-of-way cannot be guaranteed due to the presence and potential impacts to existing businesses and as such, with implementation of the mixed-use retail component of the project, impacts to the Republic Avenue/Merced Street intersection would be significant and unavoidable.

Greenhouse Gas Emissions

Additional public comment has suggested that the topic of greenhouse gas emissions as presented in the EIR has not been fully analyzed and addressed. Specifically, comments have suggested that the greenhouse gas mitigation measures are not specific enough, that additional measures are feasible, and that elements of these recommended mitigation measures are improperly deferred to a later date.

Staff Recommendations

Staff has reviewed these comments and believes that the analysis of greenhouse gas emissions as presented in the EIR is complete, comprehensive and thorough. The analysis of greenhouse gas emissions has been prepared using the computer tools and methodology as recommended by the Bay Area Air Quality Management District. A key mitigation measure identified in the EIR to reduce air quality emission and greenhouse gasses is implementation of a Transportation Demand Management (TDM) program designed to achieve a 10 percent to 15 percent reduction in drive-alone, single occupant vehicles. Numerous specific implementation strategies are outlined under this program, including establishment of a shuttle system between the Medical Center and the San Leandro BART station. The effectiveness of this program is to be measured and monitored using an annual survey of Medical Center employees. Additional greenhouse gas emission reductions will be achieved through Kaiser’s implementation of numerous “Green Guidelines for Health Care” initiatives that are part of Kaiser’s proposed development plans.

Only when a specific development proposal has been made for the mixed-use retail component of the project, can the details of a greenhouse gas emissions reduction strategy be fully developed for that portion of the project. As indicated in numerous places in the EIR, subsequent environmental analysis will be required of any such future mixed-use retail project, including a detailed greenhouse gas reduction strategy specifically tailored to that project.

Economic Impacts / Blight

Public comments have suggested the potential that approval of the General Plan amendment and re-zoning of the northerly portion of the project site for mixed-use retail development might negatively impact existing retail centers and may result in such severe economic impacts at Bayfair Center and other existing San Leandro retail areas as to result in blight. This issue was also raised as part of the public comments on the Draft EIR.
Staff Recommendation

To respond to this issue as part of the Final EIR, staff retained the economics firm of Keyser Marston Associates (KMA) to undertake a review of the trade area and its demographics; to quantify the retail spending power in the trade areas and compare them to Bayfair sales and potential sales at the Kaiser Site; to review all of the competitive retail centers in the field; and to review the experience at Eastmont Mall and Baldwin Hills Crenshaw Plaza as it pertains to urban decay. The KMA analysis concluded the following:

- Since a future mixed-use retail development project could feature a variety of potential retail concepts with markedly different potential impacts on existing retailers, it is premature to conclude as to potential urban decay impacts at this time.

- Even if the retail concept focused on store types represented at Bayfair (not assured), the share of trade area sales at the Kaiser Site would be small, about 10% of the total trade area sales potential for these types of stores. This would not be a dominant center and would not, therefore, likely cause urban decay.

- Bayfair currently captures only a small share of retail spending for shoppers’ goods by residents of the Bayfair trade area. Therefore, it is unrealistic to portray that a high proportion of retail sales at the Kaiser Site, even if focused on similar store types, would be at the expense of Bayfair. Data indicate that the trade area within a ten minute drive time of the Kaiser Site is underserved for shoppers’ goods, with sales potential exceeding sales by more than $200 million annually; therefore, retail at the Kaiser Site focused on shoppers’ goods could serve an unmet demand;

Staff does not believe that any of the information presented to the Planning Commission at the April 22, 2010 hearing or since that time changes the conclusions of the Keyser Marston Associates study, and that this issue has been adequately and appropriately addressed.

MINOR CORRECTIONS

Minor typographical errors were discovered prior to the Planning Commission meeting. Those errors were clerical in nature and the Planning Commission directed staff to make the appropriate corrections for the City Council material. Those corrections related to Exhibit C - Findings of Fact and the Public Notification section of the Planning Commission staff report and to the Conditions of Approval related to the Transportation Demand Management Plan. These corrections have been made.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council take the following actions:

1) Conduct a public hearing on the project and its associated EIR;

2) Adopt the City Resolution adopting the CEQA Findings for the Project (Exhibit “B” to the April 22, 2010 Planning Commission Special Hearing) including the Statement of Overriding Considerations, and certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR, as well as approval of the Mitigation
Monitoring and Reporting Program (Exhibit “D” to the April 22, 2010 Planning Commission Special Hearing), prior to taking action on the Project;

3) Adopt the City Resolution adopting the Findings for Project Approval (Exhibit “C” to the April 22, 2010 Planning Commission Special Hearing) and amending the General Plan Land Use designation for the entire 63-acre project site from General Industrial and Light Industrial to General Commercial;

4) Adopt the City Ordinance adopting the Findings for Project Approval (Exhibit “C” to the April 22, 2010 Planning Commission Special Hearing), re-zoning the entire 63-acres project site from the Industrial General District with a Special Review Overlay District [IG-(S)], to Commercial Community with a Planned Development Overlay [CC-(PD)], and approving the Planned Development Project for Phase 1 of the Medical Center as being in the public interest and providing superior urban design, including approval of the site design concepts, architecture and landscape (see Exhibit “H” to the April 22, 2010 Planning Commission Special Hearing) subject to staff’s recommended Conditions of Approval (Exhibit “E” to the April 22, 2010 Planning Commission Special Hearing)

5) Adopt the City Ordinance approving the Development Agreement (Exhibit “F” to the April 22, 2010 Planning Commission Special Hearing) as being a legally binding agreement in compliance with the California Government Code, Section 65864, et seq, and which provides certainty that development of the Project will promote the orderly planning of public improvements and services, that costs are allocated to achieve maximum utilization of public and private resources in the development process, and that appropriate measures to enhance and protect the environment are achieved.

Attachments:

Attachment A: April 22, 2010 Planning Commission Staff Report, including the following Exhibits:

- Exhibit “A” – Planning Commission Resolution #2010-1 recommending that the City Council approve PLN2009-00030, the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project
- Exhibit “B” - CEQA Findings and Statement of Overriding Considerations
- Exhibit “C” - Findings of Fact for Project Approval – PLN2009-00030
- Exhibit “D” - Mitigation Monitoring and Reporting Program
- Exhibit “E” - Staff’s Recommended Conditions of Approval
- Exhibit “F” - Development Agreement by and between City of San Leandro and Kaiser Foundations Hospitals
- Exhibit “G” – Keyser Marston draft Fiscal Impact Assessment
- Exhibit “H” - Kaiser’s Entitlement Exhibits
- Exhibit “I” – Final Environmental Impact Report (not included; available for public review in the City Clerk’s Office and on the City website)

Attachment B: April 22, 2010 Planning Commission Minutes excerpt
Attachment C: Written Public CommentsReceived

- E-mail from Gary Kruger
- Letter from Department of Transportation
- E-mailed letter from Kaiser Permanente (comment cards not included; cards on file in the City Clerk’s Office)
- Letter from Urban Habitat
- Letter from Gagen McCoy
- Fax from Reynolds and Brown
- E-mailed letter from Kaiser Permanente (comment cards not included; cards on file in the City Clerk’s Office)
DATE: April 22, 2010

TO: Planning Commission

FROM: Kathleen Livermore, Planning Manager, and Sally Barros, Senior Planner

SUBJECT: Kaiser Permanente San Leandro Medical Center/ Mixed-Use Retail Development Project: Public hearing to consider a recommendation from the Planning Commission to the City Council for certification of the Kaiser Permanente San Leandro Medical Center/ Mixed-Use Retail Development Project EIR and approval of the project as further defined below. The 63 acre project site is divided into two portions, the southern portion (38 acres) is planned as a new medical center and the northern portion (25 acres) is planned for a future mixed-use retail development. Located between I-880 and Merced Street, and between Marina Boulevard and Fairway Drive; 11 separate Alameda County Assessor’s Parcel Numbers between 077A-0647-001-34 and 077A-0647-012-03; Kaiser Foundation Hospitals, applicant and property owner.

SUMMARY AND RECOMMENDATION

The purpose of this April 22, 2010 Planning Commission hearing is to receive comments from the public on the merits of the proposed Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development project and on the adequacy of its EIR, and to consider Planning Commission recommendations to the City Council on the various project entitlements currently sought by Kaiser Foundation Hospitals (Kaiser).

Summary

The project site consists of an approximately 63-acre parcel of property, formerly the site of an Albertson's distribution center, located off Marina Boulevard just west of Interstate 880. Kaiser Foundation Hospitals (Kaiser) purchased this property in November 2005 and has since been working with the City of San Leandro to develop a plan for its ultimate development as both a new medical center on the southern portion of the property, and as a future mixed-use retail development on the northern portion of the property.
Kaiser’s current plans for development of the property include a phased development approach for the full site.

**Phase 1: San Leandro Kaiser Medical Center**

The initial phase of development consists of a replacement for the existing Kaiser Permanente Hayward hospital with a new Phase 1 San Leandro Kaiser Medical Center. Phase 1 of the Medical Center would include an approximately 436,000 square foot, six-story hospital containing up to 264 licensed beds; an approximately 275,000 square foot, up to six-story Hospital Support Building located immediately adjacent to and connected to the hospital; a central utility plant and surface parking. If approved, construction of Phase 1 of the Medical Center is anticipated to commence immediately and be completed by January 2014.

**Mixed-Use Retail Development**

Construction of the mixed-use retail development portion of the project is not currently proposed, but is envisioned as a future phase likely to be implemented between 2013 and 2019. However, these estimated dates are dependent upon the economics of the retail industry and thus subject to change.

**Medical Center Buildout**

Similarly, buildout of the Medical Center is also anticipated as a future phase (or phases) that would provide future development capacity for Kaiser. Potential buildout of the Medical Center would not occur until after completion of Phase 1, but is anticipated prior to year 2030. The precise timing, order and rate of development associated with full buildout of the Medical Center are dependent upon a number of currently unknown factors including changes in health care delivery requirements, member needs, market orientation, interest rates, competition and other factors.

**Currently Sought Entitlements**

City of San Leandro certifications, approvals, agreements and other entitlements currently sought by Kaiser and necessary to begin implementation of Phase 1 of the project include the following:

- Certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR;
- General Plan amendment for the entire project site to General Commercial;
- Re-zoning of the entire project site to Commercial Community with a Planned Development Overlay [CC(PD)];
- Planned Development guidelines, plans, and other submittals for Phase 1 of the Medical Center, including site plan review;
- Development Agreement for Phase 1 of the Medical Center.

Subsequent approvals also anticipated to be necessary to begin construction of the Phase 1 Medical Center but not currently requested include, but are not limited to; Emergency Action Plan approval; Caltrans Encroachment Permit (for any work to be performed within Caltrans...
right-of-way); Alameda County Flood Control and Water Conservation District (ACFCWCD) permits for new storm drain connections and relocations; and demolition, grading and building permits and other administrative approvals as required from the City Building Division.

The DEIR, the Final EIR and other project documents may be found on the City of San Leandro website at: http://www.sanleandro.org/depts/cd/projects/kaiser.asp.

Staff Recommendation

As more fully described and explained in the following sections of this staff report, staff recommends that the Planning Commission take the following actions:

1) Recommend certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR to the City Council;

2) Recommend City Council approval of a General Plan amendment for the entire project site to General Commercial,

3) Recommend City Council re-zoning of the entire project site to Commercial Community with a Planned Development Overlay [CC(PD)],

4) Recommend City Council approval of the Planned Development, including all guidelines, plans, and other submittals pursuant to Article 10 of the Zoning Code for Phase 1 of the Medical Center, including site plan review for Phase 1 of the Medical Center;

5) Recommend City Council approval of the Development Agreement.

PROJECT DESCRIPTION

The 63-acre project site is divided into two portions, the approximately 38-acre southern portion is planned as a new medical center, and the approximately 25-acre northern portion is planned for a future mixed-use retail development.

Phase 1 Medical Center

State legislation (SB 1953) mandates the replacement or seismic retrofitting of certain existing acute care hospitals throughout California. The Kaiser Hayward hospital was evaluated for its seismic safety and potential for seismic retrofit, and the findings confirmed that replacement of this facility was required. The proposed San Leandro Kaiser Medical Center is intended to serve as a replacement for the existing Kaiser Permanente Hayward hospital.

Phase 1 of the San Leandro Kaiser Medical Center would include the following major components:

- Hospital: The hospital is proposed as an approximately 436,000 square foot, six-story building containing up to 264 licensed beds, located generally in the central portion of
the medical center site. It would include inpatient nursing functions, medical imaging/radiology, clinical labs and a blood bank, up to 10 operating rooms and recovery spaces, pharmacies, an emergency department, cafeteria and other building support departments.

- **Hospital Support Building (HSB):** The HSB is proposed as an approximately 275,000 square foot, up to six-story building located immediately adjacent to and connected to the hospital. It would provide outpatient clinical departments, physician offices, exam and treatment rooms, a pharmacy, administrative offices and member services departments.

- **Central Utility Plant (CUP):** The CUP would support the hospital and HSB and contain all of the major mechanical and electrical equipment necessary to support the medical center including boilers, chillers, emergency generators, switchgear, telecommunications equipment and offices and shops for the engineering department. These facilities would be contained within a 31,000 square foot, two-story building located apart from the hospital and HSB, closer to the I-880 freeway.

- **Parking:** Total parking for Phase 1 would include up to 2,100 surface parking spaces.

Phase 1 of the Medical Center would also include a number of on-site as well as off-site roadway improvements, including the extension of Republic Avenue from Merced Street. This extension of Republic Avenue would serve as the main driveway to the Medical Center and also provide access to the future mixed-use retail development site. Additional access to the Medical Center would be provided at two locations along Fairway Drive and at two locations off of the existing Frontage Road on the north side of the Fairway Drive overcrossing.

**Mixed-Use Retail Development**

In order to provide flexibility for the mixed-use retail development site to appropriately respond to future market conditions, the program for buildout of the northern portion of the site includes several options, each of which are anchored by a large retail component. These options include:

- 432,000 square feet of retail use only, or
- 387,000 square feet of retail use and 250 units of residential apartments, or
- 387,000 square feet of retail use and a 210-room hotel.

It is envisioned that the mixed-use retail development will be implemented between 2013 and 2019, but these estimated dates are dependent upon the economics of the retail industry and are thus subject to change.

**Medical Center Buildout**

Buildout of the Medical Center is defined as additional future development capacity to enable Kaiser to incorporate new health care delivery technologies as well as additional space for nursing, diagnostic, treatment, medical specialty and commercial/retail use. As currently
envisioned, buildout of the Medical Center may include expansion of the hospital by an additional 175,000 square feet to accommodate an additional 120 beds; the construction of two additional medical office buildings of approximately 100,000 square feet each; and the potential for a structured parking garage. This potential buildout would not occur until after completion of Phase 1, but is anticipated prior to 2030.

ENVIRONMENTAL REVIEW

Pursuant to the California Environmental Quality Act (CEQA), a Draft Environmental Impact Report (Draft EIR) was prepared by the City of San Leandro Community Development Department and released for public review on January 25, 2010. The 45-day public comment period on the Draft EIR ended on March 10, 2010. After the close of the public comment period, all comments that were received (either orally at the February 18, 2010 Planning Commission hearing or in writing) have been responded to in a Final EIR document. Pursuant to CEQA Guidelines, responses to public agency comments have been published and made available to all commenting agencies at least 10 days prior to this hearing.

The Draft EIR, comments and responses to those comments, and any necessary changes to the Draft EIR, together comprise the Final EIR for the project. The Planning Commission has had an opportunity to review all comments and responses thereto prior to consideration of certification of the EIR and prior to taking any action on the proposed project.

Scope of the EIR

The EIR comprehensively assesses the full range of potential environmental impacts of Kaiser’s Phase 1 development plans for the Medical Center at a detailed, project-specific level. Since the precise timing, order and rate of development associated with full buildout of the Medical Center are dependent upon a number of currently unknown factors, and since buildout of the mixed-use retail development is dependent upon the economics of the retail industry and thus subject to change, these buildout scenarios are assessed at a more general, programmatic level. It is anticipated that, following the submittal of any project-specific development proposal for either the Mixed-Use Retail Development or for buildout of the Medical Center, additional environmental analysis would likely be required.

Significant Environmental Issues

Other than the impacts discussed below, all of the environmental effects of the project can be reduced to less than significant levels through implementation of mitigation measures recommended in the EIR.

The proposed project will result in significant and unavoidable impacts associated with the environmental topics discussed below. In order to approve the proposed project, the City would have to adopt a Statement of Overriding Consideration for these significant unavoidable impacts.
Construction-Period Air Quality

In December of 2009, the BAAQMD issued its most recent draft update to its CEQA Guidelines and Thresholds of Significance. Although these Draft CEQA Thresholds and Guidelines are not yet approved, it is anticipated they will be adopted in the near future. Thus, the DEIR includes a comparative review against these newly proposed (but not yet adopted) thresholds for air quality.

Construction activities associated with the proposed project would cause emissions of dust or contaminants from equipment exhaust that could contribute to existing air quality violations or expose sensitive receptors to pollutant concentrations. This would be a temporary but potentially significant impact.

- **Mitigation**: To reduce particulate matter emissions during the project’s demolition and construction phases, the project sponsors shall require the construction contractors to comply with a set of feasible dust control and diesel-powered equipment emission control measures for all construction activities to minimize dust and equipment exhaust emissions. *(MM AQ-1)*

Implementation of these mitigation measures would reduce the impacts from construction dust and equipment exhaust, but construction emissions would still exceed the Draft BAAQMD thresholds. Therefore, this impact would remain significant and unavoidable.

Operational Air Emissions

The proposed project would create new sources of air pollutants, primarily mobile source emissions from vehicle trips that would contribute substantially to regional air quality pollution.

- **Mitigation**: To address this impact the EIR requires Kaiser to implement a Transportation Demand Management (TDM) program with the objective of reducing the number of drive-alone automobile trips to the Kaiser Medical Center and to the Mixed-Use Retail Development. The Kaiser Medical Center TDM program requires a reduction in vehicle trips associated with the Kaiser Medical Center by approximately 10 to 15 percent. *(MM AQ-2)*

This TDM program would result in trip reductions, but would not be sufficient to reduce the project’s air emissions to a less-than-significant level. Despite these measures, pollutant emissions would remain significant and unavoidable.

Greenhouse Gas (GHG) Emission

The proposed project would emit greenhouse gases during construction and operation that would exceed the Draft BAAQMD thresholds. As such, the proposed project would have a significant impact on the environment.

- **Mitigation**: Both the Kaiser Medical Center and the Mixed-Use Retail Development would implement several green building practices that would reduce GHG emissions *(MM CC-1)*. Some of the construction-oriented green building features derived from the Green Guide for Healthcare standards that Kaiser may implement, where feasible and practical, include conducting enhanced energy commissioning activities during
design, construction, and operation; and using sustainable construction materials for construction of the Medical Center.

Several aspects of the overall project’s design serve to reduce otherwise occurring GHG emissions. These design elements include; 1) public transportation access is available for at least two public bus lines usable by future residents and hospital staff and visitors, 2) future residential units would be provided in close proximity to employment sources, thereby creating a walk-able community that would reduce vehicle trips; and 3) Kaiser Medical Center staff, patients and visitors would be expected to take advantage of on-site retail opportunities provided as part of the project. These design measures would reduce emissions associated with vehicle trips.

The Medical Center would also implement a number of GHG reduction measures, in addition to the TDM program described above, that are derived from the Green Guide for Healthcare and specifically intended to reduce GHG emissions during operations. These features include:

- secure bicycle racks and/or storage, with shower and changing facilities;
- energy consumption at the hospital would be reduced by at least 3.5 percent over standard energy efficiency regulations, and by 10.5 percent over regulatory requirements in all other medical buildings;
- roofing materials will have a Solar Reflectance Index equal to or greater than the values listed in the Green Guide for Healthcare Credit Goals on a minimum of 75 percent of the roof surfaces;
- reducing natural gas consumption by 20 percent or greater using enhanced commissioning and enhanced refrigeration;
- either not using refrigerants; or selecting refrigerants and heating, ventilation, and air conditioning (HVAC) equipment that would minimize or eliminate the emission of compounds that contribute to ozone depletion and climate change;
- not using fire suppression systems that contain ozone-depleting substances (CFCs, HCFCs, or Halons);
- lighting controls for a minimum of 90 percent of the building occupants would be provided to enable adjustments to suit individual needs and preferences;
- natural lighting would be provided according to the standards of the Green Guide for Healthcare. Artificial lighting in areas where natural lights are supplied will be combined with solar sensors so that artificial lighting is only used when needed;
- all urinals (but not toilets or bed pan washers) and all hand wash sinks (but not compounding sinks, housekeeping sinks, or sinks in toilet rooms for inpatient bed rooms) would be equipped with sensor operators.

These GHG reduction measures would reduce GHG emissions from construction activities, and would minimize mobile, area source, indirect electricity, and solid waste emissions. However, the nature of the proposed project is such that mitigation cannot fully address its GHG emissions. Therefore, the GHG emissions of the project and the project’s contributions to global climate change would remain significant and unavoidable.
Traffic Impacts – Existing plus Phase 1 of the Kaiser Medical Center

A number of roadway and other transportation improvements are proposed as a part of Phase 1 of the Kaiser Medical Center. These improvements include:

- Republic Avenue would be extended into the project site as a new private roadway bisecting the northern 25-acre Mixed-Use Retail Development site from the southern 38-acre Kaiser Medical Center site. The Republic Avenue extension would act as the main driveway to the Kaiser Medical Center and would also provide access to the Mixed-Use Retail Development.

- A new driveway on Fairway Drive opposite Miller Street would be constructed to provide access primarily to the Kaiser Medical Center.

- An additional new driveway on Fairway Drive between Miller Street and Merced Street (the West Driveway) would be constructed to provide access to the Kaiser Medical Center.

- Two new right-turn-out only driveways from the Kaiser Medical Center parking lot to northbound Merced Street would be constructed.

- Traffic signals, crosswalks, pedestrian signal count-down heads, audible pedestrian signals or accessible pedestrian signals, and curb ramps with detectable warnings would be installed at the Merced Street/Republic Avenue intersection, the West Driveway/Fairway Drive intersection, and the Miller Street/Fairway Drive intersection.

- Merced Street would be re-stripped within existing right-of-way from the Wells Fargo Driveway to Republic Avenue to provide two lanes in both directions and a southbound left-turn lane at the Merced Street/Republic Avenue intersection.

- Merced Street would be widened to five lanes (from the existing four lanes) from Republic Avenue to Fairway Drive. This widening would occur along the eastern frontage of Merced Street. In addition, a northbound left-turn lane would be provided at the Merced Street/Republic Avenue intersection and a southbound left-turn lane would be provided at the Merced Street/Fairway Drive intersection. A center median would also be constructed that would prevent mid-block left turns for both southbound and northbound traffic along this stretch of Merced Street.

- Fairway Drive would be widened to three lanes (from the existing two lanes) from Merced Street to Miller Street. In addition, westbound left-turn lanes would be provided at Miller Street and at Merced Street and eastbound left-turn lanes would be provided at the West Medical Center Driveway and at the East Medical Center Driveway.

- New, wider sidewalks with buffers along Merced Street and Fairway Drive would be provided.

- Class II bike lanes would be constructed along the widened portion of Merced Street between Fairway Drive and Republic Avenue.
When traffic generated by Phase 1 of the Kaiser Medical Center is added to the roadway network, including the planned roadway changes and project improvements described above, only one nearby intersection would be adversely impacted – the intersection at the Marina Boulevard/Merced Street.

- **Mitigation**: Mitigation of this traffic impact requires implementation of an adaptive traffic signal system, not just at this intersection but at all of the signals along the Marina Boulevard corridor between Merced Street and Alvarado Street, and along the Merced Street corridor between Marina Boulevard and Fairway Drive. An adaptive traffic signal system allows for the modification of signal cycle lengths and optimized actuated signal phasing sequence and timings for the corridor. An adaptive traffic signal system required additional hardware to be added to each of the signals along these corridors. Such a system would improve traffic operations at the Marina Boulevard/Merced Street intersection. The mitigation measure requires the project sponsors to contribute a fair share sum towards this adaptive traffic signal system. *(MM TR-1.1)*

Implementation of an adaptive traffic signal system at the freeway on- and off-ramps on Marina Boulevard (intersections that are part of the interconnected signal corridor) would require approval by Caltrans. Although the City does not foresee a problem with Caltrans’ acceptance of these improvements, the City cannot guarantee Caltrans’ acceptance. As such, impacts to the Marina Boulevard/Merced Street intersection remain significant and unavoidable.

Traffic Impacts - Existing plus Phase 1 of the Medical Center plus the Mixed-Use Retail Development

Traffic associated with development of Phase 1 of the Kaiser Medical Center together with the Mixed-Use Retail Development would cause sub-standard levels of service at the Marina Boulevard/Merced Street intersection and create operational issues associated with queuing at the intersection at Republic Avenue/Merced Street.

- **Mitigation**: To mitigate traffic impacts at the Marina Boulevard/Merced Street intersection, a new signalized driveway into the northern portion of the Mixed-Use Retail Development project site along Marina Boulevard between the I-880 southbound ramps and Merced Street is required. This new signalized driveway would permit both left and right turns in from westbound and eastbound Marina Boulevard, providing a new access point to the project site and thus diverting a portion of traffic away from the Marina Boulevard/Merced Street intersection. Vehicles exiting the project site from this new driveway onto Marina Boulevard would be restricted to right turns only. In order to prevent additional on-site impacts to the Mixed-Use Retail Development associated with the new driveway and entrance roadway, a 60-foot wide driveway and roadway width with parking restrictions on either side would be required. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-1.3)*

- **Mitigation**: To mitigate queuing impact at the Republic Avenue/Merced Street intersection, required improvements include widening the north leg of the intersection.
to provide two left-turn lanes, one through lane and one shared-through-right lane on
the southbound approach (as well as bike lanes in both directions in accordance with
the San Leandro Bicycle and Pedestrian Master Plan). With such widening, the
southbound left-turn queue could be accommodated within the storage capacity of the
two left turn lanes, and upstream traffic operations along Merced Street would not be
adversely affected. The mitigation measure requires the project sponsors to contribute
fair-share funds towards this improvement. *(MM TR-1.2)*

The left-turn lane required for the new signalized driveway along Marina Boulevard could
encroach into Caltrans right-of-way. It is uncertain if an encroachment permit can be acquired,
and therefore the City cannot guarantee that this mitigation measure will be fully implemented.
As such, impacts to the Marina Boulevard/Merced Street intersection would be significant and
unavoidable.

Additionally, widening Merced Street would require the acquisition of additional right-of-way.
Acquiring this additional right-of-way cannot be guaranteed due to the presence and potential
impacts to existing businesses along Merced Street. As such, impacts to the Republic Avenue/
Merced Street intersection would be significant and unavoidable.

**Traffic Impacts - Cumulative (2035) plus Phase 1 plus Mixed Use Retail Development**

When added to projected cumulative traffic levels by year 2035, traffic associated with
development of Phase 1 of the Kaiser Medical Center together with traffic from the mixed-use
retail development would cause several intersections to degrade to substandard levels of service.

- **Mitigation:** In addition to the improvements identified in MM TR-1.1 through MM
  TR-1.3 above, there is additional mitigation needed to address the contribution to
cumulative traffic impacts associated with Phase 1 of the Kaiser Medical Center
together with traffic from the mixed-use retail development.

The following table provides a summary of the affected intersections, the mitigation measures
required, and a conclusion as to whether these measures can be implemented by the City to
reduce traffic impacts.

<table>
<thead>
<tr>
<th>Intersection - Location</th>
<th>Mitigation Measure</th>
<th>Limits on Implementation¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis Street/ Doolittle Drive</td>
<td>Mitigation of this traffic impact requires the westbound lanes to be re-striped to provide one left turn lane, one through lane, and two right-turn lanes. The mitigation measure requires the project sponsors to contribute fair-share funds towards this</td>
<td>Implementation of this mitigation measure would require an encroachment permit from Caltrans.</td>
</tr>
</tbody>
</table>

¹ The use of italics font under the column “Limits on Implementation” indicates that the recommended
mitigation measures may not be feasible due to required right-of-way acquisition and/or obtaining permits from
other agencies, such that the impact may remain significant and unavoidable. If these limitations on implementation
can be overcome (i.e., should right-of-way acquisition be found to be feasible or if permits can be obtained from
other agencies), these mitigation measures would be capable of reducing impacts to levels of less than significant.
Marina Boulevard/Teagarden Street

Mitigation of this traffic impact requires re-stripping of the eastbound approach lanes to convert the eastbound right-turn lane to a shared through-right lane, and to provide an additional receiving lane on the east leg of the intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-9.1)*

Implementation of this mitigation measure would require the acquisition of new right-of-way on the east leg of the intersection.

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Marina Boulevard/Alvarado Street

Mitigation of this traffic impact requires optimization of the actuated-uncoordinated signal timing at the Marina Boulevard/Alvarado Street intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-9.2)*

Implementation of this mitigation measures would require encroachment permits from Caltrans.

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Fairway Drive/Merced Street

Mitigation of this traffic impact requires the addition of lanes and modifications to the lane geometries at the Fairway Drive/Merced Street intersection, including: on the eastbound approach add one left-turn lane to provide two left-turn lanes, one through lane, and one right-turn lane; on the westbound approach re-stripe the right-turn lane to a shared through-right lane to provide one left-turn lane, one through lane and one through-right lane. This would require the widening of the west leg of the intersection to allow for the additional eastbound left-turn lane and the additional westbound receiving lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-9.3)*

Implementation of this mitigation measure would require the acquisition of new right-of-way, potentially including acquisition of commercial structures and/or the taking of businesses, and therefore cannot be guaranteed by the City.

---

Aladdin Avenue/Alvarado Street

Mitigation of this traffic impact requires the cycle length of the actuated-uncoordinated signal timing to be optimized by adjusting the maximum extension parameters accordingly. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-9.4)*

No restrictions on City ability to implement

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Marina Boulevard/1-880 Southbound Ramps

Mitigation of this traffic impact requires modification of the cycle length at the Marina Boulevard/1-880 Southbound Ramps intersection, and adding an additional lane along the I-880 southbound off-ramp. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. These measures would improve the operation of the Marina Boulevard/I-880 Southbound Ramps intersections during weekday peak hours, but would reduce the average delay by in the Saturday peak hour. Adding a third lane to the southbound I-880 off-ramp (also to be funded on a fair-share basis by the project sponsors) would fully mitigate this impact. *(MM TR-9.5)*

This improvement could require additional right-of-way as well an encroachment permit from Caltrans.

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Marina Boulevard/San Leandro Boulevard

Mitigation of this traffic impact requires the addition of lanes to the Marina Boulevard/San Leandro Boulevard intersection such that one northbound left-turn lane shall be added to provide two left-turn lanes, two through lanes and one right-turn lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-9.6)*

Implementation of this mitigation measure would require the acquisition of additional right-of-way. The acquisition would not result in secondary impacts as these improvements can
I-880 Mitigating this impact would require the widening of I-880. The required TDM program (*MM AQ-2.1*) would reduce project trips through increased use of alternative modes of transportation and would help to reduce trips along I-880, but not to a level that would reduce project impacts to less than significant.

Traffic Impacts - Cumulative (2035) plus Project Buildout

When added to projected cumulative traffic levels by year 2035, traffic associated with buildout of the entire project (Phase 1 of the Kaiser Medical Center, the mixed-use retail development, and Medical Center buildout) would cause several additional intersections to degrade to substandard levels of service.

- *Mitigation:* In addition to the improvements identified in MM TR-1.1 through MM TR-1.3 and MM TR-9.1 through TR-9.7 above, there is additional mitigation needed to address the project’s total contribution to cumulative traffic impacts. The following table provides a summary of the affected intersections, the mitigation measures required, and a conclusion as to whether these measures can be implemented by the City to reduce traffic impacts.

Since each of these mitigation measures would either encroach into Caltrans right-of-way and require an encroachments permit, or would require the acquisition of additional right-of-way, it is uncertain whether these mitigation measures can be implemented. Since the City cannot guarantee that these mitigation measures will be implemented, these cumulative traffic impacts would be significant and unavoidable.

<table>
<thead>
<tr>
<th>Intersection - Location</th>
<th>Mitigation Measure</th>
<th>Limits on Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davis Street/Phillips Lane</td>
<td>Mitigation of this traffic impact requires re-striping the westbound approach lanes at the Davis Street/Phillips Lane intersection such that the westbound shared through-right lane shall be converted to an exclusive through lane to provide one left-turn lane, two through lanes, and one right turn lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. (<em>MM TR-13.1</em>)</td>
<td>Implementation of this mitigation measure would require an encroachment permit from Caltrans.</td>
</tr>
</tbody>
</table>
| Marina Boulevard/Merced Street | Mitigation of this cumulative traffic impact requires increasing roadway capacity by adding a third left-turn lane on the westbound approach to Marina Boulevard/Merced Street intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this | Widening at this location may not be possible due to right-of-way constraints and it is uncertain if an encroachment permit can be

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Marina Boulevard/Teagarden Street

Mitigation of this cumulative traffic impact requires conversion of the eastbound right-turn lane to a shared through-right lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. *(MM TR-13.3)*

CMP-designated roadways

Mitigation of this traffic impact requires adding travel lanes to roadway sections and improving traffic management system. The mitigation measure requires the project sponsors to contribute fair-share funds to the construction of additional travel lanes to each of the impacted roadway sections in the direction of travel impacted by the proposed project, and to contribute fair-share funds towards the overall improvement to the City’s traffic management system including the installation of necessary equipment to implement a traffic adaptive signal control system along affected corridors. *(MM TR-17.1)*

Implementation of this mitigation measure would require the acquisition of new right-of-way on the east leg of the intersection, and the City cannot guarantee issuance of the Caltrans encroachment permit.

This measure could be infeasible due to high cost and right-of-way constraints. The acquisition of right-of-way necessary to widen the CMP-designated roadways would likely result in the loss of businesses and residences.

Alternatives

The EIR includes an analysis of four alternatives to the proposed project. The four alternatives analyzed in the DEIR include: 1) No Project/No Build Alternative; 2) No Project/Existing Zoning Alternative; 3) Reduced Project Alternative; and 4) Project with Additional Site Access from Merced Street.

The No Project/No Build Alternative would avoid all potential impacts and would thus be the environmentally superior alternative. Where the environmentally superior alternative is a No Project Alternative, CEQA requires the identification of another environmentally superior alternative from among the other alternatives considered. The Reduced Project Alternative would result in a reduction in traffic as compared to the proposed project. This reduction in traffic would reduce air quality and climate change impacts, and would also reduce traffic impacts at study area intersections, to freeways and CMP roadways. Although these impacts would still remain significant and unavoidable under the Reduced Project Alternative, they would be less severe. Thus the Reduced Project Alternative would be considered the environmentally superior alternative.

Key Issues Raised in Comments on the Draft EIR

City staff received comments on the Draft EIR from numerous public agencies including the California Department of Transportation; the California Department of Transportation, Division of Aeronautics; Alameda County Transit (AC Transit) Agency; the Alameda County Congestion Management Agency (ACCMA); and the East Bay Municipal Utility District (EBMUD). Additionally, a number of private companies and individuals provided comments on the Draft EIR including Applied Fusion, Inc.; Bayfair Center; Reynolds & Brown; Rutan and
Tucker, LLP (representing ICI Development Company and P.H. Holdings LP); Gary E. Kruger, T.E.; and Hilton Garden Inn/San Leandro and San Leandro Marina Inn. Additional oral comments were provided at the San Leandro Planning Commission’s regular meeting held on February 18, 2010.

Responses to all of the comments provided by these agencies and individuals are provided in the Final EIR document, including certain revisions and changes to text in the Draft EIR. None of these changes to the Draft EIR involve a new significant environmental impact, a substantial increase in the severity of an environmental impact, or a feasible mitigation measure or alternative considerably different from that presented in the Draft EIR. Recirculation of the Draft EIR is not warranted.

One of the issues raised in the letter from Bayfair Center indicates that the DEIR is inadequate because it does not address the potential that the project’s proposed retail development “will severely impact existing retail centers in San Leandro and the vicinity, and result in blight and urban decay due to store closures, empty storefronts and vacant spaces.” To respond to this issue, staff retained the economics firm of Keyser Marston Associates (KMA) to undertake a review of the trade area and its demographics; to quantify the retail spending power in the trade areas and compare them to Bayfair sales and potential sales at the Kaiser Site; to review all of the competitive retail centers in the field; and to reviewed the experience at Eastmont Mall and Baldwin Hills Crenshaw Plaza as it pertains to urban decay. The KMA analysis concluded the following:

Since the Mixed-Use Retail Development identified in the DEIR could feature a variety of potential retail concepts with markedly different potential impacts on existing retailers, it is premature to conclude as to potential urban decay impacts;

- The analysis provided in the Bayfair Center letter is inconclusive in demonstrating the potential for urban decay even for a retail concept that would be potentially competitive with Bayfair;
- Even if the retail concept focused on store types represented at Bayfair (not assured), the share of trade area sales at the Kaiser Site would be small, at about 10% of trade area potential for these stores; this would not be a dominant center and would not, therefore, likely cause urban decay.
- Bayfair currently captures only a small share of retail spending for shoppers’ goods by residents of the Bayfair trade area; therefore, it is unrealistic to portray that a high proportion of retail sales at the Kaiser Site, even if focused on similar store types, would be at the expense of Bayfair;
- Data indicate that the trade area within a ten minute drive time of the Kaiser Site is underserved for shoppers’ goods, with sales potential exceeding sales by more than $200 million annually; therefore, retail at the Kaiser Site focused on shoppers’ goods could serve an unmet demand;
- The Eastmont and Crenshaw examples do not in the least support an urban decay finding for this project.
Staff Analysis

Staff's opinion is that the EIR has been prepared in accordance with CEQA and is adequate to support the approval of the General Plan Amendment, re-zoning, Redevelopment Plan Amendment, Planned Development, Site Plan Review, and Development Agreement for Phase 1 of the Medical Center for the following reasons:

1) Mitigation measures and revisions to the project have been identified in the EIR that are capable of reducing a majority of potential environmental impacts to a level of less than significant.

2) A Mitigation Monitoring and Reporting Program ("MMRP") has been prepared to ensure that the mitigation measures and revisions to the project identified in the EIR are implemented (see attached MMRP, EXHIBIT D).

3) Although certain impacts of the project remain significant and unavoidable despite all reasonable and feasible mitigation measures, the alternatives discussed in the EIR that may reduce the significance of these impacts are infeasible.

4) Economic, social, environmental, technological, legal or other considerations and the benefits of the project outweigh the remaining significant adverse impacts, and justify approval of the project as proposed (see attached CEQA Findings and Statement of Overriding Considerations, EXHIBIT B).

GENERAL PLAN AMENDMENT

The project site consists of 63 acres, the majority of which is currently designated in the General Plan as General Industrial. There is a small portion of the project site adjacent to Marina Boulevard that is designated as Light Industrial. General Industrial land uses are characterized by a wide range of manufacturing, transportation, warehousing, vehicle storage, and distribution uses. Applicable General Plan policies focus on maintaining a strong industrial and commercial base in the City while ensuring that commercial and industrial uses are designed to be sensitive to surrounding areas.

The project site is also located within the West San Leandro Business District, which encompasses approximately 1,500 acres west of I-880 and contains nearly half of the City's jobs and many of its employers. The guiding objectives in the City’s large business districts are to promote business retention and diversification, maintain mobility and ease of circulation, and promote aesthetic improvements which enhance the City’s image and appearance. To do this, industrial districts typically do not contain residential land uses.

Kaiser has requested approval of a General Plan amendment to change the land use designation of the entire 63-acre site from General Industrial and Light Industrial to General Commercial. The General Commercial land use is characterized by larger shopping centers, shopping districts, and commercial uses, all providing a broader range of goods and services and serving a broader market than the neighborhood commercial areas. This designation also includes uses such as
hotels and motels, car dealerships, auto service and repair businesses, and construction suppliers. The General Commercial land use would also allow residential mixed-use retail uses, and/or hospital uses.

Redevelopment Plan Amendment

The entire 63-acre project is located within the West San Leandro/MacArthur Redevelopment Project Area. The Redevelopment Plan is consistent with the existing San Leandro General Plan land use classifications. Since the project proposes to amend the General Plan to apply the General Commercial land use designation to the project site, amendments to the Redevelopment Plan will be needed to maintain consistency between the Redevelopment Plan and the amended General Plan.

The Redevelopment Plan for The West San Leandro/MacArthur Boulevard Redevelopment Area addresses potential updates to the General Plan and land use map. As provided in Chapter 3.36 of the Redevelopment Plan, the Redevelopment Plan is automatically amended when General Plan Amendments take place. Chapter 3.36.010 Conformity with the city’s General Plan states the following: The land uses to be permitted with the project area shall conform to the city’s general plan, as it currently exists or as it may from time to time be amended, and as implemented by city ordinances and other laws.

Chapter 3.36.030 Designated land uses states the following: The permitted land uses illustrated in the land use map attached as Appendix D are drawn from the applicable provisions of the general plan of the city of San Leandro in effect at the time of the adoption of this plan, and shall be deemed to be automatically modified as the permitted land use(s) in the applicable general plan may be revised from time to time, in order to maintain conformance of the Plan with the general plan. Therefore, there is no need to amend the Redevelopment Plan.

Staff Analysis

Staff is supportive of the requested General Plan amendment to General Commercial for a number of reasons:

1) There are existing General Commercial designations at the intersection of Marina Boulevard and Merced Street, directly contiguous with the project site. The major retail development east of I-880 along Marina Boulevard is also designated General Commercial. Thus, the change in land use designation would not result in the introduction of a new land use type into the area.

2) Although the majority of the project site would be surrounded by Light Industrial and General Industrial land uses to the north and west, commercial land uses are generally compatible with industrial land uses. Commercial uses generally do not include sensitive receptors, and generally have similar operating hours, noise levels, and aesthetic qualities.
3) The proposed General Plan land use amendment would not fundamentally conflict with the General Plan’s goals and policies. A possible exception is Policy 7.09 of the General Plan and the West San Leandro Plan, which both seek to limit encroachment of incompatible residential and retail uses into the area. However, Policy 7.09 does not prohibit residential or retail uses in the West San Leandro business district, but instead requires the City to limit such uses. Since this policy does not prohibit the uses proposed as part of the project (i.e., the retail and possible residential uses), approval of the proposed General Plan amendment would not prevent the City from achieving its goals and policies with respect to the West San Leandro Business District. Furthermore, the City will require further environmental review and Site Plan review of any subsequent proposal for the retail/mixed-use development to ensure that such development does not encroach into, or be incompatible with adjacent industrial development.

RE-ZONING

According to the San Leandro Zoning Code, the entire project site is zoned as an Industrial General District combined with a Special Review Overlay District [IG-(S)]. The Industrial General zoning district provides for and protects existing industrial sites and allows for continued operation of existing general industry, subject to performance standards and buffering requirements to minimize potential environmental impacts. In the Special Review Overlay District, permitted uses may require a Conditional Use Permit if uses are not regional retail, new auto sales, or other compatible regional market uses.

Kaiser has requested approval for rezoning the entire site from the Industrial General District with a Special Review Overlay District [IG-(S)] overlay, to Commercial Community with a Planned Development Overlay [CC-(PD)]. The Commercial Community zoning district is intended to provide sites for commercial centers containing a wide variety of commercial establishments including banking and financial establishments and businesses selling home furnishings, apparel, durable goods, and specialty items and generally having a citywide market area. Facilities such as entertainment, eating-and-drinking establishments, hotels and motels are permitted, subject to certain limitations to avoid adverse effects on adjacent uses. Hospitals and mixed-use residential uses such as proposed under the project are generally allowed in the Commercial Community district subject to approval of a Conditional Use Permit. However, a Planned Development Overlay can be used to accommodate uses that would otherwise require Conditional Use permits, and would be subject to review by the Planning Commission and City Council.

Staff Analysis

Staff is supportive of the requested re-zoning to Commercial Community with a Planned Development Overlay for a number of reasons:

1) Commercial Community zoning district enables future development of commercial centers that could contain a wide variety of commercial establishments. Since future buildout of this planned center is dependent upon the varying economics of the retail
industry, this zoning provides the flexibility for future programming of this site to respond to future economic conditions. The development of retail uses on the project site would be compatible with this zoning district.

2) The addition of the PD overlay allows for the development of the hospital and medical center uses, and provides flexibility for the future programming of the mixed-use retail development portion of the project site to include either residential dwelling units or a hotel as part of a mixed-use project site.

3) Although it is likely that future residential development would be designed in such a manner as to be compatible with surrounding commercial and industrial land uses, the mixed-use retail development would undergo subsequent environmental review to ensure that any potential land use conflicts are adequately mitigated.

PLANNED DEVELOPMENT PROJECT / SITE PLAN REVIEW

The City of San Leandro Zoning Code (Article 10) provides a mechanism, through a Planned Development (PD) zoning overlay, for considering projects that include a mix of land uses provided that such land uses can be made compatible by applying careful and imaginative treatments to the interrelationships of uses and activities. Under the City’s PD overlay zone, a land use type that is otherwise only permitted with a conditional use permit can instead be processed as a Planned Development. Hospitals and mixed-use residential uses such as proposed under the Project are generally only allowed in the Commercial Community zoning district subject to approval of a Conditional Use Permit. However, the Planned Development Overlay (if approved) can be used as a form of conditional use permit.

One of the objectives of the Planned Development overlay is to ensure that orderly and thorough planning will result in high-quality urban design. A Planned Development project must be accompanied by a number of submittal materials that demonstrate these urban design qualities, including the following:

- the width of the existing and proposed right-of-way for each adjacent street, including sidewalks, and vehicular and pedestrian circulation systems;
- location and height of screen walls or fences;
- designation of areas to be reserved or dedicated for public purposes including but not limited to streets;
- provisions for conserving non-renewable energy resources, including but not limited to the use of solar energy;
- plant materials, initial planting size and irrigation systems;
- provisions for parking, loading, and access
- area and building lighting (including color, intensity and visibility from adjacent public streets and residential areas);
• facilities for refuse storage and pick-up, air compressors, incinerators, or other equipment constituting a potential nuisance or undesirable view from adjacent properties or streets and adequate provisions to minimize their undesirable aspects;
• Detailed elevations of all signs, as well as the location of such signs in the development.
• a time schedule for construction and completion date; and
• major elevations or perspective renderings of all buildings, suitable to determine whether the entire development will have architectural unity and be in harmony with surrounding development.

As part of Kaiser’s application submittal materials, they have included all of the information required under these PD zoning provisions as pertains to Phase 1 of the Medical Center. Given that the mixed-use retail component is not currently proposed for development, details for that part of the Project and for ultimate buildout of the Medical Center have not yet been prepared.

The Planning Commission may recommend approval of the rezone to a Planned Development Overlay District upon finding that the Planned Development Concept Plan is consistent with the adopted Land Use Element of the General Plan (as amended) and other applicable policies of the General Plan, and is compatible with surrounding development.

Site Plan Review

Site Design

The Medical Center is designed to integrate its state-of-the-art health care delivery into the surrounding San Leandro community with a functional and aesthetic design (see EXHIBIT H: Kaiser’s “Entitlement Exhibits”). The Hospital, Hospital Support Building and Central Utility Plant are based on a Kaiser prototype hospital, with campus design standards developed and tested in other locations. Kaiser representatives indicate that site design guidelines are intended to create a positive member experience and to focus on clear vehicular and pedestrian wayfinding, with the site elevated so that the building and campus design enhances the immediate neighborhood and reflects and complements the surrounding community. The first impression of the Medical Center buildings will be the various colors of the building elevations, providing a contrast with the grey metallic materials and colors of the adjacent highway, overpass, roads and parking lots, and the immediate neighborhood’s light-industrial and office building setting.

Access to the Medical Center buildings is provided at separate and distinct entry points, with segregated internal pathways for service trucks, ambulances, members and Kaiser Permanente staff. The circulation network is also clearly marked by Kaiser’s signage program. Tall, colored and internally illuminated monument signs identify the entry points to the main entry to the Hospital, the public Emergency Department entry and the out-patient entrance to the Hospital Support Building.
Architecture

Hospital

The exterior of the Hospital building incorporates various colors and interesting textures in the cement plaster stucco skin. At the ground level, a glass storefront exterior wall creates a lighter retail expression that contrasts with the cement plaster stucco material above and offers an inviting view. The Hospital is oriented such that the loading dock and back-of-house service functions are located out of the general public’s sight lines. Patient rooms are located above the ground level for privacy, and enjoy pleasant views of the East Bay hills and San Francisco Bay. Two stair towers on the north front façade are clad in glass to break up the stucco mass, and are also internally illuminated during evenings and nights.

The main public entry to the Hospital is shared with the Hospital Support Building (HSB) and is a Kaiser-branded modern metal and glass entry rotunda similar to five other existing Kaiser campuses and three other new proposed projects. The rotunda entrance enables the public to find the main entry to the facility easily and quickly. Its round geometry contrasts with the solid rectilinear design of the Hospital and HSB. The rotunda is flanked with four and six-story cement plaster walls on both sides, resulting in a focused entry. The wall that serves as a transition between the Hospital and the HSB includes randomly spaced window openings to distinguish it from the regular openings on the general façades of the Hospital and HSB. The windows in this wall plane contain multi-colored glass to further identify the adjacent entry rotunda and main entry plaza. The main entry plaza immediately outside the rotunda includes a curvilinear and translucent canopy that shelters members as they are being dropped off or picked up. All of these entry features are coordinated with the placement of trees and landscape elements. Once inside the rotunda, members and visitors are greeted at a reception desk and are directed to the elevators that serve both the Hospital and HSB. Waiting areas on the second floor overlook the two story rotunda space and look out across the main entry plaza. An exterior courtyard opens to the Hospital’s public circulation area, and is also visible from those patient rooms that are internal to the courtyard on all upper levels.

Hospital Support Building (HSB)

The four story out-patient Hospital Support Building (HSB) is connected to the six-story Hospital. Internally, the two buildings appear as one. The exterior of the HSB is designed to complement the Hospital, but its lower height helps reduce the overall massing of the Medical Center. The same materials used on the exterior of the Hospital are used on the exterior of the HSB, but the mass of the HSB is smaller and more horizontal. Architectural features include punched window openings in the stucco wall with a ground level glass storefront. A curvilinear metal roof screen beginning above the west HSB entrance provides a visual link to visitors that they will be able to walk from one building to the other. Since most daily visitors to the Medical Center will be coming for outpatient services in the HSB, the majority of vehicle parking access is located nearest to the HSB. The west HSB entrance allows direct access to outpatient services and is also identifiable by a canopy covering a recessed glass entry and the stucco stair tower with colored glass randomly spaced window openings similar to the rotunda.
Once inside the HSB, clear linkages are established with the Hospital as well as with the various departments within the building. Views to the exterior anchor the ends of corridors to help orient the visitor, enhance way-finding and introduce natural light into the space. Natural light is also provided via a linear clerestory skylight to the 3rd and 4th floors.

Central Utility Plant (CUP)

The Medical Center requires a Central Utility Plant for energy-efficient supply of utilities. The Central Utility Plant (CUP) is a stand-alone, two-story structure with an adjacent service yard. The CUP is located in the southeast corner of the site next to Interstate 880. The building is detailed appropriate to its function and location. Perforated and corrugated metal siding clad the exterior walls, and the top portion of the wall has a translucent substrate that creates an illuminated and back-lit crown. The CUP service yard is screened by an architectural cement masonry wall and landscaped frontage.

Landscape Design

The landscape design maximizes the number of plants and trees on site, addresses the practical needs of the hospital and its parking lots, creates an accessible and safe pedestrian environment, and promotes sustainable practices. The west and east parking lots are generously planted with groundcovers and double rows of trees to provide a strong edge, with bio-swales incorporated to treat storm water.

To break up the parking zones, a special landscape element crosses the site diagonally, similar to a natural creek corridor. This area will be planted with evergreens to contrast with other shade trees in the parking lot. Leaf-shaped mounds are also significant landscape features planted with low groundcovers that will flower seasonally, and are located throughout the parking areas and immediately adjacent to the buildings.

To highlight the entry to the rotunda entrance, consistently spaced trees create a canopy from the parking areas. Trees, plants, ground cover and seating are also located in the two main plazas adjacent to the rotunda and HSB entrances.

Tree Quantity and Sizes

The total number of parking stalls within the Medical Center’s lot is 2,029. Pursuant to City requirements for a ratio of 1 tree per 6 spaces, there should be a minimum of 338 trees in the parking lots. The proposed design doubles that required number with a total of 665 trees. At maturity, tree canopy sizes will range from 25’ in diameter to 12’ in diameter. Typically, the 25-foot canopies are provided along Republic Avenue Extension, Merced Street and the Frontage Road. The 12-foot canopy trees are used along the Fairway frontage due to PG&E’s tree size restrictions along its easement.

Bay Friendly Landscape

This project also meets the minimum requirements for a Bay Friendly Landscape project, including the following features:
runoff from parking lots is captured and filtered,
roadways are specified to contain a minimum of 25 percent recycled aggregate,
heat island effect is reduced by meeting parking lot tree planting requirements, and by using both standard and color concrete pavement with a solar reflex index (SRI) of 29 or greater,
there is no turf in any area less than eight feet wide, and no turf on slopes greater than 10 percent,
plants are grouped by water requirement, with installation of a high-efficiency irrigation systems, and
plant debris will be separated during maintenance for clean green discounts.

Hardscape

The hardscape materials proposed for the project include a variety of paving materials to separate functional elements and areas. Standard concrete with bollard lighting is used for pathways in the west parking lots, decomposed granite pathways are used in the east parking lots, and integral color concrete is used for the drop-off drive at both the rotunda and west HSB entrances. Seat walls near the entrances are made with composite lumber with recycled content. Three bus shelters will be located along West Medical Center Driveway. All trash receptacles will provide combined litter and recycling features. Pedestrian pole lights (10–12' height at 40-50' spacing) will be provided at plaza spaces north and west of the HSB as well as at other pedestrian zones east and south of the HSB and Hospital buildings.

Special Site Amenities

The area east of the Hospital includes a special landscape feature specifically selected to reflect the diversity of the San Leandro community. A large seven-circuit Universal Labyrinth pattern is designed into the plaza adjacent to the Emergency Entrance. This is intended to be a multi-cultural labyrinth design with universal appeal. The labyrinth pattern is comprised of color concrete paving and custom color seeded aggregate, with adjacent seat walls.

An exercise par-course pathway has been designed to wind through the site, with a total of four exercise rest-stop stations planned along its route.

Northwest of the HSB Entrance is a space intended to host a weekly Farmers Market, with planned locations for standard-sized vendor's stalls. Vehicles will not be parked adjacent to the plaza and events will be coordinated and monitored by Kaiser. This will create an amenity open to members, staff and the community.

Stormwater Quality Requirements

The site will be designed to meet the storm water quality requirements of the National Pollutant Discharge Elimination System (NPDES) permit. Water quality will be managed by directing storm water runoff into an area of planting (either in the form of a bio-swale or bio-retention area). The Medical Center site has been designed to maximize the amount of area treated in this
fashion. Bio-swales are generally laid out between rows of parking spaces and along the edges of the internal streets to treat the run-off from those areas. In areas where there was not enough linear space to create a swale, but there was an opportunity to create a vegetated area, bio-retention has been designed. For a small portion of the site where the programmatic or physical constraints did not allow for either of these approaches, tree-filters or below grade cartridge filters have been provided.

Staff Analysis

Staff supports approval of the Planned Development Project for Phase 1 of the Medical Center, including site approval of the site design concepts, architecture and landscape subject to staff’s recommended Conditions of Approval (see EXHIBIT E: Conditions of Approval) as:

1) providing superior urban design in comparison with the more traditional development under the base Community Commercial district zoning regulations;

2) the Project includes adequate provisions for utilities, services, and emergency vehicle access; and

3) public service demands will not exceed the capacity of existing and planned systems, as indicated in the EIR.

4) Site plan elements (including building placement, size and location of landscape areas, parking facilities, and the placement of service areas) provide a harmonious and orderly development that is compatible with its surroundings. Parking, loading, storage and service areas are appropriately screened by building placement, orientation walls, and/or landscaping.

5) The buildings have adequate articulation, with appropriate window placement, use of detailing, and changes in building planes to provide visual interest. The exterior materials, finishes, detailing, and warm colors are compatible with and/or superior to those of surrounding structures. Visually incompatible elements such as roof-mounted utilities are fully screened from public view.

6) The landscaping complements the architectural design, with an appropriate balance of trees, shrubs, and living ground covers, and provides adequate screening and shading of parking lots and driveways. They also meet minimum requirements for Bay Friendly Landscape.

7) Detail features such as signs, fences and lighting for buildings, parking lots, and driveways are visually consistent with the architectural and landscape design and minimize off-site glare.
DEVELOPMENT AGREEMENT

The Development Agreement (see EXHIBIT F: Development Agreement) is a legally binding agreement between the City and Kaiser which provide a greater degree of certainty to Kaiser that they may proceed with development in accordance with policies, rules, and regulations in effect at the time of project approval. It also provides a greater degree of certainty to the City that the development of the Project will promote the orderly planning of public improvements and services, allocates costs to achieve maximum utilization of public and private resources in the development process, and ensures that appropriate measures to enhance and protect the environment are achieved. The Development Agreement is a contract that has been negotiated and voluntarily entered into by the City and Kaiser containing conditions, terms and provisions pertaining to the following issues.

Kaiser Contributions and Obligations

- Kaiser’s prior contribution of funds towards the overpass and access ramp improvements at Marina Boulevard and Highway 880 fully satisfy the obligations of the Project with respect to the Marina Interchange Project.

- Although the Medical Center will be substantially exempt from real property taxes as a non-profit entity, the retail portion of the Project will pay real property taxes in accordance with all applicable laws and regulations. The DA also specifies how Kaiser will pay applicable sales and use taxes, utility user taxes, and business license taxes for all for-profit entities.

- Kaiser agrees to pay its fair share of any infrastructure improvements that are identified as mitigation measures in the EIR, or in any subsequent environmental reviews for subsequent phases of the Project.

- Prior to the opening of the retail portion of the Project, Kaiser will provide either the Foundry frontage widening or an equivalent feasible mitigation measure sufficient to mitigate traffic impacts at the Merced-Marina intersection and to improve queuing impacts at the Republic Avenue/Merced intersection.

- Kaiser agrees to pay current City building permit and plan checking fees for the Hospital Support Building and any Medical Office Buildings; to pay the actual cost of under-grounding utilities in lieu of payment of Overhead Utility Conversion Fees; and to pay Sanitary Sewer Connection Fees, Sanitation Services Fees, Alameda County Department of Environmental Health Fees, City Environmental Services fees and charges, applicable school district fees to the San Leandro or San Lorenzo Unified School District, and applicable Long Range Planning fees for any future proposals in the retail portion of the Project.

- Kaiser agrees to make a fair-share financial contribution to the City earmarked for the purchase of heavy rescue apparatus suited to serving the Project and other high-rise acute medical care facilities.

- Because the Medical Center will be largely exempt from property taxes, Kaiser agrees to make a one-time financial contribution of $3.1 million to a “Community Impacts
Fund” to be used for various improvements, amenities and services benefiting the City of San Leandro, thereby mitigating the fiscal impact of the Project. The Community Impacts Fund will be paid to the City of San Leandro general fund, to be used at the sole discretion of the City Council for any purposes permitted under the law. The Community Impacts Fund payment amount is based on two considerations:

1. To mitigate the fiscal impact of the Project on the General Fund, Kaiser will contribute $1.5 million to the Community Impacts Fund. This amount is based on analysis conducted by Keyser Marston Associates in a Fiscal Impact Assessment prepared for the City (see EXHIBIT G: Fiscal Impact Assessment). That study found that General Fund expenditures from Phase 1 of the Project will exceed General Fund revenues by roughly $400,000 annually. Once the retail portion of the Project is completed, the combined Medical Center-Retail development will result in a positive fiscal impact of roughly $450,000, annually. Accordingly, this component of the Community Impacts Fund payment is intended to mitigate the Project’s fiscal impact from the period between the opening of the Medical Center and the completion of the retail portion of the project.

2. Payment of the remaining $1.6 million to the Community Impact Fund will be in lieu of payment of Development Fees for Street Improvements (DFSI) for Phase 1. Although the use of these funds will be flexible, staff recommends that, to the extent possible, this share of the payment be reserved for street improvements consistent with the DFSI program. For any future phases, DFSI fee shall be based on the fee amounts in place at the time a building permit is issued.

• Kaiser agrees to work with the City to form and fund an assessment district to cover Kaiser’s fair-share of the cost of street maintenance and replacement, sidewalk maintenance, storm drainage, maintaining landscaping in public right-of-way, and the maintenance of traffic signals.

• Kaiser agrees to work with City staff to coordinate its shuttle service with the LINKS Service in a mutually beneficial manner.

• Kaiser agrees to prepare and implement a TDM Program to reduce vehicle trips generated by the Project by approximately 10 to 15 percent. Kaiser agrees to develop and implement the TDM plan consistent with the guidelines of the Project’s EIR.

City Contributions and Obligations

• City agrees to vest the Project entitlements for the Kaiser Medical Center for a 25 year term, and to vest the rights of the retail-portion of the Project for a term of 15 years.

• City agrees to exempt the Project from any future costs related to the I-880 HOV Lane Project or the Marina Interchange Project in exchange for Kaiser’s previous payments.

• City agrees to freeze the categories of fees and exactions that the Project is subject to (including traffic related fees and exactions), but the fee amounts will be adjusted periodically for inflation based on the amount in place at the time the fee is due.
• The City agrees that the Project will be exempt from any future development moratorium unless the moratorium is required solely to protect the public health and safety.

• The City agrees that Kaiser has the right to vary the phasing of construction depending upon changes in the practice of health care.

• The City agrees that Kaiser may use modular or temporary buildings for construction or temporary medical uses prior to completion of permanent structures on the site, subject to a standard site plan review.

• City agrees to assist Kaiser in reserving capacity for sewer and water services as necessary to serve the Medical Center.

• City agrees that Kaiser shall have the flexibility to vary the mix between hospital, medical office, retail and any other use, provided that Kaiser does not exceed the vehicle trip cap established by the Traffic Section of the EIR for Buildout conditions.

• City and Kaiser recognize that additional project-level CEQA review will be required prior to approval of the retail portion of the Project, consistent with State laws and regulations. A proposal for retail development will need to fulfill all CEQA requirements and receive City Council approval prior to the initiation of construction.

• City agrees to maintain a development team with one identified team leader empowered to coordinate the City’s various departments in their interaction with Kaiser, and to efficiently prioritize and allocate staff time, resources and cooperation and coordination with ACCMA and Caltrans to avoid undue delay.

Staff Analysis

Staff supports the terms of the Development Agreement and believes that the DA provides certainty that:

1) development of the Project will promote the orderly planning of public improvements and services,

2) costs are allocated to achieve maximum utilization of public and private resources in the development process, and

3) appropriate measures to enhance and protect the environment are achieved.

PUBLIC OUTREACH

Notification of the April 22, 2010 Planning Commission hearing and the May 3, 2010 City Council hearing was sent to property owners and businesses within a 500-foot radius of the site and to all homeowner associations within the City of San Leandro, the Chamber of Commerce, various public agencies and members of the public that provided comments on the Draft EIR, a total of 288 notices, as well as published in the local newspaper, the Daily Review.
RECOMMENDATIONS:

Staff recommends that the Planning Commission take public testimony on the EIR and on the overall merits of the Project. As more fully discussed above and assuming that no new significant issues are raised in the public comment period, staff further recommends that the Planning Commission consider staff's proposed Findings for project approval (see EXHIBIT C: Findings for Project Approval) and take the following actions:

1) Recommend certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR to the City Council;

2) Recommend City Council approval of a General Plan amendment for the entire project site to General Commercial,

3) Recommend City Council re-zoning of the entire project site to Commercial Community with a Planned Development Overlay [CC(PD)],

4) Recommend City Council amendment of the Redevelopment Plan to conform with the General Plan amendment and re-zoning;

5) Recommend City Council approval of the Planned Development, including all guidelines, plans, and other submittals pursuant to Article 10 of the Zoning Code for Phase 1 of the Medical Center; including approval of site plan review pursuant to Zoning Code Article 25, for Phase 1 of the Medical Center; and

6) Recommend City Council approval of the Development Agreement for Phase 1 of the Medical Center.

Attachments and Exhibits:

A: Resolution Recommending That The City Council Certify the EIR, Amend the General Plan Land Use Designation, Rezone the Project Site, Approve the Planned Development Project and Approve the Development Agreement

B: CEQA Findings and Statement of Overriding Considerations

C: Recommended Findings of Fact for Approval – PLN2009-00030

D: Mitigation Monitoring and Reporting Program (MMRP)

E: Recommended Conditions of Approval

F: Development Agreement By and Between City of San Leandro and Kaiser Foundation Hospitals

G: Keyser Marston Draft Fiscal Impact Assessment
H: Kaiser’s Entitlement Exhibits
I: E-mail from Gary Kruger
J: Final Environmental Impact Report
EXHIBIT A

San Leandro Planning Commission

Resolution No. 2010-1 Recommending Approval of PLN2009-00030, the Kaiser Permanente San Leandro Medical Center/ Mixed-Use Retail Development Project

RESOLUTION RECOMMENDING THAT THE CITY COUNCIL CERTIFY THE EIR AND AMEND THE GENERAL PLAN LAND USE DESIGNATION, REZONE THE PROJECT SITE, APPROVE THE PLANNED DEVELOPMENT PROJECT, AND APPROVE THE DEVELOPMENT AGREEMENT FOR THE KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER AND MIXED-USE DEVELOPMENT PROJECT

WHEREAS, the approximately 63-acre site, located generally between I-880 and Merced Street, and between Marina Boulevard and Fairway Drive, is currently designated with land use designations of General Industrial and Light Industrial on the General Plan Land Use Diagram of the San Leandro General Plan; and

WHEREAS, the intent of the General Commercial land use designation is to provide for larger shopping centers, shopping districts, and commercial uses all providing a broader range of goods and services and serving a broader market than the neighborhood commercial areas; and

WHEREAS, the proposed General Plan amendment is consistent with the overall goals, objectives, and policies of the General Plan; that the proposed General Plan amendment will not cause the General Plan to become internally inconsistent; and that the General Commercial land use designation would allow residential mixed-use retail uses and/or hospital uses as proposed by the Project; and

WHEREAS, the entire project site is currently zoned as an Industrial General District combined with a Special Review Overlay District; and

WHEREAS, the Industrial General zoning district provides for and protects existing industrial sites and allows for continued operation of existing general industry, subject to performance standards and buffering requirements to minimize potential environmental impacts; and

WHEREAS, the Commercial Community zoning district is intended to provide sites for commercial centers containing a wide variety of commercial establishments including banking and financial establishments and businesses selling home furnishings, apparel, durable goods, and specialty items and generally having a citywide market area. Facilities such as entertainment,
eating-and-drinking establishments, hotels and motels are permitted, subject to certain limitations to avoid adverse effects on adjacent uses; and

WHEREAS, the Community Commercial zoning is consistent with the amended General Plan land use designation as proposed, and that hospitals and mixed-use residential uses such as proposed under the project are generally allowed in the Commercial Community district subject to approval of a Conditional Use Permit; and

WHEREAS, the City of San Leandro Zoning Code (Article 10) provides a mechanism, through a Planned Development (PD) zoning overlay for considering projects that include a mix of land uses, provided that such land uses can be made compatible by applying careful and imaginative treatments to the interrelationships of uses and activities to ensure that orderly and thorough planning will result in high-quality urban design; and

WHEREAS, hospitals and mixed-use retail and residential uses such as proposed under the Project are allowed in the Commercial Community zoning district subject to approval of a Planned Development Project; and

WHEREAS, Planned Development projects must demonstrate that they provide superior urban design in comparison with the more traditional development under the base Community Commercial district zoning regulations; and

WHEREAS, a development agreement is a legally binding agreement which provides a greater degree of certainty that a developer may proceed with development in accordance with policies, rules, and regulations in effect at the time of project approval, and also provides a greater degree of certainty to the City that the development of the project will promote the orderly planning of public improvements and services, allocates costs to achieve maximum utilization of public and private resources in the development process, and ensures that appropriate measures to enhance and protect the environment are achieved; and

WHEREAS, a Development Agreement has been negotiated and voluntarily entered into by the City and Kaiser containing conditions, terms and provisions; and

WHEREAS, in accordance with the California Environmental Quality Act (“CEQA”), the City issued a Notice of Preparation (“NOP”), indicating an intent to prepare an Environmental Impact Report (“EIR”) on the Project; and

WHEREAS, a Draft EIR on the Project, SCH #2008012056, was prepared and released by the City and circulated for public review and comment from January 25, 2010 to March 10, 2010; and

WHEREAS, the Planning Commission held a duly noticed public hearing on the Draft EIR on February 18, 2010; and

WHEREAS, the Final EIR (“FEIR”) was published on April 12, 2010, which contained written responses to all comments received on the Draft EIR; and
WHEREAS, the Planning Commission conducted a duly noticed public hearing on the FEIR and the Project on April 22, 2010, where all interested parties were given the opportunity to participate in the public hearing by submittal of oral and written comments.

NOW, therefore, based on the entirety of the before it, which includes without limitation, the California Environmental Quality Act, Public Resources Code §§ 21000, et seq. ("CEQA") and the CEQA Guidelines, 14 California Code of Regulations §§ 15000, et seq.; the San Leandro General Plan; the San Leandro Municipal Code; the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed Use Retail Development Project, including all appendices and technical reports thereto; all final applications, including plans, materials, and any other attachments thereto, submitted for the requested approvals for the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s February 18, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s April 22, 2010 hearing on the Project; all matters of common knowledge and all official enactments and acts of the City; and any other evidence (within the meaning of Public Resources Code § 21080(e) and § 21082.2), the Planning Commission of the City of San Leandro does hereby:

FIND: That the recitals contained in this Resolution are true and correct and are an integral part of the Planning Commission’s recommendations; that all attachments and exhibits to the Staff Report for this Resolution, whether specifically identified in this Resolution or not, are hereby incorporated into this Resolution, as if set forth fully herein; that the custodian of the documents and other materials that constitute the record of the proceedings upon which the Planning Commission’s recommendations are based is Luke Sims, Community Development Director, or his designee; that such documents and other materials are located at San Leandro City Hall, 835 East 14th Street, San Leandro, California, 94577; and

RESOLVE: That the Planning Commission recommends that the City Council adopt the related CEQA Findings as set forth in EXHIBIT B to the Staff Report ("CEQA Findings") for this Resolution and certify the EIR, and further recommends approval of the Mitigation Monitoring and Reporting Program attached as EXHIBIT D to the Staff Report for this Resolution, prior to taking action on the Project; and

FURTHER RESOLVE: That the Planning Commission recommends that the City Council adopt the related Findings for Project Approval as set forth in EXHIBIT C to the Staff Report for this Resolution and amend the General Plan land use designation of the Project site from General Industrial and Light Industrial to General Commercial; and

FURTHER RESOLVE: That the Planning Commission recommends that the City Council adopt the related Findings for Project Approval as set forth in EXHIBIT C to the Staff Report for this Resolution and approve re-zoning of the project site from Industrial to Commercial Community with a Planned Development (PD) Overlay; and

FURTHER RESOLVE: That the Planning Commission recommends that the City Council adopt the related Findings for Project Approval as set forth in EXHIBIT C to the Staff
Report for this Resolution and approve the Planned Development Project as being in the public interest and providing superior urban design; and

FURTHER RESOLVE: That the Planning Commission recommends that the City Council approve the Development Agreement as being a legally binding agreement, in compliance with the requirements of California Government Code, Sections 65864, et seq. and which provides certainty that development of the Project will promote the orderly planning of public improvements and services, that costs are allocated to achieve maximum utilization of public and private resources in the development process, and that appropriate measures to enhance and protect the environment are achieved; and

FURTHER RESOLVE: That this Resolution shall become effective immediately upon its passage and adoption.

PASSED BY THE FOLLOWING VOTE ON THE 22ND DAY OF APRIL, 2010:

AYES- 7

NOES- 0

ABSENT- 0

ABSTENTION- 0

Attest: 

Name: Kathleen Livermore
Secretary to the Planning Commission
EXHIBIT “B”

CEQA Findings and Statement of Overriding Considerations for the Approval of the Kaiser Permanente San Leandro Medical Center/Mixed Use Retail Development Project

I. INTRODUCTION

1. These findings are made pursuant to the California Environmental Quality Act (Pub. Res. Code Section 21000 et seq; "CEQA") and the CEQA Guidelines (Cal. Code Regs. Title 14, Section 15000 et seq.) by the City of San Leandro City Council in connection with the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed Use Retail Development Project ("the Project"), EIR SCH #2008012056.

2. These findings are attached and incorporated by reference into the May 3, 2010 staff report prepared for the approval of the Project. These findings are based on substantial evidence in the entire administrative record, which includes without limitation the San Leandro General Plan, the San Leandro Municipal Code, the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed Use Retail Development Project, including all appendices and technical reports thereto, all applications, plans, and materials submitted for the requested approvals for the Project, all reports, minutes, and testimony submitted as part of the Planning Commission’s February 18, 2010 hearing on the Project, and all reports, minutes, and testimony submitted as part of the Planning Commission’s April 22, 2010 hearing on the Project. References to specific reports and specific pages of documents are not intended to identify those sources as the exclusive basis for the findings.

II. PROJECT DESCRIPTION

3. The Project which is the subject of the EIR is located on several contiguous properties (Alameda County Assessor’s Parcel Numbers between 077A-0647-001-34 and 077A-0647-012-03) owned by Kaiser Foundation Hospitals, applicant and property owner, located between I-880 and Merced Street, and between Marina Boulevard and Fairway Drive in the City of San Leandro.

4. The 63 acre project site is divided into two portions, the southern portion is planned as a new medical center and the northern portion is planned for a future mixed-use retail development.

5. The maximum Project analyzed in the EIR would result in a new Medical Center of approximately 1,117,000 square feet of building area exclusive of parking structures, and up to 432,000 square feet of retail use. Alternatively, the retail use may be reduced to 387,000 square feet to accommodate either 250 units of residential apartments, or a 210-room hotel.
6. The new Medical Center campus would be developed in phases. The proposed phasing would ensure that the medical center could continue to provide uninterrupted medical service during implementation of the project.

7. Phase 1 of the San Leandro Kaiser Medical Center would include an approximately 436,000 square foot, 6-story hospital building containing up to 264 licensed beds, located generally in the central portion of the medical center site; an approximately 275,000 square foot Hospital Support Building located immediately adjacent to and connected to the hospital; a Central Utility Plant (CUP) contained within a 31,000 square foot, 2-story building located apart from the hospital and HSB, closer to I-880; and up to 2,100 surface parking spaces.

8. Buildout of the Medical Center is defined as additional future development capacity to enable Kaiser to incorporate new health care delivery technologies as well as additional space for nursing, diagnostic, treatment, medical specialty and commercial/retail use. As currently envisioned, buildout of the Medical Center may include expansion of the hospital by an additional 175,000 square feet; the construction of two additional medical office buildings of approximately 100,000 square feet each; and the potential for a structured parking garage. This potential buildout would not occur until after completion of Phase 1, but is anticipated prior to year 2030.

9. The Mixed-Use Retail development site includes several options, each of which are anchored by a large retail component. These options include 432,000 square feet of retail use only, or 387,000 square feet of retail use and 250 units of residential apartments, or 387,000 square feet of retail use and a 210-room hotel. It is envisioned that the mixed-use retail development will be implemented between 2013 and 2019, but these estimated dates are dependent upon the economics of the retail industry and thus subject to change.

II. ENVIRONMENTAL REVIEW OF THE PROJECT

10. Pursuant to CEQA and the CEQA Guidelines, the City determined that an EIR would be required for the Project. On August 11, 2008 the City issued a Notice of Preparation for the EIR and an Initial Study, which was circulated to responsible agencies and interested groups and individuals for review and comment. A copy of this Notice and the comments thereon are included in Appendix A of the Draft EIR.

11. A Draft EIR was prepared for the Project to analyze its environmental impacts. The Draft EIR was properly circulated for a 45-day public review period from January 25, 2010 to March 10, 2010, consistent with the legally required comment period. The Planning Commission held hearings on the Draft EIR on February 18, 2010.

12. The City received written and oral comments on the Draft EIR. The City prepared responses to comments on environmental issues and made changes to the Draft EIR. The responses to comments, changes to the Draft EIR and additional information were published in a Final EIR on April 12, 2010. The Draft EIR, the Final EIR and all appendices thereto constitute the "EIR" referenced in these findings.
IV. THE ADMINISTRATIVE RECORD

13. The record, upon which all findings and determinations related to the approval of the Project are based, includes without limitation the following:

a. The EIR and all documents referenced in or relied upon by the EIR.

b. All information (including written evidence and testimony) provided by City staff to the Planning Commission and/or City Council relating to the EIR, the approvals, and the Project at the various study sessions and public hearings on the Project.

c. All information (including written evidence and testimony) presented to the Planning Commission and/or the City Council by the environmental consultant and subconsultants who prepared the EIR or incorporated into reports presented to the Planning Commission and/or City Council at the various study sessions and public hearings on the Project.

d. All information (including written evidence and testimony) presented to the City from other public agencies and members of the public, relating to the Kaiser Permanente San Leandro Medical Center/Mixed Use Retail Development project or the EIR at the various study sessions and public hearings on the Project.

e. All final applications including plans, materials, and any other attachments thereto, letters, testimony and presentations presented by the project sponsor and its consultants to the City in connection with the Project.

f. All final information (including written evidence and testimony) presented at any City public hearing or City workshop related to the Project and the EIR.

g. For documentary and information purposes, all City-adopted land use plans and ordinances, including without limitation general plans, specific plans and ordinances, together with environmental review documents, findings, mitigation monitoring programs and other documentation relevant to planned growth in the area.

h. The Mitigation Monitoring and Reporting Program for the Project.

i. All other documents composing the record pursuant to Public Resources Code section 21167.6(e).

14. The custodian of the documents and other materials that constitute the record of the proceedings upon which the City's decisions are based is Luke Sims, Community Development Director, or his designee. Such documents and other materials are located at San Leandro City Hall, 835 East 14th Street, San Leandro, California, 94577.
V. CERTIFICATION OF THE EIR

15. In accordance with CEQA, the City Council certifies that the EIR has been completed in compliance with CEQA. The City Council has independently reviewed the record and the EIR prior to certifying the EIR and approving the Project. By these findings, the City Council confirms, ratifies, and adopts the findings and conclusions of the EIR as supplemented and modified by these findings. The EIR and these findings represent the independent judgment and analysis of the City and the City Council.

16. The City Council recognizes that the EIR may contain clerical errors. The City Council reviewed the entirety of the EIR and bases its determination on the substance of the information it contains.

17. The City Council certifies that the EIR is adequate to support the approval of the General Plan Amendment, Re-zoning of the entire project site to Commercial Community with a Planned Development Overlay, the Planned Development Project, Site Plan Review for Phase 1 of the Medical Center, Development Agreement, and taking all other actions and recommendations that is the subject of the staff report to which these CEQA findings are attached. The City Council certifies that the EIR is adequate to support approval of the project described in the EIR, each component and phase of the Project described in the EIR, any variant of the Project described in the EIR, any minor modifications to the Project or variants described in the EIR and the components of the Project.

VI. ABSENCE OF SIGNIFICANT NEW INFORMATION

18. The City Council recognizes that the Final EIR incorporates information obtained and produced after the Draft EIR was completed, and that the EIR contains additions, clarifications, and modifications. The City Council has reviewed and considered the Final EIR and all of this information. The Final EIR does not add significant new information to the Draft EIR that would require recirculation of the EIR under CEQA. The new information added to the EIR does not involve a new significant environmental impact, a substantial increase in the severity of an environmental impact, or a feasible mitigation measure or alternative considerably different from others previously analyzed that the project sponsor declines to adopt and that would clearly lessen the significant environmental impacts of the Project. No information indicates that the Draft EIR was inadequate or conclusory or that the public was deprived of a meaningful opportunity to review and comment on the Draft EIR. Thus, recirculation of the EIR is not required.

19. The City Council finds that the changes and modifications made to the EIR after the Draft EIR was circulated for public review and comment do not individually or collectively constitute significant new information within the meaning of Public Resources Code section 21092.1 or the CEQA Guidelines section 15088.5.

VII. MITIGATION MEASURES, CONDITIONS OF APPROVAL, AND MITIGATION MONITORING AND REPORTING PROGRAM

20. Public Resources Code section 21081.6 and CEQA Guidelines section 15097 require the City to adopt a monitoring or reporting program to ensure that the mitigation measures
and revisions to the Project identified in the EIR are implemented. The Mitigation Monitoring and Reporting Program ("MMRP") is attached and incorporated by reference into the May 3, 2010 staff report prepared for the approval of the Project, is included in the conditions of approval for the Project, and is adopted by the City Council. The MMRP satisfies the requirements of CEQA.

21. The mitigation measures set forth in the MMRP are specific and enforceable and are capable of being fully implemented by the efforts of the City of San Leandro, the applicant, and/or other identified public agencies of responsibility. As appropriate, some mitigation measures define performance standards to ensure no significant environmental impacts will result. The MMRP adequately describes implementation procedures, monitoring responsibility, reporting actions, compliance schedule, non-compliance sanctions, and verification of compliance in order to ensure that the Project complies with the adopted mitigation measures.

22. The City Council will adopt and impose the feasible mitigation measures as set forth in the MMRP as enforceable conditions of approval. The City has adopted measures to substantially lessen or eliminate all significant effects where feasible.

23. The mitigation measures incorporated into and imposed upon the Project approval will not have new significant environmental impacts that were not analyzed in the EIR. In the event a mitigation measure recommended in the EIR has been inadvertently omitted from the conditions of approval or the MMRP, that mitigation measure is adopted and incorporated from the EIR into the MMRP by reference and adopted as a condition of approval.

VIII. FINDINGS REGARDING IMPACTS

24. In accordance with Public Resources Code section 21081 and CEQA Guidelines sections 15091 and 15092, the City Council adopts the findings and conclusions regarding impacts and mitigation measures that are set forth in the EIR and summarized in the MMRP. These findings do not repeat the full discussions of environmental impacts contained in the EIR. The City Council ratifies, adopts, and incorporates the analysis, explanation, findings, responses to comments and conclusions of the EIR. The City Council adopts the reasoning of the EIR, staff reports, and presentations provided by the staff and the project sponsor as may be modified by these findings.

25. The City Council recognizes that the environmental analysis of the Project raises controversial environmental issues, and that a range of technical and scientific opinion exists with respect to those issues. The City Council acknowledges that there are differing and potentially conflicting expert and other opinions regarding the Project. The City Council has, through review of the evidence and analysis presented in the record, acquired a better understanding of the breadth of this technical and scientific opinion and of the full scope of the environmental issues presented. In turn, this understanding has enabled the City Council to make fully informed, thoroughly considered decisions after taking account of the various viewpoints on these important issues and reviewing the record. These findings are based on a full appraisal of all viewpoints expressed in the
EIR and in the record, as well as other relevant information in the record of the proceedings for the Project.

IX. SIGNIFICANT BUT MITIGATABLE IMPACTS

26. Under Public Resources Code section 21081(a)(1) and CEQA Guidelines sections 15091(a)(1) and 15092(b), and to the extent reflected in the EIR and the MMRP, the City Council finds that changes or alterations have been required in, or incorporated into, the components of the Project that mitigate or avoid potentially significant effects on the environment. The following potentially significant impacts will be reduced to a less than significant level through the implementation of Project mitigation measures:

a. Visual Quality: Impact VQ-2 finds that the proposed project (including both Phase 1 and Build-Out of the Kaiser Medical Center and the Mixed-Use Retail Development) could create a new source of substantial light or glare that would adversely affect day or nighttime views at the project site and vicinity. This impact will be mitigated through the implementation of Mitigation Measure VQ-2.1, which requires the project sponsor(s) to apply street lighting standards and other exterior lighting standards that are designed to reduce glare on adjacent properties.

b. Air Quality: Impact AQ-4 finds that the potential residential uses of the Mixed Use Retail Development component of the proposed project could expose on-site sensitive receptors to substantial concentrations of toxic air contaminants. There would be potentially significant impacts for the Mixed-Use Retail Development if residential uses were proposed within 500 feet of I-880. If residential uses are proposed outside of the 500-foot buffer zone from I-880, then no mitigation would be required. If residential uses are proposed within 500 feet of I-880, the impact will be mitigated through the implementation of Mitigation Measure AQ-4.1, which requires preparation of a health risk assessment and, if necessary to meet BAAQMD standards, incorporation into the project design of recommendations for reducing exposure to on-site residents.

c. Hazardous Materials:

   (1) Impact HAZ-1 finds that development of the proposed project would occur on property that is known to contain contaminated soil; therefore the proposed project could expose construction workers to existing or previously unidentified contaminants. This impact will be mitigated through the implementation of Mitigation Measure HAZ-1.1, which requires the project applicant(s) to coordinate with the City and regulatory agencies and follow any necessary plans to ensure that construction workers are protected from unacceptable exposure to residual levels of hazardous substances during site development.

   (2) Impact HAZ-2 finds that operation and occupation of the proposed project could expose people to existing or previously unidentified contaminants. This impact will be mitigated through the implementation of Mitigation Measure
HAZ-1.1 above and Mitigation Measure HAZ-2.1, which requires that any certifications of completion required and issued by RWQCB shall be recorded as a deed restriction for the property.

d. Noise:

(1) Impact NO-1 finds that construction of the proposed project would not result in a significant increase in temporary construction noise levels for off-site sensitive receptors. However, sensitive receptors would be located within the project site that could be exposed to temporary increases in noise levels associated with construction of the project. This impact will be mitigated through the implementation of Mitigation Measure NO-1.1, which requires implementation of construction best management practices to reduce construction noise, including provisions for resolving any noise disturbances that might arise during later construction phases.

(2) Impact NO-2 finds that construction activities, including pile driving used during construction of the Mixed-Use Retail Development could generate excessive groundborne vibration at nearby structures; and build-out of the Kaiser Medical Center could exceed the annoyance thresholds. This impact will be mitigated by Mitigation Measure NO-1.1 above and Mitigation Measure NO-2.1, which requires the project applicant to complete a site-specific engineering assessment for the Mixed-Use Retail and incorporate recommended vibration reduction measures into the design and construction of the proposed project to assure that there would be no potential for structural damage to existing buildings within 100 feet of any proposed pile driving.

(3) Impact NO-3 finds that new on-site sensitive receptors at the Kaiser Medical Center and the Mixed-Use Retail Development could be exposed to noise above acceptable levels for multi-family residential units and that build-out of the Kaiser Medical Center would locate hospital facilities closer to I-880, thereby potentially exposing sensitive receptors to noise above acceptable levels. This impact will be reduced by Mitigation Measure NO-3.1, which requires more detailed acoustical analysis for multi-family housing or hotel uses and incorporation of site planning and architectural design measures that reduce the exposure of future building occupants to traffic noise; and Mitigation Measure NO-3.2, which requires the project applicant to submit to the City noise analyses prepared by a qualified acoustical engineer that demonstrate the proposed hospital structures will include adequate exterior-to-interior noise reduction features to meet interior noise level standards of 45 dBA CNEL for patient areas.

(4) Impact NO-4 finds that noise generated by mechanical equipment located throughout the project site could have a potentially significant impact on on-site sensitive receptors. This impact would be reduced by Mitigation Measure NO-4, which requires the project sponsors to shield or enclose rooftop and other mechanical equipment and demonstrate through an acoustical analysis
that any proposed mechanical equipment, such as roof mounted heating, ventilation, and air conditioning (HVAC) systems or other mechanical equipment, are in compliance with applicable noise standards.

e. **Public Services:** Impact PS-3 finds that the proposed project could trigger the need for new school facilities. This impact will be reduced by Mitigation Measure PS-3.1, which requires the project developer to pay school impact fees.

f. **Traffic Impacts - Existing plus Phase 1 of the Medical Center plus the Mixed-Use Retail Development.** Traffic associated with development of Phase 1 of the Kaiser Medical Center, together with the Mixed-Use Retail Development would cause the level of service at the Aladdin Avenue/Alvarado Street intersection to degrade from LOS C to LOS E in the AM peak hour. This impact would be reduced by Mitigation Measure TR-1.4, which requires the project sponsors to contribute fair-share funds towards enhanced traffic signal equipment and software to optimize the traffic signal cycle length and phasing sequence and timings at the Aladdin Avenue/Alvarado Street intersection. This measure would improve the intersection operation to LOS D, thereby reducing the project impact to a less-than-significant level.

g. **Traffic Impacts - Cumulative (2030) plus Phase 1 plus Mixed Use Retail Development.** When added to projected cumulative traffic levels by year 2030, traffic associated with development of Phase 1 of the Kaiser Medical Center together with traffic from the mixed-use retail development would cause intersections to degrade to substandard levels of service.

(1) Impact TR-9 finds that project-generated traffic would cause the Aladdin Avenue/Alvarado Street intersection to degrade from LOS D to LOS E during the AM peak hour and the PM peak hour. Therefore, the project impacts are significant. This impact will be reduced by Mitigation Measure TR-9.5, which requires the cycle length of the actuated-uncoordinated signal timing to be optimized by adjusting the maximum extension parameters accordingly. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement.

(2) Impact TR-9 finds that the Marina Boulevard/San Leandro Boulevard intersection will operate at LOS F during the AM peak hour with and without the addition of project-generated traffic. However, the project would cause the V/C to increase significantly and the project would also cause the intersection operation to deteriorate from LOS D to LOS E during both the PM and Saturday midday peak hours. Therefore, the project impacts are significant. This impact will be reduced by Mitigation Measure TR-9.7, which requires the addition of lanes to the Marina Boulevard/San Leandro Boulevard intersection such that one northbound left-turn lane shall be added to provide two left-turn lanes, two through lanes and one right-turn lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. Implementation of this mitigation measure would require the acquisition of additional right-of-way, but this acquisition would not result in
secondary impacts and can be accommodated by reducing the bike lane and sidewalk right-of-way and reconfiguring the channeling island.

h. Parking:

(1) Impact TR-6 finds that under Baseline plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, it is unknown if the Mixed-Use Retail Development portion of the project would provide sufficient onsite parking spaces to meet the projected parking demand. This impact is reduced by Mitigation Measure TR-6.1, which requires the project applicants for the Mixed-Use Retail Development to prepare a parking demand study and provide sufficient parking as specified by the study.

(2) Impact TR-18 finds that under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development conditions, the project may not provide sufficient on-site parking spaces to meet the projected parking demand. This impact is reduced by Mitigation Measure TR-18.1, which requires the project applicant for the Kaiser Medical Center to prepare a parking demand study prior to build-out and to provide sufficient parking as specified by the study.

i. Utilities: Impact UT-4 finds that the proposed project’s increased demand for the treatment of wastewater could be met with existing treatment facilities, but the increase in wastewater flow may require new or expanded sewer lines. This impact is reduced by Mitigation Measure UT-4.1, which requires the project sponsor(s) to work with the City of San Leandro to conduct a capacity impact analysis of the sewer lines which connect the project site to the Marina Boulevard sewer line and pay a fair share contribution to any capacity improvements required to accommodate the projected wastewater.

SIGNIFICANT AND UNAVOIDABLE IMPACTS

27. Under Public Resources Code sections 21081(a)(3) and 21081(b), and CEQA Guidelines sections 15091, 15092, and 15093, and to the extent reflected in the EIR and the MMRP, the City Council finds that the following impacts of the Project remain significant and unavoidable, notwithstanding the imposition of all feasible mitigation measures, as set forth below. The City Council also finds that any project alternative discussed in the EIR that may reduce the significance of these impacts is rejected as infeasible for the reasons given below.

a. Air Quality:

(1) Impact AQ-1 finds that construction activities associated with the proposed project could cause temporary emissions of dust or contaminants from equipment exhaust that could contribute to existing air quality violations or expose sensitive receptors to pollutant concentrations. Mitigation Measure AQ-1.1, which requires project sponsors to implement BAAQMD recommended PM10 and diesel-powered equipment emission control measures for all
construction activities for both the Mixed-Use Retail Development project and the Kaiser Medical Center, would reduce the impact but not to a less than significant level. There are no other feasible mitigation measures to further reduce such emissions, so the impact is temporary, but significant and unavoidable. This potential unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(2) Impact AQ-2 finds that the proposed project would create new area and mobile sources of air pollutants that would generate emissions of ROG, NOX, PM10, and PM2.5 that would exceed BAAQMD’s established significance thresholds and would contribute substantially to an existing or projected air quality violation and could conflict with or obstruct implementation of the regional air quality plans to achieve attainment. The analysis shows that the majority of emissions generated by the Kaiser Medical Center and the Mixed-Use Retail Development would be generated by mobile source emissions from project-related trips. Mitigation Measure AQ-2.1, which requires the project sponsors to develop a Transportation Demand Management (TDM) program to reduce vehicle trips generated by their respective developments by approximately 10 percent to 15 percent, would reduce the impact but not to a less than significant level. Based on evidence in the record, the City determined that achieving a 10 to 15 percent reduction in vehicle trips is both aggressive and achievable, and further reductions beyond that amount are not feasible. This potential unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(3) Impact AQ-6 finds that since operational emissions from both the Kaiser Medical Center and the Mixed-Use Retail Development would be individually significant, operational emissions would also be cumulatively considerable. Mitigation Measure AQ-2.1 above would help reduce project emissions, but not to a less than significant level. This potential unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

b. Traffic Impacts – Existing plus Phase 1 of the Kaiser Medical Center: Impact TR-1 finds that, when traffic generated by Phase 1 of the Kaiser Medical Center is added to the roadway network (including planned roadway changes and project improvements), the intersection at the Marina Boulevard/Merced Street would be adversely impacted. Mitigation Measure TR-1.1 requires implementation of an adaptive traffic signal system, not just at this intersection but at all of the signals along the Marina Boulevard corridor between Merced Street and Alvarado Street, and along the Merced Street corridor between Marina Boulevard and Fairway Drive. An adaptive traffic signal system allows for the modification of signal cycle lengths and optimized actuated signal phasing sequence and timings for the corridor. An adaptive traffic signal system required additional hardware to be added to each of the signals along these corridors. Such a system would improve traffic operations at the Marina Boulevard/Merced Street intersection. The mitigation measure requires the project sponsors to contribute a fair share sum towards this adaptive traffic signal system. However, implementation of an adaptive traffic signal system at the
freeway on- and off-ramps on Marina Boulevard (intersections that are part of the interconnected signal corridor) requires approval by Caltrans. As such, this mitigation is exclusively within the responsibility and jurisdiction of Caltrans and the City, as lead agency for the Project, cannot guarantee Caltrans’ acceptance. While the City is requiring as a condition of approval that Kaiser seek approval from Caltrans, because the outcome is uncertain, impacts to the Marina Boulevard/Merced Street intersection are considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

c. Traffic Impacts - Existing plus Phase 1 of the Medical Center plus the Mixed-Use Retail Development. Traffic associated with development of Phase 1 of the Kaiser Medical Center together with the Mixed-Use Retail Development would cause sub-standard levels of service at the Marina Boulevard/Merced Street intersection and create operational issues associated with queuing at the intersection at Republic Avenue/Merced Street. Implementation of Mitigation Measures TR1.1 (described above), if feasible, would reduce the impacts under Existing plus Phase 1 of the Medical Center plus the Mixed-Use Retail Development conditions, but additional impacts would occur as described below.

(1) Impact TR-1 finds that the southbound left-turn queues along Merced Street at the Republic Avenue/Merced Street intersection would exceed the estimated storage capacity. As such, project traffic waiting to turn left from southbound Merced Street to the Republic Avenue extension may block through traffic on the southbound approach thereby affecting upstream operations on Merced Street. Mitigation Measure TR-1.2 requires improvements to widening the north leg of the intersection to provide two left-turn lanes, one through lane and one shared-through-right lane on the southbound approach (as well as bike lanes in both directions in accordance with the San Leandro Bicycle and Pedestrian Master Plan). With such widening, the southbound left-turn queue could be accommodated within the storage capacity of the two left turn lanes, and upstream traffic operations along Merced Street would not be adversely affected. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, widening Merced Street would require the acquisition of additional right-of-way. Acquiring this additional right-of-way would require the Project proponent to negotiate the sale and purchase of the real property, or the City to exercise its power of eminent domain and the outcome of either proceeding cannot be guaranteed. Further, such widening could adversely impact existing businesses along Merced Street. Due to the uncertainty regarding the feasibility of Mitigation Measure TR-1.2 and the fact that there is no other feasible mitigation, impacts to the Republic Avenue/ Merced Street intersection are considered significant and unavoidable. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(2) Impact TR-1 finds that the intersection at the Marina Boulevard/Merced Street, even as improved pursuant to Mitigation Measure TR-1.1 above, would be
adversely affected when traffic associated with development of Phase 1 of the Kaiser Medical Center together with the Mixed-Use Retail development is added. Mitigation Measure TR-1.3 requires a new signalized driveway into the northern portion of the Mixed-Use Retail Development project site along Marina Boulevard between the I-880 southbound ramps and Merced Street. This new signalized driveway would permit both left and right turns in from westbound and eastbound Marina Boulevard, providing a new access point to the project site and thus diverting a portion of traffic away from the Marina Boulevard/Merced Street intersection. Vehicles exiting the project site from this new driveway onto Marina Boulevard would be restricted to right turns only. In order to prevent additional on-site impacts to the Mixed-Use Retail Development associated with the new driveway and entrance roadway, a 60-foot wide driveway and roadway width with parking restrictions on either side would be required. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, the left-turn lane required for the new signalized driveway along Marina Boulevard would encroach into Caltrans right-of-way and would require approval of an encroachment permit by Caltrans. As such, approval of this mitigation is exclusively within the responsibility and jurisdiction of Caltrans and the City, as lead agency for the Project, cannot guarantee Caltrans’ approval. While the City is requiring as a condition of approval that Kaiser seek an encroachment permit from Caltrans, because the City cannot guarantee that this mitigation measure will be fully implemented and there is no other feasible mitigation, impacts to the Marina Boulevard/Merced Street intersection are considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

d. Traffic Impacts - Cumulative (2030) plus Phase 1 plus Mixed Use Retail Development. When added to projected cumulative traffic levels by year 2030, traffic associated with development of Phase 1 of the Kaiser Medical Center together with traffic from the mixed-use retail development would cause several intersections to degrade to substandard levels of service. Implementation of Mitigation Measures TR1.1 to TR1.4 (all described above) if feasible, would reduce the impacts under Cumulative plus Phase 1 plus Mixed-Use Retail Development conditions except at the following intersections.

(1) Impact TR-9 finds that the Davis Street/Doolittle Drive intersection would operate at substandard levels with and without the addition of project traffic, but that project traffic would significantly cause the volume/capacity ratio (V/C) to increase. Therefore, the project impact is significant. Mitigation Measure TR-9.1 requires the westbound lanes to be re-striped to provide one left turn lane, one through lane, and two right-turn lanes. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, implementation of this mitigation measure would require an encroachment permit from Caltrans. As such, approval of this mitigation is exclusively within the responsibility and jurisdiction of Caltrans
and the City, as lead agency for the Project, cannot guarantee Caltrans’ approval. While the City is requiring as a condition of approval that Kaiser seek an encroachment permit from Caltrans, because the City cannot guarantee that this mitigation measure will be fully implemented and there is no other feasible mitigation, impacts to the Marina Boulevard / Merced Street intersection are considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(2) Impact TR-9 finds that project-generated traffic would cause the Marina Boulevard/Wayne Avenue intersection to degrade from LOS D to LOS E during the PM peak hour. Therefore, the project impacts are significant. Mitigation Measure TR-9.2 requires re-striping of the eastbound approach lanes to convert the eastbound right-turn lane to a shared through-right lane, and to provide an additional receiving lane on the east leg of the intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, implementation of this mitigation measure would require the acquisition of new right-of-way on the east leg of the intersection. As such, approval of this mitigation is exclusively within the responsibility and jurisdiction of Caltrans and the City, as lead agency for the Project, cannot guarantee Caltrans’ approval. While the City is requiring as a condition of approval that Kaiser seek an encroachment permit from Caltrans, because the City cannot guarantee that these measures would be implemented and there is no other feasible mitigation, the project impact at the Marina Boulevard / Wayne Avenue intersection is considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(3) Impact TR-9 finds that project-generated traffic would cause the Marina Boulevard/Alvarado Street intersection to degrade from LOS D to LOS E during the AM peak hour and the PM peak hour. Therefore, the project impacts are significant. Mitigation Measure TR-9.3 requires optimization of the actuated-uncoordinated signal timing at the Marina Boulevard/Alvarado Street intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, implementation of this mitigation measures would require encroachment permits from Caltrans. As such, approval of this mitigation is exclusively within the responsibility and jurisdiction of Caltrans and the City, as lead agency for the Project, cannot guarantee Caltrans’ approval. While the City is requiring as a condition of approval that Kaiser seek an encroachment permit from Caltrans, because the City cannot guarantee that this mitigation measure will be fully implemented and there is no other feasible mitigation, this impact is considered significant and unavoidable for the purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

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(4) Impact TR-9 finds that project-generated traffic would cause the Fairway Drive/Merced Street intersection to degrade from LOS D to LOS F during the PM peak hour. Therefore, the project impact is significant. Mitigation Measure TR-9.4 requires the addition of lanes and modifications to the lane geometries at the Fairway Drive/Merced Street intersection, including: on the eastbound approach add one left-turn lane to provide two left-turn lanes, one through lane, and one right-turn lane; on the westbound approach re-stripe the right-turn lane to a shared through-right lane to provide one left-turn lane, one through lane and one through-right lane. This would require the widening of the west leg of the intersection to allow for the additional eastbound left-turn lane and the additional westbound receiving lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, implementation of this mitigation measure would require the acquisition of new right-of-way, potentially including acquisition of commercial structures and/or the taking of businesses. At this point, the City cannot guarantee an outcome on any potential condemnation proceedings and therefore the feasibility of Mitigation Measure TR-9.4 is uncertain. No other feasible mitigation exists to minimize or avoid this impact. As such, this impact is considered significant and unavoidable. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(5) Impact TR-9 finds that project-generated traffic would cause the Marina Boulevard/I-880 Southbound Ramps intersection to deteriorate from LOS D to LOS E during the AM peak hour and from LOS C to LOS F during the PM peak hour and the Saturday midday peak hour. Therefore, the project impact is significant. Mitigation Measure TR-9.6 requires modification of the cycle length at the Marina Boulevard/I-880 Southbound Ramps intersection, and adding an additional lane along the I-880 southbound off-ramp. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. These measures would improve the operation of the Marina Boulevard/I-880 Southbound Ramps intersections during weekday peak hours, but would reduce the average delay during the Saturday peak hour. Adding a third lane to the southbound I-880 off-ramp (also to be funded on a fair-share basis by the project sponsors) would fully mitigate this impact. This improvement would require additional right-of-way as well as an encroachment permit from Caltrans. At this point, the City cannot guarantee an outcome on any potential condemnation proceedings necessary for acquisition of additional right-of-way. Further, obtaining an encroachment permit is exclusively within the responsibility and jurisdiction of Caltrans, so the City cannot guarantee the successful implementation of Mitigation Measure TR-9.6. No other feasible mitigation exists. As such, this impact is considered significant and unavoidable. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(6) Impact TR-10 finds that under Cumulative plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, the project would cause an
increase in the amount of vehicle traffic on I-880 during the AM and PM peak hours of more than one percent of the freeway segment's design capacity and also result in queuing impacts to the southbound I-880 off-ramp at Marina Boulevard during the Saturday peak period. Mitigating this impact would require the widening of I-880. The required TDM program (MM AQ-2.1) would reduce project trips through increased use of alternative modes of transportation and would help to reduce trips along I-880, but not to a level that would reduce project impacts to less than significant. Widening the I-880 freeway is outside the purview of the City of San Leandro and within the responsibility and jurisdiction of another agency. As such, the City cannot guarantee implementation of the Mitigation Measure, and this impact would be considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

e. Traffic Impacts - Cumulative (2030) plus Project Buildout. When added to projected cumulative traffic levels by year 2030, traffic associated with buildout of the entire project (Phase 1 of the Kaiser Medical Center, the mixed-use retail development, and Medical Center buildout) would cause several additional intersections to degrade to substandard levels of service. Implementation of Mitigation Measures TR-1.1 to TR-1.4, and TR-9.1 to TR-9.7 (all described above) would reduce the impacts under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development conditions except at the Davis Street/Phillips Lane, Marina Boulevard/Merced Street, and Marina Boulevard/Wayne Avenue intersections.

(1) Project-generated traffic would adversely affect the Davis Street/Phillips Lane intersection during the PM peak hour, resulting in a substandard level of service. The intersection of Davis Street/Phillips Lane would deteriorate from LOS E to LOS F during the PM peak hour with an increase in V/C of 0.05. Therefore, the project impacts are significant. Mitigation Measure TR-13.1 requires re-striping the westbound approach lanes at the Davis Street/Phillips Lane intersection such that the westbound shared through-right lane shall be converted to an exclusive through lane to provide one left-turn lane, two through lanes, and one right-turn lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. However, implementation of this mitigation measure would require an encroachment permit from Caltrans. As such, approval of this mitigation is exclusively within the responsibility and jurisdiction of Caltrans and the City, as lead agency for the Project, cannot guarantee Caltrans’ approval. While the City is requiring as a condition of approval that Kaiser seek an encroachment permit from Caltrans, because the City cannot guarantee that this mitigation measure will be fully implemented and no other feasible mitigation exists, this impact is considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.
(2) Project-generated traffic would adversely affect the Marina Boulevard/Merced Street intersection during all study peak periods, resulting in substandard levels of service. The intersection of Marina Boulevard and Merced Street would deteriorate from LOS D to LOS F during the AM and PM peak hours and from LOS C to LOS F during the Saturday midday peak hour. Therefore, the project impacts are significant. Mitigation Measure TR-13.2 requires increasing roadway capacity by adding a third left-turn lane on the westbound approach to Marina Boulevard/Merced Street intersection. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. Widening at this location may not be possible due to right-of-way constraints and it is uncertain if an encroachment permit can be acquired from Caltrans. The City cannot guarantee the outcome of any necessary condemnation proceedings for right-of-way acquisition and the issuance of an encroachment permit is the exclusive responsibility and jurisdiction of Caltrans. No other feasible mitigation exists. As such, this impact is considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

(3) The Marina Boulevard/Wayne Avenue intersection would degrade from LOS D to LOS E with the addition of project traffic during the PM peak hour. Thus the project impacts are significant. Mitigation Measure TR-13.2 requires conversion of the eastbound right-turn lane to a shared through-right lane. The mitigation measure requires the project sponsors to contribute fair-share funds towards this improvement. Implementation of this mitigation measure would require the acquisition of new right-of-way on the east leg of the intersection, and the City cannot guarantee issuance of the Caltrans encroachment permit. The City cannot guarantee the outcome of any necessary condemnation proceedings for right-of-way acquisition and the issuance of an encroachment permit is the exclusive responsibility and jurisdiction of Caltrans. No other feasible mitigation exists. As such, this impact is considered significant and unavoidable for purposes of the CEQA analysis. This potentially unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

f. Climate Change. The proposed project would emit levels of greenhouse gases during operation that would exceed the Draft BAAQMD thresholds. As such, the proposed project would have a significant impact on the environment. Mitigation Measures CC-1.5 through CC-1.10 would apply to both Phase 1 and Build-Out of the Kaiser Medical Center and the Mixed-Use Retail Development. Mitigation Measures CC-1.11 through CC-1.13 apply only to the Mixed-Use Retail Development. Application of these mitigation measures would reduce the climate change related impacts of all components of the proposed project by minimizing mobile, area source, indirect electricity, and solid waste emissions. However, the nature of the proposed project is such that these mitigation measures do not reduce the GHG emissions that would be associated with the proposed project to a level that would not exceed the Draft BAAQMD thresholds. In addition, the proposed project with
mitigation would not meet the AB32 threshold of 30 percent beyond minimally compliant levels. A comment letter suggested that additional feasible mitigation measures exist to further reduce GHG emissions. Although the comment did not identify specific mitigation measures, Response to Comment 7-6 describes specific reasons why additional Transportation Demand Management and energy efficiency measures are not feasible and why contributing to a “mitigation fund” is not feasible. The City incorporates by reference Response to Comment 7-6 and affirms that the additional mitigation strategies identified by the comment letter are infeasible for the reasons set forth in Response to Comment 7-6. Finally, the project sponsor has committed to providing approximately 250 kilowatts of its Phase 1 energy consumption from renewable sources, with an additional 250 kilowatts for its hospital and medical office at build-out. Further, Kaiser will require any future developer of the Mixed-Use Retail Development project to generate no less than 250 kilowatts of energy use from renewable energy sources. The City finds that these various measures will result in a significant reduction in GHG emissions from the project, but that, despite implementing all feasible mitigation measures, the GHG emissions of the project, and the project’s contributions to global climate change, would remain significant and unavoidable. This potential unavoidable significant impact is overridden as set forth below in the Statement of Overriding Considerations.

X. FINDINGS REGARDING ALTERNATIVES

28. The City Council finds that specific economic, social, environmental, technological, legal or other considerations make infeasible the alternatives to the Project as described in the EIR and justify approval of the Project, as more fully set forth in the Statement of Overriding Considerations below. The remaining significant unavoidable impacts of the Project that cannot be fully mitigated through the mitigation measures described in the EIR are certain impacts to transportation, air quality, and climate change as detailed above.

29. The EIR evaluated a reasonable range of alternatives to the project that was described in the Draft EIR. The DEIR identified three alternatives and one sub-alternative (which considered an additional access point to the project site) to the proposed project. Two additional alternatives (a Reduce the Project by 90 Percent Alternative and an Alternative Location) were rejected as infeasible for the reasons stated in the DEIR. The City Council adopts the EIR’s analysis and conclusions regarding alternatives eliminated from further consideration.

30. The three potentially feasible alternatives analyzed in the DEIR represent a reasonable range of alternatives that reduce one or more significant impacts of the Project. These alternatives include the (1) No Project/No Build Alternative; (2) No Project/Existing Zoning Alternative; and (3) Reduced Project Alternative. The sub-alternative is an additional site access from Merced Street. As presented in the DEIR and FEIR, the alternatives were described and compared with each other and with the proposed project.
31. The No Project/No Build Alternative, which would avoid all potential impacts, was identified as the environmentally superior alternative. The No Project/Existing Zoning Alternative would also avoid the proposed project’s significant and unavoidable air quality and traffic impacts. Under CEQA Guidelines section 15126.6(e)(2), if a No Project Alternative is identified as the environmentally superior alternative, the EIR must also identify an environmentally superior alternative among the other alternatives. Alternative 3 (Reduced Development) would result in a reduction in traffic when compared to the proposed project. This reduction in traffic would reduce air quality and climate change impacts. Thus, the Reduced Project Alternative would be considered the environmentally superior alternative.

32. The City Council certifies that it has independently reviewed and considered the information on alternatives provided in the EIR and in the record. The EIR reflects the City of San Leandro as lead agency’s independent judgment as to alternatives. The City Council finds that the Project provides the best balance between the project sponsor’s objectives, the City’s goals and objectives, the project’s benefits as described below in the Statement of Overriding Considerations, and mitigation of environmental impacts to the extent feasible. The other alternatives proposed and evaluated in the EIR are rejected for the reasons stated in the EIR and for the following reasons. Each individual reason presented below constitutes a separate and independent basis to reject the project alternative as being infeasible, and, when the reasons are viewed collectively, provide an overall basis for rejecting the alternative as being infeasible.

33. **Under Alternative 1: No Project / No Build**, the Project would not be undertaken. In this scenario, the existing 63-acre project site would remain as is and no project components would be constructed. The southern portion of the project site would remain vacant and the existing industrial warehouse buildings on the northern portion of the project site would be retained. The Mixed-Use Retail Development would not be constructed on the northern portion of the project site nor would the Kaiser Medical Center be constructed on the southern portion of the project site. On-site and off-site roadway and circulation improvements would not be included. The No Project/No Build Alternative would avoid all potential impacts. This alternative is rejected as infeasible because it would not achieve any of the City’s or the Project sponsor’s objectives for the Project. The No Project/No Build Alternative would not include retail, mixed-use housing or a hotel, or the Kaiser Medical Center, it would not provide the surrounding communities with any of the identified needs for retail or medical services, nor would it provide the tax base or the types of jobs to the community that are identified in the project objectives.

34. **Under Alternative 2: No Project / Existing Zoning**, the Project would not be undertaken. The project site would be redeveloped with light industrial and warehouse uses similar to those that existed on the project site prior to the start of demolition activities. Total development under this alternative would include approximately 840,000 square feet of light industrial/warehouse space. No changes in land use, General Plan amendments, or rezoning would occur under this alternative. The No Project/Existing Zoning Alternative would avoid the proposed project’s significant and unavoidable air quality and traffic impacts and would also avoid the proposed project’s potentially...
significant but mitigable traffic noise, public service (school), and wastewater impacts. This alternative is rejected as infeasible because it would not achieve any of the City’s or the Project sponsor’s objectives for the Project. The No Project/Existing Zoning Alternative would not include retail, mixed-use housing or a hotel, or the Kaiser Medical Center, it would not provide the surrounding communities with any of the identified needs for retail or medical services, nor would it provide the tax base or the types of jobs to the community that are identified in the project objectives.

35. **Under Alternative 3: Reduced Project**, the same uses proposed under the proposed project would occur (Mixed-Use Retail Development on the northern portion of the project site and the Kaiser Medical Center on the southern portion of the project site), but the square footage of all uses would be reduced by approximately 20 percent. In addition, this alternative would not include future expansion of the Kaiser Medical Center as proposed under Build-Out of the proposed project. The Reduced Project Alternative would result in a reduction in traffic when compared to the proposed project. This reduction in traffic would reduce air quality and climate change impacts. However, these impacts would still be significant and unavoidable. Because the significant and unavoidable impacts associated with air emissions and traffic would be less severe under the Reduced Project Alternative it would be considered the environmentally superior alternative. Although the Reduced Project Alternative meets most of the project objectives (as it includes some form or combination of retail, mixed-use, and medical uses), this alternative is rejected as infeasible because it would not allow for full development of the proposed uses. The Reduced Project Alternative would not allow for buildout of the Kaiser Medical Center, and would therefore not meet the project objective of meeting the future needs of the Kaiser Permanente members. It is essential to Kaiser's future operations to have those future uses identified under buildout of the Medical Center as close as possible to the new hospital because of Kaiser’s integrated care delivery model. Furthermore, the Reduced Project Alternative would not maximize sales tax revenue and the property tax base for the City, a primary objective of the Project. It would also create fewer jobs for the community.

36. **Under Alternative 4: Additional Site Access from Merced Street Alternative**, the same uses and same square footages of uses as proposed under the proposed project would occur (Mixed-Use Retail Development on the northern portion of the project site and the Kaiser Medical Center on the southern portion of the project site), but an additional access point would be provided from Merced Street. This access would be provided by the construction of a new roadway east into the project site, north of the Republic Avenue extension, through an adjacent parcel known as the Foundry site. The Additional Site Access from Merced Street Alternative would result in the same environmental impacts as would the proposed project, except that the levels of service for the Republic Avenue/Merced Street intersection would improve as a portion of the traffic would be diverted into the new project access driveway prior to the Republic Avenue intersection. This alternative is rejected as infeasible because implementation of this Alternative would require the acquisition of additional property (the project proponent does not own this property), and potentially the demolition of buildings on the adjacent parcel.
XI. STATEMENT OF OVERRIDING CONSIDERATIONS

37. The City Council finds and determines that the majority of the potentially significant impacts of the project will be reduced to less-than-significant levels by the mitigation measures identified in these findings and the EIR. However, as set forth above, the City’s approval of the project as proposed will result in project and cumulative significant adverse environmental impacts related to air quality, traffic and climate change that cannot be avoided even with the incorporation of all feasible mitigation measures into the project, and there are no feasible project alternatives which would mitigate or avoid the significant environmental impacts and still meet the primary project objectives.

38. The City Council finds that each of the specific economic, legal, social, technological, environmental, and other considerations and the benefits of the Project separately and independently outweigh these remaining significant, adverse impacts and is an overriding consideration independently warranting approval. The remaining significant adverse impacts identified above are acceptable in light of each of these overriding considerations. The substantial evidence supporting the enumerated benefits of the project can be found in these findings, the project itself, the EIR, and in the record of proceedings, all of which is incorporated by reference.

39. In the event that any subsequent court decision or regulatory action results in a determination that there are additional remaining significant impacts resulting from the City’s approval of the project that cannot be avoided even with the incorporation of all feasible mitigation measures into the project, the following findings and Statement of Overriding Considerations shall be deemed to apply to such additional remaining significant impacts.

40. The Project will play a significant role in planning for a major earthquake by ensuring that Kaiser Permanente’s San Leandro facilities are the safest available to serve the needs of its membership. California State Senate Bill 1953 requires that all acute care hospitals in the state retrofit, rebuild, or close their general acute care inpatient hospital buildings by specific dates if they do not meet strict new seismic safety requirements. The Project is designed to comply with these requirements, resulting in a new, seismically safe, inpatient medical facility capable of functioning in a seismic emergency to provide high quality medical care to Kaiser Permanente members, San Leandro citizens, and the greater community.

41. The Project will replace aging, increasingly functionally obsolete existing facilities at the Hayward Kaiser facility. The demand for services is straining the existing Hayward facilities. As medical treatments have advanced, those patients who are hospitalized suffer from more acute conditions, requiring more modern medical equipment for their care. Hospital rooms are now expected to accommodate larger patient beds, heart monitors, automatic dosage machines, breathing apparatus and other equipment for multiple patients. The new hospital will include private rooms with restrooms that can comfortably accommodate patients, visiting family, and efficient treatment. New operating rooms and outpatient facilities will allow members, patients, physicians, and staff to move forward using new medical developments.
42. The Project will replace the existing Kaiser facilities in Hayward in accordance with Kaiser Permanente’s integrated model of health care delivery. This model requires Hospital and Specialty Medical Services to share service space and to be co-located to provide the best patient care. The proposed new Medical Center campus is logically and cohesively planned, with services conveniently located next to other appropriate services in order to minimize patients’ inconvenience.

43. The Project will result in the construction of a new facility designed in a manner that provides the City of San Leandro and its residents with a modern and competitive health care facility, and will increase high quality jobs in San Leandro.

44. In accordance with state and federal law, the Project’s state of the art emergency room will be available to anyone needing emergency care, regardless of ability to pay, and will result in improved access to emergency care for citizens of San Leandro.

45. The Project will create opportunities to provide health coverage for children in need in the City of San Leandro, such as the KP Child Health Plan which currently covers children in the City of San Leandro and elsewhere or other subsidized health care programs.

46. The Project will provide a source of grant funding to non-profit community organizations in San Leandro based on locally assessed health care priorities.

47. The Project’s will provide conference rooms that can be made available for use by San Leandro community organizations during evening and weekend hours, and the Project’s facilities can provide opportunities for health education classes, opportunities for internship programs; opportunities for summer youth programs; and opportunities for support and sponsorship of community events based on Kaiser Permanente’s Community Giving policies, for the benefit of the San Leandro Community.

48. The Retail Project will provide a range of other amenities to the general public, including shopping, restaurants and other uses.

49. The Retail Project will serve as a catalyst for the revitalization of the western Marina Boulevard community.

50. The Retail Project will result in a higher and better use of a currently vacant parcel, will create new, high quality jobs for the community, and be a source of tax revenue for the City.
EXHIBIT C

Recommended Findings of Fact for Approval - PLN2009-00030

Kaiser Permanente San Leandro Medical Center/ Mixed-Use Retail Development Project
Alameda County Assessor's Parcel Numbers between 077A-0647-001-34 and 077A-0647-012-03 (11 current parcels)
Kaiser Foundation Hospitals (applicant and property owner)

General Plan Amendment

1. The proposed General Plan amendment will be in the public interest.

The project site consists of 63 acres, the majority of which is currently designated in the General Plan as General Industrial. There is a small portion of the project site adjacent to Marina Boulevard that is designated as Light Industrial. General Industrial land uses are characterized by a wide range of manufacturing, transportation, warehousing, vehicle storage, and distribution uses. Applicable General Plan policies focus on maintaining a strong industrial and commercial base in the City while ensuring that commercial and industrial uses are designed to be sensitive to surrounding areas.

Amending the General Plan to change the land use designation of the entire 63-acre site from General Industrial and Light Industrial to General Commercial would allow residential mixed-use retail uses, and medical center/hospital uses.

The General Plan Amendment will facilitate construction of a high-quality medical center and retail project that will be in the public interest. A new medical center will provide the community with access to quality health care facilities, and play a significant role in planning for a major earthquake. The Project is designed to comply with State requirements, resulting in a new, seismically safe, inpatient medical facility capable of functioning in a seismic emergency to provide high quality medical care to Kaiser Permanente members, San Leandro citizens, and the greater community. The medical center, which will replace aging, increasingly functionally obsolete existing facilities in Hayward, will ensure that Kaiser Permanente's San Leandro facilities are the safest available to serve the needs of its membership and the community.

The Retail Project will also be in the public interest by providing a range of amenities to the general public, including shopping, restaurants and other uses, as well as a source of tax revenue for the City.

2. The proposed General Plan amendment will not be detrimental to public health, safety and welfare.

There are existing General Commercial designations directly contiguous to the project site, and the major retail development east of I-880 along Marina Boulevard is also designated General Commercial. Thus, the change in land use designation would not result in the introduction of a new, detrimental land use type into the area. Although the majority of the project site would be surrounded by Light Industrial and General
Industrial land uses to the north and west, medical center and commercial land uses are generally compatible with industrial land uses and not detrimental to public health, safety or welfare.

Furthermore, the City will require subsequent environmental and site plan review for any future proposal on the Retail/Mixed-Use Development site, ensuring that such development, even if it includes a residential component, will not be incompatible with surrounding development, nor would be detrimental to public health, safety, and welfare.

3. **The proposed General Plan Amendment is otherwise consistent with the General Plan.**

The proposed General Plan Amendment is otherwise consistent with the General Plan because it will further a number of existing General Plan policies, will not impede achievement of other policies, and will not create any internal inconsistencies with the General Plan. The proposed Amendment is consistent with the City’s contemplated “City Structure” (General Plan Fig. 3-1) because it proposes a medical center and commercial development in a region identified as an employment district, near an intersection identified as a neighborhood/community commercial center. By facilitating development of a medical center and retail project, the General Plan Amendment also furthers a number of other existing General Plan Goals, Policies, and Actions. For example, it promotes economic diversity and the growth of the expanding health care industry (See Policy 7.02). It encourages private reinvestment in an underutilized industrial and commercial parcel to adapt the property to the changing economic needs (Policy 7.06). The retail project will also enhance the City’s tax base (Policy 7.07). Further, the General Plan Amendment will not impede achievement of other existing policies, nor will it create internal inconsistencies with existing policies. Accordingly, the Amendment is consistent with the City’s General Plan.

**Rezone**

1. **The proposed rezone will be in general agreement with the adopted General Plan of the City.**

Should the City Council approve amending the General Plan to change the land use designation of the entire 63-acre site from General Industrial and Light Industrial to General Commercial, the proposed rezoning of the entire site to Commercial Community with a Planned Development Overlay [CC-(PD)], would be consistent with the General Plan as amended.

Hospitals and mixed-use residential uses such as proposed under the project are generally allowed in the Commercial Community district subject to approval of a Conditional Use Permit. However, the Planned Development Overlay can be used to accommodate uses that would otherwise require Conditional Use permits, subject to review by the Planning Commission and City Council. Further, by facilitating the medical center and retail or mixed-use development, the rezone would further a number of existing General Plan policies (as demonstrated above) without impeding achievement of other General Plan policies.
2. The uses permitted by the proposed zoning district will be compatible with existing and proposed uses in the general neighborhood.

Immediately west of the proposed project are a group of commercial buildings on the southwest corner of the Marina Boulevard/Merced Street intersection. Commercial buildings are also located north of Marina Boulevard. Immediately west of the proposed Mixed-Use Retail Development is the Alpha Innotech Corporation, which develops and manufactures digital imaging and detection systems for life science and drug research markets. This is not an intensive industrial land use, but does perform light manufacturing operations. No intensive industrial uses exist immediately adjacent to the portion of the site planned for Mixed-Use Retail Development. Thus, the proposed uses would be generally compatible with the existing light industrial and commercial land uses in the immediate vicinity.

Development of a hospital on the site would include the use of hazardous materials; however, hospital operations would be required to follow federal and State regulations regarding the handling and transportation of hazards materials. The hospital would be generally compatible with the industrial uses because the buildings would be similar in size and would be designed primarily for utility.

The Alpha Innotech Corporation property contains a minimal amount of landscaping (scattered trees and lawns) on the eastern portion of the property along Merced Boulevard. Although it is likely that any future residential development on the mixed-use portion of the site would be compatible with surrounding industrial land uses, upon submittal of a development application the Mixed-Use Retail Development would undergo subsequent environmental review to ensure that any potential land use conflicts are adequately mitigated.

The rezoning of the project site to CC(PD) District will subject any future proposal on the property to the City’s discretionary review process, which will ensure that the new development will be compatible with the existing area.

3. The property subject to the rezone will be served by streets, utilities and other public facilities of sufficient capacity to properly serve it without overloading and without detriment to other areas presently zoned in contemplation of full use and availability of such facilities.

As part of the comprehensive plan to rezone and redevelop the subject property, the subject property will be improved with adequate public infrastructure such as utilities and other public facilities to properly serve it without overloading and without detriment to the immediate area. Street facilities accessing the project already exist and will be improved to better serve the proposed uses.

**Planned Unit Development – Phase 1 of the Kaiser San Leandro Medical Center**

1. That the proposed location of the use is in accord with the objectives of the Zoning Code and the purposes of the district in which the site is located.
Approval of the Planned Development Project for Phase 1 of the Medical Center will enable development of a medical center designed to integrate its state-of-the-art health care delivery into the surrounding San Leandro community with a functional and aesthetic design.

Since future buildout of the planned Mixed-Use Retail Development is dependent upon the varying economics of the retail industry, a subsequent PD application will be required of that project.

2. **That the proposed location of the use and the proposed conditions under which it would be operated or maintained will be consistent with the General Plan; will not be detrimental to the public health, safety or welfare of persons residing or working in or adjacent to the neighborhood of such use; and will not be detrimental to properties or improvements in the vicinity or to the general welfare of the City.**

The proposed medical center site is bounded by the I-880 freeway to the east, Marina Boulevard to the north, Merced Street to the west, and Fairway Drive to the south. The site is served primarily by the Marina Boulevard interchange on I-880, with additional access from the south from the Aladdin Avenue/Fairway Drive over crossing of I-880. The site provides excellent access to Kaiser Permanente members, San Leandro citizens, and the greater community. As demonstrated above, the proposed use and location are consistent with the General Plan, as proposed for amendment. Project design elements and mitigation measures developed pursuant to the California Environmental Quality Act and imposed through the conditions of approval will operate to ensure that the project meets the City’s laws, regulations, and standards, including those in the General Plan and Municipal Code.

Although development of a hospital at this location could also expose sensitive receptors to excessive noise levels and air quality emissions from the adjacent freeway, implementation of mitigation measures required pursuant to the EIR would ensure that noise levels and exposure to air quality contaminants are within acceptable ranges.

Site plan elements including building placement, size and location of landscape areas, parking facilities, and the placement of service areas provide for an orderly development that is compatible with its surroundings. Parking, loading, storage and service areas are appropriately screened by building placement, orientation walls, and/or landscaping, and detail features such as signs, fences and lighting minimize off-site glare and enhance views of the site from surrounding properties.

3. **That the proposed use will comply with the provisions of this code; including any specific condition required for the proposed use in the district in which it would be located.**

The proposed CC (PD) zoning designation allows for a Planned Development (PD) application. No specific conditions for medical center uses are included in the Code that would apply to the project. Development of a hospital on the site would include the use of hazardous materials. However, hospital operations would be required to follow federal
and State regulations regarding the handling and transportation of hazards materials as stipulated in the recommended conditions of approval and incorporated as mitigation measures in the EIR.

Both on-site and off-site improvements are included as part of the project as well as being imposed as recommended conditions of approval.

4. **That the proposed use will not create adverse impacts on traffic or create demands exceeding the capacity of public services and facilities, which cannot be mitigated.**

Generally, the surrounding street network has adequate capacity to accommodate the traffic generated by Phase 1 of the Medical Center. The EIR identifies that an adaptive traffic signal system at the freeway on- and off-ramps on Marina Boulevard (needed as part of mitigation measures discussed below) would require approval by Caltrans. Since the City cannot guarantee Caltrans’ approval, traffic impacts to the Marina Boulevard/Merced Street intersection may remain significant and unavoidable. When considering the CEQA Findings and prior to making these findings on the proposed Planned Unit Development, the City Council has determined that the benefits of the project outweigh this potential environmental impact, and affirmed such through the Statement of Overriding Considerations. These overriding considerations similarly apply to this Finding #4 on the proposed Planned Unit Development.

When traffic generated by Phase 1 of the Kaiser Medical Center is added to the roadway network (including planned roadway changes and project improvements), the intersection at the Marina Boulevard/Merced Street would be adversely impacted. Mitigation Measures in the EIR require implementation of an adaptive traffic signal system, not just at this intersection but at all of the signals along the Marina Boulevard corridor between Merced Street and Alvarado Street, and along the Merced Street corridor between Marina Boulevard and Fairway Drive. An adaptive traffic signal system allows for the modification of signal cycle lengths and optimized actuated signal phasing sequence and timings for the corridor. An adaptive traffic signal system required additional hardware to be added to each of the signals along these corridors. Such a system would improve traffic operations at the Marina Boulevard/Merced Street intersection. The mitigation measure requires the project sponsors to contribute a fair share sum towards this adaptive traffic signal system.

Additionally, the EIR requires that Kaiser implement a Transportation Demand Management (TDM) program with the objective of reducing the number of drive-alone automobile trips to the Kaiser Medical Center and to the Mixed-Use Retail Development. The Kaiser Medical Center TDM program requires a reduction in vehicle trips associated with the Kaiser Medical Center by approximately 10 to 15 percent.

There are adequate public facilities in the area to serve this development, and there is adequate public service to the proposed project, including but not limited to; the gas and electric company, the water district, waste disposal, and police and fire departments.

5. **The Planned Development Project Plan will provide superior urban design in comparison with the development under the base district zoning regulations.**
Site plan elements (including building placement, size and location of landscape areas, parking facilities, and the placement of service areas) provide a harmonious and orderly development that is compatible with its surroundings. Parking, loading, storage and service areas are appropriately screened by building placement, orientation walls, and/or landscaping. The landscaping complements the architectural design, with an appropriate balance of trees, shrubs, and living ground covers, and provides adequate screening and shading of parking lots and driveways. Detail features such as signs, fences and lighting for buildings, parking lots, and driveways are visually consistent with the architectural and landscape design, minimize off-site glare, and enhance views of the site from surrounding properties. The proposed Medical Center uses will provide superior urban design in comparison with the more traditional development under the base Community Commercial district zoning regulations.

6. The Planned Development Project includes adequate provisions for utilities, services, and emergency vehicle access; and that public service demands will not exceed the capacity of the existing and planned systems.

There is adequate public service provided to the proposed project, including but not limited to the gas and electric, the water, waste disposal, cable TV, and police and fire services. The Engineering and Transportation Department, and Fire Department have found the access to the site, with the improvements as proposed and with additional conditions of approval as recommended, to be safe for vehicular, pedestrian and emergency vehicle access.
## EXHIBIT “D”
MITIGATION MONITORING AND REPORTING PROGRAM
FOR THE KAISER SAN LEANDRO MEDICAL CENTER / MIXED-USE RETAIL DEVELOPMENT PROJECT

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<tr>
<td><strong>Visual Quality</strong></td>
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<tr>
<td>VQ-2. The proposed project (including both Phase 1 and Build-Out of the Kaiser Medical Center and the Mixed-Use Retail Development) could create a new source of substantial light or glare that would adversely affect day or nighttime views at the project site and vicinity.</td>
<td>VQ-2.1 Implement lighting standards to minimize visual intrusion.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Review of building permit applications</td>
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<td>• New lighting shall be designed to reduce adverse impacts by using techniques such as automatic shut off controls and glare shields and by appropriately orienting and positioning fixtures at a height consistent with the intended use.</td>
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<td>• Exterior lighting in parking areas, pathways, and common open space shall be designed to provide for safe and secure access on the site while minimizing impacts or visual intrusions on abutting or nearby properties from spillover and architectural lighting that project upward.</td>
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<td>• Lighting of building exteriors, parking areas, and pedestrian ways shall be of the lowest intensity and energy use adequate for its purpose, and shall be designed to focus illumination downward to avoid excessive illumination above the light fixture.</td>
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<td><strong>Air Quality</strong></td>
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<td>AQ-1. Construction activities associated with the proposed project could cause emissions of dust or contaminants from equipment exhaust that could contribute to existing air quality violations or expose sensitive receptors to pollutant concentrations. This would be a temporary but potentially significant impact.</td>
<td>AQ-1.1 Implement Recommended Dust and Exhaust Emission Control Measures.</td>
<td>San Leandro Engineering &amp; Transportation Department</td>
<td>Review of all demolition, grading and building permits</td>
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<td>For both the future Mixed-Use Retail Development project and the Kaiser Medical Center facilities, to reduce particulate matter emissions during the project’s demolition and construction phases, the project sponsors shall require the construction contractors to comply with the dust control strategies developed by BAAQMD. The project sponsors shall implement the BAAQMD requirements, which would include the following measures, or other similar measures, as adopted by BAAQMD:</td>
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<td>• All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day.</td>
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<td>• All haul trucks transporting soil, sand, or other loose material off-site shall be covered.</td>
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<td>• All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited.</td>
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<td>• All vehicle speeds on unpaved roads shall be limited to 15 mph.</td>
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<td>• All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used.</td>
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<td>• Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes (as required by the California airborne toxics control measure Title 13, Section 2485 of California Code of Regulations [CCR]). Clear signage regarding idling times shall be provided for construction workers at all access points.</td>
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<td>• All construction equipment shall be maintained and properly tuned in accordance with manufacturer’s specifications. All equipment shall be checked by a certified mechanic and determined to be running in proper condition prior to operation.</td>
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<td>• A publicly visible sign with the telephone number and person to contact at the Lead Agency regarding dust complaints shall be posted. This person shall respond and take corrective action within 48 hours. The phone number of BAAQMD shall also be visible to ensure compliance with applicable regulations.</td>
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<td>• All exposed surfaces shall be watered at a frequency adequate to maintain minimum soil moisture of 12 percent. Moisture content can be verified by laboratory samples or moisture probe.</td>
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<td>• All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 mph.</td>
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<td>• Wind breaks (e.g., trees, fences) shall be installed on the windward side(s) of actively disturbed areas of construction. Wind breaks should have at maximum 50 percent air porosity.</td>
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<td>• Vegetative ground cover (e.g., fast-germinating native grass seed) shall be planted in disturbed areas as soon as possible and watered appropriately until vegetation is established.</td>
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<td>• The simultaneous occurrence of excavation, grading, and ground-disturbing construction activities on the same area at any one time shall be limited. Activities shall be phased to reduce the amount of disturbed surfaces at any one time.</td>
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<td>• All trucks and equipment, including their tires, shall be washed off in designated wash areas prior to leaving the site.</td>
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<td>• Site accesses to a distance of 100 feet from the paved road shall be treated with a 6 to 12 inch compacted layer of wood chips, mulch, or gravel.</td>
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<td>• Sandbags or other erosion control measures shall be installed to prevent silt runoff to public roadways from sites with a slope greater than one percent.</td>
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|                      | • The project shall develop a plan demonstrating that the off-road equipment (more
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<td>than 50 horsepower (i.e., owned, leased, and subcontractor vehicles) would achieve a project wide fleet average 20 percent NOX reduction and 45 percent PM reduction compared to the most recent ARB fleet average. Acceptable options for reducing emissions include the use of late model engines, low-emission diesel products, alternative fuels, engine retrofit technology, after-treatment products, and/or other options as such become available.</td>
<td>All measures shall be implemented by the project applicants.</td>
<td>The project applicants shall develop and implement the TDM programs no later than the issuance of the first certificate of occupancy for the project (either by the City or Office of Statewide Health, Planning, and Development [OSHPD]).</td>
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<td>Use low volatile organic compound (VOC) (i.e., ROG) coatings beyond the local requirements (i.e., Regulation 8, Rule 3: Architectural Coatings).</td>
<td>The TDM program shall be developed to the satisfaction of the City of San Leandro Community Development Director and Engineering and Transportation Director.</td>
<td>The programs shall remain in place throughout the life of the project.</td>
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**AQ-2.1 Develop and Implement a Transportation Demand Management Program.**

Each of the project sponsors shall develop a Transportation Demand Management (TDM) program to reduce vehicle trips generated by their respective developments. The Kaiser Medical Center TDM program shall be developed such that it would reduce vehicle trips associated with the Kaiser Medical Center by approximately 10 to 15 percent during both Phase 1 and Build-Out. The Mixed-Use Retail Development TDM program shall be developed such that it would reduce vehicle trips associated with the Mixed-Use Retail Development at a rate to be determined at such time as the components of that development are more firmly understood. The project applicants shall develop and implement the TDM programs no later than the issuance of the first certificate of occupancy for the project (either by the City or Office of Statewide Health, Planning, and Development [OSHPD]). The programs shall remain in place throughout the life of the project. The objective of the TDM program is to reduce the number of drive-alone automobile trips to the Kaiser Medical Center and the Mixed-Use Retail Development. All measures shall be implemented by the project applicants to the satisfaction of the City of San Leandro Community Development Director and Engineering and Transportation Director. The City Community Development Director and Engineering and Transportation Director shall have the authority and discretion to permit modification of the measures provided that the modifications continue to achieve the overall trip reduction objective. Mandatory elements for each of the TDM programs (subject to any authorized modification by the Community Development Director and Engineering and Transportation Director, as provided in this Mitigation Measure) shall include the following, where elements 1 through 11 apply to the Kaiser Medical Center TDM program, and elements 12 through 18 apply to the Mixed-Use Retail Development TDM program:

- **Kaiser Medical Center Transportation Demand Management Program.**
  - Transportation Coordinator – Kaiser shall employ at least one full-time transportation coordinator to assist employees at the Kaiser Medical Center with their commute options and provide information on alternative transportation

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<td>modes to patients and visitors as needed. The employee shall have had previous experience with TDM and shall be trained for the role. The transportation coordinator may have other duties, but would be available when needed to cover the workload demands.</td>
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<td></td>
<td>a. A website shall be one of the programs organized by the Transportation Coordinator. The website shall contain information on parking, transportation, and TDM-related information. The website shall include a Quick Link to a Commute page on the Intranet (an internal website for Kaiser Permanente employees), as well as one on the public website for visitors and prospective employees.</td>
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<td></td>
<td>b. A TDM package shall be provided for all new Kaiser Medical Center employees at the same time as health plan and other benefits are being introduced and the benefits of alternative commute methods shall be stressed in the new employee orientation program.</td>
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<td>c. A bicycle package, consisting of a bicycle map, safety information, provision of bike storage, showers, and information about bicycle maintenance and the Commute Assistance Program, shall be provided to all Kaiser Permanente employees.</td>
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<td>d. The Transportation Coordinator shall organize meetings for those living near each other to discuss potential for carpooling and vanpooling. The commute benefits program shall also be reinforced at these meetings.</td>
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<td>e. A transit information fair shall be held quarterly (four times per year), and then can be reduced to occur annually (once per year) after the single-occupant vehicle reduction target of 10 to 15 percent has been met.</td>
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<td>• Commute Assistance Center – Kaiser shall establish and maintain a Commute Assistance Center (CAC) in a centralized location in the project site. The CAC shall remain open during normal business hours. An information kiosk shall also be established and maintained, with transportation maps and schedules and a courtesy phone to contact the CAC for transportation information, in the main building lobby for patients and visitors. A program shall be established to orient new employees on the TDM program and facilities and the advantages of participation.</td>
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<td>• Shuttle Service – Kaiser shall provide and maintain a shuttle service between the San Leandro BART Station transit center and the project site that operates weekdays and is coordinated with BART and AC Transit timetables. The shuttle service shall consist of a minimum of two 20- to 24-passenger vehicles with the shuttle service operating at a minimum from 6:30 AM to 6:30 PM with a minimum headway frequency of 15 minutes (four trips per hour from the project site to the BART station and four trips returning). The number of vehicles, hours of operation</td>
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<td>and headway frequency may be increased should it be determined necessary and appropriate to meet the ten to fifteen percent single-occupant vehicle reduction objective. Conversely, the hours of shuttle operation may be limited to the peak hours (i.e., 7:00 AM to 9:00 AM and 4:00 PM to 6:00 PM) and the noon lunch hour (12:00 PM to 1:00 PM) with a minimum frequency of 15 minutes (four trips per hour from the project site to the BART station and four trips returning), as well as one-half hour before and after each such period, provided that the applicant demonstrates, to the satisfaction of the Community Development Director and Engineering and Transportation Director, that such a modified schedule would adequately cover the employee shift changes associated with the project and effectively serve to meet the single-occupant vehicle reduction objective. In addition, Kaiser Permanente shall provide and maintain a reduced level shuttle service, commensurate with demand, between the San Leandro BART Station and the project site that operates to serve those employees arriving or leaving for the shift change that begins at approximately 12:00 AM. If a public or private shuttle program exists that operates within the parameters stated above, then the applicant may participate in that program and shall pay the fair share of the costs of that program.</td>
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<td>• Guaranteed Rides Home – Kaiser shall participate in the Alameda County Guaranteed Ride Home Program established by the Alameda County Congestion Management Agency (ACCMA), which guarantees a ride home for all carpool, vanpool, and transit users.</td>
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<td>• Commuter Check Program – A program that enables employees to receive pre-tax dollars to pay for their share of transit passes shall be established and maintained at the Kaiser Medical Center.</td>
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<td>• Preferential Parking Space for Carpools and Vanpools – Kaiser shall provide and maintain parking near the main building for employees who choose to utilize carpools or vanpools. Initially a minimum of 25 spaces shall be provided and additional spaces may be provided on an &quot;as needed&quot; basis if more than 25 carpools are formed. A monitoring and enforcement program to ensure that single-occupancy vehicle drivers are not parking in these reserved spaces (including disciplinary procedures for staff found to be in violation) shall be established and maintained at the Kaiser Medical Center.</td>
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<td>• Car/Vanpool Ride Matching Services – A program, operated by the Kaiser Transportation Coordinator or other acceptable staff position, that assists carpool and vanpool participants in the creation of &quot;in-house&quot; carpools and vanpools of Kaiser Medical Center employees and that works with the RIDES or similar organization to provide ride matching services with other commuters in the vicinity shall be established and maintained at the Kaiser Medical Center. In addition, the applicant shall have an &quot;empty seat&quot; subsidy that consists of a Kaiser payment of the extra cost that arises to the other passengers if a vanpool passenger decides to use their own vehicle for the commute.</td>
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<td>to stop riding. This subsidy needs only be applicable for the first two months after a drop-out, and only for two drop-outs per year.</td>
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<td>• Parking Cash-Out Subsidies/Incentives – Kaiser shall investigate the feasibility of implementing a parking cash-out subsidies program, which would pay a minimum of $90/month incentive subsidy, indexed to the San Francisco Bay Area Annual Consumer Price Index, to all employees who use alternative transportation modes other than drive alone. If feasible, Kaiser shall implement the parking cash-out subsidies program.</td>
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<td>• Bicycle Storage and Racks – Kaiser shall install and maintain bicycle storage and bicycle racks at the Kaiser Medical Center. The bicycle storage facilities shall be assigned to employees and the bicycle racks would be provided for general use. Additional space shall be reserved and the number of bicycle storage and racks shall be increased if demand warrants.</td>
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<td>• Combined Shower and Changing Facilities – Kaiser shall provide and maintain shower and changing facilities, including clothes lockers, at the Kaiser Medical Center.</td>
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<td>• Employee Surveys – Kaiser shall conduct a commuter/TDM survey of its employees at the Kaiser Medical Center twice annually for the first two years and annually thereafter to determine the effectiveness of the TDM program. The survey shall identify the various means of transportation to work used by employees, the quantities of employees using each, and the improvements that can be made to the TDM program. Should it be determined that the TDM program objectives of ten to fifteen percent single-occupant vehicle reduction are not being achieved, then the applicant and the City shall meet to jointly determine the feasibility of additional or modified measures designed to achieve this objective. The City Community Development Director and Engineering and Transportation Director shall have the final authority and discretion (subject to appeal to the Planning Commission) to determine additional or modified measures that may be needed to achieve the TDM reduction target. Kaiser shall implement the additional or modified measures.</td>
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Mixed-Use Retail Development Transportation Demand Management Program.

At such time as the land use components of the Mixed-Use Retail Development may become finalized, the City and the project sponsor shall develop a TDM Program to reduce vehicle trips generated by that development, starting with identification of a single-occupant vehicle reduction objective appropriate for that project. All measures shall be implemented by the project sponsors to the satisfaction of the City of San Leandro Community Development Director and Engineering and Transportation Director.

• Transportation Coordinator – The applicant for the Mixed-Use Retail Development

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<td>shall provide a transportation coordinator who will be responsible for organizing and disseminating information on alternative transportation modes to tenants and shopping center guests. The employee shall have had previous experience with TDM and shall be trained for the role.</td>
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<td></td>
<td>a. A website shall be one of the programs organized by the Transportation Coordinator, containing information on parking, transportation, and TDM-related information.</td>
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<td></td>
<td>b. A transit information fair shall be held quarterly (four times per year), and then can be reduced to occur annually (once per year) once the identified single-occupant vehicle reduction target has been met.</td>
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<td>• Shuttle Service – The Mixed-Use Retail Development project sponsor shall coordinate with the Kaiser Medical Center to supplement the Kaiser Medical Center’s shuttle service between the San Leandro BART Station and the project site. Alternatively, if another public or private shuttle program exists that provides shuttle service between the San Leandro BART Station and the project site, then the Mixed-Use Retail Development project sponsor may participate in that program and shall pay their fair share of the costs of that program.</td>
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<td>• Transit Subsidies – The project sponsor for the Mixed-Use Retail Development shall promote the use of transit subsidies by shopping center tenants/employers for all feasible transit modes. The Transportation Coordinator for the Mixed-Use Retail Development shall provide information on transit subsidy programs to the shopping center tenants.</td>
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<td>• Guaranteed Rides Home – The project sponsor for the Mixed-Use Retail Development shall participate in the Alameda County Guaranteed Ride Home Program established by the ACCMA, which guarantees a ride home for all carpool, vanpool, and transit users.</td>
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<td></td>
<td>• The project sponsor for the Mixed-Use Retail Development shall provide bicycle storage facilities on the project site.</td>
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<td>• Employee TDM survey – An initial survey of the Mixed-Use Retail Development employees shall be conducted to identify potential areas of focus for the marketing of TDM to the Mixed-Use Retail Development employees. The survey shall identify the various means of transportation to work used by employees, the quantities of employees using each, and the improvements that can be made to the TDM program. Should it be determined that the TDM program objectives are not being achieved, then the applicant and the City shall meet to jointly determine the feasibility of additional or modified measures designed to achieve this objective. The City Community Development Director and Engineering and Transportation Director shall have the final authority and discretion (subject to appeal to the Planning Commission) to determine additional or modified measures that may be needed to achieve the TDM reduction target. The Mixed-Use Retail Development project sponsor shall pay their fair share of the costs of that program.</td>
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<td>AQ-4. The potential residential uses of the Mixed Use Retail Development component of the proposed project, could expose on-site sensitive receptors to substantial concentrations of toxic air contaminants.</td>
<td>Development shall implement the agreed upon additional or modified measures. AQ-4.1 Prepare a Health Risk Assessment. If residential uses are proposed within 500 feet of I-880, a health risk assessment shall be prepared by a qualified air quality consultant that shall demonstrate that proposed residential uses within 500 feet of I-880 would not be exposed to diesel particulate matter in excess of applicable BAAQMD standards. If residents are proposed for areas where exposure could exceed the BAAQMD thresholds, then the health risk assessment shall make recommendations for reducing exposure to on-site residents. Recommendations shall be incorporated into project design and shall demonstrate a reduction in exposure to below BAAQMD thresholds, and could include increasing the distance between residents and the freeway, modification to the location and height of intakes to the ventilation system, addition of high efficiency particulate air (HEPA) air filtration systems, or reducing outdoor use areas, such as patio areas and balconies.</td>
<td>San Leandro Planning Services Division, pursuant to required subsequent environmental review for the mixed-use retail development site</td>
<td>At such time a development plans for the mixed-use retail development site are proposed, and dependent upon whether residential uses are proposed within 500 feet of I-880</td>
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### Hazards and Hazardous Materials

| HAZ-1. Development of the proposed project would occur on property that is known to contain contaminated soil; therefore the proposed project could expose construction workers to existing or previously unidentified contaminants. This would be a potentially significant impact. | HAZ-1.1 Prevent Exposure of Construction Workers to Hazardous Materials. The City shall enforce the following requirements for construction on the project site:  
- The project applicant(s) shall prepare a human health risk assessment (HHRRA) if required by San Francisco Bay RWQCB, and submit it to the San Francisco Bay RWQCB for review and approval prior to any on-site demolition or excavation. The project applicant(s) shall also address any requirements the San Francisco Bay RWQCB may establish concerning levels of residual contaminants allowed to remain on-site in soils to ensure that construction workers would not be at risk of an unacceptable level of exposure. More importantly, the City shall allow no construction activities except for those undertaken in conjunction with remediation efforts) to occur at the project site until RWQCB-approved Target Cleanup Levels for soil, if any, are achieved or alternative risk-based controls approved by the RWQCB, if any, have been implemented.  
- The project applicant(s) shall prepare and submit a Corrective Action Plan, if required by San Francisco Bay RWQCB, for the project site to San Francisco Bay RWQCB for approval. The applicant shall meet all goals of any applicable requirements in the Corrective Action Plan or obtain the RWQCB's alternative consent to proceed with construction of the project or a relevant portion thereof prior to City approval for of associated construction activities.  
- All general contractors shall prepare and implement a site specific construction worker health and safety plan containing construction worker health and safety requirements based on the levels of contamination at the project site. | San Leandro Public Works Department, Environmental Services Division  
All general contractors shall prepare and implement a site specific construction worker health and safety plan  
Prior to any demolition activities, the project applicant(s) shall retain a qualified environmental specialist (e.g., a Registered Environmental Assessor or similarly qualified individual) to inspect all buildings and structures subject to demolition for the presence of hazardous materials  
Prior to demolition, grading or building permit issuance, verify:  
- achievement of RWQCB-approved Target Cleanup Levels;  
- preparation of a Corrective Action Plan,  
- that ACM testing and abatement (if necessary) has been completed;  
- documentation to the City that LBP testing and abatement, if necessary, has been completed  
- inspection all buildings and structures subject to demolition for the presence of hazardous materials | Prior to demolition, grading or building permit issuance, verify:  
- achievement of RWQCB-approved Target Cleanup Levels;  
- preparation of a Corrective Action Plan,  
- that ACM testing and abatement (if necessary) has been completed;  
- documentation to the City that LBP testing and abatement, if necessary, has been completed  
- inspection all buildings and structures subject to demolition for the presence of hazardous materials |
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<td>• Contractors shall be given a worker health and safety guidance document at the time of grading or building permit application to assist them in preparing site-specific worker health and safety plans. Pursuant to the requirements of State and federal law, the site-specific health and safety plan may require the use of personal protective equipment, onsite continuous air quality monitoring during construction, and other precautions.</td>
<td></td>
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<td>During construction, provide for environmental oversight, including site inspection during construction and procedures for detecting previously undiscovered contamination during site excavation as well as contingency plans for investigation, remediation, and disposal of such contamination.</td>
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<td>• During construction, except in areas exempted by the RWQCB, all excavation, soil handling, and dewatering activities shall be observed for signs of apparent contamination by the developer under direct or indirect (i.e., not necessarily onsite) San Francisco Bay RWQCB, and/or City oversight.</td>
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<td>• RWQCB and the City shall provide for environmental oversight, including potential site inspections during construction and with respect to compliance with required procedures for detecting previously undiscovered contamination during site excavation as well as concerning contingency plans for investigation, remediation, and disposal of such contamination.</td>
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<td>• Prior to demolition of the on-site structures, the project applicant(s) shall provide written documentation to the City that ACM testing and abatement (if necessary) has been completed in accordance with applicable State and local laws and regulations.</td>
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<td>• Prior to demolition of the on-site structures, the project applicant(s) shall provide written documentation to the City that LBP testing and abatement, if necessary, has been completed in accordance with applicable State and local laws and regulations.</td>
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<td>• Prior to any demolition activities, the project applicant(s) shall retain a qualified environmental specialist (e.g., a Registered Environmental Assessor or similarly qualified individual) to inspect all buildings and structures subject to demolition for the presence of hazardous materials (i.e., 55-gallon drums, ammonia tanks, etc.). The project applicant(s) shall submit the report to the City, together with an explanation of how the project will remove any hazardous materials identified in the report. If found at levels that require special handling (i.e., removal and disposal as hazardous waste), the applicant(s) shall manage these materials as required by law and according to federal and State regulations and guidelines, including those of DTSC, Cal/OSHA, SLESD, and any other agency with jurisdiction over these hazardous materials.</td>
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HAZ-2. Operation and occupation of the proposed project could expose people to existing or previously unidentified contaminants. This is a potentially significant impact.

HAZ-2.1 Prevent Exposure of Occupants to Hazardous Materials. The City shall ensure that the following mitigation measures are implemented.

The City shall require and ensure that any certifications of completion required and issued by RWQCB (indicating that remediation has been completed to construction workers [restricted use] RWQCB Target Cleanup Level standards) shall be recorded by the construction worker.

San Leandro Public Works Department, Environmental Services Division

Ensure that any certifications of completion required and issued by RWQCB (indicating that remediation has been completed to construction workers)

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<td>as a deed restriction for the property. The deed restriction limits uses of the property to those activities that are consistent with the implemented level of remediation, as follows:</td>
<td>[restricted use] RWQCB</td>
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<td>• Groundwater cannot be extracted without RWQCB approval.</td>
<td>Target Cleanup Level</td>
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<td>• Industrial and commercial land uses, including construction and maintenance of utility corridors and roadway rights-of-way, are allowed under an appropriate management plan.</td>
<td>standards) shall be</td>
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<td>• Landscaping is allowed; provided clean soil to appropriate depths is placed in areas where direct soil contact can occur.</td>
<td>recorded as a deed</td>
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<td>• Post-certification excavation or soil removal is not permitted without prior RWQCB approval.</td>
<td>restriction for the</td>
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<td>property</td>
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#### Noise

NO-1. The construction of the proposed project would not result in a significant increase in temporary construction noise levels for off-site sensitive receptors. However, sensitive receptors would be located within the project site that could be exposed to temporary increases in noise levels associated with construction of the Mixed-Use Retail Development and Build-Out of the Kaiser Medical Center. This would result in a potentially significant impact.

NO-1.1 Implement Construction Best Management Practices To Reduce Construction Noise. The construction contractor(s) shall implement the following measures during the construction of the Mixed-Use Retail Development and Build-Out of the Kaiser Medical Center:

- Equipment and trucks used for project construction shall utilize the best available noise control techniques (e.g., improved mufflers, equipment redesign, use of intake silencers, ducts, engine enclosures, and acoustically attenuating shields or shrouds, wherever feasible).
- Impact tools (e.g., jack hammers, pavement breakers, and rock drills) used for project construction shall be hydraulically or electrically powered wherever possible to avoid noise associated with compressed air exhaust from pneumatically powered tools. However, where use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used; this muffler can lower noise levels from the exhaust by up to about 10 dBA. External jackets on the tools themselves shall be used where feasible, and this could achieve a reduction of 5 dBA. Quieter procedures shall be used, such as drills rather than impact equipment, whenever feasible.
- Construction contractors, to the maximum extent feasible, shall be required to use "quiet" gasoline-powered compressors or other electric-powered compressors, and use electric rather than gasoline or diesel powered forklifts for small lifting.
- Stationary noise sources, such as temporary generators, shall be located as far from adjacent receptors as possible, and they shall be muffled and enclosed within temporary sheds, incorporate insulation barriers, or other measures to the extent feasible.

San Leandro Building and Safety Services Division

Review of all demolition, grading and building permits to ensure that project applicant has included all specifications for best management practices for noise reduction in their contracts with demolition, grading and building contractors

On-site inspection

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<td>• Prohibit unnecessary idling of internal combustion engines.</td>
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<td>• Utilize noise control blankets on the building structure as the building is erected to reduce noise emission from the site. If necessary, use quilted noise control blankets on or within existing hospital buildings specifically to shield extremely sensitive areas;</td>
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<td>• If approved by the Occupational Safety and Health Administration (OSHA), spotters or flaggers in clear view of the operator may be used instead of backup beepers to direct the backing operation of mobile equipment when there is no public access to a construction site. This is allowed per the requirements of Title 8, Section 1592 of the California Administrative Code.</td>
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<td>• Designate a “Noise Disturbance Coordinator” for construction activities. The Coordinator shall be responsible for responding to any local complaints regarding construction noise. The Coordinator will determine the cause of the noise complaint (i.e., starting too early, bad muffler, no shielding), and will require that reasonable measures warranted to correct the problem will be implemented. conspicuously post a telephone number at the project construction site to reach the Coordinator and include it in the notices to neighbors regarding the project construction schedule.</td>
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<td>• The nearest sensitive receptors to the Mixed-Use Retail Development are also approximately 800 feet away from the construction site, to the northeast across I-880 (along Sundberg Avenue). At a distance of 800 feet, vibration levels from construction equipment would be well below the human response criteria of 85 VdB. However, the existing commercial and industrial structures adjacent to the northwest portion of the project site are within 100 feet of construction of the Mixed-Use Retail Development. At this time, it is unknown if pile driving would be required for construction of the structures at the Mixed-Use Retail Development. If pile driving is required and would occur within 100 feet of the existing adjacent structures, then these activities could expose the structures to excessive vibration, resulting in damage. Vibration impacts for development of the Mixed-Use Retail Development would therefore be potentially significant.</td>
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<td>NO-2. Construction activities, including pile driving used during construction of the Mixed-Use Retail Development, could generate excessive groundborne vibration at nearby structures, and Build- Out of the Kaiser Medical Center could exceed the annoyance thresholds. This would be a potentially significant impact.</td>
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|                       | NO-2.1 Reduce Potential Pile Driving Vibration Effects On Nearby Structures Below The Structural Damage Threshold. |                            | Review and approval of site-specific engineering assessment to assure that there would be no potential for structural damage to existing buildings within 100 feet of any proposed pile driving, based on a vibration damage threshold for a peak particle velocity (PPV) of 0.20 inches per second (or greater depending on the type of construction). This plan shall be submitted for review and approval by the City prior to final approval to ensure that maximum feasible vibration reduction is

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<td>NO-3. New on-site sensitive receptors at the Kaiser Medical Center and the Mixed-Use Retail Development could be exposed to noise above acceptable levels for multi-family residential units, which would result in a potentially significant impact. Additionally, Build-Out of the Kaiser Medical Center would locate hospital facilities closer to I-880, thereby potentially exposing sensitive receptors to noise above acceptable levels.</td>
<td>The project sponsors shall shield or enclose rooftop and other mechanical equipment. Prior to the issuance of a building permit, an acoustical analysis shall be prepared by a qualified professional to ensure that any proposed mechanical equipment, such as roof mounted heating, ventilation, and air conditioning (HVAC) systems or other mechanical equipment, are in compliance with applicable noise standards. The recommendations of the acoustical analysis, or their equivalents as appropriate, shall be submitted to the City for approval prior to issuance of a building permit.</td>
<td>San Leandro Planning Services Division, pursuant to required subsequent environmental review for the mixed-use retail development site</td>
<td>At such time a development plans for the mixed-use retail development site are proposed</td>
</tr>
<tr>
<td>NO-3.1 Require More Detailed Acoustical Analysis For Multi-Family Housing Or Hotel Uses.</td>
<td>Per the City of San Leandro General Plan Policy 36.03, new development near an arterial shall be required to incorporate site planning and architectural design measures that reduce the exposure of future building occupants to traffic noise. The project sponsor of the Mixed-Use Retail Development shall have an acoustical analysis prepared for the site by a qualified acoustical engineer to ensure that feasible site planning and architectural design measures are incorporated into the residential or hotel areas to reduce exterior noise levels per the City General Plan. Measures to achieve acceptable noise levels may include adjusting the configuration of the residential or hotel buildings and placing exterior living areas such as balconies away from high traffic roadways. Recommendations from the report shall be submitted to the City for approval prior to issuance of a building permit.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to the City’s issuance of building permits, review the noise analyses to ensure that proposed hospital structures will include adequate exterior-to-interior noise reduction features to meet interior noise level standards of 45 dBA CNEL for patient areas.</td>
</tr>
<tr>
<td>NO-3.2 Provide Exterior-To-Interior Noise Reduction Features For Phase 1 And Build-Out Of The Kaiser Medical Center To Meet An Interior Noise Standard Of 45 dBA.</td>
<td>Prior to the City’s issuing building permits, the project applicant (Kaiser) shall submit to the City noise analyses prepared by a qualified acoustical engineer that demonstrate that the proposed hospital structures will include adequate exterior-to-interior noise reduction features to meet interior noise level standards of 45 dBA CNEL for patient areas. Noise reduction features may include, but are not limited to, building siting, upgraded insulation, sound-rated windows and doors, sound-rated exterior wall assemblies, and acoustical caulking.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to the issuance of a building permit, review the acoustical analysis to ensure that any proposed mechanical equipment are in compliance with applicable noise standards, and that the recommendations of the acoustical analysis, or their equivalents as appropriate, shall be submitted to the City for approval prior to issuance of a building permit.</td>
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<td>determined by the City, shall be incorporated into the construction documents for the project.</td>
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<td>acoustical analysis are incorporated into the construction documents for the project.</td>
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<td>Public Services</td>
<td>PS-3. The proposed project could trigger the need for new school facilities. This is a potentially significant impact.</td>
<td>PS-3.1 School Impact Fees.</td>
<td>San Leandro Planning Services Division, Prior to the issuance of occupancy permits</td>
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<tr>
<td>Transportation</td>
<td>TR-1A. Under Baseline plus Kaiser Medical Center Phase 1 conditions, the project would cause a study intersection to degrade to substandard levels of service, resulting in a significant impact.</td>
<td>TR-1.1 Implement an adaptive traffic signal system along the Marina Boulevard and Merced Street corridors.</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum, Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for Phase 1 of the Kaiser Medical Center, or shall make fair-share payments prior to issuance of certificates of occupancy for Phase 1 buildings.</td>
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<td></td>
<td>TR-1. Under Baseline plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, the project would cause several study intersections to degrade to substandard levels of service and create operational issues associated with queuing, resulting in significant impacts.</td>
<td>TR-1.2 Widen the north leg of the Republic Avenue/Merced Street intersection. To mitigate the residual queuing impact at the Republic Avenue/Merced Street intersection under Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, the project sponsors shall be required to contribute fair-share funds towards the widening of the north leg of the intersection to provide two left-turn lanes, one through lane, and one shared-through-right lane on the southbound approach (as well as bike lanes in both directions in accordance with the San Leandro Bicycle and Pedestrian Master Plan).</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum, Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings.</td>
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<td>TR-1.3 Construct a new signalized driveway along Marina Boulevard into the Mixed-Use Retail Development site and modify the cycle length and phasing sequence and timings of the traffic signal after implementing the adaptive traffic signal system for the Marina Boulevard corridor between Merced Street and Alvarado Street.</td>
<td></td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum, Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings.</td>
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<td>The project sponsors shall contribute fair-share funds towards the construction of a new signalized driveway into the northern portion of the Mixed-Use Retail Development project site along Marina Boulevard between the I-880 southbound ramps and Merced Street. This new signalized driveway would permit left turns and right turns into the new access driveway from westbound and eastbound Marina Boulevard, respectively, providing a new access point to the project site from westbound traffic on Marina Boulevard, thus diverting a portion of project traffic away from the Marina Boulevard/Merced Street intersection. However, vehicles exiting the project site from this new driveway onto Marina Boulevard would be restricted to right turns only. Due to the close proximity between the new signalized driveway and the Marina Boulevard/I-880 southbound ramps intersection, right-turns on red would be prohibited from the ramp intersections. The prohibition would minimize conflicts between off-ramp vehicles desiring to enter the left-turn lane at the new signalized intersection and through vehicles. This modification would not significantly impact the adjacent intersections nor would it conflict with any other proposed mitigation measures. In order to prevent additional on-site impacts to the Mixed-Use Retail Development associated with the new driveway and entrance roadway, a 60-foot wide driveway and roadway width with parking restrictions on either side would be required.</td>
<td>fair share sum</td>
<td>for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings</td>
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<td><strong>TR-1.4 Optimize the traffic signal timing at the Aladdin Avenue/Alvarado Street intersection.</strong></td>
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<td>To mitigate impacts to the Aladdin Avenue/Alvarado Street intersection under Baseline plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions in the AM peak hour, the project sponsors shall contribute fair-share funds towards enhanced traffic signal equipment and software to optimize the traffic signal cycle length and phasing sequence and timings at the Aladdin Avenue/Alvarado Street intersection.</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum</td>
<td>Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings</td>
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<td><strong>TR-6. Under Baseline plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, it is unknown if the Mixed-Use Retail Development portion of the project would provide sufficient onsite parking spaces to meet the projected parking demand.</strong></td>
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<td><strong>TR-6.1 Prepare Parking Demand Study.</strong></td>
<td>San Leandro Planning Services</td>
<td>Review and approve the parking study</td>
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<td>The project applicants for the Mixed-Use Retail Development shall prepare a parking demand study and provide sufficient parking as specified by the study.</td>
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<td><strong>TR-9. Under Cumulative plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, the project</strong></td>
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<td><strong>TR-9.1 Re-stripe lanes at the Davis Street/Doolittle Drive intersection.</strong></td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division,</td>
<td>Kaiser shall either enter into a public improvement agreement for these</td>
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<td>The project sponsors shall contribute a fair share sum towards improvements to the</td>
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<td>would cause several intersections to degrade to substandard levels of service or increase traffic at locations that are already operating at substandard levels, thereby resulting in significant cumulative impacts.</td>
<td>Davis Street/Doolittle Drive intersection such that the westbound lanes shall be re-striped to provide one left turn lane, one through lane, and two right-turn lanes. TR-9.2 Re-strip the eastbound approach lanes at the Marina Boulevard/Tegaarden Street Intersection. After implementation of Mitigation Measure TR-1.1, the project sponsors shall contribute fair-share funds towards the conversion of the eastbound right-turn lane to a shared through-right lane and provide an additional receiving lane on the east leg of the intersection. TR-9.3 Optimize the actuated-uncordinated signal timing at the Marina Boulevard/Alvarado Street intersection. After implementation of Mitigation Measure TR-1.1, the project sponsors shall contribute fair-share funds towards optimization of the adaptive traffic signal system for cycle length modification and optimized actuated-coordinated phasing sequence and timings along Marina Boulevard and Merced Street corridors. TR-9.4 Add lanes and modify lane geometries at the Fairway Drive/Merced Street intersection. The project sponsors shall contribute fair-share funds towards improvements to the Fairway Drive/Merced Street intersection such that the following modifications shall take place: on the eastbound approach add one left-turn lane to provide two left-turn lanes, one through lane, and one right-turn lane; on the westbound approach re-stripe the right-turn lane to a shared through-right lane to provide one left-turn lane, one through lane and one through-right lane. This mitigation measure would require the widening of the west leg of the intersection to allow for the additional eastbound left-turn lane and the additional westbound receiving lane. TR-9.5 Optimize the actuated-uncordinated signal timing at the Aladdin Avenue/Alvarado Street intersection. At the Aladdin Avenue/Alvarado Street intersection, the cycle length of the actuated uncoordinated signal timing shall be optimized. This modification is to be funded on a fair-share basis by the project sponsors. TR-9.6 Modify the cycle length at the Marina Boulevard/I-880 Southbound Ramps intersection and add an additional lane along the I-880 southbound off-ramp. After implementing the traffic signal coordination plan for the Marina Boulevard and Merced Street corridors described in Mitigation Measure TR-1.1, the traffic signal</td>
<td>Transportation Section - Determination and collection of fair share sum</td>
<td>improvements prior to issuance of building permits for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings</td>
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<td>TR-10. Under Cumulative plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development conditions, the project would cause an increase in the amount of vehicle traffic on I-880 during the AM and PM peak hours of more than one percent of the freeway segment’s design capacity and also result in queuing impacts to the southbound I-880 off-ramp at Marina Boulevard during the Saturday peak period.</td>
<td>Phasing at the Marina Boulevard/I-880 Southbound Ramps intersection shall be modified to allow eastbound right-turn and through movements to proceed simultaneously with the southbound right-turn movement and to allow for modification of signal cycle lengths and optimized actuated phasing sequence and timings along Marina Boulevard and Merced Street corridors. These measures are to be funded on a fair-share basis by the project sponsors.</td>
<td>Add a third lane to the southbound I-880 off-ramp, also to be funded on a fair-share basis by the project sponsors.</td>
<td>See above</td>
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<td>TR-11. Under Cumulative plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development with Aladdin Avenue Extension conditions, the project would cause several study intersections to degrade to substandard levels of service or increase traffic at locations that are already operating at substandard levels, thereby resulting in significant impacts.</td>
<td>Mitigation Measure AQ-2.1 described in Section 3.2, Air Quality, would require implementation of a Transportation Demand Management (TDM) program. The proposed TDM program would reduce project trips through increased use of alternative modes of transportation. This would help to reduce trips along I-880. Implementation of Mitigation Measure TR-9.6 (modify the cycle length at the Marina Boulevard/I-880 Southbound Ramps intersection and add an additional lane along the I-880 southbound off-ramp).</td>
<td>See above</td>
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<td>TR-11.1 Increase the uncoordinated cycle length at the Aladdin Avenue/Teagarden Street intersection.</td>
<td>The project sponsors shall contribute fair-share funds towards improvements to the Aladdin Avenue/Teagarden Street intersection such that the actuated uncoordinated cycle length of the traffic signals shall be optimized by updating the maximum extension parameters.</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum</td>
<td>Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Mixed-Use Retail Development, or shall make fair-share payments prior to issuance of certificates of occupancy for Mixed-Use Retail buildings</td>
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<td>TR-12. Under Cumulative plus Kaiser Medical Center Phase 1 plus Mixed-Use Retail Development with Aladdin Avenue conditions, the project would cause an increase in the amount of vehicle traffic on I-880 during the AM and PM peak hours of more than one percent of the freeway segment's design capacity and also result in queuing impacts to the southbound I-880 offramp at Marina Boulevard during the Saturday peak period.</td>
<td>Mitigation Measure AQ-2.1 described in Section 3.2, Air Quality, would require implementation of a Transportation Demand Management (TDM) program. The proposed TDM program would reduce project trips through increased use of alternative modes of transportation. This would help to reduce trips along I-880. Implementation of Mitigation Measure TR-9.6 (modify the cycle length at the Marina Boulevard/I-880 Southbound Ramps intersection and add an additional lane along the I-880 southbound off-ramp).</td>
<td>See above</td>
<td>See above</td>
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<tr>
<td>TR-13. Under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development conditions, the project would cause several intersections to degrade to substandard levels of service or increase traffic at locations that are already operating at substandard levels, thereby resulting in significant impacts under cumulative conditions.</td>
<td>Implementation of Mitigation Measures TR-1.1 to TR-1.4, TR-9.1 to TR-9.7, and TR-11.1 TR-13.1 Restripe the Westbound Approach Lanes at the Davis Street/Phillips Lane intersection. The project applicants shall contribute fair-share funds towards improvements to the Davis Street/Phillips Lane intersection such that the westbound shared through-right lane shall be converted to an exclusive through lane to provide one left-turn lane, two through lanes, and one right-turn lane TR-13.2 Increase roadway capacity by adding a third left-turn lane on the westbound approach to Marina Boulevard/Merced Street intersection. Implementation of Mitigation Measures TR-1.1 and TR-1.3 would mitigate impacts during the AM and Saturday peak hours and improve the operations of the Marina Boulevard/Merced Street intersection. However, the intersection would continue to operate at a sub-standard level with LOS E. Therefore, the project sponsors shall contribute fair-share funds towards an increase in roadway capacity at the Marina Boulevard/Merced Street intersection by adding a third left-turn lane on the Marina Boulevard westbound approach and a third receiving southbound through lane on southbound Merced Street. TR-13.3 Adjust the cycle length of the traffic signal at the Marina Boulevard/Wayne Avenue intersection through an adaptive traffic signal system and convert the eastbound right-turn lane to a shared through-right lane. Following the implementation of Mitigation Measures TR-1.1 and TR-9.2, the project sponsors shall contribute fair-share funds towards the modification of the cycle length through the adaptive signal system at the Marina Boulevard/Wayne Avenue intersection. The traffic signal timing shall be modified to allow for optimized</td>
<td>See above</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum</td>
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<td>TR-14. Under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development conditions, the project would cause an increase in the amount of vehicle traffic on I-880 of more than one percent of the freeway segment's design capacity and also result in queuing impacts to the southbound I-880 off-ramp at Marina Boulevard during the Saturday peak period.</td>
<td>Actuated-coordinated phasing sequence and timings through the adaptive traffic signal system along the Marina Boulevard and Merced Street corridors. The project sponsors shall also contribute fare-share funds towards the conversion of the eastbound right-turn lane to a shared through-right lane.</td>
<td>See above</td>
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<tr>
<td>TR-15. Under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development with Aladdin Avenue Extension conditions, the project would cause several intersections to degrade to substandard levels of service or increase traffic at locations that are already operating at substandard levels, thereby resulting in significant impacts under cumulative conditions.</td>
<td>Implementation of Mitigation Measures TR-1.1 through TR-1.4, TR-9.1 through TR-9.7, Tr-11.1, and TR-13.1 through TR-13.3.</td>
<td>See above</td>
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<td>TR-15.1 Modify the cycle length of the traffic signal at the Marina Boulevard/Alvarado Street intersection through the adaptive traffic signal system for the Marina Boulevard corridor and the Merced Street corridor and add an additional westbound lane.</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum</td>
<td>Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Medical Center Buildout, or shall make fair-share payments prior to issuance of certificates of occupancy for Medical Center Buildout, only under Aladdin Avenue Extension scenario</td>
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<td>The project sponsors shall contribute fair-share funds towards improvements to the Marina Boulevard/Alvarado Street intersection such that the cycle length, and phasing sequence and timings at the intersection shall be modified as part of the adaptive traffic signal system for the Marina Boulevard and Merced Street corridors in the AM and PM peak hour (see Mitigation Measure TR-1.1). In addition, the east leg of the intersection shall be widened to add one westbound through lane and provide one left-turn lane, two through lanes and one shared through-right lane.</td>
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<td>TR-15.2 Modify the actuated-uncoordinated signal timing and add a dedicated southbound right turn lane at the Aladdin Avenue/Alvarado Street intersection.</td>
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<td>The project sponsors shall contribute fair-share funds towards improvements at the Aladdin Avenue/Alvarado Street intersection such that the cycle length of the actuated-uncoordinated signal timing shall be optimized and a dedicated southbound right turn lane shall be added.</td>
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<tr>
<td>TR-16. Under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development with Aladdin Avenue</td>
<td>Mitigation Measure AQ-2.1 described in Section 3.2, Air Quality, would require implementation of a Transportation Demand Management (TDM) program. The proposed TDM program would reduce project trips through increased use of</td>
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<td>Extension conditions, the project would cause an increase in the amount of vehicle traffic on I-880 of more than one percent of the freeway segment's design capacity and also result in queuing impacts to the southbound I-880 off-ramp at Marina Boulevard during the Saturday peak period.</td>
<td>TR-17. Add travel lanes to roadway sections and improve traffic management system. The project sponsors shall contribute fair-share funds towards the construction of additional travel lanes to each of the impacted roadway sections in the direction of travel impacted by the proposed project. In addition, the project sponsors shall contribute fair-share funds towards the overall improvement to the City’s traffic management system including the installation of necessary equipment to implement a traffic adaptive signal control system along affected corridors.</td>
<td>San Leandro Engineering &amp; Transportation Department, Land Use Division, Transportation Section - Determination and collection of fair share sum</td>
<td>Kaiser shall either enter into a public improvement agreement for these improvements prior to issuance of building permits for the Medical Center Buildout, or shall make fair-share payments prior to issuance of certificates of occupancy for Medical Center Buildout.</td>
</tr>
<tr>
<td>TR-18 Under Cumulative plus Kaiser Medical Center Build-Out plus Mixed-Use Retail Development conditions, the project may not provide sufficient on-site parking spaces to meet the projected parking demand.</td>
<td>TR-18. Prepare Parking Demand Study. The project applicant for the Kaiser Medical Center shall prepare a parking demand study prior to Build-Out and provide sufficient parking as specified by the study.</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits, review and approve the parking study.</td>
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### Utilities

| UT-4. The proposed project would increase the demand for the treatment of wastewater. However, this demand could be met with existing treatment facilities. The proposed project would also result in an increase in wastewater flows from the project site. This increase in wastewater flow may require new or expanded sewer lines. This impact would be potentially significant. | UT-4. Conduction a capacity impact analysis for the sewer lines serving the project site and pay a fair share contribution to the upgrade of impacted facilities. Prior to the issuance of building permits, the project sponsor(s) shall work with the City of San Leandro to conduct a capacity impact analysis of the sewer lines which connect the project site to the Marina Boulevard sewer line. This analysis shall determine if there is sufficient capacity to accommodate the existing and proposed project flows, any necessary upgrades, and the timing required for such upgrades. If the analysis determines that the improvements to the sewer lines are necessary, the project sponsor(s) shall pay a fair share contribution, as determined by the City's City Engineer, to any capacity improvements that would be required to accommodate the projected wastewater flows of the proposed project prior to issuance of building permits for that phase of the project. | San Leandro Building and Safety Services Division | Prior to the issuance of building permits, review and approve the capacity impact analysis of the sewer lines. |

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<th>Implementation and Monitoring Timeline</th>
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<tr>
<td><strong>Climate Change</strong></td>
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<td>CC-1: The proposed project would emit levels of greenhouse gases that would exceed the BAAQMD per capita threshold. Thus, the proposed project would have a significant impact on the environment.</td>
<td><strong>CC-1.1 Incorporate Alternative-fueled Vehicles into Construction Equipment Fleet.</strong>&lt;br&gt;In accordance with BAAQMD BMPs, the project applicants shall incorporate into the construction fleet mix a minimum of 15 percent of construction vehicles and equipment operated by alternative fuels.</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.2 Use Recycled Construction Materials.</strong>&lt;br&gt;Where feasible, the project applicants shall use recycled, rapidly renewable, reclaimed, and/or certified components in the construction of the Mixed-Use Retail Development and hospital support buildings.</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.3 Recycle Construction Material Waste.</strong>&lt;br&gt;In accordance with BAAQMD BMPs, the project applicants shall recycle a minimum of 50 percent of all project construction waste and demolition materials.</td>
<td>San Leandro Public Works Department, Environmental Services Division</td>
<td>Prior to issuance of demolition and/or building permits</td>
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<td><strong>CC-1.4 Use Local Construction Materials.</strong>&lt;br&gt;In accordance with BAAQMD BMPs, the project applicants shall obtain a minimum of 10 percent of building materials from local sources, where feasible.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.5 Incorporate GHG Reduction Measures for Maintenance Activities.</strong>&lt;br&gt;The project applicants shall ensure that the following measures are implemented:</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits</td>
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<td>• Provide infrastructure for the use of electric landscape equipment during landscaping activities. Building design shall allow for 10 percent of all Kaiser Medical Center facilities and 20 percent of Mixed-Use Retail Development landscaping equipment to be electrically operated.</td>
<td>San Leandro Public Works Department, Environmental Services Division</td>
<td>Prior to issuance of building permits</td>
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<td>• Xeriscaping and water efficient irrigation shall be incorporated into the project design.</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.6 Incorporate Waste and Recycling Programs.</strong>&lt;br&gt;The project applicants shall ensure that design features incorporate waste and recycling programs including, but not limited to:</td>
<td>San Leandro Public Works Department, Environmental Services Division</td>
<td>Prior to issuance of building permits</td>
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<td>• Waste and recycling receptacles along the bike and pedestrian pathways throughout the development.</td>
<td>San Leandro Planning Services</td>
<td>Prior to issuance of building permits</td>
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<td>• Post and maintain current information on recycling within the proposed buildings. The information may cover cell phone recycling, household battery and household hazardous waste recycling, and recycling (composting) of organic waste.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td>• Provide adequate area in building design to accommodate receptacles.</td>
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<td><strong>CC-1.7 Incorporate Water Efficient Fixtures and Appliances.</strong></td>
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<td>Water-efficient fixtures and appliances shall be incorporated at a minimum 50 percent compliance by the Kaiser Medical Center and in all of the Mixed-Use Retail Development.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.8 Incorporate Energy Efficient Measures beyond Title 24.</strong></td>
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<td>The Mixed-Use Retail Development and the Hospital Support Building at the Kaiser Medical Center shall achieve a minimum of a 15 percent beyond Title 24 reduction in energy usage.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.9 Incorporate Energy Efficient Lighting.</strong></td>
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<td>The project applicants shall require future building owners and tenants to use energy efficient lighting, to the extent feasible and appropriate. At the minimum, all non-hospital buildings shall achieve a 15 percent reduction in energy use associated with lighting over existing Title 24 standards.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.10 Incorporate Passive Solar Features into Project Design.</strong></td>
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<td>The project applicants shall incorporate passive solar design features into the buildings, which may include roof overhangs or canopies that block summer shade, but that allow winter sun, from penetrating south facing windows.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.11 Use Energy Efficient Roofing Materials.</strong></td>
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<td>All roofing materials used in commercial/retail buildings at the Mixed-Use Retail Development shall be Energy Star® certified. All roof products shall also be certified to meet American Society for Testing and Materials (ASTM) high emissivity requirements.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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<td><strong>CC-1.12 Incorporate Trees and Vegetation into Project Design.</strong></td>
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<td>Trees and other shade structures shall be incorporated into the Mixed-Use Retail Development to maximize summer shade and to minimize winter shade. Canopy cover shall extend over 50 percent of non-permeable surfaces following a ten-year growth period.</td>
<td>San Leandro Building and Safety Services Division</td>
<td>Prior to issuance of building permits</td>
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### EXHIBIT “D”
MITIGATION MONITORING AND REPORTING PROGRAM
FOR THE KAISER SAN LEANDRO MEDICAL CENTER / MIXED-USE RETAIL DEVELOPMENT PROJECT

<table>
<thead>
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<td>CC-1.13 Pursuit of LEED Certification.</td>
<td>The Mixed-Use Retail Development shall seek LEED certification for residential and non-residential development per the recommendations of City Resolution No. 2006-013. Applicant shall submit draft LEED checklists to the City Sustainability Coordinator for review and consultation.</td>
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<td>CC-1.14 Use of Alternative Energy</td>
<td>During Phase 1, Kaiser shall provide approximately 250 kilowatts of energy consumption from alternative energy sources. Kaiser will provide an additional approximately 250 kilowatts for the future Build-Out. The Mixed-Use Retail Development shall generate approximately 250 kilowatts of energy from alternative energy sources.</td>
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EXHIBIT E

RECOMMENDED
CONDITIONS OF APPROVAL - PLN2009-00030

Kaiser Permanente San Leandro Medical Center/ Mixed-Use Retail Development Project
Alameda County Assessor’s Parcel Numbers between 077A-0647-001-34 and 077A-0647-012-03 (11 current parcels)
Kaiser Foundation Hospitals (applicant and property owner)

I. COMPLIANCE WITH APPROVED PLANS

A. The project shall comply with Exhibits 1 through 57, dated April 14, 2010, except as hereinafter modified. (Exhibits are on file at the City of San Leandro, Community Development Department, 835 East 14th Street, San Leandro, California, 94577).

Architecture:
1. Cover Sheet
2. Vicinity Map
3. Architectural Site Plan
4. Master Development Plan (Phase 1)
5. Master Development Enlargement Plan (Phase 1)
6. Hospital/Hospital Support Building (HSB) Basement Floor Plan
7. Hospital/HSB Ground Floor Plan
8. Hospital/HSB Second Floor Plan
9. Hospital/HSB Third Floor Plan
10. Hospital/HSB Fourth Floor Plan
11. Hospital/HSB Fifth Floor Plan
12. Hospital Sixth Floor Plan
13. Hospital North & West Elevation
14. Hospital South & East Elevation
15. Hospital North Spine Elevation
16. HSB North & West Elevation
17. HSB South & East Elevation
18. Hospital/HSB North & West Elevations – Colored
19. Hospital/HSB South & East Elevations – Colored
20. Central Utility Plant Plans
21. Central Utility Plant Elevations
22. Perspective Views – Hospital
23. Perspective Views – Cup
24. Site Perspectives
25. Site Perspectives
Landscaping:
26. Master Landscape Plan (Phase 1)
27. Master Landscape Plan (Phase 1) With Planting Zones
28. Proposed Plant List
29. Master Landscape Plan (Phase 1) - Tree Canopy Diagram
30. Irrigation Plan (Phase 1)
31. Master Landscape Plan (Phase 2)
32. Bay Friendly Landscaping Checklist
33. Emergency Circulation
34. Vehicular Circulation
35. Non-Vehicular Circulation

Civil Engineering Drawings:
36. Property Line Exhibit
37. Site Survey
38. Conceptual Fairway Improvements - Intersection of Merced St and Fairway Dr
39. Conceptual Fairway Improvements - Intersection of Fairway Dr and Miller St
40. Conceptual Republic Improvements - Intersection of Merced St and Republic Ave
41. Conceptual Merced Improvements - Marina Blvd to Republic Ave
42. Conceptual Merced Improvements - Republic Ave to Fairway Rd
43. Conceptual Merced Improvements - South of Fairway Dr
44. Fire Access Plan Phase 1 (West)
45. Fire Access Plan Phase 1 (East)
46. Conceptual Grading Plan (Phase 1)
47. Conceptual Utility Plan (Phase 1)

Details:
48. Site Lighting Plan
49. Site Lighting Plan
50. Site Lighting Plan
51. Site Lighting Plan
52. Site Lighting Plan
53. Site Lighting Detail
54. Site Lighting Detail
55. Electrical Details
56. Site Signage Plan
57. Building Signage Detail

B. The developer shall be responsible for assuring that any successor in interest who assumes responsibility for this project approval is informed of its terms and conditions.

C. Pursuant to Government Code Section 66020, including Section 66020 (d) (1), the City HEREBY NOTIFIES the applicant for this Project that the 90-day approval
period (in which the applicant may protest the imposition of any fees, dedications, reservations, or other exactions imposed on this Project by these Conditions of Approval) will begin on the date of the conditional approval of this Project. If the applicant fails to file a protest within this 90-day period, complying with all of the requirements of Government Code Section 66020, the applicant will be legally barred from later challenging any such fees, dedications, reservations or other exactions.

D. All mitigation measures identified in the Kaiser Permanente San Leandro Medical Center / Mixed Use Retail Development Project EIR are included in the Mitigation Monitoring and Reporting Program (MMRP) which is included in these conditions of approval and are incorporated herein by reference. The project Applicant shall be responsible for compliance with all applicable mitigation measures adopted and with all conditions of approval set forth below, subject to the review and approval of the City of San Leandro.

E. Applicant shall be responsible for paying the costs of any third party inspections and/or inspectors as required by the Mitigation Monitoring and Reporting Program (MMRP).

F. Construction of Phase 1 of the Medical Center shall commence within eighteen (18) months following City Council approval, and shall be substantially completed by year 2015. For the purpose of compliance with this condition, commencement of construction shall be defined as the construction of a substantial portion of the street improvements and infrastructure.

G. Pursuant to Zoning Code Section 3-1024 the developer may request from the Planning Commission renewal of the Planned Development project approval for up to two additional years if it finds the renewal is consistent with the Code and that no substantive change has occurred in conditions or circumstances pertinent to the planned development. Application for renewal shall be made in writing to the Zoning Enforcement Official not less than 30 days or more than 120 days prior to expiration of the Planned Development approval. Denial of a request for renewal of the Planned Development Project approval may be appealed.

H. The approvals granted by the City as a result of this application, as well as the Conditions of Approval, shall be recorded in the Office of the County Recorder of Alameda County

II. PERMITTED USE

A. This Planned Development is an approval to construct Phase 1 of the San Leandro Kaiser Medical Center. Phase 1 of the Medical Center includes an approximately 436,000 square foot, six-story hospital containing up to 264 licensed beds; an approximately 275,000 square foot, four-story Hospital Support Building located
immediately adjacent to and connected to the hospital; a central utility plant and up to 2,100 parking spaces in a surface parking lot. The site is an approximately 38 acre, southern portion of a 63 acres property located between I-880 and Merced Street, and between Marina Boulevard and Fairway Drive; consisting of 11 separate Alameda County Assessor’s Parcel Numbers between 077A-0647-001-34 and 077A-0647-012-03.

B. No application for amendment of the application or Conditions of Approval may be submitted or accepted for processing by the city unless (i) there is full compliance with all terms of the application and Conditions of Approval; or (ii) the Community Development Director can waive compliance with the terms of the application if they are minor in content.

C. Construction of the project shall remain in substantial compliance with the approved exhibits and plans. Any change to the project design, materials or colors shall be subject to the review and approval of the Community Development Director who may administratively approve minor changes, or for more substantial changes, require review by the Planning Commission and City Council as a modification to the Planned Development.

III. ADDITIONAL SUBMITTAL REQUIREMENTS

A. Prior to approval of a certificate of occupancy for the hospital and/or Hospital Support Building in Phase 1 of the Medical Center, the Applicant shall be required to submit detailed calculations demonstrating the fair-share obligations of the project toward development and implementation of an adaptive traffic signal system that would include all the signals along the Marina Boulevard corridor between Merced Street and Alvarado Street, and along the Merced Street corridor between Marina Boulevard and Fairway Drive, pursuant to the EIR Mitigation Measure TR-1.1.

B. Upon submittal of a future development application for the Mixed-Use Retail Development, such application shall be required to undergo Subsequent or Supplemental environmental review pursuant to CEQA.

1. The subsequent environmental review shall ensure that all mitigation measures applicable to the Mixed-Use Retail Development from the EIR prepared for this approval are carried forward for that future project.

2. The subsequent environmental review shall also be required to include detailed calculations demonstrating the fair-share obligations of that project toward development and implementation of all required transportation mitigation measures from the EIR prepared for this approval, as well as any additional measures that may be further required pursuant to that subsequent review.
C. Upon submittal of a future development application for the Mixed-Use Retail Development, such application shall be reviewed as a separate Planned Development project. The Planned Development application shall be required to demonstrate consistency with applicable City General Plan policies including, but not limited to the following:

1. Ensuring that compatibility issues are fully addressed if residential development is proposed near or within non-residential areas.

2. Encouraging a diverse range of commercial uses offering goods and services that fully meet the needs of San Leandro residents and businesses, filling gaps in the range of goods and services currently available; and acting as catalysts for attracting other retailers to the City.

3. Considering the potential for impacts on adjacent uses, including the potential for land use conflicts and increased parking demand and truck traffic. The transitional areas between industry and housing shall use a variety of buffering measures including land use restrictions, landscaping and screening, sound walls and insulation, and limits on hours of operations and activities to promote land use compatibility. Development and design standards shall be established that minimize the potential for conflicts between industrial and residential uses, and between commercial and residential uses.

4. Ensuring that potential noise impacts are considered for any proposed development near the freeway, incorporating site planning and architectural design measures that reduce the exposure of future building occupants to traffic noise.

5. Ensuring that the development standards, use restrictions, parking requirements, and other regulations contained in the San Leandro Zoning Code enable the production of housing for all income groups.

D. Upon submittal of a future development application for Buildout of the Medical Center, such application shall be reviewed to determine whether any subsequent or supplemental environmental review is required pursuant to CEQA.

E. Upon submittal of a future development application for Buildout of the Medical Center, such application (or any required environmental review) shall include detailed calculations demonstrating the fair-share obligations of that project toward development and implementation of all required transportation mitigation measures from the EIR prepared for this approval, as well as any additional measures that may be further required pursuant to that subsequent review.

IV ENGINEERING AND TRANSPORTATION DEPARTMENT REQUIREMENTS

A. Due to anticipated queuing effects that would extend beyond the available storage capacity of turn lanes and resulting in excessive delay for the most important
turning movements at the Marina Boulevard/Merced Street intersection during operation of Phase 1 of the Medical Center, the Applicant shall implement Mitigation Measure TR-1.3: Construction of a New Signalized Driveway Along Marina Boulevard prior to issuance of a certificate of occupancy for the Hospital and/or HSB building in Phase 1. The Applicant shall construct the new signalized driveway along Marina Boulevard into the Mixed-Use Retail Development site, extend the driveway roadway to the Hospital and modify the cycle length and phasing sequence and timings of the traffic signal after implementing the adaptive traffic signal system for the Marina Boulevard corridor between Merced Street and Alvarado Street. This new signalized driveway would permit left turns and right turns into the new access driveway from westbound and eastbound Marina Boulevard, respectively, providing a new access point to the project site from westbound traffic on Marina Boulevard, thus diverting a portion of project traffic away from the Marina Boulevard/Merced Street intersection. However, vehicles exiting the project site from this new driveway onto Marina Boulevard would be restricted to right turns only, with no right turns permitted on red lights.

B. Applicant shall obtain an Encroachment Permit from the Engineering and Transportation Department, pay encroachment permit fees, and provide a security deposit for work within the public right-of-way prior to the issuance of building permits for the project.

C. Applicant shall obtain a Grading Permit from the Engineering and Transportation Department and pay associated fees prior to obtaining a Building Permit. Erosion Control plans and plans that detail the post construction storm water treatment measures shall be included in the permit submittal. Applicant shall implement all applicable items listed in the model list of source control measures, published by the Alameda Countywide Clean Water Program, when preparing the permit submittal.

D. Applicant shall file a Notice of Intent and Storm Water Pollution Control Plan with the State Water Quality Control Board and shall comply with all requirements of the board prior to issuance of a Grading Permit by the City.

E. If the design of any site improvement requires encroachments onto neighboring properties during construction, Applicant shall submit written agreements with that property owner to the City Engineer, for review and approval, prior to approval of the building permit.

F. Applicant shall pay design review fees, permit fees, inspection fees, sewer connection fees, and any other fees charged by the City or other reviewing agencies for the review, approval, permitting and inspection of the public and private improvements prior to permit final.

G. The proposed development shall comply with City ordinances, policies and regulations. All public and private site improvements shall be in accordance with
the City’s Design Standards, Specifications and Standard Plans unless otherwise specifically approved by the City Engineer.

H. Applicant shall provide accessibility traffic signal equipment at all project constructed signal locations.

I. Applicant shall have public and private site improvements designed and stamped by a civil engineer registered to practice within the State of California. Applicant shall obtain approval of the City Engineer for all on and off site improvements prior to the issuance of Building Permits for the project. All improvements within the City right-of-way shall be per City Standards. Improvements shall be designed so that storm water does not impact pedestrian travel along sidewalks or across streets.

J. Applicant shall enter into a Public Improvement Agreement or complete all public improvements prior to issuance of Building Permits for the subject project for the condition of 2015 Baseline plus Kaiser Medical Phase 1 described in the EIR. The improvement to be completed shall be in substantial conformance to those described in the COA, those identified in Exhibits 1-57 submitted for the project dated April 14, 2010 and as described as Off-site Roadway Improvements and identified mitigations improvements in the Final and Draft Environmental Impact Report (F/DEIR) dated January 2010/April 2010.

K. Applicant shall prepare all required documents to implement a Plan Line to provide an additional left turn lane from southbound Merced Street to eastbound Republic Avenue prior to issuance of certificate of occupancy for the HSB. This requirement may be modified or expanded by the terms of the Development Agreement for the project.

L. Applicant shall provide an adaptive traffic control system for all public traffic signals installed or modified by this project. Applicant shall connect all new public traffic signals to the city’s fiber optic network and provide communication between the signal controller and the City’s Advanced Traffic Management System.

M. Applicant shall locate all utilities serving the site underground.

N. Applicant shall provide street lighting along the entire project frontage to meet current City standards.

O. Applicant shall comply with the regulations and provisions contained in the City’s Grading Ordinance, the City’s Storm Water Pollution Prevention Permit, and the National Pollutant Discharge Elimination System (NPDES), to the satisfaction of the City Engineer. More information may be found at www.cleanwaterprogram.org.
P. Applicant shall obtain written permission from Alameda County Public Works Agency for all stormwater systems that connect into the Alameda County Flood Control District facilities prior to issuance of grading permits.

Q. Applicant shall reduce storm water pollution by implementing the following pollution source control measures:

1. Trash structures shall be designed to discourage the occurrence and entry of pests into buildings, thus minimizing the need for pesticides. The trash area shall be separated from the rest of the building by concrete or masonry walls so that pests that gain access to the area are less likely to access the rest of the building.

2. All storm drains shall be marked “NO DUMPING, DRAINS TO BAY”

3. All on-site storm drains shall be inspected and cleaned at least twice a year immediately prior to the rainy season.

4. Sidewalks and parking lots shall be swept regularly to minimize the accumulation of litter and debris. Steam cleaning or low volume pressure washing may be performed only after pre-cleaning using dry methods, spot cleaning and recovery in stained areas and removal of all mobile pollutants. Debris resulting from pressure washing shall be trapped and collected to prevent entry into the storm drain system. Wash water containing any soap, cleaning agent or degreaser shall not be discharged to the storm drain.

5. Interior floor drains and parking garage floor drains (if any) shall not be connected to the storm drain system.

6. Air conditioning condensate shall be directed to landscaped areas. Any air conditioning condensate that discharges to land without flowing to a storm drain may be subject to the requirements of the State Water Resources Control Board’s (SWRCB) Statewide General Waste Discharge Requirements (WDRs) for Discharges to Land with a Low Threat to Water Quality.

7. Landscaping shall be designed to minimize irrigation and runoff, promote surface infiltration where appropriate, and minimize the use of fertilizers and pesticides that can contribute to storm water pollution.

8. Where feasible, landscaping shall be designed and operated to treat storm water runoff by incorporating elements that collect, detain, and infiltrate runoff. In areas that provide detention of water, plants that are tolerant of saturated soil conditions and prolonged exposure to water shall be specified.

9. Plant materials selected shall be appropriate to site specific characteristics such as soil type, topography, climate, amount and timing of sunlight,
prevailing winds, rainfall, air movement, patterns of land use, ecological consistency and plant interactions to ensure successful establishment.

10. Proper maintenance of landscaping, with minimal pesticide use, shall be the responsibility of the property owner.

11. Irrigation shall be appropriate to the water requirements of the selected plants.

12. Applicant shall select pest- and disease-resistant plants.

13. Applicant shall plant a diversity of species to prevent a potential pest infestation from affecting the entire landscaping plan.

14. Applicant shall plant "insectary" plants in the landscaping to attract and keep beneficial insects.

R. Applicant shall construct the following work prior to issuance of certificate of occupancy for the Hospital Support Building: convert the existing utilities from overhead to underground along the entire Merced Street frontage.

S. Applicant shall construct the following work prior to issuance of certificate of occupancy for the Hospital Support Building: remove any unused driveways or damaged driveways, sidewalk, and curb and gutter along any unimproved property frontage and construct new City standard driveway, sidewalk, curb and gutter in place of the removed items and all other improvements identified in the approved public improvement plans unless otherwise guaranteed.

T. Applicant shall maintain landscaping on all lots unless they are under construction, being used for construction staging, or covered by existing vegetation or improvements.

U. Applicant shall comply with the following high standards for sanitation during construction of improvements: Garbage cans, construction dumpsters, and debris piles shall be removed on a minimum weekly basis. All food related trash items such as wrappers, cans, bottles, and food scraps shall be disposed of in closed containers only and shall be regularly removed from the site. Inspections, conducted as part of the regular construction compliance, will be conducted to ensure compliance of the Applicant and contractors with this requirement.

V BUILDING DEPARTMENT REQUIREMENTS

A. The HSB shall comply with the applicable construction codes as adopted/amended and enforced by the City of San Leandro.

B. The site shall be moved from the FEMA designated flood zone or comply with the NFIP applicable requirements.

C. The bridge shall be designed for a minimum AASHTO design loading of HS-20.
VI ENVIRONMENTAL SERVICES REQUIREMENTS

A. Prior to issuance of a certificate of occupancy, a Hazardous Materials Business Plan (HMBP) shall be submitted to the Environmental Services Section for the storage and use of hazardous materials and generation of hazardous waste. The plan is subject to the review and approval of the Environmental Services Section.

B. All fees and charges related to Environmental Services programs shall be paid promptly in full. Failure to keep accounts current shall be grounds for revocation of the conditional use permit.

C. Compressed gas containers, cylinders, tanks, and systems shall comply with Chapter 30 of the 2007 California Fire Code or applicable adopted code at time of construction.

D. Hazardous Materials shall be managed in accordance with Chapter 27 of the 2007 California Fire Code or applicable adopted code at time of construction.

E. All hazardous waste generated on site shall be managed and disposed in accordance with applicable local, state and federal laws, rules, and regulations.

F. Discharges other than rainwater to the stormwater collection system are prohibited.

G. Exposure of materials, processes, or equipment shall be eliminated to the maximum extent practicable to prevent contamination of rainwater. Exposures that cannot be eliminated shall require the use of Best Management Practices (BMPs) to prevent exposures from impacting stormwater runoff, creating illicit discharges, or contaminating receiving waters.

H. The generation or discharge of wastewaters other than domestic sewerage shall require a Pretreatment Permit for discharge to the sanitary sewer. A completed Pretreatment Permit Application shall be submitted to the City’s Environmental Services Section prior to final approval of the building permit or commencing discharge, whichever occurs first.

I. Properly-sized grease interceptors shall be installed and maintained to pre-treat discharges from food handling facilities to the sanitary sewer. No domestic wastewater may discharge through grease interceptors.

J. Accessible and secure monitoring facilities shall be constructed at the site’s final combined sanitary sewer outfall to allow for the City to periodically install sampling equipment and collect wastewater samples to determine compliance with the facility’s Pretreatment Permit.
K. The facility shall comply with the California Aboveground Petroleum Storage Act (APSA) and federal Spill Prevention, Control, and Countermeasures (SPCC) rule requirements. A completed City of San Leandro Environmental Services Aboveground Storage Tank Installation Application Package and associated fees shall be submitted to the Environmental Services Section. Compliance with these requirements shall be demonstrated to the Environmental Services Section prior to issuance of a certificate of occupancy or final approval of building permit, whichever occurs first.

VII ALAMEDA COUNTY FIRE DEPARTMENT REQUIREMENTS

A. The minimum emergency vehicle access road width is 20 feet. The road at the south corner of the HSB, shown as 15 feet wide due to a center aisle, shall be revised such that the roadway shall be a minimum of 20 feet wide and arranged so an emergency vehicle can turn with a 42 ft radius traveling from the northeast to the northwest. In addition, the hydrant and FDC, shown to be located in the roadway at the south corner of the HSB and the fire hydrant shown to be located in the roadway at the west corner of the HSB, shall be moved out of the roadway.

B. The Fire Department’s scope of review for the hospital building and central utility building is limited to plan review of the emergency vehicle access roads and fire hydrant locations.

C. Knox boxes or key switches are required at gates in the emergency vehicle access roads.

D. Signage or red curbs are required in the emergency vehicle access roads to prevent parking that would reduce the width of the access road to less than 20 feet wide.

E. The bridge shall be designed for a minimum HS-20 loading.

F. The HSB shall comply with the Building and Fire Codes as adopted by the City of San Leandro.

VII POLICE DEPARTMENT GENERAL REQUIREMENTS

A. All building addresses shall be placed in such a position as to be plainly visible and legible from the street. Said numbers shall contrast with their background and be visible at night. Details including number size and location shall be submitted for the review and approval of the City of San Leandro Police Department, Fire Marshal and the Community Development Director, prior to issuance of building permits. Street names shall be approved by the City of San Leandro Police Department, Fire Marshal and the Community Development Director. Specific property addresses will be assigned by the Building Division of the Community Development Department.
VIII TRANSPORTATION DEMAND MANAGEMENT (TDM) REQUIREMENT

Kaiser shall develop and implement a TDM program ("Approved TDM Program") based on an employee transportation survey, to the satisfaction of the City of San Leandro Community Development Director and Engineering and Transportation Director, no later than the issuance of the first certificate of occupancy for the project (either by the City of office of Statewide Health, Planning, and Development [OSHPD]) in accordance with the requirements of Mitigation Measure AQ2 and the MMRP.

A. Two years after the issuance of the first certificate of occupancy and every three years thereafter, Kaiser shall prepare for the life of the Project, subject to City review and approval, a TDM Report that summarizes Kaiser's transportation program over the preceding years, intended upcoming changes, and compliance with the conditions of this program. The reports shall be submitted to the City in April, based upon surveys done in February/March, as detailed below.

B. The TDM Report shall be prepared and presented in the following manner: The TDM Report shall include a comparison to historical findings. If participation rate has changed significantly, a detailed description as to why the rate has changed is required. Each TDM Report shall consist of the following:

1. Employee Transportation Survey. Kaiser shall conduct a commuter/TDM survey of its employees at the Kaiser Medical Center twice annually for the first two years and annually thereafter to determine the effectiveness of the TDM program. The survey shall identify the various means of transportation to work used by employees, the quantities of employees using each, and the improvements that can be made to the TDM program. Should it be determined that the TDM program objectives of ten to fifteen percent single-occupant vehicle reduction are not being achieved, then the applicant and the City shall meet to jointly determine the feasibility of additional or modified measures designed to achieve this objective. The City Community Development Director and Engineering and Transportation Director shall have the final authority and discretion (subject to appeal to the Planning Commission) to determine additional or modified measures that may be needed to achieve the TDM reduction target. Kaiser shall implement the additional or modified measures.

The survey shall be conducted and distributed to approximately half the employee population. Preferably the same survey template and method shall be used to avoid incomparable survey results, which shall be subject to review and approval by the City. The response rate shall be a minimum of 30%. If a 30% response rate can not be obtained, a non-response survey shall be conducted. A survey response database shall be created with audit trail (each entry has a separate ID number, but without link to each individual).
2. Patient/Visitor Transportation Survey. Shall be conducted on the same schedule as the employee survey by interviewing a representative sample of patients/visitors, with the sample size being no less than 350 and increasing with the increasing patient/visitor population, about their 'travel behavior on the day of the survey. The patient/visitor survey shall be carried out at the same time as the employee survey is conducted, and shall be subject to review and approval by the City.

3. Annual Process Evaluations. Kaiser shall report major accomplishments achieved for and changes made to each of the measures in operation as well as participation in each measure (e.g. number of participants in Commuter Tax Incentive, Commuter Check Subsidy, carpool program) and actual number of Full Time Equivalent staff (both am/pm peak and non-peak).

IX. MAINTENANCE

A. The project site shall be well maintained and shall be kept free of litter, debris and weeds at all times; during construction, the site shall be well maintained and shall be kept free of litter, debris and weeds.

B. Any graffiti shall be promptly removed from building walls, perimeter soundwalls and/or fences. The developer and its successors in interest shall comply with the rules and regulations of the City's graffiti removal program and shall grant a license and right of entry as requested to enforce the terms of such program.

C. All landscaping improvements shall be maintained in a healthy, growing condition at all times.

D. Upon demolition or removal of existing structures and improvements, the site shall be enclosed with a security fence and shall be well maintained in a neat manner, free of weeds, litter and debris.

X. CONSTRUCTION PROVISIONS

A. Construction activity shall not commence prior to 7:00 a.m. and shall cease by 7:00 p.m. Monday through Friday, and construction activity shall not commence prior to 8:00 a.m. and shall cease by 7:00 p.m. on Sunday and Saturday. No such construction is permitted on Federal holidays. As provided in this City of San Leandro’s Noise Ordinance (ORDINANCE NO. 2003 – 005), “construction” shall mean any site preparation, assembly, erection, substantial repair, alteration, demolition or similar action, for or on any private property, public or private right-of-way, streets, structures, utilities, facilities, or other similar property. Construction activities carried on in violation of this Article may be enforced as provided in Section 4-11-1130, and may also be enforced by issuance of a stop work order and/or revocation of any or all permits issued for such construction activity.
B. Construction activity shall not create dust, noise or safety hazards for adjacent residents and properties. Dirt and mud shall not be tracked from the project site during construction.

C. Standard construction dust control procedures, such as wetting, daily roadwashing and other maintenance functions to control emissions, shall be implemented at all times during outdoor construction. Dust generating activities such as grading, excavation, paving etc., shall be scheduled the early morning and other hours when wind speeds are low. All construction activities entailing soil disturbance shall cease when winds exceed 30 miles per hour as an hourly average.

D. The developer shall prepare a construction truck route plan that would restrict trucks to arterial streets that have sufficient pavement section to bear the heavy truck traffic, thereby minimizing noise and traffic impacts to the community. The construction truck route plan shall be reviewed and approved by the City Traffic Engineer prior to receipt of the grading permit.

E. Truck hauling activities shall be restricted to 8:00 a.m. to 5:00 p.m. There shall be no truck hauling activity on Saturdays, Sundays and legal holidays.

F. Procedures with the highest noise potential shall be scheduled for daylight hours, when ambient noise levels are highest.

G. The contractor(s) shall be required to employ the quietest among alternative equipment or to muffle/control noise from available equipment.

H. All construction contracts shall include the following requirements: 1) Unpaved construction sites shall be sprinkled with water at least twice per day; 2) Trucks hauling construction materials shall be covered with tarpaulins or other effective covers; 3) Streets surrounding demolition and construction sites shall be swept at least once per day; and 4) Paving and planting shall be done as soon as possible. City shall charge developer, and developer shall pay, for all costs of sweeping city streets in the vicinity of the project as necessary to control dust and spillage.

I. The property shall be secured during construction with a six (6) foot high chain link fence and any other security measures in accordance with recommendation of the San Leandro Police Department.
EXHIBIT F
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Morrison & Foerster
P.O. Box 8130
101 Ygnacio Valley Road, Suite 450
Walnut Creek, California 94596-3570
Attention:

(Space Above This Line Reserved For Recorder's Use)

DEVELOPMENT AGREEMENT
BY AND BETWEEN
CITY OF SAN LEANDRO
AND
KAISER FOUNDATION HOSPITALS
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “Agreement”) is entered into as of ______________ 2010, by and between Kaiser Foundation Hospitals, a California nonprofit public benefit corporation (“Developer”), and the City of San Leandro, a California municipal corporation (“City”), pursuant to California Government Code § 65864 et seq.

RECITALS

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California enacted California Government Code § 65864 et seq. (the “Development Agreement Statute”), which authorizes City to enter into an agreement with any person having a legal or equitable interest in real property regarding the development of such property.

B. Pursuant to California Government Code § 65865, City has adopted procedures and requirements for the consideration of development agreements (City Administrative Code, Title 5 Community Development, Chapter 4 Development Agreements). This Agreement has been processed, considered and executed in accordance with such procedures and requirements.

C. Developer owns approximately 63 acres located at 1701 Marina Boulevard, San Leandro, California, as more particularly described in Exhibit A-1 attached hereto, and as diagrammed in Exhibit A-2 attached hereto (the “Project Site”).

D. Developer intends to develop the southern approximately 38 acres of the Project Site (the “Kaiser Medical Center Project Site”) as a Medical Center over two or more phases. The first phase will consist of the largest increment of development—an approximately 436,000 square foot, four to six-story, 264-bed hospital, an approximately 275,000 square foot, six-story hospital support building (the “Hospital Support Building”), a 31,000 square foot central utility plant, a 20,000 square foot outdoor service yard, approximately 2,100 surface parking spaces, and other ancillary uses (“Kaiser Phase 1”). Buildout could include expansion of Kaiser Phase 1 by an additional 375,000 s.f., including a 175,000-s.f., 120-bed expansion of the hospital, the construction of two 100,000-s.f. medical office buildings (the “Medical Office Buildings”), the construction of structured parking and any associated expansion of the CUP, with Kaiser Permanente retaining the flexibility to allocate buildout square footage between medical office, hospital and other permitted uses, as set forth below (“Kaiser Buildout”). Kaiser Phase 1 and Kaiser Buildout are together hereinafter referred to as the “Kaiser Medical Center Project.”

E. Developer anticipates selling approximately 25 acres of the northern portion of the Project Site (the “Retail Project Site”) at some future date to a yet unidentified retail developer. The proposed zoning will allow a 387,000 square foot retail project consisting of undetermined retail uses that could include large format stores, multi-tenant
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retail uses, restaurants, soft goods, and service-oriented retailers (the "Retail Project"). The Retail Project could also include a mixed-use residential project consisting of up to 250 one- and two-bedroom apartments or alternatively, a 210 room hotel development serving future Kaiser employees, physicians and visitors, or an additional 45,000 square feet of retail for a total of 432,000 square feet of retail.

F. Collectively, the Kaiser Medical Center Project Site and the Retail Project Site will be referred to herein as the "Project Site;" and the Kaiser Medical Center Project and the Retail Project will be referred to herein as the "Project."

G. City has taken several actions to review and plan for the future development of the Project. These include, without limitation, the following:

1. Environmental Impact Report. The environmental impacts of the Project, including the Project Approvals and their implementation through certain Subsequent Approvals, and alternatives to the Project and its location, have properly been reviewed and assessed by City pursuant to the California Environmental Quality Act, Public Resources Code Section 21000 et seq.; California Code of Regulations Title 14, Section 15000 et seq. (the "CEQA Guidelines"); and City’s local guidelines promulgated thereunder (hereinafter collectively referred to as “CEQA”). On [redacted], pursuant to CEQA and in accordance with the recommendation of the Planning Commission for the City of San Leandro (the "Planning Commission"), the City Council certified a final environmental impact report covering the Project (the “EIR”). As required by CEQA, the City adopted written findings and a mitigation monitoring program (the Mitigation Monitoring Program") prior to approving the Project Approvals.

2. General Plan Amendment. Following review and recommendation by the City Planning Commission and after a duly noticed public hearing and certification of the EIR, the City Council, by Resolution [redacted], approved amendments to the San Leandro General Plan (the "General Plan Amendment") redesignating the Project Site to the San Leandro General Plan’s General Commercial land use designation.

3. Rezoning. Following City Planning Commission review and recommendation, certification of the EIR and adoption of the General Plan Amendment at a duly noticed public hearing, the City Council adopted City Ordinance No. [redacted], rezoning the Project Site to City’s Commercial Community zoning district and Planned Development Overlay District (the “PD Zoning”), approving a Planned Development Project, including Plans, Guidelines, and other materials required pursuant to Article 10 of the San Leandro Zoning Ordinance (the “PD Project”), for the Project.

The approvals and development policies described in this Recital G are collectively referred to herein as the “Project Approvals.”

H. City and Developer agree that additional project-level CEQA review will be required prior to approval of the Retail Project, consistent with State laws and regulations. A proposal for the Retail Project will need to fulfill all CEQA requirements and receive City Council approval prior to the initiation of construction.
I. City has determined that the Project presents certain public benefits and opportunities which are advanced by City and Developer entering into this Agreement. This Agreement will, among other things, (1) reduce uncertainties in planning and provide for the orderly development of the Project; (2) mitigate many significant environmental impacts; (3) provide public services and roadway and circulation improvements; (4) strengthen the City’s economic base with a variety of high quality long term jobs, in addition to shorter term construction jobs; (5) provide for and generate substantial revenues for the City in the form of one time and annual fees and exactions and other fiscal benefits; (6) provide a comprehensively planned, integrated, seismically safe medical center campus that includes a modern state-of-the-art hospital and community amenities; and (7) otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted.

J. In exchange for the benefits to City described in the preceding Recital, together with the other public benefits that will result from the development of the Project, Developer will receive by this Agreement assurance that it may proceed with the Project in accordance with the “Applicable Law” (defined below), and therefore desires to enter into this Agreement.

K. The City Council, after conducting a duly noticed public hearing, has found that this Agreement is consistent with the General Plan and has conducted all necessary proceedings in accordance with the City’s rules and regulations for the approval of this Agreement.

L. On [date], following a duly noticed public hearing, the Planning Commission recommended that the City Council approve this Agreement. Following City Council certification of the EIR, adoption or approval of the General Plan Amendment, the PD Zoning, and the PD Project, the City Council, following a duly noticed public hearing, adopted Ordinance No. [number], approving and authorizing the execution of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, covenants and provisions set forth herein, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1. DEFINITIONS

“Administrative Project Amendment” shall have that meaning set forth in Section ___ of this Agreement.

“Administrative Agreement Amendment” shall have that meaning set forth in Section ___ of this Agreement.

“Agreement” shall have that meaning set forth in Section ___ of this Agreement.
“Applicable Law” shall have that meaning set forth in Section ___ of this Agreement.

“Buildout” or “Kaiser Buildout” shall have that meaning set forth in Section ___ of this Agreement.

“City” shall have that meaning set forth in Section ___ of this Agreement.

“City Law” shall have that meaning set forth in Section ___ of this Agreement.

“Developer” shall have that meaning set forth in Section ___ of this Agreement.

“Development Agreement Statute” shall have that meaning set forth in Recital ___ of this Agreement.

“Effective Date” shall have that meaning set forth in Section ___ of this Agreement.

“Impact Fees” means impact fees, linkage fees, exactions, assessments or fair share charges or other similar impact fees or charges imposed on and in connection with new development by the City to address impacts of development pursuant to rules, regulations, ordinances and policies of the City as more particularly described in Exhibit ___ hereto. Impact Fees do not include (i) Processing Fees and Charges, or (ii) other City fees, charges or assessments not imposed to address impacts of development.

“Kaiser Medical Center Project” shall have that meaning set forth in Recital ___ of this Agreement.

“Kaiser Medical Center Project Site” shall have that meaning set forth in Recital ___ of this Agreement.

“Medical Office Buildings” shall have that meaning set forth in Recital ___ of this Agreement.

“Mitigation Monitoring Program” shall have that meaning set forth in Section ___ of this Agreement.

“Mortgagee” shall have that meaning set forth in Section ___ of this Agreement.

“Notice of Compliance” shall have that meaning set forth in Section ___ of this Agreement.

“Periodic Review” shall have that meaning set forth in Section ___ of this Agreement.

“Processing Fees and Charges” means administrative fees and charges imposed by the City for a development project, including, but not limited to, fees for land use applications, project permits, building applications, building permits, grading permits,
encroachment permits, tract or parcel maps, lot line adjustments, street vacations, certificates of occupancy and other similar permits and fees and charges for staff time, including legal counsel fees, relating to work on a development project. Processing Fees and Charges shall not include Impact Fees.

"Project" shall have that meaning set forth in Recital ___ of this Agreement.

"Project Approvals" shall have that meaning set forth in Recital ___ of this Agreement.

"Project Site" shall have that meaning set forth in Recital ___ of this Agreement.

"Reserved Powers" means existing or future City laws, regulations, rules and policies which apply to the Project or Project Site and are not subject to the vested rights granted under this Agreement. The Reserved Powers include, but are not limited to, the power to enact and implement laws, rules, regulations, and policies after the Effective Date that may be in conflict with the Applicable Laws, which either (1) prevent or remedy conditions which the City has found to be injurious or detrimental to the public health or safety; (2) are Uniform Codes; (3) are necessary to comply with state and federal laws, rules and regulations (whether enacted previous or subsequent to the Effective Date) or to comply with a court order or judgment of a state or federal court; (4) are agreed to or consented to by Developer; (5) involve the formation of assessment districts, Mello-Roos Community Facilities Districts, special districts, maintenance districts or other similar districts formed in accordance with applicable laws provided, however, that Developer shall retain all its rights with respect to such districts pursuant to all applicable laws subject to Section [5.06] below; or (6) are Processing Fees and Charges, or City-wide fees or charges applicable to similarly situated properties or uses, provided that such City-wide fees or charges are not fees or charges imposed in violation of the express limitations set forth in this Agreement.

"Retail Project" shall have that meaning set forth in Recital ___ of this Agreement.

"Retail Project Site" shall have that meaning set forth in Recital ___ of this Agreement.

"Solar Uses" shall mean solar photovoltaic uses on rooftops or above ground solar installations.

"Subsequent Approvals" shall mean those certain other land use approvals, entitlements, and permits other than the Project Approvals which are necessary to implement the Project. The Subsequent Approvals may include, without limitation, the following: design review approvals, improvement agreements, use permits, grading permits, building permits, lot line adjustments, sewer and water connection permits, certificates of occupancy, subdivision maps, permits, resubdivisions, and any amendments to, or repealing of, any of the foregoing.

"Term" shall have that meaning set forth in Section ___ of this Agreement.

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“Assignment Agreement” shall have that meaning set forth in Section ___ of this Agreement.

ARTICLE 2. EFFECTIVE DATE AND TERM

Section 2.01. Effective Date. This Agreement shall become effective upon the date the ordinance approving this Agreement becomes effective (the "Effective Date").

Section 2.02. Term. The term of this Agreement (the “Term”) shall commence upon the Effective Date and continue for a period of fifteen (15) years for the Retail Project and twenty-five (25) years for Kaiser Buildout.

Section 2.03. Extension of Term Due to Litigation. In the event that litigation is filed by a third party (defined to exclude City and Developer, their respective successors and assigns, or any assignee or transferee of Developer) which seeks to invalidate this Agreement or any of the Project Approvals or Subsequent Approvals, the term of this Agreement shall be extended for a period equal to the length of time from the time a summons and complaint and/or petition are served on the defendant(s)/respondent(s) until the resolution of the matter is final and not subject to appeal; provided, however, that the total amount of time for which the term shall be extended as a result of any and all litigation shall not exceed three years.

ARTICLE 3. OBLIGATIONS OF DEVELOPER

Section 3.01. Obligations of Developer Generally. The parties acknowledge and agree that the City’s agreement to perform and abide by the covenants and obligations of City set forth in this Agreement is a material consideration for Developer’s agreement to perform and abide by its covenants and obligations, as set forth herein. The parties acknowledge that Developer’s obligations set forth in this Agreement are in addition to Developer’s agreement to perform all the mitigation measures identified in the Mitigation Monitoring Program and all conditions of approval imposed on Project Approvals or Subsequent Approvals.

Section 3.02. Fees Paid by Developer. The Developer shall pay all categories of City fees in place as of the Effective Date of this Agreement pursuant to the terms of Section [6.05]. The Developer and City have reached an agreement on certain specific fees which is set forth in this Section 3.02.

(a) Building Permit and Processing Fees. Developer shall pay to City building permit and plan checking fees for the Hospital Support Building and any Medical Office Buildings as set forth in the City’s then current building permit ordinance. Building permit fees shall be based on project valuation of improvements, equipment, fixtures, and parking structures, and not include streets, utilities and infrastructure cost and shall not include the construction costs associated with the hospital, central utility plant building, outdoor service yard, or any surface parking area. Developer shall have the
option of appealing any assessed fee amounts, consistent with existing City regulations.

(b) **Planning Processing Fees and Charges.** Developer shall pay to City planning permit fees and charges at the rate in effect at the time a completed application for the applicable entitlement is submitted to the City.

(c) **Long Range Planning Fees.** Except for any uses in the Retail Project, no Long Range Planning Fees as adopted in the City Fee Schedule shall apply to the Project. For the Retail Project, all development, including residential and commercial uses, shall be subject to the fees in place at the time of building permit issuance.

(d) **City Environmental Services Fees and Charges.** Developer shall pay any applicable fees and charges for City environmental services including, but not limited to, Hazardous Materials Storage, Storage Tank Installation, Hazardous Waste Generators, Wastewater Pretreatment, and identified Miscellaneous Services.

(e) **Park Development Impact Fees.** Developer shall pay to City any required Park Development Impact Fees for the residential portion of the Project. However, Developer may receive a credit toward the Park Development Impact Fee for construction of park facilities that qualify for such a credit pursuant to San Leandro Municipal Code, § 7.13.110.

(f) **Overhead Utility Conversion Fees for Streets in Underground Utility District Master Plan.** Developer shall pay the actual cost of undergrounding utilities.

(g) **Sanitary Sewer Connection Fees.** Developer shall pay fees based on the estimated average day of peak month discharge in effect at the time of the sewer connection, consistent with all applicable City laws.

(h) **Sanitation Services.** Developer shall pay applicable Sanitation Services Fees in effect at the time the services are provided.

(i) **Alameda County Department of Environmental Health Fees.** Developer shall pay any applicable fees for plan review and associated charges imposed by the Environmental Protection Division of the Alameda County Department of Environmental Health.

(j) **School District Fees.** Developer shall pay any applicable school district fees to the San Leandro or San Lorenzo Unified School District, as applicable, estimated by Kaiser to be $334,170 for Kaiser Phase 1. This estimate is not a limitation on the fee amount.

(k) **Fire Fighting Contribution.** Developer shall pay the sum of $655,877 to the City earmarked for the purchase of heavy rescue apparatus suited to serving the Project and other high-rise acute medical care facilities, in combination
with other funding sources. This contribution represents Developer’s fair-share of a total apparatus cost of $992,250, as estimated by the Alameda County Fire Department. Developer shall pay its Fire Fighting Contribution at the earlier of the issuance of the Certificate of Occupancy for the Hospital Support Building and at such time as the City raises the balance of the fees to purchase the equipment.

Section 3.03. The Marina Interchange Project. Developer has contributed $5,071,776 (the “Medical-Retail Contribution”) towards the overpass and access ramp improvements at Marina Blvd. and Highway 880 (the “Marina Interchange Project”). Developer and the City have previously determined through a fair share traffic analysis that Developer can be allocated 18.4% of the previously estimated cost of the improvements necessary for the Marina Interchange Project for the Medical and Retail portions of the Project. The Medical-Retail Contribution shall be deemed to satisfy the obligations of the Project with respect to the Marina Interchange Project.

Section 3.04. Community Impacts Fund. Because the Medical Center will be largely exempt from property taxes, Developer shall make a one-time payment of Three Million One Hundred Thousand Dollars ($3,100,000.00) as a contribution towards various improvements, amenities and services benefiting the City and to further mitigate potential impacts from the Project (the “Community Impacts Fund”). The City estimates that any negative fiscal impact from the Project will also be substantially mitigated by positive economic activity resulting from the presence of the Kaiser Medical Center Project and the Retail Project in the City. The Community Impacts Fund shall be paid within thirty (30) days after the issuance of the first building permit for Kaiser Phase 1, whether issued by the City or the Office of Statewide Health Planning and Development (“OSHPD”). The Community Impacts Fund shall be paid to the City general fund, to be used, at the sole discretion of the City Council, for any purposes permitted under the law.

(a) Development Fees for Street Improvements ("DFSI"). Developer and the City acknowledge that Developer has previously paid the Medical-Retail Contribution; has made a number of off-site infrastructure improvements to the roadway system; and is agreeing to the formation of an assessment district related to street improvements. In light of these concessions, and in lieu of paying the DFSI, Developer will pay the Community Impacts Fund based in part on an in-lieu calculation for DFSI for Kaiser Phase 1 mutually agreed to by the City and Developer. For Kaiser Buildout and the Retail Project, the DFSI fee shall be based on the fee amounts in place at the time a building permit is issued, with credit against the full fee amount granted for dedicated improvements, in accordance with City policy.

The following information on the amount of the DFSI for Kaiser Phase 1 which would otherwise be applicable is included for information purposes only. If the Project was subject to DFSI for Kaiser Phase 1 at the current
City rates, the amounts would be as follows based on a review by City staff. The Hospital Support Building would be assessed using a combination of the medical office rate (182,529 square feet at $4.55 per square foot), the general office rate (34,820 square feet at $3.25 per square foot), and the hospital rate (57,651 square feet at $1.50 per square foot). The distribution of rates reflects proposed uses as determined by the City Engineer in consultation with Kaiser. The total DFSI for the Hospital Support Building would be $943,672. The DFSI rate for the hospital portion of Phase 1 would be $1.50 per gross building square foot ($1.50 x 436,000 (est) = $654,000). Therefore the total DFSI calculation for Kaiser Phase 1 was estimated to be $1,597,672.

Section 3.05. Taxes to be Paid by Developer.

(a) **Real Property Taxes.** It is anticipated that the Kaiser Medical Center Project will be substantially exempt from Real Property taxes under the charitable exemption. Developer agrees to continue to pay real property taxes in accordance with all applicable laws and regulations. Developer shall pay real property taxes on the all property and improvements until such time as it qualifies for exemption. The Retail Project shall pay real property taxes in accordance with all applicable laws and regulations and Developer shall also pay special real property assessments and other such fees that are not subject to Developer’s charitable exemption.

(b) **Sales and Use Taxes.** Developer shall pay sales tax on applicable retail sales at the Kaiser Medical Center Project on certain uses, such as pharmacy and optical sales, as required by law. The Retail Project is anticipated to be a major generator of sales tax revenue. Developer agrees to facilitate meetings between its general contractor and the City to discuss the feasibility of registering the City as the place of business for the purpose of allocating use and sales tax to the City for purchases made by said general contractor.

(c) **Utility User Taxes.** Developer shall pay utility user taxes on the Project in accordance with all applicable City laws.

(d) **Business License Tax.** Although nonprofit operations are exempt from the business license tax, all for-profit entities are required to pay the City’s business license tax in accordance with City laws. Developer’s affiliated for profit medical group shall pay the City’s business license tax consistent with applicable City laws, based on a per physician charge at the “Services” rate.

(e) **911 Tax.** The Project shall be subject to and pay the 911 Tax in accordance with City law in effect at the time payment is due.

Section 3.06. Participation in LINKS. Businesses that have received Internal Revenue 501(c)(3) tax-exempt status, and businesses that are exempt from local assessments under State or Federal law are exempt from the West San
Leandro Shuttle Route (LINKS) assessment. Acknowledging the role of Developer’s affiliated for-profit medical group, Developer agrees to work with City staff to coordinate its shuttle service with the LINKS Service in a mutually beneficial manner so as to eliminate redundancy and provide services to the medical center, consistent with the goals of Chapter 2-15 of the City Municipal Code. Absent a future agreement relating to services provided by the Developer shuttle program, the Retail Project shall comply with the requirements of Chapter 2-15 of the City Municipal Code.

**Section 3.07. Transportation Demand Management (TDM).** Developer agrees to prepare and implement a TDM Program to reduce vehicle trips generated by the Kaiser Medical Center Project by approximately 10 to 15 percent for Kaiser Phase 1 and Buildout. Developer agrees to develop and implement a TDM plan consistent with the guidelines of the Project’s EIR.

**Section 3.08. Project Site Entrance Requirements.** Prior to or concurrently with the opening of the Retail Project, Developer or its successor in interest shall provide for the widening of the north leg of Merced at the General Foundry frontage to provide two left-turn lanes on to Republic from Merced and one through lane, and one shared-through-right lane on the southbound approach (the “Foundry Frontage Widening”). Twenty-four (24) months prior to the opening of the Retail Project, Developer agrees to pay costs relating to City planning and engineering efforts related to the Foundry Frontage Widening, although those costs shall not include any property acquisition or hard construction costs. Prior to the opening of the Retail Project, Developer or its successor in interest shall, at its sole expense, provide either the Foundry Frontage Widening or an equivalent feasible mitigation measure proposed by the City sufficient to mitigate traffic impacts at the Merced-Marina intersection and to improve queuing impacts at the Republic Avenue/Merced intersection, as further set forth in the EIR.

**Section 3.09. EIR Related Infrastructure Obligations.** Developer agrees to pay its fair share of any infrastructure obligations validly established as mitigation measures as set forth in any Mitigation Monitoring Program duly adopted in connection with the EIR and any subsequent environmental review in connection with a subsequent application for the Project or any component thereof. The mitigation measures shall be phased in to track the opening of the Medical Center Project at Kaiser Phase 1, the opening of the Retail Project and the opening of additional facilities at Kaiser Buildout.

**Section 3.10. Other Community Benefits.** Recognizing that Developer possesses certain unique resources that would benefit the public in general, the Kaiser Medical Center Project offers the following benefits to the community:

(a) In accordance with state and federal law, a state of the art emergency room available to anyone needing emergency care, regardless of ability to pay;
(b) A seismically compliant and state of the art Medical Center for Kaiser Permanente members in the City and the surrounding communities;

(c) Opportunities to provide health coverage for children in need in the City, such as the Kaiser Child Health Plan which currently covers children in the City and elsewhere or other subsidized health care programs;

(d) A source of grant funding to non-profit community organizations in the City based on locally assessed health care priorities;

(e) Conference rooms which can be made available for use by the City’s community organizations during evening and weekend hours;

(f) Opportunities for health education classes;

(g) Opportunities for internship programs;

(h) Opportunities for summer youth programs; and

(i) Opportunities for support and sponsorship of community events based on Developer’s Community Giving policies.

The Retail Project, once it receives project level approval by the City, will also provide a range of other amenities to the general public, including shopping, restaurants and other uses, and be a source of tax revenue for the City.

ARTICLE 4. OBLIGATIONS OF CITY

Section 4.01. Obligations of City Generally. The parties acknowledge and agree that Developer’s agreement to perform and abide by its covenants and obligations set forth in this Agreement, including Developer’s decision to build the Project in the City, is a material consideration for City’s agreement to perform and abide by the covenants and obligations of City, as set forth herein.

Section 4.02. Vested Rights. This Agreement vests entitlements for the Kaiser Buildout including, without limitation: (1) all fees and exactions through Kaiser Buildout subject to the provisions of Section [6.05], (2) no newly adopted fees or exactions will apply to the Project for the term of this Agreement subject to the provisions of Section [6.05], (3) exemption from any development moratorium unless the moratoria is required solely to protect the public health and safety subject to the provisions of Section [6.06(e)], (4) phasing flexibility subject to the provisions of Section [6.11], (5) use of modular or temporary buildings for construction or temporary medical uses prior to completion of permanent structures on the Project Site, subject to standard site plan review, and (6) exemption from any future HOV Lane Project costs in exchange for the Medical-Retail Contribution in accordance with Section [3.03].
Section 4.03. Changes in Fees. The City and Developer agree to the provisions on fees applicable to the Project set forth in Section [6.05].

Section 4.04. Developer’s Right to Rebuild. City agrees that Developer may renovate or rebuild the Project within the Term of this Agreement should it become necessary due to natural disaster, changes in seismic requirements, or should the buildings located within the Project become functionally outdated, within Developer’s sole discretion, due to changes in technology. Any such renovation or rebuilding shall be subject to the square footage and height limitations vested by this Agreement, and shall comply with the Project Approvals, the building codes existing at the time of such rebuilding or reconstruction, and the requirements of CEQA.

Section 4.05. Availability of Public Services. To the maximum extent permitted by law and consistent with its authority, City shall assist Developer in reserving such capacity for sewer and water services as may be necessary to serve the Kaiser Medical Center Project.

Section 4.06. Partial Reimbursement of Infrastructure Improvements. To the extent Developer’s costs for dedications and infrastructure for public improvements exceed Developer’s fair share obligation for such dedications and infrastructure based on the impacts of the Project, the Developer has not otherwise agreed to pay said costs as part of this Agreement, the Project Approvals or Subsequent Approvals, and said costs are subject to the provisions of California Government Code Section 66000 et. seq., and to the extent that such dedications and infrastructure is required to address the impacts of future development projects, City shall use its best efforts, consistent with applicable law and procedures, to seek reimbursement from said future development projects to Developer, through City, of that portion of the costs incurred by Developer for such dedications and infrastructure which exceeds Developer’s fair share obligation, based on the fair share contribution of the future development project calculated by said project’s impacts.

Section 4.07. Processing of the Medical Center Project. City agrees to make best efforts to complete its environmental review of the Kaiser Medical Center Project and either approve or disapprove the Kaiser Medical Center Project by May 31, 2010. City agrees to grant priority to the processing of the Kaiser Medical Center Project Approvals. City will continue to maintain a development team with one identified team leader empowered to coordinate City’s various departments in their interaction with the Developer’s development team. Developer desires that the City and its staff understand the importance of the Developer’s Project schedule and the need for the efficient prioritization and allocation of staff time and resources and cooperation and coordination with Alameda County Congestion Management Agency (“ACCMA”) and Caltrans to avoid undue delay in the provision of health care to Kaiser members and the community.
Section 4.08. The Marina Interchange Project. City agrees that ACCMA will serve as the project manager of the Marina Interchange Project and coordinate the final planning, design, environmental and construction with the HOV Lane Project. In consideration for the early payment of the Medical-Retail Contribution by Developer, City agrees to be the lead agency and will make best efforts to negotiate with Caltrans and ACCMA to identify sources of additional funding for the shortfall still remaining after the Medical-Retail Contribution by Developer. Developer grants to the City wide discretion to use the Medical-Retail Contribution in a manner it deems appropriate, after consultation with ACCMA, including spending said funds on Caltrans and ACCMA environmental, design and engineering costs for the HOV Lane Project, provided that the objective of the Medical-Retail Contribution will be to replace and upgrade the Marina Interchange in order to better serve the City, Kaiser and its employees, physicians and members. City agrees that the previously contributed $5,071,776 is adequate mitigation for Developer and any future developer of the Retail Project and that no future traffic impact fee, mitigation measure or condition of approval shall be issued with respect to the Marina Interchange Project for the term of this Agreement. City acknowledges that Developer has acted in good faith reliance upon the agreement of the City to not impose additional costs, exactions and mitigation measures relating to the HOV Lane Project or the Marina Interchange Project, unless required pursuant to CEQA review.

ARTICLE 5. COOPERATION - IMPLEMENTATION

Section 5.01. Timely Submittals By Developer. Developer acknowledges that City cannot expedite processing Subsequent Approvals until Developer submits complete applications on a timely basis. Developer shall use its best efforts to (i) provide to City in a timely manner any and all documents, applications, plans, and other information necessary for City to carry out its obligations hereunder; and (ii) cause Developer’s planners, engineers, and all other consultants to provide to City in a timely manner all such documents, applications, plans and other necessary required materials as set forth in the Applicable Law. It is the express intent of Developer and City to cooperate and diligently work to process to final action any and all Subsequent Approvals.

Section 5.02. Timely Processing By City. Upon submission by Developer of all appropriate applications and processing fees for any Subsequent Approval, City shall promptly and diligently commence and complete all steps necessary to act on the Subsequent Approval application including, without limitation, (i) providing at Developer’s expense and subject to Developer’s request and prior approval, reasonable overtime staff assistance and/or staff consultants for planning and processing of each Subsequent Approval application; (ii) if legally required, providing notice and holding public hearings; and (iii) acting on any such Subsequent Approval application. City shall ensure that adequate staff is available, and shall authorize overtime staff assistance as may be necessary, to timely process such Subsequent Approval application.
Section 5.03. Review of Subsequent Approvals. City shall review an application for a Subsequent Approval for compliance with this Agreement, Applicable Law, the Project Approvals, and any other laws, rules, regulations or policies in effect at the time of approval which do not conflict with the vested rights granted under this Agreement (provided, however, that inconsistency with the Project Approvals shall not constitute grounds for denial of a Subsequent Approval which is requested by Developer as an amendment to that Project Approval pursuant to Section 7.01). City may approve an application for such a Subsequent Approval subject to any conditions necessary to bring the Subsequent Approval into compliance with this Agreement, Applicable Law, the Project Approvals, and any other laws, rules, regulations or policies in effect at the time of approval which do not conflict with the vested rights granted under this Agreement. If City denies any application for a Subsequent Approval, City must specify in writing the reasons for such denial as required by applicable law.

Section 5.04. Specific Subsequent Approvals: Kaiser Buildout. City acknowledges that the Traffic Section of the EIR analyzed the potential Kaiser Buildout of an additional 200,000 square feet of Medical Office Buildings and a 120 bed hospital wing. Developer shall have the flexibility to vary the mix between hospital, medical office, retail and commercial use, provided that Developer does not exceed the vehicle trip cap established by the Traffic Section of the EIR for the Kaiser Buildout. In addition to the other general covenants concerning processing of Subsequent Approvals set forth in this Agreement, City shall, to the maximum extent permitted by law, use its best efforts to promptly commence and complete all steps (including noticing and public hearings) necessary to act on any Subsequent Approval application(s) related to Kaiser Buildout.

Section 5.05. Other Government Permits. At Developer’s sole discretion and in accordance with Developer’s construction schedule, Developer shall apply for such other permits and approvals as may be required by other governmental or quasi-governmental entities in connection with the development of, or the provision of services to, the Project. If Developer requests the City’s assistance in obtaining these permits or approvals, City shall use reasonable efforts to attempt to cooperate with Developer’s actions to obtain such permits and approvals; provided, that, nothing herein shall require the City to expend any funds on such efforts and Developer shall reimburse the City for any staff time or other costs relating to these efforts.

Section 5.06. Assessment Districts or Other Funding Mechanisms.

(a) The parties understand and agree that as of the Effective Date there are no assessment districts applicable to the Project Site. Other than Developer’s agreement to form an assessment district as outlined in subsection (c) below, City is unaware of any pending efforts to initiate, or consider applications for new or increased assessments covering the Project Site, or any portion thereof.
(b) City understands that fees, taxes and assessments were a material consideration for Developer agreeing to site the Project in its present location and to pay long term fees, taxes and assessments described in this Agreement. City shall retain the ability to initiate or process applications for the formation of new assessment districts covering all or any portion of the Project site. Developer agrees that it shall be subject to and shall pay any assessment lawfully imposed on the Project Site or portion thereof in accordance with applicable law. Notwithstanding the foregoing, Developer retains all its rights to oppose the formation or proposed assessment of any new assessment district or increased assessment on the Project Site except as set forth in subsection (c) below. In the event an assessment district is lawfully formed to provide funding for services, improvements, maintenance or facilities which are the same as those services, improvements, maintenance or facilities being funded by the fees or assessments to be paid by Developer under the Project Approvals or this Agreement which are vested by this Agreement, such assessments to be paid by Developer shall be subject to reduction/credit in an amount equal to such fees or assessments paid by Developer under the Project Approvals or this Agreement.

(c) Developer and City agree to cooperate in the formation of an assessment district to cover the cost of Developer’s fair share of street maintenance and replacement, sidewalk maintenance, storm drainage, landscape maintenance in public right-of-way, and traffic signal maintenance. The City will determine the amount of the assessment in accordance with all applicable laws. Developer shall not oppose or protest any assessment district lawfully formed pursuant to this subsection and shall pay all assessments imposed by said assessment districts.

ARTICLE 6. STANDARDS, LAWS AND PROCEDURES GOVERNING THE PROJECT

Section 6.01. Vested Right to Develop. Developer shall have a vested right to develop the Project on the Project Site in accordance with the terms and conditions of this Agreement. Nothing in this Agreement shall be deemed to eliminate or diminish the requirement of Developer to obtain any required Subsequent Approvals. Developer shall have the vested right to develop Kaiser Buildout any combination of inpatient, outpatient, administrative office expansion, or retail or commercial uses that do not exceed the traffic generation numbers analyzed in the EIR.

Section 6.02. Permitted Uses Vested by This Agreement. The permitted uses of the Project Site; the density and intensity of use of the Project Site; the maximum height, bulk and size of proposed buildings; provisions for reservation or dedication of land for public purposes and the location of public improvements; the general location of public utilities; and other terms and conditions of development applicable to the Project, shall be as set forth in the Project Approvals and, as and when they are issued (but not in limitation of any right to develop as set forth in the Project Approvals), the Subsequent Approvals.
Permitted uses shall include, without limitation, hospital, medical office, central utility plant, outdoor service yard, parking, retail, and mixed-use residential as permitted in the Project Approvals.

Section 6.03. Solar Uses. The City’s 2002 General Plan, Action 28.02, provides that the City shall review local land use regulations (including the zoning code, building code, and subdivision ordinances) to ensure that there are no obstacles to the use of solar power or the development of alternative energy sources. (General Plan, p. 5-44). General Plan Policy 28.04 provides that the City shall accommodate the use of local alternative energy resources, such as solar power. (General Plan, p. 5-45). Furthermore, the General Plan states that a greater emphasis will be placed on renewable energy and the increased use of alternative energy sources. (General Plan, p. 3-4 & General Plan, p. 5-24). In furtherance of these City renewable/solar energy policies and AB 32, the California Global Warming Solutions Act of 2006, Solar Uses shall be allowed on the Project Site as an accessory use to a permitted use, subject to standard site plan review and other requirements, as set forth in the Project Approvals.

Section 6.04. Applicable Law. The rules, regulations, official policies, standards and specifications applicable to the Project (the “Applicable Law”) shall be those set forth in this Agreement and the Project Approvals, and, with respect to matters not addressed by this Agreement or the Project Approvals, those rules, regulations, official policies, standards and specifications (including City ordinances and resolutions) governing permitted uses, building locations, timing of construction, densities, design, and heights, in force and effect on the Effective Date of this Agreement. Notwithstanding the foregoing, Developer may elect to proceed pursuant to those rules, regulations, official policies, standards and specifications (including City ordinances and resolutions) in effect at the time of application for a Subsequent Approval, subject to City approval.

Section 6.05. Vested Rights in Fees and Exactions. The Project shall be subject to fees and exactions imposed by the City in accordance with the terms of this Agreement. All categories of fees and exactions that are in effect as of the Effective Date of this Agreement, and to which the Project is subject, shall be vested by this Agreement. The Project shall not be subject to categories of fees or exactions not in effect as of the Effective Date of this Agreement. The amount of said fees and exactions shall be subject to any periodic adjustments or increases in accordance with the terms and policies adopted by the City for said fees and exactions. Any fees paid for the Project, will be based on the amounts in place at the time the fee is due. The City agrees to exclude Developer from any and all collection agreements regarding fees, including, but not limited to, development impact fees, which other public agencies request the City to impose at City’s discretion on the Project or the Project Site after the Effective Date through the Term of this Agreement.
Notwithstanding the foregoing, the Project shall be subject to the following fees and exactions: (a) fees to mitigate the impacts of a natural disaster; (b) fees to mitigate other health and safety requirements; (c) fee mitigations required pursuant to the requirements for further environmental review for the Project under CEQA; (d) any fees applied on a citywide basis and related to public health and safety matters; (e) any fee or obligation that is imposed by a regional agency in accordance with state or federal obligations and implemented by the City in cooperation with such regional agency; (f) any fee specifically mandated and required by state or federal laws and regulations and imposed by the City; and (g) to the extent a fee or exaction that is in effect as of the Effective Date of this Agreement, imposed by the City and applicable to the Project or Project Site is not addressed in this Agreement, the Project or Project Site, as applicable, shall be subject to the fee or exaction in effect at the time it may be imposed.

Section 6.06. Subsequent Laws Applicable to Project.

(a) Application of Changes in Applicable Laws to Project. Any change in, or addition to, the Applicable Laws, including, without limitation, any change in any applicable general or specific plan, zoning ordinance or building regulation adopted or becoming effective after the Effective Date, including, without limitation, any such change by means of ordinance, initiative, referendum, resolution, motion, policy, order, regulation or moratorium, initiated or instituted for any reason whatsoever and adopted by the City Council or Planning Commission or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Project and which would not conflict with the vested rights granted under this Agreement, shall apply to the Project. Changes in, or addition to, the Applicable Laws which are included in the City's Reserved Powers, are otherwise expressly allowed by this Agreement or are consented to in writing by Developer shall apply to the Project. In addition, City laws, rules, regulations and policies enacted after the Effective Date of this Agreement which do not conflict with the Applicable Laws or this Agreement shall apply to the Project and Project Site.

(b) Changes in Uniform Codes. Notwithstanding any provision of this Agreement to the contrary, the Project shall be constructed in accordance with the provisions of the Uniform Building, Mechanical, Plumbing, Electrical and Fire Codes, City standard construction specifications, and Title 24 of the California Code of Regulations, relating to Building Standards, in effect at the time of approval of the applicable building, grading, encroachment or other construction permits for the Project.

(c) Changes Mandated by Federal or State Law. This Agreement shall not preclude the application to the Project of changes in, or additions to, the Applicable Laws mandated by Federal or State laws or regulations. In the event state or federal laws or regulations prevent or preclude compliance
with one or more provisions of this Agreement, such provisions shall be modified or suspended as necessary to comply with such state or federal laws or regulations.

(d) **Special Taxes and Assessments.** Subject to the limitations and requirements set forth in Section 5.07, Developer shall have the right, to the extent permitted by law, to protest, oppose and vote against any and all special taxes, assessments, levies, charges and/or fees imposed with respect to any assessment districts, Mello-Roos Community Facilities Districts, maintenance districts or other similar districts. Project Site shall be subject to and shall pay any and all special taxes, assessments, levies, charges and/or fees imposed with respect to any assessment districts, Mello-Roos Community Facilities Districts, maintenance districts or other similar districts.

(e) **Moratorium or Other Growth Limitations.** Developer and City intend that, except as otherwise provided in this Agreement, this Agreement shall vest the Project Approvals against subsequent City resolutions, ordinances and initiatives that directly or indirectly limit the rate, timing, sequencing of development, or prevent or conflict with the permitted uses, density and intensity of uses as set forth in the Project Approvals; provided however, Developer shall be subject to any growth limitation ordinance, resolution, initiative, rule, regulation or policy which is required solely to protect public health and safety.

Section 6.07. **Rules for Construction of Public Improvements.** All ordinances, resolutions, rules, regulations and official policies governing engineering and construction standards and specifications applicable to the construction of public improvements relating to the Project, including, but not limited to, road and storm drainage facilities, shall be those in force and effect at the time the applicable permits are issued for the specific improvement.

Section 6.08. **No Conflicting Enactments.** City shall not impose on the Project (whether by action of the City Council or by initiative, referendum or other means) any ordinance, resolution, rule, regulation, standard, directive, condition or other measure (each individually, a "City Law") that is in conflict with Applicable Law, this Agreement or the vested rights provided by this Agreement. Without limiting the generality of the foregoing, any City Law shall be deemed to conflict with Applicable Law, this Agreement or the vested rights provided by this Agreement if it would accomplish any of the following results, either by specific reference to the Project or as part of a general enactment which applies to or affects the Project:

(a) Change any land use designation or permitted use of the Project Site;
(b) Restrict the availability of public utilities, services or facilities or any privileges or rights to public utilities, services, or facilities (for example, water rights, water connections or sewage capacity rights, sewer connections, etc.) necessary for the Project;

(c) Limit or control the location of buildings, structures, grading, or other improvements of the Project in a manner that is substantially inconsistent with or more restrictive than the limitations included in the Project Approvals or the Subsequent Approvals (as and when they are issued);

Limit or control the rate, timing, phasing or sequencing of the approval, development or construction of all or any part of the Project in any manner except as permitted under Section 6.05(e).

Section 6.09. Environmental Mitigation. The provisions of CEQA, as they may be amended from time to time, shall apply to any Subsequent Approval for the Project. The Parties acknowledge, however, that the EIR contains a thorough analysis of the Project and Project alternatives and specifies the feasible Mitigation Measures necessary to eliminate or reduce to an acceptable level adverse environmental impacts of the Project, and acknowledge that the City Council will need to approve a statement of overriding considerations in connection with the Project Approvals, pursuant to 14 California Code of Regulations (CEQA Guidelines) Section 15093 for those significant impacts which could not be mitigated. For these reasons, no further review or mitigation measures under CEQA shall be required by City for any Subsequent Approvals unless the standards for further environmental review under CEQA are met. The Parties agree that, to the maximum extent permitted by law, the EIR shall be relied on in the environmental review of the Subsequent Approvals. Notwithstanding the foregoing, the City and Developer agree that additional project-level CEQA review will be required prior to approval of the Retail Project, consistent with State laws and regulations. A proposal for the Retail Project will need to fulfill all CEQA requirements and receive City Council approval prior to the initiation of construction.

Section 6.10. Life of Subdivision Maps, Development Approvals, and Permits. The term of any subdivision map or any other map, permit, rezoning or other land use entitlement approved as a Project Approval or Subsequent Approval shall automatically be extended for the longer of the duration of either (i) this Agreement (including any extensions); or (ii) the term otherwise applicable to such Project Approval or Subsequent Approval if this Agreement is no longer in effect. The term of any subdivision map or other Project Approval or Subsequent Approval shall not include any period of time during which a development moratorium (including, but not limited to, a water or sewer moratorium or water and sewer moratorium) or the actions of other public agencies that regulate land use, development or the provision of services to the land, prevents, prohibits or delays the construction of the Project or a lawsuit involving any such development approvals or permits is pending for a period not to exceed two years.
Section 6.11. Timing of Project Construction and Completion.

(a) Project Phasing. The Project is expected to be built over several phases in response to existing market conditions, changes in health care delivery requirements, member needs, market orientation and demand, interest rates, competition and other similar factors over the Term of the Agreement.

(i) Kaiser Medical Center Project Site.

a. Phase 1. Initial site work would include the construction of additional entrances to the site with associated street and signal improvements, modifications to the current site improvements, major excavation and grading for the hospital site, and completion of the site improvements. Phase 1 shall consist of an approximately 436,000 square foot, six-story 264 bed hospital, a 275,000 square foot, six-story Hospital Support Building, a 31,000 square foot central utility plant, a 20,000 square foot outdoor service yard, and parking necessary to meet the parking demand at any particular phase of construction. Total parking for Phase 1 would include up to 2,100 stalls on a surface parking lot. Phase 1 is anticipated to be open between 2013 and 2015.

b. Buildout. Buildout may include the potential expansion of the hospital and/or the construction of new medical offices or other uses after the initial complement of construction is completed and through January 1, 2030. Buildout could include expansion of the Kaiser Medical Center by an additional 375,000 square feet, including a 175,000 square foot, 120 bed expansion of the hospital, the construction of two 100,000 square foot Medical Office Buildings, and the construction of structured parking depending on Developer’s facility requirements for the delivery of health care to its members and the community.

(ii) Mixed-Use Retail Development Project Site.

a. The Mixed-Use Retail Development may consist of 387,000 square feet of retail uses.

b. The Mixed-Use Retail Development could also include a residential project consisting of up to 250 one- and two-bedroom apartments or a hotel of up to 210 rooms.

c. If the Mixed-Use Retail Development does not include a residential or hotel component, the total square footage of the retail component could be up to 432,000 square feet.

(b) Notwithstanding any provision of this Agreement or Title 5, Chapter 4 of the City Administrative Code, City and Developer expressly agree that there is
no requirement that Developer initiate or complete development of the Project or any particular phase of the Project within any particular period of time, and City shall not impose such a requirement on any Project Approval. The parties acknowledge that Developer cannot at this time predict when or the rate at which or the order in which phases will be developed. Such decisions depend upon numerous factors which are not within the control of Developer, such as market orientation and demand, interest rates, competition and other similar factors.

(c) In light of the foregoing and except as set forth in subsection (d) below, the parties agree that Developer shall be able to develop in accordance with Developer's own time schedule as such schedule may exist from time to time, and Developer shall determine which part of the Project Site to develop first, and at Developer's chosen schedule. In particular, and not in limitation of any of the foregoing, since the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo*, 37 Cal.3d 465 (1984), that the failure of the parties therein to consider and expressly provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' desire to avoid that result by acknowledging that Developer shall have the right to develop the Project in such order and at such rate and at such times as Developer deems appropriate within the exercise of its subjective business judgment.

(d) Nothing in this Agreement shall exempt Developer from completing work required by a subdivision agreement, road improvement agreement or similar agreement in accordance with the terms thereof.

**ARTICLE 7. AMENDMENT**

**Section 7.01. Amendments to Project and Subsequent Approvals.** To the extent permitted by state and federal law, any Project Approval or Subsequent Approval may, from time to time, be amended or modified in the manner set forth in the City Municipal Code. In particular, a Planned Development Project may be amended in accordance with City Municipal Code section 3-1026 which allows administrative approval of minor amendments in the discretion of the Zoning Enforcement Official. The City shall consider the use of any applicable administrative approval procedure available under the City Municipal Code in processing any applications for amendments or modifications of Project Approvals or Subsequent Approvals.

(a) **Administrative Project Amendments.** To the extent permitted by City Law, upon the written request of Developer for an amendment or modification to a Project Approval or Subsequent Approval, the Community Development Director or his/her designee shall determine: (i) whether the requested amendment or modification is minor when considered in light of the Project as a whole; and (ii) whether the requested amendment or modification is
consistent with this Agreement and Applicable Law. If the Community Development Director or his/her designee finds that the proposed amendment or modification is minor, consistent with this Agreement and Applicable Law, and no further environmental review other than the EIR is required under CEQA, the amendment shall be determined to be an "Administrative Project Amendment" and the Community Development Director or his designee may, except to the extent otherwise required by law, approve the Administrative Project Amendment without notice and public hearing. Without limiting the generality of the foregoing, lot line adjustments, reductions in the density, intensity, scale or scope of the Project, minor alterations in vehicle circulation patterns or vehicle access points, changes in trail alignments, substitutions of comparable landscaping for any landscaping shown on any final development plan or landscape plan, variations in the location of structures that do not substantially alter the design concepts of the Project, variations in the location or installation of utilities and other infrastructure connections or facilities that do not substantially alter the design concepts of the Project, and minor adjustments to the Project Site diagram or Project Site legal description shall be treated as Administrative Project Amendments to the extent permitted under City law.

(b) Non-Administrative Project Amendments. Any request of Developer for an amendment or modification to a Project Approval or Subsequent Approval which is determined not to be an Administrative Project Amendment as set forth above shall be subject to review, consideration and action pursuant to the Applicable Law and this Agreement.

(c) No Amendment to Agreement. Neither a Subsequent Approval nor an amendment to Subsequent Approval shall require an amendment to this Agreement; provided, however, that such Subsequent Approval or amendment to Subsequent Approval is consistent with the Project Approvals. Any such matter automatically shall be incorporated into the Project and vested under this Agreement. In addition, any further environmental review under CEQA for the Subsequent Approvals shall not require an amendment to this Agreement.

Section 7.02. Amendment of This Agreement. This Agreement may be amended from time to time, in whole or in part, by mutual written consent of the parties hereto or their successors in interest, and in accordance with State law, City Law and this Agreement.

(a) Substantive Amendments. Any Substantive Amendments to the development plan under the Project Approvals shall require approval of an amendment to this Agreement in accordance with State law and the City law. Substantive Amendments are defined to include changes that substantially affect, as determined by the Community Development Director, in his/her sole discretion, the following (or those changes that are similar in
nature to the ones listed): (a) the term of this Agreement; (b) the permitted uses of the Project Site; (c) provisions for reservation or dedication of land; (d) the location and maintenance of on site and off site improvements; (e) the density or intensity of use of the Project; (f) the maximum height or size of proposed buildings; (g) monetary payments by Developer; (h) material amendments to the Project Approvals; and (i) changes that would affect either Parties' ability to perform under this Agreement. If a Substantive Amendment is required, the City, in its reasonable discretion, may withhold or suspend any Subsequent Approval affected by or relating to the proposed Substantive Amendment until the approval of the Substantive Amendment is final.

(b) Minor Amendment. Any amendment of this Agreement which does not constitute a Substantive Amendment, shall not, except to the extent otherwise required by law, require notice or public hearing before the parties may execute an amendment hereto.

(c) Suspension by City. The City may suspend this Agreement or a portion thereof, if it finds, in its reasonable and sole discretion, that suspension is necessary or desirable to protect persons or property from a condition which could create a serious risk to the health, safety or welfare of the general public or residents or employees who are occupying or will occupy the Project Site.

ARTICLE 8. ASSIGNMENT, TRANSFER AND NOTICE

Section 8.01. Assignment of Interests, Rights and Obligations. Developer may transfer and assign all or any portion of its interests, rights or obligations under this Agreement, the Project Approvals or Subsequent Approvals to third parties acquiring an interest or estate in the Project Site or any portion thereof including, without limitation, purchasers or ground lessees of lots, parcels or facilities subject to the terms of this Article 8.

Section 8.02. Assignment Agreements.

(a) Any sale, transfer or conveyance of the Project Site, or portion thereof, shall comply with the state Subdivision Map Act and City Subdivision Ordinance. Developer shall provide forty-five (45) days written notice to City prior to the effective date of any sale, transfer or assignment of its interest in all or any portion of the Project Site ("Transfer"). Developer shall remain fully liable for all obligations and requirements under this Agreement after the effective date of the Transfer unless Developer satisfies all the following conditions prior to the effective date of the Transfer: (1) Developer and transferee executes and delivers to City an Assignment and Assumption Agreement in the form set forth in Exhibit ___ to this Agreement ("Assignment Agreement"); (2) Developer is not in Default under this Agreement as of the effective date of the Transfer; and (3) City Manager on
behalf of City consents to the Transfer, which consent shall not be unreasonably withheld. The City may refuse to give its consent if, in light of the proposed transferee’s reputation and financial resources or other reasons, such transferee would not in City’s reasonable opinion be able to fully and completely perform the obligations proposed to be assumed by such transferee. The determination made by the City Manager is appealable by Developer to the City Council. If all these conditions are satisfied, then, upon recordation of the Assignment Agreement in the Clerk-Recorder’s Office of Alameda County, Developer shall be released from any further liability or obligation under this Agreement related to the portion of the Project Site so transferred and the assignee under the Assignment Agreement ("Assignee") shall be deemed to be the "Developer" under this Agreement with all rights and obligations related thereto, with respect to such transferred property.

(b) Any Assignment Agreement entered into in compliance with this Article 8 shall be binding on Developer and the Assignee. Upon recordation in the Clerk-Recorder’s Office of Alameda County of an Assignment Agreement entered into in compliance with this Article 8, Developer shall automatically be released from those obligations assumed by the Assignee therein.

(c) Developer shall be free from any and all liabilities accruing on or after the date of any assignment or transfer with respect to those obligations assumed by an Assignee pursuant to an Assignment Agreement. No breach or default hereunder by any Assignee succeeding to any portion of Developer’s obligations under this Agreement shall be attributed to Developer, nor may Developer’s rights hereunder be canceled or diminished in any way by any breach or default by any such Assignee.

Section 8.03. Notice of Compliance Generally. Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such Party to certify in writing that, to the knowledge of the certifying Party, (a) this Agreement is in full force and effect and a binding obligation of the Parties, (b) this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments, (c) the requesting Party is not in Default in the performance of its obligations under this Agreement, or if in Default, to describe therein the nature and amount of any such Default; and (d) such other information as may reasonably be requested. A Party receiving a request hereunder shall execute and return such certificate within forty-five (45) days following the receipt thereof. In the event that the Party receiving the request hereunder fails to return such certificate within forty-five (45) days, the requesting party may commence the default procedures described in Section 10.01. The Community Development Director shall have the right to execute any certificate requested by Developer hereunder. Developer shall have the right at Developer’s sole discretion, to record the Notice of Compliance.

ARTICLE 9. LEGAL CHALLENGE
Section 9.01. Cooperation.

(a) In the event of any administrative, legal or equitable action or other proceeding instituted by any person not a party to this Agreement challenging the validity of any provision of the Agreement or any Project Approval or Subsequent Approval, the parties shall cooperate in defending such action or proceeding.

(b) If any person or entity not a Party to this Agreement initiates an action at law or in equity or other proceeding to challenge the validity of any provision of this Agreement, any Project Approval or any Subsequent Approval (referred to herein in this subsection as "Action"), the Developer shall pay all of its own costs and attorney's fees in defense as a party or real party in interest in any such Action. City shall have the right to choose, in its sole discretion, legal counsel to represent the City in any such Action, including any appeal of such Action ("Appeal"). Developer shall pay to the City all costs (including, court costs) and attorneys' fees incurred by City in any such Action, including any Appeal. Developer shall also pay to the City all other actual costs, fees and expenses incurred by the City, including overhead and City staff time, relating to any such Action, including any Appeal. For the purposes of this subsection, Appeal includes any appeal by any party to the Action, provided that any appeal filed or pursued solely by the City must be based on a determination by the City, in its sole discretion, that the appeal is necessary to protect its interests.

(c) If either party to this Agreement brings any action or proceeding at law or in equity against the other party to enforce any of the provisions or rights under this Agreement, the prevailing party shall be entitled to recover from the unsuccessful party all costs, expenses and reasonable attorney's fees incurred in the enforcement proceeding by the prevailing party (including without limitation such costs, expenses and fees on any appeals) and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses, including those of expert witnesses, and attorney's fees shall be included in and as part of the judgment.

(d) The parties agree that this Article 9 shall constitute a separate agreement entered into concurrently, and that if any other provision of this Agreement, or the Agreement as a whole, is invalidated, rendered null, or set aside by a court of competent jurisdiction, the parties agree to be bound by the terms of this Article 9, which shall survive such invalidation, nullification or setting aside.

ARTICLE 10. DEFAULT; REMEDIES; TERMINATION

Section 10.01. Defaults. A Party's violation of any material term of this Agreement or failure by any Party to perform any material obligation of this Agreement required to be performed by such Party shall constitute a default ("Default"). A
Default by the Developer includes, but is not limited to, the following: failure by the Developer to: (a) pay when due any fee, tax or assessment or payment to the City applicable to the Project or Project Site; (b) transfer, reserve or dedicate land required for public improvements or complete any required public improvements; or (c) implement or comply with terms and conditions set out in Project Approvals, including, but not limited to, mitigation measures and conditions of approval, and subsequent conditions relative to Subsequent Approvals. While Developer is in Default under this Agreement, City shall not be obligated to issue any permit or grant any Subsequent Approval until Developer cures the Default.

(a) Remedies for Default. Subject to the notice and opportunity to cure provisions in this Section 10.01, the sole and exclusive judicial remedy for Developer in the event of a Default by the City shall be an action in mandamus, specific performance, or other injunctive or declaratory relief. In addition, upon the occurrence of a Default and subsequent to the procedures described in this Article 10, the Developer shall have the right to terminate this Agreement. Developer expressly agrees that the City, Redevelopment Agency, any City agencies and their respective elected and appointed councils, boards, commissions, officers, agents, employees, volunteers and representatives (collectively, for purposes of this Section 10.02, "City") shall not be liable for any monetary damage for a Default by the City or any claims against City arising out of this Agreement, the Project Approvals or Subsequent Approvals. Developer hereby expressly waives any such monetary damages against the City.

(b) Procedure Regarding Defaults. For purposes of this Agreement, a Party claiming another Party is in Default shall be referred to as the "Complaining Party," and the Party alleged to be in Default shall be referred to as the "Party in Default." A Complaining Party shall not exercise any of its remedies as the result of Default unless such Complaining Party first gives notice to the Party in Default as provided in this Section 10.10, and the Party in Default fails to cure such Default within the applicable cure period.

(c) Notice. The Complaining Party shall give written notice of Default to the Party in Default, specifying the Default alleged by the Complaining Party. Delay in giving such notice shall not constitute a waiver of any Default nor shall it change the time of Default.

(d) Cure. The Party in Default shall have thirty (30) days from receipt of the notice of Default to effect a cure prior to exercise of remedies by the Complaining Party. If the nature of the alleged Default is such that it cannot, practicably be cured within such thirty (30) day period, the cure shall be deemed to have occurred within such thirty (30) day period if: (a) the cure shall be commenced at the earliest practicable date following receipt of the notice; (b) the cure is diligently prosecuted to completion at all times thereafter; (c) at the earliest practicable date (in no event later than thirty
(30) days after the curing Party's receipt of the notice), the curing Party provides written notice to the other Party that the cure cannot practically be completed within such thirty (30) day period; and (d) the cure is completed at the earliest practicable date. The Party in Default shall diligently endeavor to cure, correct or remedy the matter complained of, provided such cure, correction or remedy shall be completed within the applicable time period set forth herein after receipt of written notice (or such additional time as may be agreed to by the Complaining Party to be reasonably necessary to correct the matter).

(e) Failure to Assert. Any failures or delays by a Complaining Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies. Delays by a Complaining Party in asserting any of its rights and remedies shall not deprive the Complaining Party of its right to institute and maintain any actions or proceedings, which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(f) Procedure for Terminating Agreement upon Default. If the City desires to terminate this Agreement in the event of a Default, the matter shall be set for a public hearing before the City Council. The burden of proof of whether a Party is in Default shall be on the Party alleging Default. If City Council determines that Developer is in Default and has not cured to City's reasonable satisfaction, or that the Default presents a serious risk to public health, safety or welfare, the City Council may terminate this Agreement.

(g) No Cross Default. Notwithstanding anything to the contrary in this Agreement, if Developer has effected a Assignment(s) in accordance with Section [___] above, so that its interest in the Project Site has been divided between Assignee(s) and Developer, then any determination that a Party is in Default shall be effective only as to the Party to whom the determination is made and the portions of the Project Site in which such Party has an interest.

Section 10.02. Cancellation by Mutual Consent. This Agreement may be canceled in whole or in part by the mutual consent of the parties or their successors in interest, in accordance with the provisions of the State law and the City Code. Any fees or payments of any kind paid by Developer pursuant to this Agreement prior to the date of cancellation shall be retained by City.

Section 10.03. Periodic Review.

(a) Conducting the Periodic Review. Throughout the Term of this Agreement, at least once every twelve (12) months on the anniversary date of the Effective Date of this Agreement or other date mutually agreed to by the Parties, City shall review the extent of good-faith compliance by Developer with the terms of this Agreement. This review (the "Periodic Review") shall be conducted by the Community Development Director or his/her designee.
and shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code Section 65865.1 and City Law.

(b) Required Information from Developer. Not more than ninety (90) days and not less than forty-five (45) days prior to the Annual Review Date, the Developer shall provide a letter to the Community Development Director containing evidence to show good-faith compliance with this Agreement. The burden of proof, by substantial evidence, of good-faith compliance is upon the Developer.

(c) City Report. Within forty (40) days after Developer submits its letter, the Community Development Director shall review the information submitted by Developer and all other available evidence on Developer’s good-faith compliance with this Agreement. The Community Development Director shall notify the Developer in writing whether the Developer has complied in good-faith with the terms of this Agreement. If the Community Development Director finds the Developer is in good-faith compliance, the Community Development Director shall provide written notice to the Developer stating that the Periodic Review has been completed and the Developer has been found to be in good-faith compliance with this Agreement. If the Community Development Director finds the Developer is not in good-faith compliance, the Director shall provide written notice stating the grounds for finding the Developer not in good-faith compliance with this Agreement. The City’s failure to timely complete the Periodic Review is not deemed to be a waiver of the right to do so at a later date.

(d) Non-compliance with Agreement; Hearing. The Developer may appeal any determination under the Periodic Review of non-compliance with this Agreement to the City Council within ten (10) days of notice of the Community Development Director’s decision. If no appeal is filed by Developer, the decision of the Community Development Director shall be final. If the Developer files a timely appeal, the City Council shall conduct a hearing within thirty (30) days of the Community Development Director’s decision. The Developer shall be given ten (10) days written notice of the hearing and copies of the evidence upon which the Community Development Director made her/his determination. Developer will be given the opportunity to present evidence at the hearing. If the City Council determines that the Developer is not in good-faith compliance with this Agreement under this Section 10.03, it may modify or terminate this Agreement without complying with the notice and opportunity to cure and other provisions of Section 10.01.

(e) Finality of Determination. Any decision of the Community Development Director which is not appealed and any decision of the City Council as to Developer’s compliance shall be final. Any Court action or proceeding to attack, review, set aside, void or annul any final decision of the City under
its Periodic Review shall be commenced within thirty (30) days of the final decision by the City Council.

(f) Costs. Costs reasonably incurred by the City in connection with the Periodic Review and related hearings shall be paid by Developer in accordance with the City's schedule of fees and billing rates for staff time in effect at the time of review.

(g) Effect on Assignees. If Developer has effected a transfer so that its interest in the Project Site has been divided between Assignee(s) in accordance with Section [___] above, then the Periodic Review hereunder shall be conducted separately with respect to each party, and the Community Development Director, and if appealed, the City Council shall make its determinations and take its actions separately with respect to each party. If the Community Development Director or City Council terminates, modifies or takes such other actions in connection with a determination that such party has not complied with the terms and conditions of this Agreement, such action by the Community Development Director, or the City Council shall be effective only as to the party to whom the determination is made and the portions of the Project Site in which such party has an interest.

(h) The rights and powers of the City Council under this Section 10.03 are in addition to, and shall not limit, the rights of the City to terminate or take other action under this Agreement on account of the commission by Developer of an event of Default.

Section 10.04. Reimbursement of Development Agreement Costs and Fees. Developer shall reimburse City for all of its reasonable and actual costs, fees and expenses incurred in drafting, reviewing, revising, processing and implementing this Agreement (including the conduct of the Periodic Review) and processing any future amendments, including, but not limited to, recording fees, ordinance publication fees, special notice or special meeting costs, staff time in preparing staff reports, and staff time, including legal counsel fees, for preparation and review of this Agreement and future amendments.

Section 10.05. Default by City or Developer. In the event City or Developer defaults under the terms of this Agreement, City or Developer shall have all rights and remedies provided herein.

Section 10.06. Enforced Delay: Extension of Time of Performance. In addition to specific provisions of this Agreement, neither party shall be deemed to be in default where delays in performance or failures to perform are due to, and a necessary outcome of, war, insurrection, strikes or other labor disturbances, walk-outs, riots, floods, earthquakes, fires, casualties, acts of God, restrictions imposed or mandated by other governmental entities (including new or supplemental environmental regulations), enactment of conflicting state or federal laws or regulations, judicial decisions, or similar basis for excused
performance which is not within the reasonable control of the party to be excused. Litigation attacking the validity of this Agreement or any of the Project Approvals or Subsequent Approvals, or any permit, ordinance, entitlement or other action of a governmental agency other than City necessary for the development of the Project pursuant to this Agreement, or Developer’s inability to obtain power or public facilities (such as water or sewer service) necessary for the Project due to actions of third parties, shall be deemed to create an excusable delay as to Developer and City. The party claiming such extension shall send written notice of the claimed extension to the other party within thirty (30) days from the date the party became aware or could have become aware with the exercise of reasonable diligence of the cause entitling the party to the extension. The term of any such extension shall be equal to the period of the excusable delay, or longer, as may be mutually agreed upon.

Section 10.07. California Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Any suit, action or proceeding arising out of this Agreement shall be brought in Alameda County Court for State claims and Federal District Court (Northern District) for solely federal law claims.

Section 10.08. Resolution of Disputes. With regard to any dispute involving development of the Project, the resolution of which is not provided for by this Agreement or Applicable Law, Developer shall, at City’s request, meet with City. The parties to any such meetings shall attempt in good faith to resolve any such disputes. Nothing in this Section [ ] shall in any way be interpreted as requiring that Developer and City and/or City’s designee reach agreement with regard to those matters being addressed, nor shall the outcome of these meetings be binding in any way on City or Developer unless expressly agreed to by the parties to such meetings.

Section 10.09. Hold Harmless. Developer shall indemnify, defend (subject to the provisions of Article 9) and hold harmless City, Redevelopment Agency, any City agencies and their respective elected and appointed councils, boards, commissions, officers, agents, employees, volunteers and representatives (collectively herein, “City”) from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) and from any and all claims, demands and actions in law or equity (including attorneys’ fees and litigation expenses) by any person or entity, directly or indirectly arising or alleged to have arisen out of or in any way related to (1) this Agreement, the Project Approvals or Subsequent Approvals; (2) any development or use of the Project Site under this Agreement, the Project Approvals or Subsequent Approvals; and (3) any actions or inactions by the Developer or its contractors, subcontractors, agents, or employees in connection with the construction or improvement of the Project Site and the Project, including off-site public improvements, except as solely arising out of the gross negligence or willful misconduct of City, its contractors, subcontractors, agents
or employees. The indemnity under this Section shall survive expiration, termination or cancellation of this Agreement and shall be independent of other indemnity agreements.

ARTICLE 11. NO AGENCY, JOINT VENTURE OR PARTNERSHIP

It is specifically understood and agreed to by and between the parties hereto that: (i) the subject development is a private development; (ii) City has no interest or responsibilities for, or duty to, third parties concerning any improvements until such time, and only until such time, that City accepts the same pursuant to the provisions of this Agreement or in connection with the various Project Approvals or Subsequent Approvals; and (iii) City and Developer hereby renounce the existence of any form of agency relationship, joint venture or partnership between City and Developer and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Developer.

ARTICLE 12. MISCELLANEOUS

Section 12.01. Incorporation of Recitals and Introductory Paragraph. The Recitals contained in this Agreement, and the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as if fully set forth herein.

Section 12.02. Insurance.

(a) Public Liability and Property Damage Insurance. At all times that Developer is constructing any improvements that will become public improvements, Developer shall maintain in effect a policy of comprehensive general liability insurance with a per occurrence combined single limit of not less than five million ($5,000,000) dollars and a deductible of not more than fifty thousand ($50,000) dollars per claim. The policy so maintained by Developer shall name the City as an additional insured and shall include either a severability of interest clause or cross liability endorsement.

(b) Workers’ Compensation Insurance. At all times that Developer is constructing any improvements that will become public improvements, Developer shall maintain workers’ compensation insurance as required by California law for all persons employed by for work at the project site. Developer shall require each contractor and subcontractor similarly to provide workers’ compensation insurance for its respective employees. Developer agrees to indemnify the City for any damage resulting from Developer failure to maintain any such insurance.

(c) Evidence of Insurance. Prior to commencement of construction of any improvements which will become public improvements, Developer shall furnish City satisfactory evidence of the insurance required in this Section and evidence that the carrier is required to give the City at least fifteen (15)
days prior written notice of the cancellation or reduction in coverage of a policy. The insurance shall extend to the City, Redevelopment Agency, other City agencies and their respective elective and appointive boards, commissions, officers, agents, employees, volunteers and representatives and to Developer performing work on the Project.

Section 12.03. Bankruptcy. The obligations of this Agreement shall not be dischargeable in bankruptcy.

Section 12.04. Mortgagees. This Agreement shall be superior and senior to any lien placed upon the Project Site, or any portion thereof, after the date of recording this Agreement, including the lien for any deed of trust or Mortgage. A Mortgagee in legal possession of the Project Site or portion thereof shall only be entitled to use of Project Site or to construct any improvements on the Project Site in accordance with the Project Approvals and this Agreement if Mortgagee fully complies with the terms of this Agreement.

Section 12.05. Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Developer and the City and their successors and assigns. No other person shall have any right of action based upon any provision in this Agreement. City and Developer hereby renounce the existence of any third party beneficiary to this Agreement and agree that nothing contained herein shall be construed as giving any person third party beneficiary status.

Section 12.06. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party’s right to demand strict compliance by such other party in the future. No waiver by a party shall be effective or binding upon such party unless made in writing by such party and no such waiver shall be implied from any omission by a Party to take any action. No express written waiver of any Default shall affect any other Default, or cover any other period of time, other than any Default and/or period of time specified in such express waiver. Any invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy allowed under this Agreement.

Section 12.07. Findings. City hereby finds and determines that execution of this Agreement furthers public health, safety and general welfare and that the provisions of this Agreement are consistent with the General Plan.

Section 12.08. Severability. If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining terms and provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless
amended or modified by mutual consent of the parties; *provided, however,* if any provision of this Agreement is determined to be invalid or unenforceable and the effect thereof is to deprive a Party hereto of an essential benefit of its bargain hereunder, then such Party so deprived shall have the option to Terminate this entire Agreement from and after such determination.

**Section 12.09. Other Necessary Acts.** Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out the Project Approvals, Subsequent Approvals and this Agreement and to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

**Section 12.10. Construction.** Each reference in this Agreement to this Agreement or any of the Project Approvals or Subsequent Approvals shall be deemed to refer to the Agreement, Project Approval or Subsequent Approval as it may be amended from time to time, whether or not the particular reference refers to such possible amendment. This Agreement has been reviewed and revised by legal counsel for both City and Developer, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

**Section 12.11. Other Miscellaneous Terms.** The singular shall include the plural; the masculine gender shall include the feminine; "shall" is mandatory; "may" is permissive. If there is more than one signer of this Agreement, the signer obligations are joint and several.

**Section 12.12. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of the Project Site, or any interest therein, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law including, without limitation, Civil Code Section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Project, as appropriate, runs with the Project Site and is binding upon the owner of all or a portion of the Project Site and each successive owner during its ownership of such property.

**Section 12.13. Notices.** Any notice or communication required hereunder between City or Developer must be in writing, and may be given either personally, by telefacsimile (with original forwarded by regular U.S. Mail) by registered or certified mail (return receipt requested), or by Federal or other similar courier promising overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving party's facsimile machine. Notices transmitted by facsimile after
5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below:

If to City, to: Luke Sims

With Copies to:

If to Developer, to: Indrajit Obeysekere

With Copies to:

Section 12.14. Entire Agreement, Counterparts And Exhibits. This Agreement is executed in two (2) duplicate counterparts, each of which is deemed to be an original. This Agreement consists of [____] pages and [____] exhibits which constitute in full, the final and exclusive understanding and agreement of the parties and supersedes all negotiations or previous agreements of the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities of City and the Developer. The following exhibits are attached to this Agreement and incorporated herein for all purposes: [TO BE ADDED]

Section 12.15. Recordation Of Development Agreement. Pursuant to California Government Code § 65868.5, no later than ten (10) days after City enters into this Agreement, the City Clerk shall record an executed copy of this Agreement in the Official Records of the County of Alameda.

IN WITNESS WHEREOF, this Agreement has been entered into by and between Developer and City as of the day and year first above written.
Fiscal Impact Assessment
Proposed Kaiser Permanente
Medical Center
City of San Leandro, California

Prepared for:
City of San Leandro

Prepared by:
Keyser Marston Associates, Inc.

April 2010
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I. INTRODUCTION

The following report, prepared by Keyser Marston Associates, Inc. (KMA), addresses the fiscal impacts on the City of San Leandro’s General Fund to be generated by the development of Phase 1 \(^1\) of the Kaiser Permanente Medical Center Project (Medical Center). The purpose of the analysis is to:

1. Determine if the annual revenues to be generated by the first phase of the Medical Center to the City of San Leandro will be sufficient to fund the cost of providing City services to the Medical Center;

2. Estimate the net fiscal impacts of a potential retail development on the 25-acre parcel immediately north of the subject parcel. This parcel is also owned by Kaiser Foundation Hospitals and Kaiser is considering selling the property for future retail development.

Impacts that have been analyzed include recurring annual impacts, one-time construction tax impacts, and the loss of local property tax revenues that are currently generated by the property but will be eliminated with the development of the tax exempt Medical Center.

For comparison purposes, KMA has also estimated the annual net General Fund revenues that could potentially be generated by two alternative hypothetical “opportunity cost” development scenarios for the subject property in lieu of the Medical Center. The alternative scenarios consist of a 410,000 square foot retail center and a 1.2 million square foot office campus.

A. Description of the Proposed Kaiser Permanente Medical Center

Kaiser Foundation Hospitals currently owns 63-acres located near interstate 880 and Marina Boulevard in San Leandro. The site is bounded by the I-880 freeway to the east, Marina Boulevard to the north, Merced Street and the existing office/retail center to the west, and Fairway Drive to the south.

Kaiser intends to develop the proposed Medical Center on the southern 38-acres of the site and sell the northern 25-acre parcel for development as a retail center. The Medical Center is being built to replace the existing aging Kaiser Permanente Hayward, which will close once the San Leandro Medical Center is open.

A site plan of the Phase 1 development is provided as Figure 1. The Medical Center will be designed to exhibit environmentally sustainable practices during both construction and operation and it will provide the community with state-of-the-art inpatient and outpatient

---

\(^1\) The subject fiscal impact analysis addresses only Phase 1 of the proposed Medical Center. There is significant uncertainty regarding the scope and timing of future phases. Once the future phase(s) are more clearly defined, the fiscal impact analysis will be updated to include an assessment of the full build-out.
facilities. The Medical Center will be built in at least two phases, with Phase 1 consisting of the following uses:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital with 264 beds</td>
<td>436,000 square feet</td>
</tr>
<tr>
<td>Hospital support building</td>
<td>275,000 square feet</td>
</tr>
<tr>
<td>Central utility plant</td>
<td>31,000 square feet</td>
</tr>
<tr>
<td>Outdoor service yard</td>
<td>20,000 square feet</td>
</tr>
<tr>
<td>Total Building Area – Phase 1</td>
<td>762,000 square feet</td>
</tr>
</tbody>
</table>

The hospital and support buildings will be up to six stories in height. Additionally the Medical Center will provide surface parking, with parking for Phase 1 to not exceed 2,100 spaces. The timing and nature of improvements beyond Phase 1 will be driven by the evolving needs of Kaiser’s members. Additional improvements may include an expansion to the hospital, additional medical office buildings, administrative offices, parking structures and/or other specialty facilities. While the timing and programming for improvements after Phase 1 are uncertain, it is contemplated that upon full build-out the Medical Center may total approximately 1.1 million square feet.

The entire 63-acre site was previously occupied by the former Albertson’s supermarkets distribution and maintenance center and various warehouse distribution and industrial uses. The subject 36-acres have been cleared of all existing structures.

B. Potential Retail Center – Northern 25-acre Parcel

The timing and precise development program for the northern 25-acre parcel is uncertain. However, the EIR is being prepared for both parcels. The retail development is being reviewed at the program level while the Medical Center is being reviewed at the more project specific level. Based on the EIR program description, it is anticipated that the northern property will be developed with a 387,000 square foot retail project, consisting of a combination of large format stores, multi-tenant retail uses, restaurants, soft goods, and service-oriented retail uses. This fiscal analysis evaluates this program with an added assumption that one large tenant would be a tenant who relocates from an existing property in San Leandro. The sales tax revenues of the relocated tenant are not considered to be “new” tax revenues to the City associated with the proposed center.

C. Sensitivity Analyses

For comparison purposes, KMA estimated the annual net General Fund revenues that would potentially be generated by two alternative hypothetical “opportunity cost” development scenarios for the subject property:

- The development of a 410,000 square foot retail center on the site in-lieu of the proposed Project; or
- The development of a 1.2 million square foot office complex on the property.

The City believes that both opportunity cost scenarios could eventually represent economically viable development scenarios that would generate significant tax revenue to the General Fund.

In addition to the hypothetical "opportunity cost" scenarios, KMA also evaluated the proposed Project's net impacts under the assumption that Kaiser would make a payment in-lieu of property taxes that would be equivalent to the amount that it would owe if it weren't exempt as a non-profit user. The findings of these analyses are presented in Section II D and E.
II. SUMMARY OF FINDINGS AND CONCLUSIONS

A. Net Annual General Fund Impacts – Proposed Phase 1 Medical Center

The Project’s estimated net annual impacts on the City’s General Fund are summarized in Exhibit A and Table 1. As shown, it is estimated that Phase 1 will annually generate a deficit to the General Fund of approximately $419,000. A deficit range of $419,000 to $442,000 has been estimated depending on whether the City is designated as the point of sale for the purpose of receiving annual use taxes generated from Kaiser’s purchase of equipment.

This projected deficit is driven by Kaiser’s tax exempt status. If the Medical Center were subject to property taxes or if Kaiser funded a payment in-lieu of standard property taxes, it is estimated that the Medical Center would generate an annual General Fund surplus of approximately $677,000.

<table>
<thead>
<tr>
<th>Estimated Annual General Fund Revenues Upon Completion of Phase 1</th>
<th>Assume City Receives Use Tax From the Purchase of Equipment</th>
<th>Assume City Does Not Receive Use Tax from Purchase of Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>($59,000)</td>
<td>$254,000</td>
<td>$231,000</td>
</tr>
<tr>
<td>(Less) Estimated Annual General Fund Service Costs</td>
<td>($559,000)</td>
<td>($559,000)</td>
</tr>
<tr>
<td>(Less) Current Property Taxes</td>
<td>($114,000)</td>
<td>($114,000)</td>
</tr>
<tr>
<td>Estimated Net Annual General Fund Impact (Deficit)</td>
<td>($419,000)</td>
<td>($442,000)</td>
</tr>
</tbody>
</table>

Exhibit A: Recurring Annual General Fund Impacts

*$Net new revenue after deducting existing property tax-based revenues eliminated with removal of the property from the tax rolls.
### Table 1
ANNUAL GENERAL FUND IMPACTS  
FISCAL IMPACT ANALYSIS  
PROPOSED KAISER PERMANENTE MEDICAL CENTER  
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>Recurring General Fund Revenues</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Users Tax</td>
<td>Table 5 - C</td>
<td>$91,000</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>Table 5 - D</td>
<td>$60,000</td>
</tr>
<tr>
<td>Business License</td>
<td>Table 5 - B</td>
<td>$45,000</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>Table 5 - B</td>
<td>$35,000</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>Table 5 - B</td>
<td>$13,000</td>
</tr>
<tr>
<td>Emergency Communication System Access Tax</td>
<td>Table 5 - C</td>
<td>$10,000</td>
</tr>
<tr>
<td>Property Tax</td>
<td>Table 5 - B</td>
<td>$0</td>
</tr>
<tr>
<td>Property Tax In-Lieu of VLF</td>
<td>Table 5 - B</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>$254,000</td>
</tr>
<tr>
<td><strong>(Less) Existing Revenue From Property</strong></td>
<td>Table 5 - E</td>
<td>($114,000)</td>
</tr>
</tbody>
</table>

| **Net New Revenue**             |       | $140,000 |

<table>
<thead>
<tr>
<th>Recurring General Fund Expenses</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>Table 6 - C</td>
<td>$242,000</td>
</tr>
<tr>
<td>Fire Service Contract</td>
<td>Table 6 - D</td>
<td>$163,000</td>
</tr>
<tr>
<td>Public Works</td>
<td>Table 6 - E</td>
<td>$122,000</td>
</tr>
<tr>
<td>General Government</td>
<td>Table 6 - B</td>
<td>$12,000</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>Table 6 - B</td>
<td>$10,000</td>
</tr>
<tr>
<td>Community Development</td>
<td>Table 6 - B</td>
<td>$5,000</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>Table 6 - B</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$559,000</td>
</tr>
</tbody>
</table>

| **Net Annual General Fund Revenue (Expense)** |       | ($419,000) |
| (Less) Estimated Sales Tax From Equipment Purchases | Table 5 - D | ($23,000) |
| **Net Annual General Fund Revenue (Expense) if sales tax from equipment purchases does not materialize.** |       | ($442,000) |

**Notes:**  
(1) The property is currently on the tax rolls. Existing revenues consist of property taxes and property tax in-lieu of vehicle license fees. See Table 5-E.
B. Recurring General Fund Revenues – Proposed Phased 1 Medical Center

Recurring General Fund Revenues

The table below summarizes recurring revenues to be generated by Phase 1 of the Medical Center. As shown, upon stabilization of the Medical Center’s initial phase, it is estimated that the Center will annually generate approximately $254,000 of revenues to the City’s General Fund. The annual revenue stream to be generated by the Medical Complex is consistent with the stream generated by other tax exempt-medical centers.

<table>
<thead>
<tr>
<th>New Revenues From Project</th>
<th>Recurring General Fund Revenues</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and Use Tax</td>
<td>$60,000</td>
<td>24%</td>
</tr>
<tr>
<td>Property Tax in Lieu of VLF</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>91,000</td>
<td>36%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Business Tax</td>
<td>45,000</td>
<td>18%</td>
</tr>
<tr>
<td>Franchises Fees</td>
<td>35,000</td>
<td>14%</td>
</tr>
<tr>
<td>Property Transfer Tax</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>13,000</td>
<td>5%</td>
</tr>
<tr>
<td>Emergency Com. System Access Tax</td>
<td>10,000</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Recurring Revenues</strong></td>
<td><strong>$254,000</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>(Less) Existing Property Tax/ VLF</strong></td>
<td><strong>(114,000)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net New Revenue</strong></td>
<td><strong>$140,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Use Tax From Purchases                     | $23,000                         |

Net New Revenue Without Use Taxes          | $117,000

Loss of Existing Property Tax Revenues

The property currently generates approximately $114,000 in annual property tax and property tax in-lieu of motor vehicle license fees to the City’s General Fund. Given Kaiser’s tax exempt status, once the medical center is built, the property will be exempt from property taxes and the City will lose approximately $114,000 of existing General Fund Revenue. After netting out the loss of existing revenues, it is estimated that Phase 1 of the Medical Center will generate approximately $140,000 of annual new General Fund revenues.

2 Percentages do not add to 100% due to rounding.
Major Recurring General Fund Revenue Sources

Utility user tax revenues are estimated to represent the largest single source of General Fund revenues to be generated by the Medical Center. Annual utility taxes are anticipated to total approximately $91,000, which accounts for 36% of the Center’s General Fund revenues. Gas and electricity usage comprise the largest sources of utility tax revenues.

Sales/use tax revenues represent the second largest component of General Fund revenues to be generated by the Medical Center. Totaling $60,000 per year or 24% of Center-generated tax revenues, these taxes reflect a combination of on-site sales at the Center’s cafeteria and gift shop, use tax on equipment purchases, and off-site employee purchases in San Leandro. If the Center does not generate use tax, projected revenues would decline by $23,000, resulting in a total sales tax projection of $37,000 per year.

The third largest revenue source is anticipated to be business license fees generated by physicians. Based on the legal opinion of the City’s legal counsel, it is our understanding that the Permanente Medical Group would be subject to the business license fee under the “services” fee category. It is estimated that business license fees would generate approximately $45,000 of annual revenue to the General Fund.

Exhibit B provides a graphic percentage breakdown of revenues to be generated by the Center.

As presented in Appendix Table B-3, if the Medical Center were not exempt form property taxes or if Kaiser were to make an equivalent payment in lieu of taxes (piLOT), it is estimated that Phase 1 would generate approximately $982,000 of annual property taxes/property taxes in-lieu of VLF to the City’s General Fund. The other sources of revenue include franchise fees and fines and forfeitures.

Net New Revenues

The loss of existing property tax revenues is anticipated to reduce Center-generated General Fund revenues by approximately 45%. After the deduction of existing property tax revenues, it is estimated that Phase 1 of the Center will annually generate approximately $140,000 of General Fund revenues.
C. Recurring General Fund Service Expenses

Given the non-residential nature of the Medical Center, it is anticipated to generate a relatively small need for City services. As shown below and on Table 2, upon stabilization of the Center’s initial phase, it is estimated to annually generate a need for $559,000 of General Fund services. Exhibit B provides a graphic percentage breakdown of the service cost needs to be generated by the Medical Center.

<table>
<thead>
<tr>
<th>Recurring General Fund Expenses – Phase 1</th>
<th>Recurring General Fund Expenses</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>$242,000</td>
<td>43%</td>
</tr>
<tr>
<td>Fire Service Contract</td>
<td>163,000</td>
<td>29%</td>
</tr>
<tr>
<td>Public Works</td>
<td>122,000</td>
<td>22%</td>
</tr>
<tr>
<td>General Government</td>
<td>12,000</td>
<td>2%</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>10,000</td>
<td>2%</td>
</tr>
<tr>
<td>Community Development</td>
<td>5,000</td>
<td>1%</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>5,000</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Recurring Expenses</strong></td>
<td><strong>$559,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Major Recurring General Fund Expenses

Police protection is anticipated to be the single largest single annual General Fund expense. Based on the service call history at the Hayward Kaiser Hospital, it is estimated that the Medical Center will generate approximately 676 calls per year. It costs the San Leandro police department approximately $357 to respond to a call, on average. Based on this data, it is estimated that police protection costs will total approximately $242,000 per year. This represents 43% of total municipal service costs to be generated by the Medical Center.

Fire protection in San Leandro is provided through a contract with the Alameda County Fire Department. The City’s General Fund currently expends approximately $17.7 million for the department to respond to 8,148 service calls, which approximates $2,170 per call. For purposes of this analysis it has been assumed that the proposed Center’s service call rate will be the same as the call rate generated by the San Leandro hospital. Based on this assumption, it is estimated that Phase 1 of the Center will generate approximately 55 calls, resulting in a cost of $119,000 to the General Fund. The Medical Center will also require the purchase of a new ladder truck in order to accommodate the height of the buildings. The truck will serve both the Kaiser Medical Center and Sutter Hospital. While the initial cost of the truck is not included in this analysis of on-going revenue and service cost impacts, a portion of the annual cost to service debt on replacing the truck has been included and calculated based on an estimate of Kaiser’s pro rata share of demand. As detailed in Table 6-D, it is estimated that Kaiser’s share of annual debt service is approximately $44,000. The combination of service call costs and
replacement costs is anticipated to cost the City approximately $163,000 per year. This is the second largest municipal service cost to be generated by the Center.

The Public Works Department is responsible for maintaining streets, public facilities, parks and open space. Phase 1 of the Project is anticipated to generate $122,000 of additional annual maintenance costs. This aggregate annual impact is comprised of $26,000 to provide a full-replacement maintenance schedule for new public right of way, $21,000 to maintain parks and department administration, and a budget estimate of $75,000 to maintain the City’s existing streets. The $75,000 annual allowance for maintaining existing streets is a conservative estimate as it is based on the City’s current level of expenditures, which is not sufficient to adequately maintain the City’s roadways. Based on a study of vehicle miles traveled, it is estimated that Phase 1 will generate approximately 3% of all vehicle miles traveled in the City of San Leandro. The City of San Leandro’s current budget for city-wide street maintenance is approximately $2.4 million. Kaiser’s share of this cost is estimated at $75,200, proportionate to its share of vehicle miles travelled. It should be noted that the Public Works Department has estimated that while the City currently spends $2.4 million on street maintenance, the cost to adequately maintain and periodically replace existing streets would require a budget of approximately $7 million per year, which is almost three times the current level of expenditure. However, given that the City can’t anticipate having a $7 million budget, this analysis has estimated Kaiser’s impacts based on the current budget rather than what is needed for adequate maintenance.

Other General Fund services to be provided to the Medical Center include services provided by the following departments: General Government, Organizational Services, Community Development and Engineering and Transportation. These impacts have been estimated based on the Project’s proportionate share of the City’s total number of “resident equivalents.” The annual cost to these departments is estimated to total approximately $32,000.
EXHIBIT B
COMPOSITION OF ANNUAL REVENUES AND EXPENSES
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

CITY GENERAL FUND REVENUES
Total Revenues: $254,000
Loss of Existing Property Taxes ($114,000)
Net New Revenue $140,000

CITY GENERAL FUND EXPENSES
Total Expenses: $559,000

Prepared by: Keyser Marston Associates, Inc.
Filename: US-SF-IP01590266190988366-san leandro fiscal 04.27.10.xls; 4/28/2010; dd
D. One-Time Construction Impacts

As shown on Table 7, it is estimated that Phase 1 of the Medical Center will generate a cumulative total of $1.2 million in construction taxes to the City. There is, however, a significant degree of uncertainty about the City's ability to actually realize $1.2 million of tax revenue as it is contingent upon the City being designated as the "point of sale" for the purchase of at least 50% of the materials purchased to construct the Medical Center. If most materials are purchased from outlets outside of San Leandro or if San Leandro is not designated as the "point of sale," then the amount of sales/use tax generated by the construction of the Medical Center could be significantly less than the estimated amount of $1.2 million.

E. Net Impacts Assuming Northern Parcel is Developed with Retail Center

The analysis of the combined annual fiscal impacts of the proposed Medical Center and hypothetical retail development on the northern 25 acres is presented in Appendix Tables C-1 through C-4. As shown on Table C-2, it is estimated that the retail center would generate a significant net surplus to the General Fund of approximately $918,000 per year. These net new revenues from the retail development would off-set the $419,000 annual deficit projected for the Medical Center, yielding a projected net combined annual surplus of $497,000 to the City's General Fund. This assessment assumes that one of the retail anchors would relocate from another location in San Leandro and therefore would not generate new tax revenue to the City.

F. Revenue Impacts of "Opportunity Cost" Sensitivity Scenarios

In order to provide additional context for the evaluation of the annual revenue impacts to be generated by the proposed Medical Center, KMA estimated the revenue impacts of a range of hypothetical "opportunity cost" scenarios. As summarized below, if the Medical Center were subject to the payment of property taxes or if Kaiser made a payment in-lieu of property taxes, it is estimated that the Center would generate approximately $1.1 million of General Fund revenue beyond what is projected for the proposed Medical Center under its tax exempt status. With this additional revenue, the Medical Center would generate sufficient General Fund revenues to cover General Fund Service costs, providing an estimated annual surplus to the General Fund of $677,000.

If a retail center were to be developed on the site instead of the Medical Center, it is estimated that the retail center would generate approximately $1 million of additional General Fund revenue beyond what is projected for the proposed Medical Center. The cost of providing city services to a retail center has not been evaluated, but based on the experiences of other retail centers, it is estimated that a retail center would generate a surplus to the City's General Fund.

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3 As with the evaluation of a retail center on the northern property, it has been assumed that one anchor would be a relocated store from elsewhere in San Leandro and not generate any new sales tax revenues to the City.
If the site were to be developed with a 1.16 million square foot office campus complex, it is estimated that the complex would also generate approximately $1 million of annual General Fund revenue beyond what is projected to be generated by the Medical Center. While the cost of providing city services to an office complex has not been evaluated, based on the experiences of other office parks, it is estimated that an office park would generate a surplus to the City's General Fund.

<table>
<thead>
<tr>
<th>Proposed Medical Center</th>
<th>Annual Net New Revenue Before Service Costs</th>
<th>Annual Revenues in Excess of Proposed Medical Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment In-lieu of Property Taxes Scenario</td>
<td>$140,000</td>
<td>$0</td>
</tr>
<tr>
<td>Retail Development Scenario</td>
<td>$1,236,000</td>
<td>$1,096,000</td>
</tr>
<tr>
<td>Office Development Scenario</td>
<td>$1,153,000</td>
<td>$1,013,000</td>
</tr>
<tr>
<td></td>
<td>$1,166,000</td>
<td>$1,026,000</td>
</tr>
</tbody>
</table>
III. METHODOLOGY AND ASSUMPTIONS

A. Approach

The annual net marginal revenue and cost impacts of the proposed Kaiser Permanente Medical Center have been estimated as of the completion and stabilization of Phase 1. Impacts that have been analyzed include recurring annual impacts, one-time construction tax impacts, and the loss of property taxes that are currently generated from the site. Additional phases of construction beyond Phase 1 have not been evaluated because the timing, nature and scope of those improvements are not yet defined. Future expansion will be driven by the evolving needs of the Medical Center to better serve its members.

The fiscal impact analysis evaluates the recurring General Fund revenues and expenses because the General Fund is the major source of discretionary spending for key city services including Police, Parks, Public Works, and General Government. Impacts on other funds, such as the Storm Water Utility Fund and Water Pollution Control Plan Fund have not been included because the services are financed with user fees.

The analysis evaluates the major revenue and cost elements, including utility user taxes, sales and use taxes, police and fire protection costs, street right of way maintenance, park maintenance expenses and general government services costs. The analysis does not include impact fees that will be paid by the Medical Center as these fees are dedicated to off-set impacts generated by the Medical Center and therefore do not represent net revenues to the City. Additionally, the analysis does not address any public capital improvement needs as the cost of providing capital improvements is traditionally funded by the private sector and therefore does not impact the City.

The analysis focuses on direct on-site impacts generated by the Project, with the exception that the off-site daytime expenditures of employees have also been included as a revenue impact. Indirect and induced impacts on the region have not been addressed as these impacts are not isolated to San Leandro and they are less certain.

To estimate the Medical Center's impacts, KMA has:

- Reviewed the City of San Leandro's 2009/10 Budget and the existing revenue and cost relationships;
- Discussed with City staff the incremental service needs to be generated by the development; and
- Collaborated with City staff to obtain needed information from Kaiser Hospitals regarding the proposed project, employment projections, anticipated utility usage, as well as data on actual revenue and expenses generated by its Hayward Hospital, such as sales tax revenues and annual police calls. The empirical data have been extrapolated to generate city revenue and cost estimates for the proposed Medical Center.
B. Key Assumptions and Analysis

Since the fiscal impact analysis is based upon an assessment of future circumstances, the assumptions that are used to make estimates of future conditions are fundamental to the conclusions. The key assumptions of the analysis are as follows:

- **Phase 1 Medical Center Development Program** – The Phase 1 development program has been based on the program in the Administrative Draft EIR, with adjustments provided by Kaiser Foundation Hospitals.

- **Future Phases of Medical Center** – Given the uncertainty regarding the timing, nature, and scope of potential future expansion to the Medical Center, the fiscal impact analysis has not evaluated the impacts of any future phases. The analysis will be updated if, and when, a more definitive program is being considered.

- **Timing** – The analysis evaluates the impacts of Phase 1 upon completion and stabilization, using 2009 dollars.

- **Employment** – The State Department of Finance estimates the City of San Leandro’s 2009 employment base at 43,200 jobs. Kaiser Permanent has estimated that Phase 1 will provide 2,325 full time equivalent jobs. (Table 4).

- **Resident Equivalents** – The estimate of cost impacts from General Government, a portion of Public Works costs, Engineering and Transportation, and Organizational Services use a modified per capita measure known as “resident equivalents.” This approach combines residents and employees to form a single service population to drive cost projection. The resident equivalents approach weights an employee as .33 of a resident, such that approximately three employees are viewed as having the same impact as one resident. Using this methodology, the Medical Center is estimated to generate approximately 767 resident equivalents (Table 4).

- **Assessed Property Values** – As a non-profit public benefit corporation, Kaiser Foundation Hospitals is exempt from the payment of property taxes related to non-profit use. Therefore, the Medical Center is assumed to have a zero assessed value. KMA has estimated the Medical Center’s assessed value as if it were subject to property taxes based on the estimated direct construction costs. For the “opportunity cost” scenarios, assessed values have been estimated based on non-residential building costs provided by Marshall & Swift’s building cost catalogue. The assessed value assumptions are provided on Appendix Tables A-3, B - 3, B-4, B-5, and C-3).

- **Motor Vehicle License Fees and Property Tax In-Lieu of Vehicle License Fees** – Motor Vehicle License Fees and Property Tax In-Lieu of Vehicle License Fees are estimated in accordance with SB 1096, based on data from the California State
Controller’s Office. These revenue sources do not apply to the Medical Center but do apply to the “opportunity” cost scenarios (Appendix Table B-1).

- **Property Tax Revenues** – Because of its tax exempt status, the Medical Center is not required to pay any property taxes. The “opportunity cost” scenarios would generate property taxes and a portion would accrue to the City’s General Fund. The General Fund receives 13% of the 1% base property tax levy. Revenues from the opportunity cost scenarios are provided on Appendix Table B-1.

- **Sales and Use Tax Revenues** – The Medical Center will generate sales tax revenues on-site from its cafeteria and gift shop and off-site from the purchases of employees at San Leandro retail outlets. The Medical Center also has the potential to generate use tax from the purchase of equipment. However, depending on Kaiser’s purchasing practices, the City of San Leandro may or may not be designated as the point of sale for the purchases, which will impact whether the City receives the use tax revenues. The City of San Leandro receives sales tax revenues equal to 1% of taxable sales.

  - **On-site Taxable Sales from Cafeteria and Gift Shop** – Kaiser has estimated that the Medical Center’s cafeteria and gift shop will annually generate $611,000 of taxable sales, which will yield $6,110 of annual City sales tax. (Table 5-D).

  - **Off-site Taxable Sales from Employees** – A portion of employees’ daytime expenditures will be spent in San Leandro. Based on the International Council of Shopping Center’s survey of office workers, it is estimated that employees will generate $3,100,000 of annual taxable sales for San Leandro merchants, yielding $31,000 of sales tax revenue to the City (Table 5-D).

  - **Use Taxes from the Purchase of Equipment** – Kaiser has estimated that it will purchase approximately $45 million of equipment for the Medical Center. Assuming an average life of 10-years and that San Leandro is designated as the point of sale for 50% of the equipment purchase, it is estimated that on an annualized basis, the purchase of equipment will generate $22,500 of use tax revenue to the City. (Table 5-D)

  - **Sales Taxes to be Generated by Hypothetical Retail Development on Northern Parcel and Opportunity Cost Scenario** – It has been assumed that the center would achieve gross sales volumes averaging $400 per square foot, with 95% taxable. It has been assumed that one of the anchor tenants would be an existing business in

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4 While the survey relates specifically to office workers, KMA reviewed the salaries of both office workers and hospital staff and found them to be adequately similar to support using the office worker expenditure survey as an estimate of hospital worker expenditures.
San Leandro that would relocate to the new retail center. The sales of this tenant are not included as net new sales to the City. (Appendix Table C-3).

- **Utility Users Taxes** – Utility Users Tax revenues are based on the City's existing tax rate of 6% for electric, gas, water, satellite TV, and telephone, with an assumed 50% large use discount. Utility usage estimates have been provided by Kaiser. (Tables 5-C).

- **Business Taxes** – Pursuant to an opinion by the City’s legal counsel, it is our understanding that the physician group that will serve the Medical Center (The Permanente Medical Group) will be subject to the City’s business license fees. It is assumed that they would pay rates applicable under the “services” fee category. (Table 5-B).

- **Sales Tax Generated by Construction** – Estimated sales and use taxes from construction assume that contractors and subcontractors obtain a sub-permit designating the job site as the point of sale for 50% of construction materials so that 50% of generated sales taxes accrue to the City. Taxable material sales are estimated at half of the hard cost of construction. Kaiser has estimated total construction costs of $500 to $550 million. Construction City sales taxes are calculated based on 1% of estimated gross taxable sales/use charges (Table 7).

- **Fines, Forfeitures, Misc. Charges, and Franchise Fees** – These revenue sources have been estimated by applying current City revenues per resident equivalent to the Medical Center's projected 767 resident equivalents. (Table 4).

- **Emergency Communication System Access Tax** – Non-profit hospitals, such as Kaiser, are exempt from this tax. The other uses would be subject to the tax, which is calculated as follows: $2.07 per phone line per month, with an annual cap of $10,000 per account per physical location. City staff has consulted Kaiser and AT&T to estimate the number of phone lines that will be in place in the hospital support building, the retail center on the northern parcels, and the hypothetical opportunity cost scenarios (Tables 5-C, B-4, B-5, and C-3).

- **Police Protection Service Costs** – Estimated police service costs have been calculated based on the call history of the Kaiser Hayward Hospital and the cost to respond to a call in San Leandro. It is estimated that the Medical Center will generate, on average, 2.56 calls per bed or 676 calls per year. Based on the City's police department budget, it is estimated that it costs the City approximately $357 to respond, on average, to each call for police protection. Based on these factors, it is estimated that it will cost San Leandro approximately $242,000 per year to provide police protection services to the Medical Center. (Table 6-C).
• **Fire Protection/EMS Service Costs** – Fire protection in San Leandro is provided through a contract with the Alameda County Fire Department. In accordance with the terms of this contract, the City’s General Fund is currently charged approximately $17.7 million annually for fire protection services, which translates into $2,170 per service call. Based on the service call history at the existing San Leandro hospital, it is estimated that the Medical Center will generate approximately 55 calls per year, costing $119,000. Additionally, a new $992,000 ladder truck will need to be purchased. While the initial cost of the truck is not included in this analysis of on-going revenue and service cost impacts, a portion of the annual cost to service debt on replacing the truck has been included and calculated based on an estimate of Kaiser’s pro rata share of demand. As detailed in Table 6-D, it is estimated that Kaiser’s share of annual debt service is approximately $44,000. The combined annual cost to the City is estimated to total $163,000 per year (Table 6D).

• **Public Works Costs** – The City’s public works department will be responsible for maintaining new public improvements (street, street lights, and traffic signals) required for the Medical Center as well as existing infrastructure, parks, and public facilities that will also serve the new Medical Center.

- **New infrastructure.** New street area, street lights, and traffic signals will be built as a result of the Medical Center. Maintenance costs for the new infrastructure have been estimated by the City’s Engineering and Transportation Department to total $26,000 per year. (Tables 6E).

- **Existing City-wide Infrastructure, Parks, and Facilities, excluding streets.** The 2009/10 public works department budget of $3.5 million approximates $26.90 of variable costs per resident equivalent. The Medical Center’s allocable share of the cost to maintain existing improvements has been calculated by applying the $26.90 cost factor to the Center’s projected number of resident equivalents. Total allocable annual costs are estimated at $21,000. (Table 6-E).

- **Existing Street Maintenance.** The 2009/10 public works department budget for street maintenance totals approximately $3.47 million. In comparison, the cost to adequately maintain existing streets has been estimated by City staff at $7 million per year. Given that the City does not anticipate having $7 million of funding available for street maintenance, this fiscal analysis has used the current, albeit inadequate, budget as the basis for estimating Kaiser impacts. Based on a study of vehicle miles traveled, it is estimated that Phase 1 will generate approximately 3% of all vehicle miles traveled in the City of San Leandro. By applying this 3% factor to the City’s current budget for street maintenance, Kaiser’s impact on street maintenance costs is estimated to total approximately $75,200 per year. This is a conservative estimate as it reflects available funds rather than an adequate level of service. (Table 6-E).
- **General Government, Community Development, Engineering and Transportation, and Organizational Services Costs** – These departments serve the entire City and will be impacted by the Medical Center. For purposes of this analysis, the impacts on these department have been estimated based on the application of current budget resident equivalent cost factors to the Medical Center’s projected resident equivalents. A portion of these departments’ costs are fixed relative to population and have not been included in the calculation. (Table 6-A, 6-B).

- **Variable versus Fixed Costs** – For General Government, Community Development, Engineering and Transportation, and Organizational Services, a portion of the existing expenditures and budget are assumed to be the result of variable costs that increase with additional employment. The remaining expenditures are assumed to be fixed costs of operation that will not increase as a result of the Medical Center. The variable costs are estimated at 25% for General Government, Engineering/Transportation, and Organizational Services. For Community Development, it is estimated that 75% of the budget are variable costs. (Table 6-A).

- **Inflation of Revenue and Expenses** – The analysis reflects 2009 revenues and expenses.

- **Continuity of Legal and Institutional Constraints** – The cost and revenue experience of the City of San Leandro is based on the 2009-2010 Budget. The estimates of this Report assume that revenue sources will remain constant.

- **Opportunity Cost Development Programs** – KMA and City staff collaborated to formulate the retail and office opportunity cost scenarios as well as the retail development program for the northern parcel. The assumptions are provided in Appendix B-2 and C-1.
IV. RISKS TO THE CITY AND OPTIONS FOR MITIGATING RISKS

Risk factors affecting the fiscal impact to the City’s General Fund and options to consider for mitigating these risks are as follows:

- **Securing a funding source to off-set the estimated annual approximate $419,000 General Fund deficit to be generated by the Medical Center.** Given the City’s need to maintain its revenue base, the City may want to consider options for mitigating the deficit.

  1. One option is to include provisions in the Development Agreement that obligates Kaiser to make a payment-in-lieu of taxes of $419,000 per year.

  2. Another option would be for Kaiser to make a lump-sum contribution to a “fiscal mitigation fund.” The fund amount would be sized so that a combination of interest earnings plus a small portion of the principal would be sufficient to fund the annual $419,000 gap. Assuming average interest earnings of 3% per year, this approach would likely require a contribution of approximately $14 million.

  3. A third option is to negotiate an interim mitigation payment and a provision that would relieve Kaiser of this annual funding obligation if and when the 380,000 square foot retail center is built on the property to the north of the Medical Center.

- **Limited Realization of Construction Tax Revenues.** The City’s ability to capture the sales and use tax revenues generated by the purchase of construction materials is important to off-set a portion of projected recurring General Fund negative impacts. We recommend, at a minimum, that the Development Agreement provide clear language regarding the obligation that the City be recorded as the point of sale for the acquisition of all construction materials and that this provision be vigorously enforced. The City could further protect itself in the event construction tax revenues do not fully materialize by including provisions in the Development Agreement obligating Kaiser to make payments in-lieu of construction taxes if actual revenues are less than the $1.2 million that is projected.
V. LIMITING CONDITIONS

1. The analysis contained in this report is based in part on data from published sources, such as the City of San Leandro's 2009/10 Budget, the California Department of Finance, and the demographics research firm Claritas. While we believe that the assumptions are reasonable and these sources are accurate, we cannot guarantee their accuracy.

2. The findings are based on the development concept specified in the report. If the development program varies from the assumed concept, the findings of this analysis may not be valid.

3. The findings are based on economic rather than political considerations. Therefore, they should not be construed as a representation that government approvals for development can be secured.

4. Revenue or cost projections contained in this report are based on the best project-specific and fiscal data available at this time as well as experience of our firm with comparable projects. These projections are reasonable and appropriate for planning purposes. However, actual revenues and expenses may vary considerably from the projections due to a number of factors including changes in: the development program, maintenance costs, the tax structure, legislation, market conditions, assessment appeals, County assessor practices, etc. No warranty or representation is made that any of these estimates or projections will actually materialize.

5. KMA's analysis is based in part on input from the City of San Leandro and Kaiser Foundation Hospitals obtained through interviews, responses to KMA questionnaires, and assessment of departmental impacts. While we believe that the information we were provided is reasonable and accurate, we cannot guarantee its accuracy.

6. We assume that all applicable laws and governmental regulations in place as of December 1, 2009 will remain unchanged. In the event that this assumption does not hold true in the future, such as utility user tax rates changing, then the findings of this analysis may no longer be valid.
Table 2

PROJECT DESCRIPTION
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BUILDING AREA (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
</tr>
<tr>
<td>Number of Beds</td>
</tr>
<tr>
<td>Hospital Support Building</td>
</tr>
<tr>
<td>Central Utility Plant</td>
</tr>
<tr>
<td>Outdoor Service Yard</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Note: Only the first phase of the proposed medical center is analyzed given uncertainty as to the nature and timing of the full buildout program.

Notes:

(1) Reflects modifications to proposed development program subsequent to the date of the April 2009 Draft EIR per Kaiser.

**Table 3**

EXISTING POPULATION AND EMPLOYMENT
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th></th>
<th>POPULATION (1)</th>
<th>EMPLOYMENT (2)</th>
<th>RESIDENTIAL EQUIVALENTS</th>
<th>DAY &amp; NIGHTTIME POPULATION (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OF SAN LEANDRO</td>
<td>82,472</td>
<td>43,200</td>
<td>96,728</td>
<td>125,672</td>
</tr>
</tbody>
</table>

0.33 per employee
1.00 per resident

**Notes:**
(2) Estimated based on ABAG Projections 2007 (extrapolation between 2005 and 2010 projection).
(3) Population + Employment

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\5f-fs1\wp19\1909\19096.036\san leandro fiscal 04.27.10.xls; 4/28/2010; dd
### Table 4

**POPULATION AND EMPLOYMENT ESTIMATES**  
**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>BUILDING AREA</th>
<th>EMPLOYMENT</th>
<th>RESIDENT EQUIVALENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital (1)</td>
<td>436,000 SF</td>
<td>264 SF / Employee</td>
</tr>
<tr>
<td>Hospital Support Building (1)</td>
<td>275,000 SF</td>
<td>410 SF / Employee</td>
</tr>
<tr>
<td>Central Utility Plant</td>
<td>31,000 SF</td>
<td>0 SF / Employee</td>
</tr>
<tr>
<td>Outdoor Service Yard</td>
<td>20,000 SF</td>
<td>0 SF / Employee</td>
</tr>
<tr>
<td><strong>762,000 SF</strong></td>
<td>328 SF / Employee</td>
<td><strong>2,325</strong></td>
</tr>
</tbody>
</table>

0.33 per employee

(1) Hospital employment reflects employees of Kaiser Foundation Hospital and Hospital Support Building employees reflects employees of the Permanente Medical Group. Although physicians work both within the Hospital Support and main Hospital buildings they are reflected above as employees within the hospital support building since they are employed by the Permanente Medical Group.

**Note:** Estimates per Kaiser Permanente.
<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Assumption/Rate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>Exempt</td>
<td>Kaiser is exempt from property tax. Analysis reflects loss of existing property tax due to removal of existing land value from tax rolls.</td>
</tr>
<tr>
<td>Property Transfer Tax</td>
<td>$0</td>
<td>Hospital assumed to be held for extended period without sale.</td>
</tr>
<tr>
<td>Sales Tax, City’s Portion</td>
<td>1%</td>
<td>Local share of sales tax estimated taxable sales from on-site cafeteria and gift shop, off-site purchases by employees, and periodic equipment replacement.</td>
</tr>
<tr>
<td>Gas Tax</td>
<td>none projected</td>
<td>Tied to population.</td>
</tr>
<tr>
<td>Business License</td>
<td>exempt $66.40</td>
<td>Kaiser Foundation Hospital employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Permanente Medical Group employees</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>6%</td>
<td>Of gas, electric, phone, cable charges</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>Large User Rebate</td>
</tr>
<tr>
<td></td>
<td>3%</td>
<td>Net Utility User Tax Rate</td>
</tr>
<tr>
<td>Property Tax in Lieu of Vehicle License Fees$^{(1)}</td>
<td>$4,625,541</td>
<td>Property Tax Based Revenues for 2004-05</td>
</tr>
<tr>
<td></td>
<td>$7,679,452,124</td>
<td>2004-05 San Leandro gross AV</td>
</tr>
<tr>
<td></td>
<td>$0.602</td>
<td>Per $1,000 in AV growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Loss in revenue due to removal of existing land value from tax rolls is reflected in analysis)</td>
</tr>
<tr>
<td>Fines, Forfeitures, Misc. Charges</td>
<td>$1,623,550</td>
<td>Revenues for 2009-10</td>
</tr>
<tr>
<td></td>
<td>96,728</td>
<td>Resident Equivalents</td>
</tr>
<tr>
<td></td>
<td>$16.78</td>
<td>Per Resident Equivalent</td>
</tr>
<tr>
<td>Emergency Communication System Access Tax</td>
<td>$2.07</td>
<td>Per phone line; Kaiser Hospital is exempt</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>$4,385,000</td>
<td>2008-09 revenues$^{(2)}</td>
</tr>
<tr>
<td></td>
<td>96,728</td>
<td>Resident Equivalents</td>
</tr>
<tr>
<td></td>
<td>$45.33</td>
<td>Per Resident Equivalent</td>
</tr>
</tbody>
</table>

Notes:

$^{(1)}$ Estimated in accordance with SB 1096 based on data from the California State Controller's Office.

$^{(2)}$ Derived from "revenue status report" rather than budget because line item detail not available in budget.

Source: City of San Leandro. Proposed Budget for the Fiscal Year 2009-2010. (See Appendix Table A-1)
### Table 5 - B

**ANNUAL GENERAL FUND REVENUES (Except UUT, ECSA and Sales Tax)**

**FISCAL IMPACT ANALYSIS**

**PROPOSED KAISER PERMANENTE MEDICAL CENTER**

**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE (3)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL FUND REVENUES (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY TAX</td>
<td>$0 AV added ($000s)(2)</td>
<td>13% City share of 1% tax</td>
</tr>
<tr>
<td>PROPERTY TAX IN-LIEU OF VLF</td>
<td>$0 AV added ($000s)(2)</td>
<td>$0.602 per $1,000 in AV</td>
</tr>
<tr>
<td>FRANCHISE FEES</td>
<td>767 resident equivalents</td>
<td>$45.33 per resident equiv.</td>
</tr>
<tr>
<td>FINES AND FORFEITURES</td>
<td>767 resident equivalents</td>
<td>$16.78 per resident equiv.</td>
</tr>
<tr>
<td>BUSINESS LICENSE (4)</td>
<td>671 TPMG(5) employment</td>
<td>$66.40 per employee</td>
</tr>
</tbody>
</table>

**TOTAL GENERAL FUND REVENUES (Except UUT and Sales Tax)** (1) $93,000

---

**Notes:**

1. Except Utility User tax and Sales Tax, calculated separately
2. Kaiser is exempt from property tax. See Appendix A - 3.
3. See Table 5 - A
4. Assumes the Permanent Medical Group would be subject to the business license fee under the "services" fee category based on the Jan 27, 2009 Meyer's Nave memo RE: applicability of business licenses to physicians associations.
5. The Permanente Medical Group (TPMG)
Table 5 - C

ANNUAL GENERAL FUND UTILITY USER AND EMERGENCY COMMUNICATION SYSTEM ACCESS TAX REVENUES
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATED UTILITY USAGE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas and Electric (^{(1)})</td>
<td>731,000 SF building area</td>
<td>$3.67 /SF</td>
</tr>
<tr>
<td>Water Usage (^{(2)})</td>
<td>7,600,000 CF / yr</td>
<td>$2.76 Per 100 CF (^{(3)})</td>
</tr>
<tr>
<td>Satellite TV (^{(1)})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone (^{(1)})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Utility Expenditure</td>
<td></td>
<td>$3,023,000</td>
</tr>
</tbody>
</table>

TOTAL UTILITY USER TAX REVENUES \(^{(4)}\) | 3% of utility expense | $91,000

ESTIMATED EMERGENCY COMMUNICATION SYSTEM ACCESS TAX
Kaiser Hospital
Hospital Support Building | 1400 phone lines\(^{(5)}\) | $2.07 /line/mo. Capped at $10,000 per account | Exempt |
| TOTAL EMERGENCY COMMUNICATION SYSTEM ACCESS TAX | | $10,000 |

Notes:
\(^{(1)}\) Estimate provided by Kaiser Permanente
\(^{(2)}\) Based on projected water usage indicated in Draft EIR.
\(^{(3)}\) Water rates are per EBMUD.
\(^{(4)}\) Reflects large user rebate on utility user tax.
\(^{(5)}\) Estimated number of phone lines, provided by City staff.
### Table 5 - D

ANNUAL GENERAL FUND SALES / USE TAX REVENUES  
FISCAL IMPACT ANALYSIS  
PROPOSED KAISER PERMANENTE MEDICAL CENTER  
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESTIMATED ANNUAL TAXABLE SALES / USE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cafeteria (1)</td>
<td></td>
<td>$491,000</td>
</tr>
<tr>
<td>Gift Shop (1)</td>
<td></td>
<td>$120,000</td>
</tr>
<tr>
<td>Offsite employee purchases 2,325 employees</td>
<td></td>
<td>$3,100,000</td>
</tr>
<tr>
<td>Equipment Purchases $45,000,000</td>
<td>$2,700 /employee (2)</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>to tax(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10 year replacement 50% in San Leandro</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50% San Leandro</td>
<td></td>
</tr>
<tr>
<td></td>
<td>as point of use</td>
<td></td>
</tr>
<tr>
<td>Total Taxable Sales</td>
<td></td>
<td>$5,961,000</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND SALES AND USE TAX REVENUES</strong></td>
<td>1% City Sales Tax Rate</td>
<td>$60,000</td>
</tr>
<tr>
<td>(Less) Estimated Sales Tax Associated with Equipment Purchases</td>
<td></td>
<td>($23,000)</td>
</tr>
<tr>
<td>Sales Tax excluding Equipment Purchases</td>
<td></td>
<td>$37,000</td>
</tr>
</tbody>
</table>

**Notes:**  
(1) Estimate provided by Kaiser Permanente.  
(2) Spending estimates from 2003 International Council of Shopping Centers survey of office workers. While, the survey was of office workers, we have applied it to workers in the proposed medical center. KMA has analyzed compensation levels of both medical center and office workers for other proposed projects in the Bay Area. Based on data obtained for those analyses, compensation levels were determined to be sufficiently comparable that it appears reasonable to anticipate similar spending levels.

<table>
<thead>
<tr>
<th></th>
<th>$108</th>
<th>assume 10% of total spending is offsite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lunch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail / convenience near work</td>
<td>$2,066</td>
<td></td>
</tr>
<tr>
<td>Dinner / Drinks near work</td>
<td>$144</td>
<td></td>
</tr>
<tr>
<td>subtotal</td>
<td>$2,318</td>
<td></td>
</tr>
<tr>
<td>Adjust to 2009 Dollars @CPI</td>
<td>115%</td>
<td></td>
</tr>
<tr>
<td>Total per employee per year</td>
<td>$2,700</td>
<td></td>
</tr>
</tbody>
</table>

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\Sf-fs1\wp191909619096.036\san leandro fiscal 04.27.10.xls; 4/28/2010; dd
### Table 5 - E

**EXISTING REVENUES GENERATED BY PROPERTY**  
**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE (2)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>EXISTING REVENUES GENERATED BY PROPERTY</strong></td>
<td></td>
</tr>
<tr>
<td>PROPERTY TAX</td>
<td>$61,000  AV ($000s)(1)</td>
<td>13% City share of 1% tax</td>
</tr>
<tr>
<td>PROPERTY TAX IN-LIEU OF VLF</td>
<td>$61,000  AV ($000s)(1)</td>
<td>$0.602 per $1,000 in AV (2)</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
(1) See Appendix A - 3.  
(2) See Table 5 - A
**Table 5-F**

PROJECTION OF ANNUAL GENERAL FUND REVENUES  
FISCAL IMPACT ANALYSIS  
PROPOSED KAISER PERMANENTE MEDICAL CENTER  
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>Recurring General Fund Revenues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$0</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$60,000</td>
</tr>
<tr>
<td>Property Tax In-Lieu of VLF</td>
<td>$0</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>$35,000</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>$91,000</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>$13,000</td>
</tr>
<tr>
<td>Business License</td>
<td>$46,000</td>
</tr>
<tr>
<td>Emergency Communication System Access Tax</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$254,000</strong></td>
</tr>
</tbody>
</table>

(LESS) Existing Revenues from Property  
($114,000)

**Net New Revenue**  
$140,000
### Table 6-A

**GENERAL FUND OPERATING EXPENSES ASSUMPTIONS**<sup>(1)</sup>
**FISCAL IMPACT ANALYSIS**
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>Department</th>
<th>Expenses</th>
<th>Percent</th>
<th>Resident Equivalents</th>
<th>Per Resident Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government</strong></td>
<td>$6,105,441</td>
<td>25%</td>
<td>96,728</td>
<td>$15.78</td>
</tr>
<tr>
<td><strong>Police</strong></td>
<td>$26,801,030</td>
<td></td>
<td>75,000</td>
<td>$357.35</td>
</tr>
<tr>
<td><strong>Fire Services Contract</strong></td>
<td>$17,682,047</td>
<td></td>
<td>8,148</td>
<td>$2,170</td>
</tr>
<tr>
<td><strong>Community Development</strong></td>
<td>$919,773</td>
<td>75%</td>
<td>96,728</td>
<td>$7.13</td>
</tr>
<tr>
<td><strong>Recreation and Human Services</strong></td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Library</strong></td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public Works</strong></td>
<td>$26,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Engineering and Transportation</strong></td>
<td>$2,583,256</td>
<td>25%</td>
<td>96,728</td>
<td>$8.68</td>
</tr>
<tr>
<td><strong>Organizational Services</strong></td>
<td>$4,792,909</td>
<td></td>
<td>96,728</td>
<td>$12.39</td>
</tr>
</tbody>
</table>

**Notes:**

<sup>(1)</sup> For City service departments.

<sup>(2)</sup> Resident Equivalent = 0.33 per Employee.

<sup>(3)</sup> With Alameda County Fire

<sup>(4)</sup> 2007 data per Draft EIR

Source: City of San Leandro. Proposed Budget for the Fiscal Year 2009-2010. See Appendix Table A - 2.
### Table 6 - B

ANNUAL GENERAL FUND EXPENSES (except Police, Fire, Public Works)
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE (1)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL FUND EXPENSES (except Police, Fire, Public Works)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>767 resident equivalents</td>
<td>$15.78 per resident equiv.</td>
</tr>
<tr>
<td>Community Development</td>
<td>767 resident equivalents</td>
<td>$7.13 per resident equiv.</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>767 resident equivalents</td>
<td>$6.68 per resident equiv.</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>767 resident equivalents</td>
<td>$12.39 per resident equiv.</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND EXPENSES (except Police, Fire, Public Works)</strong></td>
<td></td>
<td><strong>$32,000</strong></td>
</tr>
</tbody>
</table>

**Notes:**

(1) See Table 6 - A
Table 6 - C

ANNUAL POLICE SERVICE EXPENSES
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLICE EXPENSE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Number of Service Calls</td>
<td>264 Beds</td>
<td>2.56 Calls per bed (^{(1)})</td>
</tr>
</tbody>
</table>

TOTAL POLICE EXPENSE \(^{(2)}\) $357.35 per service call \(^{(2)}\) $242,000

\(^{(1)}\) Call Generation Rates:

<table>
<thead>
<tr>
<th></th>
<th>San Leandro Hospital</th>
<th>Kaiser Hayward</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2009 thru 10/5</td>
</tr>
<tr>
<td>Number of Calls</td>
<td>402</td>
<td>344</td>
</tr>
<tr>
<td>Fraction of Year</td>
<td>1</td>
<td>0.76</td>
</tr>
<tr>
<td>Number of Beds</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Calls per Bed / Year</td>
<td>3.35</td>
<td>3.78</td>
</tr>
</tbody>
</table>

\(^{(2)}\) Table 6-A

Source: City of San Leandro and City of Hayward Police Service Call Data.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.

\(\backslash\text{SI-fs1}\backslash\wp19\1909619096.036\backslash\text{san leandro fiscal 04.27.10.xls}; 6c Police; 4/28/2010; dd\)
Table 6 - D

ANNUAL FIRE SERVICES CONTRACT EXPENSES
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRE SERVICES CONTRACT EXPENSE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Calls Generated by Medical Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Calls to Hospital</td>
<td>264 Beds</td>
<td>0.21 Calls per bed (1)</td>
</tr>
<tr>
<td>Estimated Cost of Additional Service Calls</td>
<td></td>
<td>$2,170 per service call (4)</td>
</tr>
<tr>
<td>Ladder Truck Replacement Allowance (3)</td>
<td>Estimated Kaiser Share of Total Replacement Cost of</td>
<td>$655,877 $992,250</td>
</tr>
</tbody>
</table>

**TOTAL FIRE SERVICE CONTRACT EXPENSE (2)** $162,700

---

(1) Estimated Call Generation Rates
San Leandro Hospital
Calls to San Leandro Hospital 25 Per City
Number of Beds 120 Hospital website
Calls per Bed 0.21

(2) Fire services in San Leandro are provided through a contract with the Alameda County Fire Department.

(3) Draft EIR indicates that a new ladder truck would be required to serve the hospital. The truck would serve both Kaiser and Sutter hospital. Share allocated to Kaiser reflects Kaiser’s share of hospital beds (262 out of 392 beds).

(4) Table 6 A
### Table 6 - E

**ANNUAL PUBLIC WORKS MAINTENANCE EXPENSES**  
**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. MAINTENANCE OF NEW PUBLIC IMPROVEMENTS (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement</td>
<td>9,000 New Street ROW (SY)</td>
<td>$2.31 /SY/Yr</td>
</tr>
<tr>
<td>Street lights</td>
<td>17 Added Street Lights</td>
<td>$100 Each</td>
</tr>
<tr>
<td>Traffic Signals</td>
<td>3 Added Traffic Signals</td>
<td>$1,200 Each</td>
</tr>
<tr>
<td>Subtotal Maintenance of New Public Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II. MAINTENANCE OF EXISTING STREETS (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III. PUBLIC WORKS ADMINISTRATION, PARKS, &amp; FACILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Equivalents</td>
<td>767</td>
<td>$26.90 /Res Equiv. (3)</td>
</tr>
</tbody>
</table>

**TOTAL PUBLIC WORKS EXPENSE**  
$122,200

**Notes:**  
1. Estimated by the City of San Leandro Engineering and Transportation Department

<table>
<thead>
<tr>
<th>Street Maintenance Costs, 2009/10 budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser Phase 1 Vehicle miles traveled</td>
</tr>
<tr>
<td>2015 total VMT with Kaiser Phase 1</td>
</tr>
<tr>
<td>Kaiser % of total VMT</td>
</tr>
<tr>
<td>Kaiser share of annual budget</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(3) Cost Per Resident Equivalent:</th>
</tr>
</thead>
<tbody>
<tr>
<td>PW Expenses in 2009-10 (Table A-2)</td>
</tr>
<tr>
<td>Percent Variable Costs</td>
</tr>
<tr>
<td>Resident Equivalents (Table 3)</td>
</tr>
<tr>
<td>Per Resident Equivalent</td>
</tr>
</tbody>
</table>

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
1/27/13/13wp191/1599611086 0360san leandro fiscal 04.27.10.xls; 6e PW; 4/26/2010; dd
Table 6 - F

PROJECTION OF ANNUAL GENERAL FUND EXPENSES
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>$242,000</td>
</tr>
<tr>
<td>Fire Service Contract</td>
<td>$162,700</td>
</tr>
<tr>
<td>Public Works</td>
<td>$122,200</td>
</tr>
<tr>
<td>Community Development</td>
<td>$5,000</td>
</tr>
<tr>
<td>General Government</td>
<td>$12,000</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>$10,000</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Total** $558,900
Table 7

GENERAL FUND REVENUES GENERATED BY CONSTRUCTION (ONE-TIME)
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Rate or Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS LICENSE (for contractors)</td>
<td>Estimated Hard Construction Cost</td>
<td>$525,000,000</td>
</tr>
<tr>
<td></td>
<td>Estimated Direct Payroll Cost</td>
<td>30% of hard cost</td>
</tr>
<tr>
<td></td>
<td>Employment (person years)</td>
<td>$58,000 /avg wage</td>
</tr>
<tr>
<td></td>
<td>Business License Fee</td>
<td>$66.40 /employee</td>
</tr>
<tr>
<td>CONSTRUCTION SALES TAX</td>
<td>Estimated Material Costs</td>
<td>40% hard cost</td>
</tr>
<tr>
<td></td>
<td>San Leandro as point of Sale or Use</td>
<td>50% of sales</td>
</tr>
<tr>
<td></td>
<td>Sales Tax</td>
<td>1% City share</td>
</tr>
<tr>
<td>TOTAL GENERAL FUND REVENUES GENERATED BY</td>
<td>CONSTRUCTION (ONE-TIME)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,230,000</td>
</tr>
</tbody>
</table>

Notes:
(1) Phase I based on estimated hard cost of construction provided by Kaiser for Phase I of $500 to $550 million. Phase II estimated assuming same cost per square foot as phase I Medical Office building based on Marshall and Swift.
(2) Derived from 2002 Economic Census data for commercial and institutional building construction.
(3) Average wage as of 1st Quarter 2009 for construction occupations in Alameda County per the California Employment Development Department.
(4) Based on the assumption that as a condition of a Development Agreement for the Project, construction contractors would be required to obtain a sub-permit for the job site that would identify San Leandro as the point of sale or use for materials. 50% of sales still assumed to accrue to other jurisdictions.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
APPENDIX A: GENERAL FUND ANALYSIS INPUTS
**SUMMARY OF GENERAL FUND REVENUE SOURCES**
**FISCAL IMPACT ANALYSIS**
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**
**CITY OF SAN LEANDRO, CA**

---

**BUDGET**
**2009-10 COMMENTS / ASSUMPTIONS**

---

**Page 1 of 2**

**REVENUES INCLUDED IN ANALYSIS**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$17,255,000</td>
<td>Property taxes projected based on development program</td>
</tr>
<tr>
<td>Sales and use Tax</td>
<td>$20,100,000</td>
<td></td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>$10,500,000</td>
<td></td>
</tr>
<tr>
<td>Real Property Transfer Tax</td>
<td>$2,944,000</td>
<td></td>
</tr>
<tr>
<td>Business License</td>
<td>$4,150,000</td>
<td>based on revenue status report dated 8/28/09</td>
</tr>
<tr>
<td>Misc. Taxes</td>
<td>$4,612,200</td>
<td>Includes Franchise Taxes and TOT</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$1,623,550</td>
<td>Fines, forfeitures, misc. charges</td>
</tr>
<tr>
<td>Alameda Co. EMS tax</td>
<td>$526,000</td>
<td></td>
</tr>
<tr>
<td>Property tax in-lieu of VLF</td>
<td>$360,000</td>
<td>VLF projected based on increases in Assessed Valuation</td>
</tr>
<tr>
<td></td>
<td>$62,070,750</td>
<td></td>
</tr>
</tbody>
</table>

**PROGRAM AND FEE FOR SERVICE REVENUES DEDUCTED FROM SERVICE COSTS**

<table>
<thead>
<tr>
<th>Service Charges</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Service Charges per budget</td>
<td>$4,671,599</td>
<td>based on &quot;revised estimate&quot; for 2008-09 per revenue status report dated 8/28/09</td>
</tr>
<tr>
<td>Less excluded items</td>
<td>($2,507,752)</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$2,163,847</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Charge Revenue by Department</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>$210,961</td>
<td></td>
</tr>
<tr>
<td>Community Development</td>
<td>$177,768</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>$239,687</td>
<td></td>
</tr>
<tr>
<td>Fire</td>
<td>$147,800</td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>$21,595</td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td>$1,136,725</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>$223,311</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,163,847</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Licenses and Permits</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Licenses &amp; Permits</td>
<td>$5,901,170</td>
<td>based on &quot;revised estimate&quot; for 2008-09 per revenue status report dated 8/28/09</td>
</tr>
<tr>
<td>Less business license incl. above</td>
<td>($4,150,000)</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$1,751,170</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>License &amp; Permits by Department</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>$1,725,682</td>
<td>budget amount allocated based on revenue status report dated 8/28/09</td>
</tr>
<tr>
<td>Fire</td>
<td>$2,367</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>$23,121</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,751,170</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fee-For-Service Revenue Deducted from Service Costs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,915,017</td>
</tr>
</tbody>
</table>

---

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
\(\text{filepath}\) 04.27.10.xls; A-1Rev Inputs; 4/28/2010; dd
### REVENUES EXCLUDED FROM THE ANALYSIS (1)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluded service charges</td>
<td>$2,507,752</td>
</tr>
<tr>
<td>Use of Money and Property</td>
<td>$1,486,489</td>
</tr>
<tr>
<td>Other Intergovernmental</td>
<td>$360,095</td>
</tr>
<tr>
<td>Interdepartmental</td>
<td>$2,272,563</td>
</tr>
<tr>
<td>Use of Reserves</td>
<td>$2,880,372</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>$1,287,297</td>
</tr>
<tr>
<td>Transfers</td>
<td>$1,393,000</td>
</tr>
<tr>
<td></td>
<td>$12,187,568</td>
</tr>
</tbody>
</table>

**Total General Fund** $78,173,335

**Notes:**
(1) Assumed to be independent of the subject development.

### Appendix A - 2

**SUMMARY OF GENERAL FUND BUDGET EXPENDITURES**  
**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>2009-10 BUDGET</th>
</tr>
</thead>
</table>

**GENERAL FUND**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td></td>
</tr>
<tr>
<td>City Council</td>
<td>$448,095</td>
</tr>
<tr>
<td>City Manager</td>
<td>$1,823,103</td>
</tr>
<tr>
<td>City Attorney</td>
<td>$293,556</td>
</tr>
<tr>
<td>Finance</td>
<td>$2,176,942</td>
</tr>
<tr>
<td>Human Resources</td>
<td>$1,363,745</td>
</tr>
<tr>
<td></td>
<td>$6,105,441</td>
</tr>
<tr>
<td>Community Development</td>
<td></td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($177,768)</td>
</tr>
<tr>
<td>(Less) License &amp; Permit Revenue</td>
<td>($1,725,682)</td>
</tr>
<tr>
<td><strong>Net General Fund Expense</strong></td>
<td>$919,773</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td></td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($210,961)</td>
</tr>
<tr>
<td><strong>Net General Fund Expense</strong></td>
<td>$2,583,256</td>
</tr>
<tr>
<td>Library</td>
<td></td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($229,311)</td>
</tr>
<tr>
<td><strong>Net General Fund Expense</strong></td>
<td>$5,157,920</td>
</tr>
<tr>
<td>Police</td>
<td></td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($239,687)</td>
</tr>
<tr>
<td>(Less) License &amp; Permit Revenue</td>
<td>($23,121)</td>
</tr>
<tr>
<td><strong>Net General Fund Expense</strong></td>
<td>$26,801,030</td>
</tr>
<tr>
<td>Fire Services Contract</td>
<td></td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($147,800)</td>
</tr>
<tr>
<td>(Less) License &amp; Permit Revenue</td>
<td>($2,367)</td>
</tr>
<tr>
<td><strong>Net General Fund Expense</strong></td>
<td>$17,682,047</td>
</tr>
</tbody>
</table>

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
### 2009-10 Budget

**Page 2 of 2**

<table>
<thead>
<tr>
<th>Public Works, excluding Street Maintenance</th>
<th>$5,093,861</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works budget</td>
<td>$5,093,861</td>
</tr>
<tr>
<td>Interfund transfers - capital</td>
<td>$1,550,000 public works related costs per finance dept.</td>
</tr>
<tr>
<td>(Less) streets maintenance</td>
<td>($2,376,603)</td>
</tr>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($21,595)</td>
</tr>
<tr>
<td>(Less) est. allocation of interfund capital to streets</td>
<td>($775,793)</td>
</tr>
<tr>
<td>Net General Fund Expense, Excluding Street Maintenance</td>
<td>$3,469,871</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recreation and Human Services</th>
<th>$4,512,459</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Less) Service Charge Revenue</td>
<td>($1,136,726)</td>
</tr>
<tr>
<td>Net General Fund Expense</td>
<td>$3,375,734</td>
</tr>
</tbody>
</table>

| Organizational Services | $4,792,909 |

| Interfund Transfers - operating | $67,942 assumed to be independent of the subject development |

| Fire - Capital Acquisition | $150,000 not included: one-time capital item |

| Total Budget | $78,173,335 |
| (Less) Charges, Licenses, Permit Revenue | ($3,916,017) |
| Total Budget excluding items funded with fee for service revenue | $74,258,318 |

### ASSESSED VALUATION
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th></th>
<th>BASIS</th>
<th>VALUE PER UNIT</th>
<th>TOTAL VALUE</th>
<th>TAXABLE ASSESSED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>436,000 SF</td>
<td>$708</td>
<td>$525,000,000</td>
<td>exempt</td>
</tr>
<tr>
<td>Hospital Support Building</td>
<td>275,000 SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Utility Plant</td>
<td>31,000 SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>742,000 SF</td>
<td></td>
<td>$525,000,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th></th>
<th>$525,000,000</th>
<th>$0</th>
</tr>
</thead>
</table>

(Less) Existing on Tax Roll

|                  | ($61,000,000) | ($51,000,000) |

**NET NEW**

|                  | 742,000 SF   | $464,000,000 | ($51,000,000) |

**Notes:**

1. Phase I based on estimated hard cost of construction provided by Kaiser for Phase I of $500 to $550 million. Phase II estimated assuming same cost per square foot as Phase I.
2. Estimated based on Marshall and Swift Valuation Service.
3. The property has an existing assessed value (all land) of approximately $1.6 million per acre. $61 million value is based on the 38 acre portion for the medical center.

Prepared by Keyser Marston Associates, Inc.
APPENDIX B: OPPORTUNITY COST SCENARIOS
### Appendix Table B - 1

**OPPORTUNITY COST SCENARIOS - SUMMARY**

**FISCAL IMPACT ANALYSIS**

PROPOSED KAISER PERMANENTE MEDICAL CENTER

CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>Medical Center</th>
<th>Medical Center If Subject to Property Tax</th>
<th>Alternative Retail Project On Same Site</th>
<th>Alternative Office Project On Same Site</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utility Users Tax</strong></td>
<td>$91,000</td>
<td>$91,000</td>
<td>$18,000</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td>$60,000</td>
<td>$60,000</td>
<td>$972,000</td>
</tr>
<tr>
<td><strong>Property Tax</strong></td>
<td>$0</td>
<td>$666,000</td>
<td>$79,000</td>
</tr>
<tr>
<td><strong>Franchise Fees</strong></td>
<td>$35,000</td>
<td>$35,000</td>
<td>not estimated</td>
</tr>
<tr>
<td><strong>Property Tax In-Lieu of VLF</strong></td>
<td>$0</td>
<td>$316,000</td>
<td>$37,000</td>
</tr>
<tr>
<td><strong>Fines and Forfeitures</strong></td>
<td>$13,000</td>
<td>$13,000</td>
<td>not estimated</td>
</tr>
<tr>
<td><strong>Emergency Communication System</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Access Tax</strong></td>
<td>$10,000</td>
<td>$10,000</td>
<td>$13,000</td>
</tr>
<tr>
<td><strong>Business License Tax</strong></td>
<td>$45,000</td>
<td>$45,000</td>
<td>$34,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$254,000</td>
<td>$1,236,000</td>
<td>$1,153,000</td>
</tr>
<tr>
<td>(Less) Existing Revenue (1)</td>
<td>($114,000)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>NET NEW REVENUE</strong></td>
<td>$140,000</td>
<td>$1,236,000</td>
<td>$1,153,000</td>
</tr>
</tbody>
</table>

Medical Center Revenue Net of Existing Property Taxes

- ($140,000)
- ($140,000)
- ($140,000)

Revenues in Excess of Projection for Medical Center

- $1,096,000
- $1,013,000
- $1,026,000

**Notes**

(1) Existing revenues lost from removal of existing land value from tax rolls.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.

\!/sf-hsla/wp19/fiscal/190966/190966.036/san leandro fiscal 04.27.10.xls; B1 op cost sum; 4/28/2010; dd
### Appendix Table B - 2

DEVELOPMENT PROGRAM FOR OPPORTUNITY COST SCENARIOS  
FISCAL IMPACT ANALYSIS  
PROPOSED KAISER PERMANENTE MEDICAL CENTER  
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th></th>
<th>MEDICAL CENTER</th>
<th>ALTERNATIVE RETAIL PROJECT ON SAME SITE</th>
<th>ALTERNATIVE OFFICE PROJECT ON SAME SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site</strong></td>
<td>38 acres</td>
<td>38 acres</td>
<td>38 acres</td>
</tr>
<tr>
<td><strong>Floor Area Ratio (F.A.R.)</strong></td>
<td>0.45</td>
<td>0.25</td>
<td>0.70</td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>436,000 SF</td>
<td>Anchors 300,000 SF</td>
<td>Office 1,160,000 SF</td>
</tr>
<tr>
<td>Hospital Support Building</td>
<td>275,000 SF</td>
<td>Shops / Restaurant 110,000 SF</td>
<td></td>
</tr>
<tr>
<td>Central Utility Plant</td>
<td>31,000 SF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor Service Yard</td>
<td>20,000 SF</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Building Area</strong></td>
<td>742,000 SF</td>
<td>410,000 SF</td>
<td>1,160,000 SF</td>
</tr>
</tbody>
</table>
### Appendix Table B - 3

ANALYSIS RESULTS SENSITIVITY - IF KAISER WERE NOT EXEMPT FROM PROPERTY TAX
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE (2)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROPERTY TAX IF KAISER NOT EXEMPT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY TAX</td>
<td>$525,000 AV added ($000s)(^{(1)})</td>
<td>13% City share of 1% tax</td>
</tr>
<tr>
<td>PROPERTY TAX IN-LIEU OF VLF</td>
<td>$525,000 AV added ($000s)(^{(1)})</td>
<td>$0.602 per $1,000 in AV (^{(2)})</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

\(^{(1)}\) See Appendix A - 3.
\(^{(2)}\) See Table 5 - A
## Appendix Table B - 4

#### OPPORTUNITY COST SCENARIO - HYPOTHETICAL RETAIL PROJECT ON SAME SITE

**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>Hypothetical Retail Project on Hospital Site</th>
<th>Building Area</th>
<th>Employment</th>
<th>SALES TAX (with hypothetical tenant mix)</th>
<th>Sales PSF</th>
<th>% Taxable</th>
<th>% Net New</th>
<th>Taxable Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38 acres</td>
<td>400 SF /Employee</td>
<td>Anchor Tenants (1)</td>
<td>$400</td>
<td>95%</td>
<td>54%</td>
<td>$61,600,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Retail shops / restaurants</td>
<td>$400</td>
<td>90%</td>
<td>90%</td>
<td>$35,600,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>$400</td>
<td>90%</td>
<td>90%</td>
<td>$97,200,000</td>
</tr>
<tr>
<td>Annual General Fund Sales Tax @ 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$972,000</td>
</tr>
</tbody>
</table>

#### PROPERTY TAX

<table>
<thead>
<tr>
<th>Estimated Assessed Valuation</th>
<th>410,000 SF</th>
<th>$150 AV PSF (2)</th>
<th>$62,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td></td>
<td>13% City share of 1% tax</td>
<td>$79,000</td>
</tr>
</tbody>
</table>

#### PROPERTY TAX IN-LIEU OF VLF

| $0.602 per $1,000 in AV (3) | $37,000 |

#### UTILITY USER TAX

<table>
<thead>
<tr>
<th>Estimated Utility Expense (4)</th>
<th>410,000 SF</th>
<th>$0.25 annual expense PSF</th>
<th>$103,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td></td>
<td>$1.19 annual expense PSF</td>
<td>$488,000</td>
</tr>
<tr>
<td>Electric</td>
<td>410,000 SF</td>
<td></td>
<td>$591,000</td>
</tr>
<tr>
<td>Estimated Utility User Tax</td>
<td></td>
<td>3% of utility expense (5)</td>
<td>$18,000</td>
</tr>
</tbody>
</table>

#### BUSINESS LICENSE TAX

| 1,025 employees | $33.40 /employee | $34,000 |

#### EMERGENCY COMMUNICATION SYSTEM ACESS TAX

| 530 lines (6) | $2.07 /line/mo | $13,000 |

#### TOTAL MAJOR GENERAL FUND REVENUE SOURCES WITH RETAIL

| $1,153,000 |

---

**Notes:**

1. Anchors assumed for general merchandise, home improvement, and home electronics categories. To be conservative, one of three anchors assumed to be a transfer of an existing retailer already located in San Leandro.


3. See Table 5 - A


5. Reflects large user rebate on utility user tax.

6. Estimated number of lines, provided by City staff.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.

\%sfs\%s\#181909619\%s\#036\san\leandro\fiscal\04.27.10.xls; b-4 retail; 4/28/2010; dd
### Hypothetical Office Project on Hospital Site

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Area (approx. same as medical center)</td>
<td>38 acres</td>
</tr>
<tr>
<td>Employment</td>
<td>0.70 FAR</td>
</tr>
<tr>
<td>Employment</td>
<td>250 SF /Employee</td>
</tr>
<tr>
<td>Total # of employees</td>
<td>1,160,000 SF</td>
</tr>
<tr>
<td>Estimated # of employees</td>
<td>4,640 employees</td>
</tr>
</tbody>
</table>

### Sales Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures by Office Workers Near Work</td>
<td>$3,800 / worker (1)</td>
</tr>
<tr>
<td>Annual General Fund Sales Tax @ 1%</td>
<td>50% in San Leandro</td>
</tr>
<tr>
<td>Total</td>
<td>$8,800,000</td>
</tr>
</tbody>
</table>

### Property Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Assessed Valuation</td>
<td>1,160,000 SF</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$240 AV PSF (2)</td>
</tr>
<tr>
<td>Property Tax per 1% of assessed valuation</td>
<td>13% City share of 1% tax</td>
</tr>
<tr>
<td>Total</td>
<td>$278,000,000</td>
</tr>
</tbody>
</table>

### Property Tax in-Lieu of VLF

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLF</td>
<td>$278,000,000 AV</td>
</tr>
<tr>
<td>Property Tax per 1% of assessed valuation</td>
<td>$0.602 per $1,000 in AV (3)</td>
</tr>
<tr>
<td>Total</td>
<td>$167,000</td>
</tr>
</tbody>
</table>

### Utility User Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Utility Expense</td>
<td>1,160,000 SF</td>
</tr>
<tr>
<td>Gas</td>
<td>$0.27 /SF/Year</td>
</tr>
<tr>
<td>Electric</td>
<td>$1.40 /SF/Year</td>
</tr>
<tr>
<td>Total</td>
<td>$313,000</td>
</tr>
</tbody>
</table>

### Business License Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Utility User Tax</td>
<td>3% of utility expense (5)</td>
</tr>
<tr>
<td>Total</td>
<td>$58,000</td>
</tr>
</tbody>
</table>

### Emergency Communication System Access Tax

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Utility User Tax</td>
<td>4,640 employees</td>
</tr>
<tr>
<td>Total</td>
<td>$83.10 /employee</td>
</tr>
<tr>
<td>Total</td>
<td>$386,000</td>
</tr>
</tbody>
</table>

### Total Major General Fund Revenue Sources with Office

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,166,000</td>
</tr>
</tbody>
</table>

### Notes

- (1) Estimated annual spending near work based on 2003 International Council of Shopping Centers survey adjusted to 2009 dollars at CPI.
- (2) Based on Marshall and Swift Valuation Service. Excludes land value already on tax rolls.
- (3) See Table 5 - A
- (5) Reflects large user rebate on utility user tax.
- (6) Based on U.S. Department of Energy 2003 Energy Consumption Survey. Conservatively excludes phone, cable, etc.
- (7) Estimated number of phone lines, reflecting one line per employee

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.

\[\text{Prepared on: 4/28/2010; dd}\]
APPENDIX C: FISCAL IMPACT INCLUSIVE OF RETAIL PROJECT ON NORTHERN COMPONENT OF SITE
Appendix Table C - 1

PROJECT DESCRIPTION - RETAIL PROJECT ON NORTHERN COMPONENT OF SITE
FISCAL IMPACT ANALYSIS
PROPOSED KAISER PERMANENTE MEDICAL CENTER
CITY OF SAN LEANDRO, CA

<table>
<thead>
<tr>
<th>NORTHERN PORTION OF SITE</th>
<th>25 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td></td>
</tr>
<tr>
<td>Anchors (*)</td>
<td>300,000 SF</td>
</tr>
<tr>
<td>Shops / Restaurants</td>
<td>87,000 SF</td>
</tr>
<tr>
<td>Total</td>
<td>387,000 SF</td>
</tr>
<tr>
<td>Possible Apartments or Hotel</td>
<td>Not included for purposes of analysis</td>
</tr>
<tr>
<td>Employment</td>
<td>400 SF /Employee</td>
</tr>
<tr>
<td>Resident Equivalents</td>
<td>0.33 /Employee</td>
</tr>
</tbody>
</table>

Notes:
(*) For purposes of analysis assume three anchor tenants in the general merchandise, home improvement, and home electronics categories. To be conservative, one of three anchors assumed to be a transfer of an existing retailer already located in San Leandro.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
### Appendix Table C - 2

#### SUMMARY OF ANALYSIS RESULTS INCLUDING RETAIL ON NORTHERN COMPONENT OF SITE

**FISCAL IMPACT ANALYSIS**  
**PROPOSED KAISER PERMANENTE MEDICAL CENTER**  
**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th></th>
<th>MEDICAL CENTER SOUTHERN PORTION OF SITE</th>
<th>RETAIL PROJECT ON NORTHERN PORTION OF SITE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECURRING GENERAL FUND REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>$91,000</td>
<td>$17,000</td>
<td>$108,000</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$60,000</td>
<td>$998,000</td>
<td>$958,000</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$0</td>
<td>$74,000</td>
<td>$74,000</td>
</tr>
<tr>
<td>Franchise Fees</td>
<td>$35,000</td>
<td>$14,000</td>
<td>$49,000</td>
</tr>
<tr>
<td>Property Tax In-Lieu of VLF</td>
<td>$0</td>
<td>$35,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>$13,000</td>
<td>$5,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Business License Tax</td>
<td>$45,000</td>
<td>$32,000</td>
<td>$77,000</td>
</tr>
<tr>
<td>Emergency Communication System Access Tax</td>
<td>$10,000</td>
<td>$9,000</td>
<td>$19,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$254,000</td>
<td>$1,084,000</td>
<td>$1,338,000</td>
</tr>
<tr>
<td>(Less) Existing Revenue</td>
<td>($114,000)</td>
<td>N/A</td>
<td>($114,000)</td>
</tr>
<tr>
<td><strong>NET NEW REVENUE</strong></td>
<td>$140,000</td>
<td>$1,084,000</td>
<td>$1,224,000</td>
</tr>
<tr>
<td><strong>RECURRING GENERAL FUND EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>$242,000</td>
<td>$88,000</td>
<td>$330,000</td>
</tr>
<tr>
<td>Fire Service Contract</td>
<td>$163,000</td>
<td>$58,000</td>
<td>$221,000</td>
</tr>
<tr>
<td>Public Works</td>
<td>$122,000</td>
<td>$9,000</td>
<td>$131,000</td>
</tr>
<tr>
<td>General Government</td>
<td>$12,000</td>
<td>$5,000</td>
<td>$17,000</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>$10,000</td>
<td>$4,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>Community Development</td>
<td>$5,000</td>
<td>$2,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>$5,000</td>
<td>$2,000</td>
<td>$7,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$559,000</td>
<td>$168,000</td>
<td>$727,000</td>
</tr>
<tr>
<td><strong>NET ANNUAL GENERAL FUND REVENUE (EXPENSE)</strong></td>
<td>($419,000)</td>
<td>$916,000</td>
<td>$497,000</td>
</tr>
</tbody>
</table>

**Notes**  
(1) Existing revenues lost from removal of existing land value from tax rolls.
### Appendix Table C-3

**GENERAL FUND REVENUES - RETAIL PROJECT ON NORTHERN COMPONENT OF SITE**

**FISCAL IMPACT ANALYSIS**

**PROPOSED KAISER PERMANENTE MEDICAL CENTER**

**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>SALES TAX (with hypothetical tenant mix)</th>
<th>Sales PSF</th>
<th>% Taxable</th>
<th>% Net New</th>
<th>Taxable Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor Tenants (1)</td>
<td>300,000 SF</td>
<td>$400</td>
<td>95%</td>
<td>54%</td>
</tr>
<tr>
<td>Retail shops / restaurants</td>
<td>87,000 SF</td>
<td>$400</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Total</td>
<td>387,000 SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual General Fund Sales Tax @ 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROPERTY TAX**

| Estimated Assessed Valuation            | 387,000 SF | $150 AV PSF (2) |               | $58,000,000   |
| Property Tax                            |           | 13% City share of 1% tax |               | $74,000       |

**PROPERTY TAX IN-LIEU OF VLF**

| $0.602 per $1,000 in AV (3)            |           | $35,000       |

**UTILITY USER TAX**

| Estimated Utility Expense (4)          |           |               |           |               |
| Gas                                    | 387,000 SF | $0.25 annual expense PSF |               | $97,000       |
| Electric                               | 387,000 SF | $1.19 annual expense PSF |               | $461,000      |

| Estimated Utility User Tax             |           | 3% of utility expense (5) |               | $17,000       |

**BUSINESS LICENSE TAX**

| 968 employees                          |           | $33.40 /employee |               | $32,000       |

**EMERGENCY COMMUNICATION SYSTEM ACESS TAX**

| 350 lines (6)                          | $2.07 /line/mo | $9,000       |

**FRANCHISE FEES**

| 319 resident equivalents               | $45.33 /resident equivalent (3) | $14,000       |

**FINES AND FORFEITURES**

| 319 resident equivalents               | $16.78 /resident equivalent (3) | $5,000        |

**TOTAL MAJOR GENERAL FUND REVENUE SOURCES**

| $1,084,000                              |

**Notes:**

1. Anchors assumed for general merchandise, home improvement, and home electronics categories. To be conservative, one of three anchors assumed to be a transfer of an existing retailer already located in San Leandro.


3. See Table 5 - A.


5. Reflects large user rebate on utility user tax.

6. Estimated number of phone lines, provided by City staff.

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
### Appendix Table C-4

**GENERAL FUND EXPENSES - RETAIL PROJECT ON NORTHERN COMPONENT OF SITE**

**FISCAL IMPACT ANALYSIS**

**PROPOSED KAISER PERMANENTE MEDICAL CENTER**

**CITY OF SAN LEANDRO, CA**

<table>
<thead>
<tr>
<th>BASIS</th>
<th>MEASURE (1)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL FUND EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>247 Est. No. of Calls/Yr (2)</td>
<td>$357.35 Cost Per Call</td>
</tr>
<tr>
<td>Fire</td>
<td>27 Est. No. of Calls/ Yr (2)</td>
<td>$2,170 Cost Per Call</td>
</tr>
<tr>
<td>Public Works</td>
<td>319 resident equivalents</td>
<td>$26.90 per resident equiv. (3)</td>
</tr>
<tr>
<td>General Government</td>
<td>319 resident equivalents</td>
<td>$15.78 per resident equiv.</td>
</tr>
<tr>
<td>Community Development</td>
<td>319 resident equivalents</td>
<td>$7.13 per resident equiv.</td>
</tr>
<tr>
<td>Engineering and Transportation</td>
<td>319 resident equivalents</td>
<td>$6.68 per resident equiv.</td>
</tr>
<tr>
<td>Organizational Services</td>
<td>319 resident equivalents</td>
<td>$12.39 per resident equiv.</td>
</tr>
</tbody>
</table>

**TOTAL GENERAL FUND EXPENSES** | $168,000 |

### Notes:

(1) See Table 6 - A.

(2) Estimated Number of Police & Fire Service Calls
- City-wide calls
- City-wide resident equivalents
- Resident Equivalents - Retail on N. Portion of Property
- Estimated No. of calls assuming proportional to resident equivalents

(3) Based on a resident equivalent approach per Table 6- D. Includes an allocable cost for maintenance of existing facilities but does not include maintenance costs for any new public improvements that may be required to serve the retail project.

---

PREPARED BY: KEYSER MARSTON ASSOCIATES, INC.
San Leandro Medical Center/ Mixed-Use Retail Development

14 April, 2010
KAISER PROJECT - MARY
Total Site Area = 38.00 acres

Site Areas (AC / %)
Vehicular: 22.82 AC / 61.3%
Pedestrian: 10.15 AC / 27.3%
Hardscape: 3.07 AC / 8.25%
Landscape: 7.08 AC / 19.05%

PARKING SUMMARY
Proposed Design: 2026 total stalls
Parking Required: 1603

Accessible Parking Provided:
Total Accessible Parking: 82
Accessible Parking Required by Code: 42

FUTURE MIXED-USE RETAIL DEVELOPMENT

San Leandro Medical Center/ Mixed-Use Retail Development
A. South Elevation

B. East Elevation

Hospital South & East Elevation

San Leandro Medical Center/ Mixed-Use Retail Development

NOTE: INFORMATION ON THIS SHEET IS APPROXIMATE PENDING FURTHER REVIEW.
A. North Spine Elevation
Streetscape View Towards East on Republic Extension

Streetscape View at Shuttle Stop on West Medical Center Driveway

Streetscape View on Republic Extension Looking South (Towards Bus & Shuttle Stops on West Medical Center Driveway)

Site Perspectives

San Leandro Medical Center/ Mixed-Use Retail Development
**Master Landscape Plan (Phase 1) with Planting Zones**

**Planting Zones**
- Formal Edge
- Parking Lot Planting
- Entry Grove
- Woodland Planting
- N-S Connection
- Feature Planting
- Bio-swale
- Bio-retention

**C3 Summary**

Stormwater on the site will be managed via four different types of treatment measures. Each module will be designed and implemented in accordance with the relevant Best Management Practice:

<table>
<thead>
<tr>
<th>Treatment Measure</th>
<th>Areas Treated</th>
<th>Number/Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bio-Swale</td>
<td>Parking lots and some of the circulation roadways</td>
<td>44 swales totaling 144 acres</td>
</tr>
<tr>
<td>Bio-Retention Area</td>
<td>Circulation roadways, very large and some parking lots</td>
<td>14 retention zones totaling 14,600 sqft</td>
</tr>
<tr>
<td>Tree Filter</td>
<td>Circulation roadways and the edges of parking lots</td>
<td>16 filter units</td>
</tr>
<tr>
<td>Media Filter</td>
<td>Building roofs and loading dock</td>
<td>5 filter units of varying sizes</td>
</tr>
</tbody>
</table>

San Leandro Medical Center/ Mixed-Use Retail Development

Kaiser Permanente
<table>
<thead>
<tr>
<th>Zone</th>
<th>Type</th>
<th>Botanical Name</th>
<th>Common Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORMAL PLANTING</td>
<td>TREES</td>
<td>CAMELIA JAPONICA</td>
<td>CAMELIA JAPANESE</td>
</tr>
<tr>
<td></td>
<td>SHRUBS/GRASSES/PERENNIALS</td>
<td>Fuchsia pendula</td>
<td>FUCHSIA PENDBLAD</td>
</tr>
<tr>
<td>FORMAL PLANTING</td>
<td>TREES</td>
<td>EUCALYPTUS MACROPHYLLA</td>
<td>EUCALYPTUS LARGE LEAF</td>
</tr>
<tr>
<td></td>
<td>SHRUBS/GRASSES/PERENNIALS</td>
<td>Fuchsia magellanica</td>
<td>FUCHSIA MAGELLANIC</td>
</tr>
<tr>
<td>RETAIL PLANTING</td>
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San Leandro Medical Center/ Mixed-Use Retail Development

SK-L3
14 Apr, 2016
Irrigation Plan

- Toro Pop-up Rotating Shrub Spray
- Sub-Surface Drip line: Toro d2000 rgs-418-10 drip line with root guard. Use only d2000 drip line insert fittings. 2" Cover
- Toro press. comp. Bubbler at shrubs
  - Toro press comp. Bubbler at trees, install two bubblers per tree
- Main Line: 2 1/2" and larger, 1120-200 psi pvc ring-tite plastic pipe with ring-tite plastic fittings and thrust blocks. 2" And smaller: 1120-schedule 40 pvc plastic pipe with schedule 40 pvc solvent weld fittings. 24" Cover
  - Lateral Line: 1120-200 psi pvc solvent weld pipe with schedule 40 pvc solvent weld fittings. 18" Cover

Not shown in plan:

Remote Control Valves: Toro pressure regulating remote control valve

Point of Connection Assembly: Wilkins reduced pressure backflow preventer in guard shank enclosure, griswold master remote control valve (normally open), Toro flow sensor; Toro wireless rain sensor plus

Controller: Toro Intelli-Sense Controller w/ isoflow sensor switch-mount in strong box enclosure, et service w/ 2 yr subscription Toro maintenance remote

San Leandro Medical Center/ Mixed Use Retail Development
Bay Friendly Landscaping Checklist (in progress)

San Leandro Medical Center/ Mixed-Use Retail Development

KAISER PERMANENTE.
Non-Vehicular Circulation

San Leandro Medical Center/ Mixed-Use Retail Development
### Photometric Calculation Summary

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### SITE SITE LIGHTING FIXTURE SCHEDULE

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### LIGHTING FIXTURE SCHEDULE: GENERAL NOTES

1. All fixtures shall be installed in accordance with local codes and regulations.
2. All wiring and connections shall be made in accordance with the National Electrical Code (NEC).
3. All fixtures shall be approved by the local electrical authority.
4. All wiring shall be done by a licensed electrician.

---

San Leandro Medical Center/ Mixed-Use Retail Development
SK-D1
14 April, 2010
Left Side Parking Area

Illuminance Values (Ft)
Average = 154
Maximum = 3558
Minimum = 3.3
Avg/Min Ratio = 1133
Max/Min Ratio = 1850.3
No. Points = 2943

PHOTOMETRIC CALCULATIONS

San Leandro Medical Center/ Mixed-Use Retail Development
### Specifications

**Functional Features:**
- Area Twilight luminaire
- 1900-Watt Metal Halide or Standard Lamp Type
- 11.5-Inch Diameter
- 21.5-Inch Height
- 14.9-Inch Projected Height
- 18.5-Inch Overall Height
- 35-Inch Overall Length

**Ordering Information:**
- **Model:** G600C
- **Type:** G6000C, G6001C, G6002C, G6003C
- **Finish Options:**
  - Porcelain Enamel
  - Powder Coated
- **Lamp Options:**
  - High Pressure Sodium (HPS)
  - High Intensity Discharge (HID)

**Electrical:**
- 120V - 277V Voltages
- 1-Phase - 3-Phase Systems

**Applications:**
- Outdoor Lighting
- Area Lighting
- Parking Lot Lighting

---

**FIGURE:**

- Diagram of Gullwing Area Lighting fixture showing installation details and connections.

**MANUFACTURER'S NOTES:**

San Leandro Medical Center/ Mixed-Use Retail Development

**SK-D6**

14 April, 2015
## Oval Bollard
**OVB**

### Characteristics
- **Product Name**: Oval Bollard
- **Family**: Pedestrian Walkway Bollard Fixtures
- **Material**: Aluminum Components
- **Design**: Removable Spherical Base
- **Assembly**: Pre-assembled for installation
- **Visibility**: Available with optional light emitting diodes (LED)

### Technical Details
- **Length**: 1'2" (360 mm)
- **Height**: 11'6" (3507 mm)
- **Weight**: 60 lbs (27.2 kg)
- **Finish Options**: Black, Copper, Sandblasted, Textured Black, and Anodized
- **Mounting**:可通过螺栓或膨胀螺栓固定

### Mounting Options
- **Bolts**: M10 x 1.25 (20 mm)
- **Expansion Bolts**: M10 x 1.25 (20 mm)

### Ordering Information

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### Notes
- **Manufacturer**: Notes - Pedestrian Walkway Bollard Fixtures (Type SE)
- **Project**: San Leandro Medical Center/ Mixed-Use Retail Development
- **Date**: 14 April, 2010
ATTACHMENT B
DRAFT
SAN LEANDRO PLANNING COMMISSION
SPECIAL MEETING
City Council Chambers, First Floor
835 East 14th Street
San Leandro, California 94577

MINUTES FOR AGENDA NO. 10-04 April 22, 2010

7:00 P.M. Special Meeting

Item 1: Roll Call

Present: Planning Commissioners Anna Brannan, Thomas Dlugosh, Tom Fitzsimons, Rene Ponder, Dale Reed, Vice Chair Denise Abero, Chair Esther Collier.

Absent: None.

Staff: Kathleen Livermore, Secretary to the Planning Commission; Sally Barros, Senior Planner; Stephen L. Hollister, City Manager; Luke Sims, Community Development Director; Keith Cooke, Principal Engineer; Reh-Lin Chen, Senior Transportation Engineer; Jeff Kay, Business Development Administrative Analyst; Rich Pio Roda Assistant City Attorney; Larry Ornellas, Facilities Coordinator; Barbara Templeton, Recording Secretary.


Kaiser Permanente: Colleen McKeown, Senior VP and Area Manager; Lawrence Dennen, MD, Associate Physician-in-Chief; Nora Klebow, National Facilities Services Project Director for the San Leandro Medical Center; Tom Thompson, Senior Project Manager, AECOM Ellerbe Becket; Ana Apodaca, Community & Government Affairs Manager; Debra Lambert, Public Affairs Director; Jeanette Engle-Ramirez, Continuum of Care Administrator; Hollis Harris, Vice President of National Facilities for Northern California Capital Projects; Debbie Hamkor, Chief Operating Officer, Kaiser Permanente Hayward/Union City; Lee Ann Knight and Doreen Wehrenberg, Senior Project Managers; Cynthia Lee, Vice President of Regional Planning; Monica Mack, Associate Project Manager; Joanne Mette, Chief Nursing Officer; Charles Thevnin, Area Finance Officer; Indrajit Obeysekere, Legal Counsel; Tom Ruby, Legal Counsel (Morrison Foerster)

Item 2: Public Comments on Non-Agenda Items

None.
Item 3: Minutes

Commissioner Abero noted a slight modification needed in the minutes of the March 25, 2010 Special Meeting. Under Item 9: Commissioners’ Comments, the statement should have read: “Commissioner Abero thanked Secretary Livermore for ensuring enough Commissioners would be present for the previous Planning Commission meeting to have a quorum because she was ill but would have come if absolutely needed.”

Motion to Approve the Minutes (as amended)
of the March 25, 2010 Special Meeting

Dlgosh/Brannan: 7 Aye, 0 No

Item 4: Correspondence

Regarding tonight’s public hearing item:

Ms. Livermore reported receiving faxes and emails, all provided to Commissioners in packets. (These appear at the end of public comments under Public Hearing Item 7a.)

Commissioner Ponder received an email from a representative of Madison Marquette (Bayfair Center).

Commissioner Abero received a copy of the Final Environmental Impact Report from Sherry Wong, for Natalie Irwin of PBS&J (consultants). Chair Collier received the same, and thought all other Commissioners received it too.

Item 5: Oral Communications

Chair Collier received several phone calls that she did not return. ICI Development Company also called, asking her about the procedure for tonight’s hearing. She advised that the procedure would be as usual unless staff and the Planning Commission gave special permission.

Commissioner Abero received a call from Ana Apodaca, Kaiser Permanente’s Community & Government Affairs Manager and spoke with her briefly. Ms. Apodaca asked if Ms. Abero had any questions.

Commissioner Brannan, too, spoke with Ms. Apodaca as well as Debra Lambert, Kaiser Permanente’s Public Affairs Director. She also received a call from a Madison Marquette representative.

Commissioner Fitzsimons received a voicemail message from Ms. Apodaca but did not speak with her. Commissioner Dlugosh said that Ms. Apodaca called him as well.

Commissioner Ponder met with Ms. Apodaca.

Item 6: Work Session

None.
Item 7: Public Hearing

a). PLN2009-00030; Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project: The project is located on a 63-acre site on the west side of I-880, between I-880 and Merced Street and between Marina Boulevard and Fairway Drive. The project site is divided into two portions; the southern portion (38 acres) is planned as a new Kaiser Permanente medical center and the northern portion (25 acres) is planned for future mixed-use retail development. The proposed San Leandro Kaiser Medical Center is intended to serve as a replacement for the Kaiser Hayward hospital, in compliance with State legislation (SB 1953) that mandates the replacement or seismic retrofitting of certain existing acute care hospitals throughout California.

The Planning Commission is holding a Special Meeting to hold a public hearing to consider making recommendations to the San Leandro City Council regarding:

- Certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR
- Amendment of the City General Plan to designate the 63-acre project site as General Commercial
- Rezoning of the entire project site to Commercial Community with a Planned Development Overlay (CC[PD])
- Approval of the Site Plan Review for Phase I of the Medical Center
- Approval of Planned Development Guidelines; and
- Entering into a Development Agreement with Kaiser for the project.

Should the Planning Commission recommend approval of the project, the San Leandro City Council will hold a subsequent public hearing to consider final approvals of the project described above. That hearing will be held on Monday, May 3, 2010 at 7 p.m. in the City Council Chambers located at 835 East 14th Street, San Leandro. Oral and written testimony on the project may be given at the City Council hearing.

Chair Collier, noting the number of people in the audience, said that speaking time would have to be limited to three minutes per person, with no special privileges given to any group. Groups may divide presentations among representatives if they choose. She then opened the public hearing.

Secretary Livermore introduced the item and introduced City Manager Stephen Hollister.

Mr. Hollister, noting that the proposal on tonight’s agenda is likely to be one of the momentous decisions that the Planning Commission will deal with, said that Kaiser Permanente originally approached the City in late 2005, when KP was the successful bidder on the 63-acre site of the former Albertson’s distribution center. Due to seismic and operational issues at its Hayward facility, Kaiser said they wanted to build a state-of-the-art medical facility in San Leandro. In early 2006, Kaiser and its retail partner, ICI, began working with the City on an integrated master plan development project to encompass the vast majority of that 63-acre site. Staff has been working with Kaiser continuously on this project ever since, culminating in the proposal on the table tonight. Mr. Hollister described that proposal as being of “wide-ranging significance.” In addition to being the largest single development in the history of the City, when the Medical Center opens it will be San Leandro’s largest employer (more than 2,000 high-skilled, high-pay jobs). The facility will provide not only state-of-the-art healthcare services to members, but also critical emergency room service to the community.
The proposal has encompassed a retail component from the beginning, which was being designed in a comprehensive fashion to capture retail that is not served in the community currently, which would bring in increased tax revenues and offset Kaiser’s nonprofit status. Although the recession and the lingering economic downturn have ruled out a full retail project at this time, he said that it is important to have the basic land use entitlements in place so as to streamline development of this important piece when the economy recovers. He also pointed out that the maximum amount of traffic measures have been required of Kaiser to alleviate impacts of increased traffic to the extent feasible.

Mr. Hollister also acknowledged that there is some opposition to rezoning for retail at this time. He said opponents perceive a retail center on this site would adversely affect other retail centers in the City. To address that concern, the City engaged its economic adviser, Keyser-Marston Associates (KMA), to conduct an analysis. Based on the findings, he said, “We do not believe there will be a detrimental effect on other retail centers and businesses within the City.” Beyond that, he pointed out that any future retail project will require its own, separate environmental analysis, if and when the City receives an application.

In addition to the crucial healthcare services and jobs this project will bring, he explained that Kaiser has agreed to enter into a development agreement (DA) with San Leandro that provides the City with financial resources to “bridge the gap and compensate the City for the costs of the City providing municipal services … until the retail component is realized.”

Ms. Livermore pointed out that the material that Planning Commissioners received last week, representing the work effort of more than four years, was extensive. She wanted to summarize key points raised in both the Staff Report and related documents. She indicated that Kaiser needs certain certifications, approvals, agreements and other entitlements to begin implementation of Phase 1 of the project. To that end, Staff recommends that the Planning Commission forward to the City Council its recommendations for approval of:

- Certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR
- A General Plan amendment for the entire project site to make it General Commercial instead of General Industry
- Rezoning the entire project site from Industry General to Commercial Community with a Planned Development Overlay
- The Planned Development, including all guidelines, plans, and other submittals pursuant to Zoning Code Article 10 for Phase 1 of the Medical Center and
- Development Agreement (DA) for the project.

Ms. Livermore noted that these recommendations are all incorporated in the draft resolution provided Planning Commissioners.

Stating that Kaiser representatives would provide further details during their presentation, Ms. Livermore covered key features of the application, showing illustrations, elevations, depictions of aerial views and street-level perspectives.

- The six-story hospital would encompass approximately 436,000 square feet and contain up to 264 licensed beds.
- The Hospital Support Building (HSB) is proposed as encompassing approximately 275,000 square foot, up to six-stories.
- The Central Utility Plant (CUP) would support the hospital and HSB within a 31,000-square-foot, two-story building located apart from the hospital-HSB complex, closer to I-880.
Parking for Phase 1 would include surface spaces for up to 2,100 vehicles. (She commented that the master landscape plan includes 665 trees, nearly twice as many as required for the number of parking stalls.)

Mr. Cooke pointed out some of the roadway improvements contained in the proposal and related conditions of approval. He indicated that a “good portion” of the roadway improvements will occur on Merced Street. The entrance to the Kaiser site will be at a four-way signalized intersection at Republic Avenue and Merced Street; there will be a single left-turn lane for southbound traffic, and two lanes continuing on. Two lanes will run northbound. Kaiser will dedicate a swath of land approximately 24 feet wide for bicycle lanes and wider sidewalks. Utilities in the area will run underground. The Fairway Drive side will have one new signalized intersection, as well as a new signal at the existing intersection at Fairway and Miller Street.

Fairway also will be widened to two lanes westbound and one eastbound; the widening also will accommodate left-turn lanes (westbound at Miller and Merced and eastbound at West Medical Center Driveway and at East Medical Center Driveway. Mr. Cooke said that this improvement, which does not require the acquisition of any additional property, is the only major work in the public ROW outside of the Kaiser property.

He described the planned state-of-the-art traffic signal system as a key mitigation measure. It will be “adaptive” — almost like having an artificial intelligence system that evaluates traffic in real time and adjusts the cycle lengths accordingly. As Mr. Cooke put it, the system will enable adapting to changing traffic conditions “on the fly.” The adaptive signaling would include existing signals at several intersections: Alvarado/ Marina, Teagarden/ Marina, Marina/ Merced, Merced/ Fairway. In addition, there will be new signals at Republic/ Merced, Fairway/ Miller and Fairway where it enters the site. All of these intersections are within the City’s jurisdiction; others — specifically those at I-880 on- and off-ramps, are under CalTrans control.

Conditions of approval require Kaiser to implement signalized left turn access from Marina (one of the areas where mitigation is contingent on CalTrans approval) to relieve congestion at the Marina/ Merced intersection. The City plans to improve operations at that intersection to the extent possible before the Kaiser facility opens. Kaiser already has contributed its share toward ramp improvements at the Marina/ I-880 interchange.

Ms. Livermore explained that the City’s Community Development Department prepared a Draft EIR (pursuant to CEQA, the California Environmental Quality Act) and released the DEIR for public review on January 25. The 45-day public comment period on the document ended on March 10. All comments received by that time (either in writing or orally at the February 18 Planning Commission hearing) have been responded to in a Final EIR document. Again, pursuant to CEQA guidelines, the City published responses to public agency comments and made them available to all commenting agencies at least 10 days before this April 22 hearing. The project’s Final EIR, consists of:

- The DEIR including certain revisions and changes to text. None of these changes involve a new significant environmental impact, a substantial increase in the severity of an environmental impact, or a feasible mitigation measure or alternative considerably different from that presented in the DEIR.
- Comments to the DEIR and responses to those comments. Among public agencies commenting were the California Department of Transportation, the California DOT Division of Aeronautics, AC Transit, the Alameda County Congestion Management Agency and the East Bay Municipal Utility District (EBMUD). Private companies and individuals providing comments included Applied Fusion, Inc.; Bayfair Center; Reynolds & Brown; Rutan and Tucker, LLP (representing ICI and P.H. Holdings LP); Gary E. Kruger, T.E.; and Hilton Garden Inn/San Leandro and San Leandro Marina Inn.
Additional oral comments were made at the Planning Commission’s February 18 meeting.

The EIR assesses the full range of potential environmental impacts of Kaiser’s Phase 1 plans for the Medical Center at a detailed, project-specific level. Since timing, sequence and rate of development associated with full buildout of the Medical Center depend on various currently unknown factors, and since mixed-use retail development depends on retail industry economics and is thus subject to change, the EIR assesses these development scenarios at a more general, programmatic level.

In terms of future buildout of the Medical Center, the elements include potential hospital expansion (up to an additional 175,000 square feet and 120 more beds), two additional medical office buildings (up to 100,000 square feet each), and a parking structure. Mixed-use development scenarios, also evaluated at the programmatic level, include 432,000 square feet of retail or 387,000 square feet of retail with either 250 residential units or a 210-bed hotel. She said that any development proposal(s) would likely trigger project-specific additional environmental analysis.

As the EIR indicates, implementation of mitigation measures it identifies as feasible and can reduce most of the environmental effects associated with Kaiser’s Phase 1 project plans to “less than significant” levels. However, the project would have “significant and unavoidable impacts” associated with construction period air quality, operational air emissions, greenhouse gas emissions and various traffic impacts. To approve the proposed project, the City would have to adopt a Statement of Overriding Consideration for these particular impacts. Traffic impacts and mitigations can be divided into three distinct phases, each of which has its particular associated traffic counts and requires its own mitigation measures:

1) Kaiser Phase 1 alone
2) Kaiser Phase 1 plus mixed-use retail
3) Kaiser Phase 1 plus mixed-use retail plus Kaiser buildout

There are mitigation measures that are expected to be implemented fully, and Kaiser will pay their fair share – in some cases the entire cost and in other cases a portion of the cost. With other mitigation measures, implementation cannot be guaranteed because they involve factors beyond the control of the City and Kaiser. For instance, adding another lane to I-880 is not deemed feasible. On the other hand, the adaptive traffic signal cycling system that Mr. Cooke described is feasible, even though CalTrans agreement would be needed for signals that are within its jurisdiction.

The EIR also analyzes four alternatives to the proposed project:

1) No Project/No Build Alternative
2) No Project/Existing Zoning Alternative
3) Reduced Project Alternative
4) Project with Additional Site Access from Merced Street

As Ms. Livermore explained, the first alternative (1) would avoid all potential impacts and would thus be the most environmentally superior. When the environmentally superior alternative is a No Project Alternative, CEQA requires identification of another environmentally superior alternative from among the other alternatives considered. That is the Reduced Project Alternative (3), which would result in a less traffic than the proposed project, and thus have less impact on air quality and climate change, as well as traffic at study area intersections, freeways and Congestion Management Process (CMP) roadways. Even so, these impacts would remain “significant and unavoidable.”
She said that staff considers the EIR adequate to support approval of amendments to the City’s General Plan, the rezoning, the Planned Development, the Site Plan Review and the Development Agreement because:

1) Mitigation measures and revisions to the project identified in the EIR are capable of reducing a majority of potential environmental impacts to a “less than significant” level.

2) A Mitigation Monitoring and Reporting Program (MMRP) has been prepared to ensure that the mitigation measures and revisions to the project identified in the EIR are implemented. Included as Exhibit D in the Staff Report, for each environmental impact, the MMRP document describes mitigation measures, indicates the party responsible for monitoring, and the implementation and monitoring timeline. (Ms. Livermore noted that in its Recommended Conditions of Approval (Staff Report Exhibit E) a condition related to Kaiser’s Transportation Demand Management (TDM) plan that conflicts with the MMRP will be modified to eliminate the inconsistency.)

3) Although certain impacts of the project remain “significant and unavoidable” despite all reasonable and feasible mitigation measures, the alternatives discussed in the EIR that may reduce the significance of these impacts are not feasible.

4) Economic, social, environmental, technological, legal or other considerations and the benefits of the project outweigh the remaining significant adverse impacts, and justify approval of the project as proposed. She referenced Exhibit B of the Staff Report, “CEQA Findings and Statement of Overriding Considerations.”

Ms. Livermore said that staff supports the requested General Plan amendment to General Commercial, rezoning to Commercial Community with a Planned Development overlay, and a Planned Development for the Medical Center for the reasons explained in the Staff Report. In terms of the Planned Development, she explained that the proposed project, will integrate state-of-the-art healthcare delivery into the community with a functional and aesthetic design that (as indicated in Staff Report Exhibit H) meets superior urban design standards, incorporates harmonious site plan elements and quality design details with complementary landscaping, provides adequately for utilities and services, and makes no demands on public services that exceed capacity. She indicated that staff also supports terms of the DA prepared for this project (Exhibit F in the Staff Report). This is a legally binding contract negotiated and voluntarily entered into by the City and Kaiser that gives Kaiser a greater degree of certainty that it may proceed with development in accordance with policies, rules and regulations in effect at the time of project approval, while it gives the City a greater degree of certainty that the development will promote the orderly planning of public improvements and services. The DA also allocates costs to achieve maximum utilization of public and private resources in the development process and ensures achieving appropriate measures to enhance and protect the environment.

The project’s Conditions of Approval (Staff Report Exhibit E) address a variety of issues, including requirements in the areas of engineering and transportation, building department, environmental services, police and fire, TDM, maintenance and construction, as well as additional submittals needed with future applications and the MMRP.

In terms of public outreach, Ms. Livermore said that notices were provided to more than 288 property owners, businesses and homeowners’ associations, including all of those within a 500-foot radius of the project site.

Commissioner Dlugosh inquired whether it would be appropriate to ask questions about the Staff Report at this time.

Ms. Livermore suggested waiting until after the applicant’s presentation, because it might answer some questions before they are asked.
Colleen McKeown, who serves as CEO for Kaiser Permanente in Southern Alameda County, said that she is in charge of all the Health Plan administrative and operations for the Medical Center. She described Kaiser as a model healthcare organization that has served San Leandro for more than 40 years. In fact, she said, its first clinic was on East 14th Street, so in a way this is like "bringing Kaiser Permanente back to our original home." Locally KP has about 260,000 members in the Southern Alameda District, with more than 30,000 of them in San Leandro. When completed, she said the Medical Center will be one of the most technologically advanced healthcare facilities in California, allowing KP to continue to provide the highest-quality healthcare and convenient services to the community. It will be a green, healthy and sustainable center of health that is flexible, technologically sophisticated and embraces cultural diversity. From a healthcare standpoint, she said that hospitals help improve the health of local communities not only by providing direct clinical care but also by promoting health awareness, contributing to the advancement of medicine and meeting community health needs. The project will create approximately 3,000 new construction jobs, bring several thousand permanent jobs to San Leandro – from physicians, nurses and therapists to foodservice and environmental services employees. It will make a significant contribution toward enhancing the City’s economic viability. The new Medical Center also will create revenue for local businesses, as both Kaiser employees and members will buy local goods and services. Kaiser already has made general financial commitments through fair-share contributions of $5.1 million toward the Marina/I-880 interchange improvements, and within the DA, a one-time $3.1 million contribution toward the Community Impacts Fund to help finance various improvements and services, plus more than $650,000 toward the purchase of a heavy rescue and firefighting apparatus, as well as a variety of fees (including school district, park development, environmental services, sanitation). Ms. McKeown said that over the past three years, Kaiser has awarded more than $2.4 million in grants to community-based organizations in Southern Alameda County, including nearly $730,000 – about one-third of the total – to San Leandro organizations such as the Davis Street Resource Center, the San Leandro Boys and Girls Club, Stepping Stones Growth Center and Girls Inc.

Dr. Larry Dennen, named Chief of Staff for the new San Leandro Medical Center, is a practicing surgeon who also has served as physician lead for planning of the new facility. He said his comments tonight stem primarily from his role as a physician. He said that people following the national healthcare debate will recognize Kaiser as a unique model, creating a partnership among insurer, hospital and physician group that enables the organization to offer a very high-quality product in a nonprofit, prepaid and integrated delivery system. It is the integrated delivery model, buttressed by a fully implemented electronic medical records (EMR) system for both inpatient and outpatient care and Kaiser’s market-leading preventive health focus that really provides a total healthcare package of the highest quality. One of the reasons that Dr. Dennen said he decided to join the Permanente Medical Group in 1992 was because of the physician autonomy granted by this style of practice, in which physicians are accountable and responsible to make decisions for patients and craft their care, without pre-permission requirements or authority from anyone else. He said he is proud that the Group continuously looks for opportunities to refine medical practices and provide the most efficient and effective care. He said that Kaiser’s EMR system, called HealthConnect, is a tremendous tool for providers and patients alike. He said, “I can access my patient’s record from anywhere, even from my home. I never have to see a patient with a missing chart or lost paperwork. I always have their past medical history available. Most importantly, I have the recommendations and thoughts of other specialists and colleagues as I craft my decisions for the care of the patient.” Patients can use HealthConnect to make appointments, refill prescriptions, view lab results and use a secure messaging system to communicate needs and questions to their providers. Dr. Dennen looks forward to working in the new Medical Center setting. Its full-service, general acute-care hospital will have single-patient rooms offering convenient, private and quiet areas for recovery and providing maximum
flexibility for visitors and when necessary, for family members to stay overnight. It will include innovative, state-of-the-art operating rooms, modern labor and delivery area and newborn intensive care unit. The hospital will include 24-hour emergency services that will be open to everyone. The Medical Center campus also will offer resources to the community such as meeting rooms, health education programs and classes, and a health education library.

Nora Klebow, project director, said that the Medical Center represents the next generation of Kaiser Permanente facilities; one of eight hospitals in California and Oregon designed specifically to meet the operational needs of Kaiser’s integrated healthcare delivery model. It will be one of the most advanced healthcare facilities in California, offering maximum flexibility and adaptability to changing care practices and technologies. Design decisions specifically support Kaiser’s goal of having this facility serve the community for at least 50 years. Construction methods that will be used to build the facility will be green, as will the materials and maintenance protocols to keep it clean and safe for patients, visitors and staff. Another indication of Kaiser’s commitment to environmental sustainability, more than 99 percent of the materials cleared during demolition work on the site have been recycled. In terms of energy efficiency, the new facility will employ some of the latest lighting technology and low-flow yet medically compatible plumbing fixtures. Ms. Klebow also mentioned Kaiser’s environmentally responsible purchasing program, which specifies greener products for use in all Kaiser facilities. Further, the organization has committed to onsite renewable energy generation that will provide at least 500 kilowatts. Referring to the DA and Conditions of Approval, she said that the northern portion of the site also will generate additional renewable energy (0.75 megawatt) when it is developed. She introduced colleague

Tom Thompson, AECOM Ellerbe Becket, project director of the architectural team, has been working with Ellerbe Becket (San Francisco) and Hawley Peterson & Snyder Architects (Mountain View) on this project for more than four years. He showed:

- The proposed project site plan as well as the full buildout perspective
- The master landscape plan, including treatments of facility entries
- Circulation diagrams, illustrating routes to the Emergency Department (ED) as well as vehicular routes for members and staff and bus stops along a north-south promenade, pedestrian routes and a parcours
- Vignettes of a site walkthrough that showed various elements, many illustrative of Kaiser’s “total health environment initiative,” its complete interior-exterior guide for design and caregiving; elements he pointed out include:
  - The Saturday farmers’ market area
  - Drop-off points
  - A side plaza between the main entry and one of the hospital wings
  - The cafeteria adjacent to the courtyard
  - A labyrinth next to the ED area
  - The ED waiting room
  - A street-level corridor with a view out to the courtyard
  - Distributed nursing units on a patient wing
  - Way-finding patterns on the floors
- Exterior elevations showing use of warm, inviting and accommodating earth-tone colors for the hospital and HSB, with a neutral palette for the two-story CUP structure

Mr. Thompson also showed and described floor plans:

- The hospital basement, housing non-patient hospital services and loading dock
- The first floor, with ED and adjacent imaging area, minor injury clinic, pharmacy
Second floor, with surgical suite, adjacent pre-op and post-op recovery areas for both inpatient and outpatient, ambulatory surgery and clinic, etc.)

Third floor, containing labor and delivery rooms, the newborn intensive care unit, OB-GYN, pediatrics and primary care

Fourth floor, with med-surg beds on the hospital side and other clinics on the HSB side

Fifth and sixth floors with med-surg beds

Ms. Klebow closed Kaiser’s presentation with an animated tour of the Medical Center, pointing out that loading docks and service areas are underground, shielding neighbors from views of trucks, that patient rooms have views of the East Bay hills, showing the approach to the main entrance rotunda and covered drop-off area that provides access to both the hospital and the HSB.

Commissioner Dlugosh referred to an item in the Staff Report (page 8) about a center median being constructed on Merced Street that would prevent mid-block left turns. He asked whether it might not be better to allow U-turns so that vehicles could enter businesses there.

Mr. Cooke said that the median between Republic and Fairway is for safety reasons. It is safer to have a controlled turn where traffic in essence follows the regulation of the signal than to have traffic cross two or three lanes before getting into the intended travel lane. He said there are a lot of "conflict points" and locations where there could be collisions. He said his department’s job is to try to ensure safety, and a signaled intersection that assigns right-of-way will enable them to make U-turns and proceed safely along their way.

Commissioner Dlugosh asked where the median ends in the northbound direction.

Mr. Cooke said the median extends the full length.

Considering that, Commissioner Dlugosh asked how tractor-trailers northbound on Merced would be able to negotiate the turn into the service entrance of the business located on the southwest corner of Merced and Republic.

Mr. Cooke acknowledged that would be a difficult maneuver. The driver would have to redo the route and approach from the south.

Commissioner Dlugosh asked what the term “fair share” really means, in the context of Kaiser paying its “fair share” toward certain mitigation measures. Is it the difference between what the retail portion would pay versus what the nonprofit hospital would pay because the retail portion is not being developed at this time?

Mr. Cooke said that “fair share” covers a broad gamut from a percentage of the cost to 100 percent. In the case of Phase 1, Kaiser’s fair share of most of the improvements is 100 percent. Where cumulative impacts in future scenarios beyond Phase 1 do not come into play, the fair share would typically in the range of 20 to 30 percent. Ms. Livermore added that there are thresholds and triggers involved when that impact would be assessed and the fair share determined.

Commissioner Dlugosh referred to a “Kaiser Contributions and Obligations” section of the Staff Report (page 24) that says Kaiser will provide mitigation to reduce traffic impacts at Merced/Marina and improve queuing impacts at Republic/Merced before the opening of the retail portion. He asked why this would be Kaiser’s responsibility in the context of the retail portion; it seems that responsibility would go to the retail portion.

Ms. Livermore explained that Kaiser owns the 25 acres in the northern portion, so it is responsible, akin to a proxy, until it enters into a contract with a developer or sells the land.
Commissioner Dlugosh said he was under the impression that Kaiser does not own the Foundry property.

Ms. Livermore said that is correct; Kaiser owns the northern 25 acres.

Mr. Sims explained that the condition Commissioner Dlugosh asked about would occur upon the approval of a development of a retail mixed-use project, and if that project were to require street widening and/or lane reconfiguration due to traffic impacts, there would need to be a process by which the property would need to be acquired. There would be no guarantee that that could occur. It would be very difficult to approve a retail project on that location without creation of another entry or access point.

Mr. Pio Roda said that this also addresses a mitigation measure that there could indeed be a fee take possibly through eminent domain action, to address the widening of the frontage. It wouldn’t necessarily be Kaiser’s responsibility.

Commissioner Dlugosh also had a question regarding Exhibit C, the Recommended Findings of Fact for Approval. In discussions about development of the retail portion, it indicates that residential units and/or a hotel may be a part of the project. He realizes that all of this is subject to review if and when this situation arises, and that there is no guarantee that any residential use would be approved. However, the way it reads (citing page 3), “we are by default making it a part of the potential program in the future.” He wants it emphasized that residential is not necessarily a part of the future plan to ensure that a reminder is in place in the future, in case it comes up when none of us are here, because the notion of including residential is controversial, at best.

Ms. Livermore explained that the EIR looked at a number of scenarios only programmatically, so certification would merely acknowledge that the EIR did its job as a disclosure document in looking at potential impacts. In the future, an application for the northern acreage would have to come forward, and that specific application would need entitlements.

Commissioner Dlugosh just wants to make it clear that this document does not necessarily make those entitlements, because it seems as if we’ve addressed it so much that it’s part of the deal.

Referring to the Conditions of Approval, Commissioner Dlugosh quoted an item under Building Department Requirements (Exhibit E, page 9) about the site being “moved from the FEMA designated flood zone or comply with the NFIP applicable requirements.” How would you move something from a flood zone? Another item indicates that “the bridge” be designed to a certain load requirement; he asked, “What bridge?”

Mr. Sims said the flood zone issue arose only because a minute portion in a corner of the parcel abuts a flood control channel. It’s a regulatory designation by FEMA. Through surveying and other site work in the design of the project, it will no longer be an issue, but it had to be identified for disclosure purposes. As for the bridge, it is the part of the roadway that goes over the service ramp and into the ambulance yard, and load requirements relative particularly to emergency vehicles must be designed into its construction.

Commissioner Dlugosh referred to the KMA report (page 10). In discussions about street maintenance budgets, he said that it seems counter-intuitive to relate costs to the current budget, which is lower than it should be. He said he does not understand that logic.

Mr. Sims said that KMA’s economic analysis was done to help guide negotiations of the Development Agreement, in terms of what sorts of costs the project would create for the City as well as revenues that would offset those costs. He said that there is a connection between all development — not only the Kaiser project — and wear and tear on streets and deterioration of the street infrastructure throughout the City. This was simply a way to try and capture the potential extent to which this particular project would add costs to street maintenance (as well as police,
fire, etc.). He said this was a fairly accurate approach often taken by cities up and down the State when they look at project impacts. It’s a fair assessment, he said, that helped lead to some of the terms of the DA, wherein if the City adopts an assessment district for street maintenance at some point, Kaiser will participate in that assessment district for streets around the site, which would mitigate that cost in terms of the City budget.

**Commissioner Dlugosh** requested clarification as to whether the costs that Kaiser would be participate in would reflect our current street maintenance budget or the budget as it should be.

**Mr. Sims** said that with the assessment district, it will be based on what it would take to actually maintain the improvements around and adjacent to the development site. **Mr. Cooke** agreed; the Kaiser assessment would pay for its share of traffic generated.

**Commissioner Dlugosh** said it was still unclear what the Kaiser amount would be based on – The $7 million that we should be spending, or the $2.4 million we’re spending now?

**Mr. Sims** invited Debbie Kern, who prepared the study, to the lectern to respond to that question more specifically.

**Ms. Kern** said that the item Commissioner Dlugosh asked about was broken down into two pieces. Cost estimates for streetlight maintenance, use ROW and traffic signals connected with new street improvements going in as part of the project reflect optimal maintenance program costs. This was prepared by the City irrespective of the budget – in other words, the full cost of maintaining the improvements. To evaluate the second component, which involves wear and tear on existing streets, the study looked at the traffic model, which determined that Kaiser would generate about 3 percent of all the vehicle trips in the City. Then it looked at maintenance costs from that model on the basis of the current level of spending on existing streets. Kaiser’s prorata share was based on its share of vehicle miles traveled, the 3 percent.

**Commissioner Dlugosh** said that benchmark to current spending is not necessarily fair to the City, because the level of spending is depressed, well below what the public infrastructure financing should be.

**Ms. Kern** said that there is an argument that the City does not anticipate ever having $7 million for street maintenance, so the level of exaction for existing streets applied on Kaiser would differ from the rest of the City. That is an existing deficiency as opposed to a new improvement and a new impact from Kaiser.

**Commissioner Dlugosh** replied that we’d be exacting only the 3 percent Kaiser represents in terms of overall vehicle miles traveled. Wouldn’t we want to do 3 percent of $7 million instead of $2.4 million?

**Ms. Kern** said the decision to base it on the $2.4 million was a policy decision.

**Commissioner Dlugosh** said that he had directed his question to staff because it was a policy decision. He said he doesn’t know why we would negotiate at the lower level.

**Mr. Hollister** said when the City establishes impact fees for a development, it must relate to a level of service that’s realistic and achievable. We can’t say we want 100 acres of parkland for each 10,000 people in the City unless we meet that threshold, as an example. The same can be said about the number of police officers per 1,000 residents. We can’t pull numbers out of the air. They have to bear some relationship to current levels of service.

**Commissioner Dlugosh** countered that our level of service now is wholly inadequate. So we’re negotiating from a position of weakness and not considering the fact that at some point we need to get back to where we should be.
Mr. Hollister said that the City must act in a way that is defensible in terms of the exact amount we're trying to receive from a developer, whether it is the Medical Center, a retailer developer or an industry. If we were spending the money and had levels of service that were defensible for that, a good argument could be made to go with the $7 million figure. While he agreed that the current level of spending is inadequate, that is the reality we have right now.

Mr. Pio Roda said that the City Manager is absolutely correct as far as the level of service is concerned. What he may not be stating is that the fees we are allowed to charge for mitigations and so forth have to match the costs that exist at the time, to find a nexus. While the nexus and current level of service is poor, it is the current nexus we can justify being able to charge Kaiser for the fee according to Mitigation Fee Act. We can't charge greater than what we charge anybody else related to maintenance of existing streets, and at the present level of service.

Commissioner Dlugosh asked whether that is law or policy.

Mr. Pio Roda said it exists in the Mitigation Fee Act, but Commissioner Dlugosh is correct in that there could be discussion in the negotiation about what the fee and the nexus are. There could be reasonable arguments about the nexus.

Commissioner Dlugosh said that in the past the City has spent more on street maintenance than the current $2.4 million budgeted, and hopefully in the future when the economy comes back we'll spend more than that. It seems imprudent to negotiate at the lowest point and not consider something more realistic. He said he accepts the explanation although he doesn't necessarily agree with it and does not understand why we would do something like that.

Commissioner Fitzsimons requested clarification Development Agreement Section 3.07 (page 10). It mentions trip reductions of 10 to 15 percent. How will we know when they've reduced trips by 10 percent versus maybe 3 percent?

Ms. Livermore explained that mitigation measures and conditions of approval relating to Kaiser's Transportation Demand Management (TDM) plan require employee surveys to determine (among other things) the number of employees who go to work in something other than a single-occupancy vehicle. Kaiser also will be required to promote minimizing vehicle trips via transit fairs and other means that encouraging carpooling, bicycling, walking and taking a shuttle to reduce trips.

Commissioner Fitzsimons asked what baseline the trip reductions would be measured against – 100 percent single-occupant vehicles?

Ms. Livermore replied yes.

Commissioner Fitzsimons, citing DA Section 6.11, paragraph ii (page 20), said the mixed-use development could consist of up to 250 one- and two-bedroom apartments. Considering the use of the word "apartment," he asked whether that requirement is merely for lease or could these be for sale.

Mr. Sims said they could be either; we don't have the authority to designate ownership versus rental. The word "apartment" confers no meaning either way, but a specific project would have to come before the Planning Commission and the City Council, and its full merits – including whether it was a rental versus ownership product – could be part of the deliberations if and when the time comes for such a decision to be made.

Commissioner Fitzsimons asked whether the DA gives the retail by right, or when the project comes back, can the determination be made that the impacts are too great for retail at that time and that project, so retail would not be allowed? Does the DA allow them by right retail?
Mr. Sims said that what the DA will allow is covered in paragraph ii. It may consist of various square footages (see box on right). This is what the EIR analyzed and what the mitigation measures have been developed around. These square footage envelopes are being entitled. However, the specific project is not. That specific project, whatever form it may take, will have to come back through a review and approval process.

According to Section 6.11.ii:

a). The Mixed-Use Retail Development may consist of 387,000 square feet of retail uses
b). The Mixed-Use Retail Development could also include a residential project consisting of up to 250 one-and two-bedroom apartments or a hotel of up to 210 rooms
c). If the Mixed-Use Retail Development does not include a residential or hotel component, the total square footage of the retail component could be up to 432,000 square feet.

Commissioner Fitzsimons asked whether all uses allowed in the CC(PD) district would be permitted.

Ms. Livermore said that the CC(PD) does allow other uses, but the EIR analyzed only square footage related to a certain amount of retail, either all retail or retail with residential and/or a hotel. If an application comes forward for something different, it would trigger subsequent environmental analysis.

Commissioner Fitzsimons said that his question is not about the EIR, but the DA. He understands that whatever comes through will have its own EIR, specific to whatever it is. He wants to know whether the DA prescribes certain uses only, or whether any uses may be allowed once it comes back – subject to all the CEQA findings. And if it does come back as something other than the three options listed in paragraph ii – such as all housing, for instance, with just a small amount of neighborhood retail – would it reopen the DA to other options? He explained that the reason for his question is that if the DA can be renegotiated for other reasons, such as fees, it may affect the developer’s likelihood of coming back with something other than these particular three options.

Mr. Sims said that through this entitlement process, the applicant is receiving a change to the CC(PD) zoning, so the uses of the base zoning will be in place to allow uses other than retail that are permitted in the CC zone. If a developer came forward with an office complex proposal for this property, that would be permitted within CC(PD), but the EIR did not contemplate an office development, so it would be in conflict with this. However, it could be reviewed and approved through an entitlement process specifically for an office development.

Commissioner Fitzsimons said that Mr. Sims answered the first part of his question. Does it reopen the entirety of the Development Agreement to renegotiation, if the applicant were to present a proposal for an office complex, for example? Would we be able to renegotiate based upon traffic maintenance costs at that time?

Mr. Sims said, “Oh, absolutely. A change of that character would require an amendment to the Development Agreement.” If, for example, the community could support a proposal for a huge office complex, the City would definitely want to revisit the fees for traffic impacts and so on, considering – in that case – the huge increase in traffic associated with a major office development.

Commissioner Fitzsimons asked whether it is a likely occurrence for a developer wanting to renegotiate terms perhaps not in their favor.

Mr. Sims said yes. If the project makes sense and the market will support it, the City would insist upon it.
Commissioner Fitzsimons said there is some detail in the DA about the fees included. He asked whether any standard and customary development fees are being waived as part of this agreement/

Mr. Sims said yes, in two cases – the “very modest” fee for long-range planning and the Development Fee for Street Improvement (DFSII). However, that is not being completely eliminated. But “dollar for dollar, that amount is being paid into the Community Impacts Fund.” The City would recommend that it be used specifically on street improvements.

In determining the cost of police and fire services to the City in the KMA analysis (page 9), Commissioner Fitzsimons noted that the measurement used to estimate costs for the Kaiser development is current cost per call. His question: Are we actually going to spend that money? Hire more police, have more police cars, more firefighters? If not, those costs seem overstated.

Mr. Hollister said the costs are proportional to the anticipated impact of the development.

Commissioner Fitzsimons said that if we don’t hire more police officers, we won’t have more salaries. It’s hard to get a sense of the fiscal impacts when the two biggest costs in the $559,000 sum are uncertain.

Mr. Hollister said that incrementally, it will increase the cost for service for police and fire eventually as the report estimates. Thus, at some point, there will be a need for more emergency services. This is just to identify the prorated share that this development should pay.

Ms. Livermore said that Business Development Administrative Analyst Jeff Kay would respond as well.

Mr. Kay said he would echo the City Manager’s comments. Generally speaking, just because we see a certain police cost, the fiscal impact does not mean we will dollar-for-dollar make the same expenditure in police, largely because those costs can be “lumpy.” You can’t add one-third of a police officer or a piece of an engine company. It is the best attempt that we can make with the information available today to estimate the incremental cost from the additional services that we need to spend with good spending practices going forward.

Commissioner Fitzsimons asked then if the amounts shown are in a way the upper limit, so if there were fewer calls and we did not add staff and equipment, we would have a lower amount in actual expenditures.

Mr. Kay said that is correct. To illustrate the point, he said if we spent no additional dollars on additional police services, the City would still incur a cost for those services. If that is our proportional per-call cost for services, the City would receive a lower level of service without adding staff because the police would be spread further. You could also think of that dollar amount as the cost the City just incurred and reduced the level of service. That’s not the plan, he emphasized, but he hoped it would illustrate the point. Whether it gets spent that way, the City has incurred a cost to meet an additional service need. You either pick it up by spending more or suffer through a reduced level of service.

Commissioner Fitzsimons said that the cost is essentially a proxy for impact rather than a detailed accounting of actual dollars.

Mr. Kay said that is correct, because of the lumpy costs. The analysis did not look at the need for a certain number of new officers, for example. Mr. Kay explained that the City does this kind of analysis year by year due to a variety of changing factors. It’s a way to estimate what Kaiser’s share of the incremental cost might be going forward.

Commissioner Fitzsimmons said he does not understand why anyone would drive down to Fairway, turn left, and then make another left into the project’s main entrance, located at a new
intersection at Republic and Merced. Exiting I-880 at Marina, why would anyone go all the way around the block rather than just wait and make a left turn at Republic?

Mr. Cooke said that entrances from Fairway would make sense for drivers approaching from another direction, including those coming from the east side, across Aladdin and down Fairway.

Commissioner Fitzsimons asked whether such traffic would be substantial enough to justify two intersections?

Mr. Cooke said that one of the intersections is primarily a service entrance that would not expect high volume. That’s also one of the reasons the signal system will be coordinated to help the traffic flow smoothly. Presumably the traffic at that service entrance will be light enough so as to not interrupt the flow of traffic on Fairway.

Mr. Sims added that depending on where staff or members are going in the Medical Center, the Fairway entrance may be more convenient. Kaiser members in San Leandro are less likely to be coming off the freeway, and once people familiarize themselves with getting around the facility, the other driveways will become alternate ways to avoid the big entrance.

Commissioner Abero, observing that a lot of the mitigation measures seem to be predicated on CalTrans approval, asked what happens if CalTrans does not give these approvals? How do we mitigate without it?

Mr. Cooke said that in terms of the traffic signaling system, it just wouldn’t be as effective without the CalTrans intersections included.

Commissioner Abero asked if we then just live with CalTrans’ decision because there is no other alternative?

Mr. Cooke said that’s true, but the odds are good that CalTrans will approve.

Commissioner Abero said that she understands that, but wondered if some process is in place whereby CalTrans might come back and reevaluate any decisions to withhold approval or by which other alternatives could be determined.

Mr. Pio Roda said some of the impacts were deemed “significant and unavoidable” precisely because the City cannot guarantee implementation of some of the mitigation measures. In certifying the EIR, the Statement of Overriding Considerations overrides those impacts.

Commissioner Reed said that after reviewing all of the materials related to the Kaiser project he has a much better understanding of some things he had taken for granted. He welcomes the project and believes it will be good for San Leandro. He said that he also is satisfied that the zoning overlay being sought provides for some flexibility that he wants that the future development won’t necessarily be limited to retail. There may be other desirable opportunities to that northern acreage.

Chair Collier opened the meeting for public comments after a brief break. She explained that when the light turns red, it is a signal for the speaker to stop, even if it’s the middle of a sentence.

David Johnson, President and CEO of the San Leandro Chamber of Commerce, said he was speaking on behalf of the Chamber’s Board of Directors, which enthusiastically endorses the project in its entirety. We all recognize that this is a rare and signature development for our City and our community – for any community in this area. We are fortunate that in these difficult economic times, when dollars necessary for such a significant undertaking are almost impossible to secure, that we in San Leandro will reap the rewards of Kaiser’s careful planning and its timely acquisition of this site. We must adapt to the changes such a major enterprise brings with it, the inevitable adjustments that come our way within the opportunity for growth and change. The mitigations set forth in the EIR work to address those impacts in as many effective ways as are
reasonably possible. He said we should embrace this important new development as it takes root; if we do, if we are smart and forward-looking, this new enterprise will provide San Leandro with many future job- and tax-generating business opportunities that we could not have dreamed of otherwise. In partnership with the City, the Chamber will work hard to make those opportunities a reality and continue the strong, responsible economic and job growth that the City deserves.

**Mick Meldrup, Dick Loewke, Mike Loewke and Mike Ramsey** spoke on behalf ICI, which owns the Foundry parcel. **Mr. Meldrup** said they have reviewed the Draft EIR and Final EIR documents and would provide an overview of some traffic problems they have identified, along with feasible and common-sense solutions that do not require CalTrans approval. Many high-tech, high-employment businesses are located to the south and west of the 63-acre site. In addition, residents of Bonaire, Marina Vista, Marina Faire and Mulford Gardens neighborhoods all rely on Merced and Marina for access to I-880 and shopping. The EIR’s traffic section shows that half of the project traffic is projected to exit I-880 and rely on Marina and Merced to access the Kaiser project. The balance of the project traffic is projected to come from local sources. Because this is phased development, the largest volumes would come with the Phase 1, with the 742,000 square feet of buildings. Phase 2 would increase the Medical Center components over 1.1 million square feet. There are no plans or schedule for the mixed-use retail portion of the project. When it was proposed about five years ago, the original project called for the inclusion of the 2.5-acre Foundry parcel, which ICI owns, for a second primary entrance into the mixed-use portion of the site. In addition, the original project called for two left-turn lanes into the main Medical Center entry on Merced at Republic. This arrangement would have provided left-turn capacity to handle all project traffic without backups. But that has been dropped. They are going with a single lane.

**Dick Loewke**, an environmental planner attending the Planning Commission hearing with the ICI team, picked up discussing the dual left-turn lanes into the project at its main entrance. To accommodate the dual left-turn lanes, two southbound lanes on Merced would go into the project at Republic and the curb line – along the east side of the street – would have to shift over. That’s where the 2.5-acre Foundry parcel is located that was considered part of this project proposal five years ago. To move that curb line over for a length of approximately 400 feet, right-of-way would need to be acquired from the Foundry parcel. A building on that parcel, currently unoccupied, would be affected. Either a portion of it would have to be cut back or the whole building removed. But Mr. Loewke said that is feasible; in fact, ICI submitted a letter to the City and to Kaiser offering to make this ROW available. The two southbound left-turn lanes on Merced would substantially expand the capacity of the major of movement of traffic coming down Merced to enter the project at its main entry. Without them, backups will occur. Unfortunately, the original proposal for two left-turn lanes was eliminated and the Foundry parcel removed from the project proposal, as was a second entrance to the project about 500 feet north of Republic. So, when the project opens in 2015, the Draft EIR said the backup would occur to about 500 feet; in the Final EIR, the afternoon inbound direction traffic has been revised to about 340 feet.

**Mike Loewke**, a planner also working for ICI Development, began by talking about the 500-foot backup anticipated during afternoon traffic in Phase 1, said that once Phase 2 and a retail component come into play it will go well beyond the 400-foot capacity. On Saturdays the backup eventually will go beyond the Marina/Merced intersection. Referring back to Commissioner Fitzsimon’s earlier question about why people would go all the way around the block to come in from the south, he said they would do that because there would be such a long delay at Marina/Merced. ICI’s traffic engineer has studied this, he said. Going down to Doolittle Drive and up through Fairway will take the exact same amount of time as simply going in through Merced. Coming off the freeway and go east down Teagarden Street to Fairway would be five
minutes faster than the Merced route. Using Alvarado Street would be two minutes faster. Otherwise, drivers can expect an eight-minute delay just to make two left turns.

Mike Ramsey, also with ICI, said that all the information on the slides that he and his team were showing came from data and tables in the EIR. Everyone sees this as a great project, he said, and they are delighted that it is coming to San Leandro. They feel, however, that it could be even greater if the major problem on Merced were eliminated. Our conclusions are that the Medical Center itself will be underserved in terms of the queuing capacity of a single left-turn lane. That will result in the through lane being blocked when traffic is very heavy. After buildout, that single lane will be affected even more. Based on data in the EIR, it could be as much as 1,300 feet going north toward Marina. The businesses and residents of San Leandro will be affected during their daily commutes. There will be significant delays and safety problems, simply because that second left-turn lane has been eliminated. The original hospital and mixed-use project obviously had both the dual left-turn lanes and the second entry, and this problem did not exist at that point. With its elimination, however, we had to look for another solution. Comments tonight have expressed a lot of uncertainty around whether there would be development of that mixed-use site and whether CalTrans would approve some of the actions necessary for mitigations. If not, we’ve heard they’re simply going to override those problems and we’ll just have to live with it. ICI’s thinking is, “Why live with it?” There’s an easy, affordable solution that could be imposed on the project when Phase 1 develops. The widening of Merced and the addition of that second left-turn lane would solve these backup problems and avoid so much dependency on CalTrans approvals or negotiations with a future mixed-use developer. Accordingly, ICI recommends that the Planning Commission forward to the City Council a recommendation that mitigation measure TR1.2, that dual left-turn lane, be made a part of the initial Phase 1 for the project. “An ounce of prevention is still much better than a pound of cure, and this is the ounce of prevention.”

Commissioner Dlugosh asked Mr. Ramsey if they want the Kaiser project to purchase the required footage from ICI to put in the second left-turn lane and ICI would continue to own the rest of the property. Mr. Ramsey responded in the affirmative, and said that an appraisal is being done to determine the economic value of the building on the property if it is partially versus entirely demolished, and that ICI negotiations with Kaiser would cover that aspect. Commissioner Dlugosh then asked why ICI isn’t having these negotiations with Kaiser instead of coming to the Planning Commission. Mr. Ramsey replied that they have been trying to meet with Kaiser. They sent a letter in early March, made phone calls on March 23, asked Kaiser to meet with ICI to discuss these issues in what they believe is an easy remedy that would cause no delay in the project. Kaiser rejected the request to meet through the letter, rejected the phone calls, and said they would not meet until all of their entitlements are in place. He said that ICI did not want to be in a position of coming to the Planning Commission or the City Council at a late date and just begin the conversation, but they had no success in doing that with Kaiser. Commissioner Dlugosh said that he thinks it’s “a little inappropriate” to have this conversation at this point in time. Mr. Ramsey agreed that it’s not the most opportune time to have the conversation, but this is a point in the process where the City Council will be making decisions about whether the second left-turn lane will be provided from the start or in the future, well after the traffic problem has materialized.

Chair Collier asked whether this could be addressed at another time so that other members of the public could make their comments.

Commissioner Dlugosh replied, “I suppose so. It just seems like this whole line of conversation is inappropriate, because we don’t make decisions as the City Council makes them.” If ICI wants to talk to the City Council, that’s fine, but the Planning Commission bases its decisions on the facts before us. Mr. Ramsey said that ICI will address the City Council; they are just asking the
Planning Commission to make a recommendation to the City Council that they include that condition.

**Gene Calderon**, Assistant to Alameda County Supervisor Alice Lai-Bitker (District 3), said that she (Supervisor Alice Lai-Bitker) strongly believes the new Medical Center will enhance the San Leandro community, bringing both health and economic benefits. It will help improve the health of the community and serve the emergency health needs of everyone. It will create 3,000 new much-needed construction jobs, and later, several thousand permanent employees will eat, shop and buy goods from local businesses. Further, she believes the potential retail mixed-use future development would enhance the business community and San Leandro’s economic vitality, providing new opportunities for businesses to call San Leandro their home. She considers the project important to the health of San Leandro and essential to its future growth and vitality.

**Andrew Slivka**, Hayward, representing the carpenters’ union in Alameda County (Local 713 of the United Brotherhood of Carpenters, including more than 3,500 working men and women. He said the Kaiser project presents a great opportunity not only for the City and the region but also an opportunity to put some hard-working men and women back on payroll. Many construction unions have unemployment rates in the neighborhood of 20, 25, to 30 percent. Their members are not looking for handouts or charity; just the opportunity to go to work and build a “signature project such as you’ll have in the City of San Leandro.” He asked the Planning Commission to approve staff recommendations and move this project forward and start putting some more people to work.

**Rene Mendieta**, a realtor, member of the Board of Zoning Adjustments and San Leandro resident since 1988, described the Kaiser project as a great opportunity to give the City the shot in the arm it needs to help recover from economic stagnation, bring new jobs to the community, help retail and restaurants. It’s an “awesome opportunity” for the City and its residents; he recommends that the Commissioners support the staff recommendations to approve the project. He thanked Kaiser, too, for choosing San Leandro for its new hospital.

**Gerd Margraff**, a resident of Mulford Gardens, said he represents a dozen people around Neptune Drive and Mulford Gardens who had a discussion about the Kaiser project. He went to a traffic meeting that ICI hosted, and said that ICI’s presentation was very smooth and informative, but the meeting fell apart a little bit when he asked how much is in it. Prior to that meeting, he said he understood that ICI wanted $5 million for the right-of-way to make the second left-turn lane. He and his friends on Neptune Drive do not believe the City has the money for that, and it is surely too late now to start negotiating. He said he thinks the hospital is very important for us, bringing both construction jobs and well-paid permanent jobs. He asked that the Planning Commission recommend the “absolute go-ahead without any further delay” toward the project.

**Karla Goodbody**, Health Services Director at Davis Street Family Resource Center, said she proudly represents employees, childcare providers – most are Kaiser members – and 2,200 uninsured patients the Center sees in its free medical clinic each year. They support the Kaiser project and are excited at the prospect of Kaiser being a neighbor. As a community organization that provides healthcare to the uninsured, the Davis Street Family Resource Center has always found Kaiser a staunch supporter of its programs; always there when needed. Referring to discussion about Kaiser being a model hospital and some of the model programs it has available, she noted that these are not confined to Kaiser’s medical facilities but also in their support of community health programs. For the last decade, Kaiser has essentially built the Center’s physical therapy program, providing physical therapy fellows to help those who are uninsured, who are injured at work, who are victims of other accidents, get back to work. This is the first program of its kind in California, and possibly the first of its kind on the West Coast, and the Center is proud to have that program with Kaiser’s support. The Center also has received generous support from
Kaiser’s Community Benefit strategic grant program. These grants allow the Center’s clinic to offer diabetes management and education, asthma management and youth violence prevention programs. In the latter, Center staff go out to middle schools and high schools to teach about violence prevention. Based on the Center’s positive experiences with Kaiser over the years, she said Kaiser is truly an asset to San Leandro and its residents. They have always been supportive of the Center and the community at large. She urged the Planning Commission to certify the EIR and move forward with Kaiser’s application.

**Sandra Gard**, 14692 Elm Street, said she is a Kaiser member and very happy that Kaiser will be coming to her neighborhood because she will be able to walk the half-mile there from her home. She has lived in the Bonaire area for more than 40 years. She has always considered herself a good neighbor, and asked the Planning Commission to ask Kaiser to be a very good neighbor as well, by including the two left-turn lanes. Traffic on Fairway and Merced is not great now, and as time goes on, she said she thinks it will worsen. If it is addressed now, it will save time and money in the future.

**Jeff Musgrove**, representing Applied Fusion at 1915 Republic Avenue, said that he hasn’t heard a word from Kaiser about the immediate surrounding area. Applied Fusion, right across the street from the entrance, is very concerned about the traffic problems. It is already an issue, and it certainly will be a significant problem, even with traffic lights and so on. He said, “Anybody can see it. Any of my guys can see it...surrounding businesses see it.” There is going to be significant spillover. There already is, and it’s going to be in a much bigger area. He said he can’t even get on the freeway after work; he goes down East 14th to I-580 because traffic in the area is so backed up. His employees will have to spend quite a lot more time coming in and getting out. Truck traffic is already a big issue. He said the problem has been minimized significantly. He also wonders who will be on the hook for paying the bills for street maintenance; the spillover will affect more than a couple of streets in the immediate area. He said, “I think Kaiser is getting off a little cheap here.” They are putting a lot of money in this beautiful facility – which he said he does support. “But I am against the traffic and the congestion. Green isn’t causing more congestion.” He said there will be a lot of complaints once the project gets underway. He also expressed concern about security issues, noting the sorts of characters seen around the Kaiser facility in Hayward at night. He has heard nothing about who will be footing the bill for additional security that will be needed in the area.

**George Silva**, 1914 Republic Avenue, also with Applied Fusion, said he also has worked on Republic Avenue for 33 years. He said he favors the project but not the traffic. He has seen a lot of major problems with traffic over the last 33 years, with trucks going in and out of Merced, including those coming in and out of Applied Fusion. Even getting onto Merced from Republic to I-880 takes a long time right now. With the traffic signals and lights proposed, he is concerned about how many signal changes drivers will have to wait before actually crossing and making the left turn to get onto Merced from Republic. Also, it seems ridiculous to have emergency vehicles traveling back and forth with only one left-turn lane from Republic into Kaiser. There will be 30,000 members of Kaiser who live in San Leandro alone, 2,100 parking spots – not including the retail. “It doesn’t take a rocket scientist to see” – right now we have a problem. I am excited about Kaiser’s state-of-the-art facility, but it will take a lot longer for each of the employees where he works to get to work and to go back home. More traffic will play havoc on their schedules. He asked the Planning Commission to reconsider and look at the real traffic issues already in place and the impact the project will make. “We don’t want to sit there in traffic, spending all the money on gas for every single person taking 15 minutes, 20 minutes, to get from our facility to I-880.” Stating that more than 50 percent of the people coming to the hospital will come down Merced to make that left turn from Republic, he said having the second left-turn lane is “not something that would be nice; it’s a necessary thing.”
Dennis Caputo, Berkeley, said he is a member of Local 68L, the drywall local in Oakland. He said the union used to have 2,200 members and is now down to 1,500; 500 left because there is no work in the area. Approximately 500 others are on unemployment. He was unemployed himself for eight months, and hasn’t made enough yet to pay his property taxes. He said that if we have “a shovel-ready” project, we need to move forward on it. He said it would be good to have a local hiring requirement to ensure that the money will go back into Alameda County.

Bo Johanson, 2626 Walnut Drive, referred to the Recommended Findings of Fact (page 4) statement, “…the EIR identifies that an adaptive traffic signal system at the freeway on- and off-ramps on Marina Boulevard (needed as part of mitigation measures discussed below) would require approval by Caltrans. Since the City cannot guarantee Caltrans’ approval, traffic impacts to the Marina Boulevard/Merced Street intersection may remain significant and unavoidable.” He said that we already have a logjam there. He questioned why certification of the whole project is necessary, and not just certification of Phase 1. Kaiser has not defined Phase 2. They may want to sell it to another party. Meanwhile, buildout costs will escalate. If a median is put in on Merced, it will be torn down when we make changes. “Let’s do it once,” he said. “Let’s do it right and let’s avoid the buildout costs in the future. We don’t know what they are.” He said he applauded the Commissioners for good questions. He said he does not see Kaiser or the City “coming to our rescue” when the buildouts are done in the future. It will be the taxpayers that are responsible for it—the homeowners and businesses of this great City.”

Audrey Albers, 2037 Marina Court (Mulford Gardens), said she doesn’t think anyone at the Planning Commission meeting opposes the hospital. “It’s the traffic… I cannot overemphasize how detrimental that will be to the residents and the businesses west of Kaiser.” She agreed with other speakers who favor a second left-turn lane, and called it “imperative.” It is already a mess, and hospitals have a mess of traffic. She cited Kaiser’s relatively new hospital in Santa Clara, which has “better ways in and out … and that’s a mess any time, day or night.” Two lanes both directions that go through are no help, she said, nor are bicycle/pedestrian improvements. She said she hoped the Planning Commission would recommend the two left-turn lanes to the City Council.

Cedric Young, VP of Bayfair Center, said that at the February 18 Planning Commission meeting they expressed concerns about the negative impacts of the proposed retail component of the Kaiser project on existing shopping centers and local retailers in San Leandro. Madison Marquette has owned and operated Bayfair Center since 2003, when it was a “struggling, near-death” mall. In partnership with the City, they have revived it to make it a “relevant, community-serving” shopping center. Two years ago, they celebrated Bayfair’s 50th anniversary. In addition to new rent-paying tenants that have come to Bayfair, the facility is proud to provide homes for the San Leandro Chamber of Commerce, the Alameda County Associated Community Action Program. ACAP provides youth employment training and after-school activities. Like most businesses, the current economy has greatly affected Bayfair and its efforts to continue to revive the facility. But even under these conditions, he said that Bayfair remains a significant revenue source for San Leandro, generating an estimated $1.5 million to $2 million in sales tax, plus property taxes, that flow to the General Fund and Redevelopment Agency. What is under consideration tonight, he said, is not a single Kaiser project, but two “very large, distinct and independent projects.” The one most people know about—the Medical Center—is necessary and has important scheduling milestones to meet. The second project is an undefined retail square-footage envelope, unwarranted by the marketplace and not time-sensitive. This second project is included by Kaiser only to maximize the value of this excess land by entitling the maximum density project. Kaiser has no intention of developing this project and wants you to help it obtain the highest land price for a later land sale,” he said. But in the rush to approve the hospital project, he said that he fears many people may have overlooked the negative consequences of
approving the significant retail project. He called it a “false hope” that the new retail center would increase net sales tax revenue, an unwarranted project that will transfer sales from other centers, triggering consequences that may not have been evaluated fully. Present tonight are experts in retail, municipal economics, urban planning and land use CEQA to explain some of these consequences. As for the impact on Bayfair Center, he said they have invested more than $90 million, but the job is not finished. The lease for Macy’s, which occupies 212,000 square feet on three levels, will expire in 2012.

Jeff Green. Jeff Green Partners, a 26-year veteran of retail market analysis consulting, said he has done a lot of work with retailers in expansion plans in the East Bay, and a lot of retail master planning for municipalities over the years. He said that sales per store are down in San Leandro, and many retailers in the Bay Area and throughout the country are downsizing. All of them are wary of expanding, and especially wary about cannibalization – i.e., sales transfer from their existing units – and competition from other stores. It’s easier to lose stores than attract new ones. He stated that even preliminary approvals for the new competing Kaiser retail center will have significant negative impacts on Bayfair. He referenced something JC Penney’s chairman and CEO said in a speech – “Retailing is a contact sport. You have to take it away from someone else.” Mr. Green described some of San Leandro retail as being “in survival mode,” with leasing difficult at best. Westgate and Bayfair have vacancies and are having trouble attracting new tenants. It is uncertain whether Macy’s will renew its lease, but there is a possibility that Bayfair will have to backfill that space. It could be power tenants in direct competition between Bayfair and the Kaiser site. In a report he prepared on the impact of the Kaiser project, he said he identified a 70 percent overlap in the Kaiser and Bayfair trade areas. He said that the Commissioners’ packets included a review of some of the KMA findings, refuting some and agreeing with others. He said, too, that the effect is occurring already. Competing against something undefined, a phantom, is worse than competing against a defined project, citing a statement about Best Buy.

Libby Seifel, Seifel Consulting, is a real estate economist and urban planner, completed Mr. Green’s statement (since he ran out of time), explaining that Best Buy had decided to pass on an opportunity to lease at Bayfair and wait for the opening at I-880 and Marina. Kaiser’s best approach would be to identify a mix of retail that will complement – not compete against – existing San Leandro retail. She said the Planning Commission is being asked to defer the zoning and General Plan amendments on the retail site. Specializing in redevelopment, Ms. Seifel said she works for a lot of cities throughout California and particularly in the East Bay. She said they perceive the Kaiser project as a great asset and a great risk. If it isn’t planned properly, as Mr. Green indicated, because retail in San Leandro is struggling to compete, a significant new large-format – which is the term in the EIR – will cannibalize existing centers. This is demonstrated by KMA’s fiscal analysis; one of the key assumptions in that analysis is that one of three new major retailers that will locate on the site will be a “transfer of an existing retailer already located in San Leandro.” The Kaiser plan threatens San Leandro’s existing retail and shopping centers, which in turn will affect the City’s economy and revenues. If leases are not renewed, retail sales will decline. Fewer tenants mean fewer sales, which mean less retail sales tax for the City and also less property taxes for the Redevelopment Agency or the General Fund. This could result in a loss of between $500,000 and $1 million, a credible estimate based on Mr. Green’s data. Also, because of the guarantees that the Redevelopment Agency has with the King lease, there could be additional requirements on the Agency that has recently issued debt. This could jeopardize the Agency’s fiscal stability. She said these are near-term impacts, not long-term impacts. They want a fiscally sound alternative and believe a mixed-used alternative such as already indicated in EIR – multi-tenant retail, hotel, residential. It could include office. A better plan could be conceived. The hotel wasn’t measured in the fiscal impact, but it could generate $500,000 to $1 million.
Jay Claiborne, JWC Urban Design, Berkeley, said that he has considerable history with the City of San Leandro in land use planning and urban design, particularly with the unincorporated areas to the south and east. He said the current concept for the entire Kaiser site needs much more precise planning. He described “a lot of noble talk” tonight about the Kaiser portion, and that talk is in “strong contrast” to what was said about the 25-acre retail area. Clearly, that is an undefined, open-ended kind of land use, and those options must be more clearly understood. There are synergies with Kaiser that should be captured and opportunities that should not be lost. The site should incorporate a vision for the entire property. Kaiser is indeed a trend leader in healthcare, and there are others around the country that serve as good models of what might happen on this property with good, strong, long-term planning. He said it’s important to think a little now in order to get more later. The danger is to close out future options for use, he said, adding that he is afraid that is what will happen without more precise understanding of the types of uses that have synergy with the Kaiser center. He identified potential synergies in housing for staff, hotels for patients’ relatives, retail uses that are complementary to the medical activities.

Martin Lysons, Danville, is a land use attorney and the last of the Bayfair speakers tonight. He said the whole point of CEQA is for complementary and constructive land uses. Unfortunately, the project described in the Staff Report and in the EIR falls short of that goal. The good news, he said, is that this project is not fatally flawed; the City can allow the Medical Center to move forward without conflicting with the interests of the San Leandro retail community. He said his firm (Gagen McCoy) has just submitted a comment letter for the record, essentially an update to comments submitted to the DEIR that outlines significant problems with the EIR in some detail. At this time, he wanted to focus not on how the EIR is deficient, but why this is important. He said that in his experience, General Plan and zoning amendments are not usually approved in a vacuum; they are normally considered with a specific land use proposal, a project-level proposal like the one for the Kaiser Medical Center. Instead, he said, this EIR “starts us down a path toward approval of a project that we haven’t even seen yet.” If the City certifies the EIR in its current form, it locks in the development approvals for 15 years and beyond and also locks in significant and unavoidable impacts that have been identified without knowing what will be proposed for the site or considering unintended consequences of such a development. The worse part, he added, is that the City gains nothing by approving the retailing component and risks a lot in terms of potential loss of business for existing retailers. The viability of Bayfair and other retail centers is directly threatened by this proposal. He stressed that it is the proposal, not the project itself, that is so threatening, because businesses are already taking a wait-and-see approach when they consider tenancy at Bayfair. Current tenants may take the same approach when their own leases come up for renewal. Even the prospect of a retail component of this project, in this market, is a threat, even before a single shovel breaks ground. He said they believe there is a viable, complementary alternative to the retail component of this project, and urgently recommend that not certifying the EIR now, leaving the time necessary to resolve these outstanding issues. Regardless of the decision about the EIR, though, he said there is no benefit in approving amendments to the General Plan or changing the zoning code except on the Medical Center.

Denise Quick, 1222 Alder Creek, said that she has been in marketing and business and engineering, and as she has listened to comments tonight, she said, “What are you saying, Bayfair? That you’re scared to get a little competition?” It’s business. What Kaiser is proposing won’t be happening until 2017 or 2018. Do we not believe the economy will be better by then? She does not understand being afraid today of what may happen sometime in the future. She agrees with the need to be diligent about deciding what is allowed, but at the same time, she said, “So what if they bring in Best Buy? Why didn’t Bayfair get Best Buy? Why didn’t Bayfair do the marketing and planning they needed to be doing to bring in more businesses?” In business, competition happens. That’s how you focus on what you need to do. We might get a Trader Joe’s,
or a Whole Foods. No one knows. I do believe it is the right thing, both for the hospital and the retail part and what it brings to San Leandro.

Motion to Close Public Hearing

Reed/Brannan; 7 Aye, 0 No

Commissioner Dlugosh said there’s no question but that the proposal is well-considered and we should move forward with this. That said, he said he has a couple of concerns, one of which he has addressed already. Beyond that, he feels the traffic report did not address some of the concerns raised previously in sufficient detail. They were glossed over. He said that he had a business on Republic Avenue for 15 years, and he knows what it’s like there, and knows the amount of traffic that will use Republic and Nicholson Street to avoid the Merced/Fairway intersection. It’s only going to get worse with this project, he said, yet the EIR did not pay it much attention. The other thing that was dealt with pretty lightly is the traffic that will go down Alvarado to Fremont Avenue to Floresta Boulevard to get to other parts of the City to the south. Although they say it will be insignificant, it is not – he does it daily from his business, which is now located on Aladdin Avenue. In summary, the traffic study was not quite broad enough in some of the “less than high-profile intersections.” Even though he said he favors forwarding a recommendation to the City Council, he still believes the City should look at some of those things to consider as part of the signalization or other initiatives to improve traffic flow.

Commissioner Brannan said she agrees with Commissioner Dlugosh with regard to the traffic study, especially about it being too narrow. Because she lives in Washington Manor area, she said she knows semi trucks frequent Lewelling and Wicks to avoid exiting I-880 at Marina because of the traffic. The traffic study should have been expanded to include that, because people will be traveling from the Washington Avenue exit, and possibly down Wicks and Merced to reach the hospital. She said, too, that Kaiser knows she supports this project based on comments she has made in past meetings on the DEIR. As for the retail component, she said some speakers have talked about cannibalization of Bayfair. She congratulated Madison Marquette for what they’ve done with Bayfair and commended them, but she said they should not be concerned about the retail development. The economy is taking care of a lot of the concerns right now. We don’t know what the economy will be like five or 10 years forward. Some of the alternative uses mentioned by some of the presenters would require zoning changes for the General Commercial. Referring to the earlier comment about Best Buy, she said that if she recalls correctly, when ICI was involved with the northern portion, there was talk of Best Buy coming in then. She said she does not know when Bayfair received the message from Best Buy that they are awaiting the I-880/Marina project to go forward, but she believes it is something they have been waiting for for some years.

Commissioner Abero thanked Kaiser for their presentation and for the project itself. She likes the idea of a state-of-the-art medical facility in our community, and as some speakers indicated, this will bring jobs and help a lot of people in the community. She said that she, too, frequently travels the Merced corridor back and forth to her office, and her concerns are also with the traffic and thinks it will be a major issue. She was disappointed that despite the medical facility being state-of-the-art, the traffic mitigation techniques are not “new age.” She said she does not think there was much “outside the box” thinking, and in a project like this, there should have been. She also expressed concern whether CalTrans required approvals will be forthcoming, but perhaps CalTrans will come up with some new ideas to address the problem. Like Commissioner Abero,
she commended Madison Marquette in revitalizing Bayfair. She said that if retail comes into the Kaiser property, she believes it will encourage more retail for Bayfair as well. She said we’ve seen that in Dublin and Pleasanton, where as they have expanded their retail, other retailers came in. Livermore is experiencing the same thing, and she believes it is happening in Redwood City also. So instead of detracting from Bayfair, she thinks there is a possibility that it will enhance Bayfair’s opportunities.

Commissioner Reed pointed out that “we are only planners and we only are recommenders,” and that it’s up to staff and the City Council to really take a hard look at going back to the plan for two left-turn lanes. Traffic is very congested at times now, and when 2,000 people or more are added, and people coming in and out of the hospital and to medical appointments, we will regret the day we did not provide adequate traffic solutions rather than trying to catch up after the fact.

Commissioner Fitzsimons said this is a fabulous project. Regarding the two left-turn lanes, he said it seems fairly important and can be accommodated without taking the Foundry space. He said placing the stop point on northbound Merced further back from Republic than in the drawings now could enable dual left-turn lanes. Having the turns into the site at an angle broader than 90 degrees may cost a few parking spaces, but it would allow two lanes to go in. As for the retail, from a pure planning standpoint he said he has not seen any compelling argument that Bayfair should be a “big box” center. It is more neighborhood-serving retail. Big-box retailers seem to prefer immediate freeway access.

Chair Collier said one of her biggest concerns is traffic. She would like to concentrate on getting the plan approved for the Medical Center and whatever happens in five years, or whenever the retail mixed-use comes up, it needs to be tied to the Medical Center next door. The uses should be compatible with the Medical Center, so that we don’t just add more and more traffic. She would like to see residential and hotel and a mix of light retail. She said she doesn’t know what the economy is going to do; the Best Buy in Richmond has almost no business and it’s right off the freeway. She can’t see Best Buy talking about expanding anywhere now. She also noted that the Kaiser project site has been sitting vacant for some time, and we need to get moving on this project, and this is the way to do it.

Commissioner Dlugosh moved to recommend certification of the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project EIR to the City Council. Commissioner Brannan seconded. Chair Collier asked whether the motion includes all the recommendations and asked if there was further discussion.

Commissioner Brannan pointed out an error in the resolution. Ms. Livermore suggested a word addition to correct it. Mr. Pio Roda concurred.

Commissioner Fitzsimons wanted to clarify the motion – to recommend certification of the EIR or to recommend approval of all five recommendations. Commissioner Dlugosh said certification. Ms. Livermore pointed out that the resolution provides for all of the recommendations at once, if the Commission chooses to do it that way. Mr. Pio Roda agreed that it was appropriate to move the resolution.
Item 8: Miscellaneous

None.

Item 9: Commissioners’ Comments

Commissioner Dlugosh said that when the Planning Commission discussed the Kaiser project Draft EIR at the February meeting, his comments were summarized in the minutes, but he expected them to be addressed fully in the Final EIR. However, the Final EIR reflected only what was summarized. Consequently, several points he made were omitted. Although in this case it does not affect the overall approach, and the Final EIR is obviously adequate, he said that in the future, it might be appropriate to think about how we do the minutes when someone will use them as they were used in this instance. The entire minutes are available, and recorded, but the company that did the study did not listen to the tape. Whether there is a legal issue involved or not, it might be important to consider in the future.

Chair Collier said they did not pick up her comments, either.

Mr. Pio Roda said there is no legal issue per se. Comments made on the record related to the EIR should be addressed. Commissioner comments should be taken as written comments in the future rather than be taken from a summary.

Ms. Livermore indicated that the tapes are available for comprehensive transcription if needed in the future.

Ms. Templeton indicated a mechanical difficulty with the recording that reduced speaker volume to an inaudible level for a period that included both Commissioner Dlugosh’s and Chair Collier’s comments.

Chair Collier said that in certain instances, we could ask for verbatim minutes if it is important on a certain subject or a certain portion of a meeting.

Commissioner Dlugosh said that in the case of an EIR, someone is going to have to make a response or a finding or something based on such comments, they need to be pretty specific. In
those cases, every comment is supposed to be addressed, so every comment should be included. It doesn’t come up very often.

Chair Collier said that Commissioners could indicate when they want comments transcribed verbatim, or when they want a portion of a meeting transcribed verbatim. She said she also was disturbed about the fact that the concerns she expressed were minimized or overlooked entirely, in contrast to written comments from the public. She said she believes that Commissioners’ comments, with our background and working on the Commission, should carry a little more weight than someone who sends in an email.

Item 10: Staff Updates/Project Status Report

Mr. Sims wanted to let the Commissioners know, personally, that in light of Kathleen Livermore’s impending retirement, for the time being Tom Liao, who has a degree in urban planning, plus planning experience and background, will take on some of the Planning Manager duties. Mr. Liao also serves as San Leandro’s Housing/CDBG (Community Development Block Grant) Manager.

Ms. Livermore indicated that a Work Session is scheduled for the May 20 Planning Commission meeting.

Item 11: Adjourn

Motion to Adjourn

Dlugosh/Brannan: 7 Aye, 0 No

Chair Collier adjourned the meeting at 10:35 p.m.

Respectfully Submitted,

Kathleen Livermore, Secretary
Recording Secretary, Barbara Templeton
ATTACHMENT C
Livermore, Kathleen

I received the FEIR earlier this week. I have read the response to my concerns. I worked through the detailed explanations, and I even developed a Synchro 7 network with the same modeling values used by Dowling. I agree with the consultants' findings. I believe that the mitigation measures, if implemented, will work as planned. I have no further questions regarding the adequacy of the traffic study. Thank you for responding to my concerns.

Gary Kruger
1359 Santa Rosa Street
San Leandro, CA 94577-4715
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April 22, 2010

Ms. Kathleen Livermore
Community Development Department
City of San Leandro
Planning Services Division
835 East 14th Street
San Leandro, CA 94577

Dear Ms. Livermore:

Kaiser Permanente San Leandro Medical Center Mixed-Use Retail Development Project – Final Environmental Impact Report and Revised Traffic Study

Thank you for continuing to include the California Department of Transportation (Department) in the environmental review process for the Kaiser Permanente San Leandro Medical Center Mixed-Use Retail Development project. The following comments are based on the Final Environmental Impact Report (FEIR).

Highway Operations
As stated in our comments for the Draft Environmental Impact Report, by constructing the proposed left-turn only signalized intersection (Mitigation Measure 3) in such close proximity to the Interstate (I) 880 off-ramp, it raises safety concerns since motorists may find it confusing to navigate through the intersection.

In Tables 50 to 55 on pages 135 to 140 of the Revised Traffic Study, the westbound left turn queues at the Marina Boulevard/Merced Street intersection exceed the capacity and would spillover into the proposed new intersection at the proposed access driveway. These intersections would be congested and will possibly interfere with the operation of the I-880 southbound off-ramp. Please provide additional mitigation measures to reduce the queuing impact.

In addition, in Table 52 on page 137, Intersection 20, I-880 southbound ramps/Marina Boulevard, the mitigated results at the southbound off-ramp intersection show that the eastbound through movement of 505 exceeds the storage capacity and will interfere with the operation of the proposed new signalized access driveway intersection. We are concerned that this will also affect the operation of the southbound I-880 off-ramp, in particular, if right-turns-on-red movement are prohibited.

"Caltrans improves mobility across California"
Ms Kathleen Livermore/ City of San Leandro
April 22, 2010
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Should you have any questions regarding this letter, please call Yatman Kwan of my staff at (510) 622-1670.

Sincerely,

LISA CARBONI
District Branch Chief
Local Development - Intergovernmental Review

c: State Clearinghouse
April 22, 2010

Dear Planning Commissioners:

In early April, Kaiser Permanente sent a mailer to all households in San Leandro to inform them about the Kaiser Permanente San Leandro Medical Center and future mixed use / retail development that will be before you on Thursday, April 22.

A response card was included in the mailer for residents to indicate their support. To date we have received over 800 responses in favor of the project. Attached please find a sample of the comment cards segregated by district within the city.

Thank you for your consideration.

Ana Apodaca  
Community & Government Relations Manager

Debra Lambert  
Director – Public Affairs

Kaiser Permanente  
1100 San Leandro Blvd., #200  
San Leandro, CA 94577
April 22, 2010

Planning Commission
City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Via email: klevermore@ci.san-leandro.ca.us

Dear Members of the Planning Commission:

We write to ask you to consider the potential impacts that approving a retail development at the Kaiser site on Marina Blvd could have on the ability to create a vibrant transit oriented district at the Bay Fair Mall/Bay Fair BART Station and the Downtown San Leandro BART Station. We also would like you to consider the air quality and environmental health implications of new retail along the 880 corridor.

As you may know, Urban Habitat is a regional Environmental Justice organization, dedicated to equitable land-use, transportation and housing planning in the Bay Area. We have been engaged in efforts to improve housing, transportation, amenities and the environment for low-income communities and communities of color since 1989. For the past four years, we have worked closely with community groups and labor groups within San Leandro, such as Congregations Organizing for Renewal and the Alameda County Building Trades, to support the creation of great communities near transit hubs that meet the housing, transportation, environmental and economic needs of all residents and particularly those of low-income families. We are also part of a regional coalition called The Great Communities Collaborative that brings together residents and local organizations to participate in community planning processes across the San Francisco Bay Area. We want to create a region of vibrant neighborhoods with affordable housing, shops, jobs, and services within convenient walking distance near transit.

We are writing today because of our interest in seeing planning efforts to create vibrant transit districts that maximize affordable housing and mixed-income housing, good, union job creation, access to services and transit connectivity for existing and future residents at the both of San Leandro’s BART Stations and surrounding neighborhoods. Establishing successful local serving businesses within these districts is essential to the overall success of the plans. We write to ask whether there has been any analysis done on how a new shopping center at the Kaiser property, a mile away from the San Leandro BART Station and less than 2 miles away from Bay Fair Mall could impact the viability of the commercial/retail base in those transit-rich areas. We also are concerned about the air quality and traffic congestion impacts of new retail along the 880 corridor.
If analysis demonstrates that indeed retail at the Kaiser site will not detrimentally impact economic development within transit districts in San Leandro or environmental health along 880, then we would be supportive of the project to the degree it creates good union jobs for San Leandro and East Bay residents. We would encourage this body to ask Kaiser to work out a Project Labor Agreement with the Building Trades to ensure the greatest possible workforce development benefits for San Leandro’s working families. (This approach to workforce development should be applied to all new development projects.)

Ultimately, a transparent and inclusive planning process will yield the greatest results for San Leandro. Consider applying the same successful analytical and public involvement process that occurred in the San Leandro Downtown Strategy Planning process to the Kaiser development and Bayfair Mall BART station area. In doing so, you can maximize the housing, job creation and environmental benefits of all new development.

Most sincerely,

\[Signature\]

Lindsay Imai
Transportation and Housing Program Associate

\[Signature\]

Vu-Bang Nguyen
Land Use Program Coordinator
April 22, 2010

Via Hand Delivery
Ms. Esther Collier, Chair
and Planning Commissioners
San Leandro Planning Commission
835 East 14th Street
San Leandro, CA 94577

Re: Kaiser Medical and Mixed Use/Retail EIR and Approvals

Dear Chair Collier and Planning Commissioners:

We recently have been retained to represent Bayfair Center ("Bayfair") in regard to the proposed Kaiser Medical and Mixed Use/Retail Project ("Kaiser Projects"). As you know, Bayfair is the largest shopping center in San Leandro, and a major contributor to the City’s sales and other tax base. Since purchasing Bayfair several years ago, the Owners of Bayfair, working in partnership with the City, have invested substantial effort and over $90 million into improving Bayfair, a task made infinitely more difficult by the current deep recession. In its comments on the EIR for the Kaiser Projects, Bayfair sought to advise the City that the proposed Kaiser Retail/Mixed Use Project could have severe impacts on the health of Bayfair and other existing San Leandro retail areas, and that this could in turn would likely result in blight in and around Bayfair.

Bayfair believes the Kaiser retail/mixed use site can and should be developed with a mixed use project that can be an asset to the City, if that development is done with sufficient care and intelligence. This would assure that the new retail center would complement, rather than cannibalize, existing City retail. While the comments of many of the Planning Commissioners at the February EIR hearing showed that you shared these concerns about the impacts of the retail project, Kaiser and the authors of the FEIR have
failed to address these issues in a meaningful, way and they are continuing to press ahead on a course of action we believe will severely harm the interests of Bayfair, and the City. On April 22, this Commission will have an opportunity to correct, or at least mitigate, the mistakes Kaiser and City staff are making in this process.

SUMMARY OF ARGUMENT

- **The Final EIR remains defective under CEQA and should not be certified.** In particular, the FEIR has failed to properly analyze the impacts of the new retail center on Bayfair and other San Leandro retail, and resultant potential blight, failed to properly analyze the Kaiser Projects’ greenhouse gas impacts and feasible mitigations, and failed to include an adequate alternatives analysis. These legal deficiencies are particularly severe with respect to the retail project. These issues are addressed in more detail in Section I A below.

- **The required CEQA Findings are legally deficient.** Significantly, the findings for rejection of alternatives are conclusory. Moreover, although the FEIR has correctly determined that both Kaiser Projects result in “Significant Unavoidable” impacts on transportation and climate change, the “Overriding Considerations” findings required under CEQA improperly attempt to rely upon the medical project’s benefits to justify the functionally and economically independent retail project. Thus, even if the FEIR itself met the requirements of CEQA, the approvals would be in violation of CEQA. Please see Section I. B for further discussion.

- **Any Approvals with respect to the Kaiser Retail Project would have almost immediate significant negative impacts on Bayfair, other retail centers, and the City.**

Although the Retail Project apparently would not become operational for five to even 15 years, approval of General Plan and zoning Amendments for the retail site would have immediate negative consequences. A General Plan amendment and rezoning allowing a broad range of retail uses, including “big box”, would make it infinitely harder for Bayfair to retain existing anchor tenants and secure new ones, as will be explained by Jeff Green and others at the hearing. The increased uncertainty as to whether Bayfair will lose existing tenants, and be able to secure new ones in a very difficult leasing environment, is likely to chill plans for further investment in Bayfair’s shopping facilities, and the planned TOD at Bayfair. The City is likely to experience a loss in retail revenue in and around Bayfair, years before any new retail might be built at the Kaiser site. (See Section I.C )

- **The General Plan Amendment and Rezoning of the Retail Site should be deferred.**
Staff’s proposal to redesignate at this time the 25 acre northern portion for retail use is premature and harmful to the City’s long-term interests. Even if the City wishes to allow the medical portion to go forward, there are no good reasons to approve the retail zoning now, and many good reasons why such rezoning should be deferred. (Please see Section I.D below)

Inclusion of the retail project in the Development Agreement at this time, including vesting any retail rights for 15 years, is also unnecessary and harmful. (Please see Section I. E).

Approval of the retail project now would also be counter to other City goals, including greenhouse gas reduction and implementation of the new Housing Element (See Section I. F)

Therefore, for the reasons explained more fully below, on behalf of Bayfair, we respectfully request:

- That the Planning Commission recommend that the FEIR not be certified until it is revised to correct its legal deficiencies.

- That even if the FEIR is certified, no approvals be granted until proper CEQA findings are prepared, and

- That even if the FEIR is certified, and any approvals are granted, that the proposed general plan amendment and zoning amendment be limited to only the 38 acre medical project site, and not the 25 acre retail portion, and that the Development Agreement be adopted for the medical project only.

I. ARGUMENT

A. THE FEIR IS DEFECTIVE AND SHOULD NOT BE CERTIFIED.

Bayfair’s comment letter on the Draft EIR ("DEIR") cited numerous deficiencies including apparent errors in the trip generation calculations, failure to consider the retail component’s potential to cause blight elsewhere in San Leandro, inadequate consideration of climate change impacts and mitigations for the “Significant Unavoidable” climate change impacts, and the failure to consider an adequate range of alternatives. The Response to Comments/FEIR failed to adequately address those issues, and as a result the FEIR fails to comply with CEQA and does not merit being certified. The remaining deficiencies are summarized below.
Transportation.

The Response admitted that the Project as evaluated underestimated the maximum number of daily vehicle trips by failing to assess the all retail option for the retail site. While the Response does not include sufficient information to fully confirm the Response's ex post facto rationale why the option assessed in the DEIR was nonetheless the worst case scenario from a traffic perspective, however, in any event the Response admits that the analysis understated trips for purposes of the greenhouse gas emissions analysis. (See Response 7-4.)

Urban Blight.

The Response admits that if the Kaiser retail area is developed with “mid to large retail boxes” it would compete directly with Bayfair and likely draw business from Bayfair. While the Response (based on Keyser Marsten “analysis”) claims the impact on Bayfair’s sales would be less than Bayfair’s comment letter had indicated, Keyser’s analysis is seriously flawed, for the reasons explained in the attached report by Jeff Green. In its fiscal analysis of the Project, Keyser Marsten acknowledged the likelihood that at least one of the anchors to the new retail would likely be drawn from elsewhere in San Leandro.

Bayfair acknowledges that the retail mix for the new Kaiser retail center has not been determined and that it is possible that the new center ultimately might not be directly competitive with Bayfair. However, a directly competitive retail concept is very likely, and once the site is zoned for “community commercial”, it is questionable if the City could effectively prevent the new retail center from including retail uses that are likely to have a devastating impact on Bayfair. Such an impact on Bayfair would also affect the nearby retail that depends in part on Bayfair to draw customers to the area. Thus, it is not “premature” to analyze how the new center may result in blight on Bayfair and its vicinity.

The Response also asserts that Kaiser and the City “anticipate subsequent environmental review at the project level”...that would look at potential urban decay impacts. However, a close review of all the project approvals, including the Development Agreement, (see Section 6.09) indicates that City and Kaiser are likely to severely limit any subsequent environmental review, and that Kaiser and City intend to claim that potential blight (and other CEQA impacts) are adequately addressed in the current EIR. Thus, the apparent promise to address this retail competition/blight issue in the future as part of “project level” review of the retail component is likely illusory. It is one of several ways in which the City staff and Kaiser seem to be asking the community
to accept on blind faith that a proper, thorough analysis will precede any project level approvals of the retail/mixed use component.

Moreover, even if there was a real commitment by Kaiser and the City Staff to complete a meaningful environmental review before any further retail approvals are granted, which is not the case, what the FEIR ignores is the fact that rezoning of the 25 acre site for retail uses would have immediate and severe impacts on Bayfair and other retailers, long before any retail uses opened. (See Section I.C below.)

**Climate Change/Greenhouse Gases.**

Despite the Project’s enormous exceedence of the BAAQMD’s proposed greenhouse gas significance threshold (emissions 3 times greater than the threshold), the Response continues to insist that the EIR has adequately analyzed and identified mitigations. The record does not support this conclusion. Although the Project does include some Transportation Demand Measures (TDM), the EIR fails to assess and include all the potentially feasible TDM measures to mitigate greenhouse gas (“GHG”) emissions. For example, the EIR fails to evaluate parking charges. Also, while the TDM program includes vague references to “transit subsidies,” the TDM Program mitigation only requires Kaiser to “investigate” the feasibility of such a program, making this provision nearly meaningless. While the TDM program for the medical component talks about a 10-15% trip reduction, there is no real discussion why a greater trip reduction for the medical component would not be feasible. Moreover, for the mixed use retail component, while some sort of a TDM program is apparently contemplated, the Response states that the target trip reduction rate would be established in the future, a deferral of mitigation that is improper under CEQA law. Thus, it remains crystal clear from the Response that the City contemplates granting initial approvals for the retail component without identifying and imposing all the feasible mitigations to reduce the Project’s significant unavoidable climate change impact.

Similarly, the Response states that the specific “green building” features for the mixed use retail will be identified in the future. Again, staff proposes that, zoning for the retail component be approved now, while determination of mitigations for the retail component is improperly deferred. Regarding the medical component, the requirement that the medical center include “all feasible energy efficiency measures” is essentially meaningless, since it means that Kaiser will effectively decide, on its own, what energy efficiency measures are “feasible” based upon whatever test of feasibility Kaiser decides will serve its own interests. This is a phantom mitigation, and does not meet the requirements of CEQA.
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The Response claims that there is no current mitigation fee program available to be applied to the Kaiser Projects. However, the Response fails to acknowledge PG&E’s currently operational “Climate Smart” Program, in which PG&E uses additional payments for GHG offset projects with the purpose of making projects “carbon neutral” with respect to GHG’s. Also, even if there was not a current mitigation fee program that the FEIR finds acceptable, the FEIR can and should identify as a feasible mitigation that the Project be required to pay mitigation fees (perhaps up to a stated dollar or percentage of electrical costs cap) if such a program is operational when the retail project receives its final approvals.

The Response’s requirement that offsets for Project GHGs must occur locally is doubly flawed. First, the PG&E Climate Smart program may satisfy this requirement. Second, since GHG emissions and climate change are a worldwide, cumulative problem, there is little logic to the FEIR’s insistence to impose no mitigation at all, given that a program that would mitigate GHG emissions outside the local area is readily available.

**Use of Renewable Energy.**

We have not identified anything in the DEIR that committed Kaiser to generating any solar power or other renewable energy for either the medical or retail component. Now, apparently in response to Bayfair’s comment, Kaiser is offering a vague commitment to develop a somewhat token amount of renewable power (“approximately” 250 kw each for the medical and retail components). However, there is no discussion or analysis in the FEIR or elsewhere which explains why 250 kw is the maximum feasible renewable power that can be developed on each of the Project sites. Instead, Kaiser and City Staff ask that the decision makers and citizens of San Leandro just accept, without explanation, Kaiser’s conclusion that 250 kw represents the maximum feasible amount of renewable power that the Projects should include. Bayfair believes that 250 kw of renewable capacity is a token amount that would achieve only a small percentage of the Projects’ electricity needs, **but without the mitigation and feasibility analysis that CEQA requires it is impossible for the City’s decision makers to make an informed decision on this question.** Moreover, the required CEQA findings that climate change impacts have been mitigated to the extent feasible are clearly defective.

**Deficient Alternatives Analysis.**

The Response regarding the deficient analysis of alternatives is entirely inadequate and unconvincing. Only four alternatives were discussed in the DEIR, two of which are effectively “no project” alternatives and one of which is a subalternative dealing only with a sub option for vehicular access. The defectiveness of the range of alternatives is illustrated by the draft findings rejecting all alternatives. The only alternative which
would allow the Project to proceed while limiting some impacts, the “Reduced Project” alternative, is proposed to be rejected because it would not allow full buildout of the medical portion, despite meeting most of the Project objectives. In effect, the alternatives in the EIR were structured so as to make it effectively impossible for the City to consider anything other than full approval of the entire project exactly as Kaiser had requested. The alternatives suggested by Bayfair, including full buildout of the medical portion and buildout of the retail/mixed use area with a better mix of uses and reduced retail, better meets the project goals, and CEQA requires that such a reasonable alternative be considered.

**The EIR Must Be Recirculated.**

The Response admits that the DEIR has underestimated vehicle trips for the purposes of greenhouse gas analysis. Although the Response claims, without evidence, that the emissions would be “similar” to those identified in the DEIR, in light of the “Significant Unavoidable” nature of the impact, this increase is nonetheless significant. The Response also discusses a few potentially feasible GHG mitigations, but fails to incorporate all the additional mitigations to the extent feasible. Therefore, despite the failure of the Responses to address the Bayfair comments adequately, there is sufficient information in the FEIR to require recirculation. Finally, recirculation is required because, due to the lack of a meaningful climate change mitigation analysis, urban blight analysis, and alternative analysis, the FEIR is fundamentally inadequate so as to have precluded meaningful public review. Recirculation would also allow the revised EIR to address the remaining defects in the current EIR, including the lack of appropriate analysis of GHG mitigation, blight impacts, and the insufficient alternatives analysis. Without correction and recirculation, the FEIR may be subject to challenges which could unfortunately delay the more desirable medical project.

**B. THE REQUIRED CEQA FINDINGS DO NOT MEET THE REQUIREMENTS OF CEQA**

CEQA requires that when a project is approved, several different findings be adopted. For the Kaiser Projects, among other things, the City must find that all feasible mitigations have been adopted to reduce significant unavoidable impacts, to reject the project alternatives, and also to adopt “Overriding Considerations” because the Project would have significant unavoidable impacts.

The defects in the findings for climate change impacts and alternatives were addressed above. For the overriding considerations findings, the findings for approval of the medical portion seem reasonable. However, there are virtually no legitimate
“overriding considerations” cited that justify approval of the retail mixed use component, which is a major contributor to all the “Significant Unavoidable” impacts identified.

The project DEIR and FEIR both confirm that there will be significant unavoidable air quality, transportation, and climate change impacts of the project. However, as Section 4 of the FEIR illustrates, many of the “significant and unavoidable impacts” associated with the project apply only to the Baseline + Medical Center + Retail scenario. As an example, the FEIR revises Mitigation Measure TR-1.2 (page 3.9-59) such that the Baseline + Medical Center scenario does not trigger the significant and unavoidable impacts to the Republic Avenue/Merced Street intersection. While the FEIR continues to identify the significant and unavoidable project impacts to air quality, transportation, and climate change, those impacts are only “significant and unavoidable” when the Retail Development is included. Thus, it is clear from the FEIR revisions that most of the significant and unavoidable impacts associated with the project’s analyzed in the FEIR can be eliminated by excluding the Mixed-Use Retail Development from the project approval.

Given the established existence of significant and unavoidable impacts of the Baseline + Kaiser Medical Center + Retail, the City must adopt a Statement of Overriding Considerations indicating that the City is aware of the significant environmental consequences of the proposed project but believes that the benefits of approving the proposed project outweighs its impacts. In the DEIR, it is suggested that the City Council “could approve the project if the benefits of the project, such as job creation and an increase in regional public health and safety from a new hospital outweigh the significant and unavoidable air quality, transportation, and climate change impacts of the project.”

The first problem with this approach is that the “benefits of the project” are all attributable to the Kaiser Medical Center, while the “significant and unavoidable impacts” are primarily attributable to the Mixed-Use Retail Development (or at least would not be significant without the Mixed Use Retail component). In essence, this constitutes a “bait and switch” -- it is impermissible to use the Kaiser Medical Center’s alleged “benefits” to address the significant and unavoidable impacts of the Mixed-Use Retail Development.

Secondly, it may be argued that “job creation” would result from the Mixed-Use Retail Development, however neither the DEIR or FEIR have studied the Mixed-Use Retail Development’s impact on job creation, and in reality any use of the 25 acre retail site would result in some job creation. CEQA does not permit an EIR to cite job creation, or any other purported benefit, as an overriding consideration without substantial evidence in the record confirming that the benefit will actually come to fruition. There is
insufficient evidence in the EIR to substantiate any claim that the Retail component will result in job creation. In fact, it can be argued that the existence of the Mixed-Use Retail Development could result in significant job losses at other retail locations in the City.

If the Retail component is included in the project approvals, the City will be unable to make the finding that its benefits outweigh its significant unavoidable impacts. Therefore both the Findings and the F EIR remain defective.

C. GENERAL PLAN AND REZONING APPROVAL OF THE RETAIL MIXED USE SITE WILL HAVE IMMEDIATE NEGATIVE CONSEQUENCES

The Responses and other documents argue that approval of the retail site general plan amendment and rezoning will not have any impacts because, among other things, the retail concept has not been defined, and further environmental review will be undertaken before any specific plan or uses for the retail area are undertaken. As noted above, the promise of further environmental review should be regarded with great suspicion. Furthermore, what the FEIR fails to acknowledge, is that a General Plan amendment and rezoning of the retail site to a designation permitting the broadest range of retail uses will have immediate and continuing competitive (and potential blight) impacts on Bayfair and other retail in San Leandro, even before any retail project achieves specific approvals.

Under current economic conditions, it is already difficult for retail center owners in San Leandro to retain existing tenants, and attract new ones. The mere fact that a retail center has been proposed at the Kaiser site has already caused some potentially valuable tenants – e.g. Best Buy – to back away from leasing discussions with Bayfair. Approval of even a General Plan Amendment and zoning for the Kaiser retail site will make that retail option even more real, and the very broad and undefined retail concept at the Kaiser site will make a broad range of retailers want to consider that site. In many ways, such a undefined “phantom” retail concept at the Kaiser retail site may be even more damaging than a specific retail concept. Thus, long before the City makes any project specific approvals for the Kaiser retail site, and even longer before the Kaiser site could generate any City revenues, approval of the Kaiser retail zoning will begin to impact Bayfair. This is turn may result in a substantial loss of City revenues from Bayfair. Thus, it is very important to define a concept for the Kaiser retail site that will complement Bayfair, before granting any approvals of the Kaiser retail proposal.
D. **EVEN IF THE FEIR IS CERTIFIED, THE CITY SHOULD NOT APPROVE THE REQUESTED GENERAL PLAN AMENDMENT AND ZONING FOR THE RETAIL COMPONENT.**

We understand that there is significant support for the Kaiser medical project. Although the FEIR is grossly insufficient under CEQA, we also realize that City decision-makers may be reluctant to delay the FEIR because of its possible effect of delaying the medical project. However, the Planning Commission and City Council have a very simple option that would allow the medical project to proceed now, while providing an opportunity to address the most significant defects in the FEIR, which relate to the retail mixed use project. What the Planning Commission can do is to recommend that even if the defective FEIR is certified, the City Council approve the General Plan amendment and new zoning **only for the medical site, and not adopt new General Plan and zoning designations for the Retail Site**, until the issues we have identified are addressed.

The staff is recommending that the City adopt a General Plan amendment and zoning amendment which would rezone the retail site to allow for a major shopping center. As legislative acts, the General Plan Amendment and rezoning are subject to referendum. However, there is no real reason stated as to why redesignation of the retail site must occur now, and many critical reasons why the retail site rezoning should be deferred. In fact, the only apparent basis for rezoning the entire site now is that this is what Kaiser has requested. This is certainly not a valid reason for the City to hastily take these actions without proper analysis. We look to the City to instead exercise its discretion in the best interests of the people of San Leandro.

There is absolutely no inconsistency in certifying the FEIR, and then approving one of the Kaiser projects (medical site) while postponing any General Plan or zoning amendment for the retail portion. Regardless of the scope of a project covered by the FEIR, the City is free to approve a reduced project, or no project.

While the FEIR is somewhat defective as to the medical component, the defects of the EIR are much more significant with respect to the retail component, and as noted above the overriding consideration findings as to the retail component are completely inadequate.

Furthermore, it is clear from the record that there is no urgency whatsoever to grant any approvals for the retail site now. According to the FEIR, the retail site will not proceed until 2014-2019, and perhaps much later. Moreover, the draft Development Agreement would allow 15 years for the retail project to be implemented, further indicating that development of the retail site will not occur for many years. The City
hopes that the retail project will eventually offset the severe general fund deficit from the medical project. However, given the expected delay in the implementation of the retail project, approving the retail project’s GP/rezoning now will not contribute any revenues to the City in the foreseeable future – and may actually reduce revenues by damaging Bayfair.

While deferring any approvals for the retail site would have no effect on when retail site development proceeds, deferring any retail approvals would have several benefits. Deferral would allow the City to address the environmental and fiscal gaps in the analysis that have been identified. It would allow additional study of what mix of retail and other uses would avoid negative competitive imports, and resulting potential blight. Deferral of any action on the retail site would allow development of various land use tools (e.g. zoning categories, conditions of approval etc.) to assure that the retail site is developed with a true mix of uses that would minimize cannibalization of the City’s retail, as well as minimize traffic and GHG issues, thus assuring that the mixed use retail site is developed in a way that maximizes benefits to the City and minimizes negative impacts. Moreover, delaying rezoning of the retail site would mitigate the immediate competitive impacts discussed above.

E. IN ADDITION TO DEFERRING ADOPTION OF GENERAL PLAN AND ZONING AMENDMENTS FOR THE RETAIL SITE, THE DEVELOPMENT AGREEMENT SHOULD BE LIMITED TO THE MEDICAL SITE.

Although the proposed Development Agreement primarily addresses the Phase I medical project, there are several key provisions that substantially benefit the retail site. Among other things, the DA vests the retail development for 15 years (See Proposed DA, § 2.02 and 4.02) When combined with other provisions, this provision essentially freezes the proposed new General Plan amendment and zoning in place for 15 years, so that even if the City decides that the retail development will have major negative impacts, the City will have very little discretion to adjust the zoning.

Once the City has had a full opportunity to carefully plan for the retail site, to consider what mix of uses and retail concept will best serve the City’s long term interests, and to approve a specific project, it may be entirely appropriate to enter a development agreement for such a specific retail project – but it is premature to do so now. Vesting the retail rights now provide a tremendous benefit to Kaiser, but the City receives little or nothing in return, and vesting the retail zoning may substantially, and irreversibly, damage the City.
F. A WIDE VARIETY OF SIGNIFICANT POLICY ISSUES SUPPORT ADDITIONAL ENVIRONMENTAL REVIEW AND DEFERRAL OF ANY APPROVALS FOR THE RETAIL COMPONENT.

According to the City’s Climate Action Plan ("CAP"), in the 2005 base year, the San Leandro generated approximately 957,169 metric tons (MT) of carbon dioxide equivalent (CO₂e). The CAP establishes a goal of reducing the City’s GHG emission by 25% by 2020. According to the FEIR, even with the (insufficient) mitigations to be imposed, the Kaiser medical project and mixed use retail in 2030 will generate almost 72,000 MT of (CO₂e). This amount is equal to almost 8% of the City’s total 2005 GHG emissions and is equal to about 50% of the GHGs emitted from all of San Leandro’s residential buildings. Approval of the Kaiser project, without maximum feasible mitigations, will therefore severely handicap the City from reaching its CAP goals.

The City’s recently adopted Housing Element update identifies developing a transit oriented development (TOD) at the Bayfair site as a major implementation goal. A TOD at Bayfair could result in a substantial number of new housing units in a high transit location, as well as meeting a significant part of the City’s requirements for new housing.

The 2006 Bayfair BART TOD Study by BART, Alameda County, AC Transit and Bayfair Center identified ways to provide connectivity, place-making and housing opportunities between BART and Bayfair Center. The retail services located at Bayfair create the foundation upon which to develop a successful TOD District – with community benefits that extend well beyond the half-mile radius of a redeveloped station. Future TOD housing and new employment opportunities are much more likely to occur if Bayfair Center continues its revitalization efforts with new shops, services, restaurants and community services that will create the critical amenities necessary to support new market-driven projects as part of a larger urban village.

In essence, Bayfair and its associated infrastructure/parking upgrades are the City’s major investment tools necessary to attract additional market uses compatible with the San Leandro’s TOD vision. Any deterioration to Bayfair would force serious reconsideration of multiple TOD projects on or near Bayfair and the BART station property. No one wants to live or work next to a vacant, deteriorated or blighted shopping center.
II. CONCLUSION

For the reasons set forth above, and in Bayfair's EIR comment letter, the EIR does not satisfy the requirements of CEQA, and does therefore not meet the legal requirements for certification. Any approvals based on a legally deficient FEIR may be challenged and set aside.

Even after an EIR is certified, a lead agency must adopt CEQA findings in order to grant any approvals, for any project. The findings that have been drafted are grossly deficient, especially with respect to the retail project.

Although the Response and the approval documents include vague promises that the retail project and its impacts will be subject to further review, these promises are neither credible, nor enforceable. Once the retail project receives a new General Plan land use designation and zoning that will permit a broad range of retail uses, including those that would have a devastating impact on Bayfair, there is little or nothing the City will be able to do to correct this problem.

Moreover, even if we could believe that this further analysis will take place, and that the retail area will be developed with complementary retail uses, it will be too late. A new retail center with General Plan and zoning entitlements will have an immediate and continuing impact on the ability of Bayfair to retain existing tenants and attract quality new tenants, long before such new retail is ever built.

Competition that Bayfair might easily survive in a healthier economy may be fatal in the current downturn and the long term slow growth period that is likely to follow. If the City needlessly and recklessly approves the Kaiser retail proposal, this may be the Planning Commission's legacy to the City.

There is, however, a simple and responsible way for the Planning Commission and the City to proceed, if you believe that the medical project must be allowed to go ahead despite the serious flaws in the FEIR. This responsible course of action is to limit any approvals to the 38 acre medical portion only. There is no immediate need or reason to approve a General Plan amendment or rezoning for the 25 acre retail mixed use area, and no logical reason to grant any development agreement rights for a retail project that is

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1 The agreement does provide a contribution by Kaiser to the Marina Boulevard/I-880 interchange, for the medical/retail project. Most of that contribution presumably reflects the medical project, therefore this benefit clearly is not enough reason for the City to grant Kaiser vested zoning rights for the retail site now.
totally undefined and needs much more study. Deferring any approvals for the retail/mixed use site will help preserve the City’s revenues in the near and mid term, and assure that in the long term, the Kaiser retail site is developed so as to complement, rather than cannibalize, Bayfair and the City’s other existing retail areas.

Very truly yours,

[Signature]
Allan C. Moore

[Signature]
Martin E. Lysons

MEL:mam
April 22, 2010

VIA E-MAIL klivermore@ci.san-leandro.ca.us;
kcooke@ci.san-leandro.ca.us
AND COPY VIA FACSIMILE (510) 577-6007

Ms. Kathleen Livermore
Planning Manager
City of San Leandro
835 East 14th Street
San Leandro, CA 94577

Mr. Keith Cooke
Principal Engineer
City of San Leandro
835 East 14th Street
San Leandro, CA 94577

Re: Follow Up to March 10, 2010 Written Comments to Draft EIR for Kaiser
Permanente San Leandro Medical Center/Mixed Use Retail Development Project

Dear Ms. Livermore and Mr. Cooke:

As you know, we are the owners of two properties immediately adjacent to the proposed
Project. As we previously noted in our letter of March 10, 2010, the proposed new center median
along Merced Street between Republic Avenue and Fairway Drive will prevent left turn access to and
from our property located at 2551-2587 Merced Street. We understand that it is the City’s position that
a center median is necessary to provide a safe travel environment for the City considering the increased
traffic on Merced and that the traffic volume accessing our property will be diverted to u-turns at the
adjacent signalized intersections. Accordingly, this will confirm our understanding that u-turns will be
allowed from the south bound left turn lane at the intersection of Merced Street and Fairway Drive as
well as from the north bound left turn lane at the intersection of Republic Avenue and Merced Street.
Ms. Kathleen Livermore
Mr. Keith Cooke
April 22, 2010
Page 2

Thank you and should you have any questions or comments, please do not hesitate to call.

Sincerely,

Reynolds & Brown

By: Dana G. Parry, President & CEO

DGP/wp

cc: Mr. David A. Brown
Mr. Jon Q. Reynolds
April 27, 2010

Dear Mayor and City Council:

In early April, Kaiser Permanente sent a mailer to all households in San Leandro to inform them about the Kaiser Permanente San Leandro Medical Center and future mixed use/retail development that will be before you on Monday, May 3.

A response card was included in the mailer for residents to indicate their support. To date we have received over 1,200 responses in favor of the project. Attached please find a sample of the comment cards segregated by district within the city.

Thank you for your consideration.

Ana Apodaca
Community & Government Relations Manager

Debra Lambert
Director – Public Affairs

Kaiser Permanente
1100 San Leandro Blvd., #200
San Leandro, CA 94577
IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

RESOLUTION NO. 2010-

RESOLUTION OF THE CITY COUNCIL ADOPTING THE RELATED CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FINDINGS AND STATEMENT OF OVER RIDING CONSIDERATIONS, CERTIFYING THE ENVIRONMENTAL IMPACT REPORT (EIR), AND APPROVING THE MITIGATION MONITORING AND REPORTING PROGRAM
FOR THE KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER AND MIXED-USE DEVELOPMENT PROJECT

WHEREAS, in accordance with the California Environmental Quality Act (“CEQA”), the City issued a Notice of Preparation (“NOP”), indicating an intent to prepare an Environmental Impact Report (“EIR”) on the Project; and

WHEREAS, a Draft EIR on the Project, SCH #2008012056, was prepared and released by the City and circulated for public review and comment from January 25, 2010 to March 10, 2010; and

WHEREAS, the Planning Commission held a duly noticed public hearing on the Draft EIR on February 18, 2010; and

WHEREAS, the Final EIR (“FEIR”) was published on April 12, 2010, which contained written responses to all comments received on the Draft EIR; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on the FEIR and the Project on April 22, 2010, where all interested parties were given the opportunity to participate in the public hearing by submittal of oral and written comments; and

WHEREAS, the City Council conducted a duly noticed public hearing on the FEIR and the Project on May 3, 2010, where all interested parties were given the opportunity to participate in the public hearing by submittal of oral and written comments;

NOW, THEREFORE, based on the entirety of the record before it, which includes without limitation, the California Environmental Quality Act, Public Resources Code §§ 21000, et seq. (“CEQA”) and the CEQA Guidelines, 14 California Code of Regulations §§ 15000, et seq.; the San Leandro General Plan; the San Leandro Municipal Code; the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project, including all appendices and technical reports thereto; all final applications, including plans, materials, and any other attachments thereto, submitted for the requested approvals for the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s February 18, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s April 22, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the City Council’s May 3, 2010 hearing on the Project; all matters
of common knowledge and all official enactments and acts of the City; and any other evidence (within the meaning of Public Resources Code § 21080(e) and § 21082.2), the City of San Leandro City Council does hereby:

**FIND:** That the recitals contained in this Resolution are true and correct and are an integral part of the City Council’s actions; that all attachments and exhibits to the Staff Report for this Resolution, whether specifically identified in this Resolution or not, are hereby incorporated into this Resolution, as if set forth fully herein; that the custodian of the documents and other materials that constitute the record of the proceedings upon which the City Council’s actions are based is Luke Sims, Community Development Director, or his designee; that such documents and other materials are located at San Leandro City Hall, 835 East 14th Street, San Leandro, California, 94577; and

**RESOLVE:** That the City Council, based on their independent judgment and analysis, hereby adopts the related CEQA Findings, including Statement of Overriding Considerations, as set forth in EXHIBIT B to the Staff Report ("CEQA Findings") for this Resolution and certifies the EIR, and further approves of the Mitigation Monitoring and Reporting Program attached as EXHIBIT D to the Staff Report for this Resolution, prior to taking any action on the Project; and

**FURTHER RESOLVE:** That this Resolution shall become effective immediately upon its passage and adoption.

Introduced by Councilmember and passed and adopted this 3rd day of May, 2010, by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT:

ATTEST: Marian Handa, City Clerk
IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

RESOLUTION NO. 2010-

RESOLUTION OF THE CITY COUNCIL AMENDING THE GENERAL PLAN
LAND USE DESIGNATION PURSUANT TO PLN2009-00030
FOR THE KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER
AND MIXED-USE DEVELOPMENT PROJECT

WHEREAS, the approximately 63-acre site, located generally between I-880 and
Merced Street, and between Marina Boulevard and Fairway Drive, is currently designated with
land use designations of General Industrial and Light Industrial on the General Plan Land Use
Diagram of the San Leandro General Plan; and

WHEREAS, the intent of the General Commercial land use designation is to provide for
larger shopping centers, shopping districts, and commercial uses all providing a broader range of
goods and services and serving a broader market than the neighborhood commercial areas; and

WHEREAS, the proposed General Plan amendment is consistent with the overall goals,
objectives, and policies of the General Plan; that the proposed General Plan amendment will not
cause the General Plan to become internally inconsistent; and that the General Commercial land
use designation would allow residential mixed-use retail uses and/or hospital uses as proposed by
the Project; and

WHEREAS, in accordance with the California Environmental Quality Act (“CEQA”),
the City issued a Notice of Preparation (“NOP”), indicating an intent to prepare an
Environmental Impact Report (“EIR”) on the Project; and

WHEREAS, a Draft EIR on the Project, SCH #2008012056, was prepared and released
by the City and circulated for public review and comment from January 25, 2010 to March 10,
2010; and

WHEREAS, the Planning Commission held a duly noticed public hearing on the Draft
EIR on February 18, 2010; and

WHEREAS, the Final EIR (“FEIR”) was published on April 12, 2010, which contained
written responses to all comments received on the Draft EIR; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on the
FEIR and the Project on April 22, 2010, where all interested parties were given the opportunity
to participate in the public hearing by submittal of oral and written comments.

WHEREAS, the City Council conducted a duly noticed public hearing on the FEIR and
the Project on May 3, 2010, where all interested parties were given the opportunity to participate
in the public hearing by submittal of oral and written comments.
WHEREAS, the City Council has adopted the related CEQA Findings and Statement of Overriding Considerations, as set forth in EXHIBIT B to the Staff Report ("CEQA Findings") for this Resolution and certified the EIR, and further approved the Mitigation Monitoring and Reporting Program attached as EXHIBIT D to the Staff Report for this Resolution, prior to taking action on the Project;

NOW, THEREFORE, based on the entirety of the record before it, which includes without limitation, the California Environmental Quality Act, Public Resources Code §§ 21000, et seq. ("CEQA") and the CEQA Guidelines, 14 California Code of Regulations §§ 15000, et seq.; the San Leandro General Plan; the San Leandro Municipal Code; the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project, including all appendices and technical reports thereto; all final applications, including plans, materials, and any other attachments thereto, submitted for the requested approvals for the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s February 18, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s April 22, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the City Council’s May 3, 2010 hearing on the Project; all matters of common knowledge and all official enactments and acts of the City; and any other evidence (within the meaning of Public Resources Code § 21080(e) and § 21082.2), the City of San Leandro City Council does hereby:

FIND: That the recitals contained in this Resolution are true and correct and are an integral part of the City Council’s action; that all attachments and exhibits to the Staff Report for this Resolution, whether specifically identified in this Resolution or not, are hereby incorporated into this Resolution, as if set forth fully herein; that the custodian of the documents and other materials that constitute the record of the proceedings upon which the City Council’s actions are based is Luke Sims, Community Development Director, or his designee; that such documents and other materials are located at San Leandro City Hall, 835 East 14th Street, San Leandro, California, 94577; and

RESOLVE: That the City Council hereby adopts the related Findings for Project Approval as set forth in EXHIBIT C to the Staff Report for this Resolution and, based on the Findings, amends the General Plan land use designation of the Project site from General Industrial and Light Industrial to General Commercial; and

FURTHER RESOLVE: That this Resolution shall become effective immediately upon its passage and adoption.

Introduced by Councilmember and passed and adopted this 3rd day of May, 2010, by the following called vote:

Members of the Council:

AYES:
NOES:

ABSENT:

ATTEST:  
Marian Handa, City Clerk
IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

ORDINANCE NO. 2010 -

AN ORDINANCE REZONING CERTAIN PROPERTY HEREIN DESCRIBED
AS TO ZONING DISTRICT AND AMENDING ZONING MAP
(PLN2009-00030)

Recitals

WHEREAS, the City Council of the City of San Leandro, after public hearings duly and
properly held in compliance with the Zoning Code of the City of San Leandro, has determined that
the public necessity, convenience and general welfare require the reclassification of the property
described below to the district and classification hereinafter set forth; and

WHEREAS, the City Council of the City of San Leandro, after public hearings duly and
properly held in compliance with the City of San Leandro California Environmental Quality Act
(“CEQA”) Guidelines, has adopted CEQA Findings, certified the Environmental Impact Report
(“EIR”), and approved the Mitigation Monitoring and Reporting Program for this reclassification
prior to taking the following actions on the Project.

NOW, THEREFORE, based on the entirety of the record before it, which includes
without limitation, the California Environmental Quality Act, Public Resources Code §§ 21000,
et seq. (“CEQA”) and the CEQA Guidelines, 14 California Code of Regulations §§ 15000, et
seq.; the San Leandro General Plan; the San Leandro Municipal Code; the EIR prepared for the
Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project,
including all appendices and technical reports thereto; all final applications, including plans,
materials, and any other attachments thereto, submitted for the requested approvals for the
Project; all reports, minutes, and testimony submitted as part of the Planning Commission’s
February 18, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of
the Planning Commission’s April 22, 2010 hearing on the Project; all reports, minutes, and
testimony submitted as part of the City Council’s May 3, 2010 hearing on the Project; all matters
of common knowledge and all official enactments and acts of the City; and any other evidence
(within the meaning of Public Resources Code § 21080(e) and § 21082.2) the City Council of the
City of San Leandro does ORDAIN as follows:

Section 1: That the Findings of Project Approval and Kaiser Entitlements Exhibits, as
attached to the Staff Report for this Ordinance, are hereby incorporated into this Ordinance, as if
set forth fully herein.

Section 2: The City Council hereby adopts the related Findings for Project Approval
as set forth in EXHIBIT C to the Staff Report for this Ordinance.

Section 3: That property described as the Kaiser Permanente San Leandro Medical
Center and Mixed-Use Development Project, consisting of an approximately 63-acre site located generally between I-880 and Merced Street and between Marina Boulevard and Fairway Drive, is hereby reclassified from the Industrial General District and combined with a Special Review Overlay [IG(SR)] District to Commercial Community with a Planned Development Overlay [CC(PD)] District.

Section 4: The City of San Leandro Official Zoning Map is hereby amended as shown on Sheet B2, filed in the office of the City Clerk on May 4, 2010.

Section 5: Hospitals and mixed-use retail and residential uses such as proposed under the Project are allowed in the Commercial Community zoning district subject to approval of a Planned Development Project, and that the Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project’s Planned Development demonstrates superior urban design in comparison with the more traditional development under the base Community Commercial district zoning regulations.

Section 6: The Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project’s Planned Development permit is hereby approved.

Section 7: If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of this Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council of the City of San Leandro hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

Section 8: This ordinance shall take effect thirty (30) days after adoption. The City Clerk is directed to publish the title once and post a complete copy thereof on the City Council Chamber bulletin board for five (5) days prior to adoption.

Introduced by Councilmember on this 3rd day of May, 2010, and passed to print by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT:

ORDINANCE NO. 2010-
Passed and adopted this day of , 2010, after publication on , 2010, by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT:

ATTEST: ____________________________
Marian Handa, City Clerk
IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

ORDINANCE NO. 2010 -

AN ORDINANCE APROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SAN LEANDRO AND KAISER FOUNDATION HOSPITALS (KAISER) FOR THE KAISER PERMANENTE SAN LEANDRO MEDICAL CENTER AND MIXED-USE DEVELOPMENT PROJECT (PLN2009-00030)

Recitals

WHEREAS, the City Council of the City of San Leandro, after public hearings duly and properly held in compliance with the Zoning Code of the City of San Leandro, has determined that the Development Agreement between the City of San Leandro and Kaiser Foundation Hospitals (Kaiser) for the Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project is a legally binding agreement which provides certainty to the City that development of the Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project will promote the orderly planning of public improvements and services, allocates costs to achieve maximum utilization of public and private resources in the development process, and ensures that appropriate measures to enhance and protect the environment are achieved; and

WHEREAS, the City Council of the City of San Leandro, after public hearings duly and properly held in compliance with the City of San Leandro California Environmental Quality Act ("CEQA") Guidelines, has adopted CEQA Findings, certified the Environmental Impact Report ("EIR"), and approved the Mitigation Monitoring and Reporting Program prior to taking the following actions on the Project.

NOW, THEREFORE, based on the entirety of the record before it, which includes without limitation, the California Environmental Quality Act, Public Resources Code §§ 21000, et seq. ("CEQA") and the CEQA Guidelines, 14 California Code of Regulations §§ 15000, et seq.; the San Leandro General Plan; the San Leandro Municipal Code; the EIR prepared for the Kaiser Permanente San Leandro Medical Center/Mixed-Use Retail Development Project, including all appendices and technical reports thereto; all final applications, including plans, materials, and any other attachments thereto, submitted for the requested approvals for the Project; all reports, minutes, and testimony submitted as part of the Planning Commission's February 18, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the Planning Commission's April 22, 2010 hearing on the Project; all reports, minutes, and testimony submitted as part of the City Council's May 3, 2010 hearing on the Project; all matters of common knowledge and all official enactments and acts of the City; and any other evidence (within the meaning of Public Resources Code § 21080(e) and § 21082.2) the City Council of the City of San Leandro does ORDAIN as follows:
Section 1: That Findings for Project Approval and Development Agreement, as attached to the Staff Report for this Ordinance, are hereby incorporated into this Ordinance, as if set forth fully herein.

Section 2: The City Council hereby adopts the related Findings for Project Approval as set forth in EXHIBIT C to the Staff Report for this Ordinance.

Section 3: That the Development Agreement between the City Of San Leandro and Kaiser Permanente Hospitals (Kaiser) for the Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project has been negotiated and voluntarily entered into by the City and Kaiser.

Section 4: The Development Agreement for Kaiser Permanente San Leandro Medical Center and Mixed-Use Development Project, as set forth in EXHIBIT F to the Staff Report for this Ordinance, is hereby approved.

Section 5: If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of this Ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this Ordinance are severable. The City Council of the City of San Leandro hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

Section 6: This ordinance shall take effect thirty (30) days after adoption. The City Clerk is directed to publish the title once and post a complete copy thereof on the City Council Chamber bulletin board for five (5) days prior to adoption.

Introduced by Councilmember  
2010, and passed to print by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT:

ATTEST: ________________
Marian Handa, City Clerk

ORDINANCE NO. 2010-2
Passed and adopted this __________ day of __________, 2010, after publication on __________, 2010, by the following called vote:

Members of the Council:

AYES:

NOES:

ABSENT:

ATTEST: ____________________________

Marian Handa, City Clerk