

**City of San Leandro
Community Development Department
Planning Services Division
Staff Report**

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.

<u>Intersection - Location</u>	<u>Mitigation Measure</u>	<u>Limits on Implementation¹</u>
Davis Street/ Doolittle Drive	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 <u>fair-share funds</u> towards this	<i>Implementation of this mitigation measure would require an encroachment permit from Caltrans.</i>

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.

improvement. (**MM TR-9.1**)

Marina Boulevard/ Teagarden Street	Mitigation of this traffic impact 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 <u>fair-share funds</u> towards this improvement. (MM TR-9.2)	<i>Implementation of this mitigation measure would require the acquisition of new right-of-way on the east leg of the intersection.</i>
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 <u>fair-share funds</u> towards this improvement. (MM TR-9.3)	<i>Implementation of this mitigation measures would require encroachment permits from Caltrans.</i>
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 <u>fair-share funds</u> towards this improvement. (MM TR-9.4)	<i>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.</i>
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 <u>fair-share funds</u> towards this improvement. (MM TR-9.5)	No restrictions on City ability to implement
Marina Boulevard/ I-880 Southbound Ramps	Mitigation of this traffic impact 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 <u>fair-share funds</u> 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 <u>fair-share basis</u> by the project sponsors) would fully mitigate this impact. (MM TR-9.6)	<i>This improvement could require additional right-of-way as well an encroachment permit from Caltrans.</i>
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 <u>fair-share funds</u> towards this improvement. (MM TR-9.7)	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

be accommodated by reducing the bike lane and sidewalk right-of-way and reconfiguring the channeling island.

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.

Widening the I-880 freeway is outside the purview of the City of San Leandro.

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.

<u>Intersection - Location</u>	<u>Mitigation Measure</u>	<u>Limits on Implementation</u>
Davis Street/ Phillips Lane	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 <u>fair-share funds</u> towards this improvement. (<i>MM TR-13.1</i>)	<i>Implementation of this mitigation measure would require an encroachment permit from Caltrans.</i>
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 <u>fair-share funds</u> towards this	<i>Widening at this location may not be possible due to right-of-way constraints and it is uncertain if an encroachment permit can be</i>

	improvement. (<i>MM TR-13.2</i>)	<i>acquired from Caltrans.</i>
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 <u>fair-share funds</u> towards this improvement. (<i>MM TR-13.3</i>)	<i>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.</i>
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. (<i>MM TR-17.1</i>)	<i>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.</i>

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; the 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 way-finding, 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

This item received notification to properties within a 300-foot radius of the site and to all public agencies and members of the public that provided comments on the Draft EIR, as well as publication in the local newspaper.

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