



Information Item

Date: March 28, 2013

To: Mayor and City Council

From: David Martin, Planning and Community Development Director

Subject: Saint John's Health Center Development Agreement Requirements
Following Notification of Parking Lease Cancellation at Colorado Center

Introduction

This report provides information in response to the City Council's January 22, 2013 inquiry about applicable procedures contained in the amended Saint John's Health Center (SJHC) Development Agreement following SJHC's recent receipt of a parking agreement cancellation notice from Equity Office for the 450 spaces the hospital leases at Colorado Center (formerly known as Yahoo Center) effective March 31, 2013.

This report provides an overview of Development Agreement requirements that apply to a proposed material reduction or change in SJHC's overall parking supply. Staff will make a determination on this matter which is appealable to Council. A second information item will be provided once final City staff review of SJHC's alternative Parking Management Plan is completed.

Background

The First Amendment to the Saint John's Health Center Development Agreement was approved by Council in [July 2011](#) authorizing implementation of a Parking Management Plan (PMP) in lieu of constructing the previously-approved 442-space North Campus subterranean parking garage. The purpose of the PMP is two-fold: to ensure that SJHC continues throughout the term of the Development Agreement to provide sufficient parking to meet the peak parking demands of its various user groups, and to ensure that SJHC provides parking that is functionally equivalent to the previously-approved

North Campus subterranean parking garage. The amendment also required implementation of a transportation demand management plan, neighborhood protection measures, and construction of an entry plaza. This amendment modified the original 1998 SJHC Development Agreement that authorized a two-phase plan for reconstruction and expansion of the hospital's north and south campuses after the facility sustained significant damage in the 1994 Northridge earthquake.

The First Amendment established that the Colorado Center lease, consisting of 450 parking spaces with a 10-year term subject to certain cancellation rights, constituted a functional equivalent to the previously-approved North Campus subterranean parking garage and authorized the City to approve substitute, functionally-equivalent owned and/or leased spaces if any of the Colorado Center spaces are cancelled. Per the amended Agreement, the City can require construction of the North Subterranean Parking Garage if the Planning Director reasonably determines that SJHC is unable to cure a parking deficit arising from the cancellation, termination, or expiration of the Colorado Center lease, or of a City-approved functional equivalent, and that construction of the garage is the appropriate means of curing the parking deficit.

The First Amendment also requires SJHC to provide parking at all times to meet the peak parking demand of the hospital's various user groups (e.g., visitors, patients, physicians, staff, and scientists). The First Amendment outlines procedural requirements for City review and approval of any substitute proposed to replace the Colorado Center lease, or any other material change to the hospital's overall parking supply.

Saint John's Health Center currently provides approximately 1,575 owned and leased parking spaces on hospital property and at off-site facilities, including 450 leased spaces at Colorado Center assigned to SJHC staff. At the time the First Amendment was approved in June 2011, the hospital's peak parking demand was established at

1,183 spaces based on 2010 parking utilization data and projected to be 1,306 spaces in 2013.

Discussion

In December 2012, Saint John's Health Center notified the City that the hospital received a 120-day written notice from Equity Office's parking operator, Standard Parking, cancelling the Parking License Agreement for all 450 spaces leased by SJHC at Colorado Center, effective March 31, 2013. Based on this notification, the hospital has initiated the process specified in Section 2.2 of the First Amendment which sets forth procedures for City review of a revised Parking Management Plan setting forth the proposed functional equivalent to the Colorado Center parking lease and the provision of parking to meet the hospital's peak parking demand.

As noted above, the amended Development Agreement recognizes that changes to the hospital's overall parking supply could occur in the future and requires City review and approval of those changes identified in a revised Parking Management Plan. As part of the Plan, SJHC must demonstrate that the functional equivalent to the North Campus subterranean parking garage is maintained at all times, and that its overall parking supply, including owned and leased spaces, is sufficient to meet the peak parking needs of the Phase One project.

After receiving its notice of parking lease cancellation from Equity Office, SJHC submitted a Parking Management Plan in January and a supplement to this documentation on February 19th in order to address the future loss of the Colorado Center parking spaces.

SJHC also retained Walker Parking Consultants to conduct a comprehensive assessment of the hospital's current peak parking demand generated by all its user groups. This supplemental report provides the hospital's proposed replacement parking plan along with the results of the parking utilization/demand assessment. Subject to City

approval, this new demand study would reestablish the facility's overall peak parking requirement based on up-to-date parking utilization data, employee and visitor population counts, and field observations. When the First Amendment was approved in 2011, the facility's peak parking demand was determined to be 1,183 spaces in 2010 and projected to be 1,306 spaces in 2013. SJHC currently provides approximately 1,575 spaces including the Colorado Center lease, a number that exceeds the requirement to meet peak parking demand.

The City is reviewing SJHC's proposed functional equivalent to the 450-space Colorado Center parking lease, its updated parking utilization/demand study, and Parking Management Plan. Subject to the process set forth in the amended Development Agreement, the City retains the right to require changes to the proposed Parking Management Plan and make a determination, as part of this review, regarding the adequacy of SJHC's proposed functionally-equivalent replacement for the Colorado Center lease. As outlined in Attachment "A", there are several steps to the City's review process, including a 30-day meet and confer period between both parties. If the City reasonably determines that SJHC cannot cure a parking deficit arising from the cancellation, termination, or expiration of the Colorado Center lease, and that construction of the garage is the appropriate means of curing the parking deficit, then the Planning Director will notify SJHC of this determination in writing. SJHC may appeal this determination to the City Council.

Staff review of SJHC's updated Parking Management Plan (with new parking demand study and proposed replacement of the Colorado Center lease which serves as the functional equivalent to the originally-approved North Campus subterranean parking garage) will be in accordance with the process outlined in Attachment "A" and will include consideration of several key criteria including the following:

- The alternative Parking Management Plan must provide parking that is functionally-equivalent to the Colorado Center parking lease.

- The overall number of owned and leased parking spaces provided by SJHC must be sufficient to meet the facility's updated peak parking demand.
- The location of owned and leased spaces, user group assignments, schedule of use, and pricing must not create impacts on the surrounding neighborhood.

Based on the review periods established in the amended Agreement, the City anticipates its initial review of SJHC's new Parking Management Plan will be completed by the end of March. Staff will provide an update to Council later this Spring once a final staff determination has been made on this matter.

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Attachment "A"

Flow Chart of Key SHJC Development Agreement Requirements – Section 2.2

