



Palo Alto Medical Foundation SAN CARLOS CENTER

A State-of-the-Art Medical Center in San Carlos

The Palo Alto Medical Foundation (PAMF) has been a trusted provider of health care services to Peninsula residents for more than 75 years. To accommodate growing patient demand and better serve the community as a whole, PAMF is building a state-of-the-art medical center in San Carlos closer to where many of our patients live and work. The PAMF San Carlos Center will offer primary and specialty physician services; an urgent care center, laboratory, X-ray and other testing services; a center of excellence in cardiovascular care, as well as a full-service acute care hospital with a 24-hour, seven-days-a-week emergency room – all in one location and open to the entire community.

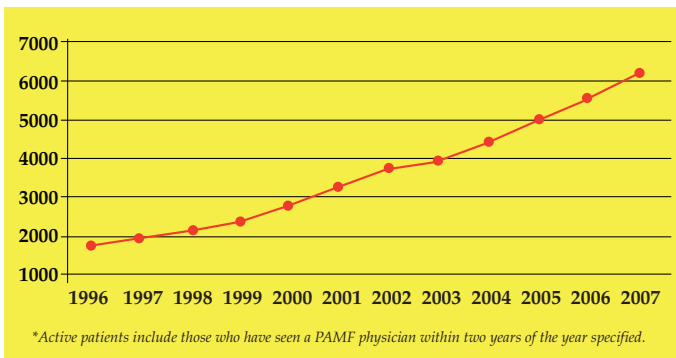
City Council Approves the PAMF San Carlos Center

On October 8, 2007, the San Carlos City Council unanimously approved the proposed PAMF San Carlos Center with a 5-0 vote. The City Council's approval followed unanimous recommendations from the San Carlos Planning Commission and Economic Development Advisory Commission, as well as a recommendation from the city's Traffic and Circulation Commission to approve the project.

Meeting Patient Need Now and Planning for the Future

Since announcing our intention to build the PAMF San Carlos Center in 2003, the number of San Carlos residents who are PAMF patients has nearly doubled to more than 6,000 patients. Now, more than one in five San Carlos residents receives health care from PAMF.

*Palo Alto Medical Foundation
San Carlos Active Patients**



We also continue to see more than 30 percent annual growth in patient visits to our Redwood City and Redwood Shores clinics. We are building the PAMF San Carlos Center to meet the future health care needs of residents in San Carlos and the surrounding communities.

Additional Community Physicians

PAMF is recruiting new physicians for our locations every year to help meet patient demand. These successful recruiting efforts come at a time when southern San Mateo County residents have experienced a decline in access to convenient health care services, the local population continues to age and many physicians near retirement.



High-Quality Health Care

PAMF has consistently been ranked among the best medical groups in California for quality of care, patient satisfaction and the use of information technology. PAMF also recently received a perfect score and three-year re-accreditation from the Institute for Medical Quality, its highest award.

Community Support

More than 5,500 residents have signed a petition endorsing the PAMF San Carlos Center and the project has received overwhelming support from residents in recent polling surveys.

Changing Health Care Needs

By 2030, the number of San Mateo County residents over age 65 and those who are over age 85 will nearly double. By 2050, the number of residents over age 85 will more than triple. On average, people over 65 need four times more care than younger patients. Given these changes in the area's demographics, a growing number of health care services will be needed to meet the area's long-term health care needs.

Economic Benefits

PAMF has negotiated an economic package that will guarantee the City more than \$91 million over 50 years, including annual payments of at least \$782,000 from an endowment established for the City, with annual inflation increases. The City will have complete discretion over how the revenues are spent. At the request of the City Council and City Staff, PAMF also agreed to make earlier payments to the City based on the initial endowment payment. The City will receive \$250,000 for each year (\$500,000 total) between the initial and final endowment payments. PAMF will also guarantee the City at least \$722,000 in one-time use tax revenue during construction of the medical center.

Annual Projected Revenue Comparison

Project	Estimated Annual Revenue Generated for City (Year 1 without escalation)
PAMF	\$852,000 (\$782,000 <i>guaranteed</i> plus an estimated \$70,000 in sales tax revenues, government fees and hotel taxes)
Auto Mall	\$770,000
Retail	\$570,000
Industrial	\$97,000

Sources: Keyser Marsten Economic Report and San Carlos Web site (www.cityofsancarlos.org)

In addition, PAMF will donate \$1.5 million to the San Carlos Educational Foundation and \$1 million to the City to develop athletic fields and facilities. The medical center will also create nearly 1,000 new health care jobs and 1,000 union construction jobs. The PAMF San Carlos Center, as well as PAMF employees, patients and visitors, will also generate significant sales tax and business revenues for the City and for local businesses, restaurants and hotels.

No Tax Money to Build

The PAMF San Carlos Center will not require any taxpayer support to build. PAMF will privately finance the project from a variety of sources, including philanthropic support.

Updated Project

In May 2007, PAMF submitted updated plans for the project with the same medical services, but fewer impacts on the community. The updated project will have 120 physicians, 845 non-physician staff members and 97 hospital beds. As a result of these changes, estimated vehicle trips to and from our proposed medical center are reduced by more than 30 percent. Proportionately, there are also more parking spaces proposed as part of the updated design.

Exterior Design and Green Building Practices

In the design of the medical center, PAMF is adopting recommendations from the Green Guide for Health Care, the health care industry's most recognized standards for healthy and sustainable building design, construction and operations. Landscaping and open space on the site have been increased by more than 125,000 square feet while the overall footprint of the campus, the amount of land on the site covered by buildings, has been reduced by 20 percent.

Community Involvement and Support for Local Schools

PAMF has been involved in a wide range of educational activities and partnerships to help meet the community's needs. PAMF physicians have conducted health screenings at local events. In addition, PAMF has contributed to the San Carlos Educational Foundation's (SCEF) Kid Fund, and partnered with the San Carlos School District and SCEF to present free parent education workshops, a program that will continue during the 2007-2008 school year. As part of the proposed development agreement with the City, PAMF will also employ a half-time registered nurse for San Carlos schools.

PAMF's Traffic Commitments

PAMF will pay its fair share for roadway improvement and traffic mitigation projects if they are implemented by the City, such as the addition of a dedicated left turn lane on eastbound Brittan approaching Industrial, the widening of Holly Street and the reconfiguration of the Holly Street/Highway 101 interchange. PAMF's commitments to help fund infrastructure improvements are part of the conditions of approval for the medical center. PAMF will also implement more than a dozen programs developed by the City's traffic consultant that will reduce vehicle trips by at least 10 percent and maybe up to 20 percent.

Next Steps

PAMF will now seek building permits from the City of San Carlos for the site, the entrance area, the cafeteria, the parking garage and the clinic. Simultaneously, PAMF will seek building permits from the Office of Statewide Health Planning and Development (OSHPD) for the hospital and the central utility plant. Construction is scheduled to begin in 2009 and could be completed in 2012.

Bringing a World-Class Medical Center to San Carlos

If you have any questions about the San Carlos Center, please call PAMF's Department of Public Affairs at (650) 853-2965, e-mail publicaffairs@pamf.org or visit www.pamf.org/sancarlos.