SAMTRANS

CORRESPONDENCE

as of 11-02-2020

Healthpeak™
LIFE SCIENCE PROPERTIES

October 31, 2020

(By Email Delivery)

Chairperson Karyl Matsumoto
Vice Chairperson Peter Ratto
Board Member Ron Collins
Board Member Marina Fraser
Board Member Carole Groom
Board Member Rose Guilbault
Board Member David Pine
Board Member Josh Powell
Board Member Charles Stone
San Mateo County Transit District
1250 San Carlos Avenue
San Carlos, CA 94070-1306

Re: Resolution of Necessity Hearing, November 4, 2020 at 2:00 p.m.
Peninsula Corridor Electrification Project
Property Owner: Healthpeak Properties, Inc.
Property: 201-225 Gateway Blvd., So. San Francisco, CA (APN 015-024-240)
Project Parcel Nos: JPB-SM2-0312-2A, -2B, -2C, and -2D

Dear Chairperson Matsumoto, Vice Chairperson Ratto, and Members of the Board:

We write to urge you to disapprove the Resolution of Necessity for the above-referenced Project as currently designed. The current plans specify that the electrical lines for the Electrification Project will be underground to our property, but brought above ground within our property and then strung across our property with the support of tall stanchions. As the condemning agency, the San Mateo County Transit District SamTrans ("SamTrans") may not exercise its power of eminent domain unless the project serves "the greatest public good" with "the least private injury." The proposed project at our property, with stanchions and overhead lines marring our property and the surrounding community, serves neither mandate. The deficiencies are rectified, however, by simply continuing the electrical lines underground across our property. For reasons we explain below, that solution is cost-effective and uncomplicated. We strongly advocate that the project is redesigned with our cooperation to continue the electrical lines underground across our property, as the solution that serves the greatest public good with the least private injury.

We submit the following Exhibits in support of this letter:

> **Exhibit One:** Letter from Radius Design with exhibits, substantiating the detriment to the Gateway Property that will result from the overhead electrical lines and power poles, and the cost-effectiveness of running the lines underground instead.
>
> **Exhibit Two:** Letter from Hathaway Dinwiddle with exhibit, substantiating the feasibility of running the electrical wires underground across the Gateway Property.

Background:

I am Senior Vice President of Healthpeak Properties, Inc. ("Healthpeak".) Healthpeak Life Science Properties, Inc. is Healthpeak's life science affiliate. Healthpeak owns and manages the life sciences facilities at its "Gateway" property located at 201 and 225 Gateway Boulevard in South San Francisco, CA. In this letter, I will refer to that property as the "Gateway Property." Healthpeak owns the Gateway Property through the single-asset entity called "Britannia Gateway II Limited Partnership."

Healthpeak (including its predecessor in name only, HCP, Inc.) has owned the Gateway Property since 1996. The Gateway Property is improved with high-end, state-of-the-art life science facilities. At Healthpeak's direction, the Gateway Property recently was thoroughly renovated, including a makeover of the exteriors, to bring an aesthetically pleasing update to the neighborhood that was completed in 2019 at a total cost of approximately $30 million. Healthpeak is an excellent neighbor, a stalwart caretaker of the property, an exemplary corporate citizen, and a significant contributor to the local and state tax bases.

These condemnation proceedings concern the "take" of easements in the Gateway Property, consisting of easements across the Gateway Property for above ground electrical wires and power poles, underground communication wires and cables, underground power lines, access across the Gateway Property, and a receiving pit within the Gateway Property. Under the current plan, the power lines will originate at the PG&E Station that is southerly of the Gateway Property. From that Station, the power lines will run underground northerly along Gateway Boulevard to the Gateway Property and then westerly under the Gateway Property to a point on the Gateway Property approximately a hundred feet from its southeastern corner. At that point on the Gateway Property, the power lines would be brought above ground in the receiving pit and strung across the Gateway Property over the rest of its southerly end, a distance of

approximately 625 feet. Tall stanchions on the Gateway Property will support the overhead lines. The proposed easements include an easement for the overhead power lines, but also easements for underground power and communication lines.

The Proposed Project Does Not Serve the Greatest Public Good with the Least Private Injury:

The overhead electrical lines and power poles are antithetical to the public good and will result in inordinate private injury, problems that are easily solved if the electrical lines are simply kept underground across the length of the Gateway Property. Again, Healthpeak will be a willing partner in that solution.

The reasons the project as currently planned does not serve the greatest public good with the least private injury include:

The Private Injury Is Unnecessarily Excessive: The Gateway Property is located in the Oyster Point section of South San Francisco along San Francisco Bay. The area in general and the Gateway Property in particular are models of urban redevelopment, creating a jewel along the Bay. In partnership with the City of South San Francisco, former railroad and industrial property has been redeveloped with gleaming, innovative new buildings that house high-tech facilities, a source of civic pride that brings high-paying jobs to the region and bolsters the tax base. This redevelopment has included a concerted effort in accordance with the City of South San Francisco's General Plan to eliminate the blight of the former railroad and industrial uses, which has included the concerted effort to underground all utilities. The proposed project at the Gateway Property would reverse that trend, creating a new blight with the proposed tall power stanchions and overhead wires. The attached Exhibit 1 letter from Radius Design substantiates these concerns. This excessive private injury is easily rectified by putting the wires underground at the Gateway Property.

Overhead Electrical Lines Would Be a Potential Health Hazard and Would Risk Jeopardizing the Life Science Work at the Gateway Property, Including the Current Work on Developing a COVID Vaccine: Electromagnetic radiation from overhead transmission wires is a potential health hazard. But here there is an even more urgent reason to keep the electrical wires underground. The electromagnetic radiation from nearby overhead wires may imperil the sensitive and important life science work that is ongoing at the Gateway Property, including a tenant's COVID-19 vaccine development currently underway. There is no conceivable public good in that result. The attached Exhibit 1 letter from Radius Design substantiates these concerns.

The Planned Overhead Wires Violate South San Francisco's Prohibitions Against Them: There are no overhead power lines at the Gateway Property, for important reasons. Among those reasons, Healthpeak is a responsible corporate citizen that cares about its properties and the communities they serve. Healthpeak wants all utilities underground at its properties to enhance and protect the community at large as well as the well-being and important work of its tenants. Additionally, South San Francisco's Municipal Code mandates the underground installation of utilities. (See, e.g., sections 13.16.020 and 13.16.030.) Regardless of whether Caltrain will be entitled to install the stanchions and string the wires above ground pursuant to the condemnation, the City and the public certainly won't be happy about that outcome, particularly after their concerted efforts to bury existing overhead utilities in this redeveloped area. As good neighbors, it behooves the Agency and Caltrain to do everything possible to avoid the new blight in the community that otherwise will result from the proposed stanchions and overhead power lines.

Having Run the Power Lines Underground from the PG&E Station to the Gateway Property, the Lines Can and Should Simply Remain Underground Where They Traverse the Gateway Property: While we don't question that the Agency is well-intentioned, we do question the decision to bring the electrical lines aboveground within the Gateway Property and run them over the rest of the Gateway Property after they have been underground from the PG&E Station. From an engineering standpoint, it's straightforward and cost-effective to simply continue the wires underground across the Gateway Property. The attached Exhibit 2 letter from Hathaway Dinwiddle substantiates the feasibility and cost-effectiveness of this solution. The attached Exhibit 1 letter from Radius Design also substantiates the cost-effectiveness. Our engineers—BkF Engineers—have confirmed that the underground lines across the Gateway Property will not conflict with existing utilities.

When All Costs of the Condemnation Are Accurately Factored, a Cost-Benefit Analysis Dictates Underground Wires: We know that the amount of the Agency's just compensation offer will not be considered at the Resolution of Necessity hearing on November 4th, and we reserve our objections to the amount for an appropriate later time. But the Agency's just compensation appraisal is germane to the greatest public good/least private injury calculus because it does not accurately reflect the real costs of the project as planned. The Agency's just compensation appraisal, in the amount $1.634 million, is flawed. The square foot valuation of $100 is substantially low and the failure to include severance damages is wrong. Healthpeak has retained Yvonne Broszus and Neil Lefmann of Valbridge Property Advisors, who will substantiate these

deficiencies. The Agency also faces litigation expenses if a mutually acceptable solution is not accomplished. Whatever cost-benefit analysis the Agency used in deciding to string power lines aboveground across the Gateway Property apparently did not take account of the true costs. When those true costs are factored, the resulting calculus favors putting the power wires underground, which commensurately will reduce the just compensation, eliminate severance damages, and avoid litigation costs. Hathaway Dinwiddle (Exhibit 2) reports that the differential to put the electrical lines underground is $1.17 million. In the overall context of the project, the real costs, and Healthpeak's willingness to cooperate in a solution that undergrounds the electrical lines, this differential renders the underground lines a cost-effective solution that serves the greatest public good with the least private injury.

The Proposed Condemnation Anticipates Underground Power and Communication Lines Across the Entire Length of the Gateway Property, and the Power Lines for the Electrification Project Should Be Installed Accordingly: The proposed condemnation of Healthpeak's property include easements across the entire length of the Gateway Property for underground power and communication lines, anticipating the installation of underground lines now or in the future. It makes no sense to install overhead power lines across the same area where there will be underground lines. All utilities, including the power lines for the Electrification Project, should be underground. The attached Exhibit 2 letter from Hathaway Dinwiddle substantiates the feasibility of this solution.

As I wrote above, Healthpeak will be a willing partner in a solution that accomplishes the result of keeping the power lines underground across the length of the Gateway Property, a textbook "win-win-win-win" outcome that serves the best interests of the condemning agency, the public, local government, and the property owner. We urge you to disapprove the current Resolution of Necessity to require a revision of the subject plans that will keep the electrical lines underground across our property.

Thank you for your consideration of these matters.

Sincerely,

Scott Bohn
Senior Vice President
Healthpeak Properties, Inc. (formerly HCP, Inc.)
950 Tower Lane Suite 1650
Foster City, CA 94404
sbohn@healthpeak.com | 650-875-1007 (o)

EXHIBIT 1

Radius Design Report

SAMTRANS
SAN MATEO COUNTY TRANSIT DISTRICT
1250 San Carlos Ave. – P.O. Box 3006
San Carlos, CA 94070-1306 (650)508-6200

Re: 201 GATEWAY BLVD., South San Francisco, CA 94080
(APN 015-024-240)

Radius Design is a utility design firm having 20+ years of experience in PGE electric and gas engineering. We design PGE systems in-house with a team of 8 certified PGE designers.

We have reviewed SAMTRANS proposal to serve the JPB Property with a PGE 115KV transmission service. - See exhibit 1 below. Our concerns are as follows:

- New overhead 115KV service will be detrimental to the site for a variety of reasons
    - Underground to overhead transition poles located at the Southwest corner of the property are costly, unsightly, and further devalue the property, while additionally limiting future development of the property.
    - Electromagnetic Radiation [EMF] effects from overhead conductors may affect COVID-19 vaccine development currently underway by a tenant of the affected property.
- We believe the cost to transition the incoming underground from the PGE substation to overhead for roughly 900' offsets any cost savings afforded by overhead construction.
- The owner of our site, Healthpeak, is willing to discuss an easement encroaching the parking lot, if required.

We can agree to discuss an underground extension, including directional boring under existing railroad tracks, as indicated in exhibit 2 below. We are confident an underground 115KV extension can be a successful resolution for all parties.

Sincerely,

Scott Hardester

Founder
Radius Design

Exhibit 1 - Design Proposed by SAMTRANS:

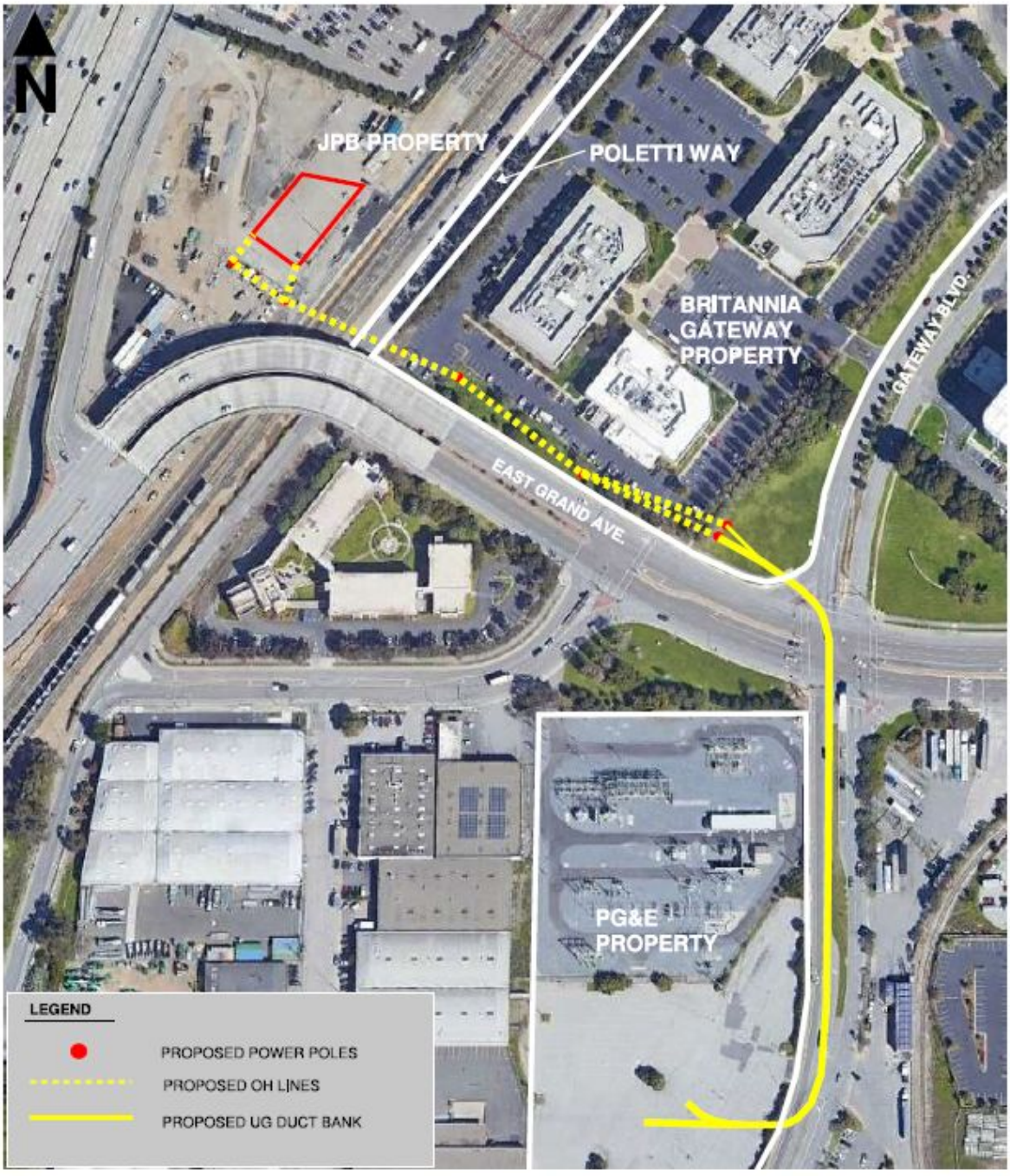

Exhibit 2 - Design Proposed by property owner - Healthpeak:

EXHIBIT 2

Hathaway Dinwiddie Report

October 29, 2020
Project Management Advisors, Inc.
1 Tower Place, Suite 200
South San Francisco, CA 94080

Attn: Tri Vu

Project: Healthpeak 225/201 Gateway Caltrain Study

Please see attached summary of items we have considered and costs. The additional cost to underground the 115kV service line with the fiber optic trench is **+$1,170,000** as is summarized by the following:

Tubular steel pole installation:

The overhead poles and related foundation work will cost approximately $880,000 and assumes (6) galvanized tubular steel poles at 86' tall with large concrete foundations supported on micropiles. Erecting the overhead poles also requires a mobile crane rental. If the 115kV line is run underground instead, this scope of work is deducted from the project cost.

Fiber optic trench vs joint trench:

The Caltrain documents depict trenchwork through the Heathpeak property to run underground fiber optic cable that transitions to horizontal directional boring at the west side and continues under the rail tracks. We have assumed this trench will be 4' to 5' deep, with (2) 4" conduits and (3) #5 vaults, and will require temporary shoring for the portion of the trench that runs adjacent to the East Grand embankment. If the 115kV transmission line instead runs underground in a joint trench with the fiber optic work, then we assume the trench will be 14' deep and require (6) additional conduits for the transmission lines, (2) high voltage transmission vaults, shoring on both trench faces, and significantly more excavation and off haul. This would add $2,050,000 of scope beyond the fiber-only trench. This would be offset by the $880,000 of savings above.

Please note, this cost variance reflects only the scope that the general contractor and our subs would perform. The PG&E fees + cost to install cables have not been considered. Please let me know if you have any further questions.

Thanks,

Peggy Allen
Preconstruction Engineer
275 Battery St. Suite 300 San Francisco, CA 94111
Phone: 415.403.3715
E-mail: allenp@hdcco.com
Hathaway Dinwiddie

Option 1 - Overhead Electric Lines + Underground Fiber				
	QTY	U	$/U	TOTAL
pole + foundations install	6	EA	$ 146,667	$ 880,000
excavation				
micropiles - (1) per pole				
concrete + rebar foundation				
anchor bolts				
base plate + leveling nuts				
86' galvanized steel pole				
mobile crane rental				
mobile crane operator				
spoils handling + offhaul				
fiber optic trench + boring	800	LF	$ 2,375	$ 1,900,000
5' deep fiber optic trench - 600'				
fiber optic conduit - (2) 4" PVC				
install vaults - (3) #5 vaults				
fiber optic horizontal directional bore - 200'				
shoring against embankment side				
backfill				
spoils handling + offhaul				
site finishes	8,800	SF	$ 43.18	$ 380,000
demo landscape / parking lot finishes				
tree removal				
potholing for existing utilities				
parking light relocation + rewiring				
storm drain + underground utility work				
replace landscape /parking lot finishes				
GRs/GCs	6	MO	$ 113,333	$ 680,000
non-crane hoisting				
parking				
traffic control				
GCs - 6 months staffing				
GRs - 6 months site services				
			Option 1 Total:	**$ 3,840,000**

Option 2 - Underground Electric + Fiber Optic				
	QTY	U	$/U	TOTAL
joint trench + boring	800	LF	$ 4,938	$ 3,950,000
14' deep joint trench - 600'				
fiber optic conduit - (2) 4" PVC				
install vaults - (3) #5 vaults				
fiber optic horizontal directional bore - 200'				
electrcial conduit - (6) 6" PVC conduits				
install vaults - (2)high volt transmission vaults				
electrical horizontal directional bore - 200'				
dewatering				
spoils handling + offhaul				
site finishes	8,800	SF	$ 43.18	$ 380,000
demo landscape / parking lot finishes				
tree removal				
potholing for existing utilities				
parking light relocation + rewiring				
storm drain + underground utility work				
replace landscape /parking lot finishes				
GRs/GCs	6	MO	$ 113,333	$ 680,000
non-crane hoisting				
parking				
traffic control				
GCs - 6 months staffing				
GRs - 6 months site services				
			Option 2 Total:	**$ 5,010,000**

Variance Summary	Option 1	Option 2	Variance
pole + foundations install	$ 880,000		**$ (880,000)**
underground trench + boring	$ 1,900,000	$ 3,950,000	**$ 2,050,000**
site finishes	$ 380,000	$ 380,000	$ -
GRs/GCs	$ 680,000	$ 680,000	$ -
		Total Variance	**$ 1,170,000**