

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children’s Hospital Program of 2018 (Proposition 4)

STAFF SUMMARY

<p>Applicant: Bakersfield Memorial Hospital 420 34th Street Bakersfield, CA 93301 Kern County</p>	<p>Application number: EH-03 Authority Meeting Date: June 25, 2020 Resolution Number: CHP-4E 2020-03 Requested Amount: \$15,000,000.00 Recommended Amount: \$15,000,000.00</p>
<p>Project Site: Same as above.</p>	
<p>Description of Applicant: Bakersfield Memorial Hospital (Hospital) is a 501(c)(3) general acute care hospital. The Hospital has full approval as a California Children’s Services program from the California Department of Health Care Services.</p>	
<p>Summary of Project: The Hospital is seeking grant funds to construct and equip approximately 8,100 square feet in new “blue sky” space above the Hospital’s existing emergency room and adjacent to its current operating room area to develop a dedicated pediatric surgical unit comprised of two new operating rooms and support areas.</p>	
<p>Proposition 4 Evaluation Factors:¹ Based on the review of the application and other submitted materials, staff evaluated the Hospital’s project using the factors identified in Proposition 4.</p> <p><i>Factor 1: The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs² and indigent, underserved, and uninsured children:</i> The project will expand pediatric services by adding a new pediatric surgical unit consisting of two dedicated pediatric operating rooms, pre-op and recovery areas, nursing stations and storage areas. The project will enhance care for its pediatric patients by providing a specialized environment that includes a dedicated pediatric pre- and post-anesthesia unit and also will support pediatric sub-specialties such as gastroenterology, general surgery, otolaryngology, and other specialties that require surgical intervention. The new pediatric surgical unit also will support the Hospital’s burn center, where 40% of the patients are pediatric. The Hospital is projecting to accommodate up to 2,400 pediatric surgical patients per year with this expansion. The Hospital plans to purchase patient care equipment such as surgeon’s headlights, operating room lights, hemodynamic monitors, vital signs machines, surgical booms, ultrasound machines, anesthesia machines, pediatric laparoscopes, stryker laparoscopy towers, etc., which would be entirely for pediatric use. In fiscal year 2019, the Hospital treated nearly 34,970 pediatric patients, of which just over 90% were indigent, underserved, uninsured, or were eligible for Governmental Health Insurance Programs. The Hospital anticipates serving approximately 36,351 pediatric patients after completion of this project, representing a 4% increase.</p> <p><i>Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:</i> The proposed project will improve child healthcare and pediatric patients’ outcomes by supporting the delivery of comprehensive pediatric services with the addition of a dedicated pediatric surgical unit and by reducing travel time to other facilities. Currently there are no pediatric surgical beds in Kern County, and with the Hospital’s surgical capabilities for both children and adults at capacity, approximately 30 juvenile cases per month are migrated to other surgical facilities because of the lack of operating rooms. This pediatric surgical unit will be the only one within 100 miles. Having local pediatric surgical services will alleviate the need to travel for services, which is particularly burdensome for low-income children and their families and improve the ability for the children to receive specialized care in a timely fashion, especially for patients with congenital malformations, hernias, undescended testes, and appendicitis and more complex gastrointestinal, broncho-pulmonary or genitourinary conditions, tumors, and trauma who are currently forced to choose between having to seek care over 100 miles away, wait for a pediatric surgeon’s monthly visit from another facility, or use the services of a physician who is not a pediatric surgery specialist.</p>	

¹ Staff also ensured that the hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:
1. The hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The hospital provides services to vulnerable pediatric populations.
3. The hospital promotes pediatric teaching or research programs.

² Governmental Health Insurance Program mean governmental assistance programs that include, but are not limited to, Medicaid (Medi-Cal), Optional Targeted Low Income Children (OTLIC), California Children’s Services (CCS), Child Health and Disability Prevention (CHDP) and county indigent programs.

Factor 3. Demonstration of project readiness and project feasibility:

The Hospital's project design phase is anticipated to start in March 2021, and the project is scheduled to be completed by September 2023. While the current COVID-19 outbreak has impacted the Hospital's operations, the current planning status of this project has not been affected.

Sources of Funds:		Uses of Funds:	
Prop 4 Grant Funds	\$15,000,000.00	Construction	\$14,680,000.00
Hospital Funds	1,741,250.00	Equipment	1,900,000.00
		Admin Costs	150,000.00
		COI	<u>11,250.00</u>
Total	<u>\$16,741,250.00</u>	Total	<u>\$16,741,250.00</u>

Legal Review: Although disclosures were made by the applicant, the information disclosed does not appear to detrimentally affect the financial viability or legal integrity of the applicant.

Staff Recommendation: Staff recommends the Authority approve Resolution No. CHP-4E 2020-03 for Bakersfield Memorial Hospital to provide a grant not to exceed \$15,000,000.00, less costs of issuance and administrative costs, and subject to all requirements of the Children's Hospital Program of 2018.

RESOLUTION NO. CHP-4E 2020-03

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2018
TO BAKERSFIELD MEMORIAL HOSPITAL**

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized by the Children's Hospital Bond Act of 2018 (Pt. 6.3 (commencing with Section 1179.81), Div. 1, Health and Safety Code; hereafter the "Act") and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$15,000,000.00, less the bond issuance and administrative costs, to Bakersfield Memorial Hospital (the "Grantee") to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee's application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$15,000,000.00, less bond issuance and administrative costs, to the Grantee for the eligible project (the "Project") described in the application;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant of \$15,000,000.00, less bond issuance and administrative costs, to the Grantee to complete the Project as described in the Children's Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a grant period that ends on September 30, 2024.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to approve any minor, non-material changes in the Project described in the application submitted to the Authority and extend the grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director and the Deputy Executive Director shall not surpass the grant resolution expiration date. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Act Fund not to exceed those amounts approved by the Authority for the Grantee. The Executive Director and the Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the transfer of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires September 30, 2025.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by Bakersfield Memorial Hospital to fund the costs of constructing and equipping a new dedicated pediatric surgical unit.