

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

<p><b>Applicant:</b> Santa Barbara Cottage Hospital  400 West Pueblo Street.  Santa Barbara, CA 93105  Santa Barbara County</p>	<p><b>Application Number:</b> EH-11  <b>Authority Meeting Date:</b> June 25, 2020  <b>Resolution Number:</b> CHP-4E 2020-10  <b>Requested Amount:</b> \$12,900,000.00  <b>Recommended Amount:</b> \$12,900,000.00</p>
<p><b>Project Site:</b> 2405 Bath Street, Santa Barbara, CA 93105</p>	
<p><b>Description of Applicant:</b> Santa Barbara Cottage Hospital (Hospital) is a 501(c)(3) non-profit general acute care hospital and qualifies as a small and rural hospital. The Hospital has full approval as a California Children’s Services program from the California Department of Health Care Services.</p>	
<p><b>Summary of Project:</b> The Hospital is seeking grant funds to construct a new pediatric facility of approximately 28,000 square feet (sf) that will house the Cottage Children’s Medical Center’s Grotenhuis Pediatric Clinics. The new facility will be constructed on land adjacent to the Hospital and will include the expansion and relocation of ten existing pediatric specialty clinics (cardiology, concussion, developmental &amp; behavioral health, endocrinology/diabetes, gastroenterology, high-risk infant, nephrology, oncology/hematology, rheumatology, and surgery) and the addition of five new clinics (child psychiatry, neurology, pulmonology, adolescent medicine, and infectious disease).</p>	
<p><b>Proposition 4 Evaluation Factors:</b><sup>1</sup> 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 programs<sup>2</sup> and indigent, underserved, and uninsured children:</i>  The new and expanded facility will positively impact the quality of care for all new and existing patients served. The new facility almost triples the footprint of the existing facility. The Hospital’s existing clinic is a 10,578 sf suite within a medical office building located ten miles away from the Hospital. The facility design will allow for enhancements in care processes within the clinics and increase coordination of care between outpatient and inpatient specialists, multi-disciplinary teams, and hospital-based services. The Hospital estimates it will serve an additional 3,175 pediatric patients annually as a result of this project (an approximate 63.6% increase from fiscal year 2019). In fiscal year 2019, the Hospital served 4,989 pediatric patients of which 2,604 were Medi-Cal patients.</p> <p><i>Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:</i>  The relocation of the Hospital’s existing clinics near the Hospital will help streamline services. With the current clinics located ten miles from the Hospital, parents have to make multiple appointments for hospital-based services. Once the new clinics are located across the street from the hospital, clinic staff will be able to quickly contact hospital departments for expedited access to radiology, endoscopy, lung plethysmography, the infusion suite, and outpatient surgery. The physicians then can review same day test results and make expedited diagnosis and treatment plans. The relocation of the Cottage Children’s Medical Center’s Grotenhuis Pediatric Clinics will enable the Hospital to streamline services in a more efficient manner and ultimately improve pediatric patient outcomes.</p> <p><i>Factor 3. Demonstration of project readiness and project feasibility:</i>  The conceptual design phase of the project started in January 2020 and will be completed by September 2020. The project’s schematic design phase is scheduled to start in August 2020 and to be completed by November 2021. The project’s construction phase is scheduled to start in November 2021 and to be completed by May 2024. The Hospital anticipates the project to be operational by August 2024. While the current COVID-19 outbreak has impacted the Hospital’s operations, the current planning status of this project has not been affected.</p>	

<sup>1</sup> 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.

<sup>2</sup> Governmental Health Insurance Programs means 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.

**Sources of Funds:**

Prop 4 Grant Funds	\$12,900,000.00
Hospital Funds	19,939,191.00

<b>Total</b>	<b><u>\$32,839,191.00</u></b>
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**Uses of Funds:**

Construction	\$15,315,550.00
Admin Costs	129,000.00
COI	9,675.00
Other Costs*	<u>17,384,966.00</u>

<b>Total</b>	<b><u>\$32,839,191.00</u></b>
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\* Parking Structure, Landscaping, Equipment/Furnishings, Architects, Consulting/Legal, Licenses/Permits, Inspection & Testing, Labor/Material Transfer, and Contingencies. These costs will be paid from the Hospital's funds.

**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 2020-10 for Santa Barbara Cottage Hospital to provide a grant not to exceed \$12,900,000.00, less costs of issuance and administrative costs, subject to all requirements of the Children's Hospital Bond Act of 2018.

**RESOLUTION NO. CHP-4E 2020-10**

**RESOLUTION OF THE CALIFORNIA HEALTH  
FACILITIES FINANCING AUTHORITY APPROVING  
EXECUTION AND DELIVERY OF GRANT FUNDING  
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018  
TO SANTA BARBARA COTTAGE 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 Santa Barbara Cottage 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 \$12,900,000.00, less bond issuance and administrative costs, to the Grantee for the eligible projects (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 \$12,900,000.00, 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 August 31, 2025.

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 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 August 31, 2026.

Date Approved: \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by Santa Barbara Cottage Hospital to fund the costs of constructing a new pediatric medical facility that will house Cottage Children's Medical Center's Grotenhuis Pediatric Clinics. The new facility will house multiple pediatric specialty clinics.