

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)**

**Children's Hospital Program of 2018 (Proposition 4)**

**Resolution Numbers: CHP-4E 2020-01 through CHP-4E 2020-11**

**Executive Summary**

**June 25, 2020**

**PURPOSE OF REQUEST:**

Staff is requesting approval of Resolution Numbers CHP-4E 2020-01 through CHP-4E 2020-11 approving the execution and delivery of grant funding under the Children's Hospital Program of 2018 (Proposition 4) First Funding Round for Eligible Hospitals<sup>1</sup> to all the eligible applicants for the amounts shown in Exhibit A (Summary of Recommendations for Funding) attached and as further detailed in each of the attached applicant's respective staff report and resolution.

**BACKGROUND:**

On November 6, 2018, California voters passed Proposition 4, enabling the State of California to issue \$1.5 billion in General Obligation bonds for the Children's Hospital Program of 2018 (Program). As provided in California Health and Safety Code, Sections 1179.81-1179.102, the Program's purpose is to improve the health and welfare of California's critically ill children by providing a stable and ready source of funds for capital improvement projects for children's hospitals. Similar to the previous Children's Hospital Programs of 2004 and 2008, there are 13 children's hospitals in California (Children's Hospitals) eligible for funding through Proposition 4. Additionally, Proposition 4 expanded the eligibility requirements to include public or private nonprofit hospitals that provide pediatric services for children eligible for the California Children's Services (CCS)<sup>2</sup> program (Eligible Hospitals).

Proposition 4 allocated \$1.35 billion for the 13 Children's Hospitals on a noncompetitive basis and \$150 million for the Eligible Hospitals on a competitive basis. Further, Program regulations limit the amount that each Eligible Hospital may receive up to \$15 million in grant funds less, costs of issuance and administrative costs. The costs of issuance is 0.075% and the administrative costs are 1% of the authorized grant award.

The Authority developed emergency regulations for the Program that were approved in April 2019 by the Office of Administrative Law and became permanent in January 2020.

The first funding round for Eligible Hospitals opened on April 22, 2019 with an application submission deadline of March 30, 2020. The Authority received 13 applications for a total grant amount request of \$163,515,581.42 for construction, renovation, furnishings and equipment, and information technology.

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<sup>1</sup> Eligible Hospitals are those that provide pediatric services for children eligible for the California Children's Services program as further defined in Section 7000(l) of the program regulations.

<sup>2</sup> California Children's Services (CCS) is a statewide program that arranges, directs, and pays for medical care, equipment, and rehabilitation, when these services are authorized by the program. Services can be authorized for children and young adults under 21 years of age who have eligible medical conditions and whose families are unable to pay for all or part of their care.

**EVALUATION PROCESS:**

Each application was scored and ranked according to the criteria defined in Sections 7006.1 and 7007.1 of the Program regulations by two analysts and reviewed by a grant review committee that consisted of Authority managers and STO's legal counsel. In accordance with the Program regulations, Authority staff informed applicants of the outcomes of the review process in the form of Initial Allocation<sup>3</sup> letters and discussed the results of the Initial Allocations with applicants as requested.

Eleven out of the 13 applications received Initial Allocations totaling \$127,749,462.80. One application was withdrawn, and one application was received after the submission deadline and was not eligible for review pursuant to Section 7004.1(e) of the Program regulations. If the Authority board approves all of the Initial Allocations, there will be \$22,250,537.20 in funds available for the second funding round for Eligible Hospitals. Authority staff will reopen the second funding round shortly after first round approval with the application submission deadline yet to be determined.

If approved, the projects will improve/expand access to healthcare and improve pediatric outcomes for the critically ill children of California.

**STAFF RECOMMENDATION:**

Staff recommends the Authority approve Resolution Numbers CHP-4E 2020-01 through CHP-4E 2020-11 totaling \$127,749,462.80 in Final Allocations. Further information on the applicants and Initial Allocations are provided in the attached staff summaries, resolutions and Exhibit A - Summary of Recommendations for Funding.

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<sup>3</sup> Initial Allocation is defined in regulations as, "the Grant amount the Authority staff recommends the Authority approve for Final Allocation ..." and Final Allocation is defined as "the Grant amount approved by the Authority..."

## Exhibit A

### Summary of Recommendations for Funding

	<b>Resolution #</b>	<b>Eligible Hospital Applicant</b>	<b>City</b>	<b>Initial Allocation Amount</b>
1	CHP-4E 2020-01	Pomona Valley Hospital Medical Center	Pomona	\$15,000,000.00
2	CHP-4E 2020-02	Ventura County Medical Center	Ventura	15,000,000.00
3	CHP-4E 2020-03	Bakersfield Memorial Hospital	Bakersfield	15,000,000.00
4	CHP-4E 2020-04	St. Joseph's Medical Center of Stockton	Stockton	11,904,276.00
5	CHP-4E 2020-05	Providence Cedars-Sinai Tarzana Medical Center	Tarzana	15,000,000.00
6	CHP-4E 2020-06	Northridge Hospital Medical Center	Northridge	1,232,535.97
7	CHP-4E 2020-07	Arrowhead Regional Medical Center	Colton	15,000,000.00
8	CHP-4E 2020-08	Kaweah Delta Medical Center	Visalia	2,422,709.45
9	CHP-4E 2020-09	California Hospital Medical Center – Los Angeles	Los Angeles	15,000,000.00
10	CHP-4E 2020-10	Santa Barbara Cottage Hospital	Santa Barbara	12,900,000.00
11	CHP-4E 2020-11	Kern Medical Center	Bakersfield	9,289,941.38
<b>Total Recommended Amount:</b>				<b>\$127,749,462.80</b>