

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2018 (Proposition 4)**

Resolution Number CHP-4 2021-02

January 28, 2021

Applicant: University of California, San Francisco Medical Center
UCSF Benioff Children's Hospital
505 Parnassus Avenue
San Francisco, California 94143

Project Sites: 1825 4th Street
San Francisco, California 94158

Amount Requested: Proposition 4: \$3,289,785.40 Grant #: UCSF-01-04

Summary of Grant Amounts	Proposition 4
Eligible Amount	\$54,000,000.00
less Previous Grant Awards	0.00
less Requested Grant Amount	3,289,785.40
Remaining Amount Eligible (if requested amount is approved)	\$50,710,214.60

Project:

University of California, San Francisco Medical Center (UCSF or Hospital) is planning to conduct a large renovation project, split into two phases, at the UCSF Ron Conway Gateway Medical Building (GMB). UCSF is hereby seeking grant funds to fund the costs for phase one, which includes three projects: (1) the renovation, furnishing and equipping of space on the 4th floor to expand and relocate nine pediatric services from the 5th and 6th floors; (2) the renovation, furnishing and equipping of space on the 6th floor to expand and relocate the Pediatric Brain Center located currently on the 5th floor; and (3) the funding of the architectural design costs for the eventual relocation and renovation of pediatric services on the 4th floor of the GMB. Phase two of the project includes the renovation of space on the 4th floor, designed during phase one of the project, and the renovation of the Pediatric Primary Care and the Surgical Programs currently located on the 5th floor. The Hospital plans to submit a subsequent application to fund the second phase of the renovation project.

Sources of Funds:

Prop 4 Request \$3,289,785.40
Internal Funds 35,365.19

Total \$3,325,150.59

Uses of Funds:

Renovation \$2,579,800.40
Equipment 709,985.00
Admin Costs 32,897.85
COI 2,467.34

Total \$3,325,150.59

Staff Recommendation:

Staff recommends the Authority approve Resolution Number CHP-4 2021-02 for the University of California, San Francisco Medical Center to receive a grant not to exceed \$3,289,785.40 (less costs of issuance and administrative costs), subject to all requirements of the Children's Hospital Program of 2018.

Proposition 4 Evaluation Factors:

Staff reviewed the provided application and other submitted materials in determining whether the applicant satisfactorily met the six factors identified in Proposition 4. Below is a summary of how the applicant met these specific factors.

Factor 1: The grant will contribute towards expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children.

4th Floor - Renovation, Furnishing and Equipping of Pediatric Care Services

The Hospital plans to renovate vacant space on the 4th floor of the GMB to expand and relocate nine pediatric care services currently located on the 5th and 6th floors of GMB in order to meet growing demand. The 4th floor was recently vacated by UCSF's Adult Cancer Services, leaving approximately 30,000 square feet of open space available. The services that will be relocated to the 4th floor include: High-Risk Infant Follow-up, Pediatric Dermatology, Birthmarks & Vascular Anomalies Center (BVAC), Pediatric General Surgery, Pediatric Heart Center, Center for Pediatric Digestive Health, Pediatric Allergy Center, Pediatric Endocrinology, Pediatric Infectious Diseases, and Pediatric Pulmonology. The existing furnishings and equipment, along with some potential new purchases, will be moved into the renovated area.

The relocation of these services will expand the pediatric services space, allowing the treatment of more patients in each of the services and increasing overall access to care. The demand for pediatric services at the GMB has increased by nearly 40% since 2015. In Fiscal Year (FY) 2019, UCSF treated approximately 31,000 individual pediatric patients through more than 99,000 visits at the GMB, of which approximately 42% were insured through Medi-Cal. The Hospital anticipates having an additional 6,100 pediatric patients visits per year after the completion of the project, dramatically improving pediatric access to medical treatment.

6th Floor – Renovation, Furnishing and Equipping of the Pediatric Brain Center

The Hospital plans to expand and relocate the Pediatric Brain Center from the 5th floor of the GMB to the vacated space on the 6th floor. The proposed renovation will expand the Pediatric Brain Center from approximately 2,917 square feet to approximately 5,036 square feet, allowing treatment of more patients, reducing patient wait times and ensuring more timely treatment, thereby increasing access to treatment. The existing furnishings and equipment, along with some potential new purchases, will be moved into the renovated area. The Hospital anticipates that this expansion will allow an additional 5,400 visits annually.

4th Floor - Architectural Design

The Hospital is requesting funding for architectural design fees for two separate areas on the 4th floor. The architectural design involves the reconfiguration of existing but currently vacant administrative space on the 4th floor of the GMB into clinical space for the future relocation of services from the 5th and 6th floors. The services to be relocated are the Pediatric Therapy Services, the Pediatric Chronic Illness Center, and the Pediatric Integrative Pain Center. The architectural design will also include the reconfiguration of existing, but currently vacant, adult clinical space into pediatric infusion bays for the Pediatric Medical Disease Infusion. The relocation of services will also enable an expansion of services.

The architectural design is the initial phase of the larger renovation project that will ultimately benefit the health and welfare of California's critically ill children. The reconfiguration of these spaces requires a specific design for the conversion of these unused spaces into pediatric clinic space scheduled for the second phase of the project. The Hospital plans to request funding for the renovation in a subsequent application.

The conversion of administrative and adult clinical space into pediatric clinical space will increase pediatric patient access to medical care. By converting the adult clinical space into an expanded infusion bay, more patients will be able to be treated at any given time and wait times will be decreased; thus, services will be more available, creating greater access for patients. The funding of the architectural fees for both unused areas on the 4th floor will ultimately result in an expansion of services and an increase in access for pediatric patients.

Factor 2: The grant will contribute towards the improvement of child health care or pediatric patient outcomes.

4th Floor – Renovation, Furnishing and Equipping of Pediatric Care Services

The relocation of the pediatric services to the 4th floor of the GMB allows the Hospital to expand existing pediatric programs in order to meet increasing demand by utilizing existing vacant space within the Hospital. The Hospital provides several specialty services, but limited space causes a significant wait time for receiving treatment. Treatment options and pediatric patient health outcomes are correlated with timely medical interventions. At times, patients have had to wait 14 days for an appointment. The expansion will reduce wait times for receiving care and will ensure a timelier treatment for pediatric patients, which ultimately will benefit the pediatric patients' healthcare outcomes.

6th Floor – Renovation, Furnishing and Equipping of the Pediatric Brain Center

The Pediatric Brain Center focuses on the evaluation and treatment of pediatric patients needing general neurology, neurosurgery, or specialized neurological medical care. Renovating and adding additional clinical space will improve pediatric patients' outcomes by limiting treatment wait-time, especially when involving an anatomical structure such as the brain. Reducing wait times for receiving care will benefit pediatric patient's healthcare outcomes.

4th Floor - Architectural Design

The Hospital wants to reconfigure currently vacated spaces on the 4th floor of GMB to best suit the pediatric patients' needs. Funding the architectural fees will enable the Hospital to plan the conversion of administrative space into clinical space and the adult procedure rooms into

infusion bays for the Pediatric Medical Disease Infusion. By funding this pre-construction design of the larger project, the Hospital will be able to use the space to its fullest potential and ultimately to the betterment of pediatric patients' treatment outcomes.

The architectural design is intended to create more clinical space and more functional space to treat and deliver timely healthcare services to pediatric patients overall. Timely treatment can improve pediatric patient outcomes. The infusion bays will be designed to give patients enough space to be comfortable during treatment, which will lessen the stress caused by the environment and is conducive to better health outcomes.

Factor 3: The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.

In FY 2019, UCSF incurred \$130 million in unreimbursed cost of care provided to pediatric patients with government-sponsored health care coverage (largely Medi-Cal) and also provided \$2.4 million in uncompensated charity care to pediatric patients.

Factor 4: The children's hospital provides services to vulnerable pediatric populations.

UCSF has specialized programs that benefit children who currently suffer from or are vulnerable to serious health conditions. The Hospital established the Child and Adolescent Gender Center, an interdisciplinary program, which is the only program in the country that offers medical and mental health, educational support, and legal expertise to gender nonconforming youth and their families. The Hospital is also establishing the Child and Adolescent Chronic Illness Center, which will utilize an interdisciplinary approach such as mental health and physiological treatment, to help children facing chronic illness challenges, as well as the Youth Outpatient Substance Use Program that provides care to adolescent and young adults impacted by addiction, which is topical presently due to the COVID-19 pandemic exacerbating substance use disorders.

The Hospital's mission is to provide exceptional pediatric medical care to Bay Area children, regardless of the family's ability to pay. For FY 2019, the Hospital had 6,683 pediatric inpatient discharges, of which 47.2% of children discharged from the hospital were insured through the Medi-Cal program. In FY 2019, of the 5,977 pediatric patients who received surgical care, 51.3% or 3,068 were Medi-Cal insured.

Factor 5: The children's hospital promotes pediatric teaching programs or pediatric research programs.

UCSF is a teaching institute and has one of the most competitive fellowship programs in the country. The pediatric residency program is the first one in the country to focus on leadership development to serve vulnerable children as a core curriculum through its Pediatric Leadership for the Underserved program. The Hospital leads many pediatric research and clinical trials, such as the UCSF500 Cancer Gene Panel, which identifies genetic changes in pediatric cancer patients' cancer cells and guides medical professionals to determine the best course of treatment. Additionally, UCSF is currently leading the research on COVID-19 and maternal transmission to young children through the Division of Pediatric Infectious Diseases and Global Health and has developed medical equipment that benefits pediatric patients such as the MRI-compatible infant incubator and a freestanding, bioartificial kidney to treat end-stage renal disease.

Factor 6: Demonstration of project readiness and project feasibility.

According to the Hospital's project timeline, phase one of the renovation projects at GMB will start in June 2021 and is estimated to be completed by June 2023. Phase two of the project is anticipated to start soon after the completion of phase one.

Legal Review:

No Information was disclosed to question the financial viability or legal integrity of the Applicant.

Description of Applicant:

The Hospital is a general acute care hospital licensed by the California Department of Public Health. The Hospital is part of the University of California system, which is governed by the Board of Regents of the University of California. UCSF Benioff Children's Hospital represents the pediatric services portion of the Hospital. The Hospital, opened in 1864 and located in San Francisco County, has over 150 specialists from more than 50 areas of medicine. The Hospital's financial audit for FY 2019 was submitted and is free of "going concern" language.¹

¹ The absence of "going concern" language tends to suggest the organization is in good operational health for that fiscal year. The Authority's regulations define "Going Concern Qualification" in Section 7000(q).

RESOLUTION NO. CHP-4 2021-02

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING
EXECUTION AND DELIVERY OF GRANT FUNDING
UNDER THE CHILDREN’S HOSPITAL PROGRAM OF 2018
TO UNIVERSITY OF CALIFORNIA, SAN FRANCISCO MEDICAL CENTER**

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 \$54,000,000.00, less the bond issuance and administrative costs to University of California, San Francisco Medical Center (“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 \$3,289,785.40, 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 \$3,289,785.40 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 June 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 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 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 June 30, 2025.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California, San Francisco Medical Center (UCSF) to fund phase one of a larger renovation project, split into two phases, at the UCSF Ron Conway Gateway Medical Building (GMB). Phase one includes: (1) the renovation, furnishing and equipping of space on the 4th floor to expand and relocate pediatric services from the 5th and 6th floors; (2) the renovation, furnishing and equipping of space on the 6th floor to expand and relocate the Pediatric Brain Center located currently on the 5th floor; and (3) the funding of the architectural design costs for the eventual relocation and renovation of pediatric services on the 4th floor of the GMB.