

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
Children's Hospital Program of 2008 (Proposition 3)

Resolution No. CHP-3 2026-01

July 30, 2026

Applicant: University of California Davis Medical Center
2315 Stockton Boulevard, Sacramento, CA 95817

Project Site: 2315 Stockton Boulevard, Sacramento, CA 95817

Amount Requested: Proposition 3: \$3,475,440.00 Grant #: UCD-04-03

As of May 19, 2026, grant funds in the amount of \$9,006,654.85 from the Children's Hospital Program of 2008 are available for the third funding round, on a first-come, first-served basis for applications received from any University of California children's hospital.

Project:

University of California Davis Medical Center (UCD) is seeking Proposition 3 grant moneys to reimburse the costs of renovating, equipping and furnishing the Davis Tower 6th Floor Pediatric Pharmacy (Pediatric Pharmacy) located on its Sacramento campus.

Sources of Funding:

Net Prop 3 Funds ¹	\$3,455,456.22
Internal Funds ²	<u>\$19,983.78</u>

Total	<u>\$3,475,440.00</u>
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Uses of Funding:

Renovation/Remodel	\$3,414,762.41
Equipment	<u>\$60,677.59</u>

Total	<u>\$3,475,440.00</u>
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Staff Recommendation:

Staff recommends the Authority approve Resolution No. CHP-3 2026-01 for University of California Davis Medical Center to receive a grant not to exceed \$3,475,440.00 (less costs of issuance and administrative costs), subject to all the requirements of the Children's Hospital Bond Act of 2008.

¹ Net Prop 3 Funds is the total Prop 3 requested amount of \$3,475,440.00, less costs of issuance and administrative costs.

² Internal Funds in the amount of \$19,983.78 will be used to pay the administrative costs (\$17,377.20) and costs of issuance (\$2,606.58).

Proposition 3 Evaluation Factors:

Staff reviewed the submitted application and other materials in determining whether the applicant satisfactorily met the six factors in Proposition 3. 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.

The Pediatric Pharmacy renovation project expands and improves access to pediatric pharmacy services by creating a new, dedicated service line for pediatric patients. Prior to the renovation, pharmacy services for adult and pediatric patients were merged, operating through a single, high-volume central pharmacy with a first-in, first-out service model. Fluctuating demand between adult and pediatric patient populations often led to pediatric patients experiencing delays in receiving critical medication, contributing to prolonged hospitalizations and overall length of stay. By creating a dedicated service line for pediatric patients, UCD was able to redistribute 40% of their volume of non-sterile and sterile compounded products³ out of the central pharmacy and into the Pediatric Pharmacy. The Pediatric Pharmacy has already contributed to accelerated medication turnaround times and reductions in overall length of stay, underscoring UCD's commitment to pediatric patients in the Sacramento region.

In fiscal year 2025, UCD served 105,911 combined inpatient and outpatient pediatric encounters. More than 49.7% were covered by Medi-Cal, with an additional share attributable to self-pay, uninsured, and Sacramento County indigent programs, meaning approximately half of all pediatric volume served were government-insured or underserved children. Since the completion of this project, the Pediatric Pharmacy has supported an increase in pediatric patients seen at UCD, with the total number of pediatric encounters increasing by 27,178 cases (14.6%), Medi-Cal encounters by 12,382 cases (13.0%), and self-pay and uninsured encounters increasing by 169 cases (21.2%).

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

The Pediatric Pharmacy remodel project establishes a specialized service line for pediatric patients, improving timeliness, safety, and effectiveness of medication management for pediatric patients at UCD. Processes such as weight-based dosing, age-appropriate compounding, and rapid medical therapy adjustments can now be streamlined by pharmacists and technicians specialized in those techniques, supporting a decrease in overall length of stay and improved pediatric patient outcomes.

³ Compounded products are medications tailored to a patient's specific needs. Non-sterile compounding refers to medications that do not need to be completely free of microorganisms because they are not introduced into sterile areas of the body. These medications are usually applied externally or taken orally. Sterile compounding is far more complex and highly regulated. These medications must be completely free from bacteria, fungi, and other microorganisms because they are introduced directly into sensitive parts of the body. Sterile compounding requires specialized cleanrooms, advanced equipment, and strict protocols.

Centralizing pediatric medication preparation also enhances coordination between pediatric pharmacists, technicians, and care teams, enabling real-time dose adjustments, optimization of therapies for complex conditions, and more effective evidence-based decision-making. With pharmacists and technicians trained in developmental pharmacokinetics⁴, weight-based calculations, and small-volume dosing, the pediatric pharmacy significantly reduces medication-error risks and improves overall patient safety.

Because pediatric patients are not simply “small adults”, their developing organs and limited physiologic reserves make accuracy critical, requiring precisely calculated doses, often based on very small mg/kg volumes, as even minor rounding or measurement errors can lead to subtherapeutic treatment or serious adverse health effects.

The modernization of the pediatric pharmacy, including a new IV clean room⁵ and advance technologies, such as camera-assisted verification and barcode scanning, strengthens dose-level accuracy and builds quality control into each step of medication preparation. These improvements support earlier initiation of optimal therapies and reduce medication-related complications.

In addition to more precise dose preparation, the pediatric pharmacy ensures faster medication delivery to improve adherence to treatment plans and support better clinical outcomes. Since this project’s completion, UCD has seen a reduction in overall length of stay, enabling staff to redirect time toward high-value activities, such as transitions-of-care support, medication access, and connecting families with financial-assistance resources.

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

Serving one of the most economically diverse patient populations in the Sacramento region, UCD works to provide comprehensive pediatric care regardless of a patient's ability to pay. By providing undercompensated and uncompensated services, UCD demonstrates its commitment to caring for indigent and publicly insured children. This is reflected in its pediatric payor mix, where Medi-Cal patients represent 50.6% of total patient volume, with an additional share attributable to self-pay, uninsured, and Sacramento County indigent programs. With the majority of children receiving care at UCD being covered by public insurance programs, UCD works to ensure equitable access to care for all children, especially those who would otherwise face significant barriers to accessing advanced pediatric services.

⁴ Developmental pharmacokinetics (DPK) is the specialized field dedicated to the study of how the immature and maturing organism processes pharmacological agents. The fundamental premise of DPK is that children are not simply smaller versions of adults; their physiological systems undergo profound and rapid changes that dramatically alter how medications are handled by the body, necessitating tailored dosing strategies that account for age-related differences in organ function, body composition, and enzymatic activity. This specialized analysis is critical for establishing safe, effective, and evidence-based therapeutic regimens for pediatric patients, minimizing the risks of toxicity or therapeutic failure that arise from inappropriate drug exposure.

⁵ IV clean rooms are a specialized, controlled environment designed to prepare intravenous (IV) medications under conditions that minimize contamination, ensuring the sterility and safety of the final product. IV clean rooms are essential for sterile compounding of IV drugs, including antibiotics, chemotherapy agents, and other injectables.

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

UCD has a longstanding commitment to serving vulnerable pediatric populations, including those who are uninsured, underinsured, or covered by public assistance programs. As Sacramento's only Level I pediatric trauma center⁶, Level IV neonatal intensive care unit⁷, and Level I ACS-verified children's surgery center⁸, UCD works to ensure that children have access to the highest level of care regardless of their financial circumstances.

This commitment is reflected directly in their health system's payor mix. With Medi-Cal accounting for 2,651 pediatric inpatient encounters (65.8%), 49,944 pediatric outpatient encounters (49%), and 52,595 on a combined basis (49.7%), UCD is one of the region's most significant providers of publicly funded pediatric care.

In 2024, UCD launched the Pediatric Mobile Clinic providing free health care services to historically marginalized and underserved populations by partnering with school districts and community-based organizations to deliver specialty medical and mental health services directly to schools and community agencies across the Sacramento region.

UCD also provides advanced pediatric care in more than a dozen rural and community hospitals across Northern California using real-time telehealth connections. Overall, UCD provides an advanced level of pediatric care to children across 33 of California's 58 counties.

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

UCD strives to advance pediatric teaching and research through an integrated academic model connecting clinical care, workforce development, and discovery. With UCD being recognized among the nation's best in five pediatric specialties in 2024-25, its clinical care serves as the foundation for a robust training enterprise that spans across medicine, pharmacy, and allied health.

⁶ A Level I Pediatric Trauma Center is the highest level of trauma care available for children, as defined by the American College of Surgeons (ACS) and the Trauma Center Association of America (TCAA).

⁷ A Level IV neonatal intensive care unit (NICU) is the highest tier of neonatal care defined by the American Academy of Pediatrics (AAP) and state health departments. It is designed to provide the most advanced, comprehensive care for the sickest newborns — including very premature infants, those with complex congenital conditions, or those born with severe complications.

⁸ A Level I ACS-verified children's surgery center is a hospital that has met the American College of Surgeons (ACS) Children's Surgery Verification (CSV) Program standards for surgical care of infants and children. This designation is held by fewer than 50 children's hospitals in the U.S. and signifies that the facility has the expertise, facilities, staffing, and processes to provide safe, high-quality surgical care for pediatric patients across a wide range of conditions, from simple to complex.

The Department of Pediatrics at UCD is not only nationally ranked in neonatology, nephrology, pediatric and adolescent behavioral health, and pulmonology, but also sponsors a highly selective, nationally recognized three-year pediatric residency program that welcomes 13 residents each year. UCD also offers a PGY-2 Pediatric Pharmacy Residency, which provides concentrated training across the neonatal intensive care unit, pediatric intensive care unit, cardiac intensive care unit, Hematology/Oncology, and General Ward units, with residents participating directly in multidisciplinary teaching rounds.

Beyond residency, the department offers multiple ACGME-accredited⁹ fellowships spanning pediatric endocrinology, hospital medicine, medical genetics, child neurology, allergy and immunology, and developmental-behavioral pediatrics. Additionally, UCD further demonstrates its commitment to community health through its Child Health Advocacy, Antiracism, Neighborhood Partnership, Justice and Equity Lives Initiative, a three-year threaded curriculum that requires residents to complete a Community Health Advocacy rotation focused on adverse childhood experiences and the social determinants of health.

Together, these programs along with UCD's Clinical and Translational Science Center, which provides clinical and translational research training for medical students, predoctoral students, and postdoctoral scholars, allow UCD to foster an environment where training and discovery advance in parallel.

Factor 6: Demonstration of project readiness and project feasibility.

The renovation, equipping, and furnishing of the Pediatric Pharmacy was completed in March of 2024.

Legal Review:

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

Description of Applicant:

UCD, established in 1973, is a general acute care hospital licensed by the State Department of Public Health to operate 653 beds. UCD is part of the University of California system, which is governed by the Board of Regents of the University of California. UCD is the Central Valley's only Level I pediatric trauma center, Level IV neonatal intensive care unit, Level I ACS-verified children's surgery center, and fetal care and treatment center providing care for children in 33 counties covering 65,000 square miles. UCD submitted its most recent audited financial statements for FY 2024-2025, which are free of "going concern" language.¹⁰

⁹ The Accreditation Council for Graduate Medical Education (ACGME) is an independent, 501(c)(3), not-for-profit organization that sets and monitors voluntary professional educational standards essential in preparing physicians to deliver safe, high-quality medical care to all American.

¹⁰ The absence of "going concern" language tends to suggest the organization is in good operational health for that FY. The Authority's regulations define "Going Concern Qualification" in California Code of Regulations, title 4, section 7051.

RESOLUTION NO. CHP-3 2026-01

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2008 TO UNIVERSITY OF CALIFORNIA DAVIS 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 2008 (Health & Safety Code, §1179.50 et seq; the "Act"), and implementing regulations (Cal. Code Regs, § 7051 et seq.) to award grants to finance eligible projects in the third funding round on a first-come, first-served basis from the proceeds of general obligation bonds, unawarded in prior funding rounds and subject to funding availability, less the cost of issuance and administrative costs; and

WHEREAS, the University of California Davis Medical Center ("Grantee") qualifies as an eligible entity under the Health and Safety Code, section 1179.51(b) and applied under the third funding round; 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 the approval of a grant in an amount not to exceed \$3,475,440.00, less cost of 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 in an amount not to exceed \$3,475,440.00, less cost of issuance and administrative costs, to the Grantee to complete the Project as described in the Children's Hospital Program of 2008 application and more generally described in Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a project period that ends on January 31, 2028.

Section 2. For and on behalf of the Authority, the Executive Director and/or the Deputy Executive Director are hereby authorized and directed to do, or cause to be done, any of the following:

a) Approve any minor, non-material changes in the Project described in the application submitted to the Authority. Nothing in this resolution shall be construed to require the Authority to provide any additional funding. The Authority shall not be liable to the Grantee in any manner whatsoever should funding not be completed for any reason whatsoever.

b) Extend the project period end date identified in Section 1. However, any extension approved by the Executive Director or the Deputy Executive Director shall not surpass the grant resolution repeal date.

c) Allocate moneys from the Children's Hospital Bond Act Fund of 2008, created pursuant to Health and Safety Code section 1179.53, for the purpose approved herein and in an amount not to exceed those amounts approved herein.

d) Execute and deliver to the Grantee any and all documents necessary to complete the transfer of moneys that are consistent with the Act and implementing regulations.

e) Do any and all things and to execute and deliver any and all documents that the Executive Director or the Deputy Executive Director deem necessary or advisable to effectuate the purposes of this Resolution and the transactions contemplated herein.

Section 3. This Resolution shall repeal on January 31, 2029, unless extended by action of the Authority prior to that date.

Date Approved: _____

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the grant will be used by University of California Davis Medical Center to reimburse the cost associated with the renovation, equipping, and furnishing of its Davis Tower 6th Floor Pediatric Pharmacy located on its Sacramento campus.