

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of July 17, 2024

UCSF BENIOFF CHILDREN’S HOSPITAL OAKLAND NEW HOSPITAL BUILDING, SAN FRANCISCO CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AMENDMENT NUMBER 11 TO THE UC SAN FRANCISCO 2014 LONG RANGE DEVELOPMENT PLAN, AND DESIGN FOLLOWING CERTIFICATION OF AN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

EXECUTIVE SUMMARY

UCSF Health is seeking approval for the UCSF Benioff Children’s Hospital (BCH) Oakland New Hospital Building (NHB) project to ensure compliance with regulatory requirements, modernize its facilities, and substantially improve the level of services to patients and their families. The proposed project would construct a new hospital building and a separate parking structure with a rooftop helistop and renovate select spaces in the existing Patient Tower and Diagnostic and Treatment Building following the completion of the new hospital.

UCSF BCH San Francisco and Oakland share the mission of serving the healthcare needs of all children, regardless of status, including race, religion, or financial circumstances. Modernizing BCH Oakland’s facilities is essential to meeting the healthcare needs of the region’s children and is critical to realizing an integrated care model between BCH San Francisco and Oakland.

The UCSF BCH Oakland NHB project is critical to achieve both UCSF Health’s vision for a comprehensive pediatric system of care anchored in the East Bay while also creating financial sustainability for the entire UCSF Health pediatric enterprise. The BCH Oakland NHB would enable world-class programs for Bay Area children, including:

- The finest pediatric trauma center in California with an expanded and modernized emergency room with dedicated resources for trauma.
- Expanded in-patient bed capacity to provide resources to meet the growing needs of the behavioral health crisis for children.
- Expanded and modernized operating rooms supporting the latest technology and care for cardiovascular services, neurosurgery, cancer, and orthopedic services.

- Expanded Intensive Care Unit, medical, and behavioral health bed capacity.
- Improved dedicated space for patient and family support.

The UCSF BCH Oakland NHB project is a central part of UCSF Health’s strategy to become the premier destination for all Bay Area children. This investment would allow East Bay and South Bay families to access UCSF Health for pediatric services. Combined with investments that UCSF Health is making in outpatient centers around the Bay Area, UCSF Health expects inpatient volumes to grow 32 percent and outpatient volumes to grow 34 percent as a result of the NHB and surrounding network.

UCSF presented the Benioff Children’s Hospital Oakland New Hospital Building program to the Health Services Committee at its June 2021 meeting and to the Finance and Capital Strategies Committee in July 2021. In September 2021, the Regents approved preliminary plans funding of \$90 million for the UCSF Benioff Children’s Hospital Master Facilities Plan Phase 2, including the New Hospital Building program, as well as the independent Administrative Support Building and the Infrastructure Improvements projects.¹

The Regents are being asked to (1) approve the budget of \$1,491,000,000; (2) approve the project scope; (3) approve \$891 million in external financing; (4) certify the UCSF Benioff Children’s Hospital New Hospital Building Project Environmental Impact Report; (5) adopt the Mitigation Monitoring and Reporting Program, (6) adopt the California Environmental Quality Act Findings and Statement of Overriding Considerations; (7) approve Amendment No. 11 to the UC San Francisco 2014 Long Range Development Plan; and (8) approve the design of the UCSF Benioff Children’s Hospital New Hospital Building project.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:

- A. The 2024-25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: UCSF Benioff Children’s Hospital Oakland New Hospital

¹ Preliminary plans funding of \$3 million for the Benioff Children’s Hospital (BCH) Oakland Administrative Support Building (ASB) and \$3 million for the BCH Oakland Infrastructure Improvements project was included in the September 2021 action. Accordingly, preliminary plans funding available for the New Hospital Building was reduced by \$6 million, for a revised total of \$84 million. Pursuant to Delegation of Authority 2629—Delegations of President’s Authority for Capital Project Matters, the UCSF Health President and Chief Executive Officer approved a total project budget of \$63 million for the ASB project. The Regents separately approved a total project budget of \$66 million for the Infrastructure Improvements in September 2023.

Building – preliminary plans – \$84 million funded from hospital reserves.

To: San Francisco: UCSF Benioff Children’s Hospital Oakland New Hospital Building – preliminary plans, working drawings, construction, and equipment – \$1,491,000,000 funded from external financing (\$891 million), gift funds (\$350 million), hospital reserves (\$163 million), and Children’s Hospital grant funds (\$87 million).

- B. The scope of the UCSF Benioff Children’s Hospital Oakland New Hospital Building project be approved. The project shall provide an approximately 277,500-gross-square-foot (GSF) new hospital building, providing approximately 104 patient beds, a new and expanded emergency department, imaging, and surgical services; renovation of approximately 11,800 GSF in the existing Patient Tower and Diagnostic and Treatment Building to enhance inpatient clinical services; and a 270-space, approximately 103,180-GSF parking structure with a rooftop helistop.
- C. The President be authorized to obtain external financing in an amount not to exceed \$891 million plus additional related financing costs to finance the UCSF Benioff Children’s Hospital Oakland New Hospital Building and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
 - (2) As long as the debt is outstanding, the general revenues of UCSF Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
 - (3) The general credit of the Regents shall not be pledged.
 - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the UCSF Benioff Children’s Hospital Oakland New Hospital Building project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Certify the Environmental Impact Report for the UCSF Benioff Children’s Hospital Oakland New Hospital Building project.
 - (2) Adopt the Mitigation Monitoring and Reporting Program for the UCSF Benioff

Children’s Hospital Oakland New Hospital Building project and make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the San Francisco campus.

- (3) Adopt the CEQA Findings and Statement of Overriding Considerations for the UCSF Benioff Children’s Hospital Oakland New Hospital Building project.
- (4) Approve Amendment No. 11 to the UC San Francisco 2014 Long Range Development Plan.
- (5) Approve the design of the UCSF Benioff Children’s Hospital Oakland New Hospital Building project, San Francisco campus.

BACKGROUND

The UCSF BCH Oakland New Hospital Building (NHB) project is critical to achieving both UCSF Health’s vision for a comprehensive system of pediatric care anchored in the East Bay while also creating financial sustainability for the entire UCSF Health pediatric enterprise.

Project History and Past Actions

UCSF presented the Benioff Children’s Hospital Oakland NHB program to the Health Services Committee at its June 2021 meeting and to the Finance and Capital Strategies Committee in July 2021. In September 2021, the Regents approved preliminary plans funding of \$90 million for the UCSF Benioff Children’s Hospital Master Facilities Plan Phase 2, including the NHB program, as well as the independent Administrative Support Building and the Infrastructure Improvements projects.¹

UCSF Benioff Children’s Hospital Oakland

Just over a decade ago, the Regents, through UCSF Health, became the sole member of Children’s Hospital and Research Center at Oakland (“CHRCO”). Jointly committed to children’s health, UCSF Benioff Children’s Hospitals (BCH) San Francisco and CHRCO, now known as BCH Oakland, remain separately licensed, and BCH Oakland continues to retain its identity and status as a private, not-for-profit public benefit corporation that is exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code. UCSF Health BCH San Francisco and Oakland, however, share a common management structure, the same electronic

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medical record, patient scheduling system, and system support for patient care. BCH Oakland maintains its own medical staff, but over 90 percent of the care is provided by UCSF physician-faculty. All research programs at BCH Oakland are fully integrated into the UCSF School of Medicine.

In FY 2022-23, BCH Oakland had more than 37,000 emergency room visits, 7,600 inpatient hospital stays, performed more than 6,000 surgical cases, and provided more than 284,000 outpatient specialty clinic visits. Approximately 70 percent of pediatric patients receiving care at BCH Oakland are covered by Medi-Cal. BCH Oakland also supports more than 50 pediatric specialty clinics. BCH Oakland is one of the city's largest non-profit employers, with more than 2,600 employees.

BCH Oakland maintains the highest level, Level I, Pediatric Trauma Center designation from the American College of Surgeons, one of only six hospitals in California offering the level of comprehensive care that merits this designation.

Most major trauma victims in Alameda and Contra Costa Counties under age 14 are brought to the Emergency Department at BCH Oakland, along with critically injured children across Northern California and from as far away as Nevada.

As a Federally Qualified Health Center, BCH Oakland provides primary health care and resources at four community-based clinics dedicated to teens and young adults, collectively accommodating around 9,000 unique patients for an average of 36,000 visits annually. The majority of individuals seeking care at these facilities reside in neighborhoods grappling with poverty, gun violence, inadequate housing, food deserts, and other factors affecting their overall health and well-being.

The integration with UCSF Benioff Children's Hospital San Francisco provided stability for the Children's Hospital Oakland after longstanding financial struggles and unsuccessful merger discussions with other health systems. The integration of the two institutions – based on a shared mission of serving the healthcare needs of all children – also enabled long-planned modernization efforts at the site to move forward and allowed the hospital to expand programs and enhance services in Oakland.

Together, UCSF Benioff Children's Hospitals are greater than the sum of their parts. The integration has resulted in national recognition of UCSF Benioff Children's Hospitals, which have ranked among the nation's best for several years in all ten specialties assessed by *U.S. News and World Report* – a feat neither hospital had previously achieved on its own. These specialties include the best program in Northern California in pediatric cancer, as well as nationally ranked programs in cardiology, diabetes, gastrointestinal surgery, newborn specialty care, neurology and neurosurgery, orthopedics, pulmonology, and urology.

Today, BCH Oakland and its associated clinics and programs throughout the region provide vital, world class care to children and their families – regardless of their ability to pay. Alameda and Contra Costa counties are projected to experience double-digit population gains over the

next several decades, generating even greater demand for pediatric health services and increasing pressure on an already distressed and disjointed regional care infrastructure. The NHB and modernized existing facilities would enable BCH Oakland to grow into a comprehensive children's health system that can support the health of the community for decades to come.

Project Background and Context / Drivers

Four inpatient facilities at the BCH Oakland campus range in age from about 40 years old to over 95 years old and include the AB Building (completed in 1928), the BC Building (1946), the Diagnostic and Treatment (D+T) Building (1961 and expanded in 1974), and the Patient Tower (1982). To meet the State's seismic safety code requirements, the D+T Building and the Patient Tower were seismically retrofitted as part of the BCH Oakland Master Facilities Plan Phase 1 program, and inpatient services were removed from the AB and BC Buildings.

Limited by its aged and obsolete facilities, BCH Oakland is constrained by inadequate access to private, light-filled healing spaces for patients and their families. Semi-private rooms and wards, for example, in the Neonatal Intensive Care Unit (NICU), result in barriers to patient placement and lowering room utilization by more than 20 percent. This results in a reduction in the functional capacity of staffed beds.

Undersized operating rooms and limited recovery room space negatively affect operational efficiencies, resulting in inadequate capacity for meeting surgical case demand. The size limitation of the existing operating room suites hinders the placement of state-of-the-art equipment and technology, including in-suite imaging and robotic technologies.

The insufficient footprint of the Emergency Department places constraints on the care of patients in the designated Level I Pediatric Trauma Service. Limited access to advanced radiologic imaging within the Emergency Department presents challenges to delivering trauma service care in a timely and efficient manner. The Emergency Department is further challenged by an inability to accommodate the growing needs of the behavioral health crisis for children.

Overall, these accumulated challenges affect the ability to recruit and retain faculty, trainees, and staff to support UCSF's mission of teaching, research, and clinical care.

The proposed NHB project would continue to address seismic safety compliance and modernize facilities. Construction of the NHB would include demolition of the AB and BC Buildings that do not meet State seismic safety law and would provide:

- New pediatric inpatient single-occupancy rooms at the BCH Oakland campus, which are critical to providing behavioral and mental health services,
- Continued conversion of open wards to single-occupancy rooms, and
- Expansion of existing critical services (e.g., surgery).

Modernizing BCH Oakland’s facilities goes beyond meeting the healthcare needs of the region’s children: it is critical for the viability of both UCSF Benioff Children’s Hospitals. Increasing capacity and improving infrastructure in Oakland would enable the two hospitals to fully realize an integrated care model between San Francisco and Oakland. An integrated, modernized BCH Oakland represents the greatest opportunity for growth in the UCSF Benioff Children’s health system – increasing capacity, expanding access for more patients, and ultimately ensuring fiscal sustainability across the enterprise.

PROJECT DESCRIPTION

The proposed project would construct an approximately 277,500-gross-square-foot (GSF) NHB with seven above-grade levels and one full basement level. A separate, new parking garage of 270 spaces with a rooftop helistop deck would be constructed adjacent to the NHB. Following completion of the NHB, approximately 11,800 GSF of select spaces in the existing Patient Tower and D+T Building would be renovated. Several existing structures and temporary trailers would be demolished to allow for the new construction.

The project elements described below would be sequenced in a manner that would allow BCH Oakland to continue to provide critical care to the children of Oakland and surrounding areas.

Program and Scope

Table 1: New Hospital Building Program

Functional Space Type	ASF
Inpatient	91,500
Diagnostic and Treatment	71,500
Clinical Support	6,000
Logistic Support	25,000
Total	194,000
Total GSF	277,500
Efficiency (ASF/GSF)	70%

Inpatient: The proposed NHB would include 104 new inpatient beds.

Currently, BCH Oakland has 177 licensed beds, but not all of them are operational because of space constraints and limits on bed utilization in shared rooms with restrictions on cohorting patients by age, gender, and infectious disease. As a result, BCH Oakland can only use about 70 percent of the total licensed beds. This constraint on the use of beds contributes to the inability to provide behavioral health beds in the current hospital facilities.

With the completion of the NHB project, the number of inpatient single-occupancy rooms would increase from 39 to 137, with private beds planned to be used at 100 percent capacity and semi-private beds planned for 80 percent capacity. The planned net increase of licensed beds is 31 (18

percent); however, BCH Oakland would increase its availability of beds by approximately 48 percent.

Table 2 provides an overview of the existing and planned number of inpatient beds for the BCH Oakland campus site.

Table 2: Existing and Planned Inpatient Beds at BCH Oakland, by Bed Type

Facility	Existing (2024)	Planned (2030)			Change	
	Patient Tower/D+T	Patient Tower/D+T	New Hospital	Total	Number	Percent
Acute Care / Medical / Surgery	85	81	48	129	44	
Acute Care Psych	0	0	20	20	20	
Pediatric Intensive Care Unit	23	23	0	23	0	
Neonatal Intensive Care Unit	55	0	36	36	(19)	
Total Operational Beds	163	104	104	208	45	28%
Total Licensed Beds*	177	104	104	208	31	18%
Total Functional Beds**	141	104	104	208	67	48%

*Some of the existing licensed beds are not currently operational.

** BCH Oakland has double-occupancy rooms that limit bed utilization due to restrictions on cohorting patients by age, gender, and infectious disease.

The existing NICU has four wards, and all beds cannot be used at the same time due to space constraints. While the number of NICU-licensed beds would be reduced, moving to primarily private beds with three twin-capable beds would allow for much higher utilization.

Diagnostic and Treatment: Primary diagnostic and treatment services provided at BCH Oakland would be expanded with the construction of the NHB, including:

- Seven new surgical suites, replacing the six existing operating suites currently in use in the Patient Tower
- Two new interventional procedure rooms (e.g., cardiac catheterization laboratory, gastrointestinal/endoscopy laboratory)
- A new emergency department with increased efficiency with 42 treatment bays that include four trauma bays, replacing the existing emergency department

Clinical Support: The NHB would add clinical support spaces to support the expanded programs being developed and would compensate for an existing deficit on the campus. The clinical support spaces would include:

- 14 on-call rooms
- Child Life¹ program (school and home programs, as part of California Children's Services, art therapy room, broadcasting studio, and support space)
- Point of Care / Stat Lab to support the Emergency Department and provide the code required quick turnaround time specimen laboratory inside the hospital

Logistic Support: The NHB project would provide logistical support spaces sized to support the entire inpatient campus at the expanded 208-bed capacity. These would include loading dock, materials management, facilities engineering, biomedical engineering, emergency food storage, linen storage, and upgraded paths of travel to support the existing kitchen.

Patient Tower and D+T Building Renovations: Once the NHB is completed, select interior renovations totaling approximately 11,800 GSF would be implemented at the existing Patient Tower and D+T Building to further modernize and support the inpatient clinical and support program needs. These would be full remodels to bring the existing spaces into code compliance, but existing walls and mechanical, electrical, and plumbing systems would be utilized where feasible. The proposed renovations would comprise:

- Relocation of Respiratory Therapy Support from its temporary location in the Outpatient Center basement
- Relocation of Graduate Medical Education space from its temporary location in the Outpatient Center basement, including creating a new resident lounge
- Improvements to Physical Therapy administration and orthotics laboratory

There would also be a new public corridor created between the existing visitor lobby and the new Emergency Department waiting area and registration.

Parking Garage and Helistop: A parking garage of approximately 270 parking spaces (about 103,180 GSF) would be constructed with a rooftop helistop. The current helistop at BCH Oakland is a standalone structure adjacent to the existing AB and BC Buildings and would be demolished as part of the site clearance for the NHB and parking structure. To support emergency transport services while the parking garage is under construction, an interim helistop would be created nearby.

Patients and visitors who frequent BCH Oakland are highly dependent on driving to the site and require onsite parking. To facilitate the arrival of patients and improve their experience, parking facilities also need to be easily navigable and proximate to the locations where services are

¹ Child Life services provide certified child life specialists to ease the stress and anxiety of childhood illness through therapeutic play, schooling, and family-focused support.

provided. This location would allow for convenient access to the new Emergency Department entrance. The parking options that currently support BCH Oakland patients and visitors typically operate near 100 percent capacity during peak hours.

Site Support Structure: A temporary structure would be constructed to provide a loading area and materials management support while the NHB is under construction. To build the NHB, the existing loading dock must be demolished, and this temporary structure would allow the operations of the existing hospital to maintain operations during construction.

Funding Plan and Financial Feasibility

The proposed budget of \$1,491,000,000 would be funded as shown by external financing (\$891 million), gift funds (\$350 million), hospital reserves (\$163 million), and Children's Hospital grant funds (\$87 million). (Refer to Attachment 1, Project Sources and Uses.)

The estimated debt service for the \$891 million of external financing at a planning rate of 4.35 percent is \$20,343,500 per year for FY 2024-25 – FY 2029-30 (interest only) and \$50,396,740 for FY 2030-31 – FY 2062-63 (principal and interest) over a 35-year term.

The UCSF BCH Oakland NHB is a central part of UCSF Health's strategy to become the premier destination for all Bay Area pediatric patients and would allow more East Bay and South Bay families to access UCSF Health for pediatric services. Combined with investments that UCSF Health is making in outpatient centers around the Bay Area, UCSF Health expects inpatient volumes to grow 32 percent and outpatient volumes to grow 34 percent as a result of the new building and surrounding network. In FY 2023-24, UCSF Benioff Children's Hospitals have a combined 10.6 percent EBIDA with a total revenue of \$1.7 billion. By 2036 (five years after opening), UCSF Benioff Children's Hospitals is expected to have a combined 12.2 percent EBIDA with total revenues of \$2.5 billion.¹

As of June 30, 2024, UCSF Health had a 5.4 percent operating margin, 4.1x debt service coverage, and 149 days' cash on hand. Modified net income margin, modified debt service coverage, and days' cash on hand include the adjustments allowed under the University Debt Policy. Over the ten-year projection period, the modified net income margin is projected to range from a low of 7.2 percent (FY 2024-25) to a high of 11.1 percent (FY 2031-32), above the minimum requirement of equal to or greater than zero percent. Modified debt service coverage is projected to range from a low of 4.3x (FY 2024-25) to a high of 6.1x (FY 2032-33), above the minimum requirement of equal to or greater than 3x. Days' cash on hand is projected to range from a low of 149 days (FY 2023-24) to a high of 264 days (FY 2033-34), above the minimum requirement, which is 90 days effective July 1, 2025.

Additional information may be found in Attachment 2A, Summary of Financial Feasibility, and

¹ Although the Regents and BCH Oakland remain separate legal entities, BCH Oakland's financial performance is reflected on UCSF Health's books and on its financial statements consistent with Governmental Accounting Standards Board ("GASB") standards, and UCSF Health will be financing the project. The financial feasibility assumptions reflected in Attachments 2A and 2B reflect these facts.

Attachment 2B, UCSF Health System – Projected Financial Performance.

Status of Fundraising

The fundraising goal for the BCH Oakland NHB project is \$350 million. UCSF would advance unrestricted reserves as necessary to cover contracting requirements until gifts are received. No standby or interim financing is requested for the project.

Project Delivery and Schedule

In September 2023, the Regents approved using the Integrated Form of Agreement (IFOA), an Integrated Project Delivery method, for the NHB project. An integrated team performs the design and construction planning, including UCSF, BCH Oakland, the architect, the general contractor, and key trades working to optimize program quality with a cost target set by BCH Oakland. The IFOA process optimizes the use of Lean tools and processes. In addition to minimizing risk, industry data suggests that the IFOA delivery method provides greater schedule predictability, cost and budget control, quality of design and construction, fewer changes, greater ability to manage changes, increased morale, and overall value delivered.

Construction of the site and make-ready work (including demolition of the AB and BC Buildings and temporary trailers) is scheduled to begin in June 2025. Construction of the parking structure is planned to begin in June 2026 and be completed in September 2027. Construction of the NHB is planned to begin in September 2026 and be completed in December 2030, with the first patient planned in 2031. Renovations of select spaces in the existing Patient Tower and D+T Building will begin when the NHB is completed and are planned for completion in December 2031.

PROJECT DESIGN

Site Conditions and Location

The approximately 11-acre BCH Oakland campus site is located at 747 52nd Street, in the northern portion of Oakland, in Alameda County. The campus site is generally bounded by 53rd Street to the north, Highway 24 to the east, Martin Luther King Jr. Way, and the elevated BART tracks to the south and west. (See Attachment 4 – Project Location Map.)

The AB and BC Buildings, Bruce Lyons Research Center and Addition, the existing standalone helistop, and trailers would be demolished to clear the site for the NHB structure.

Project Design and Physical Design Framework

The architecture of the NHB is informed by the functional needs of the BCH Oakland campus. While the NHB is a significant addition to the BCH Oakland campus, it serves as a connector to the existing inpatient hospital and services to support a single patient-centric care environment. The NHB is designed to support BCH Oakland’s youngest patients, their families, and their

caregivers.

The NHB would be comprised of a podium (Levels One through Four) with exterior materials complementing the existing hospital and glass-wrapped inpatient bed floors (Levels Five through Seven) that maximize the opportunity for natural light and views. To support the new Emergency Department, ambulance and walk-in drop-off areas would separate patient flows from the existing hospital main entrance.

The building design prioritizes access to daylight and views to support both the patient and staff experiences on the upper floors. Access to outdoor space for patient families and staff is critical in the BCH Oakland urban campus. The design provides a secured ground floor play garden adjacent to the Emergency Department for positive distractions for patient families. Also, on the northern end of Level Five, outdoor space with hardscape and plantings would be created for families and staff with areas for contemplation and physical activity. At the southern end of Level Five, a required outdoor area for the adjacent Behavioral Health program would be provided.

A new magnolia tree that has been propagated from the treasured magnolia tree in the existing courtyard would be planted, accompanied by plaques and information to honor the history of the institution and the original baby hospital and to connect patients, visitors, and employees to the history of the campus. The existing tree would be removed for the construction of the NHB.

The parking structure would be constructed of concrete with an artistic façade element visible from the Emergency Department drop-off area.

Sustainable Practices

The NHB would achieve a minimum Leadership in Energy and Environmental Design (LEED™) Gold certification. The entire project would incorporate electrification and would not utilize natural gas for building heat or hot water generation. Additionally, the building would have a high-performance exterior envelope design and outdoor bicycle parking.

This project has been analyzed by the UC Operational Carbon and Energy Assessment for New Construction Tool (OCEAN Tool) (Attachment 6). The OCEAN Tool identifies high-level estimates of target site energy use, utility costs, and operational greenhouse gas emissions for the proposed project. Building performance metrics are compiled within UC's capital projects database and will be utilized to compare and assess future projects. Specific sustainability strategies include:

Transportation: Approximately 120 electric-vehicle-charging spaces would be included to encourage the use of less impactful modes of transit. Bicycle and micro-mobility parking would be provided adjacent to the main entrances.

Sustainable Site: Outdoor lighting fixtures would be selected to minimize light pollution. Landscaped areas would include native and climate-adaptive species.

Water Efficiency: A water use reduction of 35 percent is the target for this project. All water consumption would be metered as well to ensure that all systems are performing efficiently and that the water use profile can be understood. Water efficiency would be achieved via the use of low-flow fixtures for all showers, water closets, sinks, and other fixtures.

Energy and Atmosphere: A combination of heat recovery chillers and air source heat pumps would be used to heat and cool the space. An electric boiler would be used to heat the domestic water combined with energy from the heat exchanger; cooling towers would be used for heat rejection. All primary energy end uses would be metered to ensure that the building is performing properly. The building would be comprehensively commissioned, including envelope commissioning, to verify the efficiency of all systems.

Materials and Resources: Healthy and sustainable materials would be selected, including those with environmental product declarations, health product declarations, and various other sustainable attributes to create a healthy environment. A construction and demolition waste management plan would minimize the amount of waste going to landfill.

Health and Human Experience: Indoor air quality is an important attribute of the space, so systems would be designed to be high-performing. Spaces would have wildfire and smoke protection and carbon-monoxide monitoring, with activated carbon filters to support the 100 percent outside-air system. All wet-applied materials would fall below certain volatile-organic-compound thresholds to support the health of occupants. Occupants would have access to both lighting and thermal comfort controls in all regularly occupied spaces.

Parking Structure: The parking structure will achieve, at a minimum, Parksmart “Silver” certification and will include sustainable features such as:

- Maximize the use of fly-ash and locally mined aggregates in the concrete, use of recycled materials (including reuse of crushed existing asphalt)
- Minimize soil loss by keeping the disturbed area on-site to an absolute minimum; use silt fencing, earth berms, and early seeding to minimize erosion
- Provide Electric Vehicle Charging Stations
- Use high-efficiency, light-emitting-diode lighting and controls, along with light-color interior paint to reduce energy demand

Long Range Development Plan (LRDP)

An amendment to the UC San Francisco 2014 LRDP (2014 LRDP) is proposed to add BCH Oakland to the LRDP (Attachment 9). The LRDP Amendment would include a new chapter for the Benioff Children’s Hospital Oakland campus site with site-specific objectives to 1) modernize the campus to ensure compliance with regulatory requirements and improve the level

of services to patients and their families, 2) address seismically compromised and obsolete buildings, and 3) develop new facilities to accommodate programmatic needs. The new chapter would include functional zones for the campus site consistent with the NHB project. In addition, several smaller off-site locations that are part of BCH Oakland would be added to the Smaller Owned Sites chapter of the LRDP, the existing and proposed space program of the LRDP would be revised to reflect BCH Oakland and the proposed NHB project, and other necessary conforming changes would be made to the LRDP.

The proposed 2014 LRDP as amended would become the primary planning document for BCH Oakland and would guide the development of the campus site through an approximate horizon year of 2035. Attachment 9 contains the proposed revisions to the 2014 LRDP.

CONSISTENCY WITH SELECT UC POLICIES AND PRACTICE

This project is in compliance with the UC Policies for Seismic Safety, Sustainability, and Small/Disabled Veteran Business Enterprises (see Attachment 7).

CEQA COMPLIANCE

A summary of the California Environmental Quality Act (CEQA) process and the environmental impacts of the proposed project are provided in Attachment 10. Pursuant to CEQA, an Environmental Impact Report (EIR) for the UCSF Benioff Children's Hospital Oakland New Hospital Building Project, including LRDP Amendment #11 to the UC San Francisco 2014 LRDP has been prepared (Attachment 11). Findings and a Statement of Overriding Considerations have been prepared to support the University's determination regarding impacts, mitigation measures, and CEQA Alternatives (Attachment 12).

UCSF'S AND BCH OAKLAND'S COMMITMENT TO COMMUNITY

UCSF and BCH Oakland are dedicated to facilitating open and ongoing engagement with the City of Oakland and the local community, supporting UCSF's commitment to strengthening and broadening access to care for young patients and their families. The project includes a letter of commitment with the City of Oakland, a Community Workforce Agreement with the Building and Construction Trades Council of Alameda County, and ongoing community outreach and engagement as part of these efforts.

Letter of Commitment

Prior to the issuance of the Notice of Preparation, UCSF and BCH Oakland met regularly with the City of Oakland leadership to identify and discuss areas of interest and mutual cooperation. These discussions were memorialized in a Letter of Commitment to the City of Oakland, outlining a UCSF / BCH commitment to working cooperatively and establishing protocols and

processes that BCH Oakland will follow with respect to the entitlement and completion of the construction of the project. The letter outlined voluntary objectives for community engagement and workforce development.

Community Engagement: Outreach and meetings for the BCH Oakland projects (ASB, NHB, and Infrastructure Improvements) have been held with the public to describe the project, introduce the team, discuss project timelines, and address concerns and questions as enumerated in Attachment 13. Ongoing engagement is planned throughout the project, including:

- Regular notifications about meetings and construction impacts to the neighborhood in the form of a website, press, email lists, newsletters, postcards, and flyers
- Community meetings for the general public and interested stakeholders regarding the entitlement of the project, at least quarterly, to keep the community informed of any changes to the scope, character, or extent of the project
- Quarterly meetings held with BCH Oakland's Community Advisory Board (CAB) members, providing modernization project updates. BCH Oakland's CAB is comprised of 17 members representing a cross-section of the diverse Oakland community, including representatives from community health clinics and community leaders, providing hospital staff and leadership advice and guidance on critical hospital programs and initiatives
- Readily accessible information about the project through specified online platforms
- One-on-one emails, meetings, small neighborhood group meetings, as appropriate with immediately adjacent neighbors and other stakeholders
- Publication of contact information for the community to ask questions and communicate concerns and complaints

Community Workforce Agreement: To underscore a commitment to local economic impact, UCSF and BCH Oakland agreed to use their best efforts to meet the goal of 30 percent of construction work hours to workers from Alameda, Contra Costa, and San Francisco Counties and ten percent of construction expenditures to small or disadvantaged businesses. To help reach this goal, UCSF and BCH Oakland have negotiated a community workforce agreement for the construction of the New Hospital Building with the Building and Construction Trades Council of Alameda County.

KEY TO ACRONYMS

2014 LRDP	UC San Francisco LRDP
ASB	Administrative Support Building
ASF	Assignable-Square-Foot
BCH	Benioff Children’s Hospital
CAB	Community Advisory Board
CEQA	California Environmental Quality Act
CHRCO	Children’s Hospital & Research Center at Oakland
D+T	Diagnostic and Treatment
DVBE	Disabled Veteran Business Enterprise
EBIDA	Earnings Before Interest, Depreciation, and Amortization
EIR	Environmental Impact Report
GSF	Gross-Square-Foot
IFOA	Integrated Form of Agreement
LEED™	Leadership in Energy Environmental Design
LRDP	Long Range Development Plan
NHB	New Hospital Building
NICU	Neonatal Intensive Care Unit
OCEAN	Operational Carbon and Energy Assessment for New Construction
SBE	Small Business Enterprise

ATTACHMENTS

Attachment 1:	Project Sources and Uses
Attachment 2A:	Summary of Financial Feasibility
Attachment 2B:	UCSF Health System – Projected Financial Performance
Attachment 3A:	Comparable Project Information – Scatterplot and Table: New Hospital Building
Attachment 3B:	Comparable Project Information – Scatterplot and Table: Parking Garage
Attachment 4:	Project Location Map
Attachment 5:	Design Graphics
Attachment 6:	UC Operational Carbon and Energy Assessment for New Construction (OCEAN) Tool
Attachment 7:	Statement of Compliance with Select UC Policies
Attachment 8:	2014 LRDP: https://ucsf.app.box.com/s/a2er9dbpbik1tuwiz0bv2sscywv9d7q
Attachment 9:	LRDP Amendment #11 to the 2014 LRDP
Attachment 10:	Environmental Impact Summary
Attachment 11:	UCSF Benioff Children’s Hospital New Hospital Building Environmental Impact Report (EIR) and Mitigation Monitoring and Reporting Program Draft EIR: https://ucsf.box.com/s/p8efmcrwpgxcbetvzncbbnylkm2j9g Final EIR:

	https://ucsf.app.box.com/s/8a8113t1js2dluzcy8x0qzh99ev0rbqg
Attachment 12:	CEQA Findings and Statement of Overriding Considerations
Attachment 13:	How UCSF has Engaged the Community and Gained Support for the Project

ATTACHMENT 1

**PROJECT SOURCES AND USES
UCSF BENIOFF CHILDREN’S HOSPITAL OAKLAND NEW HOSPITAL BUILDING**

SOURCES	Total	% of Total¹
External Financing	\$891,000,000	59.8%
Gift Funds	\$350,000,000	23.5%
Hospital Reserves	\$163,000,000	10.9%
Children’s Hospital Grants	\$87,000,000	5.8%
Total Sources	\$1,491,000,000	100%

USES					
Categories	Parking Structure	New Hospital	Renovations	Total	% of Total¹
Site Clearance	\$1,500,000	\$40,800,000	-	\$42,300,000	3.2%
Building ²	\$39,901,000	\$714,878,000	\$18,200,000	\$772,979,000	57.7%
Exterior Utilities	\$1,500,000	\$30,900,000	-	\$32,400,000	2.4%
Site Development	\$1,530,000	\$28,049,000	-	\$29,579,000	2.2%
A/E Fees ³	\$468,000	\$208,037,000	\$2,106,000	\$210,611,000	15.7%
Campus Administration ⁴	\$385,000	\$12,227,000	\$914,000	\$13,526,000	1.0%
Surveys, Tests, Plans ⁵	\$615,000	\$5,701,000	\$34,000	\$6,350,000	0.5%
Special Items ⁶	\$9,530,000	\$104,228,000	\$244,000	\$114,002,000	8.5%
Contingency	\$2,719,000	\$113,638,000	\$1,473,000	\$117,830,000	8.8%
Total P-W-C⁷	\$58,148,000	\$1,258,458,000	\$22,971,000	\$1,339,577,000	100%
Group 2 and 3 Equipment	\$350,000	\$150,183,000	\$890,000	\$151,423,000	n/a
Interest During Construction ⁸	-	-	-	-	
GRAND TOTAL	\$58,498,000	\$1,408,641,000	\$23,861,000	\$1,491,000,000	

¹ Because of rounding, some totals may not correspond to the sum of the separate parts.

² Building construction includes General Contractor, subcontractors, Facilities Management consulting and project insurance.

³ A/E Fees include the executive architect and design professional consultants, and external project/construction management.

⁴ Campus Administration includes project management, contract administration, information technology staff, and Designated Campus Fire Marshall.

⁵ Surveys, Tests, and Plans include site surveys, plans, and specifications.

⁶ Special Items include peer reviews, hazardous material, and environmental testing, Environmental Health and Safety reviews, temporary relocations, agencies review, CEQA analyses, and pre-design studies.

⁷ Total cost for preliminary plans (P), working drawings (W), and construction (C).

⁸ UCSF plans to utilize income generated from current operations and hospital reserves to pay for interest incurred during the construction period.

PROJECT STATISTICS			
	Parking Structure	New Hospital	Renovations
Gross Square Feet (GSF)	103,180	277,500	11,800
Assignable Square Feet (ASF)	-	194,000	11,800
Efficiency Ratio (ASF/GSF)	90%	70%	100%
Building Cost/GSF	\$387	\$2,576	\$1,542
Building Cost/GSF without Helistop Premium ⁹	\$355	-	-
P-W-C Cost/GSF	\$564	\$4,535	\$1,947
P-W-C Cost/GSF without Helistop Premium ⁹	\$528	-	-

Cost Drivers:

- Poor soils prone to liquefaction have led to the need for a substantial and expensive foundation solution.
- Helistop on the roof of the garage adds cost for the helipad itself, additional structural supports, and a gurney elevator.
- The garage has an atypical geometry due to its location at the back corner of the triangle-shaped site, and as a result, the campus cannot take advantage of more efficient construction methods like precast elements.
- The garage is relatively small in size. As a result, the more substantial costs associated with it, like the added helistop and expensive foundation system, are not able to be distributed across a larger building, making its cost per space and cost per GSF significantly higher than that of larger garages that benefit from economy of scale

⁹ The rooftop helistop adds \$3.3 million to the Building cost and \$3.7 million to the total P-W-C cost of the Parking Structure. Comparable project analyses (Attachment 3B) use the cost information without the helistop premium.

SUMMARY OF FINANCIAL FEASIBILITY

SAN FRANCISCO CAMPUS	
Project Name	UCSF Benioff Children’s Hospital Oakland Infrastructure Improvements
Project ID	9951197
Total Estimated Project Costs	\$1,491,000,000
Anticipated Interest During Construction (included in the total estimated project cost)	\$0

PROPOSED SOURCES OF FUNDING¹	
External Financing	\$891,000,000
Gift Funds	\$350,000,000
Hospital Reserves	\$163,000,000
Children’s Hospital Grant Funds	\$87,000,000
Total	\$1,491,000,000

¹ Fund sources for external financing shall adhere to the University policy on repayment for capital projects.

Externally Financed Projects

FINANCING ASSUMPTIONS	
External Financing Amount	\$891,000,000
Anticipated Repayment Source	Hospital Reserves (built from EBIDA margin)
Anticipated Fund Source	Hospital Reserves
Financial Feasibility Rate	4.35%
First Year of Repayment (e.g., FY 20XX)	FY 2025 (Interest only); FY 2031 (Principal)
Term (e.g., 30 years; indicate if any year’s interest only)	35 years (Interest only FY 2025 – FY 2030)
Final Maturity (e.g., FY 20XX)	FY 2063
Estimated Average Annual Debt Service	\$50,396,740 estimated average principal and interest payments for FY 2031 – FY 2063; \$20,343,500 estimated average interest payments for FY 2025 – FY 2030

FINANCING BENCHMARKS			
Measure	Metric	Approval Threshold	Requirement
Modified Net Income Margin*	7.2% (min), FY 2025	≥ 0.0%	Must Meet
Modified Debt Service Coverage*	4.3x (min), FY 2025	≥ 3x	
Days’ Cash on Hand	149 days (min), FY 2024	≥ 90 days (effective July 2025)	

* Excludes non-cash pension and OPEB as allowed under University Debt Policy.

**UCSF HEALTH SYSTEM
PROJECTED FINANCIAL PERFORMANCE**

Material Financial Disclosures and Assumptions – Fiscal Years 2024 - 2034

This attachment includes an overview of the consolidated UCSF Health financial projections and a summary of the key projection assumptions.

The UCSF Health financial projections are based on the current year forecasted results for FY 2023-24 and the most recent Ten-Year Plan (TYP) as approved in fall 2023.

The projections include \$2.75 billion in overall debt financing assumed to finance major capital projects, including the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights (NHPH) (\$1.73 billion in remaining debt to be issued) and the Benioff Children’s Hospital Oakland New Hospital Building program (\$1.02 billion in debt to be issued).

Over the ten-year projection period, the modified net income margin is projected to range from a low of 7.2 percent (FY 2024-25) to a high of 11.1 percent (FY 2031-32), above the minimum requirement of equal to or greater than zero percent. Modified debt service coverage is projected to range from a low of 4.3x (FY 2024-25) to a high of 6.1x (FY 2032-33), above the minimum requirement of equal to or greater than 3x. Days’ cash on hand is projected to range from a low of 149 days (FY 2023-24) to a high of 264 days (FY 2033-34), above the minimum requirement, which is 90 days effective July 1, 2025.

UCSF Health Assumptions

- Operating Revenue is projected to increase annually, on average, by 6.6 percent from FY 2023-24 through FY 2033-34.
 - Inpatient volumes are projected to increase annually by 2.5 percent. Inpatient volumes are affected by capacity constraints at UCSF Medical Center in FY 2024-25. These are offset by outpatient volume increases of four percent (CAGR) through the projection period and differentially higher Tertiary and Quaternary volume growth for favorable revenue rate increases.
 - Commercial mix increased nominally through the projection period from service mix changes (i.e. service lines with higher commercial mix grew at a higher rate compared to the other service lines). No overt increases were assumed.
- Modified Operating Expenses (excluding non-cash pension and OPEB expenses) are projected to increase annually, on average, by 6.4 percent from FY 2023-24 through FY 2033-34. Increases in expenses are expected to be tempered by management action plans, including labor management action plans, optimization of capacity utilization, and reductions in supplies expenses, which commenced in FY 2023-24.

- Labor FTE increases were modeled at 50 percent of the rate of volume, yielding annual FTE/AOB efficiencies of 0.6 percent. Extensive work has been performed in FY 2023-24 through consulting engagements and other in-house committees to identify opportunities for FTE efficiencies and to establish relevant benchmark performance targets at a department level. Additional systems and processes are also being implemented to monitor FTE utilization and allow for daily time tracking.
- Overall operating expense per adjusted day increases 3.1 percent annually.
- The fall 2023 TYP incorporates incremental revenue and expense growth associated with planned capital projects (preliminary estimates):
 - Bayfront Medical Building and Peninsula Outpatient Center (expected to open in FY 2024-25)
 - NHPH and Benioff Children’s Hospital Oakland New Hospital Building (expected to open in FY 2030-31)
- The fall 2023 TYP does not incorporate the potential impact of Project Ethos (planned acquisition of Saint Francis Memorial Hospital (Saint Francis) and St. Mary’s Medical Center (St. Mary’s), along with associated outpatient clinics from Dignity Health), which is expected to close around June / July 2024.

Capital / Debt Assumptions

- Debt is forecasted as follows for NHPH and the Benioff Children’s Hospital Oakland New Hospital Building programs:
 - NHPH (\$1.73 billion in remaining debt to be issued)
 - \$1.0 billion in FY 2024-25 (35-year term with an interest rate of 4.35 percent)
 - \$730 million in FY 2026-27 (35-year term with an interest rate of 4.35 percent)
 - Benioff Children’s Hospital Oakland New Hospital Building programs (\$1.02 billion in debt to be issued). This includes \$891 million for which approval is being requested under this action item and \$129 million previously approved for the ASB and Infrastructure Improvements.
 - \$200 million in FY 2024-25 (35-year term with an interest rate of 4.35 percent)
 - \$370 million in FY 2026-27 (35-year term with an interest rate of 4.35 percent)

- \$450 million in FY 2028-29 (35-year term with an interest rate of 4.35 percent)
- The debt is projected to be interest only through the construction period. The estimated debt service for the \$891 million for which approval is being requested under this action item is \$20,343,500 per year for FY 2025 – FY 2030 (interest only) and \$50,396,740 for FY 2031 – FY 2063 (principal and interest).

UCSF Health
Projected Financial Performance
Statement of Revenues and Expenses

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
(\$ in Thousands)	Forecast	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection
Operating Revenue											
Net Patient Revenues	7,022,425	7,583,073	8,225,440	8,734,802	9,296,133	9,828,986	10,324,189	11,447,288	12,176,243	12,882,716	13,644,290
Other Revenues	226,492	169,024	166,745	149,698	111,840	98,989	104,011	106,802	185,543	231,469	114,656
Total Operating Revenues	7,248,917	7,752,098	8,392,184	8,884,499	9,407,974	9,927,975	10,428,200	11,554,090	12,361,786	13,114,184	13,758,947
Operating Expenses											
Operating Expense	6,432,827	6,858,781	7,263,329	7,687,143	8,133,847	8,581,615	9,010,452	9,873,066	10,569,327	11,238,856	11,898,220
Depreciation	222,875	236,167	239,506	235,698	235,236	240,114	298,300	362,706	381,961	414,720	437,295
Modified Operating Expenses	6,655,702	7,094,948	7,502,835	7,922,841	8,369,083	8,821,728	9,308,752	10,235,772	10,951,288	11,653,576	12,335,516
Net Modified Operating Income (Loss)	593,215	657,149	889,349	961,658	1,038,891	1,106,247	1,119,448	1,318,318	1,410,497	1,460,609	1,423,431
Interest Expense	(119,261)	(173,328)	(174,126)	(219,394)	(216,919)	(238,546)	(236,425)	(234,236)	(235,697)	(231,770)	(227,408)
Other Non-Operating Income (Expense)	148,132	73,938	87,846	112,085	126,467	157,727	163,847	172,691	194,750	221,820	257,345
Modified Net Income¹	622,086	557,760	803,070	854,350	948,439	1,025,428	1,046,870	1,256,773	1,369,550	1,450,659	1,453,368

¹ Modified Net Income excludes non-cash pension and OPEB expenses as allowed under the University Debt Policy.

Attachment 2B: UCSF Health System Projected Financial Performance – Page 5

UCSF Health
Projected Financial Performance
Statement of Net Assets

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
(\$ in Thousands)	Forecast	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection
Assets											
Current Assets											
Cash and Unrestricted Investments	\$2,610,192	\$2,958,553	\$3,389,291	\$3,753,479	\$4,252,366	\$4,728,656	\$4,967,532	\$5,455,256	\$6,257,919	\$7,136,916	\$8,600,450
Net Accounts Receivable and Other Receivables	1,074,382	1,185,207	1,282,294	1,357,824	1,442,858	1,527,679	1,608,094	1,789,970	1,908,388	2,023,120	2,143,120
Other Current Assets	270,861	322,942	359,784	372,271	383,553	394,930	407,318	447,187	467,247	486,174	506,536
Total Current Assets	3,955,435	4,466,703	5,031,369	5,483,574	6,078,778	6,651,265	6,982,944	7,692,413	8,633,554	9,646,209	11,250,106
Other Assets											
Investments	56,456	56,456	56,456	56,456	56,456	56,456	56,456	56,456	56,456	56,456	56,456
Restricted Cash	921,417	1,372,665	890,095	1,283,536	536,515	467,555	237,344	211,188	212,288	213,388	214,488
Other Long Term Assets and Deferred Outflows	1,236,948	1,237,050	1,235,916	1,234,873	1,233,912	1,233,029	1,232,216	1,231,469	1,230,782	1,230,150	1,229,567
Total Other Assets	2,214,821	2,666,170	2,182,467	2,574,864	1,826,883	1,757,039	1,526,016	1,499,113	1,499,525	1,499,994	1,500,511
PPE, Net	3,882,063	4,431,168	5,122,984	6,006,593	6,944,894	7,767,202	8,563,967	8,896,348	9,056,331	9,136,051	8,706,749
Total Assets and Deferred Outflows	10,052,319	11,564,041	12,336,820	14,065,031	14,850,555	16,175,507	17,072,927	18,087,874	19,189,410	20,282,254	21,457,366
Liabilities and Net Assets											
Current Liabilities											
Accounts Payable	812,404	831,846	877,450	922,318	969,521	1,019,409	1,067,323	1,164,413	1,243,187	1,317,930	1,389,741
Current Portion of Long Term Debt	50,187	47,557	48,167	45,894	43,839	44,353	91,673	95,310	111,359	118,937	123,688
Third Party Settlements, net	15,361	15,868	16,323	16,762	16,972	17,073	17,172	18,284	18,589	18,882	19,145
Other Current Liabilities	720,991	720,980	720,970	720,960	720,951	720,942	720,934	720,926	720,918	720,911	720,904
Total Current Liabilities	1,598,943	1,616,251	1,662,910	1,705,934	1,751,283	1,801,776	1,897,101	1,998,933	2,094,052	2,176,659	2,253,479
Long Term Liabilities											
Long Term Debt	2,626,125	3,662,568	3,677,401	4,728,507	4,684,668	5,094,315	5,002,642	4,907,332	4,795,973	4,677,036	4,553,348
Other Long Term Liabilities and Deferred Inflows	6,577,206	6,579,612	6,582,138	6,484,788	6,387,565	6,290,474	6,193,519	6,096,704	6,000,035	5,903,516	5,807,152
Total Long Term Liabilities and Deferred Inflows	9,203,331	10,242,180	10,259,539	11,213,295	11,072,233	11,384,789	11,196,161	11,004,036	10,796,008	10,580,552	10,360,499
Net Assets	(749,955)	(294,391)	414,370	1,145,802	2,027,040	2,988,942	3,979,665	5,084,905	6,299,350	7,525,043	8,843,388
Total Liabilities and Net Assets	10,052,319	11,564,041	12,336,820	14,065,031	14,850,555	16,175,507	17,072,927	18,087,874	19,189,410	20,282,254	21,457,366

Attachment 2B: UCSF Health System Projected Financial Performance – Page 6

UCSF Health
 Projected Financial Performance
 Statement of Cash Flows

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
(\$ in Thousands)	Forecast	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection
Sources of Cash											
Modified Net Income	622,086	557,760	803,070	854,350	948,439	1,025,428	1,046,870	1,256,773	1,369,550	1,450,659	1,453,368
Depreciation	222,875	236,167	239,506	235,698	235,236	240,114	298,300	362,706	381,961	414,720	437,295
Long Term Debt Proceeds	51,473	1,084,000	63,000	1,097,000	-	454,000	-	-	-	-	-
Other Sources of Cash	25,783	22,391	24,252	24,596	25,771	26,408	27,261	28,424	28,637	29,180	29,744
Total Sources of Cash	922,216	1,900,317	1,129,827	2,211,643	1,209,446	1,745,949	1,372,431	1,647,902	1,780,149	1,894,558	1,920,408
Uses of Cash											
Change in Working Capital	(\$166,940)	(\$142,968)	(\$87,880)	(\$42,720)	(\$48,913)	(\$46,217)	(\$44,799)	(\$123,550)	(\$59,407)	(\$58,630)	(\$68,295)
Property, Plant, and Equipment	(835,503)	(785,272)	(931,322)	(1,119,307)	(1,173,537)	(1,062,422)	(1,095,064)	(695,087)	(541,944)	(494,440)	(7,993)
Long Term Debt Principal Repayments	(44,572)	(50,187)	(47,557)	(48,167)	(45,894)	(43,839)	(44,353)	(91,673)	(95,310)	(111,359)	(118,937)
Other Uses of Cash	(143,776)	(122,280)	(114,900)	(243,820)	(189,236)	(186,142)	(179,549)	(276,024)	(279,725)	(350,033)	(260,548)
Total Uses of Cash	(\$1,190,791)	(\$1,100,707)	(\$1,181,659)	(\$1,454,014)	(\$1,457,580)	(\$1,338,620)	(\$1,363,765)	(\$1,186,334)	(\$976,386)	(\$1,014,462)	(\$455,773)
Beginning Unrestricted and Restricted Cash and Investments	3,800,183	3,531,609	4,331,218	4,279,386	5,037,015	4,788,881	5,196,211	5,204,876	5,666,444	6,470,207	7,350,304
Cash Provided (Used)	(268,574)	799,610	(51,832)	757,629	(248,134)	407,330	8,665	461,568	803,763	880,096	1,464,635
Ending Unrestricted and Restricted Cash and Investments	3,531,609	4,331,218	4,279,386	5,037,015	4,788,881	5,196,211	5,204,876	5,666,444	6,470,207	7,350,304	8,814,938
Ending Cash Balance Detail											
Cash and Unrestricted Investments	\$2,610,192	\$2,958,553	\$3,389,291	\$3,753,479	\$4,252,366	\$4,728,656	\$4,967,532	\$5,455,256	\$6,257,919	\$7,136,916	\$8,600,450
Restricted Cash	921,417	1,372,665	890,095	1,283,536	536,515	467,555	237,344	211,188	212,288	213,388	214,488
Unrestricted and Restricted Cash and Investments	3,531,609	4,331,218	4,279,386	5,037,015	4,788,881	5,196,211	5,204,876	5,666,444	6,470,207	7,350,304	8,814,938

Attachment 2B: UCSF Health System Projected Financial Performance – Page 7

UCSF Health
Projected Financial Performance
Key Financial Ratios

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
(Annual \$ Amounts in thousands)	Forecast	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection	TYP Projection
Modified Net Income Margin											
Operating Revenue	7,248,917	7,752,098	8,392,184	8,884,499	9,407,974	9,927,975	10,428,200	11,554,090	12,361,786	13,114,184	13,758,947
Modified Net Income ¹	622,086	557,760	803,070	854,350	948,439	1,025,428	1,046,870	1,256,773	1,369,550	1,450,659	1,453,368
Modified Net Income Margin %	8.6%	7.2%	9.6%	9.6%	10.1%	10.3%	10.0%	10.9%	11.1%	11.1%	10.6%
Modified Debt Service Coverage											
Debt Service Coverage EBIDA											
Modified Net Income ¹	622,086	557,760	803,070	854,350	948,439	1,025,428	1,046,870	1,256,773	1,369,550	1,450,659	1,453,368
Interest	119,261	173,328	174,126	219,394	216,919	238,546	236,425	234,236	235,697	231,770	227,408
Depreciation	222,875	236,167	239,506	235,698	235,236	240,114	298,300	362,706	381,961	414,720	437,295
Modified Debt Service Coverage EBIDA	964,222	967,254	1,216,701	1,309,441	1,400,593	1,504,088	1,581,595	1,853,715	1,987,209	2,097,148	2,118,071
Debt Service											
Interest Payment	119,261	173,328	174,126	219,394	216,919	238,546	236,425	234,236	235,697	231,770	227,408
Scheduled Principal Payments	44,572	50,187	47,557	48,167	45,894	43,839	44,353	91,673	95,310	111,359	118,937
Debt Service	163,833	223,515	221,683	267,561	262,813	282,385	280,778	325,910	331,007	343,129	346,344
Modified Debt Service Coverage Ratio¹	5.9	4.3	5.5	4.9	5.3	5.3	5.6	5.7	6.0	6.1	6.1
Days Cash on Hand											
Cash and Unrestricted Investments	\$2,610,192	\$2,958,553	\$3,389,291	\$3,753,479	\$4,252,366	\$4,728,656	\$4,967,532	\$5,455,256	\$6,257,919	\$7,136,916	\$8,600,450
Total Operating Expenses Excluding Depreciation ¹	6,432,827	6,858,781	7,263,329	7,687,143	8,133,847	8,581,615	9,010,452	9,873,066	10,569,327	11,238,856	11,898,220
Average Daily Operating Expense	17,576	18,791	19,900	21,061	22,224	23,511	24,686	27,049	28,878	30,791	32,598
Days Cash on Hand	149	157	170	178	191	201	201	202	217	232	264

¹ Excludes non-cash pension and OPEB expenses as allowed under the UCOP Debt Policy

STATEMENT OF COMPLIANCE WITH SELECT UC POLICIES

Sustainable Practices Policy

This project will comply with the University of California Sustainable Practices Policy. The Sustainable Practices Policy establishes goals for green building, clean energy, transportation, climate protection, facilities operations, zero waste, procurement, food service, and water systems. A full range of sustainability practices for design and operations is included in the budgeting, programming, and design effort for the project.

Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBES)

The campus is committed to promoting and increasing participation of Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBES) in all purchasing and contract business, subject to any applicable obligations under State and federal law, collective bargaining agreements, and University policies. The campus regularly communicates with interested contractors and consultants to provide information about how to find opportunities to work at the campus and to encourage them to respond to the annual announcement soliciting interest to perform services. Providing qualified SBEs with the maximum opportunity to participate will be encouraged with the selected design professionals and contractors with the goal of meeting 25 percent participation.

Seismic Safety

This project will comply with the University of California Seismic Safety Policy, including independent seismic peer review.

ENVIRONMENTAL IMPACT CLASSIFICATION

Environmental Review Process

Pursuant to State law and University procedures for implementation of the California Environmental Quality Act (CEQA), including Long Range Development Plan (LRDP) Amendment #11 to the UC San Francisco 2014 LRDP, the project has been analyzed in the UCSF Benioff Children's Hospital Oakland New Hospital Building Environmental Impact Report (Final EIR) (State Clearinghouse #2023050540).

The Draft Environmental Impact Report (Draft EIR) was published on January 16, 2024, commencing a 45-day public review period ending on March 1, 2024. Notices of availability of the document were widely distributed and advertised. The document was posted online on the BCH Oakland New Hospital Building website and UCSF Real Estate website. The Draft EIR was submitted to the State Clearinghouse and Notices of Availability were sent to other State, regional, and local public agencies.

Public Comments

During the public review period, seven comment letters on the Draft EIR were received. Three individuals provided oral comments at the Draft EIR public hearing.

Among the seven comment letters received, three were from public agencies, as follows:

- California Department of Transportation (Caltrans) provided comments regarding the Vehicle Miles Traveled (VMT) analysis, the Caltrans Aeronautics process to obtain approval of the proposed helistop(s), and other code and permitting requirements under Caltrans purview that may be relevant to the project.
- Alameda County Department of Environmental Health provided comments regarding the hazardous materials analysis.
- East Bay Municipal Utility District provided comments regarding water service for the site, water conservation measures, wastewater treatment during dry and wet weather, and considerations for maintaining existing pipeline integrity should construction activities occur within the public right-of-way.

Written responses to all comments were prepared and included in the Final EIR. None of the issues raised by the commenters alters the conclusions of the environmental analysis.

Environmental Impacts

The Draft EIR found that the project would have no significant environmental impacts with regard to the following topic areas: Aesthetics, Agriculture and Forestry Resources, Air Quality,

Energy, Greenhouse Gas Emissions, Land Use and Planning, Mineral Resources, Population and Housing, Public Services, Recreation, and Utilities and Service Systems.

With mitigation measures identified in the Draft EIR, potentially significant impacts of the project would be reduced to less-than-significant levels in these topic areas: Biological Resources, Cultural and Tribal Cultural Resources (Archaeology), Geology and Soils, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise and Vibration, and Transportation.

The Draft EIR found that the project would result in significant impacts that would be unavoidable, even with identified mitigation measures, in the topic areas of Cultural Resources (Historical), and Noise (during construction).

The Draft EIR also analyzed cumulative impacts and found that the project would contribute to an existing significant cumulative impact in the topic area of Air Quality (during construction). Mitigation measures would reduce the impact, but not to a less-than-significant level. As such, the impact is Significant and Unavoidable.

To assure that all mitigation measures are implemented in accordance with CEQA, a Mitigation Monitoring and Reporting Program has been prepared and included with the Final EIR (Attachment 11). UCSF is responsible for implementing all mitigation measures of the project within the jurisdiction of the Regents.

Findings

The attached CEQA Findings (Attachment 12) discuss the project's impacts, mitigation measures, and conclusions regarding adoption of the Final EIR in conformance with CEQA. However, because the project, after incorporation of all feasible mitigation measures, will result in impacts that cannot be reduced to a less than significant level, a Statement of Overriding Considerations is proposed for approval and has been included in the CEQA Findings. The Statement of Overriding Considerations sets forth the specific reasons to support approval of the project notwithstanding its significant and unavoidable environmental impacts.

**HOW UCSF AND BCH OAKLAND HAVE ENGAGED THE COMMUNITY
AND GAINED SUPPORT FOR THE PROJECT**

<h2 style="text-align: center;">Outreach</h2>	<h2 style="text-align: center;">Partnerships</h2>	<h2 style="text-align: center;">Support</h2>
<p>7 Community Meetings</p> <p>Small neighborhood group meetings</p> <p>Historic Design Advisory Group</p> <p>Elected Briefings</p> <ul style="list-style-type: none"> • Oakland Mayor Sheng Thao • Councilmember Dan Kalb • Supervisor Keith Carson • Supervisor Lena Tam • Senator Nancy Skinner • Assemblymember Mia Bonta <p>Community Presentations</p> <ul style="list-style-type: none"> • Oakland’s Chambers of Commerce • San Francisco Bay Area Planning and Urban Council • Oakland Heritage Alliance 	<p>City of Oakland</p> <ul style="list-style-type: none"> • Letter of Commitment • Oakland Planning Commission • Oakland Landmarks Advisory Board <p>Community Advisory Board</p> <ul style="list-style-type: none"> • 17 members representing a cross section of the diverse Oakland Community <p>Building and Construction Trades Council of Alameda County</p> <ul style="list-style-type: none"> • Community Workforce Agreement 	<p>Multi-Sector</p> <ul style="list-style-type: none"> • FQHC Health Clinics • Economic Development • Housing • Workforce Development • Behavioral Health • Chambers of Commerce • Business Improvement District <p>Neighborhood Residents</p> <p>Patient Advocacy Groups</p> <p>California Children’s Hospital Association</p> <p>Oakland elected delegation- City, County and State.</p>