

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of March 15, 2017

APPROVAL OF BUDGET AND DESIGN FOLLOWING ACTION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, PRECISION CANCER MEDICINE BUILDING AT MISSION BAY, SAN FRANCISCO CAMPUS

EXECUTIVE SUMMARY

The San Francisco campus proposes to construct the approximately 139,600-assignable-square-foot (asf) Precision Cancer Medicine Building at Mission Bay, at the northern edge of its Mission Bay South Campus. The building would house facilities associated with cancer outpatient care, including cancer specialty clinics, an infusion center, radiology, and radiation oncology therapy.

The proposed Precision Cancer Medicine Building would complete Phase 1 of the UCSF Medical Center at Mission Bay.¹ The project will provide outpatient services to complement the programs in the four other buildings that comprise Phase 1 of the UCSF Medical Center at Mission Bay. The other projects, the Cancer, Women's, and Children's Hospitals and the Outpatient Building,² opened in February 2015 and were constructed under budget and on time. The Precision Cancer Medicine Building was not constructed with other Phase 1 projects because of funding availability.

At the September 2015 meeting, the Regents approved preliminary plans funding of \$16.6 million for the project. The proposed project remains consistent with the concepts presented at that meeting. In this action, the Regents are being asked to: (1) approve the project budget of \$275 million to be funded from campus funds (\$175 million), and gifts (\$100 million); (2) approve the project scope; (3) find the project to be in conformance with the California Environmental Quality Act (CEQA) as indicated in Addendum #3 to the UC San Francisco 2014 Long Range Development Plan (LRDP) Final Environmental Impact Report (FEIR); and (4) approve the project design.

¹ The proposed project was included as the Cancer Outpatient Building in the UCSF Medical Center at Mission Bay 2008 Environmental Impact Report and was further described in the 2014 Long Range Development Plan Final Environmental Impact Report.

² The Outpatient Building described in the 2008 EIR was officially named the UCSF Ron Conway Family Gateway Medical Building and is commonly referred to as "the Gateway Medical Building."

RECOMMENDATION

- A. The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that:
- (1) The 2016-17 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: San Francisco: Precision Cancer Medicine Building at Mission Bay – preliminary plans – \$16.6 million funded from campus funds.

To: San Francisco: Precision Cancer Medicine Building at Mission Bay – preliminary plans, working drawings, construction, and equipment – \$275 million to be funded from campus funds (\$175 million) and gifts (\$100 million).
 - (2) The scope of the UCSF Precision Cancer Medicine Building at Mission Bay shall consist of constructing a new outpatient clinical building with approximately 139,600 assignable square feet (asf) of clinical space. The project will also include the renovation of approximately 6,000 asf in an adjacent structure to create a connection and shared lobby between the buildings.
- B. The President recommends that, following review and consideration of the environmental consequences of the proposed Precision Cancer Medicine Building at Mission Bay 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 no less than 24 hours in advance of the beginning of this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Finance and Capital Strategies Committee:
- (1) Determine that the UC San Francisco 2014 Long Range Development Plan (LRDP) Final Environmental Impact Report (FEIR), certified by the Regents at the November 2014 meeting, as updated in Addendum #3, adequately analyzes the impacts of the project.
 - (2) Adopt California Environmental Quality Act (CEQA) Findings and a Statement of Overriding Considerations in support of the project.
 - (3) Approve the design of the Precision Cancer Medicine Building at Mission Bay project, San Francisco campus.
- C. The President recommends that, in consultation with the General Counsel, she be authorized to execute all documents necessary in connection with the above.

BACKGROUND

The development of Mission Bay has been critical to the success of UCSF's academic and clinical programs. The campus has identified key strategies for projects at Mission Bay, and the Precision Cancer Medicine Building at Mission Bay (PCMB) project, along with several other projects planned for the near term, will be essential components to advancing UCSF's:

- Clinical strategy to grow outpatient clinical and research programs in cancer, psychiatry, ophthalmology, primary/secondary care, and neurosciences.
- Research strategy to leverage opportunities to advance discoveries with private sector partners.
- Space planning strategy to vacate buildings planned for renovation, disposition, or demolition. Specifically, implementation of the Parnassus Heights seismic program that relocates services and programs out of buildings slated for seismic renovation or demolition to enable compliance with the University's Seismic Safety Policy and State seismic regulations for acute care facilities.

Project Drivers

Demand for Cancer Services

The demand for cancer services has been growing rapidly. With the construction of the UCSF Bakar Cancer Hospital at Mission Bay, and the growth in cancer clinical services to support the UCSF Health system, demand for cancer outpatient services at Mission Bay exceeds the space currently available.

In response to the increasing demand for cancer services, UCSF initiated the Precision Cancer Medicine Initiative to redefine clinical care and research for patients diagnosed with cancer and those at high risk for developing cancer. Crucial to the success of the Precision Cancer Medicine Initiative is the ability to attract a diverse population of patients who seek access to clinical trials and the latest advances in care from the leading providers.

Advancing National Position in Cancer Care

The PCMB project would advance UCSF's regional and national position in cancer care. The project would provide the opportunity for more tightly integrated clinical and research teams to leverage discoveries, collaborate across tumor-based programs, and accelerate innovation in cancer patient care.

The location at Mission Bay would:

- Bring to one site the majority of clinical faculty and researchers targeting advances in precision medicine for adult solid tumor cancers, facilitating collaborations that are a proven hallmark of successful UCSF research programs.
- Facilitate collaborations with world-renowned scientists and clinical researchers not only in UCSF's Helen Diller Family Cancer Research Building on the North Campus site, but also at private industries and other adjacent UCSF research organizations.
- Provide seamless access to all of the clinical and scientific resources required for advancing the Precision Cancer Medicine Initiative, including UCSF's medical geneticists and genetic counselors, targeted radiation oncology therapy, genomic sequencing, and informatics.

Improve Program Adjacencies

When the UCSF Medical Center at Mission Bay Phase 1 project budget was approved by the Regents in 2008, the project included a Cancer Outpatient Building, currently renamed the Precision Cancer Medicine Building, to allow for outpatient facilities to be immediately adjacent to inpatient services, but the building was not constructed pending funding availability. Since the construction of the PCMB was deferred, cancer specialty practices were provided temporary space in the Gateway Medical Building at Mission Bay to provide proximity of care to the Bakar Cancer Hospital and the UCSF Benioff Children's Hospital San Francisco. Cancer outpatient care is also currently provided at the Mount Zion campus. Once the PCMB project is complete, the cancer specialty practices in temporary space at the Gateway Medical Building and at Mount Zion would be consolidated into the new building. The space vacated at both locations would be released for the growth of other clinical programs.

PROJECT DESCRIPTION

The proposed project would include the construction of an approximately 179,650-gross-square-foot (gsf) (139,600-assignable-square-foot (asf)) building on the UCSF Mission Bay South Campus, as well as site improvements, including infrastructure and landscaping. The project would also renovate approximately 6,000 asf on the first floor of the neighboring Gateway Medical Building to convert existing space into a shared lobby, provide an area for patient amenities, and create a connection between the buildings.

Location and Site Condition/Description

The project site is located at the corner of Third Street and Sixteenth Street in San Francisco, adjacent to the existing Energy Center and the Gateway Medical Building. The building would be physically connected to the existing Gateway Medical Building and would share a lobby. Currently, one existing linear accelerator in the Gateway Medical Building is located within the

PCMB site and would be reused in the proposed project. The main utilities for the building would be provided from the existing Energy Center. Refer to Attachment 4 for a plan of the project area.

Program

The project would accommodate new programs and relocate and consolidate existing programs in the PCMB. Table 1 shows the estimated allocation of asf by space type (excluding the space to be renovated in the Gateway Medical Building to establish a shared lobby).

Table 1: Building Program

Space Type	ASF
Clinical exam	63,600
Infusion	18,600
Radiation Oncology	21,200
Imaging	23,400
Other clinical	12,800
Total	139,600

Clinical Exam (approximately 63,600 asf): The proposed project includes 120 exam rooms to facilitate solid tumor practices including breast, cancer immunotherapeutic, gynecologic oncology, head and neck, endocrine, developmental therapeutics, melanoma, thoracic, and additional physician practice clinics. In addition to the exam rooms there would be 20 patient support consult rooms for social work, nutrition, psychology, and genetic counseling. An adult surgical prepare clinic with exam rooms would also be included in this space.

Infusion (approximately 18,600 asf): The proposed project includes 45 new infusion bays for administering chemotherapy and biotherapy to patients. The infusion space includes a mixture of private, open bays, and urgent care units. Also, an investigational pharmacy with laboratory space supports developmental therapeutics and clinic trial needs.

Radiation Oncology (approximately 21,200 asf): Two additional linear accelerator vaults would provide capacity beyond the one currently within the PCMB footprint. High dose radiation treatment and Computed Tomography (CT) simulation treatment planning rooms would be relocated from the Gateway Medical Building. A new magnetic resonance imaging (MRI) simulation room would increase treatment planning capacities and capabilities, and a hyperthermia treatment room is also included. Four holding positions for patients on stretchers or inpatient from the hospital are located centrally to the floor in close proximity to the treatment destinations.

Imaging (approximately 23,400 asf): The project includes 19 new or relocated pieces of imaging medical equipment. Imaging facilities include ultrasound, interventional radiology, CT, MRI, bone density scanning, positron emission tomography mammography, breast ultrasound, and stereotactic biopsy.

Other Clinical (approximately 12,800 asf): Other clinical components include a resource center, support services, pharmacy, fine-needle aspiration, a cytology lab, and a tissue lab.

Project Delivery

The project is being delivered through an Integrated Project Delivery (IPD) method, emphasizing the same principles used to achieve the outstanding results of the UCSF Medical Center at Mission Bay project. The prime contract agreement is a Cost-Plus Design Build Agreement with the General Contractor. The design is being done on site with an integrated team including the architect, contractor, and key subcontractors working collaboratively to optimize project quality within a cost target set by UCSF. By building a collaborative team and creating a “virtual organization,” the team is focused on making the right decisions for the project rather than on an individual company’s interests. The project team has been selected based on the Best-Value selection process. In addition to minimizing risk, the IPD method provides the greatest control over design, quality, and managing patient, staff, visitor, and community requests.

BUILDING DESIGN

Based on guiding principles developed in the master planning and programming phase the project’s proposed exterior design adheres to the following design guidelines:

- Precision – the articulation and craft of exterior design elements should reflect the precision of the PCMB treatment program.
- Transparency – natural light and views should be provided as part of the healing process.
- Unity – exterior elements should communicate the integrated nature of the building program.
- Activation – the building should be an iconic element within the campus, community, and city contexts, and should activate the pedestrian realm and enhance the urban environment.

PCMB has been designed to match existing materials within the Medical Center at Mission Bay’s palette while creating a unique identity to express the clinical functions within the building. The south elevation continues an existing architectural language used for the Medical Center at Mission Bay towers with a consistent window elevation and warm-toned, pre-cast concrete panels. The north and east elevations have transparent curtain wall glazing that maximizes views and light for patients and occupants. This cantilevered glass massing is framed by a metal surround that is consistent with the neighboring Gateway Medical Building. On the primary north elevation the façade highlights the 16th Street pedestrian entrance and the ground level is inset, which allows for a pedestrian-scale approach. The pavement and façade treatment have a double helix patterning, referencing the familiar structure of a DNA molecule, which enlivens the pedestrian experience. Attachment 5 contains graphics of the proposed project

design.

The proposed project is in conformance with the Physical Design Framework, as amended in July 2016. In support of the Physical Design Framework, the PCMB project will:

- Enhance the pedestrian experience by providing transparency on the ground level and provide a setback from the property line to allow for a generous pedestrian interaction at the building's base.
- Strengthen UCSF's identity and wayfinding by "anchoring" UCSF Medical Center at Mission Bay at the southwest corner of Sixteenth and Third streets. The building includes signage consistent with the UCSF signage program to provide additional visibility to the South Campus.
- Incorporate landscaping and streetscape materials and patterns that complement the Mission Bay Streetscape Master Plan.
- Lead through conservation and sustainability to continue UCSF's aspiration to work toward a sustainable campus that protects and enhances the environment and the health of patients, faculty, staff, and the overall population of San Francisco.

Seismic Safety

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

Sustainable Practices

This project will comply with the University of California Policy on Sustainable Practices. As required by this policy, the project will adopt the principles of energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints and regulatory and programmatic requirements, and achieve a minimum USGBC LEED Silver rating (Version 4). The project goal is USGBC LEED Gold rating (Version 4).

Project Schedule

The project would start early construction packages in April 2017 and be completed by spring 2019.

Financial Feasibility

The total project budget for preliminary plans, working drawings, construction, and moveable equipment is estimated to be \$275 million as presented in Attachment 1. The project would be funded from \$175 million of campus funds (all funds are unrestricted including indirect cost recovery on sponsored contracts and grants and investment earnings) and \$100 million of gift

funds. There is a strong relationship between UCSF's research and education mission and UCSF Health's clinical care mission. The success of UCSF Health will allow increased investment in the campus research and education programs. Recognizing the benefits of this relationship, the Chancellor is investing campus reserves in the clinical enterprise. The Chancellor is using funds from unrestricted reserves held by the School of Medicine, which are derived from clinical practice and investment earnings. Unrestricted funds (non-State, non-tuition) including strategic initiative funds generated from clinical operations will be used to reimburse the School of Medicine reserves over time.

The overall UCSF Health financial forecast includes UCSF Medical Center, Faculty Practice, Benioff Children's Hospital – Oakland, Langley Porter Psychiatric Hospital and Clinics, and joint ventures. The resulting financial impact of the PCMB project is accretive to UCSF Health and positively affects net income, earnings before interest, depreciation, and amortization (EBIDA), days' cash on hand, and debt service coverage. The Precision Cancer Medicine Building project sources and uses and associated terms have been included in the financial forecast. UCSF Health Projected Financial Performance is summarized in Attachment 3.

Through continued strategic growth strategies and improved cost structures, UCSF Health expects to meet and exceed forecasted performance and continue to be the premier provider of healthcare services in the Bay Area.

Status of Fundraising

UCSF has signed pledges for gifts totaling \$51,502,077 of which \$1,002,077 are in hand. The remainder will be received over time. The campus will advance funds to the project until such time as gifts are received and will not require standby financing.

As of December 2016, the status of gifts for this project is as follows:

In Hand	\$ 1,002,077
Pledged (committed)	\$ 50,500,000
To be Raised	\$ 48,497,923*
Total	<u>\$100,000,000</u>

**Remaining gifts to be raised (\$48,497,923) have been back-stopped by a pledge of campus funds from a centrally managed pool of unrestricted funds (non-State, non-tuition), including indirect cost recovery on sponsored contracts and grants, and investment earnings.*

CEQA Compliance

A detailed summary of the environmental impacts of the proposed project is provided in Attachment 6. In accordance with the California Environmental Quality Act (CEQA) and University of California Procedures for Implementation of CEQA, the environmental impacts of the project have been analyzed in the 2014 Long Range Development Plan Final Environmental

Impact Report (State Clearinghouse Number 2013092047), certified by the Regents on November 20, 2014, as updated and amended by Addendum #3.³ As summarized in Attachment 6, the University has determined that the project would not result in any new or substantially more severe significant environmental impacts than those identified in the 2014 LRDP FEIR. The proposed project would not require new mitigation measures or result in mitigation measures that are considerably different from those analyzed in the 2014 LRDP FEIR. Because the project will contribute to impacts that cannot be mitigated to a less than significant level, a Statement of Overriding Considerations is proposed for approval as set forth in the CEQA Findings (Attachment 9).

Key to Acronyms

ASF	Assignable Square Feet
CEQA	California Environmental Quality Act
CT	Computed Tomography
FEIR	Final Environmental Impact Report
GSF	Gross Square Feet
IPD	Integrated Project Delivery
LRDP	Long Range Development Plan
MRI	Magnetic Resonance Imaging
P	Preliminary Plans
PCMB	Precision Cancer Medicine Building at Mission Bay

Attachment 1: Project Sources and Uses

Attachment 2: Comparable Project Information

Attachment 3: UCSF Health Projected Financial Performance

Attachment 4: Project Site Location – Figure 1 and 2

[Attachment 5: Design Graphics](#)

Attachment 6: Environmental Impact Summary

[Attachment 7: Addendum #3 to 2014 LRDP FEIR - Precision Cancer Medical Building](#)

Attachment 8: 2014 LRDP FEIR

[Attachment 9: CEQA Findings](#)

³ See Attachments 7 and 8 for additional details.

ATTACHMENT 1

**PROJECT SOURCES AND USES
PRECISION CANCER MEDICINE BUILDING AT MISSION BAY
CCCI 6883**

PROJECT SOURCES

Source	Total	% of Total
Campus Funds	\$175,000,000	63.6
Gifts	\$100,000,000	36.4
Total Sources	\$275,000,000	100.0

PROJECT USES

Category	PCMB Building	Gateway Building Renovation	Total	% of Total
Site Clearance	\$1,520,000		\$1,520,000	0.8
Building	\$150,439,000	\$2,200,000	\$152,639,000	76.3
Exterior Utilities	\$0		\$0	0.0
Site Development	\$460,000		\$460,000	0.2
A/E Fees ¹	\$14,460,000		\$14,460,000	7.2
Campus Administration ²	\$7,800,000		\$7,800,000	3.9
Surveys, Tests, Plans	\$1,817,000		\$1,817,000	0.9
Special Items ³	\$10,929,000		\$10,929,000	5.5
Capitalized Interest	\$0		\$0	0
Contingency	\$10,300,000		\$10,300,000	5.2
Total	\$197,725,000	\$2,200,000	\$199,925,000	100.0
Group 2&3 Equipment ⁴	\$75,075,000		\$75,075,000	
Total Uses	\$272,800,000	\$2,200,000	\$275,000,000	

¹ A/E fees include the executive architect/engineer's basic services contract fee.

² Campus Administration includes project management and inspection.

³ Special items include Detailed Project Program and other pre-design study consultants, EIR services consultants, plan check fees, major local jurisdiction fees, special design consultants, independent structural /seismic and MEP review, hazardous materials abatement/remediation design services, art work, commissioning agent, and legal fees.

⁴ In addition to standard Groups 2 & 3 equipment for a diagnostic and clinical outpatient facility, special items include two LINAC, 19 major modalities, and Real Time Location System tracking for patients and staff.

Project Statistics⁵

	Total
Gross Square Feet (GSF)	179,650
Assignable Square Feet (ASF)	139,600
Efficiency Ratio ASF/GSF	0.78
Building Cost/GSF	\$837
Project Cost / GSF ⁶	\$1,101

⁵ Project statistics do not include the Gateway Medical Building lobby renovation.

⁶ Excludes Group 2 & 3 Equipment.

ATTACHMENT 2

COMPARABLE PROJECT INFORMATION

The UC projects provided in the table below reflect the best comparable projects in terms of GSF, type of building, and program use in each building. There are few comparable projects in the California market specific to cancer care and treatment.

UC Campus	Project	Original CCCI	GSF	Building Cost/GSF ¹
San Diego	Outpatient Pavilion ²	5959	154,000	\$828
San Francisco	Medical Center Outpatient Building at Mission Bay ³	5529	207,500	\$934
<i>San Francisco</i>	<i>Proposed Project</i>	<i>6883</i>	<i>179,650</i>	<i>\$837</i>

¹ Projects have been adjusted to reflect proposed project's CCCI of 6883, and normalized to reflect current SF Bay Area market conditions in 2016/2017.

² Cost data for the San Diego Outpatient Pavilion was normalized to reflect project location conditions; the cost per gsf was adjusted to reflect the complexity of construction due to extensive imaging equipment.

³ The Medical Center Outpatient Building at Mission Bay includes a helipad in the scope.

UCSF HEALTH PROJECTED FINANCIAL PERFORMANCE

The UCSF Health financial forecast includes UCSF Medical Center, the UCSF Faculty Clinical Practices, Langley Porter Psychiatric Hospital & Clinics, UCSF Benioff Children's Hospital Oakland, and joint venture activities.

Total income in fiscal year 2015-16 was a net loss of \$136 million. The key factors contributing to the loss include \$136 million of non-cash pension costs as well as delays in specific Medi-Cal supplemental funding and unrealized losses incurred on equity market investments at UCSF Benioff Children's Hospital Oakland. Without these items, stronger than expected volume growth in the UCSF Medical Center & Faculty Practice offset a significant portion of the incremental operating costs of the new Mission Bay facility resulting in financial performance above expectations. Significant investments in strategic affiliations were also made in 2015-16 to strengthen UCSF's position in the competitive Bay Area environment.

The detailed financial projections included in this attachment are based upon assumptions from the Office of the President where appropriate, local assumptions, and include the estimated financial impact of the PCMB project scheduled to open at the beginning of fiscal year 2019-20. The \$275 million PCMB project assumes \$100 million in philanthropic funds.

As UCSF looks forward to the next five years, earnings are forecasted to return to pre-Mission Bay levels driven by strategic growth, network expansion, and significant cost improvements. Key assumptions are driven by UCSF Health's historical experience and include the following:

- Inpatient volume increases concentrated in destination programs; outpatient growth in support of strategic initiatives in Children's, Cancer, and Adult services. Continued investments, such as PCMB, that expand patient care capacity will be required to support this planned growth.
- UCSF Health has experienced significant growth in revenue in recent years, including a nine percent increase from fiscal year 2014-15 to fiscal year 2015-16. Despite continued tightening of reimbursement rates, net operating revenue is projected to grow at a 6.2 percent compound annual growth rate (CAGR) driven by the increased patient volume and intensity of treatment as well as modest improvements in payor mix.
- Operating expenses, excluding pension and other retiree health benefit accruals, are modeled at a 4.7 percent CAGR. In the past five years, value improvement initiatives have successfully reduced the cost of care at UCSF Health. Ongoing initiatives are included in the projection to mitigate tightening reimbursement rates and sponsor mix shifts. Despite these efforts, fluctuations in the liabilities associated with pension and retiree health benefits will continue to present a challenge to UCSF's financial performance.

	UCSF Health							
	Projected Financial Performance							
	Statement of Revenues and Expenses							
	(Dollars in Thousands)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Budget	Projection	Projection	Projection	Projection	Projection
Operating Revenue								
Net Patient Revenue	3,084,035	3,370,854	3,399,714	3,606,544	3,766,887	3,968,269	4,163,317	4,345,420
Other Operating Revenue	174,963	196,463	441,283	424,659	505,405	598,766	710,241	848,555
Net Operating Revenue	3,258,998	3,567,317	3,840,997	4,031,203	4,272,292	4,567,035	4,873,558	5,193,975
Operating Expenses								
Operating Expense	2,979,365	3,346,455	3,653,492	3,710,889	3,870,893	4,102,572	4,335,792	4,614,340
Depreciation	164,916	205,146	211,712	224,632	222,374	237,361	244,303	266,194
Total Operating Expense	3,144,281	3,551,601	3,865,204	3,935,521	4,093,267	4,339,933	4,580,095	4,880,534
Net Operating Gain/(Loss)	114,717	15,716	(24,207)	95,682	179,025	227,102	293,463	313,441
Non-Operating Income/(Expense)	28,812	(15,663)	(8,606)	(6,538)	(8,925)	(6,349)	(3,118)	(1,638)
Net Income/(Loss) before actuarial expenses	143,529	53	(32,813)	89,144	170,100	220,753	290,345	311,803
Actuarial expenses (1)	13,436	135,956	219,256	-	-	-	-	-
Net Income/(Loss) after actuarial expenses	130,093	(135,903)	(252,069)	89,144	170,100	220,753	290,345	311,803
EBIDA after actuarial expenses	319,756	117,415	12,047	368,460	447,195	512,873	589,342	631,990
EBIDA before actuarial expenses	333,192	253,371	231,303	368,460	447,195	512,873	589,342	631,990

(1) Non-cash OPEB expense is not forecasted beyond FY17.

	UCSF Health							
	Projected Financial Performance							
	Statement of Net Assets							
	(Dollars in Thousands)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Budget	Projection	Projection	Projection	Projection	Projection
Current Assets								
Cash	452,342	450,701	367,746	420,758	543,396	721,439	777,738	831,938
Accounts Receivable (Net) and Other Receivables	511,262	551,694	555,584	591,235	618,447	652,238	685,146	715,842
Other Current Assets	96,160	117,936	129,589	132,874	136,399	139,735	142,600	145,988
Total Current Assets	1,059,764	1,120,331	1,052,919	1,144,867	1,298,242	1,513,412	1,605,484	1,693,768
Other Assets								
Investments	159,439	153,825	159,532	155,440	131,584	150,626	196,486	248,990
Restricted Cash	62,150	61,546	55,500	60,501	70,501	70,501	70,501	70,501
Other Assets	349,145	551,224	504,854	506,081	508,054	509,531	510,348	511,681
Total Other Assets	570,734	766,595	719,886	722,022	710,139	730,658	777,335	831,172
Property, Plant and Equipment								
Total PP&E	2,405,012	2,381,726	2,495,237	2,588,681	2,680,905	2,612,072	2,686,623	2,776,317
Total Assets	4,035,510	4,268,652	4,268,042	4,455,570	4,689,286	4,856,142	5,069,442	5,301,257
Liabilities and Net Assets								
Current Liabilities								
Current Portion of Long Term Debt	3,936	4,081	4,235	4,395	4,920	19,130	19,780	20,485
Third Party Settlements, net	59,244	77,145	77,145	77,145	77,145	77,145	77,145	77,145
Other Current Liabilities	376,663	428,945	388,970	398,310	408,252	424,277	438,846	455,646
Total Current Liabilities	439,843	510,171	470,350	479,850	490,317	520,552	535,771	553,276
Total Long Term Debt and Capital Lease, Net of current	833,600	829,519	875,285	870,890	865,970	846,840	827,060	806,575
Total Pension Liability	1,312,186	1,632,171	1,684,454	1,675,354	1,667,154	1,667,154	1,667,154	1,667,154
Other Long Term Liabilities	91,264	95,016	206,618	206,618	206,618	206,618	206,618	206,618
Total Liabilities	2,676,893	3,066,877	3,236,707	3,232,712	3,230,059	3,241,164	3,236,603	3,233,623
Net Assets	1,358,617	1,201,775	1,031,335	1,222,858	1,459,227	1,614,978	1,832,839	2,067,634

	UCSF Health							
	Projected Financial Performance							
	Statement of Cash Flow							
	(Dollars in Thousands)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Budget	Projection	Projection	Projection	Projection	Projection
Sources								
Net Income before actuarial expenses	143,529	53	(32,813)	89,144	170,100	220,753	290,345	311,803
Actuarial expenses	(13,436)	(135,956)	(219,256)	-	-	-	-	-
Net Income after actuarial expenses	130,093	(135,903)	(252,069)	89,144	170,100	220,753	290,345	311,803
Add: Depreciation	164,916	205,146	211,712	224,632	222,374	237,361	244,303	266,194
Add: Interest Expense	24,747	48,172	52,404	54,684	54,721	54,759	54,694	53,993
EBIDA	319,756	117,415	12,047	368,460	447,195	512,873	589,342	631,990
Debt Proceeds	-	-	52,548	-	-	-	-	-
Total Sources	319,756	117,415	64,595	368,460	447,195	512,873	589,342	631,990
Uses								
Property, Plant and Equipment	351,241	182,175	325,224	318,076	314,598	168,528	318,854	355,888
Debt Payments (principal + interest)	59,324	55,739	58,594	58,919	59,116	59,679	73,824	73,773
Health System Support	76,250	64,055	63,998	70,304	76,024	88,854	92,286	95,827
Working Capital/Other	(101,671)	(182,913)	(300,266)	(131,851)	(125,181)	17,769	48,079	52,302
Total Uses	385,144	119,056	147,550	315,448	324,557	334,830	533,043	577,790
Beginning Cash	517,730	452,342	450,701	367,746	420,758	543,396	721,439	777,738
Net Change in Cash	(65,388)	(1,641)	(82,955)	53,012	122,638	178,043	56,299	54,200
Ending Cash	452,342	450,701	367,746	420,758	543,396	721,439	777,738	831,938

	UCSF Health							
	Projected Debt Service Coverage Ratio							
	(Dollars in Thousands)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Budget	Projection	Projection	Projection	Projection	Projection
Net Income/(Loss) before actuarial expenses	143,529	53	(32,813)	89,144	170,100	220,753	290,345	311,803
GASB 68 and OPEB expense	(13,436)	(135,956)	(219,256)	-	-	-	-	-
Net Income/(Loss) after actuarial expenses	130,093	(135,903)	(252,069)	89,144	170,100	220,753	290,345	311,803
Depreciation	164,916	205,146	211,712	224,632	222,374	237,361	244,303	266,194
Interest Expense	24,747	48,172	52,404	54,684	54,721	54,759	54,694	53,993
Net Rev Available for Debt Service after actuarial expenses	319,756	117,415	12,047	368,460	447,195	512,873	589,342	631,990
Total Debt Service	55,130	53,370	58,594	58,919	59,116	59,679	73,824	73,773
Debt Service Coverage Ratio after actuarial expenses	5.8	2.2	0.2	6.3	7.6	8.6	8.0	8.6
Debt Service Coverage Ratio before actuarial expenses	6.0	4.7	3.9	6.3	7.6	8.6	8.0	8.6
(1) Pension expense for FY2018 - FY2020 is the cash basis expense at approximately 14%								
(2) Non-cash OPEB expense is not forecasted beyond FY17.								

	UCSF Health							
	Projected Financial Performance							
	Key Financial Ratios Before Actuarial Expenses							
	(Dollars in Thousands)							
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Budget	Projection	Projection	Projection	Projection	Projection
Total Margin	4.4%	0.0%	-0.9%	2.2%	4.0%	4.8%	6.0%	6.0%
EBIDA (\$000's)	333,192	253,371	231,303	368,460	447,195	512,873	589,342	631,990
Days Cash on Hand	75	67	53	57	64	78	82	86
Debt Service Coverage	6.0	4.7	3.9	6.3	7.6	8.6	8.0	8.6
Debt to Capitalization	38.0%	40.8%	45.9%	41.6%	37.2%	34.4%	31.1%	28.1%

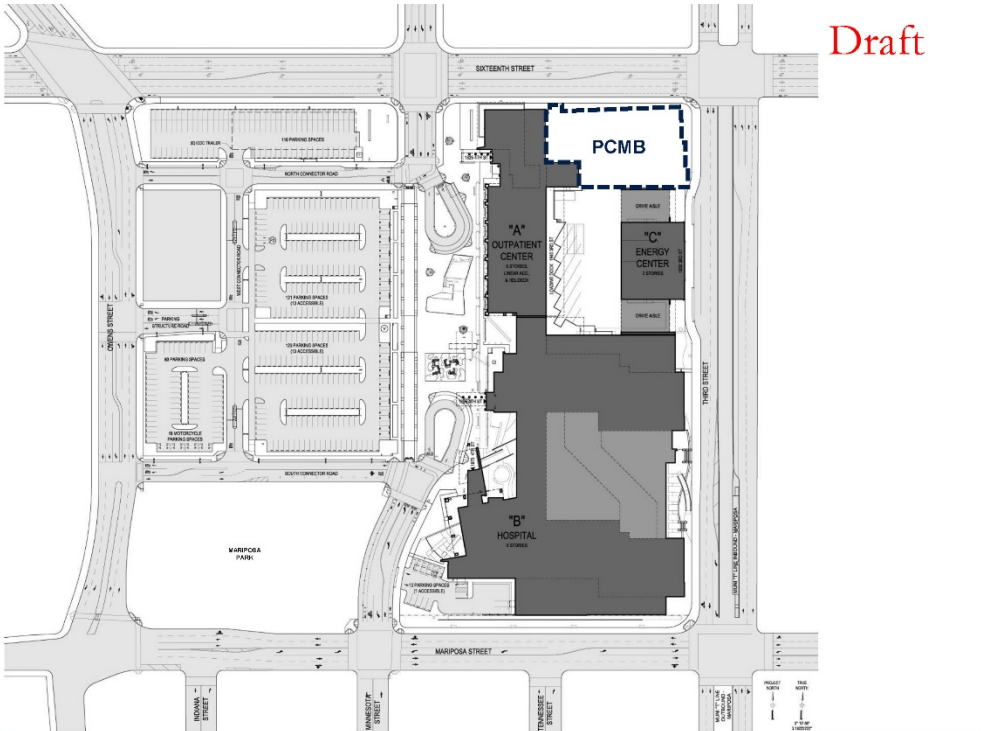
Figure 1: Project Site Location



Figure 2: Project Site Plan

Site plan

Draft



DESIGN GRAPHICS

See separate submittal

ENVIRONMENTAL IMPACT SUMMARY

Environmental Review Process

In accordance with the California Environmental Quality Act (CEQA) and University of California Procedures for Implementation of CEQA, the environmental impacts of the project have been analyzed in the 2014 Long Range Development Plan Final Environmental Impact Report (2014 LRDP FEIR) (State Clearinghouse Number 2013092047), certified by the Regents on November 20, 2014, as updated and amended by Addendum #3.¹

PCMB (previously referred to as cancer outpatient building or Phase 1B) was analyzed in the 2008 Mission Bay Medical Center Environmental Impact Report (2008 EIR) as part of the Phase 1 Medical Center at Mission Bay, however, Addendum #3 is not tiered from the 2008 EIR. The 2014 LRDP FEIR included this project and Addendum #3 clarifies the project scope and validates the analysis and conclusions reached in the 2014 LRDP FEIR. All relevant analysis and mitigation measures as they relate to PCMB from the 2008 EIR were updated and incorporated into the 2014 LRDP FEIR, therefore the proposed project is only tiered from the 2014 LRDP FEIR.

Environmental Impacts

As reflected in Addendum #3 to the 2014 LRDP FEIR, the PCMB project would not result in any new or substantially more severe significant environmental impacts than those identified in the 2014 LRDP FEIR. The proposed project would not require new mitigation measures or result in mitigation measures that are considerably different from those analyzed in the 2014 LRDP FEIR.

The 2014 LRDP FEIR included analysis of proposed new buildings at the UCSF Mission Bay campus site, which includes the proposed building. In the 2014 LRDP FEIR, PCMB was assumed to be about 124,500 gsf. The project is currently proposed at 179,650 gsf, about 55,150 gsf larger than what was analyzed in the 2014 LRDP FEIR. While the proposed PCMB is larger than what was analyzed, the growth is still within the anticipated overall development envelope that was assumed at the Mission Bay campus (specifically Mission Bay South Campus) in the 2014 LRDP FEIR.

The 2014 LRDP FEIR concluded that the proposed project would have less than or no significant impacts on the environment in regard to Agriculture and Forest Resources, Biological Resources, Geology and Soils, Land Use, Population and Housing, Public Services, and Recreation.

¹ See attachments 7 and 8 for detailed information.

The 2014 LRDP FEIR found that LRDP proposals at the UCSF Mission Bay campus site, which includes the proposed project, would have less than significant impacts on the environment, with project-level mitigation incorporated in regard to Aesthetics, Air Quality (construction-related), Cultural Resources, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise, and Transportation.

The 2014 LRDP FEIR found that LRDP proposals at the UCSF Mission Bay campus site, which includes the proposed project, would result in potentially significant direct impacts related to Air Quality (operations), Noise (construction), and Utilities (operations). There are no mitigation measures that would reduce these impacts to less-than-significant levels. As such, these impacts are Significant and Unavoidable.

The 2014 LRDP FEIR found that LRDP proposals at the UCSF Mission Bay campus site, which includes the proposed Precision Cancer Medicine Building at Mission Bay project, would contribute to potentially significant cumulative impacts in the areas of Air Quality (construction and operations), Noise (operations), Transportation, and Utilities. There are no mitigation measures that would reduce these impacts to less-than-significant levels. As such, these impacts are Significant and Unavoidable.

Summary of Findings

Based on the impact assessment in the attached 2014 LRDP FEIR as updated and amended by Addendum #3, it has been determined that the proposed project, with incorporation of applicable 2014 LRDP FEIR Mitigation Measures, will not result in any new significant direct, indirect, or cumulative environmental impacts that are not examined in the 2014 LRDP FEIR.² 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 proposed CEQA Findings (Attachment 9). The Statement of Overriding Considerations sets forth the specific reasons to support approval of the project notwithstanding its significant and unavoidable environmental impacts.

² See Attachment 9 for additional details regarding Findings.

ATTACHMENT 7

**ADDENDUM #3 UCSF 2014 LONG RANGE DEVELOPMENT PLAN FINAL
ENVIRONMENTAL IMPACT REPORT
PRECISION CANCER MEDICAL BUILDING**

This report is attached and can be found at:

<http://campusplanning.ucsf.edu/sites/campusplanning.ucsf.edu/files/reports/Final%20PCMB%20Addendum%202017-02-27.pdf>

ATTACHMENT 8

**UCSF 2014 LONG RANGE DEVELOPMENT PLAN FINAL ENVIRONMENTAL
IMPACT REPORT**

This report can be found at:

<http://campusplanning.ucsf.edu/sites/campusplanning.ucsf.edu/files/reports/UCSF%202014%20LRDP%20Final%20EIR.pdf>

ATTACHMENT 9

CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

See separate submittal