

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of May 18, 2022

**BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING ACTION
PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT,
SACRAMENTO AMBULATORY SURGERY CENTER, DAVIS HEALTH CAMPUS**

EXECUTIVE SUMMARY

UC Davis Health proposes a project to construct an approximately 262,000-gross-square-foot (gsf) ambulatory surgery center of Department of Health Care Access and Information (HCAI) Level-3 space. The project would include HCAI Level-1 site utilities to support the building. This project would enable UC Davis Health to continue to provide high-quality care in the Sacramento region by: (1) moving outpatient surgical cases from the main hospital to free up inpatient resources; (2) enhancing ambulatory surgery capacity to accommodate existing demand and expected growth; (3) enabling expansion of complex surgical service lines and therapies; and (4) enhancing patient experience by reducing wait times for elective procedures.

The Sacramento Ambulatory Surgery Center (SASC), also referred to as “The 48X Complex”, expresses UC Davis Health’s core values to cultivate and advance equity, and promote inclusion by celebrating Sacramento’s diverse community. The SASC will celebrate and promote these core values by weaving care in design through compassion, collaboration, and connection. Additionally, the SASC takes a step forward in support of the campus’ path to carbon neutrality. The SASC will exceed the UC Sustainable Practices Policy energy efficiency goals.

The Regents’ Health Services Committee endorsed the proposed SASC project at its February 2021 meeting. The project was described as having approximately 140,000 gsf HCAI Level-3 space with the potential of an additional 100,000 gsf of medical office space. At their May 2021 meeting, the Regents authorized preliminary plans funding of \$26.6 million funded with hospital reserves for the project.

The Regents are being asked to: (1) approve the full project budget of \$579 million to be funded from external financing (\$300 million) and hospital reserve funds (\$279 million); (2) approve the project scope; (3) approve external financing totaling \$300 million; (4) adopt the California Environmental Quality Act Findings and Statement of Overriding Considerations for the project; (5) make a condition of approval the implementation of applicable Long Range Development Plan Environmental Impact Report mitigation measures, and (6) approve the project’s design.

RECOMMENDATION

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

- A. The 2021-22 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

From: Davis: Sacramento Ambulatory Surgery Center – preliminary plans – \$26.6 million funded from hospital reserve funds.

To: Davis: Sacramento Ambulatory Surgery Center – preliminary plans, design, construction, and equipment – \$579 million funded from external financing (\$300 million) and hospital reserve funds (\$279 million).
- B. The scope of the Sacramento Ambulatory Surgery Center project (Project) be approved. The Project shall construct approximately 262,000 gross square feet (gsf) of operating rooms and support services space, including approximately 12 major operating rooms and five minor procedure rooms. Site development shall include landscape and hardscape, utilities, and pathways to integrate the new surgery center into the campus.
- C. The President be authorized to obtain external financing in an amount not to exceed \$300 million plus additional related financing costs to finance the Project. 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 UC Davis 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.
- D. Following review and consideration of the environmental consequences of the Sacramento Ambulatory Surgery Center 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 this Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
 - (1) Adopt the CEQA Findings and Statement of Overriding Considerations for the Project, having considered both the Sacramento Campus 2020 Long Range

Development Plan (LRDP) Update Environmental Impact Report (EIR) and the Sacramento Ambulatory Surgery Center Addendum.

- (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC Davis as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2020 LRDP Update EIR and the project elements identified in the Project's Addendum.
- (3) Approve the design of the Sacramento Ambulatory Surgery Center Project, Davis Health campus.

BACKGROUND

UC Davis Health is an integrated, academic healthcare organization maintaining the UC Davis tradition of being guided by a mission of public service in all its endeavors. UC Davis Health includes the School of Medicine, the Betty Irene Moore School of Nursing, UC Davis Main Hospital, a 646-bed acute care hospital, a National Cancer Institute-designated Cancer Center, and outpatient clinics on the Sacramento Campus and in communities throughout the Sacramento region. UC Davis Health serves six million residents across 33 Northern and Central California counties. As the only Level 1 Adult and Pediatric Trauma Center in the region, UC Davis Health provides vital care to the highest-acuity patients, admitting over 31,000 patients each year.

In 2015, UC Davis Health undertook a comprehensive facilities master planning effort (the Clinical Services Master Plan or CSMP) to outline the infrastructure and facilities needed to address future healthcare, education, research, and teaching needs on the Sacramento Campus and in the greater Sacramento region. The CSMP outlined a critical need for UC Davis Health to build a freestanding ambulatory surgery facility on the Sacramento Campus to address the anticipated need for additional outpatient surgical capacity while reducing the total number of operating rooms required within UC Davis Health's planned California Hospital Tower.

A 2020 analysis of productivity and performance goals, market dynamics, consumer trends, and consideration of alternative strategies validated the need for an ambulatory surgery facility on the Sacramento Campus. In this analysis, UC Davis Health determined that current structures are inadequate to support growing patient populations and expanding surgical service lines such as transplants. Existing ambulatory facilities are insufficient and lack the necessary beds and space to house complex outpatient surgeries that require overnight patient recovery and large modern operating suites to accommodate advanced technologies. Patient preparation and recovery areas are shared, which does not meet industry standards or patient expectations for privacy and is not optimal for patient safety. Operating suites are neither ideally sized nor adaptable to serve high-acuity patients.

PROJECT DESCRIPTION

The proposed Sacramento Ambulatory Surgery Center (SASC) project is a medical office building which would include: (1) a state-of-the-art outpatient surgery facility with 12 operating rooms and five minor procedure rooms with preparation and post-anesthesia care unit (PACU); (2) build-out of ancillary services to include Diagnostic Imaging, Phlebotomy/Lab, Pharmacy, and General Support Services for the entire building; (3) construction of specialty clinics; and (4) utility infrastructure improvements.

The building is designed to add ambulatory surgery capacity on the Sacramento campus, provide updated facilities, and support modern workflows. Associated clinical practices will also be in the SASC to minimize physician travel time and create new outpatient specialty services, which will ease clinical space pressure on the adjacent Lawrence J. Ellison Ambulatory Care Center (ACC).

The proposed site is located just north of the ACC and Ernest E. Tschannen Eye Institute at the eastern terminus of the 'X' Street corridor. The project's site is in the ambulatory care portion of the campus, filling the block surrounded by 'X' Street, 49th Street, 'Y' Street, and 48th Street on the UC Davis Health Medical Center Campus (refer to Attachment 5, Project Location/Site Map).

Table 1 below summarizes the space to be provided:

Table 1:

Table 1: Proposed Program Area Summary		
Department /Program	Gross Square Feet	Description
Diagnostic & Treatment	85,935	Outpatient Diagnostic Imaging: General Rad/Fluoro, Ultrasound, Mammography, CT & MRI Blood Draw and Lab 23 Hour Stay Unit Outpatient Surgery - Main Operating Rooms: (12) operating rooms and (5) minor procedure rooms Interventional Imaging: (2) interventional radiology rooms, (1) CT interventional, and (1) interventional ultrasound Preparation and Recovery Areas: approximately (60) PACU/Prep recovery bays
Support Services	23,373	Support services include clinical laboratory, retail pharmacy, central processing unit, information technology, clinical engineering, environmental services, materials management, and facilities engineering.
Administration/Public Spaces	27,444	The main lobby program includes: reception, welcome stations, security, guest services, conference/consultation room, ancillary waiting and grab and go café.
Clinic – Vascular	2,663	(7) standardized clinical modules, including open staff workstations, care team collaboration areas, central clinical administrative area, examination rooms, and shared support spaces.
Clinic – Urology	3,669	
Clinic – SAC Center	1,947	
Clinic – Surgery	3,838	
Clinic – Transplant	3,051	
Clinic – Wound	3,527	
Clinic – Orthopedic	7,008	
Clinic – Hand	1,928	
Clinic – Pain	2,190	
Clinic – Shared Resources	36,437	
Building Circulation/MEP/IT/Envelope	58,990	
Total	262,000	

The SASC will upgrade site infrastructure and Central Utility Plan (CUP) connections to provide thermal and electrical utilities to serve the new surgery center building. All CUP and site infrastructure upgrades will set the stage for future CUP conversion to fossil-fuel-free CUP operations or a fully electrified CUP for the entire campus. The existing CUP will provide chilled water systems and electricity to serve the SASC. New chilled and heating hot water lines

and new feeders and conduits for both normal and emergency power will be installed from the existing central utility plant to the new building.

Long Range Development Plan

The Sacramento Ambulatory Surgery Center project is consistent with the UC Davis Sacramento Campus 2020 Long Range Development Plan. The LRDP land use designation is “Ambulatory Care,” which allows new ambulatory care facilities and new or relocated clinical and research uses.

Budget, Funding Plan, and Financial Feasibility

The proposed project budget is \$579 million, to be funded from external financing (\$300 million) and hospital reserve funds (\$279 million) (refer to Attachment 1, Project Sources and Uses).

As of June 30, 2021, UC Davis Health has an 8.8 percent modified operating EBIDA margin, 8.0x modified debt service coverage, and 240 modified days’ cash on hand, which meet the requirements of the University’s Debt Policy. These numbers exclude non-cash pension and retiree health benefits expenses, as allowed by the University’s Debt Policy. Over a five-year projection period, the minimum operating margin is projected to be greater than or equal to zero percent (0%) and debt service coverage is expected to be greater than or equal to 3.0x. Days’ cash on hand is projected to be greater than or equal to 60 days, as required by the University’s Debt Policy (refer to Attachment 3, Summary of Financial Feasibility and Attachment 4, Projected Financial Performance).

PROJECT DESIGN

Project Site

The project site is located at the eastern corner of ‘X’ Street, north of the ACC and the Ernest E. Tschannen Eye Institute and bordered by 49th Street, ‘Y’ Street, and 48th Street on the UC Davis Health Sacramento Campus. The UC Davis Health Sacramento campus includes health, education, and research activities. The SASC has integrated these various uses into the landscape and architecture by encouraging pedestrian movement through and around the building. The site has been designed to allow for patient drop-off to the north of the building, adjacent to Parking Structure 4 (PS4) which will provide patient parking. An outdoor breezeway, an important design feature to enhance campus pedestrian connections, will provide a greenway link between PS4 to the north, and the Ernest E. Tschannen Eye Institute, ACC, and Parking Structure 2 to the south (refer to Attachment 5, Project Location/Site Map).

Building Design

The design of the building is inspired by the agricultural landscape that surrounds the Sacramento region. As the building undulates to guide pedestrians to key focal points, such as lobby spaces, the landscape receives these impressions and complements this sense of movement. Variations of colors and textures/depth that run horizontally reinforce the flowing sense of movement that brings life to this building.

The outdoor breezeway that connects the north at ‘V’ Street down to the ACC is a key design feature of the building. The landscape design which includes ample circulation space, integrated seating, drought-tolerant plantings, natural shade, and public art will provide a destination on the east side of the UC Davis Health Sacramento Campus that supports gathering, places of respite, and outdoor seating for the café, that can be enjoyed by staff, visitors and the surrounding community. This gesture of connecting to the community and providing an amenity space on the UC Davis Health Sacramento Campus enhances outdoor spaces and supports physical and mental wellness. It becomes a destination on campus and ties into the existing network of landscaped spaces.

Transparency is a key design concept to minimize the impact of the building mass as it meets the ground plane. Expansive glass areas at the main public lobby provide a permeable ground floor that is welcoming and inviting. At the public waiting areas on the upper levels, an abundance of natural daylight and views towards healing gardens improve the patient, family, and staff experience.

The building and site design reinforce the campus’s goal of placemaking and UC Davis Health’s commitment to serving and welcoming the community, as well as creating an inclusive environment for staff, patients, and their families.

Materials

Exterior

There are a variety of materials and colors on the UC Davis Health Sacramento Campus; however, there is a general sensibility to light-colored materials, such as pre-cast concrete, stone, and metal panels. The colors and materials proposed are contextual to the campus’s buildings. With good daylight, the north upper levels where the family waiting areas are located have a continuous curtain wall with infill panels that have a wood-like finish for added warmth and a natural feel.

The adjacent exterior material continues that vertical striation language with various flat and colored glass fiber reinforced concrete (GFRC) cladding. The base of the building comprises horizontal textured and dimensional neutral-colored GFRC cladding that creates a lively interplay on the façade with integrated ribbon windows. The ground floor level is mainly glazed at the lobby area, stretching from the north to the south, along the pedestrian breezeway. A curved glass canopy extends out towards the main drop off area, as well as at the discharge pick-

up area to provide weather protection. These materials will satisfy the campus requirement for building longevity, with no major maintenance required for 20 years or longer.

Given the long narrow geometry of the site, the massing of the building orients the long faces on the north and south, which is beneficial from an energy efficiency and interior thermal comfort standpoint. Architectural elements such as aluminum fins and architectural shades, together with high-performance glazing systems, can further assist in environmental control and create comfortable interior spaces (refer to Attachment 6, Design Graphics).

Interior

The interior design creates a welcoming, healing environment that ensures a unique and pleasant experience for the staff and patients while seamlessly incorporating efficient wayfinding and safety and security concerns. Finish materials, lighting, furniture, artwork, and imagery provide a modern experience on every level of the facility. There are a variety of spaces that offer the staff, patients, and families options and flexibility for waiting and moments of respite, both inside and out, to improve staff and patient satisfaction. The building is designed to maintain a connection to nature with access to natural daylight and views as well as elements of biophilia to create a warm and healthy environment.

Material selections will convey a timeless elegance and provide good maintainability and longevity, drawing from current UC Davis Health's proven standards and best practices for overall continuity while introducing specialty materials and finishes where appropriate. The interiors will complement and enhance the building's exterior design and site concepts through materials, color, and lighting to ensure a cohesive approach that ties the campus, the community, and the individual together (refer to Attachment 6, Design Graphics).

Design Response to Pandemic

The COVID-19 pandemic has significantly influenced the design and planning of the SASC project in its capacity and adaptability for airborne infection and future surges. The SASC team has developed five key principles as guiding principles for the project. "Standing the Test of Time with Future Flexibility" is the SASC project's paramount guiding principle. This foundational principle is the basis for designing for emergency preparedness which is undefined and unpredictable. The following elements contribute to future pandemic responses: building program and design, negative pressure isolation rooms, and outdoor respite and access. The remaining four guiding principles are to: (1) be Patient Centered, (2) be Operationally Efficient, (3) Promote Communication and Collaboration, and (4) be Fiscally Responsible.

UC Davis Health has learned that the most effective response in airborne pandemics such as SARS and COVID-19 is social distancing, properly worn personal protective equipment, and filtered ventilation. The building program, planning, and design address aspects of these lessons learned and enhances them.

Local Community Impact and Regulatory Considerations

UC Davis Health and the contractor are working with local government, community relations, and the Office for Health Equity Diversity and Inclusion, to establish focused objectives, including outreach to local and underrepresented businesses to promote project participation (Attachment 7, UC Davis Health – Sacramento Ambulatory Surgery Center Outreach Program).

In accordance with the California Department of Public Health Licensing and Certification Division requirements, the California Health and Safety Code, and Title 22 of the California Code of Regulations, UC Davis Health will obtain all necessary licenses and approvals required before offering services in the new and renovated space.

Procurement Policy and UC Davis Health’s Anchor Institution Mission

In support of the UCOP Procurement Policy to increase investment in minority and small businesses, UC Davis Health promotes its Anchor Institution Mission² (AIM) for community health in which UC Davis Health commits to better leveraging its business operation and standing as the second-largest employer in Sacramento County to advance the economic security and opportunity in surrounding under-resourced communities, ultimately improving health equity and the socio-economic wellbeing of these communities. Health equity means that everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including lack of access to good jobs with fair pay, high-quality education and housing, safe environments, and health care. In collaboration with community partners, UC Davis Health seeks to implement these anchor strategies:

1. Hire locally – Hire and develop local talent. A community workforce agreement/project labor agreement will be established for this project.
2. Purchase locally – Purchase more goods and services from local vendors.
3. Invest locally – Invest in projects in vulnerable communities.
4. Volunteer locally – Engage employees in volunteering in local neighborhoods.

UC Davis Health is leveraging the SASC project within the design and construction communities. It will target the overall project efforts to hire, buy, invest, and volunteer locally within the Anchor Institution affected zip codes as well as the broader local Sacramento community. UC Davis Health will contract with large trade partners and provide assistance to engage, procure, train, and support local businesses, communities, and individuals. This effort will go beyond best faith efforts and focus on intentional investment in creating opportunities for the diverse, local, and underserved AIM communities. In partnership with the general contractor, a comprehensive outreach plan for the SASC project has been established (Attachment 7, UC Davis Health – Sacramento Ambulatory Surgery Center Outreach Program)

² <https://health.ucdavis.edu/diversity-inclusion/anchor-institution-mission/index.html>

Sustainable Practices

The project aims to be a model of sustainability for the campus and health care in the region. It will comply with the University of California Sustainable Practices Policy as well as achieve a minimum Leadership in Energy and Environmental Design (LEED™) building certification level of Silver, with stretch targets for Gold. The SASC will participate in the Sacramento Municipal Utility District (SMUD) Advanced Commercial Solutions Incentive program, which incentivizes efficient, all-electric design. The building design will include all-electric systems. The SASC will be designed to outperform ASHRAE 90.1 2010 by a minimum of 30 percent, meet the new California Title 24 2019 performance requirements for commercial buildings, and incorporate mandatory sustainable features outlined in the Cal-Green Building Code. As an all-electric design, the project is intended to offer significant long-term carbon emissions savings, which will accelerate over time, as UC Davis expects to eventually retire the natural gas turbine at the CUP and convert to SMUD electricity. SMUD continues to provide grid energy with a higher mix of carbon-free, renewably generated electricity to its customers and continues to move toward an aggressive carbon-neutral grid mix target. Notable green building features of the project include the following:

- Avoiding Red List Materials¹ where possible, prioritizing materials with a high impact on patient health and exposure.
- High-performance exterior envelope design
- 42,000 square feet of roof-mounted photovoltaics generating 585 kilowatts / 800,000 kilowatt-hours
- Maximization of the visual connection to nature in support of patient healing and staff well-being.
- Enhanced areas of respite for staff, patients, and visitors.
- A minimum of 35 percent reduction in potable water use and exceeding UC Health's Water Use Intensity targets.

Project Delivery and Schedule

UC Davis Health is utilizing the progressive design-build method of delivery for this project. Progressive design-build is one application of the design-build delivery method where the process is phased or stepped. Progressive design-build uses a qualification-based selection, followed by a process whereby the Owner then “progresses” towards a design and the guaranteed maximum price with the builder. There are several advantages to the progressive design-build delivery method. It enables planning, design, and construction personnel to work collaboratively, incorporating lean project delivery methods. This collaborative model results in efficient control over design, quality, and cost, maintaining a fair and transparent process, and getting the best value for dollars spent.

Delivery of the project would be phased due to the site and logistical complexities. The estimated

¹ <https://living-future.org/wp-content/uploads/2022/03/The-LBC-Red-List-2022-and-PFAS-Guide-for-Project-Teams.pdf>

construction completion date for the project is 2025.

Future Actions

No further actions or approvals are necessary for this project.

CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE

Pursuant to the California Environmental Quality Act (CEQA), an Addendum to the 2020 LRDP Update Environmental Impact Report (EIR) (SCH# 2020020161) has been prepared for the Project (Attachment 9). The Addendum describes the project, which involves constructing and operating the SASC, 48th Street Utility work, and utility infrastructure improvements. None of the circumstances that would trigger subsequent or supplemental environmental review under Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 or 15163 have occurred or are present. Findings have been prepared to support the University's determination that the proposed project would not require major revisions of the 2020 LRDP Update EIR (Attachment 10).

KEY TO ACRONYMS

ACC	Lawrence J. Ellison Ambulatory Care Center
AIM	Anchor Institution Mission
CEQA	California Environmental Quality Act
CSMP	Clinical Services Master Plan
CUP	Central Utility Plant
EIR	Environmental Impact Report
GFRC	Glass Fiber Reinforced Concrete
gsf	Gross Square Feet
HCAI	Department of Health Care Access and Information
LEED™	Leadership in Energy and Environmental Design
LRDP	Long Range Development Plan
PACU	Post Anesthesia Care Unit
Project	Sacramento Ambulatory Surgery Center project
PS4	Parking Structure 4
SASC	Sacramento Ambulatory Surgery Center
SMUD	Sacramento Municipal Utility District

ATTACHMENTS

Attachment 1:	Project Sources and Uses
Attachment 2:	Comparable Project Information
Attachment 3:	Summary of Financial Feasibility
Attachment 4:	Projected Financial Performance
Attachment 5:	Project Location/Site Map
Attachment 6:	Design Graphics
Attachment 7:	UC Davis Health - Sacramento Ambulatory Surgery Center Outreach Program
Attachment 8:	2020 Long Range Development (LRDP) Update EIR: https://environmentalplanning.ucdavis.edu/2020-lrdp-update-final-supplemental-eir
Attachment 9:	Addendum to the 2020 LRDP Update EIR: https://ucdavis.app.box.com/v/SASCAddendum
Attachment 10:	CEQA Findings and Statement of Overriding Considerations

PROJECT SOURCES AND USES

SACRAMENTO AMBULATORY SURGERY CENTER

SOURCES

Sources	Total	% of Total
Hospital Reserves	\$279,000,000	48.2%
External Financing	\$300,000,000	51.8%
Total Sources	\$579,000,000	100%

USES

Cost Category	Total	% of Total ⁽¹⁾
Site Clearance	\$2,354,000	0.5%
Building	\$354,773,000	75.1%
Exterior Utilities	\$5,509,000	1.2%
Site Development	\$11,634,000	2.5%
A&E Fees ⁽²⁾	\$51,046,000	10.8%
Campus Administration ⁽³⁾	\$3,493,000	0.7%
Surveys, Test, and Plans ⁽⁴⁾	\$9,440,000	2.0%
Special Items ⁽⁵⁾	\$14,341,000	3.0%
Project Contingency	\$19,774,000	4.2%
Subtotal (P-W-C Cost)	\$472,364,000	100%
Group 2 & 3 Equipment	\$87,556,000	
Project Total	\$559,920,000	
Interest During Construction	\$19,080,000	
GRAND TOTAL	\$579,000,000	

(1) Because of rounding, some totals may not correspond with the sum of the separate parts.

(2) A&E Fees include architect and design professional consultants, and external project/construction management.

(3) Campus Administration includes project management, planning, engineering, and design review.

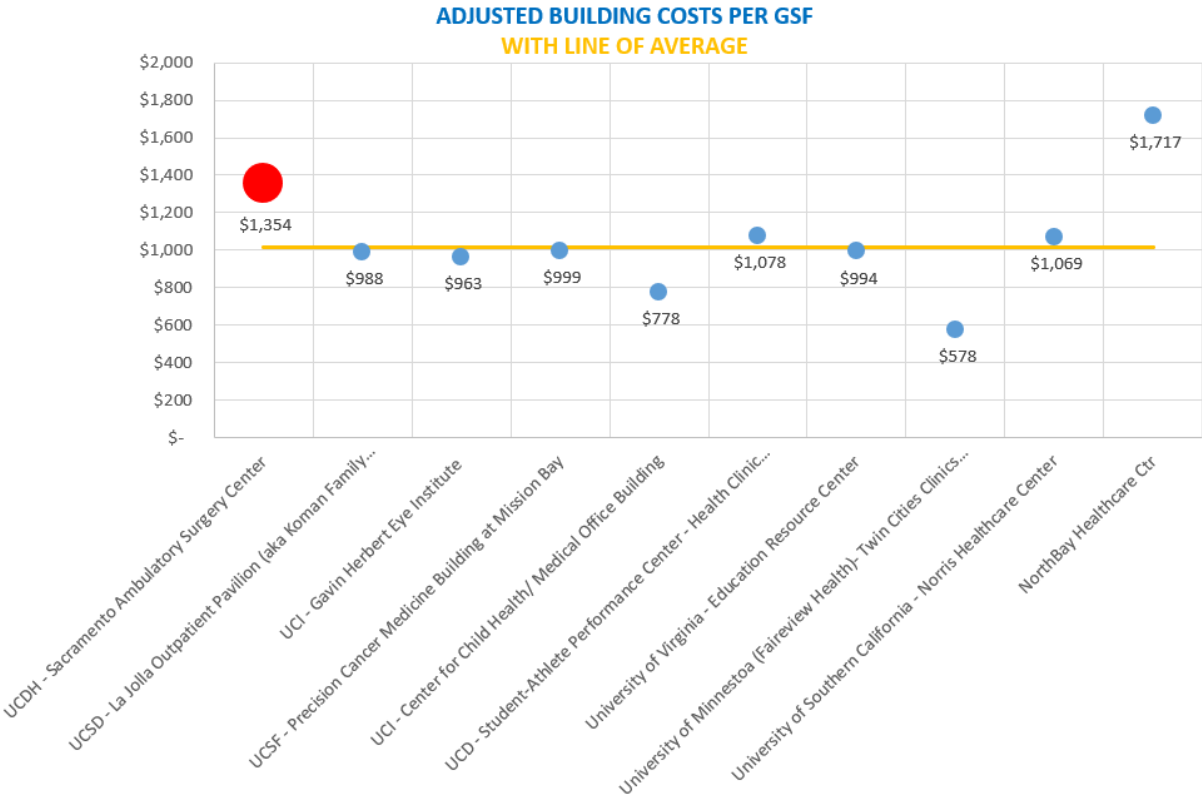
(4) Surveys, Tests, and Plans include geotechnical soil borings, site surveying, and other design-phase testing.

(5) Special Items include programming, CEQA documentation, peer reviews, specialty consultants, and agency fees.

PROJECT STATISTICS

Gross Square Feet (GSF)	262,000
Assignable Square Feet (ASF)	134,000
Efficiency Ratio ASF/GSF:	51%
Building Cost/GSF	\$1,354
Building Cost/ASF	\$2,648
P-W-C Cost/GSF	\$1,803
P-W-C Cost/ASF	\$3,525

COMPARABLE PROJECT INFORMATION²



2

UCI Gavin Herbert Eye Institute: Clinical and surgical functions, and shell space for future build out.
UCI Center for Child Health: Approximately 104,100 gsf of finished space, 64,400 gsf of shell space for future buildout

List of Construction Costs Available for Comparison

#	Project Name	City/ Campus	GSF	Md. Pt. Const Yr	Building Construction Cost*	Adj. Building Cost**	Adj. Building Cost / GSF**	Total Project Cost*	Adj.Total Project Cost**	Adj. Total Project Cost/ GSF**
						AVERAGES	\$1,018			\$1,434
1	UCDH - Sacramento Ambulatory Surgery Center	Davis	262000	2025	\$354,773,000		\$1,354	\$579,000,000		\$2,210
2	UCSD - La Jolla Outpatient Pavilion (aka Koman Family Outpatient Pavilion)	San Diego	154,000	2016	\$97,944,000	\$152,201,000	\$988	\$-	\$-	\$-
3	UCI - Gavin Herbert Eye Institute	Irvine	69,827	2012	\$36,033,000	\$67,220,000	\$963	\$38,538,000	\$71,893,000	\$1,030
4	UCSF - Precision Cancer Medicine Building at Mission Bay	San Francisco	179,650	2018	\$150,439,000	\$179,517,000	\$999	\$282,800,000	\$337,461,000	\$1,878
5	UCI - Center for Child Health/ Medical Office Building	Irvine	168,500	2021	\$111,870,000	\$131,116,000	\$778	\$166,646,000	\$195,316,000	\$1,159
6	UCD - Student-Athlete Performance Center - Health Clinic Program	Davis	11,000	2021	\$10,100,000	\$11,862,000	\$1,078	\$14,093,000	\$16,552,000	\$1,505
7	University of Virginia - Education Resource Center	Charlottesville	45,290	2016	\$23,359,853	\$45,009,000	\$994	\$30,050,000	\$57,899,000	\$1,278
8	University of Minnesota (Fairview Health)- Twin Cities Clinics and Surgery Center	Minneapolis	344,760	2014	\$119,783,414	\$199,208,000	\$578	\$149,463,803	\$248,569,000	\$721
9	University of Southern California - Norris Healthcare Center	Los Angeles	118,408	2016	\$83,211,222	\$126,582,000	\$1,069	\$99,229,456	\$150,949,000	\$1,275
10	NorthBay Healthcare Ctr	Fairfield (Vallejo)	96,700	2017	\$120,000,000	\$165,994,000	\$1,717	\$183,638,135	\$254,023,000	\$2,627
	* For University of California projects "building construction cost" is line 1 of the CIB form; "total project cost" is the Grand Total Project cost on the CIB or budget and includes total P-W-C (including interest during construction) and Group 2 & 3 equipment.									
	** All comparable projects have been adjusted to the project city and year using a combined factor of RS Means City Cost Index (to account for location) and RLB Construction Cost Index (to account for prior years).									

ATTACHMENT 3

SUMMARY OF FINANCIAL FEASIBILITY

DAVIS CAMPUS	
Project Name	Sacramento Ambulatory Surgery Center
Project ID	9557270
Total Estimated Project Cost	\$579,000,000
Anticipated Interest During Construction (included in the Grand Total)	\$19,080,000

PROPOSED SOURCES OF FUNDING¹	
External Financing	\$300,000,000
Hospital Reserves	\$279,000,000
Total	\$579,000,000

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

FINANCING ASSUMPTIONS	
External Financing Amount	\$300,000,000
Anticipated Repayment Source	Hospital Reserves (built from EBIDA margin)
Anticipated Fund Source	Hospital Reserves
Financial Feasibility Rate	4.25%
First Year of Repayment (e.g. FY 20XX)	FY 2023 (Interest-Only); FY 2025 (Principal)
Term (e.g. 30 years; indicate if any year's interest only)	32 Years: Interest-Only 2 years (FY 2023-2024), 30-Year principal repayment
Final Maturity (e.g. FY 20xx)	FY 2054
Estimated Average Annual Debt Service	\$17,879,474 average principal and interest beginning FY2025; \$9,500,000 average annual interest payments for FY 2023 – FY 2024

PROJECTED FINANCIAL PERFORMANCE

UC Davis Health Consolidated Financial Projection Executive Summary

This attachment provides an overview of the consolidated UC Davis Health financial projections and a summary of the key projection assumptions.

The UC Davis Health financial projections are based on a combination of key assumptions from the Office of the President, where available, and local assumptions for years beyond FY 2023. The FY 2022 projections represent the approved budget. The local assumptions are based on a review of: (1) UC Davis Health's recent service mix and financial performance; (2) the occupancy and outpatient volume levels experienced in the past few years; (3) projections of continued revenue/program enhancements; (4) projections of increased patient volume and increased demand for outpatient services; and (5) volume and financial impacts related to the COVID-19 pandemic.

UC Davis Health Consolidated Projection Summary

Total operating revenue in FY 2021 was \$2.79 billion and is projected to increase from \$2.93 billion in FY 2022 to \$3.77 billion in FY 2027 and \$4.55 billion in FY 2031, as a result of regional market expansion, projected patient volume growth, and increased market share in select service lines, the addition of the Sacramento Ambulatory Surgery Center, and ongoing strategies to diversify revenue. The Sacramento Ambulatory Surgery Center is assumed to account for \$167 million of the increased revenues in FY 2030 and \$174 million in FY 2031. The large capital projects' revenue is forecasted under the Other Operating Revenue line item, resulting in a spike as the projects go live.

Total operating expenses in FY 2021 were \$2.78 billion and are projected to increase from \$2.7 billion in 2022 to \$3.59 billion in FY 2027 and \$4.35 billion in FY 2031 due to an increase in patient volumes, the impact of inflation, increased depreciation expense, and the addition of the Sacramento Ambulatory Surgery Center. These factors are assumed to account for \$151 million of the increased expenses in FY 2030 and \$158 million in FY 2031. The large capital projects' expense is primarily forecasted under the Other Operating Expense line item, resulting in a spike as the projects go live.

FY 2021 had a modified EBIDA of \$364 million (13.1 percent margin). FY 2022 budget assumes a modified EBIDA of \$389 million (13.3 percent margin). Modified EBIDA is projected to increase to \$563 million (14.9 percent margin) in FY 2027 and \$798 million (17.5 percent margin) in FY 2031.

The financial projection includes the costs and benefits of future capital projects associated with the UC Davis Health master capital plan, including new clinical buildings for patient care, ongoing facilities improvements, medical equipment, and information technology capital. The

UC Davis Health projections include projects which have not yet been approved, and which would be regularly re-evaluated as to need, scope, and cost. Future projects would be deferred or eliminated as appropriate and necessary to ensure UC Davis Health's financial viability.

Throughout the planning period, UC Davis Health's consolidated projected Debt Service Coverage and Days' Cash on Hand remain above the debt policy metrics of 3.0x coverage and 60 days, respectively. Modified Debt Service Coverage was 8.0x in FY 2021 and is projected to decrease to 3.7x in FY 2031. Modified Days' Cash on Hand was 240 days in FY 2021. Modified Days' Cash on Hand is projected to decrease during the planning period to 88 days in FY 2029 and is projected to increase to 111 days by the end of the planning horizon in FY 2031.

Key Assumptions for UC Davis Health Consolidated Projections Fiscal Years 2021 – 2031

Sacramento Ambulatory Surgery Center Assumptions

The proposed Sacramento Ambulatory Surgery Center project will address the ambulatory operating room capacity shortage at the Sacramento campus. In addition, the facility will enable UC Davis Health to move outpatient surgical procedures from the inpatient setting and provide accommodation to expand new complex surgical lines.

Project Timing and Volumes

- The Sacramento Ambulatory Surgery Center is projected to open Q1 FY 2025.
- Assumes 12 operating rooms, and five procedure rooms

Revenues

- Net patient revenues were primarily derived on a net revenue per procedure per operating room, assuming UC Davis' historical revenue data with a three percent annual inflation rate.
- Payor mix was based on historical hospital payor mix.

Expenses

- Expenses were calculated on an expense per procedure per operating room, assuming UC Davis' historical cost data. Labor was based on inputs from the Strategy and Perioperative Departments.
- Assumes an average annual expense inflation rate of 2.9 percent.

Capital

- Debt for this project is forecasted as follows: \$148,917,000 in FY 2023 and \$151,083,000 in FY 2024.
- The project's first two years of repayment (FY 2023-2024) will be interest-only, with average annual interest payments of \$9.5 million. Average annual debt service payments on the project, once amortized, are \$17,879,474 based on long-term debt of \$300 million amortized over 30 years at an interest rate of 4.25 percent.
- The remainder of the Sacramento Ambulatory Surgery Center project cost will be funded through hospital reserves of approximately \$279 million.

UC Davis Health Baseline Assumptions

UC Davis Health baseline projections assume FY 2022 budget as the base year for projections going forward. As noted below, the base projections incorporate foundational assumptions (e.g. volumes, revenue and expense inflation, capital).

Volumes

- Inpatient volumes are assumed stable as the hospital's current average daily census is roughly 95 percent.
- Outpatient volumes are assumed to grow an average of 1.2 percent annually through FY 2027, assuming no further growth through FY 2031.

Revenue

- Net patient service revenue growth over the planning horizon is a function of increased volumes and annual rate inflation.
- Payor mix remains unchanged.
- Assumes supplemental funding programs continue at FY 2022 budget levels with an average of an additional 2.3 percent annual increase throughout the projection period.

Operating Expenses

- Salary inflation is projected at an average of three percent annually throughout the projection period.
- Benefits expense is projected to mirror the rate of salary inflation and is based on the FY 2022 budget average composite benefit rate and slightly increased based on the University of California Retirement Plan payroll assessment update.
- Non-cash pension and other post-employment benefits (OPEB) expense is not included in the projection.
- Professional fees are projected to decrease by 29.6 percent in FY 2022 due to the implementation of Funds Flow and then increases at an average of 2.8 percent annually.
“Funds flow” has emerged as a common term to describe the distribution of resources to achieve strategic alignment between various components of the healthcare enterprise. In addition to securing administrative and clinical services, funds flow supports educational and research programs, enables faculty recruitment and retention, and facilitates program development. The new model was implemented July 1, 2021.
- Supplies are projected to increase at an average of 3.2 percent annually.
- Purchased Services are projected to increase at an average of 1.8 percent annually.
- Other Expenses are projected to increase at an average of 1.9 percent annually.

UC Davis Health Consolidated

Projected Financial Performance

Statement of Revenues and Expenses (Dollars in Thousands)	Actuals* 2021	Budget 2022	Proj. 2023	Proj. 2024	Proj. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Operating Revenue											
Net Patient Revenue	2,526,387	2,684,767	2,711,065	2,791,523	2,879,018	2,987,349	3,097,357	3,194,503	3,289,170	3,386,484	3,486,089
Premium Revenue	156,642	131,138	133,761	136,436	139,165	141,948	144,787	147,683	150,636	153,649	156,722
Other Operating Revenue	<u>106,006</u>	<u>111,939</u>	<u>211,955</u>	<u>256,681</u>	<u>365,810</u>	<u>480,146</u>	<u>532,279</u>	<u>576,232</u>	<u>632,659</u>	<u>836,663</u>	<u>907,616</u>
Total Operating Revenue	2,789,035	2,927,844	3,056,781	3,184,639	3,383,993	3,609,443	3,774,422	3,918,417	4,072,466	4,376,796	4,550,427
Operating Expenses											
Salaries and Wages	1,157,396	1,193,648	1,230,558	1,268,621	1,307,335	1,347,235	1,388,356	1,430,736	1,473,994	1,543,889	1,590,564
Employee Benefits	428,628	434,488	449,153	471,039	485,413	500,228	515,496	531,232	547,293	573,213	591,064
Professional Fees	167,648	117,940	121,293	124,713	128,202	131,760	135,389	139,091	142,867	164,851	173,312
Supplies	482,835	482,372	499,529	517,299	534,539	552,349	570,745	589,750	606,954	680,290	712,408
Purchased Services	201,131	227,164	231,187	235,290	239,475	243,744	248,098	252,539	257,069	283,855	294,109
Depreciation & Amortization	102,871	104,451	123,708	137,240	156,164	178,407	190,895	204,355	256,981	311,812	328,240
Unfunded Retiree Health Benefits	120,560	0	0	0	0	0	0	0	0	0	0
Unfunded Pension Benefits	(6,270)	0	0	0	0	0	0	0	0	0	0
Interest	21,809	22,091	23,865	48,551	61,635	90,336	102,670	133,723	132,427	142,760	140,119
Other Expense	<u>106,156</u>	<u>115,336</u>	<u>205,727</u>	<u>234,948</u>	<u>319,620</u>	<u>402,454</u>	<u>435,592</u>	<u>458,880</u>	<u>489,817</u>	<u>506,372</u>	<u>520,379</u>
Total Operating Expenses	2,782,764	2,697,490	2,885,019	3,037,700	3,232,383	3,446,513	3,587,243	3,740,306	3,907,402	4,207,041	4,350,195
Excess of Revenue over Expenses from Operations	6,271	230,354	171,762	146,939	151,610	162,931	187,180	178,111	165,064	169,755	200,232
Net Non-Operating Revenue	119,183	31,649	66,082	48,806	64,828	70,997	81,937	94,937	108,319	120,823	129,413
Net Income (Loss)	<u>\$125,454</u>	<u>\$262,003</u>	<u>\$237,844</u>	<u>\$195,745</u>	<u>\$216,438</u>	<u>\$233,928</u>	<u>\$269,117</u>	<u>\$273,048</u>	<u>\$273,383</u>	<u>\$290,578</u>	<u>\$329,645</u>
Modified EBIDA	364,424	388,545	385,417	381,536	434,237	502,671	562,682	611,126	662,790	745,149	798,004
Modified EBIDA Margin %	13.1%	13.3%	12.6%	12.0%	12.8%	13.9%	14.9%	15.6%	16.3%	17.0%	17.5%

* Actuals based on pre-audited financials

UC Davis Health Consolidated

Projected Financial Performance

Statement of Net Assets (Dollars in Thousands)	Actuals* 2021	Budget 2022	Proj. 2023	Proj. 2024	Proj. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Assets											
Accounts Receivable Net of Reserves	391,200	415,724	419,797	432,255	452,788	469,779	487,074	502,436	517,428	532,802	548,543
Third Party Receivables	20,859	28,183	21,799	21,899	21,971	22,039	22,105	22,109	22,112	22,119	22,118
Supply Inventories, at Cost	45,399	45,355	46,969	48,640	50,261	51,935	53,665	55,452	57,069	58,734	60,446
Prepaid Expenses	77,754	75,205	84,804	89,797	93,688	96,248	98,892	101,623	104,347	107,139	110,061
Other Current Assets	31,945	31,945	31,325	30,705	30,085	29,465	21,512	20,892	20,272	19,652	19,032
Cash and Cash Equivalents	<u>1,684,528</u>	<u>1,382,989</u>	<u>840,122</u>	<u>952,621</u>	<u>914,375</u>	<u>846,416</u>	<u>856,447</u>	<u>1,231,437</u>	<u>884,618</u>	<u>985,069</u>	<u>1,222,367</u>
Total Current Assets	2,251,685	1,979,401	1,444,814	1,575,917	1,563,167	1,515,883	1,539,694	1,933,948	1,605,847	1,725,514	1,982,566
Net PP&E	1,348,196	1,628,957	2,173,429	2,686,149	3,115,709	3,955,521	4,408,011	4,885,255	5,330,401	5,615,214	5,475,424
Total Other Assets	920,179	912,179	910,441	904,800	899,034	893,975	859,075	859,075	859,075	859,075	859,075
Total Assets	<u>\$4,520,060</u>	<u>\$4,520,537</u>	<u>\$4,528,684</u>	<u>\$5,166,865</u>	<u>\$5,577,910</u>	<u>\$6,365,379</u>	<u>\$6,806,780</u>	<u>\$7,678,278</u>	<u>\$7,795,323</u>	<u>\$8,199,803</u>	<u>\$8,317,065</u>
Liabilities											
Current Maturities of Debt	23,736	22,544	22,675	23,009	29,083	29,523	22,046	22,758	23,495	70,562	73,312
Accounts Payable	128,722	124,550	128,553	132,712	142,863	146,933	152,814	157,183	161,509	165,933	170,487
Third Party Payables	224,358	303,130	234,467	235,540	236,321	237,055	237,757	237,798	237,836	237,906	237,901
Other Accrued Liabilities	<u>478,826</u>	<u>342,326</u>	<u>256,964</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>	<u>231,314</u>
Total Current Liabilities	855,642	792,551	642,658	622,575	639,580	644,824	643,931	649,053	654,154	705,715	713,014
Pension Obligations/Pension Payable to University/ Deferred Inflow	3,683,777	3,683,777	3,690,039	3,692,398	3,694,632	3,697,573	3,697,573	3,697,573	3,697,573	3,697,573	3,697,573
Long-Term Debt	<u>657,595</u>	<u>635,051</u>	<u>662,376</u>	<u>1,239,367</u>	<u>1,535,284</u>	<u>2,205,761</u>	<u>2,508,715</u>	<u>3,235,957</u>	<u>3,212,462</u>	<u>3,416,900</u>	<u>3,343,589</u>
Total Liabilities	<u>\$5,197,014</u>	<u>\$5,111,379</u>	<u>\$4,995,073</u>	<u>\$5,554,340</u>	<u>\$5,869,496</u>	<u>\$6,548,158</u>	<u>\$6,850,218</u>	<u>\$7,582,583</u>	<u>\$7,564,189</u>	<u>\$7,820,188</u>	<u>\$7,754,175</u>
Net Assets											
Unrestricted Net Assets	(676,954)	(590,842)	(466,389)	(387,475)	(291,586)	(182,779)	(43,439)	95,695	231,134	379,615	562,889
Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance	(676,954)	(590,842)	(466,389)	(387,475)	(291,586)	(182,779)	(43,439)	95,695	231,134	379,615	562,889
Total Liabilities & Net Assets	<u>\$4,520,060</u>	<u>\$4,520,537</u>	<u>\$4,528,684</u>	<u>\$5,166,865</u>	<u>\$5,577,910</u>	<u>\$6,365,379</u>	<u>\$6,806,779</u>	<u>\$7,678,278</u>	<u>\$7,795,323</u>	<u>\$8,199,803</u>	<u>\$8,317,064</u>

* Actuals based on pre-audited financials

UC Davis Health Consolidated

Projected Financial Performance

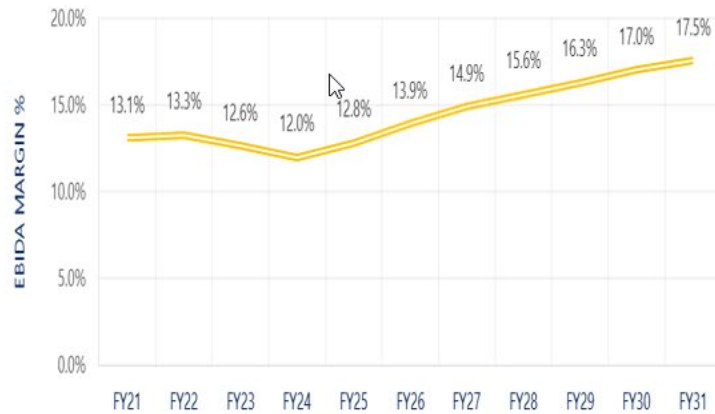
Statement of Cash Flow (Dollars in Thousands)	Actuals* 2021	Budget 2022	Proj. 2023	Proj. 2024	Proj. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Sources of Cash:											
Excess of Revenues over Expenses from Operations	\$6,271	\$230,354	\$171,762	\$146,939	\$151,610	\$162,931	\$187,180	\$178,111	\$165,064	\$169,755	\$200,232
Net Nonoperating Income, Excluding											
Interest Income and Expense	100,651	922	47,300	30,148	30,580	30,991	31,314	31,646	31,982	32,322	32,665
Items Not Affecting Working Capital:											
Depreciation	102,871	104,451	123,708	137,240	156,164	178,407	190,895	204,355	256,981	311,812	328,240
Other	55,341	(167,891)	(105,392)	(108,830)	(112,550)	(117,120)	(94,877)	(133,914)	(137,944)	(142,097)	(146,370)
Long Term Debt Proceeds	0	0	50,000	600,000	325,000	700,000	325,000	750,000	0	275,000	0
Total Sources of Cash	<u>\$265,134</u>	<u>\$167,836</u>	<u>\$287,378</u>	<u>\$805,497</u>	<u>\$550,804</u>	<u>\$955,209</u>	<u>\$639,512</u>	<u>\$1,030,198</u>	<u>\$316,083</u>	<u>\$646,792</u>	<u>\$414,767</u>
Uses of Cash:											
Change in Working Capital, Excluding											
Current Portion of Debt	\$26,546	\$91,155	\$158,303	\$39,020	\$14,566	\$15,870	\$7,197	\$14,853	\$14,354	\$14,723	\$15,205
Additions to Property, Plant & Equipment, net	276,230	385,212	668,180	649,960	585,724	1,018,219	643,385	681,599	702,127	596,625	188,449
Long Term Debt Principal Repayments	23,450	23,736	22,544	22,675	23,009	29,083	29,523	22,046	22,758	23,495	70,562
Total Uses of Cash	<u>\$326,226</u>	<u>\$500,103</u>	<u>\$849,027</u>	<u>\$711,655</u>	<u>\$623,299</u>	<u>\$1,063,172</u>	<u>\$680,105</u>	<u>\$718,498</u>	<u>\$739,239</u>	<u>\$634,843</u>	<u>\$274,216</u>
Cash Provided (Used) Prior to Interest Income	(61,092)	(332,267)	(561,649)	93,842	(72,495)	(107,963)	(40,593)	311,700	(423,156)	11,949	140,551
Cash Provided from Interest Income	18,532	30,727	18,782	18,658	34,248	40,006	50,623	63,291	76,337	88,501	96,748
Cash Provided (Used)	(42,560)	(301,540)	(542,867)	112,500	(38,247)	(67,957)	10,030	374,991	(346,819)	100,450	237,299
Cash Balance, beginning of period	1,727,088	1,684,528	1,382,989	840,122	952,621	914,375	846,416	856,447	1,231,437	884,618	985,069
Cash Balance, end of period	<u>\$1,684,528</u>	<u>\$1,382,988</u>	<u>\$840,122</u>	<u>\$952,621</u>	<u>\$914,374</u>	<u>\$846,417</u>	<u>\$856,447</u>	<u>\$1,231,438</u>	<u>\$884,618</u>	<u>\$985,069</u>	<u>\$1,222,367</u>
Summary of Cash and Investments											
Total Cash	1,684,528	1,382,989	840,122	952,621	914,375	846,416	856,447	1,231,437	884,618	985,069	1,222,367
Trusteed Assets and Restricted Funds	0	0	0	0	0	0	0	0	0	0	0
Ending Cash Balance	<u>\$1,684,528</u>	<u>\$1,382,989</u>	<u>\$840,122</u>	<u>\$952,621</u>	<u>\$914,375</u>	<u>\$846,416</u>	<u>\$856,447</u>	<u>\$1,231,437</u>	<u>\$884,618</u>	<u>\$985,069</u>	<u>\$1,222,367</u>
* Actuals based on pre-audited financials											
Days Cash on Hand, Modified	240	195	111	120	108	95	92	127	88	92	111

**UC Davis Health Consolidated
Projected Financial Performance**

Key Financial Ratios (Dollars in Thousands)	Actuals* 2021	Budget 2022	Proj. 2023	Proj. 2024	Proj. 2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Net Income	\$125,454	\$262,003	\$237,844	\$195,745	\$216,438	\$233,928	\$269,117	\$273,048	\$273,383	\$290,578	\$329,645
Modified Net Income	\$239,744	\$262,003	\$237,844	\$195,745	\$216,438	\$233,928	\$269,117	\$273,048	\$273,383	\$290,578	\$329,645
Modified Net Margin %	8.6%	8.9%	7.8%	6.1%	6.4%	6.5%	7.1%	7.0%	6.7%	6.6%	7.2%
Modified EBIDA	\$364,424	\$388,545	\$385,417	\$381,536	\$434,237	\$502,671	\$562,682	\$611,126	\$662,790	\$745,149	\$798,004
Modified EBIDA Margin %	13.1%	13.3%	12.6%	12.0%	12.8%	13.9%	14.9%	15.6%	16.3%	17.0%	17.5%
Modified Days Cash on Hand	240	195	111	120	108	95	92	127	88	92	111
Modified Debt Service Coverage	8.0	8.7	8.3	5.3	4.8	4.2	4.5	3.9	4.3	3.5	3.7
Cash to Debt %	247.2%	210.3%	122.6%	75.5%	58.5%	37.9%	33.8%	37.8%	27.3%	28.2%	35.8%

* Actuals based on pre-audited financials

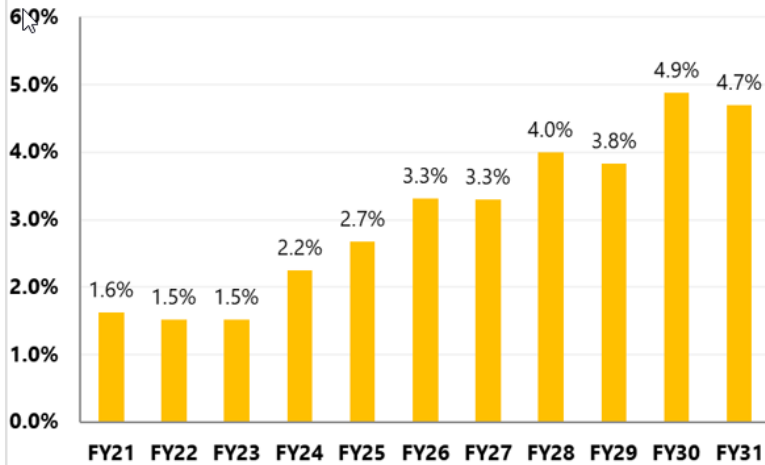
MODIFIED EBIDA MARGIN



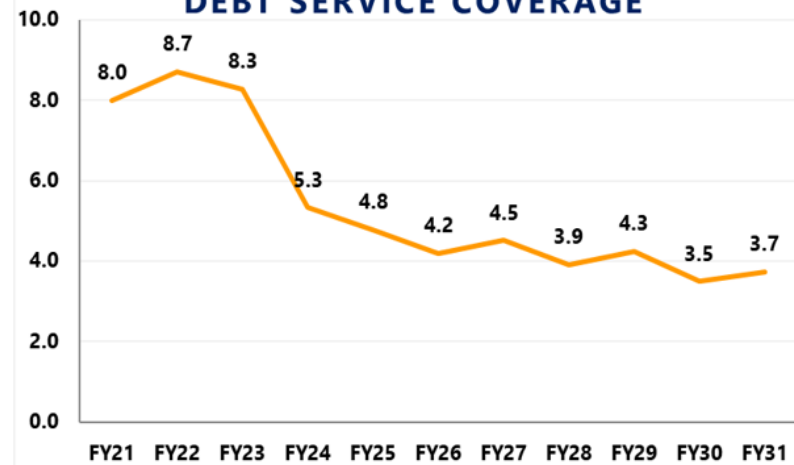
MODIFIED DAYS CASH ON HAND



DEBT BURDEN



MODIFIED MAXIMUM ANNUAL DEBT SERVICE COVERAGE

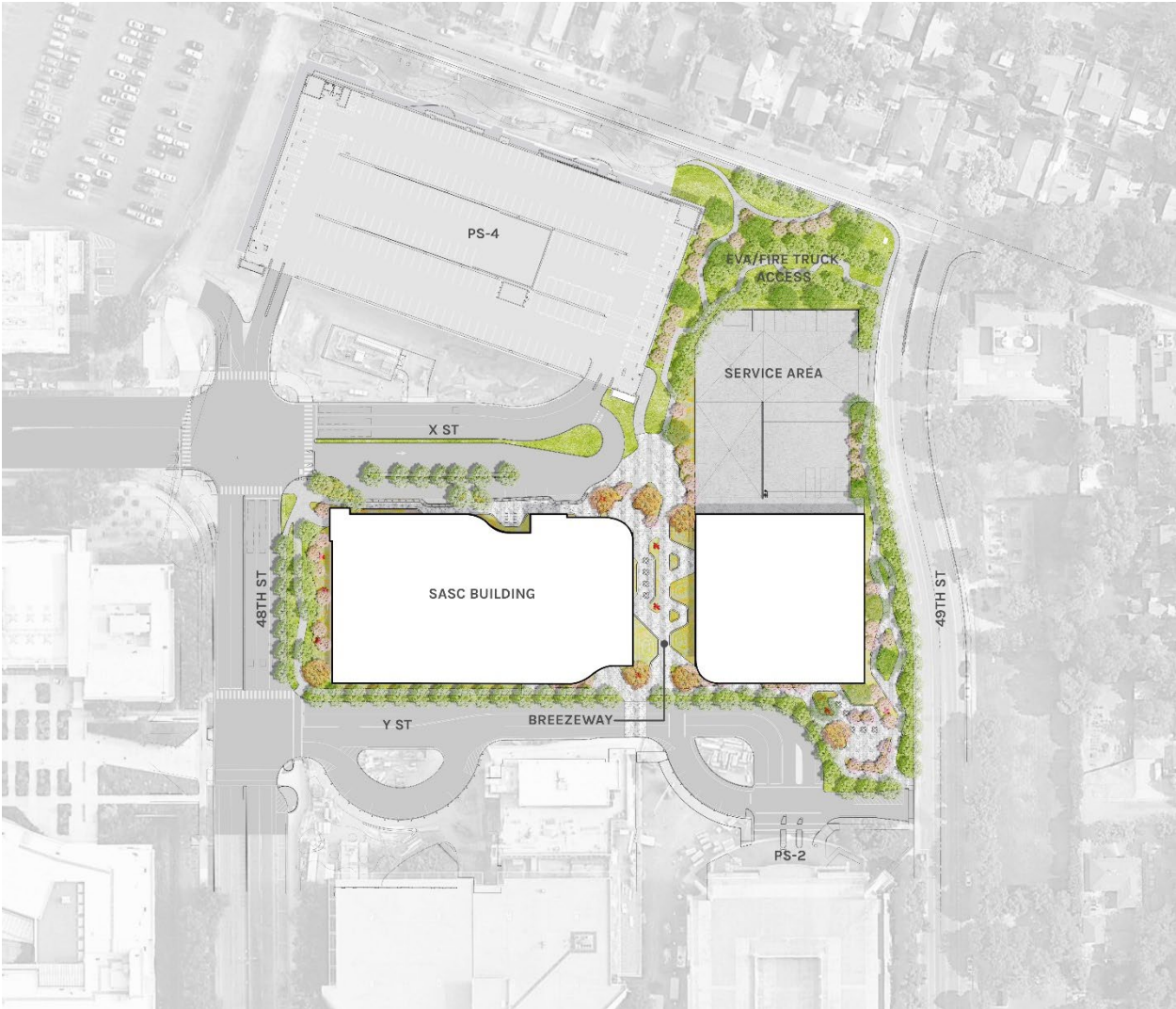


PROJECT LOCATION AND SITE MAP

Project Location Map

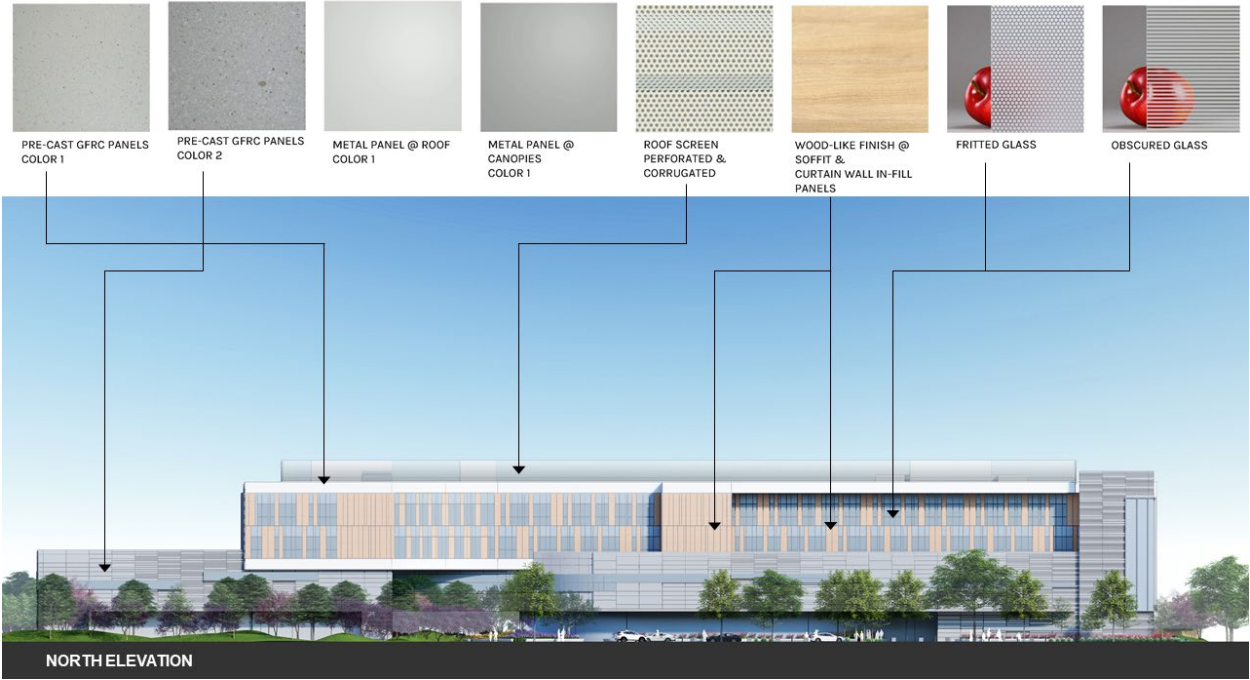


Project Site Map

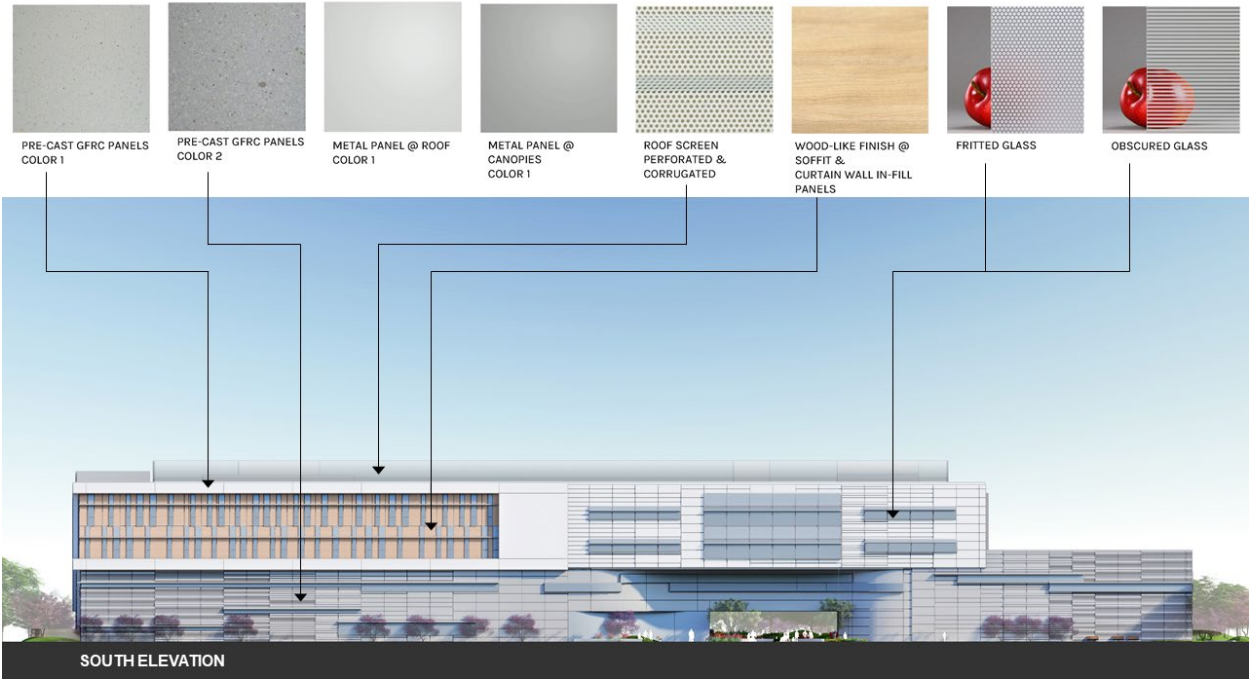


DESIGN GRAPHICS

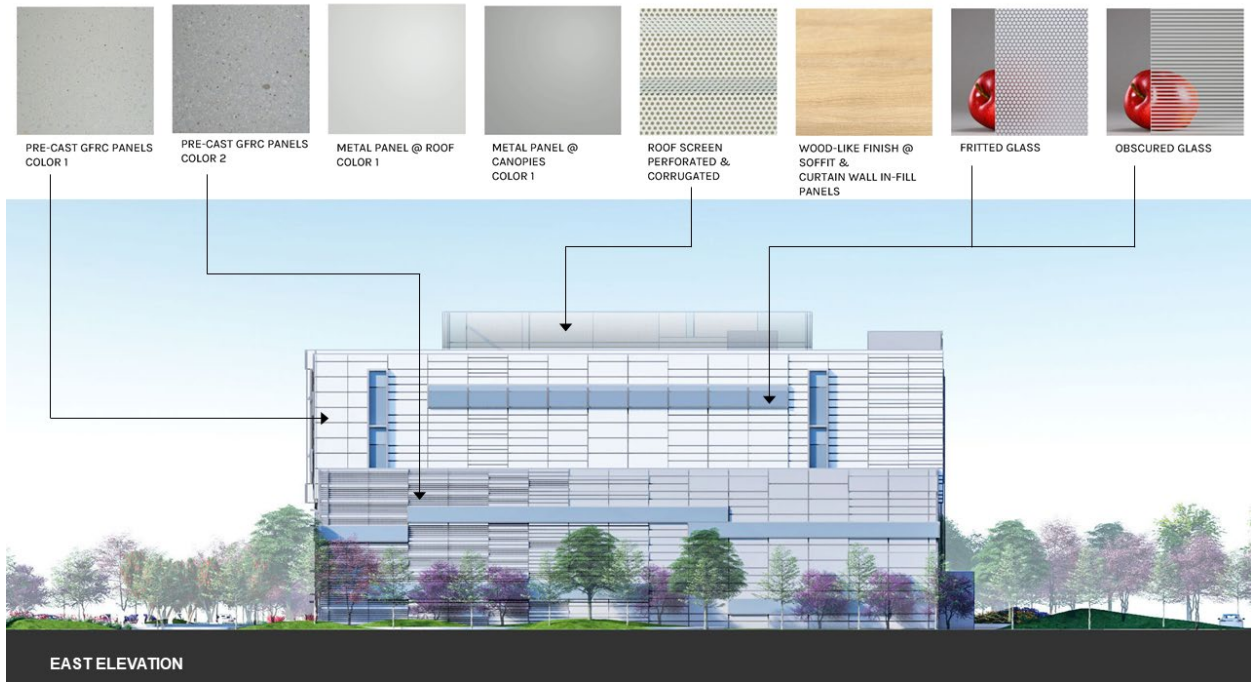
Project Rendering – North Elevation



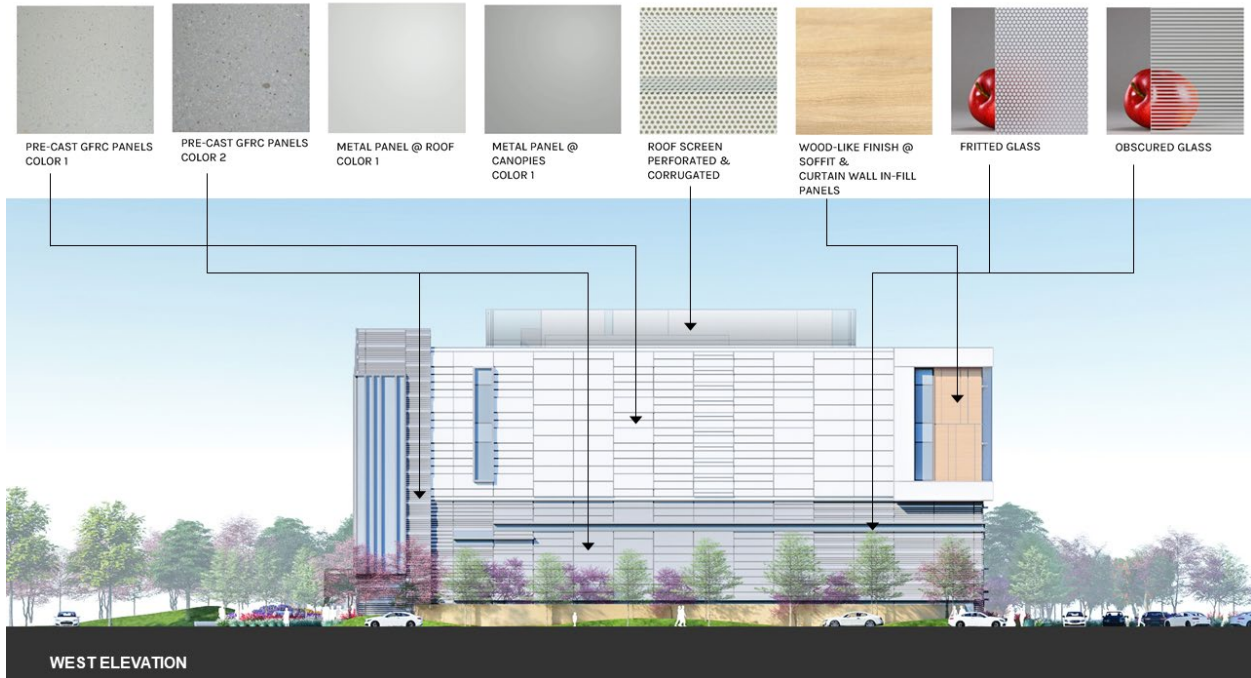
Project Rendering – South Elevation



Project Rendering – East Elevation



Project Rendering – West Elevation



Project Rendering – Breezeway View



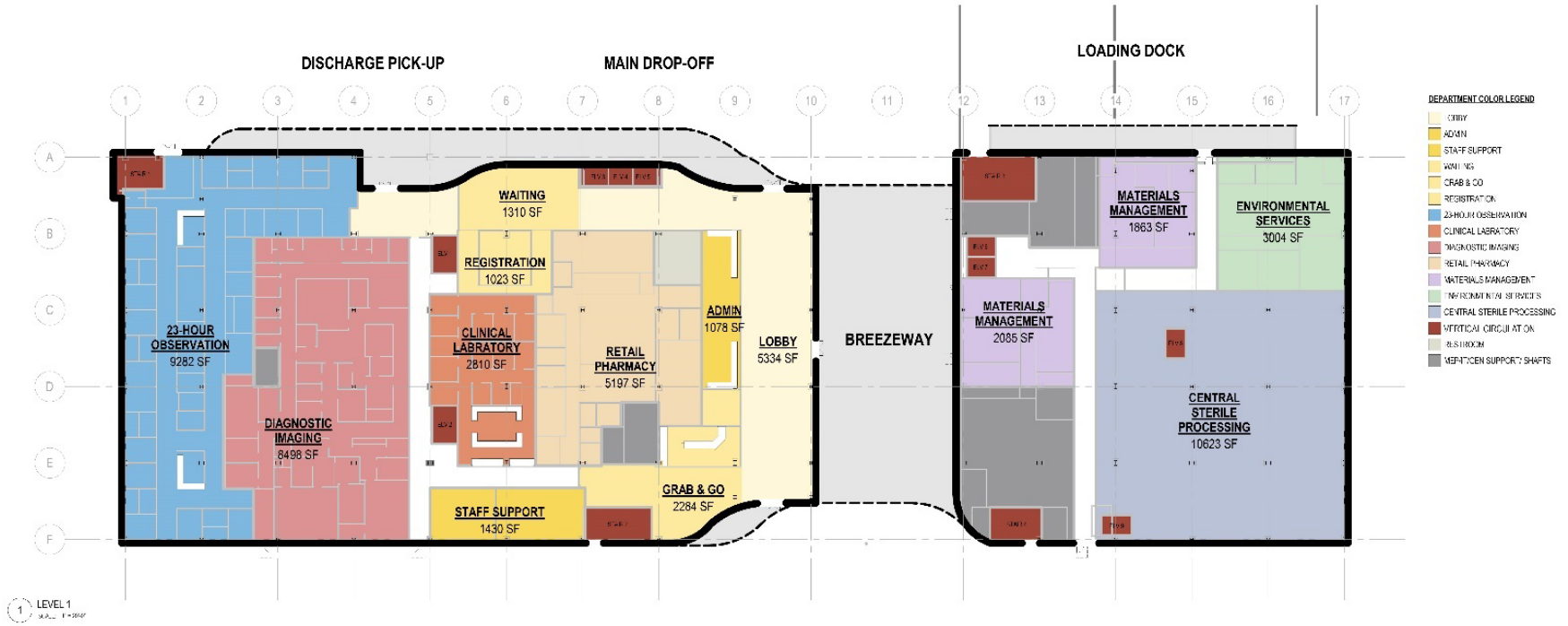
Project Rendering – Northwest Corner View



Project Rendering – Southwest Corner View



Floor Plan – Level 1



Floor Plan – Level 2



Floor Plan – Level 3



Floor Plan – Level 4



**UC DAVIS HEALTH – SACRAMENTO AMBULATORY SURGERY CENTER
OUTREACH PROGRAM**

PLAN OVERVIEW

The Design-Build team will implement a comprehensive outreach plan for the UC Davis Health-Sacramento Ambulatory Surgery Center project, bringing subcontracting and employment opportunities to the local community. The Design-Build team is dedicated to supporting the UC Davis Health Anchor Institution Mission (AIM) in leveraging the opportunities for local, small, and/or other diverse underrepresented business enterprises.

In 2020, UC Davis Health (UCDH) launched the Anchor Institution Mission (AIM) for Community Health. Anchor institutions are nonprofit or public place-based entities such as universities and hospitals that are rooted in their local community by mission, invested capital, or relationships to customers, employees, residents, and vendors. As the second largest employer in Sacramento County, UCDH is able to leverage its business operation to advance the economic security and opportunity in surrounding under-resourced communities, ultimately improving health equity and the socioeconomic well-being of these communities. Health Equity means that everyone has a fair and just opportunity to be as healthy as possible. This requires addressing the social determinants of health and removing obstacles to health such as poverty, discrimination, and their consequences, including lack of access to good jobs with fair pay, high-quality education and housing, safe environments, and health care. The UCDH's system-wide AIM Strategy includes:

The approach will be composed of four key areas of community engagement and procurement opportunities:

1. Hiring Locally – Design-Build team commits to hiring residents from designated zip codes
2. Purchasing locally - Design-Build team will commit and encourage trade partners and craft workers to purchase local goods and services
3. Invest Locally - Design-Build team is sensitive and aware of the importance of investing locally; positively affecting local communities
4. Volunteering locally - Design-Build team will engage its employees in local volunteering opportunities

This will result in a project that strives to exceed projected goals and contributes to the long-term success of Sacramento residents and the Sacramento business community.

GOALS

Outreach.

Workforce Development. Design-Build team will seek to hire new local workforce hires amounting to at least 25 percent of all new hires across all trades to the project. To manage the local workforce efforts and metrics, the Design-Build team will assist its trade partners in identifying qualified and trained construction trade professionals and dispatch them to the project accordingly.

Diverse Business Spending. The Design-Build team will support UC Davis Health's AIM procurement goal by allocating 25 percent of its addressable spending to purchase goods and services from local, small, and diverse businesses on this project. The following goals will be established to ensure consistent commitment to diversity and inclusion throughout the project:

- A goal to achieve ten percent minimum for all trade partners regardless of the trade partner's diversity classification.
- Ten percent minimum goal be established for all change orders resulting in an increase in scope and contract value.
- Ten percent minimum goal be established for all alternates resulting in an increase in scope and contract value.

Stakeholders and Key Agencies. The Design-Build team brings together a unique set of partners to leverage skills, perspectives, and networks. The advisory committee consists of representatives from:

- National Association of Minority Contractors-Northern California (NAMC)
- Sacramento Valley Small Business Development Center (SBDC)
- Northern California Construction Training (NCCT)
- California Disabled Veteran Business Alliance
- Sacramento Rainbow Chamber of Commerce
- National Minority Supplier Development Council (NMSDC)
- Women's Business Enterprise National Council (WBENC)
- California Workforce Association (CWA)
- Las Flores High School (Sacramento Unified School District)

KEY AREAS OF ENGAGEMENT

The Design-Build team's community engagement plan is focused on key areas that advance UC Davis' vision and mission for the UC Davis Health-Sacramento Ambulatory Surgery Center project.

- **Outreach + Communication + Workforce Development:** The project will seek to hire from the UC Davis Anchor Institution Mission Communities, which reside in the following zip codes: 95817, 95820, 95824, 94828, 95811, 95814, 95815, 95822,

95823, and 95838. In collaboration with NCCT, the team will participate in programs that provide a pathway to careers in the construction industry. UC Davis will promote workforce development initiatives that improve economic outcomes for residents.

Diverse Business Plan Objectives

This small and diverse business plan further defines team activities from contract award to project closeout that follows the following six program objectives.

1. Plan for Success – the Design-Build team will collaborate with UC Davis Health to tailor trade packages to maximize diverse business participation.
2. Inform the Sacramento Community - The purpose of the Design-Build team’s outreach is to stimulate interest in the project. The Design-Build team will advertise in local, statewide, and minority media publications such as Sac Cultural Hub; Sacramento Bee Equity Lab; Latino Times; Sacramento Business Journal, Comstock; and Sacramento Magazine. The Design-Build team will use databases from the UC Davis Health System, municipal entities, as well as its in-house sub and vendor database to identify companies for prequalification and bidding. The Design-Build team will follow up with phone calls to verify participation and document responses.
3. Prequalify the Best Trade Partners – The Design-Build team’s outreach and prequalification efforts are designed to maximize opportunities for diverse businesses that deliver the best service and quality. The Design-Build team assists diverse businesses in completing prequalification documents and will not reject any business, diverse or otherwise, without documented reasons based on past performance, capacity, references, and experiences.
4. Identify Trade Partner Needs + Reduce Barriers to Participation - A thorough prequalification provides the Design-Build team with valuable information on the trade partner’s strengths, weaknesses, and needs. Once the Design-Build team knows a trade partner’s specific needs, the Design-Build team can aid and reduce or eliminate barriers to participation in the project. Consideration will be given to breaking down bid packages into smaller work units to encourage participation from diverse businesses. The Design-Build team will facilitate partnerships between tier one firms and lower tier trade partners. When necessary, the Design-Build team will work with diverse businesses to make accelerated payments to help meet their cash flow demands.
5. Train + Educate - the Design-Build team will educate the contracting community on the specific details of the UC Davis Health-Sacramento Ambulatory Surgery Center project. The Design-Build team will sponsor training to address any administrative and/or technical deficiencies identified in the prequalification process such as pay applications, safety, scheduling, estimating, etc.
6. Monitor + Review - the Design-Build team will provide monthly diversity and community engagement reports to UC Davis Health for review. The Design-Build team leadership will maintain close contact with the project team to monitor the performance of diverse businesses working on the project and offer necessary guidance to aid in each firm’s successful completion of the project. After project

completion, they will issue a final project participation report and meet with the team to discuss results.

Good Faith Efforts

The Design-Build team small and diverse business plan will be executed in full accordance with the UC Davis Health System guidelines, including adopted Good Faith Effort requirements. These Good Faith Effort requirements are contractually extended to all tier one trade partners on the project. Trade partners found to be non-compliant with good faith effort requirements and/or unable to provide proper support documentation of good faith effort requirements will be reported to the UC Davis Health System Supplier Diversity Officer.