

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, LANGLEY PORTER PSYCHIATRIC INSTITUTE BUILDINGS DEMOLITION FOR THE NEW HOSPITAL AT PARNASSUS HEIGHTS, SAN FRANCISCO CAMPUS

EXECUTIVE SUMMARY

UCSF Health proposes a project to demolish four buildings currently located on the site of the planned New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights (New Hospital). The New Hospital is critical to address the seismic improvement need for acute inpatient care and outdated clinical facilities that lack the capacity to accommodate the growing need for tertiary and quaternary care, as well as the overall aging patient population.

The project site for the New Hospital is currently occupied by the Langley Porter Psychiatric Hospital and Clinics at the corner of Parnassus Avenue and Medical Center Way. Four buildings (Langley Porter Psychiatric Institute (LPPI), LPPI Butler, LPPI Outpatient Center, and LPPI Paint Shop) need to be demolished before constructing the New Hospital. Demolition of the LPPI buildings would be implemented along with its site and make-ready work.

As of November 2021, the Regents approved total preliminary plans funding of \$177.1 million for the New Hospital project and working drawings funding of \$24.9 million for the Site and Make-Ready portion of the project. The preliminary plans funding (\$2 million) and working drawings funding (\$1.5 million) for the LPPI Buildings Demolition project were included in the prior budget actions for the New Hospital. The total budget for the LPPI Buildings Demolition project includes the \$3.5 million for preliminary plans and working drawings (previously approved by the Regents), and the total budget for the New Hospital has been reduced accordingly.

The Regents are being asked to: (1) approve the full budget of \$33,729,000 to be funded from external financing; (2) approve the project scope; (3) approve external financing totaling \$33,729,000;¹ (4) adopt the California Environmental Quality Act Findings; and (5) approve the

¹ UCSF is seeking approval of total external financing of \$2.7 billion for the New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights, including \$33,729,000 for the LPPI Buildings Demolition project and

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: San Francisco: Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights – preliminary plans and working drawings – \$3.5 million funded from external financing.
- To: San Francisco: Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights – preliminary plans, working drawings, and construction – \$33,729,000 funded from external financing.
- B. The scope of the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project includes interior abatement and demolition of four buildings (combined total of 109,065 gross square feet) located on the planned site of the New Hospital at Parnassus Heights. The four buildings are the Langley Porter Psychiatric Institute (LPPI), LPPI Butler, LPPI Outpatient Center, and LPPI Paint Shop.
- C. The President be authorized to obtain external financing for the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project in an amount not to exceed \$33,729,000 plus additional related financing costs. 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, general revenues from UCSF Health shall be maintained in an amount 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.

\$2,666,271,000 for the New Hospital that is also on the agenda for this meeting. The \$2.7 billion of external financing is analyzed in Attachment 2, Summary of Financial Feasibility. Preliminary plans funding and working drawings funding for the LPPI Buildings Demolition was included in the budget actions taken by the Regents for preliminary plans funding for the New Hospital project and working drawings funding for the Site and Make-Ready work elements of the New Hospital project. The budget for the LPPI Buildings Demolition project was removed from the budget action for the New Hospital that is on the agenda for this meeting and is included in this action.

- D. Following review and consideration of the environmental consequences of the proposed Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:
- (1) Adopt the CEQA Findings for the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project.
 - (2) Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of the San Francisco campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Comprehensive Parnassus Heights Plan Final Environmental Impact Report and the 2014 Long Range Development Plan Final Environmental Impact Report.
 - (3) Approve the design of the Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights project, San Francisco campus.
- E. The President, in consultation with the General Counsel, be authorized to execute all documents necessary in connection with the above.

PROJECT DESCRIPTION AND DESIGN ELEMENTS

The proposed New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights (New Hospital) is planned to be constructed on a site currently occupied by the Langley Porter Psychiatric Hospital and Clinics, at the corner of Parnassus Avenue and Medical Center Way. Four buildings (Langley Porter Psychiatric Institute (LPPI), LPPI Butler, LPPI Outpatient Center, and LPPI Paint Shop) need to be demolished with the other site and make-ready work planned for the New Hospital.

The LPPH&C outpatient clinics have been relocated to the Nancy Friend Pritzker Psychiatry Building, adjacent to the Mission Bay campus site at 2130 Third Street. The inpatient and partial hospitalization programs will be relocated to the seventh floor of the Main Hospital Buildings A and B at the Mount Zion campus site, in early 2023, following the completion of a separate renovation project.

Interior abatement and demolition of the LPPI buildings would be implemented with the site and make-ready elements of the New Hospital, for which the Regents approved the scope in November 2021.

Sustainability

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

The project includes sustainable measures such as a construction waste management plan to divert construction and demolition debris from the landfill.

Project Delivery and Schedule

In November 2019, the Regents approved the use of the Integrated Form of Agreement (IFOA), an Integrated Project Delivery method, for the New Hospital. The planning and demolition of the LPPI buildings are included in the New Hospital's IFOA. (Additional information about this delivery method can be found in the separate New Hospital item that is on the agenda for this meeting.)

Interior abatement and demolition of the space vacated by the LPPI outpatient clinics are planned to begin in summer 2022; the remaining interior abatement and demolition of the buildings themselves would occur in summer 2023, following the relocation of the inpatient and partial hospitalization programs. Demolition of the LPPI buildings is planned to be completed in fall 2023.

UCSF's Commitment to Community

With deep roots in San Francisco, reaching back to its founding in 1864, UCSF is committed to meeting the community's growing health needs and contributing to the Bay Area's economic vitality. UCSF's New Hospital, including the demolition of the LPPI buildings, will leverage UCSF's Anchor Institution Initiative, a landmark Community Workforce Agreement with Labor, and a Memorandum of Understanding with the City and County of San Francisco to deliver economic benefits to the community it calls home. Details about UCSF's commitment to the community can be found in the action item for the New Hospital that is on the agenda for this meeting.

FUNDING PLAN AND FINANCIAL FEASIBILITY

The proposed budget is \$33,729,000 to be funded from external financing. (Refer to Attachment 1, Project Sources and Uses.)

As of June 30, 2021, UCSF Health had a 13.2 percent modified net income margin, 11.6x modified debt service coverage, and 168 days' cash on hand. Modified net income margin and modified debt service coverage include the adjustments allowed under the University Debt

Policy.

Over the ten-year projection period, modified net income margin is projected to range from a low of eight (8.0) percent to a high of 9.3 percent, above the minimum requirement of equal to or greater than zero percent. Modified debt service coverage is projected to range from a low of 5.2x to a high of 8.2x, above the minimum requirement of equal to or greater than 3x. Days' cash on hand is projected to range from a low of 154 days to a high of 226 days, above the minimum requirement which ranges from 60 to 90 days during the projection period.

Additional information may be found in Attachment 2, Summary of Financial Feasibility, and Attachment 3, UCSF Health System – Projected Financial Performance.

CEQA COMPLIANCE

The Langley Porter Psychiatric Institute Buildings Demolition project has been evaluated in the 2014 Long Range Development Plan Final Environmental Impact Report (Attachment 6) and the Comprehensive Parnassus Heights Plan Final Environmental Impact Report (Attachment 7). 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 2014 LRDP EIR and CPHP EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects (Attachment 8).

KEY TO ACRONYMS

CEQA	California Environmental Quality Act
CPHP	Comprehensive Parnassus Heights Plan
FEIR	Final Environmental Impact Report
IFOA	Integrated Form of Agreement
LPPH&C	Langley Porter Psychiatric Hospital and Clinics
LPPI	Langley Porter Psychiatric Institute
New Hospital	New Hospital at UCSF Helen Diller Medical Center at Parnassus Heights

ATTACHMENTS

Attachment 1:	Project Sources and Uses
Attachment 2:	Summary of Financial Feasibility
Attachment 3:	UCSF Health System – Projected Financial Performance
Attachment 4:	Project Location Map
Attachment 5:	Design Graphics

Attachment 6:	2014 Long Range Development Plan Final Environmental Impact Report https://campusplanning.ucsf.edu/sites/campusplanning.ucsf.edu/files/reports/UCSF%202014%20LRDP%20Final%20EIR.pdf
Attachment 7:	Comprehensive Parnassus Heights Plan Final Environmental Impact Report Vol 1: https://ucsf.app.box.com/v/parnassus-heights-plan/file/935750449791 Vol 2: https://ucsf.app.box.com/v/parnassus-heights-plan/file/937160868246 Supplemental: https://ucsf.app.box.com/v/parnassus-heights-plan/file/937165067511 Errata: https://ucsf.app.box.com/v/parnassus-heights-plan/file/937165587937
Attachment 8:	CEQA Findings

PROJECT SOURCES AND USES

**LANGLEY PORTER PSYCHIATRIC HOSPITAL BUILDINGS DEMOLITION FOR
THE NEW HOSPITAL AT PARNASSUS HEIGHTS**

SOURCES

Sources	Total	% of Total¹
External Financing	\$33,729,000	100%
Total Sources	\$33,729,000	100%

USES

Cost Category	Total	% of Total
Site Clearance	\$26,685,000	79.1%
Building ²	\$1,326,000	3.9%
Exterior Utilities	-	-
Site Development	-	-
A/E Fees ³	\$3,603,000	10.7%
Campus Administration ⁴	\$400,000	1.2%
Surveys, Tests, Plans ⁵	\$400,000	1.2%
Special Items ⁶	\$293,000	0.9%
Contingency	\$1,022,000	3.0%
Total P-W-C	\$33,729,000	100.0%
Group 2 & 3 Equipment	-	
Project Total Uses	\$33,729,000	
Interest During Construction ⁷	-	
Grand Total	\$33,729,000	

PROJECT STATISTICS

Gross Square Feet (GSF)	109,065
Building Cost/GSF	\$12
P-W-C Cost/GSF	\$309

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

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

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

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

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

⁶ Special Items include pre-design studies, CEQA documentation, peer reviews, hazardous material, environmental testing, and Environmental Health and Safety reviews.

⁷ UCSF Health plans to utilize income generated from current operations and hospital reserves in order to pay for interest incurred during the construction period. The projection assumes no incremental debt financing associated with the New Hospital beyond the \$2.7 billion in external financing.

SUMMARY OF FINANCIAL FEASIBILITY

SAN FRANCISCO HEALTH			
Project Name	New Hospital at Helen Diller Medical Center at Parnassus Heights	Langley Porter Psychiatric Institute Buildings Demolition for the New Hospital at Parnassus Heights	Combined Total
Project ID	9950616	9950749	-
Total Estimated Project Cost	\$4,332,271,000	\$33,729,000	\$4,366,000,000
Anticipated Interest During Construction (included in the total estimated project cost)	-	-	-

PROPOSED SOURCES OF FUNDING			
External Financing	\$2,666,271,000	\$33,729,000	\$2,700,000,000
Gift Funds	\$1,200,000,000	-	\$1,200,000,000
Hospital Reserves	\$466,000,000	-	\$466,000,000
Total	\$4,332,271,000	\$33,729,000	\$4,366,000,000

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

FINANCING ASSUMPTIONS	
External Financing Amount	\$2,700,000,000
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 2031 (Principal)
Term (e.g., 30 years; indicate if any years interest only)	35 years (interest only FY 2023 – FY 2030)
Final Maturity (e.g., FY 20XX)	FY 2059
Estimated Average Annual Debt Service ¹	\$160,687,000 estimated average principal and interest payments for FY 2031 – FY 2059; \$101,203,000 estimated average interest payments for FY 2023 – FY 2030

¹ Reflects principal and interest payments assuming interest only during construction and principal commencing in FY 2031

MED CENTER FINANCING BENCHMARKS			
Measure	Med Center Metric	Approval Threshold	Requirement
Modified Net Income Margin*	8.0% (min), FY 22	≥ 0.0%	Must Meet
Modified Debt Service Coverage*	5.2x (min), FY 25	≥ 3x	
Days Cash on Hand	154 days, FY 29	≥ 90 days (effective July 2025)	

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

**UCSF HEALTH SYSTEM
PROJECTED FINANCIAL PERFORMANCE**

Material Financial Disclosures and Assumptions – Fiscal Years 2022 - 2032

Included in this attachment is an overview of the consolidated UCSF Health financial projections and a summary of the key projection assumptions.

The UCSF Health financial projections are based on the Ten-Year Plan (TYP) as approved in fall 2021 and have been supplemented with financial projections for the New Hospital, which is scheduled to open in FY 2031.

The projections include \$3.2 billion in overall debt financing assumed to finance major capital projects including the New Hospital (\$2.7 billion in debt) and the BCH Oakland Master Plan Phase 2 (\$0.5 billion in debt).

Throughout the planning period, UCSF Health's consolidated modified net income margin is projected to range from a low of eight (8.0) percent to a high of 9.3 percent, above the minimum requirement of equal to or greater than zero percent. Modified debt service coverage is projected to range from a low of 5.2x to a high of 8.2x, above the minimum requirement of equal to or greater than 3x. Days' cash on hand is projected to range from a low of 154 days to a high of 226 days, above the minimum requirement which ranges from 60 to 90 days during the projection period.

UCSF Health Baseline Assumptions

UCSF Health baseline projections assume FY 2022 budget as the base year for projections going forward. Projections for FY 2023 and beyond are based on the TYP. Key assumptions related to operating revenues and operating expenses are outlined below.

- Operating Revenue is projected to increase annually, on average, by 6.7% from FY 2022 through FY 2032
 - Inpatient volumes are forecast to increase annually by 2.8 percent. Inpatient volumes are impacted by capacity constraints at UCSF Medical Center in FY 2025. These are offset by outpatient volume increases of 5.1 percent (CAGR) through the projection period and differentially higher Tertiary and Quaternary volume growth for favorable revenue rate increases.
 - Commercial mix is modeled to decline by 0.25 percent annually for the UCSF Medical Center and Faculty Practice through the projection period. Other business entities modeled a consistent commercial mix through the projection period.

- Other Revenues (including Retail Pharmacy) are forecast to increase by 1.9 percent annually on average.
- Operating Expense is projected to increase annually, on average, by 6.5 percent from FY 2022 through FY 2032.
 - Labor FTE increases were modeled at 50 percent of the rate of volume, yielding annual FTE/AOB efficiencies of 0.9 percent.
 - Overall operating expense per adjusted discharge (excluding labor costs) increases 1.7 percent annually.

UCSF Health New Hospital Assumptions

The proposed New Hospital would be a state-of-the-art facility that addresses the capacity limitations, seismic concerns, and inefficiencies of the existing hospital. The New Hospital would allow UCSF Health to stay competitive by modernizing the existing Parnassus facilities. The New Hospital would be architecturally outstanding, energy efficient, seismically sound, and environmentally sustainable. Further, the New Hospital would support UCSF Health's desire to address capacity issues, grow the tertiary and quaternary inpatient business, perform clinical research, and provide premier care to the San Francisco Bay Area.

Project Timing and Volumes

- The New Hospital is projected to open in FY 2031. As such, the pro-forma impact of the New Hospital has been included in the projections for FY 2031 – 2032.
- Assumes 183 net new licensed beds which are projected to generate 4,724 incremental inpatient discharges, 24,178 incremental outpatient visits, and an incremental Modified EBIDA of ~\$56 million in Year 1 (FY 2031)
- Incremental volumes and Modified EBIDA are projected to ramp up in Year 2 (FY 2032) reaching 6,202 incremental inpatient discharges, 25,720 incremental outpatient visits, and incremental Modified EBIDA of ~\$110 million.
- The incremental inpatient volumes for the New Hospital in FY 2031 and 2032 are expected to result in inpatient occupancy levels in the mid-80 percent level for the Parnassus campus and in the low-80 percent level for the UCSF Medical Center campuses as whole.
- By Year 3 (FY 2033), the incremental Modified EBIDA generated by the New Hospital is anticipated to fully cover the annual interest expense on the \$2.7 billion in debt incurred for the New Hospital.

Revenue Assumptions

- The Inpatient Net Revenue annual inflation rate of 2.2 percent assumes the existing hospital inflation rates from UCSF Health TYP of 2.4 percent adjusted for service mix
- The Outpatient Net Revenue annual inflation rate of 3.2 percent assumes the existing hospital inflation rates from the UCSF Health TYP of 2.7 percent adjusted for service mix

Expense Assumptions

- Direct salaries expense was projected on a per case basis and inflated at 3.8 percent per year for FY 2031 - 2032
- Direct non-salaries expenses were projected on a per case basis and inflated at four (4.0) percent per year for FY 2031 – 2032
- New facility fixed costs were estimated at \$60 per square foot including (but not limited to) professional fees, special service fees, utilities, and insurance
- Based on historical experience, overhead (shared service) costs of ten percent of incremental net revenue
- One-time transition costs of ~\$20 million during FY 2031 (~\$16 million) and 2032 (~\$4 million) were based on UCSF Health prior experience opening the Mission Bay hospital in FY 2015 (adjusted for inflation and relative square footage)

Capital / Debt Assumptions

- Debt is forecasted as follows: \$1 billion in FY 2022; \$1 billion in FY 2025, and \$700 million in FY 2027. The debt is projected to have a 35-year term and an interest rate of 4.25 percent. The projected debt forecast represents a conservative estimate that assumes a heavy debt burden early in the projection period.
- The debt is projected to be interest only through the construction period. The average annual interest payments for FY 2023 – FY 2030 are estimated to be \$101.2 million.
- The average annual principal and interest payments from FY 2031 – FY 2059 are estimated to be \$160.7 million.
- The remainder of the New Hospital will be funded through hospital reserves of \$466 million and Gifts Funds of \$1.2 billion

**UCSF Health
Projected Patient Volumes**

	FY22 Budget	FY23 Projection	FY24 Projection	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection	FY32 Projection
Patient Volumes											
Inpatient Discharges	44,176	47,048	49,519	50,892	50,969	51,040	51,098	51,352	51,613	56,488	58,117
Inpatient Patient Days	293,580	307,117	319,382	326,570	327,215	327,331	327,396	328,846	330,341	361,541	371,968
Outpatient Visits	991,906	1,046,529	1,089,315	1,129,574	1,171,752	1,227,238	1,291,882	1,360,583	1,433,624	1,543,337	1,637,243

UCSF Health
Projected Financial Performance
Statement of Revenues and Expenses

(\$ in Thousands)	FY22 Budget	FY23 Projection	FY24 Projection	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection	FY32 Projection
Operating Revenue											
Net Patient Revenues	5,749,327	6,298,907	6,854,841	7,270,286	7,614,735	8,049,787	8,460,979	8,929,262	9,422,404	10,528,127	11,264,710
Other Revenues	355,569	356,196	342,624	347,480	354,652	357,598	375,112	393,723	400,978	404,883	408,824
Total Operating Revenues	6,104,896	6,655,103	7,197,465	7,617,766	7,969,387	8,407,384	8,836,091	9,322,985	9,823,382	10,933,010	11,673,534
Operating Expenses											
Operating Expense	5,391,440	5,817,347	6,225,794	6,590,876	6,897,308	7,278,133	7,650,776	8,074,077	8,509,130	9,492,210	10,143,478
Depreciation	226,932	227,566	245,052	257,926	267,079	263,935	265,424	325,268	380,905	380,653	394,444
Modified Operating Expenses	5,618,372	6,044,913	6,470,846	6,848,803	7,164,387	7,542,068	7,916,200	8,399,345	8,890,034	9,872,864	10,537,922
Net Modified Operating Income (Loss)	486,524	610,189	726,619	768,964	805,001	865,316	919,890	923,640	933,348	1,060,147	1,135,611
Interest Expense	(76,133)	(121,624)	(156,800)	(192,249)	(191,262)	(191,484)	(193,932)	(197,731)	(202,418)	(204,279)	(204,066)
Other Non-Operating Income (Expense)	76,044	72,441	77,226	83,805	89,043	93,342	97,851	102,745	110,232	121,179	134,797
Modified Net Income¹	486,435	561,006	647,045	660,520	702,782	767,175	823,810	828,654	841,162	977,047	1,066,342

¹ Modified Net Income excludes non-cash pension and OPEB expenses as allowed under the University Debt Policy. Amounts include the estimated impact of GASB 87 (new lease accounting standard effective FY22).

Opex FY22 has OPEB Implicit Subsidies in Non-cash. No impact to FY23 and subsequent years.

UCSF Health System Projected Financial Performance - Page 6

UCSF Health
Projected Financial Performance
Statement of Net Assets

(\$ in Thousands)	FY22 Budget	FY23 Projection	FY24 Projection	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection	FY32 Projection
Assets											
Current Assets											
Cash and Unrestricted Investments	\$2,339,582	\$2,491,701	\$2,829,878	\$3,369,864	\$3,688,050	\$4,027,853	\$4,349,859	\$3,416,799	4,382,903	5,408,957	6,269,777
Net Accounts Receivable and Other Receivables	932,637	1,019,832	1,109,107	1,177,900	1,234,780	1,305,131	1,372,669	1,449,438	1,530,483	1,619,214	1,711,708
Other Current Assets	179,105	207,810	228,023	262,848	266,834	271,591	276,565	281,996	287,693	293,834	300,380
Total Current Assets	3,451,324	3,719,344	4,167,008	4,810,612	5,189,664	5,604,574	5,999,093	5,148,233	6,201,080	7,322,005	8,281,864
Other Assets											
Investments	26,125	26,125	26,125	26,125	26,125	26,125	26,125	26,125	26,125	26,125	26,125
Restricted Cash	538,892	1,018,817	1,489,664	2,534,304	2,227,254	1,778,943	1,159,632	472,631	329,320	256,903	258,003
Other Long Term Assets and Deferred Outflows	1,395,142	1,396,105	1,397,116	1,398,178	1,649,292	1,900,463	2,251,691	2,602,982	2,604,336	2,605,759	2,607,253
Total Other Assets	1,960,159	2,441,047	2,912,905	3,958,607	3,902,671	3,705,531	3,437,448	3,101,738	2,959,781	2,888,787	2,891,381
PPE, Net	2,902,239	3,358,228	3,845,072	4,143,412	4,518,209	5,072,524	5,788,109	7,812,927	7,849,354	7,804,986	7,903,542
Total Assets and Deferred Outflows	8,313,722	9,518,618	10,924,985	12,912,631	13,610,544	14,382,630	15,224,651	16,062,898	17,010,215	18,015,778	19,076,787
Liabilities and Net Assets											
Current Liabilities											
Accounts Payable	701,055	690,567	737,927	781,047	815,691	858,109	901,894	950,020	1,000,477	1,054,965	1,117,805
Current Portion of Long Term Debt	21,056	21,803	22,458	23,278	24,142	25,087	26,069	27,090	80,558	83,890	87,361
Third Party Settlements, net	403,825	403,909	404,324	404,338	404,364	404,587	404,816	405,051	405,292	405,541	405,797
Other Current Liabilities	151,516	151,790	151,807	151,831	151,857	151,867	151,882	151,896	151,912	151,927	151,945
Total Current Liabilities	1,277,452	1,268,069	1,316,517	1,360,494	1,396,055	1,439,650	1,484,661	1,534,057	1,638,240	1,696,324	1,762,908
Long Term Liabilities											
Long Term Debt	1,419,161	2,237,257	3,064,799	4,391,521	4,367,378	4,342,291	4,316,223	4,289,133	4,208,574	4,124,684	4,037,323
Other Long Term Liabilities and Deferred Inflows	6,040,384	6,022,174	5,994,114	5,969,591	5,940,809	5,913,357	5,890,505	5,872,688	5,860,421	5,850,703	5,847,187
Total Long Term Liabilities and Deferred Inflows	7,459,545	8,259,431	9,058,913	10,361,112	10,308,187	10,255,649	10,206,728	10,161,821	10,068,996	9,975,388	9,884,510
Net Assets	(423,276)	(8,882)	549,555	1,191,024	1,906,302	2,687,331	3,533,262	4,367,020	5,302,979	6,344,066	7,429,369
Total Liabilities and Net Assets	8,313,721	9,518,618	10,924,985	12,912,631	13,610,544	14,382,630	15,224,650	16,062,898	17,010,215	18,015,778	19,076,787

**UCSF Health
Projected Financial Performance
Statement of Cash Flows**

(\$ in Thousands)	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Sources of Cash											
Modified Net Income	486,435	561,006	647,045	660,520	702,782	767,175	823,810	828,654	841,162	977,047	1,066,342
Depreciation	226,932	227,566	245,052	257,926	267,079	263,935	265,424	325,268	380,905	380,653	394,444
Long Term Debt Proceeds	160,100	839,900	850,000	1,350,000	-	-	-	-	-	-	-
Other Sources (Uses) of Cash	(104,175)	(165,785)	(117,680)	(44,636)	(267,400)	(264,768)	(351,959)	(364,004)	81,176	52,899	13,951
Total Sources of Cash	769,291	1,462,687	1,624,418	2,223,810	702,461	766,342	737,275	789,918	1,303,243	1,410,599	1,474,737
Uses of Cash											
Change in Working Capital	(\$325,885)	(\$126,030)	(\$61,695)	(\$60,460)	(\$26,170)	(\$32,457)	(\$28,484)	(\$33,825)	(\$36,027)	(\$40,119)	(\$35,927)
Property, Plant, and Equipment	(550,138)	(683,555)	(731,896)	(556,267)	(641,876)	(818,250)	(981,009)	(2,350,085)	(417,332)	(336,285)	(493,000)
Long Term Debt Principal Repayments	(19,978)	(21,056)	(21,803)	(22,458)	(23,278)	(24,142)	(25,087)	(26,069)	(27,090)	(80,558)	(83,890)
Total Uses of Cash	(896,001)	(830,641)	(815,394)	(639,185)	(691,324)	(874,849)	(1,034,580)	(2,409,979)	(480,449)	(456,962)	(612,817)
Beginning Unrestricted and Restricted Cash and Investments											
	3,005,183	2,878,474	3,510,518	4,319,542	5,904,168	5,915,304	5,806,796	5,509,491	3,889,430	4,712,223	5,665,860
Cash Provided (Used)											
	(126,710)	632,046	809,024	1,584,625	11,137	(108,507)	(297,305)	(1,620,061)	822,794	953,637	861,920
Ending Unrestricted and Restricted Cash and Investments											
	2,878,473	3,510,520	4,319,542	5,904,168	5,915,304	5,806,796	5,509,491	3,889,430	4,712,224	5,665,860	6,527,780
Ending Cash Balance Detail											
Cash and Unrestricted Investments	2,339,582	2,491,701	2,829,878	3,369,864	3,688,050	4,027,853	4,349,859	3,416,799	4,382,903	5,408,957	6,269,777
Restricted Cash	538,892	1,018,817	1,489,664	2,534,304	2,227,254	1,778,943	1,159,632	472,631	329,320	256,903	258,003
Unrestricted and Restricted Cash and Investments	2,878,474	3,510,518	4,319,542	5,904,168	5,915,304	5,806,796	5,509,491	3,889,430	4,712,223	5,665,860	6,527,780

UCSF Health System Projected Financial Performance - Page 8

**UCSF Health
Projected Financial Performance
Key Financial Ratios**

(Annual \$ Amounts in thousands)	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Modified Net Income Margin											
Operating Revenue	6,104,896	6,655,103	7,197,465	7,617,766	7,969,387	8,407,384	8,836,091	9,322,985	9,823,382	10,933,010	11,673,534
Modified Net Income ¹	486,435	561,006	647,045	660,520	702,782	767,175	823,810	828,654	841,162	977,047	1,066,342
Modified Net Income Margin %	8.0%	8.4%	9.0%	8.7%	8.8%	9.1%	9.3%	8.9%	8.6%	8.9%	9.1%
Modified Debt Service Coverage											
Debt Service Coverage EBIDA											
Modified Net Income ¹	486,435	561,006	647,045	660,520	702,782	767,175	823,810	828,654	841,162	977,047	1,066,342
Interest	76,133	121,624	156,800	192,249	191,262	191,484	193,932	197,731	202,418	204,279	204,066
Depreciation	226,932	227,566	245,052	257,926	267,079	263,935	265,424	325,268	380,905	380,653	394,444
Modified Debt Service Coverage EBIDA	789,500	910,196	1,048,897	1,110,695	1,161,122	1,222,593	1,283,165	1,351,653	1,424,485	1,561,979	1,664,852
Debt Service											
Interest Payment	76,133	121,624	156,800	192,249	191,262	191,484	193,932	197,731	202,418	204,279	204,066
Scheduled Principal Payments	19,978	21,056	21,803	22,458	23,278	24,142	25,087	26,069	27,090	80,558	83,890
Debt Service	96,111	142,680	178,603	214,707	214,540	215,626	219,019	223,800	229,508	284,837	287,956
Modified Debt Service Coverage Ratio¹	8.2	6.4	5.9	5.2	5.4	5.7	5.9	6.0	6.2	5.5	5.8
Days Cash on Hand											
Cash and Unrestricted Investments	2,339,582	2,491,701	2,829,878	3,369,864	3,688,050	4,027,853	4,349,859	3,416,799	4,382,903	5,408,957	6,269,777
Total Operating Expenses Excluding Depreciation	5,391,440	5,817,347	6,225,794	6,590,876	6,897,308	7,278,133	7,650,776	8,074,077	8,509,130	9,492,210	10,143,478
Average Daily Operating Expense	14,771	15,938	17,057	18,057	18,897	19,940	20,961	22,121	23,313	26,006	27,790
Days Cash on Hand	158	156	166	187	195	202	208	154	188	208	226

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

PROJECT LOCATION MAP



