

# F1D

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

## ACTION ITEM – CONSENT

*For Meeting of May 15, 2024*

**RONALD REAGAN UCLA MEDICAL CENTER FOURTH FLOOR PATIENT CARE RECONFIGURATION, UCLA HEALTH, LOS ANGELES CAMPUS: BUDGET, SCOPE, EXTERNAL FINANCING, AND DESIGN FOLLOWING AN EXEMPTION DETERMINATION PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

### **EXECUTIVE SUMMARY**

UCLA Health proposes to convert the west, east, and north units of the fourth floor of Ronald Reagan UCLA Medical Center from “Behavioral Health” to “General Medical and General Surgical Acute Care” spaces to better meet current demands for acute medical care by expanding inpatient bed capacity. The Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration project would accommodate approximately 103 beds in 90 rooms to alleviate ongoing over-capacity conditions. The project supports diversity, equity, and inclusion by expanding patient care access and the quality of health care for the community. The project will be designed to meet or exceed all University of California sustainability policies.

In September 2023, the Regents approved \$9 million of preliminary plans funding from hospital reserves. The Regents are being asked to: (1) approve the full project budget of \$169 million to be funded by external financing; (2) approve the project scope; (3) approve \$169 million in external financing; (4) determine that the project is categorically exempt from the California Environmental Quality Act; and (5) approve the project’s design.

### **RECOMMENDATION**

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

- A. The 2023-24 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health – preliminary plans – \$9 million to be funded with hospital reserves.

- To: Los Angeles: Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health – preliminary plans, working drawings, construction, and equipment – \$169 million, to be funded by external financing.
- B. The scope of the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health project be approved. The project shall provide approximately 103 inpatient beds. The project would add a new patient unit on the south side of the building and expand the north unit.
- C. The President be authorized to obtain external financing in an amount not to exceed \$169 million plus additional related financing costs to finance the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:
- (1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.
  - (2) As long as the debt is outstanding, the general revenues of UCLA Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
  - (3) The general credit of the Regents shall not be pledged.
  - (4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.
- D. Following review and consideration of the environmental consequences of the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health 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) Determine that the project is categorically exempt from CEQA.
  - (2) Approve the design of the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration project, UCLA Health, Los Angeles campus.

## **BACKGROUND**

### ***Past Regents Items***

In 2016, the Health Services Committee endorsed a proposal for the construction of a new 156-bed patient tower at Ronald Reagan UCLA Medical Center (RRUMC) to address severe capacity constraints. However, given the serious need to expand access to care, UCLA Health has instead pursued more immediate and cost-effective alternatives, such as acquiring existing healthcare facilities throughout the region and repurposing existing spaces to meet pressing needs.

In December 2020, UCLA Health acquired the Olympia Medical Center hospital facility, an adjacent medical office building, and a parking structure located near the intersection of San Vicente and Olympic Boulevards in Los Angeles. In November 2022, the Regents approved plans to renovate the Olympia Medical Center to create the UCLA Neuropsychiatric Replacement Hospital and relocate 74 inpatient psychiatric beds from the Resnick Neuropsychiatric Hospital (RNPH) located on the fourth floor of the RRUMC building. Construction of the replacement hospital is underway and anticipated to be complete by mid-2026.

In September 2023, the Regents approved \$9 million of preliminary plans funding from hospital reserves for the currently proposed RRUMC reconfiguration project.

### ***Project Context***

Opened in 2008, RRUMC is a 1.2-million-gross-square-foot (gsf) hospital facility with 446 licensed inpatient beds (with 90 dedicated to pediatric care), 23 operating rooms, and related patient care and support spaces. RRUMC has historically operated near 100 percent occupancy. Over the past 18 months, the inpatient capacity at RRUMC has reached new levels and the hospital has maintained occupancy between 107 and 112 percent of capacity. With this shortage of beds, patients “board” in locations throughout the hospital while awaiting placement. In particular, emergency department boarding has increased over the past three years from 92,000 hours in FY2020-21 to 214,000 hours in FY2022-23, and the average boarding time for inpatient admissions is now 26.9 hours per patient. Additionally, the volume of transfer requests from outside hospitals to RRUMC has increased above pre-COVID baselines.

Repurposing the fourth floor of the RRUMC facility for acute care is anticipated to be less costly, less environmentally impactful, and faster than new construction. The proposed project would expand inpatient capacity for UCLA Health and improve access to acute care services for the region.

As of January 1, 2022, UCLA Health formally established itself as an anchor institution by joining the Healthcare Anchor Network. UCLA Health is committed to proactively promoting the elimination of health inequities and addressing social and structural determinants of health across all patient populations. The proposed project would support UCLA Health’s commitment

to serving low-income populations in the community by expanding inpatient bed capacity and providing equitable access for Medi-Cal and Medicare patients.

**PROJECT DESCRIPTION**

*Project Overview*

The RRUMC Fourth Floor Patient Care Reconfiguration project involves the renovation of 67,464 gsf (40,169 assignable square feet (asf)) of the 115,600 gsf on the fourth floor to accommodate the proposed program. The project would retain and reuse as much of the existing infrastructure as possible while providing all code-required spaces and maintaining operational efficiencies. The renovations would address Americans with Disabilities Act compliance, building system upgrades and operating efficiencies, sustainability, safety, and security. The project would accommodate 103 licensed inpatient beds, a 23 percent increase in capacity at RRUMC.<sup>1</sup> This increase in beds will alleviate the ongoing over-capacity conditions, reduce patient boarding times, increase General Medical and General Surgical Acute Care (Med/Surg) capabilities, and improve healthcare services and access to care at RRUMC.

The proposed project would convert all three (north, east, and west) existing neuropsychiatric nursing units on RRUMC’s fourth floor to Med/Surg nursing units. A fourth unit will also be developed in the central area of the south side of the fourth floor (referred to as the “nose” of the floor, currently developed with offices and group rooms). This fourth unit may be operated either as an independent nursing unit or as part of the adjacent west unit. Patient beds will also be added within the northern bridge section of the fourth floor (referred to as the “neck” of the floor, currently developed with faculty offices).

The proposed program area of the project is summarized below:

**Table 1: Proposed Program Area Summary**

Unit	Patient Beds	Patient Rooms	Unit Support	Total	
	Count	asf	asf	asf	gsf
East	28	7,392	4,066	<b>11,458</b>	<b>18,129</b>
North + Neck	36	8,724	4,316	<b>13,040</b>	<b>22,620</b>
West	29	7,331	3,679	<b>11,010</b>	<b>19,953</b>
Nose	10	2,615	2,046	<b>4,661</b>	<b>6,762</b>
<b>Total</b>	<b>103</b>	<b>26,062</b>	<b>14,107</b>	<b>40,169</b>	<b>67,464</b>

<sup>1</sup> This increase reflects licensed beds at RRUMC only and does not account for the beds at RNPH relocated to the UCLA Neuropsychiatric Replacement Hospital. The net increase in beds when considering both licensed facilities (RRUMC and RNPH) would be 29 beds or less than six percent.

***Budget, Funding Plan, and Financial Feasibility***

The \$169 million total project budget would be funded by external financing. Additional information regarding project sources and uses is included in Attachment 1.

As of February 29, 2024, UCLA Medical Center has an 11.8 percent operating margin, 7.76x debt service coverage, and 228 days of cash on hand. These numbers exclude non-cash pension and non-cash Other Post-Employment Benefits expenses, as allowed by the University's Debt Policy. Over a five-year projection period, minimum days' cash on hand is projected to be greater than or equal to 90 days, meeting the University's Debt Policy requirements. Additional information regarding financial feasibility is included in Attachment 3.

***Project Delivery***

UCLA proposes utilizing the Construction Manager at Risk (CMAR) delivery method for this project. A CMAR team will be selected to provide pre-construction services such as cost estimating, scheduling, constructability, and risk analysis. The CMAR team will assist the campus in analyzing options for building systems as well as delivery options for early 'make ready' work to facilitate the timely delivery of the project.

When selecting the project team, consideration will be given to the candidate firm's policies and practices related to equity, diversity, and inclusion as defined by UCLA Health:

- Equity is when everyone has fair and just opportunities to achieve equitable outcomes regardless of their race, ethnicity, gender identity, sexual orientation, socioeconomic status, culture, national origin, religious beliefs, age, disability status, or political perspective.
- Diversity is a variety of personal experiences, values, and world views that arise from differences of culture and circumstance. Such differences include race, ethnicity, gender identity, sexual orientation, socioeconomic status, culture, national origin, religious beliefs, age, disability status, or political perspective. UCLA Health values and respects collective similarities and differences.
- Inclusion is when everyone feels welcomed, engaged, and valued.

***Project Schedule***

Construction is anticipated to begin in March 2026, with completion in October 2027. No further actions or approvals are anticipated for the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration project.

## PROJECT LAYOUT AND DESIGN

### *Project Layout*

The unit layouts would enhance patient care and operational efficiency. Nurse stations with a distributed centralized configuration would be positioned to optimize direct line-of-sight visibility of patient rooms while also allowing patient privacy. Private and semi-private patient rooms would be included. The east unit would feature a specialized airborne infectious isolation/biocontainment patient room with adjacent donning and doffing rooms.

Accommodation for patients with multiple morbidities, including behavioral health, would be included in the north unit. The floor configuration would minimize the travel distances for nurses who make frequent trips between patient rooms and support/utility spaces. Separated on-stage/off-stage circulation would be provided for efficient material distribution and patient/visitor flow. Greeters/Unit Secretaries would be located at the entry to all patient care units. The layout includes team rooms for nurses and residents, as well as multipurpose rooms for physicians, patients, education purposes, and conferences.

### *Project Design*

The overall layout, design elements, and materials would be selected to match existing conditions (where possible with current building codes and manufacturing practices) to ensure operational and aesthetic consistency with the other floors of the RRUMC.

### *Project Design and Physical Design Framework*

The UCLA Physical Design Framework (July 2009) guides the visual character and compatibility of campus development. The Framework's Physical Design Standards and Architectural Guidelines inform building materials, architectural implementation, and site character and context. The project involves interior renovations, with the only exterior component being a temporary construction lift, which will be removed upon construction completion. The Framework's Physical Design Standards and Architectural Guidelines are inapplicable except for implementing sustainable building practices.

### *Sustainability*

UCLA Health is a member of Practice Greenhealth, an international sustainable healthcare organization working to reduce environmental footprints and produce leaders in environmental health and justice. The project will meet or exceed applicable provisions of the UC Policy on Sustainable Practices, focusing on water efficiency, energy efficiency, climate protection, waste diversion, indoor air quality, and healthy construction materials. A full range of sustainability features and practices will be integrated into the project's design and operations, including those related to UCLA Health's membership in Practice Greenhealth.

***Long Range Development Plan***

The project would not involve a change in overall use as a medical center or an increase in gross floor area. Therefore, the project would not exceed or result in a change to the remaining development allocation for the Health Center zone established in the Long Range Development Plan (LRDP), as amended and approved by the Regents in January 2018, and subsequently amended and approved by the Executive Vice President and Chief Financial Officer in October 2018. The project also would support LRDP objectives related to providing healthcare services in the Los Angeles region, maximizing the use of the limited land resources on campus, and promoting environmental sustainability and stewardship.

Likewise, the project would support UCLA's Strategic Plan goals to deepen engagement with Los Angeles by expanding access to world-class healthcare services, enhancing research activities, and elevating teaching through physical and technological improvements within a teaching hospital, and becoming a more effective institution through modernization and more efficient operations.

***Construction Activities and Hospital Activities***

Construction activities would occur primarily during daytime hours, and any off-hour work would occur in compliance with campus policies. To minimize disruption to ongoing hospital operations during construction, contractor personnel and material access to the project site would occur via an exterior construction lift to be erected on the north side of RRUMC, adjacent to Charles E. Young Drive South. Privacy screens will be installed outside any existing ICU rooms on the fourth floor that look onto the north terrace and will remain in place during the construction period. A secured path of travel providing access for construction personnel and materials to the east unit, west unit, and the "nose" would be constructed in the interior of the fourth floor and separated from staff, patient, and public circulation areas. Use of the exterior lift would require the closure of a segment of the southernmost eastbound lane on Charles E. Young Drive South for approximately 20 months.

**CONSISTENCY WITH SELECT UC POLICIES AND PRACTICE**

The project complies with the UC Policies for Seismic Safety, Sustainability, and Small/Disabled Veteran Business Enterprises (see Attachment 6).

**CALIFORNIA ENVIRONMENTAL QUALITY ACT COMPLIANCE**

It has been determined that the Ronald Reagan UCLA Medical Center Fourth Floor Patient Care Reconfiguration, UCLA Health project is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301, Class 1, Existing Facilities because it consists of the alteration of an existing structure and involves negligible expansion of existing or former uses, specifically, interior renovations in an area where existing public services and facilities are available to serve the project; the project area is not environmentally sensitive; and it can be concluded with certainty that the Ronald Reagan UCLA Medical Center Fourth Floor Patient

Care Reconfiguration, UCLA Health project will not have a significant impact on the environment. None of the exceptions to the exemption set forth in CEQA Guidelines Section 15300.2 apply. An Environmental Impact Classification has been prepared, and a CEQA Notice of Exemption will be filed following project approval.

**Key to Acronyms**

asf	Assignable Square Feet
CEQA	California Environmental Quality Act
CMAR	Construction Manager at Risk
gsf	Gross Square Feet
LRDP	Long Range Development Plan
LEED™	Leadership in Energy and Environmental Design
Med/Surg	General Medical and General Surgical Acute Care
RNPH	Resnick Neuropsychiatric Hospital
RRUMC	Ronald Reagan UCLA Medical Center

**ATTACHMENTS**

Attachment 1:	Project Sources and Uses
Attachment 2:	<a href="#">Comparable Project Information – Scatterplot and Table</a>
Attachment 3:	<a href="#">Summary of Financial Feasibility</a>
Attachment 4:	<a href="#">Projected Financial Performance</a>
Attachment 5:	<a href="#">Project Location Map</a>
Attachment 6:	<a href="#">Design Graphics</a>
Attachment 7:	Statement of UC Policy Compliance
Attachment 8:	2018 LRDP Amendment and Environmental Impact Report: <a href="https://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan">https://www.capitalprograms.ucla.edu/Planning/LongRangeDevelopmentPlan</a>



## ATTACHMENT 1

### PROJECT SOURCES AND USES

#### RONALD REAGAN UCLA MEDICAL CENTER FOURTH FLOOR PATIENT CARE RECONFIGURATION, UCLA HEALTH

<b>PROJECT SOURCES</b>		
External Financing	\$169,000,000	100%
<b>Total Sources</b>	<b>\$169,000,000</b>	<b>100%</b>

<b>PROJECT USES</b>		
Site Clearance		
Building	\$105,500,000	78.1%
Exterior Utilities		
Site Development		
A/E Fees	\$9,400,000	7.0%
Campus Administration <sup>(1)</sup>	\$3,300,000	2.4%
Surveys, Tests, Plans <sup>(2)</sup>	\$1,800,000	1.3%
Special Items	\$5,000,000	3.7%
Contingency	\$10,000,000	7.4%
<b>P-W-C Cost <sup>(3)</sup></b>	<b>\$135,000,000</b>	<b>100.0% <sup>(4)</sup></b>
Group 2 & 3 Equipment	\$25,000,000	
<b>Project Total</b>	<b>\$160,000,000</b>	
Interest During Construction	\$9,000,000	
<b>Grand Total</b>	<b>\$169,000,000</b>	

<b>PROJECT STATISTICS</b>	<b>Total</b>
Gross Square Feet (gsf) <sup>(5)</sup>	<b>67,464</b>
Assignable Square Feet (asf)	<b>40,169</b>
Efficiency Ratio: asf / gsf	<b>59.5%</b>
Building Cost / gsf	<b>\$1,564</b>
Building Cost / asf	<b>\$2,626</b>
P-W-C Cost / gsf	<b>\$2,001</b>
P-W-C Cost / asf	<b>\$3,361</b>

<sup>(1)</sup> Campus administration includes project management, campus engineering, inspections, campus design services, and construction services.

<sup>(2)</sup> Special items include planning, HCAI (OSHPD) fees, state fire marshal, meetings/messenger services, phasing/milestone occupancy delivery, and specialty consultants.

<sup>(3)</sup> Total of preliminary plans (P), working drawings (W), and construction (C).

<sup>(4)</sup> Because of rounding, the total may not correspond with the sum of the separate parts.

<sup>(5)</sup> Gross square feet (gsf) is the total area, including usable area, stairways, and space occupied by the structure itself. Assignable square feet (asf) is the net usable area. The asf is calculated to the inside of the exterior and common/demising wall but does not include the footprint of the interior walls.