

California Pacific Medical Center Hospital Rebuild



SAN FRANCISCO
PLANNING DEPARTMENT

Staff Presentation to Commission

April 5, 2012

Presentation Outline

- **Introduction**
- **Project Description & Required Approvals**
- **Action before the Commission today**
- **Citywide Importance of the Rebuild Project**
- **Introduction to the Development Agreement**
- **Development Agreement Topics**
 - Healthcare
 - Workforce Development
 - Housing
 - Transit
 - Streetscape & Pedestrian Safety



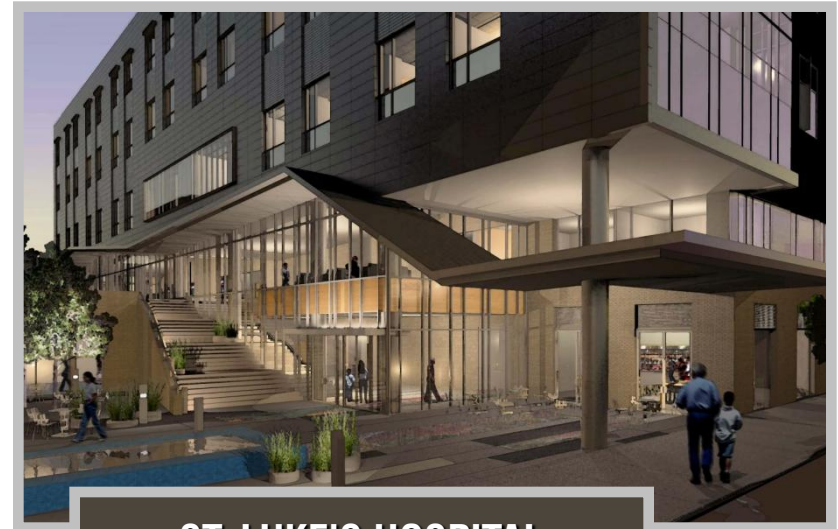
CPMC Rebuild Project Overview

- CPMC's Near-Term Projects include the construction of 5 new buildings, including:
 - Two new buildings at the St. Luke's Campus
 - Two new buildings at a new, Cathedral Hill Campus
 - One new building at the Davies Campus

St. Luke's Campus Project Description

- **Construction of a new, 146,410 sf, five-story, 80-bed, full service acute care hospital**

- To be built on an existing surface parking lot and a portion of the to-be-vacated San Jose Avenue
- Fulfills the Blue Ribbon Panel's recommendation that the existing hospital stays in operation during construction



ST. LUKE'S HOSPITAL

- **Construction of a new entry plaza and pedestrian pathway adjacent to the hospital entrance, connecting 27th St. & Cesar Chavez**
- **Demolition of the existing hospital when new hospital is complete**
- **Construction of new, five-story medical office building**

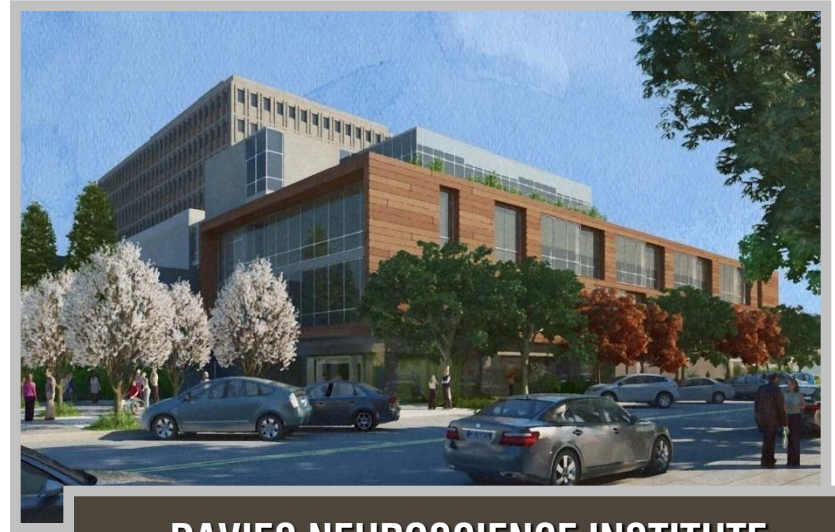
Cathedral Hill Campus Project Description

- Construction of a new, 555-bed, 265' tall, 15-story hospital at the site of the closed Cathedral Hill Hotel (Van Ness & Geary)
- Construction of a new, 130' tall, nine-story medical office building across Van Ness from the Hospital
- Construction of an underground tunnel beneath Van Ness connecting the two buildings
- Once Cathedral Hill is complete, acute care services at CPMC's California & Pacific Campuses will be transferred to Cathedral Hill



Davies Campus Project Description

- Construction of a new, four-story medical office building housing Neuroscience Institute on an existing surface parking lot
- Not originally considered part of CPMC's Seismic Compliance Hospital Replacement program
 - The BOS overturned the Mitigated Neg Dec in Sept. 2007, and required the project to be evaluated in the context of CPMC's larger development plans
 - There have been no substantive changes to this project since the Planning Commission's previous approval, but it is being reviewed as part of CPMC's larger EIR



DAVIES NEUROSCIENCE INSTITUTE

Land Use Approvals

- Development Agreement – All campuses
- Certification of EIR – All campuses
- General Plan Amendments – St. Luke's & Cathedral Hill
- Planning Code Text & Map Amendments - St. Luke's & Cathedral Hill
- General Plan Referrals – St. Luke's, Cathedral Hill
- Conditional Use Authorizations – St. Luke's, Davies, Cathedral Hill
- Office Allocation – St. Luke's & Cathedral Hill
- Other Approvals
 - Major Encroachment Permits
 - San Jose Av. Street Vacation & Conveyance
 - Lot Mergers
 - Cedar Street Conversion to Two-Way
 - Permit to Convert
 - Cal Trans Approval for Tunnel



Today's Action: Initiation GP Amendments

- **ST. LUKE'S CAMPUS**
 - Urban Design Element
 - Map 4 (Height Map)
 - Map 5 (Bulk Map)

- **CATHEDRAL HILL CAMPUS**
 - Van Ness Area Plan
 - Text Amendments
 - Map 1 (Generalized Land Use and Density Plan)
 - Map 2 (Height and Bulk Districts)
 - Urban Design Element
 - Map 4 (Height Map)
 - Map 5 (Bulk Map)



Citywide Importance: CPMC Rebuild

- **Seismically safe hospitals are critical to City's ability to provide medical care in the event of an earthquake**
- **CPMC plays a key role in San Francisco's healthcare delivery system**
 - CPMC provides approximately 1/3 of all hospital care in the city
 - Rebuild project modernizes all CPMC facilities
 - Rebuild project with large, regional hospital at Cathedral Hill and smaller, full-service community hospital at St. Luke's provides a system of care appropriate for the City
- **Largest construction project City will see in the immediate future**
 - 1,500 construction jobs
 - CPMC is the City's second largest private employer
- **Healthcare Industry plays key role in City's economy**
 - Hospitals account for an estimated \$9 billion in direct economic impact and 65,000 jobs
 - Employment in healthcare has grown by approximately 10% since 2000 while employment in many other sectors has declined



City Agencies Involved

- **Planning Department**
- **Department of Building Inspection**
- **Office of Economic and Workforce Development**
- **Department of Public Health**
- **Health Service System**
- **Department of Public Works**
- **Municipal Transportation Agency**
- **Controller**
- **City Attorney**
- **Mayor's Office of Housing**



Development Agreement: Introduction

- **CPMC project only makes sense for the City if it comes with certain commitments toward public benefits**
- **These broadly include:**
 - Increased healthcare for poor and underserved
 - Cap on future costs of City employee healthcare
 - Commitment to St. Luke's
 - Commitment to support for affordable housing
 - Commitment to local hire / workforce development
 - Commitment to transit and street improvements
- **DA is a binding and enforceable legal document that clearly defines commitments, remedies and damages**
 - Memorializes community benefits that could not be achieved solely through land-use approvals (e.g. mitigation measures or conditions of approval)
 - May only be changed with future Commission and Board action



Development Agreement: General Terms

- **Term of the DA**

- 10-year term
- Effective date is 30 days after Mayor signs the ordinance
- St. Luke's obligations survive beyond 10-year term, to 20 years from the opening of new St. Luke's hospital

- **Triggering of obligations**

- Obligation to build and open new St. Luke's begins once CPMC begins construction on Cathedral Hill
- Some obligations triggered immediately upon Effective Date
- Other obligations triggered after any legal challenges are resolved, or when CPMC begins building

- **Vesting of CPMC development rights**

- Approvals for five "Near-Term" projects are vested by the DA
- Impact and application fees for Near Term projects are frozen
- Long term projects do not receive vesting of approvals, however City may not downzone those sites or impose new impact fees



Development Agreement: General Terms

■ **Vacation of a portion of San Jose Avenue**

- DA (with associated vacation ordinance and transfer agreement) vacates the portion of San Jose Avenue between 27th St. and Cesar Chavez St. and transfers to CPMC for purposes of building the new St. Luke's Hospital
- CPMC will pay appraised market value for the street portion at time of transfer

■ **Enforceability of the DA**

- DA gives City rights of enforcement and remedies for all CPMC obligations
- City has the right to terminate the DA and the right to sue for specific performance and monetary damages where applicable
- For the ongoing healthcare commitments, including 20-year operation of St. Luke's, City has negotiated specific liquidated damages



Development Agreement: General Terms

■ **Monitoring of Performance of Obligations**

- DA requires CPMC to provide an annual “compliance statement” to Director of Planning and Director of Public Health, on status of compliance with all obligations
- Within 45 days from receipt, Planning and Public Health Directors must review compliance statement and determine whether CPMC is in compliance with obligations in the DA
- If either Director finds that CPMC is not in compliance with obligations in the DA, they shall consult with the City Attorney regarding enforcement steps.



Health System Importance: CPMC Rebuild

- It is absolutely critical to the health and safety of all San Franciscans that the City's hospitals are able to withstand a severe earthquake and be available in a disaster.
- Both hospitals as proposed - CPMC as a 555-bed regional health care center and St. Luke's as an 80-bed community hospital whose patients will have access to the full CPMC system of care – will help to meet the health care needs of San Franciscans.
- Those needs include care for low-income, uninsured, and publicly-insured San Franciscans, who will, under this agreement, have access to the new CPMC Cathedral Hill campus.



Health Commission & DPH

History with CPMC

- Health Commission had long believed that CPMC was not doing its share to serve these vulnerable populations and identified the need to increase CPMC's responsibility and accountability in this area.
- More than two years ago, the Health Commission and CPMC agreed upon specific goals to increase care to these populations.
- During this time, CPMC has continued to meet its commitment to the Health Commission, particularly related to the provision of charity care.
- The health-related Development Agreement provisions build upon the notion that our non-profit hospitals must care for the most vulnerable among us and further expands CPMC's responsibility to do so.



Health Commission & DPH

History with CPMC Rebuild Project

- **St. Luke's Blue Ribbon Panel, established March 2008, to advise on planning efforts for CPMC's St. Luke's campus**
- **Blue Ribbon Panel held 10 meetings and 2 public forums and issued a report with recommendations**
- **Among other things, the Panel recommended:**
 - New acute care hospital should be rebuilt on the St. Luke's campus
 - Size of the hospital should be appropriate to the planned service mix; and
 - Service mix should include Centers of Excellence in Community and Senior Health
- **Health Commission passed resolution endorsing Panel's recommendations on October 7, 2008**



Health Commission & DPH

History with CPMC Rebuild Project

- **Health Commission has passed two additional resolutions related to the rebuild of CPMC**
 - **Resolution 10-09:** supported the rebuilding of CPMC facilities and made eight recommendations to ensure the best possible health plan for the City
 - **Resolution 02-10:** memorialized agreements reached between DPH and CPMC on the recommendations contained in Resolution 10-09
- **These three Health Commission resolutions create the framework for the City's position on the CPMC/St. Luke's rebuild**



Federal Health Reform

- **Health Reform enacted March 2010**
- **Multi-pronged approach to health reform, including**
 - Individual mandate
 - Increased eligibility for Medicaid (Medi-Cal in California)
 - Online health insurance marketplaces
 - Health insurance industry reforms
- **Major reforms go into effect January 2014**
- **92% of US residents will have insurance by 2016**



Federal Health Reform

- According to recent survey data, approximately 117,000 San Franciscans under age 64 were uninsured for all or part of 2009
 - **~80,000 of those will be eligible for some type of health insurance as a result of Health Reform**
 - ~30,000 of those will enroll in Medi-Cal
- **Supreme Court ruling expected June 2012**
 - Several different legal questions in front of the court
 - Medicaid provisions twice upheld in lower courts



Medi-Cal Managed Care: Introduction

- **New Medi-Cal eligibles will enroll in Medi-Cal managed care**
- **Beneficiaries can choose between two health plans**
 - San Francisco Health Plan
 - Anthem Blue Cross
- **Once enrolled in a plan, patients choose a provider network**
 - Primary care provider (e.g., community clinic, physician group) + specialty care network + affiliated hospital partner
 - Providers assume an ongoing responsibility to provide all of the covered health care services the member needs
- **San Francisco will need a sufficient supply of providers participating in Medi-Cal managed care to meet the needs of new individuals who will be eligible in 2014 – City needs CPMC to be a partner in that effort**



Healthcare in the DA

- **Ensure a secure future for St. Luke's – require CPMC to rebuild and operate for 20 years**
 - CPMC may not open the new Cathedral Hill Hospital until it opens the new St. Luke's Hospital
 - CPMC must operate the new St. Luke's Hospital for 20 years, unless CPMC's system-wide operating margin falls below 1% for two years in a row. (“Operating margin” is the percentage by which CPMC's total revenues exceed its total expenditures.)
 - *CPMC's Operating Margin for FY 2010 was 12.5%*
 - The new St. Luke's Hospital must be licensed as a general acute care hospital with comprehensive emergency medical services and also include Centers of Excellence in Community and Senior Health
 - CPMC must begin the process of constructing a new medical office building next to St. Luke's within 4 years, or else the City will have the right to lease the property for a nominal amount and work with a developer to build a Medical Office Building.



Healthcare in the DA

- **Provide a continued baseline level of care for San Francisco's most vulnerable populations for a period of 10 years**
 - CPMC must continue to spend at least \$86 million per year (adjusted annually by medical inflation) on care for vulnerable populations
 - *Includes charity care, unreimbursed Medi-Cal costs, and other services to low-income and underserved*
 - *Baseline set by CPMC's average level of service in last three years*
 - CPMC costs for this provision will be limited each year at 40% of "EBITDA" for that year. ("EBITDA" is CPMC's net income after operating expenses, but before interest, taxes, depreciation and amortization.)
 - CPMC will provide a \$20 million "backstop fund," which will be used to supplement available funds when/if these costs exceed the 40% cap on EBITDA



Healthcare in the DA

- **Beyond the Baseline Commitment, provide hospital care for 10,000 new Medi-Cal Managed Care beneficiaries for a period of 10 years**
 - For a period of 10 years, CPMC must provide hospital care, primarily in the new Cathedral Hill Hospital, for an additional 10,000 Medi-Cal Managed Care beneficiaries.
 - ~ 1/3rd of new Medi-Cal beneficiaries expected under Federal Health Reform
 - CPMC will contract with at least two primary care community providers, one of which must have a provider base located in the Tenderloin neighborhood (if a qualified Tenderloin provider is available).
 - CPMC will expend up to \$9.5 million per year (adjusted annually by medical inflation) to satisfy this commitment

Healthcare in the DA

- **Endow a new *Community Care Innovation Fund* to support community clinics, as well as other health and social service providers and facilitate shift towards Medi-Cal Managed Care**
 - CPMC will provide \$20 million to create a Community Care Innovation Fund
 - Fund will support the City's community clinics' preparation for Health Reform and provide infrastructure support for community-based health and human services providers.
 - Fund will develop capacity of one or more Tenderloin providers to participate in Medi-Cal managed care.
 - Fund will be managed by the San Francisco Foundation and jointly controlled by representatives of the City, the Foundation and CPMC.



Healthcare in the DA

- **Support long-term Care in the City by maintaining 100 Skilled Nursing Facility (SNF) beds for 10 years**
 - CPMC will continue to provide and maintain 100 Skilled Nursing Facility beds for a period of 10 years
 - Beds will be available to uninsured, Medi-Cal, and Medicare patients



Healthcare in the DA

- **Provide other healthcare-related community benefits**
 - CPMC will work with DPH and other hospitals to develop specific proposals for providing sub-acute care services in San Francisco
 - CPMC will continue efforts at the clinical integration of medical staffs at all its campuses
 - CPMC will continue to actively participate in San Francisco's "Community Benefits Partnership"
 - CPMC will continue to provide pediatric, obstetric, and certain tertiary services to Chinese Hospital patients consistent with existing services agreements with Chinese Hospital
 - CPMC will deliver at all campuses culturally and linguistically appropriate services that are representative of San Francisco's diverse population



Healthcare in the DA

- **Protect the City's Health Service System (HSS) from premium increases by capping rates for 10 years**
 - CPMC will limit premium increases to insurers for HSS to no more than 5% annually for years 1 through 3 and no more than the medical rate of inflation plus 1.5% annually for years 4 through 10
 - Details of this agreement are still being discussed with CPMC



Job Creation in the DA

- **Uphold the City's local hire policies for construction projects**
 - Project creates 1,500 construction jobs
 - CPMC will work to achieve 30% local hire measured by construction trade hours for the project overall, for each contractor, and by each trade
 - For new entry-level administrative and engineering positions and internships, CPMC will achieve 50% local hire
 - Half of all new apprentice positions will be filled with graduates from the CityBuild Academy; OEWD/CityBuild, contractors and unions will work together to maximize opportunities for local residents for remaining 50%
 - CPMC will create and administer a structured program to advance apprentices from CityBuild Academy to journey-level status in their trade by the end of the project



Job Creation in the DA

- **Create career paths for San Franciscans**
 - Project will create 1,500 end use jobs over 10 years
 - **CPMC will hire at least 40 permanent entry-level hires annually for 5 years**
 - **Entry Level Jobs** require 2 years, or less, of post-secondary education
 - Examples of Entry Level Jobs include: EKG Technician, Medical Assistant; Health Information Technology/Billing; Housekeepers; Phlebotomist
 - Of the 1500 jobs created, approximately 220, or 22 jobs a year, will be entry level; CPMC will also fill around 100 entry level jobs annually that were vacated through attrition, promotions, and retirements
 - Creates a partnership with the City's Health Care Sector Academy & San Francisco CBOs; Targeting residents of the Western Addition, Tenderloin, Mission/SOMA, Outer Mission/Excelsior, Chinatown and Southeastern neighborhoods



Job Creation in the DA

- **Health Care Sector Academy / Workforce Systems Partnerships**
 - CPMC will provide \$2 million for community workforce services, which will provide grants to CBOs through OEWD to support both construction and end use job creation
 - Identified CBO partners will provide neighborhood specific outreach for training and direct placement opportunities
 - Health Care Sector Academy will provide vocational trainings (clinical and clerical) and will coordinate job notifications and candidate referrals



Affordable Housing in the DA

- **Replacement Housing Obligations**
- **New Affordable Housing Obligations**



Replacement Housing Obligation

- **Replace rent-controlled and SRO units displaced by construction of CPMC's new Cathedral Hill campus**
 - CPMC will provide \$2,684,800 in funding to replace 20 residential hotel units demolished by the new Cathedral Hill campus based upon determination by the Department of Real Estate.
 - CPMC will provide \$1,453,820 in funding to replace 5 rent-controlled units demolished by the new Cathedral Hill campus based upon determination by the Department of Planning.
 - Paid no later than Effective date of Development Agreement



Tenant Relocation Payments

- **CPMC entered into settlement agreements with all households requirement to relocate due to demolition**
 - Federal and state uniform relocation acts only require relocation payments and 42 months of rental subsidy
 - Relocation Benefits:
 - Relocation payment equivalent up to 120 months of rental subsidy
 - Up to 6 months free rent prior to relocation
 - All households successfully relocated



Affordable Housing in the DA

Calculating the Affordable Housing Obligation:

1. Jobs Housing Linkage Program

- OR -

2. Van Ness SUD Residential Requirement



Affordable Housing in the DA: Jobs Housing Linkage

- **Not required by code, medical institutions exempted**
- **Net New Square Feet (all campuses): 726,353**
- **Medical Proxy for jobs-housing fee: \$17.48**
- **Hypothetical Jobs Housing Fee: \$12,696,650**



Affordable Housing in the DA

Van Ness SUD Residential Requirements

- **Residential must be 3 TO 1 of net new “occupied” commercial**
- **Occupied net new commercial: 458,729 sf**
- **Residential Requirement (w/o CU): 1,376,187 sf**
- **Inclusionary Requirement: 220**
- **In Lieu Fee: \$73,584,500**



Affordable Housing in the DA

- **Uphold the policies of the Van Ness Special Use District, focusing on affordable housing:**
 - \$29 Million to MOH for 100% affordable developments (approximately 145 units)
 - \$29 Million to MOH for to a new down-payment assistance loan program for CPMC employees earning up to 100% of area median income – minimum of 145 loans
 - \$35 Million in repayments from down-payment assistance loan program will be returned to MOH for use on 100% affordable developments which will produce over time an additional 175 rental units.



Affordable Housing in the DA

- **CPMC will provide \$29 million to MOH's affordable housing fund within five years**
 - \$ 4.35M around Effective Date
 - \$ 9.65M at beginning of construction
 - \$ 7.5 M per year thereafter
 - Interest charged from Effective Date
 - 145 permanently affordable rental units



Affordable Housing in the DA

- **CPMC will provide MOH an additional \$29 million to a newly-created down-payment assistance loan program for CPMC employees earning up to 100% of area median income.**
 - \$ 5.8M per year at beginning of construction
 - Interest charged from beginning of construction
 - If not spent within 8 years of first payment, balance transferred to MOH



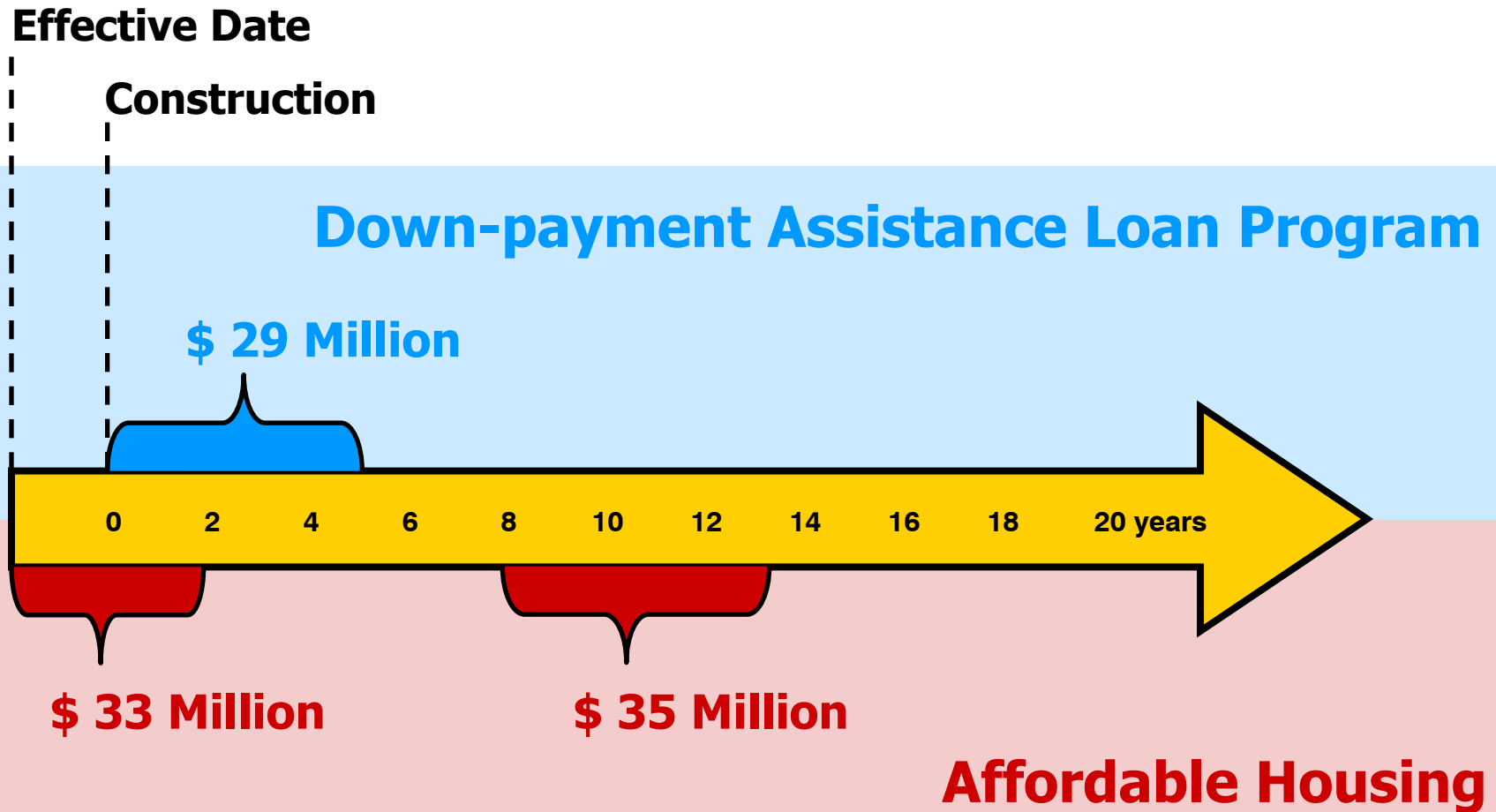
Affordable Housing in the DA

Down-payment Loan Assistance Program

- **Maximum “silent” second mortgage of \$200,000 on home in San Francisco of up to \$ 637,645 maximum price**
- **No annual debt service payment required**
- **Upon resale, borrower repays entire loan plus a percentage of the appreciation**
- **Will provide a MINIMUM of 145 loans**
- **Will allow 100% AMI households who can currently only afford 15% of homes in SF, to afford nearly 40% of homes.**



Affordable Housing in the DA



Transportation in the DA

- **Provide funding for MTA transit facilities and service**

- CPMC will provide \$5 million in funding for the Van Ness and Geary Bus Rapid Transit projects
- CPMC will pay a \$10.5 million Transit Fee (in lieu of TIDF) to MTA to help alleviate transit delay and other impacts caused by the new Cathedral Hill campus
- For a period of 10 years, CPMC will pay a surcharge on parking at the new Cathedral Hill campus of \$0.50 off-peak and \$0.75 peak for each entry and exit. This will provide an estimated \$500,000 per year to MTA
- CPMC will provide \$400,000 to MTA to fund studies for improvements to bicycle facilities around and between the proposed new CPMC facilities

Pedestrian Safety & Streetscape Improvements

Cathedral Hill / Lower Polk / Tenderloin

- **Cathedral Hill / Lower Polk / Tenderloin Area - \$9.35 million total**
 - Pedestrian street lighting on up to 25 blocks in the Tenderloin
 - Ellis and Eddy Streets one-way to two-way conversion
 - Sidewalk bulb-outs
 - Tenderloin Safe Passage pilot program
 - Support for potential Lower Polk CBD
 - Seed grant for Lower Polk CBD



Pedestrian Safety & Streetscape Improvements

Davies Campus

- **Davies Campus - \$475,000 total**
 - Pedestrian improvements at 14th St. & Noe St.
 - Pedestrian improvements at Duboce Ave. & Noe St.
 - Tree island landscaping improvements
 - Additional street trees on Noe Street
 - Improved fencing and lighting around campus perimeter
 - Duboce Park youth play area



Pedestrian Safety & Streetscape Improvements

St. Luke's Campus

- **St. Luke's Campus - \$3.3 million total**
 - Upgrade of “Guererro Park” at 28th/San Jose/Guerrero
 - Upgrade of campus perimeter lighting and fencing
 - Pedestrian lighting on portions of Duncan, San Jose and 27th Streets
 - Streetscape and pedestrian safety improvements on portions of Duncan, San Jose, Valencia and Cesar Chavez Streets



Summing up the Development Agreement

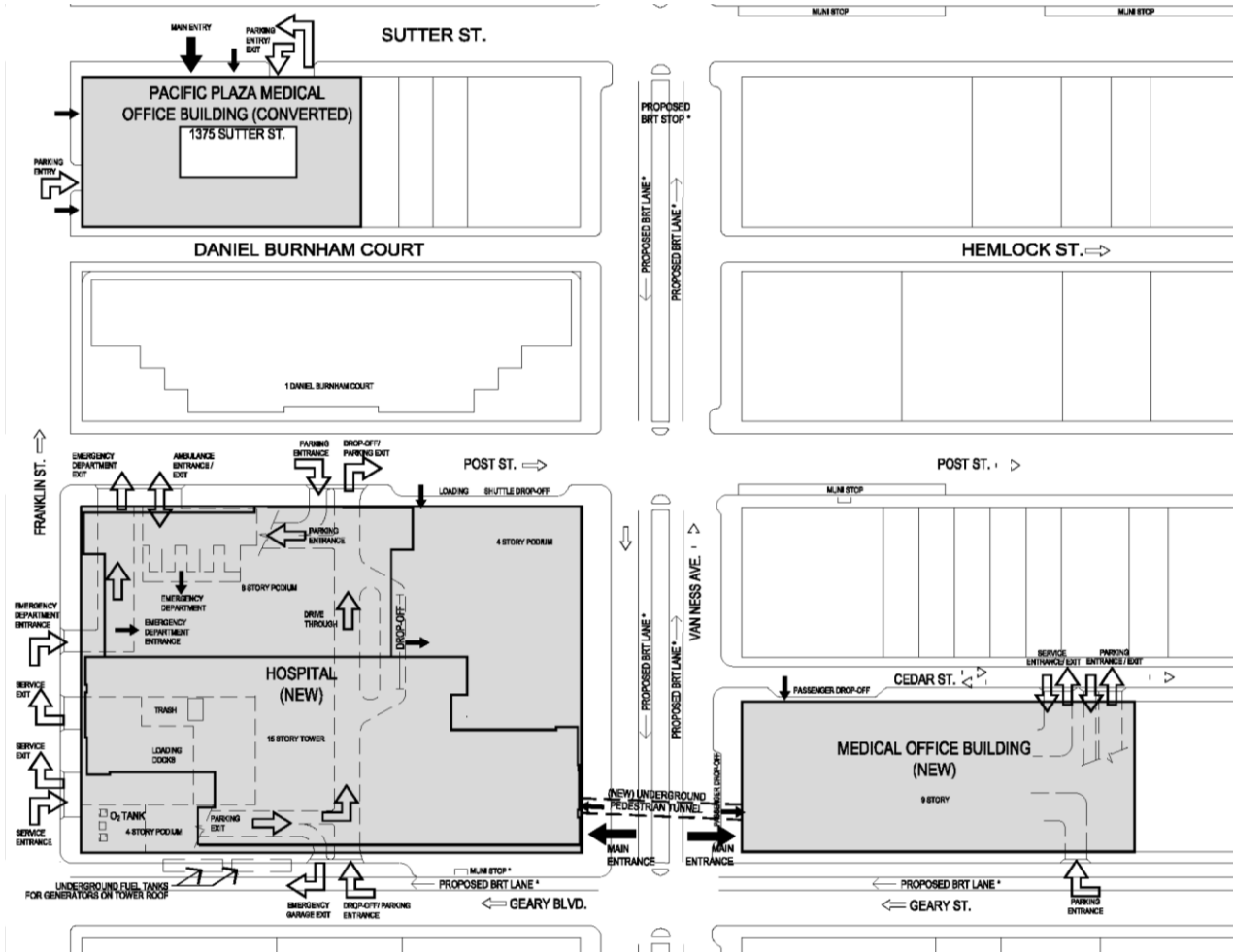
- Builds **two** new seismically safe hospitals
- Prepares the City for Federal Healthcare Reform
- Secures the future of St. Luke's
- Provides strong local hire for both construction and end use jobs
- In addition to more than **\$1 billion** in ongoing healthcare services, provides a commitment of **\$117 million** in community benefits, including **\$62 million** for affordable housing.



Thank you and questions



Building Access & Loading: Cathedral Hill Campus



Trip Generation

Van Ness & Geary Campus New Trips

<i>Daily Person Trips</i>	<i>AM Peak Hour</i>	<i>PM Peak Hour</i>	<i>Vehicle Trips</i>	<i>Transit Trips</i>
19,947	1,430	1,399	593 (AM) 609 (PM)	586 (AM) 551 (PM)



Traffic Impacts: 2015 Modified Baseline

- **Significant/Unavoidable Traffic Impacts:**
 - Van Ness/Market: LOS D to LOS E, PM peak hour
 - Polk/Geary: LOS C/D to LOS E, AM/PM peak hours
 - Construction-Related traffic impact
- **Less than Significant Impacts at remaining 24 intersections**
- **Project Variants - similar impacts as above, plus:**
 - 1 additional Construction-Related traffic Impact with Post Street Variant @ Franklin/Bush; and
 - 1 additional Design Hazard Impact with MOB Access Variant (S/U)



Traffic Impacts: 2030 Cumulative

- **2030 Cumulative Significant/Unavoidable Traffic Impacts:**
 - Two intersections (Van Ness/Market & Polk/Geary) listed above, plus:
 - Van Ness/Pine Street: LOS D to LOS E, PM peak hour
- **Less than Significant Impacts at remaining 23 intersections**
- **Project Variants: similar impacts as above, plus:**
 - 2 additional impacts with Post Street Variant at Gough/Geary and Franklin/Bush



Traffic Impacts: 2015 & Cumulative

- **Transit Delay Significant & Unavoidable Impacts:**

- 2015 Baseline:**

- 19 Polk: SB during PM peak hour
 - 38 Geary & 38-L Geary: AM & PM peak hours
 - 49 Van Ness/Mission: AM & PM peak hour

- Cumulative: all of the above plus the lines below**

- 47-Van Ness: PM peak hour
 - 3-Jackson: PM peak hour

- **Less than significant to other transit routes**

- **Project Variants: similar impacts as above**

