

California Pacific Medical Center Hospital Rebuild

Board of Supervisors
Term Sheet Presentation



March 12, 2013



Project Status

- Original project and DA approved at Planning Commission on April 26, 2012
- Heard at BOS Land Use Committee on June 15, June 25, July 9 and July 16 and then continued to the call of the Chair
- EIR appeal heard at full Board on July 31, continued 11/20, 12/11, and 1/29



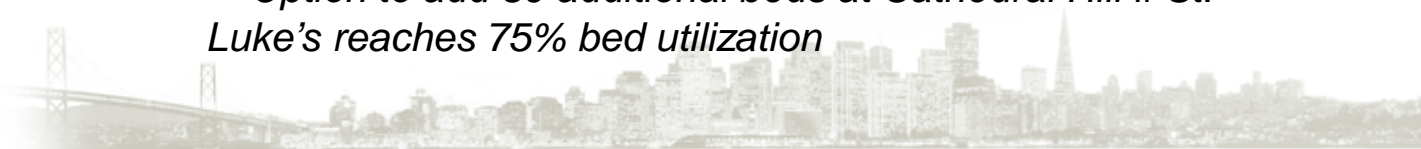
Revised Project

| | <u>Previous</u> | <u>New</u> |
|--|-----------------|------------|
| <i>Cathedral Hill Hospital:</i> | | |
| Beds | 555 | 274 * |
| Floors | 15 | 12 |
| Height (ft) | 265 | 226 |
| Size (sq. ft) | 1.2 million | 989,000 |
| Parking (campus) | 1227 | 990 |

St. Luke's Hospital:

| | | |
|------------------|---------|---------|
| Beds | 80 | 120 |
| Floors | 5 | 7 |
| Height (ft) | 99 | 142 |
| Size (sq. ft) | 155,000 | 235,000 |
| Parking (spaces) | 450 | 450 |

** Option to add 30 additional beds at Cathedral Hill if St. Luke's reaches 75% bed utilization*



Revised Project (cont'd)

- *Previous citywide bed total (including Davies): 765*
- *New citywide bed total (including Davies) 524*



[CPMC Presentation]



Term Sheet: General

- Nonbinding term sheet – resolution endorses the terms of the new agreement and directs staff to re-draft the Development Agreement to reflect these new terms
- Board has seen similar term sheets for other large projects
- After today's hearing, project will need to go back to Planning Commission and then return to the Board for final approvals of the Development Agreement and project approvals



Term Sheet: Key Points of New Agreement

- Significantly larger new St. Luke's Hospital (120 versus 80 beds) and significantly smaller new Cathedral Hill Hospital (304 versus 555 beds).
- St. Luke's hospital will be an integral part of the CPMC system, with about 25% of all CPMC's beds in the City.
- CPMC obligated to continue providing a specified level of charity care to the neediest San Franciscans, with no reference to CPMC's financial condition or projections.
- About \$80 million in cash for community benefits related to healthcare, transportation, workforce training, affordable housing, and pedestrian safety



Term Sheet: **St. Luke's Hospital**

- St. Luke's will be a 120-bed general acute-care hospital with emergency department
- CPMC must open the new St. Luke's Hospital within a specified number of months after opening the new Cathedral Hill Hospital
- Instead of previous 80-bed St. Luke's hospital with 20-year operating covenant, St. Luke's at 120 beds is more sustainable and comprises almost 25% of CPMC's beds in the City
- St. Luke's required to have Centers of Excellence in senior and community health, with services specified in DA
- St. Luke's required to provide all standard services found in general acute-care hospitals, as specified by state law.



Term Sheet: St. Luke's Medical Office Bldg.

- Entitlements include a new medical office building on site of former St. Luke's Hospital
- Similar to previous agreement, CPMC must submit a proposal for a new medical office building on the site of the old hospital to its board, within 5 years at the latest, and sooner if certain conditions are met
- If CPMC does not commence construction of a new medical office building as specified above, the City shall have the right to acquire a long-term lease for the site for the purposes of building such a facility



Term Sheet: **Baseline Charity Care**

- Term sheet includes a new concept for guaranteeing continued charity care and Medi-Cal care for the City's neediest residents
- For 10 years, CPMC shall care for a baseline of about 30,000 charity care or Medi-Cal patients annually
- In addition, for 10 years, CPMC shall continue to spend at least \$8 million per year - in addition to charity care and Medi-Cal services - in services for the poor and underserved.
- These commitments are absolute for 10 years and do not depend in any way on their cost to CPMC or on CPMC's financial condition or projections.



Term Sheet: New Medi-Cal Lives

- CPMC must be the hospital partner, primarily in the new Cathedral Hill Hospital, for an additional 5,400 Medi-Cal Managed Care beneficiaries for 10 years
- 1,500 of these beneficiaries must come through a primary care provider serving the Tenderloin
- Expenditures for this commitment will be capped at \$5 million per year, increasing each year by the medical inflation rate



Term Sheet: Healthcare Innovation Fund

- CPMC shall fund the endowment of a \$9 million Healthcare Innovation Fund
- Fund to be used to support “non-profit health and human service providers, including those that provide community-based care and services that reduce unnecessary hospitalizations”
 - Development of a Tenderloin primary care provider network which will partner with CPMC to provide care for Medi-Cal managed care patients.
 - Community-based mental health services



Term Sheet: Health Service System

- Protect the City's Health Service System (HSS) from premium increases by capping rates for 10 years
- Limits premium increases to insurers for HSS to:
- Years 1 through 2: 5% annually
- Years 3 through 10: no more than the medical rate of inflation plus 1.5% annually



Term Sheet: Affordable Housing

- \$4.1 million paid to Mayor's Office of Housing for 25 displaced housing units on Cathedral Hill
 - Payable at time of demolition permit
- \$36.5 million paid to Mayor's Office of Housing affordable housing fund, in furtherance of the goals of the Van Ness Special Use District
 - \$3 million payable at Effective Date of DA, remainder to be paid over 5 years along with other cash payments



Term Sheet: Local Hire & Workforce Training

- 30% local hire for construction jobs; including 50% local hire for new apprentice positions
- 40% local hire for entry level permanent jobs for 10 years
- \$4 million paid by CPMC for workforce training programs
- Other workforce provisions from previous agreement remain in effect



Term Sheet: Transportation

- CPMC shall pay \$6.5 million to SFMTA in lieu of TIDF
- CPMC shall pay \$5 million to SFMTA for BRT facilities at Van Ness and Geary
- CPMC shall charge a parking fee of \$0.50 at off-peak times and \$0.75 at peak times for each car entering and exiting the Cathedral Hill garages
 - Estimated to raise at least \$3 million over 10 years
- CPMC will conduct surveys evaluating the effectiveness of its mandatory Transportation Demand Management (TDM) program and report the results to SFMTA and the Planning Department
 - If two consecutive surveys indicate that the drive-alone percentage to CPMC's facilities is too high, CPMC shall consult with City officials to identify measures to reduce this percentage



Term Sheet: Transportation *(continued)*

- CPMC shall fund transportation studies every 3 years at a cost of up to \$40,000 each, around Cathedral Hill to assist the City in monitoring congestion in this area
 - If congestion exceeds projected levels or operational characteristics adversely affect the network, CPMC will work with MTA to develop additional transportation demand management measures.
 - If the transportation surveys show that the drive-alone percentage for the Cathedral Hill campus is higher than called for in the transportation impact study, CPMC shall pay to the SFMTA \$75,000 to be used for additional transportation demand management improvements at the campus
- CPMC shall encourage all of its employees to purchase a Clipper Card, through a variety of outreach means
- CPMC shall share the cost of a Clipper Card (up to the value of a Fast Pass) equally between employer and employee



Term Sheet: Streetscape & Ped. Safety

- **Cathedral Hill Campus:**

- \$4.25 million to the City for pedestrian lighting and sidewalk widening in the Tenderloin
- \$200,000 to the City to fund a Tenderloin safe passage pilot program
- \$1.55 million to the City for transit and safety improvements in the neighborhoods around the Cathedral Hill campus

- **Pacific and California Campuses:**

- \$3 million to the City for enforcement and traffic safety improvements around CPMC's Pacific and California campuses



Term Sheet: Streetscape & Ped. Safety (con't)

- **St. Luke's Campus**
 - \$3.3 million in in-kind streetscape and pedestrian improvements
- **Davies Campus**
 - 475,000 in in-kind streetscape and pedestrian improvements



Term Sheet: Payment Schedule

- \$6.9 million payable on Effective Date of DA:
 - \$3 million for affordable housing
 - \$3 million for Healthcare Innovation Fund
 - \$300,000 for enforcement and traffic safety at Pacific and California campuses
 - \$300,000 for Tenderloin lighting and sidewalk widening
 - \$300,000 for transit and safety improvements around Cathedral Hill campuses
- \$63.1 million due at the rate of \$14 million per year, starting after “approvals are finally granted.”
- Certain payments are separate from this schedule, including:
 - Displaced housing units payment
 - St. Luke’s and Davies streetscape improvements
 - Traffic studies and any additional payments related to these



Process Going Forward

- If Board approves term sheet and certifies EIR today, project will return to Planning Department for modifications to General Plan amendments, Planning Code amendments and conditional use permits and then return to the Board for final approvals
- Projected Schedule:
 - May 2013: Planning Commission Approvals
 - June 2013: BOS Land Use Committee
 - June/July 2013: Full Board

