



California Pacific Medical Center Hospital Rebuild

Board of Supervisors
Land Use & Economic Development Committee



Staff Presentation

June 15, 2012



Board of Supervisors Hearings

LAND USE COMMITTEE	
Friday, June 15th 10am (Today)	Project & Development Agreement Overview Job Creation & Retention
Monday, June 25th 3pm	Healthcare
Monday, July 9th 1pm	Housing Transportation & Public Realm Health Service System Controller & Budget Analyst Report
Monday, July 16th 1pm	Questions, etc.
FULL BOARD	
Tuesday, July 17th	EIR Appeal & First Reading
Tuesday, July 24th	Second Reading



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



CPMC Rebuild Project: *Overview*

CPMC's Near-Term Projects include 5 new buildings:

- **St. Luke's Campus**
 - 80-bed seismically safe hospital
 - Medical office building (MOB)
- **Cathedral Hill Campus**
 - 555-bed seismically safe hospital
 - MOB
- **Davies Campus**
 - Neuroscience Institute



Davies Campus Project Description

- **Neuroscience Institute, 46,006sf**
4-story medical office/clinic
building at Noe & Duboce
 - Over existing surface parking lot
- **“MUNI lobby” connects the**
lowest portion of the Campus
with the N-Judah MUNI train
- **Streetscape improvements:**
 - **Wider sidewalk on Noe St.**
 - **Bulbouts at the NE and SE corners of Noe St.**
 - **Street furnishings along Noe St.**
 - **New landscaping/tree plantings**
- **No substantive change since approval in 2007**



DAVIES NEUROSCIENCE INSTITUTE

St. Luke's Campus Project Description

- **Full service, 80-bed, acute care hospital with emergency room**
 - 146,410 sq. ft.
 - Five-story
 - 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 should remain in operation during construction
- **New entry plaza and pedestrian pathway adjacent to the hospital entrance, connecting 27th St. & Cesar Chavez**
- **Existing hospital to-be demolished after new hospital opens**
- **Subsequent construction of a 5-story medical office building at Cesar Chavez & Valencia**



Cathedral Hill Campus Project Description

- **Full service, 555-bed, hospital at Van Ness & Geary**
 - 265' tall, 15-stories
 - Closed Cathedral Hill Hotel & Office Bldg site
- **Medical office building across Van Ness from the Hospital**
 - 130' tall, 9-stories
 - 7 vacant properties (all tenants relocated)
- **Underground tunnel beneath Van Ness connecting the Hospital and MOB**



CATHEDRAL HILL HOSPITAL

California & Pacific Campuses

- **Upon completion of the Cathedral Hill Hospital, CPMC will transfer acute care services at the California and Pacific Campuses to Cathedral Hill Hospital**
- **The Pacific Campus will become a primarily outpatient facility**
 - Inpatient psychiatric care is not subject to state seismic safety laws and will continue to be located at Pacific Campus
- **The California Campus will be sold**
 - Community Advisory Group established in DA to ensure community involvement in campus reuse



Land Use Approvals

- **Development Agreement**
 - All Campuses
- **General Plan Amendments**
 - St. Luke's & Cathedral Hill
- **Planning Code Text & Map Amendments**
 - St. Luke's & Cathedral Hill
- **Street Vacation & Conveyance**
 - St. Luke's
- **Cedar Street Two-Way Conversion**
 - Cathedral Hill
- **Sidewalk Width Changes**
 - St. Luke's & Cathedral Hill
- **Major Encroachment Permits**
 - St. Luke's & Cathedral Hill



CPMC: Physical Project Description

- Project sponsor presentation



Development Agreement: Introduction

Development Agreement (DA) memorializes a set of public benefits for the City including:

- Increased healthcare for poor and underserved
- Cap on future costs of City employee healthcare
- Rebuild & operate St. Luke's
- Support for affordable housing
- Commitment to local hire & workforce development
- Transit and street improvements

DA is a binding & enforceable legal document that clearly defines commitments, remedies & 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 & Board action



Development Agreement: General Terms

Term of the DA

- **Term:** 10 years
- **Effective date:** 30 days after Mayor's signature
- **St. Luke's:** 20 years from the opening of new St. Luke's Hospital
 - Survives beyond 10 year term

Vesting of CPMC development rights

- Approvals for 5 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

- City will vacate & transfer a portion of San Jose Avenue between 27th St. & Cesar Chavez St.
 - **Site of new St. Luke's Hospital**
 - **Ordinances separate from DA**
- CPMC will pay appraised market value for the street property

City Enforcement of the DA enforcement & remedies for all public benefits include:

- Termination of the DA
- Specific Performance
- Monetary Damages
- Likuated Damages for ongoing healthcare commitments including:
 - **20-year operation of St. Luke's**



Development Agreement: General Terms

Monitoring of Performance of Obligations

- **Annual Compliance Statement** on status of compliance with all obligations to:
 - **Director of Planning**
 - **Director of Public Health**
- **City Review** 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
 - **Compliance statements and departments' determination available to public**
- **Public Hearings** Health Commission will hold hearing annually on the Compliance Statement and review
- **Enforcement** 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



Development Agreement: Healthcare

Three Key Priorities:

- 1) **Ensure a secure future for St. Luke's**
- 2) **Ensure access to CPMC for Medi-Cal and charity care patients, consistent with the changing healthcare environment**
- 3) **Focus CPMC's community benefits on San Francisco's most vulnerable populations**



Development Agreement: Healthcare

Require CPMC to rebuild and operate for 20 years

- **New St. Luke's Hospital must open before Cathedral Hill Hospital**
- **New St. Luke's Hospital must operate for 20 years unless CPMC's system-wide Operating Margin falls below 1% for 2 years**
 - **Operating Margin:** level CPMC's total revenues exceed total expenditures
- **The New St. Luke's Hospital:**
 - Licensed as a General Acute Care Hospital
 - Comprehensive emergency medical services
 - Centers of Excellence in Community & Senior Health
- **New St. Luke's MOB on campus within 4 years**
 - If CPMC does not construct the MOB, City may lease the MOB site at a nominal rent and work with a developer to construct an MOB



Development Agreement: Healthcare

Provide a continued baseline level of care for San Francisco's most vulnerable populations for 10 years

- **Minimum: \$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
- **Limited to 40% of CPMC's "EBITDA" for that year**
 - **EBITDA** is CPMC's net income after operating expenses, but before interest, taxes, depreciation and amortization
- **\$20 million Backstop Fund** will be used to supplement available funds if these costs exceed the 40% cap on EBITDA



Development Agreement: Healthcare

Hospital care for 10,000 new Medi-Cal Managed Care beneficiaries for a period of 10 years

- **Hospital care** for an additional 10,000 Medi-Cal Managed Care beneficiaries
 - Primarily in the Cathedral Hill Hospital
- Partnership with at least 2 primary care community providers
 - One must be based in the Tenderloin neighborhood (if a qualified Tenderloin provider is available)
- **\$9.5 million per year** (adjusted annually by medical inflation) to satisfy this commitment



Development Agreement: Healthcare

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

- **\$20 million** to create a Community Care Innovation Fund
- **Community Care Innovation Fund** will:
 - Support the City's community clinics' preparation for Health Reform
 - Provide infrastructure support for community-based health and human services providers
 - Develop capacity of one or more Tenderloin providers to participate in Medi-Cal managed care
- Fund managed by the San Francisco Foundation and jointly controlled by representatives of the City, the Foundation & CPMC



Development Agreement: Healthcare

Support long-term Care in the City by maintaining 100 Skilled Nursing Facility (SNF) beds for 10 years

- Provide & maintain 100 SNF beds for 10 years for CPMC patients
- Beds will be available to uninsured, Medi-Cal, and Medicare patients



Development Agreement: Healthcare

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
- Clinical integration of medical staffs at all its campuses
- Actively participate in San Francisco's "Community Benefits Partnership"
- Continue pediatric, obstetric, and certain tertiary services to Chinese Hospital patients consistent with existing services agreements with Chinese Hospital
- Deliver culturally and linguistically appropriate services that are representative of San Francisco's diverse population at all campuses



Development Agreement: HSS

Protect the City's Health Service System (HSS) from premium increases by capping rates for 10 years

- **In Network:** limits premium increases to insurers for HSS to:
 - **Years 1 through 3:** 5% annually
 - **Years 4 through 10:** no more than the medical rate of inflation plus 1.5% annually (Medical inflation averaged 4% for last 10 years)
- **Out of Network:** HSS will receive the same out of network rates as other employers that contract with Blue Shield



Development Agreement: Job Creation

Construction Jobs:

- **30% Local Hire**
 - Project Overall
- **50% Local Hire**
 - Apprentices
 - Engineering & administrative interns

Permanent Jobs:

- Partnership with the City's Healthcare Sector Academy
- 40 entry level jobs a year for 5 year

\$2 million grant to support workforce training



Development Agreement: Housing

Replace rent-controlled and SRO units displaced by construction of CPMC's Cathedral Hill Campus

- **\$2,684,800 to replace 20 residential hotel units**
 - Value appraised by the Department of Real Estate
- **\$1,453,820 to replace 5 rent-controlled units**
 - Value determined by the Department of Planning
- Paid no later than Effective date of Development Agreement



Development Agreement: Housing

CPMC entered into tenant relocation settlement agreements with all households relocating due to the construction of the Cathedral Hill campus

- **Relocation Benefits**
 - Up to 120 months of rental subsidy
 - Up to 6 months free rent prior to relocation
 - All households successfully relocated
- **Federal and state Uniform Relocation Acts only require relocation payments and 42 months of rental subsidy**



Development Agreement: Housing

Uphold the policies of the Van Ness Special Use District, focusing on affordable housing

- **\$29 Million to Mayor's Office of Housing (MOH) for 100% affordable developments**
 - 145 affordable units
- **\$29 Million to MOH for to a new Downpayment Assistance Loan Program (DALP) for CPMC employees**
 - 60-100% of Area Median Income
 - 145 loans
- **\$35 Million in repayments from DALP will be returned to MOH for use on 100% affordable developments**
 - 175 affordable rental units



Development Agreement: Transportation

Provide funding for MTA transit facilities and service

- **\$5 million for the Van Ness and Geary Bus Rapid Transit (BRT)**
- **\$10.5 million Transit Fee (in lieu of TIDF)**
 - MTA to help alleviate transit delay and other impacts caused by the new Cathedral Hill campus
- **\$500,000 per year to MTA from a parking surcharge at the Cathedral Hill Campus**
 - \$0.50 off-peak and \$0.75 peak for each entry and exit
- **\$400,000 to MTA to fund studies for improvements to bicycle facilities around and between the proposed new CPMC facilities**



Development Agreement: Pedestrian Safety & Streetscape Improvements

Cathedral Hill / Lower Polk / Tenderloin Area

\$9.35 million in improvements including:

- 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



Development Agreement: Pedestrian Safety & Streetscape Improvements

Davies Campus

\$475,000 in improvements including:

- 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



Development Agreement: Pedestrian Safety & Streetscape Improvements

St. Luke's Campus

- **\$3.3 million in improvements including:**
 - 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



Timing of Public Benefits

Effective Date		Finally Granted	Start Construction Cathedral Hill	Opening Cathedral Hill
August 2012		After Litigation	Fall 2012	2017
Healthcare	10,000 Medi-Cal begins (10 years) \$3.5M Innovation Fund HSS Rate Agreement	\$86M Baseline starts (10 years) \$16.5M Innovation Fund		St. Luke's Hospital (20 years) Centers of Excellence
Housing	\$4.1M Replacement \$3.5M Affordable	\$10.6M Affordable (\$7.5M/yr next 2 yrs) \$5.8M DALP Program (\$5.8M/yr next 4yrs)		
Workforce			\$500k Workforce (\$250k/yr next 4 yrs)	\$250k Workforce (\$250k next year)
Transit	\$400k Bike Study	\$2M BRT	\$7.6M Transit Fee (\$4.4M in later yrs) \$2M BRT (\$1M next year)	\$500k Parking Fee (10 years)
Streetscape	\$150k Cathedral Hill	\$700k Cathedral Hill \$3.3M St. Luke's \$475k Davies	\$2.5M Cathedral Hill (\$3M next 2 years)	
Total One Time:		\$11.65M	\$39.375M	\$12.6M
				\$750k

Summary: Project Benefits

- 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 **\$93 million** for affordable housing



Job Creation & Retention

Development Agreement Goals:

- 1) **Apply local hire policy to privately funded construction project**
- 2) **Create career paths for San Franciscans**
- 3) **Strengthen partnership with City's existing job training academies and CBOs**
- 4) **Support San Francisco's local businesses**



Job Creation & Retention

CPMC is the 2nd largest, private employer in San Francisco

- **4th largest employer including public agencies**

CPMC Rebuild Project will:

Create:

- **1500 Construction Jobs**
- **1500 Permanent Jobs over 10 years**

Retain:

- **6200 jobs in San Francisco**
 - 45% of CPMC's employees are San Francisco residents
 - Average CPMC employee compensation (wages + benefits): \$ 85,500 / year



Projected Job Growth: CPMC Project

Current and projected job growth for CPMC, over 10 years

Entry Level Positions	Position	# Existing jobs (% of total jobs)	# New jobs (% of new jobs)
	Management & Supervision (\$59/hr)	434 (7%)	109 (7%)
	Registered Nurse (\$65/hr)	2108 (34%)	545 (34%)
	Licensed Vocational Nurse (\$31/hr)	85 (1%)	22 (1%)
	Technicians & Specialists (\$41/hr)	1488 (24%)	404 (24%)
	Aides & Orderlies (\$22/hr)	588 (9%)	147 (9%)
	Clerical & Admin. Support	806 (13%)	203 (13%)
	Environmental & Food Services	496 (8%)	131 (8%)
	Other	124 (2%)	39 (2%)
	Total	6200 (100%)	1600 (100%)



Local Hire: Construction Jobs

1) *Apply local hire policy to privately funded construction project*

Project creates 1,500 construction jobs

- **Project Overall**
 - 30% local hire measured by construction trade hours for the project overall, for each contractor, and by each trade
 - City Local Hire Ordinance for publicly funded projects requires 25% local hire
- **New entry-level administrative & engineering positions**
 - 50% local hire
- **Internships**
 - 50% local hire
- **New apprentice positions:**
 - 50% graduates from the CityBuild Academy;
 - OEWD/CityBuild, contractors & unions will work together to maximize opportunities for local residents for remaining 50%



Local Hire: Construction Jobs

1) *Apply local hire policy to privately funded construction project*

- **Advancing Apprentices:** 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
- **City Collaboration:** Contractors will be required to notify the City of all entry-level and apprentice opportunities; failing to do so will be considered a First Source violation
- **San Francisco Residents:** Project will adopt the “domicile” requirement of demonstrating residency in San Francisco, similar to the SF Local Hiring Policy for Construction



Local Hire: Permanent Jobs

2) Create career paths for San Franciscans

CPMC currently has 6200 jobs

- **Rebuild will add 1500 jobs over 10 years**

122 Entry Level Job Openings Annually:

- **100 positions open through annual attrition, promotions & retirements**
- **22 new jobs from rebuild project**

New Entry Level Jobs:

- **Entry-Level Jobs** require 2 years, or less, of post-secondary education
- **Examples of Entry-Level Jobs:** EKG Technician, Medical Assistant; Health Information Technology/Billing; Housekeepers; Phlebotomist



Local Hire: Permanent Jobs

2) *Create career paths for San Franciscans*

122 entry level positions annually

- **Local Hire:** CPMC will hire 40 permanent entry-level jobs per year for 5 years through the Workforce System
 - **Local hire for 1/3 of all entry level end use positions**
 - **City's HealthCare Academy Partnership:** Agreement partners with City's existing HealthCare Sector Academy
 - **San Francisco CBO Partnership:** Additional jobs will be filled through CBOs, targeting residents of the Western Addition, Tenderloin, Mission/SOMA, Outer Mission/ Excelsior, Chinatown and Southeastern neighborhoods



Local Hire: Enforcement

Construction Jobs:

- **First Source Hiring Enforcement Remedies available**
 - Liquidated damages for unfilled positions
 - Monitored by OEWD

Entry Level Permanent Jobs:

- Unfilled positions rollover into the next year
- CPMC required to work with Healthcare Sector Academy & OEWD to fill total of 200 positions



Sector Academy Partnerships

3) *Strengthen partnership with City's existing sector academies*

Health Care Sector Academy / Workforce Systems Partnerships

- City's Health Care Academy graduates 150+ entry-level students and places 125+ in jobs per year
- Average Wage for graduates is \$12-17/hour for Home Health Aides, Medical Assistants, Patient Services Representatives
- CPMC to provide \$2 million for community workforce services
 - 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 Academy will provide:
 - Clinical and clerical training
 - Coordinate job notifications and candidate referrals



Sector Academy Partnerships

3) *Strengthen partnership with City's existing sector academies*

CityBuild Academy

- CityBuild Academy has graduated ten classes and 392 students
- Pre-apprenticeship program which prepares individuals for entry-level, unionized positions within the construction industry

City Build Referral Program

- Facilitated over 1,800 job placements in more than 250 public and private construction projects

CPMC to partner with CityBuild to:

- Fill 50% of new apprentice positions from CityBuild Academy
- Work with CityBuild Referral program to fill remaining 50% of new apprenticeship positions
- Create a structured program to advance CityBuild Academy apprentices to journey level status in their trade by the end of the project



Supporting Local Business

4) *Support San Francisco's Local Businesses*

Local Business Enterprise (LBE) commitments (construction)

- **14% of all contracts awarded to LBEs**
 - Includes contractors and subcontractors
 - Measured by the total cost of all contracts



Thank you & questions

