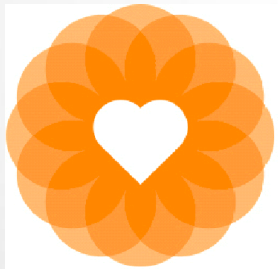


2016 PUBLIC HEALTH & SAFETY BOND

Quarterly Update



San Francisco
Health Network

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH



ZUCKERBERG
SAN FRANCISCO GENERAL
Hospital and Trauma Center

Full Health Commission
March 7, 2023

Topics & Presenters

Project Budget

- Mark Primeau (DPH)

COVID-19 Impacts and Strategies to Manage Budget Challenges

- Terry Saltz/Mark Primeau (DPH)

Project Updates

- Joe Chin (SF Public Works)

Coordination w/ UCSF Research Center Project

- Mark Primeau (DPH)/Alicia Murasaki, (UCSF)

Project Budget: ZSFG Building 5

Total Budget: \$205.3 Million

	Bond Budget	Other Fund Sources ⁵	Bond Expended as of 2/16/2023 ³	% Expended/Budget	Bond Encumbered as of 2/16/2023 ^{3, 4}	% Bond Expended+ Encumbered/Budget	Bond Forecast
Purchase, Construction, & Mobilization	\$116,801,655	\$11,400,000	\$ 44,131,328	37.8%	\$58,377,016	87.8%	\$116,801,655
Project Control	\$83,796,338	\$0	\$ 75,165,352	89.7%	\$5,729,027	96.5%	\$83,796,338
Other Program Costs ²	\$2,838,463	\$0	\$0	0.0%	\$0	0.0%	\$2,838,463
Finance Costs ¹	\$1,915,615	\$0	1,722,391.00	89.9%	\$0	89.9%	\$1,915,615
Total	\$205,352,071	\$11,400,000	\$121,019,070	58.9%	\$64,106,043	90.2%	\$205,352,071

1. Finance Costs include Underwriter's discount, cost of issuance, GO oversight committee fee, Controller's audit fees, totaling \$1,722,391.00. Because the total Finance costs for the 1st sale include all 3 agencies and 3rd sale includes 2 agencies, DPH has segregated out it's portion of the finance costs.
2. Other Program costs include Program Contingency.
3. PeopleSoft financial data as of 2-16-2023. Financial data are subject to revision based on ongoing Public Works labor and non-labor clean-up effort.
4. \$18M has been allocated from Building 5 component to fund CHC Component Projects
5. Other Fund Sources include \$11.4M (PES-2020 HR Bond).

Project Budget: Community Health Centers

Total Budget: \$66.8 Million

	Bond Budget	Other Fund Sources ⁵	Bond Expended as of 2/16/2023 ³	% Expended/Budget	Bond Encumbered as of 2/16/2023 ^{3, 4}	% Bond Expended+ Encumbered/Budget	Bond Forecast
Purchase, Construction, & Mobilization	\$40,521,428	\$10,285,137	\$39,234,593	96.8%	\$890,108	99.0%	\$40,521,428
Project Control	\$24,918,014	\$270,872	\$23,878,878	95.8%	\$380,447	97.4%	\$24,262,885
Other Program Costs ²	\$595,830	\$0	\$0	0.0%	\$0	0.0%	\$1,250,959
Finance Costs ¹	\$723,848	\$0	571,297.00	78.9%	\$0	78.9%	\$723,848
Total	\$66,759,119	\$10,556,009	\$63,684,768	95.4%	\$1,270,555	97.3%	\$66,759,119

1. Finance Costs include Underwriter's discount, cost of issuance, GO oversight committee fee, Controller's audit fees, totaling \$571,297.00. Because the total Finance costs for the 1st sale include all 3 agencies, DPH has segregated out it's portion of finance.
2. Other Program Cost include Program Contingency and Project Reserves.
3. PeopleSoft financial data as of 2-16-2023. Financial data are subject to revision based on ongoing Public Works labor and non-labor clean-up effort.
4. \$18M has been allocated from ZSFG Building 5 Component to CoComponent
5. Other Fund Sources includes FEMA (\$2.15M), PUC (\$910K), Mayor's Budget Office (\$1.8M), MHSA (\$3M), OCII (\$2.1M), Old bonds (\$403K), etc.



Project Budget: ZSFG Building 5

Preliminary Draft Budget

2016 BOND PROJECTS			
Project	Project Name	2016 Budget	2022 Budget
P1	B5 Seismic Retrofit	34,857,000	49,632,998
P2	Dialysis Relocation	14,138,000	30,532,488
P3	Public Helath Lab	19,510,000	38,450,288
P4	IT Infrastructure	20,557,000	25,096,584
P5	Family Health Clinic	19,793,000	50,947,042
P6	Psych Emergency Services Relocation	8,300,000	24,234,527
P7	Building 80/90 Specialities Clinics	6,598,000	34,500,000
P8	Clinlab Track Automation	2,500,000	8,081,727
	6H Office Surge Space	4,648,000	11,986,950
	Urgent Care Relocation	1,872,000	2,958,000
	Rehabilitation Relocation	23,713,000	33,161,573
		156,486,000	309,582,177

avail \$\$	204,000,000
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deficit	(105,582,177)
<u>other funding</u>	
CPC Clin Lab Original	1,800,000
CPC Clin Lab Stimulus	4,000,000
2020 Health & Recovery Bond PES	11,400,000
Bond Contingency	2,500,000
Bond Interest	3,500,000
adjusted deficit	(85,982,177)

	Completed
	Funding Supplemented

STRATEGIES TO MANAGE BUDGET CHALLENGES

Costs and Risk Management

- Modify trade package bidding documents to avoid subcontractor's higher pricing based on "assumed" and "unknown" risks. Reduce perceived risk. Pankow Builders and DPH/DPW will actively manage the risks.
- More direct outreach by Pankow Builders to the pre-qualified subcontractors to submit bids to allow for competitive pricing and create a larger trade partner bidding pool.
- Create early demolition packages to avoid unforeseen conditions during construction (e.g. Psychiatric Emergency Services)
- Value Engineering (de-scope) to better align bid prices with budget
- Experts is forecasting an inflationary recovery flattening in 2024 for the construction industry
- Utilize alternate funding sources to supplement bond funding
 - ❑ Funding Received - \$11.4M from 2020 Health & Recovery Bond, FEMA (\$2.15M), Mayor's Office (\$1.8M), PUC (\$910K), MHSA (\$3.2M), OCII (\$2M), program contingencies (\$2.5M)
 - ❑ TBD Funding - 2016 PHS interest earnings (\$9M-DPH portion only, as of 1/2023), capital campaign/ZSFG Foundation (\$TBD))
 - ❑ Possible Grants in Discussion
 - Climate Change Initiative Grant – Congress proposing legislation to add language allowing "extreme heat and cooling center" scopes for grant eligibility. Working with Capital Planning Committee (CPC) on project eligibility and application process
 - State Infrastructure Grant - Behavioral Health Continuum Infrastructure Program (\$33,736,105)

ZSFG Building 5 – Project Updates

Projects in Construction:

- **Rehabilitation Department Relocation (Phase 3)**
 - ❑ Proceeding with project submittals, including infection control work plans. Upcoming activities include haz mat abatement in Urology Space.
- **Dialysis (DR); Public Health Laboratory (PHL); Seismic Upgrade (SU); Clinical Laboratory Track Replacement (CL); PES Early Demo (PES-ED); and IT Infrastructure (IT)**
 - ❑ **DR:** 6% completed. Continuing with nurse station framing and underslab plumbing/electrical installation.
 - ❑ **PHL:** 17% completed. Completed temp wall and infection control barrier at all levels except for Level 3, to allow for elevator shaft door demo. HVAC ductwork demo to commence pending installation of temp ductwork bypass.
 - ❑ **SU:** 23% completed. Exterior sawcut, column enlargement, and fiber reinforced polymer (FRP) wrapping of columns at various levels
 - ❑ **CL:** 20% completed. Completed men's restroom. Women's restroom construction to commence in March 2023. Continuing with Medical Records ductwork installation and framing.
 - ❑ **PES-ED:** 93% completed. Abatement targeted to be completed by mid-August and followed by demolition.
 - ❑ **IT:** 2% completed. Completed chiller pad construction. Proceeding with restroom renovation. Rebid for reduced electrical scope to commence by 2Q, 2023

Projects in Design:

- **Psychiatric Emergency Services (PES)** – Backcheck #2 submitted to HCAI for review in Feb 2023. Targeting plan approval by 3Q, 2023



Dialysis



Seismic



PES-ED

Community Health Centers – Project Updates

Southeast Health Center (District 10 – Walton)

- Started seeing patients in new building since July 29, 2022
- Completed. Currently in project closeout.



Castro Mission Health Center (District 8 – Mandelman)

- Clinic moved back in on August 20, 2022
- Completed. Currently in project closeout.



Maxine Hall Health Center (District 5 – Preston)

- Clinic moved back in on October 15, 2021
- Completed. Currently in project closeout.



UCSF Research and Academic Building

Design

Permits

COVID -19 & Permit Appeals

Mar 2020

South Facade from the Southwest



East Facade from the Southeast

Roadway Construction

Aug 2020

May 2021

We are here
(February 1, 2023)

Research Building Construction

Sep 2020

Winter 2023

Move In

Summer 2023

Construction 94% complete

2020

2023

Questions?



San Francisco Department of Public Health

Appendix

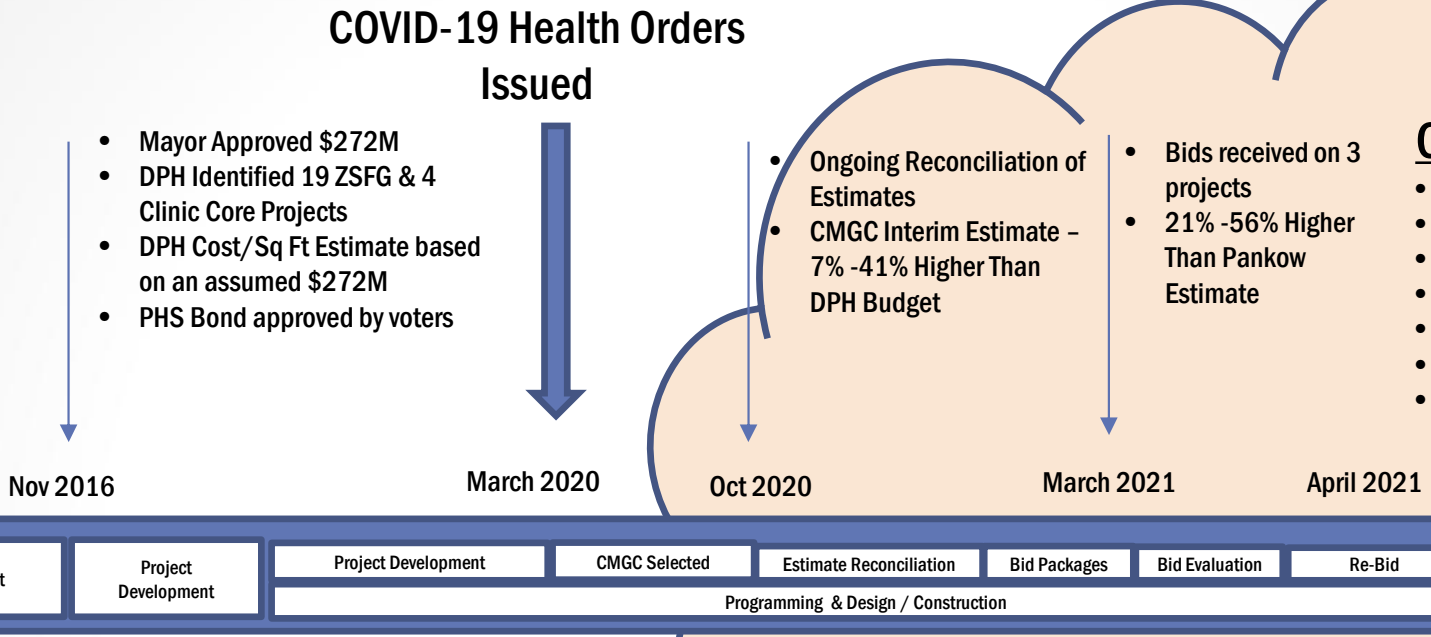
1st and 3rd Bond Sales Budget and Allocation

Public Health and Safety Components/Projects		Bond Authorization	Original Bond Budget	Revised Bond Budget (Appropriated)	1st Bond Sale	3rd Bond Sale
1	ZSFG Building 5 Seismic Upgrade and Outpatient Improvements Program (DPH)	\$222,000,000	\$218,723,000	\$203,436,456	\$95,755,942	\$107,680,514
2	Southeast Health Center Renovation (Phase 1) and New Addition (Phase 2) Program (DPH)	\$30,000,000	\$29,700,000	\$37,467,673	\$32,868,048	\$4,599,626
3	Community Health Centers Improvement Program (Various Locations) (DPH)	\$20,000,000	\$19,800,000	\$28,567,598	\$17,857,306	\$10,710,291
	Oversight, Accountability, and Cost of Issuance / Underwriter's Discount	\$0	\$3,777,000	\$2,528,273	\$1,613,539	\$914,735
Total		\$272,000,000	\$272,000,000	\$272,000,000	\$148,094,835	\$123,905,165

- \$3.7M is an estimated amount allocated for General Obligation bond related costs (oversight, accountability, COI, etc.). The amounts listed under 1st and 3rd Bond Sales are actual amounts.

BOND PROGRAM IMPACTS – Historical Information

**2015
DPH Capital
Project
Estimate
\$535M**



COVID-19 Health Orders Issued

- Mayor Approved \$272M
- DPH Identified 19 ZSFG & 4 Clinic Core Projects
- DPH Cost/Sq Ft Estimate based on an assumed \$272M
- PHS Bond approved by voters

- Ongoing Reconciliation of Estimates
- CMGC Interim Estimate - 7% -41% Higher Than DPH Budget

- Bids received on 3 projects
- 21% -56% Higher Than Pankow Estimate

COVID-19 IMPACTS

- Supply Chain
- Material Costs
- Market Uncertainties
- Bidder Risk Avoidance
- Social Distancing
- Access to Job Site
- Occupied Building

Planned Core Projects

- Chinatown Public HC (CPHC)
- Castro Mission HC
- Maxine Hall HC
- Southeast HC
- ZSFG B5 Seismic Improvement
- ZSFG B5 Infrastructure Improvement
- ZSFG B5 Clinical Improvement
- ZSFG B5 IT Improvement

- ZSFG bond budget reduction to support shovel-ready HC projects
- Projects Deferred: CPHC; ZSFG: 4E, MHRC, Fire Sprinkler, Mechanical
- Cost Estimate Impacted Project Scopes
- Ongoing Cost Estimates at Design Milestones

Dec 2020

- Estimate reconciliation results in increase project costs

Unforeseen Impacts

- Code changes reduces seismic performance to SHR-4
- City Planning – Historical review of clinics due to building age
- Enabling Work – Temporary Clinics during construction
- Existing hazardous materials
- Aging infrastructure

Bond Sales

	1st Bond Sale Jan 2017	3rd Bond Sale Oct 2020	Total
Sale Amount (All PHS components)	\$173.1M	\$126.9 M	\$300.0 M
% Bond Rate	85%	97.3%	90.2%
Budget (DPH components only)	\$147.2 M	\$123.5 M	\$270.7 M ²
Expended/Encumbered	\$146.7 M ¹	\$102.3 M ¹	\$249 M ¹
% Expended/Encumbered	99.7%	82.8%	92%

General Notes:

1. PeopleSoft financial data as of 2-16-2023. Financial data are subject to revision based on ongoing Public Works labor and non-labor clean-up effort).
2. The Budget numbers indicated are only showing the DPH portion of the bond, totaling to \$ 270.7M
3. \$350M is the total 2016 PHS Bond Budget that provides funding for six components (3 of 6 are DPH components). The Total Sale Amount does not add up to \$350M because it not include 2nd Bond Sale amount, which did not provide funding for any DPH components.

Other Potential Supplemental Fund Sources

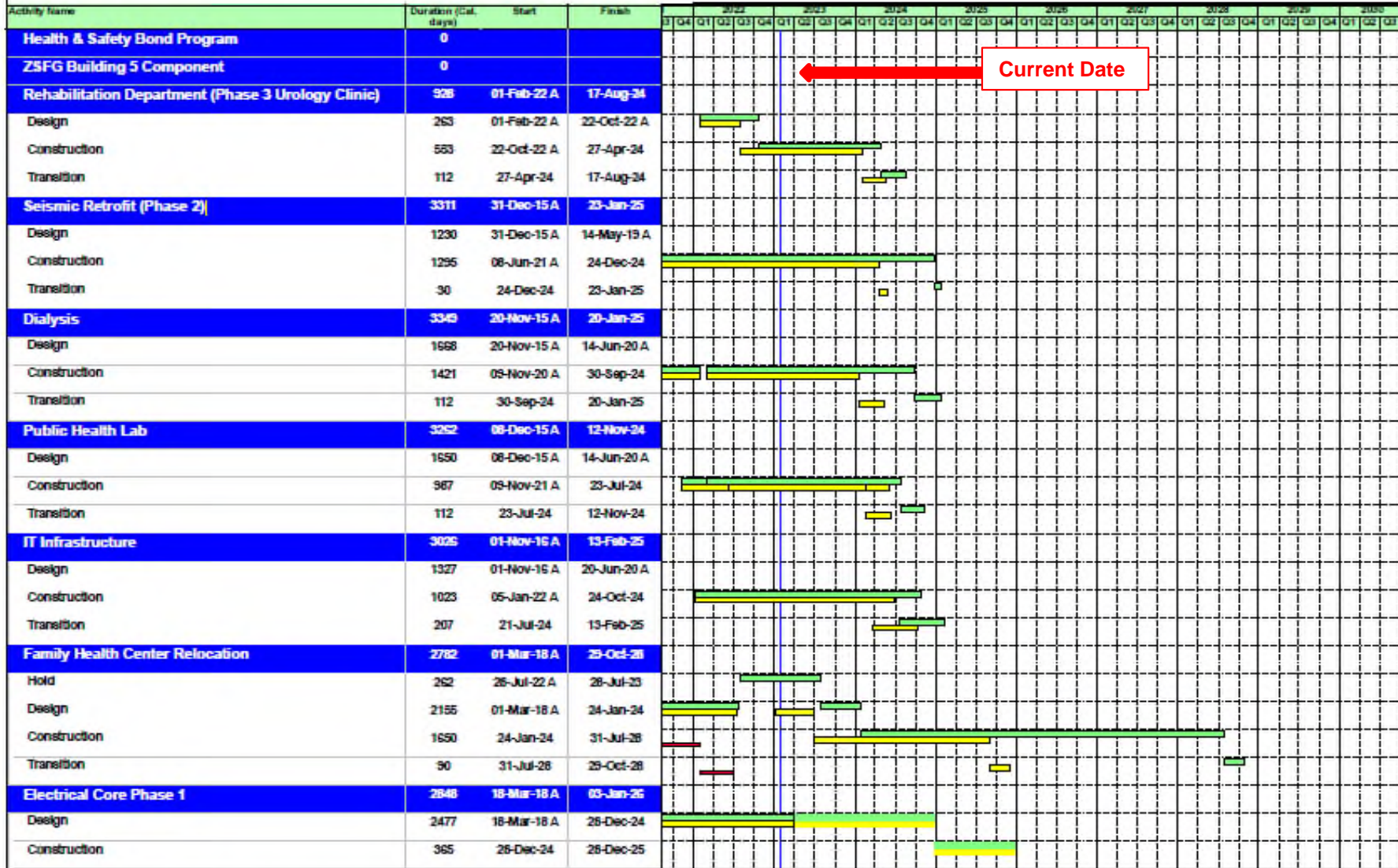
FUND SOURCE TYPE	FUND SOURCE DESCRIPTION	AMT (million)
A	2016 BOND PROGRAM CONTINGENCY: \$2.5 M	2.5
B	FEMA HAZARD MITIGATION GRANT (Castro Mission HC)	2.15
C	BOND INTEREST EARNINGS (Dependent on market conditions, as of 1/2023)	9.0
D	DONOR- PHILANTHROPY: \$ TBD	TBD
E	PUC PV & EV ASSET FUNDING (Southeast HC)	0.91
F	2020 HEALTH AND RECOVERY BOND PROGRAM (ZSFG Psychiatric Emergency Services)	11.4
G	REIMBURSEMENT OF BOND ELIGIBLE EXPENSES APPLIED TO A FUTURE DPH BOND: \$500,000 - \$1,500,000 (e.g. Chinatown Public HC)	0.5
H	DPH REVENUE/SAVINGS -APPROVED BY MBO FOR USE ON CAPITAL: \$ TBD	TBD
I	MHSA & OCII funding: \$5.25M (Southeast HC)	5.3
J	CLIMATE CHANGE INITIATIVE GRANT (range of \$10M)	TBD
K	FEMA GRANT - BUILDING RESILIENT INFRASTRUCTURE AND COMMUNITIES (BRIC) (range of \$10M)	TBD
TOTAL		31.7

PROGRAM SCHEDULE SUMMARY

2016 Public Health & Safety Bond

MASTER SCHEDULE

Data Date: 01-Feb-23



- Current Activity
- Baseline Activity
- Prev. Reported Activity

Legend:
 Design: Programming, Design, Permitting, and Bid & Award
 Construction: NTP, Construction, and Punchlist
 Transition: FF&E, Training, and Licensing

*Estimated Dates as Feb 2023

PROGRAM SCHEDULE SUMMARY

2016 Public Health & Safety Bond				MASTER SCHEDULE				Data Date: 01-Feb-23																							
Activity Name	Duration (Cal. days)	Start	Finish																												
Transition	101	24-Sep-25	03-Jan-26																												
Psychiatric Emergency Services (PES) Expansion	2940	01-Mar-18 A	19-Mar-26																												
Design	1947	01-Mar-18 A	30-Jun-23																												
Construction	1372	15-Nov-21 A	16-Aug-25																												
Transition	213	18-Aug-25	19-Mar-26																												
Radiology 1X65	1284	11-Apr-22 A	16-Oct-25																												
Design	712	11-Apr-22 A	23-Mar-24																												
Construction	365	23-Mar-24	23-Mar-25																												
Transition	207	23-Mar-25	16-Oct-25																												
Radiology 1X61	953	01-Feb-23	11-Sep-25																												
Design	526	01-Feb-23	13-Jul-24																												
Construction	365	13-Jun-24	13-Jun-25																												
Transition	90	13-Jun-25	11-Sep-25																												
B80, B90 Specialties Relocation (On Hold)	2008	25-Oct-18 A	25-Apr-24																												
Hold	800	21-Apr-21 A	30-Jun-23																												
Design	2008	25-Oct-18 A	25-Apr-24																												
Clinical Lab Automated Track Replacement	2401	01-Jan-18 A	23-Jul-24																												
Design	1464	01-Jan-18 A	04-Jan-22 A																												
Construction	793	25-Nov-21 A	31-Jan-24																												
Transition	180	31-Jan-24	29-Jul-24																												
Community Health Center Components	0																														
Castro Mission Health Center (MOU: 1/6/17)	2708	25-Mar-15 A	24-Aug-22 A																												
Design	2118	25-Mar-15 A	10-Jan-21 A																												
Construction	536	11-Jan-21 A	01-Jul-22 A																												
Transition	53	02-Jul-22 A	24-Aug-22 A																												
Southeast Health Center Ph-2 (Addition)	2158	20-Nov-16 A	18-Oct-22 A																												
Design	1224	20-Nov-16 A	28-Mar-20 A																												
Construction	883	18-May-20 A	18-Oct-22 A																												
Transition	58	01-Jun-22 A	28-Jul-22 A																												

Current Date

- Current Activity
- Baseline Activity
- Prev. Reported Activity

*Estimated Dates as Feb 2023

Legend:
 Design: Programming, Design, Permitting, and Bid & Award
 Construction: NTP, Construction, and Punchlist
 Transition: FF&E, Training, and Licensing