SFDPH Facilities Master Plan

2015-2020

A 5-Year Road Map and Strategy for
SFDPH’s Capital Infrastructure

November 3, 2015
History and Purpose

- The 2015 Plan is the 2\textsuperscript{nd} update to the plan originally reviewed by the Health Commission in May 2011.

- The purpose of this Facilities Master Plan is to provide a five-year road map for continued support, funding and improvements to the Department of Public Health’s capital infrastructure.
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Plan Overview

• Part 1 – Background discusses new areas of focus, new capital planning processes, a shift to integrated facilities management, overview of facilities, funding & constraints

• Part 2 – Major Capital Projects catalogues major projects & timelines

• Part 3 – Emerging Needs & Next Steps discusses major emerging capital needs, proposed financing to pay for them, outstanding real estate and seismic issues, shifting focus to ambulatory care

• Part 4 – Appendices
What’s New?

• Document reorganized to be more comprehensive, forward looking
• New section discussing financing of major projects, civic center real estate market pressures
• Historical information catalogued in Appendices
• Appendix C - leased sites
Facilities Integration

Implementation of the Affordable Care Act and DPH’s SF Health Network demands greater collaboration and coordination:

- Establishment of Executive Facilities and Capital Planning Committee in 2015
- Senior leadership representing all of DPH’s major divisions
- Meets twice a month
- Tasked with management, oversight & monitoring
- Recommends projects for inclusion in City’s 10-Year Capital Plan, 2022 bond
- Retreat planned to coincide with 2016-17 budget cycle
Funding Constraints

- The City’s FY 2016-2025 Capital Plan is a financially constrained plan.
- While the Plan identifies over $32 billion in capital needs, the City’s General Fund only covers $120 million in FY 15-16 and $128 million in FY 16-17.
- G.O. bond issuances are purposely limited to not raise the tax base.
- Public Health G.O. bonds are proposed for June 2016 & Nov. 2022.
Key Financial Points

- June 2016 G.O. Bond currently under discussion, tentatively includes $222 million for DPH:
  - SFGH Building 5 seismic retrofit and renovation - $192 million
  - Southeast Health Center Phase 2 Expansion - $30 million

- June 2016 G.O. Bond does not include $150 million seismic retrofit of 101 Grove as previously proposed:
  - Proposed Alternative: Central office relocation to utilize $59.5 million in COP financing in 2019

- June 2016 G.O. Bond does not include seismic retrofit and renovation of SFGH Buildings 80/90 as previously proposed:
  - Proposed Alternative: Finance with $300 million as part of a November 2022 G.O. Bond, along with other health facility improvements
Real Estate Investment Issues

- Engaging with Controller’s Office to support real estate analysis
- DPH will house approximately 1,260 administrative & clinical staff in 7 buildings primarily in the Civic Center area in 2019
- DPH has tentative plans to vacate a number of Civic Center spaces by 2019 because of:
  - seismic vulnerabilities (101 Grove)
  - selling of city assets (30 Van Ness)
  - lease rate hike concerns (1390 Market)
  - selling of private assets (1360 Mission)
  - If current plans to vacate are executed, DPH will need to find suitable space to house approximately 815 staff plus clinical service space
- DPH is exploring options for new lease space and the renovation of vacant buildings at LHH and SFGH
- However, regardless of strategy, DPH will be required to obtain more space and pay more for it:
  - If DPH were required to pay market rates on leases for all its 1,260 staff, total annual costs are estimated at over $15 million (currently approximately $4+ million)
  - Cost estimates and financing strategy recommendations for seismic upgrade and renovations underway
Next Steps and Challenges

• Completing seismic and renovation program to fully utilize existing, needed space at SFGH and LHH

• Planning for future DPH and Health Network System needs, with emphasis on:
  – Administrative office and clinical space needs resulting from displacement pressures at Civic Center
  – Ambulatory Care priorities

• Refinement of integrated facilities management structure

• Coordinating new UCSF Research Center and expanded garage at SFGH Campus

• Preparing for ($300 million) 2022 G.O. Bond, including anticipated trade-offs
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Questions and Comments?