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Department of Public Health Facilities 2020 COP - \$157 Million

Budget & Finance Committee ■ October 7, 2020

DPH Facilities 2020 COP Overview

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- The approved Capital Plan includes Certificates of Participation to fund the proposed \$126.2M of DPH project costs.
- These funds would come from the issuance of two Certificates of Participation (COPs):
 - 101 Grove Exit COPs (\$108 million)
 - Critical Repairs Recession Allowance COPs (\$60 million planned, using \$18.2 million for this purpose).
- Together with reserves and financing costs associated with issuing COPs, the full not-to-exceed amount would be \$157 million.

Sources & Uses of Capital Planned COP Project Funds

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<u>SOURCES:</u>	Public Health 101 Grove Exit	FY2022 Critical Repairs Recession	Total
Capital Plan COPs	\$108,000,000	\$60,000,000	\$168,000,000
<u>USES:</u>			
101 Grove Exit			
LHH Wings Reuse Project	\$84,000,000	-	\$84,000,000
AITC Travel Clinic Relocation	\$2,500,000	-	\$2,500,000
Homeless Services Center	\$5,000,000	-	\$5,000,000
<u>Subtotal</u>	<u>\$91,500,000</u>	-	<u>\$91,500,000</u>
SFGH Chiller & Cooling Tower Replacement	\$16,500,000	\$18,200,000	\$34,700,000
<u>Total</u>	<u>\$108,000,000</u>	<u>\$18,200,000</u>	<u>\$126,200,000</u>

Laguna Honda Hospital Campus Map



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101 Grove Exit COP – Laguna Honda

Renovation of two vacant wing facilities and sewer replacement at Laguna Honda Hospital (\$84 million): This project enables the relocation of 400+ DPH staff from Civic Center buildings, including seismically hazardous 101 Grove, lowers DPH reliance on leased spaces, and makes timely critical infrastructure investments.

101 Grove Exit COP – Laguna Honda

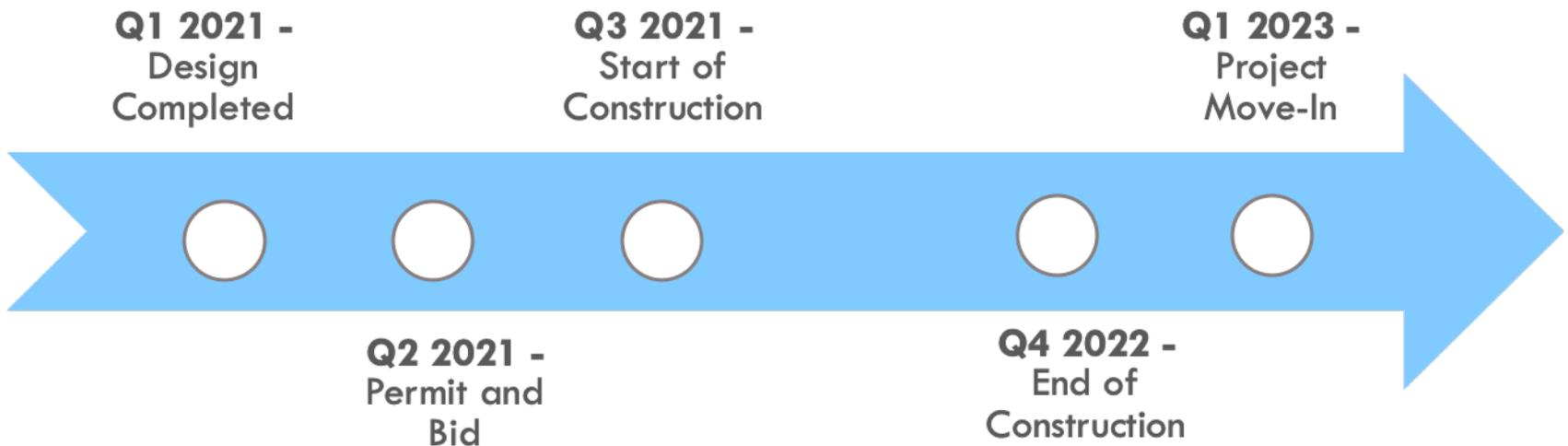
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- ▣ **Renovation of 2 LHH Wings, Critical Sewer Replacement (\$84 million):**
 - ▣ Comprehensive interior renovation of two existing vacant wings into new office areas:
 - ▣ Hazardous material abatement, interior demolition and voluntary seismic upgrades.
 - ▣ Aging utility distribution systems (plumbing, heating, electrical) to be replaced to comply with current codes; existing gas hot water boilers to be replaced with electric boilers, allow for future conversion to electric.
 - ▣ Includes accessibility upgrades to building entrance, bathrooms, and modernization of existing elevators (from 1930s).
 - ▣ Critical replacement of the main sewer line that serves the larger Administration Building

101 Grove Exit COP – Laguna Honda

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Estimated Project Milestones





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101 Grove Exit COP – AITC Travel Clinic

Relocation of DPH's AITC Immunization and Travel Clinic from 101 Grove to 25 Van Ness (\$2.5 million): This clinic functions as a full-service pre-travel preventive medicine provider offering all US-licensed vaccines. This tenant improvement project relocates staff from 101 Grove. [Project completion targeted 2022.](#)



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101 Grove Exit COP – Homeless Services Center

Relocation of DPH's Tom Waddell Clinic to 1064 Mission (\$5 million): The Tom Waddell Clinic at 101 Grove will relocate to support the health needs of persons experiencing homelessness. The 1064 Mission project is funded through multiple sources, including \$5 million from 101 Grove Exit COP. [Project completion December 2021.](#)

Critical Repairs Recession Allowance COP

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- **Replacement of the ZSFG Chiller and Cooling Water Replacement (\$34.7 million):**

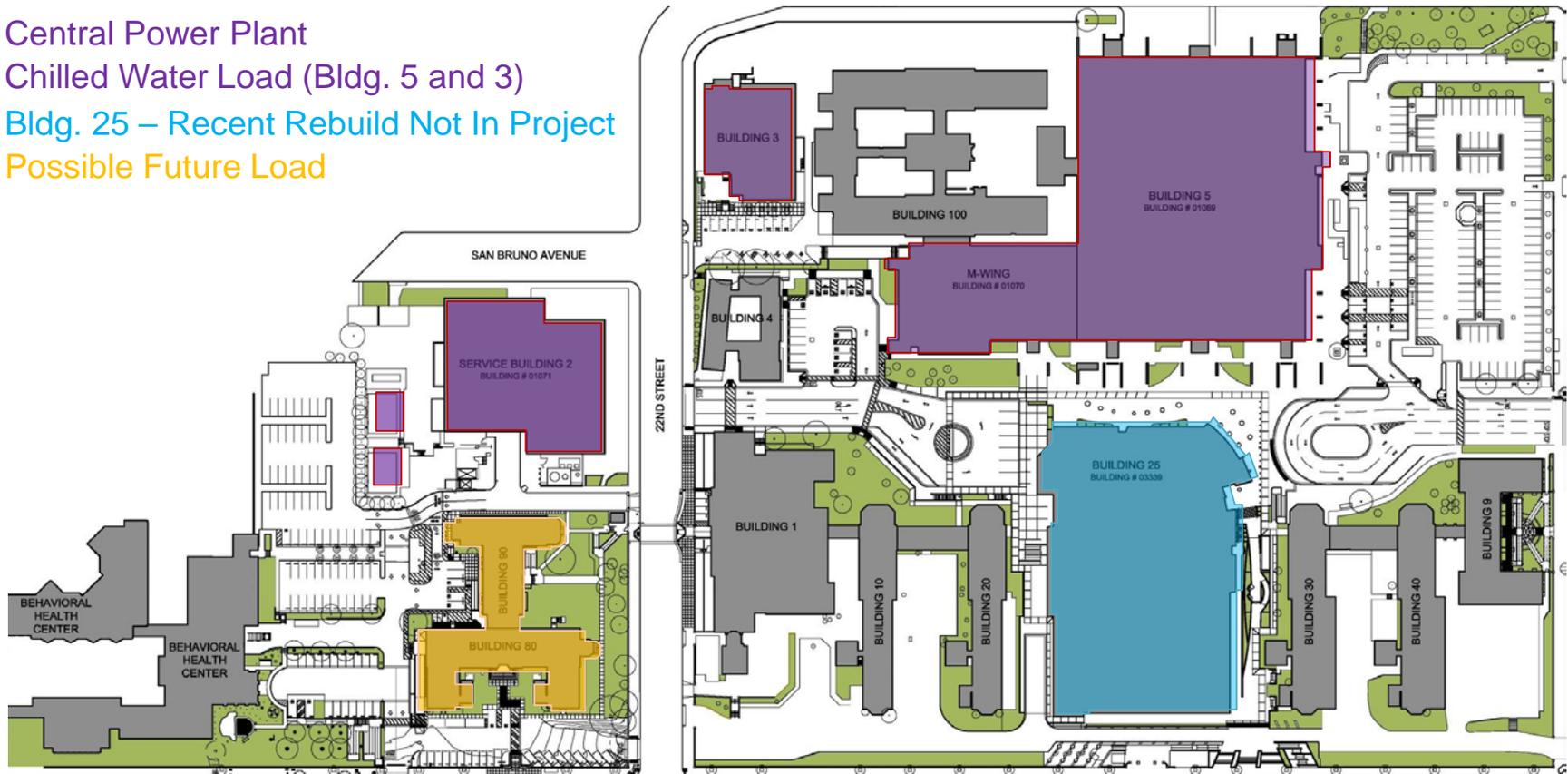
 - Project would replace two old existing chillers, one of which is no longer operational, and the other of which is unreliable and only provides 50% of needed cooling capacity.
 - Originally planned to be cash funded in the upcoming budget years, but in response to current City budget deficit, DPH worked with the OPF and CPC staff to plan funding for this project through COPs instead.
 - Of total project costs, \$16.5 million would be funded by the remaining portion of 101 Grove Exit COP funds, and the other \$18.2 million would be funded by the Recession Critical Repairs COP.
 - The Critical Repairs COP has historically been included in the City's General Fund Debt Program to fund critical repairs and replacements in the kind of economic downturn the City is currently experiencing.

ZSFG Chiller and Cooling Water Replacement

Chilled Water Distribution

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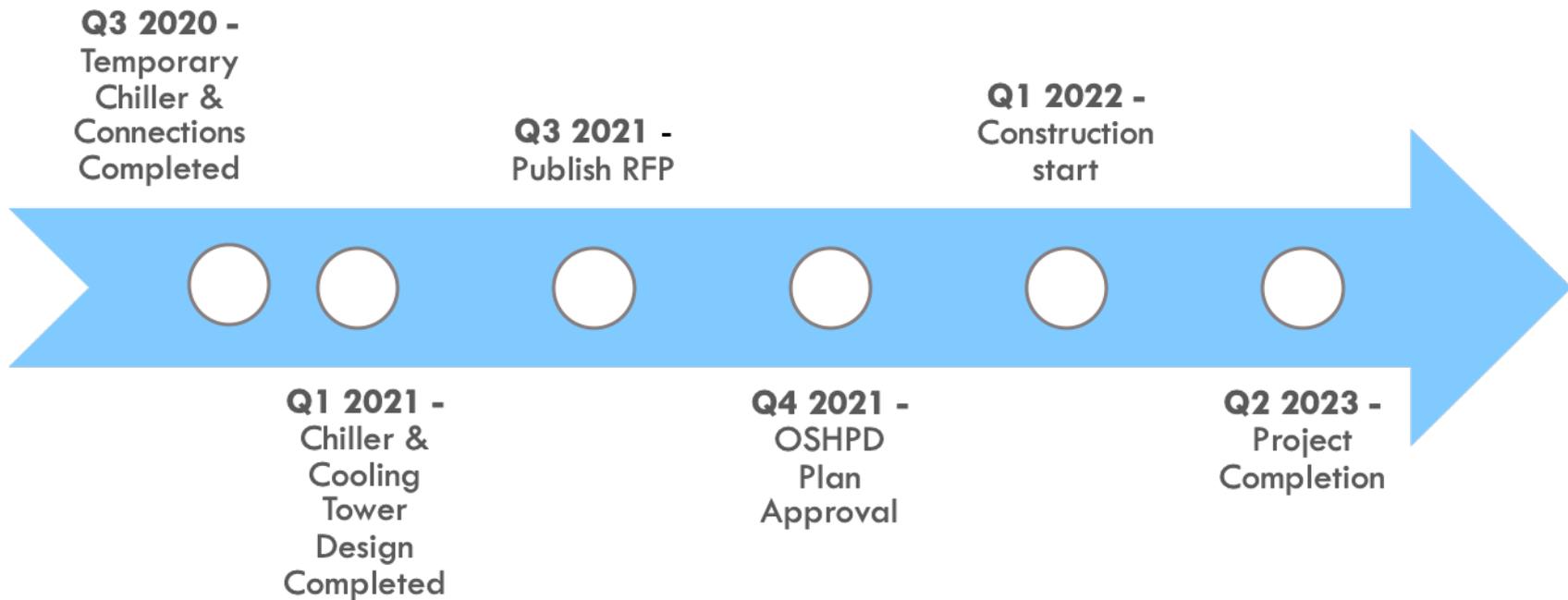
- Central Power Plant
- Chilled Water Load (Bldg. 5 and 3)
- Bldg. 25 – Recent Rebuild Not In Project
- Possible Future Load



ZSFG Chiller and Cooling Water Replacement

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Estimated Project Milestones



Summary of COP Funding by DPH Project

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Summary of COP Funding by DPH Project	Project Funds	Reserves & CAPI ^{[1][2]}	Financing Costs ^[1]	Total Appropriations
Projects Currently Being Appropriated				
Laguna Honda Hospital Wings Reuse Project	\$84,000,000	\$17,997,500	\$1,667,500	\$103,665,000
AITC Immunization and Travel Clinic Relocation	\$2,500,000	\$535,000	\$50,000	\$3,085,000
SFGH Chiller & Cooling Tower Replacement Project	\$34,700,000	\$7,315,000	\$985,000	\$43,000,000
Subtotal	\$121,200,000	\$25,847,500	\$2,702,500	\$149,750,000
Projects Previously Appropriated				
Homeless Services Center	\$5,000,000	\$1,787,750	\$462,250	\$7,250,000
Total	\$126,200,000	\$27,635,250	\$3,164,750	\$157,000,000

[1] Not to Exceed amounts.

[2] Reserves include Debt Service Fund and Reserve for Market Uncertainty. "CAPI" refers to Capitalized Interest which is the carrying cost of the debt issued to finance the project (Commercial Paper or COPs) prior to project completion.

Timeline for DPH Facilities COPs

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- Board of Supervisors Introduction – Tuesday, 9/1
- Capital Planning Committee – Monday, 9/14
- Budget & Finance Committee – Wednesday, 10/7
- Board of Supervisors Approval – Tuesday, 10/20
- Board of Supervisors Final Approval of Appropriation –
Tuesday, 10/27
- Final Mayor signature – 11/6

Addenda – Additional Detail



ZSFG Chiller and Cooling Water Replacement

Project Description

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- ▣ Project Main Objective: To provide reliable chilled water to the ZSFG Ambulatory Care Center in Building 5.
- ▣ Project Includes:
 - ▣ Demolition of Chiller #1 (46 y/o) and Chiller #2 (14 y/o).
 - ▣ Installation of one 20,000 lb/hr unit.
 - ▣ Demolition of two 105,000 lb/hr Steam Boilers
 - ▣ Construction of Chiller Room.
 - ▣ Installation of new 3MW Electrical Sub Station.
 - ▣ Installation of three 1000 ton Electric Chillers.
 - ▣ Demolition and Install of New Cooling Towers
- ▣ Project Benefits
 - ▣ Removes need for annual Temporary Chiller rental (OSHPD limits to 180 days).
 - ▣ Reliable Cooling for Ambulatory Care Center
 - ▣ Replaces ongoing risk of structural failure of cooling towers

ZSFG Chiller and Cooling Water Replacement

Current Status

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- ❑ Chiller project is in the design development phase and will be at 100% in October 2020.
- ❑ Cooling Tower design is on hold at 100% DD due to uncertain funding.
- ❑ Due to reliability, age of equipment, potential for mechanical/structural failure and impact to patient care it is critical that this replacement project is funded.
- ❑ On extreme heat days the required building air temperatures cannot be maintained.
- ❑ Rental chillers being used to maintain 75% capacity best case scenario.
- ❑ This replacement project is aligned with City's Electrification goals by replacing the steam driven Chillers with Electric Chillers. This reduces the demand for natural gas.



Chiller scarred from multiple repairs (right). Shell interior has delaminated



Cooling Tower failing structure (above) and rusted out sump (below)



Cooling Tower foundation (above) structurally unstable.



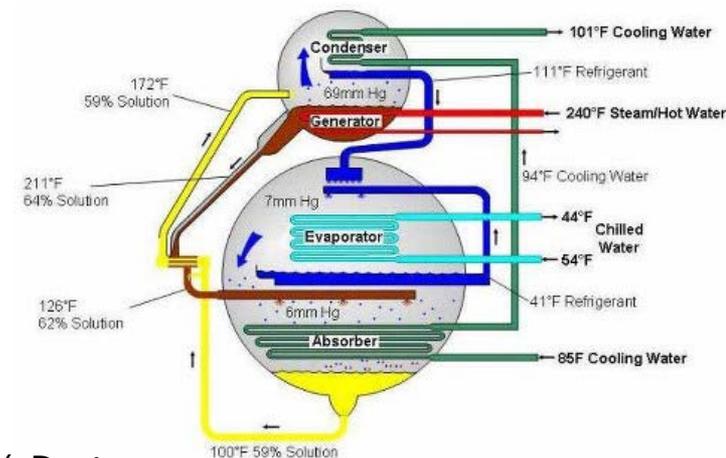
ZSFG Chiller and Cooling Water Replacement

Existing Equipment

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- ❑ Centralized 2,300 ton Chilled Water Plant
- ❑ Existing Absorption (Steam Driven) Chiller #1
 - ❑ **Capacity:** 1,150 tons of cooling
 - ❑ **Age:** Installed in 1974, **46 years old**
 - ❑ **Current Status:** Not in Service
- ❑ Existing Absorption (Steam Driven) Chiller #2
 - ❑ **Capacity:** 1,150 tons of cooling
 - ❑ **Age:** Installed in 2006, **14 years old**
 - ❑ **Current Status:** In Service, Frequent Breakdowns, 80% Design Capacity
- ❑ Cooling Towers
 - ❑ **Capacity:** Two 1200 ton Towers (2400 ton total)
 - ❑ **Age:** Installed in 1974, **46 years old**
 - ❑ **Current Status:** In Service, Structurally Unstable, Failing Foundation, Electrical Failures due to corroded underground conduits. Pumps prone to failure and difficult access.

The Steam Driven Absorption Cycle



ZSFG Chiller and Cooling Water Replacement

Who Benefits from Project?

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■ Bldg. 5 Ambulatory Care Services:

- Urgent Care
- Inpatient Psychiatric Services
- Inpatient Skilled Nursing Facility
- Rehabilitation/Physical Therapy
- Respiratory Care
- Outpatient Pharmacy
- Imaging & Diagnostics
- Cafeteria
- Proctology/Gastro/Hepatology
- Orthopedics
- Surgery
- Family Planning & Women's Health
- Children's Health Center
- OB/GYN & Pediatrics
- Pulmonary & Cardiology

