

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
Children's Hospital Program of 2018 (Proposition 4)**

**STAFF SUMMARY**

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| <p><b>Applicant:</b> Kern Medical Center<br/>1700 Mount Vernon Avenue<br/>Bakersfield, CA 93306<br/>Kern County</p>  | <p><b>Application number:</b> EH-12<br/><b>Authority Meeting Date:</b> June 25, 2020<br/><b>Resolution Number:</b> CHP-4E 2020-11<br/><b>Requested Amount:</b> \$15,000,000.00<br/><b>Recommended Amount:</b> \$9,289,941.38</p> |
| <p><b>Project Site:</b> 1700 Mount Vernon Avenue, Bakersfield, CA 93306; 1111 Columbus Street, Bakersfield, CA 93305; and 3551 Q Street, Bakersfield, CA 93301</p>   |  |
| <p><b>Description of Applicant:</b> Kern Medical Center (Hospital) is a public hospital as defined in Welfare and Institution Code 14105.98(a)(25). The Hospital has full approval as a California Children's Services program from the California Department of Health Care Services.</p>   |  |
| <p><b>Summary of Project:</b> The Hospital is seeking grant funds to construct/renovate the 11-bed inpatient Pediatric (PEDS) Unit and the Columbus Pediatric Outpatient Clinic and to expand the pediatric emergency department. Grant funds also will be used to repair broken elevators that provide access to the inpatient PEDS Unit, the Neonatal Intensive Care Unit (NICU) and the operating rooms as well as to purchase NICU equipment, equipment for the ENT Clinic, and patient care equipment for the inpatient PEDS Unit and pediatric emergency room, such as: pediatric patient beds, giraffe isolettes, exam tables, electrocardiogram (EKG) machines, pediatric emergency room devices, and a magnetic resonance imaging (MRI) scanner.</p>  |  |
| <p><b>Proposition 4 Evaluation Factors:</b><sup>1</sup> Based on the review of the application and other submitted materials, staff evaluated the Hospital's project using the factors identified in Proposition 4.</p> <p><i>Factor 1: The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs<sup>2</sup> and indigent, underserved, and uninsured children:</i></p> <p><b>The Inpatient PEDS Unit and NICU</b> – The inpatient PEDS Unit currently allows treatment and care for only ten patients at a time because of the poorly designed layout and unsafe headwalls. The renovation of the inpatient PEDS Unit will provide 11 Americans with Disabilities Act (ADA)-compliant pediatric beds and will include a dedicated safe playroom for pediatric patients separate from other patients. The inpatient PEDS Unit will be relocated to an existing space, approximately 3,200 square feet, on the 4<sup>th</sup> floor of the Hospital, will be equipped with new and reliable medical equipment, and will be able to provide better service to pediatric patients along with an improved and efficient admitting process.</p> <p>The new equipment for the NICU will enable medical staff to care for an increased number of premature babies. The Hospital averages approximately 200 patients in the PEDS Unit and 1,300 patients in the NICU each year. Upon completion of the project, the Hospital anticipates to care for approximately 250 patients in the PEDS Unit and more than 1,500 patients in the NICU.</p> <p><b>Expansion of Pediatric Emergency Department</b> – Currently, the Hospital does not have emergency room services dedicated to pediatric patients. This project will add a new dedicated space for pediatric patients in an existing space above the existing Emergency Department. Approximately 20% of the Hospital's current emergency room patients are pediatric patients, equating to approximately 9,800 visits per year.</p> <p><b>Renovation of the Columbus Pediatric Outpatient Clinic</b> – The Hospital anticipates that the renovation of the existing space and the addition of a Sick Kid Waiting Area, along with updated equipment will enable the Hospital to allow an additional 6,250 pediatric patients visits per year.</p> <p><b>Elevator Repairs</b> -The Hospital's elevators are in desperate need of repairs since none of the elevators are fully functional. The elevators provide access to the inpatient PEDS Unit, the NICU and the operating rooms and will benefit patients, medical staff as well as visitors.</p> |  |

<sup>1</sup> Staff also ensured that the hospital met an additional three evaluation factors that are not project specific but specific to the hospital, which include:

1. The hospital provides uncompensated or undercompensated care to indigent or public pediatric patients.
2. The hospital provides services to vulnerable pediatric populations.
3. The hospital promotes pediatric teaching or research programs.

<sup>2</sup> Governmental Health Insurance Program mean governmental assistance programs that include, but are not limited to, Medicaid (Medi-Cal), Optional Targeted Low Income Children (OTLIC), California Children's Services (CCS), Child Health and Disability Prevention (CHDP) and county indigent programs.

In fiscal year 2019, approximately 96% of the Hospital's 21,426 pediatric patients were underserved, uninsured, or were covered by Governmental Health Insurance Programs. The implementation of the project is projected to increase the number of the pediatric patients by approximately 3,214 patients per year, a 15% increase.

*Factor 2: The grant will contribute toward the improvement of child health care or pediatric patient outcomes:*

The improvements and expansion at the inpatient PEDS Unit, the Columbus Pediatric Outpatient Clinic, and the pediatric emergency room will contribute towards the improvement of child health care. All renovation materials and surfaces have been chosen to improve infection control. Critically important to improving the reliability and sustainability of the Hospital's pediatric services, the replacement of the Hospital's outdated equipment is needed. This will allow for better medical care and more accurate diagnostics, having a significant impact on the end-results of treatment for pediatric patients. The new innovative equipment such as: pediatric patient beds, giraffe isolettes, exam tables, EKG machines, pediatric emergency room devices, and an MRI scanner will improve pediatric patient outcomes and reduce delay in treatment.

*Factor 3. Demonstration of project readiness and project feasibility:*

The Hospital anticipates the project to start in July of 2020 and to be completed by November 2023. While the current COVID-19 outbreak has impacted the Hospital's operations, the current planning status of this project has not been affected. Since some of the projects also serve adult patients that are not eligible under the Children's Hospital Program of 2018, grant proceeds will only cover a proportionate share of the project costs. Authority staff has determined that a proportionate share of 14.6% of the costs are eligible for reimbursement from grant funds.

| <b>Sources of Funds:</b> |                               | <b>Uses of Funds:</b> |                               |
|--------------------------|-------------------------------|-----------------------|-------------------------------|
| Prop 4 Grant Funds       | \$9,289,941.38                | Construction          | \$7,134,021.00                |
| Hospital Funds           | 5,659,925.49                  | Renovation            | 2,775,000.00                  |
|                          |                               | Equipment             | 4,940,979.00                  |
|                          |                               | COI                   | 6,967.46                      |
|                          |                               | Admin Costs           | 92,899.41                     |
| <b>Total</b>             | <b><u>\$14,949,866.87</u></b> | <b>Total</b>          | <b><u>\$14,949,866.87</u></b> |

**Legal Review:** No information was disclosed to question the financial viability or legal integrity of the Applicant.

**Staff Recommendation:** Staff recommends the Authority approve Resolution No. CHP-4E 2020-11 for Kern Medical Center to provide a grant not to exceed \$9,289,941.38, less costs of issuance and administrative costs, subject to all requirements of the Children's Hospital Program of 2018.

**RESOLUTION NO. CHP-4E 2020-11**

**RESOLUTION OF THE CALIFORNIA HEALTH  
FACILITIES FINANCING AUTHORITY APPROVING  
EXECUTION AND DELIVERY OF GRANT FUNDING  
UNDER THE CHILDREN'S HOSPITAL PROGRAM OF 2018  
TO KERN MEDICAL CENTER**

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized by the Children's Hospital Bond Act of 2018 (Pt. 6.3 (commencing with Section 1179.81), Div. 1, Health and Safety Code; hereafter the "Act") and implementing regulations to award grants from the proceeds of general obligation bonds in an amount not to exceed \$15,000,000.00, less the bond issuance and administrative costs to Kern Medical Center (the "Grantee") to finance eligible projects; and

WHEREAS, Authority staff reviewed the Grantee's application against the eligibility requirements of the Act and implementing regulations and, pursuant to the Act and implementing regulations, recommends approval of a grant in an amount not to exceed \$9,289,941.38, less bond issuance and administrative costs, to the Grantee for the eligible project (the "Project") described in the application;

NOW THEREFORE BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby approves a grant of \$9,289,941.38, less bond issuance and administrative costs, to the Grantee to complete the Project as described in the Children's Hospital Program Application and Exhibit A to this Resolution (Exhibit A is hereby incorporated by reference) within a grant period that ends on November 30, 2024.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to approve any minor, non-material changes in the Project described in the application submitted to the Authority and extend the grant period completion date identified in Section 1 as authorized under the Act and implementing regulations. However, any extension approved by the Executive Director and the Deputy Executive Director shall not surpass the grant resolution expiration date. Nothing in this Resolution shall be construed to require the Authority to provide any additional funding. Any notice to the Grantee shall indicate that the Authority shall not be liable to the Grantee in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Act Fund not to exceed those amounts approved by the Authority for the Grantee. The Executive Director and the Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Grantee any and all documents necessary to complete the transfer of funds that are consistent with the Act and implementing regulations.

Section 4. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 5. This Resolution expires November 30, 2025.

Date Approved: \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The proceeds of the grant will be used by Kern Medical Center to fund the eligible pediatric portion of the costs of constructing/renovating the inpatient pediatric unit and the Columbus Pediatric Outpatient Clinic and expanding the pediatric emergency room. Proceeds of the grant also will be used to repair broken elevators, purchase NICU equipment, equipment for the ENT clinic, and patient care equipment for the inpatient Pediatric Unit and pediatric emergency room.