



# Board Study Session

March 27, 2019

# Healthy Living Campus

## WHAT & WHY

- ✓ **Jan. 14:** Reviewed master plan with Community Working Group (CWG)
- ✓ **Jan. 23:** Board study session to review master plan publicly

## HOW

- ✓ **Feb. 4:** Reviewed financials/phasing with Finance Committee
- ✓ **Feb. 25:** Review financials/phasing with Community Working Group
- ✓ **Feb. 27:** Board study session to review financials/phasing

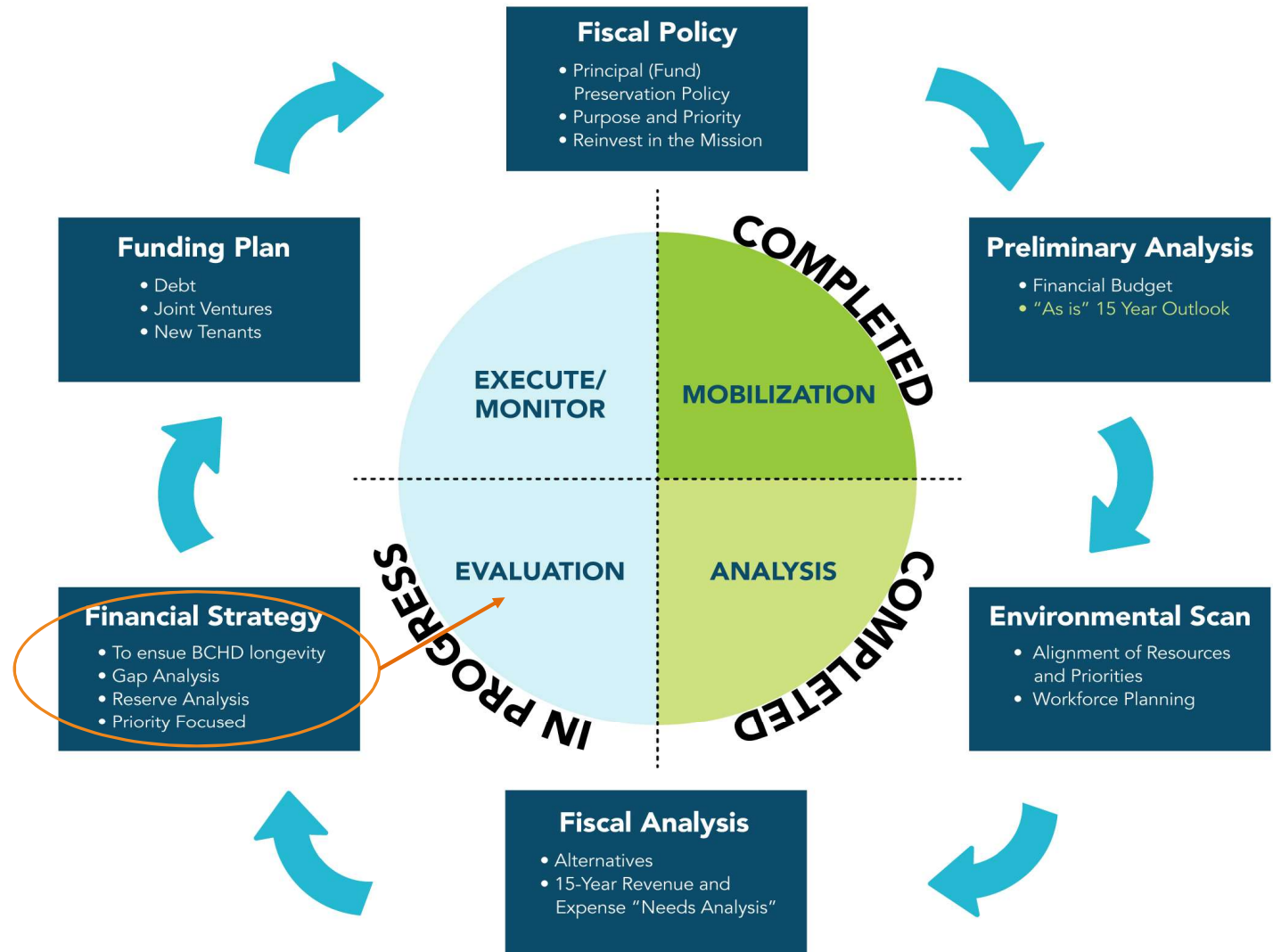
## NEXT STEPS

- ✓ **March 11:** Finance Committee meeting to review Board questions
- ✓ **March 23:** Community open house & input
- March 27:** March Board Study Session
- April 15:** Community Working Group Meeting
- April 24:** Board Meeting

# Agenda:

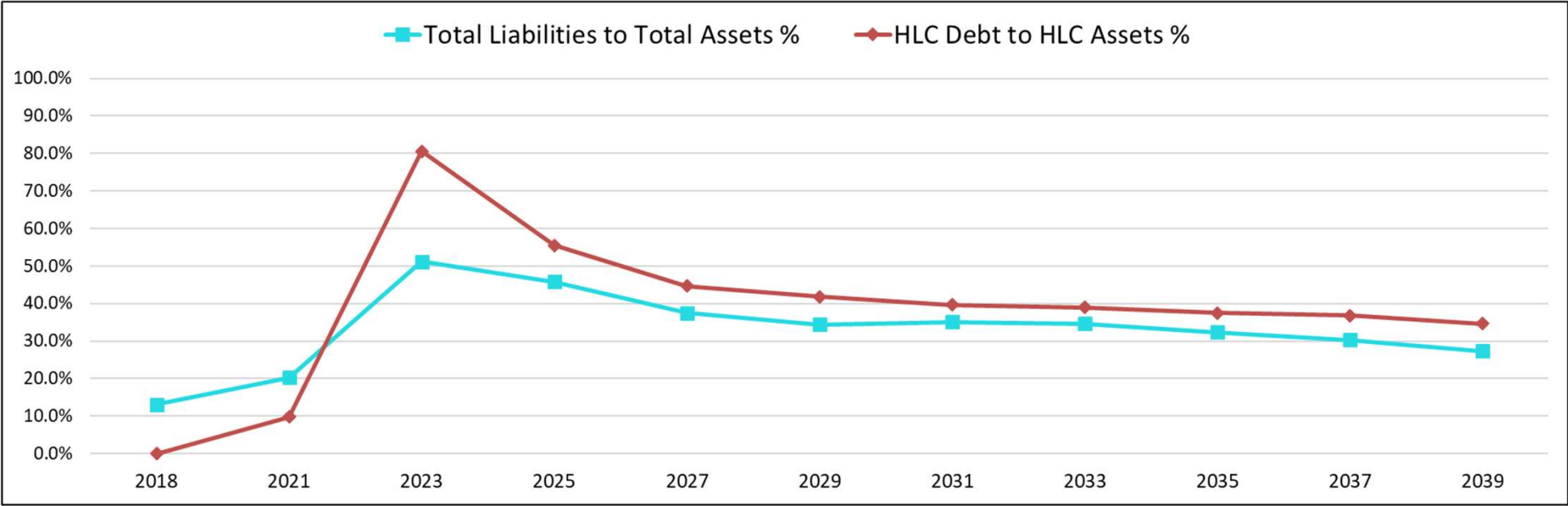
- Financial Strategy Scenarios
  - Reduce Cost Escalation Expense - 510 Buy-Out
  - Reducing Non-Revenue Producing Costs
  - Ownership Scenarios
  - Phasing Options
- Open House Recap
- CEQA & EIR Overview

# Long-Term Financial Planning Cycle



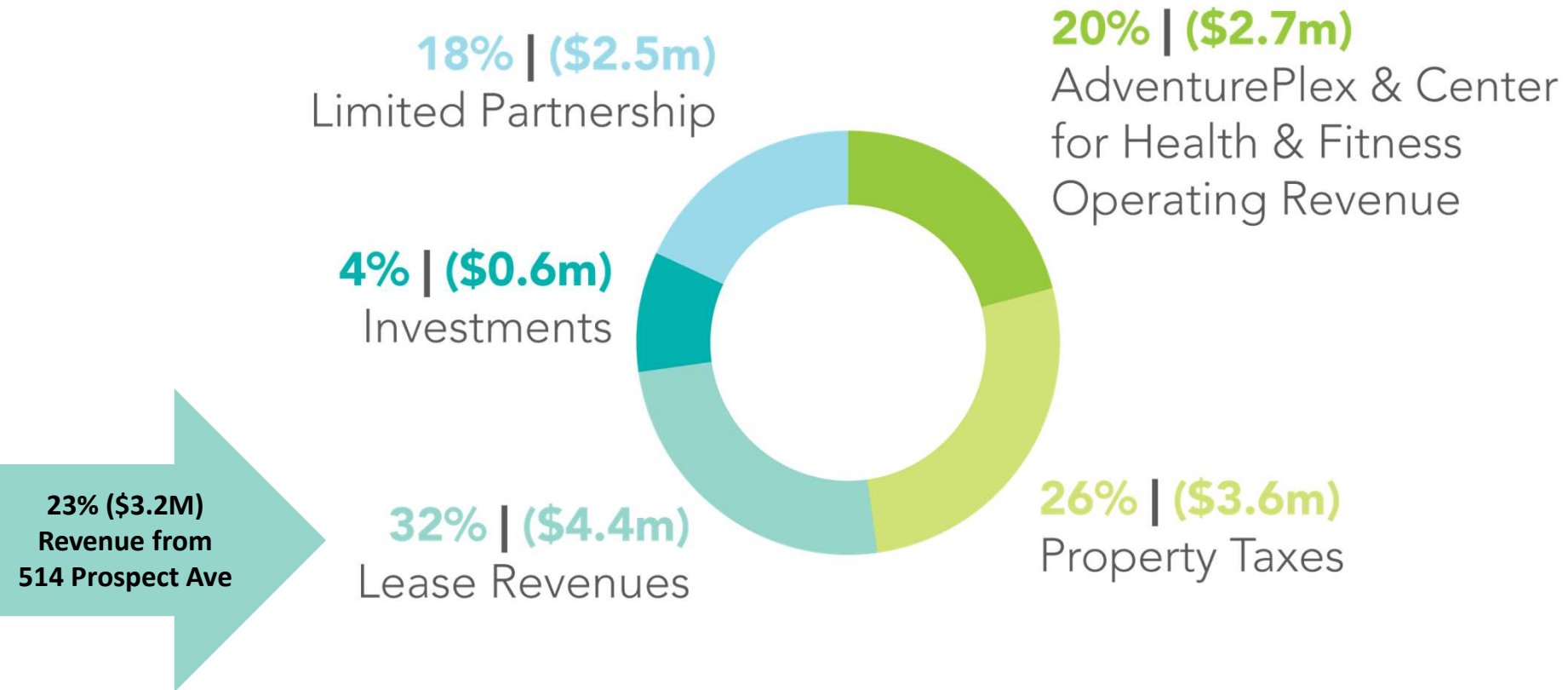


Healthy Living Campus Financial Strategy – \$537M	Timing	Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
BCHD 50% - Partner 50% - Example	5-15 Years	\$134 M	\$ 30 M	\$ 104 M	Financially feasible



Millions	2018	2021	2023	2025	2027	2029	2031	2033	2035	2037	2039
Total Assets	\$ 68.3	\$ 59.8	\$ 107.0	\$ 163.6	\$ 188.0	\$ 188.3	\$ 224.3	\$ 286.2	\$ 280.7	\$ 268.4	\$ 262.8
Total Liabilities	8.9	12.1	54.8	75.0	70.1	64.8	78.7	99.1	90.1	81.4	71.9
HLC Assets	1.8	5.8	60.0	126.3	146.9	143.0	185.2	241.1	227.4	206.5	191.6
HLC Debt	-	4.7	48.3	70.1	65.6	59.8	73.5	93.9	85.4	76.0	66.4

# Funding a Healthy Beach Community

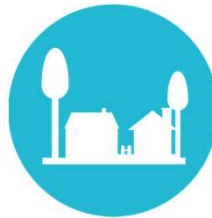


# Healthy Living Campus Project Pillars



## Health

- Build a center of excellence focusing on wellness, prevention & research
- **Leverage the campus to expand community health programs & services**



## Livability

- Focus on emerging technologies, innovation & accessibility
- Create an intergenerational hub of well-being, using Blue Zones Project principles



## Community

- Actively engage the community & pursue partnerships
- Grow a continuum of programs, services & facilities to help older adults age in their community

## BCHD Assets & Strengths

- Highly valued land, assets & organization
- \$15 million in cash
- Ability to issue tax-exempt debt
- Significant market need for Residential Care for the Elderly (RCFE)
- Proven public-private partnership (P3) experience  
(\$2.3M or 17% of BCHD Funding, Ownership Evolved)

# BCHD-Sunrise Ownership Evolution

1997

- Land Lease
- \$17,000 / Month
- 1999 Operations Begin

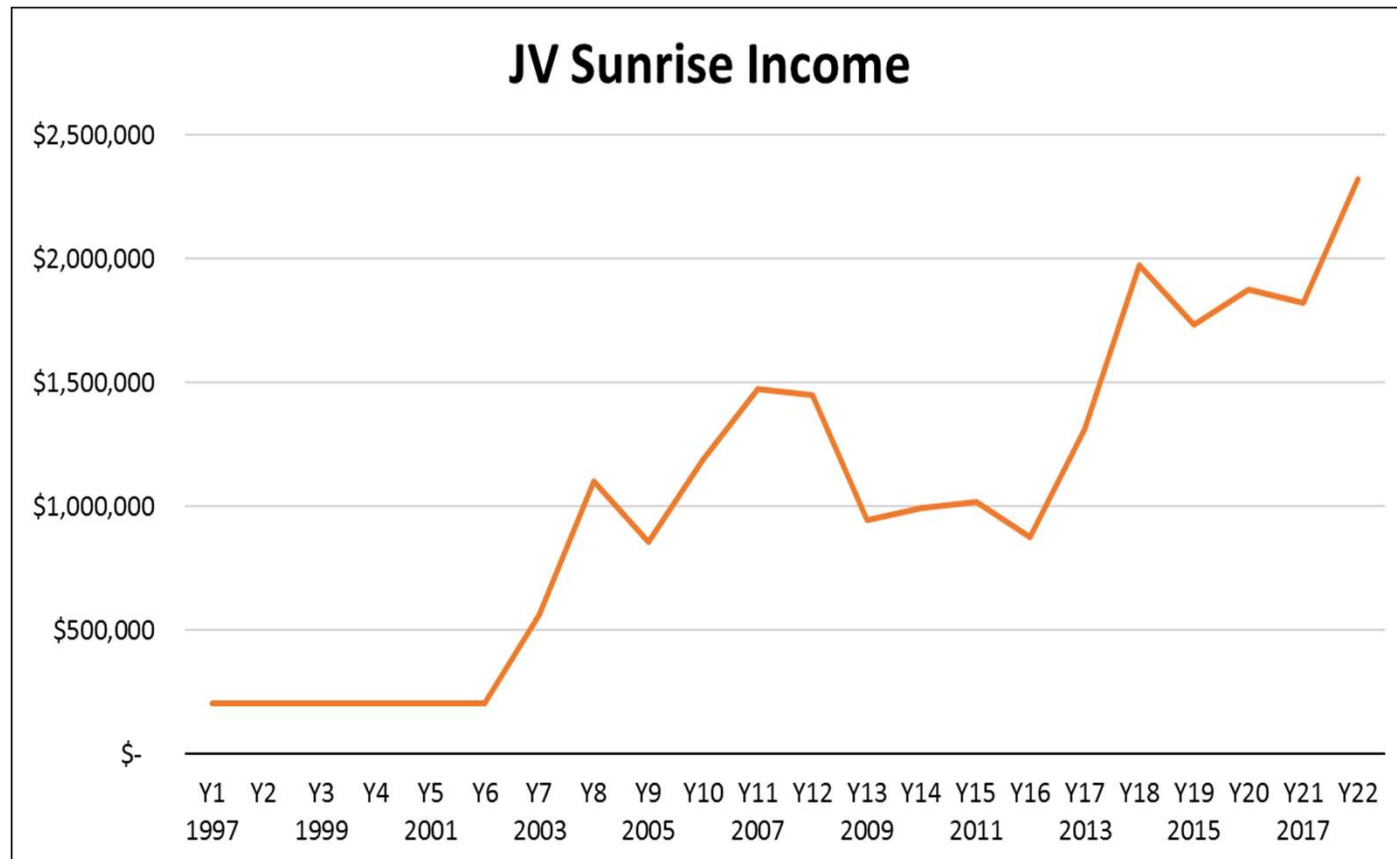
2002

- 80% Owner
- \$4.4M Capital
- \$9.8M Debt

2012

- \$7.8M Debt Paid Up
- \$14.2M Investment

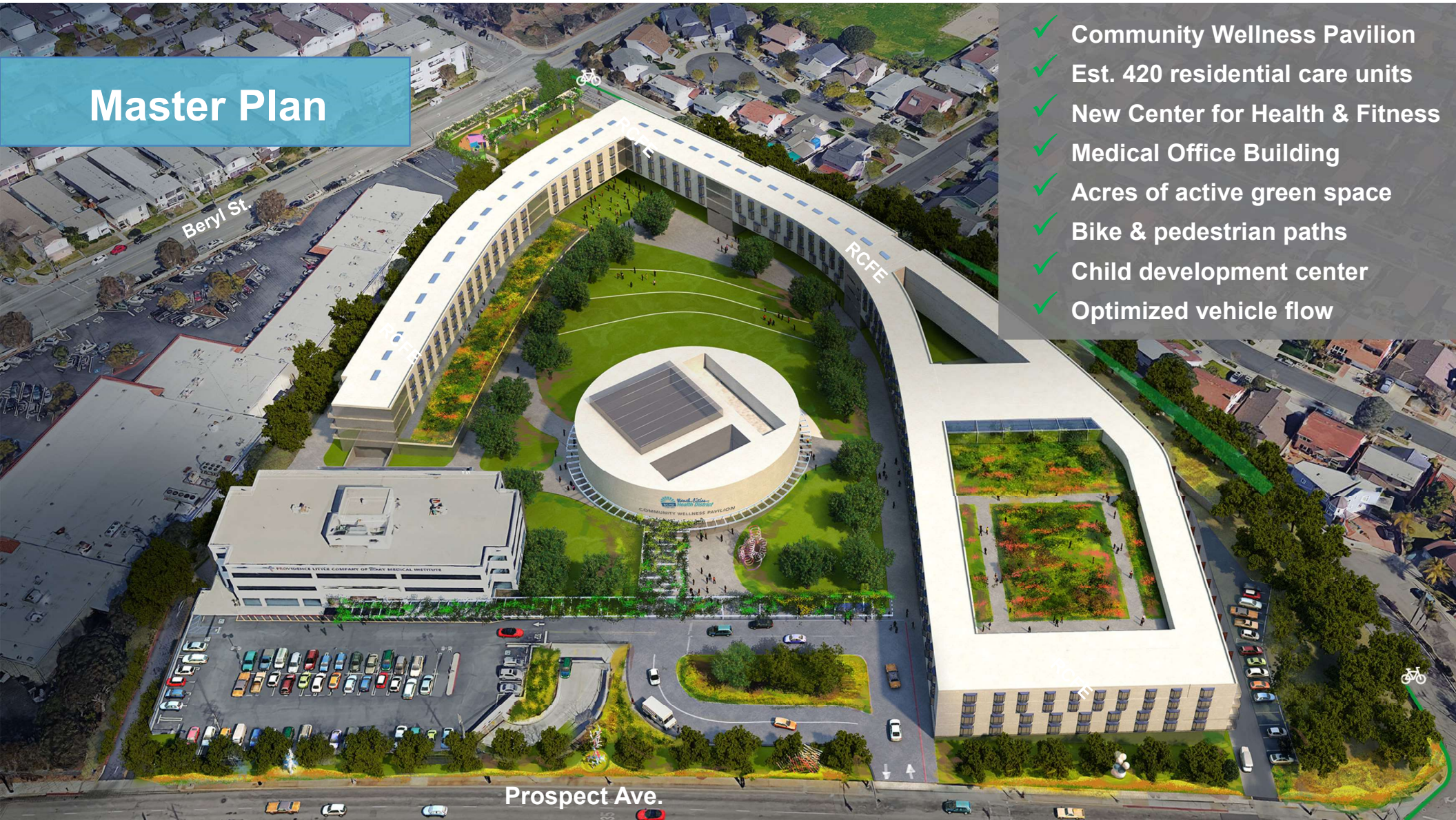
## JV Sunrise Income





# Master Plan

- ✓ Community Wellness Pavilion
- ✓ Est. 420 residential care units
- ✓ New Center for Health & Fitness
- ✓ Medical Office Building
- ✓ Acres of active green space
- ✓ Bike & pedestrian paths
- ✓ Child development center
- ✓ Optimized vehicle flow







# Master Plan: Phases, Costs & Timeline Estimates

## Phase 1

2022-2025

Program	Estimated Costs	% of Cost
RCFE (162 Units)	\$110M	72%
Parking	18M	12%
Center for Health & Fitness	15M	10%
Child Development	10M	6%
		-----
		100%

**\$153M**

- Plus Flagler/Diamond Bike-Ped Path \$1.8M
- Includes construction escalation costs of \$14M

## Total

2022 - 2035

Program	Estimated Costs	% of Cost
RCFE (420 Units)	\$375M	70%
- Parking	62M	11%
Childcare Center	10M	2%
-----		
<b>Revenue Generating Costs</b>	<b>\$447M</b>	<b>83%</b>
Center for Health & Fitness	15M	3%
Wellness Pavilion	73M	13.7%
Flagler/Diamond Bike-Path	1.8M	0.3%
		-----
		100%

**\$537M**

- Includes construction escalation costs of \$90M

**Assumptions:** No 510 buy-out, no land value, no childcare revenue, includes construction escalation costs

M = Millions



# Master Plan: Costs Estimates & Ownership Options

Healthy Living Campus Financial Strategy Examples – ESTIMATES	Timing	Revenue Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD 100% - Cost \$537M</b>	5-15 Years	\$ 275M	\$ 54M	\$208M	Financially infeasible
Phase 1 - \$154M		\$102	\$ 17	\$ 35	
Phase 2 - \$149M		\$ 50	\$ 1	\$ 98	
Phase 3 - \$234M		\$123	\$ 36	\$ 75	
<b>BCHD 50% - Cost \$269M</b>	5-15 Years	\$134M	\$ 30M	\$104M	Financially manageable
Phase 1 - \$77M		\$ 48	\$ 16	\$ 13	
Phase 2 - \$75M		\$ 25	\$ 1	\$ 49	
Phase 3 - \$117M		\$ 61	\$ 14	\$ 42	

**Assumptions:** No 510 buy-out, no land value, no childcare revenue, includes construction escalation costs

M = Millions

# Long-term Financial Strategy: How to Close Capital Contribution Gap?

## Equity

Cash  
Land  
Buildings  
BCHD Value

## Debt Financing

Municipal Bonds  
Private Lenders

## P3

Investors  
Operators  
Health Partnerships

## New Revenue Sources

Grants  
Philanthropy  
Sponsorships/Naming  
New Programming  
Public Funding

# Long-term Financial Strategy: How to Close Capital Contribution Gap?

1. Consider 510 lease buy-out
  - Cost savings, reduced escalation cost: \$26.5M
  - Shortens project timeline by 5-7 years
  - Net cost reduction: \$15M
  - No impact on Gap
2. Reduce project scope – non-revenue components
3. Adjust (Optimize) BCHD ownership %
4. Assess land & BCHD value
5. Explore new funding sources (new programs, grants, philanthropy, etc.)

# Board Questions & Suggested Review

## How to Close the Capital Contribution Gap?

- **Consider 510 lease buy-out**
  - a) Cost savings, reduces escalation costs, no Gap reduction
  - b) Shortens project timeline by 5-7 years
- **Reduce project scope – non-revenue components**
  - a) Reduce Center for Health & Fitness (CHF)
  - b) Reduce one floor at the Community Wellness Pavilion
  - c) No Community Wellness Pavilion

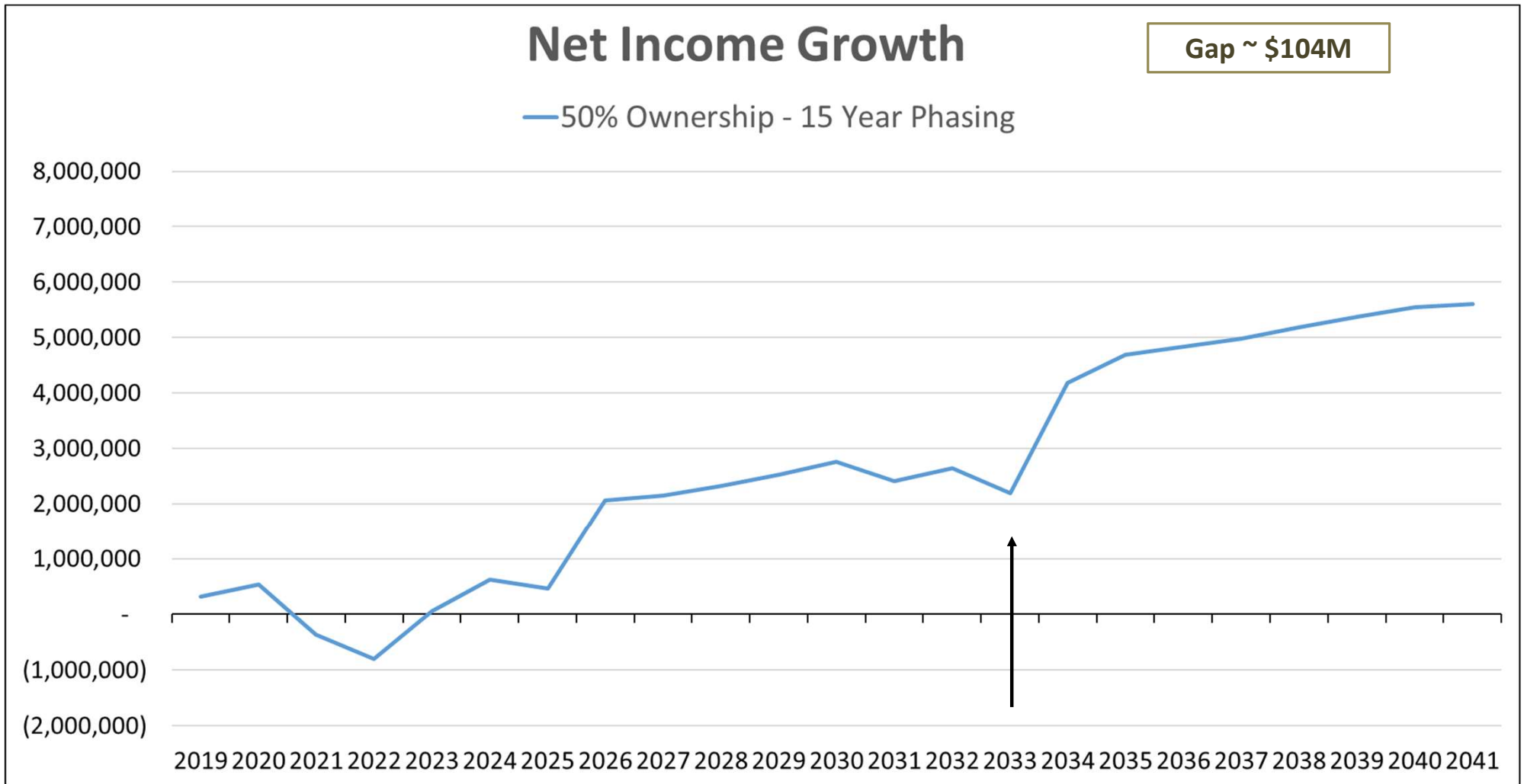
## Other Questions

- **RCFE Demographics**
- **Market Study**

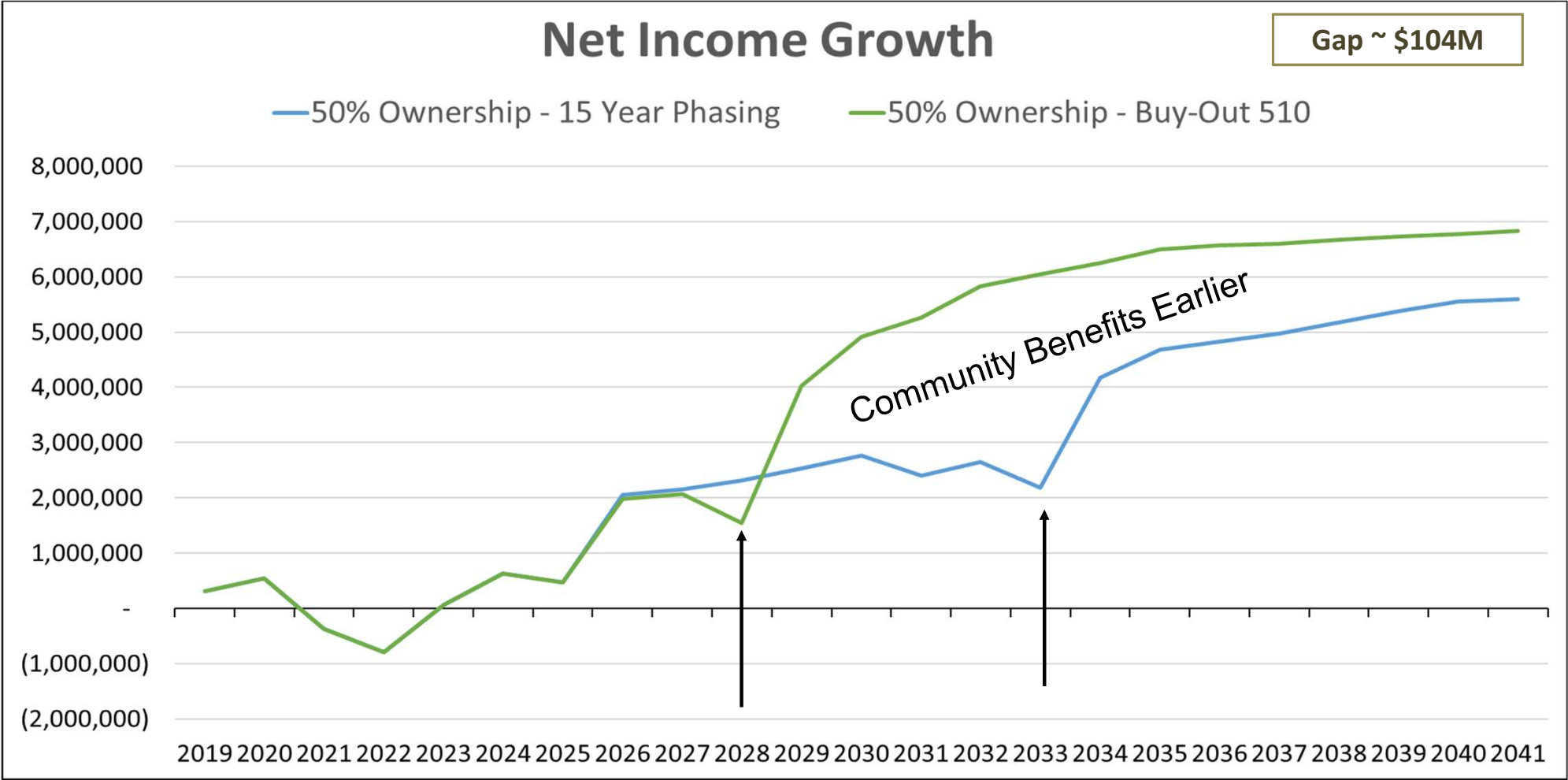
Healthy Living Campus Financial Strategy Examples – 510 Buy-Out ESTIMATES	Timing	Revenue Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD 100% - \$537M</b>	5-15 Years	\$ 275M	\$ 54M	\$208M	Financially infeasible
<b>BCHD 50% - \$269 M</b>	5-15 Years	\$134M	\$ 30M	\$104M	Financially feasible/ negotiated partnerships
Phase 1 - \$77M		\$ 48	\$ 16	\$ 13	
Phase 2 - \$75M		\$ 25	\$ 1	\$ 49	
Phase 3 - \$117M		\$ 61	\$ 14	\$ 42	
<b>BCHD 50% - \$256 M</b> (Less cost \$26.5M x 50%, + \$11.5 x 50% Gap, Net \$15M)	5-10 Years	\$139M	\$19M	\$98M (+\$5.75M)	Gap is same Income Earlier Financially feasible
Phase 1 - \$77M		\$ 48	\$ 16	\$ 13	Same
Phase 2 - \$75M		\$ 25	\$ 1	\$ 49	Same
Phase 3 - \$104M		\$ 66	\$ 2	\$ 36 (+\$5.75M)	Can't Contribute Equity as much

M = Millions

## How: Scenario – HLC Master Plan Vision (510 No Buy-Out)



# How: Scenario – HLC Master Plan Vision (510 Buy-Out)



Reduced Project Scope: Non-revenue Components	Reduced Cost *
<b>Reduced Center for Health &amp; Fitness (CHF)</b> <ul style="list-style-type: none"> <li>No warm water therapy pool</li> <li>CHF Mast Plan: 19,300 Sq. Ft. <ul style="list-style-type: none"> <li>Reduce 7,000 Sq. Ft.</li> </ul> </li> </ul>	\$4.7M
<b>Reduced / No Community Wellness Pavilion</b> <ul style="list-style-type: none"> <li>No demonstration kitchen and reduced meeting/research space <ul style="list-style-type: none"> <li>Reduce Pavilion by 18,000 (one floor)</li> </ul> </li> </ul>	\$21.9M / \$73M
<b>Total</b>	<b>\$26.6M / \$77.7M</b>
<b>Reduce Cost Escalation: 510 Lease Buy-out</b>	
<b>Escalation Costs</b> <ul style="list-style-type: none"> <li>Costs Savings</li> <li>Shortens project timeline by 5-7 years</li> </ul>	\$15M
<b>Reduced Project Scope &amp; 510 Lease Buy-out Total</b>	<b>\$41.6M / \$92.7M</b>

\* **Assumptions:** Saving are adjusted based on Ownership level, i.e. 50% Ownership, 50% cost savings



## Reducing Non-Revenue Costs

Healthy Living Campus Financial Strategy Examples – ESTIMATES <i>TOTAL PROJECT COST - \$537M</i>	Timing	Revenue Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD 50% - Cost \$256M</b> <i>(Reduced Escalation Cost)</i>	5-10 Years	\$138M	\$ 18 M	\$104M	Financially manageable by phasing/ negotiated partnerships
1) <u>Reduce Non-Revenue Cost</u>					
a) Reduced CHF, remove one Floor of Pavilion - Adjusted Cost \$247M		\$138M	\$ 18M	\$ 91M	Less: \$13M
b) Reduced CHF, no Pavilion - Adjusted Cost \$221M		\$138M	\$ 18M	\$ 65M	Less: \$39M

**Note:** Net Income remain at 50% in all scenarios based on Ownership %

M = Millions

## Reducing Ownership

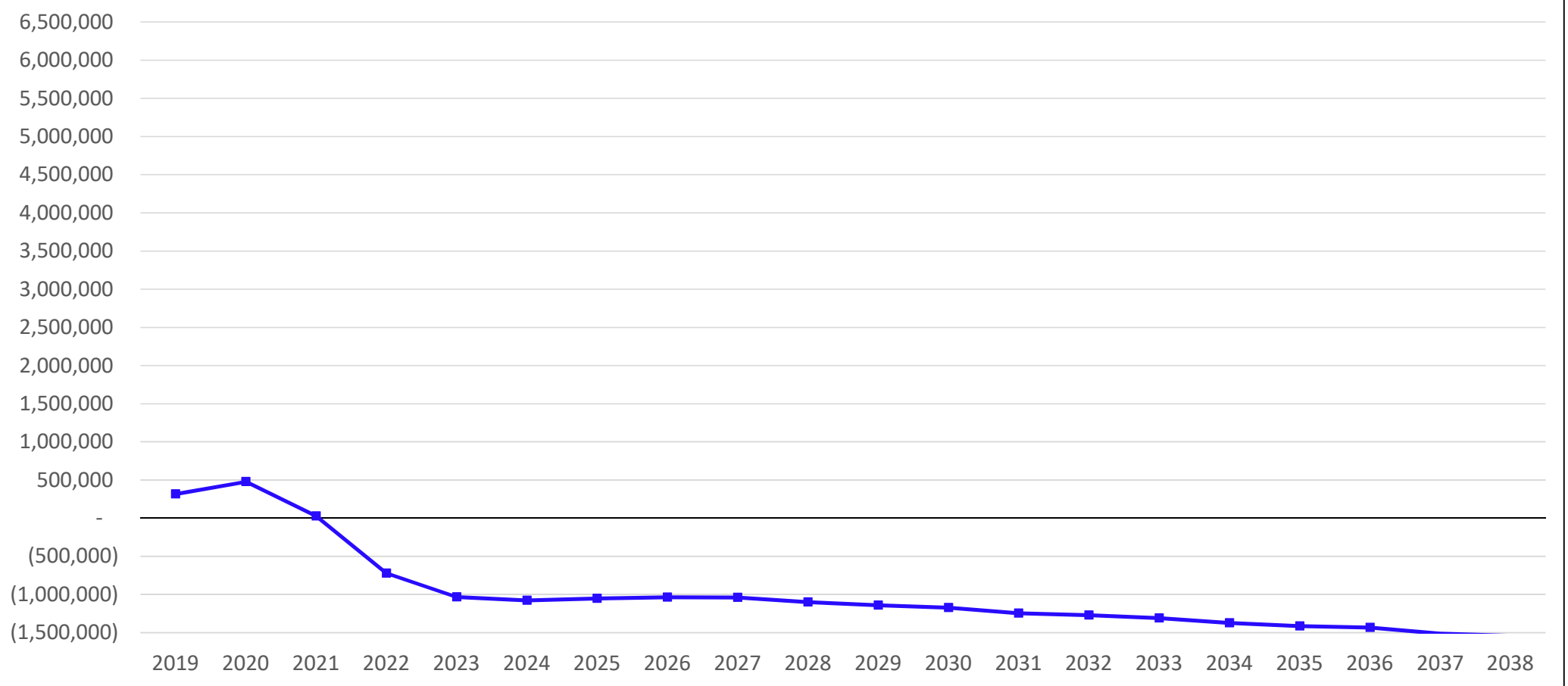
Healthy Living Campus Financial Strategy Scenarios – ESTIMATES No New Capital Contribution	BCHD Ownership	Revenue Debt – Millions	Equity – Millions	Gap - Capital Contribution	Trade-offs
<b>BCHD – Whole Campus Build</b>	8.5%	\$ 27 M	\$ 17 M	\$ 0 M	<ul style="list-style-type: none"> <li>• Little Control</li> <li>• Minor Incremental Income</li> <li>• No expansion of Services</li> </ul>
<b>BCHD – Reduced CHF, One Floor</b>	9.5%	\$ 30 M	\$ 17 M	\$ 0 M	
<b>BCHD – Reduced CHF, No Pavilion</b>	11.0%	\$ 32 M	\$ 17 M	\$ 0 M	

M = Millions

# How: Scenario – Master Plan Vision

## BCHD Net Income Projections

Existing Operations (no 514 Revenues)



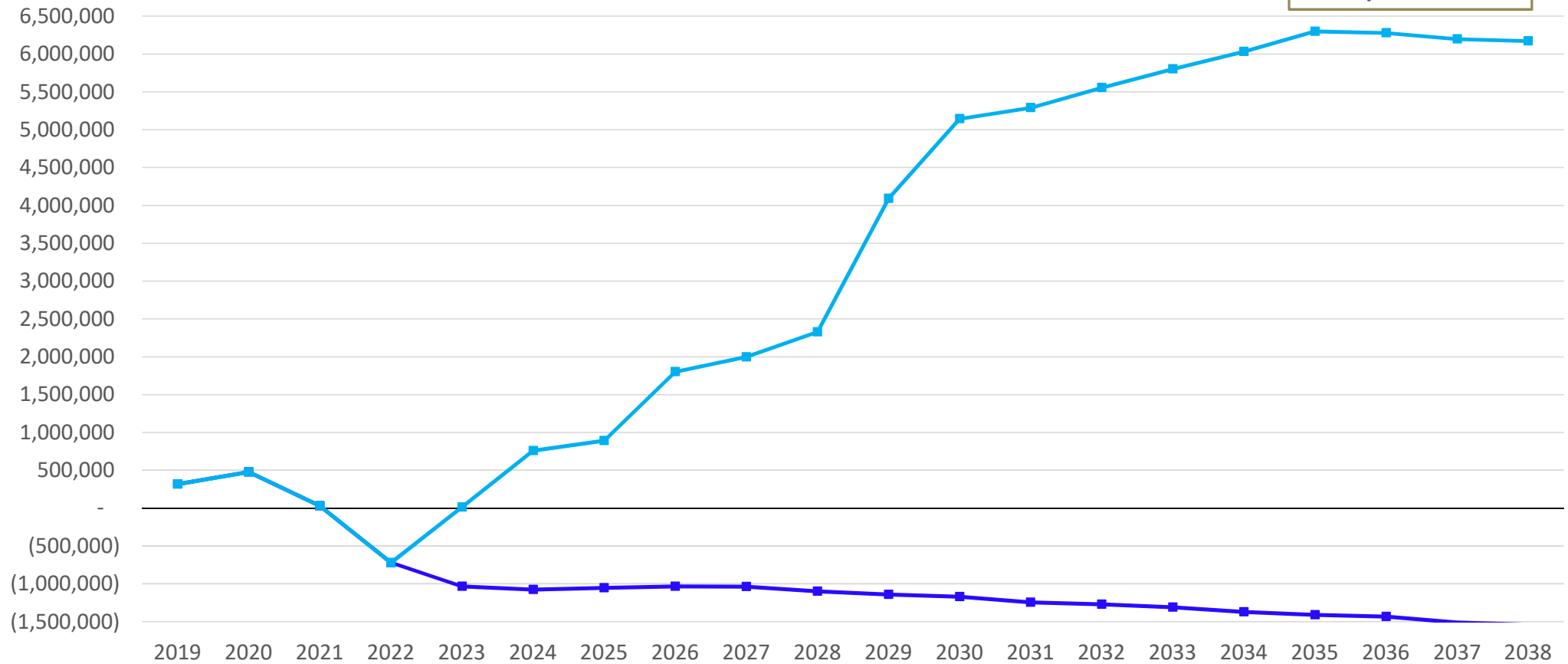
# How: Scenario – Master Plan Vision

## BCHD Net Income Projections

Existing Operations (no 514 Revenues)

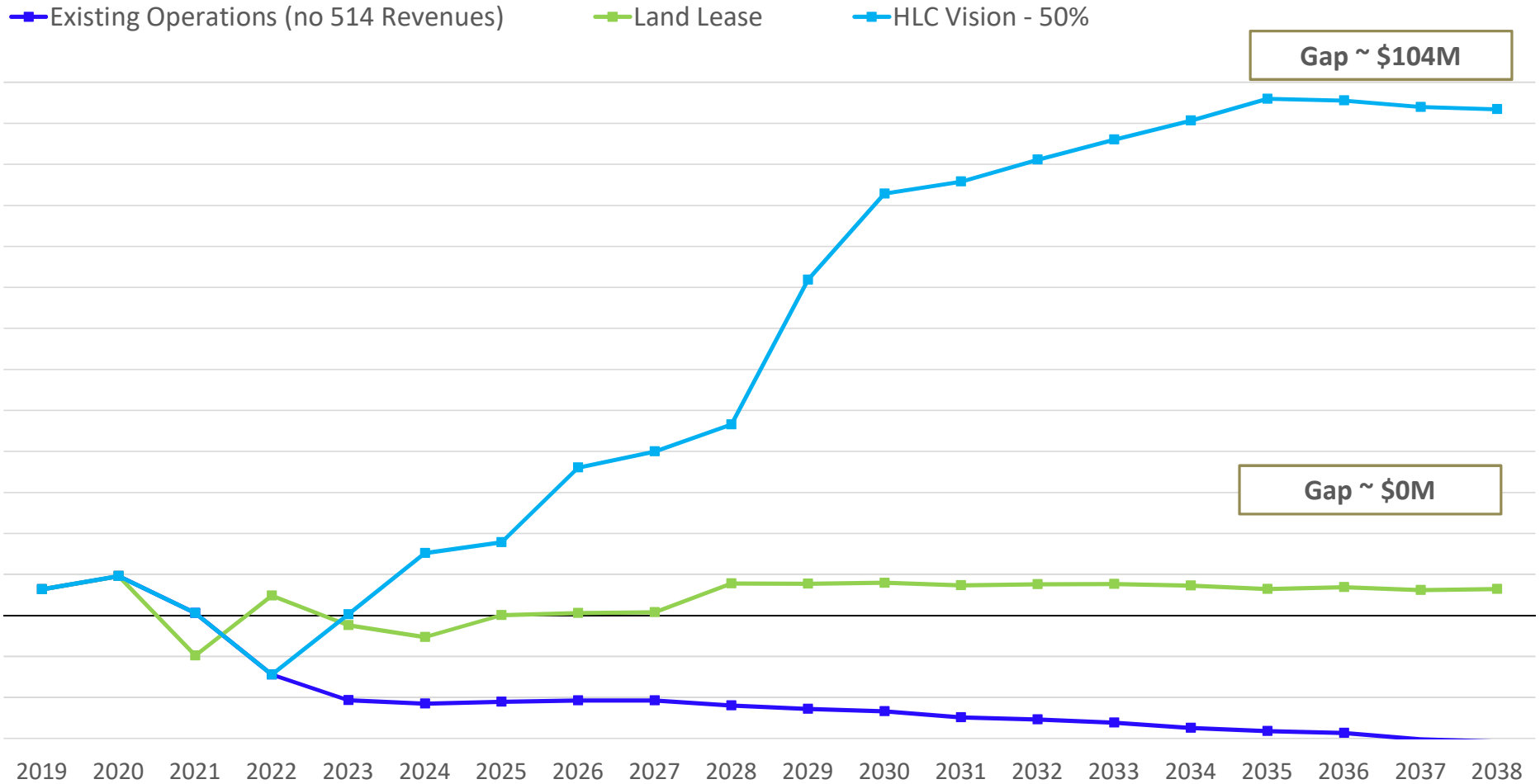
HLC Vision - 50%

Gap ~ \$104M



# How: Scenario – Master Plan Vision

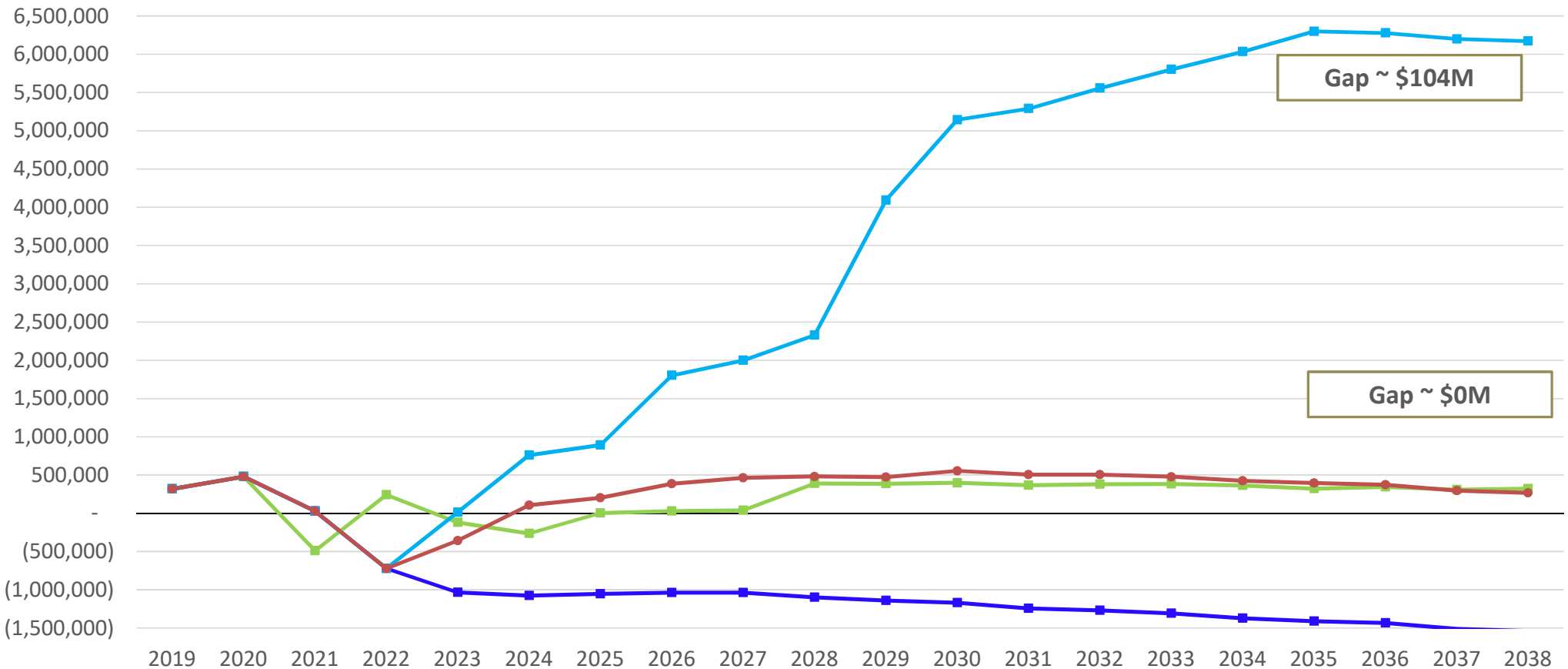
## BCHD Net Income Projections



# How: Scenario – Master Plan Vision

## BCHD Net Income Projections

Existing Operations (no 514 Revenues)    Land Lease    HLC Vision - 50%    HLC Reduced CHF & Pavillion - 11%



- Residential Care Options
- Community Wellness Pavilion
- Reduced Traffic Impacts
- 5.8 Ares of Green Space
- Medical Exercise Facility
- Warm Water Therapy Pool
- Child Development Center
- Bike & Pedestrian Path
- Medical Offices & Pharmacy

## Health Living Campus Master Plan Benefits

- Childhood Obesity Prevention
- Senior Care Management
- Geriatric Social Workers
- Beach Cities Partnership for Youth
- Dementia Research & Education
- Blue Zones Project
- Volunteer Services
- Subsidized Community Facilities
- \$1.4M in Annual Health Funding
- Healthcare Enrollment & Referrals

## Current 40+ BCHD Programs

- Research & Development
- Mental Health & Happiness
- Medical Fitness Therapy
- Food Literacy & Nutrition
- Older Adult Day Care
- Care Management
- Substance Use Prevention

## Services

### Beach Cities



130,000 Residents



Community Organizations



3 School Districts



Community Partners

### Creating a Healthy Beach Community



0\$

Expanded

Capital Contribution

# Health Living Campus Benefits

# Financial Strategy Scenarios: Take-Aways

## Supported by Finance Committee

- 510 Buy-Out
  - No impact to Gap; income sooner, debt sooner
- Reducing Non-Revenue Producing Costs
  - Gap still exists - Lose Master Plan vision
- Ownership Adjustment
  - Removing Gap
    - Reduced ownership
    - Essentially land lease partner (510, 520)



# Residential Care for the Elderly

## Average Demographics of Residents

- Women age 85+ who require assistance with two activities of daily living (bathing, dressing, grooming, eating, transferring, and using the toilet)
- Most residents stay for 3+ years and move into assisted living from their own homes
- 63% are widowed
- 52% of the national assisted living population has dementia
- Other health conditions include heart disease, macular degeneration, arthritis and COPD

# Implementation



Board Considers  
Adopting 15-Year  
Master Plan

Explore funding strategies and partnerships



**Apr.**  
2019

**May**  
2019

**June**  
2019

**July**  
2019

**Aug.**  
2019

**Sept.**  
2019

**Oct.**  
2019

**Nov.**  
2019

**Dec.**  
2019

**Jan.**  
2020

**Feb.**  
2020

**Mar.**  
2020

Begin Environmental  
Impact Review  
Process



Environmental Impact Review Process



# Implementation Strategy: Costs & Benefits

## Phase 1 Costs

2022-2025

Program	Estimated Cost	% of Cost
RCFE (162 Units)	\$110M	72%
Parking	\$18M	12%
Center for Health & Fitness	\$15M	10%
Child Development	\$10M	6%
		100%

**\$153M**

- Plus Flagler/Diamond Bike-Ped Path \$1.8M
- Includes construction escalation costs of \$14M

## Phase 1 Benefits

2022-2025

**Assumptions:** +/- 25% Ownership (estimated) & \$15M

- Eliminate 514 seismic risk
- Replaces 514 revenue stream
- Residential Care for the Elderly (includes dementia) – ability to age in place
- Expanded and improved Center for Health & Fitness w/therapy pool
- Enhanced intergenerational programs - Child Development Center

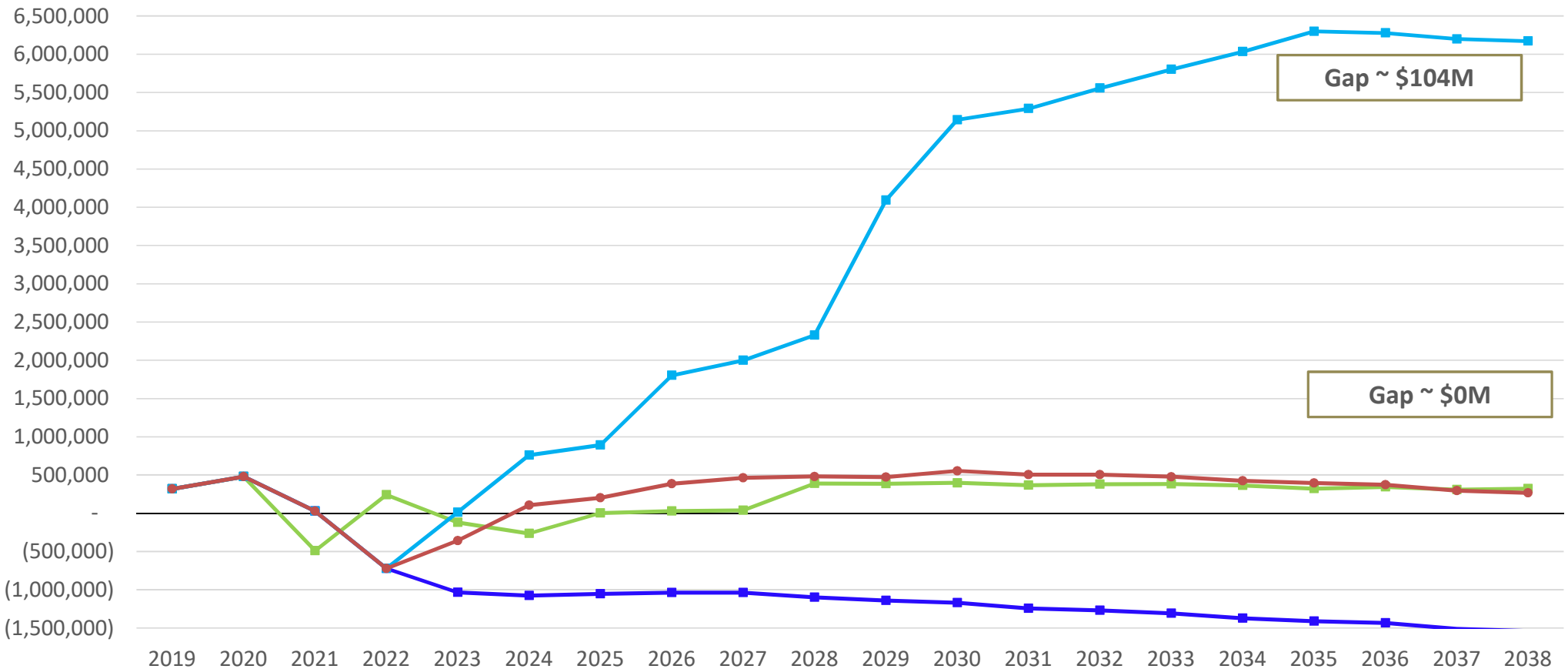
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# How: Scenario – Master Plan Vision

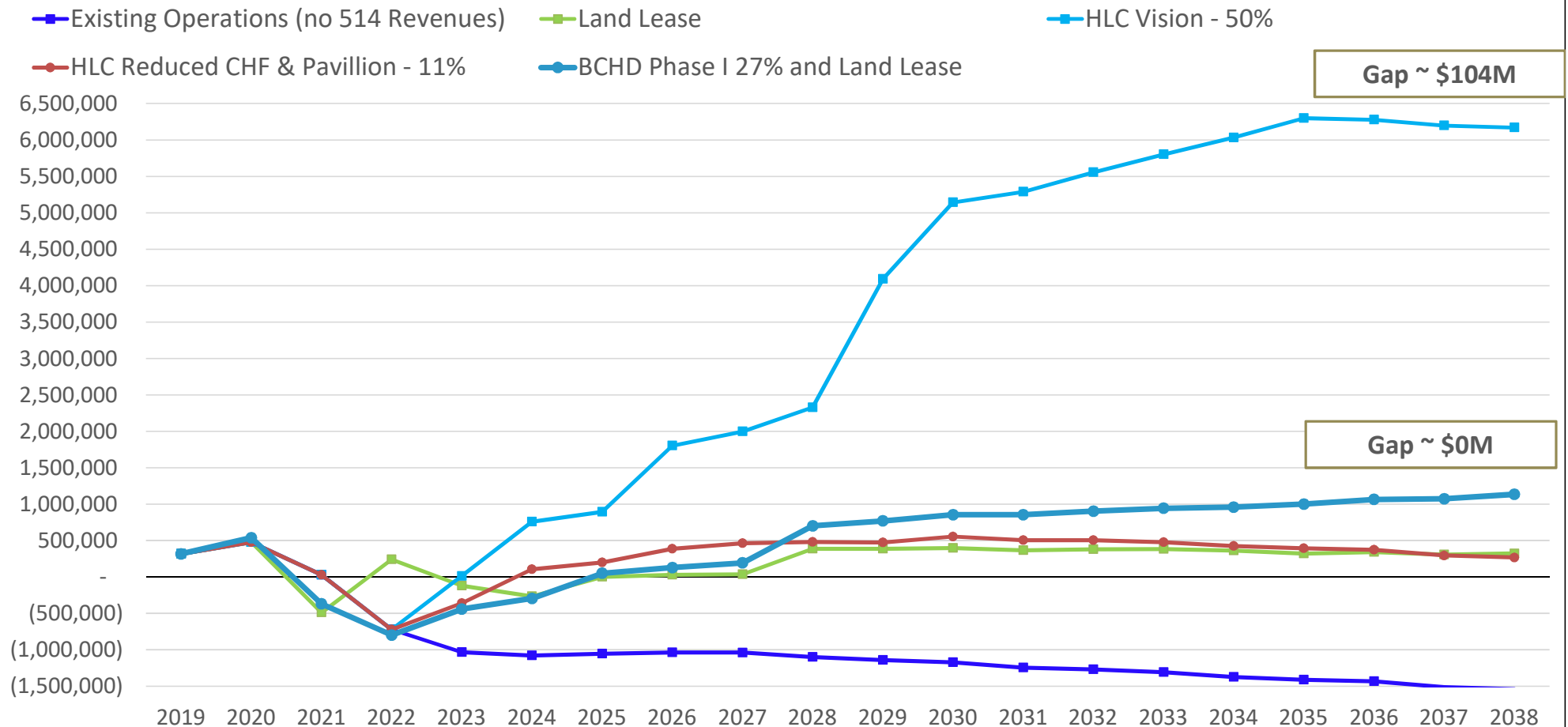
## BCHD Net Income Projections




Existing Operations (no 514 Revenues)    Land Lease    HLC Vision - 50%    HLC Reduced CHF & Pavillion - 11%



# How: Scenario – Master Plan Vision

## BCHD Net Income Projections



	Health Living Campus: Project Pillars	Phase 1	Phase 2	Phase 3
<b>Health</b> 	Build a center of excellence focusing on wellness, prevention & research			
	Leverage the campus to expand community health programs & services			
<b>Livability</b> 	Focus on emerging technologies, innovation & accessibility			
	Create an intergenerational hub of well-being, using Blue Zones Project principles			
<b>Community</b> 	Actively engage the community & pursue partnerships			
	Grow a continuum of programs, services & facilities to help older adults age in their community			

# Recommendations

- Adopt 15-Year Concept Master Plan in April
- Initiate EIR Process for Concept Master Plan in April
- Consider 3-Phased Implementation Plan
  - Review potential partners for all phases
  - Optimize Ownership, BCHD, CHF and Land Value
  - **Phase 1:**
    - Approximately 25% Ownership
    - No Gap
  - **Phase 2 & 3:**
    - Evaluate options and new revenue sources
- Evaluate 510 Buy-out and Strategic Innovation Opportunities
- Evaluate Community Working Group Feedback on affordability, services and partners
- Update Construction Costs

# Healthy Living Campus

## March 23 Open House Summary



# Open House Overview

- 139 Attendees
  - Redondo Beach: 78
  - Manhattan Beach: 14
  - Hermosa Beach: 7
  - Torrance: 7
  - Other: 7
- Information stations with activities & information
  - BCHD programs and services
  - Healthy Living Campus project
- Walking tour of campus



# BCHD Information Stations

- About BCHD
  - Program Materials
  - Resources & Referrals
- Youth Services
  - Gardening activity
  - Blender bike
- Volunteer Services
  - Purpose activity
- Blue Zones Project
  - Moai activity
  - Pledge sign-up
- Blue Zones Food Demo & Tastings
  - Blue Zones restaurant information
  - Food samples
- Center for Health & Fitness
  - Free massage & class demos
  - Gym info
- AdventurePlex
  - Inflatable slide
  - Facility information



# Open House Activities



# Healthy Living Campus Information Stations

- Purpose and Need
- Healthy Living Campus Master Plan
- Community Wellness Pavilion & RCFE
- Comments & Mailing List Sign-Up
- Walking Tour





# Frequently Asked Questions

- Timeline
  - When are you breaking ground?
  - When will the project be finished?
- Parking/Traffic Flow
  - Where will parking be located?
  - Where will people park during construction?
  - Where will the entrances to campus be located?
- Residential Care for the Elderly
  - How much will the units cost?
  - Will the units be assisted living only?
  - Will Silverado be included in the new campus?





# Healthy Living Campus Project

Environmental Impact Report Overview & Next Steps

Board Study Session

March 27, 2019



*Beach Cities*  
**Health District**

A Public Agency



# What is CEQA?

- **California Environmental Quality Act**
- Statewide statute passed in 1970
  - Requires state and local agencies within California to:
  - Analyze and disclose environmental impacts of proposed projects
  - Adopt all feasible measures to mitigate those impacts
  - Establishes requirements for environmental analysis through an EIR





# What is an EIR?

- **E**nvironmental **I**mpact **R**eport
- Required by CEQA law
- Detailed report that:
  - Describes and analyzes the significant environmental effects of a proposed project
  - Identifies alternatives
  - Discusses ways to reduce or avoid any adverse environmental effects





# What does the EIR contain?

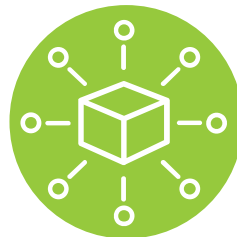
## **EIR's analyze a broad range of environmental topics such as:**

- Aesthetics/Visual Resources
- Agricultural Resources
- Air Quality/GHG
- Biological Resources
- Cultural Resources
- Geology & Soils
- Hazards
- Hydrology & Water Quality
- Land Use & Planning
- Mineral Resources
- Noise & Vibration
- Population & Housing
- Public Services
- Recreation
- Transportation
- Utilities & Service Systems
- Energy
- Social Justice
- Wildfire

# Steps in the EIR Analysis



Describe current  
environmental conditions  
(baseline)



Identify potential  
effects of the project



If there is a significant  
effect, develop measures  
to avoid or lessen the  
effect



*Beach Cities*  
**Health District**  
A Public Agency

# Basis of EIR Analysis

- Analysis is based on facts; not speculation
- Addresses long-term adverse physical changes to the environment, focusing on public resources
- Assessment of impacts is based on established criteria



# EIR Process

Typically +/- 9 months



Scoping

Begin EIR  
Preparation

Release  
Draft EIR

Public Review  
of Draft EIR -  
45 Days

Respond to  
comments on  
Draft EIR

Prepare  
Final EIR

Certify Final  
EIR is Complete

• Notice of Preparation

• Public Hearing

# BCHD Board Direction to Proceed

- Develop project description for EIR analysis
- Assemble baseline status of the site
- Return in April to initiate the EIR process