

Contact: Joan Racki

REGISTER OF UNIVERSITY OF IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Action Requested: Consider approval of the following actions for the **Family Medicine Center – Hawkeye Campus** and the **Ambulatory Surgery Center and Main Operating Room Suite Expansions** projects:

1. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria (see Attachment A for the Family Medicine Center project and Attachment B for the Ambulatory Surgery Center project);
2. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration; and
3. Authorize permission to proceed with project planning, including the design professional selection process for the Family Medicine project and the selection of Heery International for the Ambulatory Surgery Center project.

Executive Summary: The **Family Medicine Center – Hawkeye Campus** project provides for development of a Family Medicine Center on the University of Iowa's Hawkeye Campus as a major component of the University's Hawkeye Campus Master Plan. (A map showing the proposed location of the Center is included as Attachment C.) The Center would replace the current Family Medicine component of UIHC's Family Care Center, now located on the lower level of the Pomerantz Family Pavilion, and provide the Department of Family Medicine with replacement facilities for its clinical services, departmental offices, educational and clinical research areas.

It is envisioned that the Center would become the flagship for a network of family medicine physicians, providing a state-of-the-art clinical environment to enhance the delivery of comprehensive primary care services. Entities to be located in the facility would also provide continuing education support and fellowship training in the areas of Geriatrics, Sports Medicine, Medical Education, Research and Palliative Care. Preliminary estimates suggest a facility of approximately 45,000 gross square feet with an anticipated cost of approximately \$14.6 million, exclusive of furniture and equipment. The project would be funded by University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients.

The **Ambulatory Surgery Center and Main Operating Room Suite Expansions** project would develop four new Ambulatory Surgery Center operating rooms and necessary support facilities on the fourth level of Pomerantz Family Pavilion to augment the existing eight operating rooms. The project would also develop two additional operating rooms in the Main Operating Room Suite; currently there are 30 operating rooms on portions of the fifth levels of the Colloton and Pappajohn Pavilions. The estimated cost of the project is \$20.9 million, with funding provided by University Hospitals Building Usage Funds.

UIHC requests approval to waive provisions of the Board's Policy Manual that require the selection of an architectural firm by an institutional Architectural Selection Committee for projects of \$1 million or more, and requests approval of the selection of Heery International,

Iowa City, Iowa to provide design services for the project. Heery was selected in 2008 to provide master planning assistance for the development of the children’s hospital, critical care bed expansion and renovation of existing patient pavilions as part of UIHC’s Strategic Facilities Master Plan. Throughout 2010, Heery completed adult and pediatric surgical suite expansion studies and provided multiple options. In addition, Heery provided expertise in conducting an in-depth study of options for expanding the Ambulatory Surgery Center. UIHC has been pleased with the performance of Heery on these projects. If a new search were to be conducted, it is unlikely that a firm other than Heery would be selected.

Details of the Projects:

Family Medicine Center – Hawkeye Campus

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Feb. 2011	Withdrawn
Initial Review and Consideration of Capital Project Evaluation Criteria		Feb. 2011	Withdrawn
Permission to Proceed		April 2011	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		April 2011	Receive Report

The Center would serve as the prototype for the medical home model and be linked to UIHC specialty services to support community-based and home-based care alternatives. It would also facilitate development of practice-based research and help build relationships with physicians in Iowa communities, enable the continued development of expertise in prospective interventional trials in comparative effectiveness and translational research, and serve to advance medical educational research, especially related to the patient-centered medical home model.

Implementation of a community-based, patient centered primary care, teaching and research model will necessitate a larger facility in a community setting which this project would provide by developing the Family Medicine Center on the Hawkeye Campus. When completed, the Department of Family Medicine’s principal patient care, education and clinical research, and its departmental offices that are now located in the Pomerantz Family Pavilion would move to this new facility. Following Family Medicine’s relocation, the space on the lower level of the Pomerantz Family Pavilion that now accommodates the Family Medicine clinic, departmental offices, teaching and clinical research facilities would be reassigned to meet other clinical service needs for which an on-campus location is required.

Ambulatory Surgery Center and Main Operating Room Suite Expansions

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		April 2011	Requested
Design Professional Selection Heery International (Iowa City, IA)		April 2011	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		April 2011	Receive Report

The new Ambulatory Surgery Center (ASC) operating rooms and support facilities would be developed in approximately 16,000 of the 36,330 square feet to be enclosed on the fourth floor roof of the Pomerantz Family Pavilion. The remaining 20,330 square feet of shelled-in roof top area would be completed at a later date, subject to Board approvals, when needed to accommodate future UIHC space needs.

The two additional main operating rooms (MOR) would be created in approximately 2,100 square feet of space on level five of the Pappajohn Pavilion by converting an existing operating room equipment cleaning and storage room. A replacement for this room would be provided by in-filling approximately 2,300 square feet of light court area located on the fifth and sixth levels of the Carver Pavilion. UIHC's Strategic Facilities Master Plan identified the need to develop an additional 10 operating rooms to accommodate the increasing volumes and complexity of surgical cases; however, eight of these rooms will be included in the Children's Hospital.

Mechanical infrastructure to support the new space for both project locations will be developed through the enclosure of sections of roof top above each project site.

In FY 2010, the MOR surgical volume grew by 6.0% over the prior fiscal year and the ASC volume grew by 2.4%. For FY 2011, the MOR surgical volume is projected to grow by 5.3% over FY 2010 and the ASC volume is expected to grow by 5.0%. Total case volumes for the MOR are projected to reach 18,210 cases in FY 2011 and the ASC is expected to reach 7,616 cases. The ASC is expected to be at its operational capacity in FY 2012 and the MOR is projected to reach its operational capacity in 2014. This project, along with other measures to be taken to maximize operating room efficiency, will resolve the problems now being encountered in both the MOR Suite and ASC in meeting the growing demand for surgical case time.

Family Medicine Center – Hawkeye Campus
Evaluation Criteria

Institutional Mission / Strategic Plan: This project is supportive of each of the six major goals that have been established in UI Health Care's Strategic Plan for FY 2010 – 2012 by providing the facilities that are required to assist UI Health Care's efforts 1) to provide world class healthcare services to optimize health for everyone, 2) to advance world class discovery through excellence and innovation in health services research, 3) to develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) to foster a culture of excellence that values, engages and enables our workforce, 5) to create an environment of inclusion where individual differences are respected and all feel welcome, and 6) to optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: Initially, several options for leasing existing buildings were explored as possible sites for a community based Family Medicine Center. None of these, though, offered sufficient space in an easily accessed location that could meet all of Family Medicine's needs. For this reason, it was determined that the best option would be development of the Family Medicine Center on the University's Hawkeye campus. This campus offers a very visible site that can be easily accessed. The facility can be developed so that it promotes use of a highly efficient, cost-effective and patient friendly model for delivering outpatient primary care, teaching and health care delivery research. A location on this campus which is dedicated to fitness and wellness is in synchrony with the concepts of the Family Medicine Center.

Impact on Other Facilities and Square Footage: On completion of this project approximately 30,000 gross square feet of space in the lower level of Pomerantz Family Pavilion will be reassigned for use in meeting other UIHC space needs.

Financial Resources for Construction Project: The project will be funded through University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients. No state capital appropriated dollars will be involved. The preliminary estimate of the internal rate of return over the life of the Family Medicine Clinic component of the project is 3.1%. This represents 55% of the total estimated project cost, with the remaining 45% composed of Family Medicine departmental offices, educational and research spaces.

Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs of the new facilities will be University Hospital operating revenues derived from providing patient care services and indirect cost allocations from federal grants related to facilities expenses.

External Forces Justifying Approval: Development of the new Family Medicine Center is an important element for enabling UIHC to be responsive to societal forces, standards and regulations impacting the provision of contemporary patient care services while meeting all components of its mission. This new clinic will provide the necessary facilities to accommodate the population growth projected to occur in Johnson County during the next five years and beyond and the facility's design will be focused on providing a more comfortable and patient-friendly environment that meets Health Insurance Portability and Accountability Act (HIPAA) requirements for patient privacy and confidentiality. The new facilities will make it possible for

the UIHC to meet education and training program requirements for providing all trainees with more extensive clinical experiences. Additional space will also permit more research subjects to participate in clinical trials in proximity to their patient care, thereby enhancing opportunities to gain support for other funded clinical research studies. With the evolution of the medical home concept, primary care services will play an even more integral role in the care of communities and the growth of a primary care workforce. This center will allow the development of team-based services that will facilitate wellness and health with patient-and-family-centered care.

Ambulatory Surgery Center and Main Operating Room Suite Expansion
Evaluation Criteria

Institutional Mission / Strategic Plan: Completion of this project will contribute to UI Hospitals and Clinics' efforts in meeting all elements of the UI Health Care mission, "Changing Medicine, Changing Lives." It will greatly enhance the UI Hospitals' capabilities for delivering superb patient care, innovative educational programs and facilitating pioneering discoveries. The project is also supportive of each of the six major goals that have been established in UI Health Care's Strategic Plan for FY 2010-2012 by providing the facilities that are required to assist UI Health Care's efforts 1) to provide world class healthcare services to optimize health for everyone, 2) to advance world class discovery through excellence and innovation in biomedical and health services research, 3) to develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) to foster a culture of excellence that values, engages and enables our workforce, 5) to create an environment of inclusion where individual differences are respected and all feel welcome, and 6) to optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: There were several alternatives explored as a means to provide new operating rooms supporting the MOR. These included:

1. The relocation of UIHC's clinical laboratories and Department of Pathology faculty and staff offices from level 5 of Roy Carver Pavilion and development of new operating rooms and support facilities in this space, which is north of the existing MOR on Level 5 Colloton, was studied. However, no suitable alternative site for relocating the clinical laboratories could be identified.
2. A modification to Alternative #1 which would add two new operating rooms in space now occupied by Pathology faculty and staff offices on level 5 Carver Pavilion was studied, but as with the first alternative, a suitable replacement space for the departmental offices, which require close proximity to the laboratories, could not be identified.
3. Developing the additional operating rooms and support facilities in what is currently the Pain Medicine Clinic on level 5 John Pappajohn Pavilion was also evaluated. However, as with the other alternatives, no suitable location for the Pain Medicine Clinic could be identified.

Of the alternatives studied the option outlined in the project description section is the most cost effective and least disruptive to the existing MOR and Department of Pathology operations and is the option of choice to add operating room capacity in the MOR.

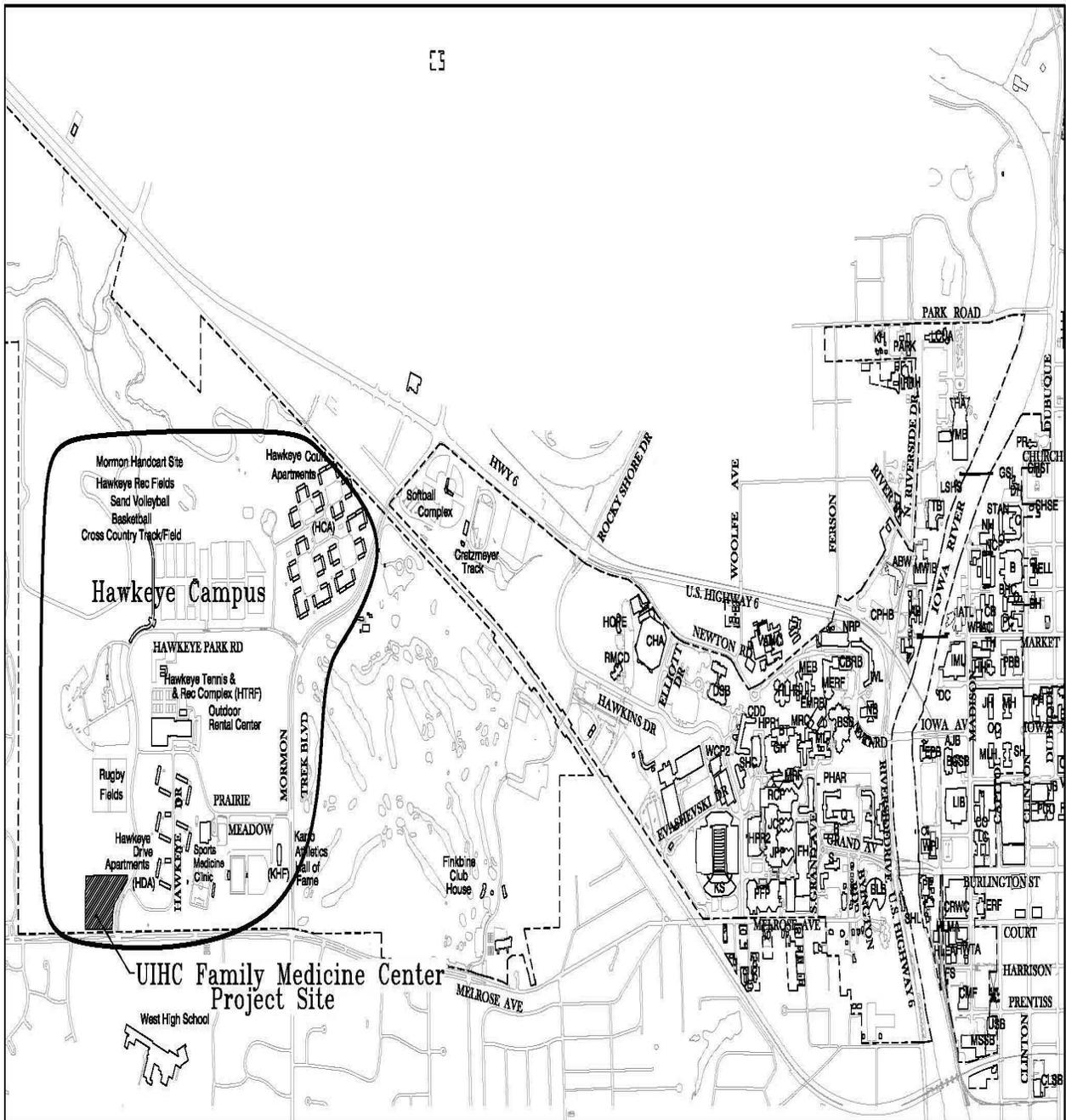
With regard to the ASC, there are no other options other than expanding this facility as has been described. The original ASC design was predicated on the future ability to expand into the adjacent roof top space when surgical procedure volume justified an expansion. This is the least disruptive and most cost effective method to add ASC service capacity.

Impact on Other Facilities and Square Footage: This project will not result in the abandonment or demolition of existing facilities. Replacement of the existing operating room storage space will be accomplished by infilling the fifth and sixth levels of the Roy Carver Pavilion light court.

Financial Resources for Construction Project: The project will be funded through University Hospitals Building Usage Funds acquired from depreciation allowances of third parties underwriting the cost of patient care plus hospital net earnings from paying patients. No state capital appropriated dollars will be involved. The preliminary estimate for the internal rate of return over the life of the project is 27.3%.

Financial Resources for Operations and Maintenance: The source of funds to cover the associated operating and maintenance costs will be hospital operating revenues derived from providing patient care services.

External Forces Justifying Approval: Increasing demand for surgical services, based on current volumes, current projections, the aging of the population and advancements in surgical technology are driving the need for additional surgical capacity. As previously described, ASC and MOR Suite surgical volumes continue to increase at a level that will result in each facility reaching its operational capacity within the next one to three years, respectively. UIHC patient care will be enhanced through expanded surgical facility capability. Design of these facilities will be focused on providing comfortable, patient-friendly environments and increase staff efficiencies. The design will meet all building codes and standards, as well as the Guidelines for Design and Construction of Hospital and Healthcare Facilities, 2010 edition, published by the Facility Guidelines Institute. These guidelines are used by Iowa and 41 other states to regulate hospital licensing and construction and, will also be used by Medicare and the Joint Commission to develop new regulations and standards. The design will also meet Health Insurance Portability and Accountability Act (HIPAA) requirements for patient privacy and confidentiality.



<p>THE UNIVERSITY OF IOWA</p>  <p>UIHC_FamMed.dwg Tab: 1 PLOTTED January 6, 2011</p>	<p>N</p>  <p>1" = 1500'</p>	<p><u>Legend</u></p> <p>---- University Property Line</p>	<p>LOCATION MAP</p> <p>UIHC Family Medicine Center</p>
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