

Contact: Joan Racki

REGISTER OF UNIVERSITY OF IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Consider recommending approval of:

1. The following actions for the **Pathology Core Lab Expansion – 6RCP** project, a major capital project as defined by Board policy:
 - a. Acknowledge receipt of the University's initial submission of information to address the Board's capital project evaluation criteria (see Attachment A);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - c. Authorize permission to proceed with project planning, including the design professional selection process.
2. The following actions for the **Pediatric Specialty Clinic and Conference Center Development** project, a major capital project as defined by Board policy.
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria (see Attachment B);
 - b. Accept the Board Office recommendation that the project meets the necessary criteria for Board consideration; and
 - c. Approve the schematic design, and project description and budget (\$39,000,000), with the understanding that approval will constitute final Board approval and authorization to proceed with construction.
3. Project descriptions and budgets for the **Utility Enabling Projects for University of Iowa Hospitals and Clinics** (\$11,998,000) and **UIHC Entrance Plaza Landscaping** (\$6,256,000).

Executive Summary:

The University requests permission to proceed with project planning, including the design professional selection process, for the **Pathology Core Lab Expansion – 6RCP** project which would expand the Pathology Core Lab located on Level 6 of the Carver Pavilion. The additional space would be provided by the relocation of an adjacent unit, the former CHAMPS (Cardiovascular Health, Assessment, Management and Prevention Services), (2,500 gross square feet of space [gsf]), and by building-out adjacent shell space (1,100 gsf). The estimated project cost of \$6.0 million - \$8.0 million (to be further developed and refined as planning proceeds) would be funded by Hospital Building Usage Funds.

The University requests approval of the schematic design, and project description and budget (\$39.0 million) for the **Pediatric Specialty Clinic and Conference Center Development** project, which would develop a new Pediatric Specialty Clinic (PSC) on level 2 of the John Colloton (JCP) and John Pappajohn (JPP) Pavilions by expanding the clinic from its current location in JCP into adjoining space on the 2nd Floor of the JPP. The expansion would permit development of a direct physical connection and seamless transition on level 2 between these services and the new Children's Hospital. The project would also create a conference center with a 100 plus seat seminar room with appropriate audio visual and support spaces in the north end of the existing PSC. The project would be funded by University Hospitals Building Usage Funds. The schematic design booklet is included with the Board's agenda materials.

The University requests approval of a project description and budget (\$11,998,000) for the **Utility Enabling Projects for University of Iowa Hospitals and Clinics** project. Included are installation of underground utility tunnels, new direct bury utilities and directionally bored infrastructure to serve the Children’s Hospital, new underground Parking Ramp 2, as well as other UIHC buildings. The cost of this utility system work was initially charged to the Children’s Hospital budget. A separate project budget is being established to assign costs associated with this work to the University’s utility system, a self-supporting enterprise; this will maintain consistency in accounting for and managing the system. The utility funds designated for the project will be offset with a cash equity transfer from UIHC Building Usage Funds.

The University requests approval of the project description and budget (\$6,256,000) for the **UIHC Entrance Plaza Landscaping** project, which will create a pleasant park-like setting in the UIHC main entrance area, around the new Children’s Hospital and on level 12 of the new facility. Work would include landscape and hardscape work for the UIHC campus, including installation of plant material, trees, shrubbery, sod and concrete sidewalks and roadways, as well as pedestrian and vehicular canopies. The project would be funded by University Hospitals Building Usage Funds.

Details of the Projects:

Pathology Core Lab Expansion – 6RCP

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		June 2015	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		June 2015	Receive Report

Additional laboratory space is needed to provide Human Leukocyte Antigen (HLA) testing which is currently performed at outside laboratories; the costs for the testing represent the second largest cost of the UIHC solid organ transplant programs and a substantial cost of the Bone Marrow Transplant program. An in-house HLA lab will:

- improve patient safety, quality, and satisfaction;
- improve financial stability through enhanced cost control;
- improve operational stability by decreasing external lab uncertainty;
- improve provider satisfaction and communication within the Core Lab; and
- increase provider efficiency by direct entry of lab results into the electronic medical record.

The addition of HLA testing and the development of the Immunomolecular Wing will necessitate moving Molecular Pathology from Boyd Tower to Level 6 of the Carver Pavilion. The vacated space in Boyd Tower would provide space for the Pathology call center and phlebotomy area which are now located in Carver and expansion of the Virology Lab which is located in Boyd Tower. This project would also make it possible to expand staff amenity areas such as lockers and break facilities, and would support the addition of new staff that will be added to provide the service expansions.

Pediatric Specialty Clinic and Conference Center Development

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Dec. 2014	Approved
Selection of Heery Design (Iowa City) as Design Professional		Dec. 2014	Approved
Initial Review and Consideration of Capital Project Evaluation Criteria		Dec. 2014	Receive Report
Design Professional Agreement (Heery Design - as component of Child. Hosp.)	\$ 847,934	July 2013	Not Required*
Design Professional Agreement Amendment	179,270	Jan. 2015	Not Required*
Design Professional Agreement (ZGF Architects; Seattle)	55,940	Apr. 2015	Not Required*
Design Professional Agreement (Heery Design)	1,933,880	May 2015	Not Required*
Program Statement		May 2015	Not Required*
Schematic Design		June 2015	Requested
Project Description and Budget	39,000,000	June 2015	Requested
Final Review and Consideration of Capital Project Evaluation Criteria			Receive Report

*Approved by Executive Director, consistent with Board policy

The Pediatric Specialty Clinic (PSC) became operational on level two of the John Colloton Pavilion (JCP) in 1982. While there have been several modest expansions and minor renovations since the opening, there has been a growing demand for examination rooms, treatment rooms and other special patient care facilities. Over the past three years, patient clinic visit volume increased approximately 23%, with growth again expected in excess of 6% annually for the next two years. To provide an optimal patient experience, the number of examination and procedure rooms and associated amenities must be expanded to ensure the PSC can accommodate sustained growth rates.

The Children’s Hospital also needs conference facilities that can accommodate large meetings involving faculty and key staff, academic seminars, educational teaching sessions, research conferences and small group meetings.

The expanded Pediatric Specialty Clinic (PSC) will be located on level two of the JCP and the John Pappajohn Pavilion (JPP). In addition to the 22,000 gross square feet (gsf) in the JCP and 32,000 gsf of renovated space in the JPP, approximately 3,000 gsf of new space will be created by infilling an existing atrium to the west of the project location in JCP. Level two of this infill space

would be included in the Conference Center and level three would house the air-handling unit serving the Conference Center.

The design of the space fully considers the adjacencies of the PSC and the new Children's Hospital, currently under construction. The finishes of the space will be similar to the ones being used in the new Children's Hospital to emphasize that it is an extension of the Children's Hospital. This will also facilitate patients' and families' ability to wayfind from the Children's Hospital to the PSC. The Conference Center would provide a large 100-plus seat seminar room with appropriate audio visual and support spaces. Additionally, three smaller conference rooms will provide flexibility for conferences throughout the facility. The Conference Center will also include restrooms, a warming kitchen, and storage space. The Center will support the conference needs of the Children's Hospital.

The following summarizes the programmed spaces in the program statement and schematic design:

<u>Function</u>	<u>Net Assignable Square Feet</u>
Reception/Common Areas:	
Lobby/Check In	390
Scheduling/Offices/Workrooms	8,505
Restrooms	170
Patient Education	719
Sibling Play	505
Family Waiting / Consult	<u>2,395</u>
Subtotal	12,684
Clinical Space:	
Exam Rooms (53)	8,624
Treatment Rooms (3)	560
Storage	<u>1,695</u>
Subtotal	10,879
Staff Support:	
Team Work Areas	<u>4,140</u>
Subtotal	4,410
Conference Center:	
Conference Areas	3,638
Conference Support Space	<u>2,938</u>
Subtotal	6,576
Mechanical/Electrical:	
Telecommunications/Electrical/Mechanical	<u>2,251</u>
Subtotal	2,251
TOTAL	36,530

Project Budget

Construction	\$31,200,000
Planning, Design, and Management	4,680,000
Contingency	<u>3,120,000</u>
TOTAL	<u>\$39,000,000</u>
Source of Funds:	
University Hospitals Building Usage Funds	<u>\$39,000,000</u>

Phase one of the construction is scheduled to commence in the third quarter of FY 2016, with completion of that phase scheduled in the fourth quarter of FY 2017. Phase two of the construction is scheduled to start in the first quarter of FY 2018 and be complete in the first quarter of FY 2019.

Utility Enabling Projects for University of Iowa Hospitals and Clinics

Project Summary

<u>Project Description and Budget</u>	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
	\$11,998,000	June 2015	Requested

Utilities included are steam, chilled water, domestic water, storm and sanitary sewers, diesel fuel distribution, electrical ductbank, telephone and fiber optic infrastructure. The new tunnels will improve accessibility for maintenance and repairs, and longevity of the utility infrastructure (see Attachment C showing location of tunnels and utilities). Additionally, the tunnels provide a greater degree of protection for critical hospital utilities against accidental damage from construction activities on a highly congested campus. The new infrastructure provides redundant critical services in a looped configuration; in the event a utility is interrupted in one location, service can be maintained by back feeding from an alternate pathway.

Project Budget

Construction	\$10,902,405
Planning, Design, and Management	<u>1,095,595</u>
TOTAL	<u>\$11,998,000</u>
Source of Funds:	
Utility System Replacement and Improvement Funds to be Offset with Cash Equity Transfer from UIHC Building Usage Funds	<u>\$11,998,000</u>

UIHC Entrance Plaza Landscaping

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Project Description and Budget	\$6,256,000	June 2015	Requested

This project will use native plants and natural materials, including granite pavers and native limestone, to create a park-like setting for the UIHC’s main entrance and around the new Children’s Hospital. In addition to installation of a covered canopy for the new Children’s Hospital, the project will create walkways on the new plaza to improve way-finding and construct a playground area where children and adults can relax and enjoy the outdoors. Work will also be undertaken along South Hospital Drive to correct storm water drainage deficiencies identified in the University of Iowa Storm Water Drainage Survey. The roadway on both sides of the south entrance to the Pappajohn Pavilion creates a dip, which has the potential to collect substantial water during a high rain event.

Project Budget

Construction	\$5,026,800
Planning, Design, and Management	791,520
Contingency	<u>437,680</u>
TOTAL	<u>\$6,256,000</u>
Source of Funds:	
University Hospitals Building Usage Funds	<u>\$6,256,000</u>

Pathology Core Lab Expansion – 6RCP
Evaluation Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

Institutional Mission / Strategic Plan: Completion of this project will provide the Pathology Department with facilities required for pathologists and staff to maximize quality and efficiency. Completion of this project will also support the Children's Hospital Project by providing pneumatic tube connectivity for increased efficiency and allow modest growth to accommodate additional staff to support the added services.

Other Alternatives Explored: Alternate plans considered in determining how best to meet the laboratory needs included relocating the Pathology Core Lab to another site within UIHC or adding the new services at a distant location. Studies of these options clearly showed that separating the pathology services would create inefficiencies and at this time, any location other than Level 6 of Carver Pavilion would not meet the organization's overall goal for providing efficient laboratory results.

Impact on Other Facilities and Square Footage: This project will not result in the abandonment, transfer, or demolition of existing facilities.

Financial Resources for Construction Project: The project will be funded from 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.

Financial Resources for Operations and Maintenance: Funds to cover costs associated with the increase in Pathology Laboratory services will be hospital operating revenues derived from providing patient care services and expanded pathology testing services.

External Forces Justifying Approval: Hospitals are increasingly challenged to reduce costs and increase efficiencies; providing in-house HLA testing will create better workflows and a more efficient operation. The new lab will reduce costs and improve financial stability through enhanced cost control, improved operational stability and increased provider efficiency by leveraging the EMR (electronic medical record) for direct lab results.

The project's design will meet all building codes and standards, as well as the most recently published 2010 Edition of the Guidelines for Design and Construction of Hospital and Healthcare Facilities, published by the Facility Guidelines Institute. These guidelines regulate hospital licensing and construction in Iowa and most other states and are 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.

Pediatric Specialty Clinic and Conference Center Development
Evaluation Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

Institutional Mission / Strategic Plan: Completion of this project will make it possible to expand the Pediatric Specialty Clinic (PSC) which will contribute to UI Hospitals and Clinics' efforts in meeting all elements of the UI Health Care mission, "Changing Medicine, Changing Lives." It will 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 2014 - 2016 by providing the facilities that are required to assist UI Health Care's efforts to: 1) provide world class healthcare services to optimize health for everyone, 2) advance world class discovery through excellence and innovation in biomedical and health services research, 3) develop world class health professionals and scientists through excellent, innovative and humanistic educational curricula for learners at every stage, 4) foster a culture of excellence that values, engages and enables our workforce, 5) create an environment of inclusion where individual differences are respected and all feel welcome, and 6) optimize a performance-driven business model that assures financial success.

Other Alternatives Explored: The original plan for the Children's Hospital called for placing the PSC on the second level in the new Children's Hospital and Pappajohn Pavilion. Studies of this option showed that it would not provide adequate or efficient space and there are no other alternative locations available that are large enough and in the proximity of the new Children's Hospital that can accommodate the PSC.

Impact on Other Facilities and Square Footage: This project will result in the demolition and renovation of approximately 57,000 gsf of clinical department office, clinic and procedural space on level two of Colloton and Pappajohn Pavilions to permit development of a renovated and expanded PSC and Conference Center. No space will be abandoned or transferred.

Financial Resources for Construction Project: The project will be funded from 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.

Financial Resources for Operations and Maintenance: No significant change in operating expense is expected. 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: The PSC is seeing larger patient volumes each year. The current clinic facilities cannot adequately accommodate this growth and thus this project is needed for constructing facilities that will meet current and future patient care requirements. With the development of expanded PSC patient care and support facilities, it is projected that by FY 2020 the PSC's annual clinic visit volume will have grown to over 65,000 visits, which represents almost a 50% increase over the base year of FY 2010.

