

Contact: Joan Racki

REGISTER OF UNIVERSITY OF IOWA
CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS

Actions Requested: Consider recommending approval of the following actions for the **Iowa River Landing Clinical Service Expansion, Pediatric Cardiac Catheterization Laboratory Relocation / Expansion and Level 5 & 6 John Pappajohn Pavilion Connector to UI Children's Hospital, and UIHC Centralized Emergency Power Generation Facility** projects, major capital projects as defined by Board policy:

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 Iowa River Landing, Attachment B for the Pediatric Lab and Attachment C for the Emergency Power projects);
2. Accept the Board Office recommendation that the projects meet the necessary criteria for Board consideration;
3. Authorize permission to proceed with project planning; and
4. Authorize the design professional selection process for the Pediatric Lab and Emergency Power projects, use of a construction manager for the Emergency Power project, the selection of Neumann Monson Architects for the River Landing project, and selection of Gilbane Building Company as construction manager for the Pediatric Lab project.

Executive Summary:

The University requests permission to proceed for three projects at University of Iowa Hospitals and Clinics.

The **Iowa River Landing Clinical Service Expansion** project would develop additional outpatient clinic facilities on levels 4 and 5 of the Iowa River Landing (IRL) medical office building by finishing approximately 18,000 square feet of shelled-in space. The project would include development of up to 40 examination rooms, with facilities for patient reception and waiting, along with other clinical support services for the Departments of Urology, Internal Medicine and Surgery.

The University also requests a waiver of the design professional selection process and the selection of Neumann Monson Architects of Iowa City for the project; Neumann Monson was the architect of record for the recently completed IRL building and Board approved in February 2013 the selection of the firm for the IRL – Procedure Suite Development project; the firm would bring experience and a knowledge base for an efficient execution of the professional services required for the project. The estimated project cost of \$6.1 million, exclusive of furniture and equipment, would be funded by University Hospitals Building Usage Funds.

The **Pediatric Cardiac Catheterization Laboratory Relocation / Expansion and Level 5 & 6 John Pappajohn Pavilion Connector to UI Children's Hospital** project would relocate and expand from one to two labs the Pediatric Cardiac Catheterization (cath) Laboratory facilities. The project would also infill a recessed area on the west façade of the Pappajohn Pavilion on levels 5 and 6 to provide adequate space for development of the cath labs on level 5 and to connect the Neonatal Intensive Care Unit to the skybridge on the sixth floor which will connect

the new Children's Hospital with the Pappajohn Pavilion. The estimated project of \$8.7 million would be funded by University Hospitals Building Usage Funds.

The University requests permission to utilize a construction manager for the project, specifically the firm of Gilbane Building Company; the firm is the construction manager for the Children's Hospital. Construction of the project will require the use of a portion of the site now assigned to contractors building the Children's Hospital. Also, a portion of this project will merge the infill space with the Children's Hospital connecting bridge structure. Thus, coordination and management of the two projects by one construction manager is essential.

The University requests permission to proceed with project planning, including the design professional selection process, and the utilization of a construction manager for the **UIHC Centralized Emergency Power Generation Facility** project. The project would develop an off-site centralized emergency power generation facility to provide emergency power service to UIHC's main campus. Installation of the off-site generator facility will support the immediate emergency power generation needs of the UI Children's Hospital and below-grade Hospital Parking Ramp 2 replacement facility, both of which are now under construction, as well as a portion of John Pappajohn Pavilion. The cost estimates for the project range from \$15 to \$23 million (funded by University Hospitals Building Usage Funds) depending upon the selected location and configuration of the facility. UIHC will be working with the University's Facilities Management and CCRD Engineering Services (consulting engineers) to further explore possible locations to ensure that the facility will be located in a spot that will maximize its value to the institution mitigate emission issues and minimize project cost.

The Joint Commission on Accreditation of Healthcare (JCAHO) is requiring UIHC to increase emergency generator capacity that is dedicated to UIHC use. The emergency generator capacity cannot be shared with non-hospital operations. Due to current ambient air quality regulations, UIHC must install the new emergency generator(s) away from the main UIHC campus.

UIHC also requests permission to initiate the search process for a construction management firm to assist with pre-construction and construction management services in support of UIHC project management staff. The size and complexity of this project and the need to coordinate it with existing projects will require additional construction management support.

Details of the Projects:

Iowa River Landing Clinical Service Expansion

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Sept. 2013	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		Sept. 2013	Receive Report
Selection of Design Professional (Neumann Monson Architects, Iowa City)		Sept. 2013	Requested

The additional space is needed to accommodate growth that has occurred since the opening of IRL in October, 2012, as well as meet projected future clinic visit volume and the addition of new clinical services. Patient volume has grown principally for clinical services provided by Urology and the Cardiovascular Medicine Division of the Department of Internal Medicine. It is anticipated that, with the aging of the state's population, these clinical services will continue to see significant growth in patient visits, as will services provided by other Internal Medicine subspecialties, including General Internal Medicine, Endocrinology & Metabolism and Gastroenterology & Hepatology, and the Department of Surgery's Division of Vascular Surgery.

The Urology Clinics at UIHC and IRL have seen consistent and steady growth, resulting in the need for additional clinical and support space. The annual growth in clinic visits between the two sites has averaged 5.4% over the last three years, and is expected to grow 4% annually over the next five years. To address this growth, the Department of Urology would like to increase its presence at IRL but is limited by the lack of space. The expansion would provide for an additional six examination rooms and accommodate an additional provider care team.

UI Heart and Vascular Center clinical services have expanded at IRL and new providers from Cardiovascular Medicine and Vascular Surgery are being added to meet the increase in patient visits, which are expected to grow by 4.4% annually over the next five years. The expansion will provide six additional examination rooms to accommodate two provider care teams.

The anticipated increase in demand for the other Internal Medicine subspecialty services is expected to be 3.5% annually over the next five years. The wait time for a new Internal Medicine appointment at IRL currently ranges from four to seven weeks for a majority of the providers. Recruitment is underway for two to four additional providers. The expansion will allow for twelve additional Internal Medicine examination rooms that can accommodate up to four providers, allowing for decreased waiting times for appointments.

This project will also enable the development of a Comprehensive Diabetes Center at IRL. Diabetes is prevalent across the nation and affects 8% of Iowa's residents. The newly appointed director of the diabetes program is actively recruiting providers to expand the diabetes service. The goal of the Comprehensive Diabetes Center is to bring together a multi-disciplinary team to address the complex medical issues of the diabetic patient. The clinic expansion will provide six examination rooms for two diabetic provider teams.

Pediatric Cardiac Catheterization Laboratory Relocation / Expansion and Level 5 & 6 John Pappajohn Pavilion Connector to UI Children's Hospital

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Sept. 2013	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		Sept. 2013	Receive Report
Selection of Construction Manager (Gilbane Building Company; Chicago)		Sept. 2013	Requested

The current pediatric cardiac catheterization facilities, which are located on level 2 of the Pappajohn Pavilion, include a single cardiac catheterization laboratory and support facilities. The proposed project is needed to accommodate an increase in pediatric cardiac catheterization and electrophysiology procedures, and to position the new laboratories in space immediately adjacent to and physically linked via a connecting walkway with the new pediatric operating room suite that will be located on level 5 of the new Children's Hospital. This adjacency will facilitate the sharing of resources that will be required by both the operating room and cath lab, including patient preparation and recovery facilities, thereby reducing operating costs and improving operating flexibility.

The project will also provide for an expansion of the existing level 6 John Pappajohn Pavilion Neonatal Intensive Care Unit (NICU) bays to accommodate enhancements to this unit's facilities, with a connecting walkway between this unit and the new level 6 NICU facilities to be developed as part of the UI Children's Hospital project. The project will also provide for development of replacement offices for Anesthesia faculty who currently are located in a portion of the area that will be used for development of the new Pediatric Catheterization Laboratories.

UIHC Centralized Emergency Power Generation Facility

Project Summary

	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed with Project Planning		Sept. 2013	Requested
Initial Review and Consideration of Capital Project Evaluation Criteria		Sept. 2013	Receive Report
Utilization of Construction Manager		Sept. 2013	Requested

The proposed off-site centralized emergency power generation facility would be scalable to handle UIHC's emergency power generation needs as additional emergency power is required in the future. The facility would be designed to mitigate the risk of a catastrophic loss of emergency power due to a tornado, power grid failure, or other circumstances. An underground duct bank will connect the generator facility with UIHC facilities.

The redundancy of the emergency power supply will also be improved by development of this facility. Distributing emergency power generation from a location physically removed from the main UIHC campus would improve the survivability of emergency power service in the event of a tornado or other localized catastrophic disruptions. It is becoming increasingly difficult to meet Environmental Protection Agency (EPA) regulations without providing significant physical separation for future emergency generators from those now located on the UI Health Sciences Campus. In support of the University's air quality goals and to ensure the current EPA air dispersion modeling requirements are met, the emergency power generators will be located beyond the immediate vicinity of UIHC's main campus.

Iowa River Landing Clinical Service Expansion
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 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 2010-2013 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.

Completion of this project will be of significant benefit to UI Health Care in meeting its patient care mission by providing space to assist in accommodating the continued growth in outpatient services at the Iowa River Landing location. Since this facility became operational in October, 2012, it has seen greater growth than projected in a number of the patient care services now provided at this new clinical location.

Other Alternatives Explored: The project is required to address the aforementioned need for additional patient examination rooms and other support facilities at the Iowa River Landing medical office building. Based on current and anticipated future growth in this facility's patient service volume there are no alternatives that could be implemented that would address this need.

Impact on Other Facilities and Square Footage: No space will be abandoned or demolished. The expanded ambulatory care clinic facilities will make it possible to meet the need for additional off-campus examination and treatment facilities while decompressing several heavily utilized outpatient clinical services on UIHC's main campus. In addition, the project will make it possible to reallocate space on the main campus to clinical services that require additional space and to meet new 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 for the internal rate of return over the life of the project is 13%.

Financial Resources for Operations and Maintenance: The source of funds to cover the additional operating costs associated with the incremental increase in building space will be hospital operating revenues derived from providing patient care services.

External Forces Justifying Approval: Demand for medical services at UIHC continues to increase. Overall clinic visit activity has increased 6.3% over the last three years. The primary and specialty services offered at IRL, which are planned for use of the new space, have either been growing or have grown beyond the capacity of their current space.

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 Cardiac Catheterization Laboratory Relocation / Expansion and Level 5 & 6 John
Pappajohn Pavilion Connector to UI Children's Hospital
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: The implementation of the Strategic Facilities Master Plan will greatly enhance UIHC's capabilities for fulfilling its patient care mission. The relocated and expanded Cath Lab project supports the Strategic Facilities Master Plan by accommodating an increased volume of pediatric cardiac catheterization and electrophysiology patients who require very advanced and specialized procedures. The location of the new cath lab will reduce operating costs by facilitating the sharing of common resources between the new cath lab and the new Children's Hospital. The close proximity also allows improved access to pediatric operating rooms; enhancing patient safety by affording shortened transport from Cath lab to pediatric operating rooms should an emergency arise during the performance of a pediatric catheterization procedure.

Other Alternatives Explored: Alternate locations were explored for the pediatric cath lab, including placing the pediatric cath labs on level five and lower level two within the new Children's Hospital. There was not adequate space within the operating room suite on level five to accommodate the pediatric cath labs. The separation between lower level two and the operating room suite on level five did not allow for maximum patient safety should an event happen within the cath lab that would require moving a patient to the operating room. Direct connections from the Children's Hospital to the existing facility without constructing additional space in the infill area were also explored. However, without the infill area, the Cath labs would need to be located considerably further away from the Children's Hospital connection and the remaining area on the 5th floor would have been of limited use for future clinical service expansion. On level six, omission of the infill area would result in elimination of one high risk antepartum room and would require an access corridor through the existing Labor and Delivery Suite which would not be acceptable from a patient safety perspective and would negatively impact the operations and efficiency of the Labor and Delivery Unit.

Impact on Other Facilities and Square Footage: No space will be abandoned as a result of this project. A portion of the space needed for the Pediatric Cath Lab Project is currently occupied by Department of Anesthesia and Pain Medicine faculty offices. The Pain Medicine offices are scheduled to move as part of a separate project to relocate Pain Medicine services to Pomerantz Family Pavilion. The Anesthesia Department faculty offices will be relocated to accommodate the Cath Lab Project. The current Pediatric Cardiac Catheterization Laboratory space will be used to expand the Pediatric Specialty Clinic.

Financial Resources for Construction Project: This 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.

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: The proposed development of the Cath Lab expansion/relocation and Level 5 and 6 connector will respond to continued growth of the Pediatric Cardiac patient population. Patient care will be enhanced through expanded facilities, greater workflow efficiency, and supporting a robust infection control regimen. The development of these facilities adjacent to the new University of Iowa Children's Hospital responds to the continued emphasis on finding ways to improve the efficiency, cost effectiveness and safety of highly sophisticated health care procedural units.

**UIHC Centralized Emergency Power Generation Facility
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: The implementation of the Strategic Facilities Master Plan will greatly enhance UIHC's capabilities for fulfilling its patient care mission by providing the necessary facilities to accommodate the projected growth in patient volume in pediatric inpatient, adult critical care, and outpatient clinical and support services. The development of a Centralized Generator Plant supports UIHC's Strategic Facilities Master Plan by providing an avenue through which the UIHC can improve the reliability and redundancy of the facilities' back up power supply while also providing a long-term opportunity to increase back up power generation capacity and permit the needed flexibility for future expansion of hospital programs.

Additionally, the decision to place the generator facility at a remote location will remove a potential emissions source from the area immediately surrounding the existing UIHC facilities and supports the University's broader goal of reducing air pollutant concentrations across the campus.

Other Alternatives Explored: Placement of the generators in Lower Level 2 of Pomerantz Family Pavilion was initially explored. However, dispersion modeling analysis suggested that generator placement anywhere within the UIHC facilities could not feasibly meet EPA air quality requirements. Additionally, refitting/rebuilding of ageing units was considered. While this option would likely improve the long-term reliability of the ageing units, it does not address long term air quality goals and is not possible due to the size limitations of existing emergency generator transformer facilities.

Impact on Other Facilities and Square Footage: The project will not result in the demolition of existing space but will permit the future transfer or replacement of existing emergency generators to the new off-site facility for the reasons identified above. At that time the space on UIHC's main campus now used for emergency generator systems will be reassigned for use in meeting the needs of other systems required to support UIHC's infrastructure.

Financial Resources for Construction Project: This 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.

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: In January, 2013 the Iowa DNR adopted new more stringent National Ambient Air Quality Standards. To meet these standards, initial engineering studies indicate that the optimal location for installation of additional emergency electrical generators will be away from the main UIHC campus. For these reasons, it is proposed that a remote centralized emergency power generator facility be developed that could accommodate the UIHC's current and future back-up electrical power requirements.