

FCR 8

Office of the President
June 8, 2010

Members, Board of Trustees:

PATIENT CARE FACILITY PROJECT

Recommendation: that the Board of Trustees approve the initiation of the first phase of the operating room suite and related support space in the new Patient Care Facility currently under construction and approve the increase of the existing \$532.3 million scope of the total project to \$570 million.

Background:

- At its December 14, 2004 meeting, the Board approved the replacement of the original 1959 hospital structure. The project would be completed in multiple phases.
- At its October 25, 2005 meeting, the Board approved the consolidation of the Patient Care Facility project and related infrastructure projects to bring the aggregate approved scope to \$450 million.
- At its September 11, 2007 meeting, the Board approved adding two shelled patient bed floors to the project scope.
- At its September 9, 2008 meeting, the Board approved the consolidation of existing legislative authorizations relating to the project and established the scope of the initial phases of the project at \$532.3 million.

Because of the addition of the two patient care floors approved in September 2007, the operating room suite and related support space (OR project) - originally part of Phase 1A of the Patient Care Facility project - were deferred. It is recommended that the OR project be initiated to:

- ensure operating room capacity for planned growth;
- provide excellent patient care to trauma patients by providing state of the art surgical services within the same pavilion as the Level 1 Trauma Unit; and
- improve customer service with a new, consolidated family waiting area for surgical services.

Related support space will house the Central Sterile Supply Department (Supply Department) which will distribute sterile instruments and supplies for the Perioperative Department. The Supply Department will support existing operations as well as the increased capacity created by the new surgical suite.

The scope of the OR project is not expected to exceed \$35 million. The \$37.7 million increase in the total scope of the Patient Care Facility project is requested in case of unforeseen complications and is within the scope authorized by the General Assembly.

The OR project will be funded by an internal loan of up to \$35 million to UK HealthCare. Any additional funds, if needed, will be provided from UK HealthCare's fund balances. The internal loan is expected to be repaid within 10 years. In accordance with the University's Debt Policy as revised by the Board at its April 27 meeting, the Debt Management Committee has reviewed and supports the proposed loan and required financing plan. Any increase in the total \$570 million scope of the Patient Care Facility project will be presented to the Board for approval prior to implementation.

Action taken: Approved Disapproved Other _____