

FCR 11

Office of the President
June 10, 2014

Members, Board of Trustees:

RENOVATE/UPGRADE UK HEALTHCARE FACILITIES CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Renovate/Upgrade UK HealthCare Facilities Capital Project and declare its official intent to reimburse capital expenditures from a future debt obligation for the Capital Project.

Background: The Albert B. Chandler Hospital Facilities Development Plan provides for the systematic replacement and renovation of patient care facilities. Since the opening of the first two patient care floors in Pavilion A of the new Patient Care Facility in May 2011, UK HealthCare (UKHC) has continued to experience strong patient demand for the delivery of its hospital system services. This volume increase has placed substantial capacity and throughput constraints on hospital system operations, requiring continued fit-out of Pavilion A to ensure the availability of adequate facilities for patient care.

The redevelopment of existing facilities in Pavilion HA is necessary for Kentucky Children's Hospital to establish a modern, state-of-the-art facility for Kentucky's pediatric healthcare needs. This space will allow for development of pediatric outpatient and family support services and will replace the outdated and undersized Neonatal Intensive Care Unit (NICU) with space consistent with today's standard of care for delivery of pediatric health care.

With a scope of \$150,000,000, the Renovate/Upgrade UK HealthCare Facilities Capital Project (designated as Phase I-F of the Development Plan) includes the following components:

- Fit-up of two additional patient floors (9 and 10) in Pavilion A
- Replacement of 52-year old kitchen and cafeteria
- Hyperbaric Chamber replacement and relocation to Pavilion A
- Magnetic Resonance Imaging (MRI) Relocation to Pavilion A
- Installation of remaining elevators in Pavilion A
- Central Chiller Plant Addition
- Neonatal Intensive Care Unit (NICU) relocation from Pavilion H to Pavilion HA

The project will be financed with agency bonds that will be repaid with UK HealthCare patient care revenues. With the initiation of Phase I-F, the Board will have approved a total \$763,100,000 investment in the Albert B. Chandler Hospital Facilities Development Plan, including the new Patient Care Facility, as listed below. The approved investment is well within

the \$900,000,000 legislative authorization that includes \$750,000,000 for the Patient Care Facility and \$150,000,000 for this new project.

Implementation of the Albert B. Chandler Hospital Master Plan

- At its December 2004 meeting, the Board approved initiation of a major initiative to replace the original 1959 hospital structure. The project would be completed in multiple phases over an estimated five-year period.
- At its October 2005 meeting, the Board approved the consolidation of the Patient Care Facility project (Phase I-A) with several authorized infrastructure projects to bring the aggregate authorized scope to \$450,000,000.
- At its September 2007 meeting, the Board approved adding two shelled patient bed floors to the project.
- At its September 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 \$532,300,000.
- At its June 2010 meeting, the Board approved the initiation of the Operating Room Suite and Related Support Space project (Phase I-B) increasing the scope of the total project to \$570,000,000.
- At its February 2011 meeting, the Board approved the initiation of the Data Center and Related Support Space project (Phase I-C) increasing the scope of the total project to \$575,600,000.
- At its June 2013 meeting, the Board approved the initiation of the Fit-up of the Eighth Floor and Pharmacy project (Phase I-D) increasing the scope of the total project to \$607,100,000.
- At its September 2013 meeting, the Board of Trustees approved the planning and design of the fit-up of the Clinical Decision Unit (CDU) of the Patient Care Facility increasing the existing total project scope by \$500,000 to \$607,600,000.
- At its January 2014 meeting, the Board of Trustees approved the initiation of the fit-up of the Clinical Decision Unit (CDU) capital project increasing the existing scope of the Patient Care Facility: Phase I-E project to \$613,100,000.

Action taken: Approved Disapproved Other _____