

# FCR 8

Office of the President  
September 10, 2021

Members, Board of Trustees:

IMPROVE BUILDING SYSTEMS – UK HEALTHCARE  
( PAVILION H – REPLACE AHU S1 AND S1A)

Recommendation: that the Board of Trustees approve the initiation of the Improve Building Systems – UK HealthCare (Pavilion H – Replace AHU S1 and S1A) capital project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation.

In October 2020, the Board of Trustees approved the initiation of the Improve Building Systems – UK HealthCare (Pavilion H – Replace AHU S1 and S1A) capital project with a scope of \$4,000,000.

When the project bid on August 19, 2021, the bids received were approximately 65% higher than budgeted. While an extensive value engineering process is ongoing, it is not expected that those efforts will get the project fully back within the original budget. Bid pricing is indicative of increases in construction costs, lack of competition among bidders as well as supply shortages caused by heavy demand.

This project will replace two existing air handling units (AHU's) and their controls. Installed in 1972, these assets have exceeded their useful life. Replacing this equipment will improve the reliability of the systems, improve the temperature and humidity control, and improve energy efficiency in the facility. This project is being designed such that the replacement of the units will have little disruption to operations and patient care.

The Board is requested to approve initiation of this project with a revised scope of \$6,000,000. This project, authorized by the 2020 Kentucky General Assembly, will be funded with agency funds and is within the total legislative authorization of \$50,000,000.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_