THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers (UMHHC)
Adult Magnetic Resonance Imaging Scanner Expansion Project

Action Requested: Approval to Proceed with Project

Background:

The Department of Radiology provides magnetic resonance imaging (MRI) services to patients via three scanners at two locations, including two at University Hospital and one at the East Ann Arbor Health Center. Over the past three years, the demand for MRI services at the Hospital and Health Centers (HHC) has increased by 26%. Currently, MRI services are provided continuously throughout the day and, given the effectiveness of this imaging modality, the demand for MRI services is expected to continue to grow.

The proposed project will renovate 6,600 gross square feet of existing space, most of which is office space utilized by MRI support staff. The office space will be relocated to an area held in reserve for this project on the B2 level of University Hospital. The project includes the acquisition of new MRI technology that promises improvements in scan speed and enhanced image clarity for multiple, clinical applications. The project scope includes the architectural, mechanical, electrical work and construction phasing necessary to accomplish the proposed improvements. We anticipate no impact on parking needs associated with this renovation. A Certificate of Need from the Michigan Department of Consumer and Industry Services (MDCIS) is required for the additional MRI scanner.

The estimated project cost is $7,500,000, with approximately $4.5 million for moveable equipment and the remaining $3 million for construction, professional fees and contingencies. Funding will be provided from Hospitals and Health Centers’ resources. The construction cash flow may be provided, all or in part, from tax-exempt debt secured by a pledge of Hospital Gross Revenues. Initially, the project may be financed by increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Regents. Construction is scheduled to be completed in early 2004.

We recommend that the Regents approve the University of Michigan Hospitals and Health Centers’ Adult Magnetic Resonance Imaging Scanner Expansion Project as described, and authorize issuing the project for bids and awarding construction contracts providing that the bids are within the approved budget.

Respectfully submitted,

Timothy P. Stottow
Interim Chief Financial Officer

Lazar J. Greenfield
Interim Executive Vice President for Medical Affairs

September 2002

APPROVED BY THE REGENTS ON SEP 19 2002