

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers (UMHHC)
University Hospital Operating Room Expansion Project

Action Requested: Approval to Proceed with Project

Background:


The University of Michigan Hospitals and Health Centers (UMHHC) is proposing to expand its University Hospital surgical facilities from 27 to 29 operating rooms (OR) to increase capacity providing the ability to increase case volumes. The proposed expansion is central to the UMHHC strategy to increase operating margins.

A 12,200 gross square foot, multi-phased renovation of existing space on level one of University Hospital is planned. The renovation will include: constructing two ORs, expanding the pre-operative area and Post-Anesthesia Care Unit, increasing family waiting and consult areas, and increasing space for equipment storage and instrument processing. The project requires relocating the Biomedical Communications and Physical Medicine and Rehabilitation Clinic (PM&R) in order to vacate space on level one of University Hospital. The scope of this project includes the architectural, mechanical and electrical work necessary to accomplish these improvements. We estimate a minimal increase in demand for patient parking for this project and no impact on staff parking. Additional patient parking needs will be accommodated by existing patient parking, which has sufficient capacity to handle the increase in demand associated with this project. A Certificate of Need is required for the Operating Room expansion component of the project.

The estimated cost of the project is \$7,500,000 including \$2,645,000 for furnishings and moveable equipment. 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. The architectural firm of Albert Kahn Associates will design the project. Construction is scheduled to be completed in Spring 2004.

We recommend that the Regents approve the UMHHC University Hospital Operating Room Expansion Project as described, and authorize issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Lazar J. Greenfield
Interim Executive Vice President
for Medical Affairs



Timothy P. Skottow
Interim Chief Financial Officer

March 2003

APPROVED BY THE REGENTS ON

MAR 20 2003