

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers
West Ann Arbor Health Center

Action

Requested: Authorization to Issue the Project for Bids and Award Construction Contracts

Background:

At the November 2015 meeting, the Board of Regents approved the schematic design for the University of Michigan Hospitals and Health Centers West Ann Arbor Health Center. Ambulatory Care activity within the University of Michigan Health System (UMHS) has risen steadily over time and now exceeds two million visits per year. In order to improve patient access to ambulatory care services, UMHS is both actively improving throughput within existing facilities and seeking to expand its capacity. As part of these efforts, the UMHS proposes the construction of a new and larger health center in the west Ann Arbor market. The existing West Ann Arbor Health Center is 6,000 square feet in leased space in Scio Township. Construction of an approximately 75,000-gross-square-foot facility on property donated to the university in December 2010 will provide a significant expansion in access to an ambulatory diagnostic and treatment center, walk-in clinic, primary and specialty care, infusion, clinical pathology, and radiology services. A Certificate of Need will be required from the State of Michigan Department of Community Health for this project.

The estimated cost of the project is \$46,000,000. Funding will be provided from Hospitals and Health Centers' resources. The construction cash flow may be provided, all or in part, by bond proceeds or increasing the commercial paper issuance under the commercial paper program, secured by a pledge of General Revenues, and authorized by the Board of Regents. The project is expected to provide an average of 52 on-site construction jobs. Construction is scheduled to be completed in the fall of 2017.

We recommend that the Board of Regents authorize issuing the University of Michigan Hospitals and Health Centers West Ann Arbor Health Center project for bids and awarding construction contracts providing that bids are within the approved budget.

Respectfully submitted,



Marschall S. Runge
Executive Vice President for Medical Affairs and
Dean, Medical School



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

March 2016