

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: University of Michigan Hospitals and Health Centers
Brighton Health Center South

Action

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

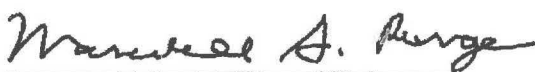
Background:

At the May 2016 meeting, the Board of Regents approved the schematic design for the University of Michigan Hospitals and Health Centers Brighton Health Center South project and authorized issuing bids and awarding construction contracts for early procurement packages. Ambulatory Care activity within the University of Michigan Health System (UMHS) has risen steadily over time and is now more than 2.3 million visits per year. In order to improve patient access to ambulatory care services, UMHS is engaged in expanding capacity through improved throughput within existing sites and via construction of new facilities. As part of these efforts, UMHS proposes the construction of a new and larger ambulatory care presence in the Brighton market. This project will construct an approximately 297,000-gross-square-foot building on university-owned land near the existing Brighton Health Center on Challis Road. The new building will include adult and pediatric specialty care, infusion, a comprehensive musculoskeletal center, sleep lab, ambulatory diagnostic and treatment center, radiation oncology, operating rooms, medical procedure unit, pharmacy, radiology, and lab 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 \$175,000,000. 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 architectural firm of HKS Architects will design the project. The project is expected to provide an average of 125 on-site construction jobs. Construction is scheduled to be completed in the summer of 2018.

We recommend that the Board of Regents authorize issuing the University of Michigan Hospitals and Health Centers Brighton Health Center South 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

September 2016