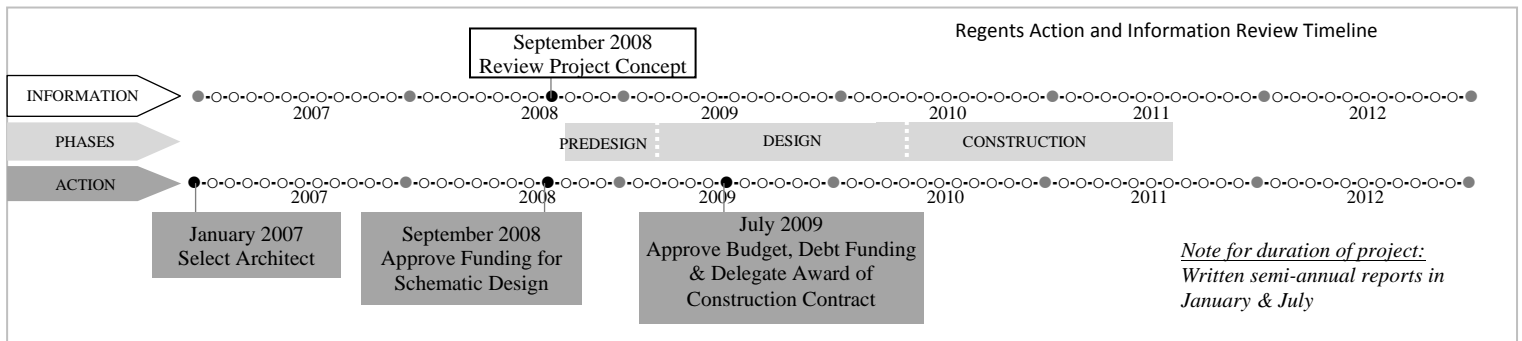


VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Hall Health Primary Care Center Remodel: Adopt Budget, Approve Debt Funding, and Delegation of Authority to Award Construction Contract



RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve:

1. the establishment of a total project budget at \$10,150,000;
2. the use of the Internal Lending Program to fund up to \$8,000,000 for design, construction, furniture, fixtures, equipment, cost of debt issuance; and
3. delegation of authority to the President or his designee to award a construction contract, subject to the scope, budget, and funding remaining within 10% of the established budget.

BACKGROUND

The mission of the Hall Health Primary Care Clinic (HHPCC) is “to facilitate the academic success of UW students and the well-being of all of our patients through a commitment to high quality patient-centered health care.” University of Washington students may receive services at HHPCC and, furthermore, those who have paid the Service and Activities Fee Committee (SAFC) fee receive a portfolio of subsidized services with no “out-of-pocket” expense. Non-students may also use HHPCC on a fee-for-service basis. This generates revenue that reduces the cost of care for the student population. In fiscal year 2008, HHPCC had 84,965 visits (10% more than FY 2007) of which 69% were by students.

In 2007-2008, a feasibility study was undertaken to assess how the existing building might be modified to better fulfill the goals of the HHPCC. The major

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

#### Hall Health Primary Care Center Remodel: Adopt Budget, Approve Debt Funding, and Delegation of Authority to Award Construction Contract (continued p. 2)

programmatic goals for the remodel project are to enhance the quality of care, improve student access to care, allow for future growth, increase student access to mental health services, generate additional revenue, and provide adequate space for special programs. The feasibility study identified significant factors and deficiencies that currently inhibit HHPCC from achieving its goals. These include inadequate clinic space, inefficiencies in patient and staff flow, suboptimal privacy, an inability to accommodate changing operational care models, and general wear and tear on the facility leading to a suboptimal environment of care.

In September 2008, the Board of Regents approved funding for the predesign and schematic design phases for the Hall Health Primary Care Center Remodel project. The predesign and schematic design processes confirmed the actual scope, timing, potential phasing, program and space needs, and budget for the project.

During winter and spring quarters of 2009, this project along with the other two student life projects - Husky Union Building (HUB) Renovation and Expansion and Ethnic Cultural Center Expansion - were presented to the Associated Students of University of Washington (ASUW), Graduate and Professional Student Senate (GPSS), and SAFC to determine whether or not the students would advocate for the issuance of bonds for project construction. With overwhelming support the ASUW and GPSS endorsed the projects and SAFC voted on May 22, 2009 to recommend to the University administration that they issue bonds to pay for the construction for all of the student life projects.

#### PROJECT DESCRIPTION

This project will extensively renovate the ground and first floors, a portion of the third floor, and construct an addition of approximately 2,600 square feet on two floors in what is currently the south service court. These improvements help correct the deficiencies identified in the feasibility study. Improvements to the lobby will open up the area, centralize admittance, information, and billing, as well as create an inviting waiting area. Remodeling the interior spaces will create additional clinic spaces to accommodate increases in patient visits. A fire alarm system replacement will be completed concurrently with this project. To accommodate the ongoing operations the project will be completed in phases while the clinics remain open.

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

Hall Health Primary Care Center Remodel: Adopt Budget, Approve Debt Funding, and Delegation of Authority to Award Construction Contract (continued p. 3)

#### SCHEDULE:

Architect Selection	September 2008
Pre-design	October 2008 - March 2009
Design	March 2009 - March 2010
Bidding/Award	March 2010 - May 2010
Construction	May 2010 - July 2011
Completion	August 2011

#### PROJECT BUDGET AND FUNDING:

The project budget is \$10.15 million, of which \$7.8 million will be funded by a new student fee. On May 22, 2009, the Services and Activities Fee Committee approved a new student fee of up to \$95 per quarter for all three Student Life projects. The new fee for the Hall Health portion is estimated at \$6.00 per quarter and will take effect in the fall quarter of the 2011-2012 academic year (September 2011) at the completion of the project. Together with the HUB and ECC projects, the new fee is expected to total \$90 per quarter.

The sources and uses of the project are as follows:

[continued on next page]

## VII. STANDING COMMITTEES

### B. Finance, Audit & Facilities Committee

Hall Health Primary Care Center Remodel: Adopt Budget, Approve Debt Funding, and Delegation of Authority to Award Construction Contract (continued p. 4)

#### Sources of Funds

Internal Lending Program - Student Fees	7,850,000
Existing Bond Proceeds	1,000,000
Reserves / Other	1,500,000
<b>Total Sources of Funds</b>	<b>10,350,000</b>

#### Uses of Funds

Consultant Services	1,420,000
Construction Cost	6,701,000
Furniture, Fixtures, Equipment, and Other	2,029,000
<b>Total Design and Construction</b>	<b>10,150,000</b>
Interest Paid During Construction	123,000
Cost of Issuance	77,000
<b>Total Uses of Funds</b>	<b>10,350,000</b>

#### Sources of Repayment for ILP Loan (30 Years at 5.5%)

Student Fee Debt Service	522,000
<b>Average Annual Debt Service Payment</b>	<b>522,000</b>

The main financial risk is from not collecting sufficient student fee revenue to repay the ILP loan. Under-collection of fee revenue could come from non-payment and/or a higher number of fee waivers than assumed in the financial analysis. This risk has been mitigated by including a 10 percent coverage amount in the new fee.

Because the fee is a part of tuition, the risk of under-collection from non-payment is very small. Since debt service payments have the first call on fee revenue, any shortfall would be made up from reserves or reductions in programs levels funded by student fee revenue.

#### PREVIOUS ACTION

September 2008 - Approved funding for the predesign and schematic design phases.

VII. STANDING COMMITTEES

B. Finance, Audit & Facilities Committee

Hall Health Primary Care Center Remodel: Adopt Budget, Approve Debt Funding, and Delegation of Authority to Award Construction Contract (continued p. 5)

October 2008 - Delegated authority to the President to award a design contract for the Hall Health Primary Care Center with the firm of Miller Hayashi subject to successful negotiation of an architectural agreement.

*Attachment*  
Summary Project Budget

**UNIVERSITY OF WASHINGTON  
CAPITAL PROJECTS OFFICE - SUMMARY PROJECT BUDGET  
STANDARD PROCUREMENT**

PROJECT: Hall Health Primary Care Center Remodel

Project Number: 202277

ESTIMATED DATE OF COMPLETION: August 2011

<u>Project Budget</u>	<u>Total Escalated Cost</u>	<u>% of TPC*</u>
Pre-Schematic Design Services	\$ 167,000	2%
A/E Basic Design Services	\$ 470,000	5%
Extra Services	\$ 110,000	1%
Other Services	\$ 415,000	4%
Design Services Contingency	\$ 258,000	3%
<b>Consultant Services</b>	<b>\$ 1,420,000</b>	<b>14%</b>
Construction Cost	\$ 5,100,000	50%
Other Contracts	\$ -	0%
Construction Contingencies	\$ 1,020,000	10%
Sales Tax	\$ 581,000	6%
<b>Construction</b>	<b>\$ 6,701,000</b>	<b>66%</b>
Equipment & Furnishings	\$ 248,000	2%
Artwork	\$ -	0%
Other Costs	\$ 1,171,000	12%
Project Management	\$ 610,000	6%
<b>Other</b>	<b>\$ 2,029,000</b>	<b>20%</b>
<b>Total Project Cost (TPC)*</b>	<b>\$ 10,150,000</b>	<b>100%</b>

**Included in Above:**

Escalation through December 2011	\$ 421,941	4%
(based on 0% for 2009, 2.5% for 2010, and 3.5% for 2011)		