

**University of California, Irvine:
New University Hospital Development
and Related Medical Center Renovation
Projects**

**Presentation to University of California Board of
Regents:**

Ground and Buildings Committee

January 15, 2008

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Chancellor

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Vice Chancellor for Health Affairs

Dean, School of Medicine

PROJECT BACKGROUND

- **Focus of original project was to provide replacement space to address seismic needs**
- **Shell space was included to accommodate growth-related needs**
- **Budget restrictions at the time limited site work and the clinical laboratory replacement space (the latter needed since the building housing the laboratory must be demolished)**
- **Proposed projects will complete development of the new hospital and will improve two existing facilities**

CURRENT HOSPITAL

- **Former county hospital (earliest part of building erected in 1914)**
- **Current structure built in 1962 (but using 1951 plans)**
- **Purchased by UC Regents in 1976**
- **Additional tower added in 1981**
- **Chao Family Comprehensive Center added in 1990**
- **Neuropsychiatric building added in 1993**
- **Not designed for teaching**
- **Multi-bed rooms decrease operational efficiency and patient satisfaction and create concerns about patient privacy**
- **Does not meet seismic code (SB1953)**

FACTS ABOUT NEW UNIVERSITY HOSPITAL (CURRENT PROJECT)

- **\$393 Million** (including equipment)
- **Largest construction job in Orange County**
- **First “design-build” hospital in California**
- **21 months of computerized 3-D modeling before start**
- **85% complete so far**
- **On budget!**
- **Ahead of schedule (3.5 months)!**
- **No outstanding claims!**



CURRENT PROJECT APPROVAL


(191 licensed beds)

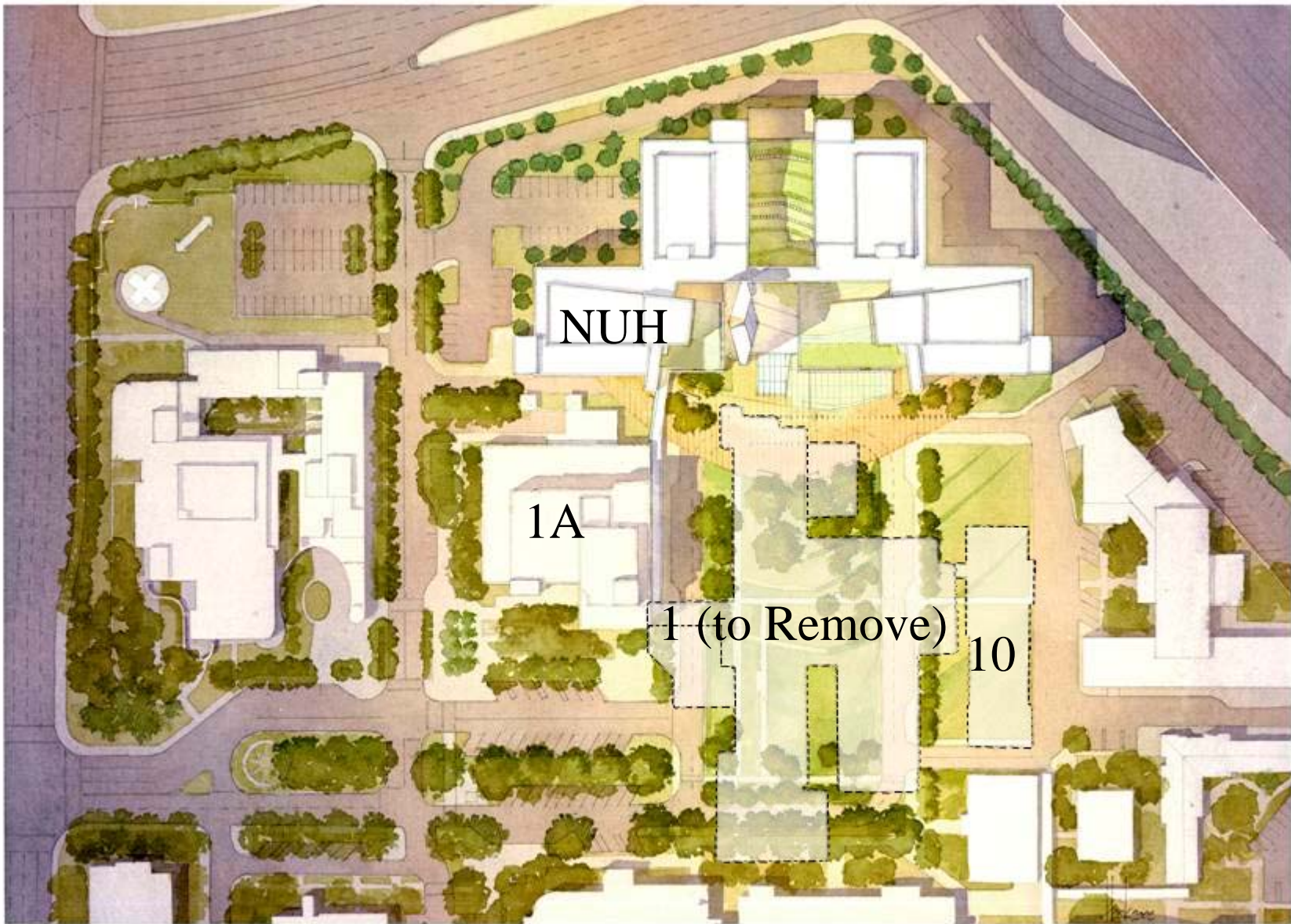
ISSUES

- **Bed capacity is insufficient to meet teaching and clinical service needs optimally**
- **More cost-effective to enhance capacity now than at a future date (prices lower; interest rates dropping; construction crew onsite; building still opened up; ahead of schedule on current project)**
- **Proposed completion project restores the bed capacity originally envisioned at the outset of the project but for which funds were unavailable**
- **Debt capacity sufficient for facility enhancement**



SITE LOCATION

UCIMC University of California
Irvine Medical Center 



SITE PLAN

UCIMC University of California
Irvine Medical Center

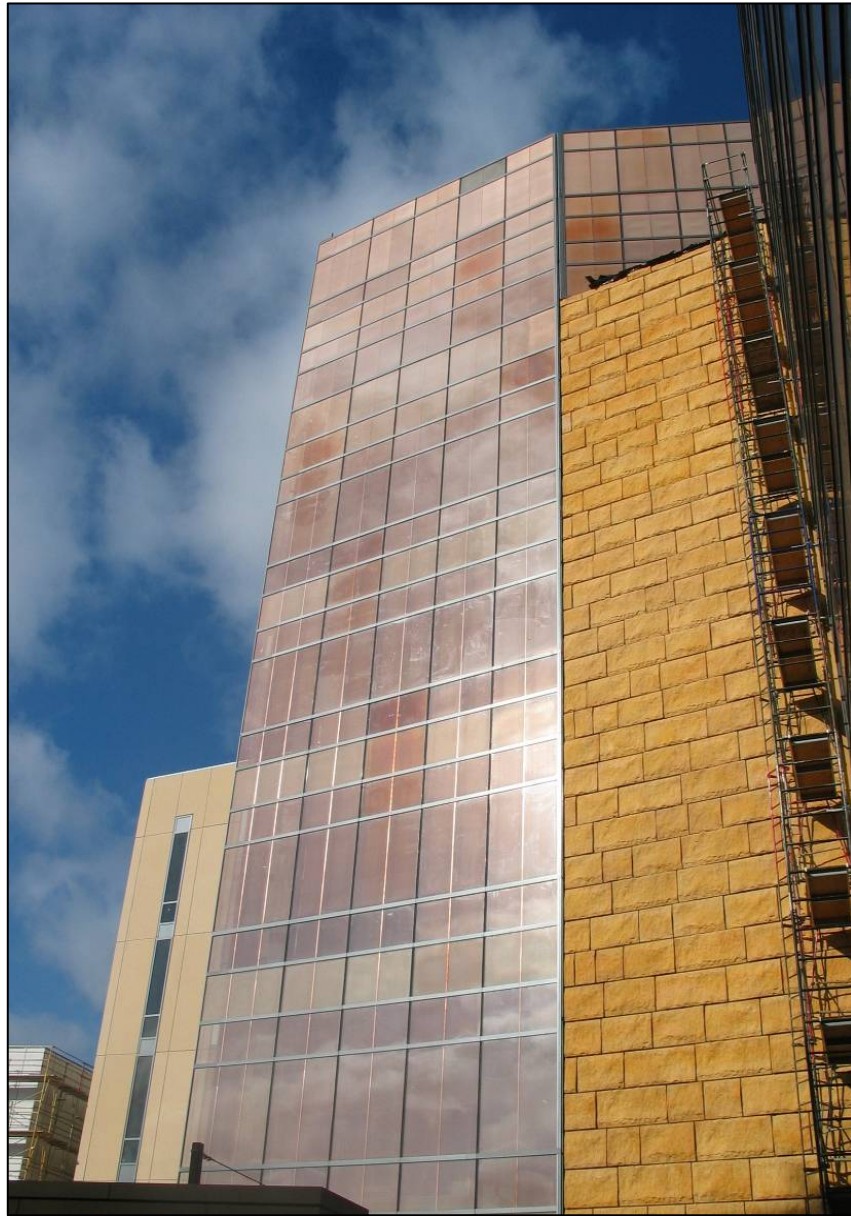




January 2007 – 45% Complete



December 2007 – 85% Complete



Copper glass beacon for health care

Mock-Ups

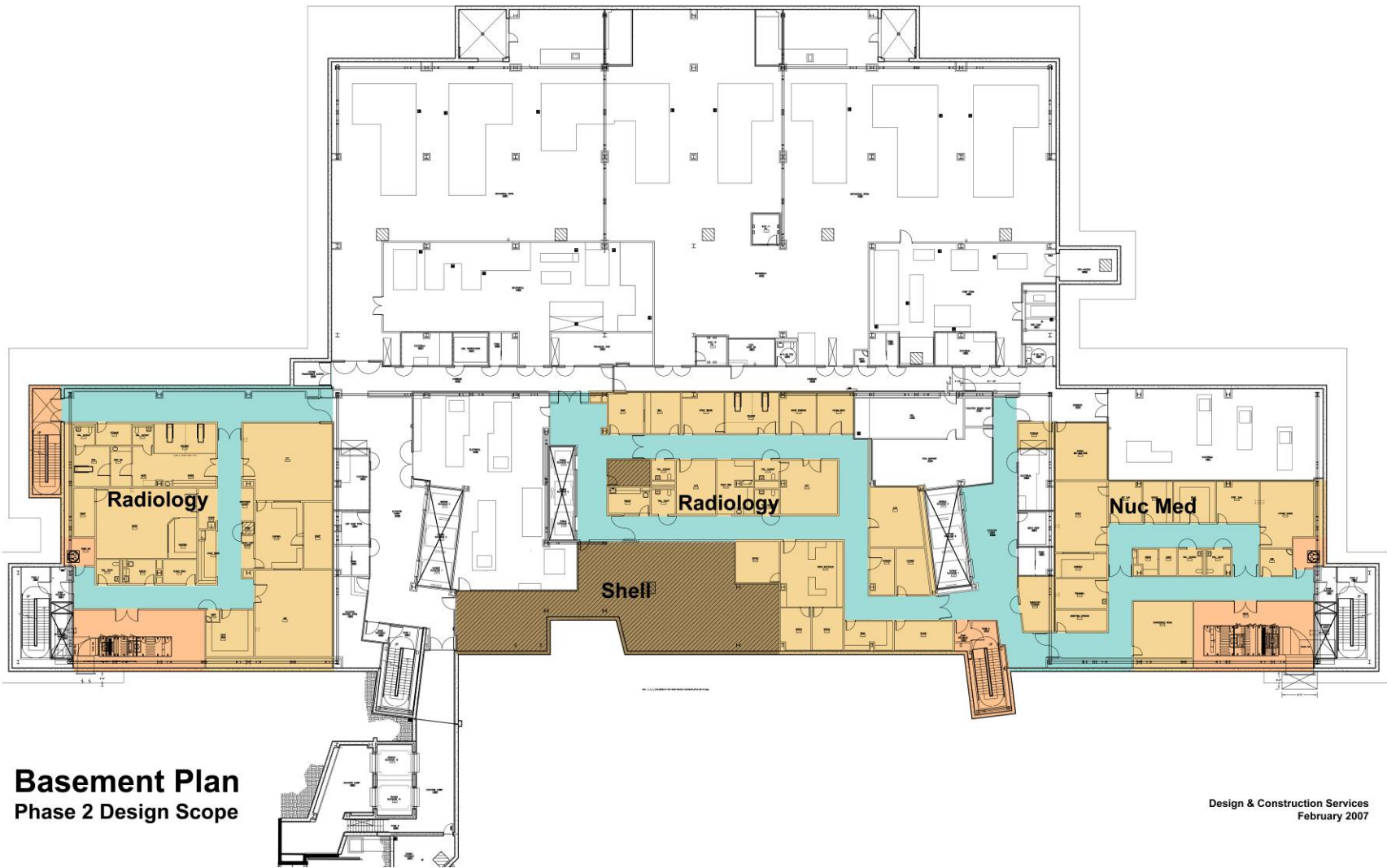


Typical Med Surg Room – 280 sq.ft.



Typical Operating Room - 625 sq.ft.

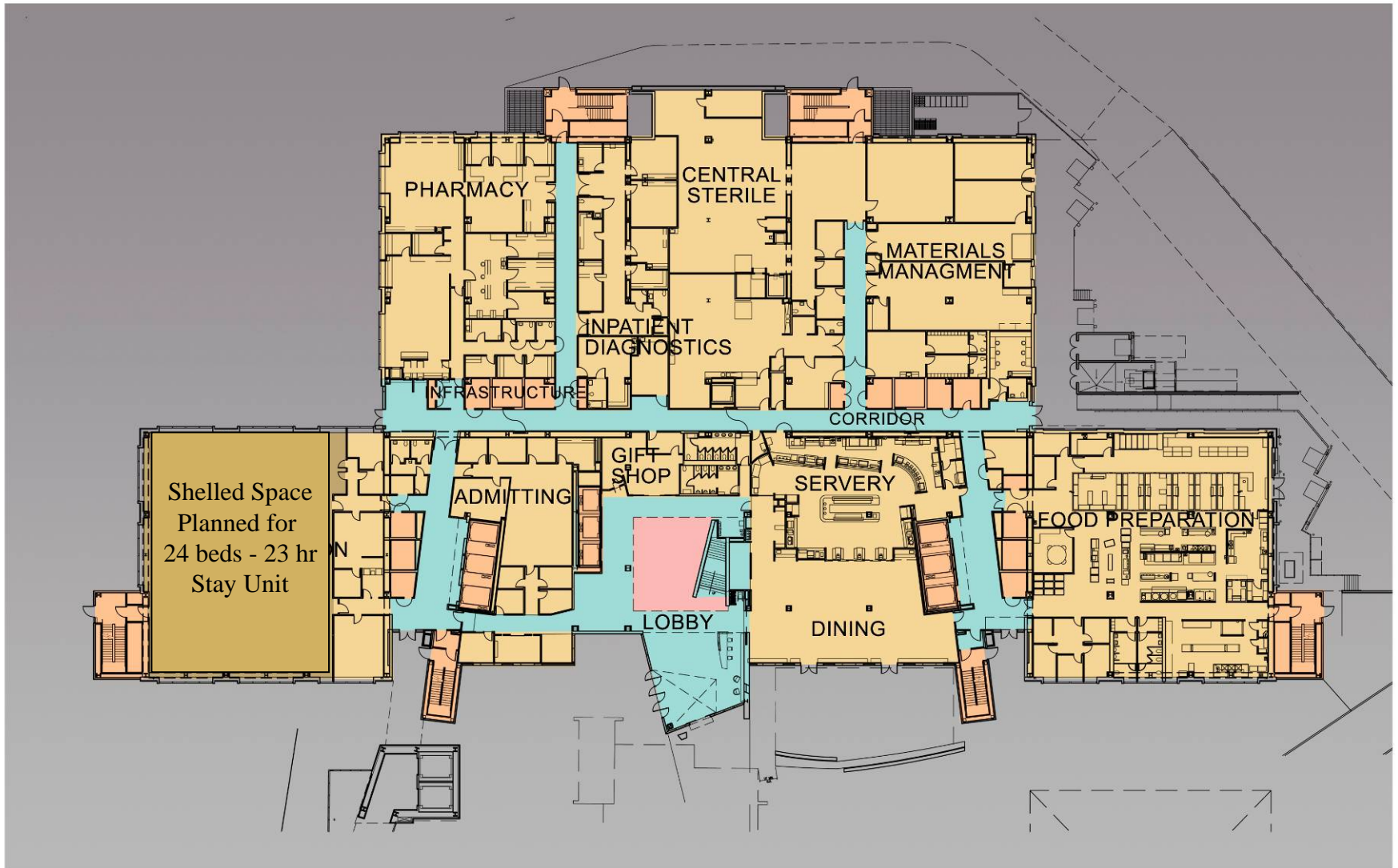




Basement Plan
Phase 2 Design Scope

Design & Construction Services
February 2007

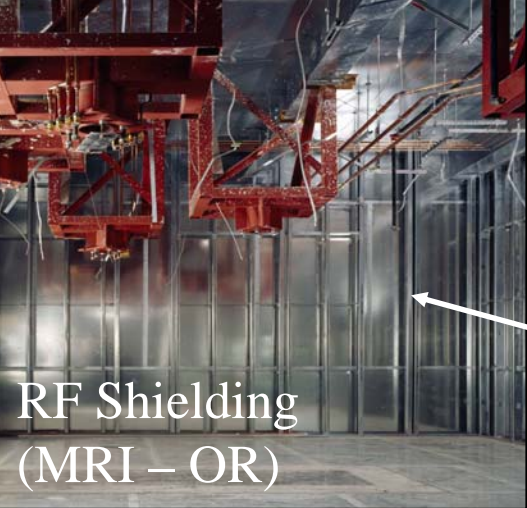
Note: Future Development of Shelled Space to Expand Radiology



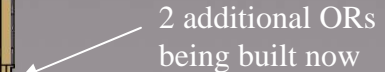
GROUND LEVEL PLAN

UCIMC University of California
Irvine Medical Center

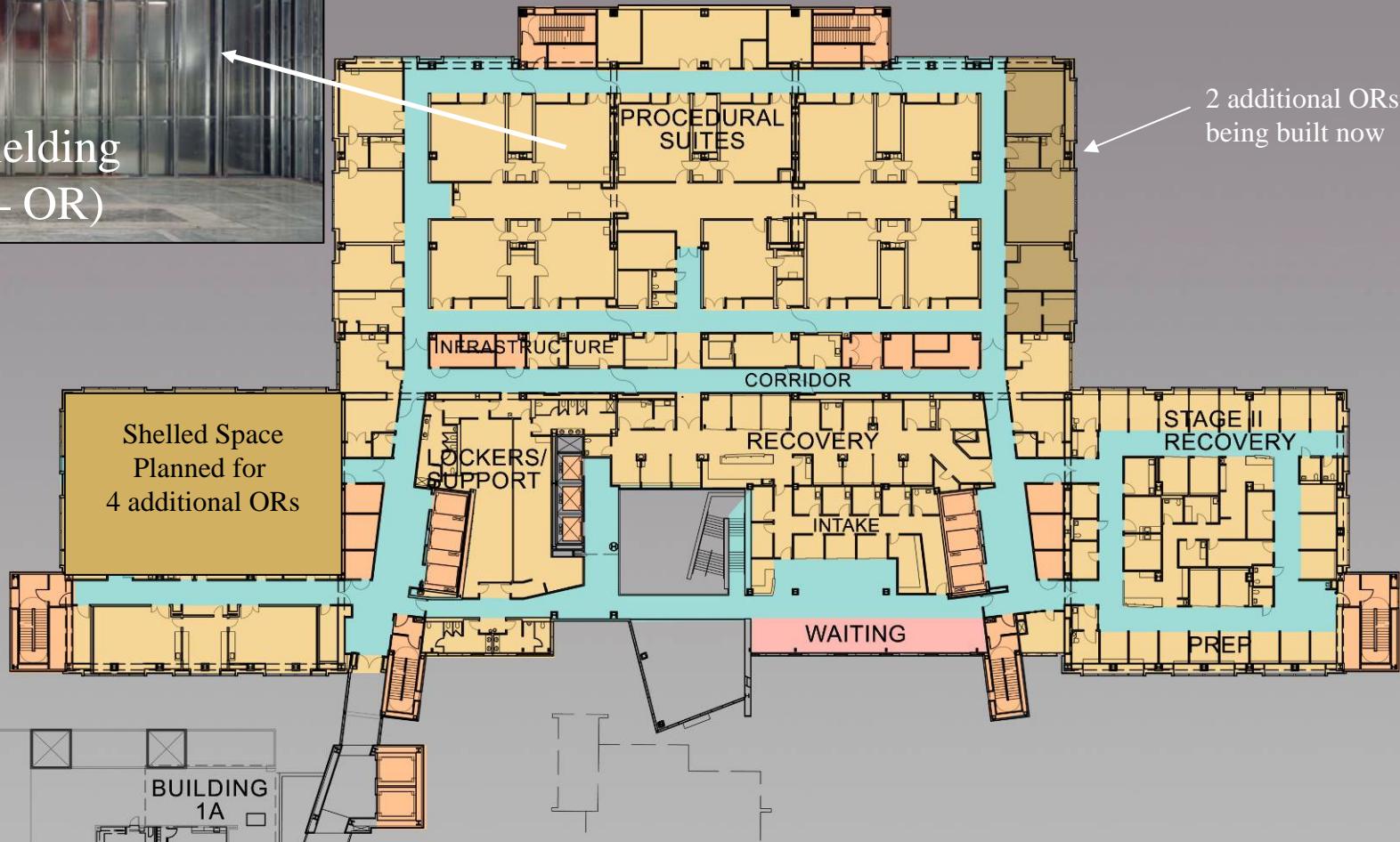




RF Shielding
(MRI – OR)

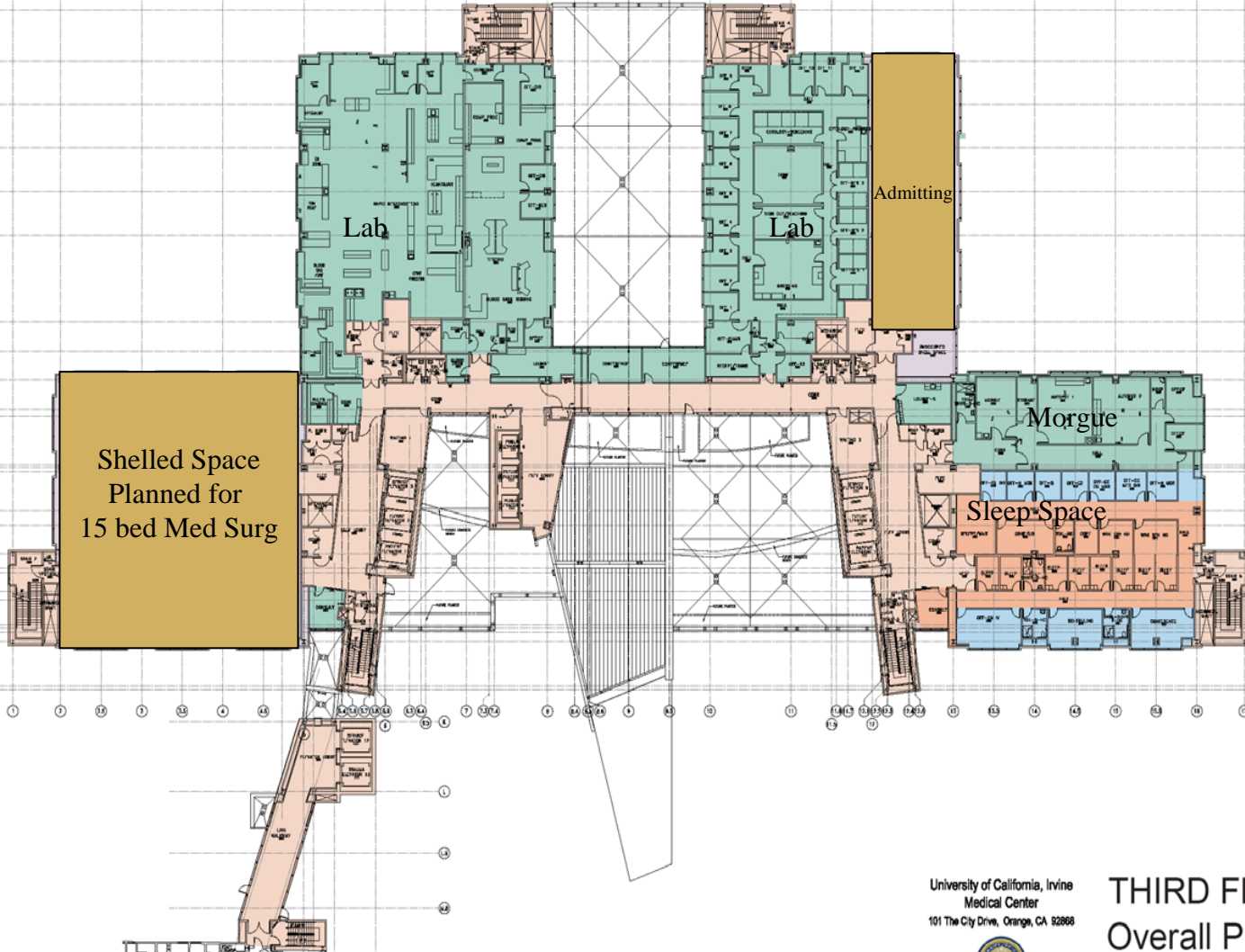


2 additional ORs
being built now



LEVEL TWO PLAN

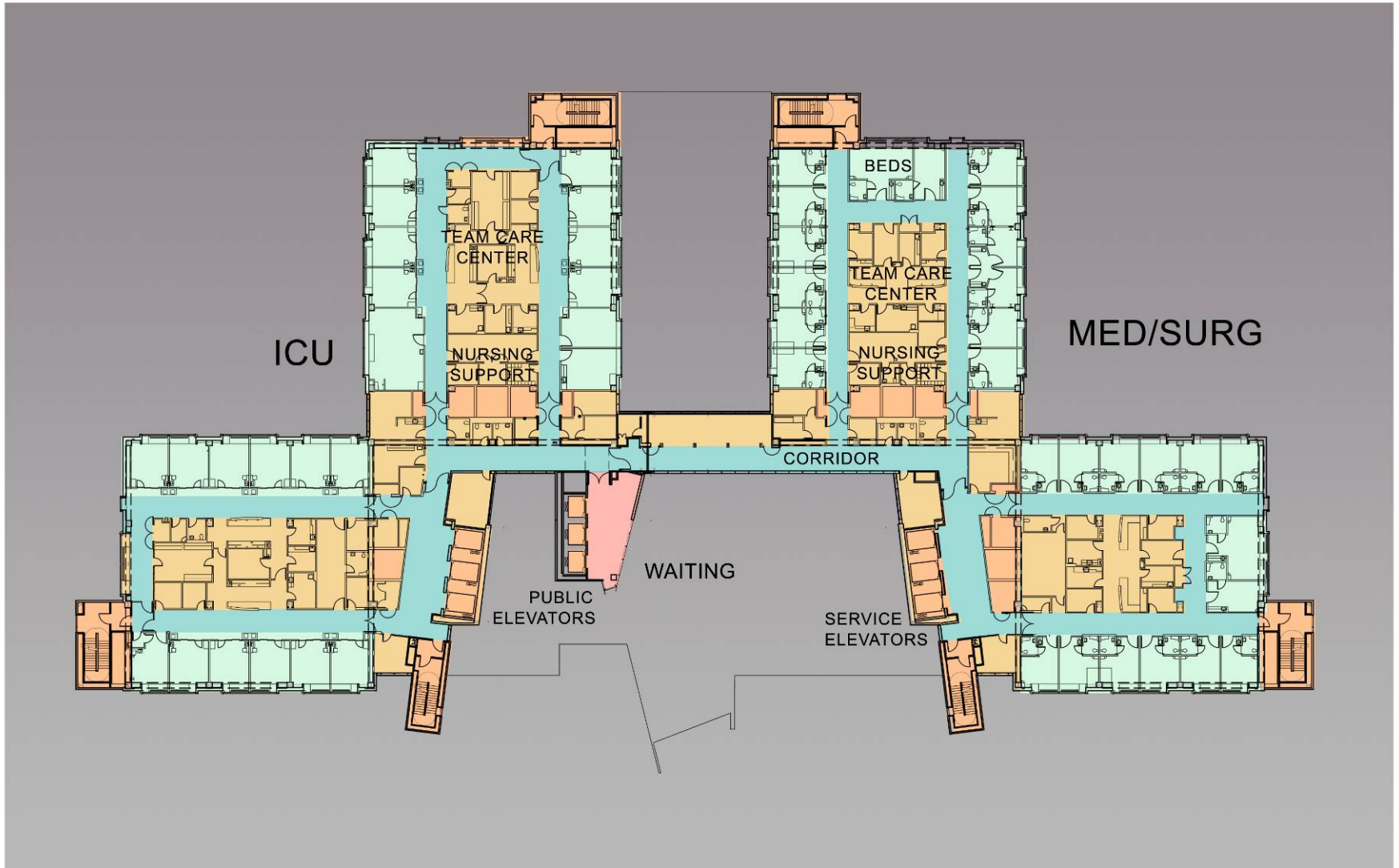




University of California, Irvine
 Medical Center
 101 The City Drive, Orange, CA 92668



THIRD FLOOR
Overall Plan



LEVELS FIVE TO SEVEN

UCIMC University of California
Irvine Medical Center

(Note: Level 7 – 30 shelled medical-surgical beds)

SUMMARY OF PROPOSAL

- **Four-story replacement clinical laboratory building (current laboratory is in buildings that will be demolished) (November Regents meeting: approval for P and partial W-C) (Need final PWCE)**
- **Site improvements to permit expansion (i.e., demolition of one building constructed in 1914 and another constructed in 1962, to permit construction of a driveway and a covered patient entrance or “porte cochere”)**
- **Complete the shelled 45 medical-surgical beds (floors 3 & 7)
24-bed limited stay unit (first floor)
4 more operating rooms (second floor)(19 total)
Expansion of imaging services (basement)**

RELATED MEDICAL CENTER PROJECTS

- **Remodeling of labor and delivery suite, obstetrics unit (Tower 1A – second and third floors) (adjacent to the New University Hospital)**
- **Remodeling of the clinical components of the Chao Family Comprehensive Cancer Center (outpatient cancer facility built in 1990): infusion therapy suite, expanded pharmacy, patient waiting areas (across the street from New University Hospital)**

RESULTING NUMBER OF BEDS

Building 1A (existing hospital tower) =	107 beds
Building 3 (67 neuropsychiatry & 14 acute rehabilitation) =	81 beds
New hospital =	236 beds
TOTAL:	424 beds (licensed)

(Plus 19 operating rooms; 36 pre-operative and post-operative beds; 24 limited stay-unit beds)

COMPLETION:

- **Phase 1 = January 2009 (original projection); now
October 2008**
- **Phase 2 (today's proposal) = Mid to late 2011**

OUTLINE OF ITEMS PROPOSED (cont.)

- **January 2008:**

(1) New University Hospital Site Improvements -

Demolition of buildings 1 and 10

Redevelopment to provide garden and outdoor dining

Covered patient entrance (“porte cochere”)

Reconfiguration of main entrance road to provide access to hospital

COST: \$23,972,000 (external financing)

OUTLINE OF REGENTS ITEMS

- **January 2008:**

(2) UCI Medical Center Clinical Laboratory Replacement Building -

Four-story, 48,000 gsf building (replaces space in buildings 1 and 10, which will be demolished)

COST: \$49,497,000 (external financing \$43,297,000; capital leases \$6,200,000)

OUTLINE OF REGENTS ITEMS (cont)

- **January 2008:**

- (3) New University Hospital Shell-Space Completion –**
 - 45 medicine-surgery beds**
 - 24 limited-stay unit beds**
 - 4 additional operating rooms**
 - Expansion of radiology into basement**

COST: \$139,044,000 (external financing \$115,322,000; capital leases \$23,722,000)

OUTLINE OF REGENTS ITEMS (cont)

- **January 2008:**

(4) UCI Medical Center Building 1A Renovation, Floors 2 and 3 – Obstetrics, Labor and Delivery (built in 1981)

COST: \$13,612,000 (external financing \$11,813,000; capital leases \$1,799,000)

(5) Chao Family Comprehensive Cancer Center Remodel (built in 1990) (outpatient facility – renovation of clinical portion only) (NCI designation)

COST: \$16,098,000 (external financing \$14,291,000; capital leases \$1,807,000)

OUTLINE OF REGENTS ITEMS (cont)

- **January 2008: TOTAL**

Site improvements	\$ 23,972,000
Laboratory replacement	49,497,000
Shell-space completion	139,044,000
Tower 1A renovation	13,612,000
Cancer center remodel	<u>16,098,000</u>
 TOTAL:	 \$ 242,223,000
 (External financing	 208,695,000)
(Capital leases	33,528,000)

TOTAL EXPANDED PROJECT

RESULTING FINANCIAL PERFORMANCE

- **Average inpatient daily census:
282 (2007) to 350 (2013) (80% occupancy, full capacity)**
- **Outpatient visits: 457,000 (2007) to 520,000 (2013)**
- **Total operating revenue:
\$489,000,000 (2007) to \$807,000,000 (2013)**
- **Total operating expenses:
\$448,000,000 (2007) to \$742,000,000 (2013)**

FINANCIAL PERFORMANCE (cont.)

- **Projected net income:**
\$45,000,000 (2007) to \$52,000,000 (2013)
- **Days cash on hand:**
85 (2007) to 64 (2013) (decreases to low of 38 in 2008)
- **Total operating margin:**
9.2% (2007) to 6.4% (2013)
- **Debt service coverage:**
6.6 (2007) to 3.1 (2013)

DEBT CAPACITY (Lehman Brothers)

Basis for Rating	As of	Estimated Rating	Debt Capacity
Last 3 Years	FY07	AA-	\$400 Million
Current	FY11	A-	
Business Plan	FY15	A-	\$ 75 Million
Additional Capacity Business Plan	FY15	A-	\$450 Million

QUESTIONS?