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March 5, 2007

**CHAIRMAN OF THE BOARD
CHAIRMAN OF THE COMMITTEE ON GROUNDS AND BUILDINGS
PRESIDENT OF THE UNIVERSITY**

**ACTION BY CONCURRENCE - AMENDMENT OF THE BUDGET FOR CAPITAL
IMPROVEMENTS AND THE CAPITAL IMPROVEMENT PROGRAM FOR TOWER
II, PHASE 4, DAVIS MEDICAL CENTER, DAVIS CAMPUS**

EXECUTIVE SUMMARY

- Campus: Davis
- Project: Tower II, Phase 4, Davis Medical Center
- Action: Approval of reduction in project scope and budget, resulting in preliminary plans, working drawings, and construction in the amount of \$18,895,000
- Total cost: • \$18,895,000 to be funded from hospital reserves
- Previous Actions: **May 2003:** Approved for preliminary plans, working drawings, construction and equipment -- \$25,794,000.
- Project Summary: The proposed project would build out the shelled 11th floor in Tower II for a Trauma Nursing Unit. A combination of 23 private, semi-private and isolation in-patient rooms that would accommodate up to 36 patients, and associated support space would be constructed.
- Issues:
- Proposed reduction in project scope and budget by eliminating the build-out of the 10th floor from the previously approved project. Only the 11th floor would be completed as a part of the Phase 4 project.
 - Building cost/gsf: \$646

It is recommended that:

Pursuant to Standing Order 100.4(q)

- (1) The President amend the 2006-07 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

From Davis: Tower II, Phase 4 (10th /11th floors) -- preliminary plans, working drawings, construction, and equipment -- \$25,794,000, to be funded from hospital reserves.

To Davis: Tower II, Phase 4 (11th floor) -- preliminary plans, working drawings, and construction -- \$18,895,000, to be funded from hospital reserves.

A Key to abbreviations and the project description are attached.

KEY
Capital Improvement Program Abbreviations

S	Studies
P	Preliminary Plans
W	Working Drawings
C	Construction
E	Equipment
-	State Funds (no abbreviation)
F	Federal Funds
G	Gifts
HR	Hospital Reserve Funds
I	California Institutes for Science and Innovation
LB	Bank Loans or Bonds (External Financing includes Garamendi, Bonds, Stand-By, Interim and Bank Loans)
LR	Regents' Loans (Internal Loans)
N	Reserves other than University Registration Fee (Housing and Parking Reserves)
R	University Registration Fee Reserves
U	Regents' Appropriations (President's Funds, Educational Fund)
X	Campus Funds
CCCI	California Construction Cost Index
EPI	Equipment Price Index

Budget for Capital Improvements and
Capital Improvement Program
Scheduled for
Regents' Allocations, Loans, Income Reserves,
University Registration Fee Reserves, Gift Funds, and Miscellaneous Funds

Campus and Project Title (Total Cost)		<u>Prior</u> <u>Approval</u>			<u>Proposed</u> <u>2006-07</u>	
<u>Davis</u>						
Tower II, Phase 4	P	\$1,400,000	HR			
	W	\$1,600,000	HR			
	C	\$19,044,000	HR	C	\$15,895,000	HR
	E	\$3,750,000	HR	C	<\$19,044,000>	HR
				E	<\$3,750,000>	HR
(\$18,895,000)						

DESCRIPTION

The Davis campus is seeking approval for a change in scope to the previously approved Tower II, Phase 4 project at the UC Davis Medical Center in Sacramento. The Tower II, Phase 4 project was approved by The Regents in May 2003. The previous project included completion of floors 10 and 11 for a total of 29,040 asf, estimated to cost \$25,794,000. The revised project encompasses only completion of the 11th floor at 14,520 asf and is estimated to cost \$18,895,000.

Background

Phase 1 of Tower II at the UC Davis Medical Center (officially renamed Davis Tower) opened in May 1999. The 14-story addition to the hospital (454,000 gsf) replaced some of the older sections of the main hospital that did not comply with state earthquake safety standards. The new tower created an additional nine floors for in-patient beds. The ground floor is dedicated to material and pharmaceutical distribution, and a state-of-the-art radiology department is located on the first floor. Floors 2, 4, and 9 are mechanical floors. When opened in 1999, only Floors 6, 7, and 8 were completed as in-patient bed units. These three floors added 107 licensed beds for general medicine, pediatrics, and oncology/bone marrow transplantation patients. Floors 3, 5, 10, 11, 12 and 14 were left as shelled space.

The six unfinished shelled floors were planned to be built out in three subsequent phases, with each phase completing two floors at a time, providing space for the relocation of approximately 200 beds from the seismically deficient North, South, and East Wings. **Phase 2** (Floors 3 & 14) was completed in September 2002 and houses the Obstetrics and Orthopedics nursing units. **Phase 3** (Floors 5 & 12) was completed in September 2005 and accommodates the Neonatal

Intensive Care Unit/Continuing Care Nursery and the G.I./Pulmonary nursing units. **Phase 4** was approved in May 2003 to include completion of the 10th floor as a General Medicine Nursing unit and the 11th floor for relocation of the Trauma Nursing Unit.

Need For Change in Scope and Budget of Phase 4

The Phase 4 project was bid in February 2004, with the award scheduled for April 2004. Prior to January 2004, the construction management firm for another medical center project and other outside experts reported that construction materiel costs were starting to escalate. Dramatic increases for cement and steel were being reported, and shortages were becoming commonplace. In addition, numerous construction industry forecasts indicated a high demand for healthcare contractors in the marketplace. Weighing these concerns in conjunction with the upcoming bid date for the foundation and steel bid packages for the Surgery and Emergency Services Pavilion (SESP) project in October 2004, senior leadership of the Medical Center decided to defer the award of the Tower II, Phase 4 project. Given the importance of the SESP project, the Tower II, Phase 4 project was placed on indefinite hold in order to ensure that adequate hospital reserves were available for forthcoming SESP bid packages, since the escalation in construction materiel costs was predicted to continue.

The campus is now ready to move forward with the **Phase 4** project, based on a reduction in cost and scope resulting from eliminating the completion of the 10th floor from the project. The equipment needs have not been finalized as the campus is currently reviewing what can be transferred from the existing Trauma Nursing Unit. Only the buildout of the shelled 11th floor in the Davis Tower is included in the project. The Trauma Nursing Unit, now housed in a 19 year-old temporary modular structure behind the hospital, will be relocated to the 11th floor. Phase 4 would provide an additional 36 in-patient beds.

Phase 5 would be the final phase of the Tower II completion projects, involving completion of the 10th floor, which is currently shelled and recently has been designated for the pediatric intensive care unit (PICU) with a total of 24 beds. The Phase 5 project is expected to be submitted for approval in Fall 2007.

Project Description

The Tower II, Phase 4 project totals 14,520 asf and consists of tenant improvements to the 11th floor for the Trauma Nursing Unit as follows:

Floor 11 – Trauma Nursing Unit (14,520 ASF)

- Patient Care Spaces (8,340 ASF) – A combination of 23 private, semi-private, and isolation rooms that can accommodate up to 36 patients. The rooms have amenities expected by the patient population, and all rooms have showers, televisions, clothing lockers, and access to windows. A patient day room and exam/treatment rooms are provided.
- Public Areas (395 ASF) – Includes family waiting, a reception/control point, and public toilets.

- Core Support Space (2,480 ASF) – Includes space for nurse’s stations, equipment storage, clean/soiled utility rooms, linen storage, and a nourishment station.
- Staff Support Space (2,335 ASF) – Includes administrative offices, conference and teaching rooms, lounge/lockers, workroom/charting areas, staff toilets, sleep space for residents who must remain in the unit at night, and miscellaneous staff support functions.
- Floor Support (970 ASF) – Includes space for telephone/information systems room, electrical room, housekeeping, storage, and sink and crash cart alcoves.

Construction on the project would begin March 2007 with completion anticipated in September 2008.

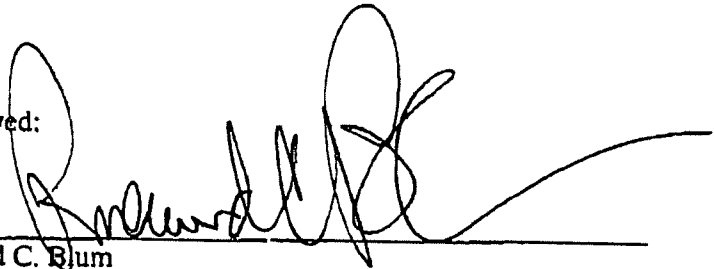
CEQA Classification

This project is consistent with the March 1989 Long Range Development Plan (LRDP) and is addressed in the LRDP Environmental Impact Report (EIR) and was analyzed in the EIR for Tower II (SCH #93112029) which was certified in November 1994.

Financial Feasibility

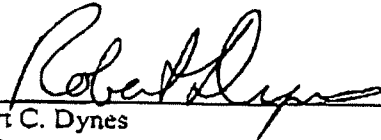
The total project cost of \$18,895,000 will be funded from hospital reserves. Additional information on the project budget is included in Attachment 1.

Approved:



Richard C. Blum
Chairman of the Board

Joanne C. Kozberg
Chairman of the Committee on Grounds and Buildings



Robert C. Dynes
President of the University

Attachment

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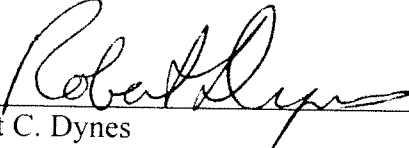
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ATTACHMENT 1

**PROJECT STATISTICS
TOWER II, PHASE 4
CAPITAL IMPROVEMENT BUDGET
DAVIS CAMPUS
CCCI 4786**

<u>Cost Category</u>	<u>Amount</u>	<u>% of Total</u>
Site Clearance	0	0.0
Construction (Building)	14,925,000	79.0
Exterior Utilities	0	0.0
Site Development	0	0.0
A/E Fees	1,596,000	8.4
Other Fees		
Campus Administration ^(a)	1,019,000	5.4
Surveys, Tests	508,000	2.7
Special Items ^(b)	204,000	1.1
Contingency	643,000	3.4
 Total	 18,895,000	 100.0
Moveable Equipment	0	
 Total Project ^(c)	 18,895,000	

Statistics

Gross Square Feet (gsf) ^(d)	23,100
Assignable Square Feet (asf) ^(d)	14,520
Ratio asf/gsf (%): UC	63%
Building Cost/gsf ^(d)	\$646
Building Cost/asf	\$1,027

Comparable University Projects @ CCCI 4786

<u>Date of Latest Approved CIB</u>	<u>Campus</u>	<u>Project</u>	<u>Ratio gsf/asf</u>	<u>Building Cost/GSF</u>
6/24/2002	Davis Medical Center	Tower II, Phase 2	61%	\$501
10/12/2001	Davis Medical Center	Tower II, Phase 3	57%	\$510

^(a) Campus Administration includes project management and construction inspection.
^(b) Special Items include EIR, cost estimates, value engineering, and special consultants.
^(c) Current formal estimates verify that projected costs are within the approved budget.