

**Office of the President**

**TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:**

**ACTION ITEM – CONSENT**

*For Meeting of January 16, 2019*

**APPROVAL OF PRELIMINARY PLANS FUNDING, AMBULATORY CARE CENTER EXPANSION WITH EYE CENTER, DAVIS HEALTH CAMPUS**

**EXECUTIVE SUMMARY**

The Ambulatory Care Center Expansion with Eye Center project would expand the Lawrence J. Ellison Ambulatory Care Center (ACC) to facilitate UC Davis Health's strategy to consolidate and improve the operational efficiency of hospital-based outpatient services on the Sacramento Campus. The proposed project would construct an approximately 58,000-gross-square-foot (gsf) four-story addition on the north side of the existing three-story ACC. The project would also renovate 17,500 gsf of existing clinic space located on the first floor of the ACC in order to facilitate improved circulation between the proposed expansion space and existing ACC space. The total area of improvements is anticipated to be approximately 75,500 gsf.

The project represents a critical first step in implementing UC Davis Health's hospital-based outpatient strategy, which seeks to meet anticipated outpatient demand via the consolidation of outpatient clinic functions into the ACC.

The project also makes best use of the largest individual donation in the 109-year history of UC Davis by building a distinct, state-of-the-art facility for the Eye Center to consolidate operations and to promote ophthalmological care and research. The project would be funded through a combination of gift funds and Medical Center reserves, with the gift funds supporting as much as 45 percent of the funding for the project.

The Regents' Health Services Committee endorsed the proposed Ambulatory Care Center Expansion with Eye Center project at its October 2018 meeting. In November 2018, UC Davis Health presented an overview of this project in a discussion item to the Finance and Capital Strategies Committee. The current project is consistent with the October and November 2018 items.

The Regents are being asked to approve preliminary plans funding in the amount of \$6,706,000 to be funded from Medical Center reserves. The preliminary plans funding would allow the campus to confirm the scope and budget, prepare a bid package for a design-build competition, complete site surveys and testing, and prepare California Environmental Quality Act (CEQA)

documentation prior to submitting the project to the Regents for full budget in summer 2019 and for approval of design following action pursuant to CEQA in fall 2019.

### **RECOMMENDATION**

The President of the University recommends that the Finance and Capital Strategies Committee recommend to the Regents that the 2018-19 Budget for Capital Improvements and the Capital Improvement Program be amended to include the following project:

Davis:           Ambulatory Care Center Expansion with Eye Center – preliminary plans – \$6,706,000 to be funded from Medical Center reserves.

### **BACKGROUND**

In 2015, UC Davis Health developed a comprehensive facilities master plan (the “Clinical Services Master Plan” or “CSMP”). Based upon analysis of market conditions, the CSMP outlines the infrastructure and facilities required to address future healthcare needs on the Sacramento Campus and in the greater Sacramento region, and to further improve inpatient and outpatient care.

The CSMP’s market condition analysis shows increasing demand for hospital-based outpatient services for UC Davis Health’s Sacramento Campus over the next several years. However, recent assessments of clinical facilities located on the Sacramento Campus determined that certain clinic structures are at the end of their useful life, while others would require seismic mitigation to remain in service. As a result, meeting future demand of hospital-based outpatient services within the current spaces would be difficult.

Studies of the Ambulatory Care Center (ACC) determined that the structure is compliant with the UC Seismic Safety Policy and can be effectively renovated and converted to a modern, efficient, and flexible clinic. Given that the existing ACC is a structurally sound building located in the heart of the Sacramento Campus, expanding use of this building was determined to present the most suitable and efficient approach to consolidate existing outpatient services located in inefficient and seismically deficient spaces; consolidating these services into a single, efficiently-designed structure would improve outpatient clinic operations. Improvements to the operations such as a central check-in and waiting area, increased number of flexible examination rooms scaled to address changes in acute care service-line ebbs and flows, and improved patient access would allow UC Davis Health to meet projected outpatient demand, lower operating costs, and increase patient satisfaction.

The UC Davis Health Eye Center (Eye Center) currently delivers state-of-the art medical and surgical eye care for the entire Sacramento region. The Eye Center provides clinical services in the ACC as well as in a single dedicated leased facility (located near the Sacramento Campus). In 2016, UC Davis Health received a \$38.5 million donation to support the Eye Center from Sacramento philanthropist Ernest E. Tschannen (Donor), in appreciation for treatment he

received to prevent continued vision loss. The gift represents the largest total donation from an individual in the 109-year history of UC Davis.

The best use of the Donor's generous gift within the context of UC Davis Health's outpatient strategy is for the consolidation of the Eye Center's current ACC and leased facility space into the proposed project. The proposed expansion and renovation project would provide space for the Eye Center to consolidate clinical operations currently on the second floor of the existing ACC and the leased facility into a distinct space on the Sacramento Campus. The second floor space in the ACC (to be vacated by the Eye Center) could then be renovated for the future relocation and consolidation of other hospital-based outpatient clinics located in deficient facilities on the Sacramento Campus.

### **PROJECT DESCRIPTION**

Constructed in 1995, the ACC is UC Davis Health's largest and most active outpatient facility. Situated at the corner of 2nd Avenue and Y Street on the UC Davis Health Sacramento Campus, the three-story (plus basement), 374,000-gross-square-foot (gsf) facility is home to several outpatient services and academic departments. The proposed project improvements would total 75,500 gsf through renovation and expansion.

**Expansion.** The expansion portion of the project would construct an approximately 58,000-gsf four-story addition at the north side of the existing three-story ACC (refer to Attachments 2 and 3).

- The addition would allocate approximately 45,500 gsf of newly constructed clinic (first and second floor) and office (fourth floor) space for the Eye Center.
- The addition would also provide approximately 12,500 gsf of flexible clinic space (third floor) to facilitate the relocation of existing outpatient clinical services currently located in deficient space on the Sacramento Campus.

**Renovation.** The renovation portion of the project would renovate approximately 17,500 gsf of clinic space on the first floor of the existing ACC immediately adjacent to the proposed expansion area (Attachment 3). This renovated clinic space on the first floor would also be allocated to the Eye Center for clinic space.

The benefits of the proposed project are twofold. Consolidation of the Eye Center into the expansion and renovation areas of the ACC would allow UC Davis Health to close the Eye Center's leased clinic. This project would also release existing ACC space so that a future renovation project could be planned for the eventual relocation of another hospital-based outpatient program from deficient space. UC Davis Health continues to analyze the outpatient programs which could be consolidated into the flexible clinic space provided by the expansion project.

The project makes the best use of existing utilities infrastructure, parking, walkways, and acute care services already in or near the existing structure. This approach will lessen project and operating costs and allow ease of access and convenience of services for patients.

***Alternatives Considered***

UC Davis Health considered two alternatives to facilitate meeting hospital-based outpatient demand: (1) a stand-alone structure on the Sacramento Campus; and (2) an offsite development. In both instances, the site options were deemed too small to make way for future ophthalmological services. In addition, both alternatives required additional investments in utilities, data, and parking infrastructure in contrast to the currently proposed project, which leverages the existing ACC infrastructure. Finally, both alternative project sites would not be near the ancillary acute care services already within and near the current ACC which include a retail pharmacy, radiological suite, blood laboratory, and an outpatient “same-day” surgery center.

***Other Considerations***

Because the expansion project is imbedded within the heart of the Sacramento Campus, UC Davis Health anticipates that the proposed construction will cause less inconvenience to the surrounding community than if it were located at a different site; the construction staging areas and construction proposed would be in areas internal to the campus itself. The project would comply with UC Davis Health’s 2010 Long Range Development Plan (LRDP) land use designations, anticipated growth levels, and development policies. The California Environmental Quality Act (CEQA) compliance for the project would be tiered from the 2010 LRDP Environmental Impact Report and no additional significant environmental impacts are expected from the project. The project would not be subject to approvals by the Office of Statewide Health Planning and Development.

***Financial Considerations***

UC Davis Health anticipates that the project would be funded through a combination of gift funds and Medical Center reserves, with the gift funds supporting as much as 45 percent of the funding for the project. It is anticipated that the remaining 55 percent would be funded from Medical Center reserves.

***Approval Request and Schedule***

The requested preliminary plans funding would allow UC Davis Health to refine and confirm the scope and budget of the project. UC Davis Health intends to deliver the project via the design-build process. The funding would allow the campus to prepare a bid package for a design-build competition, complete site surveys and testing, and prepare environmental documentation.

UC Davis Health intends to return to the Regents for budget approval in summer 2019. Regental approval of design following action pursuant to the CEQA is anticipated in fall 2019. With a construction start in early 2020, project completion is planned for summer 2021.

**KEY TO ACRONYMS**

ACC	Lawrence J. Ellison Ambulatory Care Center
CEQA	California Environmental Quality Act
CSMP	Clinical Services Master Plan
Donor	Ernest E. Tschannen
EIR	Environmental Impact Report
Eye Center	UC Davis Health Eye Center
GSF	Gross-Square-Foot
LRDP	Long Range Development Plan

**ATTACHMENTS**

Attachment 1:	Preliminary Plans Budget
Attachment 2:	Project Site Plan
Attachment 3:	Project Expansion and Renovation Area

**PRELIMINARY PLANS BUDGET**

**AMBULATORY CARE CENTER EXPANSION WITH EYE CENTER**

<b>CATEGORY</b>	<b>AMOUNT</b>	<b>PERCENTAGE</b>
A/E Fees <sup>(1)</sup>	\$4,700,000	70.1%
Campus Project Management <sup>(2)</sup>	1,100,000	16.4%
Surveys, Test, and Plans <sup>(3)</sup>	206,000	3.1%
Special Items <sup>(4)</sup>	700,000	10.4%
<b>TOTAL PRELIMINARY PLANS BUDGET</b>	<b>\$6,706,000</b>	<b>100%</b>

- (1) A/E Fees include executive architect and other design professional consulting costs for preparing bridging documents for the design-build bidding, and to the design-build team for phase I – design development.
- (2) Campus Project Management includes project management, planning, engineering and design review, and contracts administration.
- (3) Surveys, Tests, and Plans include geotechnical, utility and site surveying, and expenses for production of plans and bidding.
- (4) Special Items include structural, design, and cost peer reviews by consultants, environmental surveys, California Environmental Quality Act documentation, specialty consultants, and agency fees.

PROJECT SITE PLAN



PROJECT EXPANSION AND RENOVATION AREA

