

CAPITAL PLANNING ADVISORY BOARD

2020-2026 Agency Capital Plan

Staff Analysis and Comments

INSTITUTION:

University of Kentucky – Hospital

Projects submitted in the University of Kentucky (UK) Hospital plan are financed from restricted funds (hospital revenues) or agency bonds (debt service supported by hospital revenues).

The vision of UK HealthCare is to achieve national recognition as a top 20 public academic health center providing optimal multidisciplinary health care and developing advanced medical therapeutics for the people of Kentucky and surrounding regions. UK HealthCare strives to:

- provide a broad range of advanced subspecialty care so that Kentuckians need not travel outside Kentucky for medical care,
- become a clinical destination serving Kentucky and beyond for select highly specialized services,
- support rural health care, collaborating closely with community providers to enable residents to receive appropriate health care in their local communities,
- mature collaborative relationships into a well-integrated health delivery system that can respond to a changing health care environment and provide high-quality, cost-efficient health care, and
- support the research and teaching missions of the university.

OVERVIEW

The plan submitted by the UK Hospital addresses needs related to the new Patient Care Facility, the 473-bed Chandler Hospital, the Gill Heart Institute, the Markey Cancer Center Complex, UK Good Samaritan, Kentucky Clinic, and other facilities/spaces on the UKHC campus.

Space Needs

UK HealthCare has reported the need for approximately 11 new off-campus leases over the next six-year period. The leases will satisfy the need for additional space for clinical, administrative and support programs, as UK HealthCare moves to most efficiently and effectively serve patients and make the most efficient use of its space on the UK HealthCare campus.

There currently exists a physician workforce shortage throughout Kentucky, most acutely in the rural areas of the state. Since it is more likely that physicians who train in rural areas are more likely to remain in those areas to practice, the University of Kentucky College of Medicine is exploring expansion of its medical education and training operations to include programs in the western, northern and eastern parts of the commonwealth. The first such expansion is planned near the campus of the Medical Center at Bowling Green where primary clinical training activities will occur and will evolve into a collaboration with both Western Kentucky University and the Medical Center at Bowling Green in the delivery of the didactic education components and clinical training activities. The university is exploring similar expansion and collaboration plans with Northern Kentucky University and Morehead State University. Consequently, the university will be considering and reviewing space needs for this expansion.

PROPOSED PROJECTS – Financial Summary

| Fund Source | <u>2020-2022</u> | <u>2022-2024</u> | <u>2024-2026</u> | <u>Total</u> |
|----------------------|-------------------------|-------------------------|-------------------------|---------------------|
| Restricted Funds | \$1,198,000,000 | \$1,197,000,000 | \$1,197,000,000 | \$3,592,000,000 |
| Agency Bonds | <u>100,000,000</u> | <u>100,000,000</u> | <u>100,000,000</u> | <u>300,000,000</u> |
| Total | \$1,298,000,000 | \$1,297,000,000 | \$1,297,000,000 | \$3,892,000,000 |
| | | | | |
| Construction - Other | 6 | 5 | 5 | 16 |
| Construction - PIP | 10 | 10 | 10 | 30 |
| IT | <u>7</u> | <u>7</u> | <u>7</u> | <u>21</u> |
| Total | 23 | 22 | 22 | 67 |

PIP - Protect Investment in Plant

**2020-2026 CAPITAL PLAN
PLAN OVERVIEW
FORM SYP-P1**

Branch:
Cabinet/Function:
Agency/Institution:

Executive Branch
Cabinet for Postsecondary Education
University of Kentucky - Hospital

UK HealthCare is the hospitals and clinics of the University of Kentucky, but it is so much more. It is 9,000 people – physicians, nurses, pharmacists, and other healthcare professionals – all dedicated to providing the most advanced, most effective care available, not just in Kentucky but anywhere.

As an academic research institution, our physicians, as well as pharmacists, nurses, and other healthcare professionals are continuously pursuing the next generation of cures, treatments, protocols, and policies. Their discoveries have the potential to change what is medically possible within our lifetimes. At the same time, our educators and thought leaders in health policy and delivery are transforming the healthcare landscape in Kentucky to provide the right care in the right place for everyone in the state.

Thanks to a decade of unprecedented growth, UK HealthCare’s status has vaulted to national recognition among academic medical centers. Between fiscal years 2004 and 2018, we increased patient volume nearly twofold, renovated and built new facilities, doubled our employee count, developed advanced specializations in clinical care, established a robust regional referral network, and created new opportunities in research and education.

Enhancing the facilities and technology of UK HealthCare has been a driving force throughout this process. UK HealthCare continues to undergo an impressive physical transformation of the Lexington campus and beyond. We have further progressed with the fit out of the Patient Care Facility, with numerous projects – such as additional patient floors, replacement of the NICU, relocation of the blood bank, explosion and relocation of radiology, and fit out of new operating rooms. Improvements to the Good Samaritan Emergency Department have been completed including space dedicated to patient care such as private patient rooms, expanded service capabilities, and improved staff support space.

With new Patient Care Facilities opening to the public, a domino effect ensues with the previously occupied space vacated and available for systematic replacement and renovation. The 2020-26 Capital Plan asks for \$300 million in agency bonds to continue facility renewal efforts on Chandler Campus to ensure the highest level of service and efficiency.

**UNIVERSITY OF KENTUCKY – HOSPITAL
Proposed Project Involving Agency Bonds**

2020-2022

1. Renovate/Upgrade HealthCare Facilities **\$100,000,000**

This project continues development of the new Patient Care Facility and includes related improvements to other clinical facilities on the UK Healthcare A.B. Chandler medical campus. This project may include but is not limited to, beds, surgery, diagnostic, treatment, and support space. This pool of projects may finance projects that cost \$1,000,000 or more. (C-PI)

2022-2024

1. Renovate/Upgrade HealthCare Facilities \$100,000,000

2024-2026

1. Renovate Upgrade HealthCare Facilities \$100,000,000

UNIVERSITY OF KENTUCKY – HOSPITAL
Proposed Projects Involving Restricted Funds
(Projects listed in alphabetical order)

| <u>2020-22</u> | | <u>2022-24</u> | | <u>2024-26</u> | |
|---|-----------------------|---|-----------------------|---|-----------------------|
| <u>Project Title</u> | <u>Project Budget</u> | <u>Project Title</u> | <u>Project Budget</u> | <u>Project Title</u> | <u>Project Budget</u> |
| Acquire Data Center Hardware | \$15,000,000 | Acquire Data Center Hardware | 15,000,000 | Acquire Data Center Hardware | 15,000,000 |
| Acquire Telemedicine/Virtual ICU | 10,000,000 | Acquire Telemedicine/Virtual ICU | 10,000,000 | Acquire Telemedicine/Virtual ICU | 10,000,000 |
| Acquire/Upgrade IT System | 10,000,000 | Acquire/Upgrade IT System | 10,000,000 | Acquire/Upgrade IT System | 10,000,000 |
| Construct Ambulatory Facility | 50,000,000 | Construct Ambulatory Facility | 50,000,000 | Construct Ambulatory Facility | 50,000,000 |
| Construct Data Center | 45,000,000 | Construct Data Center | 45,000,000 | Construct Data Center | 45,000,000 |
| Construct Hospice Facility | 5,000,000 | Construct Hospice Facility | 5,000,000 | Construct Hospice Facility | 5,000,000 |
| Construct/Expand/Renovate Ambulatory Care | 20,000,000 | Construct/Expand/Renovate Ambulatory Care | 20,000,000 | Construct/Expand/Renovate Ambulatory Care | 20,000,000 |
| Construct/Improve Clinical/Admin Facilities | 15,000,000 | Construct/Improve Clinical/Admin Facilities | 15,000,000 | Construct/Improve Clinical/Admin Facilities | 15,000,000 |
| Implement Energy Performance Contracting | 1,000,000 | Implement Land Use Plan | 20,000,000 | Implement Land Use Plan | 20,000,000 |
| Implement Land Use Plan | 20,000,000 | Implement Patient Communication System | 10,000,000 | Implement Patient Communication System | 10,000,000 |
| Implement Patient Communication System | 10,000,000 | Improve Building Systems | 20,000,000 | Improve Building Systems | 20,000,000 |
| Improve Building Systems | 20,000,000 | Improve Building Systems Good Samaritan | 20,000,000 | Improve Building Systems Good Samaritan | 20,000,000 |
| Improve Building Systems Good Samaritan | 20,000,000 | Improve Clinical/Ambulatory Services Facilities | 50,000,000 | Improve Clinical/Ambulatory Services Facilities | 50,000,000 |
| Improve Clinical/Ambulatory Services Facilities | 50,000,000 | Improve Good Samaritan Hospital Facilities | 25,000,000 | Improve Good Samaritan Hospital Facilities | 25,000,000 |
| Improve Good Samaritan Hospital Facilities | 25,000,000 | Improve IT Systems | 130,000,000 | Improve IT Systems | 130,000,000 |
| Improve IT Systems | 130,000,000 | Improve Markey Cancer Center | 20,000,000 | Improve Markey Cancer Center | 20,000,000 |
| Improve Markey Cancer Center | 20,000,000 | Improve Parking Structures | 25,000,000 | Improve Parking Structures | 25,000,000 |
| Improve Parking Structures | 25,000,000 | Improve UKHC Facilities - UK Chandler Hospital | 310,000,000 | Improve UKHC Facilities - UK Chandler Hospital | 310,000,000 |
| Improve UKHC Facilities - UK Chandler Hospital | 310,000,000 | Renovate Nursing Units | 7,000,000 | Renovate Nursing Units | 7,000,000 |
| Renovate Nursing Units | 7,000,000 | Replace UKHC IT Systems 1 | 320,000,000 | Replace UKHC IT Systems 1 | 320,000,000 |
| Replace UKHC IT Systems 1 | 320,000,000 | Replace UKHC IT Systems 2 (Administrative) | 70,000,000 | Replace UKHC IT Systems 2 (Administrative) | 70,000,000 |
| Replace UKHC IT Systems 2 (Administrative) | 70,000,000 | | | | |
| | | | | | |

UNIVERSITY OF KENTUCKY HEALTH CARE
Quarterly Status Report - Current Capital Projects

| Project Title | Authorization | Status | Percentage Complete |
|---|----------------------|-------------------------------------|----------------------------|
| Ambulatory Care Projects UKHC | 2016-2018 | In Construction | 55 |
| Clinical Services UK Healthcare | 2016-2018 | Complete/In Warranty | 100 |
| Improve Building Systems UKHC (Sub-project: Pav HA AHU #1, 2, and 3) | 2016-2018 | Design/Phase A | |
| Improve Building Systems UKHC (Sub-project: Pav HA AHU #8) | 2016-2018 | Complete/In Warranty | 100 |
| Improve Clinical/Ambulatory Services (Sub-project: Cancer Services) | 2016-2018 | Design/Phase B | |
| Improve Clinical/Ambulatory Services (Sub-project: Otolaryngology) | 2016-2018 | Complete/In Warranty | 100 |
| Improve Clinical/Ambulatory Services (Sub-project: Radiation Medicine Accelerator/Brachytherapy) | 2016-2018 | In Construction | 78 |
| Improve Good Samaritan Hospital Facilities | 2016-2018 | In Construction | 60 |
| Improve Good Samaritan Hospital Facilities (Sub-project: Interventional Radiology) | 2018-2020 | Planning | |
| Improve Good Samaritan Hospital Facilities (Sub-project: Magnetic Resonance Imaging) | 2018-2020 | Design/Phase B | |
| Improve Mechanical Infrastructure | 2018-2020 | Design/Phase C | |
| Renew/Modernize Facilities (Sub-project: Reynolds Building #1 Design) | 2018-2020 | A/E Selection | |
| Renovate/Upgrade Healthcare Facilities (Restricted Funds) (Sub-project: University Inn) | 2016-2018 | Awarding Contract | |
| Renovate/Upgrade Healthcare Facilities (Restricted Funds) (Sub-project: Simulation Center) | 2016-2018 | Complete/In Warranty | 100 |
| University of Kentucky HealthCare Disparities Initiative | 2018-2020 | Construction/ Multiple Bid Packs | |
| Upgrade Enterprise Information Systems UKHC (Sub-project: Interoperability Phase 1) | 2016-2018 | Complete/Closed Out | |
| Upgrade Enterprise Information Systems UKHC (Sub-project: Network Engineering Switch) | 2016-2018 | Complete/Closed Out | |