



**TABLE OF CONTENTS  
FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting: 8/24/2016**

**Board Meeting: 8/25/2016**  
Austin, Texas

*Brenda Pejovich, Chairman*  
*David J. Beck*  
*Alex M. Cranberg*  
*Wallace L. Hall, Jr.*  
*R. Steven Hicks*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:30 a.m.</i> <i>Chairman Pejovich</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<i>10:30 a.m.</i> <b>Discussion</b>	<b>Action</b>	<b>279</b>
<b><u>Design Development Approval</u></b>			
2. <b>U. T. Permian Basin: Engineering Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	<i>10:35 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>280</b>
3. <b>U. T. Rio Grande Valley: Interdisciplinary Engineering and Academic Studies Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	<i>10:40 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>283</b>
4. <b>U. T. Rio Grande Valley: Multipurpose Academic Center - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	<i>10:45 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>286</b>
5. <b>U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	<i>10:50 a.m.</i> <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>288</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	10:55 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>291</b>
<b><u>Modification to CIP</u></b>			
7. <b>U. T. Austin: Welch Hall Renovation - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds (Final Board approval)</b>	11:00 a.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>294</b>
<b><u>Discussion Items</u></b>			
8. <b>U. T. System: Discussion regarding financial management of depreciation and impact on institutional operating budgets and on funding of deferred maintenance, recapitalization, and new construction projects</b>	11:10 a.m. <b>Discussion</b> <i>Dr. Kelley</i>	Not on Agenda	<b>296</b>
9. <b>U. T. System: Discussion regarding identification of alternate funding strategies when proposed gifts are pending at the time addition to the Capital Improvement Program is requested</b>	11:20 a.m. <b>Discussion</b> <i>Chancellor McRaven</i> <i>Dr. Daniel</i>	Not on Agenda	<b>297</b>
<b>Adjourn</b>	11:30 a.m.		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. Consent Agenda items assigned to this Committee are on [Pages 393 - 394](#).

**2. U. T. Permian Basin: Engineering Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Watts that the U. T. System Board of Regents approve the recommendations for the Engineering Building project at U. T. Permian Basin as follows:

<b>Project No.:</b>	501-945	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Milestone Dates:</b>	Addition to CIP	August 2015
	Design Development	August 2016
	Notice to Proceed	April 2017
	Substantial Completion	March 2019
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$ 48,000,000
	Permanent University Fund Bond Proceeds	<u>\$ 4,000,000</u>
		\$ 52,000,000
<b>Investment Metrics:</b>	<u>By 2025</u>	
	<ul style="list-style-type: none"> <li>• Increase tenured and tenure-track faculty members from 9 to 19 and lecturers from 2 to 5</li> <li>• Increase number of engineering students by 890 from 660 to 1,550</li> <li>• Increase number of graduates by 137 from 43 to 180 Bachelor students</li> <li>• Increase external research funding by approximately \$880,000 annually from \$120,000 to \$1,000,000</li> </ul>	
<b>Project Advocate:</b>	Ramiro Bravo, Associate Professor, Engineering and Technology	
<b>Definition Phase Completed:</b>	N/A	
<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Gross Square Foot Benchmarks\***

<b>Engineering Building (with 32% Shell Space)</b>	<b>\$398</b>
Engineering Building (Estimated Total Finish-Out)	\$429
Texas Higher Education Coordinating Board Average for Laboratory, General	\$496

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$410	\$452	\$483
Other Texas Projects	\$409	\$430	\$458
Other National Projects	\$452	\$515	\$653

\* All benchmark building costs are escalated to 2016

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$52,000,000 with funding of \$48,000,000 from Tuition Revenue Bond (TRB) Proceeds, and \$4,000,000 from Permanent University Fund (PUF) Bond Proceeds.

**BACKGROUND INFORMATION**

Previous Actions

On July 10, 2014, President Watts presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$60,000,000 with funding of \$48,000,000 from TRBs, \$4,000,000 from PUF, and \$8,000,000 from Gifts. On December 11, 2015, the Chancellor approved a decrease in the total project cost of \$8,000,000 from Gifts to \$52,000,000.

Project Description

The project will construct an approximately 94,423 gross square foot building on U. T. Permian Basin's Midland Campus. The three-story building will provide instructional labs, a tiered lecture hall, flexible classrooms, collaboration spaces, and faculty offices for Mechanical, Petroleum, and Aerospace engineering programs. The third floor will be shell space for future engineering program labs and faculty offices. The project will also include a new parking lot for 170 vehicles.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other buildings on both campuses and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**3. U. T. Rio Grande Valley: Interdisciplinary Engineering and Academic Studies Building - Amendment of the FY 2017-2022 Capital Improvement Program to decrease total project cost; approval to revise funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Bailey that the U. T. System Board of Regents approve the recommendations for the Interdisciplinary Engineering and Academic Studies Building project at U. T. Rio Grande Valley as follows:

<b>Project No.:</b>	903-944		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Milestone Dates:</b>	Addition to CIP	August 2015	
	Design Development	August 2016	
	Notice to Proceed	March 2017	
	Substantial Completion	November 2018	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$30,600,000	\$ 30,600,000
	Permanent University Fund Bond Proceeds	\$ 5,000,000	\$ 5,000,000
	Gifts	<u>\$ 2,000,000</u>	<u>\$ 0</u>
		\$37,600,000	\$ 35,600,000
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Increase engineering enrollment by 48% from 3,076 to 4,553 by 2028</li> <li>• Increase number of laboratory seats by 40% from 2,771 to 3,879 by 2028</li> <li>• Reduce teaching space deficit by 32,233 assignable square feet (ASF)</li> </ul>		
<b>Project Advocates:</b>	Cynthia Brown, Deputy Provost Theresa Maldonado, Senior Vice President of Research, Innovation, and Economic Development Marta Salinas-Hovar, Associate Vice President for Facilities Planning and Operations		
<b>Definition Phase Completed:</b>	N/A		
<b>Project Planning:</b>	Owner's Project Requirements	Yes	
	Basis of Design	Yes	
	Schematic Plans	Yes	
	Detailed Cost Estimate	Yes	
	Facilities Program	Yes	

**Cost Per Gross Square Foot Benchmarks\***

<b>Interdisciplinary Engineering and Academic Studies Building</b>	<b>\$389</b>
Texas Higher Education Coordinating Board Average for Classroom, General	\$424

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$313	\$345	\$380
Other National Projects	\$256	\$430	\$551

\* All benchmark building costs are escalated to 2016

- a. amend the FY 2017-2022 Capital Improvement Program (CIP) to decrease the total project cost from \$37,600,000 to \$35,600,000;
- b. revise funding sources to remove Gifts;
- c. approve design development plans; and
- d. appropriate funds and authorize expenditure of \$35,600,000 with funding of \$30,600,000 from Tuition Revenue Bond (TRB) Proceeds and \$5,000,000 from Permanent University Fund (PUF) Bond Proceeds.

**BACKGROUND INFORMATION**

Previous Actions

On July 10, 2014, President Bailey presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$37,600,000 with funding of \$30,600,000 from TRBs, \$5,000,000 from PUF, and \$2,000,000 from Gifts.

Project Description

The project will construct an approximately 53,400 gross square foot facility on the Edinburg campus that will include six engineering teaching labs, two discipline-specific computer labs, eight 60-seat general classrooms, offices for faculty and staff, and support spaces for graduate and doctoral students. This facility will provide flexible instructional space with an emphasis on engineering students. Additionally, the project will include an outdoor area to be used as a gathering and study space to relieve pressure on more expensive indoor space and also to support academic events.



### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 45-50 years

Building Systems: 25-30 years

Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**4. U. T. Rio Grande Valley: Multipurpose Academic Center - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Bailey that the U. T. System Board of Regents approve the recommendations for the Multipurpose Academic Center project at U. T. Rio Grande Valley as follows:

- Project No.:** 903-943
- Project Delivery Method:** Construction Manager-at-Risk
- Milestone Dates:**
- |                        |               |
|------------------------|---------------|
| Addition to CIP        | August 2015   |
| Design Development     | August 2016   |
| Notice to Proceed      | March 2017    |
| Substantial Completion | November 2018 |
- Total Project Cost:**
- |                               |                |
|-------------------------------|----------------|
| <u>Source</u>                 | <u>Current</u> |
| Tuition Revenue Bond Proceeds | \$36,432,000   |
- Investment Metrics:**
- Decrease teaching space deficit by 36,477 assignable square feet (ASF)
  - Increase student credit hours in entry level Physics courses by 48% from 732 to 1,084 by 2028
- Project Advocates:** Cynthia Brown, Deputy Provost  
Theresa Maldonado, Senior Vice President for Research, Innovation, and Economic Development  
Marta Salinas-Hovar, Associate Vice President for Facilities Planning and Operations
- Definition Phase Completed:** N/A
- Project Planning:**
- |                              |     |
|------------------------------|-----|
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Plans              | Yes |
| Detailed Cost Estimate       | Yes |
| Facilities Program           | Yes |

**Cost Per Gross Square Foot Benchmarks\***

<b>Multipurpose Academic Center</b>	<b>\$385</b>
Texas Higher Education Coordinating Board Average for Classroom, General	\$424

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$313	\$345	\$380
Other National Projects	\$256	\$430	\$551

\* All benchmark building costs are escalated to 2016

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$36,432,000 with funding from Tuition Revenue Bond (TRB) Proceeds.

### BACKGROUND INFORMATION

#### Previous Actions

On July 10, 2014, President Bailey presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for TRB funding. The 84th Legislature passed, and Governor Greg Abbott signed House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the project was included in the CIP with a total project cost of \$36,432,000 with funding from TRBs.

#### Project Description

This project will construct an approximately 55,700 gross square foot building on the Brownville campus for multipurpose space that will include four physics teaching labs, eight 45-seat classrooms, two multiuse classrooms, six 30-seat general classrooms, one math computer teaching lab, and offices and support spaces. This facility will provide flexible instructional space for multiple disciplines with an emphasis placed on physics students. Additionally, the project will include an outdoor area to be used as a gathering area and study space to relieve pressure on more expensive indoor space and also to support academic events.

#### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 45-50 years  
Building Systems: 25-30 years  
Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**5. U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents approve the recommendations for the M. D. Anderson - League City project at U. T. M. D. Anderson Cancer Center as follows:

<b>Project No.:</b>	703-955		
<b>Institutionally Managed:</b>	Yes		
<b>Project Delivery Method:</b>	Design-Build		
<b>Milestone Dates:</b>	Addition to CIP	August 2015	
	Design Development	August 2016	
	Notice to Proceed	October 2016	
	Substantial Completion	May 2018	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Hospital Revenues	\$87,750,000	\$123,630,000
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Increase new radiation treatment starts from 385 to 621 in Year 5; increase to 792 in Year 10</li> <li>• Increase operating room surgeries from 600 to 966 in Year 5; increase to 1,233 in Year 10</li> <li>• Increase chemotherapy volume from 821 to 1,322 in Year 5; increase to 1,687 in Year 10</li> <li>• Increase analytic case growth by volume from 471 to 759 in Year 5; increase to 968 in Year 10</li> </ul>		
<b>Project Advocate:</b>	Amy Hay, Vice President for Business Development		
<b>Definition Phase Completed:</b>	N/A		
<b>Project Planning:</b>	Owner's Project Requirements	Yes	
	Basis of Design	Yes	
	Schematic Plans	Yes	
	Detailed Cost Estimate	Yes	
	Facilities Program	Yes	

**Cost Per Gross Square Foot Benchmarks\***

M. D. Anderson - League City	\$464
Texas Higher Education Coordinating Board Average for Healthcare Facility, Clinic	\$387
Texas Higher Education Coordinating Board Average for Healthcare Facility, Hospital	\$470

	Low Quartile	Median	High Quartile
Other U. T. System Ambulatory Facilities	\$341	\$369	\$511
Other National Projects	\$425	\$673	\$814

\* All benchmark building costs are escalated to 2016

- a. amend the FY 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$87,750,000 to \$123,630,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$123,630,000 with funding from Hospital Revenues.

**BACKGROUND INFORMATION**

**Previous Action**

On August 20, 2015, the project was included in the CIP with a total project cost of \$87,750,000 with funding from Hospital Revenues.

**Project Description**

The facility will provide outpatient oncology services to adult patients with solid tumor cancer diagnoses and low to medium acuity needs. Services provided will be in line with that of a comprehensive cancer center including, but not limited to, radiation oncology, medical oncology services, infusion therapy services, surgical oncology, diagnostic imaging, and other related procedure-based services. This project will replace the existing leased facility in the Bay Area serving the patient population in Galveston Bay area in southeastern Houston.

The scope of the project includes the programming, design, construction, and activation of the League City ambulatory clinical facility, which was initially expected to be an approximately 135,000 gross square feet (GSF) building. Upon completing the programming phase, M. D. Anderson Cancer Center has determined the facility will need to be approximately 190,200 GSF to best meet the institution's needs. The decision to increase the size of the League City facility stems from a close examination of demographic data as it relates to projected patient volumes and a strategic decision to enhance the patient experience by making certain services, traditionally only available at the Texas Medical Center (TMC) campus, more readily available at other Houston area locations. Making these services more readily available

will provide patients more options when deciding where to be treated and will aid in deferring the expansion of outpatient facilities within the TMC campus. The increase in the size of the League City facility will position the institution to serve those patients who choose to be treated at that location rather than the TMC campus.

Additionally, \$24,675,000 of major medical equipment will be funded outside of the project.

### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 30 years

Building Systems: 25-30 years

Interior Construction: 10-20 years

The interior and exterior appearance and finish are consistent with other campus buildings, the adjacent League City Hospital, and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**6. U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost; approval to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents approve the recommendations for the M. D. Anderson - West Houston project at U. T. M. D. Anderson Cancer Center as follows:

<b>Project No.:</b>	703-956		
<b>Institutionally Managed:</b>	Yes		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Milestone Dates:</b>	Addition to CIP	August 2015	
	Design Development	August 2016	
	Notice to Proceed	October 2016	
	Substantial Completion	July 2018	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Hospital Revenues	\$113,750,000	\$ 69,000,000
	Revenue Financing System Bond Proceeds	\$ 0	\$100,000,000
		\$113,750,000	\$169,000,000

**Funding Note:** <sup>1</sup> Revenue Financing System (RFS) to be repaid from Hospital Revenues

- Investment Metrics:**
- Increase new radiation treatment starts from 433 to 697 in Year 5; increase to 890 in Year 10
  - Increase operating room surgeries from 661 to 1,065 in Year 5; increase to 1,359 in Year 10
  - Increase chemotherapy volume from 857 to 1,380 in Year 5; increase to 1,761 in Year 10
  - Increase analytic case growth from 632 to 1,018 in Year 5; increase to 1,299 in Year 10

**Project Advocate:** Amy Hay, Vice President for Business Development

**Definition Phase Completed:** N/A

<b>Project Planning:</b>	Owner's Project Requirements	Yes
	Basis of Design	Yes
	Schematic Plans	Yes
	Detailed Cost Estimate	Yes
	Facilities Program	Yes

**Cost Per Gross Square Foot Benchmarks\***

M. D. Anderson - West Houston	<b>\$464</b>
Texas Higher Education Coordinating Board Average for Healthcare Facility, Clinic	\$387
Texas Higher Education Coordinating Board Average for Healthcare Facility, Hospital	\$470

	Low Quartile	Median	High Quartile
Other U. T. System Ambulatory Facilities	\$341	\$369	\$511
Other National Projects	\$425	\$673	\$814

\* All benchmark building costs are escalated to 2016

- a. amend the FY 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$113,750,000 to \$169,000,000;
- b. revise funding sources to include RFS Bond Proceeds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$169,000,000 with funding of \$69,000,000 from Hospital Revenues and \$100,000,000 from RFS Bond Proceeds, and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$100,000,000.



## BACKGROUND INFORMATION

### Debt Service

The \$100,000,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$100,000,000 RFS debt is expected to be \$7.61 million. The project's debt service coverage is expected to be at least 3.5 times and average 4.5 times over FY 2019-2027.

### Previous Action

On August 20, 2015, the project was included in the CIP with a total project cost of \$113,750,000 with funding from Hospital Revenues.

### Project Description

The project will provide outpatient oncology services to adult patients with solid tumor cancer diagnoses and low to medium acuity needs. Services provided will be in line with that of a comprehensive cancer center including, but not limited to, radiation oncology, medical oncology services, infusion therapy services, surgical oncology, diagnostic imaging, and other related procedure-based services. The project will replace existing leases at M. D. Anderson Cancer Center located in Katy and the West Houston Imaging Center facilities and will serve patients west of greater Houston metropolitan area.

The scope of the project includes the programming, design, construction, and activation of the West Houston ambulatory clinical facility, which was initially expected to be an approximately 175,000 gross square foot (GSF) building. Upon completing the programming phase, M. D. Anderson Cancer Center has determined the facility will need to be approximately 260,000 GSF to best meet the institution's needs. The decision to increase the size of the West Houston facility stems from a close examination of demographic data as it relates to projected patient volumes and a strategic decision to enhance the patient experience by making certain services, traditionally only available at the Texas Medical Center (TMC) campus, more readily available at other Houston area locations. Making these services more readily available will provide patients more options when deciding where to be treated and will aid in deferring the expansion of outpatient facilities within the TMC campus. The increase in the size of the West Houston facility will position the institution to serve those patients who choose to be treated at that location rather than the TMC campus.

Additionally, \$41,675,000 of major medical equipment will be funded outside of the project.

### Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 30 years

Building Systems: 25-30 years

Interior Construction: 10-20 years

The interior and exterior appearance and finish are similar to the institution's Texas Medical Center campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

**7. U. T. Austin: Welch Hall Renovation - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Fenves that the U. T. System Board of Regents approve the recommendations for the Welch Hall Renovation project at U. T. Austin as follows:

**Project No.:** 102-282  
**Project Delivery Method:** Construction Manager-at-Risk  
**Substantial Completion Date:** May 2020

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$ 75,000,000	\$ 75,000,000
	Permanent University Fund Bond Proceeds	\$ 25,000,000	\$ 25,000,000
	Available University Fund	\$ 2,400,000	\$ 2,400,000
	Unexpended Plant Funds <sup>1</sup>	<u>\$ 22,600,000</u>	<u>\$ 45,600,000</u>
		\$125,000,000	\$148,000,000

**Funding Note:** <sup>1</sup> Unexpended Plant Funds from indirect cost recovery

**Cost Per Gross Square Foot Benchmarks\***

Welch Hall Renovation (with 13% Shell Space)	<b>\$209</b>
Welch Hall Renovation (Estimated Total Finish-Out)	\$241
Texas Higher Education Coordinating Board Average for Laboratory, General	\$372

	Low Quartile	Median	High Quartile
Other U. T. System Renovation Projects	\$213	\$276	\$289

\* All benchmark building costs are escalated to 2016

- a. amend the FY 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$125,000,000 to \$148,000,000; and
- b. appropriate an additional \$23,000,000 from Unexpended Plant Funds.

**BACKGROUND INFORMATION**

**Previous Actions**

On August 10, 2006, the project was added to the CIP with a total project cost of \$60,000,000 with funding of \$35,000,000 from Permanent University Fund (PUF) Bond Proceeds and \$25,000,000 from Revenue Financing System (RFS) Bond Proceeds. On February 8, 2007, the total project cost was reduced to \$25,000,000 with funding from RFS and redesignated as the Phase 2 - Robert A. Welch Hall project. On August 23, 2007, funding was revised to \$25,000,000 from Gifts. On March 21, 2014, the Associate Vice Chancellor for Facilities Planning and Construction redesignated the project as the Welch Hall Renovation Phase 2. On May 14, 2015, the Chancellor approved design development and a revision in funding to

\$22,600,000 from Unexpended Plant Funds and \$2,400,000 from the Available University Fund. On July 10, 2014, President Powers presented this project to the Board of Regents for approval to submit the project for consideration by the Texas Legislature for Tuition Revenue Bond (TRB) Proceeds funding. The 84th Legislature passed, and Governor Greg Abbott signed into law House Bill 100, allowing for the issuance of \$922,632,000 in TRB Proceeds for U. T. System institutions effective September 1, 2015. On August 20, 2015, the total project cost was increased to \$125,000,000 with additional funding of \$75,000,000 from TRBs and \$25,000,000 from PUF.

### Project Description

The Welch Hall Renovation is the first project in the College of Natural Sciences' Strategic Master Plan and is identified in the Strategic Master Plan as a High Priority project. Completion of the renovation of the existing Robert A. Welch Hall building will help transform the College into a multidisciplinary program-based organization and will improve the ability to recruit and retain talented faculty and accommodate program growth projections. The renovation will provide modern laboratory and classroom spaces and provide new infrastructure to support the teaching and research mission of the College. Improved space utilization will allow for program growth to meet the College's strategic goals.

The original project, added to the CIP on August 10, 2006, included renovation of the 1929 West Wing of the building and had a Total Project Cost of \$25,000,000. With the addition of TRB and PUF funding on August 20, 2015, the renovation of the 1978 Wing was added to the scope of the project as Stage B, with the 1929 West Wing designated as Stage A.

During the programming phase for Stage B, it was discovered that the current funding level would not allow the building renovation to achieve its maximum potential for creating a state-of-the-art facility for research and teaching. The focus of the Strategic Master Plan was primarily to improve spaces for students and classrooms and contemplated only targeted renovations within the building that would not fully maximize the opportunity to reconfigure the layout of the research labs and relocation of the support spaces within the building. A new layout of the research space would be possible with a full interior demolition of the building on the research lab floors, beyond that included in the Strategic Master Plan. This revision will allow for an increase in the number of researchers by 50 to 154 when all work is completed. This new configuration will also leave the fifth floor and a classroom space on the third floor partially unfinished, facilitating future finish-out to be customized to match the needs of the College of Natural Sciences and provide space for even more researchers in the future as research grows. In addition to providing more opportunities and space for research, the requested increase will also permit the addition of teaching labs for microbiology and the Freshman Research Initiative that were not contemplated in the original planning for the project.

Also during the programming phase, it was determined that to allow phased construction and not shut down the entire 1978 Wing during the renovation period, the heating, ventilation, and air conditioning (HVAC) units currently located in the basement would be replaced with new units in a rooftop enclosure where the current greenhouse is located. The current greenhouse is in poor condition and is in need of replacement. As part of the project cost increase, a new 8,700 gross square feet (GSF) greenhouse will be constructed on the rooftop to replace the displaced greenhouse. Lastly, the Welch 1929 West Wing renovation has increased in cost due to construction cost premiums and escalation over the past 10 years. Completion of Stage A will now cost \$35,500,000.

8. **U. T. System: Discussion regarding financial management of depreciation and impact on institutional operating budgets and on funding of deferred maintenance, recapitalization, and new construction projects**

9. **U. T. System: Discussion regarding identification of alternate funding strategies when proposed gifts are pending at the time addition to the Capital Improvement Program is requested**