

RQ00
University of Maryland Medical System

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
(\$ in Millions)

Program	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
Neonatal Intensive Care Unit, Labor and Delivery Suite, Infrastructure Upgrades, and Outpatient Center	\$30.000	\$10.000	\$10.000	\$0.000	\$0.000	\$0.000	\$0.000
R Adams Cowley Shock Trauma Center Renovation – Phase II	13.900	1.600	2.000	0.000	0.000	0.000	0.000
Comprehensive Cancer Center	0.000	0.000	0.000	5.000	25.000	25.000	70.000
R Adams Cowley Shock Trauma Center – Phase III	0.000	0.000	0.000	4.000	4.000	4.000	8.000
Total	\$43.900	\$11.600	\$12.000	\$9.000	\$29.000	\$29.000	\$78.000

Fund Source	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
GO Bonds	\$43.900	\$11.600	\$12.000	\$9.000	\$29.000	\$29.000	\$78.000
Total	\$43.900	\$11.600	\$12.000	\$9.000	\$29.000	\$29.000	\$78.000

CIP: *Capital Improvement Program*

GO: general obligation

Summary of Recommended Bond Actions

1. Capital Infrastructure Improvements

Approve \$10,000,000 in general obligation bonds.

2. R Adams Cowley Shock Trauma Center Phase II

Approve \$1,600,000 in general obligation bonds.

Budget Overview

The two projects for the University of Maryland Medical System (UMMS) proposed for funding in the fiscal 2018 budget have previously received State support.

Neonatal Intensive Care Unit, Labor and Delivery Suite, Infrastructure Upgrades, and Outpatient Center

The first project for UMMS is \$10.0 million in funding for various upgrades throughout the hospital and is also known as the Phase V renovation of the University of Maryland Medical Center (UMMC). Individual pieces of the overall project include:

- ***Neonatal Intensive Care Unit (NICU):*** This portion of the project is intended to improve patient care in the NICU, which is located at the UMMC University Campus. The total cost for the NICU renovation is \$39.7 million. The NICU was completed and occupied in September 2015.
- ***Labor and Delivery Suite:*** This portion of the project is intended to improve the labor and delivery facilities within the UMMC University Campus, which currently fail to meet modern best practice standards of care. This portion of the project is slated to cost \$22.0 million, with construction beginning in late February 2017 and completion scheduled for 12 months later.
- ***Infrastructure Upgrades:*** This portion of the project includes the modernization of 11 elevators in the North and South hospitals on the UMMC University Campus. The total cost for this modernization is \$15.0 million. The work began in October 2015 and will take approximately 26 months to complete.

- **Outpatient Center:** This portion of the project is intended to construct a five-story outpatient center at the UMMC Midtown Campus to provide the appropriate physical space for ambulatory services. This project is estimated to cost \$57.4 million. Construction is expected to begin sometime within fiscal 2017.

The total estimated cost for all of these projects is \$134.1 million, with a total State commitment of \$50.0 million. The General Assembly has already authorized \$30.0 million for these projects in prior years, and funding is included in the current *Capital Improvement Program* (CIP) at \$10.0 million for fiscal 2018 and 2019.

It should be noted that UMMS is receiving funding for other projects through the Maryland Hospital Association Private Hospital Grant Program and in particular, for the UMMC Midtown Campus. Funding in the amount of \$577,000 is proposed to relocate and renovate the psychiatric unit at the UMMC Midtown Campus. This is important to note because while UMMS usually receives capital funding for its other satellite hospitals (including funding for the Baltimore Washington Medical Center and the St. Joseph Medical Center in fiscal 2018), normally funding for UMMC is included with this analysis. In fact, the UMMC Midtown Campus currently represents 42.8% of the costs of this project.

R Adams Cowley Shock Trauma Center Renovation – Phase II

The second project for UMMS is \$1.6 million in fiscal 2018 to continue the renovation of space and upgrade of capital equipment for the R Adams Cowley Shock Trauma Center Renovation – Phase II project. Proposed improvements include central heating, ventilation, and air conditioning systems; elevators; plumbing; electrical and security systems; patient rooms and support space; a helipad deck; clinical equipment; communications; and information technology. Total cost is expected to be \$35.0 million, with the State share of \$17.5 million spread over fiscal 2014 through 2019. The total commitment from the State remains the same in the 2017 CIP as it was in the 2016 CIP.

Summary of Other Projects in the Capital Improvement Program

In addition to the two projects receiving funding in fiscal 2018, UMMS has two other projects included in the 2017 CIP. Total State commitments for these projects is \$145.0 million.

Comprehensive Cancer Center – Phase VI

The first project is the Comprehensive Cancer Center, or also known as Phase VI of the UMMC Improvements. This project will construct new facilities to support the expanding clinical programs of the Marlene and Stewart Greenebaum Comprehensive Cancer Center and other high acuity ambulatory and inpatient programs that serve the medical needs of Maryland residents. Other components include:

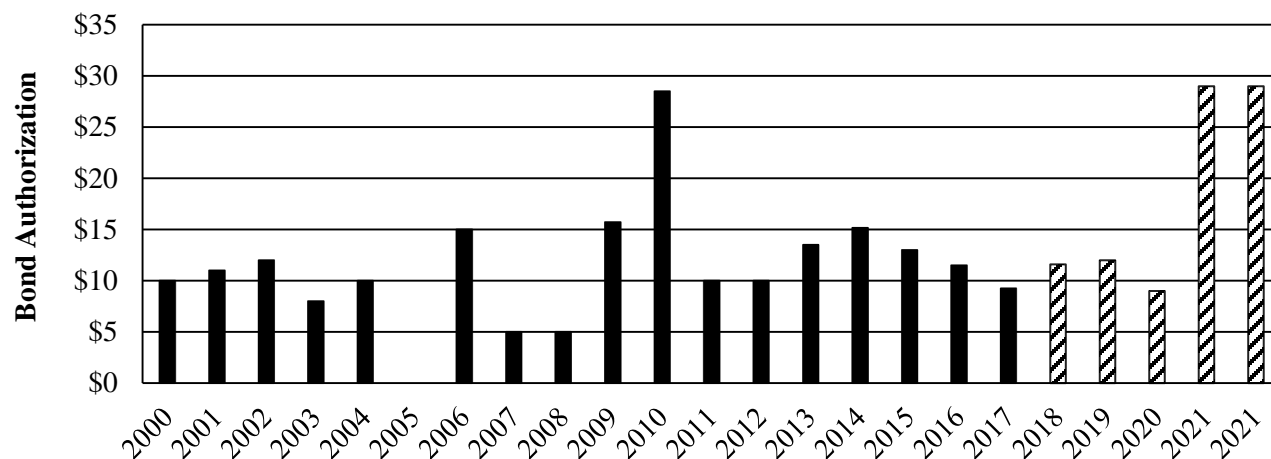
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- expanding the parking garage as well as outpatient areas for the cancer center and specialty outpatient centers for heart and vascular medicine, organ transplant, neurology, and neurosurgery;
- expanding the main hospital at the entrance of the Gudelsky building; and
- improving the main hospital by renovating bed space to turn semi-private beds private now that certain outpatient programs can be moved to a different ambulatory building.

The estimated total project cost for Phase VI is \$275.0 million, with a State commitment of \$125.0 million. The current CIP has funding programmed at \$5.0 million in fiscal 2020, with \$25.0 million in each of fiscal 2021 and 2022 with the remaining \$70.0 million of State commitment to be made in fiscal years beyond the scope of the five-year CIP. This represents a much larger commitment, both on a yearly basis as well as in total State commitment to a specified project, than what the State has traditionally provided to UMMS. As displayed in **Exhibit 1**, the State has provided UMMS with significant funding since the beginning of fiscal 2000. Over this timeframe, more than \$202.6 million has been authorized for various capital projects for UMMS through fiscal 2017. Further, the highest level of commitment was in fiscal 2010 at \$28.5 million, with an average commitment of \$11.9 million (excluding fiscal 2005 in which there were no authorizations). If the current CIP is implemented as planned, however, the State would be committing an additional \$168.6 million, and both 2021 and 2022 would have the highest ever yearly commitment to date at \$29.0 million in each of those years (these years each include this project, as well as Phase III of the R Adams Cowley Shock Trauma Center Renovations, discussed below).

Further, it should be noted that the Comprehensive Cancer Center project has by far the highest level of State commitment to a project at \$125.0 million. This is in comparison to the Diagnostic and Treatment Facilities project, which ran from fiscal 2000 through 2009, at a commitment of \$70.7 million, or all of the projects, including the new phase, for the Shock Trauma Center at \$68.0 million. Given the high level of programmed commitment, and the fact that the Comprehensive Cancer Center includes several different discrete project elements that could be separated out as far as State support is concerned, the State may wish to decide if this level of commitment can be sustained at a time when general obligation bond debt levels are constrained.

Exhibit 1
Funding for UMMS
Fiscal 2000-2021
(\$ in Millions)



UMMS: University of Maryland Medical system

Source: Department of Budget and Management

R Adams Cowley Shock Trauma Center – Phase III

The second project is the Phase III renovation of the R Adams Cowley Shock Trauma Center. Phase III will include replacing the current trauma resuscitation unit with a trauma and critical care resuscitation center, relocating the Acute Care Transfusion Service, constructing an observation unit, expanding the outpatient pavilion, and modernizing the hyperbaric chamber. The total cost for this project is currently projected at \$40 million, with a State commitment of \$20 million, of which \$12 million is currently programmed in the CIP beginning in fiscal 2020. This level of State commitment is consistent with previous levels for the Shock Trauma Center renovations.

GO Bond Recommended Actions

1. Approve \$10,000,000 in general obligation bonds for the Neonatal Intensive Care Unit, Labor and Delivery Suite, Infrastructure Upgrades, and Outpatient Center.
2. Approve \$1,600,000 in general obligation bonds for the R Adams Cowley Shock Trauma Center.