

**University of North Dakota School of Medicine and Health Sciences  
Bismarck Center for Family Medicine – Capital Project  
Update to State Board of Higher Education and Budget Section of the Legislature  
June 2010**

The 61<sup>st</sup> Legislative Assembly (2009) appropriated \$5.4 million for the construction of a new Bismarck Center for Family Medicine to house the UND Medical School residency program. The estimates on which the appropriation was based included a significant cost to purchase land (approximately \$765,000) in addition to the construction. The following provides an update on the selection of a location and the associated costs.

- 1) Discussions with Bismarck State College (BSC) administration in the late summer/early fall of 2009 pointed to a clinic location elsewhere. Part of the decision was based on what was considered a limited need for a clinic on the BSC campus, and the fact that BSC already had several medical training programs located in downtown Bismarck.
- 2) The architect arranged for a site selection process, which included a wide variety of locations within the city. After a driving tour of potential sites, building committee members indicated that a downtown location would be the most practical for both new clients and existing clients so long as parking (specifically at-grade parking) could be made available.
- 3) Representatives from MedCenter One and St. Alexis contacted UND to convey their support for a downtown location. The conversation made clear that both Bismarck health care systems depended upon the clinic for providing health care professionals, and that moving the clinic away from proximity to the hospitals would create a serious and unrecoverable loss that would have long-term negative consequences for regional health care delivery.
- 4) A review of available properties in downtown Bismarck resulted in properties which were either too small for the building or too expensive to acquire (one property – a former used car lot – was reduced to \$1,000,000 and was over 6 blocks from the hospital center).
- 5) MedCenter One offered a solution which would allow UND to build on existing land it owned in conjunction with its future plans for expansion. In general, this idea was rejected as it would appear to favor MedCenter One and create a conflict for our other partner, St. Alexius Health Care Systems.
- 6) In response, UND suggested a MedCenter One-owned site which was between the two hospitals, and after negotiations, a location was selected that fit all the stakeholder needs. Although discussions with MedCenter One on the sale of the property were positive, a land lease agreement was the most practical as it allowed for assurances that the new Center for Family Medicine could not be sold and operated by another competitive entity without its approval.
- 7) Although the property is within a prime location on the corner of 7th street and Rosser Avenue, it does require a significant amount of investment to make it build-ready: a) electrical switch gear for the hospital must be relocated to accommodate the building footprint; b) a street between the two hospitals must be closed and vacated by the city (done) in order to create new parking that the building footprint removes; and c) it is a congested and busy site that will make construction difficult. Site development plans and corresponding cost estimates are not yet complete. As the project progresses, UND will inform the SBHE and legislature on the status.

It is clearly understood that the current authorization is \$5.4 million and approvals will be obtained if any variance is anticipated.