

University of North Dakota  
September 16, 2010

## 900: Facilities

### Requested Action:

Request approval to proceed with the Bismarck Center for Family Medicine building project based on updated status. Status will also be reported to the Budget Section of the Legislature.

### Background Information:

As planning for the new facility has progressed, the City of Bismarck, Medcenter One, St. Alexius, and the University of North Dakota, School of Medicine and Health Sciences have developed a remarkable degree of cooperation and synergy. The parties have formed an extraordinary consensus as to the optimal location and scope of the building, maximizing the value of the facility to the citizens of Bismarck and the surrounding area. Initially focused principally on the location of the building, planning has now evolved to a robust discussion regarding the concept of the building and its value to the community. Listed below are the specifics of different aspects of the project:

- **Location**—Agreement has been reached by all parties that a downtown location is optimal, and a site has been identified adjacent to both hospitals, making it ideal from the standpoint of faculty, staff, residents, students, and—most of all—patients. The proposed location is at the corner of Rosser Avenue and Seventh Street, a prime location in downtown Bismarck. Medcenter One Hospital is providing this property to UND at no cost through a negotiated land lease or other appropriate instrument. Because of the central location in this highly developed area, additional work will be required to make the property “build-ready,” because infrastructure, such as parking and electrical services, must be reconfigured.

Clinic patients will have ample parking immediately adjacent to the facility because of a cooperative effort by both hospitals and the City of Bismarck. As a result of the efforts described above, the Center for Family Medicine will be in a location with high visibility, easy access, and next door to our supporting partners.

- **Building Design**—Considerable planning has gone into the layout of the building, and plans are essentially complete for a 30,000-square-foot facility. All clinic functions will be on the first floor; support functions, including office space for the residency program as well as the Southwest Campus, will be on the second floor.
- **Budget**—Current plans continue to be well within the budget constraints established by the SBHE and the Legislature. Legislatively approved construction delivery methods have been selected that guarantee the clinic will be completed under budget.
- **Possibility of Building Expansion**—Medcenter One expressed interest in adding a third and a fourth floor to the building for additional educational space, including the

possibility of a 200-seat auditorium. Based on very recent conversations and letters of intent, construction of the third and fourth floors above the UND Center for Family Medicine will be completed by a developer. An agreement between the developer and Medcenter One will be executed governing the third floor space, which will be utilized by Medcenter One to further their educational mission. This use will complement the mission of the UND CFM. At this time, use/occupancy of the fourth floor (if constructed) is undefined with no existing commitment by Medcenter One. Medcenter One retains ownership of the land *under* the new Center and the developer will own the building space *above* the Center. This additional space is not considered to be an expansion of the UND-owned space, but instead, a practical effort to make use of valuable land in a highly developed area of downtown Bismarck. Medcenter One and related private parties will enter into a development agreement for construction of the additional space. The additional work will be wholly financed and managed by the developer separately from the UND project. The legal instrument that would best manage this partnership is currently being determined by the UND General Counsel's office, which will also review applicable policies and statutes to ascertain full compliance has been met. As the project moves forward, UND will include within the agreement between it and Medcenter One stipulations and conditions that protect the interests of UND while maintaining the good will already obtained from Medcenter One and St. Alexius Hospitals. This work will be accomplished in concert with the development agreement above so that all parties are aware and respectful of our mutual interests in a successful family medicine residency program.

- **Time Line**—The projected occupancy date is the third quarter of 2011. Medcenter One has made a commitment to proceed, and it is assumed at this time that all work will be completed concurrently or at least to the extent that work in progress on the Medcenter One portion of the facility will have no effect on the operation of the completed Center for Family Medicine.

Based on our understanding of existing statute and policy, and in consultation with legal counsel, we do not believe this is a change in project scope for UND and therefore does not require legislative authorization. Time is of the essence and if appropriate agreements cannot be worked out quickly, construction will need to proceed without the additional educational space. If our understanding of required authorizations is not correct, we would appreciate reviewing more accurate information so that decisions can be made as to how the project will proceed.

We are committed to full and open disclosure and dialogue with the State Board of Higher Education and the Legislature. We will continue to provide status updates over the life of the project.