

# USF Physicians Group Medical Office Building

March 23, 2007

## Background

The USF Physicians Group currently leases approximately 41,000 rentable square feet in the University Professional Center (UPC) at 3500 East Fletcher Avenue. The current lease expires in January, 2009. The UPC is an aging facility and does not serve the growth needs of the USFPG. Furthermore, the location across Fletcher Ave., north of the University, does not facilitate easy access to the new Center for Advanced Health Care (Morsani Center).

The USFPG proposes to lease new space in a new Medical Faculty Office Building (MFOB) to be constructed at the northwest corner of USF Holly and USF Laurel Drives, south of and adjacent to the Center for Advanced Health Care (CAHC). This new building will house the USFPG functions that support the physicians, faculty and staff working in the CAHC. This close proximity to the CAHC will provide a more functional and efficient location for the physicians treating patients in the new CAHC. The selected site is consistent with the adopted 2005 Tampa Campus Master Plan Update.

The Medical District Facilities Program developed in 2002, originally titled Health Care and Education Center, includes components for the College of Nursing Expansion & Renovations (complete); the Children's Medical Services (complete); the Center for Advanced Health Care (under construction); and a future component of offices for the College of Medicine.

Alfonso Architects, Inc. and Ajax Building Corp. were selected for the Program's design and construction services for the Nursing, CMS, and CAHC components per the Florida Statutes 287.055. In order to meet the timeline for occupancy of the Faculty Office Building by January, 2009, it is in the best interest of the University to amend the design and construction contracts of these firms to design and construct the MFOB indicated as a future component in the Program.

The location of the MFOB is consistent with the 2005 Tampa Campus Master Plan. The location of this project does not affect future expansion plans for the CAHC.

## Project Budget

Preliminary estimates indicate that the total project cost will be in the range of \$21,435,000. Total project costs include site surveys and testing, A/E design fees, permits and inspections, site development costs, building construction costs, and project contingencies. The total cost does not include furnishings and movable equipment.

## Project Schedule

Time is of the essence in order to meet the occupancy date of January, 2009. The following milestones must be met in order to achieve the deadline for occupancy:

- |                           |                                      |           |
|---------------------------|--------------------------------------|-----------|
| • March, 2007             | Amend Alfonso and Ajax contracts     | 1 month   |
| • April-July, 2007        | Design Phase                         | 4 months  |
| • August, 2007            | Permits and Bidding                  | 1 month   |
| • September-October, 2007 | Site Work and Utilities Construction | 2 months  |
| • Nov, 2007-Nov, 2008     | Foundation & Building Construction   | 13 months |
| • December, 2008          | USFPG Move-in                        | 1 month   |

## Project Funding and Financing

The \$21 million project can be financed with attractive fixed rate tax-exempt debt over 30 years. As of March 7, 2007, the 30-year true interest cost for a variable rate with 30-year pay fixed swap equaled 4.12%. The anticipated finance structure would be similar to the Series 2006A COPs issued for the North and South Clinics. The financing plan for the debt would include 18 months of capitalized interest totaling \$1.3 million to support the debt service cost during construction. The financing plan also assumes debt issuance costs of \$345,000, an amount proportionate to the issuance costs for the Series 2006A COPs.

## Project Description

The new building will be a five-story structure of approximately 100,000 gross square feet yielding approximately 71,500 net assignable square feet (NASF). The FOB will be connected to central utilities within the confines of the site. The exterior design will complement the CAHC with a similar material and color palate. Convenient parking for faculty and staff will be accommodated in the Laurel Parking Facility to the east, and food service will be provided in the CAHC. Interior finishes will be Class A Finish for leased office space.

## Space summary for the new Faculty Office Building

- The facility will include space for the following USFPG functions currently located in the UPC:
  - Human Resources 1,720 net assignable square feet (NASF)
  - Self Insurance Program 1,270
  - Call Center Scheduling 5,240
  - Revenue Cycle Operations 13,390
  - Finance & Accounting 3,390
  - Information Services 3,120
  - Internal Audit 640
  - Professional Integrity 1,040
  - Centers for Innovation & Transformation 2,760
  - Business Devel. & Strategic Financial Oper. 480
  - Managed Care 800
  - Administration 2,070
  - Clinic Education & Training 2,075
  - **Subtotal** **37,995 NASF**
  
- Future growth space needs:
  - Faculty Offices 17,000 NASF
  - Support Staff/Personnel 2,000
  - USF Health IT 10,000
  - Large Conference Room 1,000
  - Training Facilities 1,500
  - Lobby/Receptionist/Waiting 2,000
  - **Subtotal** **33,500 NASF**
  
- **Total NASF for FOB** **71,495 NASF**
  
- **Building gross square feet** **100,600 GSF**
  - **20,120 gsf footprint per floor**
  - **5 stories**