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MEETING OF THE EXECUTIVE COMMITTEE OF THE
BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin

Held in the Clarke Smith Room, 1820 Van Hise Hall
Thursday, April 26, 1979
10:42 A.M.

President Hales presiding

PRESENT: Regents Fitzgerald, Grover, Hales, Lawton

ABSENT: Regents Gerrard, Lavine, McNamara

President Hales noted that the meeting had been called for consideration of a building program for a Family Practice Clinic at Appleton to be enumerated in the 1979-81 biennial budget. President Hales recognized Chancellor Shain, University of Wisconsin-Madison.

In explanation of the need for calling a meeting of the Executive Committee, Chancellor Shain stated that we had been planning to establish a Family Practice Clinic in Appleton, and it was one of the sites identified early when we developed the program. In the biennial budget request for this year we included a request for start-up funds from General Purpose Revenue to support the program to be started during the 1979-81 biennial budget. It was envisioned that the program would be phased in gradually, with perhaps six or eight residents starting July 1, 1980, and gradually over the next three years they would be increased by six or so residents each year until the third year, or July 1, 1982, when there would be a full complement of eighteen residents. He stated that we asked for partial support of the program starting in the 1980-81 fiscal year, and the Governor's budget did recommend that. The funding request included money for renting of a facility to house the partial program, realizing that the full program would not need to be housed until 1982. It was expected that we would proceed with enumeration of a construction project for this program in the 1981-83 budget, and if that were approved by July 1, 1981, it would provide about a year to construct the facilities prior to the 1982 date when all eighteen residents would be aboard. He stated that we wanted to get started slowly in order to evaluate whether the projected patient fee revenues were realistic, and to make sure that the contributions that had been promised by the hospitals were actually going to be provided, because without those two sources of money there was no way we could pay the amortization on a self-amortizing clinic of this sort, and we did not want to get into a situation where we would have made a commitment to the state to build a clinic and make the mortgage payments on it, and then find that we didn't have enough money to make the payments.

Chancellor Shain stated that with the knowledge of the people in the Medical School, but not to the people in the Chancellor's office, a group of doctors in Appleton got very excited about the project and decided to go ahead.

They formed a nonprofit corporation, they proposed to purchase a site for a clinic that would be big enough to house the entire program at the 1982 level, and they obtained authority to proceed with revenue bonding from the City of Appleton. They also made contacts with the Eau Claire people to get estimates on the construction for an Appleton facility, and they started solicitation of industrial gifts and donations to get the project underway. He said there was an implicit assumption in all of their activities that the State would acquire the facility eventually through some sort of purchase agreement. Chancellor Shain stated there was concern on the part of the Governor and Building Commission that unless the project were enumerated in the budget, there would be no real option for the State if they were to look at other kinds of alternatives, such as, a lease purchase, or the State may want to buy or build the project itself, or perhaps the State could get revenue bonds of its own at a lower interest rate. He stated that it now appears that in order to provide the Building Commission with more alternatives in deciding whether we should go ahead with the program under a lease purchase agreement or whether the State should build its own facility, or whether we should slow down the whole process as we had originally planned because we were not sure of the revenues, it is necessary to include the project as a part of the 1979-81 biennial capital budget. He said it is possible to proceed with enumeration in the budget and still not proceed with the construction until we are sure that the residents will be available to pay for it; so what we are seeking today is approval of a resolution that will allow us to ask the Legislature to enumerate the project in the biennial budget. That still gives us the flexibility to follow the regular State Building Commission procedure, either toward the end of the next biennium or the beginning of the following biennium when the construction would get under way. He noted that the contractors in the Appleton area have indicated that for several reasons the construction costs are higher in Appleton than they are in Wausau, upon which the original estimate was made, and they recommended that we ask for enumeration at the level of \$990,000.

In response to Regent Lawton's question, Associate Vice Chancellor for Health Sciences, William Davis, said that the building would contain approximately 16,000 square feet gross, or 12,000 square feet assignable. Regent Lawton noted that in ordinary clinic buildings you have to plan on 1,000 to 1,100 square feet per physician, and inquired who had done the research on the building size. Chancellor Shain responded that he understood the basic work was done by the head of the nonprofit corporation, an M.D., in the Appleton area, and he felt that was one of the reasons that the cost had been increased--that they have decided that in contrast to the Wausau installation, they intend to finish off the basement so that it will be fully available for supporting space, and that he did not believe the 12,000 net assignable square feet includes the basement. Vice Chancellor Davis noted that it is similar to the Eau Claire facility, which was recently opened, where they have exactly the same number of residents and the department is satisfied that the amount of space is adequate. He noted that the first-year residents are not there continuously as are the second and third-year residents.

Regent Lawton inquired if anyone has looked into less expensive quarters as this appeared to be a very expensive building. Chancellor Shain responded that that is the reason that enumeration in the budget is being requested, as it put the Building Commission and Bureau of Facilities Management

more directly in line with the whole project. By enumerating it the State can get in and do the advance planning carefully to make sure the options there are the very cheapest ones. He said the actual cost will have to be evaluated after the State sees which is the cheapest way to move. In response to Regent Lawton's inquiry as to HSA approval, Vice Chancellor Davis stated that the administration has talked with HSA and in the course of events will submit a proposal. He also advised Regent Lawton, in response to his question, that the parking would be in accordance with the City code, and that it is approximately equal distance from the two hospitals and fairly close to the Lawrence University Campus.

Vice Chancellor Davis noted that the project will come back to the Board of Regents after it is finalized and more accurate estimates are obtained. Chancellor Shain stated that the cost was arrived at by taking the total number of square feet, multiplying it by the cost that used at Wausau (cost per square foot), and then escalating that to take it into the Appleton area and move it two years forward.

Regent Lawton moved adoption of the following resolution, the motion was seconded by Regent Fitzgerald, and it was voted:

Resolution 1874: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, a major project request be approved as a part of the 1979-81 biennium capital budget for the University of Wisconsin System to construct a Family Practice Clinic in Appleton at a total project cost of \$990,000 from Self-Amortizing (Non-GPR) funds.

The meeting adjourned at 11:00 A.M.

4-27-79

J. S. Holt, Secretary