

**Joint Legislative Oversight Committee
Health & Human Services**

**Update on DHHS New Construction Projects
February 14, 2012**

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New DHHS Construction Projects

- **New State Laboratory of Public Health/Office of the Chief Medical Examiner, Raleigh**
- **New Cherry Hospital, Goldsboro**
- **New Broughton Hospital, Morganton**
- **Central Regional Hospital, Butner (completed)**

Project Costs

- **Funding for these projects:**
 - **Included Design, construction, movable equipment, and escalation costs**
 - **Did not include up-fit costs: medical equipment (other than built in equipment), information technology/telecommunications equipment, etc.**
 - **Funding normally requested through direct appropriations**
- **Favorable bid market for the new Public Health Lab/Office of Medical Examiner and New Cherry Hospital resulted in project reserves estimated to be sufficient to cover the up-fit costs**
- **Higher bid market and other factors for New Broughton Hospital resulted in reserves sufficient to cover furniture and some medical equipment:**
 - **Reserves are not sufficient to cover additional medical equipment and IT/telecommunications up-fit costs**

State Laboratory of Public Health/Office of Chief Medical Examiner

- **Consolidation of Public Health Lab in Raleigh and the Office of Chief Medical Examiner in Chapel Hill into a new Raleigh facility**
- **Construction timeline**
 - **Project bid: December 2009**
 - **Construction start: February 2010**
 - **Estimated construction completion: August 2012**
- **Project funding – special indebtedness**
 - **Initial approved funding, SL 2006-66: \$101 million**
 - **Statutory limit of issuance or incurrence of debt**
 - **Maximum of \$20 million prior to July 2007**
 - **SL 2009-209 reduced funding by \$2.2 million**
 - **Current funding: \$98.8 million**
- **Projects reserves are sufficient to complete building up-fit**

New Cherry Hospital

- **304 bed psychiatric hospital replacing existing Cherry Hospital**
- **Construction timeline**
 - **Project bid: July 2010**
 - **Construction start: October 2010**
 - **Estimated construction completion: January 2013**
- **Project funding – special indebtedness**
 - **Initial funding, SL 2006-66: \$145.5 million**
 - **Statutory limit on issuance or incurrence of debt**
 - **\$20 million prior to July 2007**
 - **\$100 million prior to July 2008**
 - **SL 2009-209 reduced funding by \$7.2 million**
 - **Current funding \$138.3 million**
- **Project reserves are sufficient to complete building up-fit**

New Broughton Hospital

- **384 bed psychiatric hospital replacing existing Broughton Hospital**
- **Construction timeline**
 - **Project bid: December 2011**
 - **Contract award: January 2012**
 - **Construction start: April 2012**
 - **Estimated construction completion: October 2014**
- **Project funding – special indebtedness**
 - **Initial funding, SL 2006-66: \$162.8 million**
 - **Statutory limit on issuance or incurrence of debt**
 - **\$0 prior to July 2008**
 - **\$20 million prior to July 2009**

New Broughton Hospital (continued)

- SL 2009-209 reduced funding by \$8 million**
- Limited incurrence of debt to \$54 million prior to July 2011**
- Current funding \$154.8 million**

- State Construction Office/OSBM contract award letter allocated funding:**
 - \$146.3 million for the design and construction cost**
 - \$8.5 million in reserves for other expenses**

- The \$8.5 million reserve is not adequate to cover up-fit costs**
 - Estimates indicate an additional \$21.6 million will be required in late 2013 and during 2014 to fully up-fit the building**

Central Regional Hospital

- **432 bed psychiatric hospital in Butner replacing Dorothea Dix and John Umstead hospitals**
- **Construction timeline**
 - **Project bid: January 2005**
 - **Construction start: April 2005**
 - **Project acceptance by State: May 2008**
- **Project funding**
 - **Mental Health Trust Fund: \$8.6 million**
 - **Special Indebtedness**
 - **Initial funding, SL 2003-314: \$110 million**
 - **SL 2006-66 authorized additional funding: \$20 million**
 - **Total project funding: \$138.6 million**