



Everything Michigan

Price tag for new C.S. Mott Children's Hospital grows to \$754 million

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Already the most costly construction project ever undertaken at the University of Michigan, the new C.S. Mott Children's and Women's Hospital is about to get a substantially bigger price tag with extra work that will delay its opening by more than a year.

The U-M Board of Regents originally approved the massive new hospital, now under construction, as a \$523 million project. On Thursday, the regents will be asked to add \$231 million in construction and contents, raising the total cost to \$754 million.

That 44 percent cost increase will pay for finishing sections of the building that originally were to remain vacant when the hospital initially opens.

Planning for the construction of such a massive medical facility takes a long time, hospital planners say. The original plan was to construct as large a building as possible, leaving some interior portions unfinished. Then, as demand warranted, those unfinished areas were to be built out and equipped. Since the time that plan was initially conceived, demand for U-M's medical services has grown faster than expected, officials say.

"Our activity has grown at a faster rate than we projected," said Patricia Warner, associate director and chief administrative officer at Mott and Women's hospitals. "So we need to build out the growth beds that we had planned in each unit."

Without expanding the project, the new facility would have opened with an occupancy rate of 95 to 100 percent, said Warner.

Originally planned to open with 264 beds, the expanded project will increase by 84 beds to 348, said Krista Hopson, a spokeswoman for the health system.

"We now propose to complete the majority of the shelled space, leaving a limited amount of shelled space for future program needs," according to a memo to the regents from Dr. Robert Kelch, executive vice president for medical affairs, and Timothy Slottow, executive vice president and chief financial officer.

The opening of the new facility will be delayed 15 months, from the original summer 2011 opening to the fall of 2012.

No public money is being tapped. Money from hospital operations, reserve funds and donors is paying

for the work.

The project already was one of the most expensive in Michigan in recent years.

Comerica Park, which opened in 2000 as the home of the Detroit Tigers, cost \$300 million; Ford Field, which opened in 2002 as the home of the Detroit Lions, cost \$500 million; and the McNamara Terminal at Detroit Metropolitan Airport opened in 2002 at a cost of about \$1.2 billion.

"It is clearly, far and away, one of the biggest projects in the state of Michigan today," Michael Smith, executive vice president of the Associated General Contractors, Greater Detroit Chapter, said of the hospital.

While U-M's project is big, it's only the latest expansion of health care facilities in the state, coming at a time when the economy has slowed other construction.

"Health care in general in the state of Michigan really has been the saving grace of the construction sector," said Smith.

Groundbreaking for the 1.1 million-square-foot hospital was in October 2006. The huge building is now rising 12 stories above a former parking lot next to the medical center on East Medical Center Drive.

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