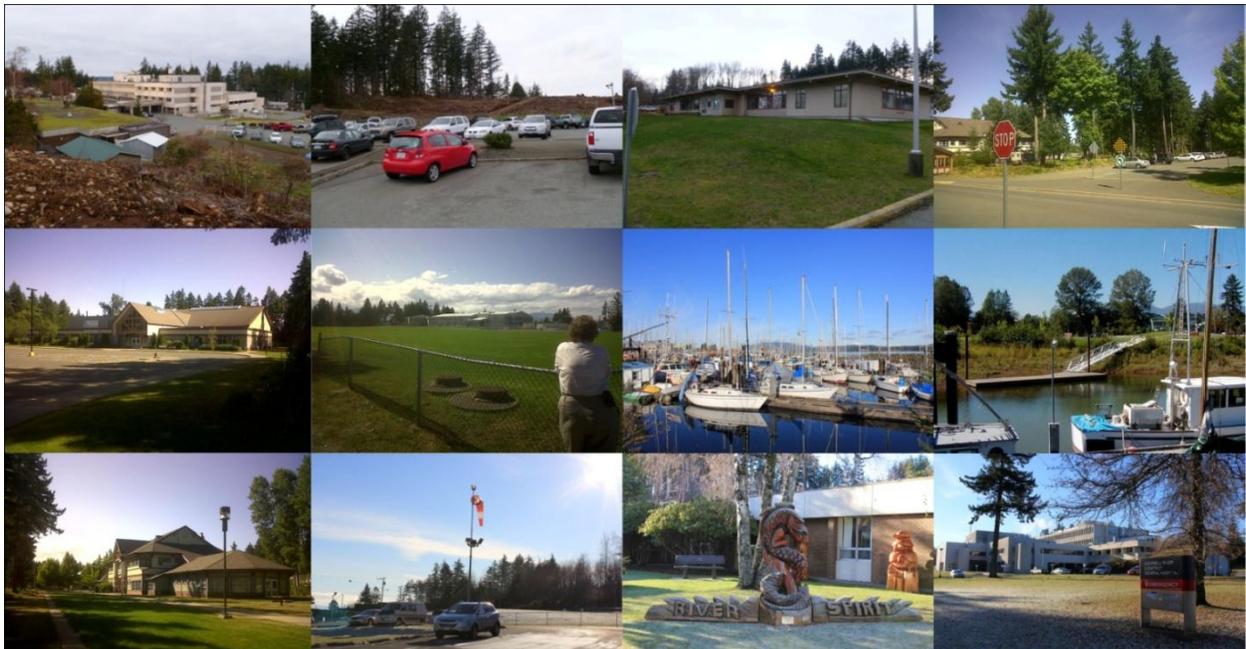


North Island Hospitals Project

Capital Project Plan

July 2012



1 PROJECT BACKGROUND

A priority for the Vancouver Island Health Authority (VIHA) is to establish a network of hospitals that meet the northern Vancouver Island region's acute care service delivery needs for the future. This need was demonstrated through VIHA's data analysis and was confirmed as a priority through an extensive public consultation process with residents, staff, physicians and other stakeholders. Through this process, VIHA identified a need for enhanced specialty services for North Vancouver Island communities and residents.

The confluence of a growing and aging population, inadequate infrastructure, increasing scarcity of health human resources, changing models of care, evolving technology, and constrained operating funding all lead VIHA to conclude that the existing hospitals cannot successfully meet the needs of the population of the region in the years ahead.

The existing physical structures of St. Joseph's General Hospital (SJH) and the Campbell River District General Hospital (CRH) present significant risks in providing effective and efficient delivery of care. Both of these facilities provide poor functional workspaces for staff and physicians, and their physical condition and layout limits opportunities to improve efficiency and quality of care. The recruitment and retention of staff and physicians is also becoming increasingly difficult due in part to the condition of the facilities. Both VIHA and the Comox-Strathcona Regional Hospital District agree there is a need to replace the facilities serving the North Vancouver Island population.

Multiple options were explored to meet VIHA's objectives. In 2008, VIHA Executive and Board of Directors determined that a new VIHA-operated hospital with new services in the Comox Valley to replace SJH, and a new expanded CRH, would provide the optimal combination of improved quality of health services, financial sustainability and accessibility. This decision was accepted by the local communities and the Comox-Strathcona Regional Hospital District.

2 PROJECT OBJECTIVES

VIHA has established the following objectives for the project:

- Increase north Vancouver Island acute care capacity to meet the population's growing and changing needs;
- Enhance quality of care for all patients;
- Improve access to services for all northern Vancouver Island communities;
- Maximize staff and physician recruitment and retention; and
- Achieve value for money by balancing capital requirements with expected opportunities for increased productivity in clinical operations and long-term maintenance requirements.

3 PROJECT STATUS AND SCOPE

The scope of the North Island Hospitals Project (NIHP) will include the development of a new hospital campus in the Comox Valley to replace St. Joseph's General Hospital and a new hospital to be built on the existing Campbell River District General Hospital site.

3.1 COMOX VALLEY HOSPITAL

The Comox Valley hospital will include a new acute care facility and supporting infrastructure. The facility will include the following programs and services:

- 153 beds including medical, surgical, intensive care, maternity and newborn, and some mental health and addictions services;
- Emergency, diagnostic imaging (including MRI), surgical and endoscopy services, ambulatory care programs and cardio-pulmonary diagnostic services;
- Clinical support services;
- University of British Columbia (UBC) medical program teaching space.

3.2 CAMPBELL RIVER DISTRICT AND GENERAL HOSPITAL

The new Campbell River hospital will include an acute care facility and supporting infrastructure. The facility will include the following programs and services:

- 95 beds including medical, surgical, intensive care, maternity and newborn and mental health and addictions programs and services;
- Emergency services, diagnostic imaging, surgical and endoscopy services, ambulatory care programs, maternity and cardio-pulmonary diagnostic services;
- Clinical support services;
- University of British Columbia (UBC) medical program teaching space.

4 COSTS AND BENEFITS

4.1 PROJECT COSTS

The total estimated capital cost for the project is \$600 million. The provincial share of this total is \$365 million while the Comox-Strathcona Regional Hospital District will contribute \$235 million.

This estimate is based on the preliminary functional program and indicative design for the facilities. The recommended procurement method for the Project is a Design Build Finance Maintain model, as it best meets the objectives and provides value for public funding.

4.2 PROJECT BENEFITS

- Increased acute care capacity to meet the health care needs of the population in North Vancouver Island;
- Safe and efficient acute facilities in the Comox Valley and Campbell River that will improve clinical outcomes for patients, staff and physicians;
- Improved ability for VIHA to recruit and retain physicians and other health care professionals;
- Opportunity to introduce new services to North Vancouver Island, increase VIHA's overall system capacity and mitigating growing workloads on existing regional and tertiary facilities through repatriation; and
- Ability for VIHA to manage reductions in rehabilitation and reactivation care in an effective manner leading up to 2026 as the need for acute services increases.

5 PROJECT RISKS

The major risks associated with the Project relate to project scope and functionality, schedule, budget and facility operation.

5.1 SCOPE AND FUNCTIONALITY

These risks arise when the building is not sized appropriately, and/or does not have optimum design which results in lower functionality, less efficient operations, and user dissatisfaction. Measures to mitigate these risks include:

- Extensive user involvement during the functional programming and schematic design phase to ensure higher user satisfaction, integration, and functionality.
- VIHA has engaged an architect and engineering team to act as shadow consultants during the project, reducing the likelihood of oversights.

5.2 SCHEDULE RISK

This risk arises from the possibility that the procurement process takes longer than expected or the design/construction process takes longer than expected.

Measures to mitigate this risk include:

- VIHA has engaged Partnerships BC to assist with the procurement process.
- Procurement and legal documentation will be based on industry-accepted templates.
- A Request for Qualifications (RFQ) process is being used to short-list the best proponent teams.
- Contractual documentation will be prepared ahead of time and appended to the RFP so that proponents can consider these documents during proposal preparation.
- Concept design drawings will be included in the RFP to support the procurement cycle.

5.3 COST RISK

This risk arises from the possibility that overall project cost and construction costs are higher than budget.

Measures to mitigate this risk include:

- The preliminary budget is based on an indicative design and a quantity surveyor report that contains appropriate cost contingencies.
- Estimates of construction escalation and inflation have been included in the budget based on the current market forecasts. The capital cost will be checked by a quantity surveyor immediately prior to release of the RFP to ensure the project is estimated within budget.
- The project RFP will include a mandatory affordability ceiling which proponents must meet in order to have the rest of their proposal evaluated. This will ensure that VIHA does not enter into construction contracts without the assurance the project can be completed within budget.

5.4 OPERATING RISK

This risk arises if the facility is not well-maintained over time and/or the cost of maintenance is higher than expected. Measures to mitigate this risk include:

- Detailed performance specifications will be included as part of the Project Agreement and ensure the proper maintenance schedule is provided.
- The operator will be required to include a facilities maintenance provider in the design / construction process and to maintain the facilities over the contract term.