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APR 09 2009

Mr. E. George MacMinn, QC
Clerk of the Legislative Assembly
Room 221 Parliament Building
501 Belleville St
Victoria BC V8V 1X4

Dear Mr. MacMinn:

In accordance with Section 14 of the *Budget Transparency and Accountability Act (BTAA)*, please find enclosed a major capital project plan for the Surrey Memorial Hospital New Emergency Department and Critical Care Tower.

Yours truly,

George Abbott
Minister

Attachment

Clerk Legislative Assembly
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APR 14 2009

VICTORIA, B.C.

**Capital Project Plan
Surrey Memorial Hospital
New Emergency Department and Critical Care Tower
March 24, 2009**

1. Project Background

In 2005, government directed the Fraser Health Authority (FHA) to complete planning for the immediate, medium and long term needs of Surrey and the community served by Surrey Memorial Hospital (SMH). In December 2005, FHA presented their findings in the “Building for the Future: Surrey Health Services Capacity Initiative (SHSCI)” report. Upon review of the SHSCI report, government gave preliminary approval for a new emergency department and consolidated tertiary perinatal program at SMH.

In addition, Fraser Health’s Acute Care Capacity Initiative (“ACCI”) study confirmed the considerable need for additional acute care capacity for Fraser South by 2020.

This need is due to several factors, including but not limited to the growing and aging population and the increasing prevalence of chronic disease.

A key element of the strategy for creating capacity in Fraser South is to develop additional services at the SMH campus through the development of a critical care tower. This tower will house a new emergency department and consolidated tertiary perinatal program (or neonatal intensive care unit), together with an intensive care unit and a second site for FHA’s clinical academic campus.

The critical care tower will be procured as a design, build, finance and maintain public-private partnership, with completion targeted for 2013.

A series of renovations to existing SMH buildings will also be undertaken in order to provide the increased capacity required to service the needs of the new critical care tower, for example in sterile processing and laundry / linen. These renovations are not part of the public-private partnership scope but will rather be delivered through a traditional procurement method and funding stream.

2. Project Objectives

The overall vision of the Project is to address the health service needs of the Surrey community by creating capacity that will relieve critical pressures at SMH, and to ensure that health care services are provided safely, effectively and efficiently into the foreseeable future.

More specifically, the goals for the specific components of the Project are summarized in the following table.

Component	Goal
Emergency Department (ED)	To develop a new state-of-the-art emergency facility, which will support a new service delivery model for emergency care and which will reduce ED congestion and meet population health care needs to 2020.
Neonatal Intensive Care	To create a new, centralized tertiary perinatal program, which will address the needs of the growing younger population in the Fraser Health region and facilitate the most effective use of scarce, highly-skilled clinical resources.
Inpatient Care	To provide an adequate number of acute inpatient beds at SMH to meet the needs of the community of Surrey and to align with the acute care bed requirements for each clinical service, each regional program and each special population.
Critical Care	To expand the critical care capacity at SMH for both intensive care and high-dependency care in order to meet the critical care needs for the services on the SMH site, as well as the needs created by SMH's wider role in Fraser Health's critical care system.
Medical Education	To support and enhance delivery of the government's medical education mandate through the provision of high-quality teaching / learning facilities at SMH.
Clinical and Non-clinical Support Services	To provide adequate clinical and non-clinical support in order to deliver timely, high-quality service to the expanded clinical programs.

3. Project Status

Preparations for the project have included:

- Initial operational system design work, in order to understand how services will be delivered within the new facility;
- Functional programming, in order to consider potential building configuration and estimate approximate building size;
- Quantity surveying, in order to provide a preliminary estimate of potential project costs;
- Development of a project budget reflecting the preliminary cost estimates;
- Analysis of project risks; and
- Discussions with the City of Surrey and other key stakeholders.

4. Costs and Benefits

Project Costs

The estimated capital cost of the project is \$517 million. This estimate is based on the preliminary functional programming. The project quantity surveyor advises that, in the current market, the cost estimate has an accuracy of - 5% / + 25% eighteen times out of twenty. The final cost of the project will be dependent on the bids that are submitted through the Request for Proposal process and the market conditions throughout the competitive selection process.

Project Benefits

The project will benefit the Surrey community by:

- Creating additional inpatient capacity (151 acute care beds), which will support the long-term sustainability of clinical services for the community of Surrey;
- Supporting equitable access to care by:
 - Reducing the use of surgical beds for medical patients; and,
 - Reducing ED congestion and facilitating timely admission of patients from the ED.
- Enhancing patient flow and use of resources in the ED, with patients being triaged into streams of care, such as the minor treatment unit and rapid assessment care and exit.
- Providing enhanced services and dedicated accommodation for patients with mental health and addiction issues through the ED development.
- Strengthening SMH's ability to assume its crucial function as a regional centre for response to outbreaks.
- Creating a centre of excellence for tertiary perinatal services.
- Improving patient flow by enhancing clinical and non-clinical support services;
- Creating academic space which will support a full academic learning environment for all health sciences students and residents.
- Supporting the health authority's recruitment and retention efforts in the current, very challenging human resources environment.

5. Project Risks

The major risks associated with the critical care tower generally relate to project scope and functionality, schedule, cost and operating risk.

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 potential user dissatisfaction. Measures to mitigate these risks include:

- User involvement during the functional programming and concept design phases in order to enhance user satisfaction and promote functionality of the facility;
- Design will be developed to the level of concept drawings before the Request for Proposals is released to P3 Proponents. This will reduce the likelihood of oversights and ensure that key adjacencies and workflows are considered;
- The concept design architect and consulting engineers will be retained to act as “shadow consultants” to the project. This will provide a check on the subsequent work of the successful P3 consortium and reduce the likelihood of oversights; and
- Continued interface with user groups (both clinical and non-clinical) throughout the design development and construction phases will occur.

Schedule Risk: This risk arises from the possibility that the procurement process takes longer than expected, the zoning/permitting process takes longer than expected or the design/construction process takes longer than expected. Measures to mitigate this risk include:

- Procurement and legal documentation will be based on Partnerships BC’s best practice template.
- A Request for Qualifications process will be used to short-list the best qualified proponents.
- Contractual documentation will be prepared ahead of time and appended to the Request for Proposals in order that Proponents understand exactly what they are being asked to bid on.
- FHA has engaged early with the City of Surrey to obtain their support.
- Performance incentives will be provided for on-time completion by the successful P3 consortium.

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:

- A preliminary estimate of potential project costs has already been developed by a quantity surveyor.
- Realistic estimates of construction escalation and inflation have been built into the budget based on other recent projects and a realistic contingency has been included.
- A further quantity survey estimate will be developed immediately before release of the Request for Proposals to check that the project can be delivered within the allocated budget.
- An affordability limit will be set in the Request for Proposals.

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 RFP to ensure the proper building systems are initially installed.
- It will be a requirement that the P3 consortium include a facilities maintenance provider that will have input into the design / construction process.
- The P3 consortium will be required to maintain the facility to certain standards and will suffer financial penalties if they fail to do so.