



Interior Health



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# REQUEST FOR PROPOSALS

For

Kelowna and Vernon Hospitals Project

**VOLUME 1 of 4**

## **PROJECT SUMMARY**

Closing Time: 3:00 pm (local time)  
[Thursday, March 6, 2008](#)

Delivery Address: Kelowna and Vernon Hospitals Project  
Request For Proposals  
1860 Dayton Street, Kelowna, BC V1Y 7W6

Contact Person: Melanie Reinhardt  
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## Summary of Key Information

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This summary has been prepared as an overview summary only. It is the responsibility of each Proponent to ensure that they have received and fully understood the complete Request for Proposals (RFP) including all Addenda.

<b>RFP Title</b>	Kelowna and Vernon Hospitals Project <i>Proponents should use the above title on all correspondence</i>	
<b>Structure of RFP</b>	<b>Volume</b>	<b>Description</b>
	Volume 1	Project Summary
	Volume 2	Instructions to Proponents Appendix A – Request for Information Form Appendix B – Proponent Form for Project Agreement Comments Appendix C – Submission Requirements Appendix D – Evaluation Scoring Guide Appendix E – Proposal Declaration Form Appendix F – Relationship Disclosure Form Appendix G – Alternate Proposals Submission Requirements Appendix H – Interim Proposal Submission Requirements
	Volume 3	Draft Project Agreement - including Schedules 1 – 16 (except Schedule 3 (Design and Construction Specifications) and Appendices 4D to 4J of Schedule 4 (Services Protocols and Specifications))
	Volume 4	Draft Schedule 3 (Design and Construction Specifications) and Draft Appendices 4D to 4J of Schedule 4 (Services Protocols and Specifications)
<b>Contact Person</b>	Melanie Reinhardt	
<b>E-mail Address</b>	<a href="mailto:Kel-VernHospitalsProject@interiorhealth.ca">Kel-VernHospitalsProject@interiorhealth.ca</a>	
<b>Closing Time</b>	3:00 pm (local time) on Thursday, <a href="#">March 6</a> , 2008	
<b>Delivery Address</b>	Kelowna and Vernon Hospitals Project Request For Proposals 1860 Dayton Street, Kelowna, BC V1Y 7W6	
<b>Data Room</b>	Refer to restricted website (provided to Proponents under separate cover)	

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## 1. INTRODUCTION

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### 1.1. Purpose of this RFP

The purpose of this Request for Proposals (the “**RFP**”) is to invite eligible entities to prepare and submit competitive proposals for the design, construction, financing, and maintenance of a new Ambulatory Care Centre for Kelowna General Hospital, a renovated Emergency Department for Kelowna General Hospital and a new Diagnostic and Treatment Building for Vernon Jubilee Hospital (together, the “**Facility**”) under a long term Project Agreement. [Note that for purposes of the services to the Other Site Facilities at KGH and VJH, the term Facility will include all facilities on those sites.](#)

### 1.2. Administration of RFP

Interior Health is managing this RFP, with the assistance of Partnerships BC.

### 1.3. Eligibility to Participate in RFP

The Authority issued a Request for Qualifications dated May 7, 2007 and selected the following entities to participate in this RFP:

- Infusion Health
- Okanagan Health Solutions
- Plenary Health

(together “the Proponents”).

Only the Proponents, subject to changes in Proponent team membership as permitted by this RFP, are invited to submit Proposals.

### 1.4. Definitions

Refer to Section 3 of Volume 2 for defined terms.

## 2. OVERVIEW OF THE PROJECT AGREEMENT

### 2.1. Summary of Key Terms

The Project Agreement, including the specifications, will be the instrument that will describe the long term rights and obligations of Project Co and the Authority with respect to the Facility.

The following is a summary of key terms that are anticipated to be in the final executed Project Agreement. Proponents should refer to the draft Project Agreement for more details.

PROJECT ELEMENT	DESCRIPTION
<b>General</b>	<ul style="list-style-type: none"> <li>▪ Project Co will design, construct, finance and provide selected Services for the Facility.</li> </ul>
<b>Facility</b>	<ul style="list-style-type: none"> <li>▪ This is a single project, and the Facility is all of:                             <ul style="list-style-type: none"> <li>▪ the KGH-ACC (new Ambulatory Care Centre for Kelowna General Hospital)</li> <li>▪ the KGH-ED (a renovated Emergency Department for Kelowna General Hospital)</li> <li>▪ the VJH-DTB (a new Diagnostic and Treatment Building for Vernon Jubilee Hospital)</li> </ul> </li> <li>▪ <a href="#">Note that for purposes of the services to the Other Site Facilities at KGH and VJH, the term Facility will include all facilities on those sites.</a></li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>▪ Project Co will provide funding by way of equity and debt financing.</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>▪ Monthly Payments <a href="#">for the New Facility</a> will commence at Service Commencement and will be linked to availability and performance (Schedule 8 to the draft Project Agreement). Payments during construction are set out in RFP Volume 1 Section 4.11 . <a href="#">Payments for the Other Site Services (i.e. for the whole site other than the New Facility) may commence earlier.</a></li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>▪ The term of the Agreement will be 30 years from Service Commencement.</li> </ul>
<b>Change in Control</b>	<ul style="list-style-type: none"> <li>▪ No change in control of Project Co will be permitted from the time of Financial Close and continuing for one year following Service Commencement, other than:                             <ul style="list-style-type: none"> <li>▪ a change in control resulting from an exercise of rights by</li> </ul> </li> </ul>

PROJECT ELEMENT	DESCRIPTION
	<p>Project Co's lenders pursuant to a lenders remedies agreement to be entered into between the lenders and the Authority at Financial Close; or</p> <ul style="list-style-type: none"> <li>▪ a change in control approved by the Authority, which approval may be withheld in the Authority's absolute discretion.</li> <li>▪ The Authority would not expect to give such consent except in exceptional circumstances.</li> </ul>
<b>Title to Lands</b>	<ul style="list-style-type: none"> <li>▪ The Authority will own the Site and the Facility at all times.</li> </ul>
<b>License to Project Co</b>	<ul style="list-style-type: none"> <li>▪ The Site and the Facility will be made available to Project Co during the term of the Project Agreement by way of a licence.</li> </ul>
<b>Zoning / Permitting</b>	<ul style="list-style-type: none"> <li>▪ Project Co will be responsible for obtaining all required permits and meeting the requirements of rezoning if it is required.</li> </ul>
<b>Design and Construction</b>	<ul style="list-style-type: none"> <li>▪ Project Co will be responsible for all design and construction, including;                             <ul style="list-style-type: none"> <li>• Obtaining building and other permits</li> <li>• Site preparation and provision of utilities</li> <li>• Demolition of facilities if required and approved by the Authority and proper removal and disposal</li> <li>• Off-site works required by City of Kelowna and City of Vernon</li> <li>• Delivery, installation and commissioning of specified equipment procured by the Authority</li> </ul> </li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• Project Co will provide the Services, which include:                             <ul style="list-style-type: none"> <li>• General Management Services</li> <li>• Plant Services, including Life Cycle</li> <li>• Help Desk Services</li> <li>• Utility Management Services</li> <li>• Parking Services</li> <li>• Environmental and Sustainability Services</li> </ul> </li> <li>• <a href="#">See also section 2.2 of this Volume 1 for a description of other Services to the whole of the sites.</a></li> </ul>
<b>Handback</b>	<ul style="list-style-type: none"> <li>• Project Co will maintain and provide the Facility to the Authority in the specified condition at the end of the term.</li> </ul>
<b>City Process</b>	<ul style="list-style-type: none"> <li>• Project Co will seek and obtain any required municipal approvals. <a href="#">See</a></li> </ul>

PROJECT ELEMENT	DESCRIPTION
	<p><a href="#">the Final Draft Project Agreement for any limitations on this, such as conditions to Financial Close.</a></p>
<b>Equipment</b>	<ul style="list-style-type: none"> <li>• <a href="#">Project Co will design and construct the Facility to accommodate specified equipment or categories of equipment required for the Authority to provide healthcare services, including medical equipment, information technology equipment and furniture. The Authority intends to assume the price and procurement risk for the majority of the specified equipment or categories of equipment.</a></li> <li>• <a href="#">Project Co will manage the installation of the specified equipment or categories of equipment.</a></li> </ul> <p><a href="#">Project Co's responsibilities are set out in the Final Draft Project Agreement, including schedule 3 (Design and Construction Specifications) and Appendix 4D and 4E.</a></p>
<b>Parking</b>	<ul style="list-style-type: none"> <li>• At KGH-ACC, Project Co will provide 200 parking stalls</li> <li>• <a href="#">At VJH-DTB, Project Co must provide at a minimum the Average Combined Peak Demand stall count as per Opus Hamilton's Transportation Plan. The minimum 821 stalls are a combination of existing VJH stalls, new stalls constructed by IH on newly acquired land and replacement and new stalls constructed by Project Co.</a></li> <li>• Project Co will meet current code standards for exhaust emissions and all other parking related requirements of the Authority.</li> </ul>

**2.2. Other Site Services (i.e. to the whole site in addition to the New Facility)**

Project Co will provide the Services to the whole of the KGH and VJH sites which include:

- [General Management Services](#)
- [Plant Services.](#)
- [Help Desk Services](#)
- [Utility Management Services](#)
- [Parking Services](#)
- [Environmental and Sustainability Services](#)

**2.3. Human Resources Issues / *Health and Social Services Delivery Improvement Act (Bill 29)***

The potential impact on health authority staff as a result of the proposed inclusion of the plant services, general management services, help desk services and any other services which impact health authority staff as a component of the Project will be managed by the Authority in a manner that is consistent with the principles set out in the decision of the Supreme Court of Canada in Health Services and Support – Facilities Sub sector Bargaining Association v. British Columbia, 2007 SCC 27, with the applicable collective agreement provisions and with any legislation of the Province of British Columbia then in force.



### 3. OVERVIEW OF THE PROJECT

The Project is a major initiative for the Authority and the Province, and the Authority is seeking a partner that understands and appreciates the significance of the Project. The Project includes:

- an Ambulatory Care Centre at Kelowna General Hospital comprised of a free standing ambulatory care centre (general clinics, day surgery, diagnostic services, renal dialysis services and some specialized services), rooftop helipad, underground parking facility, bridge link to existing hospital and reserved space for UBC Medical Program in Kelowna, British Columbia (the “**KGH-AAC**”);
- a major expansion and redesign of emergency department facilities and services at Kelowna General Hospital, by expanding the Emergency Department into existing adjacent space (the “**KGH-ED**”); and,
- a Diagnostic and Treatment Building at Vernon Jubilee Hospital with the core functions of ambulatory care services, emergency department, intensive care unit/cardiac care unit, surgical suite (operating rooms, recovery rooms, central supply), maternity/paediatrics and future expansion capacity in Vernon, British Columbia (the “**VJH-DTB**”).
- Provision of non-clinical services at the KGH-ACC and VJH-DTB which will encompass plant services and [includes](#) these services to the whole sites.
- [The Other Site Services.](#)

The Authority will provide clinical and other services within the Facility. Detail on the clinical and other services, as well as other uses which will be provided in the Facility are set out in Schedule 3 (Design and Construction Specifications) of the draft Project Agreement. The specifications for the Services are set out in Schedule 4 (Services Protocols and Specifications) of the draft Project Agreement.

[If any other capital redevelopment or expansion is approved, the Authority may consider expanding the scope of the Project under the RFP or Project Agreement and providing the opportunity to the successful Proponent.](#)

#### 3.1. Design, Construction and Functional Uses

Project Co will be responsible for all aspects of design and construction in accordance with the Project Agreement, including the Design and Construction Specifications. A summary of some of the design, construction and functional uses are set out in table below (Kelowna and Vernon Hospitals Project

Scope). This summary is for convenience of reference and should not be considered complete or exhaustive.

**Kelowna and Vernon Hospitals Project Scope**

KGH-ACC	KGH- ED	VJH-DTB
<p><u>Ambulatory Care</u> General Clinics Area for a variety of medical and paramedical service clinics including:</p> <ul style="list-style-type: none"> <li>• <a href="#">Orthopaedic</a> Clinic,</li> <li>• Minor Surgical Procedures</li> <li>• Colonoscopy Clinic</li> <li>• Cystoscopy/Urodynamics Clinics</li> <li>• Flexible Sigmoidoscopes</li> <li>• Cast Clinic</li> <li>• Pain Clinic</li> </ul> <p><u>Surgical Services</u></p> <p><u>Interventional/Short Stay Area</u></p> <p><u>Express Testing Areas (Diagnostic Services)</u></p> <p><u>Specialized Centre - (Renal Services)</u></p> <p><u>Central Reception / Administration / Main Entry Area</u></p> <p><u>Retail Area</u></p> <p><u>Helipad</u> Rooftop helipad with dedicated elevator access and direct linkages to the KGH-ED.</p> <p><u>Parking</u> Parking structure (approx 200 stalls) integrated with or adjacent to the ACC.</p> <p><u>Academic and Research</u></p> <ul style="list-style-type: none"> <li>• UBC Medical Program</li> <li>• KGH Academic and Research Space</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion and full redesign of Emergency Services, including:             <ul style="list-style-type: none"> <li>○ Reception/Triage Area;</li> <li>○ Communications Centre;</li> <li>○ Zone 1 – Trauma/Resuscitation/Emergent Area;</li> <li>○ Zone 2 – Urgent Treatment Area;</li> <li>○ Zone 3 – Minor Treatment Area;</li> <li>○ Zone 4 – Crisis Intervention Area;</li> <li>○ Zone 5 – Clinical Decision Unit; Staff Facilities; and</li> <li>○ Administration Area;</li> </ul> </li> <li>• Expansion into and renovation of space vacated by ambulatory care services and existing ED space;</li> <li>• Relocation and expansion of ambulance garage and EMS Services;</li> <li>• Renovation of existing ED area;</li> <li>• Re-establish linkage and circulation with main hospital including parking, lobby, ambulatory care, diagnostics services and in-patient units.</li> </ul>	<p><u>Ambulatory Care</u> General Clinics Area for a variety of medical and paramedical service clinics including:</p> <ul style="list-style-type: none"> <li>• Central Reception / Administration</li> <li>• Ortho Clinic</li> <li>• Medical day procedures;</li> <li>• Minor surgical procedures;</li> <li>• Scope procedures;</li> <li>• Endoscopy Clinic;</li> <li>• Respiratory and cardiology services;</li> <li>• Outpatient clinics;</li> <li>• Staff Support Area; and,</li> <li>• Support services.</li> </ul> <p><u>Emergency Department Services</u></p> <ul style="list-style-type: none"> <li>• Reception/Triage area</li> <li>• 32 treatment spaces</li> <li>• Five levels of triage             <ul style="list-style-type: none"> <li>○ Zone 1 - Trauma/ Resuscitation/ Emergent Area;</li> <li>○ Zone 2 – Urgent Treatment Area;</li> <li>○ Zone 3 – Minor Treatment Area;</li> <li>○ Zone 4 – Crisis Intervention Area;</li> <li>○ Zone 5 – Clinical Decision Unit; Staff Facilities; and</li> <li>○ Administration Area</li> </ul> </li> <li>• Security station</li> <li>• Dedicated ambulance entrance, ambulance garage</li> <li>• Communication Center; and</li> <li>• Staff Support Area</li> </ul> <p><u>Pre-Surgical Screening and Day Surgery</u></p> <ul style="list-style-type: none"> <li>• Pre-surgery Screening / Operating Room Booking</li> <li>• Anaesthetic Clinic</li> <li>• Includes pre-operative reception and preparation, post-anaesthetic recovery room, PAR and Stage 2 Recovery</li> <li>• Staff Support Area</li> </ul> <p><u>Operating Room</u></p> <ul style="list-style-type: none"> <li>• Accommodates general surgery, gynecology, obstetrics, dental, urology, orthopaedic and ophthalmology services;</li> <li>• Central sterile core</li> <li>• Equipment storage</li> <li>• Support service area including dedicated clean and soiled elevators to/from CSR</li> </ul>

		<p><u>ICU / CCU</u></p> <ul style="list-style-type: none"> <li>Accommodates ventilated, surgical and medical intensive care patients</li> </ul> <p><u>Cardiac Care Unit.</u></p> <p><u>Sterile Processing and Distribution</u></p> <ul style="list-style-type: none"> <li>consolidated to provide services to the entire VJH Facility including surgical, ACC and Maternity</li> </ul> <p><u>Maternity/Paediatrics</u></p> <p>Antenatal, intrapartum and postpartum care</p> <ul style="list-style-type: none"> <li>Reception/nurse station</li> <li>"LDRP model of care"</li> <li>Outpatient obstetrics clinics</li> <li>Lactation consultation</li> <li>Education and counselling space</li> <li>Nursery including procedure/resuscitation room</li> <li>Paediatric inpatient area</li> <li>Paediatric outpatient clinic</li> <li>Staff support area</li> </ul>
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### **3.2. Current Zoning on the Lands**

The Lands are owned by the Authority and zoned P1 in Kelowna and P2 in Vernon.

### **3.3. Project Co's Zoning Responsibilities**

Project Co will have the responsibility to obtain the Development Permit and other approvals required for the construction of the Facility, and to ensure that its design for the Facility complies with the applicable zoning. Project Co will have the responsibility to obtain approval for any zoning modifications required to accommodate a proposed design.

### **3.4. Site Access**

Existing site access for VJH and KGH are to be maintained at all times during construction for ambulance, patients, staff and the general public. Please refer to Design and Construction Specifications Volume 2 (KGH) and Volume 3 (VJH) for further details.

### **3.5. Equipment**

Project Co will design and construct the Facility to accommodate specified equipment or categories of equipment the Authority will require to provide healthcare services, including medical equipment, information technology equipment and furniture. The Authority intends to assume the price and procurement risk for the majority of the specified equipment or categories of equipment.

Project Co will manage the installation of the specified equipment or categories of equipment.

### **3.6. [Services](#)**

[Project Co's responsibilities are set out in the Final Draft Project Agreement, including Schedule 3 \(Design and Construction Specifications\) and Appendix 4D and 4E.](#)

Over the Term of the Project Agreement, Project Co will be required to provide the Services, which include:

- General Management Services
- Plant Services, including Life Cycle
- Help Desk Services
- Utility Management Services
- Parking Services
- Environmental and Sustainability Services

- [The Other Site Services](#)

### 3.7. Energy Considerations

The Authority has established two energy-consumption guarantees under the Project Agreement:

- Design and Construction Energy Guarantee

The Facility should be designed and constructed to meet or exceed a maximum energy consumption target expressed in GJ/m<sup>2</sup>. Proponents are expected to propose the most efficient target possible. (See Appendix C Submission Requirements Package 2 Section 2.2.12). If the target is not achieved then;

- i) Project Co will at its cost modify the Facility as required;
- ii) Project Co may propose making a lump sum payment to the Authority. (See Appendix 8C (Energy) of the draft Project Agreement.)

- Operating Period Energy Guarantee

The energy consumption data of the Facility in the first two years after Service Commencement will be used to predict targeted energy consumption for the next 5 years. Outside of a range of tolerance the Project Agreement will provide for 50% sharing between Project Co and the Authority, based on actual energy market prices paid in the relevant year. (See Appendix 8C (Energy), of the Draft Project Agreement.) [As indicated in the Final Draft Project Agreement, this is subject to the proposals.](#)

### 3.8. Early Commencement of Work

The Authority anticipates that following the appointment of a Preferred Proponent, in order to secure completion of the Facility at the earliest opportunity it will be desirable to commence construction on one or both sites prior to Financial Close.

The Authority may issue an addendum to this RFP detailing the form of an Early Works Agreement to be entered into by the Authority and the Preferred Proponent.

The Authority will invite Proponents to submit comments on the Early Works Agreement as part of the comments on the Initial Draft Project Agreement as set out in Volume 2, Section 1.6.

Proponents should identify in their proposal whether or not they are willing to enter into such an agreement and set out the timing, scope of work and price for work undertaken prior to Financial Close.

The terms under which any such work is carried out will be set out in a separate agreement, and are anticipated to be based on, or incorporate by reference, the relevant terms of the Project Agreement and Schedules. The successful Proponent will be expected to fund the work.

The agreement will identify a maximum liability to be incurred by the Authority, in the event that Financial Close is not reached by an agreed date. In that event the Authority will pay the Proponent an amount based on the agreed pricing, up to the maximum liability amount. If Financial Close is reached the work executed under such agreement will be deemed to have been completed under the Project Agreement, and the only payments will be those to be made under the Project Agreement.

### **3.9. Future Significant Changes**

The Authority is seeking to fix certain pricing variables which may allow it to negotiate with the Preferred Proponent prior to Financial Close and / or Project Co following Financial Close for the provision of Significant Changes to reflect an expanded project scope both within the New Facility and in particular, within the other parts of KGH and VJH. A Significant Change is a material change that is not within the general scope of the KGH-ACC, the KGH-ED or the VJH-DTB.

Given the nature of a significant change, the Authority is seeking more favourable commercial terms from the successful Proponent that would justify, in the Authority's discretion, including the Significant Change within the scope of the Project.

The terms of Schedule 6 (Changes and Innovation Proposals) to the Project Agreement will apply. If the Authority reaches agreement with the successful Proponent as to the commercial terms and the specific terms and conditions for significant changes, the provisions of Schedule 6 (Changes and Innovation Proposals) will be modified as necessary prior to executing the Project Agreement.

The Authority anticipates that Proponents will be able to advance a proposal for fixed pricing for any significant change in advance in accordance with the parameters detailed in RFP Volume 2, Appendix C, Package 3, Section 1.3 – Future Significant Changes.

## 4. Summary of Payment Issues

### 4.1. Annual Affordability Ceiling

The maximum annual Service Payment the Authority is able to pay Project Co is defined as the Annual Affordability Ceiling (“the Affordability Ceiling”). The Affordability Ceiling expressed in Canadian dollars, including all taxes except GST, is [\\$25.827 million](#), nominal, for the first full fiscal year ending 31 March. The first full year assumption for this Project is the year ended 31 March 2011.

[Proponents are advised that will take into consideration Proposals which ensure that the Facilities are delivered as soon as is possible. Additionally, the Authority will take into consideration Proposals with the lowest possible Annual Service Payment and NPV. Proponents are advised to structure their Proposals accordingly..](#)

[The Authority intends to take the expected costs of energy resulting from the proposals into account in assessing affordability and NPV of the proposals. The Authority will perform these calculations using the Energy Target and Energy Mix details provided in Package 1 section 2.2.12 and standard energy cost assumptions as provided below.](#)

#### [Standard Energy Cost Assumptions:](#)

[KGH](#)      [KGH Electricity \\$0.00508 / kWh \(kilowatt-hour\)](#)

[KGH Natural Gas \\$6.50 / GJ \(GigaJoule\)](#)

[VJH](#)      [VJH Electricity \\$0.00490 / kWh \(kilowatt-hour\)](#)

[VJH Natural Gas \\$6.50 / GJ \(GigaJoule\)](#)

### 4.2. Payment to Project Co

The Authority will make 12 monthly Service Payments to Project Co per calendar year during the Term as full payment under the Project Agreement covering for all services provided by Project Co. [Subject to agreement on earlier amounts payable for the Other Site Services](#), no Service Payment will be payable until the Service Commencement Date.

### 4.3. Service Payment Adjustments

The monthly Service Payment will, as defined in Schedule 8 to the draft Project Agreement, be subject to adjustment in accordance with:

- (a) the Facility **availability** requirements;
- (b) the defined **performance** standards; and
- (c) energy and other adjustments.

The availability criteria and standards of performance are as set out in Schedule 4 and Schedule 8 of the draft Project Agreement.

**4.4. Indexation**

A portion of the Service Payment may be indexed, as agreed by the Authority. Proponents are requested to specify this portion in their Proposals. Generally the Authority intends to pay indexation only on those elements of the Service Payment where Project Co’s costs are subject to inflation during the contract Term. The aspects of the Service Payment that are subject to indexation are as follows:

<b>Services fee</b>	indexation	Applied to the part of the Service Payment relating to services costs.
<b>Life Cycle fee</b>	indexation	Indexation will be applied to the part of the Service Payment relating to Life Cycle costs.
<b>Other operating fees</b>	indexation	Indexation will be applied to the part of the Service Payment relating to Project Co’s management and direct operating costs.

For greater clarity, these instructions mean that the structure of the Service Payment will be as follows:

Services Fee	X	Indexed
Lifecycle Fee	X	Indexed
Other Operating Fees	X	Indexed
Capital and Interest	X	Not Indexed
<b>Service Payment</b>	<b>X</b>	



The service payment should be level in real terms for the entire period of the contract; in particular, Proponents cannot propose a sculpted payment to meet their lifecycle profile.

#### **4.5. Unavailability Deductions**

Failure to meet the availability criteria will result in an Unavailability Event. Should Project Co rectify an Unavailability Event within the Rectification Period then no Deduction will be made from the Service Payment. Failure to rectify within the Rectification Period will result in an Unavailability Deduction.

Deductions for Unavailability Events will be index-linked and are listed in Appendix 8A to Schedule 8 (Payment Mechanism). If a space in the Facility is Unavailable but the Authority continues to use it the Deduction will be 50% of the amount in Schedule 8 (Payments) Appendix 8A index-linked.

#### **4.6. Service Failure Deductions**

Under the Project Agreement the performance standards are categorized into High, Medium and Low. Each category has a fixed index-linked Service Failure Deduction which is applied for each Service Failure.

The total deductions for unavailability and failure to meet performance requirements in any one month are capped at the Periodic Payment (i.e. the monthly payment amount).

#### **4.7. Energy**

Refer to Section 3.7 of this Volume 1. The Service Payments may be adjusted if Project Co fails to meet the Design and Construction Energy Guarantee, and will be adjusted for the 50% sharing of the pain shares or gain shares arising from the Operating Period Energy Guarantee.

[The Authority intends to take the expected costs of energy resulting from the proposals into account in assessing affordability and NPV of the proposals. \(See section 4.1 above for details\)](#)

#### **4.8. Insurance**

The insurance requirements for the Project are described in Schedule 5 [Insurance Requirements] to the draft Project Agreement. The Authority contemplates that:

- (a) the Authority will be responsible for obtaining under the British Columbia Health Care Protection Program (“**HCPP**”):
  - (i) the Construction CGL Policy and the Construction Property Policy described in Sections 2.1 and 2.2, respectively, of Schedule 5 [Insurance Requirements]; and

- (ii) the Authority's Operating Period Insurance described in Section 3.5 of Schedule 5 [Insurance Requirements]; and
- (b) Project Co will be responsible for obtaining:
  - (i) the Project Co Operating CGL Policy, the Project Co Property Policy and the BI Policy described in Sections 3.1, 3.2 and 3.3, respectively of Schedule 5 [Insurance Requirements], provided that the Authority [will](#) arrange for such coverage to be obtained under HCPP if the conditions of Section 4 of Schedule 5 [Insurance Requirements] have been satisfied; and
  - (ii) all other policies of insurance described in Schedule 5 [Insurance Requirements].

#### **4.9. Payment Guarantee**

The Ministry of Health (on behalf of the Province) will provide a payment guarantee to support the Authority's payment obligations under the Project Agreement. The payment guarantee will remain in effect until termination or expiry of the Project Agreement unless otherwise agreed by the Authority, Project Co and its Funders.

#### **4.10. Tax Considerations**

Each Proponent is responsible for obtaining and relying on tax advice from its own advisors and experts, including obtaining such of its own advance interpretations and rulings from the Canada Revenue Agency and the British Columbia Consumer Taxation Branch in relation to the Project (including in relation to the proposed structure and its tax consequences) as it considers appropriate or necessary.

#### **4.11. Contribution from Regional Hospital Districts**

Regional Hospital Districts are designated under provincial law for the purpose of raising capital funds for hospital facilities in their areas. Regional Hospital Districts provide the local share of funding for capital costs associated with the construction, acquisition, and maintenance of hospital facilities and major equipment in their areas. These capital costs are shared with the health authorities according to criteria established by legislation. Regional Hospital District boards are comprised of municipal and electoral area directors who are members of the corresponding regional district.

The North Okanagan Columbia Shuswap Regional Hospital District and the Central Okanagan Regional will together fund up to approximately 40% of construction costs (plus applicable GST) by making construction milestone payments during the construction phase of the project. Project Co will be entitled to receive quarterly payments based on the achievement of the predetermined Project construction milestones, [off-setting a percentage of the total construction costs incurred](#), as set out below

**RHD Funding**

<b>Quarterly Instalments</b>	<b>Proportion funded by RHD</b>
KGH-ACC and KGH-ED	40% (except for the 2 floors of shelled-in space)
KGH-ACC 2 Floors of shelled-in space *	100%
VJH – DTB	40%

\* For the purposes of defining the order of magnitude of the two shelled floors at KGH, the space is currently estimated to be approximately 18.5% of the total construction costs of the KGH portion of the Project. This should be considered when developing the final construction costs and considering the scope of the RHD contributions.

Complete milestone information and payment timing will be found in Schedule 8 Appendix 8D. It is the Authority's intent that Proposals for payment timing outlined in Schedule 8 Appendix 8D will be a progressive release of RHD funding as value is accrued on site per the payment certificates prepared by the Independent Certifier. No amount may be taken into account in respect of costs incurred prior to Financial Close unless agreed by the Authority.

## 5. SITE INFORMATION

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### 5.1. Background Investigations, Surveys and Studies

Previous investigations, surveys and studies have been undertaken with respect to the Project. Reports and other material relating to these activities are included in the Data Room.

### 5.2. Investigations, Surveys and Site Visits by Proponents

Proponents are responsible to conduct their own independent due diligence in relation to all aspects of the Project, including assessments, investigations, surveys, and studies which they consider necessary, desirable, or appropriate at their own cost.

Proponents may request site access or site tours/visits, through the Authority by submission of a request to the Contact Person. Proponents should not access the sites unless agreed by the Authority.

The request for access should be submitted as early as possible and in any event at least 48 hours in advance of the time for any proposed access and should include the requested access or field work date(s), time(s), location(s), and proposed field work or activities.

The Authority will provide no insurance or workers compensation coverage for any matter whatsoever to any Proponents, Proponent Team Members, Key Individuals, or any of their respective directors, officers, employees, consultants, advisors or agents. Access to the Project Site and adjacent areas, or to any other facilities or premises may be conditioned upon Proponents providing evidence acceptable to the Authority that insurance and indemnities, acceptable to the Authority, are in place and granted as the case may be; that the Proponent and its Proponent Team Members are registered with the Workers' Compensation Board of British Columbia in accordance with applicable Laws or have employer's liability insurance in amounts and on terms and conditions acceptable to the Authority; and that a Representative of the Authority be present during the Proponent's works and activities at the access locations.

Proponents are responsible for obtaining and holding any and all rights, permits, licenses, consents, approvals and authorities required by any governmental agency or authority or other person to carry out any of such field work, assessments, investigations, and surveys.

### 5.3. Ground Conditions and the KGH Site and commencement of pre-loading

[The Authority refers the Proponents to the geotechnical reports which are available in the Data Room.](#)

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[Based on a possible building mass and location arising from the Authority's requirements as detailed in the Design and Construction Output Specifications, the Authority has commenced work to stabilize the ground conditions by pre-loading. The pre-loading is being undertaken by Peter Brothers Construction](#)

[Ltd.. Full details on the pre-loading work are set out in Ambulatory Care Centre Site Preload Specifications tender November 28, 2007 IHA Project No.: 9908155 in the Data Room. Contract documents and any associated changes orders will be provided to Proponents once finalized.](#)

[Project Co will be responsible for any changes to the pre-load, either in time or extent of area covered by the pre-load. Project Co will be responsible for removal of all pre-load. These changes, if any will be subject to agreement by the Authority at the Preferred Proponent Stage.](#)

[The Authority refers the Proponents to the geotechnical reports which are available in the Data Room.](#)