

REQUEST FOR PROPOSALS

for

ROYAL JUBILEE HOSPITAL PATIENT CARE CENTRE

VOLUME 1

Executive Summary

Closing Time: 3:00 p.m. (local time) on January 30, 2008
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A. EXECUTIVE SUMMARY

(i) Purpose of Executive Summary

This summary (the “**Executive Summary**”) is intended as a quick-reference summary and overview to this Request for Proposals (“**RFP**”), including the Project Agreement.

Also included in this Executive Summary is background information to the RFP and the Vancouver Island Health Authority’s objectives for the Project for the purpose of providing context to the reader.

This Executive Summary is provided for convenience, being a summary of the other parts of the RFP. It is intentionally not complete and only refers to issues that the Vancouver Island Health Authority (the “**Authority**”) believes might be helpful to persons who want a quick-reference view of the RFP, the Project and the Project Agreement. This Executive Summary is not intended to define any of the parties’ obligations, and will not be referred to in the interpretation of any party’s rights or obligations under the RFP.

(ii) Structure of the RFP

The RFP is structured as set out below, and for convenience has been published in four Volumes:

Volume 1	Executive Summary (of the RFP and the Project Agreement)
Volume 2	RFP (Instructions, and Terms and Conditions) <ul style="list-style-type: none"> - Appendix A –Proposal Requirements and Evaluation Criteria - Appendix B – Proposal Declaration Form - Appendix C – Relationship Disclosure Form - Appendix D – Proponent Comments Form - Appendix E – Participation Agreement
Volume 3	- Appendix F – Initial Draft Project Agreement - Schedules 1 – 17 (except 3 and 4)
Volume 4	- Schedules 3 and 4 (Output Specifications)

(iii) Procurement

As of the date of issuance of this RFP:

- (a) the Request for Qualifications phase is complete and a short-list of three Proponents has been selected to participate in the RFP;

- (b) the three short-listed Proponents are eligible to participate in the RFP; and
- (c) the Project has been approved to proceed to RFP by the Provincial Government.

Following the completion of the RFP, once the Preferred Proponent is announced and legal documentation is finalized, final approval will be required from government prior to final execution of the Project Agreement.

(iv) Anticipated Project Schedule

The following is the Authority’s estimated timeline for Project:

Activity	Timeline
Issue RFP and Draft Project Agreement to Short-Listed Proponents	September 19, 2007
Collaborative Discussions between Proponents and Authority	October – December 2007
Issue Final Draft Project Agreement	December 2007
Closing Date for Proposals	January 30, 2008
Selection of Preferred Proponent	March 2008
Financial Close	May 2008
Construction commences	2008
Construction completed	2010

(v) Honoraria, Break Fees and Transparency of the Selection Process

- (a) The RFP provides that the Authority will pay an honorarium of \$250,000 to unsuccessful short-listed Proponents who submit a bona fide Proposal in response to the RFP.
- (b) If the Authority cancels the RFP prior to the Closing Date for Proposals, then the Authority will pay each Proponent an amount up to a maximum of \$250,000 of substantiated costs reasonably incurred by the Proponent in the preparation of a Proposal.
- (c) At the completion of the procurement process, after the selection of the Preferred Proponent and after the Project Agreement is entered into, the project team will prepare a Project Report that describes the outcome of the procurement process and identifies the value for money achieved through the public private partnership. In addition, the final Project Agreement will be made public, subject to the severing of information that is commercially confidential. The Preferred Proponent will be consulted on appropriate severing prior to the release of the final Project

Agreement. The Fairness Advisor will issue reports giving an unbiased opinion on the fairness of the procurement. The Project Report and the Fairness Advisor's reports will be made public.

B. SUMMARY AND BACKGROUND TO PROJECT

(i) Background to the Project

Investment in the renewal of inpatient facilities at Royal Jubilee Hospital ("RJH") is urgently needed to replace aging infrastructure.

Renewal also provides a unique opportunity to achieve a number of wider health care delivery goals aimed at improved quality, patient outcomes, efficiency, reduced infection levels, system sustainability, and improved support for future health care professionals through enhanced teaching capacity.

The Royal Jubilee Hospital Patient Care Centre Project (the "Project") presents an opportunity to address both current and future needs. Health care is subject to significant and ongoing change in processes, equipment and information technology. There is a unique opportunity to design a Patient Care Centre that meets best practices; provides care in an effective, efficient way; and attracts the best health care professionals to care for Authority residents.

The Authority has received provincial approval to build a new 500 bed Patient Care Centre (the "Facility") on the Royal Jubilee Hospital site (the "Site") at 1952 Bay Street in Victoria, British Columbia. The Project is a critical element of the Authority's Five-Year Strategic Plan.

The new Facility will replace existing inpatient accommodation and will provide additional inpatient beds. Planning indicates that the new Facility will:

- include 500 inpatient beds;
- be comprised of approximately 34,000 square metres; and
- have at least 75% single inpatient rooms.

The Authority is seeking a long-term partner to design, build, finance and maintain the Facility for a period of 30 years. The Authority expects that the Project Co will provide these integrated services, share certain responsibilities and accept defined risks as set out in the Project Agreement.

In addition to the Facility the Authority is undertaking other projects on the RJH Campus separately from the Facility in a way so as not to interfere with the schedule for the design and construction of the Facility, namely:

- (a) purchase of equipment for the Facility;
- (b) provision of sufficient utility services;
- (c) development of new parking capacity; and
- (d) program relocation.

It is expected that the total project cost for both the Patient Care Centre and the other project elements described above falls in the range of \$250 to \$300 million dollars.

(ii) Vancouver Island Health Authority

There are six provincial health authorities which are the main organizations responsible for health service delivery in the province. The Authority is one of the five regional health authorities responsible for delivering a full continuum of health services to meet the needs of the population within its respective region. It is responsible for providing a wide range of health services to over 730,000 people across a large and diverse geographic area which includes Vancouver Island, the Gulf and Discovery Islands, and parts of the mainland area opposite northern Vancouver Island.

Additional information about the Authority is available at www.viha.ca.



C. PROJECT VISION, GOALS AND EXPECTED BENEFITS

(i) Vision

The vision for the Project:

Together we will create an innovative environment that inspires caring and the pursuit of excellence.

(ii) Goals

The Authority has identified three goals central to the success of the new Facility (described below). These goals are intended to provide an overarching objective for the Facility and success will be

measured by the degree that they are attained. The Data Room includes background material on these goals.

- (a) **Elder-friendly design:** a facility that provides patient-centred, best practice care for older adults;
- (b) **Magnet hospital:** a work environment that attracts and retains staff and clinicians and provides a safe and outstanding place to work; and
- (c) **Pacific Green facility:** a "high performing" building that is sustainable and green.

For illustration, the goals might be achieved by including elements that deliver:

- (a) Elder-Friendly Design:
 - A facility, including the building, technology and landscaping, that:
 - Supports independence
 - Reduces levels of stimulation
 - Supports effective and clear way finding
 - Provides a "silent hospital"
 - Delivers high levels of accessibility
 - Has room attributes known to support older adults
 - Site use that provides for ease of parking, drop off and pedestrian access
 - An environment that reduces lengths of stay, including:
 - Reduces incidence of falls; and
 - Reduces hospital-acquired infections
 - Provision of high quality services, e.g. food, entertainment, informational and educational content
 - Offers access to natural light, outside air and nature
 - Reduces levels of stress, e.g., quiet hospital technologies/positive distractions (e.g., water sounds, art)
 - A high proportion of single rooms.
- (b) Magnet hospital:
 - A design that:
 - Supports staff in their jobs through efficient design
 - Uses art and positive distractions
 - Offers access to natural light, outside air and nature
 - Is ergonomically designed, easy to use and safe
 - Reduces incidence of assaults and violent behaviours
 - Provides ease of access to supplies and services for staff
 - Provides reduced walking distances on a shift
 - Accommodates an evolving staff mix

- Reduces levels of stress, e.g. quiet hospital technologies/positive distractions (e.g. water sounds, art)
- Effectively harnesses current and likely future technologies, e.g. RFID
- Logical and efficient equipment location and storage
- Reduced “hunting and gathering” necessary
- Ease of disposal of soiled items.
- Provide staff-focused amenities within easy access, e.g.:
 - Educational areas
 - Dry cleaning
 - Valet parking
 - Retail (coffee, store, pharmacy, home health)
 - Well-appointed staff room, e.g., showers and lockers on unit.

(c) Pacific Green:

- High scoring in terms of LEED™ or the Canadian Green Building Guide
- Reduced reliance on cars to access, e.g., places to bike/shower, better connections to transit
- Reduced energy consumption
- Reduced waste to landfill
- Reduced carbon footprint in construction, operations and maintenance
- Low VOC emissions
- High quality indoor air
- Efficient waste stream management
- Reduced use of toxic chemicals
- Water-efficient and ease of cleaning.

(iii) Expected Benefits

The following benefits are anticipated from the new Facility:

- Improved patient flow;
- Improved capacity to accommodate students from the Island Medical Program, schools of nursing and students of other health programs;
- Improved recruitment and retention capacity;
- Improved infection control;
- Optimized clinical adjacencies and efficient ward configuration; and
- Improved service quality and safety as a result of investment in information technology, providing opportunities for improved information management.

(iv) Site/and Urban Integration Issues

The RJH site is surrounded by residential and mixed use commercial properties. These include single detached homes, low-rise apartments and a school. The following shows the RJF Campus and the location of the Facility:



Within the RJH campus, the new Facility will connect to adjacent buildings to enhance the overall campus design, with particular care for the relationship to adjacent heritage structures and key existing landscape features.

D. OVERVIEW OF THE PROJECT AGREEMENT

(i) Summary of Key Terms

The Project Agreement 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 table summarizes key elements of the Project Agreement:

PROJECT ELEMENT	DESCRIPTION
General	Project Co will design, construct, finance and provide selected Services for the Facility.
Financing	Project Co will procure the financial resource required to fund the delivery of the project beyond the funds provided by the public sector.
Payment	Monthly payments will commence at Service Commencement and will be linked to availability and performance as set out in Schedule 8 to the Initial Draft Project Agreement.
Term	The term of the Agreement will be 30 years from the anticipated Service Commencement.
Lands	The Authority will own the Site and the Facility for the duration of the Project Agreement. The Site will be made available to Project Co during the term of the Project Agreement by way of licence.
Design and Construct	Project Co will be responsible for all Design and Construction for the entire Term, including: <ul style="list-style-type: none"> - Compliance with the community Design Requirements; - Obtaining required building permits; - Site preparation and provision of utilities; - Off-site works required by the City of Victoria; and - Procurement, delivery, installation and commissioning of specified equipment.
Facilities management	Project Co will be responsible for all Services for the entire Term including: <ul style="list-style-type: none"> - Plant services; - Facility rehabilitation; - Help Desk; and - Housekeeping and Waste Management.

PROJECT ELEMENT	DESCRIPTION
Maintenance and Handback	Project Co will maintain and return the Facility to the Authority in the specified condition at the end of the term.
Healthcare and Ancillary Activities	All health care and ancillary activities will be performed by the Authority.
City Process	Project Co is responsible to prepare a design of the Facility that complies with Design Requirements, that will be registered against title to the Lands.

(ii) Equipment

The Authority has categorized the equipment for the Facility. Some equipment will be provided by the Authority and some by the Project Co, as described in Schedule 2 [Design and Construction Protocols] of the Initial Draft Project Agreement.

(iii) Design and Construction

The Project Agreement provides:

(a) Design Responsibility

Project Co will be responsible for the design of the Facility and for compliance with the City's requirements.

(b) Site Preparation

The Site has previously been excavated and back-filled. Most of the Site has been utilized as a parking lot since 2003. Two buildings are in the expected footprint of the new Facility and are being demolished by the Authority prior to the commencement of construction of the Project, which it is expected will permit the Site to include an adequate staging area. There may be some remnant underground services remaining that must be removed by Project Co as part of the construction.

(c) Services

It is anticipated that services to the Facility for the operational phase will be supplied through the attachment of the new Facility to the existing Diagnostic and Treatment Centre.

Unless otherwise agreed by the Authority, Project Co should plan on having the Authority provide steam, chilled water, power from its main sub-station, and emergency power to the edge of the site during the operational phase. Sanitary sewer, storm sewer and water for the Facility will have to be connected to the City mains on Richmond Street or as directed by the City. Associated charges and coordination with the City of Victoria will be Project Co's responsibility.

(d) Utilities

Project Co can rely on the provision of the Authority services as described above in (c) or may propose to build a stand-alone facility. The Project team expects to engage Proponents in discussions in the bilateral process regarding which solution each Proponent proposes to adopt.

(iv) Parking

Parking will not be included in the scope of the Facility.

(v) Human Resource Issues / Bill 29

Potential impact on the Authority staff as a result of the proposed inclusion of the plant services, help desk services and housekeeping services as a component of the Project will be managed by the Authority. This will be done 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 Subsector 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.

E. AFFORDABILITY

(i) 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 \$15.6 million, nominal, for the first full fiscal year ending March 31, 2012.

F. SUMMARY OF PAYMENT ISSUES

(i) Payment to Project Co

The Authority will make 12 monthly Service Payments to Project Co per calendar year during the Term as full payment for all services provided by Project Co under the Project Agreement. Under the Project Agreement no service payment will be owing until Service Commencement is achieved.

(ii) Service Payment Adjustments

The monthly Service Payment will, as defined in Schedule 8 [Payments] to the Initial Draft Project Agreement, be subject to adjustment in accordance with:

- (a) the Facility availability requirements;
- (b) the defined performance standards;
- (c) any volume-based services e.g. outbreak cleaning; and
- (d) energy and other adjustments.

The criteria and standards of performance are as set out in Schedule 4 [Services Protocols and specifications] and Schedule 8 [Payments] of the Initial Draft Project Agreement.

(iii) Indexation

Proponents will be asked to propose a fixed proportion of the Service Payment that will be indexed annually. 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 agreed proportion of the Service Payment will be indexed annually by CPI. The Initial Draft Project Agreement defines the aspects of the Service Payment that are subject to indexation, a summary of which is as follows:

- (a) Services:** Indexation will be applied to the part of the Service Payment relating to Services costs. For Services that are subject to benchmarking and market testing this will cover the inflation change in costs between benchmarking and market testing periods;
- (b) Lifecycle costs:** Indexation will be applied to the part of the Service Payment relating to Lifecycle Costs;
- (c) Other operating costs:** Indexation will be applied to the part of the Service Payment relating to Project Co's management and direct operating costs; and
- (d) ASP:** the ASP should be level in real terms for the entire period of the Project Agreement, and in particular Proponents may not propose a sculpted payment to meet lifecycle profile.

(iv) Availability 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. If a space in the Facility is Unavailable but the Authority continues to use it, the Deduction will be 50% of the amount in Appendix 8A, index-linked.

(v) Service Failure Deductions

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

The total deductions for unavailability and poor performance in any one month are capped at the amount of the monthly payment plus the Outbreak Cleaning adjustment.

(vi) Energy

The RFP and Initial Draft Project Agreement are designed to encourage competitive consideration of energy efficiency for the new Facility, with sharing of the risk of failing to achieve energy targets and standards. It is anticipated that the process will be as follows:

(a) Design and Construction Energy Guarantee

The Project Agreement will specify a maximum energy consumption target of the completed Facility. This target will be set based on the Preferred Proponent's RFP response.

If Project Co fails to meet the target then Project Co will either modify the Facility as required or alternatively may propose making a lump sum payment to the Authority.

(b) Operating Period Energy Guarantee

In the first two years of operation Project Co will monitor the energy consumption of the Facility and prepare a model to predict targeted energy consumption for the next 5 years. Based on actual temperatures for the relevant year, under the Project Agreement the target will be adjusted and compared with actual consumption. It is anticipated that within a tolerance range there is no gainshare/painshare and outside the range there would be 50% sharing. Sharing will be based on actual market prices paid for the relevant year.

The financial value of incremental costs and benefits shares will be calculated and an adjustment will be made to the Service Payment.

(c) BC Hydro Power Smart High Performance Building Program

BC Hydro offers a Power Smart High Performance Building program that provides a range of financial incentives, tools and resources to help owners of new commercial and institutional buildings and their design teams to design and build high performance buildings. The Program offers financial incentives for design assistance, specifically for design charrettes and energy simulation modelling to assess design alternatives. Capital incentives are available to reduce incremental capital costs, if any, of the new energy efficient design, based on the total amount of electrical energy savings in the new design. Participating projects receive recognition from BC Hydro under the program. BC Hydro will make this program available to Project Co to assist in design development and detailed design on a voluntary basis. Direct capital incentives or funding for design assistance can be retained by Project Co, but BC Hydro and the Authority make no commitment to amounts, or if any subsidy may be available.

(vii) Payment Guarantee

The Project Agreement will provide for a payment guarantee from the Province sufficient to support the Authority's payment and other 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 Senior Lenders.

(viii) 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.