

**Capital Project Plan
Kelowna and Vernon Hospitals Project
May 4, 2007**

1. Project Background

The Interior Health Authority (IHA) has developed plans for the Central and North Okanagan areas that anticipate health service demand and identify the appropriately sized and located health facilities to meet that demand.

In the Central Okanagan, plans include the reconfiguration and consolidation of ambulatory care and emergency services at Kelowna General Hospital (KGH). In the North Okanagan, plans include a similar reconfiguration and consolidation of treatment and emergency services at Vernon Jubilee Hospital (VJH).

The Project combines the KGH Ambulatory Care Centre (KGH ACC) Project, the KGH Emergency Department (KGH ED) Expansion Project, and the VJH Diagnostic and Treatment Building (DTB) Project into a single Public-Private-Partnership (P3), as the combined P3 was determined to be the most effective procurement approach.

2. Project Objectives

Key objectives for this project are to:

- Improve outpatient care and single-day treatment service delivery on the KGH and VJH sites by consolidating ambulatory care services and using staff effectively and to establish multi-disciplinary teams with a patient care focus.
- Improve health service delivery and patient flow in KGH and VJH by renovating and expanding the emergency departments at these two sites.
- Improve services for surgical patients by developing a dedicated surgical suite for day care patients in the Ambulatory Care Centre at KGH and VJH.
- Improve services for Intensive Care Unit (ICU) patients in Vernon by developing a larger, modernized ICU at VJH.
- Improve patient access at VJH for maternity and paediatric services by relocating and upgrading these services closer to the operating suite to eliminate long patient travel distances.

3. Project Status and Scope

Preparations for the project have included:

- Completion of functional programs to confirm the range of services to be delivered and the approximate space requirements;
- Preparation of preliminary estimates of project costs using a quantity surveyor;
- Development of a project budget reflecting the preliminary capital cost estimates as well as order of magnitude operating cost projections;
- Analysis of project risks;
- Development of output specifications along with process redesign initiatives;
- Approval from Government to proceed to the RFQ and RFP stages of procurement.

4. Costs and Benefits

Project Costs

The estimated capital cost of the Project is \$200 million comprising of an estimated \$119 million for the KGH ACC&ED and an estimated \$81 million for the VJH DTB. This estimate is based on the preliminary functional program for the outpatient facility. The project quantity surveyor advises that, in the current market, the cost estimate has an accuracy of +/- 20 percent.

Project Benefits

The project will benefit the communities of Kelowna and Vernon respectively by:

Kelowna General Hospital

- Improved and streamlined patient experience through consolidation of related ambulatory care programs into a single, purpose-built facility that supports multi-disciplinary health care team involvement.
- Increasing the efficiency and capacity for Emergency services by renovating and expanding the Emergency Department.
- Increasing the efficiency and capacity for inpatient surgical services by consolidating and developing space designed to current surgical standards.
- Reduction in unnecessary inpatient admissions
- Increased use of new technology
- Increased opportunities for health human resource recruitment and retention

Vernon Jubilee Hospital

- Improved patient access and flow
- Reduction of surgical and emergency room wait times
- Improved service delivery by adjacency of Maternity/Pediatrics and operating suite
- Reduction of cases referred out that should be accommodated at VJH
- Improved operational efficiencies through streamlined department flow
- Reduction in unnecessary inpatient admissions
- Increased use of new technology
- Increased opportunities for health human resource recruitment and retention

5. Project Risks

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

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.
- IHA has engaged an architect and design team to act as “shadow consultants” and advisors to IHA during the Project. This will reduce the likelihood of oversights.

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:

- IH has engaged Partnerships BC to assist with the procurement process and 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 proponents.
- 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.

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 a quantity surveyor report and contains cost contingencies.
- Estimates of construction escalation and inflation have been built into the budget based on the current market forecasts and a contingency has been included.

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 systems (e.g. mechanical/electrical) are provided.
- It will be a requirement that the P3 consortium include a facilities maintenance provider to provide input into the design/construction process.