

**REQUEST FOR  
PROPOSALS**  
for  
**THE SURREY  
OUTPATIENT FACILITY**

**VOLUME 1  
Executive Summary**

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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 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 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 this 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) - 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	- 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 Request for Proposals; 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:

<b>Activity</b>	<b>Timeline</b>
Issue RFP and Initial Draft Project Agreement to Short-Listed Proponents	<b>17 September 2007</b>
Collaborative Discussions between Proponents and Authority	<b>October/November 2007</b>
Issue Final Draft Project Agreement	<b>17 December 2007</b>
Closing date for Proposals	<b>28 January 2008</b>
Selection of Preferred Proponent	<b>7 March 2008</b>
Financial Close	<b>18 April 2008</b>
Design commences	<b>April 2008</b>
Construction commences	<b>Spring 2008</b>

**(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 Adviser 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. Overview of the Surrey Outpatient Facility and its Uses**

The Surrey Outpatient Facility is a major initiative for the Authority and the Province. The Authority is looking for a partner that understands and appreciates the significance of the Project. The Preferred Proponent (“**Project Co**”) will enter into a Project Agreement with the Authority.

The Authority requires a Facility that will support a range of specific health care services. The general attributes of the Facility, and the health care services that will be provided include:

### **(i) New Facility:**

- (a) a stand-alone outpatient Facility of approximately 16,350 gross square metres, excluding parking;
- (b) minimum LEED Silver certification; and
- (c) parking to meet the needs of the Facility.

### **(ii) Health care and Ancillary Services in the Facility:**

- (a) diagnostics, delivering services such as diagnostic imaging, cardiology testing and laboratory services;
- (b) surgery and special procedures, delivering a variety of invasive, minimally-invasive and other special medical and surgical procedures;
- (c) medical daycare, delivering various minor medical treatments and procedures;
- (d) clinics and physician offices, delivering services to meet a wide range of outpatient needs, including medical clinics, surgical clinics and chronic disease management clinics; and
- (e) retail services, including an outpatient pharmacy and café/coffee shop, education facilities and other amenities, delivering ancillary services to patients, staff and physicians (with an option for Project Co to provide such services).

The Authority will be responsible for the provision of all health care and ancillary services within the Facility.

Details on the Authority Activities that will be provided in the Facility are included in Schedule 2 of the Initial Draft Project Agreement.

## C. 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.

<b>Project Element</b>	<b>Description</b>
<b>General</b>	Project Co will design, construct, finance and provide selected Services for the Facility.
<b>Financing</b>	Project Co will procure the financial resource required to fund the delivery of the Project.
<b>Payment</b>	Monthly Payment 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.
<b>Term</b>	The term of the Agreement will be 30 years, from anticipated Service Commencement.
<b>Lands</b>	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.
<b>Design and construction</b>	Project Co will be responsible for all Design and Construction for the entire Term, including: <ul style="list-style-type: none"> <li>• Obtaining required building / development permits;</li> <li>• Site preparation and provision of utilities;</li> <li>• Off-site works required by the City of Surrey; and</li> <li>• Procurement, delivery, installation and commissioning of specified equipment.</li> </ul>
<b>Facilities management</b>	Project Co will be responsible for all Services for the entire Term including: <ul style="list-style-type: none"> <li>• Plant services;</li> <li>• Facility rehabilitation;</li> <li>• Help Desk;</li> <li>• Housekeeping and Waste Management; and</li> <li>• Parking services*.</li> </ul> <p>*(Note: Revenues associated with Parking services will flow to the Authority).</p>
<b>Maintenance and handback</b>	Project Co will maintain and return the Facility to the Authority in the specified condition at the end of the Term.

Project Element	Description
<b>Health care and ancillary activities</b>	All health care and ancillary activities will be performed by the Authority.
<b>Retail Management Services</b>	Proposals will include a priced option for the inclusion of Retail Management services, including a proposal for sharing retail revenues.

**(ii) Equipment**

The Authority has categorized the equipment for the Facility. Some equipment will be provided by the Authority. Proponents are to include proposals on other categories of the equipment, as described in Schedule 2 [Design and Construction Protocols] of the Initial Draft Project Agreement. A general summary is as follows:

Equipment Category	Equipment Type	Funding	Procurement / Installation / Commissioning	Priced Option
A1	Medical Equipment with a material impact on Facility design	Cash allowance from Authority	Project Co	Project Co to fund and include in separate Payment over 10 years
A2	Medical Equipment with no material impact on Facility design or construction	Authority to purchase	Authority	(i) Project Co to procure and install / commission with Authority to provide cash allowance  (ii) Project Co to fund and include in separate Payment over 10 years
B	Furniture	Project Co to purchase and include in Service Payment	Project Co	None
C	Information Management Technology End Use Devices	Authority to purchase	Authority	None
D	Start-Up Equipment	Authority to purchase	Authority	None

**(iii) 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.

## **D. Affordability**

### **(i) Annual Affordability Ceiling**

The maximum annual payment the Authority has available to pay Project Co is defined as the Annual Affordability Ceiling (“the AAC”). The AAC expressed in Canadian dollars and inclusive of all taxes except for GST is \$13.9 million nominal for the first full fiscal year ending 31 March. The first full year of operations for this Project is assumed to be the year ending 31 March 2011.

## **E. 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 under the Project Agreement covering all services provided by Project Co. No Service Payment will be owing until the Service Commencement Date.

### **(ii) Service Payment Adjustments**

The monthly Service Payment will, as defined in Schedule 8 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) 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 Initial Draft 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 Periodic Payment plus the Outbreak Cleaning adjustment.

**(vi) Energy**

The Initial Draft Project Agreement defines two energy-consumption standards:

(a) Design and Construction Energy Guarantee

The Project Agreement will specify that the Facility should be designed and constructed to meet a maximum energy consumption target not to exceed 1.6 GJ/m<sup>2</sup>. (See Section 3.10 of Appendix A of this RFP). If the target is not achieved then Project Co will either at its cost modify the Facility as required or Project Co may propose making a lump sum payment to the Authority. (See section 3.4 of Appendix 8C of the Initial Draft Project Agreement.)

(b) Operating Period Energy Guarantee

The energy consumption data of the Facility in the first two years after Service Commencement will be used by Project Co to prepare a model to predict targeted energy consumption for the next five years. Outside of a range of

tolerance, the Project Agreement will provide for 50% sharing of energy costs between Project Co and the Authority, based on actual energy market prices paid in the relevant year. (See section 5 of Appendix 8C of the Initial Draft Project Agreement.)

**(vii) Insurance**

The insurance requirements for the Project are described in Schedule 5 [Insurance Requirements] to the Initial 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].
- (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 may elect to 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].

Although the Authority anticipates that the Construction CGL Policy and the Construction Property Policy will be placed under HCPP, as part of a Proposal, Proponents should submit quotes from qualified insurers in British Columbia in respect of each such policy based on the requirements set out in Schedule 5 to the Initial Draft Project Agreement. The Authority may elect to accept those quotes and require Project Co to obtain and maintain the Construction CGL Policy and the Construction Property Policy rather than having such insurance placed under the HCPP. If the Authority makes such election, Schedule 5 [Insurance Requirements] and Schedule 8 [Payments] to the Project Agreement will be amended to reflect that change.

**(viii) 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.

## **(ix) 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.

## **F. General Project and Site Background**

### **(i) The Fraser Health Authority**

The Fraser Health Authority (“**FHA**”) is one of the six provincial health authorities established by the provincial government to administer health care services in British Columbia. FHA is the largest of the province’s health authorities, providing a full continuum of health care services to more than 1.47 million people (equivalent to one third of the provincial population) in communities within a geographic area that stretches from Burnaby in the Lower Mainland to Boston Bar in the Fraser Valley.

FHA operates 12 acute care hospitals (with about 1,860 acute care beds) and maintains about 7,000 residential complex care beds alongside the hospitals or in the community. FHA works with BC Housing to develop additional assisted living units and manages a budget of approximately \$1.7 billion. FHA is governed by a board of nine directors and has about 22,000 staff and 2,000 doctors.

Additional information about FHA is available at [www.fraserhealth.ca](http://www.fraserhealth.ca)

### **(ii) Background to the Project**

Surrey Memorial Hospital (“**SMH**”) was originally built in 1959, when the population of Surrey was just more than 50,000. Since then, there has been rapid population growth in Surrey, with the population expected to reach almost 400,000 in 2010.

In 2005, FHA completed a clinical planning initiative intended to meet the immediate, medium and long term health care needs of the Surrey Community. The resulting report, “Building for the Future: Surrey Health Services Capacity Initiative”, identified the existing pressure points at SMH and identified a range of facility solutions intended to meet future and foreseeable needs in Surrey.

A key recommendation arising from the report was the need for a new outpatient facility to provide selected outpatient services that are currently provided at SMH, as well as new services.

Further information on the Project vision, objectives and desired results is available in the Project Brief, provided at the Request for Qualifications stage of the Project.

### **(iii) Project Vision, Objectives and Desired Results**

In keeping with FHA’s vision of “Better Health, Best in Health Care”, the vision for the Facility is as follows:

***To be a recognized leader in the delivery of outpatient health care.***

Project objectives and the corresponding desired results are presented in the table below.

OBJECTIVES	DESIRED RESULTS
<b>A Patient-Centred Facility</b>	<ul style="list-style-type: none"> <li>• A Facility that delivers patient-centred care that seeks to optimize the overall experience of patients and their families.</li> </ul>
<b>Forward-Thinking (Future-Oriented)</b>	<ul style="list-style-type: none"> <li>• A Facility that is designed to anticipate future care delivery trends, technologies and service needs.</li> </ul>
<b>Efficient Use of Resources</b>	<ul style="list-style-type: none"> <li>• A Project that maximizes the value of each health care dollar spent to build and operate the Facility.</li> </ul>
<b>Integrated Care Delivery and Knowledge Transfer</b>	<ul style="list-style-type: none"> <li>• A Facility that involves all appropriate care providers in the diagnosis and treatment of patients and ensures that care providers and patients have access to complete and timely health information.</li> </ul>
<b>Optimized Health Outcomes (Better Health)</b>	<ul style="list-style-type: none"> <li>• A care model that will seek to promote healthy lifestyles and optimizes health outcomes for its patients.</li> </ul>
<b>Strives for Excellence (Best in Health Care)</b>	<ul style="list-style-type: none"> <li>• A Facility that strives for excellence in its clinical and support services and promotes a healthy workplace environment.</li> </ul>
<b>Complete Project by Early 2010</b>	<ul style="list-style-type: none"> <li>• Urgently needed services to the community are provided in a timely way.</li> <li>• The impact of construction escalation is minimized.</li> </ul>

**(iv) Site and Urban Integration Issues**

There is a large urban park located in Surrey that is bordered by 100<sup>th</sup> Ave N to the north, 148<sup>th</sup> Street to the east, 92<sup>nd</sup> Ave to the south and 140<sup>th</sup> Street to the west. The Site is located on the western edge of this park. Residential neighbourhoods consisting of single detached homes and three to four storey apartments surround the park. SMH is located to the south-west of the site, off 96<sup>th</sup> Ave and King George Highway. King George Skytrain Station is located to the west at the intersection of King George Highway and Fraser Highway.

Figure 1 below identifies the location of the Site. Public Works Canada is proposing to relocate the Royal Canadian Mounted Police E-Division Headquarters to a parcel of land on Green Timbers Way to the east of the site.

**Figure 1: Site Relationships**



The Site is triangular-shaped and is located on the northeast corner of the intersection between 140<sup>th</sup> Street and the Fraser Highway. The northern property line runs parallel to Green Timbers Way.

Figure 2 below demonstrates that the area of the Site is approximately 5.3 acres. The Site slopes gradually 4.4 per cent from the north property line down towards the south property line. The total drop across the Site is approximately 7.0 metres. The Site is a greenfield site that currently has no other structures or services. In addition:

- Quibble Creek runs in a north south direction to the eastern property line;
- Green Timbers Forest Park is located to the east;
- There is an extensive treed area to the east of the site; and
- There is an existing 8-10 ft high hedge running along the western property line along 140th Street.

**Figure 2**



**(v) Road and Traffic Related Issues**

The Site is adjacent to two major arterials, 140<sup>th</sup> Street and the Fraser Highway. Existing Site access is via Green Timbers Way (which intersects 140<sup>th</sup> Street at the northwest corner of the site). Green Timbers Way will be upgraded to meet current roadway standards. Project Co will be responsible for the coordination of the design and construction of the works required on Green Timbers Way. The Authority will pay Project Co on a cost-plus basis for the cost of the works, as described in Schedule 2 [Design and Construction Protocols] of the Initial Draft Project Agreement. Project Co will not have any ongoing responsibility for the maintenance of Green Timbers Way.

**(vi) Design and Specification Development Completed to Date**

The Authority has retained program and design consultants to assist in the development of concepts for the Facility. This work includes the development of the functional program and output specifications and indicative preliminary design work.

The Design and Construction Requirements are provided in Schedule 3 of the Initial Draft Project Agreement. For some aspects of the design, the Authority has prescriptive design requirements. In other respects, Proponents may propose design solutions that meet the Output Specifications.

FHA is interested in opportunities to drive the most efficient and effective work flows possible in the Facility. The Authority wishes to permit and encourage innovative design solutions from Proponents that offer benefits to the Authority. Accordingly, the Authority invites Proponents to submit Proposals that will

comply with the requirements of the zoning, including designs that may require further zoning approvals if they offer additional benefits to the Authority.

**(vii) Site Preparation**

The Site is a greenfield site and was previously utilized as a tree nursery for one- and two-year seedlings. It has not been used for any substantive purpose since 1986. Preliminary site investigations have not revealed any geotechnical issues of concern. The results of the site investigations undertaken are available to Proponents in the Data Room.