BC Children’s and BC Women’s Redevelopment Project Phase 2

“The investment in this new facility ensures that both hospitals continue to provide highly specialized care for the sickest children and youth, and most complex obstetrical cases in British Columbia. The new facility puts patients first, by incorporating advances in medical technology, improving service efficiency and creating better working environments for our health professionals.”

– Wynne Powell, Chair, Provincial Health Services Authority

Project Overview

The children and women of British Columbia have benefitted from the specialized care provided through BC Children’s Hospital and BC Women’s Hospital + Health Centre’s programs and services for more than 50 years.

Existing facilities were not designed to accommodate the increasing volume of women and children who require specialized care to deal with complex and critical illness. Through the Provincial Health Services Authority (PHSA or the Authority), BC Children’s Hospital and BC Women’s Hospital + Health Centre is undertaking a three-phase redevelopment project to ensure sufficient capacity to meet the needs of a growing population and provide facilities that support 21st century healthcare practices.

The first phase of the project included construction of the Clinical Support Building at BC Children’s Hospital, three additional beds for the Neonatal Intensive Care Unit, additional space for the UBC Medical School and numerous renovation projects within existing buildings on campus to decant the A-Wing and L-Wing of the 74-year-old Shaughnessy building.

This case study deals with Phase 2: construction of the Teck Acute Care Centre (Teck ACC). The Teck ACC will be a bright, modern facility with single-occupant patient rooms and access to natural light and gardens. It includes medical/surgical inpatient units, an emergency department, medical imaging and procedural suites, a hematology/oncology department and a pediatric intensive care unit for BC Children’s Hospital. The Teck ACC also includes a high-risk labour and delivery suite and a new neonatal intensive care unit for BC Women’s Hospital + Health Centre.

The total nominal capital cost of Phase 2, including elements within and outside of the PPP arrangement, is estimated to be $543.01 million. This number includes capital design and construction costs plus equipment, procurement, implementation and reserves. Completion of Phase 2 is expected in 2017.

Phase 3 will expand services for women and children at BC Women’s Hospital + Health Centre, and Sunny Hill Health Centre for Children will be moved from its current site on Slocan Street to the main hospital campus on Oak Street. The total nominal cost of all three phases is estimated at $678 million.

Partnership Highlights

The 33-year partnership agreement includes an estimated construction period of three years. Under the agreement, Affinity Partnerships is responsible for the following:

- Arranging financing for a portion of the construction cost and operating the facility for a specified term (construction plus 30-year operating period);
- Demolition of the A-Wing and L-Wing of the Shaughnessy building;
- Designing and building the 59,400-square-metre facility;
- Providing facility management services including:
  - Housekeeping and waste management services;
  - Plant services; and
  - Helpdesk services.
- Maintaining the facility over the operating period and returning it in a fully maintained condition at the end of the Project Agreement term; and
- Obtaining LEED® Gold certification within 36 months of the Service Commencement date of the facility.

Affinity Partnerships is incented to perform through a monthly payment mechanism that is based on the principles of performance, facility availability and service quality. If Affinity Partnerships does not meet the high-quality performance standards specified in the project agreement, service payments can be reduced.

Expected Benefits

The final partnership agreement between PHSA and Affinity Partnerships is expected to achieve value for taxpayer’s dollars of $54.3 million when compared to the traditional procurement delivery method. Additional benefits from the partnership delivery method include:

- Competition and innovation: The competitive nature of the bidding process encouraged the bidding teams to develop innovative solutions in all aspects of the project from design and construction through to operations.
- Schedule certainty: The private partner receives a significant portion of their payment through monthly availability payments once the facilities are available for use, incentivizing them to complete the project on time.
- Cost certainty: The Project Agreement is a fixed price contract, so responsibility for cost overruns rests with the private partner.
- Integration: The private partner is responsible for the design and construction, long-term operations, maintenance and rehabilitation of the assets. This creates opportunities and incentives to optimize the integration of these functions.
- Life cycle maintenance: The private partner is responsible for ensuring the facilities are maintained and rehabilitated over the duration of the Project Agreement otherwise the Annual Service Payment may be reduced.

Public Sector Partners

- Ministry of Health
- Provincial Health Services Authority

Private Sector Partner

Affinity Partnerships

- Equity Providers: Balfour Beatty Investments / Ledcor Developments Ltd
- Lenders: private placement bond underwritten by Scotia Bank
- Design: ZGF Architects LLP / CEI Architecture
- Construction: Balfour Beatty Construction LLC / Ledcor Design-Build (B.C.) Inc
- Facility Management Services: Balfour Beatty Communities / Black and McDonald Limited

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