1. Project Background

Penticton Regional Hospital is one of six referral centres within Interior Health’s network of hospitals. Penticton Regional Hospital provides secondary and specialized acute care for patients living in the South Okanagan referral area.

The hospital’s role for acute care and diagnostics are well-integrated with residential, community, mental health and primary care services in the community of Penticton and the surrounding area. The hospital is located in an area of Penticton that has become, in essence, an integrated campus of care. Patients identify this part of Penticton as the place that offers services supporting their care needs. The co-locations and physical adjacencies support both the functions of the care continuum and the actual steps of the patient journey.

The Penticton Health Centre (with Community and Mental Health services) is located across the street from the hospital. Westview is adjacent to the hospital, and provides residential care. The Moog and Friends Hospice House were built on the site in 1998 to provide palliative care. The Okanagan Similkameen Neurological Society Child Development Centre is located immediately west of the hospital. Physician offices for some disciplines are close to the hospital.

Penticton Regional Hospital was incorporated to serve its community in 1913. The current hospital was constructed in 1951 with building additions in 1969 and 1989-1991. The 1969 additions provided infrastructure for Laboratory, Radiology, Operating Rooms, South Pavilion and Westview North. The 1989-1991 additions were built for the care areas of Ambulatory Care, Critical Care, Westview South and Psychiatry.

There are critical challenges facing Penticton Regional Hospital. The current infrastructure impedes delivery of safe, timely and effective patient care. These challenges are amplified by patient over-capacity, patient access problems, infection control issues, and patient safety issues such as inaccessible patient washrooms and congested treatment spaces. Inadequate room configurations compromise patient confidentiality, safety and privacy. The physical constraints also extend to an inability to adequately participate in clinical education to prepare future health care providers. The physical facility has not kept pace with growing health care needs in the South Okanagan.

Completion of the Penticton Regional Hospital Patient Care Tower will have a profoundly positive impact on the patients served.
2. Project Objectives

Interior Health has established the following objectives for the Project:

- Deliver the approved project scope and enable specific program/departmental objectives to be achieved;
- Improve the model of care and patient outcomes/safety through application of evidence-based design principles and health care facility design and construction standards that all have a patient-centred design philosophy;
- Implement design features that enhance well-being of patients, families, visitors, staff and communities;
- Create a healthy and safe work environment that improves engagement, recruitment and retention and minimizes workplace injuries;
- Support the IM/IT strategic plan by providing a robust, flexible technical infrastructure;
- Optimize utilization and efficiency to improve health system sustainability;
- Maintain full 24/7 hospital operations throughout construction and renovations phase; and,
- Minimize overall capital and operating costs of the project.

3. Project Scope and Status

The Patient Care Tower Project is a two-phased project on the Penticton Regional Hospital Campus. The indicative design work for Phase 1 proposes a seven-story patient care building and a five-story parking garage. Phase 2 includes renovation for an expanded Emergency Department, plus renovations for the support areas of Pharmacy, Stores and Laundry.

**Phase 1**

Phase 1 is being procured using a Design, Build, Finance and Maintain (DBFM) approach. The Patient Care Tower is planned for approximately 26,700 square metres (gross floor area) new clinical, administrative and support spaces. The major program components include ambulatory care clinics, surgical services and inpatient units. The Patient Care Tower will be constructed on the current Penticton Regional Hospital site. In order to accommodate the required number of parking stalls to support the site, an approximately 500-stall parking structure is planned. The Project Company’s scope of responsibility will also include the facility and equipment maintenance and repair for the existing campus.

**Phase 2**

Phase 2 is not included in the DBFM scope. It includes renovation of a portion of the existing building area adjacent to the loading dock into Pharmacy and Material Stores. The renovation component relies on the availability of vacated space to ensure services can still be provided during the renovations. Completion of the Patient Care Tower portion of the Project will result in the required vacated space. For this reason, the renovations must take place after the Patient Care Tower is complete.

The existing Emergency Department (464 square metres) will be renovated and expanded into space vacated by clinics moving to the new Patient Care Tower, resulting in an expanded Emergency Department (1,688 square metres). The existing support areas of Pharmacy, Material
Stores and Laundry will be renovated and expanded into space vacated by the existing Medical Device Reprocessing Department (461 square metres).

The table below summarizes two major phases:

<table>
<thead>
<tr>
<th>Phase 1 : Patient Care Tower and Parkade (DBFM)</th>
<th>Phase 2 : Emergency Department, Pharmacy and Material Stores Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Medical/Surgical Inpatient Units (three 28-bed units)</td>
<td>• Emergency Department Renovation and Expansion</td>
</tr>
<tr>
<td>• Surgical Services Suite</td>
<td>• Pharmacy Renovation</td>
</tr>
<tr>
<td>• Medical Device Reprocessing</td>
<td>• Laundry Renovation</td>
</tr>
<tr>
<td>• Ambulatory Care Centre</td>
<td>• Material Stores Renovation</td>
</tr>
<tr>
<td>• UBC Faculty of Medicine Program</td>
<td></td>
</tr>
<tr>
<td>• Retail Space</td>
<td></td>
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<tr>
<td>• Parking Structure (Approximately 500 Stalls)</td>
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</tbody>
</table>

Work undertaken on the Project to date includes:
- Completion of a functional program, indicative design and performance specifications (“Draft Statement of Requirements”);
- Preparation of a preliminary estimate of project costs using a quantity surveyor;
- Development of a project budget reflecting the preliminary cost estimates;
- Analysis of project risks;
- Analysis of the procurement method for the project;
- Discussions with the City of Penticton and other community stakeholders;
- Completion and submission of a detailed Business Plan;
- The Project was approved to proceed to procurement by the Province of British Columbia and was announced on July 30, 2014; and,
- The Request for Qualifications (RFQ) was issued on September 17, 2014.

4. Project Costs and Benefits

*Project Costs:*
The total estimated capital costs for the project are $325.1 million. The provincial share of this total is $168.0 million, Interior Health Authority will contribute $15.0 million of its own source cash, the Okanagan Similkameen Regional Hospital District will contribute $122.1 million and South Okanagan Similkameen Medical Foundation will contribute $20.0 million.

These cost estimates are based on the functional program and business case developed for the Project. The recommended procurement method for Phase 1 of the Project is a Design Build Finance Maintain (DBFM) model as it best meets the procurement objectives and provides expected value for money for taxpayers’ dollars. Design Bid Build or Construction Management are being considered as procurement options for Phase 2.
Project Benefits:
The expected Project benefits include:

- Improved patient care experience (improvement in Patient safety, privacy and confidentiality);
- Reduced infection control risks;
- Improved compliance with current health care design standards;
- Increased levels of standardization of clinical spaces;
- Greater flexibility in hospital operations;
- Improved staff working conditions;
- Provision of appropriate learning space for students; and,
- Consolidation of on-site parking capacity with improved access for patients and visitors.

5. Project Risks

The major risks associated with the Project relate to project scope and functionality, integration, schedule, and cost.

Scope and Functionality:
These risks arise when a 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 design phase to ensure higher user satisfaction, integration, and functionality; and,
- Engagement of an architect and design team to act as “shadow consultants” and advisors to IH during the project. This will reduce the likelihood of errors and omissions in the design and construction period.

Integration:
These risks arise from the possibility that building on an existing brownfield site with an operational hospital could potentially impact ongoing clinical operations.

Measures to mitigate these risks include:
- There will be extensive user involvement during the functional design phase to ensure integration with ongoing clinical operations;
- The Project Agreement will include specific provisions to ensure project delivery, performance and quality standards for integration with ongoing clinical operations are met from financial close through design and construction; and,
- Both Interior Health and the successful proponent will appoint design and construction representatives who will work collaboratively to review, approve, accept or confirm activities in accordance with the Project Agreement.

Schedule Risk:
This risk arises from the possibility that the procurement process and/or the design/construction process take longer than expected.
Measures to mitigate this risk include:
- Engaging Partnerships BC to assist with the procurement process, and procurement and legal documentation will be based on industry-accepted templates;
- A Request for Qualifications process is being used to short-list the best proponent teams;
- Contractual documentation will be prepared ahead of time and appended to the RFP so that proponents can consider these documents during proposal preparation; and,
- Concept design drawings will be included in the RFP to support the procurement cycle.

The Project Agreement establishes the design and construction schedule and target substantial completion date with liquidated damages for late delivery.

**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 an indicative design and a quantity surveyor report that contains cost contingencies; and,
- Estimates of construction escalation and inflation have been built into the budget based on the current market forecasts.