

Excerpt from February 13, 2006 Facilities Committee Meeting:

SHSCI Procurement Strategy

MA advised John Longbotham, previously of Trammel Crow, a facilities planning firm with Canadian and International health care experience, has been engaged by the SHSCI Procurement Strategy Team. Longbotham will be working with Partnerships BC to understand the partnership model. MA noted if we undertake the traditional partnerships strategy [P3] there is a lesser ability to control design, longer lead times and additional risk. The team is looking at different ways of working and changing the mindset to create a better service delivery model.

MA noted it is important to get the architectural piece correct [floor plate size & fundamental layouts] before it is handed over to a consortium. Historically you do not get the same innovation and design when a consortium engages their architectural team.

Recommendation:

- Committee supports to proceed with Green Timbers under Fraser Health control [ownership of land] and bring in Partnerships BC as a consultant.
- The Committee will reconvene in 3 – 4 weeks to discuss the Management recommendations around a procurement model.

Excerpt from May 19, 2006 Facilities Committee Meeting:

Procurement Strategy

MA advised that possible procurement strategies include P3s or construction management. Partnerships BC (PBC) is more familiar with the P3 approach. She proposed having an independent organization undertake an objective analysis regarding the risk within each scenario.

Discussion points included:

- A possible strategy may be to have PBC do a P3 on everything except the operational components.
- A P3 strategy tends to be slower. It will be important to clearly state why Fraser Health is or is not using a P3 approach.
- The Board will ask MA to review all options and evaluate the risks between each option. This would be more appropriately done by an independent organization.
- PBC and other candidates could be asked to make presentations to the Facilities Committee following the independent analysis.
- A benefit to PBC is their political access and ability to move things quickly when necessary.

Recommendation:

- The Facilities Committee agreed to engage an independent organization to undertake an objective analysis regarding procurement strategies and evaluate the findings.

Excerpt from June 21, 2006 Facilities Committee Meeting:

3.3 Surrey ACF Procurement Strategy

Background:

The original intent to obtain an independent opinion from Price Waterhouse was not pursued given the resources that were proposed for this study by PWC. The decision was made to review the procurement strategic options in house using PWC's financial analysis around PBC analysis. This study included looking at what are the objectives of procurement, what are assumptions around P3s, and what options are on the table. In terms of objectives; design, completion by 2009, cost certainty, level of risk, all have to be manageable.

MA is seeking input on the selection of a procurement method for the ACF and needs to know if there is any strong bias either for P3s or not. P3s have longer time line than others. It is very important to partner early in this market and in P3s there is no opportunity to partner early. The best approach given the current market may be to design/build or construction management model. Government is neutral on either P3s or construction/management. It assumes value for money and timely completion. With FH managing it does put a lot more risk for FH.

The degree of analysis is also the question. PBC is very good at quantifying risk and we could do the same; develop preliminary models with weighting on each one and get experts from the market (ie. PBL, Price Waterhouse) to put it through the models.

Discussion Points:

- **Engaging Partnerships BC:**
 - Has merit and support from Facilities Committee and Management but we need to get them on side quickly. **Section 13**
 - PBC have done a good job with project management on the AHCC project and Mark Miles is excellent. If we negotiate PBC as our project manager we have an interface with government.
 - PBC could come back with either a design/build or construction/ management model.
 - PBC want more business. They also have a success fee built into their contract with Government, ie. on time, on budget.

Decision:

It was agreed that there is no need to do an analysis of models. It was also agreed that P3s are not the first choice of the Committee.

Action:

- **KP, MA, BW will meet with Tamara Vrooman and Penny Ballem to get model signed off.**
- **MA and BW will arrange meeting with PBC.**

MA noted that the announcement of the ACF for Surrey will be at 10am tomorrow morning with Premier Gordon Campbell in attendance.
