

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 23, 2013

**1 MACKENZIE HEALTH AND INFRASTRUCTURE ONTARIO
MOVING FORWARD WITH HOSPITAL PLANNING
WARD 1**

- 1) That the recommendation contained in the following report of the City Manager, the Commissioners of Planning, Engineering and Public Works, and Legal & Administrative Services & City Solicitor, dated April 15, 2013, be approved; and
- 2) That the following Communications be received:
 - C1 Presentation material titled “The New Mackenzie Vaughan Hospital Project”, dated April 15, 2013;
 - C2 Presentation material titled “Coordinating Project Implementation, Mackenzie Vaughan Hospital Project”; and
 - C3 Presentation material titled “Introduction to Infrastructure Ontario and AFP”, dated April 15, 2013.

That the staff report and the presentation of Infrastructure Ontario be received for information.

Ensuring a development plan which supports the timely hospital development and maximizes economic development opportunities helps achieve the community objectives of providing health care and economic development on the lands.

There is no economic impact resulting from this report.

Not applicable

The purpose of this report is to provide a presentation from Mackenzie Health and Infrastructure Ontario on the progress on moving forward with Mackenzie Vaughan Hospital.

Infrastructure Ontario will be making a presentation on the Alternative Finance and Procurement (AFP) model and will provide Council with information on the Design Build Finance and Maintain

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 23, 2013

Item 1, Priorities Report No. 3 – Page 2

(DBFM) process. The DBFM process has been used throughout Ontario for other large scale projects.

It is important that Council be aware of the process as it moves forward to facilitate the hospital project and maintain the hospital development schedule.

Relationship to Vaughan Vision 2020/Strategic Plan

A hospital in Vaughan is one of Council's highest priorities.

Regional Implications

None

Conclusion

Staff recommend that the presentation of Mackenzie Health and Infrastructure Ontario be received for information.

Attachments

None

Report prepared by:

Heather Wilson
Director of Legal Services

c 1
Communication
PK1 Apr 15/13
Item: 1



The New Mackenzie Vaughan Hospital Project

Presentation to Priorities and Key Initiatives Committee, City of Vaughan
By: Aitai Stationwala, President and CEO, Mackenzie Health



Mackenzie
Health

About Mackenzie Health

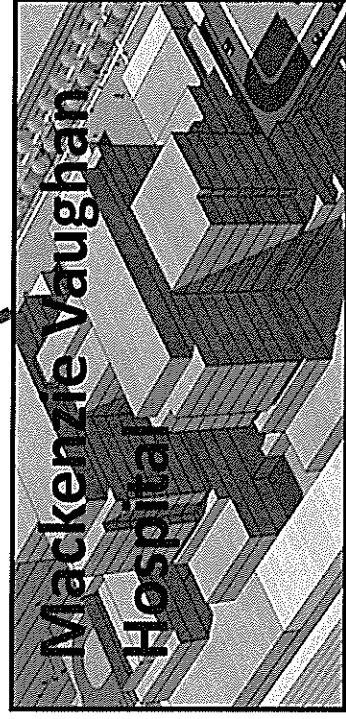
- ✓ High quality, patient-centred health care
- ✓ Unique two-hospital model of care
- ✓ Single Governance
- ✓ Single Administration
- ✓ Single Foundation and Volunteer Association
- ✓ Strong Municipal, Regional and Provincial Support
- ✓ Strong financial position – performance driven
- ✓ **World class care close to home**

Our Commitment to our Community



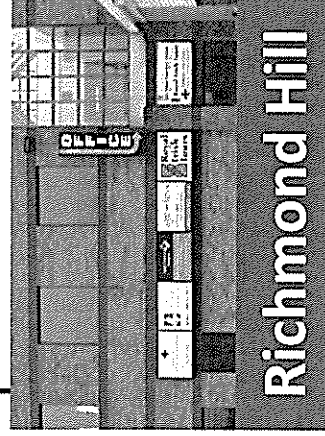
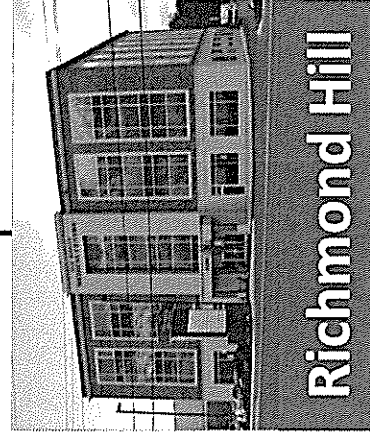
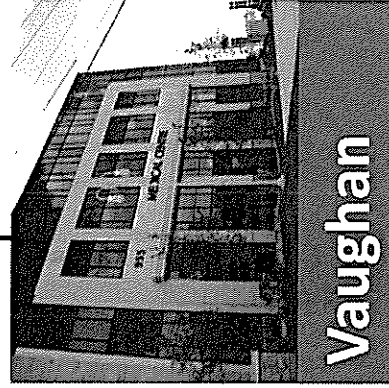
Create a world-class health experience	
Best Patient Experience	Relentless pursuit of Quality, Safety, Access, Coordination of Care and Exceptional Service
Strategic Growth	The right services with the right partners, delivered by outstanding health professionals
Operational Excellence	Benchmark efficiency – to enable optimal investment in patient care

Mackenzie Health



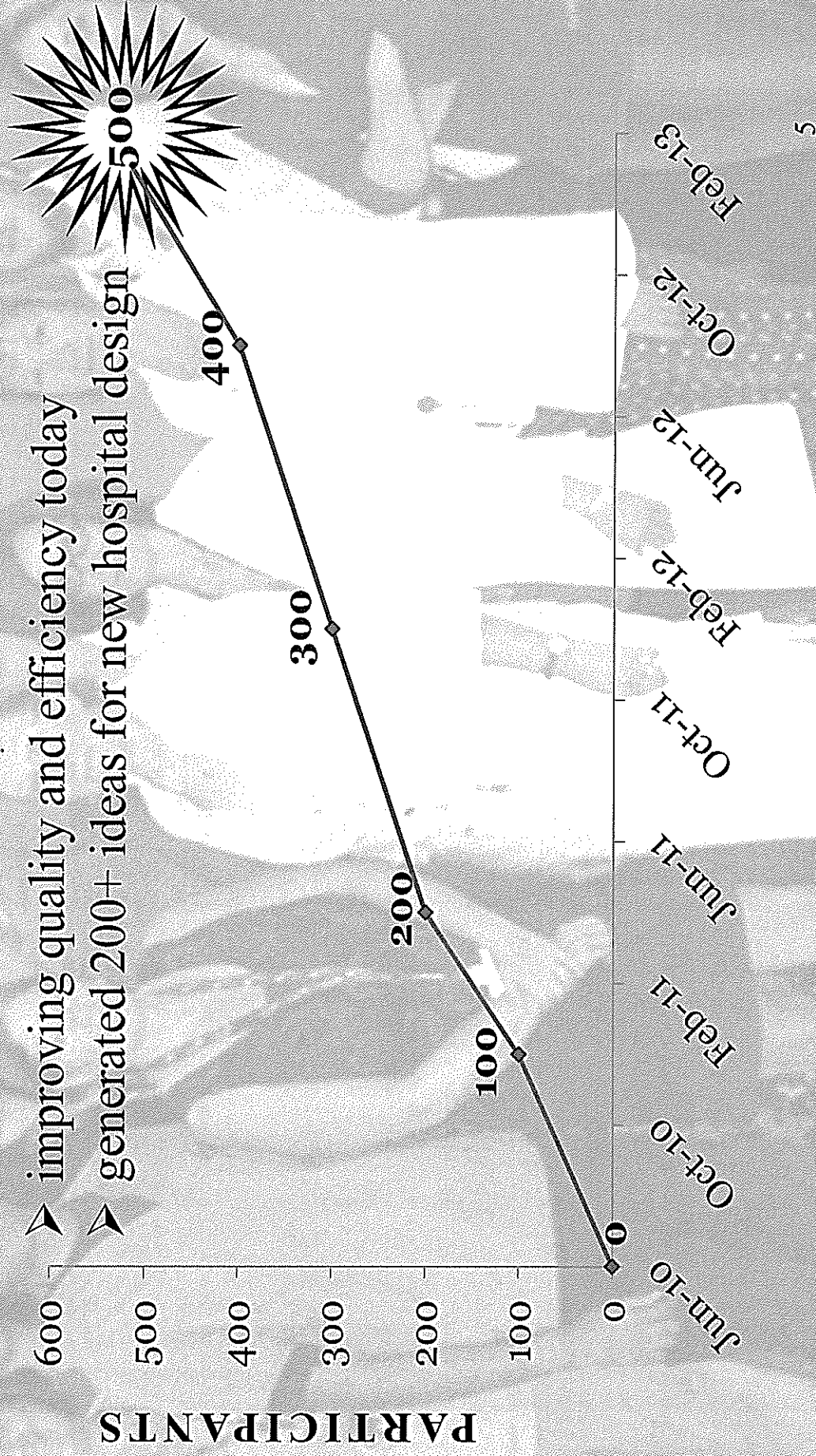
Two
Hospitals

and a Network of Community Health Services

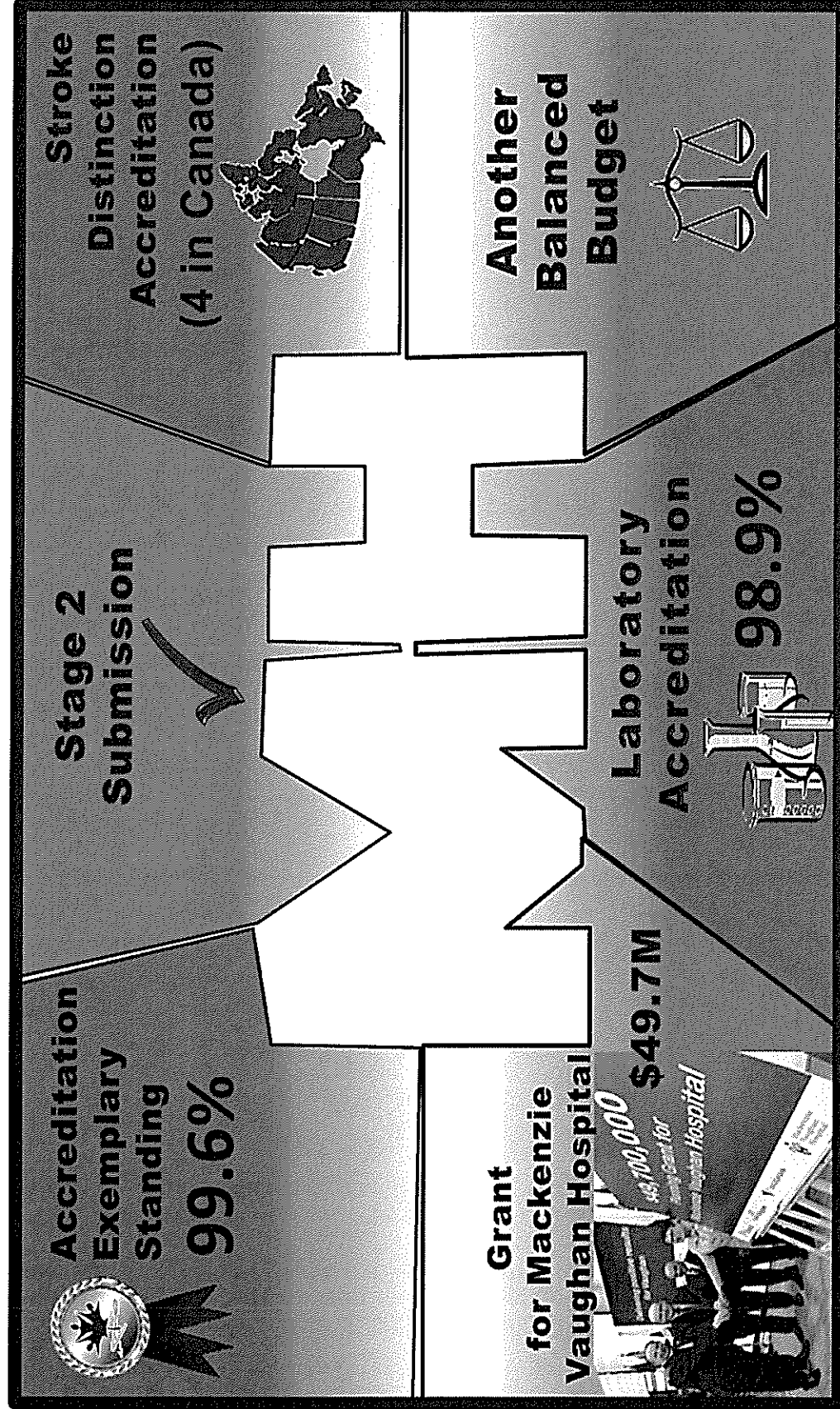


Raising the Bar...Staff Participation in Improvement Events

- improving quality and efficiency today
- generated 200+ ideas for new hospital design



RECENT ACHIEVEMENTS



Ontario Government Approval



Mackenzie Health has approval for:

- The building of the Mackenzie Vaughan Hospital
- Issuing of the project tender in 2014/15

Ministry of Health
and Long-Term Care
Office of the Minister
10th Floor, Harbour Block
80 Grosvenor Street
Toronto ON M7A 5C4
Tel: 416-327-4300
www.health.gov.on.ca

Ministère de la Santé
et des Soins de longue durée
Bureau du ministre
10th étage, Adlon Harbour
80 rue Grosvenor
Toronto ON M7A 5C4
Tél: 416-327-4300
www.santé.gov.on.ca



HILTC006FL-2011-006

AUG 2 6 2011

Ms. Dina Palozzi, Chair
Board of Directors
York Central Hospital
10 Trench Street
Richmond Hill ON L4C 4Z3

Dear Ms. Palozzi:

I am pleased to advise you that York Central Hospital's (YCH) new Vaughan hospital project is included as part of our Government's multi-year infrastructure investment plan, *Building Together*.

The Government recognizes the tremendous impact this project will have on the patients, staff and community. Bricks, mortar and state-of-the-art equipment help doctors, nurses and other health care professionals to provide the best possible care to their patients.

I fully recognize the importance of this project to your community. Please extend my thanks to everyone at YCH for the hard work in making this project possible.

The Ministry of Health and Long-Term Care (the ministry) has received the Government's fiscal approval for the YCH's new Vaughan hospital project to begin the tendering process in the 2014/15 provincial fiscal year.

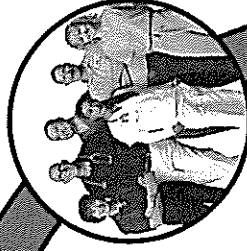
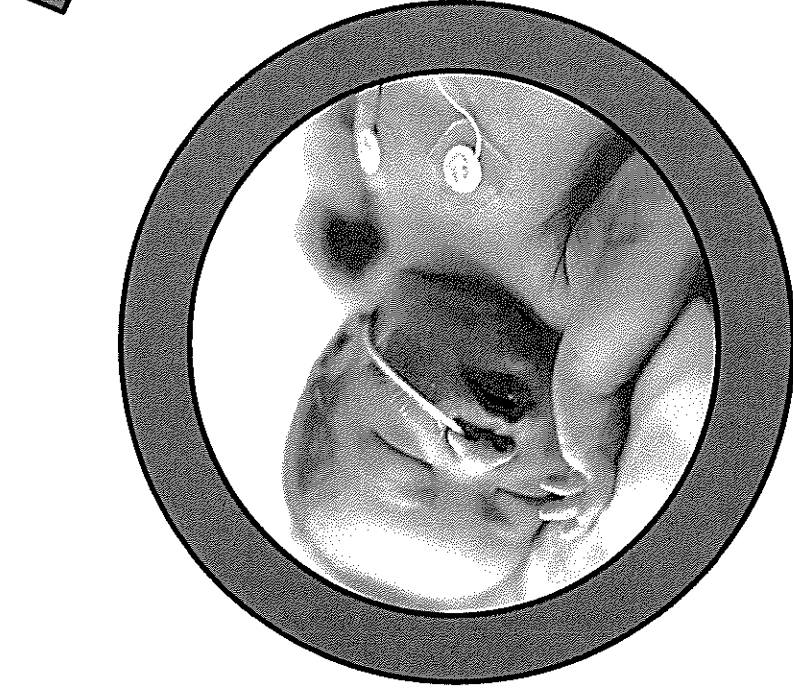
The ministry has previously provided funding for capital planning. As you know, the hospital has agreed to assume initial responsibility for the capital costs associated with the balance of planning and design; therefore the ministry will treat these planning and design costs as part of the hospital's new Vaughan hospital project. The cost share of the planning and design costs will be provided in accordance with ministry policies and will be part of the final cost-sharing arrangement for the new Vaughan hospital project upon commercial close or award of a construction contract.

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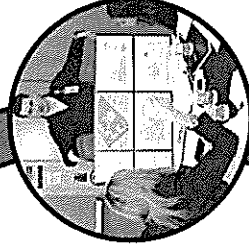
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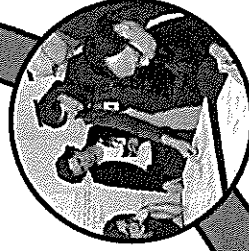
Expertise For Planning Mackenzie Vaughan Hospital



400+ Mackenzie Health staff and physicians contributed to the Stage 2 Submission



Clinical and operational expertise in planning and design

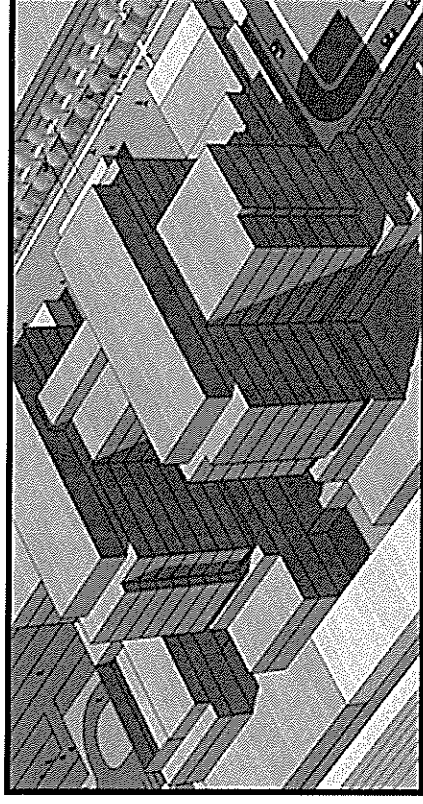


120 internal experts are specially trained as Redevelopment Champions, ready to begin work on Stage 3

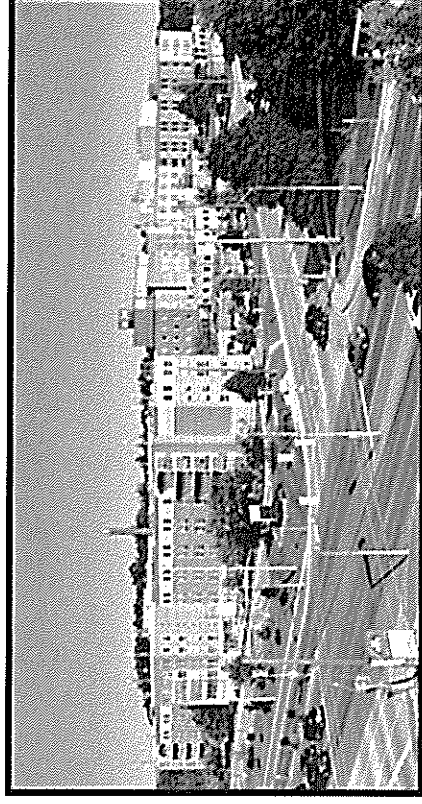
Mackenzie Health Foundation



- \$200 million to support Mackenzie Vaughan Hospital

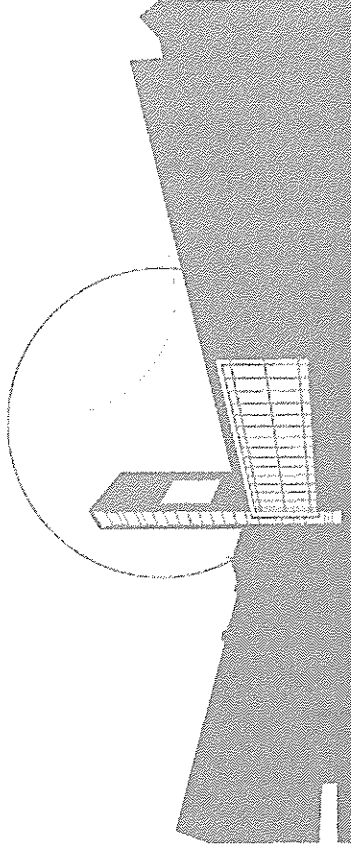


- \$50 million to support Mackenzie Richmond Hill Hospital



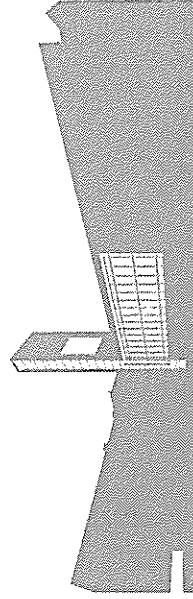
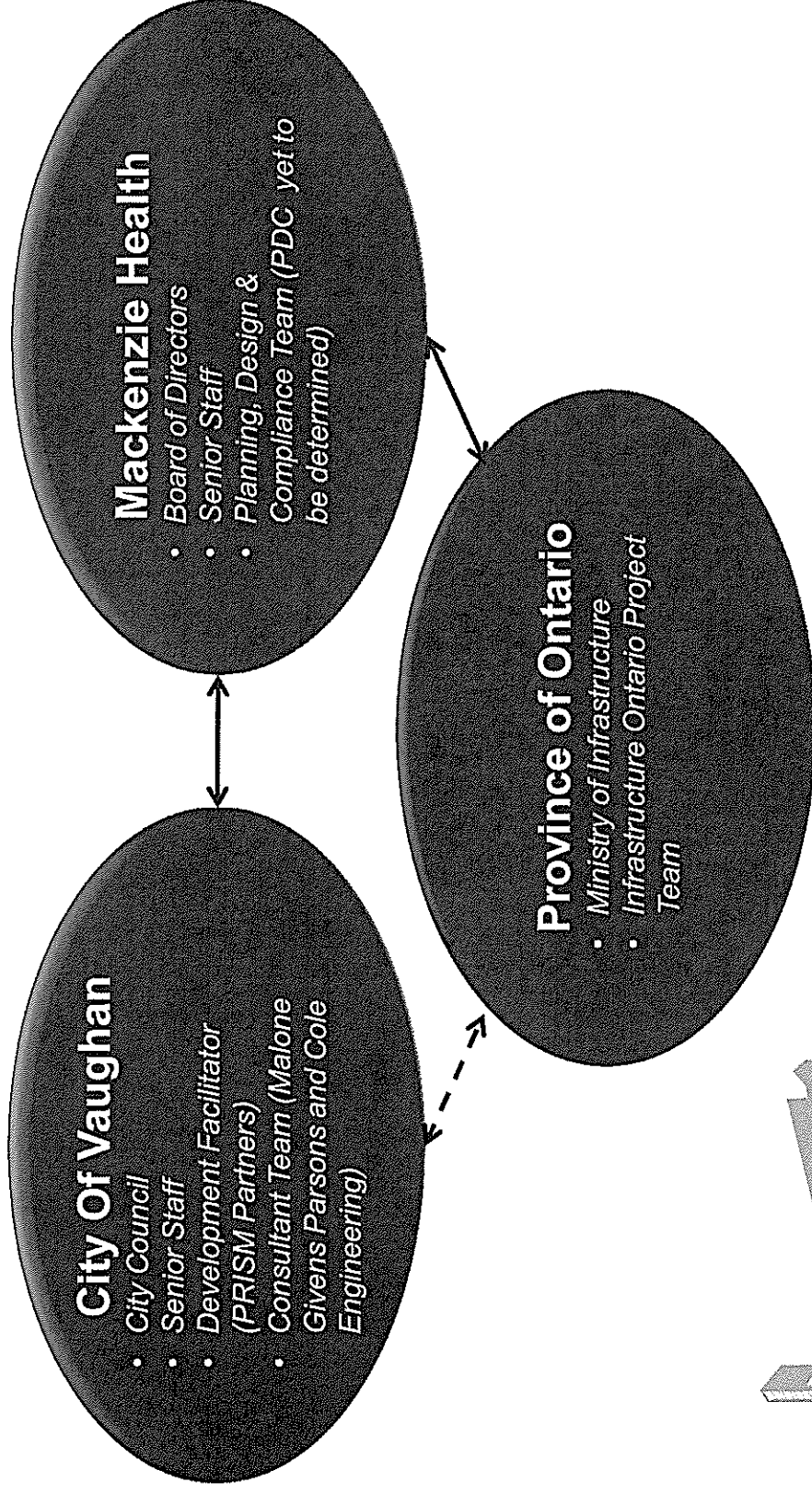
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Communication
PK-1 Apr 15/13
Item: _____

Coordinating Project Implementation Mackenzie Vaughan Hospital Project



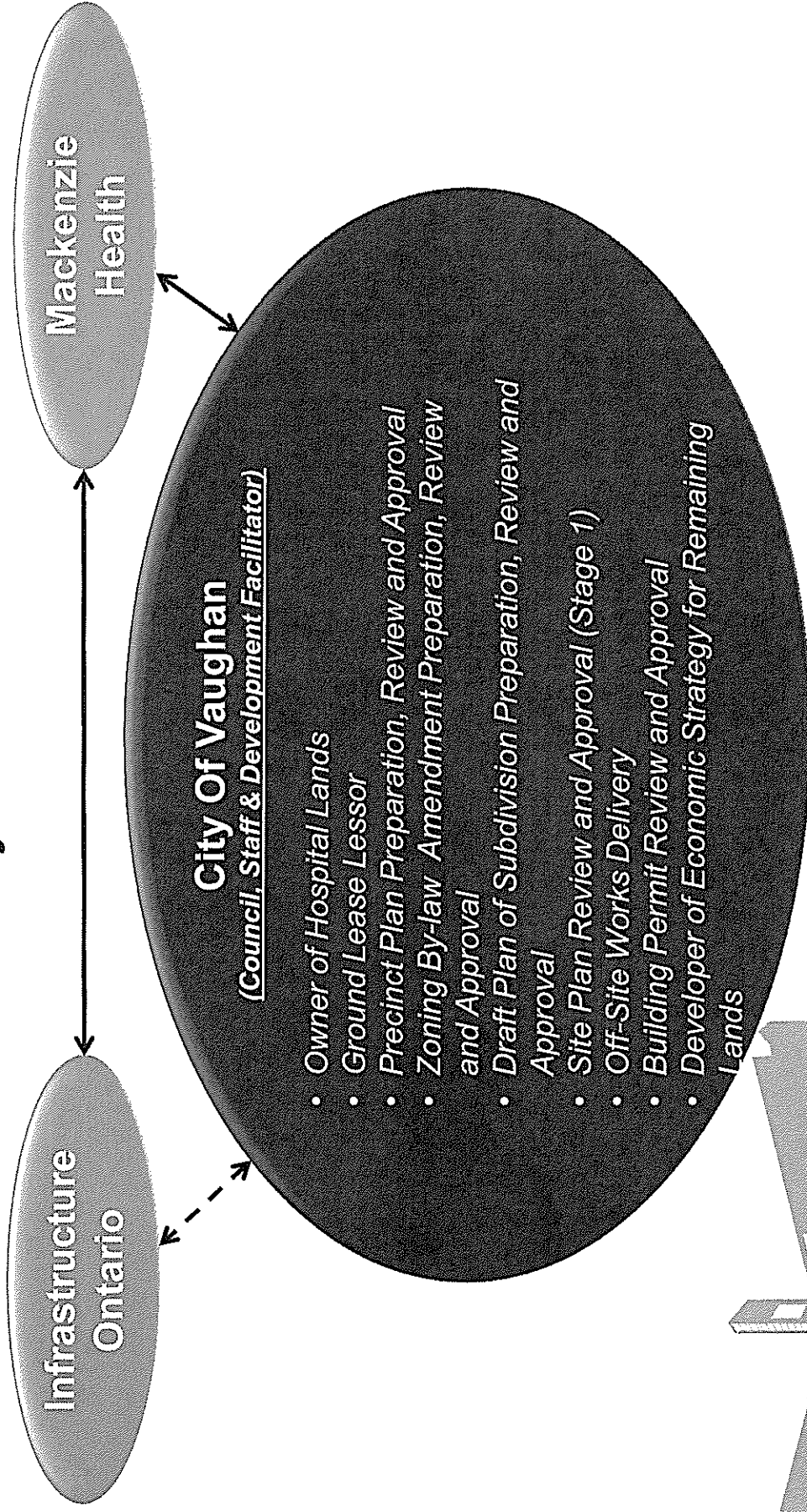
Mackenzie Vaughan Hospital

Coordinating Project Implementation



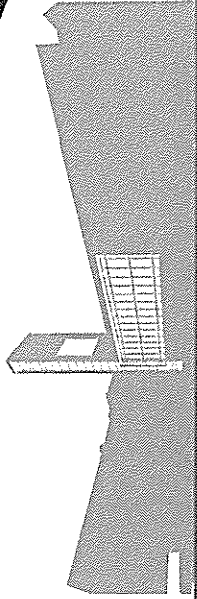
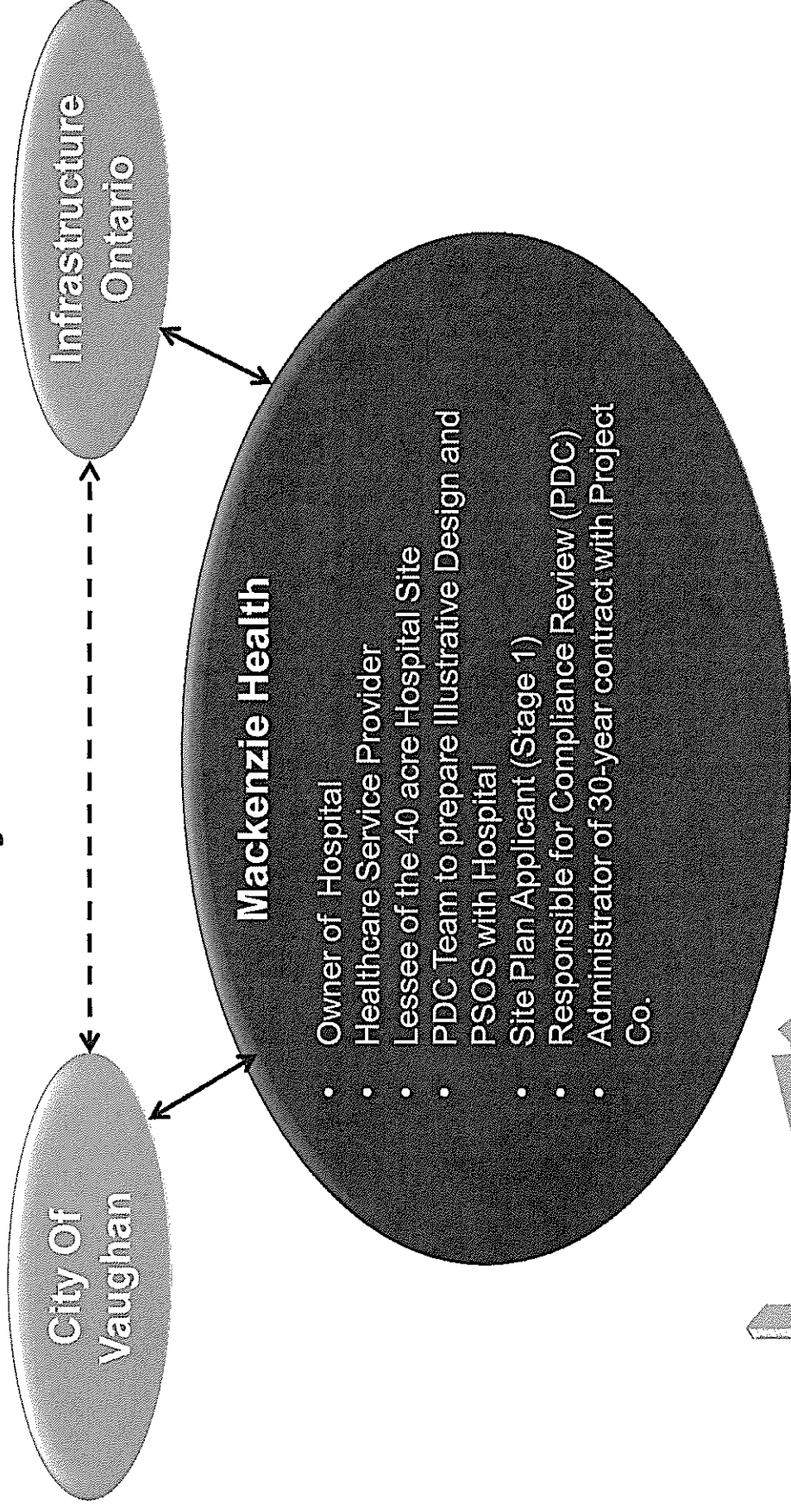
Mackenzie Vaughan Hospital

Project Roles



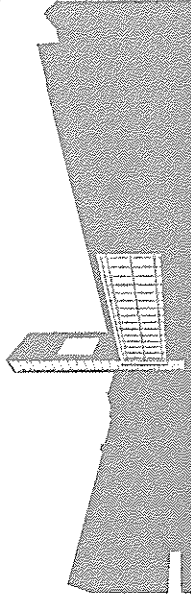
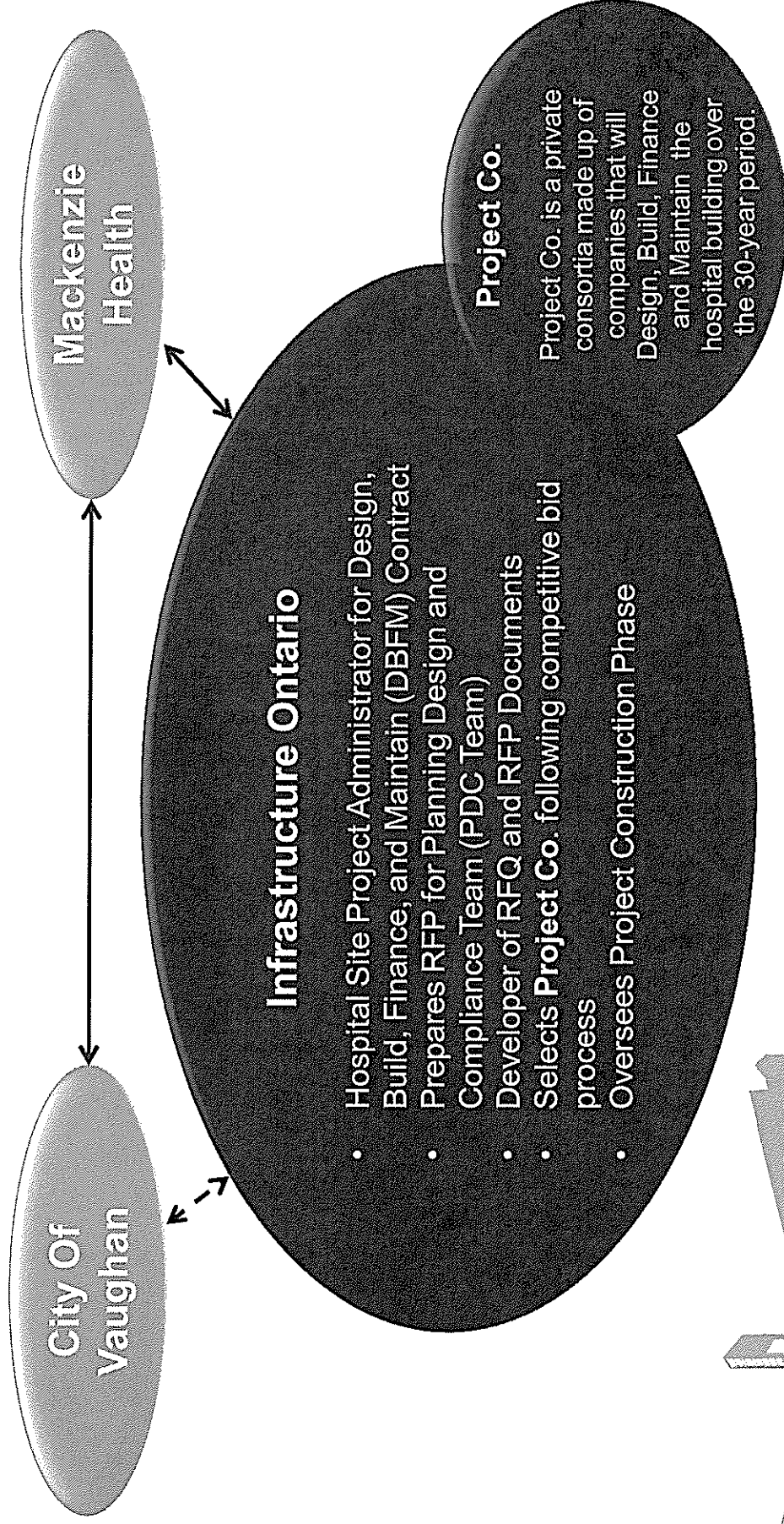
Mackenzie Vaughan Hospital

Project Roles



Mackenzie Vaughan Hospital

Project Roles

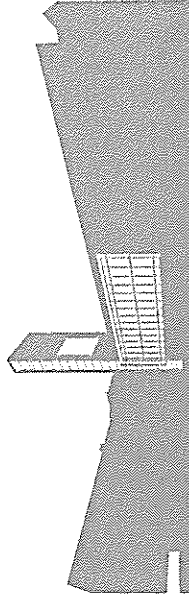


Mackenzie Vaughan Hospital –

Key Project Milestones and Dates

	<u>Target Date</u>
1. Land Bridging Agreement approved by Council and MH Board of Directors	February 28, 2013
2. Public Information Meeting – Preliminary Concept Plan	February 12, 2013
3. Committee of The Whole and Council Site Endorsement of Preliminary Concept Plan	February 19, 2013
4. Commence Precinct Plan Supporting Studies	March, 2013
5. Economic Development and Land Optimal Use Report	April 30, 2013
6. Circulation to Departments and Agencies – Precinct Plan Report	April 30, 2013
7. Public Hearing – Precinct Plan	June 11, 2013
8. Revisions to Studies / Reports and Review By Agencies	August, 2013
9. Final Studies / Reports and Sign-off	August, 2013
10. Committee of The Whole Technical Report on the Precinct Plan	September 24, 2013
11. Council Approval of Precinct Plan	October 8 or 29, 2013
12. Commence Drafting of Ground Lease with MH	November 1, 2013
13. Statutory Public Hearing for Zoning and Subdivision Applications	November 26, 2013
14. Committee of The Whole Technical Report - Draft Plan of Subdivision	March, 2014
15. Council Enacts By-Law for Zoning and Subdivision	March/April, 2014
16. Final Ground Lease Agreement	June 1, 2014

Note: Need to consider the integration of infrastructure design and development.

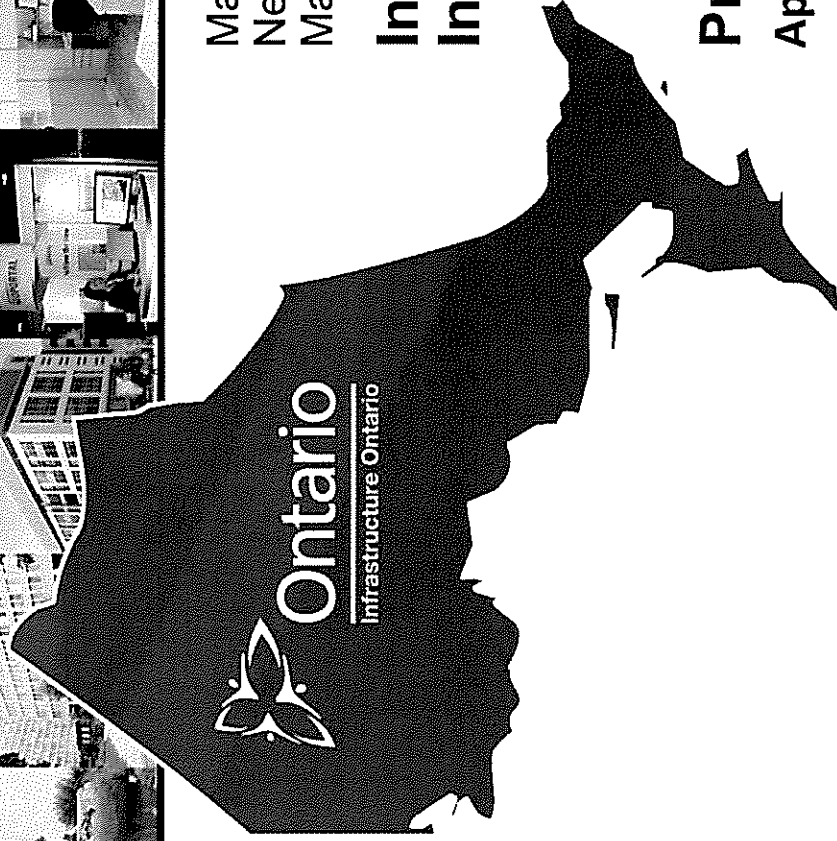




Mackenzie Vaughan Hospital
New Facility
Major Mackenzie Drive, City of Vaughan

Introduction to Infrastructure Ontario and AFP

Presentation to the City of Vaughan
April 15, 2013

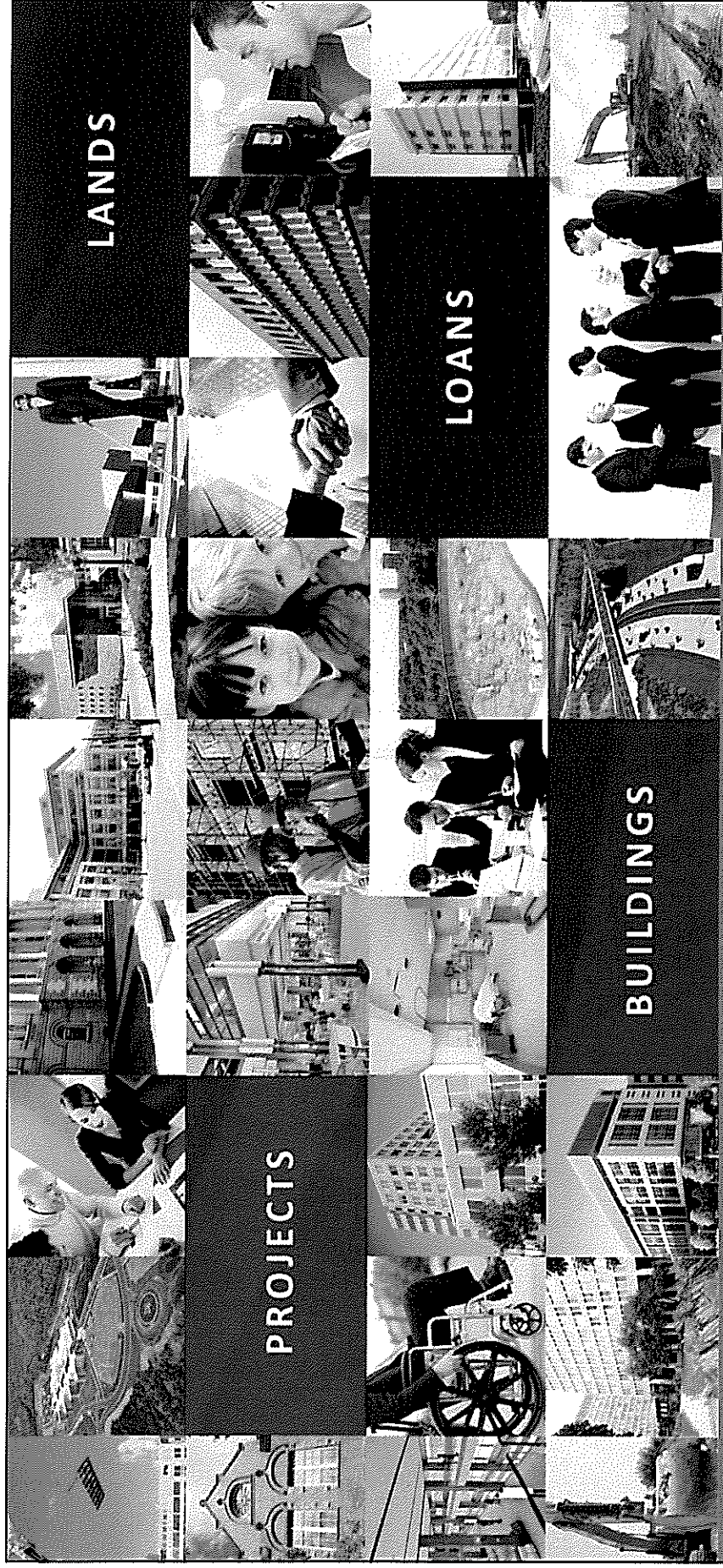


Agenda

- 1) Background
- 2) AFP Projects in Ontario
- 3) Infrastructure Ontario – Major Projects
- 4) What is DBFM
- 5) Risk Allocation
- 6) DBFM Value For Money (VFM)
- 7) DBFM Transaction Phase Timeline
- 8) IO DBFM Projects
- 9) Questions

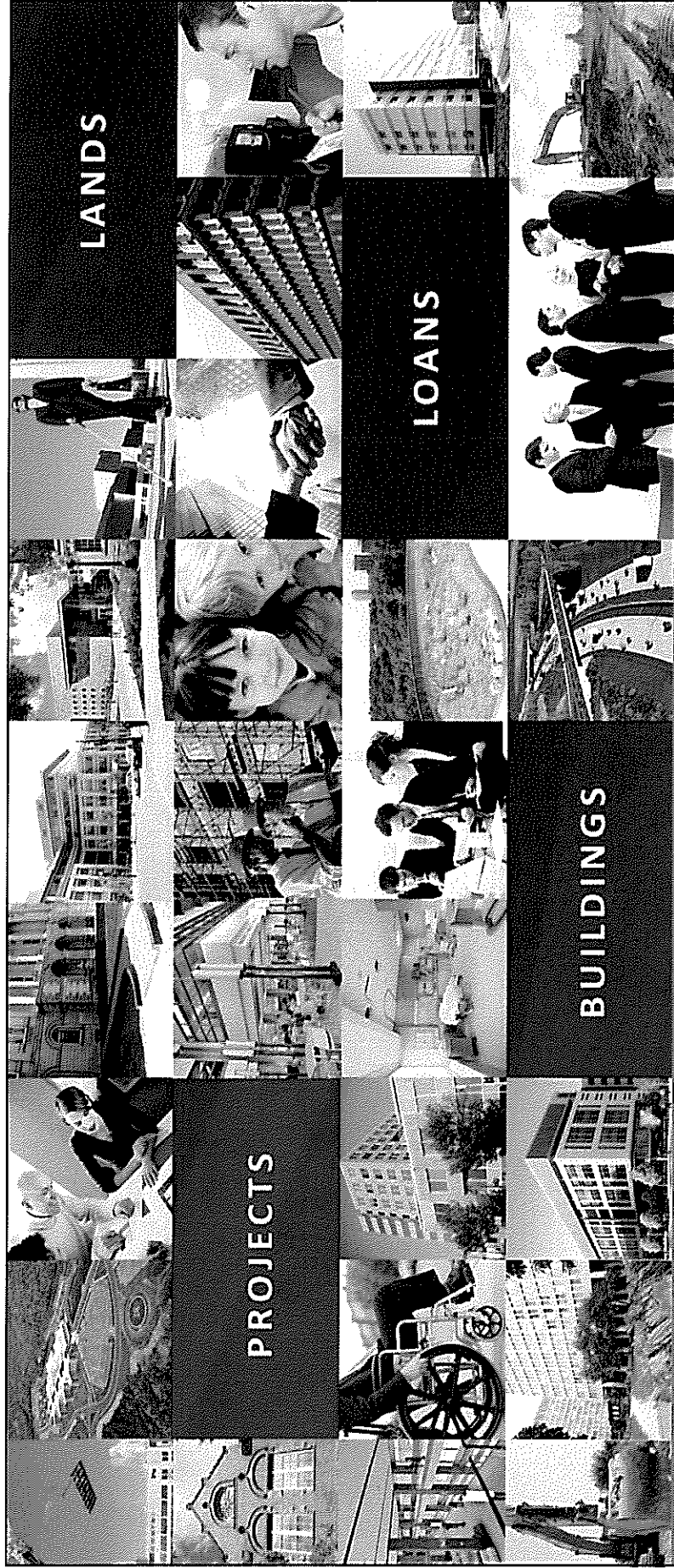
Building a Better Tomorrow Framework

- In July 2004, the Province released *Building a Better Tomorrow: An Infrastructure Planning, Financing and Procurement Framework*.
- The *Framework* sets out the Province's approach to infrastructure planning, financing and procurement, including when the Province will consider using Alternative Financing and Procurement (AFP) strategies.
- The *Framework* ensures that all public infrastructure projects, whether AFP or not, adhere to five key principles:
 - Public interest is paramount;
 - Value for money must be demonstrated;
 - Appropriate public control/ownership must be preserved;
 - Accountability must be maintained; and
 - All processes must be fair, transparent and efficient.



Infrastructure Ontario

- Crown corporation delivering excellence in major project delivery, lending, real estate management and asset planning.
- Supports Ontario's position as a North American leader for infrastructure delivery and innovation.
- Driven to provide value for money and exceptional service to our customers.



By the numbers

Major Projects:

79 AFP projects valued at approximately \$30 billion, saving taxpayers an estimated \$3 billion, including hospitals, jails, courthouses, roads, sports facilities and information technology.

Loans:

Has supported more than 1,560 projects totalling almost \$9.8 billion and has advanced over \$5.25 billion in loans.

Real Estate Mgmt:

Oversees 3,355 projects and a \$258 million forecasted spend through contracts with CBRE, SNC Lavalin and MHPM. Manages 6,000 buildings and structures.

Ontario Lands:

Provides strategic asset planning to ensure optimal investment and maximum utilization of nearly 1 million acres of lands and 6,000 buildings.

AFP Projects in Ontario

- Projects directed to IO for AFP project delivery across Ontario include:
 - **Healthcare:** over 36 hospitals and health-related facilities
 - **Justice:** 8 courthouses and detention centres
 - **IT Projects:** Government Services Datacentre
 - **Transit:** Air Rail Link Spur, Ottawa Light Rail Transit, Water
 - **Transportation:** Highway 407 extension, Windsor Essex Parkway and Highway Service Centres
 - **Special Projects:** Pan Am Games Athlete's Village and venues, OPP Modernization
- 28 major projects in IO's business development pipeline



Substantial Completion Achieved

• Bluewater Health	• Quinte Health Care – Belleville General
• Centre for Addiction and Mental Health (CAMH)	• Rouge Valley Health System, Ajax-Pickering
• Credit Valley Hospital	• Roy McMurtry Youth Centre
• Durham Region Courthouse	• Runnymede Healthcare Centre
• Hamilton Health Sciences - Hamilton General Hospital	• Sault Area Hospital
• Hamilton Health Sciences - Juravinski Hospital and Cancer Centre	• St. Joseph's Health Care London - M2P1
• Kingston General Hospital	• Sudbury Regional Hospital
• Lakeridge Health Corporation	• Sunnybrook – M-Wing/P&G Fit-out
• LMSC/SJHC London - M2P2	• Toronto Rehabilitation Institute
• Ministry of Government Services Data Centre	• Toronto South Detention Centre
• Montfort Hospital	• Trillium Health Centre
• North Bay Regional Health Centre	• Waterloo Region Consolidated Courthouse
• OPP Modernization	• Windsor Regional Hospital
• Ottawa Cancer Centre	• Woodstock General Hospital
	• Bridgepoint Health
	• Markham Stouffville Hospital
	• Niagara Health System
	/31



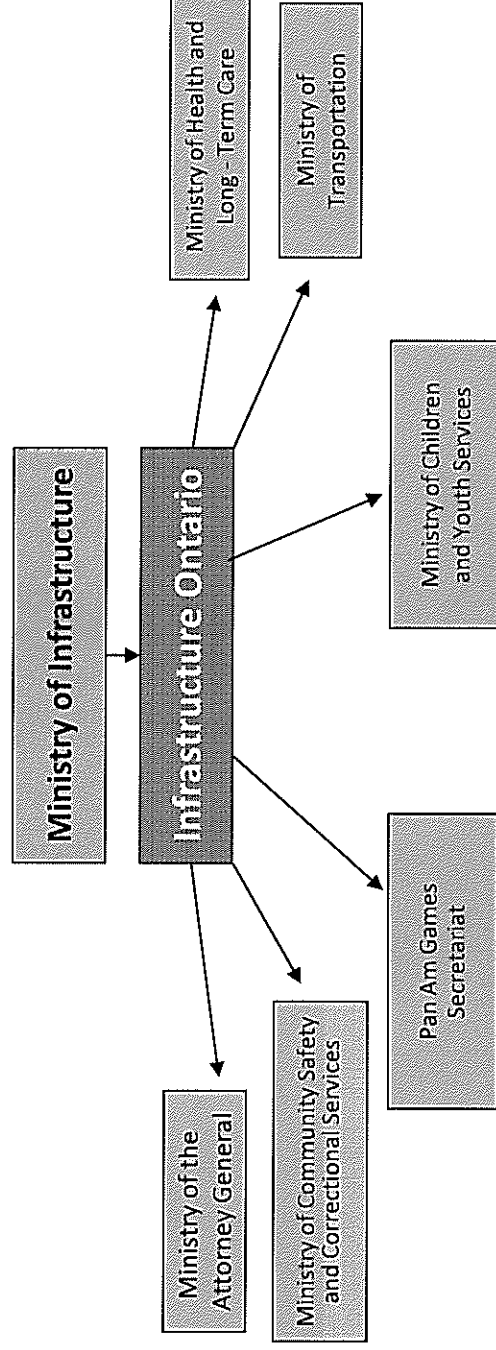
Projects Under Construction

- Air Rail Link Spur
- Forensic Services and Coroner's Complex
- Halton Healthcare Services
- Humber River Regional Hospital
- London Health Sciences Centre - St. Joseph's Health Care London - M2P3
- Ontario Highway Service Centres
- Pan Am Athletes' Village
- Pan Am Stadia and Velodrome
- Pan American Aquatics Centre, Field House and Canadian Sport Institute Ontario
- Quinte Consolidated Courthouse
- Royal Victoria Regional Health Centre
- South West Detention Centre
- St. Joseph's Health Care London's Specialized Mental Health Care and Forensic Mental Health Care
- St. Joseph's Health Care - West 5th Campus
- St. Thomas Consolidated Courthouse
- The Rt. Hon. Herb Gray Parkway
- Thunder Bay Consolidated Courthouse
- Waypoint Centre for Mental Health Care
- Women's College Hospital

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INFRASTRUCTURE ONTARIO – MAJOR PROJECTS

- Manages the planning, design and delivery of major public infrastructure projects.
- Projects are delivered primarily through an Alternative Financing and Procurement (AFP) approach, which uses private financing to strategically rebuild infrastructure, on time and on budget.
- Infrastructure Ontario works in partnership with its client Ministries and Co-Sponsor Clients in managing infrastructure projects.



ROLE OF INFRASTRUCTURE ONTARIO – MAJOR PROJECTS

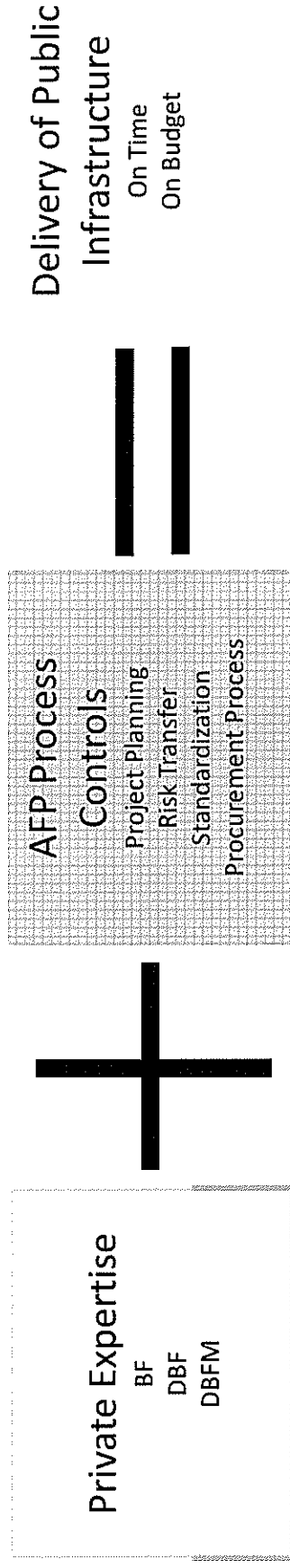
- Leads pre-transaction, transaction, procurement and implementation of projects starting with the preparation of the MOU, PDC RFP, Request for DBFM Qualifications and RFP Documents
- Invites bids through Request for Proposals to pre-qualified Proponent Teams
- Negotiates with Proponents to achieve Commercial & Financial Close
- Monitors the construction project with the Co-Sponsor, ensuring completion on time, on budget and within scope

ALTERNATIVE FINANCING & PROCUREMENT (AFP) – OVERVIEW

Delivers public projects through established and tested processes and controls.

Utilizes private sector experience and expertise in the delivery of projects.

Projects can be delivered using a Build Finance (BF), Design Build Finance (DBF) or a Design Build Finance Maintain (DBFM).



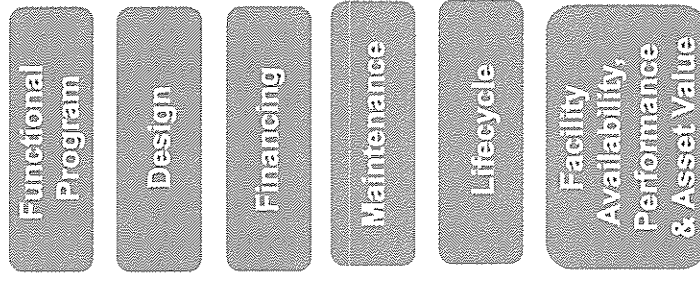
Design-Build-Finance-Maintain (DBFM) Model

- **Alternative Finance and Procurement (AFP) DBFM Model:**
 - Risk Transfer model that looks to Private Sector experience and expertise.
 - Consortia teams (Bidders/Proponents known as Project Co) are formed.
 - “D” **Design** to be completed by Project Co Design Team (Architect lead).
 - “B” **Build** (construction) to be completed by General Contractor (Leads the Design and Build teams).
 - “F” **Finance** is often led by the Consortium lead (Developer/Financier).
 - “M” **Maintain** is the Building Maintenance provider who contracts with Developer.
 - There is a facilities maintenance and management agreement, that extends financing and risk transfer over a 30 year concession period.
 - There is a long-term stream of payments through the payment mechanism that results in a monthly unitary charge with a capital and operating component.

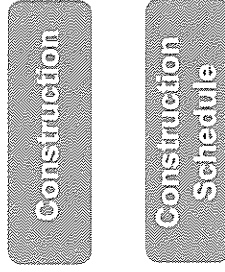
DBFM Model

Traditional

Public Sector Risks

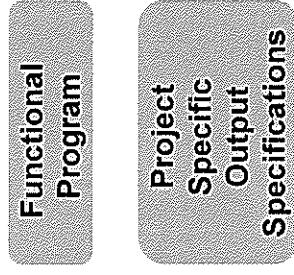


Private Sector Risks

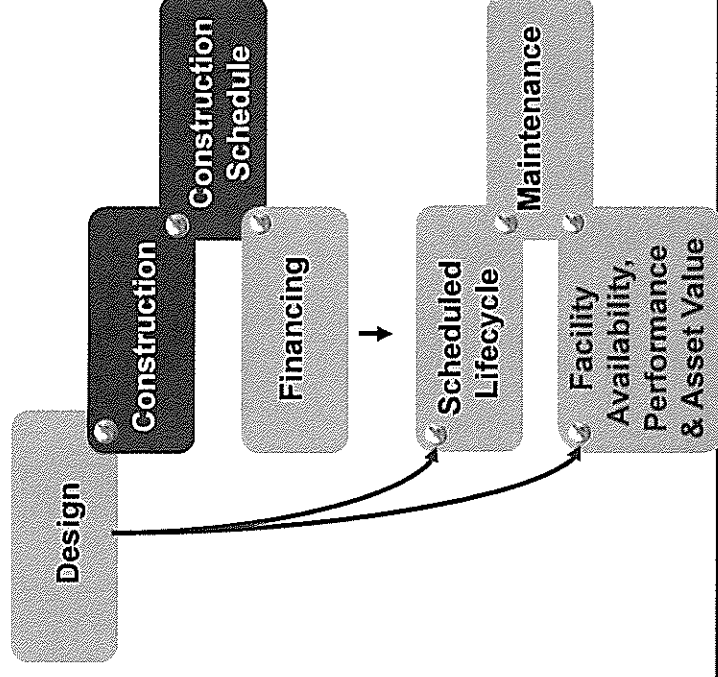


AFP: Design-Build-Finance-Maintain (DBFM)

Public Sector Risks

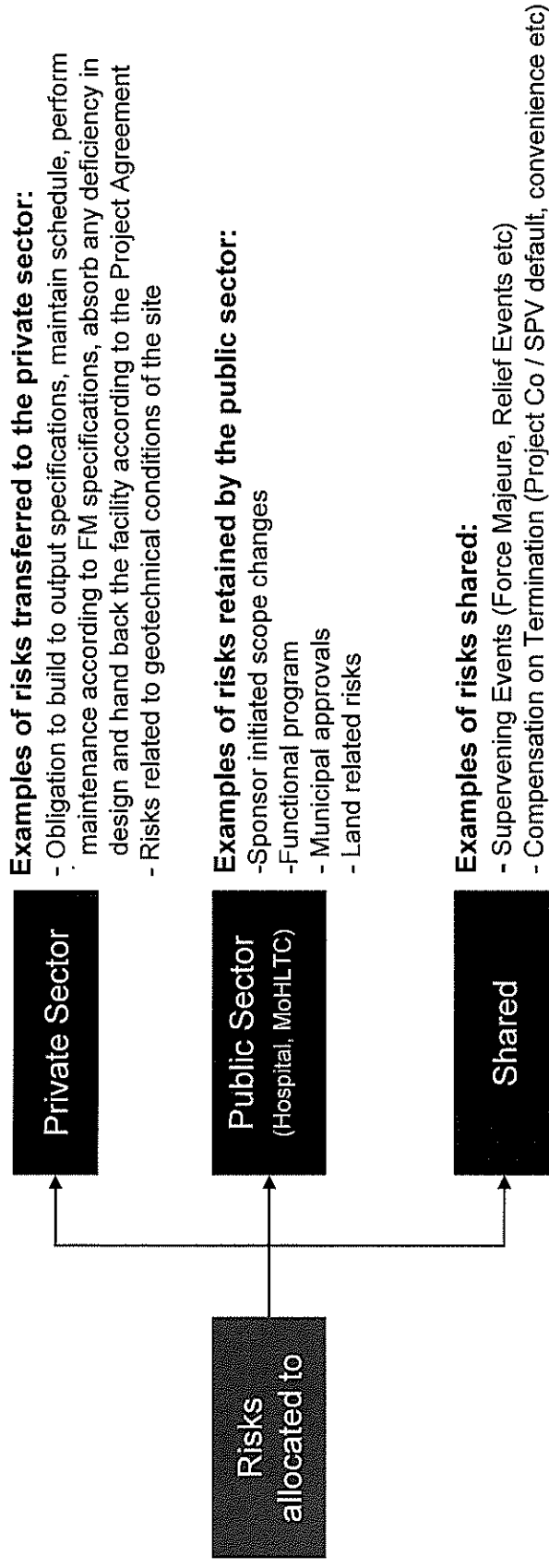


Private Sector Risks



Risk Allocation under the DBFM Model

- Risk is allocated to the party best able to manage and/or mitigate the risk



- All risk allocation is specified in the Project Agreement and Schedules between the Private Sector and Public Sector

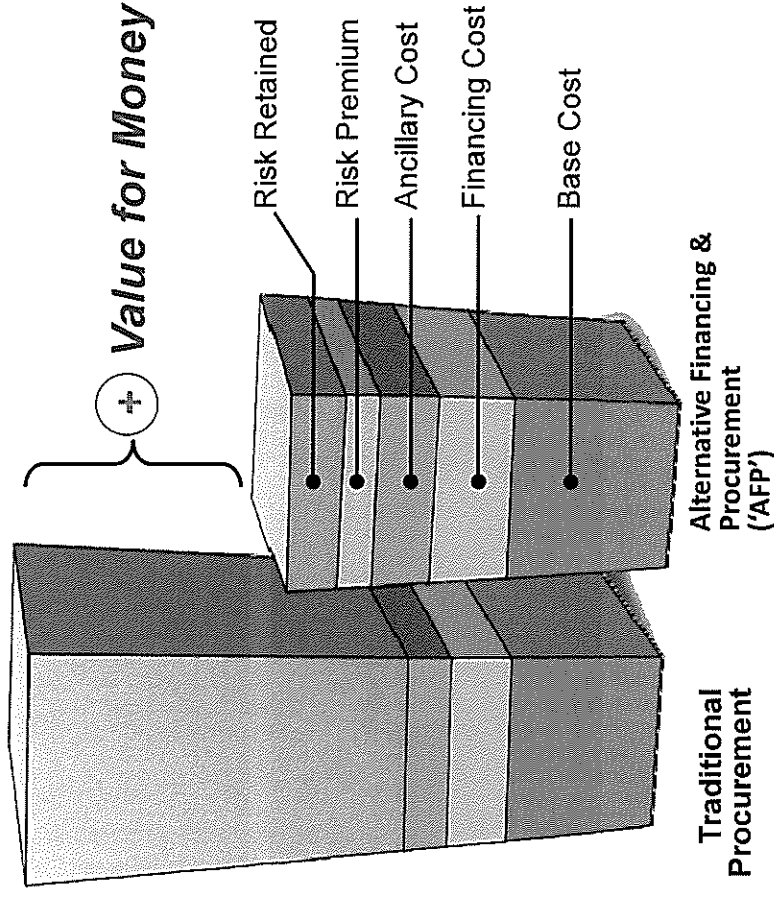
Value For Money (VFM) and AFP

A **VFM assessment** compares the cost of delivering a project under two different delivery models to determine which provides the lower estimated total project cost

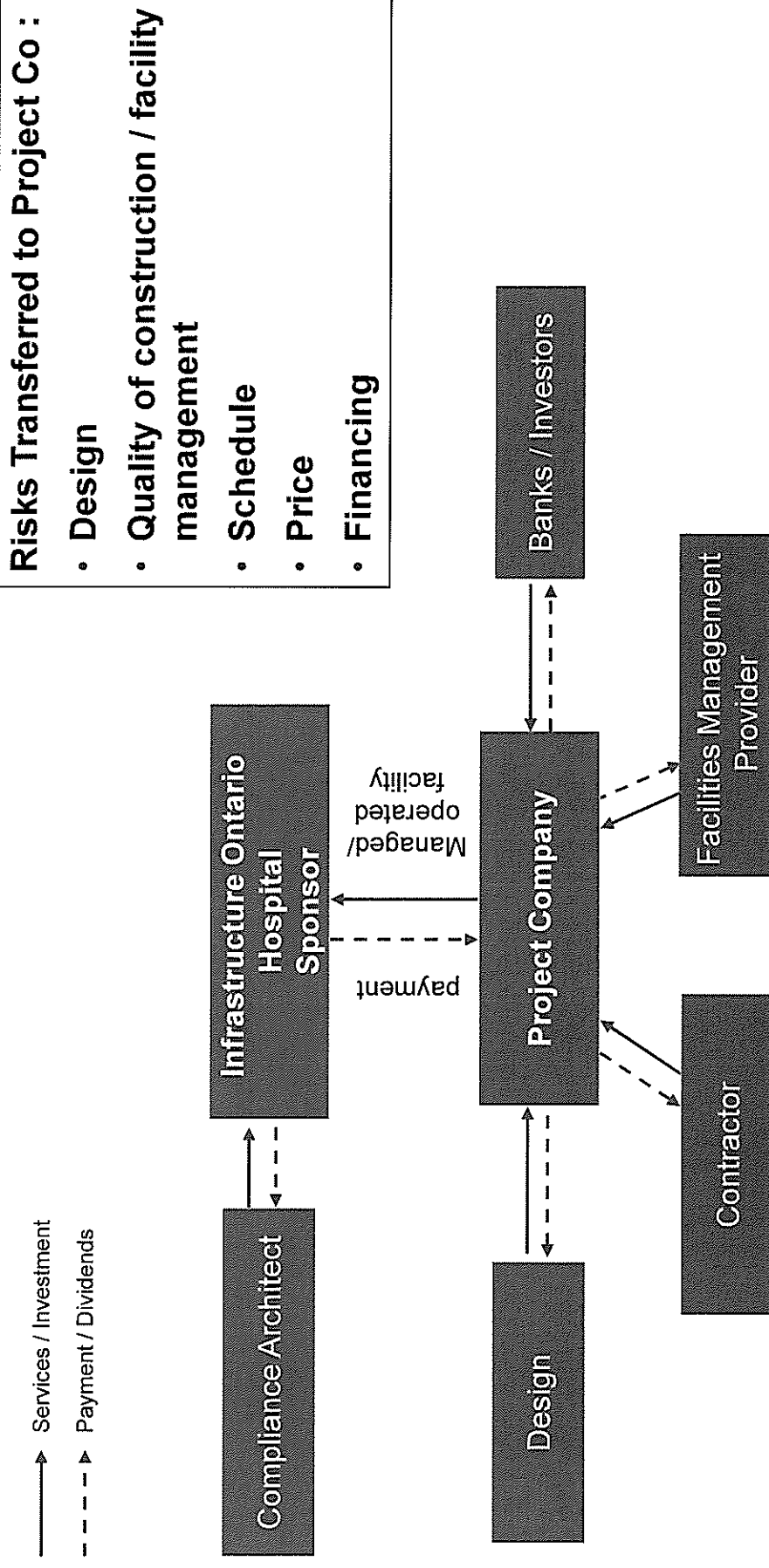
Cost categories include:

- Retained Risks (*by Public Sector*)
 - Risks best managed by the public sector stay with the public sector
- Risk Premium
 - Private sector charge for assuming transferred risks
- Ancillary Costs
 - Legal and financial advisory fees, certifier costs, etc.
- Financing Costs
 - Cost associated with funding the project
- Base Costs
 - Construction, Lifecycle, Operating, Maintenance

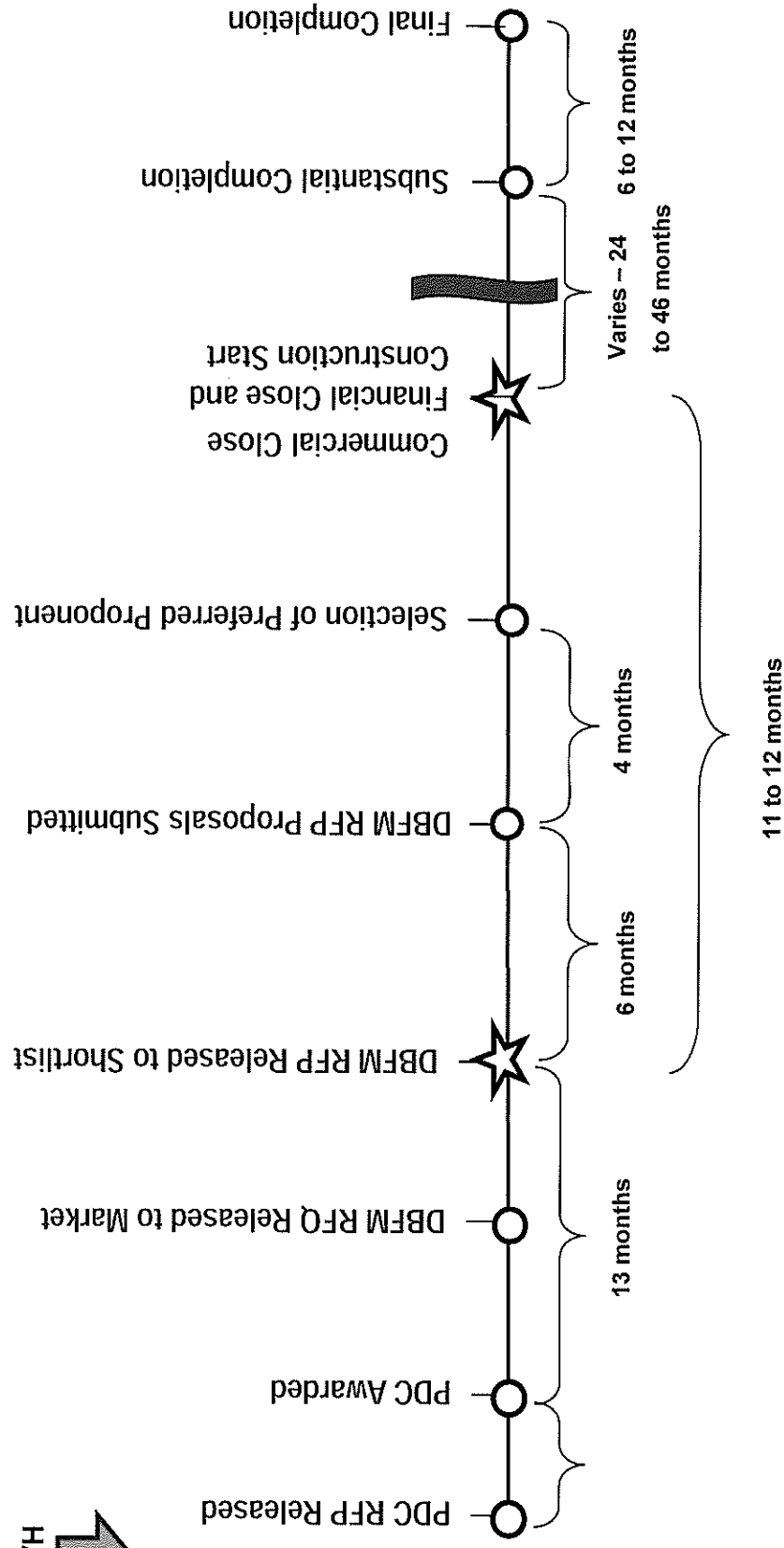
VFM is only achieved if the higher cost elements under AFP are more than offset by the reduction of retained risks



Design-Build-Finance-Maintain (DBFM)



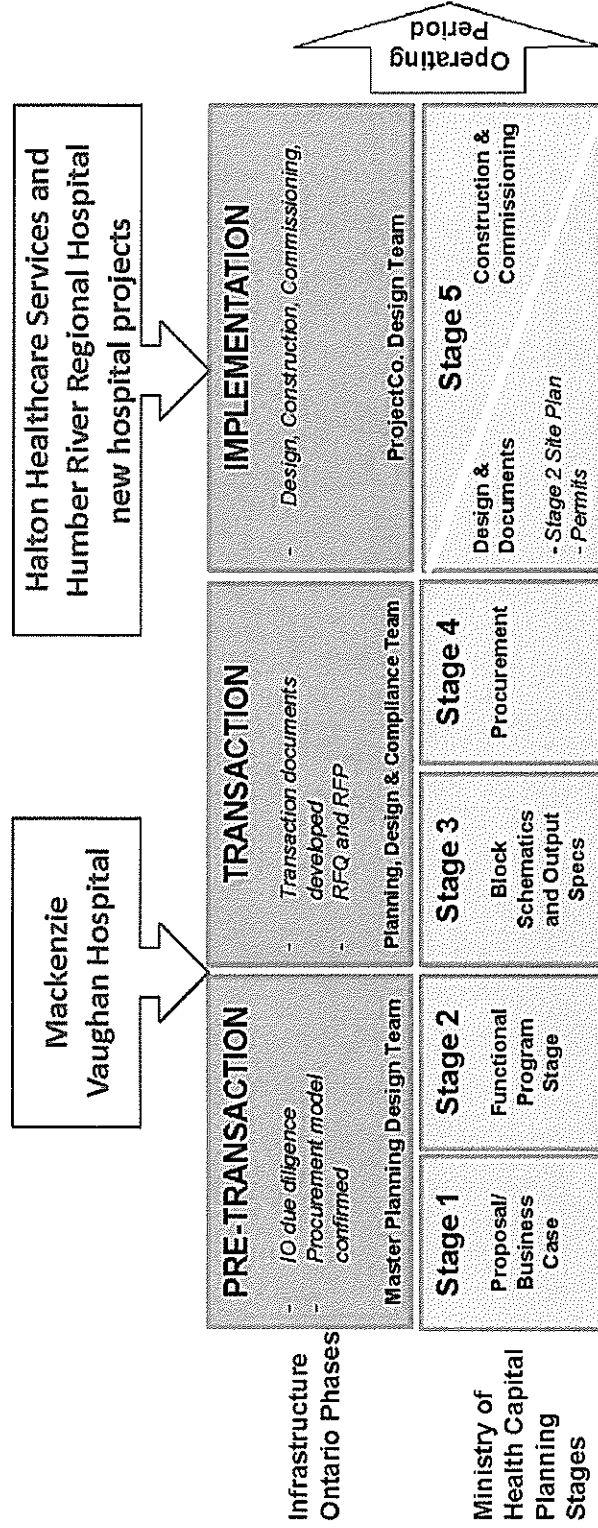
DBFM Model – Transaction Phase Timeline



DBFM Model – Transaction Phase Timeline



New Hospital Steps

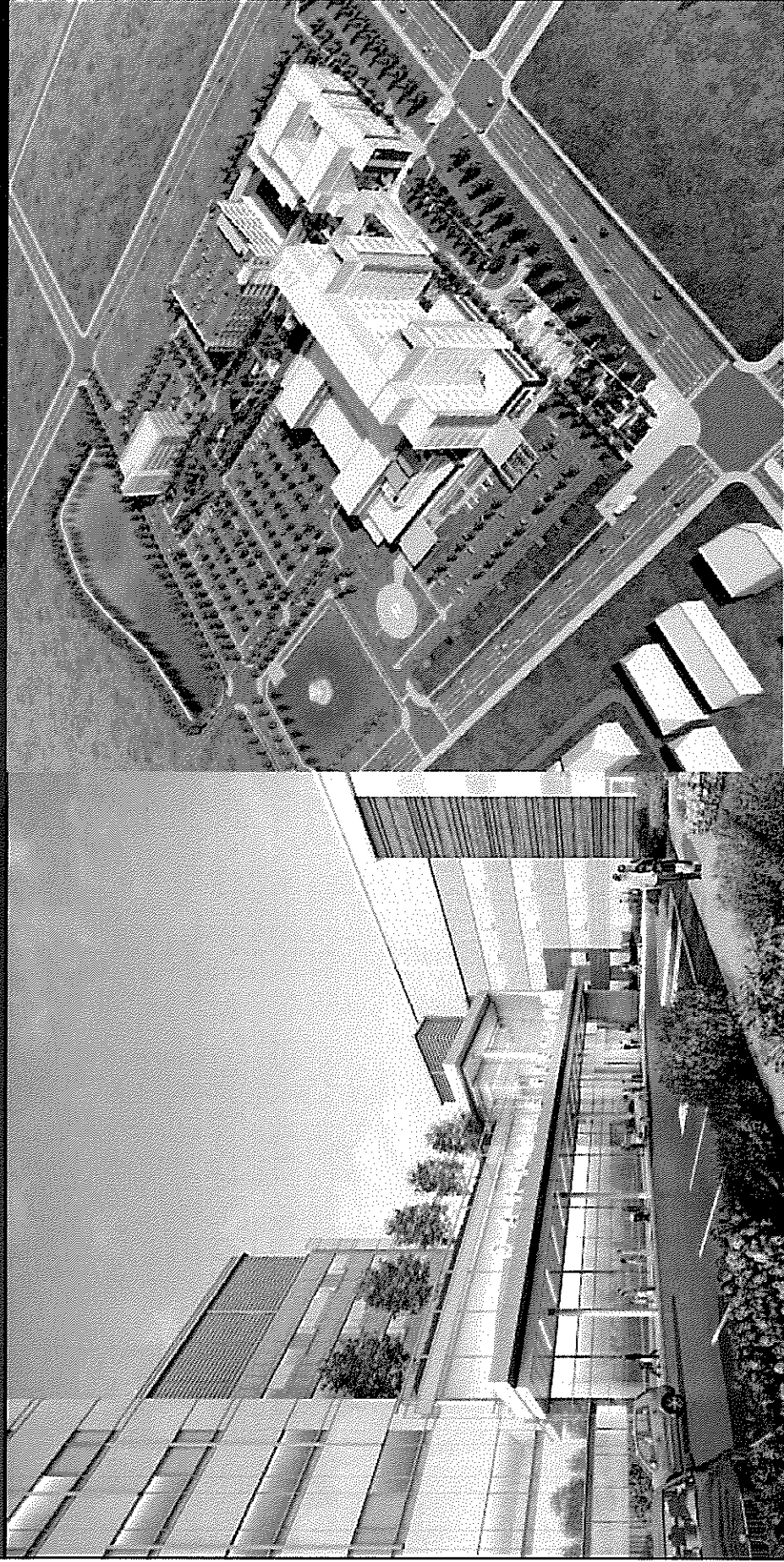


IO DBFM Projects Humber River Hospital



1.8 million square feet
Construction 30% complete

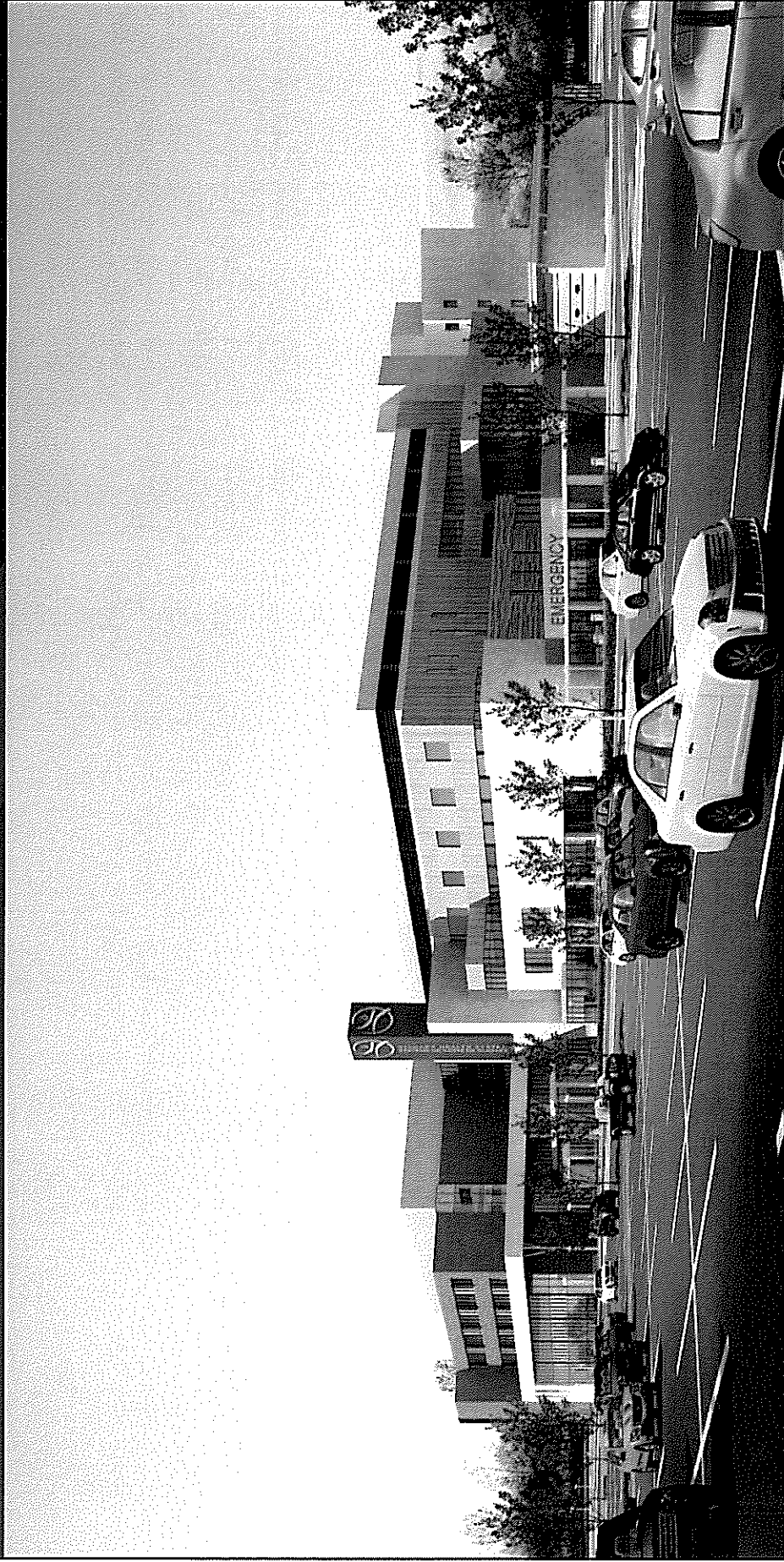
IO DBFM Projects Halton Healthcare Services



1.3 million square feet
Construction 30% complete

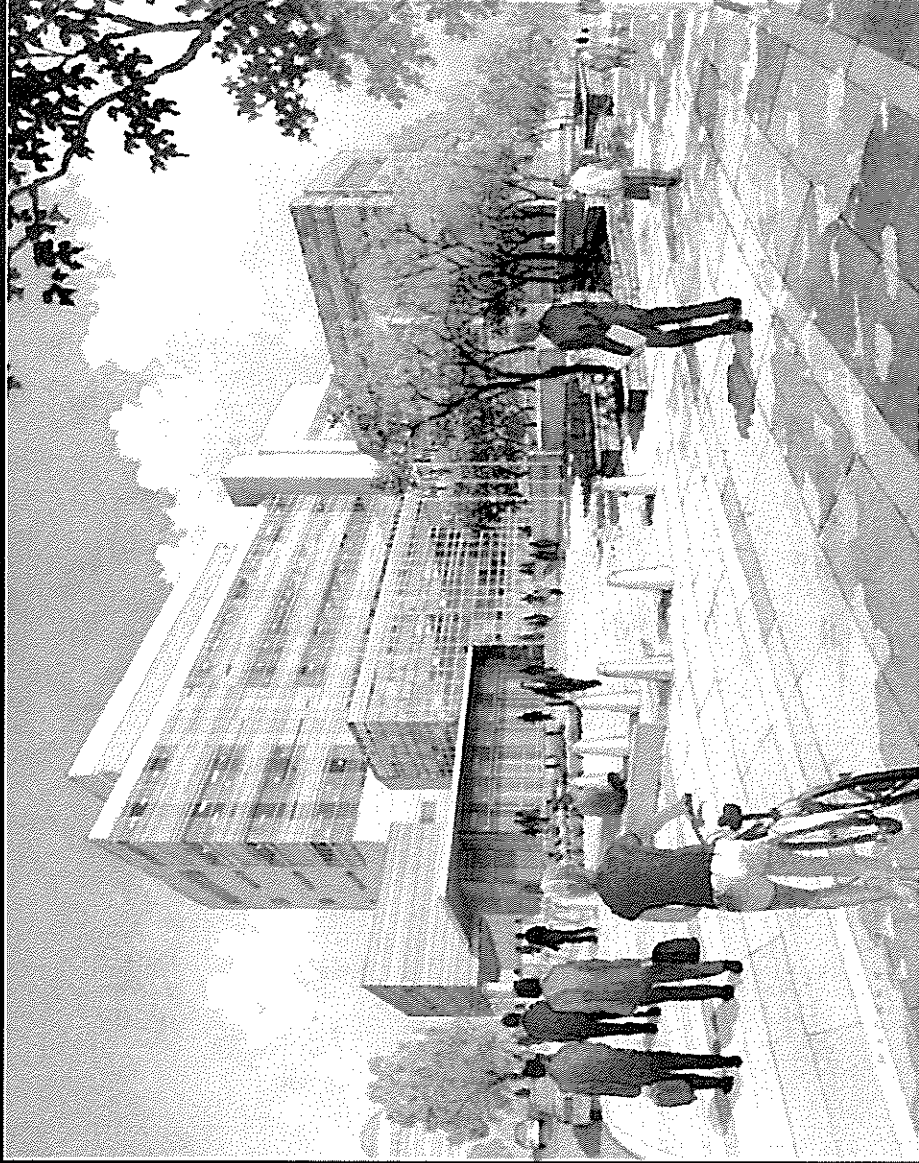
www.infrastructureontario.ca

IO DBFM Projects Niagara Health System



970,000 square feet
Construction 100% complete

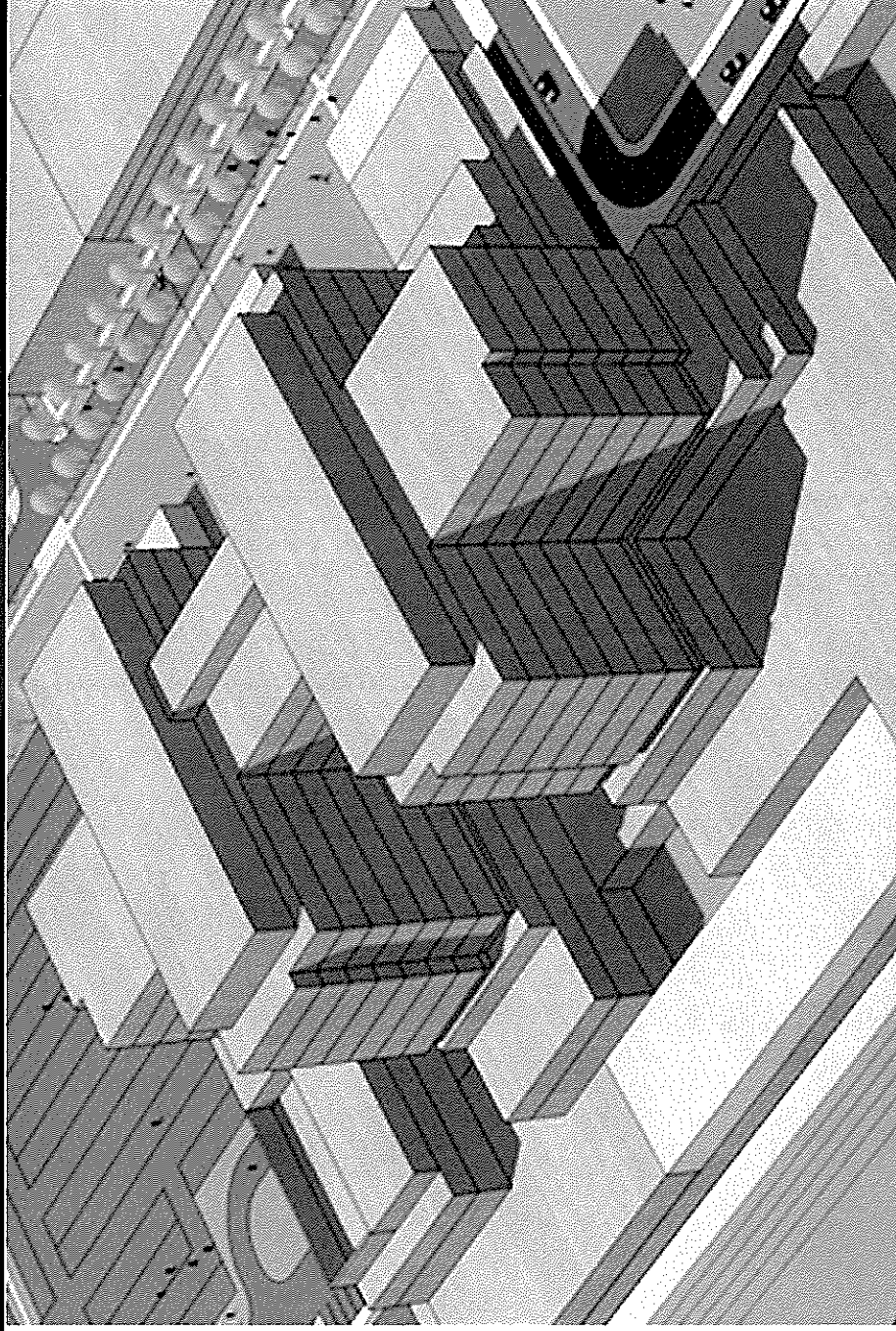
IO DBFM Projects Waterloo Region Courthouse



423,000 square feet
Construction 100% complete

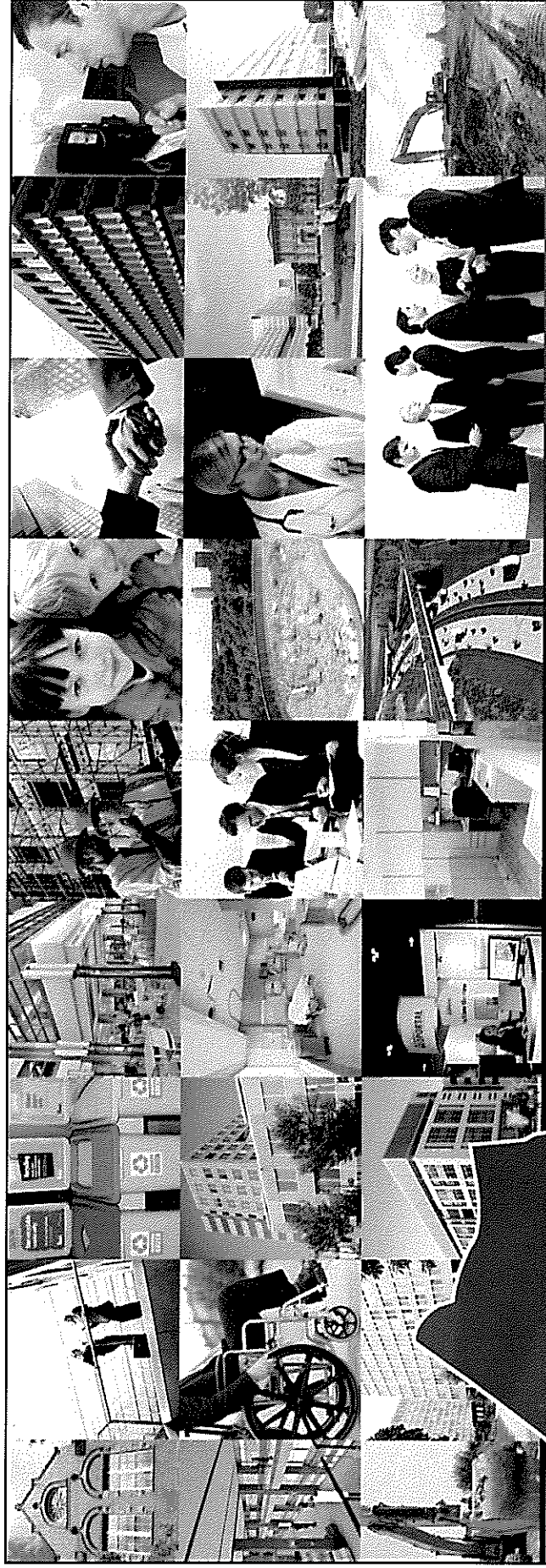
www.infrastructureontario.ca

IO DBFM Projects Mackenzie Vaughan Hospital – Concept View



**Stage 2 Concept
Approximately 1.1 million square feet**

www.infrastructureontario.ca

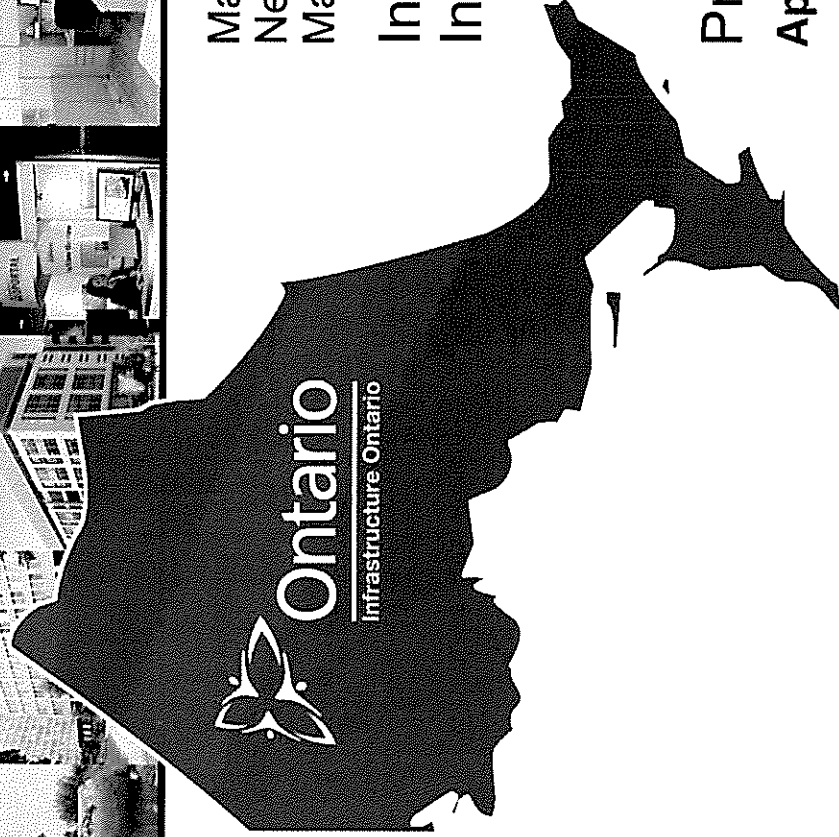


Mackenzie Vaughan Hospital
New Facility
Major Mackenzie Drive, City of Vaughan

Introduction to
Infrastructure Ontario and AFP

Questions?

Presentation to the City of Vaughan
April 15, 2013



**MACKENZIE HEALTH AND INFRASTRUCTURE ONTARIO
MOVING FORWARD WITH HOSPITAL PLANNING
WARD 1**

Recommendation

The City Manager, the Commissioners of Planning, Engineering and Public Works, and Legal & Administrative Services & City Solicitor recommend:

That the staff report and the presentation of Infrastructure Ontario be received for information.

Contribution to Sustainability

Ensuring a development plan which supports the timely hospital development and maximizes economic development opportunities helps achieve the community objectives of providing health care and economic development on the lands.

Economic Impact

There is no economic impact resulting from this report.

Communications Plan

Not applicable

Purpose

The purpose of this report is to provide a presentation from Mackenzie Health and Infrastructure Ontario on the progress on moving forward with Mackenzie Vaughan Hospital.

Background - Analysis and Options

Mackenzie Health has completed the Stage 2 submission to the Ministry of Health and Long Term Care for the Mackenzie Vaughan Hospital project on March 1, 2013.

Infrastructure Ontario will be making a presentation on the Alternative Finance and Procurement (AFP) model and will provide Council with information on the Design Build Finance and Maintain (DBFM) process. The DBFM process has been used throughout Ontario for other large scale projects.

It is important that Council be aware of the process as it moves forward to facilitate the hospital project and maintain the hospital development schedule.

Relationship to Vaughan Vision 2020/Strategic Plan

A hospital in Vaughan is one of Council's highest priorities.

Regional Implications

None

Conclusion

Staff recommend that the presentation of Mackenzie Health and Infrastructure Ontario be received for information.

Attachments

None

Report prepared by:

Heather Wilson
Director of Legal Services

Respectfully submitted,

Clayton D. Harris
City Manager

John MacKenzie
Commissioner of Planning

Paul Jankowski
Commissioner of Engineering
& Public Works

MaryLee Farrugia
Commissioner of Legal &
Administrative Services & City Solicitor