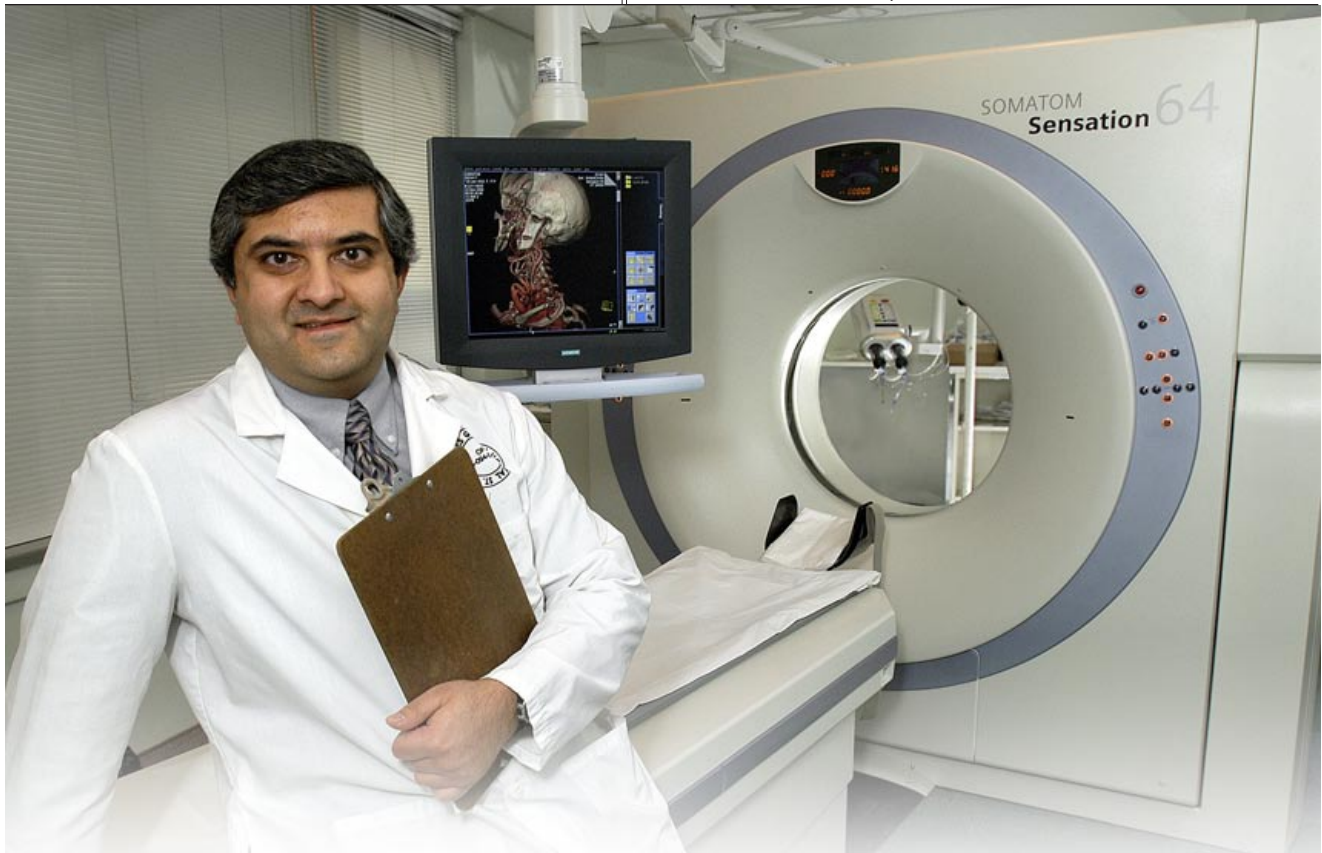


BUILDING HEALTHCARE FOR TODAY AND TOMORROW —

It's Our Time PROJECT



Our local share

The Niagara Health System (NHS) and any hospital in the Province embarking on a capital redevelopment project are asked to obtain funding commitments from their local communities before the Ministry of Health and Long-Term Care (MOHLTC) will approve the project going to tender.

To help you understand the process under which the building will be funded, this issue of the newsletter is dedicated to explaining the local share process and discussions currently underway with the NHS and four separate local governments; namely the Regional Municipality of Niagara, the City of St. Catharines, Town of Niagara-on-the-Lake and City of Thorold.

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Pictured Above: Dr. Amit Mehta, the Chief of Diagnostic Imaging at Niagara Health System (NHS), relies on CT and MRI technology as non-invasive methods of investigating medical issues. Here Dr. Mehta is shown with the very first 64 slice CT scanner installed in Canada. Apart from major therapeutic radiation and tertiary mental health equipment, the NHS will be raising one hundred per cent of the funds needed for essential equipment to be housed at the new health-care complex.



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Some background information



In September 2005, the NHS received approval from the Province of Ontario to build a new health-care complex that would provide modern facilities to ultimately improve healthcare for everyone living in Niagara.



The complex, to be built in west St. Catharines, will bring new programs for cancer treatment, cardiac catheterization and tertiary mental health to the region. These services have previously not existed in Niagara, forcing thousands of patients and their families to travel outside the region for health-care services. There will also be a new community hospital to serve the residents of St. Catharines, Thorold, Niagara-on-the-Lake and immediate area, replacing the St. Catharines General and the Ontario Street Site, which range from 40 to over 100 years old.

Thus far, NHS' local share proposal has been shared formally with St. Catharines and Niagara Regional Council. The presentation to the Town of Niagara-on-the-Lake Council and City of Thorold Council will occur this week.

The MOHLTC funding policy for hospital construction

In June 2006, the government introduced a new local share policy that increased the government's contribution toward hospital capital projects. Under the new policy, the Province covers 90 per cent of construction costs, with local communities paying for the remaining 10 per cent, as well as the cost for furniture and equipment.

In order to meet the project's local share requirement, the NHS has been working hard for the past few years to identify the fairest and most appropriate means to secure the local share funds needed for this important project. While discussions have been ongoing for the past two years, the first phase of formal presentations to councils occurred April 30 and will continue up until May 15.

Before a capital hospital project will be approved by the Province to go to tender, commitment is required from the local communities that they will support the project for their portion of the local share. In the case of the Niagara Health System, this commitment is required by early June in order for the Province to release the Request for Proposals (RFP) to short-listed project teams this summer. These are the three building teams who were pre-selected to bid on designing, building, financing and maintaining the health-care complex.

"It is essential that we work hand in hand with our local governments to move the project to the critical next step of tendering. Being able to tender the project early this summer keeps us on target for a late 2011 opening of this facility which is so greatly needed by all residents of Niagara," says Debbie Sevenpifer, President and CEO.

The commitment of Regional Council and the councils of St. Catharines, Niagara-on-the-Lake and Thorold is required in two phases:

Phase 1: Before the RFP can be issued in Summer 2007

This requires a council motion and minutes, containing an indication of the estimated levy amount and payment structure.

Phase 2: Before the project can proceed to commercial close, which is when the winning bidder is selected, in mid 2008. This would include a council motion and minutes with confirmed amount, payment structure and signed funding agreement. health-care professionals, to lessen wait times and to significantly reduce the need for Niagarans to leave the region for services.



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Local share formula and project costs

As mentioned previously, the Province now funds 90 per cent of hospital infrastructure. The remainder of the costs, in addition to other related costs, needs to be funded locally.

The local share of the Building Healthcare for Today and Tomorrow project is estimated to be approximately \$100 million. However, it is important to note that at this early stage in the process, costs estimates could increase up to 20 per cent until the final bids are presented in January 2008.

The local share proposal is as follows:

- **\$25 million** of the \$40 million "It's Our Time" Regional fundraising campaign
- **\$15 million** Retail and revenue generating strategies (which includes the sale of the Ontario Street and Queenston Street properties)
- **\$60 million** Tax levies or grants

The amount of money that will compose the local share will be determined by the costs of the following:

- 10 per cent of infrastructure/construction costs
- 100 per cent of equipment, with the exception of major radiation and tertiary mental health equipment
- 100 per cent of parking lots
- 100 per cent of retail space

"The process we are undertaking with Infrastructure Ontario to build the hospital is a very diligent procedure," says Gloria

Kain, NHS Chief Planning and Development Officer. "There is a tremendous amount of hard work being done up front that allows us to develop a guaranteed price contract, which means that when the selected project team signs on the dotted line, they are committing to build our new hospital on time and on budget. Any costs incurred beyond the guaranteed price contract signed by the contractors will be their responsibility and not the hospital's or tax payers' responsibility."

"Providing a project cost at this early stage would be premature and would likely establish a bidding floor for the bidding project teams," Debbie said to the Regional Council on the evening of May 3rd. "We will not know the cost of the project until we receive the bids from the teams in June 2008, and at that time we will be committed to sharing the full project cost publicly."

A number of factors could also contribute to changes in project costs, such as the change in price in building materials, market capacity and recent changes in the Ontario Building Code. According to Statistics Canada, construction costs nation-wide increased over eight per cent between the third quarter of 2005 and the third quarter of 2006.

"Many strategies have been put into place in order to keep the local share in a reasonable and fair range, ensuring that we meet the program needs, but without being excessive," adds Debbie. "In all cases, where we can, we will be reusing equipment and coming up with other cost-saving strategies to make sure the cost does not escalate unreasonably."

What's needed for our local share?

There are two components to the local share proposal – one for the regional services and other for the new replacement local community hospital.

The formula used for the local replacement acute care hospital is based on the use of the current St. Catharines sites and the populations of the municipalities who are primary users. Currently, the three municipalities who account for 85 per cent of the acute community hospital services presently provided at the Ontario Street and Queenston Street sites in St. Catharines are St. Catharines, Thorold and Niagara-on-the-Lake.

Here is the breakdown of associated municipal share of costs for the local hospital replacement.

- **\$31.2 million** *St. Catharines*
- **\$4.3 million** *Thorold*
- **\$3.5 million** *Niagara-on-the-Lake*

Additionally, there is a regional levy contribution of \$21 to \$25 million to fund regional services for the treatment of cancer, heart disease, tertiary mental health and kidney disease that benefit all of Niagarans.

Betty-Lou Souter, the Chair of NHS's Board of Trustees comments, "As people who live, work and raise our families here in Niagara, we all have a stake in this project and we will all benefit from having new, greatly needed health-care facilities here in the region. By working together, we can make our community stronger and healthier - not only for our generation but for generations to come."

The proposal to Niagara Regional Council on May 3rd was a resounding success. After Regional Council unanimously supported a motion to approve the regional share request in principle, elected officials, regional staff and spectators in the gallery broke out into applause. Chairman Peter Partington stated, "This is the strongest endorsement of an issue brought before this council that I have seen."



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It's Our Time fundraising campaign

Niagara's local share will be provided through tax-base funding and philanthropic initiatives. In order to determine the fundraising feasibility of the area, a planning study was conducted to reveal that it is reasonable for the Niagara community to support a \$40-million fundraising campaign, of which \$25 million will be dedicated to the new health-care complex.

This fundraising campaign comes at an important time when funds can also be raised for some of NHS's other hospital sites – demonstrating the constant need for improved services across the entire Niagara region. Fifteen million dollars of the \$40 million raised through the It's Our Time Campaign will provide enhancements to the NHS's Greater Niagara General Site in Niagara Falls, Douglas Memorial Hospital Site in Fort Erie, Port Colborne General Site and Welland Hospital Site.

The new health-care facility will bring care closer to home, when it comes to the much-needed regional services to the residents of Niagara who face significantly greater risks and challenges in getting the kind of healthcare they need and deserve when it comes to the four leading chronic conditions of cancer, heart disease, kidney disease and mental illness. As the It's Our Time campaign literature eloquently states, "Cancer doesn't discriminate. Mental illness can strike regardless of family history or social standing. A heart attack alters a life forever. Kidney disease can lead to reliance on dialysis to sustain life."

Few people in Niagara are untouched by these four prevalent chronic diseases. Conditions like cancer, mental illness, kidney and heart disease have no geographic boundaries. Neither should we in doing what we can to fight back and provide the health care our families, friends and neighbours need and deserve.



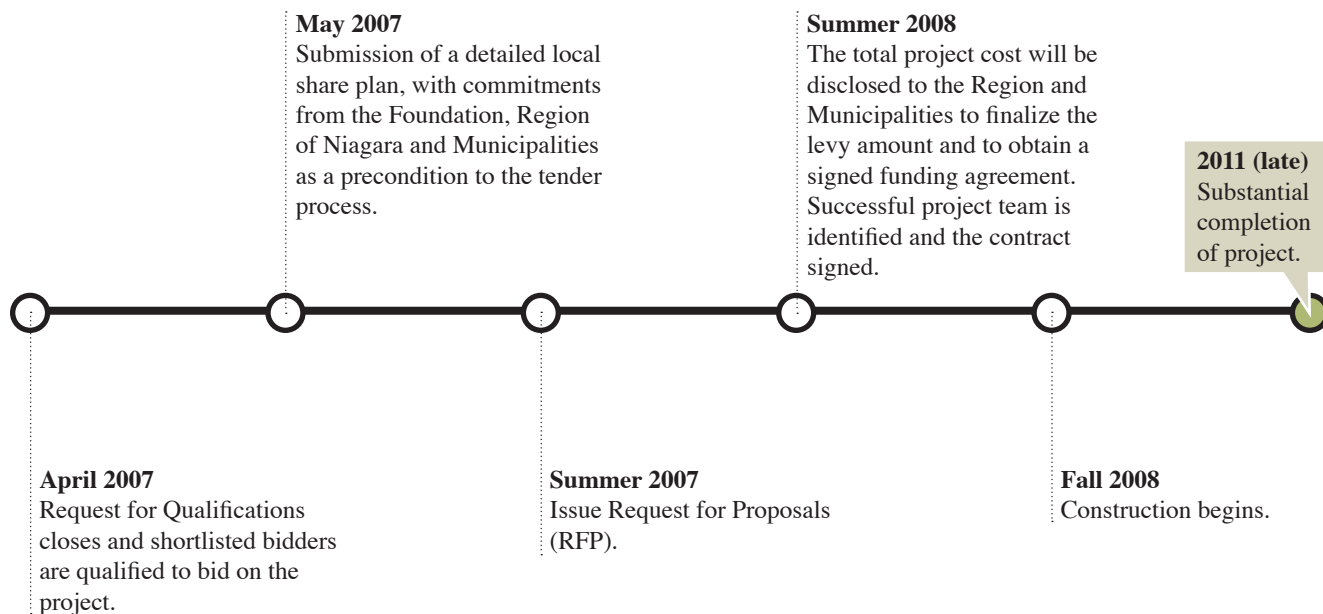
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Project timeline

In order to keep the momentum of the project, an aggressive timeline has been put into place. Here are the key dates in the tender process:



Next week...

Stay tuned for the next issue of Building Healthcare for Today and Tomorrow for a status update on the project.

We are interested in your feedback!

What would you like to know about the project? If you have any ideas for an issue of this publication, or have a question regarding the project, please contact Liisa Morley at: Liisa.Morley@niagarahealth.on.ca.



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