



For Immediate Release
April 9, 2007

COST OF NEW NORTH BAY HOSPITAL COMPETITIVE AND FAIR

Toronto - The contract to build, finance and maintain the North Bay Regional Health Centre (NBRHC) for 30 years was competitively bid and a fair price for taxpayers negotiated. Reports that costs have doubled since the contract price was released are inaccurate.

In order to ensure that the 30 year contract is fair, Infrastructure Ontario undertook a third party value for money assessment. PriceWaterhouse Coopers estimates projected savings of \$56.7 million under the alternative financing approach compared to a traditional delivery model on the project.

Over the course of the 30 year contract, Plenary Health will be paid approximately \$35 million each year to pay for the construction of the facility, building maintenance, lifecycle repair and renewal and project financing. In today's dollars, this equals \$551 million - about half of which represents the pure construction cost of the facility.

Net present value or today's dollars was used to evaluate the three proposals received for the project against the traditional delivery estimate. The payments over 30 years represent the government's financial commitment over the life of the contract. The contract with Plenary Health is similar to offering a homeowner a fixed payment schedule for 30 years that includes all the costs of purchasing and maintaining a home over that time period. This protects the homeowner from rising building costs and ensures the maintenance and/or renovations are done when needed. Taxpayers receive similar protection through the contract with Plenary Health.

Build, Finance, Maintain Contract

- Under the contract, Plenary Health is responsible for the construction, financing, building maintenance, and building repair and renewal for 30 years. Once the hospital is complete, monthly payments will be made to Plenary Health over 30 years.
- Taxpayers are guaranteed a fixed price and fixed delivery date for the hospital. The contractor can be penalized for late delivery.
- Risks related to design errors, project management and sub-contractor coordination, increases in construction materials and labour costs, schedule delays, and other related construction and building lifecycle risks are assumed by the private contractor.
- The government also receives a 30-year warranty on the work. Under traditional delivery, warranties are usually only one to two years.

- This made-in-Ontario approach to public infrastructure development was modeled using best practices from other infrastructure projects throughout the world.

About the NBRHC

As a three-storey general hospital, the new North Bay Regional Health Centre's redevelopment project will be significantly larger and equipped to offer more services than the present two-site operation. It will also include the new Northeast Mental Health Centre, a two-storey facility that will recreate a home-like, village environment.

Services at the new hospital will include:

- A larger emergency department with 32 treatment beds
- A consolidated ambulatory care centre
- Capacity for up to 275 acute care, complex continuing care, rehabilitation and acute mental health beds.

The new Northeast Mental Health Centre, which will be linked to the general hospital, will have capacity for up to 113 specialized mental health beds and serve all of northeast Ontario.

Infrastructure Ontario will work with the North Bay General Hospital and the Northeast Mental Health Centre to manage the construction of the North Bay Regional Health Centre, which will remain publicly owned, publicly controlled and publicly accountable. Infrastructure Ontario is a Crown corporation dedicated to managing some of the Province's larger and more complex infrastructure renewal projects – ensuring they are built on time and on budget.

The project is guided by principles outlined in the Province's *Building a Better Tomorrow* framework, which ensures public ownership of core assets such as hospitals, schools and water and wastewater facilities. The North Bay Regional Health Centre project is one of many infrastructure projects being constructed, upgraded and modernized under *ReNew Ontario*, the government's five-year, \$30-billion plus public infrastructure investment plan.

Visit www.infrastructureontario.ca for more information.

- 30 -

Contact:
Mary Lowe
Infrastructure Ontario
416-325-4856