



**Bermuda Hospitals Board**  
**KEMH Redevelopment Project**

# **Briefing for Contractors**

KEMH Redevelopment Project  
February 3, 2009



# Agenda

- Introductions and project overview: Mrs. Venetta Symonds, Deputy CEO, BHB
- Project delivery model: Mr. Malcolm Butterfield, Managing Director, Advisory, KPMG
- Opportunities for local contractors: Mr. James Campbell, Planning and Capital Development Manager, BHB
- Conclusion: Mr. David Hill, CEO, BHB
- Questions



# Project Overview

- **7 November 2008**
  - Government announced BHB will rebuild and refurbish KEMH
- **12 November 2008**
  - BHB, Ministry of Health and Bermuda Hospitals Charitable Trust outlined plan for developing acute care services on the current site
  - Johns Hopkins Medicine International Phase II Report released



# Redevelopment Plan

- **Five year plan:**
  - New ambulatory care centre
  - New patient tower and central utility plant
  - Renovate existing KEMH buildings
- **Long term plan:**
  - Relocate Continuing Care Unit and Staff Housing (5 to 10 years)
  - Further construction on KEMH site
- **Manage Mid-Atlantic Wellness Institute as a separate development project**
- **Further details in JHMI Phase II report on BHB website**



# Renovations to KEMH

- **Local contractors will play a major role in these improvements**
  - Construction will need to be carefully coordinated with ongoing operations
  - BHB is developing policy to help ensure competitive procurement
  - Renovations will be phased over the next five years as discrete projects
  - Examples of renovation projects include ward reconfigurations, room upgrades, fire system upgrades, etc.



# Business Case for New Facilities

- **KPMG has completed a business case that:**
  - Recommended development using a public private partnership (PPP)
    - Based on a design-build-finance-maintain (DBFM) delivery model
    - Various delivery models were assessed
  - Confirmed high-level financial feasibility of new facilities
    - Based on preliminary cost information and BHB identified funding sources
  - Provided preliminary plan to further project development



# DBFM Delivery Model

- BHB enters into an agreement with a private partner to:
  - Design
  - Build
  - Finance
  - Maintain a facility
- BHB does not pay until new buildings are complete
- Once facilities are complete, BHB will:
  - make a lump sum payment
  - make annual service payments for the duration of the concession (~30 years)
    - Covers capital cost, building maintenance and life cycle costs



# DBFM Delivery Model

- **Advantages of DBFM**
  - Virtually all design and construction related risks transferred to the private partner
  - Good opportunities for innovation and accelerated schedule
  - Optimizes life cycle costs
  - BHB retains ownership of the facilities
  - BHB maintains direct control of all operations that touch the patient





# DBFM Delivery Model

- **A DBFM model requires significant planning up front to:**
  - Develop clinical, technical and output specifications
  - Develop procurement documents
  - Conduct procurement process
- **This upfront planning is crucial for any DBFM project and will help deliver value for money for Bermuda**



# Project Status

## **Governance structure established**

- Project Board appointed

## **Currently assembling project team**

- BHB internal team
- Specialist advisors

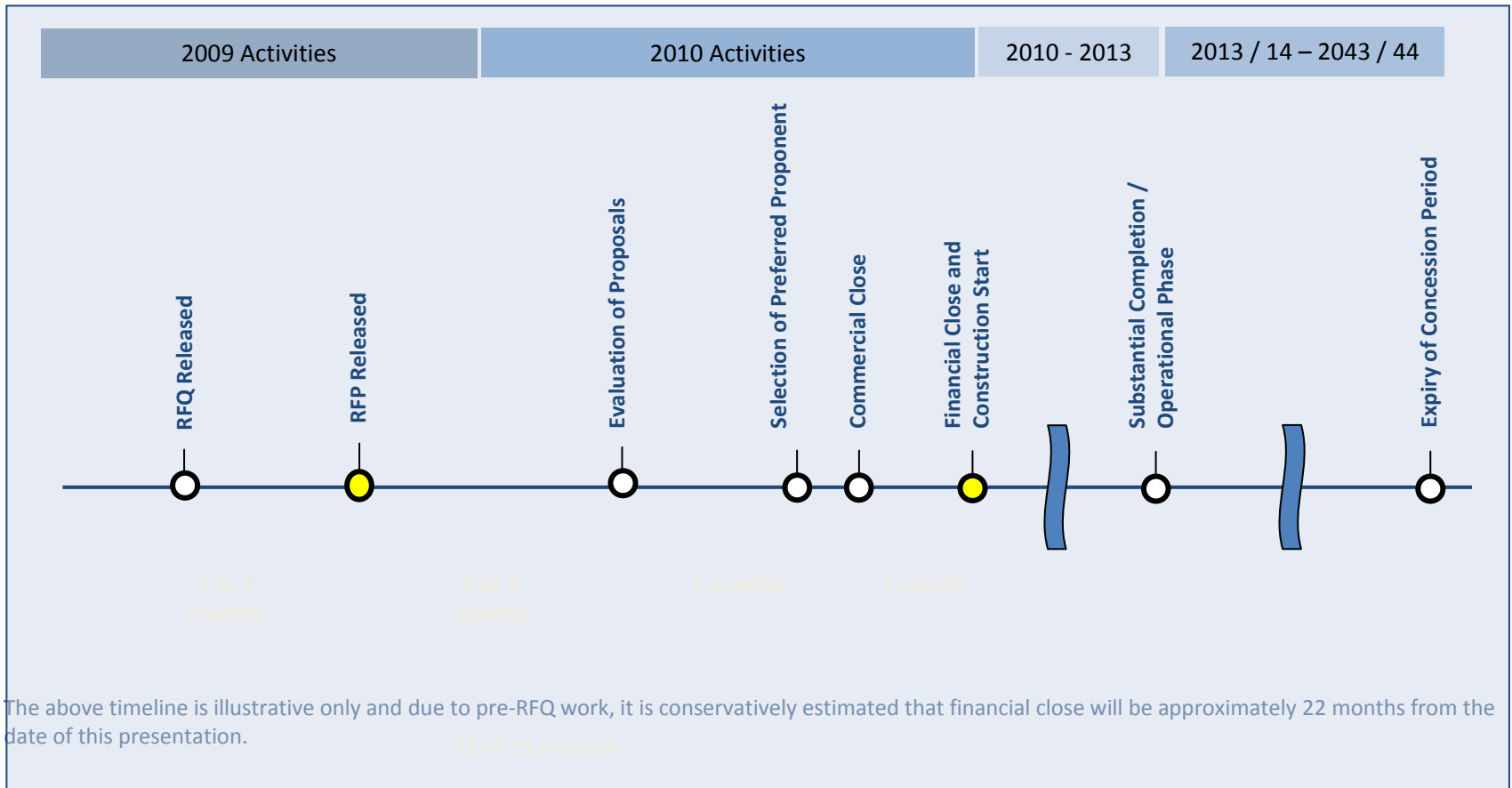


# Project Development Plan

<b>Phase 1</b> <b>Spring 2009</b>	<b>Project initiation</b> <ul style="list-style-type: none"><li>•Set governance structure</li><li>•Establish project development plan</li><li>•Assemble project team</li></ul>
<b>Phase 2</b> <b>Summer 2009</b>	<b>Develop business, regulatory and procurement model</b> <ul style="list-style-type: none"><li>•Resolve policy, commercial, technical and legal issues</li><li>•Refine project definition</li><li>•Develop proposed risk allocations, payment mechanism etc.</li></ul>
<b>Phase 3</b> <b>Summer 2009</b>	<b>Drafting</b> <ul style="list-style-type: none"><li>•Project agreement, procurement documents, technical specifications</li></ul>
<b>Phase 4</b> <b>Summer 2009</b>	<b>Request for qualifications</b>
<b>Phase 5</b> <b>Autumn 2009 – Summer 2010</b>	<b>Request for proposal and selection of preferred bidder</b>
<b>Phase 6</b> <b>Autumn - Winter 2010</b>	<b>Transaction finalisation and closing, groundbreaking</b>

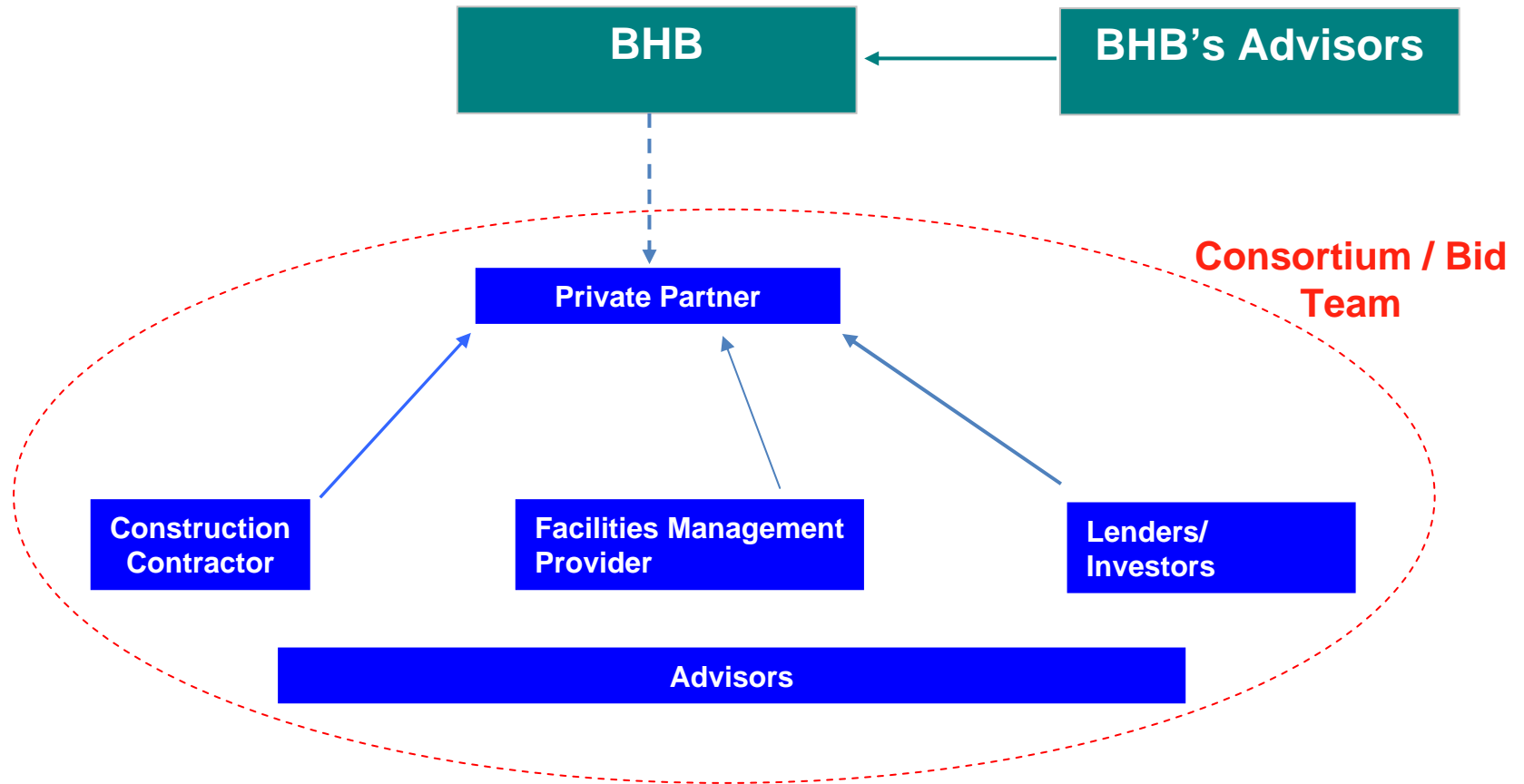


# Preliminary Timeline





# Project Structure





# Local Opportunities - Overview

## **Many opportunities for local contractors to be involved in new build**

- Technical advisor to BHB in planning and procurement
- Technical advisor to BHB during design and construction
- Participate in bid teams during competitive procurement
- Participate in successful bid team during design and construction of new facilities
- Participate in early works

**BHB's technical advisors will be precluded from joining bid teams due to conflict of interest**



# Technical Advisor to BHB

## **Technical advisor will be responsible for:**

- Planning early works
- Developing clear definition of output specifications
- Assisting in PPP procurement
- Review of proposals

## **Technical advisors need to demonstrate knowledge and experience with:**

- Output specifications
- PPP procurement
- Health care facilities
- Local conditions, Bermudian laws and regulations (e.g., building code)



# Selection of BHB Technical Advisor

## BHB's approach

- Competitively procure international technical advisor (PPP Technical Advisor)
- PPP Technical Advisor competitively selects local technical advisor in consultation and conjunction with BHB
- Local architect, engineer and other professionals sub-contractor to PPP Technical Advisor

## Schedule

- PPP Technical Advisor selection and appointment process to start shortly
- Requirements for local professionals to be determined in consultation with PPP Technical Advisor
  - Complement specific skills and experience of PPP Technical Advisor
- Separate competition for each required discipline starts this summer





# Bid Team Opportunities

## Local firms offer

- Sensitivity to unique building environment
- Awareness of Bermudian laws and regulations (e.g., building codes)
- In-depth knowledge of local building capabilities

## Local expertise is key to bid team's success

- Advisory role
- Input regarding technical proposal
- Advice to lenders
- Construction and maintenance roles



# Successful PPP Procurement

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- **Project success will depend upon BHB's ability to attract international bidders.**
- **Key considerations for potential bidders will include:**
  - Financially and technically feasibility
  - Whether BHB has the authority and political support necessary to proceed
  - The selection process will be fair and transparent
  - The strength of the project team, including experienced PPP technical advisors
- **Potential bidders will assess the attractiveness of this project, versus other opportunities**



# Conclusions

- **BHB is committed to:**
  - Fair and transparent procurement process
  - Ongoing dialogue with key stakeholders
  - Media releases
  - Web site updates
- **Most important of all, meeting the acute health care needs of Bermuda**

# Questions



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