



COLLINGWOOD GENERAL AND MARINE HOSPITAL

BRIEFING NOTE

TOPIC OF REPORT: Town of Collingwood / Deloitte
Draft Due Diligence Report – November 16, 2016

SUBMITTED TO: Gloria Kain, Deloitte

SUMMITTED BY: Collingwood General & Marine Hospital

DATE: December 7, 2016

FOR INFORMATION	<input type="checkbox"/>
FOR INFORMATION AND DISCUSSION	<input checked="" type="checkbox"/>
CURRENT STATUS	<input type="checkbox"/>
RECOMMENDATION/ACTION	<input type="checkbox"/>
OPTION	<input type="checkbox"/>

The Hospital's Stage 1 Submission is currently being reviewed by the Ministry of Health and Long Term Care (MOHLTC) and the North Simcoe Muskoka Local Health Integration Network (NSM LHIN). On December 1st, 2016, CGMH received endorsement from the NSM LHIN on the Stage 1A component of the submission. CGMH is pleased that the NSM LHIN recognizes the benefit of regional delivery of specialty hospital services as part of CGMH's Redevelopment.

After the submission to the MOHLTC, the Town of Collingwood engaged Deloitte to undertake a due diligence review of the options analysis process and has directed Gloria Kain, Deloitte, to provide a "deeper dive" review of the preferred options and site locations. The Town authorized the release of Deloitte's Draft Report to CGMH's Senior Management Team and Redevelopment Consultants on November 25 and November 28, 2016 respectively. The following is a summary of findings and comments:

General Comments:

In their due diligence review, Deloitte noted that an appropriate level of analysis has been completed to provide the hospital with three viable development options. Overall, we found the Draft Report to be supportive and positive however, there are some inaccuracies in the Draft Report and language that is problematic for CGMH. The Draft Report did confirm CGMH's understanding that certain areas of study will require further analysis that will be addressed in future planning phases (assuming support of the Stage 1 Submission is received from MOHLTC).

It is important to recognize that CGMH's Stage 1 Submission, if supported by the MOHLTC, will lead to subsequent studies (Stage 2 & 3) to further scope, refine and develop the site viability, costing, revenue sources and address municipal planning matters.

The purpose of the Stage 1 Submission is to advise the NSM LHIN and MOHLTC regarding the scope and scale of clinical services to be provided in the intermediate and long term, as well as the potential physical solutions including a preferred solution. The Stage 1 Report is effectively a Business Case of Redevelopment and is not a complete planning submission but rather it is designed to provide sufficient information and advice to the NSM LHIN and MOHLTC to facilitate development of a consensus regarding a proposed planning direction for further study and development.

CGMH is of the view that the Deloitte Draft Report failed to recognize this important distinction and set unrealistic and inappropriate expectations for the deliverables at this stage of planning. Some of the language in this document can be considered overly harsh and confrontational – “enhance transparencies”; “inconsistencies in the analysis and methodologies”; “ambiguities around the assumptions made in the evaluation process” and concludes that, in what could be considered a patronizing fashion, that Deloitte “would provide recommendations for next steps to be taken by CGMH”.

CGMH notes that it conducted a multi-tiered review/evaluation process as directed by the MOHLTC Capital Planning manual, to arrive at a preferred site, which included consultation with the local municipalities in terms of sites to be considered; extensive citizen engagement; and engaged local engineering firms to evaluate and provide opinions on infrastructure (with it being noted that the Town of Collingwood utilizes the services of these firms on a regular and ongoing basis). In addition, CGMH completed an arms-length peer review of our process and had a professional opinion prepared so as to address “planning” and “economic” questions posed by the Town of Collingwood prior to CGMH’s Stage 1 Submission. Finally, CGMH notes that our multi-tiered review/evaluation process was completed to a standard that meets or exceeds what any land owner, including most municipalities, would hold itself to.

With regard to consultation with local municipalities, the “key steps” portion of the Draft Report does not identify CGMH’s extensive consultation process with the local municipalities and other key stakeholders prior to proceeding with our site evaluation and preferred site selection process. This consultative process included meeting with and receiving recommendations from the Town Collingwood staff, and staff from other municipalities related to sites that were considered prior to the commencement of our site evaluation and preferred site selection process. In this regard, it is noted that including the preferred site selected, a total of 4 alternative sites in the Town of Collingwood were identified by Town Staff.

The Draft Report references the “top three rated sites” throughout, however CGMH notes that the Hume Street Site, as expanded, was not evaluated as being in the top three. The Hume Street Site, as expanded, was included in the final three sites evaluated for two principal reasons – The Town of Collingwood supported this redevelopment scenario and, it was anticipated that the MOHLTC would request an analysis of this option.

CGMH does not agree with the Deloitte opinion regarding the critique of the determination of the preferred site and is of the view that sufficient analytical rigor was undertaken to compare the development options and provide a recommendation regarding a preferred development option in the best interest of health care delivery for the Region. This view has been supported by an independent consulting firm UrbanMetrics. Further, CGMH is of the view that there has been extraordinary transparency and public consultation regarding the Stage 1 Planning process:

- Site visits and meetings with various partners (e.g. MOHLTC, NSM LHIN, OHA, MPP’s, Emerg Services)
- Series of in-hospital engagement sessions, including Coffee & Conversations, Town Hall sessions, MAC sessions, and others
- Series of community consultation sessions and Town Hall sessions: Fall 2014/Spring 2015/Fall 2015/Spring 2016
- Highly consultative process, with input from both internal and external stakeholders
- 10 internal planning groups representing over 125 staff & physicians
- External Visioning Sessions - two vision session held in Spring of 2015. Input from almost 100 individuals representing community partners, council members, board members, frontline hospital

staff, physicians and the LHIN helped establish the Guiding Principles that were applied to the Master Program

- Ongoing discussions with service partners as part of planning process (e.g. ORN, CCO)
- Continued email communication and meetings with municipalities
- Held 4 Master Planning Workshop Sessions with planning team members, physicians, patients, hospital council reps and various stakeholders present. High level evaluation of each option against the criteria was completed
- 4 Mayors' Forums beginning in 2015 – December 2016

With regard to the heading, "Stakeholder Interviews". CGMH believes that this heading is misleading in that the true stakeholders (patients and families) were not consulted by Deloitte in the preparation of the Draft Report. Further, to suggest that the initial teleconference with Mr. Paterson, Mr. Finbow and Mr. Chartrand was a "stakeholder interview" to receive additional input, clarifications and assumptions is not supportable. This teleconference was, at best, a high level introductory meeting and certainly did not get into the details of the process, nor did it provide any details in terms of the assumptions made by CGMH's Site Selection Committee, Facilities Planning & Development Committee or the Board of Trustees.

Securing a major public investment will enable CGMH to continue to provide health care service in our region and will require the support of all stakeholders, including the four local municipalities. We note that at this time there is unequivocal support from the Town of Wasaga Beach, Town of The Blue Mountains and Clearview Township.

CGMH has invested more than \$1.2 million in consulting costs in the development of our Stage 1 Submission and has incurred considerable internal opportunity costs to gain input from our staff, volunteers, doctors, patients and families, and the public over the past 24 months. CGMH continues to be of the opinion that the Town of Collingwood's Due Diligence review was and is premature and notes that to address this review and other concerns raised by the Town of Collingwood, that CGMH has had to expend further funds so as to receive legal and consulting advice – funds that, respectfully, would have been better utilized to serve our principal mandate of providing public health care for the Region

It is critical that the Town of Collingwood confirm its full support for the Hospital Redevelopment and support the analysis and process that led to the development of the proposed program and development options presented in the Hospital's Stage 1 Submission. The Draft Report should confirm that the work undertaken thus far by the Hospital is appropriate for this stage of the process. It is understood that there are a number of issues that will need to be resolved in due course.

The MOHLTC Capital Planning process requires that the first step is to have the Province support the clinical services proposed and the need for redevelopment. The MOHLTC will determine, in collaboration with the Hospital, the redevelopment strategy, renovation, new building or a combination thereof.

The Canada Health Act requires that our Health Care system be publicly administered. Thus, any expert commentary on a Hospital's planning process must include commentary regarding the political consequences of any negative or controversial issues that arise in the public forum. The Province has limited capital resources with many competing requests. Thus, the Town of Collingwood needs to be very aware of potential consequences that certain actions may provide an excuse to delay, stall or ignore our request.

Assuming approval to proceed with the next phases of planning, CGMH is committed to maintaining an open mind regarding the development options and continuing its efforts to consult and be fully transparent with all of its municipal partners in all aspects of the planning process including the cost sharing allocations and assumptions and the potential local share impacts. Our key objective is to achieve

alignment of municipal policies and regulations with the development option ultimately supported by the MOHLTC to best serve the health care needs of the South Georgian Bay Region.

Slide by Slide Comments for consideration:

Slide #7

Minor error on this slide, misspelling the last name of Bob Picken and Michael Lacroix.

Slide #8

Additional comments under site H are highly subjective and do not mention the risk and costs associated with expropriation of the adjacent properties.

The Ramblewood Site comment regarding a rezoning being required is no longer valid - The Town of Wasaga Beach enacted a ZBLA to permit a hospital within the Zone, amongst others, and was not appealed, be it by others or the Town of Collingwood or the County of Simcoe. The ZBLA is now in full force and effect and is deemed to conform with local and County OP and, as such is deemed to conform with the Provincial Policy Statement as well as the Growth Plan for the Greater Golden Horseshoe.

Slide #9

The slide summary is not correct: The Hospital has identified 3 viable development options: 1) on current site, 2) on current site plus additional land, and 3) greenfield. Options 2 & 3 were then evaluated with Option 3 considering multiple greenfield sites.

This slide is inferring that all site options should remain on the table. Is this what is truly desired by the Town of Collingwood?

Small Typo on Georgian

Slide #12

The statement "Greater transparency around the scoring methodology" must be explained in detail. To make a statement such as this without the detail is not constructive.

Last point is not correct: All of the issues noted were considered in the evaluation process.

Slide #13

The Facilities Planning & Development Committee (FP&DC) was tasked by the Board of Trustees to provide oversight to the hospital redevelopment process, which include the following functions:

- Budget Development
- Consultant Selection
- Steering Committee Appointment
- Creation of Staff/Doc Planning Teams
- Future Services Input Sessions
- Pre-capital Submission
- Planning Workshops
- Phase 1A and 1B Development
- Site option evaluation and recommendation
- Evaluation Committee accountable to Hospital Board through the FP&DC.
- The Site Evaluation Committee was formed by the FP&DC with the purpose of identifying a preferred site option

Observation #2 on this slide is not accurate. The "critical" factors identified on this slide were in fact considered and scored in the analysis. These "critical" factors were however weighted lower than other factors such as clinical and operational excellence as the hospital placed higher importance on serving the health care needs of the region as opposed to alignment with local land policies and municipal site preferences.

Slide #14

Local Share Costs sub-bullet 2 is incorrect. Specific, high level cost estimates associated with site servicing and road improvements beyond the site boundaries were considered in the site evaluation to ensure that any major costs that would differentiate one site from another would be identified. Detailed site studies, rezoning processes, associated consultant fees and any operational costs were not included as they were assumed to be marginal in terms of the entire scope of the project or were similar across all options, with minor variances not having any material impact on the preferred site selection process.

It is incorrect for the Town to assume that it would bear full responsibility for servicing and infrastructure costs associated with a Provincial priority such as a redeveloped Hospital. These discussions generally take place during the Stage 2 and 3 planning process once the MOHLTC has indicated its support for a redevelopment direction. At worst, the off-site costs would be borne by the local share component.

Slide #16

Local Share Plan sub-bullet 2 is not substantiated. This slide is misleading as it suggests that there are elements of the Local Share Plan that are missing. The Hospital has complied with the level of detail required for this section of the Stage I Submission. As noted, further information will be provided in later planning submissions.

Municipal contributions have not been identified at this time and it is noted that the CGMH Foundation cannot solicit municipal donations based on our Simcoe County Hospital Alliance agreement.

Slide #18

The Hospital has submitted the required level of detail regarding the Local Share Plan appropriate for Stage 1. As noted previously, additional detail will be provided in the future planning Stages.

Slide #19

The costing estimates are “high level” and sufficient to develop and evaluate potential development options. Assuming MOHLTC support for a redevelopment project, there will be additional studies and costing done to confirm project viability based on MOHLTC direction.

The first point around a discrepancy in the ancillary costs within the Draft Report is not correct. These numbers are consistent across our Submission. Deloitte has failed to recognize the “other costs” which are noted and included as a post contract contingency cost.

The last point questions the inclusion of the land acquisition for site D. The estimated \$2.3M for land acquisition was placed into the final costing to recognize the land value and donation as part of the overall \$75M local share. It is important to reiterate that this land will be donated.

Again, this Draft Report continues to cast doubt over our process and cost summary. There is nothing material that would have changed the outcome of the preferred site.

Slide #20

The costing estimates are “high level” and sufficient to develop and evaluate potential development options. Assuming MOHLTC support for a redevelopment project, there will be additional studies and costing done to confirm project viability based on MOHLTC direction.

List of costs not included should also reference cost of the demolition of the adjacent property buildings, land acquisition/expropriation costs, potential injurious affection costs and legal fees.

Slide #21

The first bullet and corresponding table are misleading. This table represents the high level differences of our first evaluation. After the final site option evaluation, the estimated difference in local share between site D & H is closer to \$6.2M which also represents the gain on the sale of the current site. This gap is likely larger due to the hidden cost of expropriation on the expanded site option.

Point 1: The comment around the demolition of the existing building is a grey area. The group felt that since the new hospital could be built in the newly acquired land, that demolition of the existing site might not be a covered cost since demolition would not be “required” to accommodate the new build.

Point 2: The surface parking estimates are accurate. According to Marshall & Murray, the Ministry will pay for everything under the asphalt, therefore the 90/10 and 80/20 splits used represent that the hospital is required to pay for the asphalt as part of new surface parking.

Point 3: The line items representing site demolition do reflect the appropriate Ministry split for both options.

Slide #23

Regarding the Wasaga Beach site – The Town of Wasaga Beach enacted a ZBLA to permit a hospital within the Zone, amongst others, and was not appealed, be it by others or the Town of Collingwood or the County of Simcoe. The ZBLA is now in full force and effect and is deemed to conform with local and County OP and, as such is deemed to conform with the Provincial Policy Statement as well as the Growth Plan for the Greater Golden Horseshoe.

This is one of the factors that was considered in the site evaluation. It is, however, within the statutory authority of the MOHLTC to determine the location of hospitals in Ontario.

Slide #28

The sites listed are not truly comparable. The examples listed in this document that show a positive experience by retrofitting hospital buildings on existing sites are all located within large urban centers, where this is likely the only option or are prohibitive due to land costs.

The negative examples listed, all highlight hospitals that attempt to move from their current sites, however they are all multi-site hospitals, attempting to consolidate hospital buildings and services, which would have an impact on different municipalities. Inclusion of sites more representative of CGMH should be included; single-sited hospitals, moving within their municipalities because they have outgrown their site, such as RVH, Northumberland Hills, Grey Bruce, Headwaters.

Slide #35

The Hospital does not agree with the Deloitte opinion regarding the critique of the determination of the preferred site and is of the view that sufficient analytical rigor was undertaken to compare the development options and provide a recommendation regarding a preferred development option in the best interest of health care delivery for the Region. This view has been supported by an independent consulting firm UrbanMetrics.

Further, the Hospital is of the view that there has been extraordinary transparency and public consultation regarding the Stage 1 planning and site evaluation process; as noted in the Briefing Note.

The Hospital's Stage 1 Submission is now with the MOHLTC for their review and consideration. Discussions are ongoing with the MOHLTC and the NSM LHIN regarding the scope and nature of hospital redevelopment that may or may not occur.

As directed by the MOHLTC following a review of Stage 1, there will be subsequent studies (Stage 2 & 3) to further scope, refine and develop a site options including costing, and revenue sources, as well as address municipal planning matters.