

**YUKON HOSPITAL CORPORATION
WHITEHORSE HOSPITAL EXPANSION PROJECT**

**REPORT OF THE FAIRNESS ADVISOR ON THE PROCUREMENT PROCESS:
RFQ and RFP STAGES**

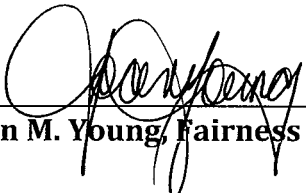
May 6, 2015

To: Steering Committee, Whitehorse Hospital Expansion Project

This report covers the following issues:

1. The scope of the review;
2. The purpose of the review;
3. The framework for the review;
4. A statement that the review has been conducted in accordance with this framework;
5. Explanatory details regarding the variables which affect the review;
6. Project Background and Monitoring Activities by Fairness Advisor;
7. Recommendations to improve process for future procurements;
8. Any qualifications on the endorsement of the process;
9. A statement that the Fairness Advisor has fulfilled the terms of her engagement in order to express an opinion; and
10. Findings in the form of an opinion whether the process appears to have been undertaken in accordance with fairness principles expressed or implied in the procurement documents.

Respectfully submitted:



Joan M. Young, Fairness Advisor

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SCOPE OF REVIEW

I was retained on July 11, 2014 to act as the Fairness Advisor for the Whitehorse Hospital Expansion Project. My role is to satisfy myself on the overall procedural fairness of the procurement process associated with the Whitehorse Hospital Expansion Project.

Yukon Hospital Corporation issued a Request for Qualifications ("RFQ") for the Whitehorse Hospital Expansion Project. The opportunity was posted on the electronic bidding site MERX®. Five Respondents responded and three were selected to advance to the Request for Proposals ("RFP") stage.

The Fairness Advisor was present for all of the review activities associated with the RFQ stage and was satisfied with the process leading to the selection of the three Proponents.

The RFP was issued on November 12, 2014 and required technical proposals by March 17, 2015 and financial proposals by April 23, 2015. The submissions dates were changed by the owner, as permitted by the terms of the RFP, and the final submission dates were March 24, 2015 for technical proposals and April 30, 2015 for financial proposals.

My engagement covers the procurement process from the issuance of the RFQ to conclusion of the procurement with the selection of the Preferred Proponent. This Report covers the RFP stage of the procurement leading to the selection of the Preferred Proponent.

The terms of engagement state that as Fairness Advisor I was asked to do the following:

- (a) the Fairness Advisor will report to the Chair of the Whitehorse General Hospital Expansion Project Steering Committee, which is composed of senior officials within the Yukon Hospital Corporation, its Board of Trustees and Partnerships BC, overseeing the Project competitive selection process.
- (b) the Fairness Advisor will act as an independent observer with respect to the fairness of the implementation of the Project's competitive selection process.
- (c) the Fairness Advisor will provide advice to the Project team on matters of fairness as may be requested by the Project team from time to time.

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- (d) the Fairness Advisor will be available to Project respondents and proponents to answer queries relating to fairness.
- (e) the Fairness Advisor will provide formal written reports at specific points during the Project competitive selection process as described below.
- (f) the Fairness Advisor appointment will commence immediately and will continue until the completion of the Project competitive selection process at the end of the Project request for proposals evaluation stage.

It is expected that the activities of the Fairness Advisor will be self-determined but are likely to include the following:

- (a) review procurement documentation and comment on whether, and the extent to which, the process described may potentially cause a fairness issue.
- (b) observe and/or monitor that considerations, communications, and responses undertaken during the Project competitive selection process are undertaken in accordance with the procurement document terms.
- (c) observe and/or monitor collaborative discussions and meetings.
- (d) observe and/or monitor the Project Request for Qualifications and Request for Proposals evaluation processes.
- (e) observe and/or monitor relevant (as determined by the Fairness Advisor) meetings where respondent or proponent comparisons are made and the criteria, weighting and rating systems are applied.

The Fairness Advisor will be:

- (a) Provided full access to all information related to the Project competitive selection processes as the Fairness Advisor decides is required, including documentation, personnel, premises, meetings, reports and minutes;
- (b) Permitted full access to any and all meetings, telephone conferences or other events as, in the discretion of the Fairness Advisor, are appropriate; and
- (c) Kept fully informed by the Project Director of all documents and activities associated with the Project RFQ and RFP processes.

The Fairness Advisor's role is not to validate the Evaluation Committee's recommendation of the short-listed Proponents; but, rather is to provide oversight

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and assurances regarding the processes applied in making the recommendations. The Fairness Advisor may meet these responsibilities by undertaking the steps most appropriate to meet that mandate.

PURPOSE OF REVIEW

The purpose of my review is to provide arm's length advice to the Steering Committee and independent assurance for the Project as to the fairness and appropriateness of project management activities related to the procurement process for the Whitehorse Hospital Expansion Project transaction.

FRAMEWORK FOR REVIEW

At each stage of the procurement process covered by my engagement, I undertook selected review activities in order to meet the terms of my review. These included:

- (a) Review standards for handling of documents, security of documents, procedures for clarifying or rectifying errors by the owner and/or respondents/proponents;
- (b) Conduct a review of all documentation issued by Yukon Hospital Corporation to proponents including all procurement documents and addenda;
- (c) Ascertain whether each proponent was provided with access to the same information as other proponents for the purposes of responding to the various procurement stages;
- (d) Ascertain whether Evaluation Criteria were established in advance of evaluations being undertaken;
- (e) Ensure that adequate measures for avoidance of conflict of interest, unfair advantage and confidentiality were established in the procurement process as well as procedures for resolving issues which may arise during the procurement process;
- (f) Obtain information regarding rulings made by the Relationship Review Committee and Conflict of Interest Adjudicator;
- (g) Review the Evaluation criteria proposed for the various stages of the procurement to determine that they were reasonably and rationally connected to the stated Project objectives;

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- (h) Review responses, as necessary, submitted by respondents to ensure an adequate familiarity with the terms of the responses in order to undertake the Fairness Review;
- (i) Review procedures to ensure that appropriate records regarding verbal and written contact with respondents/proponents were prepared and retained; and
- (j) Attend select meetings of the Evaluation Committee and/or any subcommittees.

REVIEW CONDUCTED IN ACCORDANCE WITH THIS FRAMEWORK

My review was conducted within the framework for review set out above and I am satisfied that appropriate processes were implemented by the owner to ensure a fair competitive process for all proponents.

PROJECT BACKGROUND AND MONITORING ACTIVITIES OF FAIRNESS ADVISOR

The Whitehorse General Hospital (“WGH”) is an acute care facility, situated along the eastern bank of the Yukon River in Whitehorse, Yukon. The Corporation currently employs approximately 500 staff at WGH and has 55 inpatient beds, 10 bassinets for newborns, 10 surgical day care beds, an emergency department and OR suites. The Project consists of an expansion to WGH, which will include a new emergency department (including diagnostic imaging and a four-bed observation suite / ICU), ambulance drop-off and decontamination suite, new data centre, and mechanical/electrical rooms to support the expansion. Also included in the Project is a shelled space on the second floor intended for future program space; site development work to relocate underground services; realignment of the access roads; and replacement of lost parking areas.

The overall expansion area is anticipated to be approximately 4,000 gsm and procured under a Design-Build procurement model.

The capital construction cost of the Project is estimated to be approximately \$55 million.

A. Appointment of Fairness Advisor

The role of Fairness Advisor is to provide oversight on the procurement process to ensure that the process for selecting a preferred proponent is open, fair, and equitable. A Fairness Advisor also provides advice on issues which may arise during the procurement process which could impact on the overall fairness of the process.

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Fairness Advisors are typically used in public-private partnerships and, to a lesser extent but with increasing frequency, in other public sector procurements such as design-build procurements where a standard tendering process is not being utilized.

A Fairness Review typically follows four phases of the procurement process:

1. Before closing of the procurement process;
2. After closing of the procurement process;
3. Procurement Evaluation Stage; and
4. Post Procurement Evaluation.

As stated above, the role of the Fairness Advisor is not to validate the Evaluation Committee's recommendation to the Steering Committee of the selected proponent; rather, it is to provide oversight and assurances regarding the processes applied in making the recommendation.

B. Procurement Process for the Whitehorse Hospital Expansion Project

The competitive process involved two phases: a Request for Qualifications and a Request for Proposals.

The Yukon Hospital Corporation retained Partnerships BC to act as its procurement advisor for the competitive process.

C. Request for Proposals

The Request for Proposals ("RFP") was issued on November 12, 2014 with an amended closing date of March 24, 2015 for the technical submission, and April 30, 2015 for the financial submission.

All Proponents were required to agree to certain confidentiality provisions in order to participate in the RFP process and to access the confidential data SharePoint site. This was a reasonable and fair requirement in my opinion.

The owner held three sets of Collaborative Meetings in Whitehorse with each of the Proponent teams to discuss the project, provide greater clarification and information regarding the RFP, and to discuss the Proponents' proposed design solutions. The Fairness Advisor (or her delegate) attended the December 2014, January 2015, and February 2015 sessions with the Proponent teams. All of the teams were provided with the opportunity to have meaningful dialogue with the owner's representatives regarding the needs of the Yukon Hospital Corporation for the Whitehorse Hospital Expansion Project and to discuss the Statement of Requirements.

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The RFP was amended from time to time, and I was satisfied that the amendments were in accordance with the terms of the RFP and were legitimate and appropriate amendments.

Prior to the closing there were no matters for which I was formally consulted or my advice was sought by the Project Director or the Evaluation Committee. No Proponent contacted me with any fairness issues.

An Evaluation Committee and Evaluation Teams were established in advance of the closing date. The Evaluation Committee had the responsibility to evaluate and score the various proposals based on their review of the proposals and to recommend to the Steering Committee one Preferred Proponent. Evaluation Teams (i.e., sub-committees for topic specific reviews) were also appointed to assist the Evaluation Committee in their work, although the ultimate responsibility of final evaluation and scoring was with the Evaluation Committee. This process was adhered to by the project team.

Each Evaluation Committee and Evaluation Team member was required to execute a Relationship Disclosure declaration and Confidentiality Agreement in advance of access to any information or proposals received in response to the RFP. An Evaluation Manual was developed for use by both the Evaluation Team and Evaluation Committee in advance of the closing date for the RFP. Training in the use of the Evaluation Manual, including scoring, was provided in advance of the evaluation and the Fairness Advisor participated in these sessions. Evaluators were also apprised of the appointment of the Fairness Advisor. An internal review process was established for identifying potential conflict or similar issues upon submission of the required documents from the various Committee members. Legal Counsel for the project was available to the Evaluation Team, if required. There were no conflicts identified which prevented any party from participating in the evaluation or review of the RFP proposals.

Three Technical Proposals were received by the contact person in order at the submission location on or before the deadline. No late submissions were received. Each of the Responses was subjected to a high level completeness review, and no deficiencies were noted. Several clarification questions were issued to each of the Proponent Teams, which were permitted by the terms of the RFP. The Fairness Advisor reviewed all of the clarification questions.

Secure locations for reviewing the proposals were established in three locations. The Evaluation Teams (the sub-committees) met over the course of several weeks after the date for receipt of Technical Submissions. The Fairness Advisor attended selected meetings.

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During April 2015, the Fairness Advisor attended three full days of the Evaluation Committee meetings and scoring sessions on the Technical Submissions. A further evaluation meeting was held to receive the report from the Financial Team and to finalize the scores based on the Financial Submissions by the three Proponent teams. The Evaluation Committee's scoring was consensus-based. The Evaluation Committee went through a robust process regarding the merits of each Proposal with reference to the scoring criteria, with vertical and horizontal reviews. The Evaluation Committee was provided with comments prepared by the Evaluation Teams. Each Proponent's Proposal was fully analyzed and considered, and the Evaluation Committee applied the pre-determined scoring methodology to the responses with reference to the terms of the RFP. All members of the Evaluation Committee participated in the scoring and came to consensus on scoring.

After the first stage of the evaluation of the Technical Proposals was concluded, all three Proponents were invited to submit a Financial Proposal. Three Financial Submissions were received by the contact person in order at the closing location on April 30, 2015. The scored elements aspect of the evaluation (except for evaluation points based on certain financial criteria) was finalized in advance of the Evaluation Committee knowing the amount of the Proponents' Financial Submissions.

During the course of the evaluation the Fairness Advisor asked questions regarding the scoring and the methodology used by the Evaluation Committee, and was satisfied with answers by the Evaluation Committee.

The final ranking was based on the scores as required by the RFP. The Evaluation Committee selected a Preferred Proponent with the highest ranked proposal based on the combination of the scoring of the Technical and Financial Submissions. The recommendation was in accordance with the criteria set out in the RFP.

The Evaluation Committee's report to the Steering Committee reflected the decisions and scoring I observed in the evaluation process. By my observation, the process followed was in accordance with the terms of the RFP and appeared to be fair, transparent, and unbiased.

RECOMMENDATIONS TO IMPROVE THE PROCESS FOR FUTURE PROCUREMENTS

No recommendations are suggested.

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ANY QUALIFICATIONS ON THE ENDORSEMENT OF THE PROCESS

My fairness review has been based on: my own review of selected documentation and records; my discussions with the Evaluation Committee; my attendance during the activities of the Evaluation Committee and Evaluation Teams; answers to questions posed by me; and my observations of meetings. I have reviewed a sampling of project related documentation, but not all documents created by each and every staff member or advisor.

FINDINGS

The RFP procurement process associated with this stage of the Whitehorse Hospital Expansion Project has been conducted in a fair manner in accordance with the procedures established in the Request for Proposals stage.

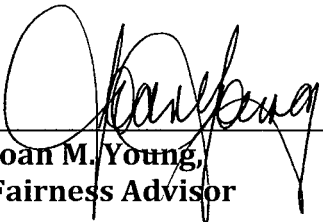
I am satisfied that:

1. The Whitehorse Hospital Expansion Project team members, and their advisors, followed the procedures and fairly applied the evaluation criteria specified in the procurement documents;
2. Where judgment and interpretation were allowed or required, the project team exercised reasonable judgement and made interpretations in a fair and impartial manner; and
3. I am satisfied that I have been provided with the appropriate access and information to render this fairness opinion to the Steering Committee.

FULFILLMENT OF REVIEW TERMS

I confirm that I have fulfilled the terms of my engagement based on the activities described to you above.

Respectfully submitted,



**Joan M. Young,
Fairness Advisor**

Dated at Vancouver, BC this 6th day of May, 2015