

November 27, 2024

Ms. Jennifer Kinneman
Chief Administrative Officer
Fraser Valley Regional District
45950 Cheam Avenue
Chilliwack, BC V2P 1N6

Re: Annual Fraser Valley Regional District Capital Funding Request

Dear Jennifer,

On behalf of Fraser Health, I would like to express our sincere gratitude for the Fraser Valley Regional Hospital District's (FVRHD) ongoing partnership and invaluable contributions to improving health care for residents in Fraser East. Your continued support in funding critical facilities, projects, and equipment ensures equitable access to health services and strengthens the well-being of our communities. I also want to acknowledge our appreciation to FVRHD for their continued support to the Long-Term Care projects in Chilliwack and Abbotsford

In the past year, your allocation of \$3.225 million has had a profound impact, enabling investments in minor capital, essential equipment, and major capital projects. This partnership is instrumental in advancing our shared commitment to delivering high-quality health care services.

While acknowledging your significant contribution to the Abbotsford Long-Term Care and Chilliwack Long-Term Care projects, we are requesting funding for current approved capital investments, which have a combined total budget of \$52 million. Please see the charts in Appendix A. Of the \$17.75 million identified as Fraser Valley Regional Hospital District funding, Fraser Health is requesting \$5 million.

As part of the next steps to determine mutually agreed upon workable future annual funding contributions in alignment with the Hospital District Act (up to 40 per cent), I will invite the Hospital District to participate in planning discussions. These discussions will include short- and medium-term projects that will positively impact the master planning effort in the Fraser East region and other projects that will enhance Fraser Health's digital transformation initiatives including Meditech, which is a clinical information system.

For your information, here is an overview of current projects, as noted in the following broad categories:

Medical Imaging

Abbotsford Regional Hospital (ARH) Interventional Radiology (IR) Equipment Replacement (\$7.5 million) project was approved by the Ministry of Health in September. The purpose of this project is to replace the existing IR equipment and to perform minor renovations to existing and surrounding rooms to significantly improve patient care through advanced functionality and increased access to IR services at ARH. Project construction is estimated to complete in December 2025.

Chilliwack General Hospital Multipurpose Fluoroscopy Unit Replacement (\$1.8 million) project will replace the end-of-life equipment with a unit that introduces the latest technology, ensures high quality images, and supports a fully functioning fluoroscopy service. Project is estimated to complete in February 2025.

Tenant Improvements (\$13.1 million)

There are several tenant improvements in Abbotsford and Chilliwack relating to mental health and addictions. The ongoing overdose crisis associated with an unregulated and toxic drug supply, and health inequality (access and coordination) for priority populations, has highlighted the urgent need to expand harm reduction and wraparound services in Fraser Health communities.

The **Mental Health Centre (MHC) (\$4.2 million)** provides support to residents 19+ experiencing mental illness and substance issues. It currently houses over 13 programs and services, supports up to 130 client visits a day and employs over 65 staff clinicians and physicians on a peak day. The space is being redesigned to allow for improved safety, client, and staff workflow, and to incorporate the current Fraser Health facility design standards.

Projects in Abbotsford and Chilliwack will provide staff-only spaces for **Integrated Support Framework (ISF)** teams that are part of an initiative that provides wraparound services, both clinical (Fraser Health) and non-clinical (Ministry of Social Development and Poverty Reduction), to those experiencing or are at risk of homelessness, and have social/community support needs. The teams also provide care and support to people who have recently experienced opioid overdose and/or are at high risk for opioid overdose. The space is for administrative and virtual health functions with supply storage, a secure access, and a monitored intrusion alarm. Clients and/or public will not have access to this space. ISF services are provided virtually and/or via outreach.

The **Overdose Outreach Team (OOT) and Indigenous Health Services (\$5.4 million)** also require space for administrative purposes and for virtual contacts with clients, with secure access and a monitored intrusion alarm. The OOT recognizes that not all substance use is problematic. They aim to connect with anyone who accesses the highly toxic and unregulated drug supply. OOT is a collaborative team of peer support workers, outreach workers, and nurses. They focus on trauma informed practice, while delivering services using a harm reduction approach. They provide resources, education, and support to help individuals safely navigate or separate from the unregulated toxic drug supply. Indigenous Health Services are provided virtually and/or via outreach.

Abbotsford Urgent and Primary Care Centre (UPCC) Expansion (\$3.5 million) will expand its footprint into an adjacent space, as over the course of the past couple of years the community awareness and use of this clinic has grown. This expansion will see the team grow to the full compliment and increase the hours of urgent care services to 11 hours a day, seven days a week for patients who may be unattached or attached to a primary care provider and who are seeking access to care for an urgent, but non-emergent need. The UPCC will continue to provide interdisciplinary team-based primary care to unattached residents in addition to vulnerable patients living in the community.

Pharmacy

Abbotsford Regional Hospital and Mission Memorial Hospital (MMH) (\$6.0 million) are replacing their automated dispensing cabinets (ADCs). Automated dispensing cabinets are computerized drug storage cabinets that securely store medications near the point of care while providing controlled access and inventory use tracking. These cabinets support a robust closed loop medication management system (CLMM) which uses modern technology to prevent medication dosing errors by replacing each manual step with a computerized one. In a closed-loop system, the doctor or caregiver enters the order directly into a computer, keyed to the patient's wristband or other barcode. To move towards a safer and efficient medication distribution system, an additional 12 ADC access points are being purchased for ARH and one additional ADC access point at MMH.

Laboratory

Abbotsford Regional Hospital Laboratory Autoline Renovation (\$2.0 million) will renovate laboratory space to accommodate the installation of replacement autoline equipment (Chemistry Analyzers). The current chemistry analyzers have aged beyond repair and urgently require replacement with newer, higher throughput systems as demand for testing continues to grow. An autoline move the samples through various stages on a conveyor-like system. Barcode scanning identifies samples and automatically performs the required tests, which will ensure precision and reliability of results. The technology will also improve safety practices by reducing exposure risks that can happen during laboratory work. The estimated completion date is December 2024.

Chilliwack General Hospital Chemistry Analyzers & Water Filtration Systems Replacement (\$1.6 million) is required as the four chemistry analyzers will reach end of service life at the end of December 2024. The room needs to be reconfigured to accommodate the new analyzers. The estimated completion date is October 2025.

Infrastructure (\$11.5 million)

There are several projects relating to **elevator modernization** and **roof replacement**. Many of the elevators at the sites were originally installed in the early 1970s and have had only minor upgrades to keep them functioning. These modernizations will reduce the risk of elevator outages and entrapments ensuring continuous safety for our patients, physicians, staff, and visitors. We are continuing to systematically repair or replace roofs based on their risk rating and condition. Many of the roofs have extreme blistering, membrane deterioration, and are experiencing leaks.

Other infrastructure projects include dish room renovations, a chiller replacement, and a **major renewal of the domestic water and sewer system in Chilliwack General Hospital B Wing**

(circa 1958). This renewal is addressing the risk of future leaks as the system is difficult to service and do spot repairs since most of the system is behind plaster walls. The project will update and relocate new shut off valves for future maintenance and emergency use.

Equipment Under \$100K (\$4.2 million)

As is the case in all Health Authorities, including Fraser Health, much of the equipment is close to or beyond its estimated useful life. Overall, in Fraser East, the equipment is 67 per cent depreciated. While attempting to move toward a planned replacement model, most of the equipment replacement approvals are urgent or high priority. There are, however, approvals for new equipment for new programs or situations where we can improve clinical outcomes and efficiency.

Other

Abbotsford Regional Hospital Emergency Department Zone 5 Security Upgrade (\$1.9 million) will enhance staff security and minimize/eradicate violent incidents pertaining to staff on the unit.

Chilliwack General Hospital Medical Device Reprocessing Cart Washer (\$2.9 million) project will replace a 12-year-old cart washer that is technologically dated and does not meet current standards for thermal disinfection. The project will provide a new instrument air (IA) compressor package and reverse osmosis (RO) water to support the operation of the equipment and department.

Project Cost Escalation

The above overview of current projects highlights the rising budgets required for individual projects. There are many factors contributing to the increased cost. Key factors impacting the construction sector include an ongoing shortage of labour, volatility in material prices and availability, severe weather and catastrophic losses, and sustained inflation. High construction costs are influenced by a variety of factors, including rising material prices, labor shortages, regulatory requirements, technological advancements, and land costs. Addressing these challenges requires a multifaceted approach that includes efficient design, innovative construction methods, technological adoption, and collaboration among stakeholders. The 2024 BTY Market Intelligence report forecasts annual construction escalation in British Columbia at 4 per cent to 6 per cent.

Rising Material Costs – one of the primary reasons for high construction costs is the increasing price of building materials. Factors such as global demand, supply chain disruptions, and tariffs can drive up the cost of materials like steel, lumber, and concrete, significantly impacting overall project expenses.

Labor Shortages and Wage Increases – the construction industry often faces labor shortages. Skilled labor is in high demand, and as a result, wages have risen.

Regulations and Permitting – Regulations and permitting requirements can also add to construction costs. Compliance with building codes, environmental regulations, and zoning laws requires additional time and resources, which can increase project expenses.

Technological Advancements – while technological advancements can improve efficiency and quality, they can also lead to higher costs. Investing in new technologies, such as building information modeling (BIM) or green building practices, requires upfront capital that can contribute to the overall cost of construction.

Land and Development Costs – the cost of land and site development can significantly impact construction expenses. In urban areas, where land is scarce and expensive, these costs can be particularly high. Site preparation, utility connections, and infrastructure improvements also add to the total project cost.

Thank you for your consideration of our funding request. I trust that this letter provides you with the information you need to proceed. Fraser Health looks forward into the year 2025 to further strengthen our collaboration on planning for capital and digital health improvement projects in the region.

Sincerely,



Sharat Chandra, P. Eng
Vice President, Strategic Capital Investments and Facilities

Cc: Dr. Victoria Lee, President, and Chief Executive Officer
Clayton Buckingham, Vice President, Integrated Commercial Services and Chief Financial Officer
Brian Scudder, Director, Capital Planning, Administration & Accounting

Appendix A

