

Appendix 2.1 – Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made as of the 05 day of April, 2016

AMONGST:


ALBERTA HEALTH SERVICES
(hereinafter referred to as “AHS”)

and

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA as represented by
the Minister of Health, (hereinafter referred to as “Health”)

and

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA as represented by the
Minister of Infrastructure, (hereinafter referred to as “Infrastructure”)

WHEREAS as of April 1, 2010, funding for health capital projects estimated to cost \$5,000,000 and above (“Major Health Capital Projects”) and the Infrastructure Maintenance Program (“IMP”) funding  well as other funding for health capital projects and programs, is provided to Infrastructure or Health from time to time; and

WHEREAS AHS will manage all health capital projects estimated to cost less than \$5,000,000, unless Health or AHS requests Infrastructure deliver such capital projects; and AHS will manage any capital maintenance and renewal projects grant-funded from Infrastructure to AHS further to the IMP.

1. Purpose

- 1.1 This Memorandum of Understanding (“MOU”) is not intended to create legal obligations between the parties. The purpose is to provide an accountability framework for the requirements definition, funding, design and construction of Major Health Capital Projects, the IMP and such other health capital projects or programs provided to Infrastructure or Health. The parties undertake to assist each other in a spirit of mutual cooperation and collaboration to ensure timely and affordable outcomes for Albertans.

2. Scope

- 2.1 This MOU applies to all Major Health Capital Projects and the IMP as funded from the Government of Alberta’s Capital Plan, and such other funding for health capital projects or programs provided to Infrastructure or Health that the parties determine from time to time should be administered pursuant to this MOU.

2.2 Nothing in this MOU affects or limits any legislative requirements and nothing herein shall fetter any discretion or power, legislative or otherwise of the Government of Alberta. This MOU is subject to any discretion or power, legislative or otherwise of the Government of Alberta and shall be amended automatically to conform to such discretion or power.

3. Protocol Development and Administration

3.1 Health will administer program planning and scope approval of health capital projects and related matters in consultation with AHS and with support from Infrastructure on matters related to the feasibility, project scope, project cost, and cost-effectiveness of proposed projects or programs.

3.2 Infrastructure will administer the implementation of health capital projects and programs and develop technical standards and guidelines for health infrastructure, as well as establish procurement and contracting practices for any approved projects in consultation with Health and AHS.

4. Capital Program Planning

4.1 Health will:

- (a) receive, review and approve the needs assessments prepared by AHS and determine the next steps;
- (b) review the annual and long-term Multi-Year Facility Infrastructure Capital Submission provided by AHS to ensure that proposals support provincial health policies, including policies related to the need for Major Health Capital Projects, priorities and funding proposals in support of the Health Capital Plan;
- (c) develop the annual provincial Health Capital Plan in consultation with AHS and with support from Infrastructure and submit that plan through the Government of Alberta's annual capital planning process; and
- (d) approve the project scope prior to commencement of the project activities, and obtain Treasury Board and Finance approval where required; and
- (e) approve project scope changes (within the existing approved funding envelope) and operating budget funding in support of the programmatic impacts that result from the implementation of capital projects.

4.2 AHS will:

- (a) develop and maintain provincial and zone service plans and site master plans to inform the analysis and needs assessments, which may lead to the development of a capital project;

- (b) develop and provide the annual and long-term Multi-Year Facility Infrastructure Capital Submission to Health that include infrastructure requirements, as well as anticipated related operating costs;
- (c) prepare project specific needs assessments that will support the Major Health Capital Project requests of AHS; and
- (d) identify operating budget impacts for each Major Health Capital Project proposal during business case development and at the completion of the functional program.

4.3 Infrastructure will:

- (a) lead the development of business cases in consultation with Health and AHS, including infrastructure options and project costing to support the identified program development in the needs assessment; and
- (b) provide AHS with a completed draft of business cases for their subsequent review and recommendation for approval to Health.

5. Project Lead and Co-Sponsors

- 5.1 Infrastructure shall be the Project Lead and is accountable for the delivery of the Major Health Capital Projects according to their approved scope, schedule and budget.
- 5.2 Health and AHS shall be the Project Co-Sponsors which will support the Project Lead to ensure successful delivery of the Major Health Capital Projects, providing the Project Lead with direct support and decision making to ensuring that Major Health Capital Projects are delivered according to the approved project scope, schedule and budget.
- 5.3 AHS shall be the Program Lead for the management of the IMP and the delivery of maintenance projects, as well as all health capital projects estimated to cost less than \$5,000,000. AHS is accountable for the management of funds according to a priority approval process. Infrastructure will monitor the effectiveness of the IMP program including the efficient and timely application of funds.

6. Capital Funding Approval

- 6.1 Annually, following the President of Treasury Board and Finance's approval of the Health Capital Plan, Health and Infrastructure will jointly advise AHS, in writing, of the Major Health Capital Projects funding, IMP funding, and other funding for health capital projects or programs.

7. Committees

- 7.1 Further to the mutual assistance to be provided by each party to the others, project and executives committees will be established containing representatives of the parties to this

MOU. The purpose of executive committees will be defined in the terms of reference for that committee.

7.2 The executive committees will provide a forum for open discussion, decision-making, issues resolution, project oversight, and joint-process review focusing on continuous improvement.

7.3 Infrastructure will assign a Project Director and establish a project steering committee with membership from all three parties. The project steering committee will monitor the progress of a major health capital project, resolve issues where possible or appropriate, and provide advice and feedback to the Project Executive Director.

8. Project Status Reporting

8.1 Infrastructure will provide project status reports for Major Health Capital Projects, including a synopsis of project events, issues management, milestone achievement and schedule forecast, and project cost and cash flow information.

8.2 AHS will provide IMP project, health capital project and program status reports that will include project information, expenditures, forecasting, and project cost and cash flow information.

9. Project Start-up – Major Health Capital Projects

9.1 Infrastructure will be responsible for preparing a project charter that identifies the project objectives and clarifies the participation of Health and AHS.

9.2 Infrastructure will prepare a project implementation plan in consultation with the project steering committee that will govern the project schedule and deliverables.

9.3 AHS will establish a staffing plan that assigns any necessary staff to the project, and to assist with the coordination and performance of liaison activities both within and external to AHS.

10. Project Design and Functional Programming

10.1 Infrastructure, in consultation with Health and AHS, will with respect to Major Health Capital Projects:

(a) lead the preparation of a functional program that provides a comprehensive understanding of the health programs and activities, and the functional needs of each component of the project based on the approved scope definition;

(b) assess the adequacy of design, and monitor for compliance to facility standards, including the establishment of an iterative and consultative process for the functional program and design phases that ensures timely assistance and feedback from AHS on whether the proposal will achieve program objectives or any unique

provisions that may be deemed necessary for a particular procurement by Infrastructure;

- (c) ensure AHS review and provide subsequent sign off of the final schematic and design documentation;
- (d) lead the preparation of all design development as well as design and construction contract documents;
- (e) manage project budgets and reporting throughout the life of the project; and
- (f) work collaboratively with AHS and Health to ensure projects are delivered according to the approved scope, schedule and budget.

10.2 AHS recommends and Health is the approving authority of the functional program.

10.3 It is understood by the parties that the need for a functional program may vary depending on the project complexity. While functional program development will generally follow a capital project funding approval, the Government of Alberta may determine that the functional program is required prior to the approval of capital project funding from the Government of Alberta's Capital Plan.

11. Procurement and Management of Furnishings, Equipment and Information Technology

11.1 During the development of the business case for any Major Health Capital Project, AHS will concurrently develop a project furnishings, equipment, and information technology plan for subsequent approval by Health that complies with the approved eligibility criteria.

11.2 AHS will place insurance for physical loss or damage to any furnishings, equipment and information technology that is procured by AHS and delivered to a construction site prior to the handover of the facility from Infrastructure to AHS. The location for the storage of such items will be coordinated with the third party designated as the prime contractor of the construction site.

11.3 AHS will compile an annual spending plan that outlines all anticipated project expenditures within a fiscal year and the timing of such expenditures. AHS will provide to Infrastructure and Health such plans by the end of February immediately preceding the fiscal year for which funding is requested.

11.4 Subject to appropriation by the Legislative Assembly and approval of the annual spending plan to be provided by AHS, Infrastructure will provide a master agreement for the furnishings, equipment and information technology.

11.5 AHS will provide to Infrastructure and Health a list of all furnishings, equipment and information technology costs incurred each fiscal quarter within 60 days from the end of such fiscal quarter.

11.6 Health and Infrastructure will review the annual spending plan for furnishings, equipment and information technology for alignment with the approved functional program and project budget.

12. IMP

12.1 AHS will provide to Infrastructure and Health a three year integrated maintenance renewal and functional priority listing of IMP projects with a quarterly project spending forecast by the end of February immediately preceding the fiscal year for which funding is requested, that outlines the anticipated expenditures within each fiscal year or the timing for such expenditures.

12.2 Subject to appropriation by the Legislative Assembly and approval by Health of the annual spending plan provided by AHS, Infrastructure will provide a master agreement for the approved IMP projects to AHS.

12.3 AHS will provide to Infrastructure and Health a detailed expenditure report of all IMP costs incurred each fiscal quarter within 60 days from the end of such fiscal quarter.

13. Capital Projects Less Than \$5,000,000

13.1 For all health capital projects delivered by AHS, AHS will provide to Infrastructure and Health an expenditure report of all costs incurred each fiscal quarter within 60 days of the end of such fiscal quarter.

14. Project Construction – Major Health Capital Projects

14.1 Infrastructure will manage all Major Health Capital Projects as well as other health capital projects and programs according to the governing legislation and ministry policies, practices and standard operating procedures.

14.2 Subject to the safety, security, and infection prevention and control policies of AHS, Infrastructure and any contractors or sub-contractors involved in the construction of Major Health Capital Projects will be provided access to the lands and buildings of AHS.

14.3 AHS will be provided reasonable prior notice of all visits to occupied health facilities to ensure patient health care is not affected whether by Infrastructure, contractors or subcontractors. AHS will provide Infrastructure with uninterrupted access to all occupied buildings and lands of AHS, subject to reasonable prior notice and approval by AHS of all entry to patient care areas, minimal disturbance in patient care areas, all necessary protection of patient privacy and confidentiality and immediate termination of access in the event that patient care requires such termination, all at the discretion of AHS. In all cases, Infrastructure staff, contractors, and employees are to be accompanied by AHS staff while in patient care areas.

14.4 Further to any construction contract entered into by Infrastructure, AHS acknowledges that Infrastructure is in possession of any work site to the extent necessary to appoint a

third party as prime contractor under the *Occupational Health and Safety Act* over the work site.

15. Facility Commissioning and Handover to AHS

- 15.1 Infrastructure intends to accept any facility or renovation from the Contractor at Substantial Performance upon receipt of a certificate of Substantial Performance and Occupancy Permit from the Prime Consultant retained by Infrastructure or at such other date mutually agreed to by Infrastructure and AHS (the “Handover Date”). Any operating costs, utility costs, including insurance, that are incurred prior to the Handover Date will be borne by Infrastructure. Any such costs subsequent to the Handover Date will be borne by AHS except for the rectification of building deficiencies and warranties which remain the responsibility of Infrastructure.
- 15.2 In consultation with AHS and on a case by case basis, Infrastructure may plan for phased occupancy prior to the Handover Date. The Project Manager will coordinate with AHS and the contractor in the preparation of a plan that will provide occupancy within specific areas of the facility in advance of the Handover Date, consistent with the construction contract and municipal occupancy permitting.
- 15.3 When a health facility reaches the Handover Date, the Course of Construction insurance policy terminates. Following such date, AHS will place insurance on the property and facility.
- 15.4 AHS will assume all facility operations and maintenance costs, insurance requirements and Occupational Health and Safety requirements following the Handover Date.
- 15.5 Infrastructure will consult with AHS concerning the planning for facility handover, and Infrastructure will coordinate the transfer of title for land and the formal handover of the facility to AHS. Infrastructure will provide AHS in writing, with as much advance notice as possible concerning the Handover Date with such advance notice being a minimum of 90 days in advance of such date. The parties acknowledge that early handover is mutually beneficial to maximize the availability of warranties to AHS.
- 15.6 AHS will be responsible for the installation and preparation of all clinical equipment and materials required to make a capital project a functioning health care facility. Prior to the Handover Date, AHS will prepare an operational plan for the purpose of coordinating the move-in of furnishings and operational commissioning activities required prior to and subsequent to the Handover Date.
- 15.7 AHS storage or installation and commissioning of clinical equipment and materials prior to the Handover Date require the prior permission of Infrastructure. Storage, installation and commissioning of clinical equipment and materials prior to the Handover date will be at AHS’ risk.
- 15.8 Following the Handover Date, AHS will arrange and administer the move-in of furnishings while the costs of the move will be supported by the project budget.

15.9 The parties will assist each other so that any licenses, utility agreements permits, development or servicing agreements as set out by any municipality that relate to facility operations and management will be assigned to AHS on the Handover Date.

16. Third Party Funding for Major Health Capital Projects

16.1 Infrastructure may accommodate construction within a Major Health Capital Project as a result of funding provided to AHS by third parties including charitable foundations and debt financing arranged by AHS for construction of self-financing assets. In such events the parties will document through a formal agreement the funds and payments to be provided by AHS to the Government of Alberta for such construction.

16.2 For all third party funding, Infrastructure will compile an annual spending plan that outlines all anticipated project expenditures within a fiscal year and the timing of such expenditures. Infrastructure will provide to AHS such plans by the end of February immediately preceding the fiscal year for which funding is requested.

16.3 For all third party funded projects delivered by Infrastructure, Infrastructure will provide to AHS an expenditure report listing the costs incurred each fiscal quarter, by funding source, within 60 days from the end of such fiscal quarter.

17. Accounting Treatment of Work in Progress and Capital Projects

17.1 The parties acknowledge that nothing in this MOU shall result in the Government of Alberta acquiring any ownership interest, either before or after the commissioning of any capital project whether a Major Health Capital Project or otherwise, in any land including the lands of AHS, in the work in progress upon such lands or in such capital projects.

18. Exchange of Records

18.1 Infrastructure will maintain a record of the project technical documents, licenses or agreements and financial records relating to the business case, functional program, design and drawings, construction, facility commissioning, deficiencies and warranties. Infrastructure will make these records accessible to the other parties through the Project Manager until project closure. To facilitate ongoing maintenance, Infrastructure will transfer the record documents to AHS on the Handover Date or at a time mutually agreed between the parties, including any warranties and record drawings.

19. Communications

19.1 The parties will assist each other in the hosting of public events, such as sod turning or official opening of the facility, which will be coordinated by Health in consultation with AHS and Infrastructure. The parties will participate in the official opening and Health will coordinate the date, communications plan and event administration with both AHS and Infrastructure.

20. Conflict Resolution

- 20.1 The parties agree to resolve any disputes arising from the application of this MOU in good faith through consultation amongst the three parties. The following conflict resolution process will apply for those matters that cannot be otherwise resolved through consultation:
- (a) Disputes will be brought to the applicable executive committee for review and resolution. To the extent possible, and depending on the nature of the dispute, project work shall continue in good faith and in observance of best practices that maintain scope, schedule and cost control.
 - (b) Should this initial consultation process fail to reconcile a dispute then each party to the dispute will prepare and submit a written representation of the factors contributing to the dispute to their senior representative to the executive committees (Assistant Deputy Ministers of Infrastructure and Health, and the Vice President Corporate Service and Chief Financial Officer of AHS) for review at their earliest opportunity. Any submissions shall be treated as confidential by each party.
 - (c) In the event the senior representatives cannot arrive at a decision within 15 business days from the date the matter was referred to the Chair of the executive committees, then the matter shall be referred to the Deputy Ministers of Infrastructure and Health, and the President and Chief Executive Officer (CEO) of AHS.
 - (d) If the Deputy Ministers deem necessary, the matter may be referred by the Deputy Ministers and the President and CEO of AHS to the Ministers of Infrastructure and Health for a final determination.

21. Term

This MOU takes effect on the date of the MOU and it shall be reviewed by the parties every three years after signing or upon such other date as they may otherwise agree.

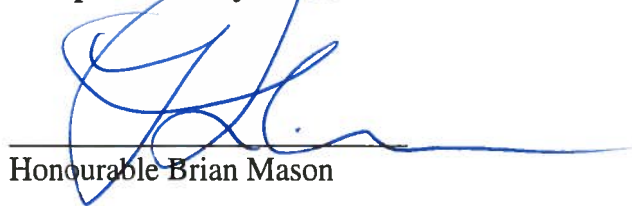
IN WITNESS WHEREOF the parties to this MOU have executed this MOU as of the day and year first above written.

**HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA
as represented by the Minister of Health**



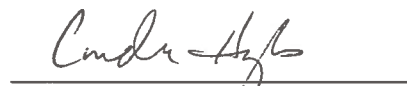
Honourable Sarah Hoffman

**HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA
as represented by the Minister of Infrastructure**



Honourable Brian Mason

ALBERTA HEALTH SERVICES



Ms. Linda Hughes
AHS Board Chair