

Fraser Health Authority going ahead with \$500 million expansion of Surrey Memorial

BY DERRICK PENNER, VANCOUVER SUN JANUARY 13, 2010

The Fraser Health Authority is pushing ahead with its major expansion of Surrey Memorial Hospital, estimated at more than \$500 million, at an advantageous time for both itself as well as the construction industry.

Years in the making, the health authority's plan to create a "health corridor," in the words of Peter Goldthorpe, vice-president of capital projects and real estate for the authority, is aimed at both serving Surrey's burgeoning population and playing a role in urban renewal of the city's core.

However, the health authority has selected a short list of three qualified bidders and is poised to offer them the chance to design proposals for the project while British Columbia's construction industry is in the midst of a sharp downturn with high unemployment.

That will mean the winning bidder will have an eager pool of subcontractors competing for the work, which will likely lead to lower prices compared with the heated pre-recession years when inflation of construction costs ran in double digits.

"A few years ago in the [construction] market, inflation was almost on a weekly and monthly basis," Marco Buccini, executive director of facilities planning and real estate for the Fraser Health Authority said in an interview.

"So it's a little bit easier to deal with nowadays, that's for sure."

Goldthorpe added that the health authority still needs approval from the provincial Treasury Board for its request for proposals, the list of requirements that the bidders will create designs for, which is expected within a couple of months.

Goldthorpe said the health authority wants a hospital expansion that includes construction of a new tower for critical care services, a new emergency department and major renovations to improve its ability to deal with increasing demands on the hospital as well as accommodate teaching facilities as a medical campus.

The Surrey hospital expansion will follow the development of its \$240-million outpatient treatment facility, currently under construction and scheduled for completion in the spring of 2011.

The outpatient facility was developed as a public-private-partnership, and it is expected the hospital expansion will be built in the same way, scheduled for completion in 2014.

Goldthorpe said that completion will coincide with the expected start of construction of the Surrey hospital expansion, a project the authority expects will create some 3,700 construction jobs.

Those will be welcome construction jobs on a mega-project at a time when there are not many large

developments to fuel the construction sector, according to Philip Hochstein, president of the Independent Contractors and Business Association of B.C.

“It would have been good if [the construction start] was the spring of 2010, because the industry could use the work more [now],” Hochstein said in an interview.

“But I don’t think the industry will be back to full capacity by 2011 either.”

B.C.’s construction sector has seen employment fall off dramatically. In December, the Statistics Canada Labour Force Survey counted a construction workforce that had some 20,000 fewer jobs in it than the same period a year ago.

And while the industry has, in recent months, seen upticks in activity, as measured by building permit values and housing starts, Hochstein said Fraser Health will still benefit from construction prices that have “bottomed out” from the highs they achieved during B.C.’s construction boom.

Hochstein added that the hospital expansion is important project for B.C.’s larger construction companies, which are currently battling small firms for the smaller projects available to them.

He said it is also important because it isn’t a road or infrastructure project, which will offer work to a wider range of building tradespeople.

“You don’t have a lot of plumbers required when you expand the Port Mann Bridge,” Hochstein said.

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