



HURON PERTH
HEALTHCARE
ALLIANCE

CLINTON
PUBLIC HOSPITAL

ST. MARYS
MEMORIAL HOSPITAL

SEAFORTH
COMMUNITY HOSPITAL

STRATFORD
GENERAL HOSPITAL

Friday, April 1st, 2022

Ms. Alyssa Bridge, Manager
Planning Department
City of Stratford
City Hall
1 Wellington St.,
Stratford, Ontario
N5A 2L3

**Re: 86 & 90 John Street South Stratford Avon Crest Heritage Stratford
Advisory Committee Motion**

Dear Ms. ^{Alyssa} Bridge:

This letter will serve to formally acknowledge your November 26th and December 14th, 2022 e-mails to the Huron Perth Healthcare Alliance (HPHA) in relation to a Heritage Stratford Advisory Committee's recommendation to the City of Stratford to designate our Stratford General Hospital Site's Avon Crest Property under the Heritage Act. As you will recall, we did respond on both December 2nd and December 14th, 2021 confirming our wish that this designation not proceed and, at that time, committed to following up in more detail in the New Year.

In the intervening period Mayor Mathieson shared with us the letter the City received from the Stratford & District Historical Society (SDHS), dated February 25th. On February 28th we had the opportunity to meet with Mayor Mathieson, as well as Scott Boughner and Jayne Trachsel of SDHS to discuss the Society's views.

At the outset, it is important to state that as an organization we very much value the important role played by the Heritage Stratford Advisory Committee and the SDHS. We support their exemplary efforts in preserving our local heritage. In saying this, we hope that you recognize that the sole accountability of the HPHA is to support the hospital-based health care needs of the population we serve, now and into the future. We have fulfilled this vital role in Stratford for over 130 years. Simply put, this is our heritage, and something we take very seriously. Our historic role has been, and will continue to be, focused on the healthcare needs of our community, today and into the future.

In achieving this goal, we depend heavily on the generous support of our community, regularly led by the City of Stratford, to invest in the equipment and facilities necessary to support the highest quality patient care. In fact, we

are currently gearing up for a major, \$30 million public campaign. It will help us meet the anticipated \$50+ million in equipment and facility needs we will face at our Stratford General Hospital Site over the next 4 years. Needs ranging from a new Chemotherapy Unit, to a replacement MRI, to updated Operating Room Equipment will all be addressed through this campaign. Our focus must be on these crucial investments, which are fundamental to addressing the future health care needs of those we serve.

What we do not have is either the mandate or resources to make further investments in the Avon Crest property, most notably the original hospital. For over a century the Avon Crest property played a cost-effective role in delivering community care. That is no longer the case for a property that is now incapable of meeting current, provincially mandated hospital setting requirements.

I can share that as part of our previous due diligence concerning available options, we commissioned the attached study, through Cost Consultants Marshall Murray. It ascertained the costs of renovating the 26,350 square foot Avon Crest Building back to its original historical appearance, including meeting current building code and accessibility requirements. These costs would enable the property to access the current rental market. The total cost was identified at over \$22 million. We believe this cost, in light of the current construction market, is now significantly under-stated. Of note, these costs do not include the additional parking investments that would have to be made by the HPHA to offset the loss of parking spaces associated with a new use for the Avon Crest property.

In addition to reviewing costs to renovate the Avon Crest building, you will recall that the HPHA undertook a "Request for Solutions (RFS)" process aimed at ascertaining developer interest in the property. While there was initial interest expressed, there was ultimately only 1 bid that was anywhere near compliant with our RFS requirements. Upon review by our Evaluation Team it was deemed to not address the major requirements outlined in the RFS and was therefore rejected. It should be highlighted that in advance of issuing the RFS, we met with the Heritage Stratford Advisory Committee to review the process and subsequently toured interested members through the site. In engaging the Committee, we were clear on our expected outcomes and also confirmed that any new development would be required to pay homage to the original hospital, the history and the heritage of the site and the City.

The building is not presently occupied, nor is it necessary for existing HPHA operations. It does, however, require increasing maintenance investments, currently estimated at close to \$200,000/year and, in the not-to-distance future, will require investments to address exterior safety concerns, including a new roof estimated to cost \$1 million. These existing, and projected costs would have to be addressed through HPHA operating dollars. The HPHA Board of Directors firmly believes that operating funds should be solely

allocated towards addressing current and future patient care needs, not supporting buildings no longer fit for purpose.

As a result of the increasing costs being incurred to maintain the building, the lack of developer interest in the property as it currently stands, the insurmountable investments needed to develop a functional, historically appropriate structure, and the increasing risks presented by the structure, the HPHA Board of Directors, supported by the Stratford General Hospital Local Advisory Committee, has approved a recommendation from management for the demolition of the main Avon Crest building. While no demolition plans have been approved at this time, we can share that the HPHA is beginning to isolate the building from both a mechanical and electrical perspective and will be developing plans to tender the removal of the building in the coming months.

Despite the Avon Crest building not currently being required to support the needs of the HPHA, the land is viewed as an incredible asset for the future health care needs of our community, and the organization has every intention of maintaining ownership. Over the decades, the hospital, and the HPHA have developed the full property from west to east and recognizes that there could be a time in the future when the Avon Crest property becomes necessary for future hospital development. In the intervening years however, the HPHA recognizes that a “clean site” would be attractive to developers and would present numerous “value-add” options for community consideration, ranging from health-related developments such as Long-Term Care and physician practices, to sustainable housing. Regardless of the options considered, all would be subject to public review and subject to all necessary approvals.

While the direction of the HPHA is clear, should a concrete, time sensitive plan be placed in front of our organization committing the necessary funds to renovate the buildings to their historical significance, make the building occupancy ready and address ongoing property costs (estimated to be in the order of \$35 - \$45 million), the HPHA would be open to such a presentation. In saying this, it should be noted that in the past 30 years we have never received any serious interest, nor enquiries of this nature.

Despite respectfully requesting that the City of Stratford not support the designation request from the Heritage Stratford Advisory Committee for the reasons noted in this letter, the HPHA is very interested in working with the City and the Committee to identify ways in which the historical significance of the site can be preserved for future generations, including utilizing virtual tools to “preserve” the original hospital for future generations to see and appreciate.

As always, we extend a heartfelt thanks to the City of Stratford for the unparalleled support you have provided to the hospital's investment needs over the years. We very much look forward to continuing this important

partnership as the HPHA's heritage of providing exemplary care now, and into the future continues.

We would be happy to attend any suggested meetings to discuss our request in more detail and look forward to further dialogue.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrew", with a horizontal line underneath.

Andrew Williams, B.Sc.(Hon), MHSA, CHE
President & Chief Executive Officer
Huron Perth Healthcare Alliance

Encl.

cc: Ron Lavoie, Chair, Board of Directors
Huron Perth Healthcare Alliance



**HURON PERTH HEALTHCARE ALLIANCE
AVONCREST REFURBISHMENT
Stratford, Ontario**

ORDER OF MAGNITUDE ESTIMATE

prepared for:

HURON PERTH HEALTHCARE ALLIANCE
46 General Hospital Drive
Stratford, Ontario
N5A 2Y6

prepared by:

MARSHALL & MURRAY INCORPORATED
625 Wellington Street
London, Ontario
N6A 3R8

December 20, 2021

L1510/13 Avoncrest/1/8/Estimate.xlsx

Quantity Surveyors and Development Consultants

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December 20, 2021

HURON PERTH HEALTHCARE ALLIANCE

46 General Hospital Drive

Stratford, Ontario

N5A 2Y6

Attention: Mr. Francesco Sabatini

Re: HURON PERTH HEALTHCARE ALLIANCE - AVONCREST REFURBISHMENT - Stratford, Ontario

Dear Francesco,

Please find enclosed a copy of our Order Of Magnitude Estimate for the above note project for your review and comment.

If you have any questions or require further information, please do not hesitate to contact our office.

Yours truly,

MARSHALL & MURRAY INC.

Ted Hyde, PQS, GSC, LEED AP

Senior Cost Consultant

Cc:

Quantity Surveyors and Development Consultants

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ORDER OF MAGNITUDE ESTIMATE

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SECTION 1

PROJECT OVERVIEW

a) EXECUTIVE SUMMARY

This report prepared by Marshall & Murray Inc. is classified as a Order Of Magnitude Estimate.

Marshall & Murray Inc. were retained to provide a realistic **Total Projected Project Cost** budget for the redevelopment at Huron Perth Healthcare Alliance.

The project is located in Stratford, Ontario.

The proposed redevelopment would consist of complete renovation to the existing portion of the Avoncrest building that is to remain.

The proposed redevelopment is being designed by not decided at this time.

The estimate presented here is based on the drawings received from the design team, meetings, and oral information.

The **Total Projected Project Cost** is estimated at: **\$22,095,227**

The above amount excludes Separate and Alternate prices. A detailed breakdown of the amount can be found in the following Section 1b).

This estimate is priced in December 2021 dollars. Escalation during construction has been included in the estimate. Projected escalation to time of tender is identified separately if requested.

We are unable at this time to determine the projected construction cost implications due to the Coronavirus COVID-19 and have excluded any allowances for this impact if any.

We are currently experiencing a very active construction market which could result in bids varying greatly from our indicated amount due to lack of bidders and escalating material costs.

This estimate has been priced, based on a standard CCDC 2 – Stipulated Sum Contract. It does not include for any additional costs associated with the Alternate Financing Procurement method adopted by Infrastructure Ontario.

The construction cost includes all labour, materials, plant, sub-contractors' overheads and profit, and the general contractor's overheads and profit.

The ancillary cost includes professional and design fees, development charges and levies, project management, a phasing/logistics contingency and the net Harmonized Sales Tax (H.S.T.).

Please review the exclusions as noted in Section 1 k) Exclusions to Project Cost.

If you have any questions or require further information, please do not hesitate to contact our office.

Ted Hyde, PQS, GSC, LEED AP
Email: thyde@marshallmurray.com
Ph: 519-433-3908
Fax: 519-433-9453

b) TOTAL PROJECTED PROJECT SUMMARY

DESCRIPTION	ORDER OF MAGNITUDE ESTIMATE		
	GFA	COST/SF	AMOUNT
A. AVONCREST REFURBISHMENT			
1.0 NEW BUILD	800	505.00	404,000
Remove existing fire escape and provide new enclosed stair case	800	505	404,000
2.0 RENOVATION	30,200	441.00	13,318,329
Remove existing flooring & ceilings	30,200	7	211,400
Replace existing wood windows - small	27	750	20,250
Replace existing wood windows - medium	28	2,300	64,400
Replace existing wood windows - large	79	6,600	521,400
Clad existing walls with strapping & drywall	30,200	25	755,000
Repairs to damaged ceiling substructure	30,200	2	60,400
Structural repairs due to water damage		allow	300,000
Remove existing doors with new wood doors	120	2,350	282,000
New topping to existing floors	30,200	5	151,000
New sheet vinyl flooring & base	30,200	8	241,600
New acoustic ceilings	30,200	5	151,000
Paint walls & finish doors	30,200	2.5	75,500
Replace existing washroom accessories with new	30,200	2.5	75,500
Replace existing elevator with new		allow	300,000
New stair lift at main entrance		allow	60,000
Remove existing plumbing, sprinklers & heating systems	30,200	4	120,800
New Plumbing	30,200	15	453,000
New sprinklers c/w with sprinklers to attic space	30,200	6	181,200
New Heating system	30,200	60	1,812,000
Remove existing power, lighting & systems	30,200	2	60,400
New power	30,200	10.0	302,000
New lighting	30,200	17.5	528,500
New systems	30,200	17.5	528,500
Replace water damaged brick		allow	30,000
Repoint brick mortar	14,535	10	145,350
Replace wood cladding	440	57	25,080
Restore front entrance doors, canopy, etc.		allow	200,000
Remove existing enclosure at porched	1,344	15	20,160
Restore porch floor, soffit, railing, etc.	1,160	175	203,000
Insulation to attic	6,335	10	63,350
New metal roof	7,602	35	266,070
Replace wood soffits		allow	150,000
New soffits, gutters & downspouts	510	155	79,050
Restore exterior wall at building demolition		allow	45,000
Restore damaged site due to construction and at demolition location		allow	200,000
Hazardous material abatement	30,200	20	604,000
DESIGN SCOPE CONTINGENCY		20.0%	1,938,182
GENERAL CONTRACTORS GENERAL CONDITIONS		14.0%	1,628,073
GENERAL CONTRACTORS GENERAL FEE		4.0%	465,164

b) TOTAL PROJECTED PROJECT SUMMARY

DESCRIPTION	ORDER OF MAGNITUDE ESTIMATE		
	GFA	COST/SF	AMOUNT
3.0 OTHER ASSOCIATED COSTS			0
SITE DEVELOPMENT / LANDSCAPING			in above
ABNORMAL SOIL CONDITIONS / CONTAMINATED SOIL			EXCLUDED
DEMOLITION OF EXISTING			EXCLUDED
PREMIUM TIME / AFTER-HOURS WORK			EXCLUDED
CONSTRUCTION PHASING			EXCLUDED
LEED PREMIUM			EXCLUDED
TOTAL AVONCREST REFURBISHMENT	31,000	442.66	\$13,722,329

SUB-TOTAL CONSTRUCTION COST			13,722,329
- NET H.S.T. ON CONSTRUCTION		1.89%	259,352
TOTAL CONSTRUCTION COST (INCL. NET H.S.T.)			13,981,681

ANCILLARY COSTS			
- Professional & Design Fees		8.0%	1,118,534
- Disbursements		+/- 1%	111,853
- Project Management		3.0%	419,450
- Cost Consultant		0.5%	69,908
- Other Consultants		3.0%	411,670
- Development Charges & Levies		1.0%	137,223
- Commissioning, Logistics, etc.		2.0%	274,447
- Net HST on above three items		1.89%	15,561

SUB-TOTAL			16,540,327
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FURNISHINGS AND EQUIPMENT			NIL
POST CONTRACT CONTINGENCY (ON CONSTRUCTION)		15.0%	2,058,349

TOTAL PROJECT COST			18,598,676
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PROJECTED ESCALATION TO 2023 (ALLOW 5.0% P.A.)	2 YEARS	10%	1,859,868
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TOTAL PROJECT COST			20,458,543
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PROJECTED ESCALATION TO 2025 (ALLOW 4.0% P.A.)	2 YEARS	8%	1,636,683
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TOTAL PROJECT COST			22,095,227
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B. SEPARATE PRICES (EXCLUDED FROM THE ABOVE) AMOUNT BASED ON AWARD WITH SECTION A ABOVE	AREA	COST/SF	AMOUNT
1.0 CONSTRUCTION COST			185,234
Interior insulation and vapour barrier to perimeter walls	14,535	13	185,234
2.0 ESCALATION			34,824
PROJECTED ESCALATION TO 2023 (ALLOW 5.0% P.A.)	2 yr	10.0%	18,523
PROJECTED ESCALATION TO 2025 (ALLOW 4.0% P.A.)	2 yr	8%	16,301
TOTAL SEPARATE PRICES	14,535	15.14	\$220,058

SUB-TOTAL CONSTRUCTION COST			220,058
- NET H.S.T. ON CONSTRUCTION		1.89%	4,159
TOTAL CONSTRUCTION COST (INCL. NET H.S.T.)			224,217

ANCILLARY COSTS (PROFESSIONAL FEES, PERMITS, TAXES, ETC.)		18.30%	41,032
POST CONTRACT CONTINGENCY (ON CONSTRUCTION)		15.0%	33,009

TOTAL PROJECT COST			298,258
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c) METHOD OF MEASUREMENT

This estimate has been prepared by measurement of quantities from the drawings and gross floor areas provided by the hospital.

Unit costs, allowances, and contingencies were applied to these quantities to reflect market conditions and provide a realistic budget based on comparable projects with similar size and scope of works.

d) GROSS FLOOR AREA

Addition	800	SF
Renovations	30,200	SF
Total	31,000	SF

e) PRICING

This estimate is priced in December 2021 dollars expecting 3-6 qualified competitive General Contractors and Sub-Contractors. Bids will vary due to fluctuating market conditions, proprietary product vendors, lack or surplus bidders and bidder's perception of risk.

We are unable at this time to determine the projected construction cost implications due to the Coronavirus COVID-19 and have excluded any allowances for this impact if any.

We are currently experiencing a very active construction market which could result in bids varying greatly from our indicated amount due to lack of bidders and escalating material costs.

f) ANCILLARY

Ancillary cost allowance of 18.3 % of the construction cost has been included within this estimate. A breakdown of this percentage can be found on the Total Projected Project Cost Summary sheet, Section 1b) of this report

g) UNIT RATES

The unit rates include all labour, material, plant, and sub-contractors' overhead and profit.

h) MECHANICAL AND ELECTRICAL COSTS

Mechanical and Electrical Costs included in this estimate was based on projects of similar size and scope.

i) SITE SERVICES

No site services are included or anticipated for this project.

j) EXCLUSIONS TO PROJECT COST

- Financing Costs
- Phasing
- Relocation Costs
- Furniture and Loose Equipment
- Premium Labour
- Abnormal Soil Conditions
- Contaminated Soil
- Drapes, Curtains and Art Work
- LEED Costs
- Winter heat to shell construction

k) STATEMENT OF PROBABLE COSTS

This estimate represents a professional opinion of the probable costs for this project. Marshall & Murray Incorporated cannot guarantee that the actual project cost will not vary from this opinion.

l) ONGOING COST CONTROL

The project is in the early stages of design and thus the full scope and design specifications have not been clearly determined. The estimate makes assumptions for all elements not clearly defined on the drawings. These assumptions are listed within the detailed estimate.

To alleviate a portion of the risk, a design and pricing contingency allowance has been included to accommodate for future design tweaks. However if there is a significant amount of design changes as the project progresses, they could result in an increase in cost that cannot be covered by the design and pricing contingency allowance. At this stage we consider the risk high, and would request that the design team review and provide comment with regards to the design detail included within the estimate.

We recommend that the estimate contained herein be reviewed thoroughly by the project team. Any comments or suggestions should be forwarded as soon as possible. We also recommend that further estimates be prepared once a firm design has been established.