

July 31, 2020

VIA HAND DELIVERY

Mr. Cory Grandy
Associate Deputy Minister
Department of Transportation and Works
5th Floor, West Block, Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6

Re: Award of New Adult Mental Health and Addiction Facility Project ("NAMAF")

Dear Mr. Grandy:

Sacyr, a global leader in the development of infrastructure projects throughout the world with 45 assets under management and a backlog of over \$59 billion CDN, has made a strong commitment to doing business in Newfoundland & Labrador, submitting three public-private partnership ("P3") proposals for health care projects in the Province over the past two years. Each of these proposals has required a significant investment in terms of time and money, but we have happily made this commitment because we regard the Province as a strategic market and we genuinely believe we can bring tremendous value.

We take a lot of pride in the proposals we submit, and particularly our submission for NAMHAF. We assembled a formidable team, including one of the preeminent mental health design firms in Canada (Stantec) and a leader in facility management (Black & McDonald). We were, furthermore, fully committed to draw upon local industry and employ a local workforce. The Province has exhibited its confidence in us by shortlisting teams led by Sacyr in its three P3 projects and designating us in second place and reserve for NAMHAF.

Given the foregoing, we were surprised to learn that Plenary's winning proposal, as reflected in the enclosed announcement, carried a net present value \$39 million CDN (13.4%) higher than ours and pledged to complete construction an entire year later, according to the remarks during the award announcement. In a time of economic uncertainty and with the ever-present budgetary constraints faced by local and provincial governments, this is a tangible and material difference. \$39 million CDN is a significant sum for sure, but it is not just a number, not to the citizens of Newfoundland & Labrador. It reflects opportunities foregone—a 65-plus bed long term care facility or a school to educate 600 students, just for illustration. To further contextualize, the budget for repairs and renovations to existing health care facilities throughout the entirety of the Province in 2019 was \$21.2 million. Moreover, the delayed completion of the facility means the Province is another year farther from achieving the lofty goals for its mental health system which provided the impetus for this project.

Sacyr remains committed to doing business with the Province and should the Authority avail itself of the flexibility provided by the NAMHAF Request for Proposals to negotiate with a second proponent, we would gladly engage in that process.

Sincerely,



Javier Martinez-Cañavate
Director
Sacyr Infrastructure Canada

Enclosure

Cc: Mr. Greg Dadd, Fairness Advisor (via email: greg.dadd@optimussbr.com)
Ms. Andrea McKenna, ADM, Department of Health and Community Services
Ms. Elizabeth Kennedy, Director, Eastern Regional Health Authority
Mr. Greg Clarke, Director, Department of Transportation and Works

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Plenary consortium to deliver new adult mental health and addictions hospital

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The Honourable Dwight Ball, Premier of Newfoundland and Labrador, today announced that Plenary-led Avalon Healthcare Partnership has been selected to design, build, finance and maintain a new adult mental health and addictions hospital in St. John's.

The project includes:

- A 240,000 square foot, six-storey, 102-bed hospital;
- A parking garage with space for 1,000 vehicles; and,
- A new 60-bed hostel to replace the Agnes Cowan Hostel.

The design of the new hospital can be viewed on [YouTube](#).

Early site work and demolition of the Agnes Cowan Hostel will start in the coming weeks and continue throughout the fall to make way for construction of the hospital beginning next spring.

Construction on the parking garage will start this fall and will be completed in late 2021. Construction of the hospital will be completed in late 2024.

The estimated net present value of the new hospital contract is \$330 million.

During the construction phase, Avalon Healthcare Partnership will:

- Host a job fair for skilled labourers looking to work on the construction;
- Develop an apprenticeship training program for local apprentices; and
- Develop a plan to assist with hiring tradeswomen to work on the construction site.

Over the course of construction, more than 400 jobs are expected to be created. More details on Avalon Healthcare Partnership can be found in the backgrounder below.

Quotes

"Mental health, and this particular project, has been a passion of mine from day one, and a priority for my government since we won the 2015 election. Right from the start, our intention was clear – we had to change how mental health and addictions services and supports were provided to the people of this province. A key aspect of this change involves eliminating stigma, which is only possible through a new, person-centered, recovery-oriented approach to mental health and substance use. This approach focuses on better community services, enhanced training for medical professionals and first responders, and a new, modern hospital to serve people."

Honourable Dwight Ball

Premier of Newfoundland and Labrador

"This new hospital is one of many construction projects creating good construction jobs for Newfoundlanders and Labradorians. Local companies that have participated in our business-

Minister of Transportation and Works

"Today marks a major step forward on the province's new adult mental health and addictions hospital. We look forward to continuing discussions with Eastern Health, health care providers, persons with lived experience and their families, community-based agencies and organizations, members on the Recovery Council and the Mental Health and Addictions Advisory Council, and the public to move this project forward. As part of Towards Recovery, this hospital demonstrates our unwavering commitment to design a better mental health and addictions system with early intervention supports and care provided in the community and

when needed, a modern, state-of-the-art facility with recovery focused inpatient programming."

Honourable John Hoggie

Minister of Health and Community Services

"Today is an important day as Eastern Health and its partners move forward in building the new adult mental health and addictions facility which will provide high quality, recovery-oriented, person-centered mental health care. The new facility is the culmination of years of hard work and dedication and would not have been possible without very important partnerships – between people with lived experience, community partners, Eastern Health, and the Provincial Government."

David Diamond

President and CEO, Eastern Health

"In the unprecedented time we are living in and with a future so uncertain, it is comforting to know that The Way Forward has not changed. The COVID-19 world crisis has reminded us that we all have mental health and that our mental health can be compromised at any time. Today's announcement advances the commitment made by this government to the over 175,000 Newfoundlanders and Labradorians who live with mental health and addictions issues and their families. It shows that we do matter, that mental health matters. We are one step closer to a future that we've all dreamed of - where our mental health is as important as our physical health, where health is health."

Paula Corcoran

Executive Director, CHANNAL

BACKGROUNDER

Avalon Healthcare Partnership is a partnership consisting of 13 companies.

Plenary Americas LP: Respondent Team Lead and Equity Provider

John Hearn Architect Ltd.: Local Design Consultant

Smith and Andersen Consulting Engineering: Mechanical and Electrical Design Consultant

Rowan, Williams, Davies & Irwin Inc.: Acoustics and Vibration Design Consultant

BA Group Consulting Group Ltd.: Traffic Design Consultant

PKB & Wright Landscape Architecture Inc.: Landscape Design Consultant

Newton Group Ltd.: Parking Garage Design-Build

Marco Group Limited: Design-Build

G.J. Cahill (1979) Limited: Service Provider & Design Builder

B+H Architects Inc.: Design Lead

R.V. Anderson Associates Ltd.: Civil Design Consultant

Entuitive: Structural Design Consultant

S+A Footprint: Energy and Sustainability Consultant

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