

Value for Money Report Backgrounder

For Release: May 5, 2015

The Province of Saskatchewan and the Cypress Health Region are building a new 225 bed long-term care facility in Swift Current using a design-build-finance-maintain public-private partnership (P3) model. Construction on the new facility began in September 2014 and is scheduled to be complete in spring 2016.

Plenary Health was selected as the preferred proponent to deliver the project. Plenary Health comprises these companies as a single entity: Plenary Canada Ltd., PCL Construction Management Inc., Johnson Controls Canada Limited Partnership, and Stantec Architecture Ltd.

The new facility will replace three aging long-term care centres that are in poor physical condition and no longer provide the appropriate physical environment to meet modern long-term care standards.

The Cypress Health Region will own the facility and Health Region staff will continue to provide services to residents.

Value for Money (VFM) Assessment

VFM measures whether a P3 is the best option for a particular project. In the case of the Swift Current Long-Term Care Centre, the assessment compared the estimated costs of building and maintaining the same long-term care centre using two different models: traditional design-bid-build (DBB) and P3. The difference between the costs (including the cost of financing and other owner's costs) is the VFM. For a P3 to provide value, the P3 must cost less than the traditional approach over the life of the contract.

Using a P3 approach, the net present value (NPV) of the total Project cost was \$108.5 million, compared \$125.0 million for a traditional DBB. This represents a \$16.5 million (or 13.2%) savings over the 30-year term (plus construction).

Cost savings were achieved through construction and design innovations, life-cycle optimization, risks shifted from the public to the private sector, and a fixed-price contract.

The following chart provides an overview of the cost of building the project using the traditional DBB model and the P3 model.

Net Present Value (\$000)	Traditional DBB Model	P3 Model
Capital & Maintenance Period Costs	107,623	100,374
Risk Adjustment	12,660	2,367
Procurement, Implementation and Other Owner Costs	4,784	5,811
Total	125,067	108,552
Cost Differential	\$16,515	
Percentage Savings	13.2%	

Design and Innovations

Residents, families, and staff were involved in the early stages of the design to ensure that the facility will create a home-like environment for the residents and be suitable for resident-and-family-centered care. Their input was incorporated into the design specifications and provided to proponent teams during the competitive selection process.

Plenary Health delivered design innovations that will achieve a home-like, resident-and-family-centered environment and will optimize operational efficiencies.

The facility will feature small resident homes that create a community feel and encourage social interaction among residents and the surrounding community. Other features include:

- Small community design and private bathrooms create home-like environment
- Abundant natural light
- Garden-facing rooms
- Shorter corridors with fewer corners to optimize wheelchair access and staff movement
- Smart technology throughout supported by handheld communication devices
- Charting tablets
- Resident wandering prevention systems
- Ceiling lifts in every room

Fairness Advisor

An independent and expert external Fairness Advisor was engaged to monitor the competitive selection process and concluded that it was fair and impartial.

The Fairness Advisor concluded the Request of Qualifications (RFQ) and Request for Proposals (RFP) processes were conducted in a fair manner and in accordance with the procedures that had been set out. The government and health region team members, and their advisors, followed the procedures and fairly applied the evaluation criteria specified. Where judgment and interpretation were required, the team members exercised reasonable judgment and made interpretations in a fair and impartial manner.