1. Background

1.1. National Context and Policy Framework

The growing body of empirical evidence shows that Spa tourism, a core part of global wellness tourism, and wellness tourism economy is a lucrative tourism niche market with rapid growth rates. Global wellness tourism represents one in seven tourist dollars and is set to grow to US $678.5 billion by 2017; in the process the sector will create 11.7 million jobs thereby increasing its overall total economic contribution to US $1.3 trillion. Spa tourism has a similar growth trajectory and the opportunity exists for Jamaica to make a targeted entrance into the niche area.

In the “Health and Wellness Tourism Strategy for Jamaica” (2012), the development of ‘Boutique Wellness Spa Tourism’ was identified as a competitive niche market in which Jamaica could have a strong foothold if focus was placed in this area for development. The positioning of government owned thermal and mineral bath and spas as boutique wellness and spa entities was recommended. The introduction of private sector capital and management expertise to upgrade the Milk River Mineral Bath (MRMB) and the Bath Fountain Hotel & Spa (BFHS) to world class standards could accrue significant additional benefits.

The Government of Jamaica’s (GoJ’s) Medium Term Socio-Economic Development Framework and the overarching National Development Plan Vision 2030, position tourism as an economic driver to advance the national development agenda. The strategies in the tourism sector plan call for the development of “…new tourism market segments in which Jamaica possess competitive advantage” such as health and wellness tourism. This is also supported by the Master Plan for Sustainable Tourism (2002), which envisions a tourism product that is integrated within the local economy.

In recognition of the potential of this niche market, Jamaica developed a set of national spa standards and has harmonised these standards with those standards that are established at the Caribbean regional level. It should also be noted that at present, the Government is also undertaking the development of a National Policy on Health and Wellness Tourism under which these projects would fall.

The Public Sector Master Rationalization Plan (2010) recommends the contracting out of the management of the entities to allow the Government to earn royalties while retaining ownership. The

rationalization plan suggests that Milk River Mineral Bath is a non-core dimension of the Ministry of Tourism and Entertainment. Furthermore, “the contracting out of the management of the entity will allow for the government to earn royalties on this national treasure while retaining ownership. This will also result in government not being encumbered with day to day operations or the associated recurrent costs. The assets are protected while encouraging private sector involvement”.

Asset Mobilization is identified as one of the essential components in the Growth Inducement Strategy. The strategy recommends that latent wealth tied up in potentially productive assets should be unlocked through the promotion of entrepreneurial dynamism and the packaging of government owned assets for public private partnerships.

As such, it is envisaged that the development of the facilities will be undertaken within the context of the GoJ’s Public-Private Partnership (PPP) policy. The PPP Policy outlines the principles, process and criteria for the development of PPPs by the GoJ. The PPP Units at the DBJ and the Ministry of Finance and Planning (MOFP) manage the GoJ’s PPP Programme.

The Project Development Objective of the Foundations for Competitiveness and Growth Project is to strengthen the business environment in Jamaica for private sector investment. Component 2, which seeks to facilitate strategic private investments, will support feasibility and other related studies and technical assistance to enable the government to prepare for and close investment transactions with private sector participation. The Component, under which this project idea falls will finance projects related to, inter alia, include pre-feasibility, feasibility, financial, legal, environmental, and social as needed to bring strategic transactions to market. It is anticipated that this project has the propensity to lead to investment which has a significant impact on growth and jobs.

1.2. **Milk River Mineral Bath (MRMB) and Bath Fountain Hotel & Spa (BFHS)**

Milk River Mineral Bath (MRMB) is a mineral spa located in the South West corner of Clarendon, Jamaica. Owned by the Government of Jamaica (GoJ) since its opening in 1794, the MRMB is governed by the Milk River Bath Act (1927) which specifies the provisions for the control and management of the property. BFHS is governed by the Bath of St. Thomas the Apostle Act (Bath Act) 1942, which outlines the provisions for the control and management of the property.

Both facilities currently fall under the portfolio of the Ministry of Tourism and Entertainment (MTE). Additionally, in August 1990 the Jamaica National Heritage Trust (JNHT) declared the facilities as Heritage Monuments due to their “historic, aesthetic, architectural and traditional importance.”

Since 1987, the GoJ has made several unsuccessful attempts to engage the private sector to undertake operations and development of the facilities. Reviews of previous processes indicate that the some of the major impediments to closing the transaction included:

I. Investor’s concerns regarding certain provisions of the Bath Act;
II. Deteriorating socio-economic conditions surrounding BFHS causing increasing competition from illicit operators;
III. Investor’s being unable to demonstrate the financial capability to undertake either of the projects; and
IV. The high risk of flooding at the MRMB facility.

The GoJ’s objective is to identify private investors to operate, maintain and upgrade MRMB and BFHS, develop spin-off spa products at the facilities and develop the vacant parcels of lands owned by the entities, such that their potential is fully maximized and positioned as premier tourism assets.
In March 2015, Cabinet reaffirmed this commitment with the establishment of an Enterprise Team (ET) to oversee the implementation of the MRMB and BFHS projects supported by the Ministry of Tourism and Entertainment and the Development Bank of Jamaica (DBJ). The MTE directs the activities of the tourism industry through the development and implementation of policies, and strategic guidance on all matters relating to the agencies that fall under its purview. The MTE, in its oversight of MRMB and BFHS, is in charge of guiding the Government’s engagement with the private sector and providing strategic support to the ET. The DBJ is the GoJ’s Privatisation and PPP Agency and provides transaction management and Secretariat support to the ET.

2. Objectives
The objective of this assignment is to provide strategic guidance to the ET on the consideration in developing the entities under a PPP arrangement. This advice will enable the GoJ to assess the PPP structuring options available and to determine how best the project can be promoted to attract private investors and maximize the GoJ’s value for money.

3. Expected Results
The consultancy is aimed at achieving the following results:

- The identification of any additional economic, financial, legal and technical research which will need to be completed prior to engaging the private sector.
- An analysis of the niche market to which this facility could appeal
- Sound recommendations on the feasibility of engaging the private sector under a specific PPP arrangement.

4. Scope of Work and Activities and Expected Deliverables
The specific tasks required from the Consultant are described in the following sections:

i. Review and analyze ALL existing reports, and the previous processes undertaken to privatise the MRMB and BFHS. This will also involve identifying weaknesses in assumptions and analyses, making specific recommendations to address drawbacks and outlining all additional information required to assess the technical, financial, legal, social and environment viability of the transaction.

ii. Conduct a benchmarking exercise assessing similar facilities, whether regionally or globally, with the view of identifying opportunities for potential services that could enhance the commercial viability of the facilities.

iii. Review all relevant PPP structuring options and make recommendations on how best to implement the process to attract private investors and maximize the government’s value for money.

iv. Review the relevant legislation and previous legal advice and either position the feasibility assessments within that context or if necessary, recommend changes to the legislation, which may be required in order to facilitate the PPP

v. Outline and assess the varying modalities that can be used to develop the facilities under PPP arrangements given the GoJ objectives. The options presented must be supported by a high level risk matrix and sufficient market information with an ultimate recommendation that can support the decision to further develop the project.

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2 Ministry of Tourism and Entertainment, About Us, retrieved 25 June 2015 http://www.mot.gov.jm/content/about-us
vi. Conduct a preliminary market assessment, such as using a topline survey, of local and international private sector interest to determine viability and attractiveness of a specific type of PPP structure for the MRMB and BFHS.

vii. Provide an indication of the type of facility that could be operated at each location based on the current assets, including development of additional revenue streams, taking (ii) above into consideration.

viii. Outline the desirable elements and track record a new operator would need to demonstrate, that is, appropriate short-listing criteria.

ix. Draft Terms of References (ToR) for feasibility studies and subsequent tasks based on the scope of works to be completed, which will support the development of a business case for a PPP transaction.

In order to undertake the work necessary, the consultant will need to undertake site visits to the facilities, which will be facilitated by the ET/MTE. In executing the activities, the Consultant will liaise with relevant stakeholders including, but not limited to, the ET, the DBJ, the MRMB, the BFHS and Ministry of Tourism, current and potential customers.

5. Qualification Requirements for the Key Experts

It is expected that the assignment will be conducted by a small team of consultants who possess a combination of the following qualifications and experience:

- Expertise in economic and financial analysis of tourism projects, and experience in managing inputs from technical specialists;
- Expertise in private investment in health and wellness tourism, specifically in spa and wellness sector;
- Experience in the Caribbean, or other small economies—preferably including work in Jamaica.
- Experience in developing and implementing PPP transactions would be desirable;

6. Reporting Requirements and Deliverables/Outputs/Timelines

The timeline for this consultancy is eleven (11) weeks from contract signing. During the engagement period, the consultant will work closely with the members of the Enterprise Team and will make reports to the Enterprise Team through the General Manager, PPP and Privatisation Division of the DBJ. Throughout the project the consultant will submit the following reports in word version:

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<th>Deliverable</th>
<th>Minimum Content</th>
<th>Time of submission</th>
<th>Review Period</th>
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<tr>
<td><strong>Inception Report</strong></td>
<td>An Inception Report The Inception Report must include, inter alia, a clearly defined work schedule, any work completed, and any issues requiring clarification.</td>
<td>No later than 1 week after the commencement of the project</td>
<td>1 week</td>
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<td><strong>First Interim Report</strong></td>
<td>First Interim Report should include: a.) Activities (i) to (iii) as detailed in the Scope of Work; b.) Findings for the Milk River Mineral Bath component of the</td>
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<td><strong>Minimum Content</strong></td>
<td><strong>project as per activities (iv) to (viii) of the Scope of Work, including relevant legislative review, risk matrix and market information, results of the topline survey and preliminary market assessment; and c.) An Executive Summary.</strong>&lt;br&gt;The report must be comprehensive and include options for development as a PPP and recommendations on transaction structuring.</td>
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<td><strong>Second Interim Report</strong></td>
<td><strong>Second Interim Report</strong> should incorporate comments received on the First Interim Report. The report must also incorporate feedback from the Enterprise Team on the First Interim Report; <strong>Findings for the Bath Fountain Hotel &amp; Spa as per activities (iv) to (viii)</strong>, including relevant legislative review, risk matrix and market information, results of the topline survey and preliminary market assessment; Overall preliminary findings as per the all activities of the Scope of Work Updated Executive Summary</td>
<td>No later than 7 weeks after the commencement of the project</td>
<td>1 week</td>
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<td><strong>Draft Final Report</strong></td>
<td><strong>Draft Final Report</strong> should incorporate comments received on the Second Interim Report. The Draft Final Report shall include specific findings and recommendations to the ET. Draft ToR</td>
<td>No later than 9 weeks after the commencement of the project</td>
<td>2 weeks</td>
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<td><strong>Final Report and presentation</strong></td>
<td><strong>Final Report</strong> should incorporate comments received on the Draft Final Report. The Final Report should reflect the results and sound recommendations, include a concise Executive Summary for a non-technical audience that clearly details all of the work undertaken and include options for development as a PPP and relevant cost related to project development and recommendations on transaction structuring. The Final Report shall be accompanied by a Power Point Presentation, which must be in ppt. format highlighting the methodology of the report, the findings from the study and associated</td>
<td>No later than 11 weeks after the commencement of the project</td>
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