

REGION OF OTTAWA-CARLETON  
 RÉGION D'OTTAWA-CARLETON

REPORT  
 RAPPORT

Our File/N/Réf.  
 Your File/V/Réf.

DATE 18 September 2000

TO/DEST. Co-ordinator  
 Corporate Services and Economic Development Committee

FROM/EXP. Homes for the Aged Commissioner  
 Acting Finance Commissioner

SUBJECT/OBJET **CAPITAL GRANT REQUESTS:  
 TOWNSHIP OF OSGOODE CARE CENTRE  
 VILLA MARCONI LONG TERM CARE CENTRE  
 THE SALVATION ARMY  
 MONFORT HOSPITAL**

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### **DEPARTMENTAL RECOMMENDATIONS**

That the Corporate Services and Economic Development Committee and Council approve:

1. **A capital grant to the Township of Osgoode Care Centre in the amount of \$318,750 for the construction of an addition of 30 long-term care beds to their existing facility;**
2. **A capital grant to Villa Marconi Long Term Care Centre in the amount of \$680,000 for the construction of an addition of 64 long-term beds to their existing facility;**
3. **A capital grant to The Salvation Army in the amount of \$1,360,000 for the construction of a new 128 bed long-term care facility;**
4. **A capital grant to the Monfort Hospital in the amount of \$1,360,000 for the construction of a new 128 bed long-term care facility;**
5. **That these grants be made upon the receipt of documentation from the Ministry of Health of the Province of Ontario that the projects have been completed, and that the Ministry has commenced their capital funding contribution of \$10.35 per bed as per the agreements signed with the Ministry by each of the grant recipients.**

### **BACKGROUND**

Requests have been received for funding under the Regional Health Care/Research Facilities Funding Policy from the following four non-profit organizations that have been awarded new

long-term beds (totalling 350 ) by the provincial Ministry of Health: Township of Osgoode Care Centre (30 beds), Villa Marconi Long Term Care Centre (64 beds), the Salvation Army (128 beds) and the Monfort Hospital (128 beds).

On September 9, 1998 Regional Council approved a grant of \$1,014,000 to Villa Marconi for the construction of a 60 bed long-term care facility and a grant of \$1,621,590 to Hillel Lodge for the construction of a 100 bed long-term care facility. The grants were made in accordance with the funding criteria of the Health Care/Research Facilities Funding Policy as adopted by Regional Council on July 11, 1990:

*“The Region’s share shall not exceed the lesser of:*

- i. 25% of the capital cost of the project, or*
- ii. 37.5% of the Province’s net contribution to the project.”*

On September 9, 1998 Regional Council also approved the following:

*“WHEREAS Provincial legislation will no longer allow the Region to collect development charges for the RMO Health Care Facilities Reserve Fund and therefore this fund has a limited life; and*

*WHEREAS there will be numerous requests for support from this fund as hospitals, community health centres, long-term facilities and others try to put in place the services need to cope with the dramatically-shrunk acute care hospital sector;*

*BE IT RESOLVED that all further applications to this Fund be held in abeyance until the Regional Chair’s task force on health care has had an opportunity to present Council with a policy framework on how the limited resources in the Health Care Facilities Reserve Fund can best be used to deal with changes to Ottawa-Carleton’s health care system.”*

On June 23, 1999 Regional Council approved the following recommendation from the Corporate Services and Economic Development Committee from the Task Force Report on Regional Government’s Role in Health Care:

*“THAT in accordance with provincial legislation banning the use of development charges for public hospitals, the remaining balance of \$3.8 million in the Hospital Regional Development Charges Reserve Fund be earmarked for non-hospital health community health services with a priority to those projects that will reduce use of the acute care hospital sector.”*

Given the policy of the Provincial government that capital contributions are made on a per bed basis over a 20 year period, Regional Council, in order to simplify the grant policy in such a way that would not require a monthly payment extended over such a long period of time, approved on March 22, 2000 the following:

*“Should the provincial funding support for the project be provided to the project sponsor over a period greater than 1 year and that the payment of these funds would commence only upon the completion of the project, then the total approved RMO capital grant will be paid upon the completion date of the project.”*

The payment of the Regional grant will be made upon advice from the Province that their funding has commenced as per their policy that begins provincial funding once the long-term care facility has received approval for occupancy and the first resident has been admitted.

### HEALTH CARE RESERVES

The Health Care/Research Facilities Funding Policy was established in 1980. The policy originally provided for the creation of a Health Care Facilities Reserve Fund to which annual contributions were made based on one-tenth of a mill of the Region's Equalized Assessment for general purposes. No contributions have been made since 1989 but in 1985 Regional Development Charges were established with one of the components of the charge being the costs associated with demands of growth on existing health facilities and on the need for new or expanded facilities. The funds collected for this component of the Regional Development Charge have been contributed to a Hospital Regional Development Charge Reserve Fund. The funds from this Reserve Fund can only be used to fund the growth related net capital costs of projects for which development charges have been imposed pursuant to the Regional Development Charges By-law. As of March 31, 1998, the hospital component of development charges is no longer allowed.

As per grants made previously to Glebe Centre, Hillel Lodge and Villa Marconi the grants recommended in this Report meet the requirements of the Health Care/Research Funding Policy and are eligible for funding from the Regional Development Charge Reserve Fund (hospital component). The grants also meet the requirement of the Task Force Report on Health Care, as approved by Regional Council on June 23, 1999 in that they are clearly alternatives to acute-care hospital based programs and will help to alleviate a current crisis that is seeing significant numbers of individuals inappropriately placed in acute care beds awaiting placement to long-term care.

As of August 31, 2000 uncommitted funds of \$108,225 remain in the Health Care Facilities Reserve Fund and \$3,610,390 in the Hospital Regional Development Charge Reserve Fund. Previous reports have shown an amount of \$2,925,000 reserved for the Orleans Health Centre but it has been confirmed by Mr. Brian Malcolmson, Health Care Program Manager, Ministry of Health and former executive director, Orleans Health Centre and by Dr. Paula Stewart, former Chair of the Orleans Health Centre, that with the adoption by the Province of recommendations of the Health Restructuring Commission, this project no longer exists in Ministry plans and no funds nor land are being held by provincial or local organizations for such a centre.

### FINANCIAL COMMENT

In applying the Health Care/Research Facilities Funding Policy for each of the grant requests the appropriate allocation from the Region of Ottawa-Carleton is "37.5% of the Provincial contribution". When the previous grants were made to Hillel Lodge and Villa Marconi, Regional Council determined the appropriate contribution based on a grant per bed that would approximate 37.5% of an amount equivalent to the present value of the approved stream of payments by the Province to the recipients of \$10.35 per day over a 20 year period (the Provincial contribution) given then current twenty year interest rates. Using this approach it was determined that the comparable contribution by the Province was approximately \$43,000 per bed

and the Regional grant at 37.5%, \$16,000 per bed. The actual grant to Hillel Lodge for 100 beds was \$1,621,590 (\$16,215 per bed), and the grant to Villa Marconi for 64 beds was \$1,014,000 (\$15,845 per bed).

The four grant requests addressed in this report total 350 beds and using a similar approach in applying the funding policy, and the estimate of \$16,000 per bed, a total amount of \$5.6 million would be required as the Regional contribution.

As there exists currently only a total amount of \$3,718,750 in the appropriate reserve funds and given that no further contributions to the funds are planned, it is recommended that the funds be shared equally by the four facilities on a per bed basis, closing both reserve accounts. This will enable a grant to each facility of \$10,625 per bed as follows:

1. Osgoode Care Centre (30 beds)	\$ 318,750
2. Villa Marconi (64 beds)	\$ 680,000
3. Salvation Army (128 beds)	\$ 1,360,000
4. Monfort Hospital (128 beds)	\$ 1,360,000

*Approved by  
Garry Armstrong  
Homes for the Aged Commissioner*

*Lloyd Russell  
Acting Finance Commissioner*

#### FINANCE DEPARTMENT COMMENT

Funds are available as indicated. In accordance with Financial Guideline 5.2.d, Ottawa Transitional Board approval is required.

*Approved by T. Fedec  
on behalf of the Finance Commissioner*