



Committee Minutes

Long Term Care Redevelopment Planning Task Force

August 5, 2021 – 9:30 AM

The Long-Term Care Redevelopment Planning Task Force met on the above date through electronic means with the following members in attendance:

Present: Chair Burley, Councillors O’Leary, Milne, Robinson, McQueen, Mackey, and Warden Hicks

Regrets

Staff

Present: Kim Wingrove, Chief Administrative Officer; Randy Scherzer, Director of Planning; Anne Marie Shaw, Director of Housing; Jennifer Cornell, Director of Long-Term Care; Heather Morrison, Clerk; Mary Lou Spicer, Director of Finance; Joanna Alpajaro, Deputy Treasurer; Mike Alguire, Purchasing Manager; Karen Kraus, Executive Director-Rockwood Terrace; Markus Hawco, Financial Analyst and Olivia Yale, Digital Communications Specialist.

Call to Order

Chair Burley called the meeting to order at 9:30 am.

Declaration of Interest

There were no declarations of interest.

Delegation

Andrew Rodrigues, Senior Project Manager, Colliers-RFP Prime Consultant Review

Andrew Rodrigues provided an overview of the RFP for the Prime Consultant, being the architect for the long-term care redevelopment projects. He reviewed various aspects of the RFP with the Committee. He noted that Colliers have allowed approximately

thirteen months for the design development to be completed. He noted that an update call with the Ministry of Long-Term Care approved the option to procure a single proposal for both redevelopment projects, noting that two separate contracts will be completed once an architectural firm is hired. He then outlined the prime consultant procurement timeline.

Questions and comments then followed related to delay contingency, rationale of single request for proposal for both projects, with Mr. Rodriguez noting the efficiencies in overall design features and development under one contract, distinction between the two contracts including project terms and scope of services, market of qualified consultants and the option of pre-qualifying contractors.

Chair Burley thanked the delegate for his information. The delegate then left the meeting.

Report

Kim Wingrove introduced Markus Hawco as a Financial Analyst who will be focusing on the long-term care portfolio. The Committee welcomed Mr. Hawco to Grey County.

CAOR-RD-09-21 Redevelopment Project Update

Ms. Wingrove provided an overview of the status of two redevelopment projects. The contract with Colliers has been executed. That agreement provides project timelines and milestones and the invoicing template. She outlined the engagement phases within the contract. She noted that staff and Colliers have met with Ministry of Long-Term Care officials to determine the necessary information required to complete the development agreements between Grey and the province. This will be done later this fall once the prime consultant recruitment has been completed. The Ministry has confirmed that the licensing work has been completed.

Ms. Wingrove provided an overview of the funding for the redevelopment projects noting that Grey County will be considered rural under the Ministry classifications with funding of \$20.78 per resident per day with an additional \$0.75 per resident/day for additional bed investment. She stated the most current modelling from Colliers indicates a cost of \$400,000 per bed for each project plus an additional \$5,500,000 in site servicing costs for Rockwood Terrace. The total cost for the construction of both projects is estimated to be \$107,900,000 with a total loan amount for Rockwood Terrace of approximately \$40.3 million and Grey Gables of approximately \$49.4 million. There will be construction subsidy and a development grant for 190 of the 256 beds to offset some of the costs. Staff will also be recommending that the transfer to reserve of \$1,361,000 be increased beginning in 2022 to begin building towards the anticipated annual debenture payment.

Mary Lou Spicer noted that the borrowing of funds for the project would result in an annual net debenture payment of \$3,657,004 over a 25-year term based on a 3% interest rate. She then outlined specific costs related to each redevelopment project for the Committee with a total cost of \$51,200,000 for Grey Gables and \$56,700,000 for Rockwood Terrace. She noted that the additional 62 beds for Grey Gables and the 128 beds at Rockwood Terrace are the only ones eligible for redevelopment funding. There is a development grant of approximately \$5.6 million for the combined projects. She then outlined the projected reserve balance by the end of 2021 for long-term care redevelopment. The annual repayment cost for both projects would be approximately \$5,150,000 less construction subsidy of \$1,493,100 and would require a levy increase of \$2.3 million. She went through the same scenario at a 4% interest rate. It is estimated that the debenture payment for both projects, beginning in 2025 under the 4% interest scenario would be approximately \$5,740,500 less \$1,493,100 in construction subsidy and would require a levy increase of \$2.9 million.

Kim Wingrove noted that a report is coming forward to Committee of the Whole August 12 regarding a corporate long-term capital financial outlook across all county operations and wanted to make this Committee aware of the long-term care portfolio portion prior to the general corporate overview.

Questions and comments then followed:

- what the tax levy increase would be for \$2.3 million with staff noting it would be approximately 4%
- whether debenture payments can be locked in at a current rate going forward, with staff noting that the County would need to know how much is required before finalizing a debenture payment. Staff also noted the debenture payments can be completed in two stages if required
- Is there a benefit to the County to locking in an interest rate earlier than needed? Staff noted that borrowing in advance is not likely an option as payments would be expected immediately.
- What the overall impact is for the County as a whole? Ms. Spicer spoke to the repayment limits which are mandated with a 25% maximum threshold. However, Council recently passed a Debt Management Policy noting that a 10% limit is considered best practice and was adopted by Grey County.
- Members also noted that levy increases will include growth, increases for collective agreements, cost of living increases, and general inflationary costs as well as capital project costs

Discussion occurred on best and highest use for the current Grey Gables building once the new long-term care facility is complete. Staff noted that based on the Phase One results from SHS Salter/Pilon, it was recommended to take a broad view on what the

community needs based on community input. Mr. Scherzer noted that the Phase Two report from SHS Salter-Pilon on Grey Gables will be received shortly and the results will be shared at a future committee meeting.

Discussion occurred on overall priorities county-wide. It was noted that there are many uncertainties, and it is difficult to plan ahead. For long-term care there are ongoing operational costs, along with staff workforce uncertainties.

Ms. Wingrove looked to the Committee to see if there was support to request the Ministry look consider an addition to Grey Gables under the current approved project or a delay to initiating the Grey Gables project while maintaining the funding approval. She noted that the current funding agreement is based on a new 128 bed build. The Committee supported staff in an effort to reach out to the province in order to have all of the information available.

RD07-21 Moved by: Councillor Milne Seconded by: Councillor O'Leary

That Report CAOR-RD-09-21 Redevelopment Project Update be received for information.

Carried

Other Business

There was none.

Next Meeting Dates

At the Call of the Chair.

On motion by Councillors O'Leary and Mackey the meeting adjourned at 11:05 AM.

Dwight Burley, Chair