

# Rockwood Terrace Redevelopment

Committee of the Whole  
March 23, 2023

# Purpose of Presentation

- Provide information to assist you in making a decision on funding for the redevelopment of Rockwood Terrace
  - Background on long term care operations and funding
  - Redevelopment project activities to date
  - Funding, costs and construction activity in the sector
  - Borrowing for large capital projects
  - Future capital requirements
- Closed session to discuss financial information that belongs to the municipality, specific to future negotiations for the Rockwood project

# LTC in Grey

- Grey Gables was the site of the original Grey County “House of Refuge” which opened in 1903. The 66 bed home was rebuilt in 1999.
- Lee Manor opened in 1973 and was a joint development of the Lee Estate, City of Owen Sound, Grey County and the Province of Ontario. An extensive renovation of the 150 beds was completed in 2006.
- Rockwood Terrace opened in 1984. It is home to 100 residents. The home requires redevelopment to meet the revised provincial design standards. Operating license expires 2025.

# Grey County LTC Today

- Long Term Care Total Budget Totals \$52.2M up from \$31.2 M in 2017
- Resident Portion
  - \$1,794-\$2,563/month as per regulation
- County support
  - \$8.2 million annually up from \$6.2 million in 2017
  - Grey has invested \$3,952,300 in LTC capital repairs and maintenance over the past 5 years. \$1,073,500 at Grey Gables, \$2,100,600 at Lee Manor and \$778,200 at Rockwood Terrace

Funding Source	2017	2023
Taxation	21%	16%
Resident Payment	24%	13%
Other Revenue	1%	3%
LHIN/MLTC	54%	68%

# LTC, Retirement and Assisted Living

- Home and Community Care Support Services is responsible for qualifying people into LTC.
- Retirement and assisted living residences operate under different legislation than long term care and individuals can apply directly to the residence for an apartment.
- Retirement homes offer communal living for those who can function independently.
- Assisted living provides some support with the activities of daily living, medications, meals, etc. Assisted living monthly costs range from \$5K-\$7.5k/month
- The province does not subsidize retirement or ASL costs

# Redevelopment Planning

- County is legally required to operate one long-term care home
- County received approval from the province to construct a new home in Durham as a replacement for the existing facility in 2019.
- Analysis and discussions re redevelopment have been underway for many years.
  - Market analysis of bed availability per ,000 population
  - Need for home care and assisted living in addition to LTC
  - Alternative operating management models
  - Alternative uses for current assets
  - Opportunities and challenges with expanding services beyond LTC

# Recent Project Activities

- Site search, due diligence and acquisition 2019-2020
- Engaged Colliers as Project Manager in May 2021
- Council decision to scope project as Rockwood Terrace redevelopment as a campus of care August 26, 2021
- March 2022, project scoped to include LTC, assisted living and village square. Seniors' apartment deferred.
- Past 12 months detailed design and site planning

# Redevelopment Costs and Funding

- In 2020, the Long-Term Care Capital Development Funding Policy provided \$19,447,200 over 25 years for a 128-bed build
- At \$400K/bed, operator responsible for 66% of the cost.
  - From July 2018 to December 2022, 1,228 new beds added and 1,154 are renovated
- November 2022 additional funding for redevelopment announced.
  - As of December 2022, 364 projects are in the development pipeline, totaling 31,705 new beds and upgrades of 28,648 older beds
- February 2023 MLTC provides accelerated timelines and milestones in order to qualify for additional funding



# Redevelopment Funding Components

Component	Per Day	Annual	One-Time	Total over 25 years
Planning Grant (received in 2022)			\$250,000	\$250,000
CFS Construction Grant	\$15.00		\$17,520,000	\$17,520,000
CFS Discount if take in 2023			(\$7,152,000)	(\$7,152,000)
Base Construction Funding*	\$20.78	\$970,842		\$24,271,040
Medium Home*	\$ 0.75	\$35,040		\$876,000
CFS Top Up*	\$20.00	\$934,400		\$23,360,000
Development Grant (\$29,246/bed) **			\$3,743,488	\$3,743,488
<b>Total</b>		\$1,940,282	\$14,361,488	\$62,868,528
Highlighted funding for meeting Aug 31 deadline = \$33,728,000				
* begins at first resident occupancy				
** begins at substantial completion				

# Funding the Redevelopment Project

- A construction loan will finance the project and then be converted into a 25-year debenture (which matches up with the length of time the province provides construction subsidy).
- Grey County can access the funds through Infrastructure Ontario, a several month process.
- A borrowing by-law is required.

# How Much Can Grey Borrow?

- Grey County's Debt Management Policy states annual debt (internal and external) should not exceed 10% of own source revenue. The Provincial limit on the Annual Repayment Limit (ARL) is 25%.
- 2023 ARL at 25% is \$17,557,213
- 2023 ARL at 10% is \$8,089,017 (after internal debt is \$7,243,821)
- Based on current commitments, Grey could borrow another \$108.6 million at 4.5% for 25 years

# Future Capital Requirements

- Covering the redevelopment project costs will impact the funds available for other capital projects
- The 2023-2032 capital forecast proposed a levy requirement of \$305.6 million over 10 years with \$19.6 million of this amount in 2023.
- The levy contribution to capital was reduced by \$4.7 million to \$14.9 million in the approved 2023 budget.
- This defers projects and expenses to future years.

# Future Capital Requirements Cont'd

- Requirements not yet included in the 10-year forecast include:
  - Social housing to meet demand/reduced funding
  - Investments in paramedic infrastructure
  - Rising capital renewal and replacement costs due to inflation
  - Unquantified impact of cost to address climate change targets
- Impact of Bill 23, inflation and interest rates on development charge revenue

# Current Project Estimate and Impact

- Class B cost estimate is \$125.7 million plus a post contract contingency, \$8.7 million in construction loan interest and HST = total cost \$140 million
- County would borrow \$108 million
- An annual debenture payment (principal and interest) of \$5,270,000 will be required.
- This assumes a 25-year term with a 4.5% interest rate
- Results in \$72.2 million in interest over the 25-year term
- An increase in operating costs for long term care resulting from the addition of 28 residents and a larger building footprint would also be expected.