

Clause 9 in Report No. 14 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on October 19, 2017.

9

Mackenzie Vaughan Hospital Capital Funding

Committee of the Whole recommends adoption of the following recommendations contained in the report dated September 6, 2017 from the Commissioner of Finance:

1. Approve an amendment to Schedule A of the Hospital Capital Funding Memorandum of Understanding between the Regional Municipality of York and York Region Hospitals (Attachment 1) to include the Mackenzie Vaughan Hospital project and to confirm:
  - i. A provision that the eligible capital costs for the Mackenzie Vaughan Hospital project of \$143 million be paid over the period between 2017 and 2031, as reflected in Table 3.
  - ii. A provision that annual payments from 2018 onwards be adjusted for the previous year's rate of change in the Region's assessment growth.
  - iii. A provision that the payments may be reduced should the Mackenzie Vaughan Hospital not meet an annual average of 30 minutes in off-load delay during the preceding year.

---

Report dated September 6, 2017 from the Commissioner of Finance now follows:

1. Recommendation

It is recommended that Council:

1. Approve an amendment to Schedule A of the Hospital Capital Funding Memorandum of Understanding between the Regional Municipality of York and York Region Hospitals (Attachment 1) to include the Mackenzie Vaughan Hospital project and to confirm:

## Mackenzie Vaughan Hospital Capital Funding

- a. A provision that the eligible capital costs for the Mackenzie Vaughan Hospital project of \$143 million be paid over the period between 2017 and 2031, as reflected in Table 3.
- b. A provision that annual payments from 2018 onwards be adjusted for the previous year's rate of change in the Region's assessment growth.
- c. A provision that the payments may be reduced should the Mackenzie Vaughan Hospital not meet an annual average of 30 minutes in off-load delay during the preceding year.

### 2. Purpose

On September 1, 2017, Mackenzie Health submitted a request seeking approval of the Mackenzie Vaughan Hospital project and the distribution of the Regional contributions set aside for the new Vaughan hospital under the 2009 Hospital Capital Funding Memorandum of Understanding (MOU).

This report reviews Mackenzie Health's project submission and recommends approving the funding request.

### 3. Background and Previous Council Direction

The Province approved the Mackenzie Vaughan Hospital project in October 2016

In October 2016, Mackenzie Vaughan Hospital received provincial project and funding approval (Attachment 2). The project is a Design, Build, Finance and Maintain procured under the Alternative Financing and Procurement model.

The total project cost is \$1,636.5 million. The province agreed to fund up to \$1,324.0 million, with the remaining \$312.5 million to be funded by the local share.

The Mackenzie Vaughan Hospital is the first new hospital in the City of Vaughan

The Mackenzie Vaughan Hospital is a 1.2 million square foot facility with 350 beds, with the capacity to expand to 550 beds. Construction of the hospital began in October 2016 and is expected to be complete by 2020.

## Mackenzie Vaughan Hospital Capital Funding

Mackenzie Health will operate a two-site hospital model. Both Mackenzie Richmond Hill Hospital and Mackenzie Vaughan Hospital will provide core hospital services and each hospital will provide a different set of speciality programs and services.

In 2009, York Region agreed through a Memorandum of Understanding with local hospitals to set aside \$272 million of capital funding to be paid out through to 2031

Council signed an MOU with the four hospitals in the Region that outlines specific contributions for hospital capital projects (Attachment 3).

York Region expects to set aside \$272 million of capital funding for hospitals through annual contributions to a Hospital Financing Reserve (Table 1). In accordance with Schedule B of the MOU, the Region set aside \$8 million in 2009 and budgeted annual contributions thereafter until 2031.

**Table 1**  
**Capital Contributions to Hospitals**  
(in 2009 dollars)

<b>Hospital</b>	<b>% Share</b>	<b>2009-2031 Total* (\$ Millions)</b>
Mackenzie Vaughan Hospital	45.0%	122.4
Markham Stouffville Hospital Corporation	27.1%	73.7
Southlake Regional Health Centre	14.3%	38.9
Mackenzie Richmond Hill Hospital	13.6%	37.0
<b>Total</b>	<b>100.0%</b>	<b>272.0</b>

\*Does not include annual adjustments for the previous year's rate of change in expected assessment growth and potential reduction should a hospital not meet an annual average of 30 minutes in off-load delay in the preceding year.

Regional contributions are adjusted annually under the MOU

The MOU has a provision that the Region's annual contribution will be adjusted by the rate of change from its prior year assessment growth. The budgeted annual contribution to the Hospital Financing reserve in 2017 was \$14.4 million. If no adjustments are made for rate of change in annual assessment growth from 2017 onwards, the total cumulative Regional contribution to the hospital reserve would be approximately \$318 million between 2009 to 2031 (Table 2; Column A). However, if the Region's annual assessment growth was 1.5 per cent each year from 2017 onwards, the total cumulative Regional contribution to the hospital reserve would be approximately \$342 million between 2009 to 2031 (Table 2; Column B).

In addition, all of the MOU signing partners agreed to off-load delay targets for each year, reaching 30 minutes by 2014, a standard that holds until 2031. This provision helps reduce delays in patient care transfer from paramedic services staff to hospital staff.

Since 2009, Council has made a total reduction of \$3.1 million in hospital funding based on the additional operating costs incurred by Paramedic Services for the off-load delays above the target.

**Table 2**  
**Potential Capital Contributions to Hospitals from 2009 to 2031**  
**(\$ Millions)**

<b>Hospital</b>	<b>(A)</b> <b>No adjustment for assessment growth each year 2017 onwards*</b>	<b>(B)</b> <b>Estimate annual 1.5 per cent assessment growth each year 2017 onwards**</b>
Mackenzie Vaughan Hospital	142.9	153.8
Markham Stouffville Hospital Corporation	86.1	92.6
Southlake Regional Health Centre	45.4	48.9
Mackenzie Richmond Hill Hospital	43.2	46.5
<b>Total</b>	<b>317.6</b>	<b>341.8</b>

\*Actual assessment growth from the preceding year from 2010 until 2017 and no assessment growth annually from 2018 to 2031.

\*\*Actual assessment growth from the preceding year from 2010 until 2017 and estimated 1.5 per cent assessment growth annually from 2018 to 2031.

Figures in columns A and B assume all hospitals meet off-load delay targets each year from 2017 to 2031.

Currently, two projects are eligible for capital funding under the MOU

The MOU currently contains two approved projects; the Cancer Clinic at Southlake Regional Health Center and the [Markham Stouffville Hospital Redevelopment Project](#). Through the MOU, Southlake was approved for a total contribution of \$17.4 million and received all of this funding by 2011. Markham Stouffville was approved for a total contribution of \$50.9 million and expects to receive \$30.7 million of this funding by the end of 2017.

In February 2017, Mackenzie Health requested that York Region approve the Mackenzie Vaughan Hospital project funding under the MOU

In February 2017, Mackenzie Health formally requested that the Region approve the Mackenzie Vaughan Hospital project (Attachment 4) and approximately \$143 million of associated eligible costs under the MOU (Table 3).

**Table 3**  
**Mackenzie Vaughan Hospital Project**  
**Anticipated Sources of Funding**

Funding Source	Total Project Cost (\$ Millions)	Total Project (%)
Province of Ontario	\$1,324.0	80.9
Local Share - Foundation and Hospital	169.5	10.4
Local Share - York Region	143.0	8.7
<b>Total</b>	<b>\$1,636.5</b>	<b>100.0</b>

#### 4. Analysis and Implications

Regional contributions for hospital funding were included in the approved 2017 to 2018 Budget

On [December 15, 2016](#), Council approved the 2017 to 2018 Regional Budget to include the annual contribution to the Region’s Hospital Financing reserve under the MOU. The funding request for the Mackenzie Vaughan Hospital does not represent a new incremental addition to the budget and the hospital’s request for 2017 and 2018 is consistent with the MOU.

The funding request for the Mackenzie Vaughan Hospital meets the requirements in the MOU

The Mackenzie Vaughan Hospital project meets all of the requirements in the MOU, which were to obtain provincial project and funding approval prior to requesting draws from the Region’s commitments under the MOU.

Also, the funding request for the Regional portion of the Mackenzie Vaughan Hospital project is approximately ten per cent of the provincial share of the project. This satisfies the MOU requirement that Regional contributions not exceed a third of the amount contributed by the Province of Ontario.

Release of funds for an approved hospital project is subject to verification of eligible costs and off-load reporting requirements

Under the MOU, the release of funds for an approved hospital project is subject to the verification of eligibility of capital costs and report of annual average off-load time for patient transfer from paramedic services staff to hospital staff.

Mackenzie Vaughan Hospital is committed to providing the necessary support for Regional staff verification of eligibility of costs, as well as for reporting the annual average off-load time as an annual condition for receiving funding.

The Mackenzie Vaughan Hospital Project supports the strategic objective to protect public health of the 2015 to 2019 Strategic Plan

The provision of funds under the MOU to Mackenzie Health will contribute to the timely development of the Mackenzie Vaughan Hospital. This project supports the Region's commitment to protect public health by providing residents with improved access to appropriate and timely health care.

## 5. Financial Considerations

Annual timing and magnitude of the funding request aligns with the MOU that limit draws based on availability in the reserve

Mackenzie Health requested payments from 2017 until 2031, as shown in Table 4:

**Table 4**  
**Mackenzie Vaughan Hospital funding request**

<b>Year</b>	<b>Amount (\$ Millions)</b>
2017	25.4
2018	26.4
2019	13.2
2020 to 2031	6.5 annually*
<b>Total</b>	<b>143.0</b>

\*Does not include adjustments for the previous year's rate of change in expected assessment growth or any reductions for failing to achieve off-load delay target.

If approved, the annual contribution to the Mackenzie Vaughan Hospital will be adjusted each year to reflect its share of additional revenue due to the previous year's rate of change in assessment growth and, if warranted, any reduction in the event the annual off-load delay exceeds 30 minutes.

The reserve will accommodate the timing and amount of Mackenzie Health's funding request for the Mackenzie Vaughan Hospital project.

The annual timing and magnitude of Mackenzie Health's funding request aligns with the terms of the MOU that limits the draws to the availability of their portion in the Hospital Financing reserve.

If Council grants approval of a hospital project, it becomes a financial commitment for the Region until 2031, even if the MOU is terminated

Although the Region sets aside hospital funding under the MOU, Council may, at its discretion, terminate the MOU by providing hospitals with one year's written notice. However, any hospital project already approved by Council remains a financial commitment despite a termination of the MOU.

This report seeks Council's approval of the Mackenzie Vaughan Hospital project and if approved, the Regional contribution to the Mackenzie Vaughan Hospital will be a financial commitment of the Region through to 2031.

## 6. Local Municipal Impact

The Mackenzie Vaughan Hospital will provide residents with improved access to appropriate and timely health care. The new hospital will alleviate some visits for core hospital services at the other hospitals in the Region as well as provide additional specialty programs and services to residents.

## 7. Conclusion

The new Mackenzie Vaughan Hospital will be the first hospital in the City of Vaughan and will provide the Region's residents with improved access to health care.

Mackenzie Health requests Council approval of the Mackenzie Vaughan Hospital project and funding of eligible costs through a draw of the hospital's full share under the MOU from 2009 until 2031.

The Region's Hospital Financing reserve will accommodate this funding request. If approved, the project will be a financial commitment of the Region through 2031, even if the MOU is terminated.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.



Mackenzie Vaughan Hospital Capital Funding

The Senior Management Group has reviewed this report.

September 6, 2017

Attachments (4)

eDOCS #7898251

Accessible formats or communication supports are available upon request.

**Schedule "A"**

1. Redevelopment Project of Markham Stouffville Hospital.
2. Mackenzie Vaughan Hospital project.

Ministry of Health  
and Long-Term Care

Associate Deputy Minister  
Policy & Transformation

Hepburn Block, 11<sup>th</sup> Floor  
80 Grosvenor Street  
Toronto ON M7A 1R3  
Tel.: 416 212-2374  
E-mail: [Helen.Angus@ontario.ca](mailto:Helen.Angus@ontario.ca)

Ministère de la Santé  
et des Soins de longue durée

Sous-ministre associée  
Politiques et renouvellement

Édifice Hepburn, 11<sup>e</sup> étage  
80, rue Grosvenor  
Toronto ON M7A 1R3  
Tél. : 416 212-2374  
Courriel: [Helen.Angus@ontario.ca](mailto:Helen.Angus@ontario.ca)



NOV 27 2014

HLTC3065IT-2014-939

Ms. Dina Palozzi  
Chair, Board of Directors  
Mackenzie Health  
10 Trench Street  
Richmond Hill ON L4C 4Z3

Dear Ms. Palozzi:

**Re: Mackenzie Health - New Vaughan Hospital Project Stage 2 Functional Program Submission (Project #201263)**

I am writing to confirm the support of the Ministry of Health and Long-Term Care (the ministry) for Mackenzie Health's (MH) amended Functional Program stage submission for the New Vaughan Hospital Project dated September 3, 2014. The ministry has based its decision in part on the Central Local Health Integration Network (LHIN) Board of Director's endorsement of the Functional Program Part A (program and service elements) as provided on November 26, 2013.

The summary of the Functional Program volumes and notes associated with your hospital's capital project is outlined in the enclosed Appendix – Functional Program Stage Approval for the New Vaughan Hospital Project. These volumes are acceptable for planning purposes.

Note that this letter does not represent approval of associated additional staffing and operating costs. Future project-related operating funding adjustments will be based on the ministry and Central LHIN policy at the time of opening.

The Total Project Cost and corresponding hospital local share will be determined at the time of Commercial Close based on the bid results, when the Final Estimate of Cost is known.

In a letter dated July 21, 2011, the Honourable Deb Matthews, Minister of Health and Long-Term Care confirmed support for the New Vaughan Hospital Project as part of the government's multi-year infrastructure plan, *Building Together* and indicated there is government fiscal approval for the tendering process to begin in the 2014-2015 provincial fiscal year.

You have advanced to Stage 3: Block Schematics, PSOS and RFP Evaluation Criteria and the ministry is reviewing your submissions of September and October 2014.

Throughout the project, it will be your facility's responsibility to ensure that all documents and work comply with ministry policies as set out in the ministry's *Capital Planning Manual (1996)*, *CSA Z8000 Standards*, *Generic Output Specifications (GOS) – 2008, Beta version Draft*, all applicable codes and regulations, and any other requirements set out by the ministry and Infrastructure Ontario for Alternative Financing and Procurement projects.

.../2

Ms. Dina Palozzi

Should you have any questions, please contact Roberta Lau, Senior Consultant, GTA Capital Projects, Health Capital Investment Branch, at (416) 212-5481.

Regards,

A handwritten signature in black ink, appearing to read 'Helen Angus', with a horizontal line underneath.

Helen Angus  
Associate Deputy Minister

Enclosure

- c: Dr. Warren Jestin, Chair, Central Local Health Integration Network  
- Mr. Altaf Stationwala, President and Chief Executive Officer, Mackenzie Health

Ministry of Health  
and Long-Term Care

Associate Deputy Minister  
Policy & Transformation

Hepburn Block, 11<sup>th</sup> Floor  
80 Grosvenor Street  
Toronto ON M7A 1R3  
Tel.: 416 212-2374

E-mail: [Sharonlee.Smith@ontario.ca](mailto:Sharonlee.Smith@ontario.ca)

Ministère de la Santé  
et des Soins de longue durée

Sous-ministre associée  
Politiques et renouvellement

Edifice Hepburn, 11<sup>e</sup> étage  
80, rue Grosvenor  
Toronto ON M7A 1R3  
Tél. : 416 212-2374

Courriel: [Sharonlee.Smith@ontario.ca](mailto:Sharonlee.Smith@ontario.ca)



iApprove: 2016-01369

OCT 04 2016

Mr. Anthony Ianni  
Board Chair  
Mackenzie Health  
10 Trench Street  
Richmond Hill ON L4C 4Z3

Dear Mr. Ianni:

**Re: Authorization to Implement Mackenzie Health's New Vaughan Hospital  
(the Mackenzie Vaughan Hospital) Project (#201263)**

I am confirming the commitment of the Ministry of Health and Long-Term Care (the ministry) to support the implementation of Mackenzie Health's (the hospital) New Vaughan Hospital (the Mackenzie Vaughan Hospital) Project (the Project). The ministry has approved a Total Project Cost of \$1,636,505,700 and maximum one-time ministry funds of up to \$1,324,001,400 for the Project, both of which are set out in the enclosed agreement (the "Agreement"). This represents an increase of up to \$1,266,001,400 over the previously approved grant of \$58,000,000 for the Project.

The ministry is in receipt of a recommendation from the Ontario Infrastructure and Lands Corporation (IO) respecting the contract award. Having regard to the recommendation of IO and pursuant to section 4(3) of the *Public Hospitals Act*, I am pleased to advise that the hospital may now proceed to Commercial Close and may sign the Project Agreement, in a form that is, and containing such terms that are substantially the same as the Project Agreement (execution version drafts as of October 4, 2016). The hospital may also proceed to Financial Close and may sign all related agreements required under the Project Agreement execution version drafts as of October 4, 2016, provided that the agreements are in a form, and contain terms that are substantially the same as those reviewed by IO.

In addition, pursuant to subsection 4(4) of the *Public Hospitals Act*, I hereby approve the grant, by the hospital to Project Co. and Project Co. Parties, of license rights respecting the land located in the City of Vaughan, Ontario, being more fully described in Appendix 1 to this letter and the new building to be constructed on that Site in accordance with the Project Agreement.

The Total Project Cost of the Project and the maximum ministry funds have been calculated based on the most up-to-date information available to the hospital and the ministry. The terms upon which the ministry will provide the funds are set out in the Agreement. Of the approved maximum ministry funds, \$52,948,256 will have been flowed by October 15, 2016.

The ministry expects that the hospital will continue to work co-operatively with IO to implement the Project.

.../2

Mr. Anthony Ianni

The government remains committed to eliminating the deficit by 2017-18 and therefore it is critical that you continue to manage costs within your approved budget.

Please sign two copies of the Agreement upon receipt and return to Heather Cuttress, Project Manager, GTA Capital Projects, Health Capital Investment Branch, Health Capital Division, Ministry of Health and Long-Term Care, 1075 Bay Street, 2nd Floor, Toronto ON M5S 2B1.

I wish you and your hospital every success in completing this project.

Regards,



Sharon Lee Smith  
Associate Deputy Minister

Enclosures

- c: Dr. Warren Jestin, Board Chair, Central Local Health Integration Network
- Mr. Altaf Stationwala, President and Chief Executive Officer, Mackenzie Health
- Mr. Bert Clark, President and Chief Executive Officer, Infrastructure Ontario

**LEGAL DESCRIPTION OF SITE**

**FILE:** 65R-36055

**LEGAL DESCRIPTION:**

FIRSTLY: Part of Lot 21, Concession 5, designated as Parts 7, 8, 9, 10, 12, 13, 15, 16, 17, 28, 29, 30, 31, 33, 34, 35, 36, 37, 39, 40 and 41 on Plan 65R-36055, City of Vaughan, being part of PIN 70012-1414 (LT); and,

**ESTATE QUALIFIER:** Fee Simple Absolute

SECONDLY: Part of Lot 21, Concession 5 (Geographic Township of Vaughan, County of York), being all of Parts 4 and 7 on Plan 65R-35063 (PINs 70012-3084 (LT) and 70012-3079 (LT), respectively) and a portion of Parts 5 and 6 on Plan 65R-35063, City of Vaughan (being a portion of PINs 70012-3083 (LT) and 70012-3078 (LT), respectively); and,

**ESTATE QUALIFIER:** Fee Simple Absolute

THIRDLY: Part of Lot 21, Concession 5, designated as Part 50 on Plan 65R-36055, City of Vaughan, being part of PIN 70012-1414 (LT)

PIN: included above

**ESTATE/QUALIFIER:** Fee Simple Absolute

**REGISTERED OWNER:** The Corporation of the City of Vaughan

**THIS MEMORANDUM OF UNDERSTANDING made this 19<sup>th</sup> day of November, 2009**

**B E T W E E N:**

**THE REGIONAL MUNICIPALITY OF YORK**

**(the "Region")**

**- and -**

**MARKHAM STOUFFVILLE HOSPITAL**

**- and -**

**SOUTHLAKE REGIONAL HEALTH CENTRE**

**- and -**

**VAUGHAN HEALTH CAMPUS OF CARE**

**- and -**

**YORK CENTRAL HOSPITAL ASSOCIATION**

**(collectively, the "York Region Hospitals")**

**RECITALS**

- A. An estimated \$2.235 billion, as estimated in 2009, is required by the York Region Hospitals to fund capital construction projects scheduled from 2009 to 2026. These projects include the creation and construction of the Vaughan Campus of Care and the expansion of Markham Stouffville Hospital, Southlake Regional Health Centre and York Central Hospital.
- B. The Province of Ontario has indicated it will commit to provide funding to approved projects in accordance with current Provincial health capital cost sharing policies. Such policies are dependent upon community contributions in addition to those provided through the Provincial government and can represent 25-35% of the project costs.
- C. Additional funds are being sought from community sources, including municipalities, fundraising campaigns and private financing.



- D. The York Region Hospitals have appealed to Regional Council to contribute funds as part of the community funding and Regional Council has agreed to contribute funding on the terms set out in this Memorandum of Understanding.
- E. Section 107 of the *Municipal Act, 2001* provides that Regional Council may make grants on such terms as it considers appropriate for any purpose that Regional Council considers to be in the interests of the municipality.

## 1. DEFINITIONS

- 1.1 "Eligible Costs" means all those costs, fees and expenditures either directly incurred by the York Region Hospitals or, in the case of an alternative financing project, incurred on behalf of the York Region Hospitals, and directly related to the completion of Projects approved by the Region for funding, but shall not include:
  - (a) operating costs;
  - (b) financing costs;
  - (c) costs which are not eligible for provincial cost sharing, including costs associated with parking lots and garages but not including furniture, fixtures and equipment; or
  - (d) costs associated with fund raising.
- 1.2 "Functional Program Approval" means the approval by the Ministry of a proposal submitted with respect to a Project.
- 1.3 "Funding Approval Letter" means the approval by the Ministry to proceed with construction of a Project.
- 1.4 "Memorandum of Understanding" ("MOU") means this memorandum of understanding and all schedules and appendices, as amended from time to time.
- 1.5 "Ministry" means the Ministry of Health and Long Term Care.
- 1.6 "Project" means a project which has been approved for funding by the Province and for which funding is requested under this MOU, the details of which are set out in Schedule "A".
- 1.7 "York Region Hospitals" means the legally constituted public hospitals and the planned public hospital within the boundaries of York Region, comprising:
  - (a) Markham Stouffville Hospital;
  - (b) Southlake Regional Health Centre;

(c) Vaughan Health Campus of Care or Vaughan Health Care Services Corporation;  
and

(d) York Central Hospital Association.

## **2. TERM**

2.1 This MOU shall come into effect on November 19, 2009 and terminate on or before December 31, 2031. (the "Termination Date").

2.2 This MOU may be terminated prior to the Termination Date in accordance with Section 6 of this MOU.

## **3. CONTRIBUTION PAYMENTS**

### **Amount of Contribution**

3.1 The Region agrees to provide a financial contribution to the York Region Hospitals to fund a portion of Eligible Costs, on the terms set out in this MOU.

3.2 The Region shall set aside in the year 2009 the amount of EIGHT MILLION DOLLARS (\$8,000,000.00) and annually thereafter the amount of TWELVE MILLION DOLLARS (\$12,000,000.00) (the "Hospital Funds") to be distributed among the York Region Hospitals as provided herein.

3.3 The amount set aside in each year by the Region shall be adjusted annually and such adjustments shall be proportionately equal to the percentage increase or decrease in assessment growth in the Region from new or expanded properties in the immediately preceding year.

3.4 The Hospital Funds shall be deposited in an interest-bearing reserve fund and all interest shall accrue to the Hospital Funds and shall reduce the amount otherwise to be contributed by the Region.

3.5 As between the York Region Hospitals, each party's proportionate entitlement (the "Proportionate Share") to the Hospital Funds shall be as follows:

(a) Markham Stouffville Hospital: 27.1 %;

(b) Southlake Regional Health Centre: 14.3%;

(c) Vaughan Health Campus of Care: 45.0%; and

(d) York Central Hospital Association: 13.6%.

3.6 In the event that the York Region Hospitals adjust their Proportionate Shares, they shall notify the Region in writing and this MOU shall be deemed to be amended accordingly.

- 3.7 The amount of the Hospital Funds deposited in each year shall be allocated among the York Region Hospitals according to their Proportionate Share set out in subsection 3.5 (the "Annual Allocation"). For greater clarity, each of the York Region Hospitals shall be granted an Annual Allocation in each year in accordance with the schedule of deposits set out in Schedule "B".
- 3.8 The amount of each party's Annual Allocation that remains to be distributed at the end of each calendar year shall accrue to the credit of that party and shall be available for distribution to fund Eligible Costs of that party in successive years, subject to compliance with the conditions set out in this MOU.
- 3.9 Each of the York Region Hospitals shall be entitled to make application to the Region for an amount equal to their respective total Annual Allocations outstanding in the reserve fund from time to time.
- 3.10 Subject to the approval of all parties to this MOU, in order to accommodate the scheduling of Projects, any one of the York Region Hospitals may apply from time to time for distribution of the Annual Allocation to which another party may otherwise be entitled, provided that each party's Proportionate Share of the Hospital Funds during the term of this MOU shall not exceed the percentages set out in subsection 3.5, unless otherwise agreed pursuant to subsection 3.6.
- 3.11 Upon termination or expiry of this MOU, the entitlement of the York Region Hospitals to their Proportionate Share of the Hospital Funds shall cease and no party shall have a claim with respect to any Annual Allocation remaining on deposit in the reserve fund, or with respect to any Annual Allocation which has been redistributed in accordance with subsection 3.10.

#### **Eligible Costs**

- 3.12 Each of the York Region Hospitals may apply to the Region for Hospital Funds following approval of a Project by the Ministry.
- 3.13 For the purpose of this MOU, a Project shall be deemed to be approved by the Ministry upon receipt of the Functional Program Approval letter from the Ministry.
- 3.14 Each of the York Region Hospitals shall submit to the Region from time to time a detailed description of the Project for which Hospital Funds are requested, together with a description of Eligible Costs for that Project.
- 3.15 The Region shall review the submission and advise the York Region Hospital of the amount of the costs that have been approved in principle as Eligible Costs. The Region reserves the right to determine Eligible Costs with respect to each Project, taking into account:
  - (a) the criteria established by the Province of Ontario for funding the Project; and
  - (b) the nature of those elements of the Project which remain unfunded by other sources.

- 3.16 The Hospital Funds shall be applied only to cover Eligible Costs directly incurred by the York Region Hospitals, or any one of them, and directly related to the carrying out by the York Region Hospitals of their undertakings in accordance with the Projects identified and more fully described in Schedule "A". Schedule "A" of this MOU shall be deemed to be amended from time to time, but no more frequently than once annually, to include approved Projects and Eligible Costs submitted by the York Region Hospitals.
- 3.17 The Region's contribution to Eligible Costs shall not exceed the lesser of:
- (a) the amount approved by Regional Council for Hospital Funds; or
  - (b) one third of the amount contributed to the Project by the Province of Ontario.
- 3.18 The York Region Hospitals agree that certain costs shall not be eligible for funding and shall not be considered in the calculation of the total Eligible Costs of the Project. These include:
- (a) costs incurred prior to the execution of this MOU, except for those costs set out in Schedule "C" attached;
  - (b) financing charges and interest payments on loans; and
  - (c) provincial sales tax and the Goods and Services Tax for which the applicant or a third party is eligible for a tax rebate and all other costs eligible for rebates.
- 3.19 The provision of funding by the Region to any one party shall be subject to that party demonstrating that it has made bona fide efforts to achieve the following EMS Offload delays in the immediately preceding year, as determined by reference to the Province of Ontario "Ambulance Dispatch Download Access System" program:
- |               |            |
|---------------|------------|
| 2010:         | 70 minutes |
| 2011:         | 60 minutes |
| 2012:         | 50 minutes |
| 2013:         | 40 minutes |
| 2014 to 2031: | 30 minutes |
- In the event the EMS Offload delay targets are not achieved, the Hospital Funds to be advanced by the Region to that party may, in the sole discretion of the Region, be reduced by the amount of additional operating costs incurred by the Region to provide EMS Services sufficient to meet the targets set out above. The parties shall appoint representatives to a joint committee which shall meet at least quarterly to develop strategies to improve EMS Offload delays.
- 3.20 Despite subsection 3.15, the provision of funding by the Region under this MOU shall be subject to approval of the Project by the Ministry as evidenced by the issuance of a

Funding Approval Letter authorizing commencement of construction and subject to provision of funding by the Province for the Project.

#### **4. METHOD OF PAYMENT**

- 4.1 Where a York Region Hospital has incurred an Eligible Cost, that hospital (the "Claimant") shall remit to the Region annually, no later than September 30 following the incurring of the Eligible Costs, a claim for payment supported by the original or certified copy of all invoices received on account of Eligible Costs incurred, together with such other documentation as the Region may require, for review and acceptance by the Region, together with a statement of account from the Claimant certifying that the costs, fees and expenses claimed are Eligible Costs.
- 4.2 Upon acceptance by the Region that the invoices are on account of Eligible Costs incurred, the Region shall pay to the Claimant the amount of such invoices, in accordance with the schedule of payments, no later than December 31 of the year in which the claim for payment was made.
- 4.3 The final claim for payment shall be submitted to the Region no later than three (3) months following the completion date of the Project.
- 4.4 The final claim for payment shall be accompanied by:
- (a) a certificate from the Claimant's chief financial officer or equivalent senior financial position confirming compliance with all terms and conditions of this MOU, supported by a certified statement of disposition of the Hospital Funds paid hereunder;
  - (b) a Project report after completion of the Project, describing the Project and reporting on how the Functional Program was completed.
- 4.5 It is expressly understood and agreed by the parties hereto that eligibility for payment of the Eligible Costs is conditional on the Claimant meeting all of the terms and conditions of this MOU.

#### **5. DEVELOPMENT CHARGES LEGISLATION**

- 5.1 The parties acknowledge that Regional Council has lobbied and continues to lobby the Province to include capital costs for hospital purposes in the costs eligible for contributions from development charges under the *Development Charges Act*.
- 5.2 In the event that the *Development Charges Act* is amended during the term of this MOU to provide for eligibility for hospital funding, the York Region Hospitals agree that the terms of this MOU may be subject to review by Regional Council to determine whether the amount of Hospital Funds provided in this MOU could be adjusted.

- 5.3 The York Region Hospitals agree to support and shall also compel their respective foundations to support the Region's request that hospital capital funding be eligible for contribution from development charges.

## **6. TERMINATION**

- 6.1 The Region reserves the right to review this MOU from time to time to determine whether to continue to set aside Hospital Funds, taking into account the funding available to the York Region Hospitals from other sources and the Region's annual budget commitments to other programs.
- 6.2 The Region reserves the right to review this MOU in the event the Ministry implements any amendments to its funding program that may affect the entitlement to or administration of Hospital Funds.
- 6.3 The Region may terminate this MOU upon one (1) year's written notice in the event the Region elects to terminate this MOU prior to the Termination Date.
- 6.4 Despite the early termination of this MOU under subsection 6.3, any of the York Region Hospitals shall continue to be entitled to receive Hospital Funds approved by the Region, provided a Funding Approval Letter has been received by the Region in respect of the Project.
- 6.5 Subject to subsection 6.4, in the event the Region terminates this MOU in accordance with subsection 6.3, the entitlement of the York Region Hospitals to the Hospital Funds shall cease and none of them shall have any further claim to the Hospital Funds, notwithstanding that any one of them has not received its Proportionate Share of the Hospital Funds distributed to the date of termination.

## **7. DEFAULT**

- 7.1 If during the term of this MOU the York Region Hospitals or any one of them is in default of any provision of this MOU, and such default continues for a period of thirty (30) days after notice by the Region to the defaulting party specifying the nature of the default and requiring the default to be remedied, an event of default shall be deemed to have occurred and the Region may thereupon:
- (a) terminate any obligation of the Region under this MOU with respect to the defaulting party; and
  - (b) direct the defaulting York Region Hospital to repay forthwith all or part of the Hospital Funds received.

## **8. ACCOUNTING RECORDS, FINANCIAL REPORTS AND AUDIT**

- 8.1 The York Region Hospitals' books, accounts and records referable to any Project undertaken by, or at the initiative of, the York Region Hospitals, or any Eligible Costs for which a claim is made shall at all reasonable times be open for inspection, audit and extract by the Region or its authorized representative.
- 8.2 The York Region Hospitals shall afford all facilities for such inspection, audit and extract and shall furnish the Region or its authorized representative with such information as it or they may from time to time require for any purpose related to this MOU.
- 8.3 The York Region Hospitals shall cause such books, accounts and records to be preserved and kept available to the Region or its authorized representative for a period of at least two (2) years following the last payment made pursuant to this MOU.
- 8.4 Any discrepancy between the amounts paid by the Region and the amounts payable by the Region shall be promptly adjusted by the parties.
- 8.5 Where the Region contests any amount submitted by a Claimant in a claim as payable pursuant to the terms of this MOU, the Region shall so notify the Claimant and provide an opportunity to the Claimant to confirm or verify the claim or any part thereof contested by the Region.
- 8.6 Without prejudice to any other remedy available to the Region, where the Region establishes, and by notice in writing to the York Region Hospitals declares, that an overpayment has been made under this MOU, or that a sum contributed has not been properly expended or incurred by the York Region Hospitals, or any one of them to discharge its undertakings, or has otherwise been disallowed as an Eligible Cost hereunder, the amount of such overpayment, unexpended balance or disallowed expense shall constitute a debt due to the Region by the hospital or hospitals to which the overpayment, unexpended balance or disallowed expense applies, and shall be reimbursed forthwith to the Region. Alternatively, any amount thus determined to have been overpaid by the Region or otherwise unexpended or disallowed, may be deducted from, or offset against, any amounts payable by the Region hereunder to that hospital. Any debt remaining owing and unpaid to the Region shall carry interest calculated and compounded monthly at the rate of one percent (1%) per month.

## **9. NO PARTNERSHIP, JOINT VENTURE OR AGENCY**

- 9.1 The Region and each of the York Region Hospitals expressly disclaim any intention to create a partnership, joint venture or agency. It is understood, acknowledged and agreed that nothing contained in this MOU nor any acts of the Region or the York Region Hospitals shall constitute or be deemed to constitute the Region and the York Region Hospitals as partners, joint venturers or principal and agent in any way or for any purpose. None of the York Region Hospitals shall represent or hold itself out to be an agent of the Region. Neither the Region nor any of the York Region Hospitals shall have any authority to act for or to assume any obligations or responsibility on behalf of each other.

- 9.2 The York Region Hospitals each agree to indemnify and save harmless the Region from any liability that the Region incurs by virtue of being found to be liable with the York Region Hospitals or any one of them as a partner of, joint venturer with, or principal of any of the York Region Hospitals.

## **10. COMMUNICATIONS**

- 10.1 The York Region Hospitals shall develop, in consultation with the Region, a communications protocol to ensure that the Region's contribution to Projects is given appropriate recognition.
- 10.2 Each of the York Region Hospitals shall notify the Office of the Regional Chair to advise of any media events related to any Project and shall provide for participation at such events by a designated representative or representatives of the Region.

## **11. INDEMNITY AND CONDUCT OF ACTIONS**

- 11.1 Each of the York Region Hospitals agrees, at all times, to indemnify and save harmless the Region, its council members, officers, servants, employees or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by, or attributable to the execution of this MOU, or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any officers, servants, employees, or agents of the Region while acting within the scope of their duties or employment.

## **12. GENERAL PROVISIONS**

### **Entire MOU**

- 12.1 This MOU sets forth the entire memorandum of understanding between the parties concerning the subject matter hereof and no representation or warranty express or implied is made by the Region to the York Region Hospitals or by the York Region Hospitals to the Region except as expressly set out in this MOU.

### **Accounting Terms and Principles**

- 12.2 All accounting and financial terms used in this MOU shall, except where otherwise provided either expressly or by necessary implication in this MOU, be interpreted and applied in accordance with generally accepted accounting principles and generally accepted auditing standards in Canada as they exist from time to time.



**Business Day**

- 12.3 If the day on which any act or payment is required to be done or made under this MOU is a day which is not a business day, then such act or payment shall be duly performed or made if done on the next following business day.

**Schedules**

- 12.4 Schedules "A", "B" and "C" shall form part of this MOU. All capitalized words and phrases used in any of the attached Schedules shall have the same meanings as defined in this MOU, unless specifically defined in the Schedule.

**Statutes, Regulations and Rules**

- 12.5 Any reference in this MOU to all or any part of any statute, regulation or rule shall, unless otherwise stated, be a reference to that statute, regulation or rule or the relevant part thereof, as amended, substituted, replaced or re-enacted from time to time.

**Governing Law**

- 12.6 This MOU is subject to applicable law and the parties shall comply with all federal and provincial laws in relation to the Projects.
- 12.7 This MOU shall be interpreted in accordance with the laws in force in the Province of Ontario, subject always to any paramount or applicable federal laws.

**Construed Covenants**

- 12.8 All of the provisions and each agreement or obligation of this MOU, even though not expressed as a covenant, are construed as covenants and agreements as though the words importing such covenants and agreements were used.

**Notice**

- 12.9 All notices or other communications necessary for the purposes of this MOU shall be in writing and delivered personally or by courier, or sent by registered mail or by prepaid post or by facsimile, addressed,

- (a) in the case of the Region to:

The Regional Municipality of York  
17250 Yonge Street  
Newmarket, ON L3Y 6Z1  
Fax No.: (905) 895-3031

Attention: Denis Kelly, Regional Clerk

or to such other address or facsimile number or addressed to such other person as the Region may, from time to time, designate in writing to the York Region Hospitals; and

- (b) in the case of Markham Stouffville Hospital to:

Markham Stouffville Hospital  
381 Church Street, POB 1800  
Markham, ON L3P 7P3  
Fax No.: 905-472-7086

Attention: Janet M. Beed, President and CEO

or to such other address or facsimile number or addressed to such other person as Markham Stouffville Hospital may, from time to time, designate in writing to the Region.

- (c) in the case of Southlake Regional Health Centre to:

Southlake Regional Health Centre  
596 Davis Drive  
Newmarket, ON L3Y 2P9  
Fax No.: (905) 853-2220

Attention: Daniel Carriere, President & CEO

or to such other address or facsimile number or addressed to such other person as Southlake Regional Health Centre may, from time to time, designate in writing to the Region.

- (d) in the case of Vaughan Health Campus of Care to:

Vaughan Health Campus of Care  
9401 Jane St., Ste. 328  
Vaughan, ON L6A 4H7  
Fax No.: (905) 303-3805

Attention: Anastasia Vogt, Administrator

or to such other address or facsimile number or addressed to such other person as Vaughan Health Campus of Care may, from time to time, designate in writing to the Region.

- (e) in the case of York Central Hospital to:

York Central Hospital  
10 Trench Street  
Richmond Hill, ON L4C 4Z3

Fax No.: 905-883-2455

Attention: Richard Tam, Vice President, Finance & Corporate Services

or to such other address or facsimile number or addressed to such other Person as the York Central Hospital may, from time to time, designate in writing to the Region.

12.10 Any notice or other communication is considered to have been received:

- (a) in the case of facsimile, on actual receipt, and
- (b) in all other cases, on the date of delivery.

If the postal service is interrupted, or threatened to be interrupted, or is substantially delayed, any notice shall be delivered personally or by facsimile.

**Amendment**

12.11 This MOU may be amended only by a written agreement signed by the parties, except as expressly provided in this MOU.

**Waiver**

12.12 The failure by any party to insist in any one instance upon the strict performance by the other party of its obligations hereunder shall not constitute a waiver or relinquishment of any such obligations as to any other instances, and the same shall continue in full force and effect.

**Severability**

12.13 If, for any reason, any provision of this MOU, other than any provision which is of fundamental importance to the arrangement between the parties, is to any extent held or rendered invalid or unenforceable, then the particular provision shall be deemed to be independent of and severed from the remainder of this MOU and all the other provisions of this MOU shall nevertheless continue in full force and effect.

**Assignment, Successors and Assigns**

12.14 The York Region Hospitals shall not transfer or assign their rights or obligations under this MOU to any Person without:

- (a) the prior written consent of the Region; and
- (b) an agreement executed by the proposed assignee whereby the proposed assignee agrees directly with the Region to be bound by all of the terms, covenants and conditions contained in this MOU as if such proposed assignee had executed this MOU, subject to the Region approving the agreement as to form and content.


- 12.15 If any of the York Region Hospitals change their name or status under the prevailing provincial statutes and regulations, the successor public hospital or provincially regulated health care provider organization shall continue to be eligible for the funding in accordance with the terms of this MOU.
- 12.16 Notwithstanding any other provision of this MOU and notwithstanding any assignment, the York Region Hospitals shall be and remain jointly and severally liable for all obligations to the Region under this MOU.
- 12.17 No rights shall enure to the benefit of any transferee or assignee of the York Region Hospitals unless the transfer or assignment is consented to by the Region in accordance with this MOU.
- 12.18 This MOU shall be binding upon and shall enure to the benefit of the Region and its successors and assigns and the York Region Hospitals and its permitted assigns.
- 12.19 Nothing expressed or implied in this MOU is intended to or shall be construed to confer on or to give any person, other than the parties and their respective successors and permitted assigns, any rights or remedies under or by reason of this MOU.

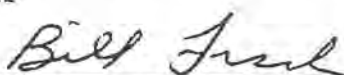
**Survival**

- 12.20 The rights and obligations of the parties contained in Sections 8 and 11 shall survive the expiration or earlier termination of this MOU.

**IN WITNESS WHEREOF** the Region and the York Region Hospitals have executed this MOU as evidenced by the signatures of their duly authorized representatives as of the day and year herein above first written.

Authorized by Clause 13 of Report 7 of the Finance & Admin. Committee, adopted by Regional Council at its meeting on October 22, 2009

Solicitor Approved:  


) **THE REGIONAL MUNICIPALITY OF**  
 ) **YORK**  
 )  
 )   
 ) \_\_\_\_\_  
 ) Name: Bill Fisch  
 ) Title: Regional Chair  
 )  
 )   
 ) \_\_\_\_\_  
 ) Name: Bruce Macgregor  
 ) Title: CAO  
 )  
 )  
 ) I/We have authority to bind the  
 ) Corporation

) **MARKHAM STOUFFVILLE HOSPITAL**

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

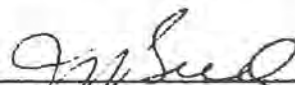
)

)

)

)

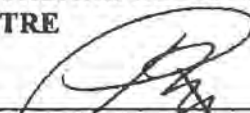
**MARKHAM STOUFFVILLE HOSPITAL**



Name: Janet M. Beed  
Title: President and CEO

I/We have authority to bind the Corporation

**SOUTHLAKE REGIONAL HEALTH CENTRE**



Name: ~~Daniel Carriere~~ PETER F. WILLE  
Title: ~~President & CEO~~ C.O.O.

I/We have authority to bind the Corporation

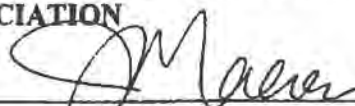
**VAUGHAN HEALTH CAMPUS OF CARE**



Name: Michael DeGasperi  
Title: Chair

I/We have authority to bind the Corporation

**YORK CENTRAL HOSPITAL ASSOCIATION**



Name: Jo-ann Marr  
Title: Acting President & CEO

I/We have authority to bind the Corporation

- 15 -

**Schedule "A"**

(to be attached)

**Schedule "B"**

Schedule of Deposits (\*subject to annual adjustment in accordance with subsection 3.3 of MOU)

<b>Regional Contribution</b>	<b>2009 \$8 million</b>	<b>2010 \$12 million</b>	<b>2011 \$12 million</b>	<b>2012 12 million</b>		<b>2031 TOTAL \$260 million</b>
Vaughan (45%)	\$3.6 million	\$5.4 million	\$5.4 million	\$5.4 million	...	\$117 million
Southlake (14.3%)	\$1.144 million	\$1.716 million	\$1.716 million	\$1.716 million	...	\$37.18 million
Markham- Stouffville (27.1%)	\$2.168 million	\$3.252 million	\$3.232 million	\$3.252 million	...	\$70.46 million
York Central (13.6%)	\$1.088 million	\$1.632 million	\$1.632 million	\$1.632 million	...	\$35.36 million
					Total:	\$260 million

**Schedule "C"**

**Eligible Projects**

The Eligible Costs associated with the construction of the Ministry of Health and Long Term Care approved Cancer Clinic at Southlake Regional Health Center





Mackenzie Richmond  
Hill Hospital  
10 Trench Street  
Richmond Hill, ON  
Canada L4C 4Z3

T: (905) 883-1212  
[www.mackenziehealth.ca](http://www.mackenziehealth.ca)

February 14, 2017

Joanne Bovair,  
Manager, Financial Services and Business Planning  
Business Operations and Quality Assurance Branch,  
Community and Health Services Department  
Regional Municipality of York  
17250 Yonge Street,  
Newmarket, ON L3Y 6Z1

**RE: Mackenzie Vaughan Hospital Project**

Dear Ms. Bovair:

I am writing to request that York Region approve the Mackenzie Vaughan Hospital (MVH) project and the associated Eligible Costs under the Memorandum of Understanding (MOU) for the York Region Hospitals capital fund. Mackenzie Health (MH) is pleased that this much needed and much anticipated new hospital project will benefit from this fund.

As per the MOU, the following documentation is enclosed to support our request for project approval and associated eligible costs:

1. Functional Program Approval Letter from the Ministry of Health and Long Term Care (MOHLTC) indicating the MVH project has been approved (per section 3.13)
2. Funding Approval Letter from the MOHLTC indicating the amount of funding the Province is providing, and authorizing the commencement of construction (per section 3.20)
3. Detailed project description for which funds are requested
4. Approved project capital budget including details of the total costs, eligible costs, ineligible costs, proposed funding sources and cash flow timing
5. Furnishings, Fixtures and Equipment details

If you have any questions please contact Lina Gatto, Manager, Redevelopment Finance at (905) 883-1212 ext. 7288.



Mackenzie  
Health

Thank you for continued support on this project.

Sincerely,

Richard Tam  
Executive VP and CAO  
Mackenzie Health

Attachments: Minister Functional Approval Letter  
Minister Approval Letter and Associate Deputy Minister Approval Letter  
Project Description  
Capital Budget template  
Furnishing, Fixtures and Equipment details