McMaster Health Campus

Hamilton, ON
Agenda

1. Introduction
   – Chris Murray, City Manager

2. Public Health Integration
   – Dr. Elizabeth Richardson, Medical Officer of Health

3. Financial Analysis
   – Mike Zegarac, Director of Financial Planning and Policy
Objectives and Critical Issues

1. $20 million contribution for the City of Hamilton
2. Degree of Public Health integration within the MHC
3. Consolidation of core Public Health Services
4. MHC parking requirements for zoning
5. Heritage Assessment – 100 Main St. W.
6. Impacts on Downtown
7. Hamilton Future Fund
McMaster Health Campus
Critical Timelines

- **August 15, 2011**
  - Deadline for McMaster to present a bona fide “Offer of Purchase Sale” to the HWDSB

- **August 31, 2011**
  - McMaster deadline for PHS accommodation space needs

- **December 31, 2011**
  - Deadline for City / McMaster Contribution Agreement

- **January 9, 2012**
  - Proposed closing date for property acquisition

- **January – March 2012**
  - Demolition – Remediation

- **April 30, 2012 – September 2013**
  - Deadline for PHS / McMaster Lease Agreement

- **April 20123 - September 2013**
  - Construction Timeline
Rationale for a $20 million City Contribution

- Increased costs to build downtown
  - Cost of land acquisition
  - Cost of demolition/remediation
  - Cost of construction
  - Cost of timing - School Board
- Full-Scale Downtown Campus
  - Larger building – a true campus
  - More programs, classes, employees
- Municipal Partnership
  - Establishes a “Beachhead” for McMaster in the Downtown
  - Trend of partnering in other Cities
  - Public Policy – Economic Development
The Impact of a $20 million City Contribution

- 4,000 students
- 450 employees
  - Net gain of at least 150 employees
  - Opportunity for more with PHS and “spin-off” development
- 54,000 patient visits per year
- Urban Renewal in the Downtown
  - Post-Secondary campus strategy for Downtown
  - Potential for “Phase 2” Development
  - Net effect - brings energy, activity, and purchasing power to Downtown
Public Health Integration
July 4th GIC

• Accommodations issues
  – Client Service
  – Accessibility
  – Regulatory

• Full PHS/McMaster integration at incremental cost of $1.3M

• Committed to explore options that
  – Improve collaboration with primary care and within PHS
  – Maximize efficiencies/minimize costs
Recommended Solution

- Minimum on-site integration of PHS & FM for success
- Consolidates core PHS services to improve collaboration, proximity to PHS/FM
- Maintains people-facing services across community
  - Clinics
  - Community-based services
- Reduces costs from July 4th GIC
- Supports downtown economy
  - Leases
  - Jobs
What the Evidence Shows: Benefits of Primary Care - Public Health Collaboration

Benefits for People and Communities
- Better
  - access to care
  - quality of care
  - satisfaction with services
- Improved outcomes
  - Moms and children
  - Less teen pregnancies
  - Better youth self-esteem
  - More use of screening
  - Better immunization rates
  - Better chronic disease outcomes
  - Reduced hospital and emergency room use

Benefits for Health Professionals
- Greater satisfaction
- More in touch with the community
- Stronger teams
- Better staff retention
- Better understanding of each others’ roles

Benefits for Health Care System
- More efficient, less duplication
- More prevention and promotion
- More resource sharing
- More sharing of knowledge and skills
- Collaborative model attracts learners

Adapted from: A Fact Sheet for Primary Care and Public Health: Policy Makers
What Makes Collaboration Work

• Strong leadership and management
• Clear accountability
• Geographic proximity of partners
• Knowledge & skill sharing
  – Roles, responsibilities and rationale
  – Specific disease management information and protocols
Better Service for Citizens

Increased access to care
- Primary care for underserved, vulnerable
- PHS clinic services
- Developmental assessments for children
- Dental services (low-income)
- Breastfeeding support
- Parenting advice
- Smoking cessation clinic
- Health information for multicultural clients

Higher quality service
- One-stop care, especially for vulnerable individuals & families downtown
- Seamless care for individuals with mental health issues
- Improved referrals to right care at right time
- Immediate referrals to HBHC and NFP
- Improved privacy for clients
- Rapid, integrated response to health emergencies

Improved Health Outcomes
- Increase number of people with family doctors
- Better birth outcomes
- Early identification of childhood development, behavioural issues
- Lower obesity rates
- Lower smoking rates
Benefits – Financial

• Accessibility requirements addressed
• Shared space
  – clinic, clinic support areas, meeting rooms
• Shared staff training
• Reduce duplication of service
• Fully utilize staff skills
• Explore further efficiencies
  – bulk medical supplies purchasing
  – shared clinic management system
  – shared storage space
Benefits – Better Care

- Collaborative, multidisciplinary evidence-based service protocols
- Improved training for primary care staff about public health interventions (and vice versa)
- Joint planning by PHS & DFM for new initiatives
- Increased opportunities and broader exposure for student learners
Financial Analysis
City Grant Funding Options

$10 Million From Hamilton Future Fund

Grant Option
Forecasted 2013 Y/E balance = $20.7M
(post Pan Am commitments)
Forecasted 2024 Y/E balance = $100M

Loan Option
Eg. Term of 15 years @ 3%
Annual repayment costs = $837,666
Total interest costs = $2,546,987
# City Grant Funding Options

## Additional $10M Recommended Financing

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Economic Development Initiatives Fund</td>
<td>$5,000,000</td>
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<tr>
<td>(3620755700 &amp; 3620908900)</td>
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<tr>
<td>2012 Budget Allocation re Economic Development Initiatives Fund</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Interest Earned on Capital Funds</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Work In Progress Review</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,000,000</strong></td>
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</tbody>
</table>
City Funding Contribution

- $1 million holdback with condition of generating new Municipal tax revenue of $600,000 by July 1, 2020 (Phase II)

- Potential in-lieu contribution from district energy
Risk Sharing

• McMaster assumes 100% of risk on their part of building ($70M - 133,727 sq ft) & on shared space with PHS (10,949 sq ft @ $210/sq ft)
  – City $20M grant is capped

• City assumes 100% risk on PHS component (19,051 sq ft @ $420/sq ft)
  – Preliminary design costs may vary
  – McMaster recovers from City actual costs through lease
# PHS Current Accommodations

<table>
<thead>
<tr>
<th>Leased Space</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 King Street East (Right House Bldg) *</td>
<td>27,898</td>
</tr>
<tr>
<td>1447 Upper Ottawa Street, Units 5-8</td>
<td>4,892</td>
</tr>
<tr>
<td>1439 Upper Ottawa Street</td>
<td>1,311</td>
</tr>
<tr>
<td>DUN 2 King Street West</td>
<td>7,190</td>
</tr>
<tr>
<td>250 Main St. E. - RMRCH *</td>
<td>2,759</td>
</tr>
<tr>
<td>100 Main St. E</td>
<td>11,392</td>
</tr>
<tr>
<td>2255 Barton St E. *</td>
<td>4,611</td>
</tr>
<tr>
<td>21 Hunter Street</td>
<td>5,324</td>
</tr>
<tr>
<td>Contracted clinic</td>
<td>3,868</td>
</tr>
<tr>
<td>1 James Street South</td>
<td>5,626</td>
</tr>
<tr>
<td><strong>Total Leased Space</strong></td>
<td><strong>74,871</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City Owned Space</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>125 Barton W *</td>
<td>720</td>
</tr>
<tr>
<td>1447 Upper Ottawa Street, Unit 9</td>
<td>15,143</td>
</tr>
<tr>
<td><strong>Total City Owned Space</strong></td>
<td><strong>15,863</strong></td>
</tr>
</tbody>
</table>

* Other City use at this location

**Total Current PH Accommodations**                                          | **90,734**     |
**New Future Family Clinic**                                                 | **5,000**      |

**Total Required PH Accommodations**                                         | **95,734**     |
# PHS Current Costs

<table>
<thead>
<tr>
<th>Leased Space</th>
<th>Square Footage</th>
<th>2011 Gross Budget</th>
<th>2011 Net Budget</th>
<th>2010 Actual Costs</th>
<th>Costs/Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 King Street East (Right House Bldg)</td>
<td>27,898</td>
<td>$753,650</td>
<td>$188,413</td>
<td>$772,480</td>
<td>$27.69</td>
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<tr>
<td>1447 Upper Ottawa Street, Units 5-8 *</td>
<td>4,892</td>
<td>$206,460</td>
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<td>$198,382</td>
<td>$40.55</td>
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<tr>
<td>1439 Upper Ottawa Street</td>
<td>1,311</td>
<td>$34,650</td>
<td>$8,663</td>
<td>$29,790</td>
<td>$22.72</td>
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<tr>
<td>DUN 2 King Street West</td>
<td>7,190</td>
<td>$154,414</td>
<td>$38,603</td>
<td>$175,176</td>
<td>$24.36</td>
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<tr>
<td>250 Main St. E - RMRCH</td>
<td>2,759</td>
<td>$25,660</td>
<td>-</td>
<td>$24,268</td>
<td>$8.80</td>
</tr>
<tr>
<td>100 Main St. E</td>
<td>11,392</td>
<td>$149,100</td>
<td>-</td>
<td>$150,245</td>
<td>$13.19</td>
</tr>
<tr>
<td>2255 Barton</td>
<td>4,611</td>
<td>$150,540</td>
<td>$37,635</td>
<td>$153,786</td>
<td>$33.35</td>
</tr>
<tr>
<td>21 Hunter Street</td>
<td>5,324</td>
<td>$70,340</td>
<td>-</td>
<td>$72,812</td>
<td>$13.68</td>
</tr>
<tr>
<td>Contracted clinic</td>
<td>3,868</td>
<td>$39,337</td>
<td>$9,834</td>
<td>$39,337</td>
<td>$10.17</td>
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<tr>
<td>1 James Street South</td>
<td>5,626</td>
<td>$106,080</td>
<td>$26,520</td>
<td>$94,564</td>
<td>$16.81</td>
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<tr>
<td>Total Leased Space</td>
<td>74,871</td>
<td>$1,690,231</td>
<td>$350,952</td>
<td>$1,710,840</td>
<td>$22.85</td>
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<td>City Owned Space</td>
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<td></td>
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</tr>
<tr>
<td>125 Barton W</td>
<td>720</td>
<td>$5,915</td>
<td>$1,479</td>
<td>$5,962</td>
<td>$8.28</td>
</tr>
<tr>
<td>1447 Upper Ottawa Street, Unit 9 *</td>
<td>15,143</td>
<td></td>
<td></td>
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<tr>
<td>Total City Owned Space</td>
<td>15,863</td>
<td>$5,915</td>
<td>$1,479</td>
<td>$5,962</td>
<td>$8.28</td>
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<tr>
<td>Total Current PH Accommodations</td>
<td>90,734</td>
<td>$1,696,146</td>
<td>$352,431</td>
<td>$1,716,802</td>
<td>$18.92</td>
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<tr>
<td>New Future Family Clinic **</td>
<td>5,000</td>
<td>$94,606</td>
<td>$23,652</td>
<td>$94,606</td>
<td>$18.92</td>
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<tr>
<td>Total Required PH Accommodations</td>
<td>95,734</td>
<td>$1,790,752</td>
<td>$376,083</td>
<td>$1,811,408</td>
<td>$18.92</td>
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</table>

* Budget & Costs for 1447 Upper Ottawa leased units 5-8 are inclusive of unit 9 which is City owned.

** Cost projection based on average current costs for PH accommodations.

- **Current Annual Cost = $1.8 million**
- **Average Cost/Sq Ft = $18.92**
PHS Accommodations Options

• Four options reviewed
• MHC lease term of 30 years with three 5-year renewals
• MHC space increases from options 1-4
• New downtown space decreases from options 1-4
• Sexual Health clinic at Up Ottawa to be relocated to new mountain leased space for all options
• Remaining existing leased space requires capital investment
# PHS Accommodations Options

<table>
<thead>
<tr>
<th>Tot Sq Ft</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td><strong>Existing</strong></td>
<td>16,716</td>
<td>16,716</td>
<td>16,716</td>
<td>16,716</td>
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<tr>
<td><strong>McMaster Health Campus</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shared</strong></td>
<td><strong>10,949</strong></td>
<td>10,949</td>
<td>10,949</td>
<td><strong>12,027</strong></td>
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<tr>
<td><strong>Stand-alone</strong></td>
<td><strong>19,051</strong></td>
<td>34,748</td>
<td>42,963</td>
<td><strong>64,805</strong></td>
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<tr>
<td><strong>New Dwtn</strong></td>
<td><strong>52,293</strong></td>
<td>36,596</td>
<td>29,452</td>
<td>0</td>
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<tr>
<td><strong>New Mtn</strong></td>
<td><strong>2,100</strong></td>
<td><strong>2,100</strong></td>
<td><strong>2,100</strong></td>
<td><strong>2,100</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>101,109</strong></td>
<td><strong>101,109</strong></td>
<td><strong>102,180</strong></td>
<td><strong>95,648</strong></td>
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## Options Annual Financial Impacts

<table>
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<tbody>
<tr>
<td>Lease costs</td>
<td>2,082,089</td>
<td>2,306,906</td>
<td>2,444,894</td>
<td>2,631,076</td>
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<tr>
<td>Incrt’l Parking</td>
<td>193,200</td>
<td>193,200</td>
<td>193,200</td>
<td>192,200</td>
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<tr>
<td>1x Finance costs</td>
<td>298,172</td>
<td>238,177</td>
<td>164,022</td>
<td>136,420</td>
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<tr>
<td>Tot Annual Cost</td>
<td>2,573,461</td>
<td>2,738,284</td>
<td>2,802,116</td>
<td>2,960,696</td>
</tr>
<tr>
<td>(Exist’g Budget)</td>
<td>(1,863,099)</td>
<td>(1,863,099)</td>
<td>(1,863,099)</td>
<td>(1,863,099)</td>
</tr>
<tr>
<td>(Est Mun Taxes)</td>
<td>(190,025)</td>
<td>(190,025)</td>
<td>(190,025)</td>
<td>(190,025)</td>
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<tr>
<td>Budget Pressure</td>
<td>520,337</td>
<td>685,160</td>
<td>748,993</td>
<td>907,573</td>
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</table>
## Residential Tax Impact

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<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$2.12</td>
<td>$2.80</td>
<td>$3.06</td>
<td>$3.70</td>
</tr>
<tr>
<td>%</td>
<td>0.08%</td>
<td>0.10%</td>
<td>0.11%</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

Based on average home assessment of $245,100
## Total Project Summary

<table>
<thead>
<tr>
<th></th>
<th>Tax Impact %</th>
<th>Tax Impact $</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20M Contribution</td>
<td>0 - .12%</td>
<td>0 – $3.47</td>
</tr>
<tr>
<td>PHS Rec’d Option</td>
<td>.08%</td>
<td>$2.12</td>
</tr>
<tr>
<td><strong>Total Impact</strong></td>
<td><strong>.08% - .20%</strong></td>
<td><strong>$2.12 – $5.59</strong></td>
</tr>
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</table>
Financial Analysis
Recommendations/Next Steps
Recommendations

a) That Report CM11008(b)/PED11134(a)/FCS11063(a)/BOH11026(a) be received;

b) That the $20 million funding contribution to McMaster University for the Family Medical Campus approved by Council on July 7, 2011 in approving Item 13, as amended, of the General Issues Committee Report 11-023, be based on the following financing sources and conditions:

i) Economic Development Initiatives Fund (Accounts 3620755700 and 3620908900) for $5 million;

ii) 2012 Budget Allocation re Economic Development Initiatives Fund for $2 million;

iii) Interest Earned on Capital Funds for $2 million;

iv) Work In Progress Capital Project Review for $1 million;

v) Hamilton Future Fund for $10 million on a grant or loan basis;

v) That there is an agreement between the City of Hamilton and McMaster University, that an amount equal to $1 million, will be heldback as a condition of generating new municipal tax revenue of $600,000 being fulfilled by July 1, 2020;
Recommendations

b) con't…

vi) That the Hamilton Municipal Parking System (HMPS) be authorized to sign an undertaking to provide McMaster University the use of parking spaces in the Convention Centre parking garage, within 300 metres of the McMaster Health Campus to account for the deficiency of on-site parking associated with the development in partial satisfaction of the Zoning By-law requirement; and,

vi) That the General Manager of Finance and Corporate Services be delegated the authority to draft and execute a contribution agreement on behalf of the City of Hamilton, in a form satisfactory to the City Solicitor, with McMaster University by December 31, 2011.

c) That staff be authorized and directed to negotiate standard commercial leases for dedicated and shared space as per Option 1 (shared clinic space up to 11,000 square feet at McMaster Health Campus (excluding dental), up to 19,000 square feet Public Health Services (PHS) dedicated space at McMaster Health Campus, up to 52,300 square feet PHS consolidation into new leased downtown core location including dental clinic, and retain two downtown existing leased space. New leased central mountain location required to relocate existing sexual health clinic located at the Upper Ottawa site) in the McMaster Health Campus (MHC) for a term of 30 years, with the option of three five-year renewals, as well as, for new downtown and mountain leased location sites by April 30, 2012.
QUESTIONS