

# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
April 13, 2023

Report of the Commissioner of Finance

## **2023 Capital Contribution for the Mackenzie Health – Cortellucci Vaughan Hospital Project**

### **1. Recommendation**

Council receive this report for information.

### **2. Summary**

This report updates Council on the 2022 Paramedic Services off-load times for the approved Mackenzie Health – Cortellucci Vaughan Hospital project and reports on the 2023 contribution to the hospital reserve based on final 2022 assessment growth.

Key Points:

- The Region remains committed to make annual reserve contributions for hospital capital funding for the Council-approved Cortellucci Vaughan Hospital project, subject to an annual off-load target
- The Cortellucci Vaughan Hospital met its 30-minute off-load target in 2022
- The 2023 reserve contribution will be approximately \$7.1 million

### **3. Background**

#### **In 2009, Council approved annual contributions for hospital capital funding until 2031**

On [October 22, 2009](#), Council authorized the execution of an MOU with the hospitals in the Region and all parties signed on November 19, 2009. This MOU approved annual contributions for capital funding and expires on December 31, 2031. A copy of the MOU is shown as Attachment 3 to the [Mackenzie Vaughan Hospital Capital Funding](#) report, dated September 6, 2017.

## **Although the MOU was terminated in 2019, there is still a financial commitment to fund the Cortellucci Vaughan Hospital project**

On December 19, 2019, Council authorized staff to provide written notice to terminate the 2009 York Region MOU. At that time, the Region provided the hospitals with one year's written notice of the termination of the MOU. However, as stipulated in the original agreement, despite early termination of the MOU, any of the York Region Hospitals shall continue to be entitled to receive Hospital Funds approved by the Region. Therefore, after the MOU was terminated, the following three Council-approved projects remained as financial commitments of the Region:

- Cancer care clinic project at Southlake Regional Health Centre
- Redevelopment project at Markham Stouffville Hospital Corporation
- Mackenzie Health - Cortellucci Vaughan Hospital project at Mackenzie Health

Both the Cancer care clinic project (\$17.4 million) and Redevelopment project (\$40.3 million) have been fully paid out and no longer remain as financial commitments. Going forward, the only financial commitment that still exists is for the Mackenzie Health – Cortellucci Vaughan Hospital project. The release of funds for this project is subject to verification of eligible costs and annual average off-load reporting requirements.

### **Regional contributions are reduced if off-load delay targets are not met**

To help manage the costs of Paramedic Services, the Region tied contribution levels to progress on reducing processing time for emergency patients. The off-load delay target remains despite termination of the MOU, impacting reserve contributions towards the Mackenzie Health – Cortellucci Vaughan Hospital project. In the event the 30-minute Paramedic Services off-load delay targets are not achieved, York Region may, at the discretion of Council, reduce hospital funding by an amount approximating the additional operating costs incurred by Paramedic Services for the time above the targets.

## **4. Analysis**

### **Between 2009 and 2022, the Region has contributed \$94.5 million to the Mackenzie Health – Cortellucci Vaughan Hospital project**

By the end of 2022, the Region has paid \$94.5 million to the Cortellucci Vaughan Hospital for the approved project (Table 1). The Region's remaining commitment to Mackenzie Health – Cortellucci Vaughan Hospital is estimated to be \$60.1 million. This estimate includes forecasted adjustments for future assessment growth (2023-2031).

**Table 1**  
**Payments to Cortellucci Vaughan Hospital for the approved project**

Hospital	Approved commitment	Payments (2009-2022)		Remaining commitment
	(\$M)	(\$M)	(%)	(\$M)
Mackenzie Health – Cortellucci Vaughan Hospital*	154.6	94.5	61.2	60.1

\*Mackenzie Health – Cortellucci Vaughan Hospital's commitment is estimated at \$154.6 million, including forecasted future adjustments for assessment growth. Payments to date and remaining commitment combined may not add due to rounding.

**After indexation, the Region's contribution to the reserve for 2023 will be approximately \$7.1 million**

Contributions to the Region's annual Hospital Financing Reserve are adjusted annually by the rate of change in its prior year's assessment growth. Through the 2023 Budget, Council approved to set aside approximately \$7.1 million for 2023 to support the Region's existing hospital commitment. The annual reserve contribution of \$7.1 million is already indexed to the prior year's assessment growth.

Assuming the Region's annual assessment growth ranging between 1.32% to 1.80% between 2023 to 2031, the forecasted total cumulative Regional contribution to the Hospital Financing Reserve would be approximately \$154.6 million for Cortellucci Vaughan (Appendix A). Actual contributions will vary subject to actual assessment growth and imposition of further delay reductions if targets are not met.

**In 2022, Cortellucci Vaughan Hospital met its off-load target of 30 minutes**

As a result of meeting the processing time targets, no reduction to the 2023 reserve capital contribution is warranted. The full 2023 reserve contribution of approximately \$7.1 million is allocated to fulfil the remaining commitment to Mackenzie Health – Cortellucci Vaughan Hospital. Table 2 outlines the hospital off-load performance for 2022.

**Table 2**  
**2022 Patient Transport Volumes and Average Off-Load Times**

Hospital	Number of Transports	Average Off-Load Times at Hospital per Transport (minutes)
Mackenzie Health – Cortellucci Vaughan Hospital	17,497	24.0

## **Investment in hospital capital projects supports the Region’s Strategic Plan**

Investing in hospital capital projects and working with the hospitals to reduce off-load delays supports the 2023 to 2027 Strategic Plan objective to improve access to health and social support services.

## **5. Financial**

### **The 2023 Regional contribution for hospital funding is included in the approved 2023 Budget**

On February 23, 2023, Council approved the 2023 operating budget ([Report item G.4](#)), which included a contribution of approximately \$7.1 million for the Region’s Hospital Financing Reserve to fulfil its existing commitment toward Mackenzie Health – Cortellucci Vaughan Hospital.

## **6. Local Impact**

### **Growing municipalities need increased hospital capacity**

The amended provincial Places to Grow legislation sets a target for population for the Region of 2.02 million by 2051. The combination of high pace of growth with an aging demographic increases the need to support and increase hospital capacity to provide appropriate levels of health care.

### **Residents in the local municipalities benefit from improved access to health care**

The Region’s contribution to fund hospital capital projects will provide residents in local municipalities with improved access to health care. Also, Regional incentives to achieve an annual average target off-load time promote more timely access to health care for residents.

## **7. Conclusion**

Mackenzie Health – Cortellucci Vaughan Hospital met the off-load delay target in 2022. The Region continues to set aside funding to fulfil its existing commitment to Mackenzie Health – Cortellucci Vaughan Hospital.

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For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.



Recommended by:

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Approved for Submission:

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Appendix A – 2023 Reserve Contribution for the Mackenzie Health – Cortellucci Vaughan Hospital Project

**Potential Reserve Contributions for the Mackenzie Health - Cortellucci Vaughan Hospital Project from 2009 to 2031  
(\$Millions)**

**Annual reserve contribution indexed to Actual prior year's assessment growth**

	<b>% Share</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Vaughan</b>	45.0%	3.600	5.546	5.718	5.882	6.013	6.137	6.269	6.379	6.491	6.604
Assessment Increase		2.70%	3.10%	2.87%	2.23%	2.06%	2.15%	1.76%	1.75%	1.74%	2.15%

**Annual reserve contribution indexed to Actual and Forecast prior year's assessment growth**

	<b>% Share</b>	<b>2019 Actual</b>	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 Actual</b>	<b>Subtotal</b>	<b>Off-Load Delay Reductions</b>	<b>Subtotal net of Reductions</b>	<b>Transfers*</b>	<b>Subtotal net of Transfers</b>	<b>2023 Forecast</b>
<b>Vaughan</b>	45.0%	6.746	6.846	6.939	7.041	86.210	(0.000)	86.210	8.869	95.079	7.134
Assessment Increase		1.48%	1.37%	1.46%	1.32%						1.32%

**Annual reserve contribution indexed to Forecast of prior year's assessment growth**

	<b>% Share</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>	<b>2029 Forecast</b>	<b>2030 Forecast</b>	<b>2031 Forecast</b>	<b>Subtotal Forecast</b>	<b>TOTAL</b>
<b>Vaughan</b>	45.0%	7.228	7.358	7.485	7.602	7.727	7.840	7.146	0.000	59.520	<b>154.60</b>
Assessment Increase		1.80%	1.73%	1.57%	1.64%	1.47%	1.41%	1.40%	1.43%		

\*The MOU was terminated in 2019 and a one-time re-allocation of contributions between hospitals in 2020 facilitates fulfilment of the Region's financial commitments for Council-approved projects.

Note: Future assessment growth is estimated to increase to 1.80% for 2024 and gradually slows down to 1.43% annually by 2031, as forecasted by the York Region Finance Department as at February 2023. The forecast will be updated annually to reflect additional information, such as the ongoing impact of COVID-19.