



To: Committee of the Whole
Meeting Date: April 11, 2024
From: Laura Mirabella
Commissioner of Finance and Regional Treasurer
Re: **2024 Capital Contribution for Mackenzie Health – Cortellucci Vaughan Hospital Project**

This memorandum provides details regarding the 2024 Hospital Financing Reserve Fund contribution for the Mackenzie Health – Cortellucci Vaughan Hospital project (Cortellucci Vaughan Hospital).

Region is committed to help fund Cortellucci Vaughan Hospital until 2031

[October 22, 2009](#), Council agreed to a Memorandum of Understanding (“MOU”), to provide funding for hospitals in York Region to assist them with capital projects, expiring on December 31, 2031. A copy of this MOU was attached as part of the [2017 Mackenzie Vaughan Hospital Capital Funding report](#).

[December 19, 2019](#), Council provided a one year written notice to terminate the MOU, with the provision any projects previously approved by the Region would continue to receive funding. Both the cancer care clinic project at Southlake Regional Health Centre and redevelopment project at Markham Stouffville Hospital Corporation have been fully paid out and a commitment still exists to fund Cortellucci Vaughan Hospital.

Cortellucci Vaughan Hospital met its transfer of care target during 2023 and is eligible for its full funding contribution

To help manage costs of Paramedic Services, the Region tied contribution levels to progress on reducing processing time for emergency patients. The transfer of care target (off-load delay) remains despite the MOU termination and informs reserve contributions towards the Cortellucci Vaughan Hospital. If the 30-minute Paramedic Services transfer of care target is not achieved, York Region may, at the discretion of Council, reduce hospital funding by an amount approximating additional operating costs incurred by Paramedic Services for the time above the target.

In 2023, Cortellucci Vaughan Hospital met its transfer of care target of 30 minutes with an average transfer of care time of 23 minutes per transport (and a total of 17,202 patient transports). Therefore, no reduction to the 2024 reserve capital contribution is applicable.

\$101.8 million has been contributed to Cortellucci Vaughan Hospital since 2009

By the end of 2023, the Region had paid \$101.8 million to Cortellucci Vaughan Hospital for the approved project (Table 1). The Region’s remaining commitment to Cortellucci Vaughan Hospital is estimated to be \$52.3 million which includes forecasted adjustments for assessment growth from 2024 to 2031. The Region’s approved commitment represents about 9% of the total \$1.7 billion overall funding for the project.

Table 1
Payments to Cortellucci Vaughan Hospital for the approved project

Hospital	Approved commitment	Payments (2009-2023)	Remaining commitment
Mackenzie Health – Cortellucci Vaughan Hospital*	\$154.2 million	\$101.8 million	\$52.3 million

*Mackenzie Health – Cortellucci Vaughan Hospital’s commitment reflects forecasted future adjustments for assessment growth. Figures may not add due to rounding.

After indexation, Region’s contribution for 2024 will be approximately \$7.2 million

Contributions to the Hospital Financing Reserve Fund are adjusted annually by the rate of change in the Region’s prior year’s assessment growth. Through the approved 2024 Operating [Budget](#), approximately \$7.2 million was set aside for 2024 (including indexing for prior year assessment growth) to support the Region’s existing hospital commitment.

Assuming annual assessment growth ranges between 1.15% to 1.63% between 2024 to 2031, the forecasted total cumulative contribution to the Hospital Financing Reserve Fund will be approximately \$154.2 million for Cortellucci Vaughan Hospital (Appendix A). Actual contributions will vary subject to actual assessment growth and imposition of further delay reductions if targets are not met.

For more information on this memo, 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.



Laura Mirabella

Commissioner of Finance and Regional Treasurer



Erin Mahoney

Chief Administrative Officer

March 22, 2024

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Appendix A – Reserve Contributions for Mackenzie Health – Cortellucci Vaughan Hospital Project from 2009 to 2031

Reserve Contributions for Mackenzie Health – Cortellucci Vaughan Hospital Project From 2009 to 2031 (\$ Millions)

Annual reserve contribution indexed to actual prior year's assessment growth

	% Share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cortellucci Vaughan	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 prior year's assessment growth

	% Share	2019	2020	2021	2022	2023	Subtotal	Transfer of Care Delay Reductions	Subtotal net of Reductions	Transfers*	Subtotal net of Transfers
Cortellucci Vaughan	45.0%	6.746	6.846	6.939	7.041	7.134	93.344	(0.000)	93.344	8.868	102.212
Assessment Increase		1.48%	1.37%	1.46%	1.32%	1.49%					

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

	% Share	2024	2025	2026	2027	2028	2029	2030	2031	Subtotal	TOTAL
Cortellucci Vaughan	45.0%	7.240	7.331	7.415	7.522	7.645	7.764	7.026	0.000	51.943	154.155
Assessment Increase		1.27%	1.15%	1.44%	1.63%	1.56%	1.55%	1.58%	1.52%		

*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 estimated to increase to 1.63% in 2027 and slows down to 1.52% annually by 2031, as forecasted by the York Region Finance Department as of January 2024. The forecast will be updated annually to reflect additional information.