

Report To: Finance Committee, Board of Health
Submitted by: Elizabeth Bowden, Interim Director of Administration
Subject: FACILITIES RESERVE DISBURSEMENT

RECOMMENDATION(S):

- (a) **That the Finance Committee makes recommendation to the Board of Health to authorize the disbursement of the Facilities Reserve, via lump sum loan repayments, to the County of Wellington, County of Dufferin and City of Guelph.**

BACKGROUND:

The Board of Health authorized management to borrow up to \$22,000,000 toward the cost of building the two facilities at 160 Chancellors Way, Guelph, and 180 Broadway, Orangeville. The three municipal funders together provided the debt financing, by way of a loan to Wellington-Dufferin-Guelph Public Health (WDGPH) under the Financial Agreement between the County of Wellington, County of Dufferin, City of Guelph, and WDGPH signed in December 2012.

Construction of the two buildings was completed in 2014, and the final releases were made to the builder and the architect in 2015.

Loan proceeds advanced to WDGPH by the three municipal lenders throughout 2013 and 2014, and retained in the WDGPH Facilities reserve until used, were as follows:

Lender	Amount	Percentage of Loan Advances
County of Wellington	\$6,043,445	32.7%
County of Dufferin	3,955,038	21.4%
City of Guelph	8,483,003	45.9%
Total loan proceeds advanced	\$18,481,486	100.0%

WDGPH received one-time grant funding totaling \$3,641,201 from the Ministry of Health and Long-Term Care (MOHLTC) toward the cost of building the two facilities. As a result, WDGPH did not need to borrow the full amount of the proceeds advanced, and therefore, made lump sum loan repayments from the Facilities Reserve totaling \$1,500,000 (combined) to the three municipal lenders in December 2014, with a plan to make a final payout in 2015, after final releases were made to the builder and the architect.

In December 2014, the Board of Health set-up two new Reserve Funds: Guelph Facilities Reserve, and Orangeville Facilities Reserve, for the future repair and replacement of major capital building components and equipment. A total of \$500,000 was transferred from the Facilities Reserve into these two new Reserves (\$300,000 to the Guelph Facilities Reserve and \$200,000 to the Orangeville Facilities Reserve) at the time they were set-up, and further contributions to these reserves have been

made annually since that time in accordance with the Board of Health's Reserve Fund Plan. These Reserve Funds balances are **not** part of the recommendation for disbursement.

In December 2015, the Board of Health authorized WDGPH staff to move forward with building additional parking spaces for the Chancellors Way facility, and directed staff to retain the Facilities Reserve until all facility matters had been resolved.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

The additional parking spaces at Chancellors Way have been completed, and approximately 80% of the project costs have been paid as of November 9, 2016. Approximately \$50,000 remains to be paid out.

WDGPH management therefore recommends that the remaining balance in the Facilities Reserve be disbursed, via lump sum loan repayments to the three municipal lenders, in the amount of:

Balance in Facilities Reserve, November 9, 2016	\$1,862,586
Less parking lot project costs paid to date	(\$175,787)
Less estimated remaining parking lot project costs	(\$50,000)
Total amount to be disbursed	\$1,636,799

The lump sum loan repayments to each municipal lender would be:

Lender	Amount	Percentage of Lump Sum Repayment
County of Wellington	\$535,233	32.7%
County of Dufferin	350,275	21.4%
City of Guelph	751,291	45.9%
Total December 2016 lump sum loan repayments	\$1,636,799	100.0%

Management further recommends that if the estimated remaining parking lot costs are in excess of the actual remaining parking lot costs upon final reconciliation, that this excess remaining in the Facilities Reserve be transferred to the WDGPH Reserve for Contingencies in order to completely close out the Facilities Reserve.

APPENDICES:

NONE.

Prepared by: Shanna O'Dwyer Manager, Finance	Reviewed by: Elizabeth Bowden, Interim Director of Administration	<i>Original Signed Document on File</i> Approved by: Dr. Nicola Mercer, Medical Officer of Health & CEO
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