

Report To: Finance Committee, Board of Health
Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO
Subject: FACILITIES RESERVE FUNDS

RECOMMENDATION(S):

- (a) That the Finance Committee makes recommendation to the Board of Health to receive this report for information.

BACKGROUND:

Section 6.9 of the Ontario Public Health Organizational Standards (OPHOS) says:

A board of health may acquire and hold real property for the purpose of carrying out the function of the board and may sell, exchange, lease, mortgage or otherwise charge or dispose of real property owned by it. HPPA, s.52 (3) does not apply unless the board of health has first obtained the consent of the councils of the majority of the municipalities within the public health unit served by the board of health. (HPPA, s.52 (3) and (4)).

The board of health that owns its own building(s) shall maintain a capital funding plan, which includes policies and procedures to ensure that funding for capital projects is appropriately managed and reported.¹

In 2014, after the two facilities owned by the Board of Health were completed, the Board amended Board of Health By-law No. 3 (Property) to include requirements in line with Section 6.9 of the OPHOS, as follows:

The Board of Health will establish separate Facilities Reserve Funds for each property in which it has an ownership interest in land and/or buildings (the “Property”) the purpose of which shall be for the repair and replacement on and for the Property in order to maintain the Property in good repair and condition. Annual contributions to the Reserve Funds will be determined by the Board’s Reserve Fund Plan and budgeted for annually in the Board of Health Approved Budget. On approval of the Board, borrowing of funds between the Reserves will be permitted and repaid in a timely fashion at the current rate of return. The Reserve Fund Plan shall be updated from time to time at the discretion of the Medical Officer of Health and the Director of Finance and Corporate Operations.²

To comply with this by-law amendment and the requirements of the OPHOS, two new Facilities Reserve Funds were created by the Board in December 2014: Guelph Facilities Reserve and Orangeville Facilities Reserve. Additionally, the Board accepted the Facilities Reserve Fund Studies prepared by consulting firm The Altus Group Limited, and approved the adoption of the Facilities

Reserve Fund Studies as the Reserve Fund Plans for the Board of Health. The Reserve Fund Plans outline the estimated annual expenditures from the Reserves, the projected annual contributions to the Reserves, the projected annual interest earned by the Reserves, and the required closing balance in the Reserves to have sufficient funds to meet future requirements. This approach ensures that when major capital repairs or replacements are required, such as a new roof or replacement of elevators, there will not be a significant one-year impact on the operating budget of the organization.

In 2015, lower than estimated interest was earned on the Guelph and Orangeville Reserve Funds, and as a result, additional capital contributions were required to reach the required closing balance at the end of the year, as follows:

Additional capital contribution to Guelph Facilities Reserve: \$6,084
 Additional capital contribution to Orangeville Facilities Reserve: \$3,725

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

The 2015 transactions in WDGPH's reserve funds are as follows:

Reserve	Opening Balance	Contributions to Reserve	Disbursements from Reserve	Interest Earned	Closing Balance
Guelph Facilities Reserve	\$471,287	\$259,799	\$0	\$5,083	\$736,169
Orangeville Facilities Reserve	\$306,000	\$119,725	\$0	\$3,301	\$429,026

The balances in WDGPH's reserves for Guelph and Orangeville facilities, as of December 31, 2015 in comparison with the closing balance required per the Board of Health approved Reserve Fund Plans are as follows:

Reserve Fund	Balance at December 31, 2015	Balance required in fund as of December 31, 2015, per BOH Reserve Fund Plan	Difference
Guelph Facilities Reserve	\$736,169	\$736,169	\$0
Orangeville Facilities Reserve	\$429,026	\$429,026	\$0

WDGPH is in full compliance with the Board of Health approved Reserve Fund Plan as of December 31, 2015.

REFERENCES:

¹ Ministry of Health and Long-Term Care and Ministry of Health Promotion and Sport. (February 2011). *Ontario Public Health Organizational Standards* (Revised Catalogue No. 015523 ISBN 978-1-4435-5469-5 (PDF)). Ontario. Queen's Printer for Ontario 2011.

² Wellington-Dufferin-Guelph Public Health Board. (February 4, 2015). *By-law No. 3 Being a by-law relating to the Property of Wellington-Dufferin-Guelph Public Health Board.*

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