



**Subject: Port Colborne Hospital Update**

**To: Council**

**From: Office of the Chief Administrative Officer**

Report Number: 2024-225

Meeting Date: December 3, 2024

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**Recommendation:**

That Chief Administrative Officer Report 2024-225 be received; and

That Council approve option three, which entails the development of the Port Colborne hospital site to facilitate expanded primary care services, and the \$6.2 million local share contribution to the South Niagara Hospital.

That the Chief Administrative Officer and Director of Corporate Services be directed to negotiate and execute:

- An agreement with Niagara Health to transfer the ownership of the Port Colborne Hospital site to the City for \$2;
  - An agreement with Niagara Health to temporarily lease space within the current Port Colborne Hospital site, beginning as soon as possible, until Niagara Health vacates the site; and
  - An agreement with a primary care team to sublease the space within the current Port Colborne Hospital site to facilitate an expansion of primary care within the community.
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**Purpose:**

This report seeks Council's support of Niagara Health's request for \$6.2 million to fund the City of Port Colborne's local share of the new South Niagara Hospital. The report considers options that address the request. The recommended option provides for the redevelopment of the existing Port Colborne hospital site as a way to secure expanded primary care services in the community.

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## Background:

Niagara Health is working towards having a three-hospital system that includes St. Catharines, Niagara Falls, and Welland. At the time of writing this report, a new Niagara Falls hospital referenced by Niagara Health as the South Niagara Hospital (SNH) is currently under construction.

When building a new hospital, there is a component of the funding referred to as local share. The local share funds 10% of eligible construction costs and 100% of the costs associated with the purchase of new and replacement furniture, fixtures, and equipment.

Niagara Health's \$6.2 million local share request of the City is based on a per capita allocation using the 2016 census. It is assessed as follows:

Niagara Region	\$44.5 million
Niagara Health Foundation (Donations) and Hospital own Funds	\$130 million - \$140 million
Municipal (Niagara Falls, Fort Erie, Welland, Pelham, Wainfleet and Port Colborne)	\$45 million - \$50 million
<b>Total</b>	<b>\$230 million</b>

Once the SNH opens in 2028, Niagara Health will begin a process to vacate the Port Colborne hospital site. This process is expected to be completed in 2029.

Until that time, Niagara Health will continue to operate the Urgent Care Centre (UCC) at the Port Colborne hospital site.

To prepare for this, the City, community partners, and Niagara Health have been working closely on a proposal to secure a future for enhanced primary care and support Port Colborne's growth, while ensuring expanded primary care options for residents.

In 2023, Mayor Steele formed a Health Services Working Group to discuss options to improve access to primary health care, attract more physicians, and ensure that Port Colborne residents have a local option for when the UCC closes. The Health Services Working Group is comprised of active and retired health care professionals, business and community representatives, City staff, and Mayor Steele. The Health Services Working Group has partnered with local physician Dr. Matt Vandenberg who has proposed that current vacant space in the west wing of the hospital be renovated and repurposed for primary care prior to Niagara Health closing the Port Colborne hospital site.

To facilitate this, staff propose pursuing an agreement between the City and Niagara Health that would allow the City to lease and sublease space within the Port Colborne hospital to Dr. Vandenberg and his team. The group would be responsible for all costs associated with the lease, unless Provincial or Federal funding became available.

Mayor Steele, City staff, and Dr. Vandenberg, with the support of the Health Services Working Group, have been actively lobbying the provincial government for funding to assist with renovations and upgrades. Niagara Health has been working with the Niagara Ontario Health Team and the Niagara Practitioners' Health Care Alliance to support expansion and leverage the City's designation for funding in the Ontario government's Interprofessional Primary Care Teams initiative for Niagara.

The primary care model proposed is designed to address Niagara Health's observation that Port Colborne needs an additional five family physicians to service its population.

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## **Discussion:**

To address the Niagara Health local share request of \$6.2 million from the City, staff have identified the following options.

### **Option 1**

Turn down the local share request. Potential impacts may include but are not limited to:

- A negative impact on the SNH furniture, fixtures and equipment as 100% of that budget comes from local share;
- Our ability to live to our City's value of responsibility – we make tomorrow better. Having another state-of-the-art hospital in Niagara would make tomorrow better;
- Our ability to live to our City's value of collaboration – we are better together. The cities closest to the Marotta Family Hospital in St. Catharines contributed to that hospital. Once built, residents of Port Colborne will use SHN. A lack of support may be seen as a lack of community.

### **Option 2**

Enter into a local share agreement with Niagara Health with a 15-year payment term. As the funds are needed by the SNH in 2028, Niagara Health would borrow the \$6.2 million. The borrowing would result in principal and interest payments. If we assume interest at 5% over 15-years the tax impact on the average residential property would be \$51.50. As the local share is not required until 2028 it would be possible to either wait until 2028 to include this local share contribution in the property tax levy or it could be phased in over a period of time. For example, \$17.15 in 2026, \$17.15 in 2027, and \$17.20 in 2028. This is a common model used by municipalities to make local share contributions.

### Option 3

Niagara Health has agreed to transfer ownership of the Port Colborne hospital site to the City for \$2. It is expected that this transfer will occur after the site is vacated in 2029. The current Port Colborne hospital site consists of 5.9 developable acres when including the New Port Clinic (formerly the nurses' residence).

To facilitate funding the local share, a public process could be created with the goal of entering into an agreement with a developer that could:

- Build new multi-residential units on the current site (5.9 acres);
- Build a new medical clinic to ensure the primary care initiatives of the Health Services Working Group continue and grow after Niagara Health vacates the site;
- Build a shared use fitness centre for medical clinic users, multi-residential unit residents and the community;
- Make the \$6.2 million local share payment on behalf of the City;

A development would produce new growth-related property tax, water, wastewater and storm sewer rate payers. In the case of the new medical clinic and fitness centre, funding would come from lease payments, multi-residential unit residents with respect to the fitness centre, Development Charges, Community Benefit Charges fund (in the early stages of development) and growth-related property taxes, if required.

Should this model be pursued, staff would look to start the process of seeking a developer in 2025 and develop a project plan so development could begin as soon as Niagara Health would allow.

Additionally, should this model be pursued, staff would aim to, as soon as possible, enter into an agreement with Niagara Health to temporarily lease space within the west wing of the hospital, until Niagara Health vacates the site in 2029. If that is successful, staff propose entering into a sublease with Dr. Vandenberg and his primary care team, to facilitate the expansion of primary care within the community prior to Niagara Health completely vacating the Port Colborne hospital site.

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### Internal Consultations:

City staff from Public Works, Economic Development, Corporate Communications, Corporate Services, and the Office of the Mayor and CAO have been working collaboratively with Niagara Health, the Health Services Working Group, and Dr. Vandenberg on ensuring the best possible primary care services can be made available to Port Colborne residents.

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## **Financial Implications:**

Turning down the request, identified as option 1, would have no immediate cost, although staff highlight other municipalities have contributed to the local share and the City's lack of contribution could impact other future projects and decision making.

As identified, a common model to facilitate a local share contribution is through a 15-year local share agreement. Option 2 identifies this local share contribution as \$51.50 on the average residential property. In 2024 that would represent almost a 2.4% increase to the City's portion of property taxes.

The last option, option 3, proposes a process to pursue redeveloping the property. The goal here would be to make the \$6.2 million local share contribution through the developer while improving primary care through a new medical clinic and providing the multi-residential unit residents and the community with a fitness centre. The new residents would further provide for new growth-related property taxes, water, wastewater and storm users to help spread the fixed costs of our rate operations over.

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## **Public Engagement:**

Since 2011, there has been considerable public information provided regarding hospital restructuring to a three-hospital system in Niagara. Community discussions and capital submissions to the Ministry of Health for a new hospital in South Niagara were initiated in 2018 and there has been active and ongoing public engagement. According to information on Niagara Health's website, the community planning and public engagement for the South Niagara Hospital includes the following: 196 Subject Matter Experts involved in user group planning meetings in 2020; 550 hours of group planning meetings with stakeholders in 2020; 5000+ residents provided online feedback; and hundreds more shared their thoughts in person, through emails, phone calls and at public events.

The above engagement included Port Colborne. Niagara Health leadership gave a community update and held an open house in Port Colborne on March 21, 2024. A Health Care Committee was formed in 2023 to create a strategy and action plan to ensure that Port Colborne has access to primary care when the UCC closes. There has been media coverage about the Committee's work and updates in public at Council meetings.

The City's Social Determinants of Health Committee have also been discussing the future of health care and physician recruitment in Port Colborne at their meetings. Their agenda and meeting minutes are public information and on the City's website. It has also been reported in the media that the Mayor, Councillors, and senior staff have had delegation meetings at provincial conferences to discuss enhanced primary care and

this innovative model. Meetings have also been held with the provincial and federal Ministers of Health.

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### **Strategic Plan Alignment:**

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Welcoming, Livable, Healthy Community
  - Economic Prosperity
  - Increased Housing Options
  - Sustainable and Resilient Infrastructure
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### **Conclusion:**

As part of Niagara Health's new three hospital system, current programs and services at the Port Colborne Hospital site will transition to the South Niagara Hospital in 2028.

The City of Port Colborne, along with a local Health Services Working Group, and Dr. Vandenberg, have proposed an innovative model to support and expand primary care in the City as soon as possible by leasing current hospital space.

Staff recommend Council consider option 3 which would result in the eventual redevelopment of the Port Colborne hospital site, fund the City's local share contribution, and produce a new medical clinic and fitness centre.

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Respectfully submitted,

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**Report Approval:**

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.