

- 1. THE OTTAWA HOSPITAL CIVIC CAMPUS FINANCIAL FRAMEWORK –
LOCAL SHARE CONTRIBUTION**
- CADRE FINANCIER DU CAMPUS CIVIC DE L'HÔPITAL D'OTTAWA –
CONTRIBUTION DE LA PART LOCALE**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Receive the information on the local share, including the requested municipal portion, as outlined in this report;**
- 2. Approve the financial framework and guiding principles for developing a response to the Ottawa Hospital's request, as outlined in this report;**
- 3. Direct Staff to review and report back in the next term of Council with options for a municipal portion of the local share contribution; and**
- 4. Direct staff to bring forward a background study and amending by-law to impose a special area development charge to fund the future increase in need for service required for the new Ottawa Hospital Civic Campus and to repeal the current discretionary exemption listed in clause 7(p) of the existing Development Charges By-law 2019-156.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil ce qui suit:

- 1. Reçoit les renseignements sur la part locale, y compris la partie municipale demandée, comme indiqué dans le présent rapport.**
- 2. Approuve le cadre financier et les principes directeurs pour l'élaboration d'une réponse à la demande de l'Hôpital d'Ottawa, comme indiqué dans le présent rapport.**

3. **Demande au personnel d'examiner et de faire rapport au cours du prochain mandat du Conseil, avec des options pour une partie municipale de la contribution de la part locale.**
4. **Demande au personnel de présenter une étude de fond et de modifier le règlement afin d'imposer une redevance spéciale pour l'aménagement du territoire afin de financer l'augmentation future du besoin de services requis pour le nouveau campus Civic de l'Hôpital d'Ottawa et d'abroger l'exemption discrétionnaire actuelle énoncée à l'alinéa 7p) du règlement sur les redevances d'aménagement 2019-156.**

DOCUMENTATION/DOCUMENTATION

1. Chief Financial Officer's report, Treasurer, Finance Services Department, dated April 21, 2022, (ACS2022-FSD-FSP-0005)

Rapport de la Cheffe des finances / trésorière, Direction générale des services des finances, daté le 21 avril 2022, (ACS2022-FSD-FSP-0005)
2. Extract of draft Minutes, Finance and Economic Development Committee, May 3, 2022.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 3 mai 2022.

**Subject: The Ottawa Hospital Civic Campus Financial Framework – Local
Share Contribution**

File Number: ACS2022-FSD-FSP-0005

**Report to Finance and Economic Development Committee on 3 May 2022
and Council 11 May 2022**

**Submitted on April 21, 2022 by Wendy Stephanson, Chief Financial Officer/
Treasurer, Finance Services Department**

**Contact Person: Cyril Rogers, Deputy Treasurer (A), Financial Strategies,
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Ward: Citywide

**Objet : Cadre financier du campus Civic de l'Hôpital d'Ottawa – Contribution
de la part locale**

Dossier : ACS2022-FSD-FSP-0005

**Rapport au Comité des finances et du développement économique le 3 mai 2022
et au Conseil le 11 mai 2022**

**Soumis le 21 avril 2022 par Wendy Stephanson, Cheffe des finances / trésorière,
Direction générale des services des finances**

**Personne ressource : Cyril Rogers, Trésorière adjointe municipale (T), Les
services financiers, la planification financière et la budgétisation et les stratégies
financières**

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

- 5. Receive the information on the local share, including the requested
municipal portion, as outlined in this report;**

6. **Approve the financial framework and guiding principles for developing a response to the Ottawa Hospital's request, as outlined in this report;**
7. **Direct Staff to review and report back in the next term of Council with options for a municipal portion of the local share contribution; and**
8. **Direct staff to bring forward a background study and amending by-law to impose a special area development charge to fund the future increase in need for service required for the new Ottawa Hospital Civic Campus and to repeal the current discretionary exemption listed in clause 7(p) of the existing Development Charges By-law 2019-156.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil ce qui suit:

5. **Recevoir les renseignements sur la part locale, y compris la partie municipale demandée, comme indiqué dans le présent rapport.**
6. **Approuver le cadre financier et les principes directeurs pour l'élaboration d'une réponse à la demande de l'Hôpital d'Ottawa, comme indiqué dans le présent rapport.**
7. **Demander au personnel d'examiner et de faire rapport au cours du prochain mandat du Conseil, avec des options pour une partie municipale de la contribution de la part locale.**
8. **Demander au personnel de présenter une étude de fond et de modifier le règlement afin d'imposer une redevance spéciale pour l'aménagement du territoire afin de financer l'augmentation future du besoin de services requis pour le nouveau campus Civic de l'Hôpital d'Ottawa et d'abroger l'exemption discrétionnaire actuelle énoncée à l'alinéa 7p) du règlement sur les redevances d'aménagement 2019-156.**

EXECUTIVE SUMMARY

This report updates Council on the request received from the Ottawa Hospital for the City of Ottawa to provide a one-time municipal local share contribution of up to \$150 million to support The Ottawa Hospital's (TOH) new Civic Campus Development. It provides an overview of the plan to replace the aging Civic Campus with Canada's largest modernized world class teaching and research hospital located in the nation's capital.

Over the past several years, TOH has consulted extensively with health-care partners across the region, as well as hospital staff, patients, stakeholders, residents, Indigenous communities, and the public. TOH has benefitted from exceptionally strong community relationships and has received overwhelming support for this initiative in consultations with Ottawa citizens.

The design of the new campus is guided by leading sustainable objectives including the National Capital Commission's Sustainable Development Strategies, the One Planet Living Framework, the Leadership in Energy and Environmental Design (LEED) rating system and the WELL Building Standard. This project adopts principles focused on community health and wellness, diversity, inclusion equity, safer pedestrian and cycling routes and alignment and focus on climate change initiatives and targets that will benefit the goals for the broader community.

This report will provide the recommended financial framework and guiding principles for Council's consideration to direct staff to explore and report back early in the next term of Council with options for the municipal portion of a local share contribution. This framework and guiding principles will allow for a potential funding strategy for a municipal contribution that provides the services required to support our growing population, is affordable to the City and invests in, and boosts, Ottawa's local economy.

Should Committee and Council approve the recommendations in this report, staff will research, explore, and analyze funding strategies guided by the financial framework and guiding principles outlined in this report and report back to Council in the next term of Council as part of the next phase of the potential options of the one-time municipal local share contribution update.

RÉSUMÉ

Le présent rapport fait le point pour le Conseil sur la demande reçue de l'Hôpital d'Ottawa pour la Ville d'Ottawa de fournir une contribution municipale ponctuelle d'au

plus 150 millions de dollars à l'appui du développement du nouveau campus Civic de l'Hôpital d'Ottawa. Il donne un aperçu du plan visant à remplacer le campus Civic vieillissant par le plus grand hôpital d'enseignement et de recherche modernisé au Canada, situé dans la capitale nationale.

Au cours des dernières années, l'Hôpital d'Ottawa a mené de vastes consultations auprès des partenaires de soins de santé de la région, du personnel hospitalier, des patients, des intervenants, des résidents, des communautés autochtones et du public. L'Hôpital d'Ottawa a bénéficié de relations communautaires exceptionnellement solides et a reçu un appui écrasant pour cette initiative en consultation avec les citoyens d'Ottawa.

La conception du nouveau campus est guidée par des objectifs de développement durable de premier plan, dont les Stratégies de développement durable de la Commission de la capitale nationale, le One Planet Living Framework (Cadre de vie pour une planète unique), le système de notation Leadership in Energy and Environmental Design (LEED) et la norme de construction WELL. Ce projet adopte des principes axés sur la santé et le bien-être des collectivités, la diversité, l'équité en matière d'inclusion, la sécurité des itinéraires piétonniers et cyclistes et l'harmonisation et met l'accent sur les initiatives et les cibles en matière de changements climatiques qui profiteront aux objectifs de la collectivité en général.

Le présent rapport fournira le cadre financier et les principes directeurs recommandés pour que le Conseil les examine afin de demander au personnel d'examiner et de faire rapport au début du prochain mandat du Conseil, avec des options pour la partie municipale d'une contribution de la part locale. Ce cadre et ces principes directeurs permettront d'élaborer une stratégie de financement pour une contribution municipale qui offre les services nécessaires pour soutenir la population croissante, qui est abordable pour la Ville et qui investit dans l'économie locale d'Ottawa et la dynamise.

Dans la mesure où le Comité et le Conseil approuvent les recommandations du présent rapport, le personnel mènera des recherches, étudiera et analysera des stratégies de financement fondées sur le cadre financier et les principes directeurs énoncés dans le présent rapport et fera rapport au Conseil au cours du prochain mandat du Conseil dans le cadre de la prochaine étape des options possibles de la mise à jour de la partie municipale de la contribution de la part locale.

BACKGROUND

The purpose of this report is to update Council on the municipal portion of the local share contribution request received from the Ottawa Hospital and provide the financial framework and guiding principles to allow staff to explore the municipal local share and investment options for a municipal local share contribution towards one-time funding of The Ottawa Hospital's new Civic Campus Development.

The Ottawa Hospital was formed in 1998 through the amalgamation of the former Civic, Ottawa General and Riverside Hospitals. Today The Ottawa Hospital (TOH) also encompasses the Champlain Regional Cancer Program, The Ottawa Hospital Rehabilitation Centre, The Ottawa Hospital Research Institute (OHRI), and is closely connected with the University of Ottawa Health Institute.

Since 1998, TOH has implemented several redevelopment projects to address the reorganization of services specified by the Health Services Restructuring Commission (HSRC), upgrade the physical environment and address growth in demand for clinical research and teaching activities. Despite renovations and investments over the years, the most serious facility deficiencies continue to exist at the Civic Campus where most programs and departmental areas are grossly undersized, important adjacencies are lacking and the physical layout is not conducive to changes in technology and/or efficient patient focused care. There are 21 buildings at the Civic Campus, many nearly 100 years old. The wide distribution of services across buildings is both inefficient to operate and difficult for patients and visitors to navigate. The Civic Campus will not be equipped to provide the health care required to the Citizens of Ottawa moving forward.

The Ottawa Hospital's (TOH) New Campus Development will be the largest modern teaching and research hospital in Canada and a place where patients will receive world-class care. The highly specialized emergency and trauma services will treat the most complex adult injuries and illness for patients from Eastern Ontario, Western Quebec, and Nunavut. It will be a centre for innovation, discovery, and learning, where medical minds will tackle the biggest challenges in health care and work together to solve them.

During its construction, the project will dramatically boost Ottawa's local economy. According to a new report by Deloitte, the project will inject nearly \$2 billion into the local economy, contribute \$1.24 billion to Ottawa's labour income, and will

independently create or sustain the employment of about 4,000 full time equivalent jobs each year.

The work to replace the aging Civic Campus began in 2006. Over the past 15 years, TOH's team has worked closely with all three levels of government on the unique requirement of building a hospital in the National Capital Region. Over the last several years, TOH has consulted extensively with health-care partners across the region, as well as hospital staff members, patients, stakeholders, area residents, Indigenous communities, and the public. TOH has benefitted from exceptionally strong community relationships and has received overwhelming support for this initiative in consultations with Ottawa citizens.

In December of 2016, the Minister of Canadian Heritage requested that the Federal Government undertake the necessary preparations to make the Sir John Carling site available as the future location of the new campus of TOH. The location of the site offered to TOH was a federal decision as it involved the commitment of federal land. As a result, on [May 9, 2017](#), the City's Planning Committee recommended that staff initiate Official Plan and Zoning By-law Amendment applications to bring the City's planning documents into alignment with this federal land use decision. Subsequently, a staff-initiated Official Plan and Zoning By-law Amendment report went to the Planning Committee on May 22, 2018 ([ACS2018-PIE-PS-0056](#)) and Council on June 13, 2018 ([ACS2018-PIE-PS-0056](#)), where the Official Plan and Zoning were approved to facilitate the hospital land-use.

On October 1, 2021, the City's Joint Built Heritage Sub Committee and Planning Committee recommended approval of the Master Site Plan, with Council endorsing the [Master Site Plan](#) and Lifting the Holding Provision on October 13, 2021. The Master Site Plan and the outstanding holding provision were approved by staff on October 27, 2021.

The Province of Ontario, through the Ministry of Health and Infrastructure Ontario, gives final approval to the design, programming, and funding of hospitals. A municipal decision on local planning matters is important to signal to the province that the hospital construction has municipal support. The Province of Ontario deals with multiple competing requests for hospital investments, as such, municipal support is a prerequisite to be short-listed for funding consideration. Municipal authority in the design of the hospital is limited to the matters of municipal interest in site design and layout as described in Sections 34 and 41 of the *Planning Act*.

On May 4, 2021, TOH representatives made a presentation at the Finance and Economic Development Committee. The presentation provided an overview of the new Campus capturing key elements of the development including:

- A \$2.8 billion project with approximately 2.5 million square feet for the hospital development.
- A new facility offering highly specialized inpatient, outpatient, emergency and trauma services on the fifty-acre site.
- An historical city building project and landmark, a transformational healthcare city building project as well as significant direct and indirect local economic benefits.
- The initial provincial investment is part of multiple phases of a 30-year Master Plan.
- A state-of-the-art new facility to serve areas beyond Ottawa, Eastern Ontario, Western Quebec and Nunavut and
- A major centre of academic training and clinical research networked with other sites around the province, Canada and the world.

The Site Plan Control application for 930 Carling Avenue, 850 Carling Avenue and 520 Preston Street for a four-story parking garage, accommodating 2,500 parking spaces and approximately 310 indoor secure bicycle parking spaces and 225 outdoor bicycle spaces was approved at Planning Committee on February 10, 2022 ([ACS2022-PIE-PS-0007](#)). The parking garage will include a publicly accessible green roof and programable open space. The scoping for an environmental assessment study for a pedestrian connection, allowing connectivity from the main hospital building to the City's LRT station on the north side of Carling Avenue is underway and staff will bring a report to Transportation Committee in 2022, prior to initiating the study. The Site Plan also includes part of the internal road network, Roads A and B and signalization intersections at Carling Avenue and Prince of Wales Drive. These internal roads provide access to the parking garage and a realignment of the Trillium Pathway.

The parking garage application is Phase 2 of the new campus for TOH, with the overall Master Site Plan application being Phase 1 and representing a 2.5 million square metre hospital development, developed over ten phases past the year 2048.

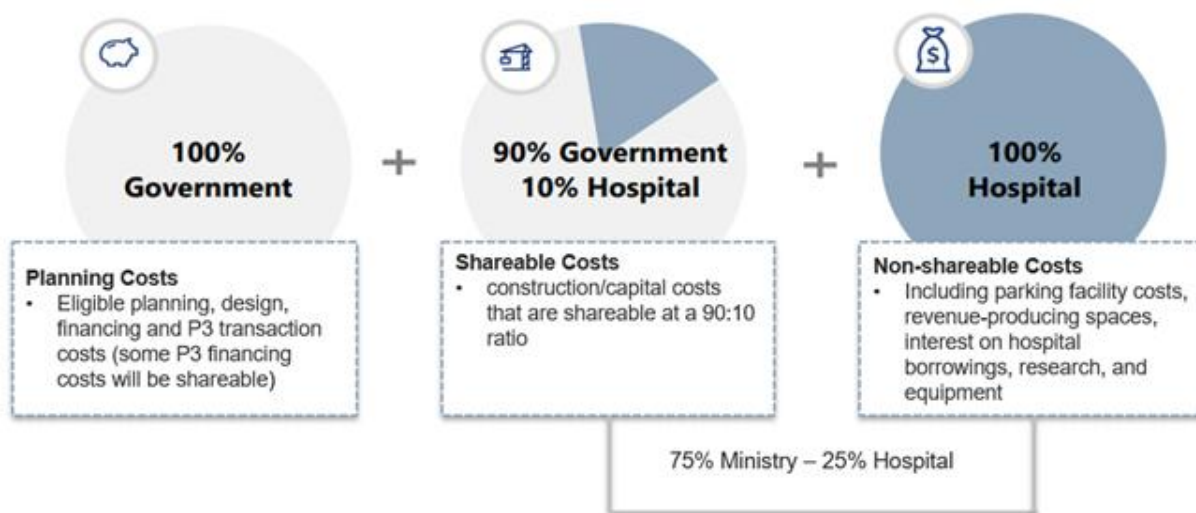
DISCUSSION

The Ottawa Hospital has requested a one-time municipal local share contribution of up to \$150 million from the City to support the TOH new Civic Campus Development.

Staff conducted preliminary research to clarify Provincial legislation and/or policies regarding local share contributions. Healthcare is a provincial responsibility and there is no legislative basis for the municipal local share component; however, the details on what is eligible and ineligible for provincial funding lies with the provincial Health Capital Cost Share Policy and associated guidelines. Since amalgamation, the City has not historically contributed cash to the local share of hospital construction as it is a provincial responsibility.

Currently, the Province funds up to 90 per cent of eligible capital costs, which largely consist of the bricks and mortar of hospital construction. The remaining 10 per cent of eligible costs are funded by the local share from community sources, the hospital and the broader community through the hospital's charitable foundation. All other costs, such as equipment are funded from community sources or the hospital. Once eligible costs and ineligible costs are accounted for, the provincial share accounts for approximately 75 per cent of the total cost of constructing a new hospital. The local share accounts for approximately 25 per cent, as illustrated in Figure 1. As hospitals are not the responsibility of the City, no municipal monies have been collected to establish a local share or reserve for this purpose at this time.

Figure 1:



The local share plan is funded from a variety of sources, not just the municipality. It includes a community fundraising campaign led by the Ottawa Hospital Foundation, contributions by local businesses, contractors and other revenues to name a few. On April 19, 2022, the Ottawa Hospital Foundation launched a \$500 million campaign target to fund a portion of the local share of the major projects included in the hospitals’ capital plans as well as research, innovation and other equipment needs. The TOH local share plan is outlined in Table 1 below.

Table 1: Local Share Plan

Project Financials	
Construction Costs	\$2.8B
Provincial Share	(\$2.1B)
Local Share (Hospital Only)*	\$700M

**Excludes research and innovation*

Staff recommend that Committee and Council receive the TOH local share one-time ask of \$150M municipal contribution as outlined in this report.

Environmental Scan of Ontario Municipal Contributions to Local Share

A review of available information has confirmed that many of Ontario’s municipalities have made voluntary contributions of varying sizes to the local cost shares of their community hospitals. Much of this information is coming from municipal reports that are publicly available; however, this information is not inclusive of all requests made and supported and does not include when the local share is not supported. The scan is meant to provide some background of various ways municipalities fund the local share. Below is an environmental scan completed, outlining the various amount and types of contributions municipalities have made.

Table 2: Environmental Scan

Hospital	Cost	Municipal Local Share Funding	Source
Bowmanville Hospital	\$500M	\$5M –Town of Clarington \$37.5M – Region of Durham	<ul style="list-style-type: none"> • Reserve funded from taxation • Dedicated reserve funded from annual tax contribution (\$4.5M per year)
Cortellucci Vaughan Hospital	\$1.3B	\$154M – York Region \$80M – City of Vaughan	<ul style="list-style-type: none"> • Dedicated reserve funded from annual tax contribution (\$6.9M in 2021) • Debt repaid from hospital levy on tax bill
Peel Memorial Hospital	\$491M	\$60M – City of Brampton	<ul style="list-style-type: none"> • Dedicated hospital tax levy from 2012 to 2018 (\$9.8M per year)
Oakville Memorial Hospital	\$2B	\$130M at substantial completion \$40M over 30 years for	<ul style="list-style-type: none"> • \$40M from special hydro dividend (in reserve) and \$90M debt repaid by extra hydro dividends • Lifecycle costs to be paid from extra hydro dividends

		lifecycle - City of Oakville	
Milton District Hospital	\$512M	\$35M – Town of Milton	<ul style="list-style-type: none"> • Dedicated reserve funded from a hospital tax levy and portion of OLG revenues and one-time funds • Halton region contributed \$94M in road and sewer work
New Windsor Essex Hospital System	TBD Estimated at > \$1B	\$100 M – County of Essex	<ul style="list-style-type: none"> • Dedicated reserve funded from annual tax contribution (\$5.8M per year)

As illustrated in the Environmental Scan (Table 2) above, local share contributions can be made in a variety of ways, such as a dedicated tax levy, in kind capital works, hydro dividends or special one-time contributions. The Town of Oakville made a local share contribution that did not result in an additional tax levy or re-allocating funding from other City projects or priorities. The Oakville Hydro Corporation was able to assist the town with funding opportunities with a special Hydro dividend for the local share.

Since amalgamation, Ottawa's past practice and intent was to avoid any impacts to taxation while providing funding and assistance to the hospital sector. On [January 23, 2002](#), City Council confirmed its commitment to the quality of life of the community by partnering with Ottawa's hospitals to tackle the financial challenges of raising funds locally to meet the capital requirements facing the local hospitals. At that time, Council approved the waiving of development charges on hospital capital and remitting permit fees paid to the City on hospital capital projects, both on a case by case basis.

Up to February of 2009, City Council had exempted, waived, or reimbursed approximately \$16.7 million in fees or charges as well as \$7.26 million in land transfers and capital grants to meet the challenges facing hospitals locally and in support of the respective capital requirements.

Subsequently, on [March 11, 2009](#), Council approved that this policy be revised with a sunset clause stating that the building permit, planning application and cash-in-lieu of parkland fees must have been paid prior to March 31, 2009. This revision was necessary to limit any budget pressures created because of funding the reimbursements through City wide Capital reserve funds.

Staff have reviewed the various funding strategies highlighted above and considered past Council decisions as part of the overall development of the financial framework and guiding principles.

Project Sustainability Objectives – Alignment to Climate Change

As social and environmental determinants of health have become better understood, the need to design healthcare facilities with a holistic sustainability approach is more urgent than ever. The design for the new campus has been guided by leading sustainability models, including the National Capital Commission's Sustainable Development Strategies, the One Planet Living Framework, the Leadership in Energy and Environmental Design (LEED) rating system, and the WELL Building Standard.

Building the new campus is truly an opportunity to transform healthcare. The new hospital will be designed not only for current needs but also to reduce the impact on communities and the environment over the entire service life of the campus. Supported by robust research, the design of the campus will incorporate positive social and environmental determinants of health measures. The project adopts the following principles:

- Fosters active, social human experience to promote good health, well-being and happiness.
- A safe environment for pedestrian and cycling routes.
- Promotion of diversity, inclusion, and equity in employment and training.
- Environmental gains, such as cleaner air, reduced energy demand, renewable energy technology, low-carbon fuel sources, a future-proof design to work towards Net-Zero Ready.

- New Campus Development is committed to a partnership for a district solution that includes heating, cooling and electrical at its base to support the campus, overall master site plan and potentially surrounding areas.

These principles will be realised in a design that utilised an evidence-based approach, supported by computer analytics to measure and test strategies to optimise health and wellness and to deliver sector-leading reductions in GHG emissions and contributing to the City's climate change goals for the broader community.

In specific the following targets have been set:

- Community and Individual Health and Wellness: TOH has developed key indicators and utilised industry-recognized standards, such as LEED, to design for but also optimise the design for positive human health outcomes for patient and staff but also the larger community by committing to a minimum LEED silver rating and centering the human experience in every design decision.
- Site design excellence: Bird-safe design, along with large areas of open green space, including active and green roof, will promote pollinator health, biodiversity, a tree conservation and five to one tree replacement program and human health and well being design principles.
- Environment and Green House Gas (GHG) Emission: TOH has set internal GHG targets that will place the New Civic Campus as one of the best environmental performing tertiary healthcare facilities in Ontario and North America. This will be achieved through efficiency, electrification, and renewable generation.

The location of the new campus prioritizes walking, cycling, and public transit with indoor cycle parking and e-bike charging; dramatically reducing vehicle parking demand and thus GHG emission; further reductions will be achieved by providing 30 EV charging stations and giving primacy to EV and carpooling.

These are just a few of the specific measures that will establish the new Civic Campus as a leading example of design for sustainability and human health, now and for generations to come.

In summary, the interior environmental benefits of the high-performance building include plenty of natural light, cleaner air, and reduced demand for energy and water. Outside,

the site will boast open greenspace, pollinator and natural habitats, a protective wildlife corridor, a bird safe design and convenient access to public transportation.

Financial Framework and Guiding Principles

The Ottawa Hospital has requested a one-time municipal Local Share contribution of up to \$150 million from the City for the New Civic Campus Development. Following the approval of the parking garage application, staff have worked with TOH to receive and explore the municipal local share request to determine how the City could respond.

In reviewing the municipal local share one-time request, staff have proposed the establishment of a financial framework and guiding principles framework to be endorsed by Council and provide staff with a high-level roadmap to explore and report back to Council in the new term of Council with the municipal local share contribution options. The financial framework and guiding principles establish an overarching set of principles and guidelines to ensure responsible financial management. This framework and guiding principles will provide staff with the direction to complete the work required and report back early in the new Term of Council with recommendations and considerations aligned to these principles.

The following four guiding principles to support the work and recommendations are as follows:

- Minimal to no financial burden to the taxpayers of Ottawa.
- No redirection of existing and committed operating or capital budget dollars to the municipal local share.
- The exploration of one time or unique financial options that are time specific and context precise; and
- Supports the City's climate change goals and community sustainability.

Minimal to no burden to the taxpayers of Ottawa;

- The municipal local share will not burden taxpayers by increasing property taxes to leverage as a component of the local share contribution.
- The guiding principle ensures the City maintains tax increase as approved by Council.

- It ensures the City lives within its means with predictable tax increases that do not put financial burdens on the taxpayers of Ottawa.
- It ensures value for investments with consideration for the local economy, efficiency, and effectiveness for the community as a whole.
- The principle maintains the City's financial conditions and commitment to its financial health.
- It provides fair and equitable treatment for other levels of government funding.

No redirection of existing and committed operating or capital budget dollars to the municipal local share:

- Redirection of committed budget dollars would introduce budget pressures on the City's Long Range Financial Plans and priorities.
- The pressures would need to be addressed by a reduction of various services or a tax increase that does not align to this guiding principle.
- It maintains and sustains the City's current credit ratings and financial sustainability; and The principle ensures fiscal prudence and flexibility is maintained to provide agility to respond to contingencies and changing economic cycles.

Exploration of one time or unique financial options that are time specific and context precise:

- This guiding principle will direct staff to explore unique, specific and context precise financial options related to this project and the existing relationship with TOH; and;
- This guiding principle also aligns with the two guiding principles noted above to ensure little or no burden on taxpayers and no redirection of existing committed operating or capital budget dollars.

Supports the City's climate change goals and community sustainability:

- Council adopted an aggressive target to reduce the City's GHG emissions and respond to the current and future effects of climate change for both the City and the overall community.
- The plan aims to take unprecedented collective action to transition Ottawa into a clean, renewable, and resilient city by 2050.
- City Council has adopted short, mid, and long-term GHG reduction targets based on 2012 levels by 100 per cent in the community by 2050.
- This guiding principle aligns with the city's overall Climate Change Master Plan to reduce GHG's by 2050.

High quality health care is critical to maintaining high quality of life in the community, and is being achieved without increasing property taxes, while supporting the fiscal sustainability of the City of Ottawa.

Staff recommend the financial framework and guiding principles be adopted as a guideline for the next phase of the municipal local share contribution review.

Provincial Funding Announcement

As part of its plan to build a stronger, more resilient health care system that is better prepared to respond to crisis, the Ontario government is investing another \$29.1 million to advance the design and planning for TOH's future state-of-the-art Civic Campus that will serve as the lead acute care centre for Ottawa, the Champlain Region and Nunavut. This is one of the largest planning grants in Ontario's history and will make the hospital one of the largest and most advanced academic research hospitals in Canada, improving access to care for patients and families in the Ottawa region and beyond.

The investment will help ensure TOH is able to deliver the type of world class care that this growing region requires and will help build a more resilient health care system.

In 2019, the government of Ontario invested \$9 million to support early planning for the new, multi-billion-dollar Civic Campus. Working closely with the province, TOH has expanded the scope of this redevelopment that will include more than 100 additional beds, bringing the total number of new beds to over 300. These beds will help to expand services, including acute care and the development of a specialty rehabilitation

centre and referral centre, to ensure patients receive the care they need when they need it and closer to home.

Planning is also underway to include a cutting-edge trauma centre, a larger emergency department, an updated and expanded surgical suite, outpatient clinics and integrated research and education spaces to support the hospital's teaching and research mandates.

The new hospital will help patients and families access the care they need for generations to come. Ontario is working with TOH on the next stage of the planning process, which includes identifying programming and operational requirements, and assessing how the project can further help address the health care needs of patients and families in the region.

Funding Strategies

The municipal local share contributions can be made in a variety of ways as outlined in the environmental scan (Table 3). Should Council approve the recommendations in this report, there are multiple unique-to-Ottawa opportunities to be explored at this time. Opportunities currently in discussion include the parking garage lease renewal at TOH's General Campus site, potential development opportunities at the existing Civic Campus site and other local hospital sites and the treatment of development charges for off-site capital works. Other opportunities for exploration include special one-time contributions and potential partnership opportunities. The development charge municipal local share opportunity is discussed in detail below.

Development Charges - Proposed Calculation Methodology

The recommendation to approve the application of a special area development charge will allow the City to collect the applicable development charge revenues to fund the capital works required to service the new Civic Campus site. The proposed change to create an area-specific charge allows the City to complete the off-site works, funded 90 per cent through development charges and will count towards the municipal local share. Should Council approve this report, recommendation four directs staff to bring forward a background study and amending by-law to impose a specific area development charge to fund the future need for service required for the new Civic Campus site. This will include a list of off-site works to be completed and their estimated costs.

The *Development Charges Act* (DC Act) allows municipalities to impose fees against land to recover the cost of growth-related capital projects that are attributable to future development of a benefiting area to which the by-law applies. Revenues produced from the charge are then directed to the servicing costs within the defined area. As required by the DC Act, consideration was given to the use of area rating. This prescribed policy examination is consistent with the City's historical practice of applying and collecting charges based on a combination of the following three options: a uniform City-wide allocation, using three large geographic divisions – Inside Greenbelt, Outside Greenbelt and Rural, and within special benefitting areas. It was determined in this case that certain services and associated infrastructure are more localized and do not provide a benefit external to this location. The underlying calculation methodology that is proposed for the recovery of certain growth-related costs associated with the new Ottawa Hospital Civic Development will be based on applying a special area charge approach.

If this report is approved staff will bring forward an update with this recommended calculation methodology. The proposed background study and by-law will be structured to include a summary of the detailed calculation inputs such as the associated list of defined capital works and a growth forecast that will be used to arrive at a special area development charge rate. This proposed approach allows the City to fund 90 percent of the off-site works using the special area charge. The City will also continue to apply and collect development charges using the other two broad cost allocation options in cases where the services are inter-connected, City-wide or contained within the Inside Greenbelt geographic area and are, therefore, difficult to properly allocate using a smaller localized benefitting area.

In this specific case there will also be a requirement to remove the existing discretionary exemption provision listed under Section 7(p) of the current *Development Charges By-law 2019-156*. In the future, this amendment to the by-law will correspondingly reduce the legislative requirement to offset the exempted servicing needs using tax and user rate funding, thereby avoiding future revenue loss.

Staff recommend the area-specific charge be implemented as a mechanism to fund the off site works which will count towards the City's municipal local share contribution.

Other Funding Strategies

Should Committee and Council approve the recommendations in this report, staff will research, explore, and analyze further one-time funding strategies and report back in the next term of Council with the municipal local share options and recommendations for consideration.

Timing of Local Share

Funds are not required until substantial completion of the new site in 2028. Should Committee and Council approve a one-time local share contribution, no funds that form part of the municipal local share will be released until substantial completion of the new TOH site. Any funds generated in advance will be held in reserve.

Substantial completion means construction is complete in accordance with contractual requirements, the facility is ready for use and turned over to hospital officials.

FINANCIAL IMPLICATIONS

There are no financial implications to approving the recommendations with this report.

LEGAL IMPLICATIONS

There are no legal impediments to the adoption of the recommendations in this report. In respect of the prospecting area specific development charges by-law, it is noted that such is subject to appeal to the Ontario Land Tribunal.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a Citywide report, and Ward Councillor comments are not applicable.

ADVISORY COMMITTEE(S) COMMENTS

There are no comments present currently.

CONSULTATION

Not applicable.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

RISK MANAGEMENT IMPLICATIONS

Risks have been identified and explained in the report and are being managed by the appropriate staff.

RURAL IMPLICATIONS

There are no rural implications associated with this report. The Ottawa Hospital is located in an urban area, but it services all residents.

TERM OF COUNCIL PRIORITIES

This report supports the City's on-going commitment to financial sustainability, transparency, economic growth and environmental stewardship.

DISPOSITION

The recommendations stemming from these reviews will be forwarded for Council consideration.