Background

In October 2014, the Ministry of Health and Long-Term Care (MOHLTC) announced the Enhanced Long-Term Care Home Renewal Strategy (ELTCHRS). The intention of ELTCHRS is to encourage the redevelopment of beds that are eligible for redevelopment funding. The new standard of structural compliance for bed construction was created in 1999 by the Province.

The objective of the new Long-Term Care (LTC) standards is to create a less institutional, more residential Long-Term Care Home that provides a higher quality of life to the residents who live there. Beds that are structurally non-compliant are much smaller and provide residents less privacy as up to four (4) residents share a washroom. Additionally, smaller rooms, doorways and washrooms possess many challenges for staff to safely maneuver and utilize equipment to meet the needs of residents.

Pioneer Manor (Home) has approval by the MOHLTC to provide Long-Term Care services for 433 residents (406 are long-term stay beds and 27 temporary beds funded by the NELHIN).

The City of Greater Sudbury (City) has redeveloped 284 beds at Pioneer Manor to "A" (Full) standard of structural compliance in Long-Term Care, leaving 149 beds remaining to be redeveloped. This report outlines the methodology and opportunity to redevelop the remaining beds to the new standard of structural compliance in Long-Term Care.

The Provincial redevelopment strategy is mandatory for all private and non-profit licensed Long-Term Care facilities. If municipal homes, such as Pioneer Manor do not participate in ELTCHRS, they will lag behind the private and non-profit-sector in terms of accommodation choices and standards of accommodation.

Benefits of Redevelopment for the City of Greater Sudbury

The older section of Pioneer Manor has 149 beds that fall below structural compliance. The 2015 Long-Term Care Home building standards are designed to give residents a more intimate and familiar living space. For example;

- Enhanced resident privacy and dignity - The new standard requires a separate washroom for all private and semi-private bedrooms. This change enhances resident privacy and dignity.

- Increased square footage in bedrooms - The new standard has also increased the amount of usable net floor space in the shared resident bedrooms from 90 sq. ft to 115 sq. ft. This allows for ease of moving residents, lifting and maneuvering equipment, beds and wheel chairs while reducing the possibility of injury to staff and residents.

- Increase dining room space - The new standards for dining rooms have been designed to reduce congestion while increasing space for family/guests to attend meals with loved ones.

- Home like design standards - New modern facilities that are more "home-like" have been designed to maintain a resident's dignity, but also to meet the growing need for seniors with complex behavioral needs. New design standards also allow for residents to have bigger and brighter rooms (as all resident have windows). Having a brighter space enhances mental health.

- Enhanced resident comfort - The new designs allows for better air quality and comfort in temperatures.

- Reduced resident relocation requests - The older sections of the Home experience high levels of turnover for resident transfers to the newer section of the building. In the last year, there were more than 130 resident transfers.

Financial Analysis

The Construction Funding Subsidy (CFS) Policy 2015, as issued by the Ministry of Health and Long-Term Care (MOHLTC), is a per bed/per day (per diem) capital funding model provided to eligible homes once the redevelopment project is complete and approved for occupancy. This funding is provided for a period of 25 years. Funding for large homes such as Pioneer Manor, ranges from a base level of $16.65 to a maximum of $20.40 per bed per day, depending on project design, including the number of basic vs. private beds being built. The ratio of basic accommodations is the most heavily weighted funding criteria defined in the CFS Policy. This ratio is defined as the lesser of the percentage of designated basic accommodation beds being redeveloped under this Policy and the percentage of basic accommodation beds in the overall home. In order to qualify for CFS, the minimum percentage of basic accommodation beds is 40%.

Financial Implications of 2 Possible Scenarios

Redevelopment of 149 Beds	Maximize Basic Accommodation (59 private/ 90 basic)	Maximize Private Accommodation (89 private/60 basic)
Capital Cost for 149 Beds (approx.)	$ 29.4 Million	$31.2 Million
Est. Mortgage Cost Annually (3.8%, 25 yrs)	$1,842,378	$1,955,177
Less: Est. Ministry Annual CFS Funding	$1,055,069	$959,895
Annual Mortgage Cost to Municipality	$787,309	$995,282
Annual Mortgage Costs Funded by:		
Additional Private Accommodation Revenue from Increased Number of Private Beds	$187,099	$467,748
Tax Levy/Capital Envelope/Other Redevelopment Options	$600,210	$527,534

Financial Analysis Assumptions

The estimated building redevelopment cost and overall square footage required varies depending on the configuration and ratio of private versus basic accommodation rooms.

Ministry approved private accommodation revenue rates of $25.63 per day were used in the calculation of additional revenue that could be generated. Consideration was given to whether the preferred accommodation waitlist can maintain the demand and therefore the revenue projections for these private accommodations. Existing residents paying basic rate would have to be moved into the newly built private rooms and could only be replaced by residents paying preferred rates on turnover. Therefore, it could take approximately 5 years to reach the full maximum preferred revenue budget.

All 149 beds (122 permanent and 27 temporary beds) will be requested of the Ministry for redevelopment and construction funding subsidy. The City will be applying to the Ministry to have the 27 temporary beds included as part of this redevelopment project in order to have all beds at the home redeveloped to the new design standards.

Potential funding sources for the municipal share of the bed redevelopment financing costs are: an increase to municipal tax levy, reallocation of funding from the Health and Social Services Capital envelope, and revenue to be generated from redevelopment of the vacated space at Pioneer Manor. The City's external auditors, KPMG have been asked to provide alternative redevelopment options for the vacated space as a result of the potential construction of the new wings at Pioneer Manor. The focus of these options is to extend the continuum of care for seniors through senior's apartments, assisted living or life lease units. The goal of redevelopment of the vacated space is to generate revenue to reduce the tax levy impact estimated above, and to complement the Senior's Campus. KPMG determined that senior's condominiums or private sector operated seniors retirement residences could fulfill the City's objectives and that the City should actively solicit potential third party proponents to generate interest in the facility.

Next Steps

Pioneer Manor, given Council approval, will proceed with a RFP for an architect to develop a schematic to meet the Long-Term Care Home Design Manual (2015) standards and determine capital costs for the Project. Pioneer Manor has $240,000 committed in the Capital budget.

KPMG has conducted a preliminary analysis to identify potential options for the use of surplus space at Pioneer Manor. At this point, the best case scenario for maximizing contribution to capital is to pursue a private public partnership where a turnkey operation is established such as life leases or retirement living. This would then reduce the municipal contribution for capital redevelopment by at least $100,000 per year.