

Request for Decision

City of Lakes Family Health Team Tax Relief

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Jan 17, 2017

Report Date Thursday, Dec 22, 2016

Type: Referred & Deferred
Matters

Resolution

WHEREAS the City of Lakes Family Health Team taxes are currently paid by the Ministry of Health and Long Term Care (MOHLTC);

AND WHEREAS effective March 31, 2017, changes to the ministry funding agreement for Family Health Teams will result in property taxes no longer being paid by MOHLTC;

AND WHEREAS the City of Greater Sudbury Family Health Team model has been a key component of the City's rural health strategy and physician recruitment and retention initiative;

AND WHEREAS Section 110 of the Municipal Act allows a municipality to provide financial assistance at no cost to persons who have agreed to enter into an agreement with the Municipality to provide Municipal Capital Facilities of a type specified in the regulation OR603/06;

AND WHEREAS regulation OR603/06 includes 14 categories of services which can be deemed Municipal Capital Facilities and one of these categories is health services;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury approves the request for the City of Lakes Family Health Team locations in Walden, Val Caron and Chelmsford to be deemed Municipal Capital Facilities;

AND THAT the applicable Municipal Capital Facility by-law and agreement with the City of Lakes Family Health Team be prepared.

Finance Implications

If approved, a by-law would have to be passed deeming these buildings as Municipal Capital Facilities. For 2017, this would result in lost municipal tax revenue up to approximately \$30,000, depending upon when the by-law is approved and the exemption date is made effective. This would also result in a reduction in the

Signed By

Report Prepared By

Barbara Dubois
Coordinator of Housing Programs
Digitally Signed Dec 22, 16

Division Review

Barbara Dubois
Coordinator of Housing Programs
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Recommended by the Department

Catherine Matheson
General Manager of Community
Development
Digitally Signed Dec 22, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Dec 22, 16

taxable assessment base going forward. This decision could create an interest by health care practitioners within private buildings who may request grants or property tax abatements.

Background

The City received a request by the Executive Director for the City of Lakes Family Health Team to have their existing facilities in Walden and Val Caron and the additional facility under development in Chelmsford be tax exempt beginning in 2017 by virtue of being deemed a Municipal Capital Facility. A copy of the request is provided in Appendix A - Letter of Request.

As part of the City's rural physician recruitment and retention strategy, current and previous Councils have invested in various operating and capital initiatives in order to recruit physicians for the underserved areas of the City. These initiatives include funding for physician service agreements as well as turnkey clinics and the family health teams.

History of the City of Lakes Family Health Team Initiative

In 2005, the Ministry of Health and Long Term Care announced the funding for the creation of Family Health Care Teams to address the shortage of family medical practitioners in the province of Ontario. Family Health Teams provided an interdisciplinary model of delivering primary health care and comprehensive care that included health promotion, treatment of minor illnesses and chronic diseases. Family Health Teams are comprised of family physicians, specialists, nurse practitioners and other allied health care providers. In addition to Sudbury site, the City of Lakes Family Health Team was approved to locate primary care facilities in areas of the City of Greater Sudbury most affected by the shortage of family medicine practitioners; Valley East, Rayside Balfour and Walden.

Family Health Teams were created as joint venture between the Ministry and sponsoring municipalities. The City's contribution to the joint venture was infrastructure in the form of surplus properties (former town offices in Valley East, Walden and Chelmsford) as a result of amalgamation. Capital costs for renovation of the properties for the Family Health Teams were cost shared with the Province, 50/50 for Pioneer Manor, Walden and Valley East and 65/35 for Chelmsford. Each FHT location signed a 10 year lease agreement, the terms of which included the City maintaining and repairing the municipally owned buildings and the FHT paying for the operating costs of their lease space such as utilities and property taxes. The first two of these leases will be up for renewal in 2018. The City's operating and capital investment in each of the three FHT's that are requesting municipal capital facility status are provided in Appendix B - Investment in FHT sites.

The City had a vision that the FHT model of care would be an attractive physician recruitment strategy for the underserved outlying areas of Greater Sudbury. This vision has resulted in a successful 10 year strategy and as a result of this initiative, fifteen family physicians and thirteen allied health providers serve 20,000 patients in Walden, Val Caron and Sudbury. A fourth clinic is currently under construction and will be ready in early 2017. Once fully operational, the City of Lakes Family Health Team will be serving over 24,000 patients - many of whom did not have a family physician prior to their existence.

Reason for the Request

Under the current Family Health Team funding agreement with the Ministry of Health and Long Term Care (MOHLTC), the MOHLTC pays for the property taxes for the Family Health Team. Effective March 31, 2017, as a result of changes to this funding agreement, property taxes will no longer be paid for by the MOHLTC. The change in funding has resulted in this request by the FHT for tax relief.

Municipal Capital Facilities

Section 110 of the Municipal Act 2001 allows a Municipality to provide certain forms of financial or other assistance at less than fair value or no cost to persons who have agreed to enter into an agreement with the municipality to provide Municipal Capital Facilities of a type specified in the regulation. The regulation OR603/06 identifies 14 categories of services that can be deemed Municipal Capital Facilities.

One Category is Health Services, under which the City of Lakes Family Health Teams facilities could be considered. This request is to change the tax class from "commercial taxable" to "exempt status" as the form of relief for a Municipal Capital Facility.

Taxation implications

The request for tax relief is being sought for the three locations in the outlying areas of the City of Greater Sudbury. The following chart reflects the 2016 taxes for the three properties:

	Municipal	Education	Total
Val Caron	\$19,126	\$9,664	\$28,790
Walden	\$10,472	\$5,510	\$15,982
Chelmsford (EST)	\$18,959	\$9,410	\$28,369
Total	\$48,557	\$24,584	\$73,141

If the request is approved, the properties would be deemed exempt and the taxable assessment for these properties would be lost to the municipality. The Chelmsford Family Health Team location is currently under development and although an estimate of property taxes has been provided, no taxes have ever been levied for this property. The municipal share of taxes levied for 2016 for the Val Caron and Walden properties is \$29,598. This lost taxation would be passed on to all other properties owners in the City of Greater Sudbury, as there would be less properties on which to share the municipal tax burden. The education portion of taxes would be lost to the school boards.

SUMMARY

The City has made significant investments in the recruitment and retention of physicians over the last decade, including the capital investment in Family Health Teams. This successful 10 year strategy includes ongoing operational support in the form of maintenance and repairs to the City owned facilities in which the FHT's reside.

Retention of physicians by the City of Lakes Family Health team is critical to patient care and maintains their financial viability. As a result of changes to provincial funding agreements, the City of Lakes Family Health Team is seeking Municipal Capital Facility or property exempt status for its clinics in the outlying areas of Walden, Valley East and Chelmsford as a rural retention strategy. This status will maintain the existing operating costs for the facility and the share of expenses currently paid by the physicians.

In 2015, Municipal Capital Facility status was granted to the Greater Sudbury Housing Corporation (GSHC) properties and the tax levy savings for the education portion of their property taxes were approved to be reinvested into GSHC capital improvements. Previous Council's have approved property tax relief in the form of grants to entities such as Alzheimers Society and Sudbury Finnish Rest Home Society Inc.



City of Lakes | Ville de lacs

Family Health Team
Équipes de santé familiale

yourFamilyHealthTeam.com

October 1, 2016

Ms. Catherine Matheson
General Manager of Community Development
City of Greater Sudbury
200 Brady Street
Sudbury, ON, P3A 5P3

Dear Ms. Matheson,

Please accept this letter as our request for property tax relief on municipally-owned properties occupied by the City of Lakes Family Health Team (COLFHT).

The COLFHT is an interdisciplinary team of healthcare professionals providing primary care to residents across the City of Greater Sudbury (CGS) at four clinical sites- Sudbury, Val Caron, Walden and soon-to-be Chelmsford. All four clinics are located in municipally-owned buildings.

In 2005, the CGS sponsored our application to the Ontario Ministry of Health and Long-term Care to establish a Family Health Team in Sudbury. We shared a vision for bringing family physicians and other allied healthcare providers to the outlying areas of Greater Sudbury where there had been a chronic shortage of family physicians going back several decades. We agreed that the COLFHT's new model of care would be an attractive physician recruitment strategy. And we were right! Today fifteen family physicians and thirteen allied health providers serve 20,000 patients in Walden, Val Caron and Sudbury. And, as you know, a fourth clinic is currently under construction in Chelmsford and will be ready in early 2017. Once fully operational, our team will be serving over 24,000 patients- many of whom did not have a family physician prior to being rostered to our team.

Our sights are now firmly set on maintaining a sustainable network of clinics across the city. Physician retention is critical, and that means we need to ensure that our clinical operations are financially viable. There is nothing that prevents any of our physicians from leaving the COLFHT and the CGS to pursue other practice opportunities. We are acutely aware of the potential for an outmigration of physicians from our rural clinics over time. With two of our existing leases due for renewal in 2018, we are conscious of the need to maintaining the COLFHT as an attractive destination for local family physicians.

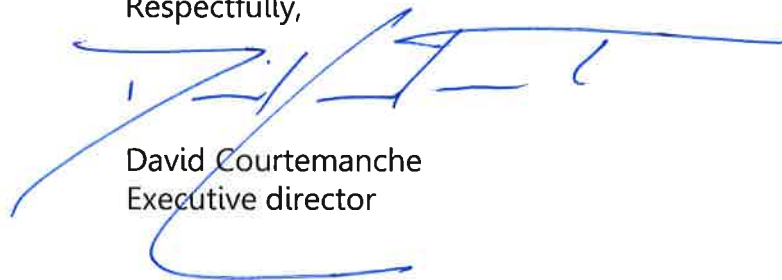
Sudbury Clinic
960 Notre Dame Ave
Unit C
Sudbury ON P3A 2T4

Tel: 705 560 1018
Fax: 705 566 7617

As a rural retention strategy, we view a property tax exemption as an effective way of attracting and retaining family physicians in Greater Sudbury's rural communities. Pursuant to subsection 110(6) of the Ontario Municipal Act, municipal councils have the authority to exempt certain properties from taxation; and pursuant to subsection 2(1) of Ontario Regulation 603/06, the classes of municipal facilities that are eligible for the purpose of a tax exemption include facilities related to the provision of health services. We respectfully request a municipal capital facilities property tax exemption for three of our rural clinics which are located in the outlying areas of Greater Sudbury; specifically, Walden, Val Caron and Chelmsford. We ask that this exemption effective April 1, 2017.

We would be pleased to update City Council on our progress at their invitation.

Respectfully,



David Courtemanche
Executive director

cc. Dr. Chris McKibbin, Chair of the Board of Directors
Dr. Tom Crichton, Lead Physician

Appendix B: Investment in Family Health Team Sites Seeking Municipal Capital Facility Status

FHT Site	Total Operating Costs for FHT		Capital Investment		Changes in Assessed Value		# of Doctors
	Costs	Explanation	Province	City	Before	After	
Val Caron FHT	\$84,461	Total Repairs and Maintenance since 2008.	\$147,770	\$121,260	Exempt \$223,000	Taxable \$728,000	4
Walden FHT	0	Shared facility with \$118,423 of operating costs recovered since 2011.	\$364,309	\$364,896	Exempt \$1,311,000	Exempt \$939,000, Taxable \$423,040	4
Chelmsford FHT	\$58,159	Utility costs for Vacant Space since 2012 . Utilities will be paid by FHT once completed.	\$447,900	\$1,101,662		Not yet assessed	4
Total Investment			\$959,979	\$1,587,818			