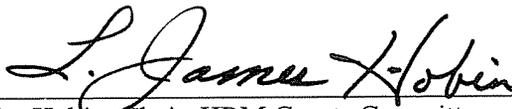


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Halifax Regional Council  
May 7<sup>th</sup>, 2002

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
\_\_\_\_\_  
Jim Hobin, Chair, HRM Grants Committee

**DATE:** January 15th, 2002

**SUBJECT:** **Community Grants Program: Capital Request - Dartmouth General Hospital and Community Health Centre Foundation, 325 Pleasant Street, Dartmouth.**

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**ORIGIN**

At the Committee of the Whole meeting of Regional Council, November 27th, 2001, representatives of the Dartmouth General Hospital and Community Health Centre Foundation requested a capital grant in the amount of \$500,000 for the expansion of the Emergency Department. This matter was referred to the HRM Grants Committee for a recommendation.

**RECOMMENDATION**

HRM Grants Committee recommends the request be declined funding from the HRM Grants Program on the basis of the following rationale:

1. The direct provision of public medical facilities is the responsibility of the Nova Scotia Department of Health: Capital District Health Authority and the Federal Government;
2. The budget capacity and funding priorities of the HRM Grants Program which presently cannot meet demand for assistance in programming that does fit within the municipality's mandate;
3. The capital budget capacity, debt capacity, and funding priorities of the HRM 2002-2003 budget.
4. The Foundation's established capacity for fund-raising and current investment equity.

## BACKGROUND

At the time of amalgamation (1996) the Halifax Regional Municipality agreed to honour the capital pledge commitments made by former municipalities. These commitments were grouped into a *Capital Pledges Program* and administered under the HRM Grants Program. Under the former City of Dartmouth, a initial pledge of \$750,000 was approved in January, 1987. The pledge was to be paid in installments: payments were made in 1989 and 1990 but then suspended from 1991-1995. Payment resumed in 1996 under the *HRM Capital Pledges Program*. The final payment is due in 2002-2003 to complete the commitment. See Attachment 1 for schedule of payment details.

## DISCUSSION

The Foundation is in the formative stages of a capital campaign to expand the existing emergency and day surgery service capacity of the hospital. The total cost of the project is \$11.7 million which includes \$9.7 million in capital and \$2 million for equipment. Of the \$11.7 million, the Central Health District Authority has committed \$9.7 million for capital and \$2 million for capital equipment. The Foundation has committed to raise the balance of \$4.4 million. The Foundation's proposed \$4.4 million contribution comprised of (a) HRM \$500,000; (b) Foundation \$1.5 million; (c) community/corporate donations to the "Dartmouth General Hospital Foundation Revitalization Campaign" \$2.4 million.

### *Provincial Health Mandate:*

Although HRM agreed to honour prior commitments under the *Capital Pledges Program*, inter-governmental relations and jurisdictional responsibilities have changed with service exchange and changes to the Municipal Government Act (1998). Staff advise caution is warranted in "blurring" the distinction in mandate between the municipal and provincial governments.

The responsibility for the capital costs of the expanded facility resides with the Capital District Health Authority. Indeed, the funding capacity exists at the provincial level and the funds have in effect been advanced in full. The Foundation's fund-raising efforts will, in effect, reduce the Health Authority's obligations.

### *Grants Program Budget Capacity and Competing Priorities:*

The *Capital Pledges Program* is due to retire in 2004. It is the recommendation of staff that these operating funds be re-directed (with Regional Council's approval) to the *Community Grants Program* inter-departmental programming (rent subsidies, grants) and to a proposed *Community Capital Reserve Fund* to assist new and existing non-profit community facilities. Currently, the Grants Program is very limited in its' ability to address requests from community-owned and operated facilities serving communities outside HRM's 'core' service area. HRM is also faced with the consequences of deferred maintenance and chronic under-capitalization of HRM-owned facilities leased to community groups. Staff also anticipate a significant increase in requests for assistance from the *Tax Exemption for Non-Profit Program* in light of assessment increases and HRM lease and facility management agreements.

In addition to the growing problem in capitalization of community facilities, staff anticipate growing pressure for increased assistance to low-income homeowners faced with significant property tax increases. It is expected that the *Residential Tax Exemption Program* (rebates) and the *Residential Tax Deferral Program* will see an increase in applications in 2002-03. Discussion is also underway regarding

deferral options to assist homeowners with local improvement charges and the remediation of dangerous and unsightly premises: a budget allocation must be assigned. In conclusion, staff advise that any existing capacity within the Grants Program portfolio be directed to property tax assistance, a community lease subsidy program, and grants to community-owned and operated facilities.

*HRM Budget Capacity and Competing Capital Priorities:*

One alternative source of funding to the hospital's capital campaign would be financing through HRM's capital budget. In this context a contribution to a provincially-owned and operated hospital would be prioritized relative to the municipality's mandated responsibilities in program and service delivery.

A capital contribution from operating is another possibility but there is no departmental link for health care facilities. A multi-year budget allocation would need to be made in the amount of \$100,000 starting in fiscal year 2002-03.

*Dartmouth Hospital Foundation's Financial Capacity :*

The audited financial statement submitted by the Foundation indicates significant investment holdings and annual investment income. In addition to interest earnings on investment, the Foundation generates revenues through parking fees, television rentals, and private donations.

While staff acknowledge that a capital grant from the municipality would significantly decrease the Foundation's fund-raising responsibilities, annual revenues are sufficient to cover their commitment to the Central District Health Authority. Admittedly, this could result in the diversion of a portion of the Foundation's annual contribution to operating expenses (equipment purchases) over the course of the campaign. Nevertheless, the expansion will proceed even if there is any default or reduction in the Foundation's contribution to the project if declined a grant from HRM.

### **COMMUNITY IMPACTS**

The work of the Foundation is an invaluable, highly visible, and exceptionally competent support to the Dartmouth General Hospital. The capital campaign will clearly benefit residents in the region in terms of enhanced access to medical services.

### **BUDGET IMPLICATIONS**

If Regional Council wishes to proceed in support of the request, in full, an additional \$100,000 needs to be added to the HRM Grants Program budget for each of 5 years, commencing 2003-2004.

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating Reserves, as well as any other relevant legislation.

ALTERNATIVES

1. The staff recommendation could be defeated and the capital request re-directed by Regional Council to the 2002-2003 operating budget deliberations and ranked relative to departmental requests.

This action is not recommended because it circumvents the business planning process. There is no departmental mandate in medical/health service delivery and such funds would be taken from other areas of municipal operations.

2. The staff recommendation could be defeated and the capital request funded from a re-allocation of funds from within the Grants Program portfolio budget.

This action is not recommended because of the anticipated impact of assessment increases on HRM's tax subsidy programs (tax grants and rebates), the increase in capital grant requests from community-owned and operated facilities throughout the region, and competing priorities.

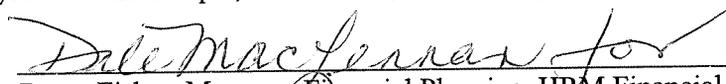
ATTACHMENTS

1. Schedule of payments by HRM to Dartmouth Hospital and Health Centre Foundation 1996-2003.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Approved By:

  
Bruce Fisher, Manager, Financial Planning, HRM Financial Services 490-4493

Attachment 1.

<b>Payment Schedule for Dartmouth General Hospital Foundation Pledge</b>		
<b>Year</b>	<b>Amount</b>	<b>Notes</b>
Pre-Amalgamation Total Pledge	\$750,000	Pledge approved January 1, 1987.
Total paid by former Municipality	\$500,000	Payments of \$250,000 each on May 1, 1989 and April 1, 1990. No payments from 1991- 1995.
<b>Sub-Total</b>	<b>\$500,000</b>	
Total due from HRM under Capital Pledges Program	\$250,000	Payment schedule adjusted in 1997-98 to reflect deficit reduction budget
1996-97	\$100,00	
1997-98	\$0	
1998-99	\$30,00	
1999-00	\$15,000	
2000-01	\$35,000	
2001-02	\$35,000	
2002-03	\$35,000	Final payment. Pledge retired.
<b>Sub-Total</b>	<b>\$250,000</b>	
<b>Total Pledge</b>	<b>\$750,000</b>	