



# The Regional Municipality of Durham Report

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To: Finance and Administration Committee  
From: Commissioner of Finance  
Report: #2024-F-21  
Date: December 10, 2024

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**Subject:**

Additional Funding Requests for Hospice Facilities in the Municipality of Clarington and Town of Whitby under the Community Investment Grants Policy

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**Recommendation:**

That the Finance and Administration Committee recommend to Regional Council:

- A) That an additional funding allocation of up to \$250,000 for Marigold Hospice Care (formerly the Durham Hospice – Clarington) be approved to maintain the previously approved funding commitment of 7.5 per cent of total eligible project costs for the construction of a nine-bed hospice in the Municipality of Clarington, with the required financing to be provided from the Community Investment Grant funding and in accordance with the Durham Region Community Investment Grant policy;
- B) That an additional funding allocation of up to \$430,800 to Hospice Whitby - Roger Anderson House (formerly the VON Durham Region Community Corporation) be approved to maintain the previously approved funding commitment of 7.5 per cent of total eligible project costs for the construction of a ten-bed hospice in the Town of Whitby with the required financing to be provided from the Community Investment Grant funding and in accordance with the Durham Region Community Investment Grant policy.

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**Report:**

**1. Purpose**

- 1.1 The purpose of this report is to seek Regional Council approval for additional funding commitments of up to \$250,000 to Marigold Hospice Care (formerly Durham Hospice – Clarington) in the Municipality of Clarington and up to \$430,800 to Hospice Whitby - Roger Anderson House (formerly VON Durham

Region Community Corporation) in the Town of Whitby under the Community Investment Grants Policy.

- 1.2 The recommended additional funding allocations would maintain the previously approved funding commitments of 7.5 per cent of total capital project costs. The hospice facilities in the Municipality of Clarington and Town of Whitby have both received provincial government financial support to increase bed capacity and both projects have encountered increased construction costs since receiving Regional Council approval.

## **2. Background**

- 2.1 In August of 2017, the Provincial Government announced funding to support three hospice facilities located across Durham Region (Port Perry, Whitby, and Clarington).
- 2.2 Durham Hospice – Clarington received provincial approval for the construction of a 7,600 square foot five-bed residential hospice in the Municipality of Clarington. Originally, the total estimated capital cost of the project including design, engineering, construction, furniture, fixtures and equipment (FFE), and contingency allowance was approximately \$3.5 million. The province committed \$1.0 million in funding for this capital project with approximately \$2.5 million to be funded in the community.
- 2.3 On June 13, 2018, Regional Council approved a funding allocation of \$265,650 toward the Clarington hospice facility. This amount represented 7.5 per cent of total capital project costs, which was in line with the hospital funding guidelines in place at the time. The Provincial Government subsequently announced \$800,000 in additional funding to construct four additional beds at the Clarington hospice facility. This increases the total number of beds from five to nine. Regional Council subsequently approved an additional funding allocation of \$239,500 for this facility on February 26, 2020, maintaining the 7.5 per cent funding.
- 2.4 VON Durham Community Corporation received provincial approval for the construction of an 18,000 square foot ten-bed residential hospice in the Town of Whitby. Originally, the total estimated capital cost of the project including design, engineering, construction, FF&E, and contingency allowance was \$7.6 million. The province has committed \$2.0 million in funding for this capital project with \$5,590,000 to be funded in the community.
- 2.5 On June 13, 2018, Durham Regional Council approved a funding allocation of \$569,250 to VON Durham Region Community Corporation for the construction of a hospice facility in the Town of Whitby. This allocation represented 7.5 per cent of the \$7,590,000 estimated capital budget

### **3. Additional Funding Request for Hospice Expansions**

- 3.1 On November 15, 2024, a letter from Melodie Zarzevzny, Chair of Marigold Hospice Care, was sent to Kevin Ashe, Chair of the Region's Finance and Administration Committee, requesting additional funding in the amount of \$250,000 under the Community Investment Grant Policy for the construction of the hospice care facility in the Municipality of Clarington (Attachment #1).
- 3.2 On October 31, 2024, a letter from Eva Reti, Board Chair of Durham Community Corporation was sent to Nancy Taylor, Commissioner of Finance, requesting additional funding in the amount of \$430,800 under the Community Investment Grant Policy for the construction of the hospice care facility in the Town of Whitby (Attachment #2).
- 3.3 Since the pandemic, the construction of the hospice facilities in the Municipality of Clarington and Town of Whitby have experienced increased capital project costs which are only partially offset by increased provincial funding commitments. Due to the increased costs associated with the expansion activities, the Region's financial commitment to both hospice facilities now falls short of 7.5 per cent of total capital project costs. Marigold Hospice Care (Durham Hospice – Clarington) and Hospice Whitby - Roger Anderson House (VON Durham Region Community Corporation) have both requested that the Region provide an additional funding allocation in order to maintain the 7.5 per cent of total project cost threshold.

### **4. Provincial Government Capital Funding for Hospice Facilities**

- 4.1 The Provincial Government Hospice Capital Program Policy establishes a cost share guideline for provincial capital funding for hospice facilities. The cost share guideline sets out a number of criteria that must be met for hospice facilities to be eligible for this provincial funding.
- 4.2 The cost share policy also establishes a maximum provincial capital funding contribution limit of \$200,000 per bed.

### **5. Durham Region Healthcare Institution Funding Criteria**

- 5.1 The Durham Region Community Investment Grant Policy outlines a set of criteria for which healthcare institutions need to comply in order to be considered for funding assistance. As Council is aware, Council approved a moratorium on new requests under this program through 2023-F-35 as follows: That a moratorium be placed on the acceptance of any funding submissions/requests under the Region's Community Investment Grant Program until the current Council approved funding commitments have been fully funded from within the current annual funding envelope. It is currently overcommitted to until the funding for the Lakeridge Health Bowmanville Expansion funding of \$55.2 million is accumulated. The current funding formula remains largely the same as in 2018, with the added provision that funds will only be provided for long-term capital assets. The current healthcare institution funding formula includes the following criteria:

- The need for Provincial project approval;
- The commitment of at least 70 per cent Provincial funding of total project costs at the time of request. This relates to all capital projects, excluding capital equipment;
- The proposed financing must include donations raised from the community;
- Region's contribution representing 25 per cent of the community component or a maximum of 7.5 per cent of the total project cost;
- Funds will only be provided for long-term capital assets; and
- Must provide proof of project benefits to residents of the entire Region.

## **6. Financial Implications**

- 6.1 The total capital budget for Durham Hospice that was originally approved by Regional Council was \$6.74 million and the grant approved by Regional Council was \$505,150. The total tender pricing for the project and submitted to the Region in September 2024 was \$10.01 million. An increase of \$250,000 has been requested by Marigold Hospice Care (Durham Hospice – Clarington) to maintain the 7.5 per cent of total project cost threshold under the Community Investment Grant Policy. This would bring the total Regional financial assistance of the project to \$755,150.
- 6.2 The total capital budget for Hospice Whitby - Roger Anderson House that was originally approved by Regional Council was \$7.6 million and the grant approved by Regional Council was \$569,250. The total tender pricing for the project in 2024 and submitted to the Region \$13.3 million. An increase of \$430,800 was requested by Hospice Whitby to maintain the 7.5 per cent of total project cost threshold under the Community Investment Grant Policy. This would bring the total Regional financial assistance of the project to \$1,000,050.
- 6.3 Further, it is recommended that the required financing be provided from the appropriate reserve fund from the annual Special Contribution for Hospitals/Post-Secondary Education Institutions and that funding be released in accordance with the Regional Community Investment Policy which requires an agreement to set out requirements for recognition, reporting and would include the following Provincial funding milestone schedule:
- |     |                                                                                  |
|-----|----------------------------------------------------------------------------------|
| 15% | Approval of Application for Planning                                             |
| 40% | Award of Contract                                                                |
| 45% | After 50 per cent of construction completion (justified by progress certificate) |

- 6.4 Prior to the final payment, the Region will require an updated cost estimate to ensure costs are still in line with the original estimate. This will allow the Region to adjust the funding commitment to the 7.5 per cent share as necessary.

## **7. Summary**

- 7.1 Marigold Hospice Care (Durham Hospice – Clarington) and Hospice Whitby - Roger Anderson House (VON Durham Region Community Corporation) have requested additional funding commitments for the construction of the Clarington and Whitby hospice facilities.
- 7.2 The Region has previously approved funding for both hospice facilities with an adjustment approved in 2020 for Marigold to continue maintaining the 7.5% funding level, however the projects have since expanded in scope and are experiencing increased capital costs. Additional funding remains consistent with the moratorium on new requests under the Community Investment Policy as this is the finalization of an existing approved program and will not significantly impact the other currently approved commitments that funds are concurrently being accumulated to satisfy those commitments. The expectation is that this moratorium will be required until approximately 2029 as previously reported.
- 7.3 Therefore, it is recommended that the Region provide additional funding to maintain the original commitment of 7.5 per cent of total project costs.

## **8. Attachments**

- 8.1 Attachment #1 - Marigold Hospice Care letter dated November 20, 2024
- 8.2 Attachment #2 - Hospice Whitby letter dated October 31, 2024

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA  
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair  
Chief Administrative Officer

November 20, 2024

Finance and Administration Committee  
The Regional Municipality of Durham  
605 Rossland Road East  
Whitby, Ontario L1N 6A3

Chair Kevin Ashe and Finance & Administration Committee members:

On behalf of Marigold Hospice Care Board members, I would like to thank you and Regional Council for your support of Marigold Hospice Care! The hospice build is progressing as scheduled. The foundation has been poured, walls have been put up and we are finishing the roof. We expect the building to be fully enclosed by early December. We will begin receiving patients to our building in fall 2025.

We appreciate the funding support the Region has provided with our initial request through the Community Investment Grant Program. Due to the unforeseen current economic climate, we have seen an increase in the capital cost of the hospice build which is causing financial challenges. You should be aware that as a result of the significant cost increases that were reflected in the construction tenders we received, our board spent much of the 2023 year undertaking a re-design of our building, in order to ensure that we can meet our budget and our fund raising goals, and that we are good financial stewards of the funds provided to us by our donors, including the Region of Durham. Our revised design remains a beautiful building that will provide the highest quality care to residents.

Regional Council had originally approved financial assistance in the amount of \$505,150. Based on the new estimated capital amount of \$1,011,850, we are requesting additional funding in the amount of \$250,000 to top up the amount approved by Regional Council from the Community Investment Grant.

Thank you for your consideration and for your ongoing support.

Yours truly,

Melodie Zarzeczny  
Chair, Marigold Hospice Care



31 October 2024

Ms. Nancy Taylor  
Commissioner of Finance  
The Regional Municipality of Durham  
605 Rossland Rd. E., P.O. Box 623  
Whitby, ON L1N 6A3

Re: VON Durham Region Community Corporation  
(Hospice Whitby-Roger Anderson House)

Dear Ms. Taylor

I am writing this letter to provide you with an update on the new hospice residence to be built in Whitby. This journey started in the spring of 2018 when we launched our capital campaign with the goal of raising \$7.5m for the project. In spite of covid-19 and the inability to easily reach out to people, in November 2021 the hospice residence project went out to tender and the bids closed in January 2022. Due to the pandemic, the construction cost had risen to \$10.4 million plus HST. The board decided to take a step back to see how cost savings measures could be implemented by working with the architects and their partners without compromising the integrity of the original design. They also consulted with other operational hospice residences to see what lessons were learned as a result of covid-19 so that they could be incorporated as appropriate. At the same time, fundraising continued.

In May 2024, the project went out to tender again and it closed on July 10. The successful bid is \$11,800,000 plus HST of \$1,534,000 bringing the total to \$13,334,000. Approval to proceed with the project was received in late September and we will be hosting the ceremonial groundbreaking ceremony on Friday, November 15 at 2:00. Grading of the property will begin as soon as possible and then construction will start.

I am writing to ask Durham Region Council to increase the 7.5% funding allocation as a result of the new tendered cost of construction, which is estimated to be \$13,334,000 (inclusive of HST). This would amount to a funding increase of \$430,800.

Thank you for your consideration of our request.

Regards,

Eva Reti  
Board Chair  
VON Durham Region CC  
(Hospice Whitby-Roger Anderson House)