

**REPORT OF THE DIRECTOR OF FINANCE & TREASURER
RE. FAMILY HEALTH TEAM MUNICIPAL CAPITAL FACILITY
FOR THE CONSIDERATION OF COUNCIL**

OBJECTIVE

To provide information regarding the lease and agreement with the Elliot Lake and North Shore Development Corporation (ELNOS) for provision of space with the Family Health Team (FHT).

RECOMMENDATION

Whereas bylaw 07-03 being a bylaw entering into a lease agreement with the Family Health Team representing physicians with respect to a certain space at ELNOS Telecommunications Centre that the space occupied by the Family Health Team be deemed a Municipal Capital Facility;

And whereas council passed a By-law to provide for the exemption of property and school taxes levied on the property to which the Municipal Capital Facility agreement applies;

Therefore, be it resolved that the report of the Director of Finance/Treasurer re: Family Health Team Municipal Capital Facility; be received

And that Council authorize the provision of a grant to ELNOS in the amount of \$33,488.96.

And that an appropriate bylaw be added to the next meeting of council.

Respectfully Submitted



Amy Sonnenburg
Director of Finance & Treasurer

Approved



Daniel Gagnon
Chief Administrative Officer

BACKGROUND

On March 12, 2007 the City entered into two lease agreements, By-law 07-02 (appendix 1) authorised a lease agreement between the City and ELNOS for the second floor of the ELNOS building and referenced it's use as a premises for the Elliot Lake Family Health Team (FHT). By-law 07-03 (appendix 2) authorized a lease agreement between the City, ELNOS and the Family Health Team for the same aforementioned space.

Based on a memo (Appendix 3) dated March 26, 2009, the tax department was instructed to provide a credit for taxation based on 22.4% of the taxes due. This practice has continued since 2009 and has been an approved budgeted expense. In 2020, the credit was not approved by the Director of Finance and Treasurer as the Treasurer has no authority to do so under the Municipal Act without the property being deemed a Municipal Capital Facility. Furthermore, the lease agreements (By-law 07-02 and 07-03) were set in 2007 and expired in 2017. Schedule B however, contained an option for extension for up to five years.

ANALYSIS

LEGISLATION REGARDING MUNICIPAL CAPITAL FACILITIES

Section 110 of the Municipal Act and Ontario Regulation 603-06 provides the authority for a municipality to designate a facility as a Municipal Capital Facility under certain terms and conditions. With reference to the FHT, a condition of the designation includes the execution of a lease between FHT and the City of Elliot Lake. At the time of writing this report, it has been determined that the lease in place (2007-2017) is deemed to be extended under Schedule B for an additional period of up to 5 years. Given that the FHT maintains an active lease with ELNOS for the space, the status of Municipal Capital Facility will remain. Under provincial legislation, the facility appears to meet the criteria of a municipal capital facility since one of the eligibility requirements is noted as "municipal facilities related to the provision of social and health services".

IMPACT TO ELNOS

ELNOS has been negatively affected as they were not in receipt of the relief that they have counted on year over year. To that extent, they are seeking reimbursement (Appendix 4) for 2020 in the amount of \$33,488.96. This amount includes penalties and interest, as the credit was not processed.

Per the tax billing for 2020 (Appendix 5), ELNOS' total taxes were \$134,406.61; using the historical calculation of 22.4%, the hardship is calculated to be \$30,107.08.

The designation of a municipal capital facility would make the facility exempt from property taxes on a go forward basis, but does not deal with tax exemption retroactively. An alternate strategy is required to address the property tax arrears.

LEGISLATION REGARDING THE PROVISION OF GRANTS

Section 107 of the Municipal Act authorizes a municipality the general power to make grants to any person, group or body. Since there is no other applicable legislation to strike a tax liability from the tax roll, it would be appropriate for members of City Council to authorize a grant to cover to cost of the hardship for ELNOS.

FUTURE LEASE AGREEMENTS

As the current lease expires per Schedule B in 2022, the designation of Municipal Capital Facility would remain, given that the FHT renews the lease with ELNOS. The City could be excluded from this agreement, as our remedy has been provided through the deeming of municipal capital facility.

RELATIONSHIP WITH THE FHT

Currently the City does not have a formalized relationship with the FHT. At the time of this report, staff are actively engaged with the FHT to formalize a Memorandum of Understanding. This memorandum will detail the City's continued commitment to recruitment and retention of doctors, including a caveat that so long as the FHT maintains a current lease at the ELNOS building, the second floor FHT space will be deemed a Municipal Capital Facility.

FINANCIAL IMPACT

From 2008-2019, the City has provided ELNOS with a credit toward taxation representative of 22.4% of their global tax bill.

2019	\$ 23,398.46	2013	\$ 34,277.60	Total \$385,710.80
2018	\$ 30,405.95	2012	\$ 34,518.25	
2017	\$ 31,481.94	2011	\$ 32,919.07	
2016	\$ 34,090.73	2010	\$ 31,548.12	
2015	\$ 34,386.17	2009	\$ 31,305.90	
2014	\$ 34,761.83	2008	\$ 32,616.78	

In 2019, 2020, and 2021, the approved budget included a provision for \$32,000 for FHT Medical Clinic Municipal Taxes. This budget was set using historical actuals as presented above. Due to the fact that relief was not provided, \$32,000 was surplus in 2020.

As 2020 is closed, provision of a grant for 2020 would need to be cash managed in year, or taken from the working funds reserve. As there is a budget for the FHT Medical Clinic Municipal Taxes in the 2021 budget, provision of a grant to ELNOS providing relief would have no effect on the 2021 budget.

Moving forward to 2022 and beyond, the formal adjustment to the assessment roll will redistribute the levy to the balance of the roll, and budgeted \$32,000 will be removed from the operational budget for the city.

SUMMARY

It is recommended that Council designate the space known as the second floor of the ELNOS building as referenced for use as a premises for the FHT as a Municipal Capital Facility, and that the appropriate by-law be passed.

It is further recommended that Council authorize the provision of a grant to ELNOS in the amount of \$33,488.96, to resolve the 2020 hardship faced by the organization, and that the budgetary overages be cash managed in year.