



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Macassa Lodge
and
PUBLIC WORKS DEPARTMENT
Corporate Facilities and Energy Management Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	June 20, 2024
SUBJECT/REPORT NO:	Macassa Lodge Development Agreement (HSC20050(d)/PW24036) (Ward 7)
WARD(S) AFFECTED:	Ward 7
PREPARED BY:	Holly Odoardi (905) 546-2424 Ext. 1906 Indra Maharjan (905) 546-2424 Ext. 4617 David Trevisani (905) 546-2424 Ext. 6630
SUBMITTED BY:	Chris Herstek Acting General Manager Healthy and Safe Communities Department
SIGNATURE:	
SUBMITTED BY:	Carlyle Khan General Manager Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the increased project cost for Macassa Lodge Redevelopment Project (the “Project”) of \$33.6M be approved and added to the originally approved amount of \$27.8M, for a total project cost of \$61.4M under Capital Project ID #6302141102;
- (b) That the financing plan for the project be amended and approved from the following sources;
 - (i) \$16.4M from Development Charges Reserves (an increase of \$9.2M from the previously approved amount of \$7.3M);

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- (ii) \$1.6M from the Construction Funding Subsidy grant from the Ministry of Long-Term Care (Ministry);
 - (iii) \$1M from the previously approved Development Grant;
 - (iv) \$42.3M from Tax Supported debt replacing the previously approved loan of \$19.3M from the Unallocated Capital Levy Reserve;
- (c) That funding from the Ministry be applied to Capital Project ID, #6302141102 from the following sources:
 - (i) The new one-time funding of \$1.6M through the Construction Funding Subsidy grant receivable following start of construction;
 - (ii) The new Construction Funding Subsidy Top-Up of approximately \$146K per annum funded over 25 years for a total of \$3.7M which will be applied against the repayment of the loan required to fund this capital project;
- (d) That the estimated increase of \$2,998,003 related to the annual debt repayment be referred to the 2025 budget process for consideration;
- (e) That an estimated annualized increase of \$607,500 for an additional 8.0 permanent full-time equivalent be added to the Macassa Lodge 2026 Operating Budget for operating impacts of capital, be approved;
- (f) That an additional 1.0 temporary full-time equivalent required to provide Project Coordinator support for up to 48 months in Corporate Facilities and Energy Management, be approved, with no additional levy impact as staffing costs are included in capital project costs as submitted;
- (g) That an estimated annualized increase of \$912,058 related to facility operating impacts of capital once construction is complete in 2026, be approved;
- (h) That the General Manager, Healthy and Safe Communities Department, or their designate, be authorized and directed to negotiate, enter, execute, and amend any documents with funders or other levels of government (and any ancillary documents), including executing the Development Agreement and subsequent Approval to Construct with the Ministry, with such terms and conditions in a form satisfactory to the City Solicitor;
- (i) That the General Manager, Healthy and Safe Communities Department, or their designate, be authorized and directed to negotiate, enter, execute, and amend any Service Accountability Agreement(s) (and any ancillary documents) with the Ministry or Ontario Health, or such other party as directed by the Ministry;

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- (j) That the General Manager, Finance and Corporate Services, be authorized and directed to negotiate and confirm the terms for the placement and issuance of all debenture issue(s), in either a public or private market and / or bank loan agreements and debenture issue(s), in and / or variable interest rate bank loan agreement and debenture issue(s), in an amount not to exceed \$42,297,000 Canadian currency;
- (k) That the General Manager, Finance and Corporate Services, be authorized to engage the services of all required professionals to secure the terms and issuance of the debenture issue(s) described in recommendation (j) including, but not limited to, external legal counsel and fiscal agents;
- (l) That the General Manager, Finance and Corporate Services, be authorized and directed, on behalf of the City of Hamilton, to enter into and / or execute, all agreements and necessary ancillary documents to secure the terms and issuance of the debenture issue(s) described in recommendation (j), on terms satisfactory to the General Manager, Finance and Corporate Services and in a form satisfactory to the City Solicitor; and,
- (m) That pursuant to Procurement Policy #11 – Council approves a contract extension for additional consultancy services, construction services and work for the Macassa Lodge Redevelopment Project as presented in this Report, and that the General Manager, Healthy and Safe Communities Department be authorized to negotiate and execute amendment(s) to the City’s existing agreement(s) and any ancillary documents required to give effect thereto with:
 - (i) Pomerleau Inc., C13-23-23 Construction Manager for the Macassa Lodge, Long Term Care Home – B Wing Expansion;
 - (ii) Salter Pilon Architecture Inc., C11-18-22 - Proposal for Prime Consultant Services for Macassa Lodge B Wing Expansion, and that the negotiated costs be publicly reported in the applicable quarterly status reports as required by Procurement By-Law.

EXECUTIVE SUMMARY

In report HSC20050(c) presented on December 7, 2023, staff were approved to proceed with the Macassa Lodge Redevelopment Project for the B-Wing Expansion (the “Project”) and proceed with awarding the Construction Manager contract to meet critical milestones of the project. Staff were also directed to report back to Committee by Q4 2024 with an updated financing plan once project cost estimates were received by the Construction Manager including revised escalated costs, and to present additional funding that was anticipated to be announced by Ministry early 2024 to support the Project. Staff have now received a revised Class C estimate of total costs for the Project

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in April 2024 and have also received the updated memo of eligibility for additional funding from Ministry as of March 2024.

The purpose of this report, HSC20050(d)/PW24036, is to provide financing approval and allows the project to proceed with the signing of a Development Agreement, and other subsequent project milestones. This report informs Council of the incremental escalated costs of \$33.6M for the Project over the previously approved capital budget of \$27.8M in report HSC20050(b) which was based on a Class D estimate (from an early Feasibility Study). Staff are seeking approval of the revised financing plan including Ministry funding and other funding sources to support the increased costs.

In previous report HSC20050(c) to Committee in December 2023, the total estimated project cost was \$50.1M. Staff included the estimated budgetary increase of \$22.3M, the increase from \$27.8M to \$50.1M, in the forecasted multi-year 2024 annual capital budget in 2025. As of April 2024, the revised current Class C estimated Project costs are \$61.4M. This represents an increase of \$33.6M compared to the Council approved capital budget of \$27.8M.

Since Council approval in 2021, the City has made significant progress on this project completing due diligence of the property, and through a competitive bidding process, the retention of both the Prime Design Consultant (Salter Pilon Architects – \$2M) and Construction Manager (Pomerleau Construction (\$4M -Services Only)), while working through the Ministry of Long-Term Care's Development Process. During the Project's Feasibility Stage in 2020, the conceptual design and order of magnitude budget was developed by staff in consultation with a professional architect and cost consultant.

Since 2021, the drivers for the budget increase are related to a number of factors including construction industry escalation which has seen a significant spike since 2019 (Covid-19, labour, manufacturing, material increases), and this increase has had a direct impact on the cost per square foot from \$433 per square foot to \$577 (33%). Also, the program requirements for the building have further developed resulting in a larger but more operationally efficient and sustainable building. The hard construction costs increase of \$31.4M contributes to the majority of the project budget increase coupled with the necessary design, construction and project contingencies to account for risk and unknowns through the remainder of the design and construction process for the successful delivery of the project.

Although the project budget has increased significantly it is anticipated the design and construction contracts will have incremental increases as a result of the design progression and development through since the contracts have been initially tendered. Upon Council approval, as the project navigates through the construction bidding packages via the Construction Manager staff will continue to seek cost mitigating

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opportunities through various forms within the design and construction process or internal/external funding opportunities.

Operating impacts related to employee costs and facility costs have been revised compared to previously approved in HSC20050(b). The original amount of staffing costs was estimated at \$2,360,000 offset by anticipated Ministry operating subsidy and other operating funding of \$1,361,000 for a net levy impact of \$999,000. However, revised estimates for operating impacts of capital are now \$3,879,619 which includes the increase of \$607,500 (rounded) staffing costs and \$912,058 facility costs. There is also a revised estimate of \$2,009,000 Ministry operating revenue, increase of \$648,000 from original \$1,361,000, for a total estimated revised net levy impact of \$1,870,805 once anticipated project construction is completed in early 2026.

Based on the updated Ministry memo received in March 2024, the additional funding from the Ministry is available to operators who can demonstrate readiness to start construction and obtain the ministry's Approval to Construct by November 30, 2024.

This report is also seeking approval for the General Manager of Healthy and Safe Communities Department to be able to enter in to and sign any related Ministry documents including the development agreement and subsequent Approval to Construct package with the Ministry. With the announcement of incremental funding in March 2024 the City is now prepared to execute a development agreement. Construction can commence once the development agreement is executed, and the Ministry has approved the approval to construct package. Based on Ministry timelines, by executing and signing the development agreement, the Ministry will then be able to initiate the agreement to the Minister and once approved, the City will be able to submit the approval to construct package to the Ministry. Once this is approved, the City will be able to commence full Construction of the Project.

The draft Development Agreement with the Ministry also requires the City to execute and deliver a Service Accountability Agreement (and future Service Accountability Agreements) relating to the operation of the Beds and the Home. This Agreement will include express continuing conditions on the provision of Funds to the City as Operator that are based on the conditions already set out in the Development Agreement as well as the obligation to continue providing the Funds set out in the Development Agreement to the City. The first Service Accountability Agreement is to be executed within 45 days after receipt from the Minister of a Capital Occupancy Approval Letter. The Development Agreement allows the other party to the Service Accountability Agreement to be the Ministry, Ontario Health, or such successor as may be identified by the Minister.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The project is recommended to be financed from a combination of tax supported external debt (\$42.3 M), development charge reserves to the extent of eligibility (\$16.4 M) and development grants and Construction Funding Subsidy top-up subsidy from the Ministry of Long-Term Care (\$2.6 M). Assuming an interest rate of 5.5% and a term of fifteen years, an issuance of \$42.3M will result in an annual repayment of \$4.2M. Netting out the previously approved capital financing of \$896K and the additional construction funding subsidy of \$146K, this would result in an average residential property tax impact of 0.24% and an increase of \$12 per household.

The proposed Macassa Lodge B-Wing project to accommodate 64 beds (20 new and 44 bed re-development) is estimated to be \$61.4M, an increase of \$33.6M compared to the previously approved cost of \$27.8M, broken down as follows:

Categories	Estimated Total Project Costs	Incremental Increase	Revised Total Project Costs
Development Costs for the Land	\$335,000	\$51,760	\$386,760
Hard Construction Costs	22,334,721	31,380,755	53,715,476
Soft Construction Costs Architecture and Engineering Services Project Management Services Legal Services	4,298,279	2,023,306	6,321,585
Other Costs (Furniture, Fixture, and Equipment)	832,000	168,000	1,000,000
Estimated Total Project Costs	\$27,800,000	\$33,623,821	\$61,423,821

*The above table includes rounded figures

Funding Sources for the Project: Based on the review of the Ministry funding policy and new memo from the Ministry as of March 2024, the following are the combination of original and additional funding sources for the Project:

1. Original: A one-time payment of a Development Grant of \$1.0M to be received upon substantial completion; and,
2. Additional one-time funding of \$1.6M Construction Funding Subsidy grant receivable following start of construction; and,
3. Original: Construction Funding Subsidy of approximately \$174K per annum, to be received upon first occupancy, for 25 years totalling \$4.4M. This will be applied against the repayment of the loan required to fund this capital project; and,
4. Additional Construction Funding Subsidy Top-Up of approximately \$146K per annum, to be received upon first occupancy, for 25 years totalling \$3.7M. This will be applied against the repayment of the loan required to fund this capital project.

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The one-time planning grant of \$250,000 is no longer applicable to the Project since upon further review of the terms in the funding policy, the amount of the planning grant and development grant cannot be greater than the maximum for the development grant funding for an operator. This Project already is estimated to receive the maximum development grant in the amount of \$1.0M which inhibits the ability to receive the planning grant as well.

The additional \$146K in Construction Funding Subsidy provided by the Ministry will be added to the previously provided subsidy of approximately \$174K over 25 years; per the Ministry to be used to repay any loans and financing arrangements for the construction of the beds under the Development Agreement. This will offset the annual repayment of the loan borrowings charged to the Capital Financing levy over 25 years. According to the Ministry 2022 Funding policy, the operator shall first use the subsidy for repayment of loans to pay for construction of the beds under the Development Agreement, before the subsidy can be used for any other reason.

From Other Funding Sources:

In accordance with the approved Development Charges By-law and Background Study, the City is eligible to collect Development Charges for this Project. This was approved in report HSC20050(b) in the original amount of \$7.3M. Based on the revised funding model the Development Charges for this Project will now be \$16.5M, an increase of \$9.2M, to offset the capital cost of the Project.

In HSC20050(b), the original unfunded balance of the Project of \$19,253,000, was borrowed as an internal loan from the Unallocated Capital Reserve #108020 to be repaid back over 25 years. As a result of the increased costs of the Project and after applying the above listed Ministry funding sources and development charges, there is a shortfall of \$23M. It is recommended to fund the original unfunded balance of \$19.3M along with the increase of \$23M for a total of \$42.3M through a loan to be repaid over fifteen years with an assumed borrowing rate of 5.5%. Proof of financing, including loans, are required as part of the package to the Ministry by November 8, 2024, in order to meet the eligible deadline of November 30, 2024 for approval to construct.

The following table summarizes the revised total funding sources and resulting net levy impact in the amount of \$3.9M annually once construction is complete. Based on original estimates as approved in HSC20050(b), a net levy impact of \$896K was built into the 2023 budget based on original costs estimates and funding streams. There is a request of an increase of \$3.0M to the net levy related to the repayment of loans that are required to support the increased Project costs starting in 2025.

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	Previously Approved	Revised Financing Plan	Change
Gross Capital Cost	\$ 27,800,000	\$ 61,423,821	\$ 33,623,821
Funding Sources			
Ministry			
Development Grant	\$ 1,027,520	\$ 1,027,520	\$ -
Planning Grant	\$ 250,000	\$ -	\$ (250,000)
Construction Funding Subsidy Top-up		\$ 1,620,000	\$ 1,620,000
Subtotal Ministry	\$ 1,277,520	\$ 2,647,520	\$ 1,370,000
City of Hamilton			
Unallocated Capital Levy Reserve (Internal Loan)	\$ 19,253,034	\$ -	\$ (19,253,034)
Development Charges	\$ 7,269,446	\$ 16,479,620	\$ 9,210,174
Tax Supported Debt	\$ -	\$ 42,296,681	\$ 42,296,681
Subtotal City of Hamilton	\$ 26,522,480	\$ 58,776,301	\$ 32,253,821
Total Funding Sources	\$ 27,800,000	\$ 61,423,821	\$ 33,623,821
Capital Financing			
Annual Loan / Debt Repayment	\$ 1,069,864	\$ 4,213,864	\$ 3,144,000
Ministry Construction Funding Subsidy	\$ (173,590)	\$ (319,587)	\$ (145,997)
Net for Levy Impact	\$ 896,274	\$ 3,894,277	\$ 2,998,003

*The above table includes rounded figures

Operating Impacts of Capital:

As Macassa Lodge will be adding 20 new beds, there will be operating cost impact once the Capital Project has been completed. These include staffing costs and facility maintenance and building costs, outlined in below table. It is estimated that the facility and operating costs, once construction is complete upon first occupancy, are \$912,058 annualized which is based on \$14/square foot. These costs relate to building, grounds, contractual increases as a result of square footage increase and direct cost allocations.

Staffing: In report HSC200050(b) as approved, staff reported that starting in 2024 the complement was to increase by a total of 24.0 permanent full-time equivalents once construction is completed for operational needs of the expansion, at a cost of \$2,360,000. Based on revised staffing needs and Project timelines, there is a request for approval for an additional permanent 8.0 full-time equivalents, 7.0 Lodge full-time equivalents and 1.0 Maintenance full-time equivalents, for operational requirements which is estimated at an additional cost of \$607,500. The total for the operational requirement results in 32.0 full-time equivalents, (30.0 full-time equivalents for Lodge and 2.0 full-time equivalents for Maintenance), at a total estimated cost of \$2,968,000 for employee expenses and operating costs. These full-time equivalents will be for

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varied positions and the specific positions will be revised closer to occupancy for operational needs.

There is an additional request, for an in-year approval of 1.0 temporary full-time equivalents in Corporate Facilities and Energy Management at a Level 5 Project Coordinator. This is requested to support the overall City-wide increase in large capital project delivery volume. There is no net impact to the tax levy from this staffing increase because all staffing costs for Corporate Facilities and Energy Management capital delivery staff (including all internal and external costs) are already budgeted within each capital project. Project length will exceed 2 years (until the end of construction and warranty period), which is the maximum timeframe permitted for temporary contracts via GM approval.

It is assumed that Macassa Lodge will receive additional annual Ministry funding relative to the increased 20 new beds, which is now estimated at \$2,009,000, an increase of \$648,000 from the original estimated Ministry subsidy \$1,361,000, to offset the operating costs for new beds. This will be reflected in Macassa Lodges' operating costs beginning in the year 2026, which is the estimated first occupancy.

Lodges:	Original Approved	Revised Estimate	Change
Housekeeper Cleaner/Porter Laundry Aide Social Worker Recreationist Dietary Aides Registered Nurses Personal Support Workers Registered Practical Nurse Nurse Manager Lodge Clerk	\$ 2,201,000	\$ 2,698,661	\$ 497,661
Facilities:			
Maintenance	\$ 159,000	\$ 174,900	\$ 15,900
Utility Operator	\$ -	\$ 94,000	\$ 94,000
Total Staffing Costs	\$ 2,360,000	\$ 2,967,561	\$ 607,561
Operating Facility Costs (Maintenance, utilities, water, other)	\$ -	\$ 912,058	\$ 912,058
Total Operating Impacts of Capital	\$ 2,360,000	\$ 3,879,619	\$ 1,519,619
Revenue	\$ (1,361,000)	\$ (2,008,814)	\$ (647,814)
Net Levy Impact	\$ 999,000	\$ 1,870,805	\$ 871,805

Legal: It is anticipated that the City will be entering into a development agreement with the Ministry to receive the funding, and further may need to enter into other ancillary

agreements or pass by-laws to receive funding. it is also anticipated that the City will need to enter Service Accountability Agreement(s) with the Ministry, Ontario Health, or such other party as directed by the Ministry.

HISTORICAL BACKGROUND

Key Milestones were provided in report HSC20050(c) to Committee in December 2023.

Since December 2023, the City has executed the Construction Manager contract (C13-23-23) to Pomerleau Construction Inc. in April 2024.

Site Plan Development condition clearances are ongoing, and it is anticipated Foundation building permit application will be made in May 2024, once Site Plan clearances are achieved.

Salter Pilon Architecture has submitted the Working Drawings to the Ministry on May 13, 2024.

Class C Construction Estimate costing is currently under review with Construction Manager, Pomerleau Construction Inc, to Develop a Construction Cost Estimate.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendation of the contract extension is consistent with Procurement Policy #11, Non-competitive Procurements. Public Request for Proposals, were utilized originally to procure an Architect, Salter Pilon Architecture Inc., and a Construction Manager, Pomerleau Inc. These public processes facilitated a competitive and transparent process as per the City's Procurement Policy and processes recommended by the City of Hamilton Procurement Section. It is recognized that, with the Construction Management already awarded, it is cost-effective and beneficial for the City (to extend the existing contracts) to continue to work with the current Construction Manager and Design Architect for the completion of the project. In accordance with Procurement Policy #11, Council approval is being requested given that the recommended contract extension is of a value of greater than \$250,000. This will ensure that staff not only have the budget approval to construct the new addition, but also have the appropriate procurement authority to do so.

RELEVANT CONSULTATION

The following Departments/Divisions/Sections have reviewed and contributed to this report:

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Corporate Services: Financial Planning, Administration and Policy / Finance & Administration was engaged in reviewing and compiling this report as well as the financial section of the report.

Legal Services was engaged to review the draft development agreement.

Public Works, Corporate Facilities & Energy Management is leading the planning, design and construction of the project and review of construction-related matters of the report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

As committed in Report HSC20050(c) staff were directed to report back to Committee no later than Q4 2024 with updated funding and financing plan once estimated project costs were provided and draft development agreement was ready to be executed.

In report HSC20050(c) in December 2023, it was reported to council the Cost Consultant estimate provided was \$50.1M. The reason for the significant budget increase is due to a number of factors including significant construction industry escalation costs (approximately 25% for base construction costs), additional building and renovation square footage (approximately 40%) which includes elements added to the design from the original scope (increased resident room sizes, corridors, partial basement, penthouse, building tie into E Wing, increased parking) to meet both operational and health and safety requirements of the Lodge in order to provide the best building possible to accommodate and provide care and services to the residents.

Currently, the scope of work for the construction manager began early in April 2024 which includes review of the design drawings and preparation of a construction cost estimate, constructing tenders, construction schedule and cashflow of all costs anticipated into 2026 to the end of construction.

As of the end of April 2024, while the funding from the Ministry has increased to support the Project described further in this report, the costs for the project have also escalated from the original Council approval \$27.7M (2021) which was based on a Class D Estimate to \$61.4M (2024) based on Class C estimate. The main contributing factors to the increased costs are due to increase of building size and industry escalation. These specific factors coupled with necessary construction and project contingencies, taxes and fees have all contributed to the budget overage. The building size has increased from 38,987 (Conceptual Design - 2020) to 65,147 square feet (the original design did not include a partial basement, connector corridor to C Wing, increased renovated E-wing area to seamlessly connect the building addition), mechanical penthouse, and increased floor area for operational efficiencies and learning from Covid-19 pandemic. Industry escalation has also contributed to the overage as the cost per square foot to

construct a Long-Term Care Facility has increased from \$386 (2021) to \$577 (2024) representing a 49% increase to base construction costs. Increased sustainability building design elements beyond minimum legislated standards have also been included and continue to be investigated with a focus on the reduction of greenhouse gas emissions, reduction of carbon elements, and renewable energy. Design standards have changed, particularly as it relates to COVID-19 outcomes since the original design plan was submitted. Optimizing private or private-like resident bedrooms helps to decrease or mitigate the spread of infection. This design allows for a more home-like environment for residents and their families/friends. Social isolation for residents was a leading concern over the past number of years and with this larger room design coupled with oversized windows to allow for natural light is creating a safe and welcoming environment for our residents. The demographics of resident admissions are increasingly more complex and acute.

As described in the Financial section of this report, the project budget relies on the Ministry's funding as well as internal and external sources of funding. Staff are recommending the total funding sources described to support the project budget be approved in order to move forward with next steps of executing a development agreement and approval to construct package. The funding strategy for the B-wing Redevelopment Project includes a mix of tax supported debt, development charges reserve and fixed ministry grants and subsidy funding. Since the anticipated Ministry funding is fixed and does not nearly support the project's full costs, the remainder of the project is to be supported through development charge reserves and, to mitigate financial risk to the City, the City will issue tax supported debt instead of drawing upon current reserves. The proposed budget increases to capital financing levy, are crucial for managing the annual debt repayment for the Project. These adjustments are carefully planned to ensure that the service maintains its operational efficiency throughout the construction phase and beyond, without imposing undue financial strain on the city's budget.

Also identified in the financial section of the report are the costs related to Staffing and Project delivery. The approval of permanent full-time equivalents for Lodges and Maintenance are necessary to be able to support the operational service requirements for residents and the Home upon first occupancy of the expansion. The additional temporary position in Corporate Facilities and Energy Management is also critical for ensuring adequate project oversight and delivery. This is requested to support the overall City-wide increase in large capital project delivery volume.

The proposed increases to the net levy for operating costs for facilities are crucial as this will be supporting the functionality of the expansion of B-wing in order to meet service requirements and to maintain operational efficiency once the construction phase is complete.

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Operators must demonstrate readiness to start construction and Approval to Construct must be obtained by November 30, 2024 under the 2022 Funding Policy and March 2024 Memo from the Ministry. The funding from the Ministry is also not secured until the development agreement is executed. This development agreement is also part of the overall the package for approval to construct.

Preliminary Plans have been submitted by Salter Pilon Architecture and reviewed by the Ministry in 2023 which satisfies the Ministry's April 30, 2024 deadline. Final Working Drawings by Salter Pilon Architecture have been submitted to the Ministry on May 13, 2024, which satisfies the Ministry's June 14, 2024 deadline.

The development agreement was to be executed by May 31, 2024, per the Ministry's schedule. City Staff met with the Ministry's Capital project team and discussed an extension due to the cyber-attack and delay of being able to retrieve full data for this report as well as deferral in committee meetings.

With the announcement of incremental Ministry funding in March 2024, and upon Council approval the City is now prepared to execute a development agreement. Construction can commence once the development agreement is executed, and the Ministry has provided an Approval to Construct. Municipal approvals are also required related to the site and must be in place to enable start of construction. This report is requesting approval for the General Manager to execute and enter into a development agreement with the Minister. Following the execution of the development agreement, staff are also requesting approval for the General Manager to execute and sign the approval to construct package with the Ministry once all other milestones are attained before November 30, 2024.

Staff continue to monitor opportunities for funding from all levels of government including Green Municipal Funding and Climate Change Reserve Funding through the City of Hamilton Climate Change Office. If any are identified during the life of the Project the financing plan will be updated accordingly and reported back to Committee.

2024 Annual Repayment Limit

According to Ontario Regulation 403/02, Council shall, before giving authorization for capital work that would require a long-term debt or financial obligation, have the City Treasurer calculate an updated Annual Repayment Limit using the most recent Annual Repayment Limit determined by the Ministry. The most recent Annual Repayment Limit, determined and sent, in writing, by the Ministry to the City Treasurer, is the 2024 Annual Repayment Limit in the amount of \$329.7M and is based on 2022 Financial Information Returns.

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Using this 2024 Annual Repayment Limit, the City Treasurer has calculated an updated Annual Repayment Limit of \$195.4M, shown on Appendix “A” to Report “HSC20050(d)/PW24036”. The 2024 Annual Repayment Limit was adjusted for potential debt service charges of \$140.4M corresponding to approximately \$1.3B of debt which has been approved by Council in prior years but not yet issued. The 2024 Annual Repayment Limit was then further adjusted for debt service charges assumed or discharged on debt since December 31, 2022, to the end of 2024 and outstanding debt issuances related to CityHousing Hamilton. According to this calculation, the updated Annual Repayment Limit of \$195.4M represents the maximum amount that the City has available to commit to payments related to debt and financial obligations before the statutory limit is breached and corresponds to approximately \$2.0B of additional borrowing capacity (assuming a 15-year term and 5.5% interest rate).

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report “HSC20050(d)/PW24036 - 2024 Annual Repayment Limit for B-Wing Project