

Town of Minto Municipal Corporation

Business Case Study

Harriston Lions Community Medical Centre Corporation as an Economic Development Corporation



Date: March 10th, 2015 last revised April 20th, 2015

1.0 Introduction

The Harriston Lions Community Medical Corporation was set up by the Harriston Lion's more than 30 years ago to build and operate a medical clinic in the community. The clinic hosts a dentist and family physician providing important health services to people in the area. Faced with the challenge of declining membership, remaining members of the Lion's Board began discussions with the Town around donating the clinic to the municipality to secure its long term viability. After much discussion, in late 2014 the Board resolved to move forward to transfer the Clinic to the Town as the operation was in a positive net financial position.

During the transfer process, legal counsel determined the most cost effective and efficient way to proceed was for the Town to acquire the Non-Profit Corporation under the terms of the Municipal Act. In addition to being a simple and cost effective way of transferring this medical asset to the Town, having a municipal service corporation may have other benefits over time. The Corporation could be used for land acquisition, downtown revitalization efforts, or operating at "arms-length" Town supported functions such as LaunchIt.

This business case is primarily directed toward acquiring the Harriston Lions Community Medical Corporation, including assessing the need and benefit of establishing it as a municipal service corporation. Section 203 of the Municipal Act and Regulation 599/06 provides the authority and framework for the Town setting up a municipal service corporation as well name its officers, exercise power as a member, and fund or acquire interest in the corporation. The municipality must "consult with the public about the proposal to establish the corporation" prior to proceeding.

Under the Municipal Act, a municipal service corporation formed solely to provide economic development services may become a designated Economic Development Corporation authorized to deal with one or more of the following:

- (a) Promoting the municipality for any purpose, including collecting and disseminating information and developing economic development strategic plans,
- (b) Acquiring, developing and disposing sites in the municipality for residential, industrial, commercial and institutional uses,
- (c) Providing public transportation systems, residential housing, and general parking facilities,
- (f) Providing a counselling service small business or encouraging the establishment and initial growth of small businesses operating or proposing to operate in the municipality,
- (g) Implementing a community improvement plan under the Planning Act, and/or providing for improvement, beautification and maintenance of municipally-owned land, buildings and structures in an area designated by the municipality beyond the standard provided at the expense of the municipality
- (h) Providing facilities for amusement or for conventions and visitors' bureaus, or culture and heritage systems.

Considering this option the business case will also touch on the possibility of designating the Corporation as an Economic Development Corporation.

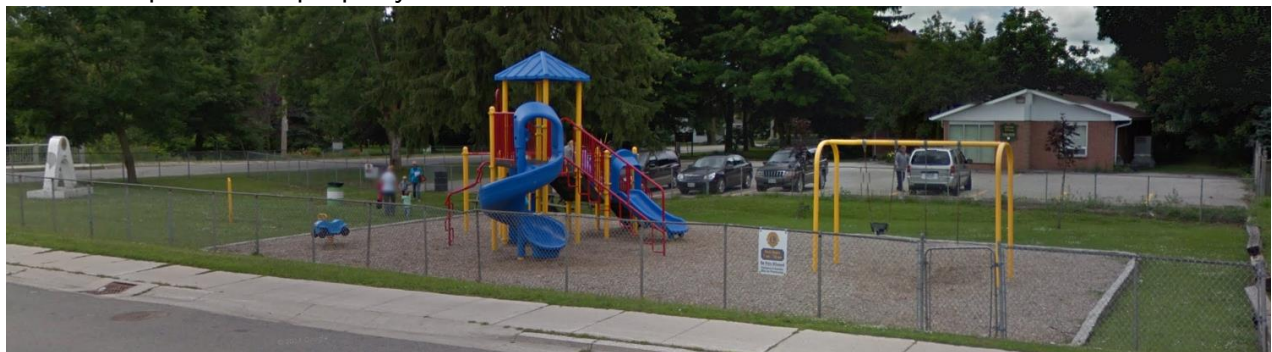
2.0 Background

The Harriston Lion's Medical clinic is located in the Town of Minto at the corner of John and Arthur Street in the former Town of Harriston. The property has 65.38m (214.5 feet)

frontage on John, 40.23m (132 feet) depth along Arthur St., and 0.26ha (0.65 acres) of area. The facility is on the edge of the downtown nearby two municipal parks, Harriston Lawn Bowling and LaunchIt Minto the Town's business incubator.



The building has about 2,800 square feet in floor area. There are 17 paved parking spaces including one accessible space, and a fenced play area operated by the Town on the southeast part of the property.



The total assessed value of the property is \$227,000. The Financial Statement of the Corporation is attached to this report. For year ending June 2014 \$30,586 of revenue is claimed mostly from leases against expenses of \$20,995. Municipal taxes paid are \$6,468

of which about 37% is payable to the Town. The status of these payments after the Town assumes control of the Corporation will be confirmed with legal counsel. The Town budgeted for modest net revenue of \$4,000 in 2015 when planning for transfer.

In 2011 Town representatives inspected the building and found no visible signs of deterioration that would cause immediate costly repairs. This was not a full building and property assessment and is not a guarantee against maintenance becoming an issue in the future. Since that time the Board advises there have been investments in the building to ensure it is properly maintained and that the financial position allows for repairs and upkeep to occur on an annual basis.

The building contains dental offices for Dr. William VanSickle, family physician Dr. Doyin Oyelowo, a Director on the Minto Mapleton Family Health Team, and some office space leased by the Family Health Team on a year to year basis. The leases run through 2017 and 2020. There is a risk tenants may choose in the future to relocate to a new Family Health Team building in Palmerston once it is built, or choose other options in the future beyond any current lease.

The current Board requested the following conditions in the agreement providing for the Town assuming the medical clinic:

1. That the Town continue to make annual donations from operating surplus to the Harriston Food Bank \$500, Harriston Royal Canadian Legion Branch 296 \$500, and Palmerston & District Hospital Foundation \$2,000.
2. The Town to continue to use the services of two local residents for such things as grass-cutting and snow removal.
3. The use of the building remaining primarily as medical uses.
4. Retain the name of the clinic.

While the Town would want to secure longer term leases, there is a chance of having to recruit tenants for the building as early as 2017 or 2020. If that is the case the current Board's request that future use be primarily medical may limit tenant options. On a positive side there is no indication either tenant are intent on leaving in the short to medium term. The Board Chair supports the Town assuming the Corporation rather than a purchase providing the approach is as cost effective as proposed.

3.0 Strategic Plan

Acquisition of the Harriston Lions Community Medical Corporation as an Economic Development Corporation is supported by the following business area and actions in the Town Strategic Plan:

- **4.0 Economic Development**

Pursue initiatives that improve the Town's economy, increase employment opportunities, enhance the skilled workforce, increase competitiveness, attract investment and maintain affordability for local residents and business.

4.4 Encourage a healthy, clean, appealing quality of life to attract and retain engaged citizens, and create a welcoming environment for creative and entrepreneurial people to expand and develop small business.

- 5.5 Pursue, develop and encourage public private partnerships that are fiscally responsible, transparent and mutually beneficial including sponsorships. Establish and maintain appropriate relationships with private business.
- **6.0 Emergency Services and Health**
Protect the health and safety of the community and citizens, business and the environment, by supporting a quality Volunteer Fire Department, emergency preparedness, and access to health care, prevention and wellness opportunities.
Actions and Initiatives
 - 6.1. Cultivate strong relationships with the healthcare community taking an active role in moving health initiatives forward by appointing Council representatives to local Boards, and facilitating and assisting with maintenance and development of affordable local medical facilities.
 - 6.2 Support Minto-Mapleton Health Care Professional Recruitment initiatives to help the local medical community recruit and retain Doctors, Nurse Practitioners and other medical personnel including but not limited to modest annual financial support and loan facilitation.
- 12.4 Maintain and enhance partnerships with leaders in health care, private business, non-profit and government sectors to ensure initiatives in the strategic plan are addressed, and continue to develop “public-private” or “public-public” partnerships of strategic benefit to the community.
- 12.7 Demonstrate innovation in all aspects of municipal business acknowledging the importance of training, succession planning, transparency, communication and team-based approaches to municipal operations.

Key in these initiatives is community development, public consultation, innovation, and commitment to health care, which supports the Town acquiring the Harriston Lions Community Medical Corporation to retain the clinic. Creating an Economic Development Corporation to branch into other activities allowed by legislation also has strategic support.

4.0 Purpose

This business case for setting up a municipal service corporation will assess need and benefit of acquiring the medical clinic and address the following:

- a) Provides the mandate, guiding principles, structure, objectives of the a new municipal service corporation;
- b) Identifies its relationship to the Town, including reporting activities and financial considerations; and
- c) Satisfy statutory requirements for the required business case.
- d) In the future consider increasing the mandate to include an Economic Development Corporation.

5.0 Mandate

1. Assume the Harriston Lions Community Medical Corporation as a municipal service corporation under the Municipal Act of Ontario to retain the Harriston Medical Clinic in the community according to the agreement between the Board and the Town.

2. Operate and maintain the medical clinic building in accordance with best practices to secure its long term viability as a medical service centre or for similar health related or public uses to the benefit of the area.
3. Explore and expand the municipal service corporation into an Economic Development Corporation under the Act where in the best interests of the community

6.0 Guiding Principles

The guiding principles of the municipal service corporation will be consistent with overall Town values including but not limited to transparency, efficiency, community engagement, consistency, and proper relations with private business.

Directors and Officers have the duty to act honestly, in good faith and in the best interests of the corporation. The corporation will be wholly owned by the Town and will be subject to the same strategic interests.

7.0 Objectives

The objectives of the municipal service corporation are as follows:

- a) Ensure the Harriston Lion's Medical clinic runs in a sustainable, efficient, and cost effective manner so as to secure its long term viability in the community.
- b) Continue the charitable focus of the Clinic by maintaining donations to the Harriston Food Bank, Harriston Legion, and Palmerston and District Hospital Foundation.
- c) Secure leases at fair market rates, preserve viability of current medical tenants, attract future lessees in the medical profession as vacancies arise, pursue medical related businesses or public uses for the building if medical tenancies are not available.
- d) Report regularly to Town of Minto Council on matters related to clinic operations, and maintain for the public clear financial and operational records consistent with applicable municipal legislation.
- e) Pursue expanding its mandate to an Economic Development Corporation where viable, advisable, and in the public interest to promote the Town, permit land banking, encourage partnerships, provide counselling and encourage initial growth of small businesses through LaunchIt, or other applicable roles permitted by legislation.
- f) Demonstrate leadership and extend values of excellence, collaboration, transparency, partnership, innovation and enthusiasm to ensure an integrated and co-ordinated approach with the Town in providing mandated services.
- g) In addition to financial viability, measure benefits of the corporation with wide ranging appreciation of operating success including maintaining long term strategic views to quantify corporate success.
- h) Equally apply best practices in business with public sector accountability under the Municipal Act when conducting corporate operations in Minto, and ensure political and bureaucratic influence is measured and concise.

8.0 Membership

At this time the Solicitor is proposing members include the Mayor, C.A.O. Clerk and Treasurer to assume the Clinic. This allows the transition on the Board to occur quickly. The Board will report to Council regularly and take direction from Council on all matters. If the corporation expands into an Economic Development Corporation, Council would be responsible for changing the Board's mandate and membership.

9.0 Alternatives

If a municipal service corporation is not a desirable option to assume control of the Harriston Lions Community Medical Corporation, the clinic may still be retained in the community in the following ways:

- The Town buys the land and buildings and operates the clinic as a Town function.
- The Lion's Club finds another service club or non-profit corporation to assume operation of the clinic and attempt to secure an agreement
- The Club sells the asset and disposes of the proceeds as per its rules and procedures and hope the purchaser keeps the clinic in the community due to its net positive financial position.
- Pursue a membership drive to reconstruct the Lion's Board.

The option of establishing a municipal service corporation was selected over the Town buying the property because it was less costly and cumbersome to do so, and the Town could benefit in other ways from having a corporation. Bullet one is still viable if there is opposition to a municipal service corporation forming to assume the medical clinic asset.

Respecting selling privately or transferring to another club or non-profit, the Lion's members have discussed and debated the options for more than three years. The Town's strategic mandate towards supporting health care services and its track record of involvement with the Family Health Team on Town owned lands in Clifford makes the transfer to the Town an attractive and viable option for the Lion's.

Membership was augmented in the Club over the years to maintain the Board, but suitable volunteers capable of managing clinic operations have not come forward. This has resulted in member burnout and the need to secure the clinic's future in Harriston. As a result of the public process to form a corporation if there are concerns with the avenue selected by the Club new members may come forward with renewed enthusiasm to keep the Harriston Lion's. If that is the case and the current Board accepted the new members the Town would not pursue forming a corporation to assume the clinic, but could decide to pursue its Economic Development Corporation in due course.

10.0 Conclusion

The Town is satisfied that sufficient investigation has been completed by the Harriston Lion's to pursue the option of acquisition by the municipality as a municipal service corporation. This can be re-evaluated based on public input that may come forward as the transfer proceeds through the legal process.

Based on a review of the property and inspection of the building, the terms of transfer specified by the current Board, and the position outlined in the Harriston Lions Community Medical Corporation financial statements, assumption of the clinic by the Town to retain it in the community is a viable consideration. A full building assessment and financial analysis could be completed if there was concern the cost of acquisition outweighs the benefits.

Pursuant to the Municipal Act it is recommended the Town proceed to consult with the public about the proposal to establish the corporation. The notification should address the

three parts outlined in the mandate of this Business Case. That being the corporation is being explored to assume the Harriston Lions Community Medical Corporation, retain and operate the Clinic in the community, and explore expanding into an Economic Development Corporation if in the best interests of the community.

11.0 Recommendation

That Council receives the Business Case Town of Minto Municipal Corporation, Harriston Lions Community Medical Centre Corporation as an Economic Development Corporation dated March 10th, 2015 and approves proceeding to consult with the public in accordance with the Municipal Act about forming a municipal service corporation to retain and operate the Clinic in the community, and explore expanding into an Economic Development Corporation if in the best interests of the community.

Bill White
CAO/Clerk