

EXECUTIVE SUMMARY

An estimated \$2.235 billion (2008 dollars) in capital construction projects are required to provide adequate care to York Region's existing and future populations. These funds will be used to build the Vaughan Health Campus of Care and to expand the operations of York Central Hospital, Southlake Regional Health Centre and Markham Stouffville Hospital (hereinafter collectively called the "York Region Hospitals").

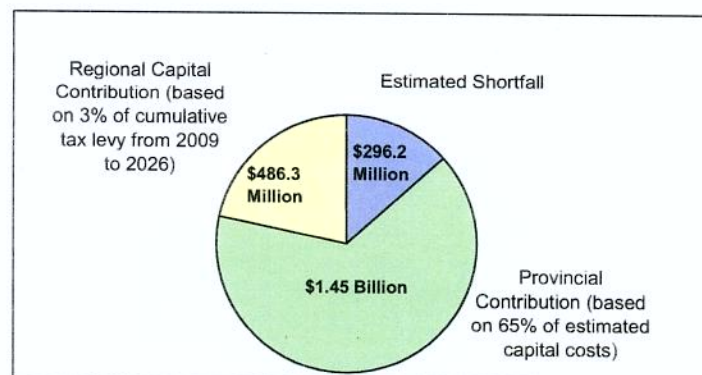
The Province of Ontario will provide funding for an estimated 65% of the capital construction costs (i.e. \$1.45 billion). The remaining \$776.2 million in capital costs must be paid for by the community (e.g. municipal and regional financial support, fundraising, loans/financing).

The York Region Hospitals are very appreciative of the commitment York Region has made over the last eight years in providing \$7.3 million dollars per annum to its hospitals (based on a capped percentage (2%) of the tax supportable amount in 2000). However, the hospitals require additional dedicated funding from York Region to address growing health care needs and to continue their important role as a key contributor to economic development and employment. As such, the York Region Hospitals are requesting that York Region increase its annual capital funding for hospitals by:

- 1) Creating a fixed percentage of the net annual levy amount (un-capped) to be raised through taxes; and
- 2) Establishing the York Region Hospitals Capital Fund rate at 3.0% of the Region's annual tax levy, commencing in 2009.

This regional support would amount to a hospital investment of:

- \$249.7 million over a period from 2009 to 2018; and
- \$486.3 million over a period from 2009 to 2026.



The four York Region Hospitals have agreed amongst themselves on a mechanism (which includes a reserve fund for each of the hospitals and a protocol for borrowing against the reserve fund) and the following allocation of the monies to be received from York Region:

- 45.0% to the Vaughan Health Campus of Care;
- 13.6% to York Central Hospital;
- 27.1% to Markham Stouffville Hospital; and
- 14.3% to Southlake Regional Health Centre.

These allocations reflect, in part, the fact that the City of Vaughan is under-served because it currently lacks a hospital and the allocation formula will help to alleviate this service deficiency in the future. IBI Group prepared estimates of how the forecasted 2031 population and employment would be distributed within each of the hospital's catchment areas. In recognizing the costs associated with a new start-up hospital, the three existing hospitals elected to give the Vaughan

York Central Hospital, Southlake Regional Health Centre, The Vaughan Health Campus of Care and Markham Stouffville Hospital
YORK REGION HOSPITALS CAPITAL FUND
PROPOSAL 2009 - 2026: AN ASSESSMENT OF ECONOMIC AND SOCIAL BENEFITS ASSOCIATED WITH HOSPITAL DEVELOPMENT WITHIN YORK REGION

Health Campus of Care a 'top-up' of its proportional share of approximately 10%. The remaining regional monies were then proportionately allocated based on 2031 population and employment forecasts in the existing hospitals respective catchment areas.

By taking the initiative to support its local hospitals and provide a permanent funding commitment, York Region will help to better ensure provincial approval and funding for the required hospital projects, as well as help expedite the critical hospital development process. The Region's investment in health care will also help ensure it meets its goals for residential and employment growth, as well-served communities with state-of-the-art hospital facilities have been consistently shown to attract new businesses and residents.

IBI Group estimates that the capital building program for the York Region Hospitals will create 8,717 direct hospital construction jobs and 10,460 indirect secondary jobs (based on a multiplier of 2.2). The York Region Hospitals estimate that 5,903 new ongoing permanent hospital jobs will be created with the hospital development and hospital expansions. Based on the experiences of other municipalities and regions, IBI Group estimates these new hospital jobs will create an additional 4,722 indirect jobs (based on a multiplier of 1.8). At mature state of operation, the four York Region Hospitals will employ an estimated 11,563 people (full time equivalent). These direct hospital jobs, and the operations of the four hospitals, may in turn create/support an additional 9,250 indirect jobs.

In summary, York Region residents currently may be seeking medical services and/or health-related employment outside of the area. The hospital capital program, estimated at \$2.235 billion, will help reduce income and tax outflows from the local York Region economy. Providing additional dedicated funding for its hospitals will help the Region meet its goal of enhancing York Region as a desired place to work, live and visit. A viable economy is synonymous with a healthy community and quality health care and modern hospital facilities are essential to a Region's ability to attract new residents and businesses.