

MAHC Continues to Refine Communities' Share of Redevelopment

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As [Stage 1.3 planning continues](/en/about-mahc/one-redevelopment-project-two-new-sites.aspx) for Muskoka Algonquin Healthcare's (MAHC) capital redevelopment project for two new hospitals in Muskoka, so are the efforts toward estimating the cost of the project that will ensure continued high-quality care closer to home in 10 years' time when the new hospitals could be built.

"The Ministry of Health pays for most of the cost of new buildings, and the local communities have to pay a share of the entire project," explains Moreen Miller, Chair of the MAHC Board of Directors. "The communities' share can be up to 30% of the total project cost including all furnishings, fixtures and equipment in the buildings, plus any revenue-generating space such as parking lots and gift shops that the Ministry won't pay for."

Since 2017, representatives of MAHC have been discussing plans to raise the communities' share with local municipalities to work toward secure the funding commitments required to satisfy the Ministry's requirement. In the previous stage of planning, a preliminary order of magnitude for the community's share was conceptualized in 2019 dollars as \$129 million, based on assumptions at that time. A lot has changed since, and COVID-19 learnings for hospital operations plus a post-pandemic economy impacted by construction cost (goods, services, materials) increases, inflation, and supply chain challenges will drive new project estimates.

More refined service and functional space planning through Stage 1.3 planning with fundamental COVID-19 learnings will drive new project estimates that will also reflect the changed environment of post-pandemic cost inflation, supply chain issues, and a lengthy planning process.

"What we now know is because of post-pandemic prices, if the original project plan was built today, the initial 2019 estimate of a \$561 million project would have increased about 30% to a 2022 cost of \$722 million, and the community's share in today's dollars would have grown to \$167 million," says Miller. "Efforts to forecast the potential cost at the time of construction in five to 10 years estimate the project could be \$967 million with a local share of about \$225 million to be raised. We also know how important it is for the region, not only to us but also for our greater communities, to have high quality, safe care through two new hospitals. There is

certainly more to come and it's important to recognize the project cost will continue to evolve as we move through the planning process and get closer to a shovel in the ground."

In the months to come, MAHC is confident the Local Share Committee – MAHC, the Huntsville Hospital Foundation and South Muskoka Hospital Foundation together with political leaders from area municipalities – will continue to work collaboratively toward determining each party's contribution with the collective goal to demonstrate the community's ability to raise its share of the project to build two new hospitals.

"For Muskoka's future hospitals to proceed to tender, we have to show how our community will pay for its share of the project, and if we can't demonstrate our plan to do so our project will not move forward," adds Miller. "We have the Ford government's support and commitment to contribute approximately three-quarters of the funds and that is a tremendous opportunity for our region to leave a legacy for our future generations."

To learn more about MAHC's capital redevelopment project and to follow along in our journey, visit www.mahc.ca/planning-for-the-future ([/en/about-mahc/one-redevelopment-project-two-new-sites.aspx](http://en/about-mahc/one-redevelopment-project-two-new-sites.aspx)).

Contact Us

Muskoka Algonquin Healthcare

Huntsville Site: [705-789-2311](tel://7057892311) (<tel://7057892311>)

South Muskoka Site: [705-645-4404](tel://7056454404) (<tel://7056454404>)

Email Us at info@mahc.ca ([javascript:emailContactV2\('2oZHjd27v5nzYwnFPIUs0NI1QeQuAleQuAl'\);](mailto:info@mahc.ca));



Huntsville District Memorial Hospital Site

100 Frank Miller Drive, Huntsville, ON P1H 1H7

Phone: 705-789-2311

Fax: 705-789-0557 (administration)

South Muskoka Memorial Hospital Site

75 Ann Street, Bracebridge, ON P1L 2E4

Phone: 705-645-4404

Fax: 705-645-4594 (administration)