



## STAFF REPORT

**To:** Mayor and Members of Council  
**From:** Meghan Townsend, CAO/Clerk  
**Meeting Date:** May 13, 2025  
**Report Number:** 2025-079  
**Subject:** Grand Valley Medical Dental Board Dissolution

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### Recommendation

**THAT** Council receives Report – Grand Valley Medical Dental Board Dissolution  
**AND FURTHER THAT** Council for the Town of Grand Valley agrees with the terms and conditions for dissolution of the Board presented,  
**AND FURTHER THAT** Council for the Town of Grand Valley agrees to the termination of the Board effective December 31, 2024, and a waiver of the one-year notice requirement,  
**AND FURTHER THAT** Council directs the CAO to send this report to the Townships of Amaranth and East Garafraxa for their consideration and comment.

### Executive Summary

#### Purpose

To present a plan for the dissolution of the Grand Valley Medical Dental Board.

#### Key Findings

A plan for dissolution is presented, with discussion on the renovation work required and the management of assets and final close out for the Board.

**Financial Implications**

The Board's bank balance will be used to pay for the Board's renovation work, the final audit and financial close out processes and any final costs related to the dissolution.

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**Report****Background**

When the volunteer community Board of Managers for the Grand Valley Medical Dental Centre dissolved in 2005, the Board of Managers transferred ownership of the centre to the Town of Grand Valley (then Township of East Luther Grand Valley). The three municipalities whose residents relied on the facility – being Amaranth, East Garafraxa and Grand Valley – came together to form a new board and transferred operations from the community board. This new board would oversee the operations of the Centre, participate in the recruitment of medical professionals, and it would provide accommodation for medical and dental services for the community so that practitioners would come to serve the area and would stay in practice with affordable rent and a central location.

The first agreement for the new Board is attached as Attachment 1 to this report. To jointly manage and operate the facility, the municipalities agreed that the revenues received by the Board (being rent and grant funding) will be used to offset the capital repairs and operating expenditures. All deficits and any surplus, beyond a reserve to be determined by the Board, shall be apportioned to the parties to this Agreement, as follows:

- East Luther Grand Valley - 50%
- Amaranth - 30%
- East Garaftaxa - 20%

In the event that any Municipality wanted to cease participating in the Board, the agreement stipulated that they may do so provided that:

- I. one (1) year's written notice be given to the Board and to the other parties. Any written notice given as aforesaid shall terminate this Agreement as of December 31 of the year following notice;
- II. any debt incurred, whether through the issue of debentures or any other way by the Municipality for the Board purposes shall remain the responsibility of the Municipality; and

- III. any assets, including reserves, contributed by the Municipality to the Board shall remain the property of the Board. If the Board is completely dissolved the assets are to be split in proportion to the number of Municipalities party to this Agreement.

The current agreement was executed in 2015. It is attached as Attachment 2 to this report. It contains the same provisions as stated above and appears to have been written primarily to change the name of the Township of East Luther Grand Valley to the Town of Grand Valley.

Since the time of the transfer, the Town of Grand Valley provided insurance for the facility, and was reimbursed by the Board. Grand Valley staff provided secretarial and treasury services for the Board, and their time was reimbursed by the Board. External contractors were hired to cut grass, plow snow, maintain the HVAC system and perform repair work as needed. The Town's gardener cared for the flower beds. Grand Valley did not seek compensation for other costs of software to manage the facility's finances, printing costs or other administrative expenses.

Today, the ability of the Board to lead in the "facilitation of services" has all but disappeared. Local municipal government in Ontario has limited involvement in physician recruitment. Upper levels of government manage medical service programs. Local municipalities can assist if they so choose, as long as that assistance does not contravene any procurement, fairness or transparency requirements. Local governments are not given funding mechanisms to support these services unless they choose to devote property taxes to cover costs. During the recent period of local transition in physician services, the local Board had very little influence over who was recruited and what services they would provide.

Which left the Board serving as a landlord for a commercial building owned by the Town of Grand Valley. Board members occasionally performed repair and maintenance work themselves in the past to cut costs and keep the rent far below market rent for commercial facilities. The Board obtained grants to update the accessibility of the facility. Otherwise, until recently, the building was paid for with the tenant rents. After a few incidents of flooding and other tenant complaints, it was discovered that:

- the building's foundation masonry was cracked and leaked,
- the concrete ramp to the lower level was needing repair,
- the stormwater drainage was not set up to handle heavy rainfalls, which caused significant interior flooding,
- there were odours spreading around the facility from unknown sources, and

- work was needed to retaining wall structures around the south and east sides of the parking lot.

Additionally, tenants were asking the Board for renovations to rehabilitate the interior of the building.

In 2024, once a Building Condition Assessment was completed and a budget was established, the Board requested funding from the three municipalities to offset costs of investigations, engineering and construction to handle these capital repairs (previous funds collected from the Town of Grand Valley and the Township of East Garafraxa were repaid many years ago). The Board's reserve had been built up from excess revenue when utilities and maintenance costs were less than annual revenue, and in 2023 and 2024, the reserve was spent on renovations. When the reserves were depleted, a levy on the three municipalities was apportioned and funds were retained in the Board's bank account to help with the other capital costs. Attachment 3 presents the budget and levy breakdown.

The Board secretary facilitated inspections and repair work and reported back to the Board on the results of inspections and the repairs as they were conducted. The Board committed that the levy would go toward work recommended in the inspections, including the remaining renovations in the upper-level medical clinic, retaining wall restoration work and repairs in the lower level, with an estimated cost of \$258,000.

While capital repair work was being contemplated and planned, the Board had discussions on its role in the community. At their February 27, 2023 meeting, the Board passed the following resolution, which was sent to the three municipalities:

**Resolution 2023-02-08**

Moved by S. Soloman, Seconded by P. Rentsch

BE IT RESOLVED THAT the Board directs the secretary to inform the 3 participating councils of the intention to dissolve the board and Grand Valley solely administer the Medical Centre.

CARRIED

The Council of the Township of East Garafraxa advised the other two municipalities that it no longer wished to participate on the Board, that they voluntarily remove themselves, and that they had made no monetary contributions to the Board prior to 2024. They also indicated an interest in participating in a proposed medical advisory committee that would serve to ensure

services were provided for the community. The other two municipalities have not given notice of intent, except that Amaranth presented the following resolution in October 2023:

**Resolution #: 6**

**Moved by:** B. Metzger

**Seconded by:** G. Little

BE IT RESOLVED THAT:

The Township of Amaranth does not voluntarily remove itself from the Grand Valley Medical Dental Board without reimbursement for the assets in proportion as outlined in the Agreement.

**CARRIED**

**Discussion**

Of the previously mentioned capital repairs, the Board completed renovations to the upper level, renovations due to flooding were completed in the lower level, the source of the odour was identified, and faulty piping was replaced, and the parking lot's retaining walls were replaced and new guardrail installed.

Currently, the Board's bank account is their only financial asset. It has \$160,000 in it. The Board is a registered entity with the Canada Revenue Agency for HST collection purchases. Their finances are audited annually, and this audit is consolidated with the audits of the three municipalities. Utility bills are in the board's name.

At their December 4, 2024 meeting, the Board discussed dissolution, and decided on the following:

1. That Grand Valley assume full operation of the centre as landlord
2. That the three municipalities form an advisory committee on health services at some point in the future, and
3. That a plan of dissolution be presented for review and agreement by the three municipalities, and this plan would be that:
  - a. That the 2024 levy money be spent on the rehabilitation planned by the Board
  - b. Once the rehabilitation work is completed, any residual funds in the bank account will be used to pay for final audit costs and board close out costs.

- c. Once all board related costs have been paid for, any remaining funds would be divided between the three municipalities. Grand Valley will coordinate the work and provide a reconciliation of the bank account to the three municipalities once completed. If there were no remaining funds, there would be no funds transferred to the municipalities.
  - i. While not necessarily discussed, staff assume that the division of remaining funds would be based on the agreement's apportionment of 50-30-20%.
- d. 2024 would be the final year of operations for the Board and the auditors will assist with closing out the books and transferring operations to Grand Valley. All final expenses, including the 2024 audit expenses, would be paid for by the Board.
  - i. Therefore, Amaranth and Grand Valley councils would both need to state that they are leaving the Board and agree that the dissolution will take effect December 31, 2024.
- e. The new leases with tenants that the Board was preparing would be signed between the tenants and the Town.

While not discussed at the Board meeting, in the interest of fairness to all parties, staff propose that if Grand Valley decides to sell the building within the next 3 years (e.g., before December 31, 2028), Grand Valley would reimburse the levy money collected in 2024 from Amaranth and East Garafraxa from the proceeds of the sale.

This plan for dissolution would be sent to the three municipalities for consideration and agreement by resolution. If desired, an Agreement of Dissolution could be prepared in order to ensure clarity and transparency for all parties. Whether this agreement should be prepared by a legal counsel paid for by the Board, then reviewed independently by each municipality's legal counsel was not discussed previously by the Board.

Staff recommend that Council pass a resolution to receive this report, remove themselves from the Board effective December 31, 2024, waive the one-year notice requirement, and direct staff to send this report and resolution to the other municipalities.

### **Financial Impact**

It is anticipated that the resources of the Board will be exhausted in order to finish renovations and pay out final close-out costs. Grand Valley will incur costs to complete the rehabilitation work started by the Board. Grand Valley is also incurring costs related to signing of new leases and management of tenancies. It is anticipated that tenant revenues will cover these costs for the Town, and this revenue will be determined as we finalize the leases.

### **Consultations**

Grand Valley Medical Dental Board

RJ Burnside and Associates Ltd

### **Attachments**

Attachment 1 – Town of Grand Valley By-law 2006-43, with agreement attached

Attachment 2 - Town of Grand Valley By-law 2015-09, with agreement attached

Attachment 3- 2024 Budget and Levy Breakdown

### **This report was submitted by**

Meghan Townsend, CAO/Clerk

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### **This report was approved by**

Meghan Townsend

Chief Administrative Officer/Clerk

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