

# Staff Report

Presented By: Jill Roote, Manager, Strategic Initiatives  
Meeting Date: April 27, 2026  
Subject: Healthcare Financial and Subsidy Baseline  
Attachment(s): Town of Saugeen Shores - Healthcare Administration Review - Current State Report

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## **Recommendation**

That Council receive the Healthcare Financial and Subsidy Baseline report for information.

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## **Report Summary**

On October 27, 2025, Council was presented the Municipal Healthcare Administration Review, which recommended a Phase 2 – Foundational Pathway – to be undertaken in 2026. The Foundational Pathway is a series of five reports that will come forward sequentially. This report, is the first, establishing the financial and subsidy baseline which is a fundamental part of the broader decision-making process.

## **Background/Analysis**

### **Background**

On October 27, 2025, Council received the [Municipal Healthcare Administration Review – Final Report \(Phase 1\)](#) and endorsed the Foundational Pathway to advance in 2026. Attached to this report is the background Current State Report from July 2025 which is further information for Council to consider.

The Final Report identified the need to move from an ad hoc approach to a more structured, transparent, and accountable municipal healthcare portfolio. To support this shift, six activities were initially identified as prerequisites. Completion of these activities would provide Council with the tools required for evidence-based decision-making for consideration in forming how the municipality supports healthcare. Collectively, these activities comprise the Foundational Pathway.

Since the presentation, the original six activities have been condensed into five. In 2026, the following reports will be presented:

1. Healthcare Financial and Subsidy Baseline
2. Municipal Healthcare Role and Governance Framework
3. Healthcare Asset and Contract Alignment
4. Regional and Intergovernmental Alignment
5. Final Foundational Pathway Report and Options

Each activity will be advanced in a deliberate sequence to support Council's decision-making in the establishment of a healthcare portfolio that includes clear governance, appropriate resourcing, and consistent systems. Phase 2 is being delivered using internal resources and is focused on due diligence, governance clarity, and risk mitigation (not program implementation).

This report addresses activity 1 (Healthcare Financial and Subsidy Baseline) by summarizing current activities, outlining financial oversight and cost visibility issues, and presenting key findings, risks, conclusions, and next steps.

## **Analysis**

### 1. Overview of Current Activities

To understand financial oversight, a review of the Town's current involvement with Healthcare was conducted. Appendix 'A' - Inventory of Health-Related Activities - lists all healthcare-related activities supported by the Town, categorized as follows including:

- A. Physician recruitment and retention
- B. Onboarding and service support for physicians
- C. Town-owned medical facilities and assets
- D. Financial contributions to the larger healthcare system
- E. Governance, administration, and program oversight

Beyond budgeted items like incentives, the Town also covers healthcare-related costs spread across departments, including staff time, shared overhead, Town clinics, and physician housing.

This inventory outlines the current understanding of scope of the financial overview, highlights ongoing risks such as asset lifecycle and costs for Town-owned facilities or housing, summarizes available data, and notes gaps like distributed staff time and opportunity costs.

### 2. Oversight and Knowledge Gaps

The 2025 Report (linked above) identified three issues that limited the Town's ability to understand its full healthcare exposure:

1. Fragmented Financial Oversight,

2. Incomplete Cost Visibility, and
3. Informal and Legacy Subsidies.

To complete the Financial and Subsidy Baseline review, information was consolidated across departments, budgets and historical agreements were reviewed, asset-related costs were examined, on-site visits were conducted, and meetings were held with external stakeholders.

This foundational work was necessary to fully scope the financial and subsidy landscape to support future governance and decision-making. These three areas are reviewed below:

### 2.1. Fragmented Financial Oversight — how it was addressed

Historically, municipal healthcare-related costs have been managed across multiple departments and recorded in different expense lines using a mix of operating, capital, and in-kind resources. To strengthen oversight, an inventory of activities was completed to align to financial records, creating a consolidated baseline of costs and commitments. This improves visibility as to where costs sit and what obligations exist, including multi-year arrangements.

The baseline consolidates the direct operating and capital costs that can be quantified from current budgets, financial records, and existing agreements, including:

- Physician Incentives
- Infrastructure (Facility Operations Expense)
- Capital Costs (Asset Investment / Future Contributions)
- Maintenance Costs

### 2.2. Incomplete Cost Visibility — what remains distributed or not fully attributed

The review also confirmed that some healthcare support is delivered through shared services and operational decisions that are not consistently tracked to a single healthcare budget. These costs are real, but they are distributed across divisions (e.g., finance, legal, facilities) or embedded in asset management decisions. As a result, the baseline can identify where these pressures exist, but some costs remain difficult to quantify or align to appropriate budgets – especially staff time absorbed across departments and opportunity costs (i.e., time and resources redirected from other municipal priorities).

Examples of distributed or less-visible costs and supports identified through the review include:

- Administrative Service Supports
- Recruitment Activities
- Subsidized Rent (Medical Facilities / Condos)
- Staff Resources (Salaries not associated with cost centre)

- Direct Maintenance Costs (Costs not tracked per business unit)

### 2.3. Informal and Legacy Subsidies — clarifying subsidy mechanisms and level of service

To clarify Informal and Legacy Subsidies, the Town’s financial support was mapped to the services being delivered and the outcomes being sought. This includes explicit subsidies (e.g., rent concessions, loans) and implied subsidies (e.g., administrative support and service levels provided without dedicated cost recovery). This analysis helps clarify the Town’s current level of service and where subsidization is occurring, even where full costs are not yet available due to untracked staff time, shared overhead, or opportunity costs.

### 3. Summary of Findings

The table below represents a initial financial picture of the baseline review outlined above. These numbers offer Council an estimation of the Town’s healthcare-related supports, costs, and commitments.

One caution is that these numbers are only estimates as it is a snapshot in time. Now that this initial review has been undertaken, and there is greater understanding of the areas of the organization involved in the Healthcare portfolio, these numbers will continue to be refined as more data is collected.

<b>Table 1: Baseline Financial Impact</b>			
<b>Program Area</b>	<b>2025 Actual</b>	<b>2026 Budget</b>	<b>2027-2029 Average Budget</b>
Infrastructure	92,563	73,434	62,109
Administrative Costs	46,322	47,089	48,370
Physician Incentives	55,868	119,913	123,694
Capital Projects	28,204	85,000	90,000
<b>TOTAL PROGRAM COST, EXCLUDING STAFF TIME</b>	<b>222,958</b>	<b>325,437</b>	<b>324,174</b>
Add: Staff Time	139,381	143,630	149,418
<b>TOTAL FINANCIAL IMPACT, INCLUDING STAFF TIME</b>	<b>362,339</b>	<b>469,067</b>	<b>473,593</b>
Add: Foregone Opportunity Cost	24,052	24,533	25,023
<b>TOTAL FINANCIAL IMPACT, INCLUDING STAFF TIME &amp; ESTIMATED LOST REVENUE</b>	<b>386,391</b>	<b>493,600</b>	<b>498,616</b>

\* Note: These numbers include \$75,000 contribution by Bruce Power toward Healthcare from 2024-2026.

The table above illustrates, that the municipality invests, at a minimum, close to \$500,000 annually to support Healthcare in our community. Specifically, it illustrates municipal involvement in:

- Physician incentives, subsidies and opportunity costs, including recruitment and ER-focused measures;
- Operational and administrative support, such as marketing, onboarding, clinic administration management, coordination with hospital partners, and aid to providers like Victorian Order of Nurses (VON);
- Housing and facilities, covering short-term accommodations and management of medical buildings;
- Governance functions ensuring alignment between the Town, hospital, Ontario Health, and recruitment organizations.

Direct incentives are the most visible and easiest to track, while other contributions such as shared services and facilities are less clearly attributed and may not fully reflect true costs, creating ongoing financial exposure. Assessing the Town's net position requires consistent monitoring of both municipal expenditures and partner contributions.

As noted in the 2025 Report Out, recruitment and healthcare efforts are largely transactional, uncoordinated, temporary, and reactive, with limited long-term or strategic planning. This financial and subsidy baseline outlines current spending, subsidies, and information gaps, providing Council with a clearer picture for future decisions on governance and resource allocation.

#### 4. Overview of Risks

Appendix 'B' - Overview of Risk provides a high-level summary of key risks associated with the Town's healthcare-related supports, based on the financial and subsidy baseline assessment. It highlights the main areas Council may need to consider when reviewing existing arrangements or future proposals, including financial visibility and cost allocation, agreement structure and funding, multi-year and legacy commitments, asset and lifecycle impacts, and the overall governance and decision-making framework.

#### Conclusion

This Healthcare Financial and Subsidy Baseline gives Council a snapshot of the Town's healthcare-related costs and commitments, including budgeted spending and costs absorbed by the Town. It provides a clearer basis to assess program creation, apply consistent costing and identify remaining gaps (including staff time and opportunity costs). It does not evaluate outcomes or value-for-money. Council decision-making around the establishment of a healthcare portfolio that includes clear governance, appropriate resourcing, and consistent systems will come forward in the final Report of this Foundational Pathway.

#### **Next Steps**

The next activity report for Council's consideration is 2. Municipal Healthcare Role and Governance Framework. Building on this Financial and Subsidy Baseline, the next report will define the Town's role in healthcare administration, clarify governance relationships with physicians and key partners (e.g., Brightshores, Regional OHT, County, and Province).

Establishing this governance foundation will allow subsequent recommendations on assets, agreements, and intergovernmental alignment to be assessed within a clear accountability structure as the work progresses toward final options. The below activity reports will follow sequentially:

3. Healthcare Asset and Contract Alignment – Direction on asset responsibility, contract standardization, and risk mitigation.
4. Regional and Intergovernmental Alignment – Endorsement of advocacy and partnership approach.
5. Final Foundational Pathway Report and Options – Direction on Municipal Health Support Framework.

### **Linkages**

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: CAO Major Initiative

### **Financial Impacts/Source of Funding**

No costs or revenue is associated with this report.

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## Appendix 'A' – Inventory of Health-Related Activities

### A. Physician Recruitment and Retention

Activity	Description	Town Role	Cost Signals
Physician recruitment marketing	Attendance at recruitment fairs, marketing materials, digital campaigns	Lead	Operating budget; marketing costs; staff time; private sector limited funding
Candidate sourcing and screening	Ongoing outreach, screening of Practice Ready Ontario and other candidates	Lead / Support Physician Group	Staff time
Site visits and community tours	On-demand tours of clinics, schools, housing, community amenities	Lead	Staff time; hospitality
Incentive negotiation and agreements	Financial incentives, loans, subsidies to recruit/retain physicians	Lead	Incentive payments; loans
Recruitment partnerships	Participation in regional/OHT and inter-municipal recruitment initiatives	Support	Staff time; shared funding

### B. Physician Onboarding and Ongoing Service Supports

Activity	Description	Town Role	Cost Signals
New physician onboarding	Orientation, relocation assistance, community integration	Lead with support from other organizations i.e., Health Force Ontario / Grey Bruce OHT	Staff time
Housing coordination	Managing Town-owned condos for residents, locums, learners	Administer	Operating and capital
Learner and resident placements	Supporting ROMP and medical learner placements	Partner	Staff time
Community integration supports	Welcome guides, networking, spousal/family support	Lead	Staff time; materials
ER mentorship and stipend programs	Supporting ER staffing stability through stipends and mentoring / ER recruitment	Administrator	Private Sector Funded; Staff Time

### C. Town-Owned Medical Infrastructure (Facilities and Assets)

Asset / Activity	Description	Town Role	Cost Signals
Dr. Earl Health Centre (Port Elgin Medical Clinic)	Town-owned medical building leased to physicians	Owner/Landlord	Operating, capital, debt
Saugeen Shores Medical Building (Southampton Medical Clinic)	Shared operating and lease model with physicians	Owner/Landlord/Administrator	Operating, capital
Physician housing (Southampton Morpeth Street and Port Elgin Arlington Street condos)	Society Of United Professionals Owned / Town-owned condos for residents, locums, learners	Tenant – Southampton Owner – Port Elgin	Operating, capital
Asset maintenance and lifecycle	Repairs, utilities, insurance, lifecycle planning	Owner	Capital and operating
Lease administration	Lease management, cost sharing, contract administration	Lead	Staff time
Cleaning and Sanitation	Coordinate cleaning services, supervise contractors, address waste issues, and provide supplies to condo units.	Plan, organize and schedule vendor.	Operating and staff time
Building Mechanical Operations and Maintenance	Ensure building systems operate efficiently through monthly inspections, preventive maintenance, emergency response, contractor coordination, and compliance documentation.	Combination of Town led with vendors	Operating and staff time
Safety and Compliance	Conduct regular smoke alarm inspections, maintain safety systems, and ensure compliance with health, safety, building, and accessibility requirements.	Town Led	Operating and staff time
Condo Management	Join condo meetings to discuss issues and improvements. Snow removal	Town Led	Operating and staff time

<b>Asset / Activity</b>	<b>Description</b>	<b>Town Role</b>	<b>Cost Signals</b>
	Recycling / garbage		
Access and Security	Maintain access control systems and alarm systems.	Combination of Town Led with vendors	Operating and staff time
Vendor and Contractor Management	Maintain a list of approved vendors and contractors / Negotiate contracts.	Combination of Town Led and vendors	Operating and staff time
Emergency Preparedness	Work with Fire Department conducting inspections and guidelines.	Town Led	Staff time
Staff Training and Communication	Train staff on safety protocols and facility procedures. Maintain clear communication channels for reporting issues.	Town Led	Staff time

#### **D. Financial Contributions to the Broader Health System**

<b>Activity</b>	<b>Description</b>	<b>Town Role</b>	<b>Cost Signals</b>
VON Nurse Practitioner Clinic	Annual financial support	Partner	Operating transfer
Emergency Room stipend program	Financial support to stabilize ER coverage	Administrator	Private Sector Funded; Staff time to implement
Inter-municipal partnerships	Shared initiatives with Kincardine and others	Partner/Administrator	Operating
External funding administration	Flow-through and alignment of Bruce Power and other funds	Administrator	Pass-through

#### **E. Governance, Administration and Program Oversight**

<b>Activity</b>	<b>Description</b>	<b>Town Role</b>	<b>Cost Signals</b>
Healthcare program coordination	Central coordination of all activities.	Lead	Staff salaries
Financial tracking and reporting	Healthcare financial data consolidation.	Administrator	Staff time

Activity	Description	Town Role	Cost Signals
Contract and risk management	Legal review, agreements, renewals.	Administrator	Staff time; legal
System coordination	Liaison with Ontario Health, Brightshores, OHTs	Partner	Staff time

### **Appendix ‘B’ - Overview of Risk – Activity 1 (Healthcare-Related Supports)**

This Appendix summarizes key risks related to the Town’s healthcare-related supports (Activity 1 baseline assessment). These supports span multiple departments, agreements, and Town-owned assets and have expanded incrementally over time. As a result, Council may be asked to make decisions without a consolidated view of costs, commitments, and interdependencies. Key considerations include financial visibility and cost allocation; agreement structure and currency; multi-year and legacy commitments; asset and lifecycle impacts; and governance and decision-making.

Key risk considerations include the following:

#### a. Financial Visibility and Cost Allocation

Healthcare-related supports draw on multiple service areas and budgets. Costs include direct operating and capital spending, as well as indirect costs (e.g., staff time and opportunity costs) that are not yet fully quantified. Without consistent costing assumptions, Council may not see the full financial impact of existing arrangements or new proposals at the time decisions are made.

#### b. Agreement Structure and Currency

Agreements vary in form, scope, and term. In most cases, there are no formal leases, and several arrangements rely on expired agreements or informal understandings. This can make roles and responsibilities unclear and can limit the Town’s ability to apply consistent terms for cost recovery and risk allocation. Out-dated agreements may not reflect current market conditions or may not fully recover Town costs. In several cases, inflationary adjustments, asset lifecycle funding, and long-term maintenance provisions are limited or missing, which can increase financial pressure over time. Overall, informal arrangements increase the risk of inconsistent application, unclear accountability, and avoidable financial, legal, and reputational exposure.

#### c. Multi-Year and Legacy Commitments

Some healthcare-related supports include incentives or arrangements that extend beyond a single budget cycle. These multi-year and legacy commitments can create longer-term financial obligations that are not always clear at the time of decision-making, which can reduce flexibility

for future Councils. Legacy commitments can also set precedent and create expectations that influence future Council decisions, even if circumstances, priorities, or financial capacity change.

For example, past arrangements may be used as comparators for new requests, and there may be pressure to renew or replicate past terms to maintain perceived consistency or continuity. If Council does not clearly identify and consider legacy commitments, the Town may face unplanned budget pressure, less ability to change course without service disruption or transition costs, and reputational or relationship impacts with community partners. Depending on the arrangement, contractual or legal factors may also increase the cost or complexity of changing or unwinding past commitments.

#### d. Asset and Lifecycle Risk

When healthcare-related supports use Town-owned facilities or housing, the Town is responsible for operating costs, capital renewal, and potential vacancy risk. Several Town-owned facilities need repair and ongoing maintenance. However, without dedicated reserves—and where operating costs are not fully recovered under current arrangements—there is limited funding to address lifecycle needs. This can lead to deferred maintenance, faster asset deterioration, and future budget pressure as renewal needs accumulate. Deferring repairs can also cause service disruptions, increase health and safety risk, and create accessibility or regulatory compliance issues, with related reputational impacts for the Town.

#### e. Governance and Decision Framework

Without an overall framework, Council may consider healthcare-related supports one-by-one instead of as a portfolio. This can lead to inconsistent outcomes and can make it harder to assess proposals against cumulative financial exposure, legacy commitments, and strategic priorities.

#### Risk Management Opportunity

The baseline helps the Town manage these risks by supporting consistent costing, clarifying roles and decision authority, and setting clear parameters for future proposals (including more consistent agreement terms). This includes documenting legacy commitments and renewal/exit considerations, reducing reliance on expired agreements or informal understandings, and ensuring arrangements that use Town assets address operating cost recovery and lifecycle/reserve funding, where appropriate. This improves transparency, reduces reputational and financial exposure, and supports informed, sustainable Council decisions.