

Best Practice

Melfort Wellness Centre

CONTACT

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THE PRACTICE

The objective of The Wellness Centre was to enhance service delivery to local residents and help recruit and retain medical professionals now and in the future. This facility was the realization of a nearly decade-long vision to consolidate medical services in one location at the Melfort Hospital, to provide convenience and efficiency for both patients and medical professionals. The Wellness Centre includes a spacious modern physician clinic, able to accommodate up to 16 doctors, a Rexall Pharmacy, a denturist clinic under construction and additional lease space for other medical professionals. Visit The Wellness Centre through this fly-through video created to celebrate the grand opening: https://www.youtube.com/watch?v=CR0D_XATJ18

THE PROCESS

The concept was first conceived by the regional Municipal Health Advocacy Committee nearly a decade ago. The MHAC, an advisory Committee of Council, had researched a number of building concepts and business models in an attempt to meet the unique needs of the local medical professionals, the community and the residents of the region. This included privately-owned, publicly owned, physician-owned, cooperative financing models, and exploring the renovation of existing space versus new construction. They had nearly exhausted all options when the City was approached by Avatex Devcorp Inc. about their idea for a commercial medical facility. Initially Avatex was interested in developing a clinic at StoneGate, their commercial shopping centre development in the City; however, the physicians' group were not interested in moving to a clinic that was not attached to the hospital and losing the benefits of access and efficiencies associated with that proximity. Avatex agreed and developed the concept for the Melfort Wellness Centre.

With the assistance of the Municipal Health Advocacy Committee, the City acted as facilitator, providing introduction to the various parties that would ultimately play a part in the realization of this project, which eventually included over 20 organizations, communities and individuals committed to the project including the City, surrounding rural and urban municipalities, a First Nation, the former Kelsey Trail Health Region, Avatex Devcorp and a total of 12 local physicians. See attached document entitled, "Melfort Wellness Centre – Presentation to Region".

The developer, Avatex Devcorp, broke ground on the project attached to the Melfort Hospital in the spring of 2017 (<http://www.tisdalerecorder.ca/melfort-the-west/shovels-in-the-ground-for-melfortwellness-centre-1.12668372>) and

nine months later the facility was opened to the public(<http://www.northeastnow.com/article/506921/wellness-centre-officially-opens>).

Financing of the project involved a creative financial model which incorporated a number of steps, summarized as follows:

- 1) The City entered into a Memorandum of Understanding with Avatex Devcorp for the development of a Wellness Centre to be connected to the Melfort Hospital.
- 2) Council assessed the risks versus the benefit to the community and entered into an agreement with Avatex to lease the physicians' medical clinic portion of the facility, which was then sub-leased to individual medical professionals. Under the terms of the City-Avatex agreement, the City has the option to purchase the building, at market value, after the term of the lease, which is 15 years, with a 5-year renewal option.
- 3) As part of their municipal share, the City contributed \$1.5 million for site work and leasehold improvements in the physician clinic.
- 4) The Kelsey Trail Health Region approved the subdivision and transfer of the Wellness Centre lands, as their contribution, to the City of Melfort for the development of the facility, with the understanding that the City would transfer the land to Avatex Wellness Inc. for construction and operation of the development (\$6 Million capital cost). The Health Region also agreed to provide an interior connection to the hospital and mitigate some of the operating costs of the facility.
- 5) On behalf of the City, the Municipal Health Advocacy Committee approached neighboring municipalities for financial support to help fund the operations of the clinic, based on the percentage of their population that currently was being served by the Melfort Hospital. The City offered to amortize the regional commitment over twenty years, at no interest. Thus far, thirteen municipalities and one First Nation have participated (see attached spreadsheet).
- 6) Avatex entered into an Ongoing Maintenance Agreement with the Health Region, who agreed to assume the maintenance of the common areas, parking lot and landscaped areas.

THE RESULTS

Speaking on behalf of the local family physicians group, Dr. Eben Strydom stated, "The new facility will provide benefits to physicians, but the real winners will be the patients who will be able to access multiple medical services at one location and enjoy the comfort, efficiency and convenience the Wellness Centre will offer". The facility allows patients easier access to hospital services, like the ER, diagnostic equipment and laboratory services. It reduces travel time for physicians, especially those involved in surgeries and obstetrics, and make it easier for doctors to work as a team with other services, such as dietitians, mental health and addiction services. Dr. Strydom added, "It's a project that's really an example of a community getting together to optimize limited resources, in trying to put the patient first. It's really a win-win situation for everybody involved."..."In the end, this facility will help us to hopefully better recruit and retain physicians, which will help us with the quality of service, the continuity of service and, in the end, patient satisfaction."

Although the initial target was to have a minimum of 8 physicians relocate to the clinic in the Wellness Centre, by the time the project opened to the public there were 12 physicians practicing in the facility with more physicians committed in the future. The physician clinic can accommodate up to 16 doctors. It opened in December, 2017, and the new Rexall Pharmacy joined them in February, 2018. Construction is underway for a new denturist clinic and space remains for a number of other medical related tenants. Avatex anticipates the building (over 17,000 square feet) to be fully occupied in the coming year and a demand for potential expansion in the future (the building was designed to expand to the east when necessary).

At the last meeting of the Municipal Health Advocacy Committee, the physician representative reported that the medical professionals have had all of their minor deficiency issues addressed and are very pleased with the clinic. He added that they expect the number of physicians operating out of the clinic to increase to 14 by next year.

The timing of a project can be the difference between success and failure. This project took almost 10 years for all the pieces to align, but once Avatex entered into a Memorandum of Understanding with the City, things advanced rapidly. Negotiating the various agreements required for a project of this nature was challenging, but not impossible. Communication and coordination between all parties, including the general contractor, was also challenging at times, but crucial to the success of the project.

As a result of the success of this initiative, Avatex Devcorp has already begun working with numerous other communities on similar projects. The Melfort Wellness Centre will provide a template for cooperation between public and private interests to accomplish what neither could do on their own.

LESSONS LEARNED

In The Beginning:

When the Melfort Municipal Health Advocacy Committee began considering a centralized physician clinic at the Melfort Hospital they discovered:

- The responsibilities of rural physicians are much greater and varied than urban physicians and rural doctors are overworked, stressed and looking for a better quality of life; therefore, remuneration and lifestyle in rural Saskatchewan must be competitive with urban centres and western Canada.
- A turn-key clinic is attractive to young physicians who are looking for a progressive, technological environment without having to make a significant capital investment.
- A centralized clinic would provide a continuity of care, promote physician group cooperation and provide an opportunity to enhance/improve service due to the proximity to other medical professionals and services located in the hospital, such as dietitians, mental health & addictions, laboratory and x-ray services.

The Risks:

Melfort City Council obtained legal advice prior to entering into the Wellness Centre Lease Agreement with the developer, reviewing the assumptions/financial projections and assessing the risks involved in the project, which included a rent escalation factor included in the projection, the absence of a guaranteed income stream, the unknown future commercial value of the space and that the long-term lease would be considered part of the City's debt limit. In weighing all of the financial risks to the City versus the benefits to the community, Council felt the benefits were worth assuming these risks.

The Cooperation:

In preparing to approach the surrounding municipalities seeking financial partnership and support, our Community Development Manager researched usage at the Melfort Hospital to develop the "ask" based on a percentage of actual use. Council representatives from these municipalities were invited to attend a meeting where the City explained the participation grid (spreadsheet attached), along with usage parameters and the benefits to the region. This was followed by a formal letter to each municipality requesting financial support based on this methodology. On request, members from the Municipal Health Advocacy Committee met with individual regional Councils to provide further information and discuss any concerns with the project. The City of Melfort offered to spread the regional financial commitment over twenty years, interest-free. There was some concern about contributing to a developer-

owned project, so the City advised municipalities to determine whether enhanced patient service was worth the twenty-year investment, in order to justify it to their ratepayers, noting that other municipalities are contributing significantly more tax dollars in perpetuity towards a facility and/or physician recruitment. We achieved nearly 100% participation using this approach, as the surrounding municipalities felt assured by committing to a fixed capital contribution, knowing that the City was prepared to assume any associated risks as the leaseholder of the clinic.

It needs to be acknowledged that this project also required a significant financial contribution from the local physicians as well. They made a commitment to pay a substantially- higher lease rate to ensure this project happened and all physicians agreed to come on board and relocate to the new, centralized clinic.