



Life Lease Suites • Retirement Suites • Long-Term Care Residence • Event Planning

June 11, 2020

Ms. Colleen Clack
Deputy CAO Public Services
City of Guelph
1 Carden Street
Guelph, ON N1H 3A1

Dear Ms. Clack:

Re: Revolving Capital Lease Line of Credit

The Elliott Community wanted to provide an update as to where we are at with our capital projects and our revolving capital lease line of credit of \$2 million that City Council approved the organization to set up in February 2018.

As an organization that provides the entire continuum of care for seniors, we acknowledge that the City is only responsible for the Long Term Care (LTC) portion of our not for profit operation. The Elliott Act and by-laws of The Elliott Community indicate that "The Elliott may not borrow money without prior consent of the City Council" regardless if it is for the LTC portion of our operation or other care areas. As presented to Council in 2018, The Elliott Community had completed a building assessment and based on that report, we completed a revolving 10 year Capital Plan. We have been completing the work laid out in the Plan however, we have now come to a standstill in our capital upgrades.

In the summer of 2019, we were faced with significant budget cuts from the province. As you are aware, we had to reduce a number of staff working at our organization. We also had to make adjustments to our Capital Plan. We did continue with a major roofing project on one of our buildings. Per the building assessment, this roof was originally projected to cost \$800,000 to replace however, when they started the project in August, a number of materials had risen in cost increasing the projected cost to completion to \$1.2 million. However, when the project was well under way the level of deterioration of the roof was significant. The roof is now nearing completion and the total cost of the roof is over \$2 million. This project alone has used up our entire lease line of credit leaving us in a situation where we cannot move forward with a number of urgent capital projects without adversely affecting our operations.

...2

170 Metcalfe Street, Guelph, Ontario N1E 4Y3 • Phone: 519-822-0491 • Fax: 519-822-5658 • Email: info@elliottcommunity.org • www.elliottcommunity.org

Quality choices for mature living in a safe, caring, home-like environment.

Further, in March of 2020 The Elliott Community was faced with a world-wide pandemic. Due to quick actions by our team - implementing strict infection control practices, restricting visitors before it was required, and implementing early wearing of face masks, we have managed to keep COVID-19 out of our home and keep our residents safe and healthy. We have been fortunate to receive some additional funding to help with the escalating costs of personal protective equipment (PPE) costs however, we have had to absorb increased staffing costs and our occupancy levels have dropped in our Retirement area of our operation. While we understand the City does not oversee this portion of our operation, this has a direct financial impact on our operations. We have started to fill those empty rooms as families and residents feel confident in moving into our facility. This will affect our overall surplus for 2020 however, our cash flow from previous years has helped us maintain a positive position.

We have completed a full review of our Capital Plan and assessed our cash flow for the next 3 years. A number of projects have been shifted forward and adjustments have been made. A number of new COVID related projects have now been placed on our capital projects list as legislatively essential projects. It is predicted we will need these upgrades to remain compliant and to enhance and continue to care for our residents in both LTC and Retirement for the next two plus years.

Based on this review we are requesting an immediate increase in our revolving capital lease line of credit from \$2 million to \$4 million. This request is supported by the Board of Trustees of The Elliott Community. We have also had preliminary conversations with RBC and they are willing to increase the lease based on our strong stability both financially and historically as an organization. Further, we have two capital leases that will be retired in July of 2020 and March of 2021 which will provide additional capacity to manage all future repayments.

This increase in the revolving capital lease line of credit provides The Elliott Community with the financial tools to handle these new pressures of operational, capital improvements and COVID-19 related costs. The new reality of the pandemic has affected all organizations however, it has been particularly challenging for LTC and Retirement homes. I am incredibly proud of the work that has been done by staff at The Elliott Community during these extraordinary times. We are steadfast in our commitment to keep our residents and staff safe as we move forward into the next phase of this ongoing situation. We have and will continue to manage our resources well and are deeply committed to being a home that the City can be proud of.

I am available to speak further on this request Colleen and am hopeful that we may be able to send this request to City Council in late June 2020.

Thank you again for the City's ongoing support of The Elliott Community.

Sincerely,



Michelle Karker
Chief Executive Officer

c. Bill Koornstra, Board Chair