

Autumn Lodge

1. Why have you decided to relocate the residents of the Autumn Lodge?

The Autumn Lodge, built in 1959, is one of the 50 original u-shaped lodges constructed in the Province of Alberta. It was designed with a functionally independent senior in mind, therefore considerations were not made for wheelchairs, walkers, or ramps now required for universal access into the building. The room design was considerably smaller than what is considered appropriate for today's senior; the functionality of the current building is not conducive to the expectations of today's senior. Of primary concern is the fact that the lodges of that era were constructed under different building safety codes and, therefore, were not equipped with fire suppression systems; the fact that the Alberta Government announced an investment of \$70 Million for Housing Management Bodies to make upgrades to sprinkler and fire safety systems in older seniors care facilities adds to the significance and urgency of this fact.

In preparation of the sprinkler installation project at the Autumn Lodge, North Peace Housing Foundation had a hazardous materials assessment done, in which it was discovered that there is asbestos in the building, adding further to the cost of any renovation/retrofit/sprinkler installation. Unfortunately, the decision cannot be delayed any longer; essentially, Autumn Lodge has reached the end of its useful life.

When making a decision of this magnitude, it was important to consider all options, one of which was to develop a scenario in which North Peace Housing replaced the existing building, because there is still demand in Berwyn. Because the current building is no longer considered functional and requires numerous upgrades to comply with current standards, we had to ask the question: Is it financially responsible to renovate or reconstruct a lodge in the Village of Berwyn?

Due to the age of the building, a significant investment would be required to bring the building up to the standards of today. In March of 2009, a functional assessment was completed for the Provincial Government on the Autumn Lodge by Wade Engineering Limited. At that time, they estimated that the cost of retrofitting the existing facility would be approximately \$6.5 Million, which would be closer to \$10 Million today, all of which would come from both the Provincial and Municipal tax base. The retrofit would modify the interior space, but the building envelope would still be that of 1959 construction. There would continue to be 41 rooms, which means that the lodge would continue to operate at a substantial deficit (lodges require a minimum of 80 units in order to break even); every 4 years, Autumn Lodge operates at a deficit of 1 Million dollars due to lack of economies of scale. At the time of the assessment, the consultants determined that consideration should be given to demolish the existing structure and build a new facility due to the costs of the retrofit.

The recommendations of the independent consultants that prepared the facility study for the Provincial Government were considered important in our decision, as these engineering professionals provide their assessment without outside influences, or emotional ties. This can

help provide clarity to the business decision to invest huge tax dollars and where best to make that investment.

In 2015, we presented the idea of closing the Autumn Lodge with the intention of building a new 120 unit facility on the west hill in Peace River, offering higher level care to seniors of the area. Although that is still our ultimate goal for the future, the market for that level of care is saturated in the area due to the construction of Stonebrook in Grimshaw, and Points West in Peace River. These facilities are providing the added care and our facilities are dealing with increased vacancies and increasing deficits, because we are unable to keep our residents in our facilities.

For all of these reasons, we have made the decision to combine our supportive housing operations for this part of the region into Peace River and over the course of the next few months, will be moving operations and staff into Heritage Tower.

2. How did you make the decision to close the Autumn Lodge?

Each year, the Board of Directors is tasked with the approval of a Business Plan which charts our plans and activities to fulfill our mandate. Every spring, the Board holds a Planning Retreat to discuss North Peace Housing's plans and strategies and starts formulating the Business Plan and capital planning documents. In the most recent planning session, the Board of Directors has chartered a course to redefine our business model over the next five years to better align its operations with the changing market, while still providing affordable supportive housing to the people of this region.

It is largely about having the opportunity to save the taxpayers significant tax dollars, but it also about making the best use of the money that we do receive. Providing housing that will continue to be affordable for the seniors of this area, without increasing the tax burden on our region's taxpayers, is the longer term objective.

The results of the conditional analysis report, combined with the cost of the sprinkler system installation, the compounding effect of the presence of hazardous materials discovered during the sprinkler system design process and the continued vacancies resulting in unmanageable deficits let the Board to the decision that the closure of the Autumn Lodge cannot be delayed any longer.

3. Why is it always about the money?

We as a Management Body have to be fiscally responsible when making all decisions. Our mandate is to provide low to moderate income Albertans quality, affordable housing. Legislation dictates that we follow certain standards when providing housing and services to our Residents; these standards drive the cost of providing service.

4. When is the scheduled relocation date?

We hope to have the relocation completed by the fall of 2017.

5. Why can't you build a new lodge in Berwyn?

In March of 2009, a functional assessment was completed on the Autumn Lodge to bring the 38 single rooms, 3 double rooms and associated service areas into alignment with current guidelines and standards. The option would be to modify the interior space without changing the existing structure. The modifications would result in suites being combined and would result in the loss of 12 suites. To maintain the existing unit count, 12 new units would need to be built onto the lodge. Costs for the upgrade to the existing facility and the construction of the new rooms would be approximately \$10 Million. Of that \$10 Million, North Peace Housing would be responsible for \$5 Million and the Provincial Government would fund the remaining \$5 Million. At the end of the day, there would still be a 41 unit Lodge, operating at a deficit, and North Peace Housing would have additional \$5 Million of debt to finance.

Constructing a new lodge in the Village of Berwyn would not be feasible, because the population of the area would not be sufficient to support a building large enough to take advantage of economies of scale. There will be a day, when new demand for seniors housing in the Grimshaw area will present an opportunity to re-enter the market, but that is somewhere down the road.

6. Where will the Residents go?

Residents will be relocated to the Heritage Tower, or to one of our other existing facilities, should that be the Resident's choice. When it comes time to relocate Residents, we will welcome family support and assistance with the move. The Foundation will take care of moving those Residents who are without family, or do not have family living in the area. We will work with Residents and family and will do everything that we can to make this as smooth a transition as possible.

North Peace Housing feels confident that Residents will feel safe and secure in a building that has up-to-date building and safety codes, which includes fire safety and suppression systems.

7. What will happen to the staff?

North Peace Housing is proud to say that we have the best staff in the industry. We know that each and every staff member is highly coveted and we want them to remain an employee of the Foundation; we do not want to lose a single person. The Foundation will try to ensure that every employee who wants to continue working for the Foundation will have a job.

8. What will you do with the building?

Our hope is that we can find an alternative use for the building. We will explore all options and suggestions.

9. What will happen to the Lodge's Handi-van?

No decisions have been made at this point. Our Board of Directors will have final approval based on North Peace Housing's recommendations. When making the final decision, we will take into consideration the area that is in most need; if demand is greatest in the Berwyn area, the Handi-van will continue to service the area.

10. What about the Autumn Villa and the Tenants who access the lodge for meals, etc.?

Individuals who live in our Senior Self-Contained apartments are approved based on the fact that they are able to live independently. If North Peace Housing Tenants require meals and other additional services, options will be made available to them.