

NOVA SCOTIA DEPARTMENT OF HEALTH CONTINUING CARE BRANCH

Subject: **REPLACED FACILITY DISPOSAL POLICY**

Original Approval Date: September 16, 2008 Revised Date: Not applicable

Approved by: ***Original signed by Keith Menzies***

Keith Menzies, Executive Director, Continuing Care Branch

1.0 INTRODUCTION

1.1 The Service Provider has three options for disposing of a Replaced Facility.

- Retain the Replaced Facility
- Sell the Replaced Facility
- Demolish the Replaced Facility

The option to demolish the Replaced Facility will be limited to Service Providers who meet specific criteria outlined within this Policy.

2.0 POLICY STATEMENT

2.1 This Policy sets out the process for the disposal of a Replaced Facility. It further sets out the process for reconciling financial obligations of the Service Provider in the event that there is a mortgage or other financing in place with the Province of Nova Scotia for the Replaced Facility.

3.0 DEFINITIONS

Approved Budget is the combined total budget for the Protected and Unprotected Envelopes.

Associated Costs refer to the costs to maintain the Replaced Facility for a maximum of six months from the Occupancy End Date. These costs may include such items as insurance, heat, and security.

New Facility means the Long Term Care Facility and the property on which it is situated. A New Facility will serve as the replacement for a Replaced Facility.

Occupancy End Date refers to the date in which the last Resident is transferred from the Replaced Facility.

Recycled Materials includes any materials recovered during demolition that can be sold. These materials may include steel, copper wiring and piping.

Rehabilitation includes the removal of equipment or a building or other structure or appurtenance; the conducting of an investigation to determine the presence of a substance; the removal of a contaminant from land or water; the stabilization, contouring, maintenance, conditioning or reconstruction of the surface of land; and any other procedure, operation or requirement in accordance with the Nova Scotia *Environment Act*.

Replaced Facility refers to a Facility licensed under the *Homes for Special Care Act* that is to be replaced and the property on which it is situated.

Resident means a person who lives in the Facility.

Service Provider refers to the owner and operator of the Replaced Facility and the New Facility.

4.0 APPLICATION

- 4.1 This Policy applies to each Long Term Care Facility, licensed under the *Homes for Special Care Act*, designated by the Department of Health for replacement.
- 4.2 Department of Health staff is responsible for the administration of this Policy.

5.0 DISPOSAL OPTIONS

- 5.1 A Service Provider has three options for disposing of a Replaced Facility – Retain the Replaced Facility, Sell the Replaced Facility or Demolish the Replaced Facility.
- 5.2 Service Providers who do not choose to Retain the Replaced Facility, must try to Sell the Replaced Facility prior to demolishing, unless they meet one of the two following criteria:
 - 5.2.1 When the New Facility is located on the same property as the Replaced Facility, the Service Provider may choose to not sell the Replaced Facility and proceed to demolition of the Replaced Facility in accordance with Section 5.7.
 - 5.2.2 When the Service Provider can demonstrate to the Department of Health that the fair market value of the land independent of the Replaced Facility is greater than the Replaced Facility, the Service Provider may choose to not sell the Replaced Facility and proceed to demolition of the Replaced Facility in accordance with Section 5.7. An independent appraisal for the

fair market value must be obtained from a Department of Health approved appraiser and take into consideration demolition costs.

- 5.3 The Service Provider must notify the Department of Health which disposal option they have chosen at least one month prior to the Occupancy End Date.

5.3.1 If a Service Provider has chosen the demolish option based on the criteria outlined in Section 5.2.2, then the Service Provider must submit the appraisal evidence at the same time they notify the Department of Health which disposal option they have chosen.

- 5.4 The Service Provider must adhere to the Nova Scotia Government procurement guidelines as outlined in Part 1 of the Department of Health *Long Term Care Facility Development Approval Process, New Facilities - Replacement*, when purchasing goods, services and construction, including Rehabilitation and/or demolition services.

- 5.5 Retain the Replaced Facility

5.5.1 The Service Provider must pay out or continue paying the remaining financing on the Replaced Facility at the Occupancy End Date.

5.5.2 The Service Provider retains the Replaced Facility and may dispose of or utilize the Replaced Facility as the Service Provider chooses.

5.5.3 Once the Service Provider notifies the Department of Health of its decision to retain the Replaced Facility, the Service Provider will no longer be eligible to receive financial support from the Department of Health if they choose to sell or demolish the Replaced Facility.

- 5.6 Sell the Replaced Facility

5.6.1 The Service Provider must obtain an independent appraisal from a Department of Health approved appraiser for the fair market value of the Replaced Facility. The appraisal must serve as a guideline for the selling price.

5.6.2 Rehabilitation must be carried out by a contractor, under the supervision of a Department of Health approved qualified professional prior to the sale. A report outlining Rehabilitation efforts and results should be compiled for future change of site usage and/or property transfers and a copy forwarded to the Department of Health.

- 5.6.3 The Department of Health may provide funds to cover all Department of Health pre-approved Rehabilitation and selling costs for a maximum of six months from the Occupancy End Date. The Department of Health will not approve Rehabilitation costs that are a result of negligence caused by, directly or indirectly, the Service Provider or any costs that should be covered by appropriate insurance policies held by the Service Provider.
- 5.6.4 The Service Provider shall indemnify the Province of Nova Scotia (Department of Health and Housing Development Corporation) for Rehabilitation costs and for any and all other losses identified subsequent to Department of Health approval of submitted Rehabilitation costs with respect to the Replaced Facility. The Province of Nova Scotia will not be responsible for any further Rehabilitation costs identified subsequent to Department of Health approval of submitted Rehabilitation costs with respect to the Replaced Facility.
- 5.6.5 The Service Provider must sell the Replaced Facility.
- 5.6.6 The Department of Health will continue to pay the budgeted monthly financing amount for the Replaced Facility as approved at Occupancy End Date and Department of Health pre-approved Associated Costs to maintain the Replaced Facility during the sale period for a maximum of six months from the Occupancy End Date.
- 5.6.7 After the six month period the Service Provider will be responsible for paying the financing payment, selling costs, rehabilitation costs, and Associated Costs of the Replaced Facility.
- 5.6.8 Proceeds from the sale of the Replaced Facility, minus Department of Health funded Rehabilitation costs, selling costs, Associated Costs, and financing payments during the six month period following the Occupancy End Date, must be applied against the financing for the Replaced Facility. Net proceeds may be retained by the Service Provider.
- 5.6.9 Any remaining financed balance on the Replaced Facility, if approved by the Department of Health, may be incorporated into the Approved Budget for the New Facility or such other financing arrangement acceptable to the Province.
- 5.6.9.1 The Department of Health will undertake a review of the complete transactional history of the financing for the Replaced Facility which the Service Provider must agree to provide. Any subsequent financing on the Replaced Facility that did not obtain Department of Health consent will not be incorporated into the Approved Budget for the New Facility. The Service Provider is responsible to pay for any financing that was not approved.

5.6.10 If at the end of the six month period the Replaced Facility is not sold, the Service Provider must then notify the Department of Health whether they will: (1) continue their efforts to sell the Replaced Facility; (2) retain the Replaced Facility, in which case 5.5 will apply and the Service Provider will be responsible for reimbursing the Department of Health for all expenses covered by the Department of Health during the six month period (i.e., financing payments, Rehabilitation costs, Associated Costs, and selling costs); or (3) demolish the Replaced Facility, in which case 5.7 will apply.

5.7 Demolish the Replaced Facility

5.7.1 The Service Provider must obtain an independent appraisal from a Department of Health approved appraiser for the fair market value of the land.

5.7.2 The Service Provider shall make every reasonable effort to obtain the maximum value for any assets, including sale of the land, and Recycled Materials related to the disposal of the Replaced Facility in order to reimburse the Department of Health for Rehabilitation costs, demolition costs, Associated Costs, and financing payments.

5.7.2.1 If the New Facility is located on the same property as the Replaced Facility, the Service Provider is not required to sell the land on which the Replaced Facility is situated.

5.7.3 Rehabilitation must be carried out by a contractor, under the supervision of a Department of Health approved qualified professional during the demolition of the Replaced Facility. A report outlining Rehabilitation efforts and results should be compiled for future change of site usage and/or property transfers and a copy forwarded to the Department of Health.

5.7.4 The Department of Health may provide funds to cover all Department of Health pre-approved Rehabilitation and demolition costs for a maximum of six months from the Occupancy End Date. The Department of Health will not approve Rehabilitation costs that are a result of negligence caused by, directly or indirectly, the Service Provider or any costs that should be covered by appropriate insurance policies held by the Service Provider.

- 5.7.5 The Service Provider shall indemnify the Province of Nova Scotia (Department of Health and Housing Development Corporation) for Rehabilitation costs and for any and all other losses identified subsequent to Department of Health approval of submitted Rehabilitation costs with respect to the Replaced Facility. The Province of Nova Scotia will not be responsible for any further Rehabilitation costs identified subsequent to Department of Health approval of submitted Rehabilitation costs with respect to the Replaced Facility.
- 5.7.6 Any remaining financed balance on the Replaced Facility, if approved by the Department of Health, may be incorporated into the Approved Budget for the New Facility or such other financing arrangement acceptable to the Province.
- 5.7.6.1 The Department of Health will undertake a review of the complete transactional history of the financing for the Replaced Facility which the Service Provider must agree to provide. Any subsequent financing on the Replaced Facility that did not obtain Department of Health consent will not be incorporated into the Approved Budget for the New Facility. The Service Provider is responsible to pay for any financing that was not approved.
- 5.7.7 The Department of Health will continue to pay the budgeted monthly financing amount for the Replaced Facility as approved at Occupancy End Date and Department of Health pre-approved Associated Costs to maintain the Replaced Facility during the demolition of the Replaced Facility for a maximum of six months from the Occupancy End Date. After the six month period the Service Provider will be responsible for paying Rehabilitation costs, demolition costs and Associated Costs for the Replaced Facility. The Service Provider will also be responsible for paying any remaining financing balance that was not approved by the Department of Health at the end of the six month period.
- 5.7.7.1 If the Service Provider initially chose the option to sell the Replaced Facility and received coverage for the financing and Associated Costs during the six month period following the Occupancy End Date, the Service Provider will not be able, under the option to demolish the Replaced Facility, to receive coverage from the Department of Health for these costs for an additional six months. The Service Provider may receive funds for rehabilitation and demolition costs during the six month period.

6.0 ACCOUNTABILITY

The Executive Director, Continuing Care Branch is responsible for ensuring compliance with this Policy.

7.0 MONITORING

The implementation, performance, and effectiveness of this Policy will be monitored by the Executive Director, Continuing Care Branch.

8.0 REFERENCES

Homes for Special Care Act
Nova Scotia Environment Act
Long Term Care Facility Development Approval Process, New Facilities – Replacement, Nova Scotia Department of Health

9.0 ENQUIRIES

Director, Finance - Programs
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