

Committee of the Whole (2) Report

DATE: Tuesday, February 8, 2022

WARD(S): ALL

**TITLE: VAUGHAN HEALTHCARE CENTRE PRECINCT – ENABLING
NEXT STEPS**

FROM:

Nick Spensieri, City Manager

Vince Musacchio, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

To receive Council direction for staff to take next steps in the establishment of a world-class health and healthcare innovation, research, education, and service district at the Vaughan Healthcare Centre Precinct (VHCP) by entering into negotiations for City-owned land adjacent to the Cortellucci Vaughan Hospital with longstanding VHCP partners. This report will also make clear the City of Vaughan's intent to provide partners with support as they advance proposals with other levels of government for, for example, Medical Schools, expanded schools of nursing, the provision of healthcare services, and commercialization programs.

Report Highlights

- The VHCP is a long-standing social and economic priority for the City, started in 2019 with a Memorandum of Understanding (MOU) with York University, Mackenzie Health and ventureLAB to undertake a feasibility study to identify the best use of lands surrounding the site of the Cortellucci Vaughan Hospital
- The VHCP is a transformative city-building project that will generate significant economic and employment impact, including one-time impacts of more than \$755 million in value added to the Canadian economy, opportunities for some 6,300 full-time equivalent employment positions
- The VHCP Advisory Task Force is recommending that the City advance the VHCP by entering into negotiations with Mackenzie Health, York University and ventureLAB for City-owned land at the VHCP

Recommendations

1. That staff be directed to enter negotiations for City-owned land at the Vaughan Health Centre Precinct (VHCP) for:
 - a. York University to maintain “a dedicated facility to provide research, teaching, innovation, community engagement and administrative space at the VHCP. This facility in phase 1 would likely be in the range of 150,000-200,000 square feet in size, to accommodate faculty, students and staff and all related programming.”
 - b. Mackenzie Health to “continue to expand access to services to enable our residents of Vaughan to receive high quality care close to home. Ability to expand outside of current hospital allocated blocks would provide additional capacity for health and regional services.”
 - c. ventureLAB initiatives that can be housed at the future VHCP to “explore the establishment of an innovation centre with VHCP partners to broaden and strengthen Vaughan’s entrepreneurial community while driving commercialization at scale.”
2. THAT the recommendations contained in the confidential communication from the City Manager, dated February 3, 2022, be approved; and
3. THAT staff return to a future Committee of the Whole meeting to present the results of negotiation and seek approval for final agreements.

Background

The vision for the VHCP is a world-class, health innovation destination that will enhance the City’s social and economic vitality.

In a first-of-its-kind initiative in Vaughan, the City is leading a collaboration to transform an 82-acre parcel of land at Jane Street and Major Mackenzie Drive into the Vaughan Healthcare Centre Precinct. In October 2019 the City of Vaughan entered a memorandum of understanding (MOU) with York University, Mackenzie Health and ventureLAB to undertake a feasibility study to identify the best use of lands surrounding the site of the Cortellucci Vaughan Hospital (CVH), known as the Vaughan Health Centre Precinct (VCHP). The consulting consortium for the VHCP Feasibility Study, comprised of UrbanMetrics, Sajecki Consulting, Strategy Corp., and the Lura Group, delivered the final draft of the study to the partnership, highlighting the potential economic and community benefits of a full build-out of the VHCP.

The vision for the VHCP is a world-class, health innovation destination that will enhance the Vaughan’s social and economic vitality, while also producing regional and extra-regional economic impact. The VHCP will be a destination for excellence in health research, education, commercialization, and innovation. Collectively, the expertise and physical co-location of each member organization in the Partnership provides an opportunity to leverage cross-disciplinary expertise and have the VHCP emerge as a leading medical-innovation node.

The development of the VHCP may include space for:

- a. York University to maintain “a dedicated facility to provide research, teaching, innovation, community engagement and administrative space at the VHCP. This facility in phase 1 would likely be in the range of 150,000-200,000 square feet in size, to accommodate faculty, students and staff and all related programming.”
- b. Mackenzie Health to “continue to expand access to services to enable our residents of Vaughan to receive high quality care close to home. Ability to expand outside of current hospital allocated blocks would provide additional capacity for health and regional services.”
- c. ventureLAB initiatives that can be housed at the future VHCP to “explore the establishment of an innovation centre with VHCP partners to broaden and strengthen Vaughan’s entrepreneurial community while driving commercialization at scale.”

At the December 2021 VHCP Advisory Task Force meeting, the task force members advanced a recommendation that staff seek Council authorization to enter negotiations with York University, Mackenzie Health and ventureLAB for City-owned land in the VHCP.

The 2019 Vaughan-Israel Business Mission focused on better understanding global best practices about health innovation and collaboration.

During the November 2019 Vaughan-Israel Business Mission, Mayor Maurizio Bevilacqua and Members of Council were joined by representatives from the Vaughan Healthcare Centre Precinct project representing York University, Mackenzie Health and ventureLAB. The delegation met with Dr. Rafael Beyar, an experienced, accomplished and trusted leader with the world-class Rambam Medical Center – one of the largest medical centres in Israel, located in Haifa. Dr. Beyar discussed his country’s extensive efforts to bring together startups and academic institutions to create medical breakthroughs and enhance front-line health services. The presentation was followed by a study tour of the Rambam Medical Center and The Ruth Rappaport Children’s Hospital, located on the same site. The delegation saw first-hand the cutting-edge technologies that are improving patient care. In addition, the tour of Rambam Hospital provided a significant opportunity for the VHCP partners to learn of proven best practices.

Realization of the vision for Vaughan Healthcare Centre Precinct would support the growth of the emerging knowledge industry and health industry clusters in Vaughan.

Vaughan is seeing notable growth in the health and health technology sectors and knowledge industries. Recent investments in these industries include the following:

- In health technology, TRC/LGC is making a significant investment of more than \$100 million to facilitate the expansion, relocation and consolidation of its current five GTA sites to a custom-built 185,000-square-foot facility in the Vaughan Enterprise Zone (VEZ).
- TRC develops highly specialized chemicals for drug development and medical and biochemical research for leading-edge medical technology companies worldwide. TRC is a subsidiary of global life sciences leader LGC Group from the United Kingdom.
- In health technology, Sterling Industries added a second 35,000-square-foot manufacturing facility in Vaughan.
- Sterling Industries, headquartered in Vaughan, provides end-to-end contract manufacturing and assembly of medical devices and components.
- In knowledge industries, PwC Canada has opened its first Digital Resilience Centre in Vaughan. The Centre provides an end-to-end digital trust framework to help organizations innovate, experience, and operate across the threat management lifecycle.

Vaughan continues to experience impressive growth in these emerging sectors. The development of the VHCP would support further growth and strengthen collaboration between networks of businesses in health and health technology. Collectively, these advancements would support the future success of the VHCP as an innovation district.

The City of Vaughan is one of the fastest growing communities in Canada. Not only is there a need for health innovation in the community, Vaughan has access to networks of world-class talent that would support the success of the VHCP.

From 2011 to 2016, Vaughan's population grew by 6.2%, outpacing national and provincial growth. Vaughan's population continues to grow, as evidenced by the extraordinary population growth in the Vaughan Metropolitan Centre (VMC). In Vaughan's emerging downtown, residential development outpaces targets set out at the beginning of this project, now at 288% of the 2031 targets across all stages of development (application, approved, under construction and built) for residential, with continued demand for more. The VHCP would help meet the healthcare needs of Vaughan's growing community, spurring healthcare innovation and supporting the delivery of modern, effective healthcare services.

Further, Vaughan is in Canada's largest industrial market and is the largest economy in York Region, accounting for 42 per cent of the Region's Economic output in 2020. With an educated and talented workforce of over 225,000 people, Vaughan has the resources, networks and transportation connections to help businesses of all sizes grow.

Vaughan's access to world class talent also presents significant value as a destination of choice. Seventy per cent of Vaughan's population over the age of 25 has post-secondary education — higher than the provincial (65.1 per cent) and national (64.8 per cent) averages. Vaughan also has a higher-than-average concentration of STEM workers in STEM fields — natural and applied sciences and related occupations (9%), management occupations (14%) and business, finance and administration occupations (19%).

Furthermore, the VHCP can help Vaughan to recapture employment in *Health Care and Social Assistance, Professional, Scientific and Technical Services*, and *Educational Services* sectors. At present, these represent a relatively small component of the total employment base in Vaughan, at roughly 13%.

Creating greater opportunities for learning, innovation and employment are a critical part of supporting a healthy population and a resilient economy, and the VHCP would support the education and attraction of talent, not only in the health field, but in technology and the knowledge industry more broadly.

The corridor between the two Mackenzie Health hospital locations in Vaughan and Richmond Hill would act as an important asset that would support the development and success of the VHCP by providing unique opportunities for work-integrated learning, industry-academic collaborations and medical innovation.

Mackenzie Health is an integrated public healthcare system responsible for providing services to residents of York Region, and beyond. The organization currently operates the Mackenzie Richmond Hill Hospital and the new Cortellucci Vaughan Hospital at the VHCP. Upon opening in 2021, the Mackenzie Vaughan Hospital became known as Canada's first smart hospital. As Canada's first smart hospital, the experience at the new Cortellucci Vaughan Hospital is establishing a new direction for hospital service, care and delivery across Canada and beyond.

In tandem with the innovative new district being pursued at the VHCP, the approach to delivery pioneered at Mackenzie Health can indeed become an anchoring draw for small businesses, academic and medical researchers, as well as office users alike.

The connections between the Mackenzie Health hospital locations in Richmond Hill and Vaughan provide a unique opportunity to leverage activities at both hospitals to develop cutting-edge, technology driven healthcare training for students at a new YorkU School of Medicine. Mackenzie Health maintains robust academic and community relationships and the organization is committed to an expanded academic and community partnership that supports academic research, medical training and innovation, which could ultimately enhance its own patient care delivery.

In May 2021, Mayor Bevilacqua issued a statement welcoming York University's plans to establish a School of Medicine in Vaughan. In June 2021, Council passed a Member's Resolution supporting and endorsing the proposal.

Through continued partnership between the City of Vaughan and York University, Council has remained focused on enhancing healthcare services, research and innovation to support the healthcare needs of citizens in Vaughan and beyond.

Mayor Bevilacqua's statement affirmed the social and economic benefits that a YorkU School of Medicine would bring to Vaughan, and the alignment with the City's partnership with YorkU on the VHCP project:

"York University's strength and breadth of academic programs and research make it well-positioned to establish a School of Medicine. With a unique curriculum addressing the social and environmental factors affecting health in under-resourced and underserved communities, the new medical school will meet the growing demand in Ontario. This project is in perfect alignment with our existing collaborative efforts, including the Vaughan Health Centre Precinct (VHCP), a first-of-its-kind initiative in Canada that will identify transformational opportunities to maximize the best use of lands surrounding the Cortellucci Vaughan Hospital."

Activities undertaken to date to facilitate the establishment and development of the VHCP:

- October 2019: MOU signed, formalizing collaboration between the City of Vaughan, Mackenzie Health, York University and ventureLAB to complete a feasibility study to maximize the best use of the VHCP lands
- June 2021: Member's Resolution to support York University's plans to establish a School of Medicine
- September 2021: Feasibility study published and received by City of Vaughan Council
- September 2021: Establishment of the VHCP Advisory Task Force which will meet until May 2022 to set the direction for the realization of the VHCP vision
- December 2021: VHCP Advisory Task Force advanced a recommendation that staff seek Council authorization to enter negotiations with York University, Mackenzie Health and ventureLAB for City-owned land in the VHCP
- Ongoing capacity-building by partners to drive collaboration on research, education, innovation, and commercialization focused on three areas:
 - Preparing the healthcare workforce of the future;
 - Translating research and data into policy and practice in healthcare; and
 - Commercializing innovation in healthcare

Key in the development of Healthcare Innovation Districts is the partnership of Education, Healthcare, and Innovative Industry. Most examples reviewed include two of the three components. Vaughan has all three.

Case study research has identified common trends as important factors in ensuring the success of various medical-research and commercialization districts. These include:

- Having an Active Proponent or Proponent Team
- Strong Institutional Collaboration
- Government Involvement to Provide a Sense of Certainty/Mitigate Risk for the Project
- Public-Private Engagement
- Leveraging Location/Geographic Benefits

The consulting group assessed a long list of potential best practice examples and assessed Ontario, Canadian, North American, and International examples.

Based on a review of other comparable employment nodes across the globe, this partnership is truly unprecedented and will serve as a critical launch pad for concept implementation.

The VHCP offers a unique value proposition that reflects the ongoing evolution of the City of Vaughan into a major urban centre, leverages the establishment of new transportation and institutional infrastructure in York Region, as well as capitalizes on recent trends and opportunities in the economy relating to healthcare innovation and delivery.

The Vaughan Healthcare Partnership (VHP) is advancing work to move the VHCP forward, including the development of a government relations advocacy plan.

The Hospital Advisory Task Force has been formed to oversee the development of the vision and priorities for making Vaughan a globally recognized exemplar of a healthy city. The task force will meet four times from September 2021 to June 2022. At the December 6th meeting of the task force, the members discussed approaches for advancing proposals to other levels of government to attract funding and support for, for example, Medical Schools, expanded schools of nursing, the provision of healthcare services, and commercialization programs.

To support the success of the project, the City will continue to collaborate with YorkU, Mackenzie Health and ventureLAB to facilitate the development of a government relations advocacy plan, including business plans and clear asks of other levels of government. A plan will be developed to:

- Advance the high-level vision established in the approved Feasibility Study for a health focused district;
- Raise awareness about the VHCP with relevant stakeholders; and
- Pursue funding and legislative support for advancing the VHCP up to the establishment of a York University facility, Mackenzie Health expansion, and ventureLAB services.

The Partnership is also continuing to work in the following areas to build a critical mass for a future precinct anchored by facilities for York University, ventureLAB, and other partners. Work is advancing in three areas:

1. Preparing the healthcare workforce of the future
2. Translating research and data into policy and practice in healthcare
3. Commercializing innovation in healthcare

Previous Reports/Authority

[City of Vaughan Healthcare Centre Precinct Feasibility Study and Partnership – Committee of the Whole \(2\) Report – Wednesday, October 13, 2021](#)

[Member's Resolution: City of Vaughan Supports York University's Plan to Establish a School of Medicine – Committee of the Whole \(2\), June 8, 2021](#)

[City of Vaughan Cortelucci Vaughan Hospital Advisory Task Force – Committee of the Whole \(1\) Report – Tuesday, June 1, 2021](#)

[Mayor Bevilacqua welcomes York University's plan to establish a new School of Medicine in Vaughan - News Release, May 20, 2021](#)

[City of Vaughan news release, announcing the signing of the Memorandum of Understanding by the healthcare precinct partners, dated October 2nd, 2019](#)

[Partnership to Advance Economic Development Opportunities in the Vaughan Healthcare Centre Precinct – Committee of the Whole Report – Tuesday, June 4, 2019](#)

Analysis and Options

The development of the broader VHCP will bring significant Return on Investment in the form of one-time and recurring economic benefits of local, regional and national significance.

Development of the VHCP would lead to direct and indirect expansion of the local economy by generating new economic opportunities, employment growth and government revenues.

One-Time Impacts

- More than \$755 million in value added to the Canadian economy, opportunities for some 6,300 full-time equivalent employment positions and upwards of \$276 million in government revenues; the vast majority of which would accrue directly within the City of Vaughan and surrounding GTA.

Recurring Impacts

- Support for a total permanent, on-site employment base of some 1,800 jobs, yielding more than \$350 million in operational output each year (excluding the hospital).

Other Benefits

- Opportunities to enhance the municipal profile of the City of Vaughan, attract major anchor institutions, foster a culture of entrepreneurship and innovation, as well as optimize recent and ongoing spending infrastructure, among other intangible benefits.

With respect to indirect economic impact, research on Canada's Faculties of Medicine and their affiliated teaching hospitals has determined a faculty and affiliated teaching hospital business volume multiplier effect of 2.5. Therefore, for every \$1.00 directly spent by a faculty or affiliated teaching hospital, an additional \$1.50 is indirectly generated for a total impact of \$2.50. The multiplier effect of the healthcare and higher education sectors outpaces that of the national economy.¹

Direct employment by expansion of the hospital, a York University presence, and a ventureLAB presence would be a significant boost to Vaughan's economy, while the indirect employment impact would be considerably larger. The business volume generated by the VHCP would create jobs in a broad range of sectors throughout the local economy – retail and food service sector jobs, teachers, public safety, accounting, financial and other professional service workers.

Financial Impact

There is no financial impact associated with the report.

¹ Tripp Umbach, "The Economic Impact of Canada's Faculties of Medicine and Health Science Partners", August 2014.

Broader Regional Impacts/Considerations

Mackenzie Health is a regional organization spanning two municipalities in York Region. The Vaughan Healthcare Precinct will become an important regional asset and major employment node that will create economic opportunity and attract skilled labour from across York Region.

The VHCP offers a unique value proposition that reflects the ongoing evolution of the City of Vaughan into a major urban centre, leverages the establishment of new transportation and institutional infrastructure in York Region, as well as capitalizes on recent trends and opportunities in the economy relating to healthcare innovation and delivery.

The VHCP would also be complementary to other GTHA innovation nodes, including the MaRS Discovery District and University Hospital Network at the south end of the innovation corridor stretching from York Region to downtown Toronto, as well as the McMaster and Waterloo innovation hubs in Hamilton and Waterloo respectively.

Furthermore, the feasibility study recommends that the City of Vaughan and its partners adopt a phased approach to vertical development at the VHCP. A preliminary phase of development would achieve immediate Intra-Regional Significance, and a more aspirational, longer-term build-out of the entire precinct would secure Extra-Regional Significance.

Within the first phase, the VHCP will emerge as an important node for education, research, healthcare service and growing a small business within the region and across the GTA. Following the first phase, the stakeholder members will have the ability to collectively re-evaluate the relationship and gauge how to best advance the VHCP to the second phase of its maturity into a health-innovation cluster of Extra-Regional Significance, recognized across Ontario, Canada, and potentially globally.

Conclusion

It is appropriate that: (1) Committee direct staff to enter negotiations for City-owned land at the VHCP; (2) the recommendations contained in the confidential communication from the City Manager, dated February 3, 2022, be approved; and (3) staff return to a future Committee of the Whole meeting to present the results of negotiation and seek approval for final agreements.

For more information, please contact: Raphael Costa, Director, Economic Development, Ext. 8891.

Attachments

1. Memo - Vaughan Healthcare Centre Precinct, Government Relations and Next Steps, VHCP Advisory Task Force, December 6, 2021

Prepared by

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Approved by

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal line extending to the right.

Nick Spensieri, City Manager