



Capital Regional Hospital District

CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
Notice of a meeting on Wednesday, November 14, 2012 at 1:30 pm
in the Board Room, 6th Floor, 625 Fisgard St., Victoria, BC

A G E N D A

1. **APPROVAL OF AGENDA**
2. **ADOPTION OF MINUTES OF THE MEETINGS OF JUNE 13 AND JUNE 27, 2012**
3. **REPORT OF THE CHAIR**
4. **PRESENTATIONS/DELEGATIONS**
5. **REPORTS OF COMMITTEES**
- 5.1 **PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE –**
October 26, 2012
 1. **Capital Regional Hospital District 2013 – 2022 Ten Year Capital Plan**
 - *That the 2013 – 2022 Ten Year Capital Plan be approved as submitted, transitioning to expensing all Minor Capital commitments by 2016.*

(WA)
 2. **2013 Capital Regional Hospital District Provisional Budget**
 - *That the 2013 Capital Regional Hospital District Provisional Budget be approved as submitted.*

(WA)
6. **NEW BUSINESS**
7. **ADJOURNMENT**

Hospital Board - Voting Key:

NWA = Non weighted vote of all Directors

WA = Weighted vote of all Directors

**MINUTES OF A MEETING OF THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
Held Wednesday, June 13, 2012, in the Board room, 625 Fisgard Street, Victoria, BC**

PRESENT: Directors: G. Hill (Chair), G. Young (Acting Chair), D. Blackwell, A. Bryson (1:33), S. Brice, J. Brownoff, C. Coleman (for M. Alto), L. Cross, T. Daly, V. Derman, B. Desjardins, C. Hamilton, D. Howe, M. Hicks, B. Isitt (1:31), N. Jensen, W. McIntyre, J. Mendum, J. Ranns, V. Sanders (for F. Leonard) and L. Wergeland (1:32)

Staff: K. Daniels, Chief Administrative Officer; J. Hull, General Manager, Integrated Water Services; L. Hutcheson, General Manager, Environmental Sustainability; L. Rushton, General Manager, Parks and Community Services; M. Misek-Evans, Senior Manager, Regional and Strategic Planning; A. Orr, Senior Manager, Corporate Communications; M. Rachwalski, Senior Manager, Health and Capital Planning Strategies; S. Santarossa, Corporate Officer; R. Sharma, Senior Manager, Finance Services; and S. Norton, Corporate Assistant, Legislative Services (Recorder)

ABSENT: Directors: D. Fortin and W. Milne

The Chair called the meeting to order at 1:30 pm.

1. APPROVAL OF AGENDA

MOVED by Director Derman, **SECONDED** by Director Blackwell,
That the agenda be approved.

CARRIED

2. ADOPTION OF MINUTES OF MAY 9, 2012

MOVED by Director Blackwell, **SECONDED** by Director Jensen,
That the minutes of the meeting of May 9, 2012 be adopted.

CARRIED

3. REPORT OF THE CHAIR - None

Director Wergeland entered the meeting 1:32 pm.

4. PRESENTATIONS/DELEGATIONS – None

5. REPORTS OF COMMITTEES

5.1 FINANCE AND CORPORATE SERVICES COMMITTEE – June 13, 2012

Director Bryson entered the meeting 1:33 pm.

1. Capital Regional Hospital District 2011 Audited Financial Statements

MOVED by Director Desjardins, **SECONDED** by Director Cross,
That the Capital Regional Hospital District 2011 Audited Financial Statements be approved.

CARRIED

**5.2 PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE –
May 23, 2012**

1. Homelessness and Resilient Communities “Capacity Building Work Program”

MOVED by Director Brownoff, **SECONDED** by Director Derman,
That the 2012/2013 Homelessness and Healthy Communities Strategic Initiatives
Work Program be approved.

CARRIED

6. NEW BUSINESS - None

7. ADJOURNMENT

MOVED by Director Brice, **SECONDED** by Director Jensen,
That the meeting be adjourned at 1:38 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER



**MINUTES OF A MEETING OF A SPECIAL MEETING OF THE
CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
Held Wednesday, June 27, 2012, in the Board Room, 625 Fisgard Street, Victoria, BC**

PRESENT: Directors: G. Hill (Chair), G. Young (Acting Chair), M. Alto, D. Blackwell, A. Bryson, S. Brice, J. Brownoff, L. Cross, V. Derman, B. Gramigna (for J. Ranns), C. Hamilton, K. Hancock (for D. Howe), L. Hundleby (for B. Desjardins), F. Leonard, W. McIntyre, W. Milne, K. Roessingh (for J. Mendum), and L. Wergeland
Staff: K. Daniels, Chief Administrative Officer; R. Lapham, General Manager, Planning and Protective Services; D. Lokken, General Manager, Corporate Services; M. Rachwalski, Senior Manager, Health and Capital Planning Strategies; S. Santarossa, Corporate Officer; T. Urquhart, Corporate Communications; and S. Norton, Corporate Assistant, Legislative Services (Recorder)

ABSENT: Directors: T. Daly, D. Fortin, M. Hicks, B. Isitt, N. Jensen

The Chair called the meeting to order at 12:45 pm.

MOVED by Director Brownoff, **SECONDED** by Director Blackwell,
That the Hospital Board close the meeting in accordance with the Community Charter, Part 4, Division 3, 90(1) (e) the acquisition, disposition or expropriation of land or improvements and (m) a matter that, under another enactment, is such that the public may be excluded from the meeting (Item 2).

CARRIED

The Hospital Board moved to closed meeting at 12:47 pm and rose without report at 1:17 pm.

MOVED by Alternate Director Roessingh, **SECONDED** by Director Isitt,
That the meeting be adjourned at 1:17 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER



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Planning, Transportation & Protective Services Committee's Report

Victoria, BC October 24, 2012

To the Chair and Directors of the Capital Regional Hospital District Board:

The Planning, Transportation & Protective Services Committee reports and recommends as follows:

1. Capital Regional Hospital District 2013–2022 Ten Year Capital Plan

That the 2013-2022 Ten Year Capital Plan be approved as submitted, transitioning to expensing all Minor Capital commitments by 2016.

(Background information can be found in the attached staff report.)

2. 2013 Capital Regional Hospital District Provisional Budget

That the 2013 Capital Regional Hospital District *Provisional Budget* be approved as submitted.

(Background information can be found in the attached staff report.)

**REPORT TO PLANNING, TRANSPORTATION & PROTECTIVE SERVICES COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 24, 2012**

SUBJECT **Capital Regional Hospital District 2013-2022 Ten Year Capital Plan**

ISSUE

Approval of the Capital Regional Hospital District (CRHD) Ten Year Capital Plan identifying ongoing previously approved capital commitments, likely new capital expenditures for the ten-year period 2013-2022, and the financial implications for the CRHD requisition and future property tax charges.

BACKGROUND

A list of projected CRHD capital expenditures over the next 10 years (the "Capital Plan") is submitted for Board approval each year. The 2013-2022 Capital Plan (Appendix "A") is derived mainly from the Vancouver Island Health Authority's (VIHA) composite of priorities identified from the various health sectors (acute hospital, long term care/residential care, etc.),¹ and illustrates anticipated capital expenditures and their financial impact for the Region and property taxpayers.

Capital Plans are forward-looking documents that present the best estimate of cash flows expected in future years for ongoing and new projects and initiatives. Although the planning process is iterative, the Capital Plan is generally subjected to multiple revisions and alterations depending on factors such as: the availability of provincial funding; how projects fit into overall VIHA and CRHD priorities; and, more detailed project planning, design and cost estimation.

Some of the projects included in the 2013-2022 Plan have been changed or reassessed based on conversations with VIHA staff, and the current activity of projects in the CRHD catchment area continues to reflect VIHA's emphasis on the development of major healthcare facilities in all regions on Vancouver Island.

FUNDING DETAILS

Major Projects

For 2013 the following three potential new major projects (greater than \$2 million) are anticipated, subject to final VIHA prioritization based on Island-wide planning and funding availability. The CRHD would contribute 30 percent of project costs.

- i) \$3 million (M) upgrade and renovation to the Endoscopy Unit at Victoria General Hospital (deferred from 2012 due to Provincial funding constraints);
- ii) \$2M upgrade and renovation to the Victoria General Hospital to accommodate a Maternity Clinic; and,
- iii) \$3.45M to upgrade and renovate the Saanich Peninsula Hospital for a surgery Post Anesthetic Recovery Room. Based on an estimated \$2M contribution from the Saanich Peninsula Hospital Foundation, the CRHD would contribute 30 percent of the remaining \$1.45M.

Minor Projects

Minor Capital Project contributions have been set at a maximum of \$3.75M annually as a 40 percent contribution towards projects totaling \$9.375M. Staff recommends moving from debt servicing to expensing all minor capital expenditures by 2016.

Section 20(3) Equipment & Planning/Research

Bio-medical and diagnostic equipment funding has been set at \$3.075M in the Section 20(3) requisition funding, allocated as follows: \$2.925M to VIHA for equipment; \$30,000 to Mount St. Mary's Hospital for equipment; and, \$120,000 for health facilities planning and research.

¹ VIHA funding sources: Ministry of Health, CRHD, Hospital Foundations, and VIHA ancillary-generated revenues (e.g. parking).

Non-Traditional Projects

The Plan also contains a \$1M annual allocation for Non-Traditional Projects (NTP). CRHD staff continues to work with community agencies to identify potential projects that meet the NTP guidelines. Any unallocated NTP funding remaining at year end has been effectively used to pay down outstanding funding obligations including acquisition and development costs associated with the Mount View project.

ALTERNATIVES

1. Approve the 2013-2022 Ten Year Capital Plan as submitted, transitioning to expensing all Minor Capital commitments by 2016; or,
2. Approve the 2013-2022 Ten Year Capital Plan, but expense all Minor Capital commitments beginning in 2013; or,
3. Direct staff to amend the proposed 2013-2022 Ten Year Capital Plan reducing the amount of health capital funding to be contributed to projects and equipment.

FINANCIAL IMPLICATIONS:

Alternative 1:

This option would transition over the next three years from the current process of debt servicing to expensing \$3.75M in planned Minor Capital contributions by using anticipated surplus funds from the prior year and debt servicing the balance. In 2013 and 2014, \$2M of Minor Capital funding is proposed to be expensed from the current requisition and prior year surplus, with \$1.75M borrowed. Cash flow over 2013 and 2014 will be managed to regularize requisition increases over this period transitioning to fully expensing Minor Capital by 2016 with \$3M expensed in 2015 along with \$0.75M borrowed.

Surplus funds are a result of several factors, including: reduced borrowing charges from the Municipal Financing Authority; delay of some ongoing projects; managing cash flow and borrowing and, some planned projects being deferred to future years. The requisition increase would be managed by applying reserve funds in 2014.

Appendix "B" graphically illustrates the existing and estimated debt service implications of the 2013 Ten Year Capital Plan on the average assessed residential value. These implications are summarized in Appendix "C". This Alternative continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. For example, in the 2010 Capital Plan the projected peak requisition expected in 2017 was \$210.27 per household. The 2012 Capital Plan projected a peak maximum requisition of \$195.93 in 2017. The current plan indicates an estimated peak of \$184.33 in 2017 – an overall decrease of 6 percent. It is noted that this is a decrease of 27.5 percent from the previous highest peak of \$254.13 projected in the 2008 Capital Plan.

Alternative 2:

This Alternative would involve expensing all Minor Capital contributions beginning in 2013 including prior year commitments and the proposed new 2013 contributions. While this would immediately reduce CRHD debt, it would also see an increase in the 2013 requisition of approximately 7.2 percent.

Alternative 3:

Considering the most recent Provincial 2012/13 actual and 2013-2015 provisional capital funding allocations, not approving this Plan may jeopardize the ability of the CRHD to leverage Regional funds to secure Provincial healthcare capital.

CONCLUSION

As graphically illustrated in Appendix "B", the proposed 2013-2022 Capital Plan includes projects VIHA may implement in future years within the Capital Region and portrays a partial road map for future anticipated healthcare capital projects and related cash flows. The proposed 2013-2022 Capital Plan is also the best indication at this time of VIHA's long term healthcare capital requirements within the Region.

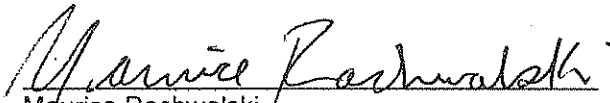
CRHD staff continues to work with VIHA to refine details on specific projects and develop robust plans and projections of the Region's acute healthcare capital requirements for VIHA facilities. The Plan also presents an accurate reflection of cash flow to complete ongoing (Board previously approved) projects and estimated cash flow for new projects to be approved.

Given the Board's strategic priority of healthcare capital, staff recommends approving the 2013-2022 Capital Plan as submitted. The proposed 2013 CRHD provisional budget is based on the financial implications of this recommendation.

RECOMMENDATION

That the Planning, Transportation and Protective Services Committee recommend that the Capital Regional Hospital District Board:

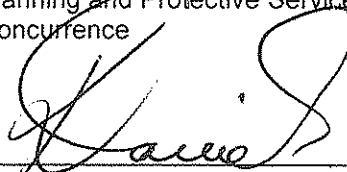
1. Approve the 2013-2022 Ten Year Capital Plan as submitted, transitioning to expensing all Minor Capital commitments by 2016.



Maurice Rachwalski,
Senior Manager
Health and Capital Planning Strategies



Robert Lapham, MCIP
General Manager,
Planning and Protective Services
Concurrence



Kelly Daniels
Chief Administrative Officer
Concurrence

MR: cln

Attachments:

- A. 2013-2022 CRHD Capital Plan
- B. Capital Plan Debt Servicing Graph
- C. Existing and Estimated Debt Servicing Implications

SUMMARY	Project Total	Remaining Balance										
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
VIHA SHAREABLE PROJECTS												
Acute Hospitals Major Capital Projects	85,352,000	87,059,040	2,377,008	2,878,032	5,023,500	9,399,300	10,914,000	7,083,900	18,783,300	10,200,000	10,200,000	10,200,000
Residential Care Replacement Projects - Mt. View & Others	135,071,261	152,615,256	27,092,673	3,750,000	15,000,000	37,500,000	18,272,583	2,550,000	10,200,000	25,500,000	12,750,000	-
Minor Capital Projects 2008-2012 Outstanding Balance remaining - debt financing	45,599,557	32,565,430	17,408,840	12,031,590	3,125,000	-	-	-	-	-	-	-
Minor Capital Projects - 2013 VIHA Requested 3 year cashflow	9,375,000	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects - CRHD Anticipated 2014-2022	84,375,000	84,375,000	-	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000
TOTAL ESTIMATED VALUE OF PROJECTS	359,772,818	365,989,726	56,253,521	28,034,622	32,523,500	56,274,300	38,561,583	19,008,900	38,358,300	45,075,000	32,325,000	19,575,000

CRHD \$ SHARE - TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW												
CRHD Section 20(3) Grants - 100% CRHD Share (0% inc/yr) - cash requisition	30,750,000	30,750,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000
Non-Traditional Projects Grants - 100% CRHD Share (0% inc/yr) - cash requisition	10,000,000	10,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Acute Hospitals Major Capital Projects - 30% CRHD Share unapproved projects - debt financing	34,823,616	26,117,712	713,102	863,410	1,507,050	2,819,790	3,274,200	2,125,170	5,634,990	3,060,000	3,060,000	3,060,000
Residential Care Replacement Projects - 30% CRHD Share debt financing	55,372,800	45,672,800	8,098,000	1,120,875	4,483,500	11,208,750	5,461,675	765,000	3,060,000	7,650,000	3,825,000	-
Minor Capital Projects 2008-2012 - 40% CRHD Share - debt financing	18,239,823	13,026,172	6,963,536	4,812,636	1,250,000	-	-	-	-	-	-	-
Minor Capital Projects 2013 VIHA Requested - 40% CRHD Share - 2M converted to cash requisition & 1.75M debt financing	3,750,000	3,750,000	3,750,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2014-2022 Anticipated - 40% CRHD Share - 2014: 2M & 2015: 3M converted to cash balance debt financing	33,750,000	33,750,000	-	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
CRHD Total Estimated Annual Capital Cash Flow	186,686,239	163,066,684	23,599,638	14,621,921	15,065,550	21,853,540	16,560,875	10,715,170	16,519,990	18,535,000	14,710,000	10,885,000

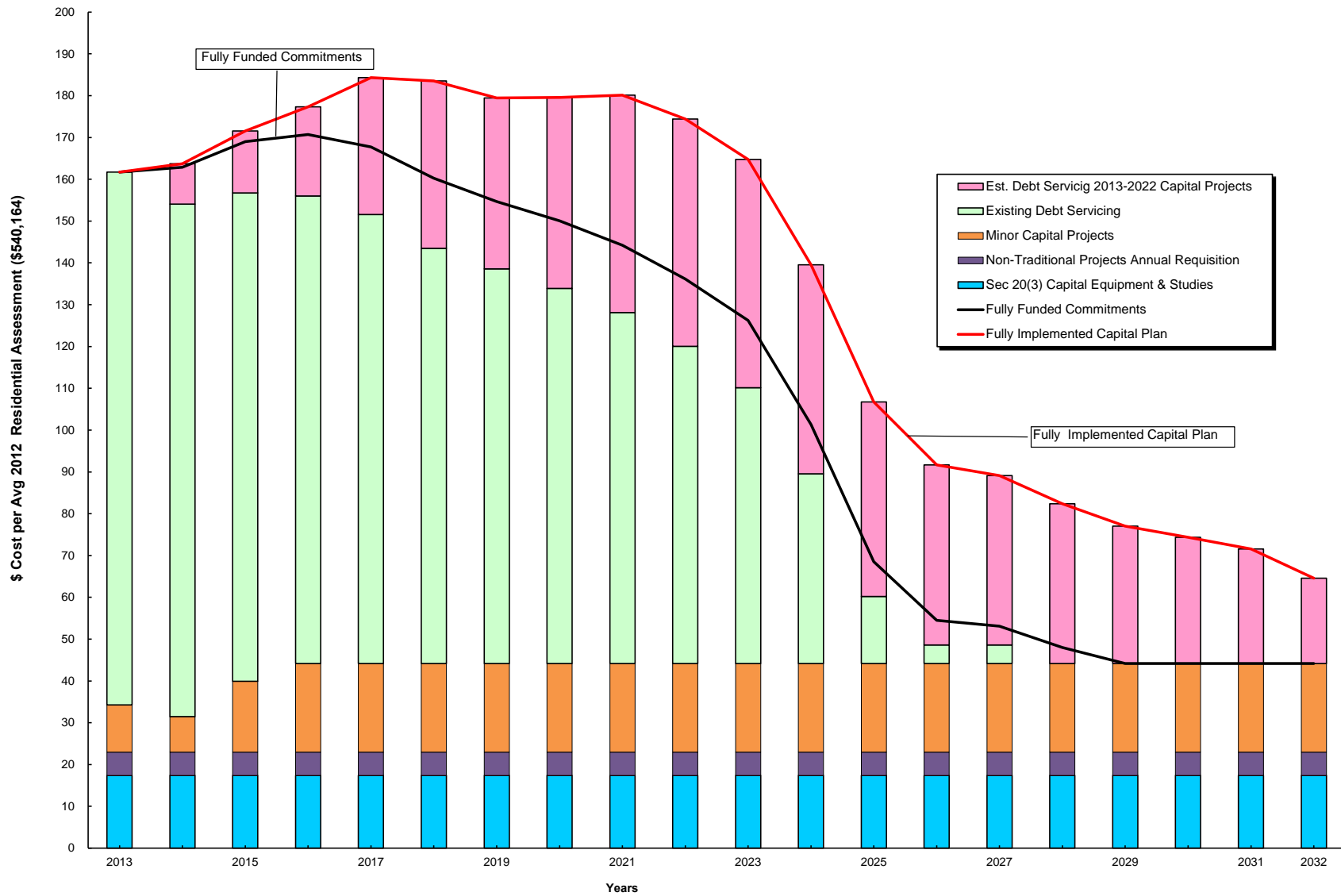
General Notes:

- 1) Cash flow figures represent anticipated maximum requirements if all listed projects proceed as shown
- 2) Projections are based primarily on the most recent information from VIHA
- 3) 2013-2016 Minor Capital annual 3.75M converted to cash requisition instead of debt financing
- 4) Definitions of Project Status -
 - a) VIHA Requested: projects that VIHA will proceed with design and construction in 2013
 - b) VIHA Planned: projects VIHA intends to develop in 2-3 years subject to further service and/or facilities planning
 - c) CRHD Anticipated: projects CRHD has indentified as a priority in the 4-10 year range

ACUTE AND REHAB HOSPITALS		Project Status	Debt CBL#	Term	Project Total	Remaining Balance	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ROYAL JUBILEE HOSPITAL																
Major projects																
Asbestos Abatement - EMP - Phase 3	VIHA Planned	10	8,500,000	8,500,000	-	-	2,000,000	3,000,000	3,500,000							
Simulation Lab	VIHA Planned	10	6,100,000	6,100,000	-	-	2,100,000	1,500,000	2,500,000							
Multidisciplinary Pain Clinic	VIHA Planned	5	2,500,000	2,500,000	-	-	125,000	1,750,000	625,000							
Routine Capital Investment project(s)	CRHD Anticipated	15	20,000,000	20,000,000	-	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	
Royal Jubilee Hospital Total			37,100,000	37,100,000			4,225,000	6,250,000	6,625,000			5,000,000	5,000,000	5,000,000	5,000,000	
VICTORIA GENERAL HOSPITAL																
Major projects																
Endoscopy Unit Renovation	VIHA Planned	5	2,200,000	2,200,000	1,540,000	660,000										
Maternity Clinic Relocation Amulatory Clinics	VIHA Planned	5	2,000,000	2,000,000	100,000	1,400,000	500,000									
Routine Capital Investment project(s)	CRHD Anticipated	15	20,000,000	20,000,000	-	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	
Victoria General Hospital Total			24,200,000	24,200,000	1,640,000	2,060,000	500,000					5,000,000	5,000,000	5,000,000	5,000,000	
SAANICH PENINSULA HOSPITAL																
Major projects																
Post Anesthetic Recovery Room Reno	VIHA Planned	5	1,452,000	1,452,000	690,400	761,600										
Central Sterilization Room Upgrade	VIHA Planned	5	3,300,000	3,300,000	-	-	-	165,000	2,310,000	825,000						
Saanich Peninsula Hospital Total			4,752,000	4,752,000	690,400	761,600		165,000	2,310,000	825,000						
LADY MINTO HOSPITAL																
Major projects																
Emergency, Lab, Diagnostic Imaging Reno	VIHA Planned	5	4,000,000	4,000,000	-	-	200,000	2,800,000	1,000,000							
Lady Minto Hospital Total			4,000,000	4,000,000			200,000	2,800,000	1,000,000							
Queen Alexandra Hospital Total																
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIHA - SOUTH ISLAND INITIATIVES																
Major projects																
Children's Mental Health Access Centre	VIHA Planned	10	15,300,000	15,300,000	-	-	-	-	765,000	6,120,000	8,415,000					
VIHA South Area Initiatives			15,300,000	15,300,000					765,000	6,120,000	8,415,000					
Acute & Rehab Hospitals Sub -Total			85,352,000	85,352,000	2,330,400	2,821,600	4,925,000	9,215,000	10,700,000	6,945,000	18,415,000	10,000,000	10,000,000	10,000,000	10,000,000	
Inflation (2%) excluding approved Capital Bylaws				1,707,040	46,608	56,432	98,500	184,300	214,000	138,900	368,300	200,000	200,000	200,000	200,000	
Acute Hospitals Major Capital Projects Annual Capital Cash Flow				87,059,040	2,377,008	2,878,032	5,023,500	9,399,300	10,914,000	7,083,900	18,783,300	10,200,000	10,200,000	10,200,000	10,200,000	
CRHD Share 30% Unapproved Acute & Rehab Cost				26,117,712	713,102	863,410	1,507,050	2,819,790	3,274,200	2,125,170	5,634,990	3,060,000	3,060,000	3,060,000	3,060,000	

						2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OTHER CAPITAL PROJECTS	Project Status	CBL#	Debt Term	Project Total	Remaining Balance										
CRD Projects															
Mt. View Residential Care Replacement 260 beds	CRHD Approved	154	15	60,548,678	27,092,673	27,092,673	-	-	-	-	-	-	-	-	-
Other Residential Care Replacement 320 beds	CRHD Approved	154	15	74,522,583	74,522,583	-	3,750,000	15,000,000	37,500,000	18,272,583	-	-	-	-	-
Residential Care Upgrade & Replacement Projects	VIHA Planned		15	50,000,000	50,000,000	-	-	-	-	-	2,500,000	10,000,000	25,000,000	12,500,000	-
Other Capital Projects Sub-total				185,071,261	151,615,256	27,092,673	3,750,000	15,000,000	37,500,000	18,272,583	2,500,000	10,000,000	25,000,000	12,500,000	-
Inflation (2%) excluding approved Capital Bylaws					1,000,000	-	-	-	-	-	50,000	200,000	500,000	250,000	-
Other Capital Projects Annual Capital Cash Flow					152,615,256	27,092,673	3,750,000	15,000,000	37,500,000	18,272,583	2,550,000	10,200,000	25,500,000	12,750,000	-
CRHD 30% share Other Capital Projects Total				55,372,800	24,911,125	8,098,000	1,120,875	4,483,500	11,208,750	5,461,675	765,000	3,060,000	7,650,000	3,825,000	-
MINOR CAPITAL PROJECTS															
Various VIHA Hospitals															
Minor Capital Projects 2008 - 40% CRHD Share	CRHD Approved	144	10	12,500,000	2,714,180	2,714,180									
Minor Capital Projects 2009 - 40% CRHD Share	CRHD Approved	149	5	2,377,000	1,296,840	1,296,840									
Minor Capital Projects 2009 - 40% CRHD Share	CRHD Approved	150	10	7,671,500	1,522,820	1,522,820									
Minor Capital Projects 2010 - 40% CRHD Share	CRHD Approved	152	10	11,109,999	6,901,830	3,250,000	3,651,830								
Minor Capital Projects 2011 - 40% CRHD Share	CRHD Approved	156	10	11,941,058	10,754,760	5,500,000	5,254,760								
Minor Capital Projects 2012 - 40% CRHD Share	CRHD Approved	157	10	9,375,000	9,375,000	3,125,000	3,125,000	3,125,000							
Minor Capital Projects 2013 - 40% CRHD Share (2M converted to cash & 1.75M debt financing)	VIHA Requested		10	9,375,000	9,375,000	9,375,000									
Minor Capital Projects 2014-2022 40% CRHD Share (results in 2014: 2M & 2015: 3M & 2016-2022: 3.75M converted to cash)	CRD Anticipated		10	84,375,000	84,375,000		9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000
MCP Projects Sub-total				126,315,430	126,315,430	26,783,840	21,406,590	12,500,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000
Inflation (0%) excluding approved Capital Bylaws					-	-	-	-	-	-	-	-	-	-	-
MCP Projects Annual Capital Cash Flow					126,315,430	26,783,840	21,406,590	12,500,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000
CRHD 40% share of MCP Projects Total				50,526,172	50,526,172	10,713,536	8,562,636	5,000,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000

**APPENDIX B: CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing (2013-2032) for 10 Year Capital Plan (2013-2022)
MFA Borrowing Terms 5-20yrs**



APPENDIX C
CAPITAL REGIONAL HOSPITAL DISTRICT
Existing and Estimated Debt Servicing (2013-2032) for 10 Year Capital Plan (2013-2022)
Cost per Average 2012 Residential Assessment (\$540,164)
Based on MFA Borrowing Terms of 5, 10, 15, 20 years

Year	Existing Debt Servicing	Capital Exp (2013-2022) Estimated Debt Servicing	Total Debt Servicing	Sec 20(3) Capital Equipment	Non-Traditional Projects	Minor Capital Projects	Total Requisition	Total Requisition Value
2013	127.45	0.00	127.45	17.34	5.64	11.28	161.71	29,190,414
2014	122.62	9.64	132.25	17.34	5.64	8.46	163.70	29,550,856
2015	116.85	14.79	131.64	17.34	5.64	16.92	171.55	30,950,608
2016	111.85	21.34	133.19	17.34	5.64	21.15	177.33	31,984,190
2017	107.46	32.73	140.19	17.34	5.64	21.15	184.33	33,234,023
2018	99.38	39.99	139.37	17.34	5.64	21.15	183.50	33,099,255
2019	94.45	40.85	135.30	17.34	5.64	21.15	179.44	32,389,745
2020	89.79	45.66	135.45	17.34	5.64	21.15	179.58	32,427,050
2021	83.99	51.97	135.96	17.34	5.64	21.15	180.10	32,529,655
2022	75.92	54.33	130.25	17.34	5.64	21.15	174.38	31,529,019
2023	65.99	54.63	120.62	17.34	5.64	21.15	164.76	29,834,775
2024	45.40	50.00	95.40	17.34	5.64	21.15	139.53	25,374,874
2025	16.09	46.52	62.61	17.34	5.64	21.15	106.74	19,574,328
2026	4.47	43.08	47.55	17.34	5.64	21.15	91.69	16,917,925
2027	4.45	40.55	45.00	17.34	5.64	21.15	89.14	16,479,347
2028	0.00	38.27	38.27	17.34	5.64	21.15	82.41	15,299,359
2029	0.00	32.88	32.88	17.34	5.64	21.15	77.01	14,356,949
2030	0.00	30.20	30.20	17.34	5.64	21.15	74.33	13,895,621
2031	0.00	27.42	27.42	17.34	5.64	21.15	71.55	13,417,044
2032	0.00	20.46	20.46	17.34	5.64	21.15	64.60	12,199,373
								494,234,409

**REPORT TO THE
PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 24, 2012**

SUBJECT 2013 Capital Regional Hospital District *Provisional Budget*

ISSUE

Approval of the 2013 Capital Regional Hospital District (CRHD) *Provisional Budget*.

BACKGROUND

The *Hospital District Act* requires the CRHD 2013 *Provisional Budget* for the coming fiscal year be adopted by the Board on or before December 31, 2012. The Budget consists of debt service charges on funds borrowed for capital projects, Section 20(3) grants for medical equipment and non-traditional projects, and the administration budget for CRHD functions performed by the Health and Capital Planning Strategies Division.

ALTERNATIVES

1. Approve the 2013 Capital Regional Hospital District *Provisional Budget* as submitted; or,
2. Refer the 2013 Capital Regional Hospital District *Provisional Budget* back to staff for further analysis.

BUDGET FINANCIAL IMPLICATIONS

The 2013 *Provisional Budget* summary and its comparison to the 2012 Budget are found in Schedule A. Schedule B shows the 2013-2017 Future Budget Projections and Schedule C presents a summary of planned CRHD 2013 capital expenditures. The Budget consists primarily of the following components:

Debt Servicing:

This represents principal and interest payments for Board-approved projects. The CRHD 10-year Capital Plan and related approved capital bylaws are the basis of the future debt servicing projections. As noted in the CRHD 2013-2022 Ten Year Capital Plan, staff recommends transitioning from debt servicing to expensing all minor capital expenditures by 2016.

Section 20(3) Equipment & Planning/Research:

Section 20(3) of the *Hospital District Act* enables the Regional Hospital District to grant aid to hospitals and designated health care facilities for diagnostic and medical equipment purchases. The District also retains an amount under this category for divisional activities including research and studies. The Section 20(3) allocation proposes the same level of funding as 2012 which provides a maximum of \$3.075 M.

Administration Expenditures:

The 2013 CRHD portion of the budget for the Health and Capital Planning Division is \$524,890. This budget includes a reallocation of Administrative Services costs as well as staff support costs. These costs are incorporated into the CRHD overall tax requisition. This increase is being absorbed into the 2013 overall budget within the proposed 2% tax requisition increase.

Non-Traditional Projects Allocation:

As noted in the CRHD 2013-2022 Capital Plan, the 2013 Budget continues to include an allocation of \$1 M for Non-Traditional Projects (NTPs). This requisition is used to fund community initiatives, a combination of priority projects in the Region or paying down outstanding CRHD debt obligations.

Tax Requisition:

The 2013 CRHD tax requisition is estimated to be \$28.284 M, which is a 2% increase over the 2012 requisition but a decrease over the projected requisition presented in the 2012 capital plan. For 2013, the tax impact on average household (2012 assessment \$540,164) will be \$159.53.

Table 1 compares the forecasted tax impact on assessed residential value from 2009 when the CRHD began to incur the cost of two major hospital projects.¹

Table 1: Tax Requisition Implications

Final Year	Residential Assessment	2012	2013	2014	2015	2016	2017
2009 ^a	\$521,818	187.37	202.61	n/a	n/a	n/a	
2010 ^a	\$529,519	169.47	179.66	187.75	n/a	n/a	
2011 ^a	\$550,219	168.77	186.21	193.42	198.21	n/a	
2012 ^a	\$541,219	156.15	161.85	171.95	179.14	185.67	
2013 ^b	\$540,164	n/a	159.53	163.44	171.00	177.46	183.94

^aFinal Budget

^bProvisional Budget

2013 Capital Plan Projections:

The 2008 Funding Options Review recommendations have helped lower the forecasted tax requisition peak. The 2008 Ten Year Capital Plan projected a peak of \$254.31 in 2018. However, since the implementation of the new funding framework the projected peak has been declining. The revised 2012 Capital Plan (which included the addition of the Mt. View Heights and Oak Bay Lodge projects) projected a peak requisition of \$195.93 in 2017. The 2013 Capital Plan further reduced the tax requisition to a peak of \$184.33 in 2017. Overall, the anticipated growth in requisitions continues to be less than previous forecasts.

CONCLUSION

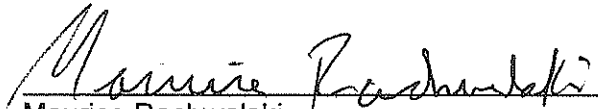
The 2013 CRHD *Provisional Budget* must be adopted on or before December 1, 2012. The 2013 Budget presents the anticipated administrative costs of the Hospital District and a reasonable reflection of the actual costs for Board approved and future year capital projects. Overall, the Budget reflects increased balance, discipline and reduction in the future tax requisition. The 2013 CRHD *Provisional Budget* expenditures are in line with the prior year's 2012 Budget five-year forecast. The overall budget proposes an increase of 2%. Alternative 1 is recommended.


¹ R/JH Patient Care Centre and VGH Emergency Redevelopment

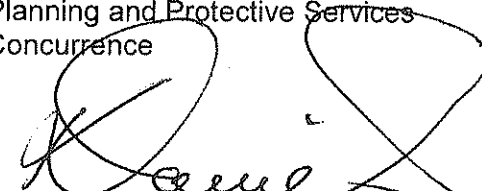
RECOMMENDATION:

That the Planning, Transportation and Protective Services Committee recommends that the Capital Regional Hospital District Board:

1. Approve the 2013 Capital Regional Hospital District *Provisional Budget* as submitted.


Maurice Rachwalski,
Senior Manager
Health and Capital Planning Strategies


Robert Lapham, MCIP
General Manager,
Planning and Protective Services
Concurrence


Kelly Daniels
Chief Administrative Officer
Concurrence

MR: cln

Attachments: 3

- A. CRHD 2013 Provisional Budget
- B. CRHD 2013-2017 Future Budget Projects
- C. CRHD 2013 Capital Expenditures

APPENDIX A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2013 PROVISIONAL BUDGET**

	<u>2012 BOARD APPROVED</u>	<u>2012 ESTIMATED ACTUALS</u>	<u>2013 PROVISIONAL BUDGET</u>	<u>2012 - 2013 BUDGET VARIANCE</u>
REVENUE				
Tax Requisition Total	27,728,030	27,728,030	28,283,930	555,900
Payments in Lieu of Taxes	835,730	837,210	837,210	1,480
	<u>28,563,760</u>	<u>28,565,240</u>	<u>29,121,140</u>	<u>557,380</u>
Debt Reserve Fund Recovery	0	207,410	0	0
Interest	50,000	50,000	50,000	0
Surplus Previous Year	124,530	166,360	1,251,560	1,127,030
TOTAL REVENUE	<u><u>28,738,290</u></u>	<u><u>28,989,010</u></u>	<u><u>30,422,700</u></u>	<u><u>1,684,410</u></u>
EXPENDITURES				
Debt Servicing				
Debenture Debt Charges	23,408,430	22,844,020	22,632,520	-775,910
Debenture Debt - Accrued Interest Dec 31	181,500	0	196,910	15,410
Temporary Borrowing Interest	250,000	70,620	220,000	-30,000
Debenture Issue Expense	113,840	85,510	102,520	-11,320
Debt Reserve Fund	189,730	142,510	170,860	-18,870
Total Debt Servicing	<u>24,143,500</u>	<u>23,142,661</u>	<u>23,322,810</u>	<u>-820,690</u>
Administration Expenditures	519,790	519,790	524,890	5,100
Section 20(3) Expenditures - Equip & Studies	3,075,000	3,075,000	3,075,000	0
	<u>3,594,790</u>	<u>3,594,790</u>	<u>3,599,890</u>	<u>5,100</u>
Non-Traditional Projects	1,000,000	1,000,000	1,000,000	0
Minor Capital Projects - 2013	0	0	2,000,000	2,000,000
Minor Capital Projects Reserve Transfer - 2013			500,000	500,000
TOTAL EXPENDITURES	<u><u>28,738,290</u></u>	<u><u>27,737,451</u></u>	<u><u>30,422,700</u></u>	<u><u>1,684,410</u></u>
		<u>Surplus</u>		<u>1,251,560</u>
Tax impact on 2012 average residence (\$540,164)	156.40		159.53	
Tax impact on \$100,000 of 2012 assessments	28.95		29.53	
Tax requisition increase/(decrease)			2.0%	

APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT
2013 - 2017 FUTURE BUDGET PROJECTIONS

	2013 PROVISIONAL BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET	2017 BUDGET
REVENUE					
Tax Requisition Total	28,283,930	28,975,940	30,317,270	31,461,990	32,611,350
Grants in Lieu of Taxes	837,210	837,210	837,210	837,210	837,210
	<u>29,121,140</u>	<u>29,813,150</u>	<u>31,154,480</u>	<u>32,299,200</u>	<u>33,448,560</u>
Debt Reserve Fund Recovery	0	0	0	0	0
Interest	50,000	50,000	50,000	50,000	50,000
Surplus Previous Year	1,251,560	0	0	0	0
TOTAL REVENUE	<u>30,422,700</u>	<u>29,863,150</u>	<u>31,204,480</u>	<u>32,349,200</u>	<u>33,498,560</u>
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	22,632,520	23,553,320	23,338,860	23,613,710	24,854,630
Debenture Debt - Accrued Int. Dec 31	196,910	0	0	0	0
Temporary Borrowing Interest	220,000	100,000	100,000	100,000	100,000
Debenture Issue Expense	102,520	40,780	53,940	94,670	56,910
Debt Reserve Fund	170,860	60,200	89,910	157,780	94,860
Total Debt Servicing	<u>23,322,810</u>	<u>23,754,300</u>	<u>23,582,710</u>	<u>23,966,160</u>	<u>25,106,400</u>
Administration Expenditures	524,890	533,850	546,770	558,040	567,160
Section 20(3) Exp - Equipment & Studies	3,075,000	3,075,000	3,075,000	3,075,000	3,075,000
	<u>3,599,890</u>	<u>3,608,850</u>	<u>3,621,770</u>	<u>3,633,040</u>	<u>3,642,160</u>
Non-Traditional Projects	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Minor Capital Projects	2,000,000	2,000,000	3,000,000	3,750,000	3,750,000
Minor Capital Projects Reserve Transfer	500,000	-500,000	0	0	0
TOTAL EXPENDITURES	<u>30,422,700</u>	<u>29,863,150</u>	<u>31,204,480</u>	<u>32,349,200</u>	<u>33,498,560</u>
Tax impact on 2012 average residence (\$540,164)	159.53	163.44	171.00	177.46	183.94
Tax impact on \$100,000 of 2012 assessments	29.53	30.26	31.66	32.85	34.05
Tax requisition increase/(decrease)	2.0%	2.4%	4.6%	3.8%	3.7%

APPENDIX C

**CAPITAL REGIONAL HOSPITAL DISTRICT
2013 CAPITAL EXPENDITURES**

<u>CBL#</u>	<u>PROJECT</u>	<u>2013 CAPITAL EXPENDITURES</u>
144	VIHA - 2008 Minor Capital Projects	1,085,670
145	RJH - EMP Asbestos Phase 2	167,840
146	VIHA - Residential Care Patient Lifts Phase 1	545,200
149	VIHA - 2009 Minor Capital Projects 5yr	518,740
150	VIHA - 2009 Minor Capital Projects 10yr	609,130
152	VIHA - 2010 Minor Capital Projects	1,300,000
154	MTV - New Residential Care	8,988,390
156	VIHA - 2011 Minor Capital Projects	2,200,000
157	VIHA - 2012 Minor Capital Projects	1,250,000
TBD	SPH - Post Anesthetic Recovery Room Reno	207,120
TBD	VGH - Endoscopy Unit Renovation	462,000
TBD	VGH - Maternity Clinic Renovation	30,000
N/A	Non-Traditional Community Project (2013)	1,000,000
N/A	Minor Capital Projects (2013)	2,000,000
		<hr/>
		20,364,090
		<hr/>