



## Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

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Wednesday, March 25, 2015

1:00 PM

6th Floor Boardroom

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### 1. APPROVAL OF THE AGENDA

### 2. ADOPTION OF MINUTES

#### 2.1. 15-268 Minutes of Meeting of January 14, 2015

**Recommendation:** That the minutes of the meeting of January 14, 2015 be adopted.  
(NWA)

**Attachments:** [2015-01-14MinutesCapitalRegionalHospitalBoard](#)

### 3. REPORT OF THE CHAIR

### 4. PRESENTATIONS/DELEGATIONS

### 5. REPORTS OF COMMITTEES

### 6. ADMINISTRATION REPORTS

#### 6.1. 15-264 2015 Capital Regional Hospital District (CRHD) Budget Bylaw

**Recommendation:** That Bylaw No. 384 cited as "Annual Budget Bylaw, 2015" be introduced and read a first and second time.  
That Bylaw No. 384 be read a third time.  
That Bylaw No. 384 be adopted.  
(WA)

**Attachments:** [StaffReport-CRHD-BudgetBylawAMENDED](#)  
[Bylaw384-ScheduleA](#)

### 7. NEW BUSINESS

### 8. ADJOURNMENT

#### Voting Key:

**NWA - Non-weighted vote of all Directors**

**NWP - Non-weighted vote of participants (as listed)**

**WA - Weighted vote of all Directors**

**WP - Weighted vote of participants (as listed)**

**Minutes of a Meeting of the Capital Regional Hospital District Board  
Held Wednesday, January 14, 2015, in the Board Room, 625 Fisgard Street, Victoria, BC**

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**PRESENT:** Directors: D. Howe (Chair), N. Jensen (Acting Chair), R. Atwell, M. Alto, D. Blackwell, S. Brice, J. Brownoff, V. Derman, B. Desjardins, A. Finall, C. Hamilton, L. Helps, M. Hicks, B. Isitt, C. Jensen (for R. Windsor), P. Lake (for W. McIntyre), C. Plant (1:34), S. Price, J. Ranns, D. Screech, L. Seaton, M. Tait, K. Williams R. Windsor and G. Young  
**Staff:** R. Lapham, Chief Administrative Officer; L. Hutcheson, General Manager, Parks and Environmental Services; D. Lokken, General Manager, Finance and Technology; T. Robbins, General Manager, Integrated Water Services; K. Lorette, General Manager, Planning and Protective Services; A. Orr, Senior Manager, Corporate Communications; S. Hallatt, Manager, Aboriginal Initiatives; S. Santarossa, Corporate Officer; N. More, Committee Clerk (Recorder)

**Also Present: Alternate Directors** C. Day and L. Hundleby

The Chair called the meeting to order at 1:30 pm. Chair Howe acknowledged the Coast Salish and Nuu chal nulth peoples on whose traditional territory the CRD resides, and in particular the Songhees and Esquimalt First Nations, on whose traditional territory the building is situated.

**1. APPROVAL OF AGENDA**

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

**CARRIED**

**2. ADOPTION OF MINUTES OF SEPTEMBER 10, 2014**

**MOVED** by Director Price, **SECONDED** by Director Derman,  
That the minutes of the meeting of October 8 and December 10, 2014, be adopted

**CARRIED**

**3. REPORT OF THE CHAIR**

Chair Howe delivered his inaugural address (attached).

**4. PRESENTATIONS/DELEGATIONS – None**

**5. TEMPORARY BORROWING FOR CURRENT OPERATING EXPENDITURES – RESOLUTION**

**MOVED** by Director Blackwell, **SECONDED** by Director Derman,  
That the Capital Regional Hospital District Board approve the resolution to allow the temporary borrowing of up to \$9,000,000 for current operating expenditures.

**CARRIED**

**6. NEW BUSINESS – None**

7. **ADJOURNMENT**

**MOVED** by Director Brice, **SECONDED** by Director Desjardins,  
That the meeting be adjourned at 1:40 pm.

**CARRIED**

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**CHAIR**

**CERTIFIED CORRECT:**

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**CORPORATE OFFICER**



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**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD  
MEETING OF WEDNESDAY, MARCH 25, 2015**

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**SUBJECT 2015 CAPITAL REGIONAL HOSPITAL DISTRICT (CRHD) BUDGET BYLAW**

**ISSUE**

Approval of Bylaw No. 384 to adopt the Capital Regional Hospital District 2015 Annual Budget.

**BACKGROUND**

Under the provisions of Section 23(5) of the *Hospital District Act*, the CRHD budget for the current year must be adopted by bylaw on or before March 31. In addition, Section 25(1) of the *Hospital District Act* requires that on or before April 20 in each year, the CRHD delivers to each member municipality, a requisition stating the amount required from that member during the year.

On October 8, 2014 the CRHD Board approved the 2015 *Provisional Budget*. The final budget is shown as Schedule A of the attached CRHD Bylaw No. 384.

**ALTERNATIVES**

1. That Bylaw No. 384 cited as "Annual Budget Bylaw, 2015" be introduced and read a first and second time, read a third time, and adopted.
2. Not approve Bylaw No. 384 and direct staff to return with a revised Bylaw based on amendments recommended by the Board.

**FINANCIAL IMPLICATIONS**

The final budget presented here takes into consideration year-end adjustments related to prior year surplus/deficits and payments in lieu of taxes as shown in Schedule A of the Bylaw.

Overall the 2015 CRHD requisition of \$28,444,710 has decreased by 1.4% over the 2014 requisition of \$28,847,120. The decrease in requisition is attributed to the CRHD Boards decision to reduce Non Traditional Projects (NTP) requisition of \$1 million with a corresponding increase in the CRD requisition to acquire Provincial Rental Housing Corp. (PRHC) land assets. The 2015 budget represents a total cost of \$152.90 per 2015 average residential assessment. The average residential assessment for the region based on 2015 completed assessments is \$511,185.

The CRHD has effectively paid down its existing debt obligations and stabilized the following years requisition through any surpluses. Typically these surpluses are a result of Municipal Finance Authority (MFA) debenture maturity cash refunds received by the CRHD as the debt matures. Previously these surpluses have been used to pay down the Carey Road land purchase and infrastructure development, a portion of the Hillside land purchase and, most recently, contribute to the Minor Capital Projects Stabilization Reserve (MCPS).

The CRHD is currently engaged in discussions with Island Health to refine the “Summit” project capital budget and related cash flow. CRHD’s capital contribution for the project will be borrowed over the 2014-2017 time period. Debt servicing related to Island Health’s share will have an offsetting lease payment that will be initiated near the completion of the project. As the project planning progresses in 2015, staff will report back on the anticipated cash flows and related capital expenditures.

Under the *Hospital District Act* Section 20(4), CRHD is able to maintain reserve accounts. Following are the estimated reserve balances at December 31, 2014:

**CRHD Section 20(4) Reserve Account Balances**

Administration and Feasibility Studies Reserve	\$ 1,077,990
Minor Capital Project 2013 Reserve – to be cash flowed 2013-2015	\$ 284,740
Minor Capital Project 2014 Reserve – to be cash flowed 2014-2016	\$ 1,084,340
Minor Capital Project Stabilization Reserve – to be allocated 2015-2017	\$ 1,500,000
Non-Traditional Projects Reserve – to be allocated in 2015	\$ 2,100,000

These reserves have been set aside for a fixed purpose. The administration and feasibility reserve funds are typically feasibility studies and or special projects.

The 2013 budget approved Minor Capital Project (MCP) grants to be expensed rather than debt serviced. A transition period of 2013-2016 was established with a 2013 and 2014 combined transfer of \$1.5M to the Section 20(4) reserve to be used as an offset in 2015-2017 to ease the transition to expensing MCP grant funding. The intent is to match the funding of the project according to its lifecycle. Due to Island Health cash flowing the minor capital projects over three years, the reserve accounts need to be maintained by each envelope year. The CRHD staff will regularly track the reserves and if after five years the grant funding has not been claimed by Island Health these funds will be reclaimed from the reserve by CRHD to pay down other unfunded liabilities or stabilize the requisition.

The 2014 NTP grant was not allocated to a project in 2014 and will be retained in a Section 20(4) reserve account until it is allocated in 2015 subject to Board approval. These grants are used for supporting community priority projects or paying down unfunded liabilities.

**CONCLUSIONS**

The 2015 CRHD requisition is estimated to be \$28,444,710. The overall CRHD requisition decrease is 1.4% as compared to 2013.

**RECOMMENDATION**

That Bylaw No. 384 cited as “Annual Budget Bylaw, 2015” be introduced and read a first and second time, read a third time, and adopted.

Submitted By:	Rajat Sharma, B.Eng.,MBA, CPA, CMA, Senior Manager, Financial Services
Concurrence:	Diana E. Lokken, CPA, CMA, General Manager, Finance and Technology
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer



**CAPITAL REGIONAL HOSPITAL DISTRICT  
2015 ANNUAL BUDGET**

	<b>2014 BOARD BUDGET</b>	<b>2015 ANNUAL BUDGET</b>	<b>2014 - 2015 BUDGET VARIANCE</b>
<b>REVENUE</b>			
Tax Requisition Total	28,847,120	28,444,710	(402,410)
Payments in Lieu of Taxes	976,650	1,050,630	73,980
	<u>29,823,770</u>	<u>29,495,340</u>	<u>(328,430)</u>
Debt Reserve Fund Recovery	0	0	0
Interest	50,000	50,000	0
Surplus Previous Year	168,380	181,110	12,730
<b>TOTAL REVENUE</b>	<u>30,042,150</u>	<u>29,726,450</u>	<u>(315,700)</u>
<b>EXPENDITURES</b>			
Debt Servicing			
Debenture Debt Charges	22,779,990	22,582,090	(197,900)
Debenture Debt - Accrued Interest Dec 31	159,940	147,540	(12,400)
Paydown Portion Hillside Project from Surplus Carry Forward	168,380	0	(168,380)
Temporary Borrowing Interest	100,000	125,520	25,520
Debenture Issue Expense	78,600	88,530	9,930
Debt Reserve Fund	130,990	147,550	16,560
Total Debt Servicing	<u>23,417,900</u>	<u>23,091,230</u>	<u>(326,670)</u>
HD Act Section 20 Expenditures - Administration	549,250	560,220	10,970
HD Act Section 20 Expenditures - Equipment & Studies	3,075,000	3,075,000	0
	<u>3,624,250</u>	<u>3,635,220</u>	<u>10,970</u>
HD Act Section 20 Expenditures - Project Grants			
Annual Transfer to Non-Traditional Projects Reserve	1,000,000	0	(1,000,000)
Annual Transfer to Minor Capital Projects Reserve	2,000,000	3,750,000	1,750,000
Transfer to/(from) Minor Capital Projects Stabilization Reserve	0	(750,000)	(750,000)
	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>30,042,150</u>	<u>29,726,450</u>	<u>(315,700)</u>
Tax impact on 2015 average residence (\$511,185)	155.06	152.90	
Tax impact on \$100,000 of 2015 assessments	30.33	29.91	
Tax requisition increase/(decrease)		-1.4%	