



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 9, 2016

1:30 PM

6th Floor Boardroom

1. APPROVAL OF THE AGENDA

2. ADOPTION OF MINUTES

2.1. 16-370 Minutes of Hospital District Board Meeting of February 10, 2016

Recommendation: That the minutes of the February 10, 2016 meeting be adopted as circulated.
(NWA)

Attachments: [Feb. 10, 2016 Hospital Board Minutes](#)

3. REPORT OF THE CHAIR

4. PRESENTATIONS/DELEGATIONS

5. REPORTS OF COMMITTEES

Planning, Transportation and Protective Services Committee

5.1. 16-282 2016 Capital Regional Hospital District (CRHD) Budget - Revision To 2016-2025 CRHD Capital Plan

Recommendation: That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:
1) That the 2016-2025 CRHD Capital Plan be amended to include the purchase of 950 Kings Road and updated project budget for the Unit Dose Medication Distribution (UDMD) capital project; and
2) That the 2016-2025 CRHD Capital Plan be approved.
(WA)

Attachments: [Staff Report: 2016 Capital Regional Hospital District Budget – Revision to 2016](#)
[Attachment: 2016-2025 CRHD Amended Capital Plan](#)

5.2. 16-281 South Island Unit Dose Medication Distribution Project Major Capital Project Funding Request

- Recommendation:** That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:
- 1) That CRHD funding in the amount of \$4,124,000 be approved for the South Island Unit Dose Medication Distribution project.
 - 2) That CRHD Bylaw No. 388, "Capital Regional Hospital District Capital Bylaw No. 168, 2016" (for a maximum of \$4,124,000) be introduced and read a first and second time.
 - 3) That CRHD Bylaw No. 388 be read a third time.
(WA)
 - 4) That CRHD Bylaw No. 388 be adopted.
(WA 2/3 maj.)

- Attachments:** [Staff Report: South Island Unit Dose Medication Distribution Project](#)
[Attachment: CRHD Bylaw No. 388, "Capital Regional Hospital District Capital Bylaw No. 168, 2016"](#)

6. NEW BUSINESS

7. MOTION TO CLOSE THE MEETING

7.1. 16-371 Motion to Close the Meeting

- Recommendation:** That, following the CRD Board meeting, the Hospital Board close the meeting in accordance with the Community Charter, Part 4, Division 3, 90(1): (d) security of the property of the regional district; (e) the acquisition, disposition or expropriation of land or improvements.
(NWA)

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)

Meeting Minutes
Capital Regional Hospital District Board

Wednesday, February 10, 2016

1:30 PM

6th Floor Boardroom

Present:

Directors: D. Howe (Chair), B. Desjardins (Vice Chair), M. Alto, R. Atwell, D. Blackwell, S. Brice, V. Derman, A. Finall, C. Hamilton, L. Helps, M. Hicks, B. Isitt, N. Jensen, R. Kasper, W. McIntyre, C. Plant, S. Price, J. Ranns, V. Sanders (for J. Brownoff), D. Screech, L. Seaton, K. Williams, R. Windsor and G. Young

Staff: R. Lapham, Chief Administrative Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; T. Robbins, General Manager, Integrated Water Services; R. Sharma, Acting Financial Officer; B. Reems, Corporate Officer, and S. Norton, Deputy Corporate Officer (Recorder)

The meeting was called to order at 1:33 pm.

1. APPROVAL OF THE AGENDA

**MOVED by Director Hamilton, SECONDED by Director Seaton,
That the agenda be approved as circulated.
CARRIED**

2. ADOPTION OF MINUTES

2.1. 16-191 Minutes of Hospital District Board Meeting of December 9, 2015

**MOVED by Director Price, SECONDED by Director Helps,
That the minutes of the December 9, 2015 meeting be adopted as circulated.
CARRIED**

3. REPORT OF THE CHAIR

Director Hicks entered the meeting at 1:34 pm.

Chair Howe presented his inaugural address which is attached to these minutes.

4. PRESENTATIONS/DELEGATIONS - None

5. REPORTS OF COMMITTEES

Finance Committee

5.1. 16-133 950 Kings Road - Approval of Capital Borrowing Bylaw

MOVED by Director Derman, **SECONDED** by Director Helps,
That Capital Regional Hospital District Bylaw No. 387, "Capital Regional
Hospital District Capital Bylaw No. 167, 2016", for a maximum of \$5,850,000,
be introduced and read a first and second time.
CARRIED

Planning for future community use of the site was raised.

In response to a question, staff confirmed that the borrowing is included in the
2016 budget and the long-term capital plan.

MOVED by Director Derman, **SECONDED** by Director Helps,
That Bylaw No. 387 be read a third time.
CARRIED

MOVED by Director Derman, **SECONDED** by Director Blackwell,
That Bylaw No. 387 be adopted.
CARRIED

5.2. 16-134 Amendment to Consultant Contracts for the Summit Residential Care
Project

MOVED by Director Price, **SECONDED** by Director Windsor,
That the Hospital Board approve and authorize the Board Chair and
Corporate Officer to execute the following amendment to the consultant
contract for the Summit project: Unitech Construction Management contract -
increase by \$41,000 for additional contract administration services.
CARRIED

MOVED by Director Price, **SECONDED** by Director Windsor,
That the Hospital Board approve and authorize the Board Chair and
Corporate Officer to execute the following amendment to the consultant
contract for the Summit project: Ryzuk Geotechnical contract - increase by
\$5,000 for additional geotechnical analysis and structural design assessments.
CARRIED

6. ADMINISTRATION REPORTS

6.1. 16-190 2016 Capital Regional Hospital District (CRHD) Board Executive
Committee

MOVED by Director Price, **SECONDED** by Director Helps,
That the Executive Committee be established.
CARRIED

Discussion ensued on the reporting relationship and role of the Committee in
investigating alternative models for managing development and capital projects,
and options for procurement of capital projects.

There was also discussion on the proposed funding for the Housing First
Strategy and the concern that hospital funding was being directed to housing.

Staff advised that the Hospital District contribution would only be a small component of the proposed overall funding and that funding would have to be directed to hospital facilities.

**MOVED by Director Kasper, SECONDED by Director Helps,
That the terms of reference for the 2016 Executive Committee as attached in
Appendix A of the staff report be approved.
CARRIED**

Chair Howe nominated the following for election to the Executive Committee, in addition to himself as Hospital Board Chair per the Terms of Reference:
B. Desjardins, D. Screech, R. Windsor, G. Young - all the nominees accepted

Director Seaton nominated Director Blackwell

Staff clarified that either the terms of reference would have to be amended to increase the number of members or there would need to be an election by ballot.

**MOVED by Director Hicks, SECONDED by Director Kasper,
That the Terms of Reference be amended as follows: under 3.0 Composition,
delete "five (5)" and replace with "six (6)".
CARRIED**

The following were acclaimed as members of the Executive Committee for 2016:
D. Blackwell, B. Desjardins, D. Howe (Chair), D. Screech, R. Windsor,
G. Young

7. NEW BUSINESS - None

8. ADJOURNMENT

**MOVED by Director Seaton, SECONDED by Director Derman,
That the meeting be adjourned at 2:00 pm.
CARRIED**

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

Welcome to the Capital Regional Hospital District 2016

Thank you for your confidence in allowing me to serve you & your Communities for another year as Chair

I mentioned in my opening remarks last year that we no longer just grant equity dollars to health projects. We have become the Developer, the owner of the assets. I would like to recognize Director Blackwell for her role in this transition while she was Chair, prior to my term.

I want to take a moment here to touch on some of our Initiatives:

CRHD 2016 Capital Plan includes:

\$4 M towards the \$9.9M Medication Distribution system at Royal Jubilee Hospital
\$3 M towards medical and diagnostic equipment
\$3.75 M to Island Health for multiple minor capital projects

Major Developments include:

Housing First

- This strategy includes a possible partnership with BC Housing to provide matching capital funding and with Island Health for funding on the supportive services end.
-
- Staff are working on the development of a policy and program framework to implement the Housing First initiative. The framework includes a three pronged approach across the Capital Regional Hospital District, Capital Regional Housing Corporation, and the Regional Housing Trust Fund.

Summit project

- The Summit at Quadra Village is an \$86 million dollar, 320-unit residential complex and dementia care facility will replace Oak Bay Lodge and Mount Tolmie Hospital.
-
- The Hospital District will design and build the Summit on behalf of Island Health.
-
- In 2016 we will see completion of the project design, and the commencement of construction.

We have significant opportunities to finance & develop other social infrastructure projects:

1. develop the two remaining sites at Mt View Heights, Carey Rd
2. plan with Island Health, the future of Oak Bay Lodge
3. plan the future use of 950 Kings Rd, next to the Summit
4. explore developments on the Saanich Peninsula & our Western Communities

Question: how do we disperse our resources & assets throughout the region?

I spoke with many of you about this last year & would welcome your feedback for moving forward.

In the development process there are some key questions we need to answer:

1. What management and governance structures would be most effective, including the governance and operational relationship to the CRD, the Affordable Housing Trust Fund, and the Capital Regional Housing Corporation?
2. How might we hold land on behalf of CRD entities and community partners, for example a 'land trust'?
3. What human and other resources will be needed to maximize value?
4. How can we better use traditional and alternative means to partner and finance new developments, with the goal of reducing the direct financial burden on local taxpayers?
5. How might we conservatively leverage the significant equity we have in current assets through partnerships and other innovative arrangements with public, private and community organizations?

The Hospital board has taken the lead here, as borrowing will be done under the health authority. We could wait for non-profits to come forward with direct applications to the Board but far better if we lay out some ground rules and decide if we need a corporation or other body to administer.

Examples would be CRD housing at the local level, CREST, and other corps at the Provincial level. It could include non-board members or not. Membership may involve the Province given they are contributing to these projects.

Concluding Remarks

We have faced significant challenges around this table, over the last few years, certainly since I first sat here, just over 4 years ago.

This Board, we the Hospital District Board, have the chance to bring significant progress to a region deserving of positive results.

In this regard, I propose we form a Board Executive Committee to explore alternative models for managing Hospital District development & capital projects.

I would also like to thank Director Young & staff, for helping me to think through this proposal.

Thank you for your attention, I look forward to your input & our collaborative efforts in the year ahead.

Dave Howe

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, MARCH 2, 2016**

SUBJECT **2016 Capital Regional Hospital District (CRHD) Budget – Revision to 2016-2025 CRHD Capital Plan**

ISSUE

Amendment of the 2016-2025 CRHD Capital Plan to align the Plan with the 2016 CRHD Budget.

BACKGROUND

The Capital Regional District (CRD) Board approved the 2016-2025 CRHD Capital Plan and the 2016 CRHD Provisional Budget in November 2015. Capital planning is an iterative process and capital plans are subject to amendment. The report seeks approval to amend the 2016-2025 CRHD capital plan to include provisions for two major projects.

The CRHD recently made a decision to acquire the 950 Kings Road property. The acquisition related debt servicing costs have already been incorporated in future years as per the provisionally approved 2016 CRHD budget. The strategic land acquisition was also included in the 2015 Capital Expenditure list accompanying the provisionally approved budget. As the land purchase was officially completed this year it is important to amend the 2016-2015 Capital Plan to identify the latest transaction.

The revised 2016 Capital Plan also accommodates the Board motion to cost share 40% in the South Island Unit Dose Medication Distribution (UDMD) capital project as well as the revised project budget of \$10.31 Million (M) which represents a 4% increase from the initial project budget. Occasionally, the timing of the completion of schematic design reports and final budgets for major capital projects does not align to CRHD Capital Plan deadlines resulting in the need for minor amendments to the provisional Capital Plan.

ALTERNATIVES

That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:

1. a) Amend the 2016-2025 CRHD Capital Plan to include the purchase of 950 Kings Road and the updated project budget for the Unit Dose Medication System capital project; and,
 b) Approve the 2016-2025 CRHD Capital Plan.
2. Direct staff to provide additional information.

FINANCIAL IMPLICATIONS

The revised 2016-2025 CRHD Capital Plan accommodates the change to the UDMD cost sharing model from 70/30 to 60/40. The 60/40 cost sharing was approved by the CRHD Board subject to Island Health staying within the total funding envelope as approved in the 10 year capital plan. The capital plan has been amended accordingly and the CRHD cash flow in future years has been adjusted by \$1.15 M to ensure the total funding envelope remains unchanged, The revisions to the Plan do not impact the 2016 CRHD Budget or requisition.

SUMMARY

Since provisional approval of the 2016 CRHD Budget in November 2015, the purchase of 950 Kings Road has been added to the 2016-2025 CRHD Capital Plan and the updated project budget for the UDMD major capital project has been received, establishing the requirement to amend the 2016 Capital Plan.

Preparation of the CRHD capital plans is an iterative process as Island Health works to identify its highest priority capital projects in an ever-changing needs environment and the CRHD applies financial discipline to future funding requests.

RECOMMENDATION

That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:

1. a) Amend the 2016-2025 CRHD Capital Plan to include the purchase of 950 Kings Road and updated project budget for the UDMD capital project; and,
b) Approve the 2016-2025 CRHD Capital Plan.

Submitted by:	Rajat Sharma, B. Eng., MBA, CPA, CMA Acting Chief Financial Officer
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

RS:cln

Attachment: 2016-2025 CRHD Amended Capital Plan

SUMMARY	Project Total	Remaining Balance	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			VIHA SHAREABLE PROJECTS - TOTAL PROJECT CASHFLOW									
Acute Hospitals Major Capital Projects (2016 & 2025 revised)	131,450,000	131,450,000	11,395,000	5,815,000	-	714,000	10,495,800	15,249,000	32,374,800	34,261,800	14,779,800	6,364,800
Summit Residential Care Replacement Project - CRD Share	25,193,285	17,886,480	6,115,020	11,771,460	-	-	-	-	-	-	-	-
Summit Residential Care Replacement Proj - Leased Share	61,250,000	61,250,000	-	7,895,920	32,111,430	21,242,650	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3	76,500,000	76,500,000	-	-	-	-	-	3,825,000	15,300,000	38,250,000	19,125,000	-
Minor Capital Projects 2010-2012 Outstanding Balance remaining - debt financing	32,426,057	2,679,725	2,679,725	-	-	-	-	-	-	-	-	-
Minor Capital Projects - 2013 CRHD Approved Outstanding Balance remaining - debt financing	4,375,000	2,500,000	1,250,000	1,250,000	-	-	-	-	-	-	-	-
Minor Capital Projects - 2014 CRHD Approved Outstanding Balance remaining - debt financing	4,375,000	4,375,000	2,187,500	2,187,500	-	-	-	-	-	-	-	-
Minor Capital Projects - 2016 VIHA Requested 3 year cashflow	9,375,000	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects - CRHD Anticipated 2017-2025	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	429,319,342	390,391,205	33,002,245	38,294,880	41,486,430	31,331,650	19,870,800	28,449,000	57,049,800	81,886,800	43,279,800	15,739,800

CRHD \$ SHARE - TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CRHD Section 20 Equipment Grants - 100% CRHD Share - expensed annually	29,550,000	29,550,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
CRHD land purchase 950 Kings - 100% CRHD Share - debt servicing 15 yr amortization (moved from 2015 to 2016)	5,850,000	5,850,000	5,850,000	-	-	-	-	-	-	-	-	-
Non-Traditional Projects Grants - 100% CRHD Share - expensed annually	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000
Acute Hospitals Major Capital Projects - 30% CRHD Share for unapproved projects (except 40% UDMD project) - debt financing	39,435,000	40,466,000	3,934,000	2,260,000	-	214,200	3,148,740	4,574,700	9,712,440	10,278,540	4,433,940	1,909,440
Summit Residential Care Replacement Project - 30% CRHD Share - debt financing 15 yr amortization	25,193,285	17,886,480	6,115,020	11,771,460	-	-	-	-	-	-	-	-
Summit Residential Care Replacement Project - 70% Leased Share - debt financing 25 yr amortization with offsetting lease payments	61,250,000	61,250,000	-	7,895,920	32,111,430	21,242,650	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3 - 30% CRHD Share - debt financing	22,950,000	22,950,000	-	-	-	-	-	1,147,500	4,590,000	11,475,000	5,737,500	-
Minor Capital Projects 2010-2012 - 40% CRHD Share - debt financing	12,970,423	1,071,890	1,071,890	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2013 VIHA Requested - 40% CRHD Share - 2M converted to cash requisition & 1.75M debt financing	1,750,000	1,000,000	500,000	500,000	-	-	-	-	-	-	-	-
Minor Capital Projects 2014 VIHA Requested - 40% CRHD Share - 2M converted to cash requisition & 1.75M debt financing	1,750,000	1,750,000	875,000	875,000	-	-	-	-	-	-	-	-
Minor Capital Projects 2016 VIHA Requested - 40% CRHD Share - 3.75M converted to cash requisition	3,750,000	3,750,000	3,750,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2017-2025 Anticipated - 40% CRHD Share - cash requisition	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	239,198,708	220,274,370	25,050,910	30,007,380	38,816,430	28,161,850	9,853,740	12,427,200	21,007,440	28,458,540	16,876,440	9,614,440

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 expensed cash instead of debt financing
- 4) Definitions of Project Status -
 - a) VIHA Approved: projects that VIHA will request for CRHD Capital Bylaws in 2016
 - b) VIHA Planned: projects VIHA intends to develop in 2-4 years subject to further service and/or facilities planning
 - c) CRHD Anticipated: projects CRHD has identified as a priority in the 4-10 year range

ACUTE AND REHAB HOSPITALS	Project Status	CBL#	Debt Term	Project Total	Remaining Balance	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ROYAL JUBILEE HOSPITAL															
Major projects															
Boiler Plant Replacement	VIHA Approved	163	5	4,700,000	4,700,000	4,700,000									
Unit Dose Medication Distribution Hub (UDMD)	VIHA Approved	168	10	10,310,000	10,310,000	5,155,000	5,155,000								
Automated Medication Dispensing Units	VIHA Planned		10	4,980,000	4,980,000	-	-	-	-	-	1,245,000	1,245,000	1,245,000	1,245,000	
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	18,120,000	18,120,000	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000	3,120,000
Royal Jubilee Hospital Total				40,610,000	40,610,000	9,855,000	5,155,000	-	-	125,000	2,995,000	6,870,000	6,245,000	6,245,000	3,120,000
VICTORIA GENERAL HOSPITAL															
Major projects															
Endoscopy Unit Renovation	VIHA Approved	165	5	2,200,000	2,200,000	1,540,000	660,000								
Automated Medication Dispensing Units	VIHA Planned		10	4,980,000	4,980,000	-	-	-	-	-	1,245,000	1,245,000	1,245,000	1,245,000	-
Energy Centre Replacement	VIHA Planned		15	14,000,000	14,000,000	-	-	-	700,000	9,800,000	3,500,000				
Medical Device Reprocessing Dept Upgrade	VIHA Planned		5	3,300,000	3,300,000	-	-	-	-	165,000	2,310,000	825,000			
Child Youth & Family Services Redevelopment	VIHA Planned		15	42,000,000	42,000,000	-	-	-	-	-	2,100,000	16,800,000	21,100,000	2,000,000	-
Routine Capital Investment project(s)	CRHD Anticipated		15	18,120,000	18,120,000	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000	3,120,000
Victoria General Hospital Total				84,600,000	84,600,000	1,540,000	660,000	-	700,000	9,965,000	9,155,000	23,870,000	27,345,000	8,245,000	3,120,000
SAANICH PENINSULA HOSPITAL															
Major projects															
				-	-	-	-	-	-	-	-	-	-	-	-
Saanich Peninsula Hospital Total				-	-	-	-	-	-	-	-	-	-	-	-
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															
Major projects															
				-	-	-	-	-	-	-	-	-	-	-	-
Queen Alexandra Hospital Total				-	-	-	-	-	-	-	-	-	-	-	-
VIHA - SOUTH ISLAND INITIATIVES															
Major projects															
				-	-	-	-	-	-	-	-	-	-	-	-
VIHA South Area Initiatives				-	-	-	-	-	-	-	-	-	-	-	-
Acute & Rehab Hospitals Sub -Total				129,210,000	129,210,000	11,395,000	5,815,000	-	700,000	10,290,000	14,950,000	31,740,000	33,590,000	14,490,000	6,240,000
Inflation (2%) excluding approved/pending Capital Bylaws				2,240,000	2,240,000	-	-	-	14,000	205,800	299,000	634,800	671,800	289,800	124,800
Acute Hospitals Major Capital Projects Annual Capital Cash Flow				131,450,000	131,450,000	11,395,000	5,815,000	-	714,000	10,495,800	15,249,000	32,374,800	34,261,800	14,779,800	6,364,800
CRHD Share 30% Unapproved Acute & Rehab Cost exception 40% UDMD project				39,435,000	40,466,000	3,934,000	2,260,000	-	214,200	3,148,740	4,574,700	9,712,440	10,278,540	4,433,940	1,909,440

						2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
OTHER CAPITAL PROJECTS	Project Status	CBL#	Debt Term	Project Total	Remaining Balance										
CRD Projects															
Summit Residential Care Replacement 320 beds	CRHD Share	160	15	25,193,285	17,886,480	6,115,020	11,771,460	-	-						
Summit Residential Care Replacement 320 beds	Leased Share	160	25	61,250,000	61,250,000	-	7,895,920	32,111,430	21,242,650						
				86,443,285	79,136,480										
Residential Care Upgrade & Replacement Projects Phase 3	VIHA Planned		15	75,000,000	75,000,000	-	-	-	-	-	3,750,000	15,000,000	37,500,000	18,750,000	
Other Capital Projects Sub-total				161,443,285	154,136,480	6,115,020	19,667,380	32,111,430	21,242,650	-	3,750,000	15,000,000	37,500,000	18,750,000	-
Inflation (2%) excluding approved Capital Bylaws				1,500,000	1,500,000	-	-	-	-	-	75,000	300,000	750,000	375,000	-
Other Capital Projects Annual Capital Cash Flow				162,943,285	155,636,480	6,115,020	19,667,380	32,111,430	21,242,650	-	3,825,000	15,300,000	38,250,000	19,125,000	-
CRHD Share Other Capital Projects Total				109,393,285	102,086,480	6,115,020	19,667,380	32,111,430	21,242,650	-	1,147,500	4,590,000	11,475,000	5,737,500	-
MINOR CAPITAL PROJECTS															
Various VIHA Hospitals															
Minor Capital Projects 2010 - 40% CRHD Share	CRHD Approved	152	10	11,109,999	300,000	300,000									
Minor Capital Projects 2011 - 40% CRHD Share	CRHD Approved	156	10	11,941,058	1,000,000	1,000,000									
Minor Capital Projects 2012 - 40% CRHD Share	CRHD Approved	157	10	9,375,000	1,379,725	1,379,725									
Minor Capital Projects 2013 - 40% CRHD Share (2M expensed & 1.75M debt financing by CBL158)	CRHD Approved	158	5	4,375,000	2,500,000	1,250,000	1,250,000								
Minor Capital Projects 2014 - 40% CRHD Share (2M expensed & 1.75M debt financing by CBL161)	CRHD Approved	161	5	4,375,000	4,375,000	2,187,500	2,187,500								
Minor Capital Projects 2016 - 40% CRHD Share (3.75M expensed)	VIHA Requested	Cash	N/A	9,375,000	9,375,000	9,375,000									
Minor Capital Projects 2017-2025 40% CRHD Share (3.75M expensed)	CRHD Anticipated	Cash	N/A	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				134,926,057	103,304,725	15,492,225	12,812,500	9,375,000	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				134,926,057	103,304,725	15,492,225	12,812,500	9,375,000	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				53,970,423	41,321,890	6,196,890	5,125,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000

**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, MARCH 2, 2016**

SUBJECT **South Island Unit Dose Medication Distribution Project
Major Capital Project Funding Request**

ISSUE

Approval of a Capital Regional Hospital District (CRHD) Capital Expenditure and Borrowing Bylaw is required for Island Health to proceed with the South Island Unit Dose Medication Distribution (UDMD) major capital project.

BACKGROUND

The UDMD project includes development and renovations to the Royal Jubilee Hospital (RJH) pharmacy and modifications to existing medication storage areas in the hospitals and Island Health residential care facilities in the South Island, as well as the deployment of automated (bar code scanners) dispensing cabinets in multiple locations. The project will cover four hospitals (825 beds), eight residential care facilities that are supported by hospital pharmacies (980 beds) and five health centres including the Southern Gulf Islands and the Queen Alexandra Centre.

Medication errors are one of the most common harmful errors that can occur in healthcare and most often occur in the processes of drug ordering, transcribing, dispensing and administration. Through its IHealth initiative, Island Health is establishing a new standard of practice referred to as a Closed Loop Medication System (CLMS). The CLMS will focus on enhanced medication safety processes and controls establishing safer distribution of medications via a fully integrated electronic clinical infrastructure. The UDMD project is a component of the CLMS that will significantly enhance the medication distribution system.

At its November 4, 2015 meeting, following a presentation by Island Health's Chief Financial Officer, the CRHD Board approved a 40% cost sharing for the UDMD project. Initially, the project was estimated in the 2016 CRHD Capital Plan at \$9.91 Million (M); however, after further planning, including a schematic design report and updated cost estimate, the total project cost is \$10.31 M. Island Health is requesting \$4.124 M in CRHD funding towards this project.

ALTERNATIVES

That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:

1. a. That CRHD funding in the amount of \$4,124,000 be approved for the South Island Unit Dose Medication Distribution project; and,
 - b. That CRHD Bylaw No. 388, "Capital Regional Hospital District Capital Bylaw No. 168, 2016" (for a maximum of \$4,124,000) be introduced and read a first and second time, read a third time and be adopted.
2. That CRHD Bylaw No. 388, "Capital Regional Hospital District Capital Bylaw No. 168, 2016" authorizing the Hospital District's capital contribution to the South Island Unit Dose Medication Distribution project be referred back to staff for further review.

FINANCIAL IMPLICATIONS

CRHD funding for the UDMD project is anticipated in the amended 2016 Capital Plan, and the cost to service \$4,124,000 in borrowing has been budgeted and can be accommodated by adjusting the CRHD cash flow in future year requisitions. Table 1 summarizes the estimated average annual cost per household to service the cost of this borrowing.

Table 1: South Island UDMD Project Budget Implications

Alternative	Net Cost	CRHD Share (40%)	Annual charge against 2016 assessed residential value (\$530,059)	Annual charge per \$100,000 assessed residential value
1	\$10,310,000	\$4,124,000	\$2.49	\$0.47

¹ MFA Interest Rate: 2.75% (10 year term)

Ministry of Health funding for this project has been confirmed and Island Health is ready to proceed to construction tender.

CONCLUSION

The UDMD project will significantly improve and protect patient care by providing unit-dose, bar-coded, ready to administer medications. The CRHD’s contribution of \$4.124 M is 40% of the total project costs of \$10.31 M, and will leverage \$6.186 M in provincial capital funding. The CRHD Board-approved amended 2016-2025 CRHD Capital Plan accommodates this capital project.

RECOMMENDATION

That the Finance Committee recommend to the Capital Regional Hospital District (CRHD) Board:

1. a. That CRHD funding in the amount of \$4,124,000 be approved for the South Island Unit Dose Medication Distribution project; and,
- b. That CRHD Bylaw No. 388, “Capital Regional Hospital District Capital Bylaw No. 168, 2016” (for a maximum of \$4,124,000) be introduced and read a first and second time, read a third time and be adopted.

Submitted by:	Rajat Sharma, B.Eng., MBA, CPA, CMA, Acting Chief Financial Officer,
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

RS:cln

Attachment: CRHD Bylaw No. 388, “Capital Regional Hospital District Capital Bylaw No. 168, 2016”

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 388

**CAPITAL EXPENDITURE & BORROWING BYLAW
BYLAW NO. 168, 2016**

WHEREAS the Board of the **Capital Regional Hospital District** proposes to borrow and expend money for the capital expenditures described in Schedule 'A' attached hereto and forming an integral part of this bylaw;

And whereas those capital expenditures have received the approval required under Section 23 of the Hospital District Act;

Now therefore the Board of the **Capital Regional Hospital District** enacts the following capital expenditure and borrowing bylaw as required by Sections 32 and 33 of the HOSPITAL DISTRICT ACT.

1. The Board hereby authorizes and approves the borrowing and expenditure of money necessary to complete the capital expenditures as described in Schedule 'A' attached.
2. The Board authorizes and approves the borrowing of a net sum not exceeding **\$4,124,000** upon the credit of the District by the issuance and sale of securities in a form and a manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed **TEN** years.
3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due in that year.
4. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms and conditions of the borrowing and to undertake such temporary borrowing as is necessary to provide funding in advance of the receipt of funds from the Municipal Finance Authority of British Columbia.
5. This bylaw may be cited for all intents and purposes as the **Capital Regional Hospital District Capital Bylaw No. 168, 2016**.

READ A FIRST TIME THIS	9TH	DAY OF	MARCH, 2016.
READ A SECOND TIME THIS	9TH	DAY OF	MARCH, 2016.
READ A THIRD TIME THIS	9TH	DAY OF	MARCH, 2016.
ADOPTED THIS	9TH	DAY OF	MARCH, 2016.

Chairperson

Corporate Officer

SCHEDULE "A"

Bylaw No. 388

CAPITAL REGIONAL HOSPITAL DISTRICT

CAPITAL EXPENDITURE

CAPITAL BYLAW NO 168, 2016

Name of Facility	Project or Equipment Description	Project Number	Amount covered by CRHD Bylaw (40%)	Amount covered by VIHA (60%)	Other Share (Specify) (___%)	Total Project or Equipment Cost
Island Health South Island	Unit Dose Medication Distribution Project	C168-01	\$4,124,000	\$6,186,000		\$10,310,000
Total:			\$4,124,000	\$6,186,000		\$10,310,000