



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 30, 2016

1:30 PM

6th Floor Boardroom

Special meeting - Budget

1. APPROVAL OF THE AGENDA

2. PRESENTATIONS/DELEGATIONS

3. SPECIAL MEETING MATTERS

3.1. [16-465](#) 2016 Capital Regional Hospital District (CRHD) Budget Bylaw

Recommendation: 1) That Bylaw No. 390, cited as "Annual Budget Bylaw, 2016" be introduced and read a first and second time.
2) That Bylaw No. 390 be read a third time,
3) That Bylaw No. 390 be adopted.
(WA)

Attachments: [Staff Report: 2016 Capital Regional Hospital District \(CRHD\) Budget Bylaw](#)
[Appendix A: CRHD Bylaw No. 390](#)

4. 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)



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REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD MEETING OF WEDNESDAY, MARCH 30, 2016

SUBJECT 2016 CAPITAL REGIONAL HOSPITAL DISTRICT (CRHD) BUDGET BYLAW

ISSUE

Approval of Bylaw No. 390 to adopt the Capital Regional Hospital District 2016 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 November 2, 2015 the CRHD Board approved the 2016 *Provisional Budget*. The final budget is shown as Schedule A and Schedule B of the attached CRHD Bylaw No. 390.

ALTERNATIVES

1. That Bylaw No. 390 cited as “Annual Budget Bylaw, 2016” be introduced and read a first and second time, read a third time, and adopted.
2. That Bylaw No. 390 be amended and then introduced and read a first and second time, read a third time, and adopted.

FINANCIAL IMPLICATIONS

The final CRHD budget reflects all 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 2016 CRHD requisition of \$28,744,710 is an increase of 1.1% from the 2015 requisition. The 2016 budget represents a total cost of \$153.72 per 2016 average residential assessment. The average residential assessment for the region based on 2016 completed assessments is \$530,059. The 2016 final CRHD budget is aligned with the provisionally approved budget in November 2015.

Prior to 2009 the CRHD simply provided capital grants to for acute care projects, however as a result of the strategic acquisition of land and the comprehensive review of the funding formula between 2007 and 2011, the CRHD now acquires land and creates partnership opportunities to develop projects that may not otherwise have happened. The health authority has agreed to enhance its working relationship and pursue partnership opportunities and capital initiatives with CRHD to allow the operating funds allocated to them by the Province to be used more effectively for the delivery of health care services.

The CRHD strategic acquisition and development of “Mount View Village on Carey Road” was the first major project resulting from this partnership. This resulted in the construction of new residential care, supportive housing, assisted living and affordable housing projects. Two parcels on this site are ready to be developed.

The new strategic acquisition and development of “The Summit” on Hillside Avenue will result in a 320-unit residential and dementia care project to replace Oak Bay Lodge and Mt. Tolmie Hospital. The CRHD recently acquired the 950 Kings Road Property. Due to its contiguous location to 955 Hillside, acquisition of 950 Kings has considerable merit both operationally for the Summit project and strategically for future use by the CRHD.

The CRHD Board has provided policy direction to staff to ensure effective management of taxation, debt financing and cash flow. In light of all potential development opportunities and the Board’s policy direction, a land holdings management reserve has been created. This reserve will be used to fund site development costs related to existing land holdings and future projects.

The budget also proposes setting up a reserve to support future projects that may be coming forward as part of the Housing First strategy. The current requisition provides capacity to create these reserves without creating additional spikes in the requisition.

As per Board policy the surplus from 2015 was used to pay down unfunded liability and effectively lower debt issuance by \$650,000 on the Kings Land purchase of \$5.85 million. Typically these surpluses are a result of Municipal Finance Authority (MFA) debenture maturity cash refunds received by the CRHD as the debt matures. Additionally, historically low borrowing rates have resulted in actual 2015 debt servicing costs to be lower than budgeted.

Under the Hospital District Act Section 20(4), CRHD is able to maintain reserve accounts. Following are the estimated reserve balances for all the existing reserves at December 31, 2015:

CRHD Section 20(4) Reserve Account Balances

Administration and Feasibility Studies Reserve	\$ 1,225,900
Minor Capital Project 2015 Reserve	\$ 2,536,150
Minor Capital Project Stabilization Reserve	\$ 750,000
Non-Traditional Projects Reserve	\$ 2,100,000

These reserves have been set aside for a specific 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 for a three year cycle. The CRHD staff 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.

CONCLUSIONS

The 2016 CRHD requisition is estimated to be \$28,744,710. The 2016 budget is in line with the provisional approval. The CRHD has been effectively paying off its unfunded liabilities and is in a position to create reserves to support the renewed focus of development projects.

RECOMMENDATION

That Bylaw No. 390 cited as “Annual Budget Bylaw, 2016” 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

Attachments: CRHD Bylaw No. 390 and corresponding Schedule A & B

CAPITAL REGIONAL HOSPITAL DISTRICT

BYLAW No. 390

A BYLAW TO ADOPT THE ANNUAL BUDGET FOR THE YEAR 2016

WHEREAS pursuant to Section 23(5) of the *Hospital District Act*, the Regional Hospital District Budget for the current year shall be adopted by bylaw on or before the 31st day of March;

NOW THEREFORE, the Board of the Capital Regional Hospital District, in open meeting assembled enacts as follows:

1. Schedule A and B attached hereto and made part of this bylaw comprises the Annual Budget for the Capital Regional Hospital District for the year ending the 31st day of December 2016.
2. This bylaw may be cited as the "Annual Budget Bylaw, 2016".

READ A FIRST TIME THIS	day of	2016.
READ A SECOND TIME THIS	day of	2016.
READ A THIRD TIME THIS	day of	2016.
ADOPTED THIS	day of	2016.

CHAIR

SECRETARY

SCHEDULE A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2016 ANNUAL BUDGET**

	2015 BOARD BUDGET	2016 ANNUAL BUDGET	2015 - 2016 BUDGET VARIANCE
REVENUE			
Tax Requisition Total	28,444,710	28,744,710	300,000
Payments in Lieu of Taxes	1,050,630	1,042,980	(7,650)
	<u>29,495,340</u>	<u>29,787,690</u>	<u>292,350</u>
Debt Reserve Fund Recovery	0	0	0
Interest	50,000	50,000	0
Surplus Previous Year	181,110	686,000	504,890
TOTAL REVENUE	<u><u>29,726,450</u></u>	<u><u>30,523,690</u></u>	<u><u>797,240</u></u>
EXPENDITURES			
Debt Servicing			
Debenture Debt Charges	22,582,090	22,246,590	(335,500)
Debenture Debt - Accrued Interest to Dec 31	147,540	174,000	26,460
Paydown Portion of Kings Land from Surplus Carry Forward	0	650,000	650,000
Temporary Borrowing Interest	125,520	40,480	(85,040)
Debenture Issue Expense - no longer required effective 2016	88,530	0	(88,530)
Debt Reserve Fund	147,550	171,710	24,160
Total Debt Servicing	<u>23,091,230</u>	<u>23,282,780</u>	<u>191,550</u>
HD Act Section 20 Expenditures			
Administration	560,220	575,910	15,690
Studies	120,000	120,000	0
Property Management	0	40,000	40,000
	<u>680,220</u>	<u>735,910</u>	<u>55,690</u>
HD Act Section 20 Expenditures - Capital Grants			
Capital Equipment Grants	2,955,000	2,955,000	0
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	0
Transfer to/(from) Minor Capital Projects Stabilization Reserve	(750,000)	(500,000)	250,000
	<u>5,955,000</u>	<u>6,205,000</u>	<u>250,000</u>
HD Act Section 20 Expenditures - Reserves			
Transfer to/(from) Land Holdings Management Reserve	0	100,000	100,000
Transfer to/(from) Housing First Health Projects Reserve	0	200,000	200,000
	<u>0</u>	<u>300,000</u>	<u>300,000</u>
TOTAL EXPENDITURES	<u><u>29,726,450</u></u>	<u><u>30,523,690</u></u>	<u><u>797,240</u></u>
Surplus/(Deficit)			
Tax impact on 2016 average residence (\$530,059)	152.11	153.72	
Tax impact on \$100,000 of 2016 residential assessments	28.70	29.00	
Tax requisition increase/(decrease)		1.1%	

SCHEDULE B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2016 CAPITAL EXPENDITURES**

Capital Borrowing Bylaw#	Project Description	2016 Capital Expenditures
152	VIHA - 2010 Minor Capital Projects	120,000
156	VIHA - 2011 Minor Capital Projects	400,000
157	VIHA - 2012 Minor Capital Projects	551,890
158	VIHA - 2013 Minor Capital Projects	500,000
160	Summit - Residential Care Replacement Project	6,115,020
161	VIHA - 2014 Minor Capital Projects	875,000
163	RJH - Boiler Plant Replacement	1,410,000
165	VGH - Endoscopy Unit Renovation	462,000
167	950 Kings Land Purchase and Closing Costs	5,850,000
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	2,062,000
		<u>18,345,910</u>

Capital Expenditure Bylaw#	Project Description	2016 Capital Expenditures
TBA	Sec 20 - 2016 Minor Capital Projects	3,750,000
TBA	Sec 20 - 2016 Capital Equipment Projects	<u>2,955,000</u>
		<u>6,705,000</u>
	Total 2016 Capital Expenditures	<u><u>25,050,910</u></u>