



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, November 29, 2017

9:50 AM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Immediately Following Committee of the Whole

1. APPROVAL OF THE AGENDA

2. PRESENTATIONS/DELEGATIONS

2.1 Presentations

2.2 Delegations

3. SPECIAL MEETING MATTERS

3.1. [17-747](#) 2018 Service Plans Review Process

Recommendation: That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the attached service plans be approved as presented.
(NWA)

Attachments: [Staff Report: 2018 Service Plans Review Process](#)
[Appendix A: 2018 Service Plan Summary Discussion Report](#)
[Appendix B: Budget 2018 Proposed FTE Additions](#)
[Appendix C: Service Plans Summaries](#)
[Appendix D1: Health & Capital Planning Strategies Service Plan](#)

3.2. [17-768](#) Capital Regional Hospital District 2018-2027 Ten Year Capital Plan

Recommendation: That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018-2027 Capital Regional Hospital District Capital Plan be approved as submitted.

(WA)

Attachments: [Staff Report: Capital Regional Hospital District 2018-2027 Ten Year Capital Plan](#)

[Appendix A: 2018-2027 CRHD Capital Plan](#)

[Appendix B: 2018-2027 Capital Plan Debt Servicing Graph](#)

[Appendix C: Debt Servicing Impact of 10 Year Capital Plan \(2018-2027\)](#)

3.3. [17-769](#) 2018 Capital Regional Hospital District Provisional Budget

Recommendation: That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018 Capital Regional Hospital District Provisional Budget be approved as submitted.

(WA)

Attachments: [Staff Report: 2018 CRHD Provisional Budget](#)

[Appendix A: CRHD 2018 Provisional Budget](#)

[Appendix B: CRHD 2018-2022 Future Budget Projections](#)

[Appendix C: CRHD 2018 Capital Expenditures](#)

[Appendix D: CRHD Reserve Summary Schedule 2018-2022](#)

4. MOTION TO CLOSE THE MEETING

5. 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)



**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 25, 2017**

SUBJECT 2018 Service Plans Review Process

ISSUE

All departments of the Capital Regional District (CRD) are currently working on 2018 financial plans, to be presented to the Committee of the Whole in November. The financial planning process begins with service plans, which establish the work plans over a four year cycle; the current service plans cover 2016 through 2019. This cover report is developed to provide information on the planning process to all Standing Committees and various Commissions reviewing the service plans.

BACKGROUND

Reporting on the service and financial planning process began with a report to the September 6, 2017, Finance Committee, which provided a high level overview of organizational service planning and the themes that were prevalent thus far in the 2018 budget process (Appendix A).

The planning cycle is aligned with the four-year election cycle and includes multi-year budgets to establish a longer-term focus regarding the allocation of resources required to deliver the programs and services needed by the community, and to accomplish Board priorities.

Guided by the Board's strategic priorities, staff have developed multi-year service plans. Service plans outline core service information including key service drivers such as trends and assumptions, service levels, workforce considerations, and performance measures. These plans also highlight divisional initiatives and implications for the overall work program and budget for a specific area. This iterative process is intended to provide staff with an effective planning tool to deliver their work efficiently and enable the committees to assess proposed service levels and the implications of new initiatives. The presentation of service plans to the appropriate committee and commissions allows for a more detailed assessment of service delivery and programs. This process provides committees and commissions the opportunity to review work programs and recommend service level adjustments and/or initiatives. All adjustments and/or initiatives have been vetted organizationally with a focus on identifying opportunities to realign or reallocate resources and identify potential synergies or efficiencies between departments and services. Options to reduce service levels have also been reviewed as part of the service planning process.

Service plans drive the financial planning process and provide necessary information to evaluate overall organizational requirements, new initiatives, proposed service levels and implications for the budget and financial plan. Service plans are presented on an annual basis to all standing committees and commissions.

Under Board direction, the presentation of budgets is segregated between the Electoral Area Services Committee (EASC) or service commissions with delegated authority and the Committee of the Whole in November. The EASC and/or the service commissions are responsible for reviewing and recommending approval to the Board for electoral area-only service budgets on November 1, 2017, while regional and sub-regional service budgets will be presented to the Committee of the Whole on November 29, 2017. Ultimately, the Board is responsible for approval of all of the service budgets.

ALTERNATIVES

Alternative 1

That the Hospitals and Housing Committee recommends to the Capital Regional District Board:

That the attached service plans be approved as presented.

Alternative 2

That the Hospitals and Housing Committee recommends to the Capital Regional District Board:

That the attached service plans be approved as amended.

IMPLICATIONS

2018 Financial Plans are being completed and will be presented for review and approval at the EASC and Committee of the Whole meetings in November. The Financial Plan will reflect the results of the committee review of service plans. The budget planning cycle is linked to the statutory five year financial plan which shows the planned contribution of operating revenue required to fund proposed capital projects together with planned borrowing and anticipated grants. The financial plan is developed to ensure consistency and alignment with the legislative authority of the various CRD services which, upon approval, provide the expenditure authority for the operations of the CRD.

Service plans being presented for approval are attached and outline additional resources required by department. Appendix B is a summary of additional FTEs being proposed and outlines the position and the source of funding.

CONCLUSION

The service and financial planning process are integral to providing ongoing service delivery. Departments have prepared service plans for presentation to the appropriate standing committee to provide a more detailed assessment and knowledge of service delivery and programs.

RECOMMENDATION

That the Hospitals and Housing Committee recommends to the Capital Regional District Board:

That the attached service plans be approved as presented.

| | |
|---------------|--|
| Submitted by: | Amber Donaldson, MA, CPA, CMA, A/Senior Manager, Financial Services |
| Concurrence: | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer |
| Concurrence: | Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services |
| Concurrence: | Robert Lapham, MCIP, RPP, Chief Administrative Officer |

AD:ngm

- Attachments: Appendix A: 2018 Service Plan Summary Discussion report (September 6, 2017)
Appendix B: Budget 2018 Proposed FTE Additions
Appendix C: Service Plans Summaries
Appendix D: Service Plans:
1. Health and Capital Planning Strategies
2. Regional Housing



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**REPORT TO THE FINANCE COMMITTEE
MEETING OF WEDNESDAY, SEPTEMBER 6, 2017**

SUBJECT 2018 Service Plan Summary Discussion

ISSUE

A summary of organizational service planning information and themes that will be prevalent in the 2018 budget process is provided to allow for Finance Committee and Board discussion and to inform other Committees and Commissions.

BACKGROUND

The Capital Regional District (CRD) provides a broad range of services to businesses, institutions, organizations, visitors and over 378,000 residents of the region. Regional services are provided to the entire region; sub-regional services are provided to groups of participating municipalities, First Nations and three Electoral Areas; and local services are provided to individual municipalities, Electoral Areas or to defined areas within the region.

The planning process, which is outlined in Appendix A, begins with the development of the service plans covering a four year span, with the current service plans covering 2015-2019 and are updated each year to allow for changes, both internal and external to the organization. A service plan update summary is then developed to illustrate any deviations that have occurred from the previous year. The service plan summary outlines changes in assumptions, trends, and issues, highlights anticipated performance to budget, updates division initiatives, and outlines required service adjustments and staffing levels. The updated service plans and service plan summaries will be presented to committees and commissions throughout October and November

CRD services generally fall into one of three categories:

1. Regional services which have either been mandated due to regulatory requirements or established with clear advantages with respect to operating efficiency, planning and the ability to leverage and make effective use of capital investments;
2. Sub-regional services with oversight by commissions which recommend operating budgets (including transfers to reserve funds) and capital expenditure plans annually; and
3. Services that are provided to a defined area within the region, also with oversight by a Commission of volunteers.

The Priorities Dashboard tracks the implementation of Board and Corporate priorities. These priorities have resulted in investments for initiatives that accomplish Board objectives, respond to community needs, and improve efficiency while considering the overall fiscal capacity and maximizing the potential to leverage grants.

2018 Service Plan

The Corporate Service Plan Update Summary (Appendix B) provides an organizational overview of the service plan update summaries that will be reviewed by Committees and Commissions in October and November. Changes in Assumptions, Trends, and Other Issues categorizes the primary themes from all service plans into three groupings:

- a) Alignment to regulatory or legislative compliance,
- b) Impacts due to external situational factors, and
- c) Internal organizational impacts

Alignment to regulatory or legislative compliance

As the organization realizes continued growth, there is a need to realign the organization to reflect the scope and scale of similar local governments in administrative oversight, controls, regulatory and legislative frameworks.

The CRD is entering into increasingly complex partnering, operating, and third party agreements in support of strategic and corporate priorities. With Board endorsed policies on Climate Action, Risk & Asset Management as examples, the downstream impact of incorporating these emphases into all agreements is formidable. Furthermore, with many long term agreements expiring, there is a need to align renewed agreements with modern terms and conditions, and aforementioned Board supported policies and decisions. Through recent experiences this can result in challenging negotiations with existing providers.

There has also been an increase in recent years on the number of available grant opportunities in addition to the application, due diligence, and associated agreement requirements. Most funding programs require the recipient to adhere to stringent application, expenditure tracking and reporting guidelines, along with strict and often short deadlines.

Impacts due to external situational factors

External factors impacting the organization can have both positive and negative effects for the CRD and subsequently the municipalities and the region.

A strong and vibrant regional economy has resulted in a surge of development activity and population growth. The resulting direct and indirect impacts on current systems have led to a need for additional short and long term capital investment, various infrastructure improvements, and upgrades to maintain service levels within the region. Incremental ongoing operational maintenance, repairs and routine replacements will be required to support these systems as various services are impacted; for example, water connections and flow volume increases against current capacity. Subsequently, there is also an impact on internal staff capacity to maintain the pace of growth and expected service levels. Positively, development activity has resulted in additional revenue through increased volumes, in particular at Hartland landfill and wholesale water distribution.

Furthermore, a maturing organizational workforce combined with the capital region having one of the lowest unemployment rates in the country, will cause the CRD to continue to face challenges in staffing positions, especially those that require unique or specialized skills. This confluence will have both direct and indirect impacts on employee retention and turnover, vacancy duration, knowledge transfer, and transition periods of new personnel.

Internal organizational impacts

As the CRD has grown into a \$500M organization, it is well positioned to drive a renewed internal focus on organizational resilience in alignment with corporate and strategic priorities for effective and efficient service delivery.

In order to achieve this, an Organizational Development Plan was developed as a key deliverable and engagement tool to enhance organizational resilience and promote revitalization. The plan's

multi-year organization wide implementation is designed to ensure a high performing organization by building a culture that is engaged, responsive, adaptive and aligned with our service mandate. It supports the implementation of the 2015–2018 Corporate Plan and focuses on strengthening the foundational core of the organization through employee development, communication, and engagement.

In the third quarter of 2017, the Chief Administrative Officer was informed by the Auditor General for Local Government the CRD had been selected for a performance audit of the organization's business continuity and emergency plans and processes. The CRD plays a critical role in providing necessary services to the community and should be equipped to ensure a comprehensive, coordinated and organized approach to emergency management. The audit will assess the effectiveness of emergency management plans and programs and will focus on emergency management, business continuity management, and key elements including related policies and procedures. A key focus for the CRD will be on developing and refining business continuity and emergency planning systems, and will do so by following industry best practices that are relevant to the size and complexity of the organization.

Furthermore, there continues to be increases in the complexity of relationships with First Nations requiring further capacity building for CRD in deepening relationships. With current staffing levels, relationship building has been successful, but deeper engagement may be required for implementation of the Truth and Reconciliation Commission's (TRC) calls to action. There is also an operational need to involve First Nations in shared decision making moving forward.

IMPLICATIONS

Because of the size and complexity of the organization and distributed location of operations throughout the region, there are many agreements and contracts that are negotiated and held in different locations. There is currently no central repository for completed contracts, agreements, or records management. This creates a significant risk to the organization that agreements are or will expire without a renewed contract or that wording and language is outdated or in need of standardization. An appropriate system along with policies and procedures will safeguard the CRD and will improve the process of knowledge transfer and continuity.

Investing in the development of organizational systems and setting up relevant processes and procedures are necessary to manage business, financial and legislative risks. Creating standardized processes will also assist staff in supporting services in both efficiency and effectiveness. Optimal and even automated reporting procedures will contribute to reducing manual processes, reconciliations, and in turn decrease the risk of significant errors.

With the regional growth rate exceeding and expected to continue to exceed the national average over the next 25 years, the CRD must implement systems, infrastructure, and appropriate resources to meet the steady demand on mandated, directed, delegated, and contractual and emergency services. In response to these challenges, one avenue the CRD should consider is additional shared service opportunities among the municipalities, electoral areas, and partner agencies. There is ongoing engagement and discussion among the region's CAOs and staff to proactively identify such opportunities.

CONCLUSION

The service planning process is an integral component of implementing the Board’s strategic priorities and providing ongoing service delivery. Service plans define the work that will be performed over a four year period and provide the foundation for building operating and capital budgets. This report has been developed to provide an overview of the themes that will be prevalent when reviewing the service plans and service plan summaries for 2018.

RECOMMENDATION

That the Finance Committee recommend to the Capital Regional District Board:

That the 2018 Service Plan Summary Discussion report be received for information and referred to Committees and Commissions for information as part of the 2018 service and financial planning process.

| | |
|---------------|--|
| Submitted by: | Amber Donaldson, MA, CPA, CMA, Acting Senior Manager, Financial Services |
| Concurrence: | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer |
| Concurrence: | Larisa Hutcheson, P.Eng., Acting Chief Administrative Officer |

Appendix A: CRD Planning Process

Appendix B: Corporate Service Plan Update Summary

Budget 2018

Proposed FTE Additions

Capital Region Housing Corporation (CRHC)

- Description: The CRHC Board of Directors directed staff to undertake a Tenant Engagement Pilot Project.
- Impact: One FTE will be required as an outcome of this initiative.
- Funding: This position will be funded internally through building property management fees collected and administered by the CRHC.

SERVICE NAME: Health & Capital Planning Strategies

Changes in Assumptions, Trends, and Other Issues since 2017: (linked to section 1.3 and 1.4 of the detailed service plan)

- The Board has identified the need to explore a designated health facilities in Sooke, on the Saanich Peninsula, and in the Westshore.
- Support the CRDs Regional Housing First Program, including exploring potential mixed-use designated health facilities.
- Grant funding from Island Health for the healthy communities planner to advance the CHWB plan will expire at the end of December 2017.
- Research and policy development is increasingly relied upon to support healthcare infrastructure investments and community wellbeing initiatives. The CRD is well positioned to lead and facilitate the measurement and tracking of progress towards desired health and wellbeing outcomes through initiatives such as the Regional Outcomes Monitoring (ROM) Collaborative.
- Island Health is seeking a partnership with CRD to support a Southern Gulf Island community health coordinator.

Overall 2017 Budget Performance: (linked to budget forecast to year end)

- Health and Capital Planning Strategies (HCPS) Administration - There is an estimated \$49,000 favourable variance due primarily to underspending in salaries and various administrative expenses. This variance will be carried forward to 2018 to the Feasibility and Administrative Reserve.
- Capital Regional Hospital District (CRHD) - no significant variation to budget.
- Community Health - There is a \$25,900 (3.8%) favourable variance due primarily to underspending for the Clean Air bylaw update as well as CHWB project costs and legal fees. This variance will be carried forward to 2018.

Update to Division Initiatives: (linked to section 3 of the detailed service plan)

- Property Development Partnerships (Housing, Regional Infrastructure, Health and Wellbeing, Changing Demographics):
 - Work with Island Health to support capital projects and explore health care facilities in Board identified priority areas of Sooke, Saanich Peninsula, and the Westshore.
 - Conduct a feasibility study to determine best location for a future designated health facility.
- Property Acquisition (Housing, Health and Wellbeing, Changing Demographics):
 - Develop business cases to acquire strategic properties for future residential and dementia care.
- Asset Management (Housing, regional Infrastructure, Health and Wellbeing)
 - Facilitate discussion around the development of 950 Kings Rd. (Quadra Village) and Oak Bay Lodge.
- Community Health (Health and Wellbeing)
 - Build regional capacity to improve health and wellbeing through data collection and analytics (ROM Collaborative and Community Map), coordination of SGI Community Health Network, student engagement, regional forums, workshops, tools and resources.

Service Adjustments and Staffing Levels: (linked to section 2 of the detailed service plan)

- Community Health
 - Renewal of existing annual term position for 2018. 2018 term planner position to be funded by grants and offset of decreasing Island Health service contract. Previous 2011-2016 Island Health grants funded the term position Healthy Communities Planner. A term position is required to continue to support the implementation of the Community Health and Wellbeing Plan and support a Southern Gulf Island Community Health network coordinator.

| Key Performance Indicators: (linked to section 4 of the detailed service plan) | | | |
|---|--|--|--|
| Indicator Name | 2017 Planned | 2017 Projected | 2018 Planned |
| Service Goal: Expand, improve and maintain healthcare facilities. | Construction projects on time and on budget | Construction projects on time and on budget | Construction projects on time and on budget |
| Service Goal: Monitor expenditures and administration of payments to VIHA and other partners, including oversight of expenditure patterns of multiple capital and equipment projects to ensure CRD funds are spent according to approved project scope, schedule and budget. | Ensure CRD funds for minor capital and equipment are utilized within project scope, on time, and on budget. | Ensure CRD funds for minor capital and equipment are utilized within project scope, on time, and on budget. | Ensure CRD funds for minor capital and equipment are utilized within project scope, on time, and on budget. |
| Service Goal: Improved public health through public health bylaws development, implementation and enforcement. | <p>Respond to all bylaw enquiries and make referrals to Island Health for enforcement within 7 days.</p> <p>Engage Island Health twice annually to ensure existing bylaws continue to address public health risks.</p> | <p>Respond to all bylaw enquiries and make referrals to Island Health for enforcement within 7 days.</p> <p>Engage Island Health twice annually to ensure existing bylaws continue to address public health risks.</p> | <p>Respond to all bylaw enquiries and make referrals to Island Health for enforcement within 7 days.</p> <p>Engage Island Health twice annually to ensure existing bylaws continue to address public health risks.</p> |
| Service Goal: Greater regional coordination of wellbeing initiatives; provision of valid, reliable, local data, and; capacity-building through forums, workshops and planning tools. | <p>Indicators and data collected through the ROM Collaborative are shared with community partners, including municipalities.</p> <p>Community Map is accessed regularly (unique page views) and updates are made annually to</p> | <p>Indicators and data collected through the ROM Collaborative are shared with community partners, including municipalities.</p> <p>Community Map is accessed regularly (unique page views) and</p> | <p>Indicators and data collected through the ROM Collaborative are shared with community partners, including municipalities.</p> <p>Community Map is accessed regularly (unique page views) and</p> |



| | | | |
|--|--|---|---|
| | ensure information is accurate and relevant. | updates are made annually to ensure information is accurate and relevant. | updates are made annually to ensure information is accurate and relevant. |
|--|--|---|---|

Contact

Name: Michael Barnes

Title: Manager, Health and Capital Planning

Contact Information: 250.360.3114

SERVICE NAME: Regional Housing

Changes in Assumptions, Trends, and Other Issues since 2017: (linked to section 1.3 and 1.4 of the detailed service plan)

Housing Planning and Programs

Community Development: Increased number and scope of community development projects

- Increase in requests for Housing Agreement Administration from municipalities may impact service levels
- Expectations for municipal engagement/communications/outreach are increasing and evolving

Homelessness Partnership Strategy (HPS) is focused on the delivery of Housing First programs.

- Increased funding envelope for 2017/18 and 2018/19;
- Diversified knowledge requirements and increased complexity in administrative processes;
- Announcement in 2017 for continued funding of HPS for 2019-2028;
- Government of Canada is currently undertaking an evaluation of this program; and
- The CRD will need to apply to the Government of Canada to continue in its role as administrator of the program.

Regional Housing First Program (RHFP) and Regional Housing Trust Fund (RHTF)

- In 2016, the CRD Board directed staff to phase out the Regional Housing Trust Fund (RHTF) and replace it with the Regional Housing First Program (RHFP) from 2016-2021 for the development of supportive and affordable housing.
- The RHFP will administer \$30M of CRD/CRHD equity funding by way of MFA debt borrowings.
- Due to the standard two year capital development cycle RHTF will be suspended in 2019 and the related \$1M requisition capacity transferred to RHFP.

Social purpose real estate investment trust

- Advance an examination of options to support the establishment of a program or structure capable of investing in affordable housing, preserving projects at moderately affordable rates while also providing a modest return to investors, including an examination of establishing a social purpose real estate investment trust

Regional Housing Affordability Strategy (RHAS) Update:

- Completion of RHAS update in 2018 may impact service priorities in 2019.

Greater Victoria Coalition to End Homelessness

- Act as liaison on behalf of CRD. Increased involvement in project administration and oversight associated with Coalition.

Capital Region Housing Corporation (CRHC)

CRHC Board Strategic Plan 2016-2019 approved in December 2015

- Umbrella Operating Agreement (2015-2019) will need to be renegotiated in 2019.
- 14 Expiring Operating Agreements from 2018-2021, develop strategy to address operational changes required.
- Increased operational (utilities, property taxes, staff contracts) and capital costs (aging infrastructure) may impact capacity to maintain current rent geared to income levels into the future.

- Aging infrastructure is requiring increased asset management resources. Limited Provincial or Federal commitment of grants for remediation of aging infrastructure.
- Tenant Engagement Strategy: The CRHC Board of Directors directed staff to undertake a Tenant Engagement Pilot Project from April 2017 to March 2018. Outcomes may impact service requirements.
- Increased demand in Housing First programs may require CRHC to consider expanding mandate and/or developing new partnerships.

Development

- Development of “Westview”, a 73 unit development for families, seniors, persons with disabilities and workforce housing, on Carey Rd. in Saanich. Currently in design/development phase.
- Development of 161 Drake Rd, an 80 unit development on Salt Spring Island, currently in predevelopment stage.
- Redevelopment of Michigan Square, currently in predevelopment phase.

Overall 2017 Budget Performance: *(linked to budget forecast to year end)*

- **Housing Planning and Programs (HPP)**
 - No significant variance from planned budget.
- **Capital Region Housing Corporation (CRHC)**
 - No significant variance from planned budget.
- **Regional Housing Trust Fund (RHTF)**
 - There is a \$1,361,220 (62.2%) favourable variance due to the multiple year payout of committed RHTF capital grants. This surplus carry forward is anticipated to be spent by 2019.

Update to Division Initiatives: *(linked to section 3 of the detailed service plan)*

- Regional Housing First Program: Ensure prioritization be given to youth and Indigenous programming solutions.

Service Adjustments and Staffing Levels: *(linked to section 2 of the detailed service plan)*

- Homelessness Partnering Strategy: Extension of Social Innovation Funding (SIF) for 2018/19 will maintain current staffing levels through 2018.
- Capital Region Housing Corporation: 2017 Tenant Engagement Pilot Project results could impact 2018 staffing levels by 1 FTE increase. To be funded by CRHC internal building property management fees. Will not impact CRD budget.

| Key Performance Indicators: (linked to section 4 of the detailed service plan) | | | |
|---|--|---|---|
| Indicator Name | 2017 Planned | 2017 Projected | 2018 Planned |
| <p>Service Goal: Increase access to affordable housing</p> <ul style="list-style-type: none"> RHFP – Increase housing for chronic homeless, at least 300 units from 2017-2021 CRHC – increase CRHC housing to absorb additional 30 RGI units (this will result in approximately 150-200 affordable units) from 2017-2021 | <p>RHFP: Increase housing for chronic homeless by 90 units.</p> <p>RHTF: increase affordable housing by at least 67 units through RHTF investment of \$15,000 per door.</p> <p>CRHC: – increase CRHC housing to absorb additional 30 RGI units (this will result in approximately 150-200 affordable units) from 2017-2021</p> | <p>RHFP – 50 units of housing for chronic homeless</p> <p>RHTF – 84 units of affordable housing</p> <p>CRHC – 43 units of affordable housing – 30 RGI units approved.</p> <p>Total: 207 units</p> | <p>RHFP – Increase housing for chronic homeless, at least 300 units from 2017-2021</p> <p>Met target in 2017, will revise target with CRHC Board for 2018</p> |
| <p>Service Goal: Ensure responsible asset management</p> <ul style="list-style-type: none"> Maximum number of days that a unit is vacant in CRHC is no more than 30 days per month | <p>Ongoing deliverable of average turnover at under 30 days</p> | <p>Yes</p> | <p>Ongoing deliverable of average turnover at under 30 days</p> |
| <p>Service Goal: Ensure responsible asset management</p> <ul style="list-style-type: none"> Routine capital replacement projects completed on time and on budget (within 10% +/-) | <p>Yes</p> | <p>Yes</p> | <p>Yes</p> |

| | | | |
|--|--------------------|---------------------|--------------------|
| <p>Service Goal: Increase opportunities for tenant and community engagement</p> <ul style="list-style-type: none"> • Minimum number of working groups or committees hosted or attended is at least 40 annually | <p>40 annually</p> | <p>40 annually*</p> | <p>40 annually</p> |
|--|--------------------|---------------------|--------------------|

*New engagement opportunities in 2017: Southern Gulf Islands Housing Needs Assessment, Regional Housing Affordability Strategy Update Event, Regional Housing First Program presentations to eight sector groups (e.g. Aboriginal Coalition to End Homelessness, UDI, Women’s Organizations, Housing ED’s), Tenant Engagement Pilot Project in 7 CRHC communities

Salt Spring Island Housing Council and Housing First and Homelessness on Salt Spring Committee

Contact

Name: Christine Culham
 Title: Senior Manager, Regional Housing
 Contact information: 250.360.3371

Service Plan for Health and Capital Planning Strategies Division

2016-2019

Capital Regional District

Date submitted: ~~September 08, 2017~~ January 2016
Date updated: ~~October 2016~~ September 08, 2017



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1 Overview

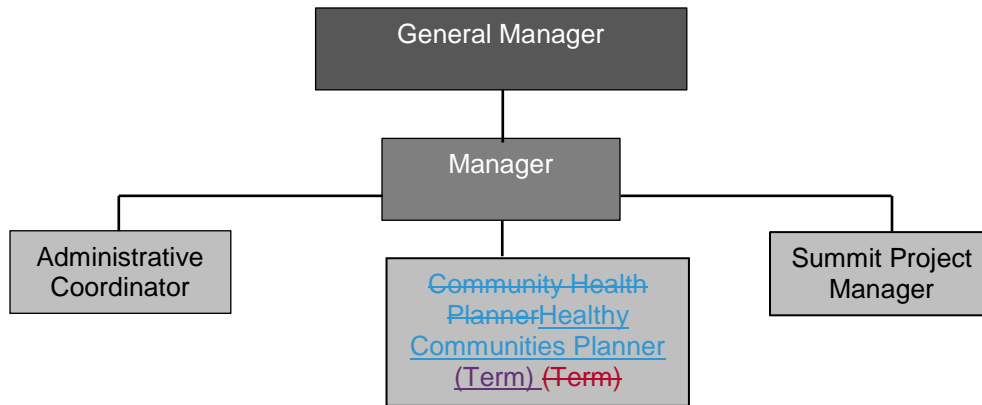
1.1 Division & Service Summary

The Division works with the Vancouver Island Health Authority (Island Health) and other community partners to expand, improve and maintain healthcare facilities in the capital region. ~~Facilities are categorized as: a) traditional acute care; and, b) non-traditional health care such as residential care, primary care and supportive/affordable housing, and expenditures are categorized into five key areas: major capital projects (greater than \$2 million), minor capital projects (\$100,000 to \$2 million), healthcare equipment, non-traditional projects, and land holdings.~~

The Division has two primary areas of responsibility: the Capital Regional Hospital District (CRHD) and Community Health.

| Service Purpose , Role or Overview | Participants | Funding Sources | CRD Board Committee and/or Commission Reporting Structure |
|---|--|---|--|
| <p>Capital Regional Hospital District (CRHD)</p> <p>The Division is the operational division of the CRHD, which provides the local taxpayer’s share of capital funding to expand, improve and maintain acute health care facilities in the Capital Region. The CRHD is enabled by the <i>Hospital District Act</i> and is incorporated under <i>Letters Patent</i> issued in 1967. VIHA is responsible for the delivery of health care in the Region.</p> | <p>All municipalities, electoral areas, First Nations, non-profit housing providers, private housing providers, community, BC Housing, Island healthVIHA, school districts, and other community planning and funding partners such as the United Way and and numerous community foundations.</p> | <p>CRHD requisitions.</p> <p>Capital project budgets.</p> | <p>The CRHD functions on behalf of the CRHD Board of Directors. The Division reports to the CRHD Board of Directors through the Planning, Transportation and Protective Services<u>Hospital and Housing</u> Committee which makes recommendations to the CRHD Board.</p> |
| <p>Community Health</p> <p>Includes responsibility for public health bylaws, addressing homelessness by funding the Greater Victoria Coalition to End Homelessness<u>Division’s mandate under the Homelessness Secretariat</u>, and healthy communities planning.</p> | <p>All municipalities, electoral areas, First Nations, non-profit housing providers, private housing providers, community, BC Housing, Island HealthVIHA, school districts, and other community planning and funding partners such as the United Way and numerous community foundations.</p> | <p>CRHD requisitions.</p> | <p>The Division reports to the CRD Board of Directors through the Planning & Protective Services Committee, which makes recommendations to the CRD Board. The Division reports to the CRHD Board of Directors through the Planning, Transportation and Protective Services Committee which makes recommendations to the CRHD Board.</p> |

1.2 Organization Chart



1.3 Key Trends, Issues & Risks – Service Specific

~~Changing community health and well-being needs require diverse service delivery models. Understanding the broader community health trends and changing care needs can help staff identify potential impacts on health facility requirements in the Region.~~

There are continued investments needed for health facility upgrades, replacement and/or expansion projects, as well as medical equipment. ~~Island Health saw the number of older adults waiting for placement in residential care increase by 22% between the Winter (Jan) of 2016 and the subsequent Fall (Sept). Technical analysis and cost/benefit exercises are required to determine best investment strategies. Continued partnership with Island health is needed to identify gaps and solutions.~~

The Division needs to be able to respond to emerging opportunities such as strategic land acquisition for future health-related facilities ~~in order to meet future demands across the region. The board has identified the need to explore designated health facilities in Sooke, on the Saanich Peninsula, and in the Westshore.~~

~~Support the CRDs Regional Housing First Program including exploring potential mixed use designated health facilities, requiring additional planning resources.~~

~~Market pressures such as increased construction activity has resulted in competition for trades that could impact the cost and schedule of construction projects. This has resulted in advancing the early construction works for the Summit at Quadra Village project.~~

~~Grant funding from Island health for the healthy communities planner to advance the CHWB plan will expire at the end of December 2017.~~

~~Research and policy development is increasingly relied upon to support healthcare infrastructure investments and community wellbeing initiatives. The CRD is well positioned to lead and facilitate the measurement and tracking of progress towards desired health and wellbeing outcomes through initiatives such as the Regional Outcomes Monitoring (ROM) Collaborative.~~

~~Island Health is seeking a partnership with CRD to support a Southern Gulf Island community health coordinator.~~

1.4 Link to Priorities

HOUSING

- ~~encourage~~**Encourage** participation in the Regional Housing Trust Fund and determine options for ~~leveraging equity in collaboration and multi-use sites in partnership with CRHC. CRD assets to develop new housing~~

HEALTH & WELLBEING

- Engage in community consultation to determine support for the Community Health & Wellbeing Plan prior to completion and adoption.

REGIONAL INFRASTRUCTURE

- Ensure that resources are available for investment in current and future infrastructure, demonstrating efficiency and value for money and meeting regulatory and service requirements.
- ~~D~~evelop and implement asset management planning framework and tools to continue proactive and responsible management of assets and infrastructure, ~~both natural and engineered~~

CHANGING DEMOGRAPHICS

- ~~establish a task force to explore and identify age-friendly priorities and participate in government and partner programs~~ Develop tools, acquire land for development and support designated health care facilities for older adults.

PUBLIC ENGAGEMENT & COMMUNICATIONS

- ~~Develop~~ develop public participation strategies, including implications and performance metrics, as part of all major initiatives and implement more options for two-way dialogue and engagement.

2 Services

2.1 Service Levels

| Service Level Adjustments in Role/Scope | | | | | |
|---|--|---|---|---|--------------------------|
| Service | Base year 2015 | Year 1 (2016) | Year 2 (2017) | Year 3 (2018) | Year 4 (2019) |
| CRHD | <ul style="list-style-type: none"> • Acute care facilities planning • Deliver capital projects • Strategic property acquisition and planning of property development • Research, analyze and coordinate with VIHA in preparation of the CRHD's Ten Year Capital Plan and individual project capital funding requests • Monitor expenditures and administration of payments to VIHA and other partners, including oversight of expenditure patterns of multiple capital and equipment projects to ensure CRD funds are spent according to approved project scope, schedule and budget • Analyze the implications of provincial and VIHA policy on the district, inform the Board and Committee of the likely implications of provincial and Health Authority policy and provide direction and advocate for the Region's interests | <p>Ongoing <u>Adjust to meet service delivery needs, as required</u></p> | <p>Planning and implementation of capital projects are ongoing. <u>The ten year capital plan is updated annually. Capital and equipment is processed as it is received and new policies and process have been implemented to improve efficiencies. Review and assess</u></p> | <p>Adjust to meet service delivery needs, as required</p> | <p>Review and assess</p> |

| | | | | | |
|-------------------------|---|--|--|--|-------------------|
| | <ul style="list-style-type: none"> Participate in and provide oversight of health capital project implementation Develop CRHD short- and long-term capital policies and strategies Monitor the broader health system and commission health care facility research | | | | |
| Community Health | <p>Public Health:</p> <ul style="list-style-type: none"> Enact and enforce public health bylaws. Contract with the Medical Health office of Island Health to conduct research, education and enforcement in support of existing or planned health-related bylaws, e.g., Clean Air (non-smoking), Tanning, Tattoo, and Vehicle Idling Control. Provide oversight of public health bylaws enforcement. <p>Community Health:</p> <ul style="list-style-type: none"> Healthy communities planning | <p>Public Health: <u>Ongoing</u></p> <p>Community Health: <u>Potential implementation of Community Health & Well-Being Plan (subject to approval of the Plan by the Board)</u> <u>Data and analytics, including coordination of ROM Collaborative and initial development of Community Map (Connecting Older Adults Map).</u></p> <p><u>Capacity-building and public engagement through consulting, coordination, liaison, hosting of workshops, and provision of tools and resources as needed.</u></p> | <p>Public Health: <u>Service agreement with Island health renewed for another year. Bylaws were monitored and updated as needed in consultation with Island Health. VIHA grant funding to advance work on the draft CHW plan</u></p> <p>Community Health: <u>Data and analytics, including coordination of ROM Collaborative and regular maintenance of and updates to Community Map.</u></p> <p><u>Capacity-building and public engagement through consulting, coordination of Southern Gulf Islands (SGI) Community Health Network, liaison, forums and workshops, and provision of tools and resources as needed.</u></p> | <p>Public Health: <u>Ongoing</u></p> <p>Community Health: <u>Data and analytics, including coordination of ROM Collaborative and regular maintenance of and updates to Community Map.</u></p> <p><u>Capacity-building and public engagement through consulting, coordination of Southern Gulf Islands (SGI) Community Health Network, liaison, forums and workshops, and provision of tools and resources as needed.</u></p> | Review and assess |

2.2 Workforce Considerations

| Service | Workforce (FTEs) | | | | |
|------------------|------------------|---------------|-----------------|----------------|---------------|
| | Base year 2015 | Year 1 (2016) | Year 2 (2017) | Year 3 (2018) | Year 4 (2019) |
| CRHD | 3 * | 3 * | <u>3 *</u> | 3 * | 3 * |
| Community Health | 0 | 0 | <u>1 ***01</u> | <u>001 ***</u> | <u>00 ***</u> |
| Total | 3 | <u>34</u> | <u>34 4 ***</u> | <u>334</u> | <u>33</u> |

* New term FTE from Environmental Engineering for Summit Project Manager.

* Additional term FTE will be required to support the Division's mandate for Project Management of capital projects emerging from innovative capital project development and business solutions. The FTE will be funded by the capital project. An amendment to the budget will be brought forward once the Board approves the capital project.

** ~~The~~A term (Planner) position ~~is provided for the work on advancing the draft CHW Plan. This is being funded~~ previously funded through grants from Island Health ~~grant funding from 2016, will expire at the end of December 2017. A term position is required to continue to support the implementation of the Community Health and Wellbeing Plan and support a Southern Gulf Island Community Health network coordinator.~~

~~*** Budgetary changes in 2017 reflect a change in the role of the Senior Manager of Health and Capital Planning Strategies to a Manager position.~~

3 Divisional Initiatives & Budget Implications

| Title & Estimated Completion Date | Description | Priority Reference (if applicable) | Budget Implications |
|---|---|---|---------------------|
| 20176 | | | |
| Summit at Quadra Village To be completed fall 2019 | Complete the design and <u>begin tender of major construction packages and oversee the schedule and budget construction</u> of construction of this residential and dementia care facility. | Health & Wellbeing Regional Infrastructure <u>Changing Demographics</u> | Core budget |
| Property Development Partnerships | Seek partnership opportunities to <u>acquire and</u> develop vacant Mt. View parcels and other CRHD-controlled assets. <u>Conduct a feasibility study to determine the best location for a future designated health facility.</u> | Housing Health & Wellbeing | Core budget |
| Asset Management | Sell 3810 Carey Rd. for market value. Facilitate discussion around the development of 950 Kings rd Rd. and Oak Bay lodge. | Housing Regional Infrastructure Health & Wellbeing | Core budget |
| Asset Management Policy Development | Develop policies related to use of CRHD assets. | Housing Regional Infrastructure | Core budget |
| Community Health | <u>Consult with</u> Implement specific actions in community around the CHW Plan <u>and build regional capacity to improve wellbeing through data and analytics (ROM Collaborative)</u> , coordination of SGI Community Health Network, student engagement, regional forums, workshops, tools and resources. Regularly engage with Island Health to ensure public health bylaws remain relevant and responsive to regional public health risks. | Health & Wellbeing <u>Changing Demographics</u> | Core budget |
| Seniors Isolation Strategy | Develop strategy on how to best improve housing and social conditions for seniors to reduce social isolation and support aging in place. | <u>Changing Demographics</u> Housing <u>Health & Well-Being</u> | Core budget |
| 20187 | | | |
| Property Acquisition | <u>Develop business cases to acquire strategic properties for future residential and dementia care.</u> Acquire strategic properties for future residential and dementia care. | Housing Health & Wellbeing <u>Changing Demographics</u> | Core budget |

| Title & Estimated Completion Date | Description | Priority Reference (if applicable) | Budget Implications |
|--|---|---|---|
| Mt. View Village Parcel Development Asset Management | Initiate capital project development partnerships to achieve strategic priority outcomes while reducing costs to taxpayers. Manage existing land holdings. Determine best strategic use of 950 Kings rd. and Oak Bay lodge. Facilitate discussion and partnership around the development of Quadra village. | Housing Health & Wellbeing | Core budget |
| Property Development Partnerships | Work with community agencies Island Health to support non-traditional capital projects . | Housing Regional Infrastructure Health & Wellbeing Changing Demographics | Core budget |
| Strategic Asset (Property) Management Planning | Leverage equity in all CRHD assets. | Housing Regional Infrastructure Health & Wellbeing | Core budget |
| Capital Regional Hospital District Executive Hospital and Housing Committee | Provide support to the newly created Hospital and Housing Committee CRHD Executive Committee. | Housing Regional Infrastructure | Core budget |
| Community Health Community Health | Build regional capacity to improve wellbeing through data and analytics (ROM Collaborative), coordination of SGI Community Health Network, student engagement, regional forums, workshops, tools and resources. Regularly engage with Island Health to ensure public health bylaws remain relevant and responsive to regional public health risks. | Health & Wellbeing Health & Wellbeing | Core budget Core budget |
| 2019-2019 | | | |
| Property Development | Initiate partnerships to achieve strategic priority outcomes while reducing costs to taxpayers. | Housing Health & Wellbeing | Core budget |
| Community Health Community Health | Build regional capacity to improve wellbeing through data and analytics (ROM Collaborative), coordination of SGI Community Health Network, student engagement, regional forums, workshops, tools and resources. Regularly engage with Island Health to ensure public health bylaws remain relevant and responsive to regional public health risks. | Health & Wellbeing Health & Wellbeing | Core budget Core budget |

4 Goals & Performance Indicators

| Service Goals | Indicators or Measures |
|---|---|
| Expand, improve and maintain healthcare facilities. | <ul style="list-style-type: none"> • Capital projects completed on time and on budget Manage capital projects on time and on budget and land holdings to meet anticipated health infrastructure needs for the region. |
| <u>Research, analyze and coordinate with Island Health in preparation for the CRHD's Ten Year Capital Plan and individual project capital funding requests.</u> Island Health for. Improve regional coordination on community health issues | <ul style="list-style-type: none"> • <u>Update the ten year capital plan annually.</u> |
| <u>Monitor expenditures and administration of payments to VIHA and other partners, including oversight of expenditure patterns of multiple capital and equipment projects to ensure CRD funds are spent according to approved project scope, schedule and budget.</u> | <ul style="list-style-type: none"> • <u>Ensure CRD funds for minor capital and equipment are utilized within project scope, on time, and on budget.</u> |
| <u>Improved public health through public health bylaws development, implementation and enforcement.</u> | <ul style="list-style-type: none"> • <u>Respond to all bylaw enquiries and make referrals to Island Health for enforcement within 7 days.</u> • <u>Engage Island Health twice annually to ensure existing bylaws continue to address public health risks.</u> • Ensure Island Health has a regular point of contact within the division in case need for a new public health bylaw arises. Sufficient property acquisitions and/or developments to meet anticipated community investment needs • Prepare a new financing model for capital and operating cost strategies by 2017 • <u>Participation rates of residents in two-way dialogue and engagement opportunities*</u> |
| <u>Greater regional coordination of wellbeing initiatives; provision of valid, reliable, local data, and; capacity-building through forums, workshops and planning tools.</u> | <ul style="list-style-type: none"> • Community Health & Wellbeing Plan is completed and community is engaged prior to finalizing. • <u>Indicators and data collected through the ROM Collaborative are shared with community partners, including municipalities.</u> • <u>Community Map is accessed regularly (unique page views) and updates are made annually to ensure information is accurate and relevant.</u> |

Contact

Name: ~~Vacant~~ Michael Barnes
 Title: Manager, Health and Capital Planning Strategies
 Contact information: 250-360-3114

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 25, 2017**

SUBJECT **Capital Regional Hospital District 2018-2027 Ten Year Capital Plan**

ISSUE

Approval of the Capital Regional Hospital District (CRHD) Ten Year Capital Plan.

BACKGROUND

The 2018-2027 CRHD Capital Plan (Appendix “A”) is derived from Island Health’s healthcare capital priorities and represents the CRHD’s ongoing capital commitments, anticipated new capital expenditures and the financial implications for the CRHD’s requisition and future property tax changes.

In preparation for annual updates to the Capital Plan, CRD staff monitors throughout the year the CRHD’s capital contribution to ongoing projects and reviews with Island Health staff, planned new capital projects. Some modifications to the previous year’s plan may occur based on the ongoing review of emerging Island Health patient-focused priorities.

Key changes to the 2018-2027 Major Capital projects list (greater than \$2M) from the 2017 amended Capital Plan include:

- In 2017, Island Health identified the Saanich Peninsula Hospital (SPH) Medical Device Reprocessing Department Upgrade project. Total project costs of \$3.9M. Funding will be provided through the SPH Foundation. Island Health and CRHD will cost share \$200K, of which CRHD’s share is \$60K. This project will be paid in cash, rather than debt financed, with the project moving from planned to approved in current year.
- Island Health removed the Royal Jubilee Hospital (RJH) Emergency Department Redevelopment (\$3M) as a planned project.
- The RJH 2020 planned Multidisciplinary Pain Clinic project budget was increased to \$3M from \$2.5M.
- For 2018, there are no major capital projects requiring CRHD Board approval.
- For 2019, Island Health identified RJH Air Handling Unit Replacement project at the Eric Martin Pavilion in the amount of \$2.3M. The units are 50 years old and require replacement after continuous operation.
- For 2019, Island Health identified SPH Energy Centre Replacement project in the amount of \$3.5M. The Energy Centre requires an upgrade to accommodate future growth after recent additions and upgrades at SPH.

ALTERNATIVES

Alternative 1

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018-2027 Capital Regional Hospital District Capital Plan be approved as submitted.

Alternative 2

That staff be directed to provide additional information.

FINANCIAL IMPLICATIONS

Alternative 1 reflects the CRHD's continued commitment to fund Major Projects and Minor Capital Projects, as well as healthcare equipment. Major Capital Projects are currently cost shared on a 30% basis. The total CRHD estimated annual cash flow for 2018 to 2027 is \$202M.

The Capital Plan continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. The 2018-2027 Capital Plan anticipates a peak requisition of \$171.13 in 2018. Appendix "B" graphically illustrates the existing and estimated debt service implications of the 2018-2027 Ten Year Capital Plan and also identifies those Summit debt servicing costs which will be recovered from Island Health through lease payments. We anticipate the Summit project to complete near the end of 2019 and the lease payments to begin in 2020. Appendix "C" summarizes the requisition impact based on average assessed residential value.

The Capital Plan will have to be amended to include any new project request. Pursuant to Board's direction, any new project requests will have to be accommodated within the approved 10 year funding envelope. The cash flow will have to be amended accordingly to ensure the overall 10 year funding envelope remains unchanged.

CONCLUSION

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

The proposed 2018-2027 Capital Plan includes projects Island Health may implement in future years within the region and it portrays a partial road map for future anticipated healthcare capital projects and related cash flows. The proposed Capital Plan is the best indication at this time of Island Health's long term healthcare capital requirements within the region. The proposed 2018 CRHD Provisional Budget incorporates the financial implications of the 2018-2027 Capital Plan.

RECOMMENDATION

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018-2027 Capital Regional Hospital District Capital Plan be approved as submitted.

| | |
|---------------|--|
| Submitted by: | Michael Barnes, MPP, Manager, Health and Capital Planning Strategies |
| Concurrence: | Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services |
| Concurrence: | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer |
| Concurrence: | Robert Lapham, MCIP, RPP, Chief Administrative Officer |

MB:gm

Attachments: Appendix A – 2018-2027 CRHD Capital Plan
Appendix B – 2018-2027 Capital Plan Debt Servicing Graph
Appendix C – Debt Servicing Impact of 10 Year Capital Plan (2018-2027)

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN (2018 to 2027) at August 31, 2017

PROVISIONAL

Page 1 of 3

| SUMMARY | Project Total | Remaining Balance | | | | | | | | | | | |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | |
| VIHA SHAREABLE PROJECTS - TOTAL PROJECT CASHFLOW | | | | | | | | | | | | | |
| Acute Hospitals Major Capital Projects | 150,699,511 | 142,215,055 | 2,704,000 | 1,800,855 | 7,428,150 | 20,813,100 | 16,526,550 | 29,875,800 | 34,261,800 | 8,404,800 | 10,200,000 | 10,200,000 | |
| Summit Residential Care Replacement Project - CRD Share | 25,193,285 | 6,624,133 | - | 6,624,133 | - | - | - | - | - | - | - | - | |
| Summit Residential Care Replacement Proj - Leased Share | 61,250,000 | 59,111,186 | 42,760,019 | 16,351,167 | - | - | - | - | - | - | - | - | |
| Future Residential Care Replacement Projects Phase 3 | 76,500,000 | 76,500,000 | - | - | - | 3,825,000 | 19,125,000 | 38,250,000 | 15,300,000 | - | - | - | |
| Minor Capital Projects - 2014 CRHD Approved Outstanding Balance remaining - debt financing | 4,375,000 | 1,573,000 | 1,573,000 | - | - | - | - | - | - | - | - | - | |
| Minor Capital Projects - 2018 VIHA Requested 3 year cashflow | 9,375,000 | 9,375,000 | 9,375,000 | - | - | - | - | - | - | - | - | - | |
| Minor Capital Projects - CRHD Anticipated 2019-2027 | 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 | 421,142,796 | 379,773,374 | 56,412,019 | 34,151,155 | 16,803,150 | 34,013,100 | 45,026,550 | 77,500,800 | 58,936,800 | 17,779,800 | 19,575,000 | 19,575,000 | |
| CRHD \$ SHARE - TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW | | | | | | | | | | | | | |
| 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 | |
| Non-Traditional Projects Grants - 100% CRHD Share (Suspended 2015-2024) - expensed annually | 3,000,000 | 3,000,000 | - | - | - | - | - | - | - | 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 | 45,209,853 | 43,047,071 | 1,061,200 | 672,811 | 2,228,445 | 6,243,930 | 4,957,965 | 8,962,740 | 10,278,540 | 2,521,440 | 3,060,000 | 3,060,000 | |
| Summit Residential Care Replacement Project - 30% CRHD Share - debt financing 15 yr amortization | 25,193,285 | 6,624,133 | - | 6,624,133 | - | - | - | - | - | - | - | - | |
| Summit Residential Care Replacement Project - 70% Leased Share - debt financing 25 yr amortization with offsetting lease payments | 61,250,000 | 59,111,186 | 42,760,019 | 16,351,167 | - | - | - | - | - | - | - | - | |
| Future Residential Care Replacement Projects Phase 3 - 30% CRHD Share - debt financing | 22,950,000 | 22,950,000 | - | - | - | 1,147,500 | 5,737,500 | 11,475,000 | 4,590,000 | - | - | - | |
| Minor Capital Projects 2014 VIHA Requested - 40% CRHD Share - 2M converted to cash requisition & 1.75M debt financing | 1,750,000 | 629,200 | 629,200 | - | - | - | - | - | - | - | - | - | |
| Minor Capital Projects 2017 VIHA Requested - 40% CRHD Share - 3.75M converted to cash requisition | 3,750,000 | 3,750,000 | 3,750,000 | - | - | - | - | - | - | - | - | - | |
| Minor Capital Projects 2018-2026 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 | 230,153,138 | 202,411,590 | 51,155,419 | 30,353,111 | 8,933,445 | 14,096,430 | 17,400,465 | 27,142,740 | 21,573,540 | 10,226,440 | 10,765,000 | 10,765,000 | |

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN (2018 to 2027) at August 31, 2017

PROVISIONAL

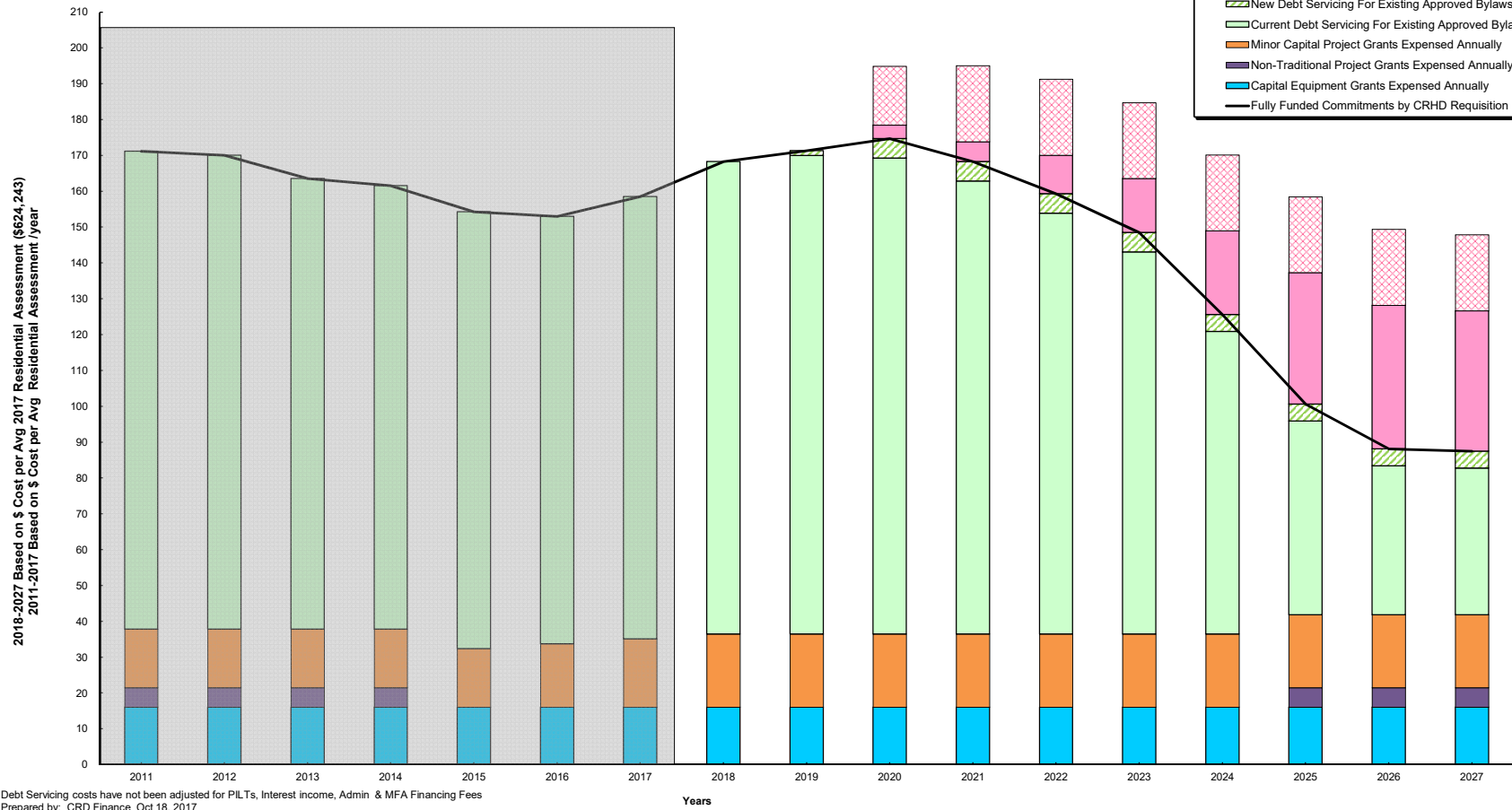
| ACUTE AND REHAB HOSPITALS | Project Status | CBL# | Debt Term | Project | Total | Remaining Balance | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|------------------|------|-----------|---------|--------------------|--------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| ROYAL JUBILEE HOSPITAL | | | | | | | | | | | | | | | | |
| Major projects | | | | | | | | | | | | | | | | |
| Unit Dose Medication Distribution Hub (UDMD) | VIHA Approved | 168 | 10 | | 10,310,000 | 3,825,544 | 2,500,000 | 1,325,544 | | | | | | | | |
| Automated Medication Dispensing Units | VIHA Planned | | 10 | | 3,864,480 | 3,864,480 | - | - | - | 966,120 | 966,120 | 966,120 | 966,120 | | | |
| Multidisciplinary Pain Clinic | VIHA Planned | | 5 | | 3,000,000 | 3,000,000 | - | 150,000 | 2,100,000 | 750,000 | | | | | | |
| Air Handling Unit Replacement | VIHA Planned | | 5 | | 2,300,000 | 2,300,000 | | 115,000 | 1,610,000 | 575,000 | | | | | | |
| Routine Capital Investment project(s) | CRHD Anticipated | | 15 | | 24,120,000 | 24,120,000 | - | - | - | - | 1,000,000 | 5,000,000 | 5,000,000 | 3,120,000 | 5,000,000 | 5,000,000 |
| Royal Jubilee Hospital Total | | | | | 43,594,480 | 37,110,024 | 2,500,000 | 1,590,544 | 3,710,000 | 2,291,120 | 1,966,120 | 5,966,120 | 5,966,120 | 3,120,000 | 5,000,000 | 5,000,000 |
| VICTORIA GENERAL HOSPITAL | | | | | | | | | | | | | | | | |
| Major projects | | | | | | | | | | | | | | | | |
| Endoscopy Unit Renovation | VIHA Approved | 165 | 5 | | 2,200,000 | 20,294 | - | | | | | | | | | |
| Automated Medication Dispensing Units | VIHA Planned | | 10 | | 3,864,480 | 3,864,480 | - | - | - | 966,120 | 966,120 | 966,120 | 966,120 | | | |
| Energy Centre Replacement | VIHA Planned | | 15 | | 14,350,000 | 14,350,000 | - | | 717,500 | 10,045,000 | 3,587,500 | | | | | |
| 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 | | 28,120,000 | 28,120,000 | - | - | - | - | 5,000,000 | 5,000,000 | 5,000,000 | 3,120,000 | 5,000,000 | 5,000,000 |
| Victoria General Hospital Total | | | | | 93,834,480 | 91,654,774 | - | - | 882,500 | 13,321,120 | 12,478,620 | 22,766,120 | 27,066,120 | 5,120,000 | 5,000,000 | 5,000,000 |
| SAANICH PENINSULA HOSPITAL | | | | | | | | | | | | | | | | |
| Major projects | | | | | | | | | | | | | | | | |
| Medical Device Reprocessing Dept Upgrade Project Cost \$3.9M - CRHD only cost sharing on \$200,000 | VIHA Planned | | Cash | | 200,000 | 200,000 | 200,000 | | | | | | | | | |
| Energy Centre Replacement | VIHA Planned | | | | 3,500,000 | 3,500,000 | | 175,000 | 2,450,000 | 875,000 | | | | | | |
| Automated Medication Dispensing Units | VIHA Planned | | 10 | | 2,231,040 | 2,231,040 | - | - | - | 557,760 | 557,760 | 557,760 | 557,760 | - | - | - |
| Saanich Peninsula Hospital Total | | | | | 5,931,040 | 5,931,040 | 200,000 | 175,000 | 2,450,000 | 1,432,760 | 557,760 | 557,760 | 557,760 | - | - | - |
| LADY MINTO HOSPITAL | | | | | | | | | | | | | | | | |
| Major projects | | | | | | | | | | | | | | | | |
| Emergency, Lab, Diagnostic Imaging Reno | VIHA Planned | | 5 | | 4,800,000 | 4,800,000 | - | - | 240,000 | 3,360,000 | 1,200,000 | | | | | |
| Lady Minto Hospital Total | | | | | 4,800,000 | 4,800,000 | - | - | 240,000 | 3,360,000 | 1,200,000 | - | - | - | - | - |
| QUEEN ALEXANDRA HOSPITAL | | | | | | | | | | | | | | | | |
| 4) 2013-2018 Minor Capital annual 3.75M converted to expensed cash instead of debt financing | | | | | | | | | | | | | | | | |
| Queen Alexandra Hospital Total | | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| VIHA - SOUTH ISLAND INITIATIVES | | | | | | | | | | | | | | | | |
| Major projects | | | | | | | | | | | | | | | | |
| VIHA South Area Initiatives | | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Acute & Rehab Hospitals Sub -Total | | | | | 148,160,000 | 139,495,838 | 2,700,000 | 1,765,544 | 7,282,500 | 20,405,000 | 16,202,500 | 29,290,000 | 33,590,000 | 8,240,000 | 10,000,000 | 10,000,000 |
| Inflation (2%) excluding approved/pending Capital Bylaws | | | | | 2,539,511 | 2,539,511 | 4,000 | 35,311 | 145,650 | 408,100 | 324,050 | 585,800 | 671,800 | 164,800 | 200,000 | 200,000 |
| Acute Hospitals Major Capital Projects Annual Capital Cash Flow | | | | | 150,699,511 | 132,015,055 | 2,704,000 | 1,800,855 | 7,428,150 | 20,813,100 | 16,526,550 | 29,875,800 | 34,261,800 | 8,404,800 | 10,200,000 | 10,200,000 |
| CRHD Share 30% Unapproved Acute & Rehab Cost exception 40% UDMD project | | | | | 45,209,853 | 39,987,071 | 1,061,200 | 672,811 | 2,228,445 | 6,243,930 | 4,957,965 | 8,962,740 | 10,278,540 | 2,521,440 | 3,060,000 | 3,060,000 |

| | | | | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|------------------|------|-----------|--------------------|--------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| 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 | 6,624,133 | | 6,624,133 | | | | | | | | |
| Summit Residential Care Replacement 320 beds | Leased Share | 160 | 25 | 61,250,000 | 59,111,186 | 42,760,019 | 16,351,167 | | | | | | | | |
| | | | | 86,443,285 | 65,735,319 | | | | | | | | | | |
| Residential Care Upgrade & Replacement Projects Phase 3 | VIHA Planned | | 15 | 75,000,000 | 75,000,000 | - | - | - | 3,750,000 | 18,750,000 | 37,500,000 | 15,000,000 | | | |
| Other Capital Projects Sub-total | | | | 161,443,285 | 140,735,319 | 42,760,019 | 22,975,300 | - | 3,750,000 | 18,750,000 | 37,500,000 | 15,000,000 | - | - | - |
| Inflation (2%) excluding approved Capital Bylaws | | | | 1,500,000 | 1,500,000 | - | - | - | 75,000 | 375,000 | 750,000 | 300,000 | - | - | - |
| Other Capital Projects Annual Capital Cash Flow | | | | 162,943,285 | 142,235,319 | 42,760,019 | 22,975,300 | - | 3,825,000 | 19,125,000 | 38,250,000 | 15,300,000 | - | - | - |
| CRHD Share Other Capital Projects Total | | | | 109,393,285 | 88,685,319 | 42,760,019 | 22,975,300 | - | 1,147,500 | 5,737,500 | 11,475,000 | 4,590,000 | - | - | - |
| MINOR CAPITAL PROJECTS | | | | | | | | | | | | | | | |
| Various VIHA Hospitals | | | | | | | | | | | | | | | |
| Minor Capital Projects 2014 - 40% CRHD Share (2M expensed & 1.75M debt financing by CBL161) | CRHD Approved | 161 | 5 | 4,375,000 | 1,573,000 | 1,573,000 | | | | | | | | | |
| Minor Capital Projects 2018 - 40% CRHD Share (3.75M expensed) | VIHA Requested | Cash | N/A | 9,375,000 | 9,375,000 | 9,375,000 | | | | | | | | | |
| Minor Capital Projects 2019-2027 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 | | | | 107,500,000 | 95,323,000 | 10,948,000 | 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 |
| Inflation (0%) excluding approved Capital Bylaws | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| MCP Projects Annual Capital Cash Flow | | | | 107,500,000 | 95,323,000 | 10,948,000 | 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 |
| CRHD 40% share of MCP Projects Total | | | | 43,000,000 | 38,129,200 | 4,379,200 | 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 |

**CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2011-2027)
MFA Borrowing Terms 5-25yrs**

APPENDIX B

- Summit Debt Servicing Recovered by Lease Payments
- Est. Debt Servicing For Unapproved Capital Projects
- New Debt Servicing For Existing Approved Bylaws
- Current Debt Servicing For Existing Approved Bylaws
- Minor Capital Project Grants Expensed Annually
- Non-Traditional Project Grants Expensed Annually
- Capital Equipment Grants Expensed Annually
- Fully Funded Commitments by CRHD Requisition



Debt Servicing costs have not been adjusted for PILTs, Interest income, Admin & MFA Financing Fees
Prepared by: CRD Finance Oct 18, 2017

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2018-2027)
Cost per Average 2017 Residential Assessment (\$625,883)
Based on MFA Borrowing Terms of 5, 10, 15, 25 years

| Year | Existing Debt Servicing | Capital Exp (2018-2027) Estimated Debt Servicing | Total Debt Servicing | Section 20 Expensed | | | Total Requisition | Total Requisition \$ Value |
|------|----------------------------|---|-------------------------|------------------------|-----------------------------|------------------------------|----------------------|----------------------------------|
| | | | | Capital Equipment | Non-Traditional Projects | Minor Capital Projects | | |
| 2017 | 131.68 | 0.00 | 131.68 | 16.03 | 0.00 | 20.34 | 168.05 | 30,980,705 |
| 2018 | 133.36 | 1.40 | 134.76 | 16.03 | 0.00 | 20.34 | 171.13 | 31,548,076 |
| 2019 | 132.62 | 9.20 | 141.82 | 16.03 | 0.00 | 20.34 | 178.19 | 32,851,349 |
| 2020 | 126.27 | 10.95 | 137.22 | 16.03 | 0.00 | 20.34 | 173.59 | 32,003,191 |
| 2021 | 117.30 | 16.18 | 133.48 | 16.03 | 0.00 | 20.34 | 169.85 | 31,312,690 |
| 2022 | 106.51 | 20.45 | 126.96 | 16.03 | 0.00 | 20.34 | 163.33 | 30,111,258 |
| 2023 | 84.31 | 28.09 | 112.41 | 16.03 | 0.00 | 20.34 | 148.78 | 27,428,041 |
| 2024 | 53.97 | 41.34 | 95.31 | 16.03 | 0.00 | 20.34 | 131.68 | 24,276,072 |
| 2025 | 41.48 | 44.74 | 86.22 | 16.03 | 0.00 | 20.34 | 122.59 | 22,599,531 |
| 2026 | 40.83 | 43.85 | 84.68 | 16.03 | 5.42 | 20.34 | 126.47 | 23,316,174 |
| 2027 | 35.18 | 44.91 | 80.09 | 16.03 | 5.42 | 20.34 | 121.88 | 22,469,299 |
| 2028 | 30.26 | 44.24 | 74.50 | 16.03 | 5.42 | 20.34 | 116.30 | 21,440,390 |
| 2029 | 27.60 | 43.85 | 71.45 | 16.03 | 5.42 | 20.34 | 113.25 | 20,877,874 |
| 2030 | 25.83 | 43.85 | 69.68 | 16.03 | 5.42 | 20.34 | 111.47 | 20,551,148 |
| 2031 | 0.00 | 43.24 | 43.24 | 16.03 | 5.42 | 20.34 | 85.03 | 15,676,170 |
| 2032 | 0.00 | 42.62 | 42.62 | 16.03 | 5.42 | 20.34 | 84.42 | 15,562,838 |
| 2033 | 0.00 | 42.01 | 42.01 | 16.03 | 5.42 | 20.34 | 83.80 | 15,449,507 |
| 2034 | 0.00 | 34.08 | 34.08 | 16.03 | 5.42 | 20.34 | 75.87 | 13,987,169 |
| 2035 | 0.00 | 33.94 | 33.94 | 16.03 | 5.42 | 20.34 | 75.74 | 13,962,617 |
| 2036 | 0.00 | 32.08 | 32.08 | 16.03 | 5.42 | 20.34 | 73.87 | 13,618,893 |
| | | | | | | | | <u>460,022,993</u> |

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF OCTOBER 25, 2017**

SUBJECT **2018 Capital Regional Hospital District Provisional Budget**

ISSUE

Approval of the 2018 Capital Regional Hospital District (CRHD) Provisional Budget.

BACKGROUND

The *Hospital District Act* requires the 2018 CRHD Provisional Budget for the coming fiscal year be adopted by the Board on or before December 31, 2017. The Budget is comprised of the debt servicing charges on funds borrowed for CRHD capital projects as well as grants for medical equipment and Minor Capital Projects (MCPs), and the administration budget for the CRHD functions performed by the Health and Capital Planning Strategies Division.

ALTERNATIVES

Alternative 1

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2018 Capital Regional Hospital District Provisional Budget be referred back to staff for revision based on Committee direction.

FINANCIAL IMPLICATIONS

The 2018 Provisional Budget summary and the 2018-2022 5-year plan are included in Appendix A and B. The five year outlook is positive with tax requisition expected to decrease beginning in 2020 as revenue from Summit lease payments begin. Tax requisitions are expected to decrease starting in 2020 as lease revenue from VIHA through the Summit project commence. The following summarize primary components of the Budget:

Total 2018 Budget

There is a change in the expected requisition from 5.3% (estimated in last year's 5 year plan for 2018) to 3.1% or a decrease of (2.1%) as a result of an increase in revenue and decreases in expenses. The decrease in expenses is primarily attributable to debenture charges on Municipal Finance Authority (MFA) debt maturities and new debt not exceeding maturities. The increase in revenue is attributable to higher returns than budgeted related to the CRHD piloting a new investment product offering from the MFA.

Debt Servicing

This represents principal and interest payments for Board-approved projects. The Board approved major projects are explained as part of the accompanying CRHD 10-year Capital Plan staff report. CRHD 10-year Capital Plan and related approved capital bylaws are the basis of future debt servicing cost projections. The total debt servicing for 2018 is \$24.6 million.

Section 20

Administration Expenditures:

The 2018 CRHD portion of the budget for the Health and Capital Planning Division is \$669,000; made up of Division staff, other administration costs, and charges for other corporate allocations.

Equipment & Planning/Research:

The *Hospital District Act* Section 20(3) enables Regional Hospital Districts 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 such as healthcare related research and studies. The \$2.955 million proposed for 2018 Section 20(3) expenditures remains unchanged from 2017.

Land Holdings Management:

In 2018, a net annual cost of \$40,000 for the management of 950 Kings Road is anticipated. An additional reserve of \$50,000 is provided in anticipation of future land holdings related expenses.

Land Development:

As per CRHD legislation the net proceeds from the sale of 3810 Carey Road (\$5.831 million) will be placed into a land development reserve for future CRHD land acquisition and development.

Minor Capital Projects:

Under the *Hospital District Act* Section 20(4), the CRHD maintains a MCP Reserve account. The 2018 beginning balance in the reserve is \$3.28 million with \$2 million being applied in 2018 to Island Health's MCPs. We anticipate \$1.28 million in reserve at the end of 2018. The \$3.75 million proposed for 2018 expenditures is the same amount as 2017. Details on approved minor capital projects can be found in the accompanying CRHD 10-year Capital Plan staff report.

Hospital District Act Section 20(4) Reserve Account Balances:

CRHD is able to maintain reserve accounts for various purposes; Appendix D shows the estimated 2018-2022 Section 20(4) reserve account balances. These reserves have been set aside for fixed purposes as detailed below:

| Reserve Account | Purpose | Estimated Balance at December 31, 2018 |
|---|--|--|
| Administration & Feasibility Studies Reserve | For future studies or special projects. | \$1.14 million |
| Non-traditional Projects Reserve | The estimated reserve balance at December 31, 2017 is \$2.150 million. The money has been committed to Nigel House (\$1 million) and Galiano Health Care Society (\$150,000). The remaining \$1 million has been notionally committed to the Victoria Hospice Society. It is anticipated this reserve will be spent in 2018. | \$0.00 |
| 2017 Minor Capital Projects Stabilization Reserve | For minor capital projects that are cash flowed over three years. | \$1.28 million |
| Land Holdings Management Reserve | For CRHD properties expenses and land acquisition. | \$105,000 |
| Land Development Reserve | For future development expenses. | \$5.831 million |

Tax Requisition:

The 2018 CRHD tax requisition is estimated at \$30.65 million or a 2.2% decrease over the 2017 requisition. For 2018, the tax impact on the average household will be \$166.45 (2017 Revised Converted Assessment of \$624,243).

Table 1 compares the forecasted tax impact of the CRHD’s overall requisition on assessed residential values. It illustrates the downward trajectory of peak tax impacts resulting from significant debt management and control established in previous years. For example, the 2013 CRHD final budget anticipated a peak requisition of \$180.28 in 2017 and the 2018 provisional budget anticipates a peak requisition of \$147.59 in 2022. The household requisition increase in 2019 is due to debt servicing costs associated with the summit project. Lease payments will begin in 2020, which will result in a reduction in the overall requisition on residential values.

Table 1 Requisition Peak

| Budget Year | Residential Assessment | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|------------------------|--------|--------|--------|--------|--------|--------|
| 2013 ^a | \$523,386 | 180.28 | | | | | |
| 2014 ^a | \$505,233 | 180.19 | | | | | |
| 2015 ^a | \$511,185 | | 163.70 | | | | |
| 2016 ^a | \$530,059 | | 163.97 | | | | |
| 2017 ^a | \$529,136 | | 160.57 | | | | |
| 2018 ^b | \$624,243 | | 166.45 | 169.65 | 155.33 | 150.74 | 147.59 |

^a Final Budget

^b Provisional Budget

CONCLUSION

The 2018 CRHD Provisional Budget must be adopted on or before December 31, 2017. The 2018 Provisional Budget presents the administrative costs of the Hospital District and a reasonable reflection of the actual costs for Board-approved and future year capital projects.

The 2018 CRHD Provisional Budget 5-year total projected expenditures are less than the prior year’s 5-year forecast due to the project adjustments explained in the 2018-2027 Capital Plan staff report and lower than anticipated MFA borrowing rates. The overall budget proposes a requisition decrease of 2.2%. Alternative 1 is recommended.

RECOMMENDATION

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the 2018 Capital Regional Hospital District Provisional Budget be approved as submitted.

| | |
|---------------|--|
| Submitted by: | Michael Barnes, MPP Manager, Health and Capital Planning Strategies |
| Concurrence: | Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services |
| Concurrence: | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer |
| Concurrence: | Robert Lapham, MCIP, RPP, Chief Administrative Officer |

MB:gm

- Attachments: Appendix A – CRHD 2018 Provisional Budget
 Appendix B – CRHD 2018-2022 Future Budget Projections
 Appendix C – CRHD 2018 Capital Expenditures
 Appendix D – CRHD Reserve Summary Schedule 2018-2022

APPENDIX A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2018 PROVISIONAL BUDGET**

| | 2017 BOARD BUDGET | 2017 ESTIMATED ACTUALS | 2017 VARIANCE | 2018 PROVISIONAL BUDGET | 2017-2018 BUDGET VARIANCE |
|---|----------------------------------|---------------------------------------|--------------------------|--|--|
| REVENUE | | | | | |
| Tax Requisition Total | 29,731,244 | 29,731,244 | - | 30,644,030 | 912,786 |
| Payments in Lieu of Taxes | 1,021,429 | 1,021,429 | - | 1,021,429 | - |
| | <u>30,752,673</u> | <u>30,752,673</u> | - | <u>31,665,459</u> | <u>912,786</u> |
| Debt Reserve Fund Recovery | 124,800 | 167,693 | 42,893 | 74,399 | (50,402) |
| Interest | 50,000 | 222,715 | 172,715 | 100,000 | 50,000 |
| Interest - Summit Structured Financing (100% draw) | 590,000 | 809,827 | 219,827 | 380,000 | (210,000) |
| Transfer in from Housing First Health Projects Reserve | 200,000 | 200,000 | - | - | (200,000) |
| Sale of Land | - | 5,900,100 | 5,900,100 | - | - |
| Surplus Previous Year | 561,532 | 561,532 | - | - | (561,532) |
| TOTAL REVENUE | <u>32,279,005</u> | <u>38,614,540</u> | <u>6,335,535</u> | <u>32,219,858</u> | <u>(59,148)</u> |
| EXPENDITURES | | | | | |
| Debt Servicing | | | | | |
| Debt Service Debt Charges | 22,673,971 | 22,672,654 | (1,317) | 22,428,892 | (245,078) |
| Debt Service Debt Charges - related to Summit Lease only | 1,073,406 | 1,073,406 | - | 2,146,813 | 1,073,406 |
| DRF - summit (one time) | 734,500 | 735,000 | 500 | - | (734,500) |
| Debt Service Debt - Accrued Interest to Dec 31 | 482,298 | 934,494 | 452,196 | 19,682 | (462,615) |
| Temporary Borrowing Interest | 10,000 | 13,224 | 3,224 | 15,000 | 5,000 |
| Debt Reserve Fund | 49,000 | 35,447 | (13,553) | 25,000 | (24,000) |
| Total Debt Servicing | <u>25,023,175</u> | <u>25,464,225</u> | <u>441,050</u> | <u>24,635,387</u> | <u>(387,788)</u> |
| HD Act Section 20 Expenditures | | | | | |
| Administration | 590,830 | 590,830 | - | 669,471 | 78,641 |
| Studies | 120,000 | 120,000 | - | 120,000 | - |
| Property Management | 40,000 | 34,385 | (5,614.82) | 40,000 | - |
| Land sale expenses | - | 69,001 | 69,001 | - | - |
| | <u>750,830</u> | <u>814,216</u> | <u>63,386</u> | <u>829,471</u> | <u>78,641</u> |
| HD Act Section 20 Expenditures - Capital Grants | | | | | |
| Capital Equipment Grants | 2,955,000 | 2,955,000 | - | 2,955,000 | - |
| Annual Transfer to Minor Capital Projects Reserve | 3,750,000 | 3,750,000 | - | 3,750,000 | - |
| Transfer to/(from) Minor Capital Projects Stabilization Reserve | (250,000) | (250,000) | - | - | 250,000 |
| | <u>6,455,000</u> | <u>6,455,000</u> | - | <u>6,705,000</u> | <u>250,000</u> |
| HD Act Section 20 Expenditures - Reserves | | | | | |
| Transfer to/(from) Land Holdings Management Reserve | 50,000 | 50,000 | - | 50,000 | - |
| Transfer to/(from) Land Development Reserve | - | 5,831,099 | 5,831,099 | - | - |
| | <u>50,000</u> | <u>5,881,099</u> | <u>5,831,099</u> | <u>50,000</u> | - |
| TOTAL EXPENDITURES | <u>32,279,005</u> | <u>38,614,540</u> | <u>6,335,535</u> | <u>32,219,858</u> | <u>(59,147)</u> |
| Surplus/(Deficit) | | <u>0</u> | <u>0</u> | | |
| Tax impact on 2017 average residence (\$624,243) | 161.50 | | | 166.45 | |
| Tax impact on \$100,000 of 2017 residential assessments | 25.87 | | | 26.66 | |
| Tax requisition increase/(decrease) | | | | 3.1% | |

APPENDIX B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2018 - 2022 FUTURE BUDGET PROJECTIONS
PROVISIONAL**

| | 2018 PROVISIONAL BUDGET | 2019 BUDGET | 2020 BUDGET | 2021 BUDGET | 2022 BUDGET |
|---|--|------------------------|------------------------|------------------------|------------------------|
| REVENUE | | | | | |
| Tax Requisition Total | 30,644,030 | 31,232,241 | 28,596,914 | 27,751,772 | 27,171,541 |
| Payments in Lieu of Taxes | 1,021,429 | 1,021,429 | 1,021,429 | 1,021,429 | 1,021,429 |
| Summit Lease Payments | - | - | 4,338,178 | 4,338,178 | 4,338,178 |
| | 31,665,459 | 32,253,670 | 33,956,521 | 33,111,379 | 32,531,149 |
| Debt Reserve Fund Recovery | 74,399 | 148,000 | 234,000 | 390,000 | 396,000 |
| Interest | 100,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Interest - Summit Structured Financing (100% draw) | 380,000 | 30,000 | - | - | - |
| Surplus Previous Year | - | - | - | - | - |
| TOTAL REVENUE | 32,219,858 | 32,481,670 | 34,240,521 | 33,551,379 | 32,977,149 |
| EXPENDITURES | | | | | |
| Debt Servicing | | | | | |
| Debenture Debt Charges | 22,428,892 | 21,759,075 | 22,245,159 | 21,397,001 | 20,706,501 |
| Debenture Debt Charges - related to Summit Lease only | 2,146,813 | 3,024,001 | 3,901,190 | 3,901,190 | 3,901,190 |
| Debenture Debt - Accrued Interest to Dec 31 | 19,682 | - | - | - | - |
| Temporary Borrowing Interest | 15,000 | 25,000 | 50,000 | 50,000 | 50,000 |
| Debt Reserve Fund | 25,000 | 73,000 | 15,000 | 60,000 | 62,000 |
| Total Debt Servicing | 24,635,387 | 24,881,076 | 26,211,349 | 25,408,191 | 24,719,690 |
| HD Act Section 20 Expenditures | | | | | |
| Administration | 669,471 | 685,594 | 700,220 | 714,237 | 728,506 |
| Studies | 120,000 | 120,000 | 120,000 | 120,000 | 120,000 |
| Property Management | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| | 829,471 | 845,594 | 860,220 | 874,237 | 888,506 |
| HD Act Section 20 Expenditures - Capital Grants | | | | | |
| Capital Equipment Grants | 2,955,000 | 2,955,000 | 2,955,000 | 2,955,000 | 2,955,000 |
| Annual Transfer to Minor Capital Projects Reserve | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 | 3,750,000 |
| | 6,705,000 | 6,705,000 | 6,705,000 | 6,705,000 | 6,705,000 |
| HD Act Section 20 Expenditures - Reserves | | | | | |
| Transfer to/(from) Summit Management Reserve | - | - | 263,952 | 263,952 | 263,952 |
| Transfer to/(from) Land Holdings Management Reserve | 50,000 | 50,000 | 200,000 | 300,000 | 400,000 |
| | 50,000 | 50,000 | 463,952 | 563,952 | 663,952 |
| TOTAL EXPENDITURES | 32,219,858 | 32,481,670 | 34,240,521 | 33,551,379 | 32,977,149 |
| Tax impact on 2017 average residence (\$624,243) | 166.45 | 169.65 | 155.33 | 150.74 | 147.59 |
| Tax impact on \$100,000 of 2017 residential assessments | 31.00 | 27.18 | 24.88 | 24.15 | 23.64 |
| Tax impact on 2017 average residence (\$624,243) | 3.1% | 1.9% | -8.4% | -3.0% | -2.1% |

APPENDIX C

**CAPITAL REGIONAL HOSPITAL DISTRICT
2018 CAPITAL EXPENDITURES
PROVISIONAL**

| Capital Borrowing Bylaw# | Project Description | 2018 Capital Expenditures |
|---------------------------------|--|--------------------------------------|
| cash | SPH - Medical Device Reprocessing Dept Upgrade | 60,000 |
| 160 | Summit - Residential Care Replacement Project | 42,760,019 |
| 161 | VIHA - 2014 Minor Capital Projects | 629,200 |
| 168 | RJH - Unit Dose Medication Distribution Hub (UDMD) | 1,000,000 |
| | | <u>44,449,219</u> |

| Capital Expenditure Bylaw# | Project Description | 2018 Capital Expenditures |
|-----------------------------------|--|--------------------------------------|
| TBA | Sec 20 - 2018 Minor Capital Projects | 3,750,000 |
| TBA | Sec 20 - 2018 Capital Equipment Projects | 2,955,000 |
| | | <u>6,705,000</u> |
| | Total 2018 Capital Expenditures | <u><u>51,154,219</u></u> |

APPENDIX D

**CAPITAL REGIONAL HOSPITAL DISTRICT
Reserve Summary Schedule 2018-2022*
PROVISIONAL**

| | 2017 Estimated | Budget Year | | | | |
|---|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Administration & Feasibility Studies Reserve | | | | | | |
| - to be spent on future studies or special projects | | | | | | |
| Beginning Balance | 1,289,774 | 1,289,774 | 1,139,774 | 1,139,774 | 1,139,774 | 1,139,774 |
| Surplus transfer from Operating | - | - | - | - | - | - |
| Expensed Study or Special Project | - | (150,000) | - | - | - | - |
| | 1,289,774 | 1,139,774 | 1,139,774 | 1,139,774 | 1,139,774 | 1,139,774 |
| Non-Traditional Projects Reserve | | | | | | |
| - non-profit healthcare facilities capital grant funding | | | | | | |
| Beginning Balance | 2,150,000 | 2,150,000 | - | - | - | - |
| Interest Income | - | - | - | - | - | - |
| Transfer from Operating | - | - | - | - | - | - |
| Capital Grant to be Allocated | - | (2,150,000) | - | - | - | - |
| | 2,150,000 | - | - | - | - | - |
| Minor Capital Projects Stabilization Reserve | | | | | | |
| - prior year surplus used to transition MCP grants to annual requisition from capital bylaw debt financing | | | | | | |
| Beginning Balance | 250,000 | - | - | - | - | - |
| Transfer from Operating | - | - | - | - | - | - |
| Transfer to 2015-2017 MCP Reserves | (250,000) | - | - | - | - | - |
| | - | - | - | - | - | - |
| 2015 Minor Capital Projects Reserve | | | | | | |
| - MCP Capital Grants to VIHA that are cashflowed over 3 years (2015-2017) | | | | | | |
| Beginning Balance | 1,134,553 | - | - | - | - | - |
| Transfer from Operating | - | - | - | - | - | - |
| Transfer from MCP Stabilization Reserve | - | - | - | - | - | - |
| Capital Grant Paid to VIHA (Island Health) | (1,134,553) | - | - | - | - | - |
| | - | - | - | - | - | - |
| 2016 Minor Capital Projects Reserve | | | | | | |
| - MCP Capital Grants to VIHA that are cashflowed over 3 years (2016-2018) | | | | | | |
| Beginning Balance | 2,646,366 | 1,289,015 | - | - | - | - |
| Transfer from Operating | - | - | - | - | - | - |
| Transfer from MCP Stabilization Reserve | - | - | - | - | - | - |
| Capital Grant Paid to VIHA (Island Health) | (1,357,351) | (1,289,015) | - | - | - | - |
| | 1,289,015 | - | - | - | - | - |
| 2017 Minor Capital Projects Reserve | | | | | | |
| - MCP Capital Grants to VIHA that are cashflowed over 3 years (2017-2019) | | | | | | |
| Beginning Balance | 3,750,000 | 3,283,054 | 1,283,054 | - | - | - |
| Transfer from Operating | - | - | - | - | - | - |
| Transfer from MCP Stabilization Reserve | - | - | - | - | - | - |
| Capital Grant Paid to VIHA (Island Health) | (466,946) | (2,000,000) | (1,283,054) | - | - | - |
| | 3,283,054 | 1,283,054 | - | - | - | - |
| Land Holdings Management Reserve | | | | | | |
| - CRHD properties: 3810 Carey, 950 Kings, Oak Bay Lodge | | | | | | |
| Beginning Balance | 55,000 | 105,000 | 155,000 | 205,000 | 405,000 | 705,000 |
| Transfer from Operating | 50,000 | 50,000 | 50,000 | 200,000 | 300,000 | 400,000 |
| Expenses (under review) | - | - | - | - | - | - |
| | 105,000 | 155,000 | 205,000 | 405,000 | 705,000 | 1,105,000 |
| Land Development Reserve | | | | | | |
| - Future development and CRHD projects | | | | | | |
| Beginning Balance | - | 5,831,099 | 5,831,099 | 5,831,099 | 5,831,099 | 5,831,099 |
| Proceeds from sale of land | 5,831,099 | - | - | - | - | - |
| | 5,831,099 | 5,831,099 | 5,831,099 | 5,831,099 | 5,831,099 | 5,831,099 |
| Housing First Health Projects Reserve | | | | | | |
| - new program under development | | | | | | |
| Beginning Balance | 200,000 | - | - | - | - | - |
| Transfer from Operating (suspended 2017-2021) | (200,000) | - | - | - | - | - |
| Debt Servicing (under review) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Summit Management Reserve | | | | | | |
| - Island Health Lease activated Apr/19. | | | | | | |
| - Residual funds: Lifecycle Replacement Funds + Funds not needed for debt servicing | | | | | | |
| Beginning Balance | - | - | - | - | 555,555 | 1,296,295 |
| Transfer from Operating - Lifecycle Contribution | - | - | - | 263,952 | 263,952 | 263,952 |
| Transfer from Operating - Residual Debt Servicing Funds | - | - | - | 291,603 | 476,788 | 476,788 |
| Debt Servicing (under review) | - | - | - | - | - | - |
| | - | - | - | 555,555 | 1,296,295 | 2,037,035 |
| Total | 13,947,942 | 8,408,927 | 7,175,873 | 7,931,428 | 8,972,168 | 10,112,908 |

* Under the Hospital District Act Section 20(4), CRHD is able to maintain reserve accounts for specified purposes