



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 21, 2018

1:30 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting

1. APPROVAL OF THE AGENDA

2. REPORT OF THE CHAIR

3. PRESENTATIONS/DELEGATIONS

3.1 Presentations

3.2 Delegations

4. SPECIAL MEETING MATTERS

4.1. [18-156](#) Capital Regional Hospital District Bylaw 393: Annual Budget Bylaw, 2018

Recommendation: 1. That Bylaw No. 393 cited as "Annual Budget Bylaw, 2018" be introduced and read a first and second time;
2. That Bylaw No. 393 be read a third time; and
3. That Bylaw No. 393 be adopted.
(WA)

Attachments: [Staff Report: Hospital District Bylaw 393 Annual Budget 2018](#)
[Attach1: CRHD Bylaw 393 Annual Budget Bylaw, 2018](#)
[Attach2: BL 393 Schedule A 2018 Final Budget](#)
[Attach3: BL 393 Schedule B 2018 Capital Expenditure](#)
[Attach4: Appendix 1 2018-2022 Future Budget Projections](#)
[Attach5: Appendix 2 2018 Provisional To Final Comparison](#)

5. MOTION TO CLOSE THE MEETING

6. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

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

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)



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**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 21, 2018**

SUBJECT **Capital Regional Hospital District Bylaw 393: Annual Budget Bylaw, 2018**

ISSUE

Approval of Bylaw No. 393 to adopt the Capital Regional Hospital District 2018 Annual Budget.

BACKGROUND

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

On November 29, 2017 the CRHD Board approved the 2018 Provisional Budget. The final budget is shown as Schedule A of the attached CRHD Bylaw 393.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 393 cited as “Annual Budget Bylaw, 2018” be introduced and read a first and second time,
2. That Bylaw No. 393 be read a third time; and
3. That Bylaw No. 393 be adopted.

Alternative 2

That the report be referred back to staff for further information.

IMPLICATIONS

FINANCIAL IMPLICATIONS

The final CRHD budget reflects all year-end adjustments related to prior year surplus/deficits and payments in lieu of taxes as shown in Schedule A of the Bylaw.

Overall, the 2018 CRHD requisition of \$30,373,661 is a decrease of \$270,369 or 0.9% from the 2018 provisional budget approved in November 2017. The 2018 budget represents a total cost of \$164.88 per 2018 average residential assessment. The average residential assessment for the region based on 2018 completed assessments is \$724,009 (2016: 625,883).

The significant changes from the 2018 Provisional Budget are presented in Appendix 2 and are summarized as:

- Decrease in payments in lieu of taxes of \$53k to \$968k
- Decrease in debenture expenditures of \$294k. The decrease in debt servicing is a combination of lower than anticipated 2018 long term debt spring borrowing, an overall trend of new debt not exceeding debt maturities and interest rates on renewing debt being lower than that of the maturing debt.

- Increase in interest income related to Summit capital of \$20k based on a long term investment that was secured in January 2018.
- Cumulative increase of \$23k to accrued interest, temporary interest and debt reserve fund to appropriately reflect the changes and updates in the debenture debt expenditures.

2017 resulted in a surplus of \$34,495, primarily related to decreased debt servicing costs and debenture maturity cash funds received by the CRHD when debt matures. The CRHD Board has previously directed surpluses to be applied against future financial commitments or be used to offset requisition in future years. The 2017 surplus has been used to offset the 2018 requisition increase.

Under the *Hospital District Act*, Section 20(4), the CRHD is able to maintain reserve accounts. Below are the reserve balance schedules for all the existing accounts at December 31, 2017:

CRHD Section 20(4) Reserve Account Balances

Administration and Feasibility Studies Reserve	\$ 1,515,769
Non-Traditional Projects Reserve	\$ 2,150,000
Minor Capital Project 2015 Reserve	\$ 913,010
Minor Capital Project 2016 Reserve	\$ 925,006
Minor Capital Project 2017 Reserve	\$ 2,158,895
Land Holdings Management Reserve	\$ 121,295
Land Development Reserve	\$ 5,838,095

These reserves have been set aside for a specific purpose. The administration and feasibility reserve funds are used to fund feasibility studies and or special projects.

The Non-Traditional Projects (NTP) Reserve have been committed: \$1M to the Nigel House (Broadmead Care Society), \$150K to the Galiano Health Care Centre, \$1M notionally committed to Victoria Hospice. It is anticipated that the entities will meet their obligations within the year and the NTP Reserve balance will be nil at year end.

The 2013 budget approved Minor Capital Project (MCP) grants to be expensed rather than debt serviced. A transition period of 2013–2016 was established with a 2013 and 2014 combined transfer of \$1.5M to the Section 20(4) reserve to be used as an offset in 2015–2017 to ease the transition to expensing MCP grant funding. The final installment of 250k was made in 2017 and the balance of the MCP stabilization reserve is nil.

The intent of the Minor Capital Project Reserves is to match the funding of the project according to its lifecycle. Due to Island Health flowing the minor capital projects cash over three years, the reserve accounts need to be maintained for a three year cycle. The CRHD staff regularly track the reserves and, if after five years the grant funding has not been claimed by Island Health, these funds will be reclaimed from the reserve by CRHD to be applied against financial commitments or stabilize the requisition.

In 2016 the CRHD acquired 950 Kings Road which adjoins 955 Hillside Avenue; it is currently being used for Summit's site staging and project management office and also has existing tenants. In light of existing properties, potential development opportunities, and the Board's policy direction, a land holdings management reserve was created. Funds from the Land Holdings Management Reserve have been allocated to supplement property management expenses, which include maintenance and operating costs associated with this property.

In 2017, the CRHD sold the 3810 Carey Rd Site for \$5.9M; the proceeds from the sale of land have been placed to the credit of the Land Development Reserve for future CRHD land development.

Schedule A reflects all changes, the final surplus and payments in lieu of taxes. Schedule B reflects 2018 estimated capital expenditures. Appendix 1 sets out future budget projections and is for information only.

CONCLUSION

The 2018 CRHD requisition is \$30,373,661, a decrease of \$270,369 or 0.9% from the 2018 provisional budget approved in November 2017 and an increase of 2.2% over the 2017 CRHD requisition.

This represents a total cost of \$164.88 per average residential assessment. The average residential assessment for the region based on the 2018 completed assessments is \$724,009 (2017 revised assessment \$624,243).

RECOMMENDATION(S)

1. That Bylaw No. 393 cited as “Annual Budget Bylaw, 2018” be introduced and read a first and second time;
2. That Bylaw No. 393 be read a third time;
3. That Bylaw No. 393 be adopted.

Submitted By:	Agnes Piotrowski, CPA, CA, Manager, Major Projects
Concurrence:	Michael Barnes, MPP, Manager Health and Capital Planning Strategies
Concurrence:	Rianna Lachance, CPA, CA, 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

AP:ngm

Attachments

- CRHD Bylaw No. 393
- Schedule A
- Schedule B
- Appendix 1, Capital Regional Hospital District 2018–2022 Future Budget Projections
- Appendix 2, Capital Regional Hospital District 2018 Provisional to Final Budget Comparison

SCHEDULE A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2018 ANNUAL BUDGET**

	2017 BOARD BUDGET	2018 ANNUAL BUDGET	2017-2018 BUDGET VARIANCE
<u>REVENUE</u>			
Tax Requisition Total	29,731,244	30,373,661	642,417
Payments in Lieu of Taxes	1,021,429	967,947	(53,482)
	<u>30,752,673</u>	<u>31,341,608</u>	<u>588,935</u>
Debt Reserve Fund Recovery	124,800	73,000	(51,800)
Interest	50,000	100,000	50,000
Interest - Summit Structured Financing (100% draw)	590,000	400,000	(190,000)
Transfer in from Housing First Health Projects Reserve	200,000	-	(200,000)
Surplus Previous Year	561,532	34,495	(527,037)
TOTAL REVENUE	<u>32,279,005</u>	<u>31,949,103</u>	<u>(329,902)</u>
<u>EXPENDITURES</u>			
Debt Servicing			
Debenture Debt Charges	22,673,971	22,135,317	(538,653)
Debenture Debt Charges - related to Summit Lease only	1,073,406	2,146,813	1,073,406
DRF - summit (one time)	734,500	-	(734,500)
Debenture Debt - Accrued Interest to Dec 31	482,298	23,502	(458,796)
Temporary Borrowing Interest	10,000	30,000	20,000
Debt Reserve Fund	49,000	29,000	(20,000)
Total Debt Servicing	<u>25,023,175</u>	<u>24,364,632</u>	<u>(658,543)</u>
HD Act Section 20 Expenditures			
Administration	590,830	669,471	78,641
Studies	120,000	120,000	-
Property Management	40,000	40,000	-
	<u>750,830</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	-
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
Transfer to/(from) Minor Capital Projects Stabilization Reserve	(250,000)	-	250,000
	<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	-
	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>32,279,005</u>	<u>31,949,103</u>	<u>(329,902)</u>
Surplus/(Deficit)		-	
Tax impact on 2018 average residence (\$724,009)	161.40	164.88	
Tax impact on \$100,000 of 2018 residential assessments	22.29	22.77	
Tax requisition increase/(decrease)		2.2%	

SCHEDULE B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2018 CAPITAL EXPENDITURES**

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	911,342
163	RJH - Boiler Plant Replacement	14,719
165	VGH - Endoscopy Unit Renovation	10,120
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	1,285,583
		<hr/> 45,041,783 <hr/>

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
		<hr/> 6,705,000 <hr/>
	Total 2018 Capital Expenditures	<hr/> 51,746,783 <hr/>

APPENDIX 1

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

	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET
REVENUE					
Tax Requisition Total	30,373,661	31,093,514	28,488,339	27,645,556	27,069,335
Payments in Lieu of Taxes	967,947	967,947	967,947	967,947	967,947
Summit Lease Payments	-	-	4,338,178	4,338,178	4,338,178
	<u>31,341,608</u>	<u>32,061,461</u>	<u>33,794,464</u>	<u>32,951,681</u>	<u>32,375,460</u>
Debt Reserve Fund Recovery	73,000	148,000	234,000	390,000	396,000
Interest	100,000	100,000	50,000	50,000	50,000
Interest - Summit Structured Financing (100% draw)	400,000	70,000	-	-	-
Surplus Previous Year	34,495	-	-	-	-
TOTAL REVENUE	<u><u>31,949,103</u></u>	<u><u>32,379,461</u></u>	<u><u>34,078,464</u></u>	<u><u>33,391,681</u></u>	<u><u>32,821,460</u></u>
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	22,135,317	21,656,866	22,083,102	21,237,302	20,550,812
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	23,502	-	-	-	-
Temporary Borrowing Interest	30,000	25,000	50,000	50,000	50,000
Debt Reserve Fund	29,000	73,000	15,000	60,000	62,000
Total Debt Servicing	<u>24,364,632</u>	<u>24,778,867</u>	<u>26,049,292</u>	<u>25,248,492</u>	<u>24,564,002</u>
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
	<u>829,471</u>	<u>845,594</u>	<u>860,220</u>	<u>874,237</u>	<u>888,506</u>
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
	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>	<u>6,705,000</u>
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
	<u>50,000</u>	<u>50,000</u>	<u>463,952</u>	<u>563,952</u>	<u>663,952</u>
TOTAL EXPENDITURES	<u><u>31,949,103</u></u>	<u><u>32,379,461</u></u>	<u><u>34,078,464</u></u>	<u><u>33,391,681</u></u>	<u><u>32,821,460</u></u>
Tax impact on 2018 average residence (\$724,009)	164.88	168.79	154.65	150.07	146.95
Tax impact on \$100,000 of 2018 residential assessments	30.73	23.31	21.36	20.73	20.30
Tax requisition increase/(decrease)	2.2%	2.4%	-8.4%	-3.0%	-2.1%

Appendix 2
CAPITAL REGIONAL HOSPITAL DISTRICT
2018 Provisional to Final Budget Comparison

<u>REVENUE</u>	2018 PROVISIONAL BUDGET	2018 ANNUAL BUDGET	Variance Increase/(Decrease) BUDGET
Tax Requisition Total	30,644,030	30,373,661	(270,369)
Payments in Lieu of Taxes	1,021,429	967,947	(53,482)
	<u>31,665,459</u>	<u>31,341,608</u>	<u>(323,852)</u>
Debt Reserve Fund Recovery	74,399	73,000	(1,399)
Interest	100,000	100,000	-
Interest - Summit Structured Financing (100% draw)	380,000	400,000	20,000
Surplus Previous Year	-	34,495	34,495
TOTAL REVENUE	<u>32,219,858</u>	<u>31,949,103</u>	<u>(270,755)</u>
<u>EXPENDITURES</u>			
Debt Servicing			
Debenture Debt Charges	22,428,892	22,135,317	(293,575)
Debenture Debt Charges - related to Summit Lease only	2,146,813	2,146,813	-
DRF - summit (one time)	-	-	-
Debenture Debt - Accrued Interest to Dec 31	19,682	23,502	3,820
Temporary Borrowing Interest	15,000	30,000	15,000
Debt Reserve Fund	25,000	29,000	4,000
Total Debt Servicing	<u>24,635,387</u>	<u>24,364,632</u>	<u>(270,755)</u>
Administration	669,471	669,471	-
Studies	120,000	120,000	-
Property Management	40,000	40,000	-
	<u>829,471</u>	<u>829,471</u>	<u>-</u>
HD Act Section 20 Expenditures - Capital Grants			
Capital Equipment Grants	2,955,000	2,955,000	-
Annual Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
	<u>6,705,000</u>	<u>6,705,000</u>	<u>-</u>
HD Act Section 20 Expenditures - Reserves			
Transfer to/(from) Land Holdings Management Reserve	50,000	50,000	-
	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>32,219,858</u>	<u>31,949,103</u>	<u>(270,755)</u>
Surplus/(Deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Tax impact on 2018 average residence (\$724,009)	166.35	164.88	(1.47)
Tax impact on \$100,000 of 2018 residential assessments	22.98	22.77	(0.20)
Tax requisition increase/(decrease)	3.10%	2.2%	-0.9%