



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, September 5, 2018

1:50 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting

1. APPROVAL OF THE AGENDA

2. PRESENTATIONS/DELEGATIONS

3. SPECIAL MEETING MATTERS

3.1. [18-461](#) 2019 Capital Regional Hospital District Provisional Budget

Recommendation: That the 2019 Capital Regional Hospital District Provisional Budget be approved as submitted.
(WA)

Attachments: [Staff Report: 2019 CRHD Provisional Budget](#)
[Presentation: 2019 CRHD Provisional Budget](#)
[Appendix A: CRHD 2019 Provisional Budget](#)
[Appendix B: CRHD 2019-2023 Future Budget Projections](#)
[Appendix C: CRHD 2019 Capital Expenditures](#)
[Appendix D: CRHD Reserve Summary Schedule 2019-2023](#)

3.2. [18-460](#) Capital Regional Hospital District 2019-2028 Ten Year Capital Plan

Recommendation: That the 2019-2028 Capital Regional Hospital District Capital Plan be approved as submitted.
(WA)

Attachments: [Staff Report: CRHD 2019-2028 Ten Year Capital Plan](#)
[Appendix A: 2019-2028 CRHD Capital Plan](#)
[Appendix B: 2019-2028 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact of 10 Year Capital Plan \(2019-2028\)](#)

4. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

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

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF SEPTEMBER 5, 2018**

SUBJECT **2019 Capital Regional Hospital District Provisional Budget**

ISSUE

Approval of the 2019 Capital Regional Hospital District (CRHD) Provisional Budget.

BACKGROUND

The *Hospital District Act* requires the 2019 CRHD Provisional Budget for the coming fiscal year be adopted by the Board on or before December 31, 2018. 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 2019 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2019 Capital Regional Hospital District Provisional Budget be referred back to staff for revision based on Committee direction.

FINANCIAL IMPLICATIONS

The 2019 Provisional Budget summary and the 2019-2023 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. The following summarizes the primary components of the Budget:

2018 Performance and 2019 Budget

There is a minor change in the expected 2019 requisition of 1.9% (estimated in last year's 5 year plan for 2019) to 1.7% or a decrease of 0.2% as a result of surplus carry forward from 2018. The current year surplus is a result of higher than budgeted revenues and lower than expected expenses. The increase in revenue is attributable to higher returns related to a new high interest investment product from the MFA. The CRHD was the first local government organization in BC to participate in this pilot program – now available to local governments across the province. The decrease in expenses is attributable to less debt being issued as a result of the timing of Vancouver Island Health Authority (Island Health) claims and overall lower interest rates for new and renewing debt issuances.

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 2019 is \$25.1 million.

Section 20

Administration Expenditures:

The 2019 CRHD portion of the budget for the Health and Capital Planning Division is \$674,786; 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 2019 Section 20(3) expenditures remains unchanged from 2018.

Land Holdings Management:

In 2019, 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:

In the land development reserve, approximately \$6 million is reserved for future CRHD land acquisition and development. It is estimated that this reserve will be used in 2019.

Minor Capital Projects:

Under the *Hospital District Act* Section 20(4), the CRHD maintains a MCP Reserve account. Minor capital projects are cash flowed over three years. The 2019 beginning balance in the reserve is \$2.75 million with \$1.5 million being applied in 2019 to Island Health’s MCPs. We anticipate \$1.25 million in reserve at the end of 2019. The \$3.75 million proposed for 2019 expenditures is the same amount as 2018. 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 2019-2023 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, 2019
Administration & Feasibility Studies Reserve	For future studies or special projects.	\$1.49 million
Non-traditional Projects Reserve	The estimated reserve balance at December 31, 2018 is \$2 million. \$1 million has been committed to Nigel House. The remaining \$1 million has been notionally committed to the Victoria Hospice Society. It is anticipated \$1 million of this reserve will be spent in 2019.	\$1 million
Land Holdings Management Reserve	For CRHD properties expenses and land acquisition.	\$211,295
Land Development Reserve	For future development expenses (Expectation to purchase land in 2019)	\$0

Tax Requisition:

The 2019 CRHD tax requisition is estimated at \$30.8 million or a 1.7% increase over the 2018 requisition. For 2019, the tax impact on the average household will be \$167.69 (2018 Assessment of \$724,009).

Table 1 compares the forecasted tax impact of the CRHD’s overall requisition on assessed residential values.

Table 1 Requisition Peak

Budget Year	Residential Assessment	2018	2019	2020	2021	2022	2023
2014 ^a	\$505,233	178.89					
2015 ^a	\$511,185	163.70					
2016 ^a	\$530,059	163.97	160.39	155.79			
2017 ^a	\$625,833	169.89	164.97	153.36	149.91		
2018 ^a	\$724,009	164.88	168.79	154.65	150.07	146.95	
2019 ^b	\$724,009	n/a	167.69	155.36	155.80	155.26	152.77

^a Final Budget

^b Provisional Budget

CONCLUSION

The 2019 CRHD Provisional Budget must be adopted on or before December 31, 2018. The 2019 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 2019 CRHD Provisional Budget 5-year total projected anticipates considerable reductions in tax requisition beginning in 2020 as a result of lease payments from the Summit project. The overall budget proposes a requisition increase of 1.7%. Alternative 1 is recommended.

RECOMMENDATION

That the 2019 Capital Regional Hospital District Provisional Budget be approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior 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 2019 Provisional Budget
 Appendix B – CRHD 2019-2023 Future Budget Projections
 Appendix C – CRHD 2019 Capital Expenditures
 Appendix D – CRHD Reserve Summary Schedule 2019-2023

2019 CRHD Preliminary Financial Plan Highlights

Presentation to Capital Regional Hospital District Board

Wednesday September 5, 2018

2019 Provisional Budget



APPENDIX A

CAPITAL REGIONAL HOSPITAL DISTRICT 2019 PROVISIONAL BUDGET

	2018 BOARD BUDGET	2018 ESTIMATED ACTUALS	2018 VARIANCE	2019 PROVISIONAL BUDGET	2018-2019 BUDGET VARIANCE
REVENUE					
Tax Requisition Total	30,373,661	30,373,661	-	30,890,468	516,807
Payments in Lieu of Taxes	967,947	967,947	-	967,947	-
Interest and Other	607,495	1,066,315	458,820	977,915	370,420
TOTAL REVENUE	31,949,103	32,407,924	458,820	32,836,330	887,227
EXPENDITURES					
Debt Servicing	24,364,632	24,048,196	(316,436)	25,108,157	743,525
HD Act Section 20 Expenditures	829,471	958,812	129,341	973,173	143,702
HD Act Section 20 Expenditures - Capital Grants	6,705,000	6,705,000	-	6,705,000	-
HD Act Section 20 Expenditures - Reserves	50,000	70,000	20,000	50,000	-
TOTAL EXPENDITURES	31,949,103	31,782,009	(167,094)	32,836,330	887,227
Surplus/(Deficit)		<u>625,915</u>	<u>625,915</u>		
Tax impact on 2018 average residence (\$724,009)	164.88			167.69	
Tax impact on \$100,000 of 2018 residential assessments	22.77			23.16	
Tax requisition increase/(decrease)				1.7%	

2019-2023 Operating Budget



APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT 2019 - 2023 FUTURE BUDGET PROJECTIONS PROVISIONAL

	2019 PROVISIONAL BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
REVENUE					
Tax Requisition Total	30,890,468	28,619,972	28,700,057	28,601,270	28,142,433
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	4,338,178
Interest and Other	977,915	338,000	496,000	509,000	656,000
TOTAL REVENUE	32,836,330	34,264,097	34,502,182	34,416,395	34,104,558
EXPENDITURES					
Debt Servicing	25,108,157	26,204,797	26,326,271	26,152,124	25,724,710
HD Act Section 20 Expenditures	973,173	990,348	1,006,959	995,319	1,010,896
HD Act Section 20 Expenditures - Capital Grants	6,705,000	6,705,000	6,705,000	6,705,000	6,705,000
HD Act Section 20 Expenditures - Reserves	50,000	363,952	463,952	563,952	663,952
TOTAL EXPENDITURES	32,836,330	34,264,097	34,502,182	34,416,395	34,104,558
Tax impact on 2018 average residence (\$724,009)	167.69	155.36	155.80	155.26	152.77
Tax impact on \$100,000 of 2018 residential assessments	31.25	21.46	21.52	21.44	21.10
Tax requisition increase/(decrease)	1.7%	-7.4%	0.3%	-0.3%	-1.6%



APPENDIX A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2019 PROVISIONAL BUDGET**

	2018 BOARD BUDGET	2018 ESTIMATED ACTUALS	2018 VARIANCE	2019 PROVISIONAL BUDGET	2018-2019 BUDGET VARIANCE
REVENUE					
Tax Requisition Total	30,373,661	30,373,661	-	30,890,468	516,807
Payments in Lieu of Taxes	967,947	967,947	-	967,947	-
	<u>31,341,608</u>	<u>31,341,608</u>	<u>-</u>	<u>31,858,415</u>	<u>516,807</u>
Debt Reserve Fund Recovery	73,000	77,000	4,000	151,000	78,000
Interest	100,000	275,000	175,000	125,000	25,000
Interest - Summit Structured Financing (100% draw)	400,000	679,820	279,820	76,000	(324,000)
Surplus Previous Year	34,495	34,495	-	625,915	591,420
TOTAL REVENUE	<u>31,949,103</u>	<u>32,407,924</u>	<u>458,820</u>	<u>32,836,330</u>	<u>887,227</u>
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	22,135,317	21,969,850	(165,467)	21,924,947	(210,370)
Debenture Debt Charges - related to Summit Lease only	2,146,813	2,146,813	-	3,024,001	877,189
Debenture Debt - Accrued Interest to Dec 31	23,502	(92,051)	(115,553)	31,539	8,037
Temporary Borrowing Interest	30,000	8,902	(21,098)	30,000	-
Debt Reserve Fund	29,000	14,683	(14,317)	97,670	68,670
Total Debt Servicing	<u>24,364,632</u>	<u>24,048,196</u>	<u>(316,436)</u>	<u>25,108,157</u>	<u>743,525</u>
HD Act Section 20 Expenditures					
Administration	669,471	669,471	-	674,786	5,315
Studies	120,000	269,341	149,341	258,387	138,387
Property Management	40,000	20,000	(20,000)	40,000	-
	<u>829,471</u>	<u>958,812</u>	<u>129,341</u>	<u>973,173</u>	<u>143,702</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	-
	<u>6,705,000</u>	<u>6,705,000</u>	<u>-</u>	<u>6,705,000</u>	<u>-</u>
HD Act Section 20 Expenditures - Reserves					
Transfer to/(from) Land Holdings Management Reserve	50,000	70,000	20,000	50,000	-
Transfer to/(from) Land Development Reserve	-	-	-	-	-
	<u>50,000</u>	<u>70,000</u>	<u>20,000</u>	<u>50,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>31,949,103</u>	<u>31,782,009</u>	<u>(167,094)</u>	<u>32,836,330</u>	<u>887,227</u>
Surplus/(Deficit)		<u>625,915</u>	<u>625,915</u>		
Tax impact on 2018 average residence (\$724,009)	164.88			167.69	
Tax impact on \$100,000 of 2018 residential assessments	22.77			23.16	
Tax requisition increase/(decrease)				1.7%	

APPENDIX B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2019 - 2023 FUTURE BUDGET PROJECTIONS
PROVISIONAL**

	2019 PROVISIONAL BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
REVENUE					
Tax Requisition Total	30,890,468	28,619,972	28,700,057	28,601,270	28,142,433
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	4,338,178
	31,858,415	33,926,097	34,006,182	33,907,395	33,448,558
Debt Reserve Fund Recovery	151,000	238,000	396,000	409,000	556,000
Interest	125,000	100,000	100,000	100,000	100,000
Interest - Summit Structured Financing (100% draw)	76,000	-	-	-	-
Surplus Previous Year	625,915	-	-	-	-
TOTAL REVENUE	32,836,330	34,264,097	34,502,182	34,416,395	34,104,558
EXPENDITURES					
Debt Servicing					
Debenture Debt Charges	21,924,947	22,165,792	22,329,693	22,130,969	21,667,628
Debenture Debt Charges - related to Summit Lease only	3,024,001	3,901,190	3,901,190	3,901,190	3,901,190
Debenture Debt - Accrued Interest to Dec 31	31,539	-	-	-	-
Temporary Borrowing Interest	30,000	50,000	50,000	50,000	50,000
Debt Reserve Fund	97,670	87,815	45,388	69,965	105,892
Total Debt Servicing	25,108,157	26,204,797	26,326,271	26,152,124	25,724,710
HD Act Section 20 Expenditures					
Administration	674,786	689,194	702,981	717,032	730,243
Studies	258,387	261,154	263,978	238,287	240,653
Property Management	40,000	40,000	40,000	40,000	40,000
	973,173	990,348	1,006,959	995,319	1,010,896
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	263,952
Transfer to/(from) Land Holdings Management Reserve	50,000	100,000	200,000	300,000	400,000
	50,000	363,952	463,952	563,952	663,952
TOTAL EXPENDITURES	32,836,330	34,264,097	34,502,182	34,416,395	34,104,558
Tax impact on 2018 average residence (\$724,009)	167.69	155.36	155.80	155.26	152.77
Tax impact on \$100,000 of 2018 residential assessments	31.25	21.46	21.52	21.44	21.10
Tax requisition increase/(decrease)	1.7%	-7.4%	0.3%	-0.3%	-1.6%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2019 CAPITAL EXPENDITURES PROVISIONAL

Capital Borrowing Bylaw#	Project Description	2019 Capital Expenditures
160	Summit - Residential Care Replacement Project	36,633,483
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	397,895
TBD	BH Decant/EMP Asbestos Abatement	360,000
TBD	West Shore Urgent Care/Primary Care	1,020,000
TBD	Multidisciplinary Pain Clinic	45,000
TBD	Urban Victoria Urgent Care/Primary Care	1,020,000
TBD	Pediatric Youth Mental Health Stabilization Unit	300,000
		<hr/> 39,776,378 <hr/>
Capital Expenditure Bylaw#	Project Description	2019 Capital Expenditures
TBD	Sec 20 - 2019 Minor Capital Projects	3,750,000
TBD	Sec 20 - 2019 Capital Equipment Projects	2,955,000
		<hr/> 6,705,000 <hr/>
	Total 2019 Capital Expenditures	<hr/> 46,481,378 <hr/>

APPENDIX D

**CAPITAL REGIONAL HOSPITAL DISTRICT
Reserve Summary Schedule 2019-2023*
PROVISIONAL**

	2018 Estimated	Budget Year				
		2019	2020	2021	2022	2023
Administration & Feasibility Studies Reserve						
- to be spent on future studies or special projects						
Beginning Balance	1,515,769	1,525,769	1,495,769	1,495,769	1,495,769	1,495,769
Surplus transfer from Operating	10,000	-	-	-	-	-
Expensed Study or Special Project	-	(30,000)	-	-	-	-
	1,525,769	1,495,769	1,495,769	1,495,769	1,495,769	1,495,769
Non-Traditional Projects Reserve						
- non-profit healthcare facilities capital grant funding						
Beginning Balance	2,150,000	2,000,000	1,000,000	-	-	-
Interest Income	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-
Capital Grant to be Allocated	(150,000)	(1,000,000)	(1,000,000)	-	-	-
	2,000,000	1,000,000	-	-	-	-
2016 Minor Capital Projects Reserve						
- MCP Capital Grants to VIHA that are cashflowed over 3 years (2016-2018)						
Beginning Balance	925,006	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(925,006)	-	-	-	-	-
	-	-	-	-	-	-
2017 Minor Capital Projects Reserve						
- MCP Capital Grants to VIHA that are cashflowed over 3 years (2017-2019)						
Beginning Balance	2,158,895	658,895	-	-	-	-
Transfer from Operating	-	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(1,500,000)	(658,895)	-	-	-	-
	658,895	-	-	-	-	-
2018 Minor Capital Projects Reserve						
- MCP Capital Grants to VIHA that are cashflowed over 3 years (2018-2020)						
Beginning Balance	-	2,750,000	1,250,000	-	-	-
Transfer from Operating	3,750,000	-	-	-	-	-
Capital Grant Paid to VIHA (Island Health)	(1,000,000)	(1,500,000)	(1,250,000)	-	-	-
	2,750,000	1,250,000	-	-	-	-
Land Holdings Management Reserve						
- CRHD properties: 950 Kings, Oak Bay Lodge, Other						
Beginning Balance	121,295	191,295	211,295	281,295	451,295	721,295
Transfer from Operating	70,000	50,000	100,000	200,000	300,000	400,000
Expenses	-	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
	191,295	211,295	281,295	451,295	721,295	1,091,295
Land Development Reserve						
- Future development and CRHD projects						
Beginning Balance	5,838,095	5,952,522	-	-	-	-
Interest earnings	114,427	58,335	-	-	-	-
Purchase of land	-	(6,010,857)	-	-	-	-
	5,952,522	-	-	-	-	-
Summit Management Reserve						
- Island Health Lease activated Apr/19.						
- Residual funds: Lifecycle Replacement Funds + Funds not needed for debt servicing						
Beginning Balance	-	-	436,988	873,976	1,310,964	-
Transfer from Operating - Lifecycle Contribution	-	-	263,952	263,952	263,952	263,952
Transfer from Operating - Residual Debt Servicing Funds	-	-	173,036	173,036	173,036	173,036
Debt Servicing (under review)	-	-	-	-	-	-
	-	436,988	873,976	1,310,964	1,747,952	-
Total	13,078,481	2,707,064	2,214,052	2,821,040	3,528,028	4,335,016

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

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, SEPTEMBER 5, 2018**

SUBJECT **Capital Regional Hospital District 2019-2028 Ten Year Capital Plan**

ISSUE

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

BACKGROUND

The 2019-2028 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, CRHD 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 2019-2028 Major Capital projects list (greater than \$2M) from the 2018 Capital Plan include:

Two new planned major projects in 2019:

- RJH Begbie Hall/Eric Martin Pavilion (EMP) Asbestos Abatement – This project enables Island Health to substantially complete the EMP Asbestos Abatement project. The total estimated cost for this project is \$4.9 million.
- Westshore Health Centre is to be established in the Westshore. The total estimated cost for this project is \$3.4 million.

Additional possible projects include:

- The planned RJH Multidisciplinary Pain Clinic project budget for 2019 is estimated at \$3M.
- VGH Pediatric Youth Mental Health Stabilization Unit – The total estimated cost for this project is \$5 million.
- Urban Victoria Health Centre is to be established in the Urban Victoria catchment area. The total estimated cost for this project is \$3.4 million.

ALTERNATIVES

Alternative 1

That the 2019-2028 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 cash flow for 2019 to 2028 is \$212M.

The Capital Plan continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. Appendix “B” graphically illustrates the existing and estimated debt service implications of the 2019-2028 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 in collaboration with Island Health to refine capital plans to best serve the needs of the region. 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 2019-2028 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 2019 CRHD Provisional Budget incorporates the financial implications of the 2019-2028 Capital Plan.

RECOMMENDATION

That the 2019-2028 Capital Regional Hospital District Capital Plan be approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior 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 – 2019-2028 CRHD Capital Plan
Appendix B – 2019-2028 Capital Plan Debt Servicing Graph
Appendix C – Debt Servicing Impact of 10 Year Capital Plan (2019-2028)

SUMMARY	Project Total	Remaining Balance	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
VIHA SHAREABLE PROJECTS - TOTAL PROJECT CASHFLOW												
Acute Hospitals Major Capital Projects	191,105,000	181,789,737	10,327,737	7,956,000	4,697,100	16,001,250	30,253,200	23,396,250	12,780,600	29,875,800	34,261,800	12,240,000
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	30,143,025	30,009,350	133,675	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3	76,800,000	76,800,000	-	-	10,000	50,000	120,000	3,945,000	19,125,000	38,250,000	15,300,000	-
Hillside/Kings Licensed Residential Care beds	15,000,000	15,000,000	-	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-
Minor Capital Projects - 2019 VIHA Requested 3 year cashflow	9,375,000	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects - CRHD Anticipated 2020-2028	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	463,098,285	404,106,895	56,336,220	17,464,675	14,582,100	27,926,250	45,748,200	42,716,250	41,280,600	77,500,800	58,936,800	21,615,000
CRHD \$ SHARE - TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW												
CRHD Section 20 Equipment Grants - 100% CRHD Share - expensed annually	32,505,000	32,505,000	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	4,000,000	4,000,000	-	-	-	-	-	-	1,000,000	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	57,331,500	53,616,395	2,177,795	2,386,800	1,409,130	4,800,375	9,075,960	7,018,875	3,834,180	8,962,740	10,278,540	3,672,000
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	30,143,025	30,009,350	133,675	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3 - 30% CRHD Share - debt financing	23,040,000	23,040,000	-	-	3,000	15,000	36,000	1,183,500	5,737,500	11,475,000	4,590,000	-
Hillside/Kings Licensed Residential Care beds	4,500,000	4,500,000	-	-	150,000	750,000	1,800,000	1,800,000	-	-	-	-
Regional Housing First Program - CRHD - debt financing 10 yr amortization term, executed at takeout	10,000,000	10,000,000	-	3,000,000	4,000,000	3,000,000	-	-	-	-	-	-
Oak Bay Lodge - no debt financing impact, capital plan under development	10,000,000	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-
Minor Capital Projects 2019 VIHA Requested - 40% CRHD Share - 3.75M converted to cash requisition	3,750,000	3,750,000	3,750,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2020-2028 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	265,319,785	211,928,553	45,516,278	22,225,475	12,267,130	15,270,375	17,616,960	16,707,375	17,276,680	28,142,740	22,573,540	11,377,000

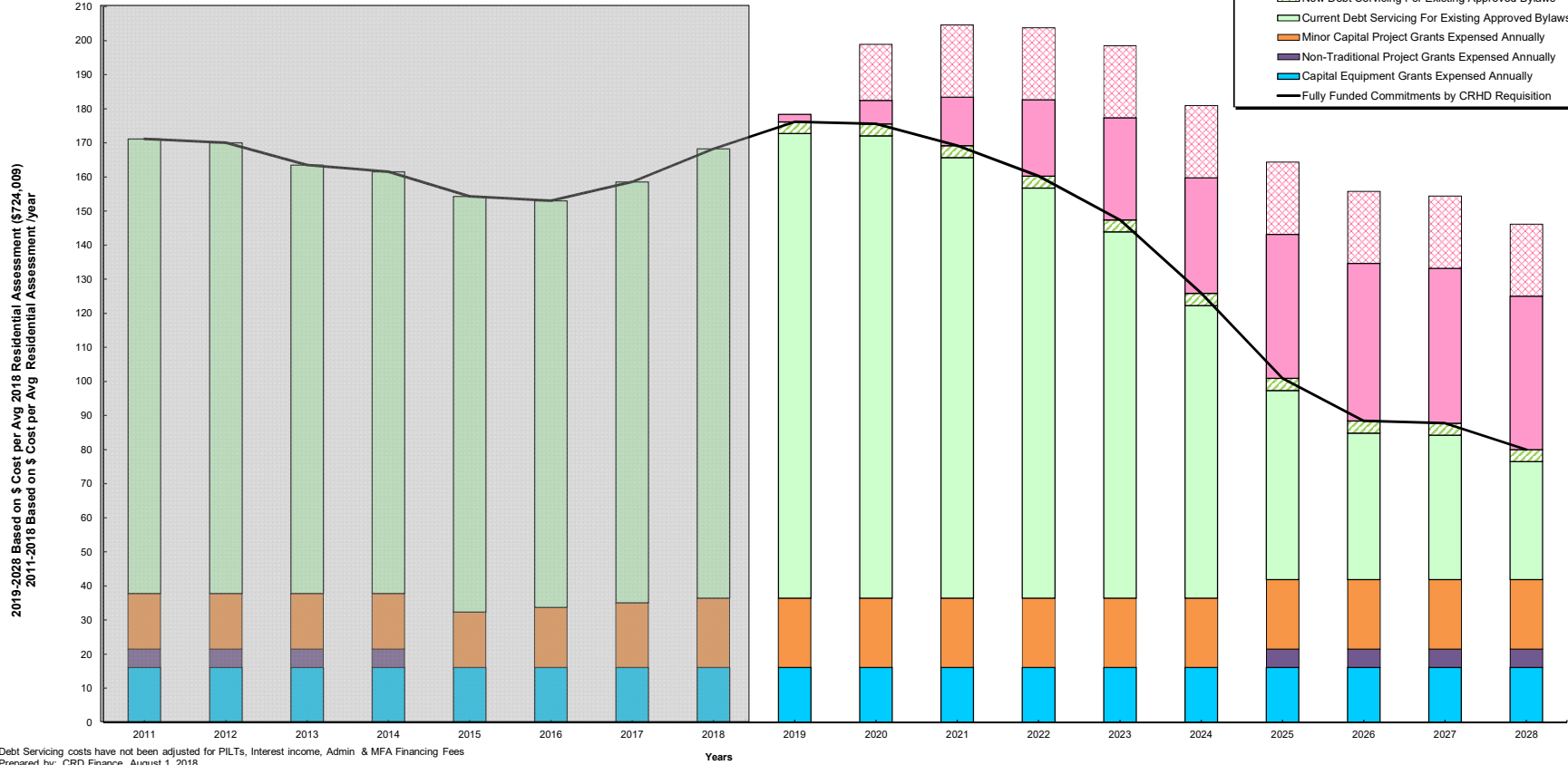
							2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
ACUTE AND REHAB HOSPITALS	Project Status	CBL#	Debt Term	Project	Total	Remaining Balance											
ROYAL JUBILEE HOSPITAL																	
Major projects																	
Unit Dose Medication Distribution Hub (UDMD)	VIHA Approved	168	10		10,310,000	994,737	994,737	-	-	-	-	-	-	-	-	-	-
Automated Medication Dispensing Units	VIHA Planned	-	10		3,864,480	3,864,480	-	-	-	-	966,120	966,120	966,120	966,120	966,120	-	-
BH Decant/EMP Asbestos Abatement	VIHA Planned	-	5		4,900,000	4,900,000	1,200,000	3,700,000	-	-	-	-	-	-	-	-	-
Multidisciplinary Pain Clinic	VIHA Planned	-	5		3,000,000	3,000,000	150,000	2,100,000	750,000	-	-	-	-	-	-	-	-
High Acuity Unit	VIHA Planned	-	5		4,000,000	4,000,000	-	-	-	500,000	2,500,000	1,000,000	-	-	-	-	-
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		20,220,000	20,220,000	-	-	-	1,000,000	1,000,000	100,000	3,120,000	5,000,000	5,000,000	5,000,000	
Royal Jubilee Hospital Total					48,594,480	39,279,217	2,344,737	5,800,000	865,000	3,110,000	4,075,000	2,066,120	4,086,120	5,966,120	5,966,120	5,000,000	
VICTORIA GENERAL HOSPITAL																	
Major projects																	
Pediatric Youth Mental Health Stabilization Unit**	VIHA Planned	-	5		5,000,000	5,000,000	1,000,000	2,000,000	2,000,000	-	-	-	-	-	-	-	-
High Acuity Unit	VIHA Planned	-	5		4,000,000	4,000,000	-	-	500,000	2,500,000	1,000,000	-	-	-	-	-	-
Automated Medication Dispensing Units	VIHA Planned	-	10		3,864,480	3,864,480	-	-	-	-	966,120	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	2,000,000	
Routine Capital Investment project(s)	CRHD Anticipated	-	15		29,120,000	29,120,000	-	-	-	1,000,000	5,000,000	5,000,000	3,120,000	5,000,000	5,000,000	5,000,000	
Victoria General Hospital Total					101,634,480	101,634,480	1,000,000	2,000,000	2,500,000	4,217,500	16,210,000	11,863,620	7,011,120	22,766,120	27,066,120	7,000,000	
SAANICH PENINSULA HOSPITAL																	
Major projects																	
Energy Centre Replacement	VIHA Planned	-	5		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	557,760	-	-
Saanich Peninsula Hospital Total					5,731,040	5,731,040	-	-	-	-	175,000	3,007,760	1,432,760	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	-	-	-	-	-	
Other																	
Major projects																	
Westshore Health Centre	VIHA Planned		5		3,400,000	3,400,000	3,400,000	-	-	-	-	-	-	-	-	-	-
Gorge Road Hospital - Rehabilitation Centre	VIHA Planned		15		15,000,000	15,000,000	-	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-	-
Victoria Health Unit - Pembroke Mental Health Substance Use Centre***	VIHA Planned		5		5,000,000	5,000,000	-	-	500,000	2,500,000	2,000,000	-	-	-	-	-	-
Other initiatives					23,400,000	23,400,000	3,400,000	-	1,000,000	5,000,000	8,000,000	6,000,000	-	-	-	-	
VIHA - SOUTH ISLAND INITIATIVES																	
Major projects																	
Urban Victoria Health Centre	VIHA Planned		5		3,400,000	3,400,000	3,400,000	-	-	-	-	-	-	-	-	-	-
2013-2018 Minor Capital annual 3.75M converted to expensed cash instead of debt financing																	
VIHA South Area Initiatives					3,400,000	3,400,000	3,400,000	-	-	-	-	-	-	-	-	-	
Acute & Rehab Hospitals Sub -Total					187,560,000	154,844,737	10,144,737	7,800,000	4,605,000	15,687,500	29,660,000	22,937,500	12,530,000	29,290,000	33,590,000	12,000,000	
Inflation (2%) excluding approved/pending Capital Bylaws					3,545,000	3,545,000	183,000	156,000	92,100	313,750	593,200	458,750	250,600	585,800	671,800	240,000	
Acute Hospitals Major Capital Projects Annual Capital Cash Flow					191,105,000	158,389,737	10,327,737	7,956,000	4,697,100	16,001,250	30,253,200	23,396,250	12,780,600	29,875,800	34,261,800	12,240,000	
CRHD Share 30% Unapproved Acute & Rehab Cost exception 40% UDMC project					57,342,500	53,616,395	2,177,795	2,386,800	1,409,130	4,800,375	9,075,960	7,018,875	3,834,180	8,962,740	10,278,540	3,672,000	

OTHER CAPITAL PROJECTS	Project Status	CBL#	Debt Term	Project Total	Remaining Balance	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
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	30,143,025	30,009,350	133,675	-	-	-	-	-	-	-	-
Hillside/Kings Licensed Residential Care beds	VIHA Planned	-	15	15,000,000	15,000,000	-	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-
Regional Housing First Program - CRHD Oak Bay Lodge	CRHD Share	-	10	10,000,000	10,000,000	-	3,000,000	4,000,000	3,000,000	-	-	-	-	-	-
-no debt financing impact, capital plan under development	CRHD Share	-	N/A	10,000,000	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-
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				196,443,285	146,767,158	36,633,483	13,133,675	4,500,000	5,500,000	6,000,000	9,750,000	18,750,000	37,500,000	15,000,000	-
Inflation (2%) excluding approved Capital Bylaws, RHFP, OBL				1,800,000	1,800,000	-	-	10,000	50,000	120,000	195,000	375,000	750,000	300,000	-
Other Capital Projects Annual Capital Cash Flow				198,243,285	148,567,158	36,633,483	13,133,675	4,510,000	5,550,000	6,120,000	9,945,000	19,125,000	38,250,000	15,300,000	-
CRHD Share Other Capital Projects Total				52,733,285	34,164,133	6,624,133	13,000,000	4,153,000	3,765,000	1,836,000	2,983,500	5,737,500	11,475,000	4,590,000	-
MINOR CAPITAL PROJECTS															
Various VIHA Hospitals															
Minor Capital Projects 2019 - 40% CRHD Share (3.75M expensed)	VIHA Requested	Cash	N/A	9,375,000	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2020-2028 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				93,750,000	93,750,000	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	9,375,000
Inflation (0%) excluding approved Capital Bylaws				-	-	-	-	-	-	-	-	-	-	-	-
MCP Projects Annual Capital Cash Flow				93,750,000	93,750,000	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	9,375,000
CRHD 40% share of MCP Projects Total				37,500,000	37,500,000	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	3,750,000

**CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2011-2028)
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 August 1, 2018

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2019-2028)
Cost per Average 2018 Residential Assessment (\$724,009)
Based on MFA Borrowing Terms of 5, 10, 15, 25 years

Year	Existing Debt Servicing	Capital Exp (2019-2028) Estimated Debt Servicing	Total Debt Servicing	Section 20 Expensed			Total Requisition	Total Requisition \$ Value
				Capital Equipment	Non-Traditional Projects	Minor Capital Projects		
2019	131.62	5.57	137.19	16.04	0.00	20.36	173.59	31,977,972
2020	130.88	10.43	141.32	16.04	0.00	20.36	177.72	32,737,790
2021	124.53	17.68	142.21	16.04	0.00	20.36	178.61	32,901,691
2022	115.55	25.87	141.42	16.04	0.00	20.36	177.82	32,757,039
2023	105.46	33.45	138.91	16.04	0.00	20.36	175.31	32,293,698
2024	84.44	37.43	121.88	16.04	0.00	20.36	158.27	29,156,160
2025	54.07	45.80	99.87	16.04	5.43	20.36	141.70	26,102,344
2026	41.57	49.72	91.29	16.04	5.43	20.36	133.12	24,521,912
2027	40.87	48.93	89.80	16.04	5.43	20.36	131.62	24,246,924
2028	34.98	48.51	83.48	16.04	5.43	20.36	125.31	23,083,827
2029	30.29	47.57	77.86	16.04	5.43	20.36	119.68	22,047,030
2030	27.62	46.52	74.14	16.04	5.43	20.36	115.97	21,362,634
2031	25.85	45.57	71.42	16.04	5.43	20.36	113.25	20,861,387
2032	0.00	44.86	44.86	16.04	5.43	20.36	86.69	15,968,849
2033	0.00	44.27	44.27	16.04	5.43	20.36	86.10	15,860,209
2034	0.00	40.47	40.47	16.04	5.43	20.36	82.30	15,159,868
2035	0.00	39.54	39.54	16.04	5.43	20.36	81.37	14,988,911
2036	0.00	37.89	37.89	16.04	5.43	20.36	79.72	14,684,627
2037	0.00	33.42	33.42	16.04	5.43	20.36	75.25	13,861,844
2038	0.00	28.72	28.72	16.04	5.43	20.36	70.54	12,994,833
								475,561,849

Notes:

- 1) Debt Servicing - debt payments are incurred in the following year of the borrowing resulting in a timing difference between the capital expenditure and the debt payments.
- 2) Debt Financing Terms for New Debt - five, ten, fifteen, twenty-five years
- 3) Capital Plan 2019-2023 Requisition is greater than the Budget 2019-2023 Requisition due to the following:
 - Prior year surplus carryforward of \$625,915
 - Interest income
 - Payments in lieu of taxes
 - Lease payments
 - Debt reserve fund recovery
 - Temporary borrowing costs
 - Debt financing expenses
 - Administration expenses
 - Timing differences on borrowing of debt