



**Notice of Meeting and Meeting Agenda
Capital Regional Hospital District Board**

Wednesday, February 13, 2019

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

1. APPROVAL OF THE AGENDA

2. ADOPTION OF MINUTES

2.1. [19-150](#) Minutes for Adoption

Recommendation: That the minutes from the January 9, 2019 Capital Regional Hospital District meeting be adopted as presented.
(NWA)

Attachments: [Minutes of January 9, 2019](#)

3. REPORT OF THE CHAIR

4. PRESENTATIONS/DELEGATIONS

4.1 Presentations

4.2 Delegations

6. ADMINISTRATION REPORTS

7. REPORTS OF COMMITTEES

Hospitals and Housing Committee

7.1. [19-095](#) Westshore Urgent Primary Care Centre Major Project Funding Request

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

1. That CRHD funding in the amount of \$1,272,000 be approved for the Westshore Urgent Primary Care Centre;
2. That CRHD Bylaw No. 395, "Capital Regional Hospital District Capital Bylaw No. 172, 2019" (for a maximum of \$1,272,000) be introduced and read a first, second, and third time.
3. That Bylaw No. 395 be adopted; and
4. That CRHD provide Island Health a letter of support to designate the Westshore Urgent Primary Care Centre a health facility under Section 49 of the Hospital District Act.
(WA)

Attachments: [Staff Report: Westshore UPCC Major Project Funding Request](#)
[Appendix A: CRHD BL 395-CRHD Capital BL 172 2019](#)
[Appendix B: Draft Island Health Support Letter](#)
[Appendix C: Supplementary Information](#)

8. BYLAWS

9. NEW BUSINESS

10. MOTION TO CLOSE THE MEETING

11. RISE AND REPORT

12. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

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

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

Meeting Minutes

Capital Regional Hospital District Board

Wednesday, January 9, 2019

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT: D. Blackwell (Chair), C. Plant (Vice-Chair), S. Brice, B. Desjardins, F. Haynes, L. Helps, M. Hicks, G. Holman, D. Howe, B. Isitt, J. Loveday, C. McNeil-Smith, R. Martin, R. Mersereau, K. Murdoch, G. Orr, J. Ranns, D. Screech, L. Seaton, M. Tait, N. Taylor, K. Williams, R. Windsor, G. Young

STAFF: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; K. Lorette, General Manager, Planning and Protective Services; L. Hutcheson, General Manager, Parks and Environmental Services; T. Robbins, General Manager, Integrated Water Services; K. Morley, General Manager, Corporate Services; C. Nielson, Senior Manager, Human Resources; R. Lachance, Senior Manager, Financial Services; P. Perna, Committee Clerk (Recorder)

REGRETS: Directors Haynes and Screech

The meeting was called to order at 1:00 pm.

1. APPROVAL OF THE AGENDA

MOVED by Director Helps, **SECONDED** by Director Windsor,
That the agenda for the January 9, 2019 Capital Regional Hospital District Board meeting be approved as circulated.
CARRIED

2. ADOPTION OF MINUTES

2.1. [19-048](#) Minutes for Adoption

MOVED by Director Orr, **SECONDED** by Director Tait,
That the minutes from the December 12, 2018 Capital Regional Hospital District Board meeting be adopted as presented.
CARRIED

3. REPORT OF THE CHAIR

There was no report of the Chair.

4. PRESENTATIONS/DELEGATIONS

4.1 Presentations

- 4.11. [19-026](#) Capital Regional Hospital District 2018 Audit Planning Report (Verbal Presentation), Lenora Lee, Lead Audit Engagement Partner, KPMG
- Ms. Lee provided an overview of the 2018 Audit Planning Report and advised of the differences for the Capital Regional Hospital District versus the Capital Region Housing Corporation, which was presented at an earlier meeting.

4.2 Delegations

There were no delegations.

5. CONSENT AGENDA

There were no items for the consent agenda.

6. ADMINISTRATION REPORTS

- 6.1. [19-005](#) Capital Regional Hospital District 2018 Audit Planning Discussion
- MOVED by Director Helps, SECONDED by Director Loveday,
That the 2018 Capital Regional Hospital District Audit Plan developed by KPMG
be approved.
CARRIED**

7. REPORTS OF COMMITTEES

There were no reports of committees.

8. BYLAWS

There were no bylaws.

9. NEW BUSINESS

There was no new business.

10. MOTION TO CLOSE THE MEETING

There was no closed meeting.

11. RISE AND REPORT

The was no rise and report.

12. ADJOURNMENT

**MOVED by Director Murdoch, SECONDED by Director Tait,
That the January 9, 2019 Capital Regional Hospital District Board meeting be
adjourned at 1:04 pm.
CARRIED**

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 6, 2019**

SUBJECT **Westshore Urgent Primary Care Centre Major Project Funding Request**

ISSUE

Approval of a Capital Regional Hospital District (CRHD) \$1,272,000 Capital Expenditure and Borrowing Bylaw is required for Island Health to proceed with the \$4,240,000 Westshore Urgent Primary Care Centre capital project and provide a letter of support to designate the center as a health facility under the *Hospital District Act*.

BACKGROUND

Island Health opened an Urgent Primary Care Centre (UPCC) in the Western Communities as part of a provincial initiative to develop urgent care services in November 2018. The Western Communities is one of the fastest growing populations with residents having one of the lowest attachment rates to primary care. As part of Island Health's Primary Care Network, the centre will provide access to care for unexpected, but non-life threatening health concerns requiring same-day treatment. The Centre requires significant tenant improvements and capital acquisition to accommodate the planned services.

On September 19, 2018, the CRHD Board approved the project as part of the provisional 2019-2028 Capital Plan. The original capital budget was \$3,400,000, an estimation before schematic design and based on information available at that time and CRHD's 30% share was \$1,020,000. The capital budget has now been revised to \$4,240,000 by Island Health, increasing CRHD's capital contribution by \$252,000, from \$1,020,000 to \$1,272,000. Some cost saving measures have been identified, however unanticipated building electrical and heat infrastructure upgrades, equipment costs, information technology support, and overtime labour premiums required to limit disruption to neighbouring health services and to expedite the Centre opening could not be accommodated in the original budget.

The purpose of the Centre is to provide primary care services with the aim to increase the attachment of patients to physicians. Services provided by a team of medical professionals will reduce lower-acuity emergency department visits, improve access to mental health and substance use services, and improve access to specialized community health services.

A Bylaw authorizing the Hospital District's capital contribution is required in order to authorize the CRHD's capital contribution of \$1,272,000 which is 30% of the revised total capital budget of \$4,240,000. A request for a letter of support to have the facility designated under the hospital act was also received and a draft letter of support is attached as Appendix B.

Hospitals and Housing Committee – February 6, 2019
Island Health Request for CRHD Cost Sharing of Westshore Primary Urgent Care Centre 2

ALTERNATIVES

Alternative 1:

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

- a. That CRHD funding in the amount of \$1,272,000 be approved for the Westshore Urgent Primary Care Centre;
- b. That CRHD Bylaw No. 395, “Capital Regional Hospital District Capital Bylaw No. 172, 2019” (for a maximum of \$1,272,000) be introduced and read a first, second, and third time. That Bylaw No. 395 be adopted; and
- c. That CRHD provide Island Health a letter of support to designate the Westshore Urgent Primary Care Centre a health facility under Section 49 of the *Hospital District Act*.

Alternative 2:

That this report be referred back to staff.

FINANCIAL IMPLICATIONS

CRHD funding for the Westshore Urgent Primary Care Centre, in the amount of \$3,400,000 was included in the 2019-2028 Capital Plan. The funding for the revised capital budget of \$4,240,000 is anticipated in the amended 2019-2028 Capital Plan, which will be brought forward for approval in March 2019.

The 2019 provisional budget included the cost of borrowing for CRHD’s capital contribution of \$1,020,000, using a conservative long-term (5-year) rate of 3.1% to account for the Bank of Canada’s potential rate increases between provisional budget approval and the request for long term financing with the Municipal Finance Authority (MFA). The estimated annual cost of borrowing was \$223,741. The annual tax impact on 2018 average residential assessment was \$1.21 and the annual tax impact on \$100,000 of 2018 residential assessments was \$0.17.

MFA’s posted indicative rate for long-term (5-year) borrowing, as at January 22, 2019, is 2.68%. The anticipated timing of the request for long term financing for the Westshore Urgent Primary Care Centre is Fall 2019 and the annual cost of borrowing for CRHD’s amended contribution of \$1,272,000, using a conservative long-term (5-year) rate of 3.1% to mitigate exposure to interest rate increases, is \$279,019 (an increase of \$55,278 over provisional budget). Table 1 summarizes the estimated average annual cost per household to service the cost of this borrowing. The 10 year capital plan will be updated and other projects offset to accommodate this increase.

Table 1: Westshore Urgent Primary Care Centre Project Budget Implications

Alternative	Net Cost	CRHD Share (30%)	Annual Tax impact on 2018 average residential assessment (\$724,009)	Annual Tax impact on \$100,000 of 2018 residential assessments
1	\$4,240,000	\$1,272,000	\$1.51	\$0.21

MFA 5-year indicative rate 2.68%

Hospitals and Housing Committee – February 6, 2019
Island Health Request for CRHD Cost Sharing of Westshore Primary Urgent Care Centre 3

The Westshore UPCC capital budget will be cost shared with the Ministry of Health/Island Health, with CRHD contributing 30% capital for the project.

CONCLUSION

The Westshore UPCC project addresses the need to increase access to primary urgent care in the Western Communities. The CRHD's capital contribution has been revised to \$1,272,000; 30% of the total project budget of \$4,240,000, and will leverage \$2,968,000 in provincial capital funding. The Westshore UPCC project was included in the provisional 2019-2028 CRHD Capital Plan. A draft letter of support is also requested in order to support the facility being designated as a health facility under the *Hospital District Act*.

RECOMMENDATIONS

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

- a. That CRHD funding in the amount of \$1,272,000 be approved for the Westshore Urgent Primary Care Centre;
- b. That CRHD Bylaw No. 395, "Capital Regional Hospital District Capital Bylaw No. 172, 2019" (for a maximum of \$1,272,000) be introduced and read a first, second, and third time. That Bylaw No. 395 be adopted; and
- c. That CRHD provide Island Health a letter of support to designate the Westshore Urgent Primary Care Centre a health facility under Section 49 of the *Hospital District Act*.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & 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 Bylaw No. 395, "Capital Regional Hospital District Capital Bylaw No. 172, 2019"
Appendix B - Draft Island Health Support Letter

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 395

CAPITAL EXPENDITURE & BORROWING BYLAW NO. 172, 2019

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

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

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

1. The Board hereby authorizes and approves the borrowing and expenditure of money necessary to complete the capital expenditures as described in Schedule 'A' attached.
2. The Board authorizes and approves the borrowing of a net sum not exceeding **\$1,272,000** upon the credit of the District by the issuance and sale of securities in a form and a manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed **FIVE** years.
3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due in that year.
4. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms and conditions of the borrowing and to undertake such temporary borrowing as is necessary to provide funding in advance of the receipt of funds from the Municipal Finance Authority of British Columbia.
5. This bylaw may be cited for all intents and purposes as the **Capital Regional Hospital District Capital Bylaw No. 172, 2019**.

READ A FIRST TIME THIS DAY OF , 2019.

READ A SECOND TIME THIS DAY OF , 2019.

READ A THIRD TIME THIS DAY OF , 2019.

ADOPTED THIS DAY OF , 2019.

Chair

Corporate Officer

SCHEDULE "A"

Bylaw No. 395

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL EXPENDITURE & BORROWING BYLAW

CAPITAL BYLAW NO 172, 2019

Name of Facility	Project or Equipment Description	Project Number	Amount Covered by CRHD Bylaw (30%)	Amount covered by Province/ Island Health (70%)	Other Share (Specify) (___%)	Total Project or Equipment Cost
St. Anthony's	Westshore Urgent Primary Care Centre	C-172-01	\$1,272,000.00	\$2,968,000.00	\$0.00	\$4,242,000.00
		Total	\$1,272,000.00	\$2,968,000.00	\$0.00	\$4,242,000.00

February 6, 2019

Chris Sullivan, Director
Capital Planning
Island Health
2101 Richmond Avenue
Victoria, BC V8R 4R7

Dear Mr. Sullivan:

**Re: Westshore Urgent Primary Care Centre
Designation of 582 Goldstream Avenue as a Health Facility**

On behalf of the Board of Directors of the Capital Regional Hospital District, I am writing to express the Board's support of Island Health to have the Westshore Urgent Primary Care Centre located at 582 Goldstream Avenue, designated as a health facility under Section 49 of the *Hospital District Act*.

The care centre will provide primary care to the western communities that has one of the fastest growing populations in BC and house an interdisciplinary team of medical practitioners and clinicians to provide same day and extended hours access for primary non-emergency care needs.

This is an important project for the community and the Board fully supports Island Health's request to have the Westshore Urgent Primary Care Centre designated as a health facility.

Sincerely,

Denise Blackwell, Chair
Capital Regional Hospital District

cc: Michael Barnes, Senior Manager, Health and Capital Planning Strategies, CRD

Appendix C: Supplementary Information

Question from Director Holman at Hospitals and Housing Committee relating to the term of borrowing for the Westshore Urgent Primary Care Centre (WUPCC); the bylaw is for a 5 year amortization period, why isn't it 10 or 15 years as it would be more affordable for residents?

To expand on Mr. Chan's answer to committee; typically, borrowing bylaws are set to an amortization period of 15 years. While legislation allows financing terms of up to 30 years, it's often a balance of affordability in annual debt servicing payments vs the total cost of borrowing. The longer the term/amortization period, the lower the annual payments will be. However, as you increase the term, the total cost of debt will increase as you'll pay interest over a longer period of time.

For the WUPCC consider the debt borrowing is for **\$1,272,000**, the following table summarizes the cost of MFA financing and hence, why we recommended a 5 year term – balancing cost per household with total cost of borrowing.

Amortization Period	5 Years	10 Years	15 years
Cost per household (annual)	\$1.51	\$0.85	\$0.64
Cost of Borrowing (interest paid)	\$197,160	\$461,736	\$747,936

As mentioned, while we typically set amortization periods to 15 years. There have been exceptions to this, most notably;

1. The Summit Project (25 years) – the exception/extension to 25 years was made to align the operating lease back from VIHA to CRHD, essentially matching revenue collected to debt servicing payments going out. If we shortened the financing term to 15 years, CRHD would have needed to requisition the shortfall for the first 15 years. The benefit would have been revenue for the last 10 years with no lease payments. Direction from committee and board in 2017 was to execute a 25 year term borrowing.
2. South Galiano Fire Hall (25 years) – the options of 10-15-25 years was presented in a public meeting where the direction was to take 25 years due to constituent affordability despite significantly higher total cost of borrowing. The key consideration was a relatively small service area with a large \$2.4M borrowing.

As we continue to enhance financial management controls and practices, I will add a review and development of debt servicing guidelines to establish and formalize the relationship between affordability and cost of borrowing. Thanks for the opportunity to clarify my response and to earmark areas for improvement of our practices.