



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 20, 2019

1:00 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. [19-301](#) Amendment to the Capital Regional Hospital District 2019-2028 Ten Year Capital Plan

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

Attachments: [Staff Report Amendment to CRHD 2019-2028 Ten Year Capital Plan.pdf](#)
[Appendix A: Final 2019-2028 CRHD Capital Plan](#)
[Appendix B: 2019-2028 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact of 10 Year Capital Plan \(2019-2028\)](#)
[Appendix D: 2019-2028 CRHD Capital Plan Amendment](#)
[Appendix E: 2019-2028 Provisional Capital Plan \(July 2018\)](#)

4.2. [19-295](#) CRHD Bylaw 396: Annual Budget Bylaw, 2019

Recommendation: 1. That Bylaw No. 396 cited as "Annual Budget Bylaw, 2019" be introduced and read a first and second time;
2. That Bylaw No. 396 be read a third time;
3. That Bylaw No. 396 be adopted.
(WA)

Attachments: [Staff Report: Hospital District ByLaw 396 - 2019 Annual Budget Bylaw](#)
[Bylaw 396: Hospital District 2019 Annual Budget w Sched A & B](#)
[Appendix 1: BL 396 2019 - 2023 Future Budget Projections](#)
[Appendix 2: BL 396 2019 Comparison to Provisional](#)

5. MOTION TO CLOSE THE MEETING

6. RISE AND REPORT

7. 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
SPECIAL MEETING OF WEDNESDAY, MARCH 20, 2019**

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

ISSUE

The 2019-2028 Capital Regional Hospital District (CRHD) Ten Year Capital Plan was approved on September 5, 2018 and requires amendment.

BACKGROUND

The Capital Regional Hospital District Board approved the 2019-2028 CRHD Capital Plan (Appendix A) on September 5, 2018. The plan 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. Some modifications to the Capital Plan have been identified by Island Health as a result of ongoing review of emerging Island Health patient-focused priorities. Potential start dates are dependent on the annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and subject to change.

Significant changes to the Capital Plan impacting 2019 include:

PROJECT	CHANGE	EXPLANATION	NET IMPACT	APPROVAL
Royal Jubilee Hospital (RJH) Begbie Hall Decant/Eric Martin Pavilion (EMP) Asbestos Abatement	Moved from 2019/2020 to 2023/2024	Emergent priorities related to patient care that required reallocation of limited capital.	\$0.00	CRHD and Island Health
Westshore Health Centre	The total 2019 estimated cost for this project has increased from \$3.4 M to \$4.24 M	Additional costs identified with completion of schematic design: electrical, heat pumps, equipment, IT support infrastructure and ambulance parking.	\$840,000	On February 13, 2019, the CRHD approved a borrowing bylaw for this project at the revised budget of \$4.24 M.
Royal Jubilee Hospital (RJH) Unit Dose Medication Distribution Hub (UDMD)	CRHD’s share of capital costs	Project moved along faster than anticipated, resulting in increased cash flow.	\$994,000	CRHD and Island Health
The planned RJH Multidisciplinary Pain Clinic	Moved from 2019 to 2020-2022	Emergent priorities required delaying this project.	\$0.00	CRHD and Island Health

PROJECT	CHANGE	EXPLANATION	NET IMPACT	APPROVAL
Victoria General Hospital (VGH) Pediatric Youth Mental Health Stabilization Unit	Moved from 2019 to 2020-2022	Emergent priorities required delaying this project.	\$0.00	CRHD and Island Health
Urban Victoria Health Centre	Moved from 2019 to 2020-2022	Emergent priorities required delaying this project.	\$0.00	CRHD and Island Health
CRHD has identified a land acquisition for a future designated health facility project	Planned for 2019	Required to meet future needs of the region.	\$13 M	CRHD

CRHD Strategic Priorities

PROJECT	CHANGE	EXPLANATION	NET IMPACT	APPROVAL
The CRHD Regional Housing First Program	Moved from 2020-2022 to 2020	Construction must commence in 2020 to meet program criteria.	\$0.00	CRHD
Oak Bay Lodge	Moved from 2020 to 2021	Due to timing of Summit completion.	\$0.00	CRHD and Island Health
Summit Residential Care	Lease payments moved to 2020	Due to timing of Summit completion.	\$0.00	CRHD and Island Health

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2019-2028 Ten Year Capital Plan be amended and approved as submitted.

Alternative 2

That the Capital Regional Hospital District 2019-2028 Ten Year Capital Plan be deferred pending further analysis by staff.

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 \$220 M.

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 Summit debt servicing costs that will be recovered from Island Health through lease payments. The Summit project is anticipated to be completed at the end of 2019 and lease payments to commence in 2020. Appendix C summarizes the requisition impact based on 2019 average assessed residential value.

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 is organized by health facility and year, and the recommended funding for each project is identified. All projects listed in the plan will be reviewed, in the appropriate year and are subject to prioritization. Therefore, inclusion in the capital plan does not necessarily mean project approval, it means that Island Health and the Hospital District have identified the project for consideration, pending planning and the confirmation of financing options.

The Capital Plan outlines the proposed projects, expenditures, and CRHD contributions for the next 10 years; it forecasts the cash flow needs to complete ongoing (CRHD Board approved) and future projects.

The proposed 2019-2028 Ten Year Capital Plan includes projects Island Health has identified for implementation and includes the projected cash flows. The amended 2019-2028 Ten Year Capital Plan is based on information available at this time and Island Health's long term healthcare capital requirements. The CRHD 2019 Final Budget incorporates the financial implications of the 2019-2028 Ten Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2019-2028 Ten Year Capital Plan be amended and approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

MB/gm

- Attachments: Appendix A: Final 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)
Appendix D: 2019-2028 CRHD Capital Plan Amendments
Appendix E: 2019-2028 Provisional Capital Plan (July 2018)

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	191,020,200	182,663,442	6,193,242	2,555,100	19,673,250	29,386,200	28,639,050	13,902,600	25,826,400	34,047,600	12,240,000	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	27,261,906	27,128,231	133,675	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3	75,000,000	75,000,000	-	-	-	-	3,750,000	18,750,000	37,500,000	15,000,000	-	-
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	461,213,485	400,299,481	49,320,606	12,063,775	29,548,250	41,261,200	47,764,050	48,027,600	72,701,400	58,422,600	21,615,000	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	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	58,337,060	54,994,357	2,053,297	766,530	5,901,975	8,815,860	8,591,715	4,170,780	7,747,920	10,214,280	3,672,000	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	27,261,906	27,128,231	133,675	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3 - 30% CRHD Share - debt financing	22,500,000	22,500,000	-	-	-	-	1,125,000	5,625,000	11,250,000	4,500,000	-	-
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	-	10,000,000	-	-	-	-	-	-	-	-
Oak Bay Lodge - no debt financing impact, capital plan under development	10,000,000	10,000,000	-	-	10,000,000	-	-	-	-	-	-	-
Land Acquisition /Residential Care Facility - funded from Land Development Reserve and long term debt	13,000,000	13,000,000	13,000,000	-	-	-	-	-	-	-	-	-
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	275,830,345	219,930,396	55,510,661	17,605,205	22,756,975	16,270,860	18,221,715	18,300,780	26,702,920	22,419,280	11,377,000	10,765,000

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN (2019 to 2028) at February 22, 2019

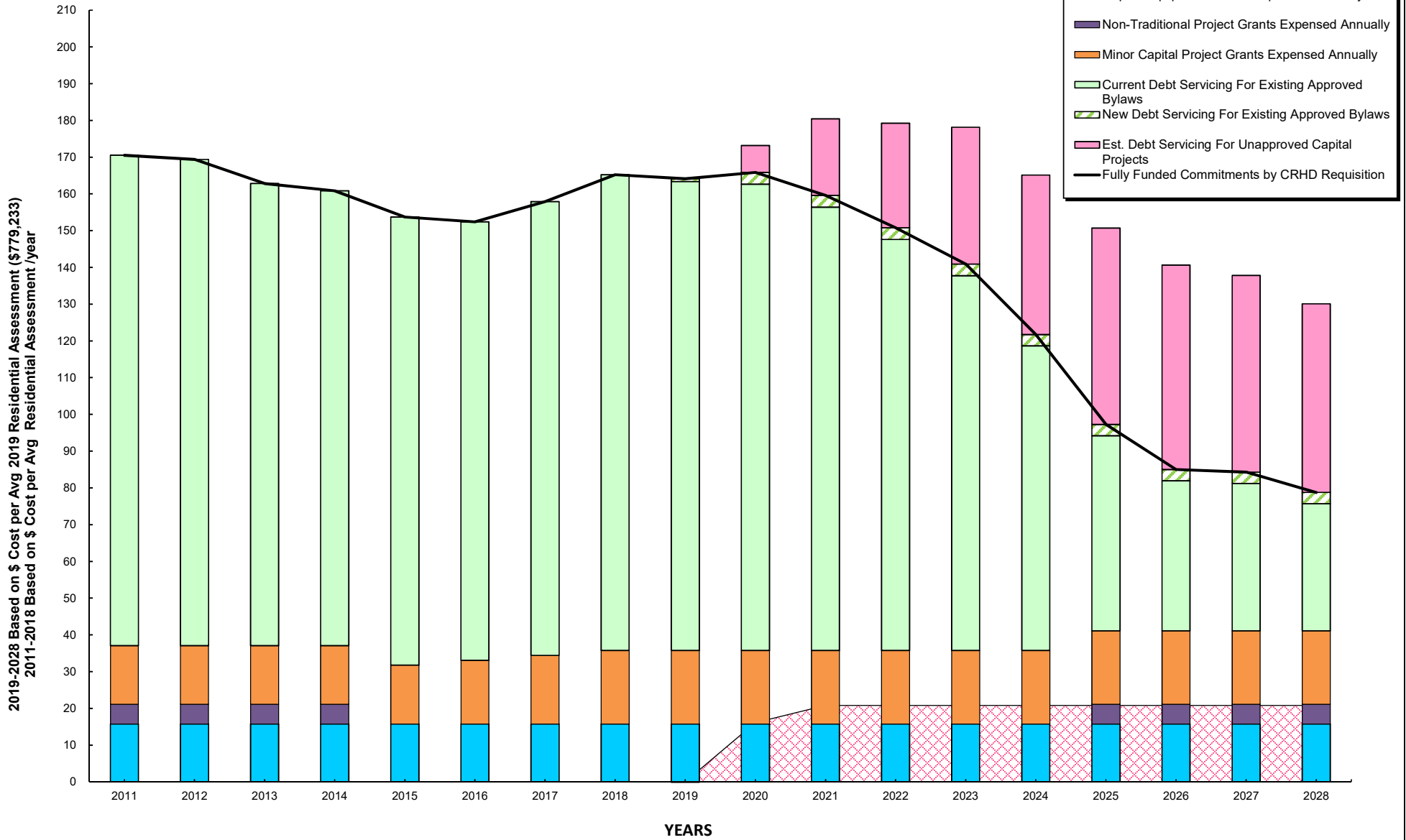
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							2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
ACUTE AND REHAB HOSPITALS	Project Status	CBL#	Debt Term	Project	Total	Remaining Balance												
ROYAL JUBILEE HOSPITAL																		
Major projects																		
Unit Dose Medication Distribution Hub (UDMD)	VIHA Approved	168	10		10,310,000	1,953,242	1,953,242	-	-	-	-	-	-	-	-	-	-	
Automated Medication Dispensing Units	VIHA Planned		10		3,556,800	3,556,800	-	-	-	889,200	889,200	889,200	889,200	-	-	-	-	
BH Decant/EMP Asbestos Abatement	VIHA Planned		5		4,900,000	4,900,000	-	-	-	2,450,000	2,450,000	-	-	-	-	-	-	
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					48,286,800	39,930,042	1,953,242	265,000	4,210,000	4,825,000	5,339,200	3,439,200	4,009,200	5,889,200	5,000,000	5,000,000		
VICTORIA GENERAL HOSPITAL																		
Major projects																		
Pediatric Youth Mental Health Stabilization Unit**	VIHA Planned		5		5,000,000	5,000,000	-	500,000	3,000,000	1,500,000	-	-	-	-	-	-	-	
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		3,556,800	3,556,800	-	-	-	-	889,200	889,200	889,200	889,200	-	-	-	
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		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					101,326,800	101,326,800	-	1,000,000	6,217,500	13,710,000	11,786,700	8,814,200	20,809,200	26,989,200	7,000,000	5,000,000		
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		2,006,400	2,006,400	-	-	-	-	501,600	501,600	501,600	501,600	-	-	-	
Saanich Peninsula Hospital Total					5,506,400	5,506,400	-	-	-	175,000	2,951,600	1,376,600	501,600	501,600	-	-		
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																		
Queen Alexandra Hospital Total							-	-	-	-	-	-	-	-	-	-	-	-
Other																		
Major projects																		
St. Anthony's - West Shore Urgent Care/Primary Care	VIHA Planned	172	5		4,240,000	4,240,000	4,240,000	-	-	-	-	-	-	-	-	-	-	
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					24,240,000	24,240,000	4,240,000	500,000	3,000,000	8,500,000	8,000,000	-	-	-	-	-		
VIHA - SOUTH ISLAND INITIATIVES																		
Major projects																		
Urban Victoria Urgent Care/Primary Care	VIHA Planned		5		3,400,000	3,400,000	-	500,000	2,500,000	400,000	-	-	-	-	-	-	-	
VIHA South Area Initiatives					3,400,000	3,400,000	-	500,000	2,500,000	400,000	-	-	-	-	-	-		
Acute & Rehab Hospitals Sub -Total					187,560,000	179,203,242	6,193,242	2,505,000	19,287,500	28,810,000	28,077,500	13,630,000	25,320,000	33,380,000	12,000,000	10,000,000		
Inflation (2%) excluding approved/pending Capital Bylaws					3,460,200	3,460,200	-	50,100	385,750	576,200	561,550	272,600	506,400	667,600	240,000	200,000		
Acute Hospitals Major Capital Projects Annual Capital Cash Flow					191,020,200	182,663,442	6,193,242	2,555,100	19,673,250	29,386,200	28,639,050	13,902,600	25,826,400	34,047,600	12,240,000	10,200,000		
CRHD Share 30% Unapproved Acute & Rehab Cost exception 40% UDMD project					58,337,060	54,994,357	2,053,297	766,530	5,901,975	8,815,860	8,591,715	4,170,780	7,747,920	10,214,280	3,672,000	3,060,000		

**CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2011- 2028)
MFA Borrowing Terms 5-25yrs**

APPENDIX B



Debt Servicing costs have not been adjusted for PILTs, Interest income, Admin & MFA Financing Fees
Prepared by: CRD Finance February 9, 2019

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2019-2028)
Cost per Average 2019 Residential Assessment (\$779,233)
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	127.63	0.65	128.28	15.76	0.00	20.00	164.03	30,763,204
2020	126.91	10.52	137.42	15.76	0.00	20.00	173.17	32,478,028
2021	120.66	24.02	144.68	15.76	0.00	20.00	180.43	33,839,157
2022	111.85	31.65	143.49	15.76	0.00	20.00	179.25	33,616,827
2023	102.00	40.39	142.39	15.76	0.00	20.00	178.14	33,409,055
2024	82.94	46.43	129.37	15.76	0.00	20.00	165.13	30,968,695
2025	53.12	56.51	109.62	15.76	5.33	20.00	150.70	28,263,991
2026	40.84	58.69	99.53	15.76	5.33	20.00	140.61	26,371,053
2027	40.15	56.60	96.74	15.76	5.33	20.00	137.83	25,848,810
2028	34.61	54.38	88.99	15.76	5.33	20.00	130.08	24,395,525
2029	29.75	47.95	77.69	15.76	5.33	20.00	118.78	22,276,239
2030	27.13	40.86	67.99	15.76	5.33	20.00	109.08	20,457,188
2031	25.39	40.86	66.25	15.76	5.33	20.00	107.34	20,130,463
2032	20.80	40.86	61.66	15.76	5.33	20.00	102.75	19,270,006
2033	20.80	40.36	61.16	15.76	5.33	20.00	102.24	19,175,542
2034	20.80	36.88	57.68	15.76	5.33	20.00	98.76	18,522,222
2035	20.80	36.30	57.10	15.76	5.33	20.00	98.18	18,413,319
2036	20.80	35.16	55.96	15.76	5.33	20.00	97.04	18,200,132
2037	20.80	31.66	52.46	15.76	5.33	20.00	93.54	17,544,003
2038	0.00	27.35	27.35	15.76	5.33	20.00	68.43	12,833,630
								517,764,218

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN (2019 to 2028) at February 22, 2019 - AMENDMENTS FROM SEPTEMBER 2018

SUMMARY	Project Total	Total Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
VIHA SHAREABLE PROJECTS - TOTAL PROJECT CASHFLOW												
Acute Hospitals Major Capital Projects	187,560,000	873,705	(4,134,495)	(5,400,900)	14,976,150	13,384,950	(1,614,150)	(9,493,650)	13,045,800	4,171,800	(22,021,800)	(2,040,000)
Summit Residential Care Replacement Project - CRD Share	25,193,285	-	-	-	-	-	-	-	-	-	-	-
Summit Residential Care Replacement Proj - Leased Share	61,250,000	(2,881,119)	(2,881,119)	-	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3	75,000,000	(1,800,000)	-	-	(10,000)	(50,000)	3,630,000	14,805,000	18,375,000	(23,250,000)	(15,300,000)	-
Hillside/Kings Licensed Residential Care beds	15,000,000	-	-	-	-	-	-	-	-	-	-	-
Minor Capital Projects - 2019 VIHA Requested (3 year cashflow)	9,375,000	-	-	-	-	-	-	-	-	-	-	-
Minor Capital Projects - CRHD Anticipated 2020-2028	84,375,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL ESTIMATED VALUE OF PROJECTS	457,753,285	(3,807,414)	(7,015,614)	(5,400,900)	14,966,150	13,334,950	2,015,850	5,311,350	31,420,800	(19,078,200)	(37,321,800)	(2,040,000)
CRHD \$ SHARE - TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW												
CRHD Section 20 Equipment Grants - 100% CRHD Share expensed annually	-	-	-	-	-	-	-	-	-	-	-	-
Non-Traditional Projects Grants - 100% CRHD Share (Suspended 2015-2024) - expensed annually	-	-	-	-	-	-	-	-	-	-	-	-
Acute Hospitals Major Capital Projects - 30% CRHD Share for unapproved projects (except 40% UDMD project) - debt financing	57,299,000	1,377,962	(124,498)	(1,620,270)	4,492,845	4,015,485	(484,245)	(2,848,095)	3,913,740	1,251,540	(6,606,540)	(612,000)
Summit Residential Care Replacement Project - 30% CRHD Share debt financing 15 yr amortization	25,193,285	-	-	-	-	-	-	-	-	-	-	-
Summit Residential Care Replacement Project - 70% Leased Share debt financing 25 yr amortization with offsetting lease payments	61,250,000	(2,881,119)	(2,881,119)	-	-	-	-	-	-	-	-	-
Future Residential Care Replacement Projects Phase 3 - 30% CRHD Share - debt financing	22,500,000	(540,000)	-	-	(3,000)	(15,000)	1,089,000	4,441,500	5,512,500	(6,975,000)	(4,590,000)	-
Hillside/Kings Licensed Residential Care beds	4,500,000	-	-	-	-	-	-	-	-	-	-	-
Regional Housing First Program - CRHD - debt financing 10 yr amortization term, executed at takeout	10,000,000	-	-	7,000,000	(4,000,000)	(3,000,000)	-	-	-	-	-	-
Oak Bay Lodge - no debt financing impact, capital plan under development	-	-	-	(10,000,000)	10,000,000	-	-	-	-	-	-	-
Land Acquisition /Residential Care Facility - funded from Land Development Reserve and long term debt	13,000,000	13,000,000	13,000,000	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2019 VIHA Requested - 40% CRHD Share - 3.75M converted to cash requisition	3,750,000	-	-	-	-	-	-	-	-	-	-	-
Minor Capital Projects 2020-2028 Anticipated - 40% CRHD Share - cash requisition	33,750,000	-	-	-	-	-	-	-	-	-	-	-
CRHD TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW	231,242,285	10,956,843	9,994,383	(4,620,270)	10,489,845	1,000,485	604,755	1,593,405	9,426,240	(5,723,460)	(11,196,540)	(612,000)

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN (2019 to 2028) at February 22, 2019 - AMENDMENTS FROM SEPTEMBER 2018

ACUTE AND REHAB HOSPITALS	Project Status	CBL#	Debt Term	Project Total	Total Change	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
ROYAL JUBILEE HOSPITAL															
Major projects															
Unit Dose Medication Distribution Hub (UDMD)	VIHA Approved	168	10	10,310,000	958,505	958,505	-	-	-	-	-	-	-	-	-
Automated Medication Dispensing Units	VIHA Planned		10	3,556,800	(307,680)	-	-	-	-	889,200	(76,920)	(76,920)	(76,920)	(966,120)	-
BH Decant/EMP Asbestos Abatement	VIHA Planned		5	4,900,000	-	(1,200,000)	(3,700,000)	-	-	2,450,000	2,450,000	-	-	-	-
Multidisciplinary Pain Clinic	VIHA Planned		5	3,000,000	-	(150,000)	(1,950,000)	1,350,000	750,000	-	-	-	-	-	-
High Acuity Unit	VIHA Planned		5	4,000,000	-	-	-	500,000	2,000,000	(1,500,000)	(1,000,000)	-	-	-	-
Air Handling Unit Replacement	VIHA Planned		5	2,300,000	-	-	115,000	1,495,000	(1,035,000)	(575,000)	-	-	-	-	-
Routine Capital Investment project(s)	CRHD Anticipated		15	20,220,000	-	-	-	-	-	-	-	-	-	-	-
Royal Jubilee Hospital Total				48,286,800	650,825	(391,495)	(5,535,000)	3,345,000	1,715,000	1,264,200	1,373,080	(76,920)	(76,920)	(966,120)	-
VICTORIA GENERAL HOSPITAL															
Major projects															
Pediatric Youth Mental Health Stabilization Unit**	VIHA Planned		5	5,000,000	-	(1,000,000)	(1,500,000)	1,000,000	1,500,000	-	-	-	-	-	-
High Acuity Unit	VIHA Planned		5	4,000,000	-	-	500,000	2,000,000	(1,500,000)	(1,000,000)	-	-	-	-	-
Automated Medication Dispensing Units	VIHA Planned		10	3,556,800	(307,680)	-	-	-	-	889,200	(76,920)	(76,920)	(76,920)	(966,120)	-
Energy Centre Replacement	VIHA Planned		15	14,350,000	-	-	-	717,500	9,327,500	(6,457,500)	(3,587,500)	-	-	-	-
Medical Device Reprocessing Dept Upgrade	VIHA Planned		5	3,300,000	-	-	-	-	165,000	2,145,000	(1,485,000)	(825,000)	-	-	-
Child Youth & Family Services Redevelopment	VIHA Planned		15	42,000,000	-	-	-	-	-	-	2,100,000	14,700,000	4,300,000	(19,100,000)	(2,000,000)
Routine Capital Investment project(s)	CRHD Anticipated		15	29,120,000	-	-	-	-	-	-	-	-	-	-	-
Victoria General Hospital Total				101,326,800	(307,680)	(1,000,000)	(1,000,000)	3,717,500	9,492,500	(4,423,300)	(3,049,420)	13,798,080	4,223,080	(20,066,120)	(2,000,000)
SAANICH PENINSULA HOSPITAL															
Major projects															
Energy Centre Replacement	VIHA Planned		5	3,500,000	-	-	-	-	175,000	2,275,000	(1,575,000)	(875,000)	-	-	-
Automated Medication Dispensing Units	VIHA Planned		10	2,006,400	(224,640)	-	-	-	-	501,600	(56,160)	(56,160)	(56,160)	(557,760)	-
Saanich Peninsula Hospital Total				5,506,400	(224,640)	-	-	-	175,000	2,776,600	(1,631,160)	(931,160)	(56,160)	(557,760)	-
LADY MINTO HOSPITAL															
Major projects															
Emergency, Lab, Diagnostic Imaging Reno	VIHA Planned		5	4,800,000	-	-	240,000	3,120,000	(2,160,000)	(1,200,000)	-	-	-	-	-
Lady Minto Hospital Total				4,800,000	-	-	240,000	3,120,000	(2,160,000)	(1,200,000)	-	-	-	-	-
Other															
Major projects															
St. Anthony's - West Shore Urgent Care/Primary Care	VIHA Planned	172	5	4,240,000	840,000	840,000	-	-	-	-	-	-	-	-	-
Gorge Road Hospital - Rehabilitation Centre	VIHA Planned		15	15,000,000	-	-	500,000	2,000,000	3,500,000	-	(6,000,000)	-	-	-	-
Victoria Health Unit - Pembroke Mental Health Substance Use Centre***	VIHA Planned		5	5,000,000	-	-	-	-	-	-	-	-	-	-	-
Other initiatives				24,240,000	840,000	840,000	500,000	2,000,000	3,500,000	-	(6,000,000)	-	-	-	-
VIHA - SOUTH ISLAND INITIATIVES															
Major projects															
Urban Victoria Urgent Care/Primary Care	VIHA Planned		5	3,400,000	-	(3,400,000)	500,000	2,500,000	400,000	-	-	-	-	-	-
VIHA South Area Initiatives				3,400,000	-	(3,400,000)	500,000	2,500,000	400,000	-	-	-	-	-	-
Acute & Rehab Hospitals Sub -Total				187,560,000	958,505	(3,951,495)	(5,295,000)	14,682,500	13,122,500	(1,582,500)	(9,307,500)	12,790,000	4,090,000	(21,590,000)	(2,000,000)
Inflation (2%) excluding approved/pending Capital Bylaws					(16,800)	(115,000)	(105,900)	293,650	262,450	(31,650)	(186,150)	255,800	81,800	(431,800)	(40,000)
Acute Hospitals Major Capital Projects Annual Capital Cash Flow				187,560,000	941,705	(4,066,495)	(5,400,900)	14,976,150	13,384,950	(1,614,150)	(9,493,650)	13,045,800	4,171,800	(22,021,800)	(2,040,000)
CRHD Share 30% Unapproved Acute & Rehab Cost exception 40% UDMD project				57,299,000	378,362	(1,124,098)	(1,620,270)	4,492,845	4,015,485	(484,245)	(2,848,095)	3,913,740	1,251,540	(6,606,540)	(612,000)

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



**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 20, 2019**

SUBJECT CRHD Bylaw 396: Annual Budget Bylaw, 2019

ISSUE

Approval of Bylaw No. 396 to adopt the Capital Regional Hospital District 2019 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 September 5, 2018 the CRHD Board approved the 2019 Provisional Budget. The final budget is shown as Schedule A of the attached CRHD Bylaw 396.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 396 cited as "Annual Budget Bylaw, 2019" be introduced and read a first and second time,
2. That Bylaw No. 396 be read a third time; and
3. That Bylaw No. 396 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 2019 CRHD requisition of \$30,749,980 is a decrease of \$140,488 or 0.5% from the 2019 provisional budget approved in September 2018. The 2019 budget represents a total cost per average residential assessment of \$163.96 and is a decrease of \$0.75 or 0.5% from the 2019 provisional budget. The average residential assessment for the region based on 2019 completed assessments is \$779,233 (2018: 724,009).

The following tables summarize the change in requisition and its impact on cost per average household and cost per 100k from different perspectives: between provisional and final budgets based on variable BC Assessments, and between prior and current year final budgets.

Table 1 summarizes the change between Provisional Budget (approved September 2018) based on 2018 BC Assessment and Folio information to the 2019 Provisional Budget based on 2019 BC Assessment and Folio information that has now become available.

Table 1 – Impact of Assessments and Folio growth on Cost/Average Household

	2019 Provisional <i>(2018 assessment)</i>	2019 Provisional <i>(2019 assessment)</i>	\$ Change	% Change
Requisition	\$30.9 M	\$30.9 M	-	0%
Cost/Average Household	\$167.69 <i>(\$724,009 avg HH)</i>	\$164.71 <i>(\$779,233 avg HH)</i>	(\$3.70)	(1.8%)
Cost/100k Assessment	\$23.16	\$21.14	(\$2.02)	(8.7%)

Table 2 summarizes the impact of Provisional Budget to Final Budget, based on 2019 BC Assessment and Folio information.

Table 2 – Change in requisition between 2019 Provisional and Final Budget

	2019 Provisional <i>(2019 assessment)</i>	2019 Final <i>(2019 assessment)</i>	\$ Change	% Change
Requisition	\$30.9 M	\$30.7 M	(\$0.14 M)	(0.5%)
Cost/Average Household	\$164.71 <i>(\$779,233 avg HH)</i>	\$163.96 <i>(\$779,233 avg HH)</i>	(\$0.75)	(0.5%)
Cost/100k Assessment	\$21.14	\$21.04	(\$0.10)	(0.5%)

Table 3 summarizes the impact of the 2018 Final Budget compared to the 2019 Final Budget based on 2019 BC Assessment and Folio information.

Table 3 – Change in requisition year over year

	2018 Final	2019 Final	\$ Change	% Change
Requisition	\$30.4 M	\$30.7 M	\$0.38 M	1.2%
Cost/Average Household	\$161.95	\$163.96	\$2.01	1.2%
Cost/100k Assessment	\$20.78	\$21.04	\$0.26	1.2%

Changes in revenue and in expenditures between 2019 Provisional and Final Budgets are summarized in Table 4 and Table 5, respectively. Appendix 1 sets out future budget projections and is for information only. Appendix 2 includes a detailed comparison between the Provisional and Final Budget, also for information only.

Table 4 – Changes in revenue between 2019 Provisional and Final Budget

Revenue Type (\$M)	2019 Provisional	2019 Final	\$ Change	% Change
Tax Requisition	30.9	30.7	0.1	0%
PILT	1.0	0.9	(0.04)	(4%)
Interest & Debt Reserve Recovery	0.4	0.7	0.4	107%
Surplus	0.6	1.0	0.4	58%
Total	32.8	33.4	0.6	1.7%

The significant changes in revenues are summarized as:

- Decrease of \$43k in payments in lieu of taxes related to federal properties, and calculated on the basis of values and rates which would apply to federal property if it were taxable, and paid by the Government of Canada for receiving equal access to services provided to other property owners by the host municipality/regional district.
- Increase of \$400k in interest income; CRHD has historically taken a conservative approach to budgeting interest income - mitigating risks related to interest income expectations by understating financial performance. Based on historical interest income results, the increased cash balance related to Summit at Quadra Village (Summit) capital funds on hand; a dedicated Manager of Corporate Finance and Treasury to implement and execute a strategic investment plan; interest rate increases in 2018; and access to the Municipal Finance Authority's high interest savings accounts, the basis of budgeting for interest earnings was adjusted from the conservative method to a reasonable provision. The provision is based on the CRHD cash flow, declining balance of capital funds related to Summit, and assumptions in interest earnings to balance risk exposure but provide a representative estimate of financial performance.

Table 5 – Changes in expenditures between 2019 Provisional and Final Budget

Expenditure Type (\$M)	2019 Provisional	2019 Final	\$ Change	% Change
Operations	1.0	1.0	-	0%
Debt Servicing	25.1	24.4	(0.7)	-3%
Capital Funding	6.7	6.7	-	0%
Transfers to Reserves	0.1	1.3	1.2	2400%
Total	32.8	33.3	0.5	1.5%

The significant changes in expenditures are summarized as:

- Decrease of \$908k in debenture expenditures attributed to a combination of lower than anticipated spring 2019 long-term debt borrowing, a general trend of new debt not exceeding debt maturities, and interest rates on debt renewals being lower than that of the maturing debt.

- Cumulative increase of \$211k to accrued interest, temporary interest, and debt reserve fund, to reflect the debt servicing requirements of the amended 2019-2023 10-year capital plan. The strategic land acquisition planned for 2019, to be funded from the land development reserve and long-term debt in the MFA's 2019 Fall Issue, is the most significant driver of the change.
- Increase of \$1.25 million to the Regional Housing First Program (RHFP) Reserve. The capital plan amendment includes a change in timing of the RHFP contribution of \$10 million (from 2022-2023 to 2020) and has significant impact to 2021 debt servicing. The reserve will be used to reduce debt servicing of the RHFP contribution. The budget reflects contributions to the reserve for two years (\$1.25 million/year) and the reserve will be used to reduce the RHFP debt from \$10M to \$7.5M in 2020. This strategy, will decrease annual debt servicing by \$320k (based on a ten-year term, 4.06% rate).
- Increase of \$361k in 2018 surplus. The provisional budget estimated a surplus of \$625k and the actual surplus was \$987k. The significant drivers of the surplus are decreased debt servicing costs and increased interest earnings. Decreased debt servicing is connected to Island Health's capital project schedules, and the timing of claims being received. Interest earnings results are linked to CRHD's investment strategy: CRHD invests its net working capital, primarily the annual requisition and Summit capital funds on hand, in a mix of vehicles including its general bank account and term deposits. The Municipal Finance Authority of BC (MFABC) created high-interest savings accounts in partnership with CIBC and Bank of Nova Scotia, and the institutions offered two new financial products that were utilized in 2018 (high interest savings accounts ("HISAs") and the Notice Plan). While the Bank of Canada rate rose throughout 2018, Treasury staff deployed capital into a laddered GIC portfolio and utilized HISAs to take advantage of higher yields, resulting in higher than anticipated interest earnings.

The CRHD Board has previously directed surpluses to be applied against unfunded liabilities or future financial commitments, or be used to offset requisition in future years. The 2018 surplus has been used to offset the 2019 requisition.

Under the *Hospital District Act*, Section 20(4), the CRHD is able to maintain reserve accounts. Below are the reserve balances for all existing accounts at December 31, 2018:

CRHD Section 20(4) Reserve Account Balances

<i>Reserve</i>	<i>\$ as at Dec 31, 2018</i>
Administration and Feasibility Studies Reserve	1,406,432
Non-Traditional Projects Reserve	2,000,000
Minor Capital Project 2015 Reserve (CBL 164)	808,163
Minor Capital Project 2016 Reserve (CBL 169)	475,704
Minor Capital Project 2017 Reserve (CBL 170)	522,124
Minor Capital Project 2018 Reserve (CBL 171)	2,336,420
Land Holdings Management Reserve	213,210
Land Development Reserve	5,956,904

These reserves have been set aside for a specific purpose:

- a) Administration and Feasibility Studies Reserve is used to fund feasibility studies and or special projects;

- b) Non-Traditional Projects (NTP) Reserve have been committed: \$1 million to the Nigel House (Broadmead Care Society) anticipated to be paid in 2019, and \$1 million notionally committed to Victoria Hospice anticipated to be paid in 2020. It is anticipated the entities will meet their obligations within the two years and the NTP Reserve balance will be exhausted by 2020;
- c) Minor Capital Project (MCP) Reserves were approved to be expensed rather than debt serviced in the 2013 budget. MCP's are defined as Projects between \$100,000 (CRHD share, \$40,000) and \$2 million (CRHD share, \$800,000) to sustain existing health infrastructure, replace building components, and improve functionality. The intent of the MCP Reserves is to match the funding of the project according to its lifecycle. Island Health typically cash flows its MCP's over three years and therefore reserve accounts are maintained for a four year cycle to allow for final claims submissions and close-out. 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 to stabilize the requisition;
- d) Land Holdings Management Reserve (LHMR) was established when the CRHD acquired the 950 Kings Road property which adjoins 955 Hillside Avenue. 950 Kings is currently being used for Summit's site staging and project management office, and also has existing tenants. The LHMR was created at the Board's policy direction, to manage existing properties and potential development opportunities. Funds from the LHMR have been allocated to supplement property management expenses which include maintenance and operating costs associated with the property;
- e) Land Development Reserve was initiated in 2017 when the CRHD executed the sale of the 3810 Carey Road site for \$5.9M. The proceeds from the sale of land were placed as a credit of the Land Development Reserve for future CRHD land development, and are anticipated to be used in 2019 for land acquisition.

Schedule A reflects all changes, the final surplus and payments in lieu of taxes. Schedule B reflects 2019 estimated capital expenditures.

CONCLUSION

The 2019 CRHD requisition of \$30,749,980, is a decrease of \$140,488 or 0.5% from the 2019 provisional budget approved in September 2018 and an increase of 1.2% over the 2018 CRHD requisition.

This represents a total cost of \$163.96 per average 2019 residential assessment. The average residential assessment for the region based on the 2019 completed assessments is \$779,233 (2018: \$724,009).

RECOMMENDATION(S)

1. That Bylaw No. 396 cited as "Annual Budget Bylaw, 2019" be introduced and read a first and second time;
2. That Bylaw No. 396 be read a third time;
3. That Bylaw No. 396 be adopted.

Submitted By:	Agnes Piotrowski, CPA, CA, Manager, Major Projects
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

AP:ngm

Attachments

CRHD Bylaw No. 396 inclusive of Schedule A & Schedule B
Appendix 1, Capital Regional Hospital District 2019–2023 Future Budget Projections
Appendix 2, Capital Regional Hospital District 2019 Provisional to Final Comparison

CAPITAL REGIONAL HOSPITAL DISTRICT

BYLAW No. 396

A BYLAW TO ADOPT THE ANNUAL BUDGET FOR THE YEAR 2019

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

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

1. Schedule A and B attached hereto and made part of this bylaw comprises the Annual Budget for the Capital Regional Hospital District for the year ending the 31st day of December 2019.
2. This bylaw may be cited as the "Annual Budget Bylaw, 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

SECRETARY

SCHEDULE A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2019 FINAL BUDGET**

	2018 BOARD BUDGET	2019 FINAL BUDGET	2018-2019 BUDGET VARIANCE
<u>REVENUE</u>			
Tax Requisition Total	30,373,661	30,749,980	376,319
Payments in Lieu of Taxes	967,947	925,163	(42,784)
	<u>31,341,608</u>	<u>31,675,144</u>	<u>333,535</u>
Debt Reserve Fund Recovery	73,000	151,000	78,000
Interest	100,000	500,000	400,000
Interest - Summit Structured Financing (100% draw)	400,000	76,000	(324,000)
Surplus Previous Year	34,495	987,360	952,865
TOTAL REVENUE	<u>31,949,103</u>	<u>33,389,504</u>	<u>1,440,400</u>
<u>EXPENDITURES</u>			
Debt Servicing			
Debenture Debt Charges	22,135,317	21,017,329	(1,117,988)
Debenture Debt Charges - related to Summit Lease only	2,146,813	3,024,001	877,188
Debenture Debt - Accrued Interest to Dec 31	23,502	93,000	69,498
Temporary Borrowing Interest	30,000	121,000	91,000
Debt Reserve Fund	29,000	156,000	127,000
Total Debt Servicing	<u>24,364,632</u>	<u>24,411,330</u>	<u>46,698</u>
HD Act Section 20 Expenditures			
Administration	669,471	674,786	5,315
Studies	120,000	258,387	138,387
Property Management	40,000	40,000	-
	<u>829,471</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	-
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	-
Transfer to/(from) RHFP Reserve	-	1,250,000	1,250,000
	<u>50,000</u>	<u>1,300,000</u>	<u>1,250,000</u>
TOTAL EXPENDITURES	<u>31,949,103</u>	<u>33,389,504</u>	<u>1,440,400</u>
Surplus/(Deficit)	-	-	
Tax impact on 2019 average residence (\$779,233)	161.95	163.96	
Tax impact on \$100,000 of 2019 completed assessments	20.78	21.04	
Tax requisition increase/(decrease)		1.2%	

SCHEDULE B

CAPITAL REGIONAL HOSPITAL DISTRICT 2019 CAPITAL EXPENDITURES

Capital Borrowing Bylaw#	Project Description	2019 Capital Expenditures
160	Summit - Residential Care Replacement Project	33,752,364
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	859,015
172	West Shore Urgent Care/Primary Care	1,272,000
TBD	Land Acquisition/Residential Care Facility	13,000,000
		<u>48,883,379</u>

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
		<u>6,705,000</u>
	Total 2019 Capital Expenditures	<u>55,588,379</u>

APPENDIX 1

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

	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET
REVENUE					
Tax Requisition Total	30,749,980	29,342,364	29,253,258	29,141,547	28,887,490
Payments in Lieu of Taxes	925,163	925,163	925,163	925,163	925,163
Summit Lease Payments	-	4,338,178	4,338,178	4,338,178	4,338,178
	<u>31,675,144</u>	<u>34,605,705</u>	<u>34,516,599</u>	<u>34,404,888</u>	<u>34,150,832</u>
Debt Reserve Fund Recovery	151,000	238,000	396,000	409,000	556,000
Interest	500,000	200,000	200,000	200,000	200,000
Interest - Summit Structured Financing (100% draw)	76,000	-	-	-	-
Surplus - Minor Capital Projects	-	310,000	-	-	-
Surplus - Previous Year	987,360	-	-	-	-
TOTAL REVENUE	<u>33,389,504</u>	<u>35,353,705</u>	<u>35,112,599</u>	<u>35,013,888</u>	<u>34,906,832</u>
EXPENDITURES					
Debt Servicing					
Debt Service Debt Charges	21,017,329	21,696,643	22,924,948	22,702,618	22,460,165
Debt Service Debt Charges - related to Summit Lease only	3,024,001	3,901,190	3,901,190	3,901,190	3,901,190
Debt Service Debt - Accrued Interest to Dec 31	93,000	-	-	-	-
Paydown Portion of Capital Initiatives - Summit Financing	-	-	-	-	-
Temporary Borrowing Interest	121,000	50,000	50,000	50,000	50,000
Debt Reserve Fund	156,000	86,572	60,550	95,809	115,629
Total Debt Servicing	<u>24,411,330</u>	<u>25,734,405</u>	<u>26,936,688</u>	<u>26,749,617</u>	<u>26,526,984</u>
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
	<u>973,173</u>	<u>990,348</u>	<u>1,006,959</u>	<u>995,319</u>	<u>1,010,896</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	263,952
Transfer to/(from) Land Holdings Management Reserve	50,000	410,000	200,000	300,000	400,000
Transfer to/(from) RHFP Reserve	1,250,000	1,250,000	-	-	-
	<u>1,300,000</u>	<u>1,923,952</u>	<u>463,952</u>	<u>563,952</u>	<u>663,952</u>
TOTAL EXPENDITURES	<u>33,389,504</u>	<u>35,353,705</u>	<u>35,112,599</u>	<u>35,013,888</u>	<u>34,906,832</u>
Tax impact on 2019 average residence (\$779,233)	163.96	156.45	155.98	155.38	154.03
Tax impact on \$100,000 of 2019 completed assessments	31.11	20.08	20.02	19.94	19.77
Tax requisition increase/(decrease)	1.2%	-4.6%	-0.3%	-0.4%	-0.9%

APPENDIX 2

**CAPITAL REGIONAL HOSPITAL DISTRICT
2019 Provisional to Final Budget Comparison**

	2019 PROVISIONAL BUDGET	2019 FINAL BUDGET	Variance Increase/(Decrease) BUDGET
<u>REVENUE</u>			
Tax Requisition Total	30,890,468	30,749,980	(140,488)
Payments in Lieu of Taxes	967,947	925,163	(42,784)
	<u>31,858,415</u>	<u>31,675,144</u>	<u>(183,272)</u>
Debt Reserve Fund Recovery	151,000	151,000	-
Interest	125,000	500,000	375,000
Interest - Summit Structured Financing (100% draw)	76,000	76,000	-
Surplus Previous Year	625,915	987,360	361,445
TOTAL REVENUE	<u>32,836,330</u>	<u>33,389,504</u>	<u>553,173</u>
<u>EXPENDITURES</u>			
Debt Servicing			
Debenture Debt Charges	21,924,947	21,017,329	(907,618)
Debenture Debt Charges - related to Summit Lease only	3,024,001	3,024,001	-
Debenture Debt - Accrued Interest to Dec 31	31,539	93,000	61,462
Temporary Borrowing Interest	30,000	121,000	91,000
Debt Reserve Fund	97,670	156,000	58,330
Total Debt Servicing	<u>25,108,157</u>	<u>24,411,330</u>	<u>(696,827)</u>
HD Act Section 20 Expenditures			
Administration	674,786	674,786	-
Studies	258,387	258,387	-
Property Management	40,000	40,000	-
	<u>973,173</u>	<u>973,173</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	-
Transfer to/(from) RHFP Reserve	-	1,250,000	1,250,000
	<u>50,000</u>	<u>1,300,000</u>	<u>1,250,000</u>
TOTAL EXPENDITURES	<u>32,836,330</u>	<u>33,389,504</u>	<u>553,173</u>
Surplus/(Deficit)		-	
Tax impact on 2019 average residence (\$779,233)	164.71	163.96	(0.75)
Tax impact on \$100,000 of 2019 completed assessments	21.14	21.04	(0.10)
Tax requisition increase/(decrease)	1.7%	1.2%	-0.5%