



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

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Wednesday, March 18, 2020

1:30 PM

6th Floor Boardroom  
625 Fisgard Street  
Victoria, BC

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### Special Meeting

#### 1. TERRITORIAL ACKNOWLEDGEMENT

#### 2. APPROVAL OF THE AGENDA

#### 3. PRESENTATIONS/DELEGATIONS

##### 3.1 Presentations

##### 3.2 Delegations

#### 4. SPECIAL MEETING MATTERS

##### 4.1. [20-202](#) Amendment to the Capital Regional Hospital District 2020-2029 Ten Year Capital Plan

**Recommendation:** That the Capital Regional Hospital District 2020-2029 Ten Year Capital Plan be amended and approved as submitted.  
(WA)

**Attachments:** [Staff Report: Amendment-CRHD 2020-2029 Ten Year Capital Plan](#)  
[Appendix A: Final 2020-2029 CRHD Capital Plan](#)  
[Appendix B: 2020-2029 Capital Plan Debt Servicing Graph](#)  
[Appendix C: Debt Servicing Impact-10 Year Capital Plan \(2020-2029\)](#)

4.2. [20-117](#) Capital Regional Hospital District Bylaw No. 400: Annual Budget Bylaw, 2020

- Recommendation:**
1. That Bylaw No. 400, cited as "Annual Budget Bylaw, 2020", be introduced, read a first, second and third time; and
  2. That Bylaw No. 400 be adopted.  
(WA)

- Attachments:**
- [Staff Report: Bylaw 400 Annual Budget Bylaw 2020](#)
  - [Presentation: Capital Regional Hospital District Financial Plan](#)
  - [Appendix A: Bylaw 400 Annual Budget with Schedules A & B](#)
  - [Appendix B: 2020-2024 Future Budget Projections](#)
  - [Appendix C: 2020 Provisional to Final Comparison](#)

**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 CAPITAL REGIONAL HOSPITAL DISTRICT BOARD  
MEETING OF WEDNESDAY, MARCH 18, 2020**

**SUBJECT**     **Amendment to the Capital Regional Hospital District 2020-2029 Ten Year Capital Plan**

**ISSUE SUMMARY**

The 2020-2029 Capital Regional Hospital District (CRHD) Ten Year Capital Plan was approved on October 30, 2019 and requires amendment.

**BACKGROUND**

The CRHD Board approved the 2020-2029 CRHD Capital Plan (Appendix A) on October 30, 2019. 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.

Significant changes to the Capital Plan from provisional to final budget for 2020 include:

<b>PROJECT</b>	<b>CHANGE</b>	<b>EXPLANATION</b>	<b>NET IMPACT</b>	<b>APPROVAL</b>
<b>Summit</b>	Summit anticipated costs for 2020 have changed from \$2.36M to \$5.26M	Project carried forward from 2019 into 2020. Total cost of the project is still within budget.	\$2.90M	CRHD and Island Health (IH)
<b>Urban Victoria Urgent Care/Primary Care – James Bay Urgent and Primary Care Centre</b>	Status change from Planned to Approved	The project has been approved and the bylaw was adopted by the CRHD Board on December 11, 2019.	\$0.00	CRHD and Island Health
<b>Beacon Community Services Expansion</b>	Status change from Planned to Approved	The project has been approved and the bylaw was adopted by the Board on November 13, 2019.	\$0.00	CRHD and Island Health

**ALTERNATIVES**

*Alternative 1*

That the Capital Regional Hospital District 2020-2029 Ten Year Capital Plan be amended and approved as submitted.

*Alternative 2*

The Capital Regional Hospital District 2020-2029 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 2020 to 2029 is \$228M. Appendix B graphically illustrates the existing and estimated debt service implications of the 2020-2029 Capital Plan. Appendix C summarizes the requisition impact based on 2020 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. The CRHD 2020 Final Budget incorporates the financial implications of the 2020-2029 Ten Year Capital Plan.

**RECOMMENDATION**

That the Capital Regional Hospital District 2020-2029 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

**ATTACHMENT(S)**

- Appendix A: Final 2020-2029 CRHD Capital Plan
- Appendix B: 2020-2029 Capital Plan Debt Servicing Graph
- Appendix C: Debt Servicing Impact of 10 Year Capital Plan (2020-2029)

**CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN  
For Years 2020 to 2029 at March 18, 2020**

Project Type / Status	Project Description	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Debt Term (Yrs)	Total Project Budget (\$)	Completed to Date (\$)	Total Project Remaining Balance (\$)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Major Project - Approved	Unit Dose Medication Distribution - South Island Hub	Royal Jubilee Hospital	168	40%	4,124,196	10	10,310,491	8,779,469	1,531,023	1,406,023	-	-	-	-	-	-	-	-	-
Major Project - Approved	West Shore Urgent Care/Primary Care	St. Anthony's 582 Goldstream Road	172	30%	1,272,000	5	4,240,000	-	4,240,000	726,667	-	-	-	-	-	-	-	-	-
Major Project - Approved	Beacon Community Services Expansion	Victoria	175	30%	1,350,000	5	4,500,000	-	4,500,000	4,500,000	-	-	-	-	-	-	-	-	-
Major Project - Approved	James Bay Urgent and Primary Care Centre (Urban Victoria Urgent Care/Primary Care #1)	Victoria	174	30%	1,500,000	5	5,000,000	-	5,000,000	5,000,000	-	-	-	-	-	-	-	-	-
Major Project - Possible	Urban Victoria Urgent Care/Primary Care #2	Victoria		30%	1,500,000	5	5,000,000	-	5,000,000	5,000,000	-	-	-	-	-	-	-	-	-
Major Project - Possible	Emergency Department <sup>2</sup>	Lady Minto Hospital		30%	1,440,000	5	4,800,000	-	4,800,000	672,000	1,200,000	2,400,000	528,000	-	-	-	-	-	-
Major Project - Possible	Rehabilitation Center Phase 1 <sup>2</sup>	Gorge Road Hospital		30%	600,000	5	2,000,000	-	2,000,000	500,000	1,500,000	-	-	-	-	-	-	-	-
Major Project - Possible	Mount Tolmie Redevelopment	Mount Tolmie		30%	2,160,000	10	7,200,000	-	7,200,000	-	5,400,000	1,800,000	-	-	-	-	-	-	-
Major Project - Possible	High Acuity Unit	Victoria General Hospital		30%	1,200,000	5	4,000,000	-	4,000,000	-	-	2,000,000	2,000,000	-	-	-	-	-	-
Major Project - Possible	High Acuity Unit	Royal Jubilee Hospital		30%	1,200,000	5	4,000,000	-	4,000,000	-	-	2,000,000	2,000,000	-	-	-	-	-	-
Major Project - Possible	Energy Centre Replacement	Saanich Peninsula Hospital		30%	2,400,000	10	8,000,000	-	8,000,000	-	-	4,000,000	4,000,000	-	-	-	-	-	-
Major Project - Possible	Child Youth Mental Health <sup>2</sup>	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000	-	-	-	2,500,000	2,500,000	-	-	-	-	-
Major Project - Possible	Rehabilitation Center Phase 2 <sup>2</sup>	Gorge Road Hospital		30%	4,500,000	15	15,000,000	-	15,000,000	-	-	-	1,000,000	5,000,000	8,000,000	1,000,000	-	-	-
Major Project - Possible	VGH Pediatric Intensive Care Unit - New	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000	-	-	-	-	2,500,000	2,500,000	-	-	-	-
Major Project - Possible	VGH Intensive Care Unit Renovation - New	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000	-	-	-	-	2,500,000	2,500,000	-	-	-	-
Major Project - Possible	Medical Device Reprocessing Department	Victoria General Hospital		30%	990,000	5	3,300,000	-	3,300,000	-	-	-	-	-	1,650,000	1,650,000	-	-	-
Major Project - Possible	10G Fibre Expansion (IMIT)	Royal Jubilee Hospital		30%	900,000	5	3,000,000	-	3,000,000	-	-	-	-	-	1,500,000	1,500,000	-	-	-
Major Project - Possible	Hillside/Kings Licensed Residential Care Facility	Hillside & Quadra		30%	12,000,000	15	40,000,000	-	40,000,000	-	-	-	-	-	20,000,000	20,000,000	-	-	-
Major Project - Possible	Begbie Hall Decant/Eric Martin Pavilion Asbestos Abatement	Royal Jubilee Hospital		30%	1,470,000	5	4,900,000	-	4,900,000	-	-	-	-	-	-	2,450,000	2,450,000	-	-
Major Project - Possible	Multidisciplinary Pain Clinic	Royal Jubilee Hospital		30%	900,000	5	3,000,000	-	3,000,000	-	-	-	-	-	-	1,500,000	1,500,000	-	-
Major Project - Possible	Energy Centre Replacement	Victoria General Hospital		30%	5,505,000	15	18,350,000	-	18,350,000	-	-	-	-	-	-	-	9,175,000	9,175,000	-
Major Project - Possible	Preadmission Clinic Consolidation (RJH&VGH)	Royal Jubilee Hospital		30%	600,000	5	2,000,000	-	2,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Major Project - Possible	VGH Operating Room Upgrade	Victoria General Hospital		30%	1,500,000	5	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	2,500,000	2,500,000
Major Project - Possible	Residential Care Upgrade & Replacement Projects Phase 3	South Island		30%	22,500,000	15	75,000,000	-	75,000,000	-	-	-	-	-	-	-	-	37,500,000	37,500,000
Major Project - Possible	Child Youth and Family Services Redevelopment	Victoria General Hospital		30%	12,600,000	15	42,000,000	-	42,000,000	-	-	-	-	-	-	-	-	21,000,000	21,000,000
Major Project - Possible	Pembroke Mental Health Substance Use Center <sup>3</sup>	Victoria Health Unit		30%	1,500,000	5	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	2,500,000
Major Project - Other	Routine Capital Investment Project(s)	Royal Jubilee Hospital		30%	12,000,000	15	40,000,000	14,780,000	25,220,000	-	-	1,000,000	1,000,000	100,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000
Major Project - Other	Routine Capital Investment Project(s)	Victoria General Hospital		30%	12,000,000	15	40,000,000	5,880,000	34,120,000	-	-	1,000,000	5,000,000	5,000,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>ISLAND HEALTH TOTAL</b>					<b>112,211,196</b>		<b>370,600,491</b>	<b>29,439,469</b>	<b>341,161,023</b>	<b>17,804,689</b>	<b>8,100,000</b>	<b>14,200,000</b>	<b>18,028,000</b>	<b>17,600,000</b>	<b>42,390,000</b>	<b>38,100,000</b>	<b>24,125,000</b>	<b>81,175,000</b>	<b>73,500,000</b>
Minor Project - Requested	Minor Capital Projects Current Budget Year - 40% CRHD Share (\$3.75M expensed)	Various	173	40%	3,750,000	N/A	9,375,000	-	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-
Minor Project - Anticipated	Minor Capital Projects Future Budget Years - 40% CRHD Share (\$3.75M expensed)	Various		40%	33,750,000	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
Minor Equipment Grants	CRHD Section 20 Equipment Grants - 100% CRHD Share expensed annually	Various		100%	29,550,000	N/A	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	Non-Traditional Projects Grants - 100% CRHD Share (Suspended 2015-2024) - expensed annually	Various		100%	5,000,000	N/A	5,000,000	-	5,000,000	-	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
CRHD Project	Hillside/Kings Licensed Residential Care Facility	950 Kings Rd.		100%	15,000,000	15	15,000,000	-	15,000,000	-	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-
CRHD Project	Summit Residential Care Replacement (320 beds) - CRD Share	Summit at Quadra Village	160	100%	25,193,285	15	25,193,285	25,193,285	-	-	-	-	-	-	-	-	-	-	-
CRHD Project	Summit Residential Care Replacement (320 beds) - Leased Share	Summit at Quadra Village	160	100%	61,250,000	25	61,250,000	55,988,641	5,261,359	5,261,359	-	-	-	-	-	-	-	-	-
CRHD Project	Regional Housing First Program (RHFP) Contribution - \$6.25M cash and \$3.75M financed over 5 years	TBD		100%	10,000,000	5	10,000,000	-	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-
CRHD Project	Land Acquisition/Residential Care Facility - funded from land development reserve and long-term debt	TBD		100%	13,000,000	10	13,000,000	-	13,000,000	13,000,000	-	-	-	-	-	-	-	-	-
CRHD Project	Oak Bay Lodge -\$5M (2020-2021) financed over 5 years, \$5M (2022) no impact to debt servicing (capital plan under development)	Oak Bay Lodge		100%	10,000,000	5	10,000,000	-	10,000,000	2,000,000	3,000,000	5,000,000	-	-	-	-	-	-	-
<b>CRHD TOTAL</b>					<b>206,493,285</b>		<b>262,743,285</b>	<b>81,181,926</b>	<b>181,561,359</b>	<b>32,591,359</b>	<b>25,330,000</b>	<b>17,830,000</b>	<b>14,830,000</b>	<b>18,330,000</b>	<b>19,330,000</b>	<b>13,330,000</b>	<b>13,330,000</b>	<b>13,330,000</b>	<b>13,330,000</b>
<b>PROJECT TOTAL - before inflation</b>					<b>318,704,481</b>		<b>633,343,776</b>	<b>110,621,395</b>	<b>522,722,382</b>	<b>50,396,048</b>	<b>33,430,000</b>	<b>32,030,000</b>	<b>32,858,000</b>	<b>35,930,000</b>	<b>61,720,000</b>	<b>51,430,000</b>	<b>37,455,000</b>	<b>94,505,000</b>	<b>86,830,000</b>
<b>Inflation 2.22%</b>									6,972,798	-	119,880	261,960	388,500	390,720	941,058	845,820	535,575	1,802,085	1,631,700
<b>PROJECT TOTAL - including inflation</b>									<b>529,695,180</b>	<b>50,396,048</b>	<b>33,549,880</b>	<b>32,291,960</b>	<b>33,246,500</b>	<b>36,320,720</b>	<b>62,661,058</b>	<b>52,275,820</b>	<b>37,990,575</b>	<b>96,307,085</b>	<b>88,461,700</b>
<b>CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW</b>									<b>228,033,957</b>	<b>32,448,368</b>	<b>22,170,964</b>	<b>16,543,588</b>	<b>14,729,950</b>	<b>18,102,216</b>	<b>26,704,317</b>	<b>19,388,746</b>	<b>15,103,173</b>	<b>32,598,126</b>	<b>30,244,510</b>

**General Notes**

<sup>1</sup>Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15yrs

<sup>2</sup>Project may be primarily funded by the Hospital Foundation

<sup>3</sup>Project will be part of a larger project with BC Housing and CRD

<sup>4</sup>Potential start dates depend on annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and may change.

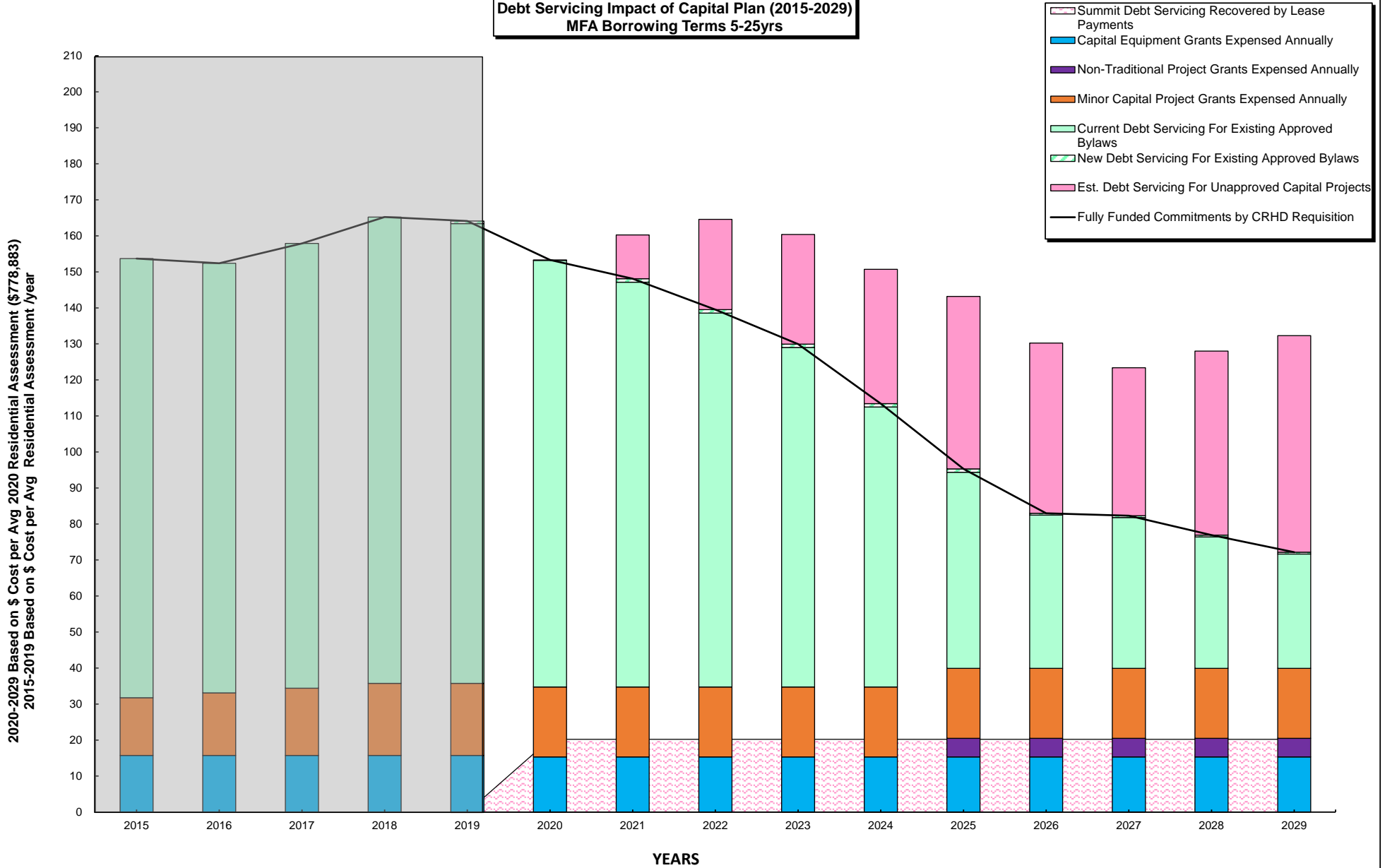
<sup>5</sup>Inflation is calculated at a rate of 2% and applied to forecasted projects if applicable (approved bylaws and land acquisition are not subject to inflation)

**Project Type / Status Legend:**

Major Project - Approved	Capital Borrowing Bylaw has been approved; project values > \$2M
Major Project - Planned	Island Health has received approval from Ministry of Health; project values > \$2M
Major Project - Possible	Desired projects and subject to future review and change; project values > \$2M
Major Project - Other	Projects not yet identified; to recognize health care needs and technology are continuously changing
Minor Project - Requested/Anticipated	Current and future year minor projects with values in the range of \$100k-\$2M, up to max. \$9.375M
Non-Traditional Projects	Non-traditional project funding
Minor Equipment Grants	HD Act Section 20 minor equipment grants
CRHD Project	CRHD capital initiatives

**CAPITAL REGIONAL HOSPITAL DISTRICT  
Debt Servicing Impact of Capital Plan (2015-2029)  
MFA Borrowing Terms 5-25yrs**

**APPENDIX B**



Debt Servicing costs have not been adjusted for PILTs, Other income, Admin & MFA Financing Fees  
Prepared by: CRD Finance, February 7, 2020

**CAPITAL REGIONAL HOSPITAL DISTRICT**  
**Debt Servicing Impact of 10 Year Capital Plan (2020-2029)**  
**Cost per Average 2020 Residential Assessment (\$778,883)**  
**Based on MFA Borrowing Terms of 5, 10, 15, 25 Years**

Year	Existing Debt Servicing	Capital Exp (2020-2039)		Capital Equipment	Section 20 Expensed		Minor Capital Projects	Total Requisition	Total Requisition \$ Value
		Estimated Debt Servicing	Total Debt Servicing		Non-Traditional Projects				
2020	118.43	0.13	118.55	15.31	0.00	19.43	153.29 *	29,584,625 *	
2021	112.39	13.14	125.52	15.31	0.00	19.43	160.26	30,929,985	
2022	103.82	26.03	129.84	15.31	0.00	19.43	164.59	31,764,049	
2023	94.25	31.39	125.64	15.31	0.00	19.43	160.38	30,951,888	
2024	77.74	38.24	115.98	15.31	0.00	19.43	150.72	29,088,032	
2025	54.46	48.78	103.23	15.31	5.18	19.43	143.16	27,628,382	
2026	42.53	47.79	90.32	15.31	5.18	19.43	130.24	25,136,061	
2027	41.85	41.61	83.46	15.31	5.18	19.43	123.38	23,812,063	
2028	36.48	51.60	88.08	15.31	5.18	19.43	128.00	24,703,569	
2029	31.74	60.62	92.36	15.31	5.18	19.43	132.28	25,530,027	
2030	29.12	53.03	82.16	15.31	5.18	19.43	122.08	23,560,521	
2031	27.43	49.56	76.99	15.31	5.18	19.43	116.92	22,563,820	
2032	22.97	46.75	69.72	15.31	5.18	19.43	109.65	21,161,213	
2033	22.97	44.78	67.76	15.31	5.18	19.43	107.68	20,781,599	
2034	22.52	43.07	65.58	15.31	5.18	19.43	105.51	20,361,926	
2035	20.21	43.07	63.28	15.31	5.18	19.43	103.20	19,917,668	
2036	20.21	43.07	63.28	15.31	5.18	19.43	103.20	19,917,668	
2037	20.21	42.54	62.76	15.31	5.18	19.43	102.68	19,816,616	
2038	20.21	40.36	60.57	15.31	5.18	19.43	100.50	19,394,859	
2039	20.21	36.08	56.29	15.31	5.18	19.43	96.22	18,569,132	
								<u>485,173,705</u>	

\*Requisition values are calculated based on forecasted debt servicing costs only and vary from budgeted requisition due to other budgetary drivers

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD  
MEETING OF WEDNESDAY, MARCH 18, 2020**

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**SUBJECT**     **Capital Regional Hospital District Bylaw No. 400: Annual Budget 2020**

**ISSUE SUMMARY**

This report summarizes final updates to the 2020 annual budget, and requests approval of Bylaw No. 400 regarding the Capital Regional Hospital District 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 for the year.

On October 30, 2019 the CRHD Board gave provisional approval to the preliminary 2020 annual budget. The final 2020 budget is shown as Schedule A of the attached CRHD Bylaw No. 400.

**ALTERNATIVES**

*Alternative 1*

1. That Bylaw No. 400 , cited as “Annual Budget Bylaw, 2020”, be introduced, read a first, second and third time; and
2. That Bylaw No. 400 be adopted.

*Alternative 2*

1. That Bylaw No. 400, cited as “Annual Budget Bylaw, 2020”, be introduced, read a first and second time;
2. That Bylaw No. 400 be amended as directed;
3. That Bylaw No. 400 be read a third time; and
4. That Bylaw No. 400 be adopted.

**IMPLICATIONS**

The final 2020 CRHD requisition is \$29.4 million, a decrease of (\$1.3 million) or (4.2%) from 2019. The decrease is driven primarily by a reduction in debt servicing costs due to lower rates on renewal and through updates in coordination with Island Health to the capital plan. Table 1 summarizes the year over year change in Requisition and cost per household.



**Table 1 – Change in requisition year over year**

Description	2020 Final	2019 Final	\$ Change	% Change
Requisition (\$ millions)	\$29.4	\$30.7	(\$1.3)	(4.2%)
Cost / Average Household	\$152.25	\$159.83	(\$7.58)	(4.7%)

In addition to the aforementioned drivers of requisition reduction, the decrease in costs per household is also driven by a 2.4% increase in residential assessments and 1% folio growth across the region.

Appendix A provides the bylaw and accompanying annual 2020 budget for Board approval while Appendix C sets out future budget projections for the years 2020-2024.

**Updates Following Provisional Budget Approval**

The final 2020 CRHD budget reflects all year-end adjustments related to prior year results and payments in lieu of taxes as shown in Schedule A of the Bylaw. Appendix B details all changes since Provisional Budget.

**Expenses**

The total change in operating expenses is \$ 1.5 million or 4.2% of the provisional amount. Table 2 summarizes the changes by expense type.

**Table 2: Changes in Operating Expenses**

Expense Type (\$M)	2020 Final	2020 Provisional	\$ Change	% Change
Operations	1.3	1.2	0.1	4.2%
Debt Servicing	23.1	23.3	(0.2)	(0.7%)
Capital Funding	8.1	6.7	1.4	20.4%
Transfers to Reserves	4.9	4.7	0.2	5.1%
<b>Total</b>	<b>\$37.4</b>	<b>\$35.9</b>	<b>\$1.5</b>	<b>4.2%</b>

The increase in operations of \$0.1 million is related to securing the necessary property, equipment and commercial liability insurance for the Summit facility, while decreases in debt servicing of (\$0.2) million are driven by various changes in the capital plan.

The increase in capital funding reflects the approved \$1.4 million capital grant from the non-traditional project (NTP) reserve to the Broadmead Care Society in redevelopment of Nigel Valley. The \$0.2 million in transfers to reserve are related to Minor Capital Project (MCP) surpluses higher than forecast. The surpluses come from unclaimed capital grants by Island Health and are being transferred to the Land Holdings Management Reserve.

### Operating Revenue

Changes in operating expenses are resolved through changes to revenue. These changes are summarized in table 3.

**Table 3: Changes in Revenue**

Revenue Type (\$M)	2020 Final	2020 Provisional	\$ Change	% Change
Tax Requisition	29.4	29.4	(0.0)	(0.0%)
Payments in Lieu of Taxes (PILT)	0.9	0.9	(0.0)	(0.0%)
Summit Lease Payments	3.9	4.3	(0.4)	(9.3%)
Other Revenue	0.5	0.5	0.0	0.0%
Transfers in from Reserve	1.5	-	1.5	100.0%
Surplus – MCP Bylaw Expiry	0.7	0.6	0.1	16.7%
Surplus – Operating	0.5	0.2	0.3	150.0%
<b>Total</b>	<b>\$37.4</b>	<b>\$35.9</b>	<b>\$1.5</b>	<b>4.2%</b>

There is a decrease of (\$0.4) million in Summit Lease payments due to a one month delay in the lease commencement. Island Health has taken possession of the facility as of February 1, 2020 and relocation of residents from Oak Bay Lodge and Mount Tolmie Hospital is planned for April 2020.

The increase of \$1.5 million transfers from reserves is made up of \$0.1 million from the Land Holdings Management reserve to fund property maintenance expenditures, and \$1.4 million from the aforementioned NTP to fund the Nigel Valley redevelopment project in Saanich.

The increase in \$0.1 million in MCP surplus (2015 bylaw) resulted from year end results totaling \$0.7 million where the original estimate was \$0.6 million. Since migrating away from debt servicing the MCP, expired bylaws result in a surplus to CRHD for any unclaimed grant amount. MCP grant funds that remain unclaimed by Island Health after five years can be reclaimed from the reserve by CRHD and used to fund other liabilities or stabilize requisition. The MCP surplus has been transferred to the Land Holdings Management Reserve to fund future liabilities relating to properties being held for development.

The provisional budget estimated a surplus of \$0.2 million and the actual closing surplus was \$0.5 million, for a difference of \$0.3 million in the 2019 operating surplus. The surplus was driven by lower than planned debt servicing costs and increased interest earnings. Decreased debt servicing is a result of the timing of claims received and paid out to Island Health by CRHD. The 2019 operating surplus has been carried forward to offset 2020 requisition requirements, leaving the requisition consistent with Provisional.

### Requisition

The total requisition remains unchanged from Provisional; however, assessment values have since been released by BC Assessment and affect the cost per average household and cost per unit of assessed value. Table 4 summarizes the change from provisional.

**Table 4: Changes in Requisition**

Description	2020 Final	2020 Provisional	\$ Change	% Change
Requisition (\$M)	\$29.4	\$29.4	(\$0.0)	(0.0%)
\$ Cost / Average HH	\$152.25	\$152.29	(\$0.04)	(0.0%)

Overall, the 2020 CRHD requisition remained consistent at \$29.4. The 2020 budget represents a total cost per average residential assessment of \$152.25 and is a decrease of \$0.04 from the 2020 provisional budget.

**Reserves**

Under the *Hospital District Act*, Section 20(4), the CRHD is able to maintain reserve accounts. Table 5 summarizes the reserve balances for all existing accounts at December 31, 2019.

**Table 5: Changes in Reserves**

Description	2019 Ending Actuals (\$M)	2019 Ending Provisional Estimate (\$M)	\$ Change (\$M)	% Change
Administration and Feasibility Studies	1.5	1.4	0.1	7.1%
Non-Traditional Projects	2.0	2.0	0.0	0.0%
MCP 2015 Reserve (CBL 164)	0.7	0.6	0.1	16.7%
MCP 2016 Reserve (CBL 169)	0.4	0.4	0.0	0.0%
MCP 2017 Reserve (CBL 170)	0.1	0.3	(0.2)	(66.7%)
MCP 2018 Reserve (CBL 171)	0.6	1.3	(0.7)	(53.8%)
MCP 2019 Reserve (CBL 173)	3.0	3.5	(0.5)	(14.3%)
Land Holdings Management	0.3	0.2	0.1	50%
Land Development Reserve	6.1	6.1	0.0	0.0%
RHFP Projects Reserve	1.3	1.3	0.0	0.0%

CRHD Bylaw No. 400 includes Schedule A and Schedule B. Schedule A reflects all changes over prior year, the final surplus and payments in lieu of taxes. Schedule B reflects the 2020 estimated capital expenditures.

**CONCLUSION**

The CRHD Board must adopt a bylaw for the annual budget each year by March 31. The attached bylaw summarizes the annual budget for 2020. The 2020 budget received provisional approval by the Board on October 30, 2019.

The annual budget for 2020 has been prepared in alignment with Board decisions and committee direction. Staff recommends approving the Annual Budget Bylaw, 2020 as presented.

**RECOMMENDATION**

1. That Bylaw No. 400, cited as “Annual Budget Bylaw, 2020”, be introduced, read a first, second and third time; and
2. That Bylaw No. 400 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
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

**ATTACHMENT(S)**

- Presentation: CRHD Presentation
- Appendix A: CRHD Bylaw No. 400, inclusive of Schedule A & Schedule B
- Appendix B: Capital Regional Hospital District 2020 Provisional to Final Comparison
- Appendix C: Capital Regional Hospital District 2020–2024 Future Budget Projections



# Capital Regional Hospital District > 2020 Final Budget Bylaw

**Presentation to CRHD Board of Directors  
Wednesday March 18, 2020**

	2020 Final	2019 Final	H/(L) \$	H/(L) %
Requisition	29.4	30.7	(1.3)	(4.2)
Other	8.0	2.7	5.3	196.3
<b>Total Revenue</b>	<b>\$37.4M</b>	<b>\$33.4M</b>	<b>\$4.0M</b>	<b>12.0%</b>
Debt Servicing	23.1	24.4	(1.3)	(5.3)
Capital Grants	8.1	6.7	1.4	20.9
Other	6.2	2.3	3.9	169.6
<b>Total Expenses</b>	<b>\$37.4M</b>	<b>\$33.4M</b>	<b>\$4.0M</b>	<b>12.0%</b>

## Revenue

- Requisition reduced driven by lower debt service costs and diversification in other revenue streams
- Other revenue is primarily related to lease payments from Island Health for the Summit at Quadra Village care facility

## Expense

- Reduction in debt servicing costs are a result of lower interest rates and changes to the capital plan in coordination with Island Health
- Capital Grant expenses reflects the non-traditional project (NTP) reserve transfer for the redevelopment of Nigel Valley

	2020 Final	2020 Provisional	H/(L) \$	H/(L) %
Requisition	29.4	29.4	(0.0)	(0.0)
Other	8.0	6.5	1.5	23.1
<b>Total Revenue</b>	<b>\$37.4M</b>	<b>\$35.9M</b>	<b>\$1.5M</b>	<b>4.2%</b>
Debt Servicing	23.1	23.3	(0.2)	(0.9)
Capital Grants	8.1	6.7	1.4	20.8
Other	6.2	5.9	0.3	5.1
<b>Total Expenses</b>	<b>\$37.4M</b>	<b>\$35.9M</b>	<b>\$1.5M</b>	<b>4.2%</b>

## Revenue

- Other revenue is the net change related to a reduction in Summit lease payments offset by surplus carryforward, and transfers from reserve to fund the redevelopment of Nigel Valley

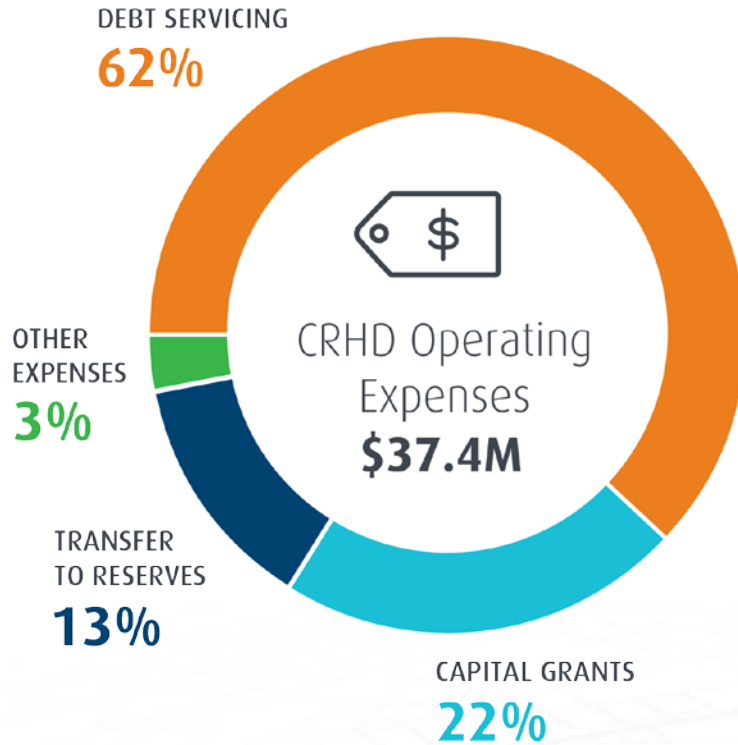
## Expense

- Capital Grant reflects the non-traditional project (NTP) reserve transfer for the redevelopment of Nigel Valley
- Minor Capital Project (MCP) surpluses higher than forecast

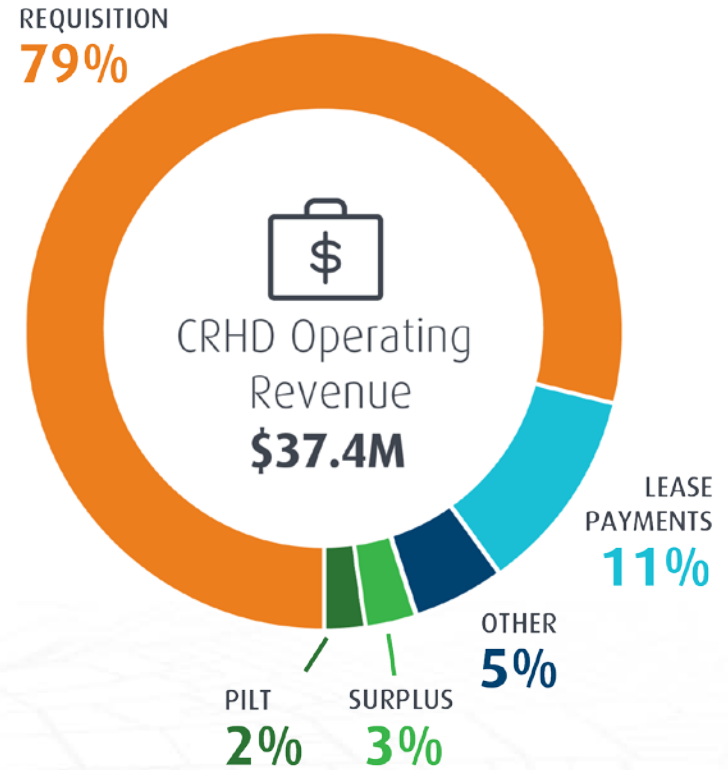




## EXPENDITURES



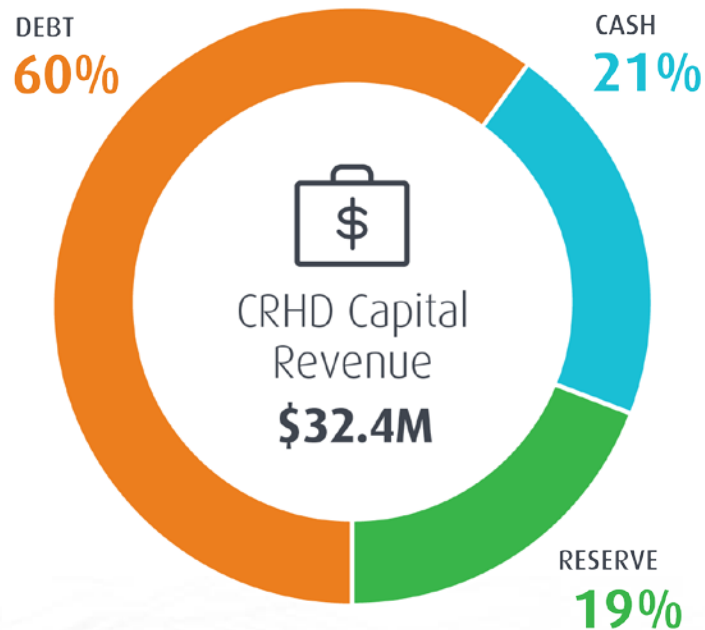
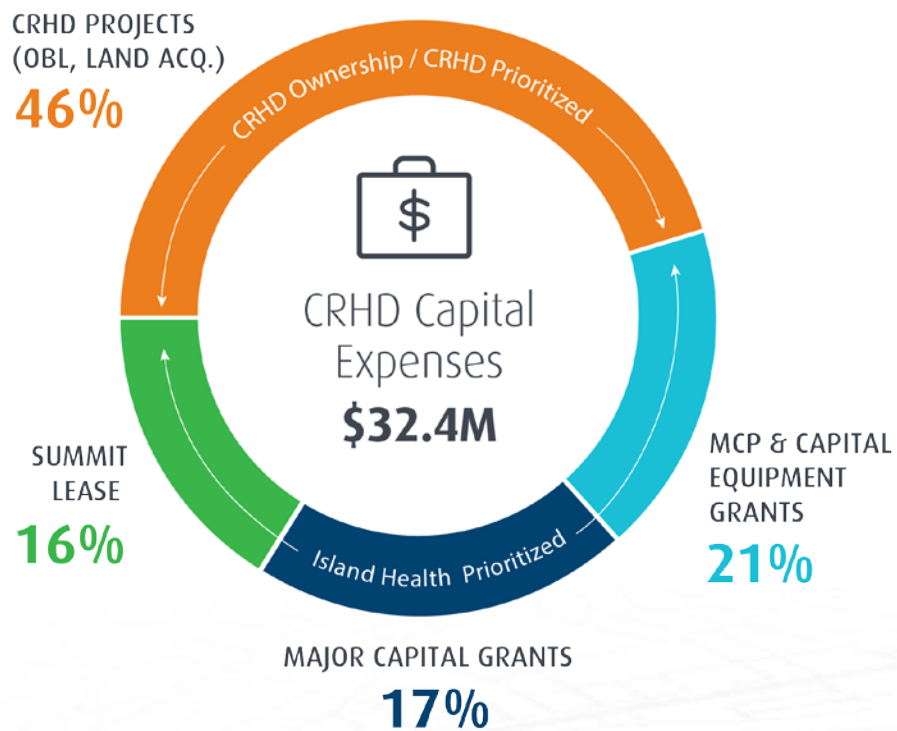
## SOURCES OF REVENUE





## EXPENDITURES

## SOURCES OF FUNDING



\*All Capital Funding originates from requisition



**SCHEDULE A**

**CAPITAL REGIONAL HOSPITAL DISTRICT  
2020 FINAL BUDGET**

	2019 BOARD BUDGET	2020 ANNUAL BUDGET	2019-2020 BUDGET VARIANCE
<b>REVENUE</b>			
Tax Requisition Total	30,749,980	29,383,047	(1,366,933)
Payments in Lieu of Taxes	925,163	890,109	(35,054)
	<u>31,675,143</u>	<u>30,273,156</u>	<u>(1,401,987)</u>
Debt Reserve Fund Recovery	151,000	244,000	93,000
Interest Earnings	576,000	175,000	(401,000)
Transfer in from Land Holdings Management Reserve	-	110,000	110,000
Transfer in from Non-Traditional Projects Reserve	-	1,360,000	1,360,000
Summit Lease Payments	-	3,976,663	3,976,663
Other Property Holdings Revenue	-	55,757	55,757
Surplus from MCP Expiry	-	741,897	741,897
Surplus Previous Year	987,360	504,998	(482,362)
<b>TOTAL REVENUE</b>	<u>33,389,503</u>	<u>37,441,471</u>	<u>4,051,968</u>
<b>EXPENDITURES</b>			
Debt Servicing			
Debenture Debt Charges	24,041,330	22,879,625	(1,161,705)
Debenture Debt - Accrued Interest to Dec 31	93,000	42,000	(51,000)
Temporary Borrowing Interest	121,000	65,000	(56,000)
Debt Reserve Fund	156,000	151,860	(4,140)
<b>Total Debt Servicing</b>	<u>24,411,330</u>	<u>23,138,485</u>	<u>(1,272,845)</u>
HD Act Section 20 Expenditures			
Administration	674,786	741,986	67,200
Studies	258,387	261,154	2,767
Property Management	40,000	278,997	238,997
	<u>973,173</u>	<u>1,282,137</u>	<u>308,964</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	-
Non-Traditional Projects Capital Grant	-	1,360,000	1,360,000
	<u>6,705,000</u>	<u>8,065,000</u>	<u>1,360,000</u>
HD Act Section 20 Expenditures - Reserves			
Transfer to Non-Traditional Projects Reserve	-	-	-
Transfer to Summit Management Reserve	-	263,952	263,952
Transfer to Land Holdings Management Reserve (MCP)	-	741,897	741,897
Transfer to Land Holdings Management Reserve	50,000	200,000	150,000
Transfer to RHFP Reserve	1,250,000	3,750,000	2,500,000
	<u>1,300,000</u>	<u>4,955,849</u>	<u>3,655,849</u>
<b>TOTAL EXPENDITURES</b>	<u>33,389,503</u>	<u>37,441,471</u>	<u>4,051,968</u>
<b>Surplus/(Deficit)</b>	-	-	-
Tax impact on 2020 average residence (\$778,883)	159.33	152.25	
Tax impact on \$100,000 of 2020 completed assessments	20.46	19.55	
Tax requisition increase/(decrease)		-4.4%	

**SCHEDULE B**

**CAPITAL REGIONAL HOSPITAL DISTRICT  
2020 CAPITAL EXPENDITURES**

<u>Capital Borrowing Bylaw#</u>	<u>Project Description</u>	<u>2020 Capital Expenditures</u>
160	Summit - Residential Care Replacement Project	5,261,359
168	RJH - Unit Dose Medication Distribution Hub (UDMD)	562,409
172	West Shore Urgent Care/Primary Care	218,000
175	Beacon Community Services Expansion <sup>1</sup>	1,350,000
174	James Bay Urgent and Primary Care Centre	1,500,000
TBD	Urban Victoria Urgent Care/Primary Care #2	1,500,000
TBD	LMH - Emergency Department <sup>2</sup>	201,600
TBD	GRH - Rehabilitation Center Phase 1 <sup>2</sup>	150,000
TBD	Oak Bay Lodge	2,000,000
TBD	Land Acquisition/Residential Care Facility	13,000,000
		<u>25,743,368</u>

<u>Capital Expenditure Bylaw#</u>	<u>Project Description</u>	<u>2020 Capital Expenditures</u>
TBD	Sec 20 - 2020 Minor Capital Projects	3,750,000
TBD	Sec 20 - 2020 Capital Equipment Projects	2,955,000
		<u>6,705,000</u>
<b>Total 2020 Capital Expenditures</b>		<u><b>32,448,368</b></u>

<sup>1</sup>New to Capital Plan in 2020; subject to receiving Ministry of Health designation

<sup>2</sup>Project may be primarily funded by the Hospital Foundation

**APPENDIX B**

**CAPITAL REGIONAL HOSPITAL DISTRICT  
2020 - 2024 FUTURE BUDGET PROJECTIONS**

	<b>2020 FINAL BUDGET</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>	<b>2024 BUDGET</b>
<b>REVENUE</b>					
Tax Requisition Total	29,383,047	28,135,251	27,644,720	26,736,556	24,707,900
Payments in Lieu of Taxes	890,109	890,109	890,109	890,109	890,109
	30,273,156	29,025,361	28,534,830	27,626,666	25,598,009
Debt Reserve Fund Recovery	244,000	405,000	419,000	570,000	792,074
Interest Earnings	175,000	175,000	175,000	175,000	175,000
Transfer in from Land Holdings Management Reserve	110,000	160,000	78,000	-	-
Transfer in from Non-Traditional Projects Reserve	1,360,000	-	-	-	-
Summit Lease Payments	3,976,663	4,338,178	4,338,178	4,338,178	4,338,178
Other Property Holdings Revenue	55,757	6,600	-	-	-
Surplus - Minor Capital Projects	741,897	370,000	-	-	-
Surplus - Previous Year	504,998	-	-	-	-
<b>TOTAL REVENUE</b>	<b>37,441,471</b>	<b>34,480,139</b>	<b>33,545,008</b>	<b>32,709,844</b>	<b>30,903,261</b>
<b>EXPENDITURES</b>					
Debt Servicing					
Debenture Debt Charges	22,879,625	24,224,985	25,059,049	24,246,888	22,383,032
Debenture Debt - Accrued Interest to Dec 31	42,000	-	-	-	-
Temporary Borrowing Interest	65,000	65,000	50,000	50,000	50,000
Debt Reserve Fund	151,860	92,160	48,386	80,250	113,972
Total Debt Servicing	23,138,485	24,382,144	25,157,435	24,377,137	22,547,004
HD Act Section 20 Expenditures					
Administration	741,986	758,278	774,920	790,667	806,738
Studies	261,154	263,978	238,287	240,653	243,331
Property Management	278,997	286,786	205,414	132,434	137,235
	1,282,137	1,309,042	1,218,621	1,163,754	1,187,305
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
Non-Traditional Projects Capital Grant	1,360,000	-	-	-	-
	8,065,000	6,705,000	6,705,000	6,705,000	6,705,000
HD Act Section 20 Expenditures - Reserves					
Transfer to Non-Traditional Projects Reserve	-	-	-	-	-
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Transfer to Land Holdings Management Reserve (MCP)	741,897	370,000	-	-	-
Transfer to Land Holdings Management Reserve	200,000	200,000	200,000	200,000	200,000
Transfer to/(from) RHFP Reserve	3,750,000	1,250,000	-	-	-
	4,955,849	2,083,952	463,952	463,952	463,952
<b>TOTAL EXPENDITURES</b>	<b>37,441,471</b>	<b>34,480,139</b>	<b>33,545,008</b>	<b>32,709,844</b>	<b>30,903,261</b>
Tax impact on 2020 average residence (\$778,883)	152.25	145.78	143.24	138.54	128.02
Tax impact on \$100,000 of 2020 completed assessments	19.55	18.72	18.39	17.79	16.44
Tax requisition increase/(decrease)	-4.4%	-4.2%	-1.7%	-3.3%	-7.6%

**APPENDIX C**

**CAPITAL REGIONAL HOSPITAL DISTRICT  
2020 Provisional to Final Budget Comparison**

	<b>2020 PROVISIONAL BUDGET</b>	<b>2020 FINAL BUDGET</b>	<b>Variance Increase/(Decrease) BUDGET</b>
<b>REVENUE</b>			
Tax Requisition Total	29,391,232	29,383,047	(8,185)
Payments in Lieu of Taxes	925,163	890,109	(35,054)
	<u>30,316,395</u>	<u>30,273,156</u>	<u>(43,240)</u>
Debt Reserve Fund Recovery	244,000	244,000	-
Interest Earnings	175,000	175,000	-
Transfer in from Land Holdings Management Reserve	-	110,000	110,000
Summit Lease Payments	4,338,178	3,976,663	-361,515
Transfer in from Non-Traditional Projects Reserve	-	1,360,000	1,360,000
Other Property Holdings Revenue	50,957	55,757	4,800
Surplus from MCP Expiry	560,000	741,897	181,897
Surplus Previous Year	214,831	504,998	290,167
<b>TOTAL REVENUE</b>	<u>35,899,361</u>	<u>37,441,471</u>	<u>1,542,109</u>
<b>EXPENDITURES</b>			
Debt Servicing			
Debenture Debt Charges	23,041,885	22,879,625	(162,260)
Debenture Debt - Accrued Interest to Dec 31	42,000	42,000	-
Temporary Borrowing Interest	65,000	65,000	-
Debt Reserve Fund	151,860	151,860	-
Total Debt Servicing	<u>23,300,745</u>	<u>23,138,485</u>	<u>(162,260)</u>
HD Act Section 20 Expenditures			
Administration	741,519	741,986	467
Studies	261,154	261,154	-
Property Management	228,233	278,997	50,764
	<u>1,230,906</u>	<u>1,282,137</u>	<u>51,231</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	-
Non-Traditional Projects Capital Grant	-	1,360,000	1,360,000
	<u>6,705,000</u>	<u>8,065,000</u>	<u>1,360,000</u>
HD Act Section 20 Expenditures - Reserves			
Transfer to Summit Management Reserve	263,952	263,952	-
Transfer to Land Holdings Management Reserve (MCP)	560,000	741,897	181,897
Transfer to Land Holdings Management Reserve	88,759	200,000	111,241
Transfer to RHFP Reserve	3,750,000	3,750,000	-
	<u>4,662,711</u>	<u>4,955,849</u>	<u>293,138</u>
<b>TOTAL EXPENDITURES</b>	<u>35,899,361</u>	<u>37,441,471</u>	<u>\$ 1,542,109</u>
<b>Surplus/(Deficit)</b>		-	
Tax impact on 2020 average residence (\$778,883)	152.29	152.25	-0.04
Tax impact on \$100,000 of 2020 completed assessments	19.55	19.55	-0.01
Tax requisition increase/(decrease)	-4.4%	-4.4%	0.0%