



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 13, 2024

1:10 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. [24-249](#) Minutes of the February 14, 2024 Capital Regional Hospital District Board

Recommendation: That the minutes of the Capital Regional Hospital District Board meeting of February 14, 2024 be adopted as circulated.

Attachments: [Minutes - February 14, 2024](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. CONSENT AGENDA

6.1. [24-099](#) Capital Regional Hospital District Investment Portfolio Holdings and Performance Annual Update

Recommendation: There is no recommendation. This report is for information only.

Attachments: [Staff Report: Investment Portfolio Holdings Update](#)

[Appendix A: Investment Policy](#)

[Appendix B: Market Analysis](#)

[Appendix C: Invest Holdings & Performance](#)

7. MOTION TO CLOSE THE MEETING

7.1. [24-253](#) Motion to Close the Meeting

Recommendation: That the meeting be closed for Litigation in accordance with Section 90(1)(g) of the Community Charter. [1 item]

8. RISE AND REPORT

9. ADMINISTRATION REPORTS

9.1. [24-234](#) Amendment to the Capital Regional Hospital District 2024-2033 Ten Year Capital Plan

Recommendation: That the Capital Regional Hospital District 2024-2033 Ten Year Capital Plan be amended and approved as submitted.
(WA)

Attachments: [Staff Report: Amendment CRHD 2024-2033 Capital Plan](#)
[Appendix A: Amended 2024-2033 Capital Plan](#)
[Appendix B: Debt Servicing of 2024-2033 Ten Year Capital Plan](#)
[Appendix C: Debt Svc Cost per Avg 2024 Residential Assessment](#)

9.2. [24-156](#) Capital Regional Hospital District Bylaw No. 424 Annual Budget 2024

Recommendation: 1. That Bylaw No. 424, "Annual Budget Bylaw, 2024", be introduced and read a first, second and third time; and
(WA)
2. That Bylaw No. 424 be adopted.
(WA, 2/3rds on adoption)

Attachments: [Staff Report: Bylaw 424 CRHD Annual Budget 2024](#)
[Presentation: Bylaw 424 CRHD 2024 Final Budget](#)
[Appendix A: Bylaw 424 Inclusive Schedules AB-CRHD](#)
[Appendix B: CRHD 2024 Provisional Final Budget Comparison](#)
[Appendix C: CRHD 2024-28 Future Budget Projections](#)
[Appendix D: CRHD 2024-28 Reserve Schedule](#)

9.3. [24-235](#) The Summit at Quadra Village Fire Suppression System Remediation -
Approval of Capital Bylaw No. 425

- Recommendation:**
1. That the Summit at Quadra Village Fire Suppression System Remediation in the amount of \$900,000 be approved;
(WA)
 2. That Capital Regional Hospital District (CRHD) Bylaw No. 425, "Capital Regional Hospital District Bylaw No. 194, 2024" be introduced and read a first, second and third time; and
(WA)
 3. That CRHD Bylaw No. 425 be adopted.
(WA, 2/3rds on adoption)

Attachments: [Staff Report: Summit Fire Suppress System Remed'n-Approval Cap Bylaw](#)
[Appendix A: CRHD Bylaw No. 425](#)

10. REPORTS OF COMMITTEES

11. BYLAWS

12. NOTICE(S) OF MOTION

13. NEW BUSINESS

14. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

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

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

Meeting Minutes

Capital Regional Hospital District Board

Wednesday, February 14, 2024

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

DIRECTORS: K. Murdoch (Chair), C. McNeil-Smith (Acting Chair), M. Alto, K. Armour (for B. Desjardins), P. Brent, S. Brice, J. Caradonna, C. Coleman, G. Holman, P. Jones, D. Kobayashi, M. Little, C. Plant, L. Szpak, M. Tait (EP), D. Thompson, S. Tobias (EP), M. Westhaver (for D. Murdock), A. Wickheim, K. Williams, R. Windsor

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; A. Fraser, General Manager, Integrated Water Services; S. May, Acting, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; S. Carey, Senior Manager of Legal Services; D. Elliott, Senior Manager, Regional Housing; C. Gilpin, Manager, Arts & Culture; G. Harris, Senior Manager, Environmental Protection; S. Henderson, Senior Manager, Real Estate; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Directors J. Brownoff, Z. de Vries, B. Desjardins, S. Goodmanson, D. Murdock

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

1. TERRITORIAL ACKNOWLEDGEMENT

Chair Murdoch provided a Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Coleman, **SECONDED** by Director McNeil-Smith,
That the agenda for the February 14, 2024 Session of the Capital Regional
Hospital District Board be approved.
CARRIED

3. ADOPTION OF MINUTES

3.1. [24-168](#) Minutes of the January 10, 2024 Capital Regional Hospital District Board

MOVED by Director Coleman, **SECONDED** by Director McNeil-Smith,
That the minutes of the Capital Regional Hospital District Board meeting of
January 10, 2024 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

There were no Chair's remarks.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

There were no consent agenda items.

7. ADMINISTRATION REPORTS

There were no consent agenda items.

8. REPORTS OF COMMITTEES

- 8.1. [24-094](#) Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee Hospitals - Approval of Capital Bylaw No. 422

MOVED by Director Coleman, **SECONDED** by Director McNeil-Smith,
1) That the Capital Regional Hospital District (CRHD) funding in the amount of \$600,000 be approved for Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals;
CARRIED

MOVED by Director Coleman, **SECONDED** by Director McNeil-Smith,
2) That CRHD Bylaw No. 422, "Capital Regional Hospital District Capital Bylaw No. 192, 2024" be introduced and read a first, second, and third time; and
CARRIED

MOVED by Director Coleman, **SECONDED** by Director McNeil-Smith,
3) That CRHD Bylaw No. 422 be adopted.
CARRIED

- 8.2. [24-095](#) Elevator Refurbishment at the Victoria General Hospital - Approval of Capital Bylaw No. 423

MOVED by Director McNeil-Smith, **SECONDED** by Director Coleman,
1) That Capital Regional Hospital District (CRHD) funding in the amount of \$616,715 be approved for Elevator Refurbishment at the Victoria General Hospital.
CARRIED

MOVED by Director McNeil-Smith, **SECONDED** by Director Coleman,
2) That CRHD Bylaw No. 423, "Capital Regional Hospital District Capital Bylaw No.193, 2024" be introduced and read a first, second, and third time.
CARRIED

MOVED by Director McNeil-Smith, **SECONDED** by Director Coleman,
3) That CRHD Bylaw No. 423 be adopted.
CARRIED

9. BYLAWS

There were no bylaws for consideration.

10. NOTICE(S) OF MOTION

There were no notice(s) of motion.

11. NEW BUSINESS

There was no new business.

12. ADJOURNMENT

**MOVED by Director McNeil-Smith, SECONDED by Director Coleman,
That the February 14, 2024 Capital Regional Hospital District Board meeting be
adjourned at 1:04 pm.
CARRIED**

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MARCH 06, 2024**

SUBJECT **Capital Regional Hospital District Investment Portfolio Holdings and Performance Annual Update**

ISSUE SUMMARY

To provide an annual update on Capital Regional Hospital District (CRHD) investment holdings and performance for the period that ended December 31, 2023.

BACKGROUND

The Capital Regional District (CRD) invests operating, capital and reserve funds in accordance with the *Local Government Act*, *Community Charter* and Board approved Investment Policy (Appendix A). The Investment Policy applies to the investment activities for all funds maintained by the CRD, the Capital Region Housing Corporation (CRHC) and the CRHD. The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing and return on investment in alignment with the policy.

The policy also provides the minimum ratings of investment vehicles that can be purchased. Currently, investments in chartered banks or savings institutions must be rated R-1 (low) or higher for short-term investment and A- for long-term as published by major credit rating agencies. Both ratings indicate a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through current and forecasted economic conditions. The CRHD invests net working capital and reserves in a mix of products including High-Interest Savings Accounts (HISA), fixed term Guaranteed Investment Certificates (GICs) and Municipal Finance Authority (MFA) pooled funds. The placement or divestiture of investments are timed with forecasted cash requirements.

Investments through 2023 have been made in alignment with the Board approved Investment Policy. Although economic and market conditions drove fluctuations and uncertainty in the portfolio, performance exceeded the benchmark rate as detailed in the report.

IMPLICATIONS

Financial Implications

Portfolio Holdings

As of December 31, 2023, the CRHD investment portfolio totaled \$26.5 million invested in short-term investments, as outlined in Table 1.

Table 1: CRHD Investment Holdings – as of December 31, 2023

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)	26.5	100.0%
Investments Long-Term (more than 2 years)	0.0	0.0%
Total Investments:	\$26.5	100%

As noted in Table 1, the CRHD investment portfolio on December 31, 2023 was distributed 100% to short-term investments. Investments with maturities less than two years are classified as short-term.

Performance

The total effective return on investments during 2023 was \$1.4 Million or 5.7%, driven by higher interest rates in 2023 impacting returns on HISAs and GICs.

Table 2 below shows the three-year trend on investment income.

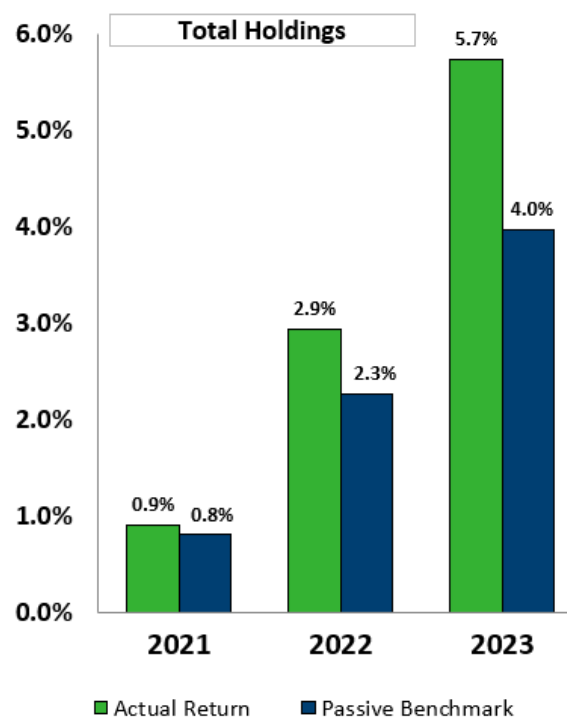
Table 2: CRHD Investment Income Three-Year Trend (\$ Millions)

	2021		2022		2023	
Passive Benchmark	0.8%	\$0.2	2.2%	\$0.5	3.9%	\$1.0
Active Management	0.1%	\$0.0	0.7%	\$0.1	1.8%	\$0.4
Total	0.9%	\$0.2	2.9%	\$0.6	5.7%	\$1.4

The passive income benchmark approach, which reflects investment returns without active management, underwent a methodology update effective 2023. Previously, the passive income benchmark was calculated using an average of bank deposit rates through the year, weighted by cash flow timing. The new approach calculates the benchmark using weighted average holdings across investment categories (GICs, HISAs, and MFA pooled funds). This adjustment ensures a more accurate representation of portfolio holdings, accounting for differences in passive investment returns based on their respective category. Table 2 above reflects this new approach, restating the passive benchmark for 2021 and 2022.

Graph 1 provides a summary report on investment returns in 2023.

Graph 1: CRHD Investment Results - 2023:



Returns in excess of benchmark were a result of active portfolio management and proactive cashflow forecasting throughout the year. In 2023, the Bank of Canada raised the overnight interest rate three more times from already elevated historic levels. Active portfolio management leveraged rate increases into an opportunity as fixed-term interest rates also increased. Further details regarding investment holdings and performance can be found in Appendix C

In 2023, capital project cash outflows were relatively consistent where average monthly distributions were ~\$2.7 million. Major expenditures included the High Acuity Unit at Victoria General Hospital and the Lady Minto Emergency Department expansion. As Island Health projects ramp up, short-term liquidity requirements will increase. As the CRHD's reserves grow in preparation for major Island Health projects and CRHD capital asset replacement plans portfolio holdings in long-term products will increase.

CONCLUSION

Overall, the CRHD portfolio of investments reflects the four fundamental objectives of safety of principal, liquidity, responsible investing and return on investment. Investments have been made in alignment with the Board approved Investment Policy and investment performance was in line with expectations for the year ended December 31, 2023.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Investment Policy
Appendix B: Market Analysis
Appendix C: Investment Holdings and Performance



CAPITAL REGIONAL DISTRICT

Making a difference...together

INVESTMENT POLICY

Policy Type	Board [Corporate]		
Title	INVESTMENT POLICY		
Adopted Date	September 22, 2013	Policy Number	BRD07
Amendment #1	May 10, 2017		
Amendment #2	March 10, 2021 (Approved)		
Amendment #3	March 9, 2022 (Approved)		
Policy Owner	Financial Services		

1. PURPOSE

This investment policy provides the framework for investment portfolio management for the Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC).

It is the policy of the CRD, CRHD and CRHC to invest funds in a manner that provides the optimal blend of investment security and return while meeting the short and long term cash flow requirements in support of the corporate plan priorities while maintaining compliance with statutory requirements.

2. SCOPE

The investment policy applies to all cash operating funds, capital funds and reserve funds. It does not apply to funds held in trust or which have a specific legal or statutory requirement for cash management, disbursement, or investment.

3. PRINCIPLES

The investment of funds must reflect a management philosophy based on the fundamental objectives of

3.1 Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on financial products.

3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

3.3 Responsible Investing

The investment program will consider socially responsible investment products that adhere to statutory requirements and meet the objectives laid out in this policy.

Organizations that adopt a socially responsible investment platform in alignment with the published MFA ESG framework are preferred

3.4 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints, liquidity requirements and responsible investing objectives.

4. INVESTMENT PARAMETERS

4.1 Safety of Principal

The program will diversify cash reserve investments by security type and institution, taking into consideration the impact on return on investment. Section 5.4 outlines the authorized and suitable investments permissible to ensure optimal portfolio diversification.

4.2 Liquidity

To the extent possible, portfolio management will align investments with anticipated cash flow requirements. However, a portion of the portfolio shall be continuously invested in fully-liquid investments to meet ongoing obligations.

A long-term financial plan will be established for major capital reserves. The long-term financial plan will inform the term decision when placing timed investments in order to meet liquidity requirements.

4.3 Responsible Investing

Where responsible investment options provide comparable risk, return and liquidity, these facilities will be a priority. Investments are considered in alignment with responsible investing objectives when identified as meeting criteria as defined by MFA within the published MFA ESG Framework.

4.4 Return on Investment

The investment program will seek to maximize the total return on all funds under management after considering protection of principal, liquidity and responsible investing. Return will be monitored through performance benchmarks to ensure program activities are providing benefits in excess of costs and with the goal to preserve capital against inflation over time. Due to the nature of the CRHC business activities, delivering affordable housing within the social service sector, CRHC will be excluded from holding lower return products.

4.5 Authorized and Suitable Investments

Money held may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

1. Investments in marketable securities of a chartered bank or savings institution or any province must have a DBRS risk rating of R-1 (low) or higher for short-term debt and a rating of A (low) for long-term debt or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix A of this policy).

2. Investment placements will conform to the portfolio diversification constraints listed in Appendix B. Exceptions to constraints listed in Appendix A require Chief Financial Officer approval and shall be reported to the Board through Standing Committee at the next available meeting.
3. Internal projects under CRD service authority are considered allowable investment options when capital reserves are not immediately required and can be accessed through inter-service borrowing. Inter-service borrowing will be in compliance with legislation and the CRD Inter-Service Borrowing Guidelines.

5. STANDARD OF CARE

5.1 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

5.2 Ethics and Conflict of Interest

Staff responsible for investing activities shall comply with the CRD Conflict of Interest Policy and shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

5.3 Delegation of Authority

Authority to manage the investment program ("the Program") is granted to the Chief Financial Officer and is derived from section 237 of the *Local Government Act*.

5.4 Credit Risk Monitoring

To meet the objectives of this policy and ensure suitability of offerings, credit risk monitoring must be conducted by CRD Staff independent of vendor representations. The following due-diligence shall be performed:

1. In-house credit analysis shall be conducted on all financial institutions and investment counter-parties.
2. Credit reports and analysis, published by DBRS, S&P, Fitch or Moody's, will be obtained from financial institutions, investment dealers and rating institutions and reviewed.
3. Credit reports and analysis are recognized as opinions and not a guarantee for safety of principal.
4. When placing investments in individual marketable securities and more than one credit rating is available, the average of two or more available credit ratings shall be used.

5.5 Consolidated Basis

All funds covered by this policy will be managed on a consolidated basis to ensure the best possible return by providing economies of scale.

5.6 Program Requirements

The Program shall abide by the following reporting requirements:

1. The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from this policy; and
2. An appropriate portfolio performance benchmark will be set and reported in the annual investment performance report.

6. POLICY REVIEW

Review Date	Description:
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: <ol style="list-style-type: none">1. If a change in the relevant legislation governing the investment activities of local governments occurs;2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or3. Every five calendar years.

7. RELATED POLICY, PROCEDURE AND GUIDELINES

- Conflict of Interest Policy

Appendix A
Dominion Bond Rating Service (DBRS) Credit Quality Ratings

Commercial Paper & Short-Term Debt	Bond & Long-term Debt	Bond & Long-term Debt	Description	CRD/CRHD/CRHC Investment Policy
R-1 (high)	AAA	Investment Grade ↑	Superior	Permissible
R-1 (high)	AA (high)			
R-1 (middle)	AA			
R-1 (middle)	AA (low)			
R-1 (low)	A (high)			
R-1 (low)	A			
R-1 (low)	A (low)			
R-2 (high)	BBB (high)	Speculative Grade	Adequate	Not Permissible
R-2 (middle)	BBB			
R-2 (low) / R-3	BBB (low)			
R-4	BB (high)			
R-4	BB			
R-4	BB (low)			
R-4	B (high)			
R-5	B			
R-5	B (low)			
R-5	CCC			
R-5	CCC			
R-5	CCC			
R-5	CC			
R-5	C			
D	D			

Appendix B

Portfolio Diversification Constraints

Exposure constraints target protection of principal and return and set a maximum allowable share of the total portfolio that can be invested.

Due to market fluctuations and / or the timing of investment deposit transfers, maximum percentages in Appendix C may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

The portfolio diversification constraints are found in Table 1 below:

Table 1: **Portfolio Diversification Constraints**

Investment Type	MAXIMUM of Total Reserves	MAXIMUM by Institution/product/ pooled fund
<u>Short-Term (< 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	50%	50%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
<u>Long-Term (> 2 year holding period)</u>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	60%	30%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
Internal Projects (5+ years)	30%	-
Federal Bonds	20%	10%
Municipal Finance Authority of BC Bonds	20%	20%
Provincial Bonds	15%	15%
Municipal, Regional District or Greater Board Bonds	15%	15%

Market Analysis

Applies to the Capital Regional District (CRD), the Capital Regional Hospital District (CRHD), and the Capital Region Housing Corporation (CRHC)

As part of overall portfolio management, staff regularly monitor market trends and key metrics such as the Bank of Canada overnight interest rate, the Government of Canada bond rates and other market commentary issued by banks and investment brokers. Additionally, the Municipal Finance Authority (MFA) provides regular market commentary on new product developments and based on outlook reports provided by Phillips, Hager & North Investment Management (PH&N).

The 2023 economic landscape in Canada was marked by a shift toward higher returns against a backdrop of monetary tightening. In response to persistent inflation beginning in mid-2020, the Bank of Canada announced three additional overnight policy rate hikes in 2023, following numerous increases from the previous year. Interest rates rose from a low of 0.25% in March 2022 to a current peak of 5% by mid-July 2023.

These actions led to increased borrowing costs, while investors in experienced a notable rise in deposit product returns, moving from a range of 1% to 3% to exceeding 5% by the end of the year. Although the battle against inflation continues, it seems that the Bank of Canada may have reached the peak of its overnight policy rate for this cycle.

Both fixed income and equity returns notably strengthened in the fourth quarter of 2023, leading to overall positive returns for MFA pooled funds in the year. Fixed income markets concluded 2023 on a high note. Declining yields prompted capital gains towards the year's end while bond income remained elevated compared to recent years. Equity markets also rebounded from the negative returns of 2022, yielding strong positive returns in 2023 which benefited the MFA Diversified Multi Asset Class (DMAC) fund.

Table 1 below presents key economic indicator rates as of December 31, 2021-2023.

Table 1: Indicative Market Rates 2021 to 2023

Rate	2021	2022	2023
Bank of Canada - Overnight Rate	0.25%	0.25% - 4.25%	4.25% - 5.00%
HISA	0.80% - 0.95%	0.72% - 4.80%	4.80% - 5.75%
RBC - Bank Rate	0.80%	0.70% - 4.70%	4.70% - 5.55%
Fixed GIC - 180 Day / 1 Year (sample)	0.40% - 0.70%	2.22% / 3.06%	5.30% - 5.60%

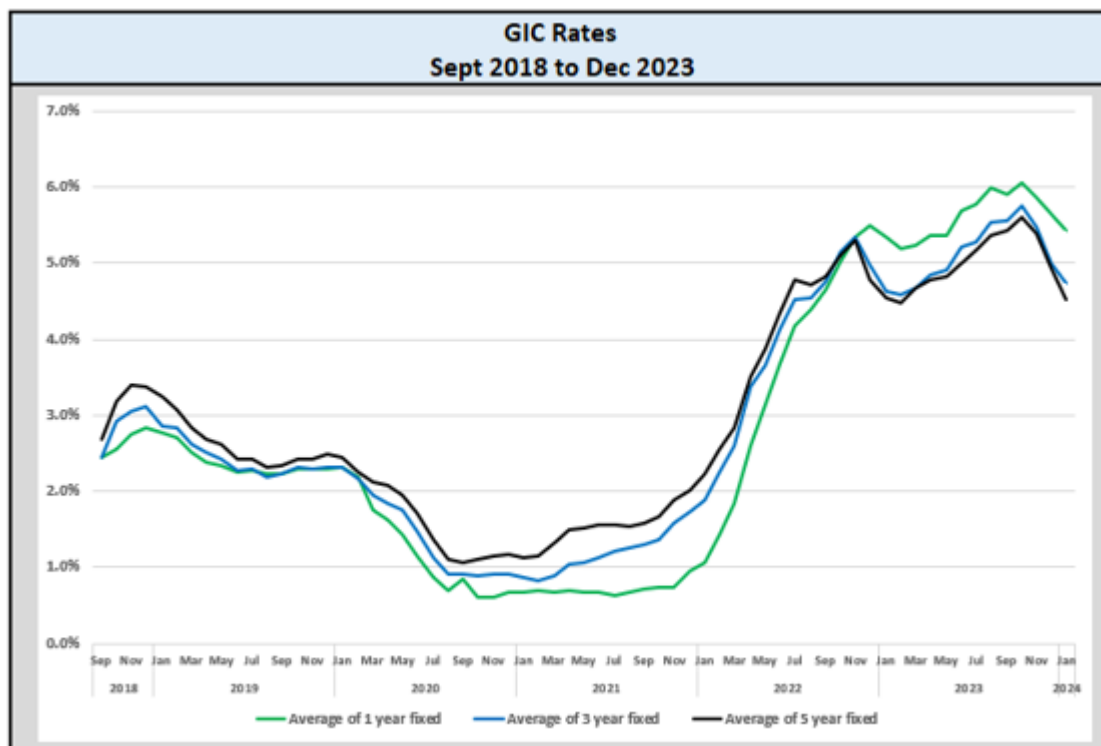
Investment Marketplace

In 2023, High Interest Savings Account (HISA) rates increased but remained lower than Guaranteed Investment Certificate (GIC) rates across most terms, rendering them less attractive

relative to fixed term GICs. Consequently, allocations to HISAs were minimized to optimize interest earnings, while maintaining some HISA liquidity for unforeseen financial needs.

GIC rates continued to increase throughout 2023, exceeding the rate of increase on deposits. As shown in Graph 1, GIC rates were at their highest late in 2023, ending the year down from the five-year high of just over 6%¹ for the one-year average term.

Graph 1: GIC Historical Rates (Short-Term)



The CRD continues to hold units in the MFA Bond Fund, MFA Fossil Fuel-Free (FFF) Bond Fund, the MFA DMAC Fund and the MFA Mortgage Fund. The FFF Bond Fund invests in securities similar to the existing bond fund except that the FFF option excludes those holdings directly related to non-renewable energy extraction, processing and transportation. This additional screening is estimated to exclude approximately 4% of the population of investible securities compared to the existing bond fund.

For the calendar 2023 year, the FFF Bond Fund underperformed the MFA Bond Fund on an annual basis by 0.39% (4.95% versus 5.34% respectively). The FFF Fund's underweight position in the positively performing energy sector and overweight positions in Real Estate and Financial sectors, which experienced significant spread widening, negatively impacted its returns over the year. The MFA Mortgage Fund returned 6.87% for 2023.

Staff will assess investment placements in existing and new MFA pooled funds in the future, for the CRD, the CRHD, and the CRHC, as the need to place long-term funds arises.

¹ CRD treasury files

Investment Holdings and Performance

Portfolio Holdings

On December 31, 2023, the Capital Regional Hospital District (CRHD) held \$26.5 million in long-term investments, as detailed in Table 1 below.

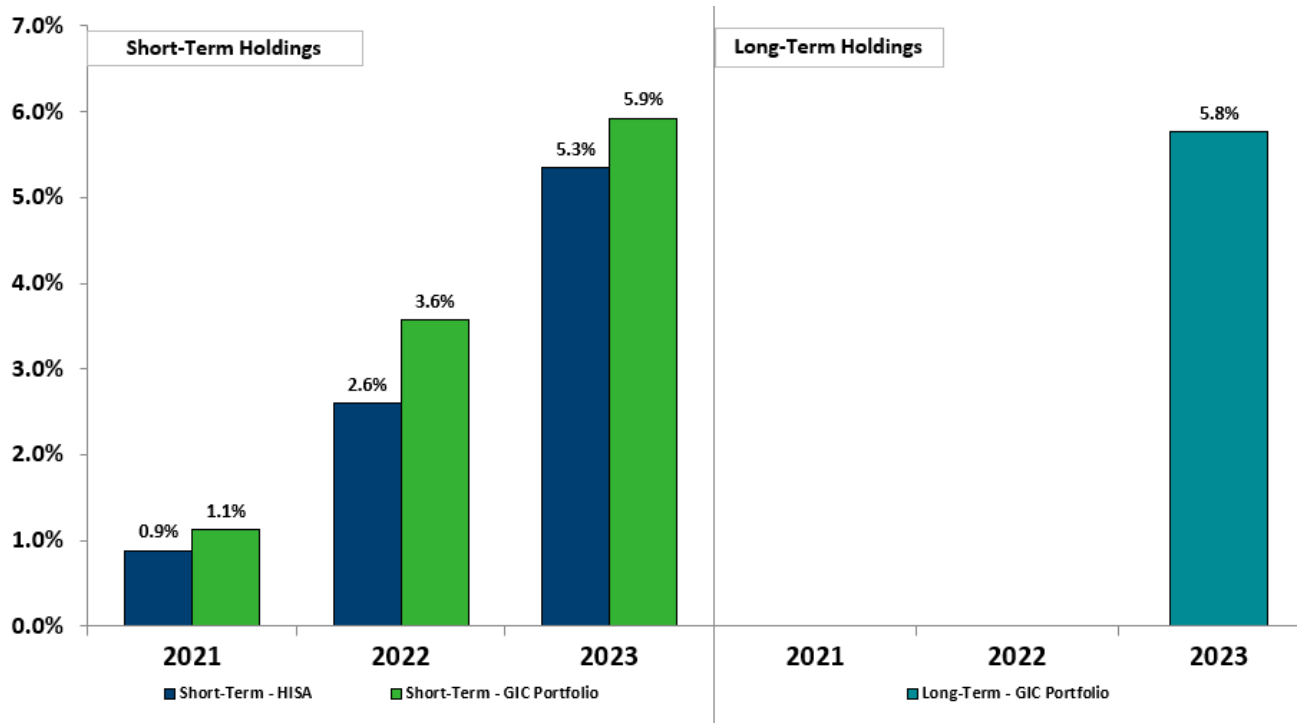
Table 1: CRHD Investment Holdings – December 31, 2023

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)		
High Interest Savings Accounts (Cash)	2.5	9.4%
Guaranteed Investment Certificates (< 2 year)	24.0	90.6%
Total Short-term:	26.5	100.0%
Total Investments:	\$26.5	100.0%

The portfolio was distributed between short-term and long-term investments in a 100%/0% split. As per Investment Policy, investments with maturities or approaching maturities less than two years are classified as short-term and investments with maturity and divestiture dates beyond two years are classified as long term.

Performance

Graph 1 (page 2) provides a detailed report on investment returns in 2023.

Graph 1: CRHD Investment Results

Short-Term Investments

For short-term holdings (terms less than two years), the short-term Guaranteed Investment Certificate (GIC) portfolio yielded a 5.9% return, outperforming the 4.0% benchmark. The High Interest Savings Accounts (HISA) matched their benchmark with a 5.3% return.

Long-Term Investments

For long-term holdings (terms exceeding two years), the long-term GIC portfolio delivered a 5.8% return, surpassing the 2.9% benchmark.

REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD MEETING OF WEDNESDAY, MARCH 13, 2024

SUBJECT **Amendment to the Capital Regional Hospital District 2024-2033 Ten Year Capital Plan**

ISSUE SUMMARY

The 2024-2033 Capital Regional Hospital District (CRHD) Ten Year Capital Plan approved on October 25, 2023, requires amendment.

BACKGROUND

The Amended 2024-2033 CRHD Capital Plan (Appendix A) is derived from Island Health's healthcare capital priorities and represents the CRHD's ongoing capital commitments, anticipated new capital expenditures and the financial implications for the CRHD's requisition and future property tax changes.

CRHD staff monitors throughout the year the CRHD's capital contribution to ongoing projects and reviews with Island Health staff, planned new capital projects. An amendment is required based on the ongoing review of emerging Island Health patient-focused priorities.

Significant changes to the Capital Plan for 2024 are identified in the chart below. Expenditure changes are due primarily to timing of projects and not changes in total cost of projects.

PROJECT	CHANGE	EXPLANATION	IMPACT (\$ million)
New Long-Term Care – Royal Bay	Increase expenditure in 2024	Project planning is ramping up quicker than originally forecasted.	2.8
Relocate Mental Health and Substance Use Assertive Community Treatment Teams	Decrease in expenditure in 2024	Project completed in 2023.	(1.5)
Energy Centre Replacement – Victoria General Hospital	Decrease in expenditure in 2024	Revised project timing due to Island Health prioritization process.	(1.0)
Administrative Building decant	Decrease in expenditure in 2024	Removed from capital plan	(1.5)
Other changes below \$1 million	Projects added, removed, or deferred to future years	Changes due to Island Health prioritization process.	1.9
Total Changes			\$0.7

In addition, CRHD projects have also been amended for a total of \$10.7 million. This is due to the timing of the expenditure for the acquisition of Mt. Tolmie site and capital expenditures on the Summit Fire Suppression System remediation. Expenditures for land acquisitions, capital improvements, and maintenance on CRHD owned land and buildings are not cost shared with Island Health.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2024-2033 Ten Year Capital Plan be amended and approved as submitted.

Alternative 2

That this report be referred to staff for additional information based on Capital Regional Hospital District Board direction.

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 2024 is \$26 million and total cash flow to 2033 is \$537 million and reflects projects identified by Island Health and CRHD.

Total project costs are estimates and are subject to change upon further scope refinement and economic conditions at project timing. Future projects are also subject to the annual Island Health prioritization process, and approval from both the Ministry of Health and CRHD.

Appendix B graphically illustrates the existing and estimated debt service implications of the 2024-2033 Capital Plan amendment. Appendix C summarizes the requisition impact based on most recent average residential assessment data.

CONCLUSION

Staff continue 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 and Board approval. The CRHD 2024 Final Budget incorporates the financial implications of the 2024-2033 Amended Ten Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2024-2033 Ten Year Capital Plan be amended and approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Amended CRHD 2024-2033 Ten Year Capital Plan
Appendix B: Debt Servicing of 2024-2033 Ten Year Capital Plan
Appendix C: Debt Servicing Cost per Average 2024 Residential Assessment

Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Completed at Prior Year-End (\$)	Total Project Remaining Balance (\$)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Total
Major Project - Approved	Emergency Department ¹	2021	Lady Minto Hospital	183	29.2%	3,738,000	12,800,000	10,266,213	2,533,787	2,533,787	-	-	-	-	-	-	-	-	-	2,533,787
Major Project - Approved	High Acuity Unit	2024	Royal Jubilee Hospital	185	30%	5,756,400	19,188,000	-	19,188,000	250,000	4,188,000	10,750,000	4,000,000	-	-	-	-	-	-	19,188,000
Major Project - Approved	Medical Device Reprocessing Department Expansion	2023	Victoria General Hospital	189	30%	1,272,000	4,240,000	58,507	4,181,493	750,000	3,431,493	-	-	-	-	-	-	-	-	4,181,493
Major Project - Approved	New Long Term Care (306 beds)	2023	South Island - Royal Bay	191	30%	67,108,200	223,694,000	432,196	223,261,804	8,320,000	57,590,000	61,389,000	95,962,804	-	-	-	-	-	-	223,261,804
Major Project - Approved	MRI Scanner replacement	2023	Royal Jubilee Hospital & Victoria General Hospital	192	30%	600,000	2,000,000	-	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000
Major Project - Approved	Elevator Refurbishment	2024	Victoria General Hospital	193	30%	616,715	2,055,718	-	2,055,718	450,000	1,025,718	580,000	-	-	-	-	-	-	-	2,055,718
Major Project - Possible	Energy Centre Replacement	2024	Victoria General Hospital		30%	15,000,000	50,000,000	-	50,000,000	340,000	10,835,000	8,467,500	7,565,000	6,500,000	6,500,000	5,760,000	4,032,500	-	-	50,000,000
Major Project - Possible	Pembroke Mental Health Substance Use Center	2024	Victoria Health Unit-Cook Street		30%	6,600,000	22,000,000	-	22,000,000	250,000	7,750,000	6,500,000	7,500,000	-	-	-	-	-	-	22,000,000
Major Project - Possible	Child Youth Mental Health Stabilization Unit	2024	Victoria General Hospital		30%	4,500,000	15,000,000	-	15,000,000	150,000	3,000,000	6,000,000	5,850,000	-	-	-	-	-	-	15,000,000
Major Project - Possible	(VASC/CARD) Hybrid OR	2024	Royal Jubilee Hospital		30%	1,620,000	5,400,000	-	5,400,000	250,000	2,000,000	3,150,000	-	-	-	-	-	-	-	5,400,000
Major Project - Possible	VGH High Performance Controls Upgrade	2024	Victoria General Hospital		30%	1,110,992	3,703,305	-	3,703,305	1,481,322	2,221,983	-	-	-	-	-	-	-	-	3,703,305
Major Project - Possible	RJH DT Controls Upgrade	2024	Royal Jubilee Hospital		30%	1,078,376	3,594,588	-	3,594,588	1,437,835	2,156,753	-	-	-	-	-	-	-	-	3,594,588
Major Project - Possible	Oak Bay Lodge Redevelopment	2025	Former Oak Bay Lodge Site		30%	90,000,000	300,000,000	-	300,000,000	-	1,500,000	39,600,000	60,000,000	70,000,000	70,000,000	58,900,000	-	-	-	300,000,000
Major Project - Possible	Community Health Centre	2025	Greater Victoria - TBD		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	500,000	1,500,000	3,000,000	-	-	-	-	5,000,000
Major Project - Possible	Pneumatic to Electric Controls Conversion	2025	Gorge Road Hospital		30%	1,065,452	3,551,508	-	3,551,508	-	3,551,508	-	-	-	-	-	-	-	-	3,551,508
Major Project - Possible	Relocate SSI MHSU Integrated Team	2025	Salt Spring Island		30%	600,000	2,000,000	-	2,000,000	-	2,000,000	-	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Convert obsolete 480 distribution system with 600V	2025	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	1,000,000	1,000,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	RJH DT Cooling System Replacement	2025	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	250,000	1,250,000	500,000	-	-	-	-	-	-	2,000,000
Major Project - Possible	OAC Electrical Distribution \$2m	2025	Queen Alexandra		30%	600,000	2,000,000	-	2,000,000	-	200,000	1,200,000	600,000	-	-	-	-	-	-	2,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2025	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	200,000	1,200,000	600,000	-	-	-	-	-	-	2,000,000
Major Project - Possible	Morque Expansion	2026	Royal Jubilee Hospital		30%	1,260,000	4,200,000	-	4,200,000	-	-	1,200,000	3,000,000	-	-	-	-	-	-	4,200,000
Major Project - Possible	Restorative Health Center	2026	To be determined		30%	60,000,000	200,000,000	-	200,000,000	-	-	250,000	2,500,000	25,000,000	50,000,000	50,000,000	50,000,000	22,250,000	-	200,000,000
Major Project - Possible	Intensive Care & High Acuity Unit Redevelopment ³	2026	Victoria General Hospital		30%	11,700,000	39,000,000	-	39,000,000	-	-	250,000	2,500,000	15,000,000	15,000,000	6,000,000	250,000	-	-	39,000,000
Major Project - Possible	Surgical Day Care Unit Renovation	2026	Victoria General Hospital		30%	3,180,000	10,600,000	-	10,600,000	-	-	100,000	500,000	5,000,000	5,000,000	-	-	-	-	10,600,000
Major Project - Possible	Memorial Pavilion Mechanical System Upgrade	2026	Royal Jubilee Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	10,000,000
Major Project - Possible	Electrical Infrastructure Upgrade	2026	Lady Minto Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	10,000,000
Major Project - Possible	VGH Pediatric Intensive Care Unit	2026	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	2,250,000	2,250,000	500,000	-	-	-	-	-	5,000,000
Major Project - Possible	New Long Term Care (50 beds)	2027	Greater Victoria - TBD		30%	9,900,000	33,000,000	-	33,000,000	-	-	-	350,000	650,000	11,000,000	11,000,000	10,000,000	-	-	33,000,000
Major Project - Possible	Child Youth and Family Services Redevelopment	2028	To be determined		30%	30,000,000	100,000,000	-	100,000,000	-	-	-	-	250,000	12,500,000	25,000,000	25,000,000	37,250,000	-	100,000,000
Major Project - Possible	Phase 2 of ED Redevelopment: Imaging Suite	2028	Lady Minto Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	150,000	2,000,000	2,000,000	850,000	-	-	5,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2028	Victoria General Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	-	150,000	1,500,000	350,000	-	-	-	2,000,000
Major Project - Possible	Long Term Care (50 beds)	2029	Lady Minto Hospital		30%	15,000,000	50,000,000	-	50,000,000	-	-	-	-	-	200,000	800,000	5,000,000	44,000,000	-	50,000,000
Major Project - Possible	Hospice Replacement	2029	Royal Jubilee Hospital		30%	6,000,000	20,000,000	-	20,000,000	-	-	-	-	-	250,000	3,000,000	6,500,000	8,000,000	2,250,000	20,000,000
Major Project - Possible	ED Imaging CT and XRay Expansion	2029	Victoria General Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	-	-	-	150,000	1,500,000	5,000,000	3,350,000	-	10,000,000
Major Project - Possible	Multidisciplinary Pain Clinic	2029	Royal Jubilee Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	-	-	250,000	1,750,000	1,000,000	-	-	3,000,000
Major Project - Possible	New Space - Patient and Health Program Areas	2030	Royal Jubilee Hospital		30%	45,000,000	150,000,000	-	150,000,000	-	-	-	-	-	-	325,000	4,000,000	15,000,000	130,675,000	150,000,000
Major Project - Possible	Replace Food Services Production Kitchen	2030	Royal Jubilee Hospital		30%	30,000,000	100,000,000	-	100,000,000	-	-	-	-	-	-	450,000	12,000,000	35,000,000	52,550,000	100,000,000
Major Project - Possible	ABSU Unit	2030	Royal Jubilee Hospital		30%	3,000,000	10,000,000	-	10,000,000	-	-	-	-	-	-	175,000	1,500,000	3,500,000	4,825,000	10,000,000
Major Project - Possible	Energy Centre Replacement	2030	Saanich Peninsula Hospital		30%	2,400,000	8,000,000	-	8,000,000	-	-	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Major Project - Possible	Operating Room Upgrade	2030	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	-	-	250,000	1,500,000	3,250,000	-	5,000,000
Major Project - Possible	Mental Health & Substance Use Residential Program	2030	To be determined		30%	600,000	2,000,000	-	2,000,000	-	-	-	-	-	-	2,000,000	-	-	-	2,000,000
ISLAND HEALTH TOTAL*						437,606,136	1,459,027,119	10,756,916	1,448,270,203	18,212,944	102,900,455	145,436,500	200,177,804	130,700,000	183,350,000	172,960,000	128,632,500	173,600,000	192,300,000	1,448,270,203
CRHD SHARE of ISLAND HEALTH MAJOR PROJECTS - including inflation in future years ²										5,443,613	30,922,345	43,922,550	60,529,141	39,955,200	56,066,100	52,891,200	39,337,350	53,121,600	58,843,800	441,032,900

Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Completed at Prior Year-End (\$)	Total Project Remaining Balance (\$)
Minor Project - Anticipated	Minor Capital Projects Future Budget Years	2024-2033	Various		40%	3,750,000	9,375,000	-	9,375,000
Minor Equipment Grants	CRHD Section 20 Equipment Grants	2024-2033	Various		100%	2,955,000	2,955,000	-	2,955,000
CRHD Project	Summit Scheduled Capital Replacements - funded by capital funds on hand and reserve	2023	955 Hillside Ave.	160	100%	2,409,202	2,409,202	-	2,409,202
CRHD Project	950 Kings Redevelopment	2024	950 Kings Rd.		100%	15,000,000	15,000,000	-	15,000,000
CRHD Project	Summit Chiller Modifications	2024	955 Hillside Ave.	186	100%	200,000	200,000	75,170	124,830
CRHD Project	Summit Fire Suppression System Remediation	2024	955 Hillside Ave.		100%	900,000	900,000	-	900,000
CRHD Project	Mt. Tolmie	2024	3690 Richmond Road	190	100%	10,000,000	10,000,000	-	10,000,000
CRHD TOTAL						35,214,202	40,839,202	75,170	40,764,032
PROJECT TOTAL - before inflation						472,820,338	1,499,866,321	10,832,086	1,489,034,235
Inflation ²	2.00%	- excluding approved/pending Capital Bylaws							21,907,030
PROJECT TOTAL - including inflation									1,510,941,265
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW									536,516,932

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Total
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	93,750,000
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	29,550,000
200,000	200,000	200,000	210,260	200,000	200,000	200,000	200,000	598,942	200,000	2,409,202
3,000,000	6,000,000	6,000,000	-	-	-	-	-	-	-	15,000,000
124,830	-	-	-	-	-	-	-	-	-	124,830
900,000	-	-	-	-	-	-	-	-	-	900,000
10,000,000	-	-	-	-	-	-	-	-	-	10,000,000
26,554,830	18,530,000	18,530,000	12,540,260	12,530,000	12,530,000	12,530,000	12,530,000	12,928,942	12,530,000	151,734,032
44,767,774	121,430,455	163,966,500	212,718,064	143,230,000	195,880,000	185,490,000	141,162,500	186,528,942	204,830,000	1,600,004,235
-	174,030	972,000	1,586,000	2,484,000	3,537,000	3,344,000	2,492,000	3,472,000	3,846,000	21,907,030
44,767,774	121,604,485	164,938,500	214,304,064	145,714,000	199,417,000	188,834,000	143,654,500	190,000,942	208,676,000	1,621,911,265
26,373,443	43,827,345	56,827,550	67,444,401	46,860,200	62,971,100	59,796,200	46,242,350	60,425,542	65,748,800	536,516,932

General Notes

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

**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.

¹Project will be primarily funded by the Hospital Foundation

²Inflation is calculated at a rate of 2% for years 2024-2033 and applied to forecasted projects if applicable (approved bylaws, current year projects and land acquisitions are not subject to inflation)

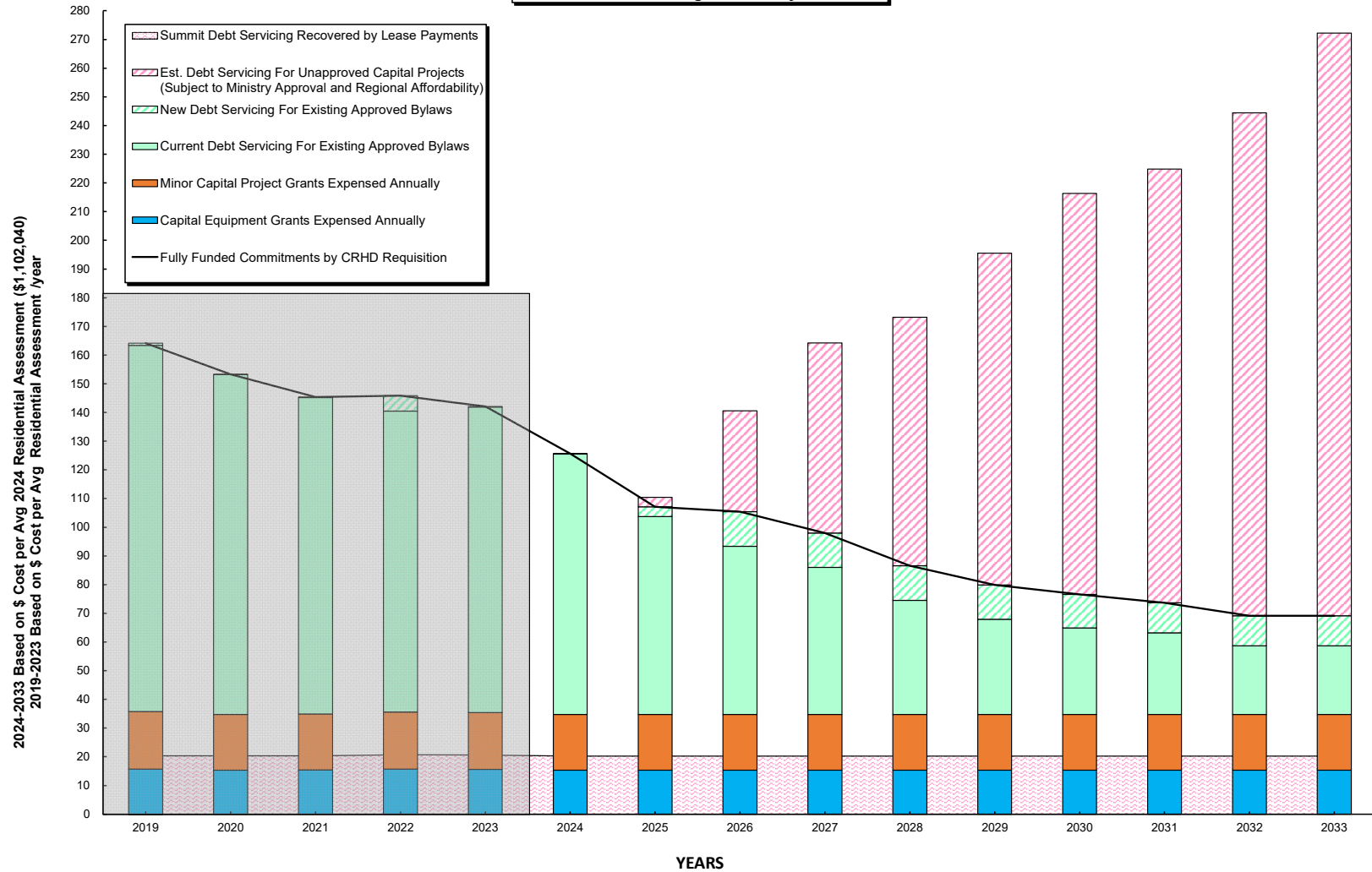
³If this project does not proceed, a renovation to the Intensive Care Unit will be required

VIHA Project Type / Status Legend:

Major Project - Approved	Capital Borrowing Bylaw has been approved; project values greater than \$2 million
Major Project - Planned	Island Health has received approval from Ministry of Health; project values greater than \$2 million
Major Project - Possible	Island Health is planning to proceed subject to necessary approvals; project values greater than \$2 million
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 \$100,000 to \$2 million, up to maximum of \$9.375 million
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 (2019-2033)
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

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2024-2033)
Cost per Average 2024 Residential Assessment (\$1,102,040)
Based on MFA Borrowing Terms of 5, 10, 15, 25 Years

Year	Existing Debt Servicing	Estimated Debt Servicing ¹	Total Debt Servicing	Section 20 Expensed		Total Requisition ²	Total Requisition \$ Value ²
				Capital Equipment	Minor Capital Projects		
2024	90.76	0.13	90.89	15.33	19.45	125.67	24,224,482
2025	68.91	6.68	75.60	15.33	19.45	110.38	21,276,728
2026	58.57	47.22	105.79	15.33	19.45	140.58	27,097,048
2027	51.18	78.30	129.49	15.33	19.45	164.27	31,664,606
2028	39.74	98.62	138.36	15.33	19.45	173.14	33,374,531
2029	33.12	127.65	160.76	15.33	19.45	195.55	37,692,936
2030	30.13	151.47	181.59	15.33	19.45	216.38	41,708,355
2031	28.38	161.64	190.02	15.33	19.45	224.81	43,333,328
2032	23.92	185.70	209.62	15.33	19.45	244.40	47,109,844
2033	23.92	213.57	237.49	15.33	19.45	272.27	52,481,779
							<u>359,963,637</u>

¹Future projects are subject to the Island Health/CRHD annual prioritization process and funding availability from both the Ministry of Health and CRHD.

²Requisition 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 13, 2024**

SUBJECT **Capital Regional Hospital District Bylaw No. 424 Annual Budget 2024**

ISSUE SUMMARY

This report summarizes final updates to the 2024 annual budget, and requests approval of Bylaw No. 424 regarding the Capital Regional Hospital District (CRHD) budget.

BACKGROUND

On October 25, 2023, the CRHD Board approved the 2024 provisional budget. Now, under the provisions of Section 23(5) of the *Hospital District Act*, the CRHD budget for the current year must be adopted by bylaw on or before March 31, 2024.

Once approved, subject to Section 25(1) of the *Hospital District Act*, on or before April 20 in each year, the CRHD will deliver to each member municipality a requisition amount required from that member for the calendar year.

The 2024 Annual Budget Bylaw, CRHD Bylaw No. 424, is included in Appendix A.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 424, "Annual Budget Bylaw, 2024", be introduced and read a first, second and third time; and
2. That Bylaw No. 424 be adopted.

Alternative 2

1. That Bylaw No. 424, "Annual Budget Bylaw, 2024", be introduced and read a first and second time;
2. That Bylaw No. 424 be amended as directed;
3. That Bylaw No. 424 be read a third time; and
4. That Bylaw No. 424 be adopted.

IMPLICATIONS

Financial Implications

The bylaw includes detailed estimates of expenses, revenues, annual surplus and planned annual capital expenditures. Expenses include grants, debt servicing, administration costs and property management costs such as insurance and security. Table 1 summarizes the year over year change in requisition and the estimated cost per household.

Table 1: Change in Requisition Year over Year

Description	2024 Final	2023 Final	\$ Change	% Change
Requisition (\$M)	\$26.5	\$26.5		0%
Cost / Average Household	\$137.29	\$139.86	(\$2.57)	(1.8%)

The final 2024 CRHD requisition is \$26.5 million, with no increase from 2023. Based on timing of debt issues to pay for capital grants and capital expenditures, no increase in requisition is required. However, requisition in the five-year plan in Appendix C is expected to increase each year between 2025 through 2028.

The cost per average residential household is a theoretical calculation that provides an indicative cost to individual households in the region. The actual cost per household will differ from this estimate based on the individual property assessments. This calculation is most directly impacted by changes in folios and assessed values. The cost per average residential household decreased slightly by (\$2.57) or (1.8%).

Appendix C includes 2024 to 2028 Future Budget Projections, based on the revisions to the final budget for bylaw purposes.

Updates Following Provisional Budget Approval

Since provisional approval, the budget has been revised to reflect updated assumptions, the 2023 year-end results and payments in lieu of taxes (PILT). Appendix B details all changes since provisional approval.

Expenses

Since provisional approval, the total change in operating expenses was an overall increase of \$0.2 million or 0.6%. Table 2 summarizes the changes.

Table 2: Changes in Operating Expenses (\$ millions)

Expense Type	2024 Final	2024 Provisional	\$ Change	% Change
Debt Servicing	17.5	17.3	0.2	1.2%
Capital Grants	3.0	3.0	-	-
Operations	2.2	2.2	-	-
Transfers to Reserves	10.9	10.9	-	-
Total	\$33.6	\$33.4	\$0.2	0.6%

The change consists of an increase in debt servicing of \$0.2 million.

The increase in debt servicing costs is a result of changes to the 2024 to 2033 10-Year Capital Plan since approval by the Board on October 25, 2023. Changes are a result of the Island Health prioritization process and remediation costs identified for a CRHD property. The most significant changes to the capital plan include advancing to 2024 cash flows previously planned in 2025 to 2028 for the following projects:

- New Long-Term Care Development Project at Royal Bay (\$2.8 million)
- The Victoria General Hospital (VGH) High Performance Controls Upgrade (\$0.8 million)
- The Royal Jubilee Hospital Diagnostic Treatment Controls Upgrade (\$0.8 million)
- The Summit Fire Suppression System Remediation (\$0.7 million)

These increases are partially offset by the early completion, removal, or deferral of the following projects previously cash flowed in 2024:

- Relocate Mental Health and Substance Use Assertive Community Treatment Teams – completed in 2023 (\$1.5 million)
- Administrative Building Decant / Eric Martin Pavilion Asbestos Abatement – removed from capital plan (\$1.5 million)
- The VGH Energy Centre Replacement – deferred to later years (\$1.0 million)

Appendix A, Schedule B to the bylaw details planned capital expenditures by project and the related cost sharing commitment.

Operating Revenue

The change in operating revenue was driven by changes in expenses and PILT. The changes are summarized in Table 3 below.

Table 3: Changes in Revenue (\$ millions)

Revenue Type	2024 Final	2024 Provisional	\$ Change	% Change
Tax Requisition	26.5	26.5	-	-
PILT	0.7	0.7	-	-
Lease and Other Property Revenue	4.6	4.4	0.2	4.5%
Other Revenue	1.1	1.1	-	-
Transfer from Reserve	0.6	0.6	-	-
Surplus - Operating	0.1	0.1	-	-
Total	\$33.6	\$33.4	\$0.2	0.6%

Other property revenue is forecasted to increase \$0.2 million or 4.5% in 2024 due to higher cost recovery from Island Health for operating expenses at The Summit.

Requisition

Requisition has not changed over prior year, or since provisional budget approval. However, with updated assessment information, the cost per average household decreased by (\$2.57). This is a result of assessment growth of +0.8% and folio growth +1.0% over the prior year. The net result drives a decrease to the cost per average household from the provisional estimate. As previously

shown in Table 1, the requisition has not changed over prior year, or since provisional budget approval.

Table 4: Changes in Requisition (\$ millions)

Description	2024 Final	2024 Provisional	\$ Change	% Change
Requisition (\$M)	\$26.5	\$26.5	-	-
\$ Cost / Average HH	\$137.29	\$139.86	(\$2.57)	(1.8%)

Reserves

Under the *Hospital District Act*, Section 20(4), the CRHD is able to maintain reserve accounts. Table 5 summarizes the change in reserve opening balances between provisional and final budget for all existing accounts on December 31, 2023.

Table 5: Changes in Reserves

Description (\$ millions)	2023 Final Ending	2023 Provisional Ending	\$ Change	% Change
Admin and Feasibility Studies Reserve	2.0	2.0	-	-
Non-Traditional Projects Reserve	1.1	1.1	-	-
Minor Capital Project Reserves	7.0	8.8	(1.8)	(20.5%)
Land Holdings Management Reserve	1.7	1.4	0.3	21.4%
Summit Management Reserve	1.3	0.9	0.4	44.4%
Regional Housing First Program (RHFP) Reserve	11.3	0.4	10.9	2,725%
Debt Management Reserve	7.2	6.9	0.3	4.3%

Appendix D reflects the 2024 to 2028 future projections for all reserves based on these revised opening balances.

Minor Capital Project (MCP) reserves were reduced by (\$1.8) million due to the accelerated timing of Island Health spending on eligible projects.

The Land Holdings Management Reserve increased by \$0.3 million due to savings at the Oak Bay Lodge, Royal Bay and The Summit combined with increased interest revenue earned on reserve funds.

The Summit Management Reserve increased by \$0.4 million due to the revision of the timing scheduled capital replacements and Chiller Modifications.

The RHFP Reserve increased by \$10.9 million as the planned \$10.0 million contribution to the RHFP has been deferred from 2023 to 2024 and as a result of interest earned. The deferral is reflected in the amended 2024 to 2033 10-Year Capital Plan.

The Debt Management Reserve increased by \$0.3 million in response to revised timing of Island Health's capital priorities. The Debt Management Reserve will be used to help fund capital investments in years 2024 to 2028 while mitigating impact to requisition.

CRHD Bylaw No. 424 includes Schedule A and Schedule B. Schedule A reflects all changes over prior year, and payments in lieu of taxes. Schedule B reflects the 2024 estimated capital annual expenditures.

CONCLUSION

The CRHD Board must adopt a bylaw for the annual budget each year by March 31. The attached bylaw includes the annual budget for 2024. The 2024 budget received provisional approval by the Board on October 25, 2023. The annual budget for 2024 has been prepared in alignment with Board decisions and committee direction. Staff recommends approving the Annual Budget Bylaw, 2024, as presented.

RECOMMENDATION

1. That Bylaw No. 424, “Annual Budget Bylaw, 2024”, be introduced and read a first, second and third time; and
2. That Bylaw No. 424 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Stephen Henderson, B.Sc., MBA, Acting General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Presentation: CRHD Presentation
Appendix A: CRHD Bylaw No. 424, inclusive of Schedule A and Schedule B
Appendix B: Capital Regional Hospital District 2024 Provisional to Final Budget Comparison
Appendix C: Capital Regional Hospital District 2024 to 2028 Future Budget Projections
Appendix D: Capital Regional Hospital District 2024 to 2028 Reserve Schedule

2024 Final Budget

Capital Regional Hospital District
Wednesday March 13, 2024

2024 Financial Plan Summary

	2024 Final	2023 Final	H/(L) \$	H/(L) %
Requisition	26.5	26.5	-	-
Other	7.1	6.2	0.9	14.5
Total Revenue	\$33.6M	\$32.7M	\$0.9M	2.8%
Debt Servicing	17.5	20.1	(2.6)	(12.9)
Capital Grants	3.0	3.0	-	-
Other	13.1	9.6	3.5	36.5
Total Expenses	\$33.6M	\$32.7M	\$0.9M	2.8%

Revenue

- Requisition will not increase from prior year primarily due to maturing debt issuances in 2024
- Other revenue has increased because of higher debt reserve fund recovery on maturing debt, increased interest earnings on operating capital, and surplus carry forward from 2023

Expense

- Debt servicing costs decreased due to maturing debt issuances exceeding planned new debt issuances
- Other expenses net increase driven by higher transfer to debt management reserve (DMR) for strategic management of capital financing, and increased budget for feasibility studies to facilitate CRHD capital initiatives

2024 Financial Plan Summary – Changes from Provisional

	2024 Final	2024 Prov.	H/(L) \$	H/(L) %
Requisition	26.5	26.5	-	-
Other	7.1	6.9	0.2	2.9
Total Revenue	\$33.6M	\$33.4M	\$0.2M	0.6%
Debt Servicing	17.5	17.3	0.2	1.2
Capital Grants	3.0	3.0	-	-
Other	13.1	13.1	-	-
Total Expenses	\$33.6M	\$33.4M	\$0.2M	0.6%

Revenue

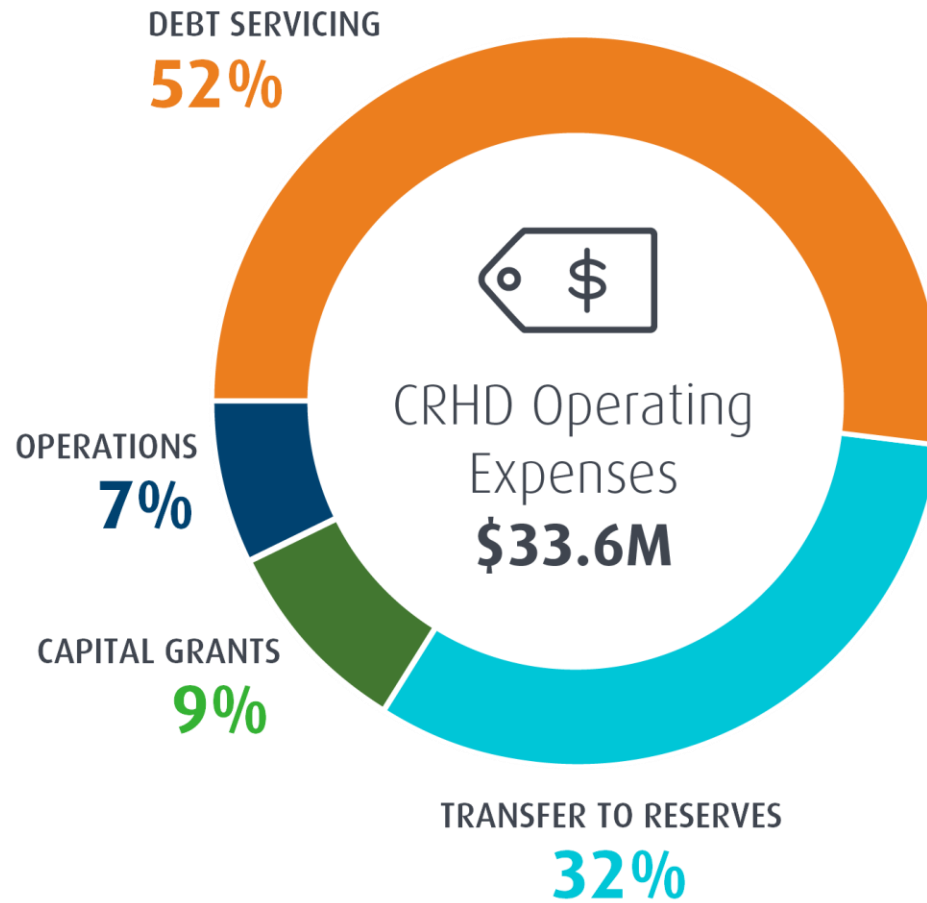
- Other revenue increase due to higher cost recovery of operating expenses at the Summit, and surplus carry forward from 2023

Expense

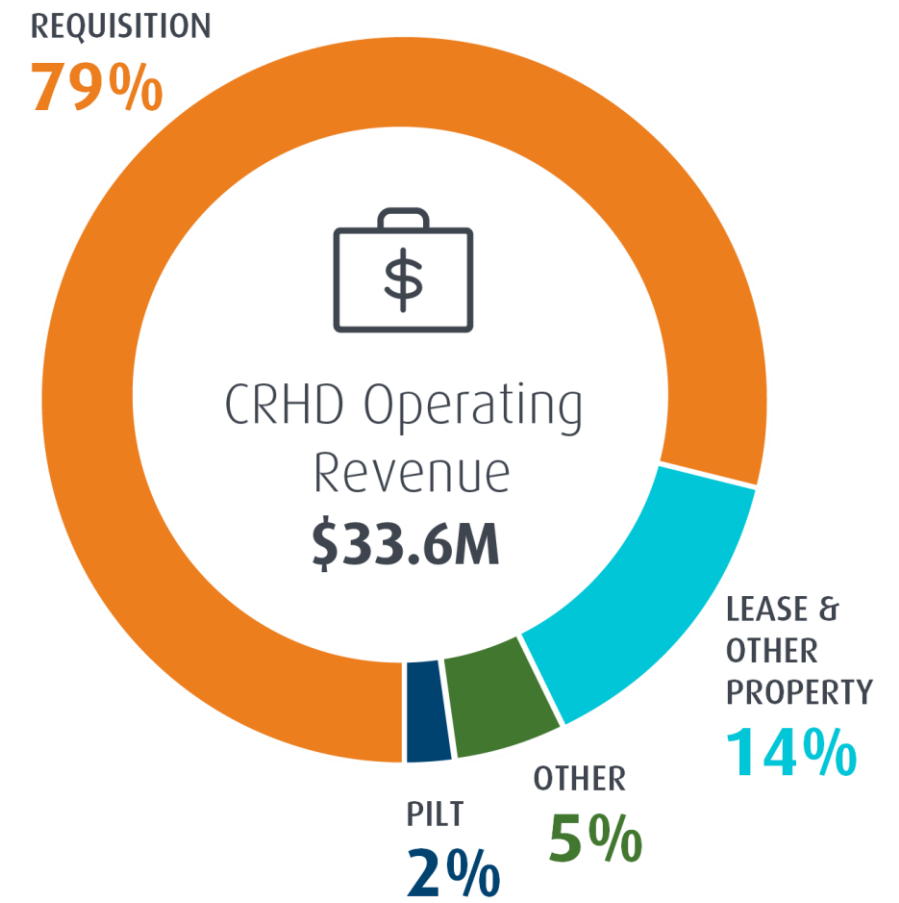
- Debt servicing increased due to capital plan amendments and revised timing of project cash flows in 2024

2024 Operating Budget

WHERE THE MONEY GOES

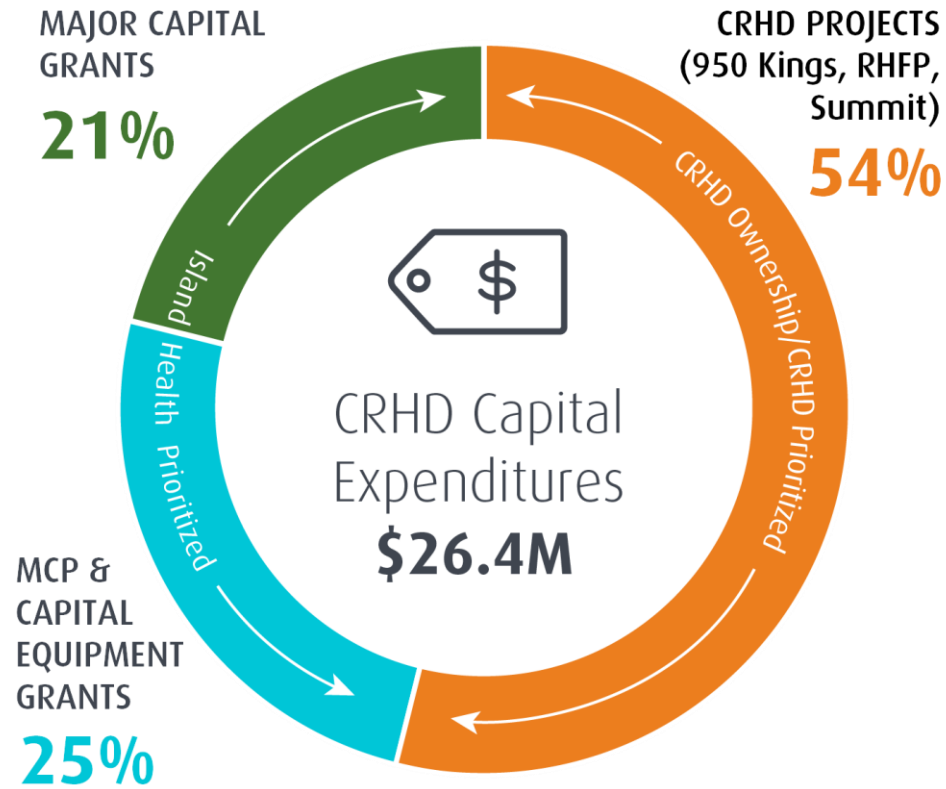


WHERE THE MONEY COMES FROM

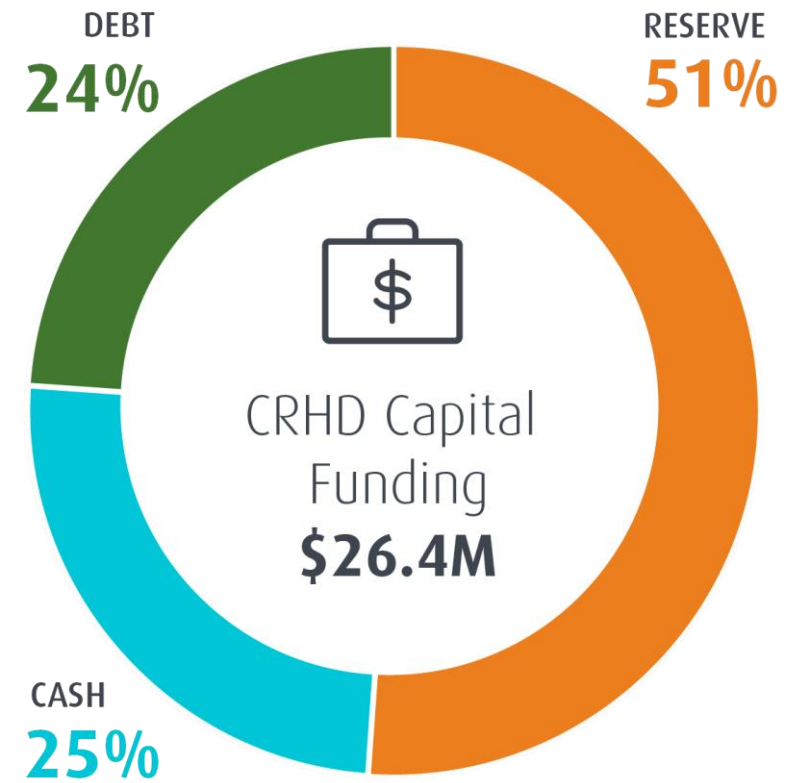


2024 Capital Budget

WHERE THE MONEY GOES

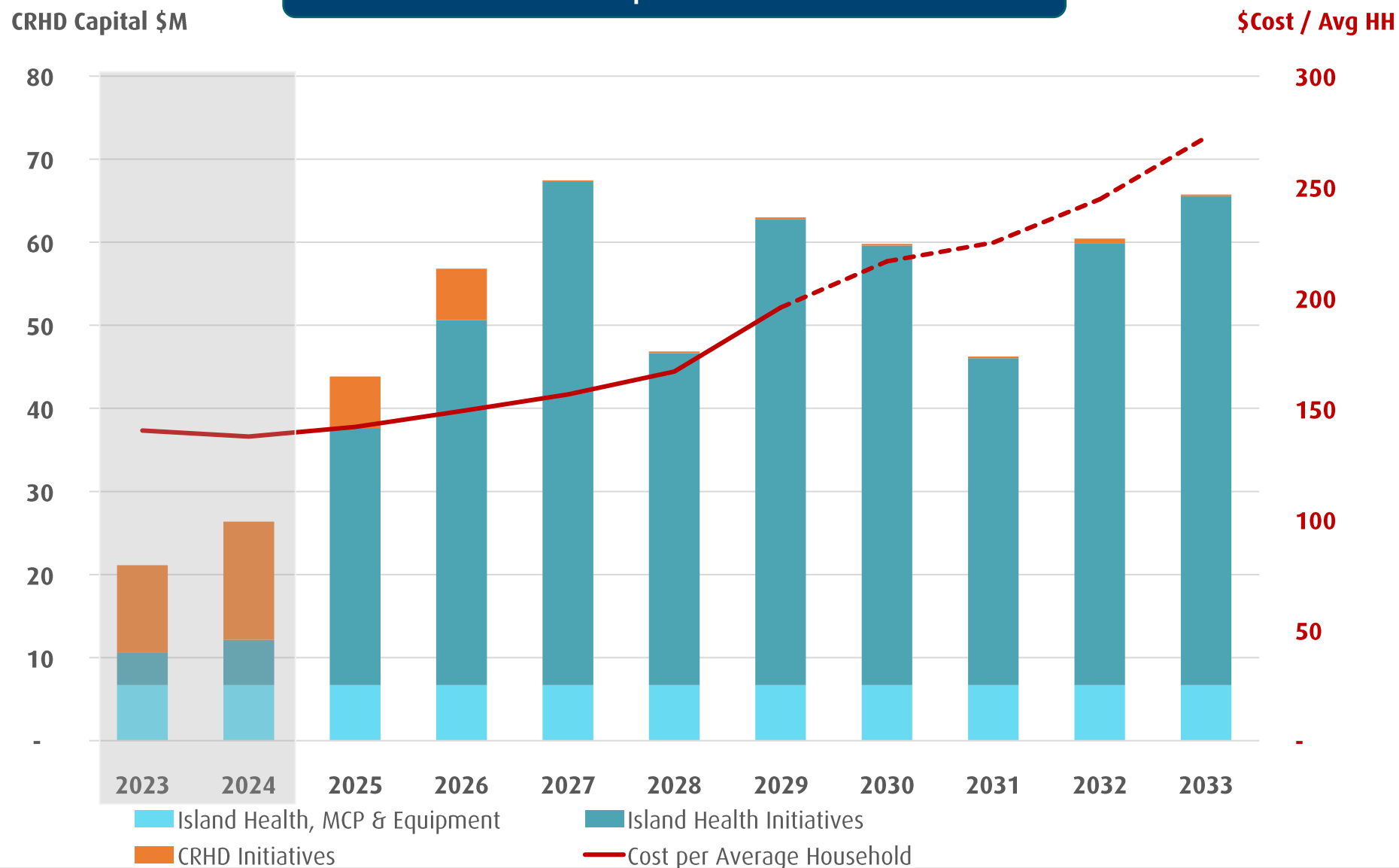


WHERE THE MONEY COMES FROM



CRHD 10-Year Forecast

CRHD COST SHARE | 10-YEAR CAPITAL PLAN





Thank you



@crdvictoria



Capital Regional District



CRDVictoria



crd.bc.ca

CRD

CAPITAL REGIONAL HOSPITAL DISTRICT

BYLAW NO. 424

A BYLAW TO ADOPT THE ANNUAL BUDGET FOR THE YEAR 2024

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 Schedule 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 2024.
- 2. This bylaw may be cited as the "Annual Budget Bylaw, 2024".

READ A FIRST TIME THIS	day of	,	202_
READ A SECOND TIME THIS	day of	,	202_
READ A THIRD TIME THIS	day of	,	202_
ADOPTED THIS	day of	,	202_

CHAIR

CORPORATE OFFICER

Schedule A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2024 FINAL BUDGET**

	2023 BOARD BUDGET	2024 ANNUAL BUDGET	2023-2024 BUDGET VARIANCE
<u>REVENUE</u>			
Tax Requisition Total	26,462,552	26,462,903	351
Payments in Lieu of Taxes	699,157	670,321	(28,836)
Lease and Other Property Revenue	4,419,813	4,602,328	182,515
Debt Reserve Fund Recovery	603,000	878,000	275,000
Interest Earnings	100,000	250,000	150,000
Surplus Previous Year	-	131,187	131,187
Transfer From Reserve	394,051	553,647	159,596
TOTAL REVENUE	32,678,573	33,548,386	869,813
<u>EXPENDITURES</u>			
Debt Servicing	20,131,582	17,537,482	(2,594,100)
Capital Equipment Grants	2,955,000	2,955,000	-
Administration	1,105,663	1,150,748	45,085
Studies	427,653	550,000	122,347
Property Management	524,723	501,204	(23,519)
Total Expense	25,144,621	22,694,434	(2,450,187)
Transfer to Reserve			
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
Transfer to Debt Management Reserve	3,320,000	6,640,000	3,320,000
Transfer to Capital Fund	-	-	-
Transfer to Land Holdings Management Reserve	200,000	200,000	-
Transfer to Summit Management Reserve	263,952	263,952	-
Total Transfer to Reserve	7,533,952	10,853,952	3,320,000
TOTAL EXPENDITURES	32,678,573	33,548,386	869,813
Total Net Surplus (Deficit)	-	-	-

Schedule B

CAPITAL REGIONAL HOSPITAL DISTRICT 2024 CAPITAL EXPENDITURES

Capital Borrowing Bylaw#	Project Description	Cost Share %	Total CRHD Share of Project Budget	2024 Funding
<u>Island Health Initiatives</u>				
183	Emergency Department (Lady Minto) ¹	29%	3,738,000	739,866
185	High Acuity Unit	30%	5,756,400	75,000
189	Medical Device Reprocessing Department Expansion	30%	1,272,000	225,000
191	New Long Term Care (306 beds)	30%	67,108,200	2,496,000
192	MRI Scanner replacement ²	30%	600,000	600,000
193	Elevator Refurbishment	30%	616,715	135,000
TBD	Energy Centre Replacement	30%	15,000,000	102,000
TBD	Pembroke Mental Health Substance Use Center	30%	6,600,000	75,000
TBD	Child Youth Mental Health Stabilization Unit	30%	4,500,000	45,000
TBD	(VASC/CARD) Hybrid OR	30%	1,620,000	75,000
TBD	VGH High Performance Controls Upgrade	30%	1,110,992	444,397
TBD	RJH DT Controls Upgrade	30%	1,078,376	431,350
			109,000,683	5,443,613
<u>CRHD Initiatives</u>				
160	Summit Scheduled Capital Replacements	100%	2,409,202	200,000
TBD	950 Kings Redevelopment	100%	15,000,000	3,000,000
186	Summit Chiller Modifications	100%	200,000	124,830
TBD	Summit Fire Suppression System Remediation	100%	900,000	900,000
190	Mt. Tolmie	100%	10,000,000	10,000,000
			28,509,202	14,224,830
Capital Expenditure Bylaw#	Project Description	Cost Share %	Total CRHD Share	2024 Funding
TBD	Sec 20 - 2024 Minor Capital Projects	40%	3,750,000	3,750,000
TBD	Sec 20 - 2024 Capital Equipment Projects	100%	2,955,000	2,955,000
			6,705,000	6,705,000
Total 2024 Capital Expenditures			144,214,885	26,373,443

¹Project will be primarily funded by the Hospital Foundation; the CRHD contribution is capped at \$3.738 million

²MRI Scanner Replacement is the combination of 1.5T MRI replacement and MRI Replacement projects

APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT 2024 Provisional to Final Budget Comparison

	2024 PROVISIONAL BUDGET	2024 FINAL BUDGET	Variance Increase/(Decrease) BUDGET
<u>REVENUE</u>			
Tax Requisition Total	26,462,903	26,462,903	-
Payments in Lieu of Taxes	699,157	670,321	(28,836)
Lease and Other Property Revenue	4,421,046	4,602,328	181,282
Debt Reserve Fund Recovery	862,000	878,000	16,000
Interest Earnings	250,000	250,000	-
Surplus MCP Expiry	-	-	-
Surplus Previous Year	53,692	131,187	77,495
Transfer From Reserve	607,650	553,647	(54,003)
TOTAL REVENUE	33,356,448	33,548,386	191,938
<u>EXPENDITURES</u>			
Debt Servicing	17,354,194	17,537,482	183,288
Capital Equipment Grants	2,955,000	2,955,000	-
Administration	1,150,748	1,150,748	-
Studies	550,000	550,000	-
Property Management	492,554	501,204	8,650
Total Expense	22,502,496	22,694,434	191,938
Transfer to Reserve			
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
Transfer to Debt Management Reserve	6,640,000	6,640,000	-
Transfer to Land Holdings Management Reserve	200,000	200,000	-
Transfer to Summit Management Reserve	263,952	263,952	-
Total Transfer to Reserve	10,853,952	10,853,952	-
TOTAL EXPENDITURES	33,356,448	33,548,386	191,938
Total Net Surplus (Deficit)	-	-	-
Requisition change over prior year \$ increase/(decrease)	351	351	-
Requisition change over prior year % increase/(decrease)	0.0%	0.0%	0.0%
Tax impact on average residence	139.86	137.29	-2.57
Tax impact on \$100,000 of converted assessments	12.53	12.46	-0.08
Tax requisition per average residence increase/(decrease)	0.0%	-1.8%	-1.8%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2024 - 2028 FUTURE BUDGET PROJECTIONS

	2024 Final BUDGET	2025 BUDGET	2026 BUDGET	2027 BUDGET	2028 BUDGET
REVENUE					
Tax Requisition Total	26,462,903	27,293,162	28,683,993	30,119,656	32,107,946
Payments in Lieu of Taxes	670,321	670,321	670,321	670,321	670,321
Lease and Other Property Revenue	4,602,328	4,557,588	4,562,529	4,579,464	4,603,593
Debt Reserve Fund Recovery	878,000	410,000	77,000	212,000	129,000
Interest Earnings	250,000	250,000	250,000	250,000	250,000
Surplus Previous Year	131,187	-	-	-	-
Transfer From Reserve	553,647	35,080	-	925,000	1,975,000
TOTAL REVENUE	33,548,386	33,216,151	34,243,843	36,756,441	39,735,860
EXPENDITURES					
Debt Servicing	17,537,482	15,443,122	21,629,796	26,665,376	27,795,549
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Administration	1,150,748	1,054,092	1,079,139	1,103,090	1,127,052
Studies	550,000	300,000	300,000	300,000	300,000
Property Management	501,204	309,985	275,956	299,023	324,307
Total Expense	22,694,434	20,062,199	26,239,891	31,322,489	32,501,908
Transfer to Reserve					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Transfer to Debt Management Reserve	6,640,000	8,940,000	3,790,000	1,220,000	3,020,000
Transfer to Land Holdings Management Reserve	200,000	200,000	200,000	200,000	200,000
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Total Transfer to Reserve	10,853,952	13,153,952	8,003,952	5,433,952	7,233,952
TOTAL EXPENDITURES	33,548,386	33,216,151	34,243,843	36,756,441	39,735,860
Requisition change over prior year % increase/(decrease)	0.0%	3.1%	5.1%	5.0%	6.6%
Tax impact on 2024 revised average residence (\$1,102,040)	137.29	141.59	148.81	156.26	166.57
Tax impact on \$100,000 of 2024 completed assessments	12.46	12.85	13.50	14.18	15.12
Tax requisition increase/-decrease	0.0%	3.1%	5.1%	5.0%	6.6%

APPENDIX D

CAPITAL REGIONAL HOSPITAL DISTRICT RESERVE SCHEDULE 2024 - 2028*

	2023 Actuals	Budget Year				
		2024	2025	2026	2027	2028
OPERATING:						
Administration & Feasibility Studies Reserve						
- to be spent on future studies or special projects						
Beginning Balance	1,684,858	1,983,027	1,612,027	1,612,027	1,612,027	1,612,027
Surplus transfer from HCPS	41,167	-	-	-	-	-
Transfer from Operating	257,002	-	-	-	-	-
Transfer to Operating	-	(371,000)	-	-	-	-
	1,983,027	1,612,027	1,612,027	1,612,027	1,612,027	1,612,027
CAPITAL GRANTS:						
Non-Traditional Projects Reserve						
- non-profit healthcare facilities capital grant funding						
Beginning Balance	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874
Transfer from Operating	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-
	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874
Minor Capital Projects Reserve						
- MCP Capital Grants to VIHA that are cashflowed over 3 years and expire after 5 years						
Beginning Balance	6,771,595	6,992,946	8,687,810	5,880,103	4,000,000	4,000,000
Transfer from Operating	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Capital Grant Paid to Island Health	(3,528,649)	(2,055,136)	(6,557,707)	(5,630,103)	(3,750,000)	(3,750,000)
	6,992,946	8,687,810	5,880,103	4,000,000	4,000,000	4,000,000
CRHD CAPITAL:						
Land Holdings Management Reserve						
- CRHD properties: 950 Kings, Oak Bay Lodge, Royal Bay, Summit						
Beginning Balance	1,405,013	1,662,087	1,738,220	1,969,750	2,245,691	2,531,290
Transfer from Operating	200,000	200,000	200,000	200,000	200,000	200,000
Interest Earnings	127,900	58,780	66,610	75,941	85,599	95,595
Transfer to Operating	(70,826)	(182,647)	(35,080)	-	-	-
	1,662,087	1,738,220	1,969,750	2,245,691	2,531,290	2,826,885
Summit Management Reserve						
Beginning Balance	891,288	1,332,941	1,316,585	1,428,856	1,545,056	1,654,704
Transfer from Operating - lifecycle contribution	263,952	263,952	263,952	263,952	263,952	263,952
Transfer from Operating - 2023 Surplus	180,000	-	-	-	-	-
Interest Earnings	81,100	44,522	48,319	52,248	55,956	60,153
Transfer to Capital	(83,399)	(324,830)	(200,000)	(200,000)	(210,260)	(200,000)
	1,332,941	1,316,585	1,428,856	1,545,056	1,654,704	1,778,809
Regional Housing First Program Reserve						
- new program under development						
Beginning Balance	10,383,057	11,327,857	1,374,332	1,422,434	1,472,219	1,523,747
Interest Earnings	944,800	46,475	48,102	49,785	51,528	53,331
Capital Grant Paid	-	(10,000,000)	-	-	-	-
	11,327,857	1,374,332	1,422,434	1,472,219	1,523,747	1,577,078
FINANCING:						
Debt Management Reserve						
- to mitigate future debt costs						
Beginning Balance	3,359,413	7,193,643	11,212,821	14,648,170	12,873,506	13,629,404
Transfer from Operating	3,319,995	6,640,000	8,940,000	3,790,000	1,220,000	3,020,000
Transfer from Operating - 2023 Surplus	208,532	-	-	-	-	-
Interest Earnings	305,703	379,178	495,349	435,336	460,898	513,604
Transfer to Capital	-	(3,000,000)	(6,000,000)	(6,000,000)	-	-
Transfer to Operating	-	-	-	-	(925,000)	(1,975,000)
	7,193,643	11,212,821	14,648,170	12,873,506	13,629,404	15,188,008
TOTAL						
	31,547,375	26,996,669	28,016,214	24,803,373	26,006,046	28,037,681

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

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 13, 2024**

SUBJECT **The Summit at Quadra Village Fire Suppression System Remediation – Approval of Capital Bylaw No. 425**

ISSUE SUMMARY

Approval of a Capital Regional Hospital District (CRHD) \$900,000 Capital Expenditure and Borrowing Bylaw is required to proceed with the Fire Suppression System Remediation at the Summit at Quadra Village.

BACKGROUND

Staff have determined the caulking material used as a firestop sealant during construction at the Summit was not compatible with the Chlorinated Polyvinyl Chloride (CPVC) pipe used for the fire suppression system. This incompatibility is likely to result in Environmental Stress Cracking in the CPVC which will lead to flooding and damage of the building. It is recommended that CPVC piping in areas of the Summit where caulking material came into contact with the piping should be cut out and reinstalled with a CPVC compatible sealant. Remediation will require cutting out a section of the CPVC and replacing it at 565 locations throughout the building. The entire remediation process should take approximately eight months to complete.

Approval of a Capital Expenditure and Borrowing Bylaw is required by the CRHD Board to expend these funds (Appendix A). Schedule A of the bylaw in Appendix A summarizes the expenditure in line with the Amended 2024-2033 CRHD 10 Year Capital Plan and 2024 Financial Plan.

ALTERNATIVES

Alternative 1

1. That the Summit at Quadra Village Fire Suppression System Remediation in the amount of \$900,000 be approved;
2. That Capital Regional Hospital District (CRHD) Bylaw No. 425, “Capital Regional Hospital District Bylaw No. 194, 2024” be introduced and read a first, second and third time; and
3. That CRHD Bylaw No. 425 be adopted.

Alternative 2

That this report be referred back to staff for additional information based on Capital Regional Hospital District Board direction.

IMPLICATIONS

Financial Implications

The capital costs for the Fire Suppression System Remediation project are included in the 2024-2033 Amended 10 Year Capital Plan and debt servicing costs are included in the 2024 Financial Plan, both under consideration by the Board on March 13, 2024. Debt will be financed over five years with interest and principal payments estimated at \$204,619 per annum based on current Municipal Finance Authority indicative interest rates. Actual rates may vary at the time of borrowing.

CONCLUSION

Approval of a capital expenditure and borrowing bylaw is required for remediation work at the Summit to replace CPVC piping that has come into contact with incompatible caulking material, to avoid pipe failure and future flooding.

RECOMMENDATION

1. That the Summit at Quadra Village Fire Suppression System Remediation in the amount of \$900,000 be approved;
2. That Capital Regional Hospital District (CRHD) Bylaw No. 425, “Capital Regional Hospital District Bylaw No. 194, 2024” be introduced and read a first, second and third time; and
3. That CRHD Bylaw No. 425 be adopted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Stephen Henderson, B.Sc., MBA, Acting General Manager, Corporate Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: CRHD Bylaw No. 425, “Capital Regional Hospital District Bylaw No. 194, 2024

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 425

CAPITAL EXPENDITURE & BORROWING BYLAW NO. 194, 2024

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

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

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

1. The Board hereby authorizes and approves the borrowing and expenditure of money necessary to complete the capital expenditures as described in Schedule “A” attached.
2. The Board authorizes and approves the capital borrowing and spending of a net sum not exceeding \$900,000 upon the credit of the District by the issuance and sale of securities in a form and a manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed 30 years.
3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due in that year.
4. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms and conditions of the borrowing and to undertake such temporary borrowing as is necessary to provide funding in advance of the receipt of funds from the Municipal Finance Authority of British Columbia.
5. This Bylaw may be cited for all intents and purposes as the “Capital Regional Hospital District Capital Bylaw No. 194, 2024.

READ A FIRST TIME THIS	DAY OF	, 2024
READ A SECOND TIME THIS	DAY OF	, 2024
READ A THIRD TIME THIS	DAY OF	, 2024
ADOPTED THIS	DAY OF	, 2024

Chair

Corporate Officer

SCHEDULE “A”

Bylaw No. 425

CAPITAL REGIONAL HOSPITAL DISTRICT

CAPITAL BYLAW NO. 194, 2024

Name of Project	Project Description	Project Number	Term of Issue	Amount Covered by CRHD Bylaw	Amount Covered by Province and Island Health	Total Project Cost
The Summit at Quadra Village	Fire Suppression System Remediation	C194-24-01	30 Years	\$900,000	\$0.00	\$900,000
			Total	\$900,000	\$0.00	\$900,000