



Notice of Meeting and Meeting Agenda Executive Committee

Monday, March 21, 2016

2:00 PM

Meeting Room 488

D. Howe (Chair), D. Blackwell, B. Desjardins, D. Screech, R. Windsor, G. Young

1. Approval of Agenda

2. Chair's Remarks

3. Committee Business

- 3.1. [16-432](#) Capital Regional Hospital District (CRHD) Overview and Strategic Outlook

Recommendation: That the Executive Committee receive this report for information.

Attachments: [Staff Report: Capital Regional Hospital District \(CRHD\) Overview and Strategic Appendix A: Terms of Reference: CRHD Executive Committee](#)
[Appendix B: CRHD Backgrounder](#)

- 3.2. [16-435](#) Workshop Agenda

Attachments: [Workshop Agenda](#)

4. New Business

5. Adjournment



**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
EXECUTIVE COMMITTEE
MEETING OF MONDAY, MARCH 21, 2016**

SUBJECT **Capital Regional Hospital District (CRHD) Overview and Strategic Outlook**

ISSUE

To initiate work by the CRHD Executive Committee to advance the work as laid out in the recently approved Terms of Reference (Appendix A).

BACKGROUND

The CRHD Board recently established an Executive Committee to facilitate exploration of alternative models for managing CRHD development and capital projects. The Terms of Reference for the Executive Committee are attached in Appendix A.

Staff has also prepared a backgrounder (Appendix B) which provides an overview on the CRHD and its funding. The backgrounder provides additional information on potential land development opportunities.

This backgrounder has been developed to facilitate the Executive Committee discussion and seek overall direction on future development plans.

RECOMMENDATION

That the Executive Committee receive this report for information.

Submitted by:	Rajat Sharma, MBA, CPA, CMA, Senior Manager, Finance
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager, Planning and Protective Service
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

- Appendix A: Terms of Reference
- Appendix B: CRHD Backgrounder

Terms of Reference

The logo for the Capital Regional Hospital District (CRHD) is located in the bottom right corner of the header banner. It consists of the letters 'CRHD' in a stylized, white, sans-serif font, set against a dark grey background that features a wavy, horizontal line pattern.

CRHD EXECUTIVE COMMITTEE

PREAMBLE

The Capital Regional Hospital District (CRHD) Executive Committee is established by the CRHD Board and will investigate and make recommendations to the Board on CRHD development and capital projects.

The Committee's official name is to be:

Executive Committee

1.0 PURPOSE

The mandate of the Committee includes investigating and making recommendations to the Board on the following:

- Alternative models for managing development and capital projects, including the creation of alternative corporate entities; and
- Options for the procurement of capital projects.

2.0 ESTABLISHMENT AND AUTHORITY

- The Committee will make recommendations to the Board for consideration; and
- The Chair of the CRHD will be the Committee Chair. A Vice Chair may be elected by the members of the Committee.

3.0 COMPOSITION

- The Committee will have a maximum of six (6) members, including the Chair of the CRHD.
- With the exception of the Chair, the members of the Committee will be elected annually by the Board of the CRHD.

4.0 PROCEDURES

- The Committee shall meet quarterly at the call of the Committee Chair.

- The agenda will be finalized in consultation between staff and the Committee Chair and any Committee member may make a request to the Chair to place a matter on the agenda;
- A quorum is a majority of the Committee membership and is required to conduct committee business.

5.0 RESOURCES AND SUPPORT

- The Chief Administrative Officer, assisted by the Planning and Protective Services Department and Finance Department, will act as liaison to the Committee.
- Minutes and agendas will be prepared and distributed by the Legislative & Information Services Department.

As approved by Capital Regional Hospital District Board on February 10, 2016

OVERVIEW:

The core business activity of the Capital Regional Hospital District (CRHD) is to provide the local share of capital funding for the Region's health facilities and hospital equipment. The Vancouver Island Health Authority (VIHA) is responsible for the delivery of health care in the Region.

CRHD was established in 1967 through provincial statute to provide the local taxpayer's share of capital funding to expand, improve and maintain acute healthcare facilities in the Capital Region. The primary legislation includes the *Hospital District Act* and the *Hospital Act*.

The CRHD Board consists of the same directors on the Capital Regional District (CRD) Board. The CRD Chief Administrative Officer and Chief Financial Officer, and auditors are also the officers and auditors for the CRHD. The Health and Capital Planning Strategies Division which is a part of the Planning and Protective Services administers the CRHD function on behalf of the CRHD Board of Directors. The Health and Capital Planning Strategies Division's capital projects component reports to the Finance Committee which makes recommendation to the CRHD Board of Directors.

Typically hospital districts across BC provide up to 40% of capital funding. Hospital district funding is voluntary and varies region wide. Traditionally, CRHD funding was used for funding major projects, minor capital projects and equipment. In 2007, the Board directed staff to undertake a comprehensive review of the CRHD's funding model. This review included an analysis of the CRHD contributions towards all capital project categories, and identified alternatives for future health capital funding.

Subsequent to the review a new funding model was implemented. The new model revised capital cost thresholds for all project categories and restricted CRHD contributions to Minor Capital and Equipment categories to a fixed amount with no changes to the Major projects category. The model also established annual \$1 million (M) funding for the Non Traditional Project category, however this was suspended in 2015.

The CRHD typically provided 40% of capital funding for all major projects across the region. However the capital cost sharing formula was revised in December 2010 in relation to the following motion passed by the CRHD Board.

"That the CRHD participate in the cost sharing of major health capital projects at 30% unless the CRHD determines that the project has regional significance and value whereupon the CRHD will consider cost-sharing at 40%".

The CRHD staff works closely with the VIHA which owns and operates the majority of health facilities, other facility owners and the provincial government to develop and maintain health facilities in the Capital Region. The key functions of CRHD include:

- Analyzing the viability of capital funding requests, primarily from VIHA, and the financial impact of these requests on the CRHD budget and local tax payers.
- Compiling the CRHD's Ten-Year Capital Plan and summarizing future capital funding and financing implications for the CRHD Board of Directors.
- Monitoring expenditure patterns of numerous capital and equipment projects to ensure the District's funds are spent according to approved budgets.
- Monitoring the broader health system, informing the Board and Committee of the likely implications of provincial and Health Authority policy, and providing direction and advocating for the Region's interests.

MAJOR HEALTH FACILITIES – REGIONAL INVENTORY (VIHA)

Acute (Hospital) Care:

Five acute care hospitals operated by VIHA are located in the CRD. These include:

- Royal Jubilee Hospital (RJH)
- Victoria General Hospital (VGH)
- Saanich Peninsula Hospital
- Lady Minto Hospital
- Queen Alexandra Centre for Children's Health

Both RJH and VGH are the only two tertiary (referral) hospitals serving Vancouver Island. These hospitals provide high-level trauma care and specialized services and are the largest across VIHA. The Saanich Peninsula Hospital also acts as a very important community hospital located in a community with the oldest demographic profile in VIHA. The Health Authority is currently working on a plan that will enable the hospital to serve Saanich Peninsula residents as the hub of a comprehensive array of health services. Lady Minto Hospital on Salt Spring Island is a remote hospital serving the Gulf Islands community. VIHA also provides funding through various non-profit agencies or by agreement to support some triage, emergency or specialty services in the region.

Long Term Care Facilities:

VIHA along with various non-profit agencies operate residential care facilities within the CRD. These facilities provide people with high degrees of physical and/or cognitive disabilities and complex conditions 24-hour supervision and continuous on-site professional (nursing) care. These include:

- Aberdeen Hospital
- Glengarry Hospital
- Gorge Road Hospital
- Mount Tolmie Hospital
- Priors (Hiscock & Heritage Woods)
- Oak Bay Lodge
- Various non-profit-owned and/or operated facilities such as Beckley Farm Lodge, Luther Court, The Heights, Sunset Lodge, Macaulay Lodge, etc.

CRHD Land Assets

- Carey Road (one of two remaining sites is held by the CRHD and the other site held by the CRD)
- 955 Hillside Avenue (The Summit 320-unit residential and dementia care project to replace Oak Bay Lodge and Mt. Tolmie Hospital)
- 950 Kings Road (Construction Laydown site and Lease of existing facilities for five years)
- 'The Heights' Land Lease to Baptist Housing (280-unit residential and dementia care facility)
- 'Olympic Vista' Land Lease to Victoria Cool Aid Society (30-unit supportive housing facility)

CRHD Function and Funding Model:

The CRHD has powers to hold and develop property for healthcare purposes, can fund and develop CRHD-owned properties and external agency projects, and has broad borrowing authority through Board-approved property tax requisitions. The CRHD has direct access debt financing through the Municipal Finance Authority (MFA), and can also borrow through private institutional investors. CRHD expenditures require that the Minister of Health designate each proposed project as a healthcare facility under the *Hospital District Act*.

The four main categories of funding have been established to provide for a local share of Health Capital funding:

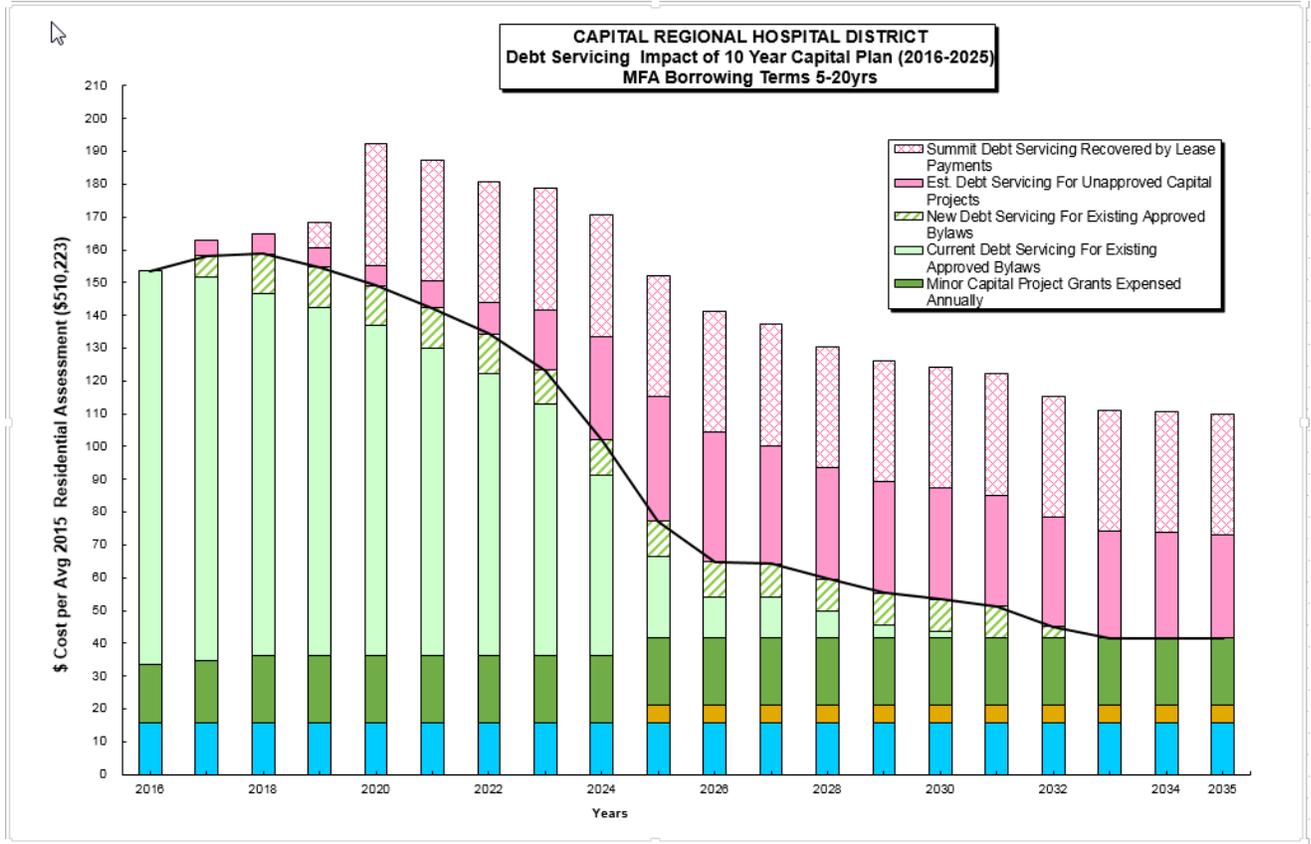
1. Major Capital Projects: Major capital projects are valued over \$2 M and are generally cost shared on a 30% basis. Capital funding these projects is primarily by debt financing arranged through the MFA.
2. Minor Capital Projects (MCP): MCPs are valued between \$100,000 and \$2 M and the CRHD contributes 40% towards the total cost of VIHA minor capital projects to a maximum of \$3.75 M annually. VIHA provides the CRHD with a list of capital projects for funding under this category. (Capital funding for minor capital is expensed from the CRHD tax requisition.)
3. Medical Equipment – The *Hospital District Act* Section 20(3) enables regional hospital districts to grant aid to hospitals and designated health care facilities for diagnostic and medical equipment purchases. The CRHD also retains an amount under this category for Divisional activities such as healthcare related research and studies. The CRHD annually provides \$2.925 M to VIHA and \$30,000 to Mount Saint Mary Hospital. (Capital funding for medical equipment is expensed from the CRHD tax requisition.)
4. Non Traditional Project Category (NTP):

The CRHD established CRHD NTP category at an annual requisition of \$1 M, to support the provision of community-based healthcare services by not-for-profit agencies (excluding VIHA) for facilities that provide primary healthcare and residential care in compliance with the *Hospital District Act* and other Ministry of Health guidelines. In light of the legally restrictive nature of the funding, only four community projects were funded to date; other uses of the NTP funds have included pay down of outstanding financial liabilities.

In 2014 the Board decided to reduce its CRHD NTP requisition of \$1 M and increase the CRD Land Banking and Housing requisition by the same amount. The 2015 CRHD budget decreased the \$1 M CRHD NTP requisition in order to accommodate a \$1 M increase in the CRD requisition to fund a \$10 M acquisition of property from BC Housing for properties managed by the Capital Region Housing Corporation (CRHC). The CRHD Board approved reinstatement of this \$1 M NTP requisition once the \$10 M debt had been satisfied, expected in 2025. An NTP Reserve of \$2.1 M has been notionally committed to two planned projects to replace non-profit healthcare facilities and further planning continues with the two proponent societies.

2016 Ten-Year Capital Plan

The 2016-2025 CRHD Capital Plan has been derived from VIHA'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 charges. The total CRHD estimated cash flow for 2016 is approximately \$25 M.



CRHD Strategic Outlook and Partnership Opportunities

Prior to 2009 the CRHD simply provided capital grants to VIHA for acute care projects, however as a result of the strategic acquisition of land and the comprehensive review of the funding formula between 2007 and 2011, the CRHD now acquires land and creates partnership opportunities to develop projects that may not otherwise have happened.

VIHA has agreed to enhance its working relationship and pursue partnership opportunities and capital initiatives with CRHD to allow the operating funds allocated to them by the Province to be used more effectively for the delivery of health care services.

The partnership between the VIHA and CRHD has expanded over the last number of years to enable progress on a number of major initiatives:

- Acute care facility expansion and improvement (RJH Patient Care Centre, VGH Expanded Emergency Department, Saanich Peninsula Operating Room and Surgical Upgrade, medication and facility system enhancements)
- Revitalization of the residential care sector (the Heights, the Summit)
- Upgrades to equipment and technology

The CRHD funding options review enabled agreement on a long term capital plan and the allocation of funding to priority initiatives through effective cash flow and debt management.

Land assembly and development by the CRHD has advanced projects by allowing VIHA to enter into operating leases with CRHD and other partners and commit annualized funding consistent with their health service mandate.

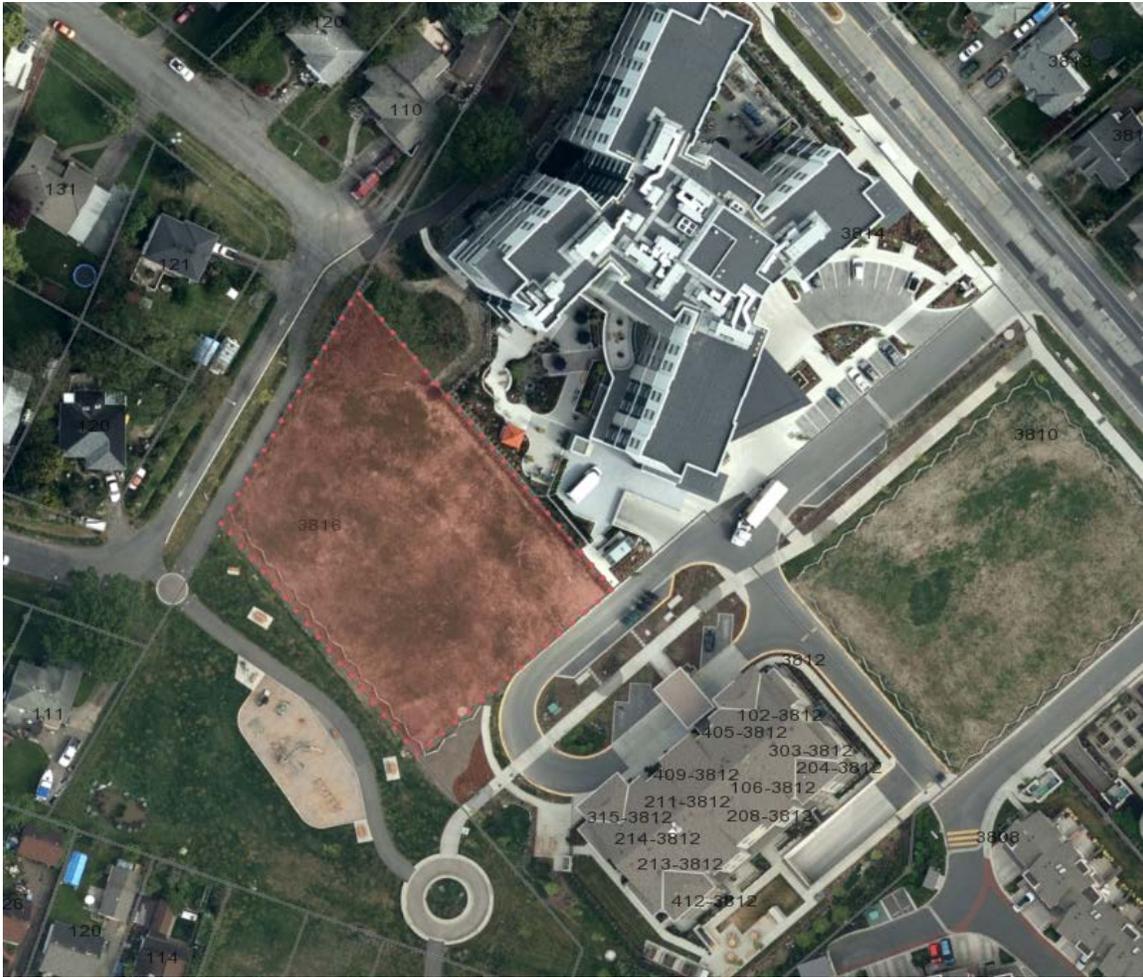
The CRHD strategic acquisition and development of “Mount View Village on Carey Road” was the first major project resulting from this partnership. The initiative involved many partners and resulted in a very significant return on the CRHD investment through an increase asset and land value, funding contributions and grants from senior government and other agencies, the construction of new residential care, supportive housing, assisted living housing and affordable housing projects. Two parcels on this site are ready to be developed.

The new strategic acquisition and development of “The Summit” on Hillside Avenue will result in a 320-unit residential and dementia care project to replace Oak Bay Lodge and Mt. Tolmie Hospital. The CRHD recently acquired the 950 Kings Road Property. Due to its contiguous location to 955 Hillside, acquisition of 950 Kings has considerable merit both operationally for the Summit project and strategically for future use by the CRHD and likely VIHA. Refer to Attachment 1 (CRHD Site Profiles) for additional information on all the strategic sites available for development.

The CRHD is also strategically positioned for other acquisitions and development and continues to expand its asset base. The CRHD Board has provided policy direction to staff to ensure effective management taxation, debt financing and cash flow. This has created a strong value proposition for taxpayers demonstrating that the CRHD should continue to move forward in this direction.

The new CRHD Executive Committee will consider alternative models for managing development and capital projects, including the creation of alternative corporate entities and options for the procurement of capital projects. The Housing First Strategy will result in new initiatives and partnerships between the CRHD, CRD, CRHC, VIHA and BC Housing that will be cross cutting and innovative also requiring strategic direction and insight.

3816 CAREY ROAD



LAND AREA:

0.311 ha (0.77 acres)

ZONING:

CD-2 MV (Comprehensive Development)

VALUE:

Subzone A – Apartment or congregate care, residential care

COMMENTS:

\$3,246,000 Assessment in 2016

Bare land with no improvements

955 HILLSIDE AVENUE, VICTORIA, BC



LAND AREA:	1.42 ha (3.5 acres)
ZONING:	R3-2 (Multiple Dwelling District) residential or rest home
VALUE:	\$6,900,000 Assessment in 2016
COMMENTS:	Bare land with no improvements

950 KINGS ROAD, VICTORIA, BC



LAND AREA:

1.42 ha (3.5 acres)

ZONING:

R3-2 (Multiple Dwelling District) residential or rest home

VALUE:

\$7,277,000 Assessment in 2016

COMMENTS:

An aged Elementary School building is on-site and Vancouver Career College has a five year lease

Capital Regional Hospital District

Executive Committee Orientation and Strategic Planning Workshop

Terms of Reference

Scan of Issues and Trends, Opportunities and Challenges

History of Hospital District role and contribution to Health Funding

Funding Policy and Financial Position

New Business Model

Confirmation of Mandate

Future direction and alternative approaches for partnering and financing

Priorities

Key outcomes and actions