

CAPITAL REGIONAL DISTRICT

STAFF REPORT TO THE HEALTH FACILITIES PLANNING COMMITTEE

MEETING OF WEDNESDAY, NOVEMBER 17, 2004

SUBJECT:

Off-site services to the Lady Minto Hospital site brought about by the Greenwoods Assisted Living development.

BACKGROUND:

The Gulf Islands Intermediate Care Society (GIICS) have received approval to develop a 30 unit assisted living on Salt Spring Island. The project is funded under the Independent Living B.C Program involving a capital grant from the Federal/Provincial Partnership, B.C. Housing rent supplement for low and moderate income tenants and operating funding from VIHA to supply the personal support.

The project is to be located on a portion of the Lady Minto Hospital site to be subdivided and leased by VIHA to GIICS.

There are a series of off-site project works which are required for the approval of the GIICS project. These works create alternate emergency and delivery vehicle access to the hospital property from Blain Road. VIHA have provided a no-charge, 60 year land lease to GIICS and have also absorbed \$213,000 in extraordinary development costs to support the assisted living project. At the preliminary drawing stage the project was \$1,007,859 over the budget established by B.C. Housing. This was primarily a function of three things:

- High rate of construction inflation since the 2002 initiation of the Independent Living B.C. Program.
- Additional costs for building on Salt Spring Island (estimated at 20%) not factored into the B.C. Housing base budgeting model.
- Extraordinary site development costs estimated at \$306,000 covering such items as engineered fill, storm water management ponds, creating additional parking to offset the loss of hospital stalls and various road widening/intersection/emergency vehicular improvements required for modified access to the hospital site.

Subsequently the two main funding partners came up with \$827,000 in additional funding (\$614,000 from B.C. Housing, \$213,000 from VIHA). A further \$50,000 in building cost savings and \$37,859 in waived Development Cost Charges was also achieved. With the other funding partners stretched to their maximum and the Society already committed to a \$250,000 equity contribution the Capital Regional Hospital District was asked to contribute a small portion.

Of the project costs there are four off-site servicing projects which are required to maintain and improve access to the Lady Minto Hospital site. These total \$123,000 and are broken down as follows:

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| 1) New emergency fire lane and service access road | \$51,000 |
| 2) Widening of Blain Road | \$12,000 |
| 3) New T-intersection at Blain Road and Kings Lane | \$30,000 |
| 4) Improvements to the intersection at Blain Road and Lower Ganges Roads (recently confirmed as not in the Ministry of Transport budget) | \$30,000 |
| Total | \$123,000 |

All these works are required by the Ministry of Transport and although they are instigated by the Greenwoods assisted living development they are required to improve access to the hospital site, particularly for the long term development plan. These types of works have always been fully funded by the Regional Hospital District as per Policy 04.400.06 of the Ministry of Health's Facilities Planning and Construction Division Policy and Procedure Manual which reads:

- "Any expenditures incurred in work not actually on the site of an approved health facility, are non-shareable. This includes off-site sewer lines, water lines and other utility services, other than connecting charges for services."

This policy was applied in 1997 when a \$1,400,000 expense for widening and other improvements to Richmond Road (related to the Royal Jubilee Hospital) was approved by the Board.

CONCLUSION:

The off-site service costs, mostly road and internal access improvements, are instigated by the GIICS use of hospital property but will benefit the Lady Minto Hospital. The assisted living project estimates (projected to a February 2005 tender date) have exceeded the original budget by just over \$1,000,000. The project's main funding agencies (B.C. Housing and VIHA) have assembled an additional \$817,000 and are at their maximum capacity. Beyond this level other projects are at risk of having their funding reduced to supply the GIICS project.

The Capital Regional Hospital District has the capacity to support a small contribution of \$123,000 to the off-site servicing expenditures required to create alternative emergency and delivery vehicle access to the hospital both now and in conjunction with the redevelopment of the Lady Minto Hospital. Off-site expenditures are not cost shareable with the Ministry of Health as was the case with the 1997 Richmond Road widening approval associated with the Royal Jubilee Phase 1 redevelopment project.

Approval of these off-site expenditures does not constitute a precedent to fund assisted living projects. While these off-site works are instigated and benefit the assisted living development they also benefit Lady Minto Hospital.

The \$123,000 funding would come from the Section 20(3) grant account, therefore avoiding the cost of borrowing. The funding would be approved to VIHA who would then forward the funds to GIICS.

In the face of continuing uncertainty over construction cost inflation, a 5% contingency is recommended. There will also be a net 3.5% GST payable, taking the total to \$133,670.

RECOMMENDATIONS:

That the Committee approves \$133,670 from the Section 20(3) grant budget as a contribution for off-site servicing related to the reconfiguration and improvement of roadways and access to the Lady Minto Hospital site associated with its lease of land for the Gulf Islands Intermediate Care Society's assisted living development.

Jeremy Tate, Director
Health Facilities Planning

Comments of the Director of Finance:

Comments of the Executive Director