

**STAFF REPORT TO
THE PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE
MEETING OF MARCH 28, 2012**

SUBJECT GUIDELINES FOR FUNDING NON-TRADITIONAL CAPITAL PROJECTS

PURPOSE

To develop guidelines (Appendix "A") to assist the Capital Regional Hospital District (CRHD) planning and decision-making for funding of non-traditional capital projects (NTP), and to also clarify for community agencies the process and requirements for NTP funding eligibility.

BACKGROUND

In November 2011, the Capital Regional Hospital District (CRHD) Board adopted a set of recommended principles as a framework to guide the development of an NTP policy (Appendix "B"). Although not exhaustive, these principles are consistent with other capital funding practices such as the Capital Regional District's (CRD) Regional Housing Trust Fund and Canada Mortgage and Housing's Residential Rehabilitation Assistance Program.

ALTERNATIVES

1. Approve the attached NTP guidelines intended to: assist the CRHD in its deliberations of project funding requests; and, clarify the policy context and assessment process for community agencies interested in accessing NTP funds.
2. Not approve the attached recommended guidelines, and provide staff with further direction to amend these guidelines and return with these amendments.

FINANCIAL IMPLICATIONS

Alternative 1:

This Alternative would provide clarity for applicants of the policies and procedures for NTP funding and for the CRHD Board in assessing the merits of each proposal. CRHD investments would need to be secured through an agreement such as a registered notation on title.

There are currently no pending requests for NTP funding.

Alternative 2:

There are no financial implications with this Alternative, except that decisions on NTP funding requests would be deferred until staff return with a follow up report recommending a set of amended guiding principles.

COMMUNITY IMPLICATIONS

As part of ongoing community activities, staff will continue to work with the Vancouver Island Health Authority (VIHA) and non-profit service providers to identify how NTP funds can leverage sustainable, healthcare related community services.

CONCLUSION

The recommended NTP program guidelines are based on practices currently employed with other capital funding programs. With the Board's desire to continue supporting local community priority projects and an increased discipline in the health funding framework, Alternative 1 would provide the opportunity for the CRHD to clarify for future proponents the business processes of the NTP program.

RECOMMENDATION

That the Planning, Transportation and Protective Services Committee recommends that the Capital Regional Hospital District Board:

1. Approve the attached NTP guidelines intended to: assist the CRHD in its deliberations of project funding requests; and, clarify the policy context and assessment process for community agencies interested in accessing NTP funds.

ORIGINAL SIGNED

Maurice Rachwalski, Senior Manager
Health & Capital Planning Strategies

Robert Lapham (MCIP)
General Manager Planning & Protective Services
Concurrence

Kelly Daniels
Chief Administrative Officer
Concurrence

Attachments: 2

COMMENTS:

Appendix "A"

Capital Regional Hospital District Non-Traditional Project (NTP) Funding Guidelines

BACKGROUND

The Capital Regional Hospital District (CRHD) Board has endorsed the use of CRHD funds to contribute towards the capital costs of non-traditional healthcare facilities.

Traditional healthcare projects funded by the CRHD involve facilities owned by the Vancouver Island Health Authority (VIHA) used primarily for the reception and treatment of persons:

- (a) suffering from the acute phase of illness or disability;
- (b) convalescing from or being rehabilitated after acute illness or injury; or
- (c) requiring extended care at a higher level than that generally provided in a private hospital.¹

Non-Traditional Projects (NTPs) category was established by the CRHD to support the provision of community-based healthcare services by not-for-profit agencies (other than VIHA) for facilities providing: i) primary healthcare; and ii) residential-types of care.

STRATEGIC CONTEXT

Consistent with the authority of the CRHD to provide capital for 'hospital projects', and recognizing that social resilience and wellbeing are vital elements of a healthy and sustainable region embarking on the development of a new CRD *Regional Sustainability Strategy*, the NTP Fund contributes capital to community projects that provide health-related services but are unable to secure full capital funding from VIHA or other sources.

CRHD decisions to partner in providing capital funding to selective NTP can leverage ongoing service delivery funding from VIHA as well as capital and support service contributions from non-profit societies.

The NTP Fund was established by the CRHD for the following purposes:

1. To assist in the acquisition, development and retention of facilities that provide permanency in the community-based provision of healthcare related services.
2. To contribute to projects throughout the entire Region, as CRHD funds are requisitioned annually through property taxes provided by businesses and residents of the Region.
3. To facilitate social and economic investment in healthcare facilities.
4. To assist people in core housing need requiring physical and emotional care and services, particularly seniors, and persons who are: physically disabled; developmentally challenged; with chronic mental health issues; and, other with special needs identified as a priority for community response.
5. To leverage onetime capital and ongoing operational and service funding from other levels of government, community groups and the private sector.
6. To address strategic directions that are outlined in VIHA service plans or in the CRD's *Regional Sustainability Strategy*.

¹ In accordance with Provincial statutes, these categories of use are defined under the *Hospital Act* and applied under the authority granted to Hospital Districts under the *Hospital District Act*.

FUNDING PRINCIPLES

The following principles were developed to help direct the NTP capital funding *Guidelines*:

- To be eligible for Capital Regional Hospital District funding, facilities must be designated by the Minister of Health as health care facilities as currently required under the *Hospital District Act*.
- Proponents must demonstrate both the need for capital funding, as well as the demand for services delivered through the facility to be constructed or upgraded.
- That CRHD funds be provided on a cost-shared basis only, leveraging other community contributions.
- The CRHD should not be the primary capital funder and CRHD funding should be conditional on confirmation that all other funding is secured by the applicant.
- That the public interest be served by ensuring facilities receiving CRHD funding continue to be used for their originally intended purpose.

FUNDING GUIDELINES

Based on the above principles, proposals for NTP funding will be evaluated based on the following guidelines:

1. If not already a hospital under the '*Hospital Act*', facilities receiving NTP capital funding must be designated as a hospital by the Minister of Health.
2. Projects must demonstrate committed funding partnerships with entities such as: other government agencies; private development industry; corporate donors; community agencies; and individuals.
3. Projects should assist in the retention of existing or construction of new affordable residential care facilities with healthcare services or other community-based healthcare service facilities.
4. Residential-based projects should provide affordable accommodation for tenants within prescribed income target levels. Proposals should also clearly demonstrate the types of health care services provided and confirmation of ongoing operational funding.
5. The CRHD should not be the primary capital funder.
6. CRHD funding should be conditional on confirmation that all other funding is secured by the applicant.
7. That the public interest be served by ensuring facilities receiving CRHD funding continue to be used for their originally intended purpose. To this end, CRHD funding is subject to a Funding Agreement and/or a notation registered against the property, such a Section 219 covenant.
8. Assistance is in the form of a grant that is forgivable - subject to the terms and conditions of the Funding Agreement.
9. The NTP Fund is limited (currently set at \$1 million annually), so proposals will only be considered for a portion of the total annual budget.

APPLICATION PROCESS

The *Health and Capital Planning Strategies Division* of the Capital Regional District administer NTP funds on behalf of the CRHD (see attached Contacts list). In this role, Division staff apply the NTP guidelines through the following application review and approval process:

1. The applicant contacts the Health and Capital Planning Strategies Division advising of their intention to apply for NTP funding, describing the project in as much detail as possible.
2. Based on the information provided, in consultation with the CRHD Chair, Vice Chair and General Manager of PPS, staff apply the fund's Guidelines to determine the basic suitability of the proposed project for NTP funding (eligibility 'test').
3. If the project is deemed to pass the initial eligibility 'test', the applicant is provided with a comprehensive list of proposal requirements, that will include:
 - Confirmation that the facility is deemed a hospital under the '*Hospital Act*'. If the facility is not already deemed a hospital, CRD staff will assist in obtaining this designation based on the applicant providing:
 - a letter from the Vancouver Island Health Authority (VIHA) indicating support in having this facility designated for purposes of capital cost sharing;
 - confirmation in writing affirming the applicant is a non-profit society in good standing under the *Society Act*, and,
 - a copy of the society's constitution and bylaws.
 - A detailed description of the proposed project, including the type of healthcare service provided, the client group, and eligibility criteria for persons to receive services.
 - A detailed project expenses budget, preferably based on a qualified cost consultant, engineering or architect report.
 - A detailed listing of project revenues, including: sources of applicant equity (land, capital reserves, etc.); contributions in cash or in-kind listed by source; and, the amount of mortgage (if applicable) and source of mortgage payments (tenant rents, operating subsidy from senior government agency such as BC Housing or VIHA, etc.).
 - A tentative project schedule (such as a Gantt chart).
 - Legal description of the property, including zoning and Official Community Plan information.
4. Proponent provides the project proposal to the Senior Manager for review and final completion.
5. CRD staff present the proposal and staff recommendations to the Planning, Transportation and Protective Services (PTPS) Committee of the CRD/CRHD Board.
6. The PTPS Committee then makes a recommendation to the Board of the CRHD for decision.
7. The CRHD Board of Directors vote on the PTPS Committee recommendation.

Please note - applicants are strongly advised to contact the CRD's Health and Capital Planning Strategies Division well in advance of the anticipated need for NTP funds.

HEALTH and CAPITAL PLANNING STRATEGIES DIVISION - CONTACTS

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APPENDIX “B”

STAFF REPORT TO THE PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE

NON-TRADITIONAL CAPITAL PROJECTS FUNDING POLICY PRINCIPLES

The following are proposed principles to guide the Non-Traditional Project capital funding policy:

- To be eligible for Capital Regional Hospital District (CRHD) funding, facilities must be designated by the Minister of Health as health care facilities as currently required under the *Hospital District Act*.
- Proponents must demonstrate both the need for capital funding, as well as the demand for services delivered through the facility to be constructed or upgraded.
- That CRHD funds be provided on a cost-shared basis only, leveraging other community contributions.
- The CRHD should not be the primary capital funder and CRHD funding should be conditional on confirmation that all other funding is secured by the applicant.
- That the public interest be served by ensuring facilities receiving CRHD funding continue to be used for their originally intended purpose.