

**REPORT TO PLANNING, TRANSPORTATION & PROTECTIVE SERVICES COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 23, 2013**

SUBJECT **Capital Regional Hospital District 2014-2023 Ten Year Capital Plan**

ISSUE

Approval of the Capital Regional Hospital District (CRHD) Ten Year Capital Plan.

BACKGROUND

The 2014-2023 Capital Plan (Appendix “A”) is derived mainly from the Vancouver Island Health Authority’s (VIHA) healthcare capital priorities, and is submitted for Board approval each year. The Plan is comprised of ongoing (previously approved) capital commitments, anticipated new capital expenditures for the ten-year period 2014-2023, and the financial implications for the CRHD requisition and future property tax charges.

Capital Plans are forward-looking documents that present the best estimate of cash flows expected in future years for ongoing and new capital projects and initiatives. Although the planning process is iterative, the Capital Plan is generally subjected to multiple revisions and alterations depending on factors such as: the availability of other funding sources;¹ how projects fit into overall VIHA and CRHD priorities; and, more detailed project planning, design and cost estimation.

Some of the projects included in the 2014-2023 Plan have been changed or reassessed based on conversations with VIHA staff, and the current activity of projects in the CRHD catchment area continues to reflect VIHA’s emphasis on the development of major healthcare facilities in all regions on Vancouver Island.

FUNDING DETAILS

Major Projects

For 2014 no new major capital projects in the Region are anticipated by VIHA.

Minor Projects

As approved by the Board in November 2012, CRHD is transitioning from debt servicing to expensing all minor capital expenditures by 2016. CRHD has capped Minor Capital Project contributions at a maximum of \$3.75M annually, which represents a 40 percent contribution towards projects totaling \$9.375M.

Section 20(3) Equipment & Planning/Research

Bio-medical and diagnostic equipment funding has been capped at \$3.075M in Section 20(3) requisition funding, allocated as follows: \$2.925M to VIHA for equipment; \$30,000 to Mount St. Mary’s Hospital for equipment; and, \$120,000 for health facilities planning and research.

Non-Traditional Projects

The Plan also contains a \$1M annual allocation for Non-Traditional Projects (NTP). CRHD staff recommends that the types of projects eligible for NTP funding include non-profit supportive housing projects for persons who are homeless or at risk of homelessness that

¹ VIHA funding sources: Ministry of Health, CRHD, Hospital Foundations, and VIHA ancillary-generated revenues (e.g. parking).

meet the NTP guidelines established by the Board in 2012. This change is predicated on the demand for supportive housing identified by the Greater Victoria Coalition to End Homelessness, and will be discussed at the November 23, 2013 Forum of Councils event focusing on affordable housing issues in the Region.

ALTERNATIVES

1. Approve the 2014-2023 Ten Year Capital Plan as submitted; or,
2. Direct staff to amend the proposed 2014-2023 Ten Year Capital Plan reducing the amount of health capital funding to be contributed to projects and equipment.

FINANCIAL IMPLICATIONS:

Alternative 1:

In 2014, \$2M of Minor Capital funding is proposed to be expensed from the current requisition and prior year surplus, with \$1.75M borrowed. Cash flow will be managed to regularize requisition increases over this period transitioning to fully expensing Minor Capital by 2016. In 2015, the proposed Plan will expense \$3M and debt service \$0.75M.

Appendix “B” graphically illustrates the existing and estimated debt service implications of the 2014 Ten Year Capital Plan on the average assessed residential value. These implications are summarized in Appendix “C”.

This Alternative continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. For example, the revised 2013 Capital Plan (which included the addition of the Mt. View Heights and Oak Bay Lodge projects) projected a peak requisition of \$184.33 in 2017. The 2014 plan anticipates a peak requisition of \$186.71 in 2020.

Alternative 2:

Considering the most recent Provincial 2013/14 actual and 2013-2015 provisional capital funding allocations, not approving this Plan may jeopardize the ability of the CRHD to leverage Regional funds to secure Provincial healthcare capital.

CONCLUSION

CRHD staff continues to work with VIHA to refine details on specific projects and develop robust plans and projections of the Region’s acute healthcare capital requirements for VIHA facilities. The Plan also presents an accurate reflection of cash flow to complete ongoing (Board previously approved) projects and estimated cash flow for new projects to be approved.

The proposed 2014-2023 Capital Plan includes projects VIHA may implement in future years within the Capital Region, and portrays a partial road map for future anticipated healthcare capital projects and related cash flows. The proposed Capital Plan is also the best indication at this time of VIHA’s long term healthcare capital requirements within the Region. The proposed 2014 CRHD provisional budget incorporates the financial implications of the 2014-2023 Capital Plan.

RECOMMENDATION

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

1. Approve the 2014-2023 Ten Year Capital Plan as submitted.

****Original Signed****

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Planning and Protective Services

Robert Lapham, MCIP, RPP
Chief Administrative Officer
Concurrence

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Attachments:

- A. 2014-2023 CRHD Capital Plan
- B. Capital Plan Debt Servicing Graph
- C. Existing and Estimated Debt Servicing Implications