



Pender Island Health Care Society (PIHCS)

Request for New Service – Referendum Application

1. What is the purpose of the service?

Purpose of the service: The public good created by the Pender Islands Health Care Centre (the Centre) has reached the point where a transition of operational costs to the public purse is warranted. Property taxes are a fair and equitable way to ensure reliable and predictable funding for the quality, local health care the community depends on, now and into the future. This was a conclusion of a Strategic Planning retreat in the summer of 2020.

Reliable and predictable funding for quality, local health care.

A community success story: When the Centre opened 40 years ago, it marked the culmination of more than a decade of dedicated community effort to build a permanent home to serve the community's health care needs. Over the years, it has grown to provide integrated health and wellness services with space for:

- two doctors and a nurse practitioner with examination rooms and reception;
- community nurses;
- two urgent care treatment bays;
- dental office with reception area and 2-chair treatment room;
- laboratory collection and delivery;
- wellness practitioners, including an optometrist, a chiropractor, an audiologist and massage therapists;
- medical equipment loan service; and
- mental health support workers for families, addictions, and those in crisis.

Programs administered from the facility out in the community include the 55+ Lunch, Better-at-Home, Maintain Your Independence, Friday Community Gathering, and Meals on Wheels.

Alongside this growth in services and programs, the environment in which the facility operated has continued to evolve. Changing building standards, technologies, community expectations, demographics, population growth—and now a pandemic—have challenged the Centre's aging infrastructure as never before. The Board recognized that the responsibility of the Society has expanded to include two main roles: maintaining a facility; and, looking after the operational requirements of that facility. This dual role is not sustainable in its current form.

The Centre's volunteer governing body, the Pender Islands Health Care Society (PIHCS or the Society), pressed on in 2020 to develop a 5-year Strategic Plan. Charting this new path positions the Health

Centre to deal effectively with current and upcoming operational challenges as well as eventual renewal/rebuilding of the Centre.

Required Revenue: The tax roll revenue required for this purpose is estimated at \$199,000 - \$255,000 per year over the seven-year period between 2022 and 2029. This funding will cover PIHCS's growing operating deficit (~\$70-90,000) and with tax roll funding in place, other revenues will be used for capital expenses which are substantial and expected to continue. This change will allow the PIHCS to refocus and return to its core mission of securing revenues from other sources aimed at providing outstanding facilities and infrastructure for the delivery of health services. **Revenues from other sources, such as grants, will reduce the annual request from PIHCS to the CRD.**

This purpose for this new service is informed by the following realities:

- **The people we serve:** The Health Centre is an 8,401-square-foot facility with an insured value of \$2.6 million. This facility includes the ambulance bay. This important community asset houses the delivery of an integrated set of health care services and wellness programs that serves 2,302 permanent residents [2016 census] as well as the many regular part-timer homeowners and visitors who come to stay on Pender Island. Among the Southern Gulf Islands, Pender Island's health care centre and services are a key factor in attracting residents to the community which, in turn, contributes to a more viable island economy.
- **The Centre has a long history of public support and involvement.** Starting 50 years ago—and largely without success—the Pender Island community requested recognition that its growing population of year-round residents and visitors required emergency and day-to-day health services in the same manner as the rest of BC.

Out of necessity, islanders built their own clinic. Built by the people of Pender, for the people of Pender, the PIHCS was established in 1981 to own and manage the Health Centre. It officially opened in May 1981, funded with \$65,000 donated by the community, on land donated by the Marler family, and a \$85,000 grant from the BC Lottery Fund. The community provided sweat equity and materials to complete the building.

Pender Island Health Centre was built from local donations & government

Over time, the community has woven together a patchwork of emergency services, primary care and wellness programs that are much appreciated locally. Nevertheless, people must still go off island for many forms of service which are available in most BC communities. Putting tax roll funding in place will go a long way to ensuring current services are securely financed.

Reflecting community persistence, the Health Centre has expanded several times. A separate Ambulance Building with sleeping quarters was added in 1993. The last, largest expansion was in 2008 when a new Medical Clinic wing was added. It houses space for three practitioners at one time, and a state-of-the-art Emergency Treatment Room with two treatment bays. Another wing was added for allied health service providers, including lab collection and various visiting nurses. The 2008 addition was financed by \$706,000 raised by the community, plus a CRD Grant of \$597,500 and a Vancouver Island Health Authority (VIHA) contribution of \$142,500. Long-term

funding from the tax roll will ensure the Centre can continue to respond to the community's changing health care needs.

VIHA appoints and funds two full-time equivalent (FTE) physician service contracts, the nurse practitioner, a part-time public health nurse, and community health nurses at the Centre. The PIHCS administers VIHA's Closer-to-Home grant to fund a laboratory collection and delivery service, mental health support workers, and a community support worker. As well, Closer-to-Home funds general support for the delivery of health and wellness programs which provides about 15% of the core operating budget.

The United Way's Better-at-Home program—also administered by the PIHCS—is funded from a provincial health grant to help seniors stay in their homes safely as they age by providing non-medical home support.

Finally, several community-based, physical activity programs are made possible through CRD Parks, Recreation and Culture funding.

- **Donations do not provide reliable and predictable revenues.** For more than a generation, community generosity has sustained the Health Centre. Donations made up a significant part of the Centre's budget, which until 2020 otherwise would have had an average annual operating deficit of about \$30,000. In some years, direct community investments exceeded the deficit amount, allowing the Society to accumulate some savings for maintenance and repairs. As important as they are, donations do not provide reliable revenue.

If the tax roll referendum is successful, the Society recognizes the ongoing value of donors and volunteers. Secure, predictable funding from the tax roll will allow the Society the time and energy to focus on stewarding community members' direct investment in their health centre.

- **2020 annual operating budget was a tipping point:** Issues associated with an aging building became much more apparent in 2020, especially in the context of operating safely during a pandemic. In 2020, the Society had a reserve of \$103,000, accumulated over 12 years, an amount that is neither sufficient nor prudent for a major health care asset which will require significant renovations in the near future.

This reality underpinned the board's determination to address current and projected future deficits. The very notion of reducing the present level of health services for the local community led to a thorough review of various funding options and the decision to pursue the tax roll as a preferred option.

- **The PIHCS has a firm grasp of its financial situation.** The consolidated financial statements for the PIHCS have three components:
 1. PIHCS operating
 2. PIHCS capital.
 3. Programs

Programs are funded by various agencies for specific purposes, and apart from transfers to PIHCS for specific services rendered, these funds are not available to fund PIHCS. Revenues for

the PIHCS operating budget come from building rent, transfers from Programs to pay for services PIHCS provides, and community donations. Normally, grants are not available to cover operating expenses, exceptions being during this COVID pandemic, but grants can fund some capital projects.

In 2020-21, PIHCS was faced with an operating deficit of about \$70,000, with no funds for capital projects. This deficit was covered by an extraordinary fundraising campaign: over \$130,000 raised from the community. In 2021-22, the predicted operating deficit was about \$90,000, which has now been covered by a grant from BC Association of Community Health Centres (BCACHC) using Provincial Funding aimed at supporting health programs that are in financial difficulties. The level of donations in 2020-21 is not sustainable, and the BCACHC grant is a one-time event. A variety of funding programs helped to cover many of PIHCS COVID related costs in 2020-21.

In 2020-21, no significant needed capital items were funded. However, in 2021-22 some major items are being addressed because of a large grant from CVRIS (\$164,000), funds from donations in the previous year, and because the operating deficit was covered by the grant from the BC Association of Community Health Centres.

The escalating deficit is attributable primarily to growing administrative and maintenance demands: dealing with COVID 19; the administrative time needed to apply for external funds; implementing a full financial audit; and work associated with organizing contractors to deal with infrastructure problems.

- ***PIHCS is pursuing a variety of funding sources.*** Funds from a variety of sources can be accessed through grant applications, but these sources cannot be relied upon. In 2020-21, PIHCS had no success at receiving funds for a major capital item and was faced with an extraordinary growing list of capital demands, with some estimates exceeding \$1 million. In 2021-22, PIHCS has received a \$164,000 COVID-19 Resilience Infrastructure Stream (CVRIS grant) to fund the HVAC system which broke down this spring and a new emergency generator that can handle the whole building. A request to the Victoria Foundation for \$30,000 is pending to produce architectural drawings needed to apply for grants to help in major renovations needed to bring the building up to code for handicap accessibility and fire safety. To address these issues, applications will be made to BC Gaming and various agencies that support handicap accessibility. **In the budget for this tax roll proposal, grant funding is not included. When PIHCS does have grant success, it should be reflected in a smaller annual request to CRD and thus the tax-payer.**
- ***Summary of service request purpose:*** The Board of Directors of the PIHCS believe the time has come for the Pender Island community to enjoy a more predictable and secure source of funding to cover the operating costs of their Health Centre. Once secured, this will allow the Society to refocus its efforts to solicit individual, business, and other community partners and stakeholders to support a Building Renewal Reserve Fund.

This funding will allow the Society to cover its operating deficit and maintain and/or replace structures and equipment of the Centre, some of which will be 40 years old in 2021. This renewal will require additional manhours and more expertise and is reflected in the revised budget for personnel in 2021 and beyond (Schedule A). Always forward looking, the Board will

in its next Strategic Planning session (2025) consider adding additional services and/or building expansion as our community continues to grow and our financial position permits.

2. How does the service relate to the Capital Regional District's Mandate?

The proposed service intersects with the CRD Mission and Vision statements by providing for the public good, ensuring that Pender Island is livable and sustainable, and encourages a caring society.

The CRD is a local government organization which covers a diverse region that includes the large urban area of greater Victoria, as well as rural areas like Pender Island. In general, the CRD has a role of integrating services such as the sewage systems of greater Victoria and providing services to less organized areas of the region such as bylaw enforcement and building inspection. The CRD works with other local governments and communities to augment and foster a variety of services, depending upon local involvement. The CRD and the Islands Trust serve as the local government for the Southern Gulf Islands, including North and South Pender.

The Mission of the CRD states “we are diverse communities working together to serve the public good and build a vibrant, livable and sustainable region, through an effective, efficient and open organization.” The CRD Vision states “Our communities strive to achieve exemplary environmental stewardship, a dynamic vibrant economy and an inclusive, caring society. Regional cooperation, mutually beneficial decision making and advancing shared interests shape the essence of the CRD.”

The *CRD 2019 – 2022 Corporate Plan*, under Community Needs, lists an initiative to “develop a comprehensive strategy and operational review to reflect the unique needs of electoral areas”. Related service plans refer to various Southern Gulf Islands initiatives. The proposed service will deliver on the CRD’s mandate in several ways:

The service will provide for the public good & enable a sustainable community.

- a. **The Public Good:** By providing the community with a convenient location for the delivery of holistic, integrated health services, the Centre serves the public good and helps maintain the health and well-being of Pender Island residents, 40% of whom are over the age of 65. (Indeed, commercial space on Pender is limited and could not accommodate the various service providers currently operating at the Centre.)

The importance of the Centre is reflected in the CRD’s membership in Regional Outcomes Monitoring, a Community Health Group for the Capital Region. Accessible health and community services are one of its 10 goal categories, along with inclusive and connected communities, as well as active and healthy living. Each of these is directly supported by programs and services provided by the PIHCS, which in turn delivers on the mandate of the CRD.

- b. **Livable and Sustainable Region:** The Centre enhances livability on Pender by providing a place to deliver essential health services and programs which would be difficult to provide in such a cost-effective manner if the Centre did not exist.

The presence of the Centre and its health and wellness services enhances the attractiveness of Pender as a location for families to come and live, reflecting the post-COVID working-from-home economy, thus adding to the viability and sustainability of the local economy. Broad-based tax roll support of the operating and maintenance cost of our facility makes emergency health care accessible to many visitors and tourists, many of whom are retirees. Access to health care is an important consideration in why people choose Pender as a destination or full-/part-time home. In this way, the Centre supports the delivery of the CRD's economic goals, as well as the province's program to attract travellers to Super, Natural BC and the Gulf Islands in particular.

On the flip side, various health services are currently **not** available on Pender Island which requires some residents to face costly travel expenses, or even force a decision to relocate, causing economic and social upheaval. Having secure, predictable funding from the tax roll will allow the Society to address building maintenance issues in hopes that one day we can explore ways to address these service shortfalls.

While it is crucial to stabilize and sustain operational funding, the organization's 2020-2025 Strategic Plan also identified the importance of building a solid financial base for future medical and wellness services. Expansion will be driven by the regular assessment of community health care needs with a view to "upgrade, expand, and/or rebuild the Health Centre".

- c. **Caring Society.** Sustaining our Health Centre adds to a sense of community, an essential element of a caring society. Forty per cent of island residents are over the age of 65, and the Centre plays a key role in administering grants for services that allow residents to maintain their health and independence, with assistance at home.

A corps of resident volunteers operating out of the Centre facilitate the delivery of health and well-being related services that might otherwise be inaccessible to community members in need. These programs allow elders and those recovering from illness to remain at home and connected to the community, and for many, the capacity to continue to contribute in meaningful ways. All these are the hallmarks of an inclusive and caring society.

3. Which type of service is proposed?

The service is for a referendum to put in place a contribution service by which the CRD would levy a property tax to provide predictable and stable funding for the Health Centre's operating costs. Effectively, all future donations to the Centre would be applied to capital costs and repairs, as well as a building reserve.

The service will provide stable funding for health centre operating costs.

4. Who will benefit from the service? (What electoral area would be contributing to funding the service? If proposed service area is the same as for an existing service, identify that service.)

The proposed service, if successful in gaining majority support, will benefit all full- and part-time residents and visitors to North and South Pender Islands. In calendar year 2019, the clinic had 7,333 visits (appointments). This includes walk-ins, emergencies attended by the clinic, and booked visits.

From Nov 01/19 to Oct 31/20 the clinic serviced 7,052 appointments. The population is estimated to double in the tourist season, and medical appointments include casual visitors.

The service will benefit all full and part time residents.

The permanent population of North and South Pender totalled 2,302 [2016 Census]. With a long-term growth rate of 1% per year, it is estimated that the current population on both Pender Islands is now about 2,400. This population will continue to grow and age which will lead to greater demands for access to health care services provided by the Centre.

North and South Pender Islands are part of the Southern Gulf Islands electoral area. The property owners of the Pender Islands will be taxed to fund the service. The BC Assessment list shows there are 2,543 tax folios on Pender Island (both North and South islands). It also includes non-taxable folios whose numbers are not determined but assumed to be few. Magic Lake Estates Water, Magic Lake Estates Sewer, Pender Fire Protection, Pender Community Parks and Pender Community Recreation, and the Library are existing services that the CRD funds with property tax dollars.

5. Explain how the proposed service will be effective in responding to the identified need.

The proposed service will be effective by ensuring that the Pender Island community has secure and predictable operational funding for their Health Centre. With stable operating funds, the Society can direct its efforts to securing funding for building repair and replacement, as well as ensuring that the facility meets current standards.

The community made an incredible investment when it initially built the Centre. The proposed service will give the community and medical service providers confidence that the Centre will remain viable for the foreseeable and long-term future.

The service will ensure the long-term viability of the Health Centre.

6. What evidence is there to demonstrate community need and support for the service? (e.g., Petition for Electoral Area services as per Section 337 of the Local Government Act).

The extensive use of the Health Centre demonstrates the level of community need and support for the service. The number of medical appointments logged annually totals more than 7,000 visits. These numbers do not include the community's usage of the dental clinic, community nurses, lab service, chiropractor, optometrist, mental health support and public health nurses – an aggregate annual total of 10,300 additional interactions. (These numbers have been aggregated to protect commercial information.) The facts illustrate that the services housed in the Health Centre are very well patronized. When canvassing community views about the Centre's health services, 85% gave them a "satisfied" rating.

The Health Centre has an 85% approval rating.

Community support is strong. Community support for the services housed in the Health Centre has always been very strong, which can be anticipated to translate into support for the proposed tax. In 2020, the Society appealed for additional donations and by late February has received over \$130,000 from the community. When compared with the \$30,000 usually raised annually by traditional donations, it is clear that when asked, this community responds. In 2008, the last big fund-raising drive, the initial goal was to raise \$100,000 in 100 days. In fact, \$200,000 was raised in that time frame for the clinic expansion to the Centre. By the end of the campaign, an impressive \$706,000 had been raised by the community for capital costs.

From its inception, each time the Health Centre needed support to expand, the community responded in a timely fashion with substantial support which has leveraged funders further afield. Clearly, Pender residents, by their actions, recognize and appreciate the contribution that the Centre makes to the quality of life on Pender Island. The donation history for capital costs gives the Society confidence that support for upgrades and eventual rebuilding/expansion will continue. At the same time, the broad and necessary contribution to the public good provided by the Centre makes it appropriate to now move to stable and predictable funding for **operations** from the tax roll.

7. How would you characterize the community's current understanding/expectations concerning the implications of the service in terms of cost, service level, and service management?

The community's current understanding and expectations are clear from the results of formal and informal assessments. They suggest that the community is made up of two main groups that can be characterized as known/likely supporters of a positive referendum vote, and those who are currently unaware/undecided. Given this situation, communication planning is under way to reach both audiences, ensuring broad-based community support for the tax service referendum by the fall of 2021.

A planned communications strategy will ensure a common understanding.

In a small community like Pender Island, the first group—known/likely supporters—is significant in terms of actual numbers and their wider influence and leadership. This group comprises health and wellness workers and volunteers, current and past donors, supporting service organizations and businesses, and frequent users of health services. The goal is to keep these people well-informed and on side, with a willingness to share their positive views with others.

Proactive approach to increasing awareness of the Health Centre. After 40 years, it is perhaps not surprising that the Centre is somewhat taken for granted. On the surface, all appears well. Health and wellness services are highly valued, and the building looks fine. Informal conversations have revealed that a segment of the community is under the mistaken impression that Health Centre operations are already funded entirely through public health care dollars.

A key communication opportunity exists to correct this assumption, engage with those who believe the tax roll option may not be the right/best solution, and reach part-time residents or health centre clients who may not use/benefit directly from current health services on a regular basis. The desired outcome is to move this group of people from awareness to a willingness to vote in favour.

When the CRD approves the request to hold a referendum, the plan is to make detailed information publicly available regarding the operating and capital costs that generate the tax roll application. If

Pender Island receives funds based on the approximate mill rate used for the Galiano Health Service and Saturna Medical Centre, the annual tax cost to an average Pender Island taxpayer would be less than \$100 per property. (This level has been indicated in reports to the public in the *Pender Post* and will be reinforced leading up to the referendum.)

The communication plan is being implemented in two main phases:

- a. Phase 1: Build awareness, understanding and transparency from now to August 2021; and
- b. Phase 2: Launch a focused campaign 2-3 months in advance of the referendum.

This latter phase would include a detailed information package delivered to every household. CRD advice on any required components of such a package would be appreciated.

Awareness building has already begun. In the fall of 2020, the Society published a series of articles in the monthly *Pender Post* to remind the community of the history of the Centre and explaining its current circumstances. As we move forward, the Society will communicate across a variety of mutually reinforcing channels, including print, advertising, social media, and community engagement sessions.

As we prepare to implement communications, the Board has been working to establish the cost of significant and known capital problems. However, the demand on contractors has made this a slower process than had been anticipated in the summer of 2020. At the time of submission of this application, the PIHCS is now able to inform the community of the application and its potential costs, with the proviso that it gains CRD approval to proceed to referendum in late 2021.

Service Cost and Operation

8. Does the new service involve capital expenditures? If YES, specify the expenditures and their approximate costs.

As outlined in this application, the new service is to cover operating expenses only. The funding of capital expenses remains a separate responsibility of the PIHCS.

The service will cover only operating expenses.

9. What is the estimated annual operating cost of the service?

The tax roll revenue required for this purpose is estimated at \$199,000 - \$255,000 per year over the seven-year period between 2022 and 2029. A detailed presentation of current and projected operating costs shows that estimated operational cost deficits for 2022-23 (\$199k) and 2026-27 (\$229k) provides a useful proxy for what will be required from the tax roll.

PIHCS is confident that grants covering major capital projects will be obtained and will reduce what will be requested in subsequent years.

(Note: These estimates do not include the cost of hosting a polling station type referendum in 2021. Subsequent budgets do not include CRD administration fees which will be included in the tax roll.)

Estimated average annual operating expenses are \$230,000.

With this funding in place, other revenues will be used for capital expenses which are substantial and expected to continue. This change will allow the PIHCS to refocus and return to its core mission of securing revenues from other sources aimed at providing outstanding facilities and infrastructure for the delivery of health services.

10. Please provide as much information as possible concerning ownership, operation and management of the assets of the service.

The service requested does not contemplate any capital purchase that would become an asset. The service requested is for operational funds that will support the maintenance and operation of the Health Centre building and ancillary buildings which are assets owned by PIHCS.

11. Will a local organization be involved in the service? If YES, what role would it have?

The Pender Island Health Care Society is a registered, non-profit organization on Pender Island. It will continue to have complete responsibility for the management and maintenance of the Health Centre. A CRD – PIHCS agreement will specify the terms and conditions of the contribution service.

12. Describe how the service would be able to respond to the changing needs of as growing community.

The PIHCS will conduct an annual assessment of the needs of the community so that it can be proactive in addressing these as they change over time. The operating budget will be adjusted accordingly so that the prioritized services are funded accordingly and, if necessary, the strategic plan will be updated. Furthermore, the contribution service budget requisition can be adjusted, as required, to ensure that the CRD – PIHCS contribution service agreement can be met.

Pender Island taxpayers will be able to vote on the Health Centre budget on an annual basis in a manner which will be acceptable to the CRD, presumably at an Annual or Special General Meeting. Only Society members in good standing can vote at PIHCS meetings. Annual dues are zero so there is no obstacle to membership. Individual email updates keep members updated on and informed about Society business.

A proactive approach will be taken to address the ongoing needs of the community.

13. By when is the service required?

Assuming the referendum receives a positive vote result in the autumn of 2021, the service needs to be included in the 2022 requisition with effect in subsequent years.

The service is required for the 2022-23 fiscal year.

14. Who is the primary contact for this service request?

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Schedule A: Budget Forecast 2021 – 2028

Health Centre Financial Streams. The PIHCS financial reporting consolidates three separate streams of financial activity: PIHCS operating costs and capital costs, grants and designated donations, and funding from third parties for programs with specific purposes. This latter program funding is the largest financial component but is separate from PIHCS core funding.

Tax Roll Aims. The tax roll request has two principal aims:

- a. To cover a growing operating deficit, now about \$70-90,000/y
- b. To allow PIHCS to address capital funding issues by releasing other revenues (rent, donations, & grants) from covering most of the operating expenses

The Capital budget, which would be paid from the PIHCS' revenues NOT obtained from the CRD, includes:

- a. Building Maintenance that is a capital expense, which includes anything on-site;
- b. Equipment and Furnishings which includes computers, printers, etc.;
- c. Building Reserve.

Budget Forecast Assumptions

To arrive at the budget forecasts in Table 1, the following assumptions have been applied.

1. Staffing

Several staffing changes have and will occur. Since its inception in 1981, the Society has worked on a “we will get by” attitude and an unwritten expectation that part-time staff should do more than what they are paid to do. The COVID experience clarified that this cannot continue. The Board recognized that the Executive Director position has many demands on her time. The building needs a manager who is more qualified than a handyman to deal with routine and major repair/maintenance issues. As well, the custodians and bookkeeper need additional hours.

In 2020-21, a part-time Assistant to the Executive Director was appointed, whose time has been fully utilized, and will continue for the foreseeable future. In 2021-22, the bookkeeper and custodians will have extra hours, and the facility manager position will be upgraded to manage the extensive capital items in the next 5 years.

2. Capital Budget

In the next 5 - 7 years, the PHICS will need to address capital issues that may approach \$1 million and will do so with a variety of strategies. First, PIHCS needs to have its operating budget supported by the Tax Roll, thus releasing nearly all other revenues except the Transfers for capital issues. Combined with a modest amount of donations (\$30,000/year), the PIHCS should have about \$140,000/year available for capital projects. Other funds will be

sought from third-party agencies. If needed, PIHCS has assurances from Island Savings that they would advance loans in the \$200-300,000 range.

During 2020, the PIHCS has received two complementary reports, A Health Centre Condition Evaluation carried out by MacLEAN ARCHITECTURE Inc., and A Health Centre Building Assessment-Renewal Plan carried out by BC Building Science Limited which includes a capital plan extending out 30 years. The former report identifies numerous issues with the Health Centre structure, principally code deficiencies that need attention, while the latter deals with the timing of the replacement of the building infrastructure, detailing years 2020 – 2049 and the costs associated with replacement and maintenance.

The Health Centre Condition Evaluation identified code deficiencies can be grouped as handicap accessibility requirements and fire prevention requirements. In addition, many other more minor concerns are identified. These have not been costed in detail, but a professional estimate of the whole report comes to \$500,000. A priority from this report is the installation of a fire wall that meets code separating the ambulance bay from the living quarters in the Ambulance Building, which is scheduled for remediation in 2021.

In addition to the issues identified in the two reports, the PIHCS has had several contractors and experts working on a drainage problem. Despite months of investigation, the Society has yet to receive a final recommendation. Likely costs are about \$50,000. This issue is a priority, as remediation of water entering into the crawl space had to be attended to in 2020 and continues in 2021 and may need further attention.

The handicap accessibility issues will be supported by grant applications. The Health Centre is accessible only with assistance to those who are mobility impaired. It is not accessible to an independent, mobility-impaired person. In addition, none of the washrooms are handicap accessible. PIHCS currently plans to address these issues starting in 2023.

A major code problem relates to the lack of an underfloor fire barrier. PIHCS is seeking a second opinion about this fire safety recommendation for the main Health Centre building, which may be more appropriately done during major renovations in future years. In addition, the report identifies many smaller issues which will be addressed through ongoing maintenance.

3. Capital Requirements

The capital, and some maintenance needs for the next 2021-2028 can be summarized as follows:

Health Centre Condition Evaluation	\$500,000
Health Centre Building Assessment-Renewal Plan	\$300,000
Drainage remediation	\$50,000
Additional needs identified by PIHCS	\$100,000

A tentative schedule of immediate major capital issues, follows:

Year	Item	Cost
2021	Address drainage issues	\$50,000 (est.)
	Ambulance building firewall	\$33,000 (est.)
	HVAC and Emergency Generator Replacement	\$164,000 (grant received)
2022-23	Meeting room renovation, handicap access, universal washroom, exterior ramp & storage	\$100,000 (apply for a grant)
2023-24	Replace exterior doors, build exterior ramp, and replace several internal doors to comply with accessibility standards; make 2 accessible washrooms	\$100,000 (apply for a grant)
	Replace carpeting with new cleanable surface	\$70,000 (est.)
2024	Replace septic system	\$42,000 (quote)

The above is an optimal time frame. Time taken to complete grant applications and difficulties obtaining contractors may delay implementation. Currently, capital projects are experiencing considerable cost increases. From past budget experience and from the Building Assessment-Renewal Plan, PIHCS will have miscellaneous capital expenses of \$30,000-60,000 per year in today's dollars. The Building Assessment-Renewal Plan which goes out 30 years indicates that major expenses for siding replacement and roof replacement will occur in 2035 (~\$250,000) and 2048 (~\$200,000) respectively. These values account for inflation.

It should be noted that replacement of computers and medical equipment is not included in these reports on the building.

When any new service would be established at the Centre, or a major renovation would be needed, it is likely that the Health Centre would need additional space. Currently, the Centre has no spare space, which is compounded by an identified lack of appropriate storage. These matters will presumably be a major focus of the next Strategic Planning retreat scheduled for 2025.

4. Enhanced Financial Reporting

The Board has decided that to fulfill tax roll reporting requirements, a full audit will occur each year which represents a \$5000-per-year increase in costs plus extra administrative time needed to prepare for such annually. These are subsumed above in (1) Staffing.

5. Building Reserve

The PIHCS is responsible for a building insured for \$2.6 million plus a site that has a parking lot, septic system, and significant drainage infrastructure. This value is probably significantly lower than replacement cost for an 8000 square foot building. Replacement cost estimate is currently being obtained. The need to have a significant reserve to deal with repairs and replacement has been demonstrated by the issues that have presented. Moreover, as Pender Island's population grows and the building ages, the need for an expansion and/or renovation is already evident. Thus, the \$50,000 per year contribution to a building reserve is prudent and reasonable. PIHCS has established a target for the reserve as 20% of the replacement value of the building.

6. Other Income, Loans and Repayment

In 2020-21, the PIHCS received \$60,000 from the federal COVID program of which \$20,000 is forgivable and the \$20,000 is recorded as income in 2021-22 as the \$40,000 will be repaid this summer 2021. Use of the remaining \$20,000 will be considered by the Board, and may be applied to increasing the laboratory service, mental health needs, appointment of a facility manager, or some combination of these. This is recorded as "other" in the operating expenses. Included in 2020-21, other income are payments received from insurance claims for the water damage to the crawl space.

7. Other Comments.

Professional fees are high in 2021-22 and 2022-23 due to the costs of an architect to provide drawings for the renovations needed for handicap accessibility and legal costs associated with a major review of our bylaws and leases.

The Communications budget is higher in 2021-22 due to the referendum process.

In 2021-22, several capital and major maintenance items were deferred, and some are now in the 2022-23 capital budget.

8. Annual Budget Forecasting

Expenses and revenues have been forecast to increase by 2% annually, which is the average CPI in the past 5 years, but not including the 2020 COVID year. The two exceptions are:

- Maintenance and building capital costs for materials, parts and contractor services have been set to increase at 5% per year due to current experience with the rate of increasing costs.
- Insurance costs are set to increase another 25% in 2022-23, and 15% per year subsequently. Insurance costs are currently volatile and the PIHCS had a water damage claim in 2020.

Schedule B: Pender Island Health Care Society Board of Directors (2020/2021)

<u>Executive</u>	<u>Directors</u>
Kathleen Lightman, President Dan Weeks, Vice President Bruce Waygood, Treasurer Allan Shapiro, Secretary	Karen Bell Urs Boxler Howard Cummer Catherine Dawson Keith Gladstone John Ackermans Morlene Tomlinson

Source Documents Available

1. *Pender Island Health Care Society Strategic Plan 2020-2025*
2. Financial Statements for the Pender Island Health Care Society
3. *A Health Centre Condition Evaluation*, MacLEAN ARCHITECTURE Inc., 2020
4. *A Health Centre Building Assessment-Renewal Plan*, BC Building Science Limited, 2020

Table 1: The PIHCS Budget Projection

ITEM	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	ACTUAL								
Revenues									
Building Rent	\$130,000	\$131,000	\$133,620	\$136,300	\$139,000	\$141,800	\$144,600	\$147,500	\$150,500
Programs Users Transfers	\$54,100	\$52,000	\$53,000	\$54,100	\$55,200	\$56,300	\$57,400	\$58,600	\$59,700
Community Group Donations	\$0	\$20,000	\$10,000	\$10,200	\$10,400	\$10,600	\$10,800	\$11,000	\$11,300
Individual Donations	\$119,300	\$50,000	\$20,000	\$20,400	\$20,800	\$21,200	\$21,600	\$22,100	\$22,500
Designated Donations	\$19,400								
Other income	\$28,000	\$5,300	\$5,400	\$5,500	\$5,600	\$5,700	\$5,900	\$6,000	\$6,100
Grants	\$0	\$255,000							
COVID loan		\$20,000							
Total Revenues	\$350,800	\$533,300	\$222,000	\$226,500	\$231,000	\$235,700	\$240,400	\$245,200	\$250,100
Administration/Staff									
Executive Director	\$52,800	\$50,800	\$51,800	\$52,900	\$53,900	\$55,000	\$56,100	\$57,200	\$58,400
Executive Assistant	\$30,400	\$35,300	\$36,000	\$36,700	\$37,500	\$38,200	\$39,000	\$39,800	\$40,500
Bookkeeper Admin Assistant	\$17,400	\$20,100	\$20,500	\$20,900	\$21,300	\$21,800	\$22,200	\$22,600	\$23,100
Facility Manager	\$10,400	\$12,000	\$25,000	\$25,500	\$26,000	\$26,500	\$27,100	\$27,600	\$28,200
Custodian	\$22,200	\$24,700	\$25,200	\$25,700	\$26,200	\$26,700	\$27,300	\$27,800	\$28,400
Office Assistant	\$1,500	\$1,500	\$1,500	\$1,600	\$1,600	\$1,600	\$1,700	\$1,700	\$1,700
Travel	\$0	\$0	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Total	\$134,700	\$144,400	\$160,300	\$163,600	\$166,800	\$170,200	\$173,600	\$177,000	\$180,600
Operations									
BC Ambulance	\$600	\$600	\$600	\$700	\$700	\$700	\$700	\$700	\$700
Emergency Treatment Room	\$1,600	\$3,000	\$3,100	\$3,100	\$3,200	\$3,200	\$3,300	\$3,400	\$3,400
Communications/Fundraising	\$5,700	\$11,200	\$4,200	\$4,300	\$4,400	\$4,500	\$4,500	\$4,590	\$4,682
Computer/Web support	\$3,500	\$5,300	\$5,400	\$5,500	\$5,600	\$5,700	\$5,900	\$6,000	\$6,100
Insurance	\$13,200	\$17,600	\$22,000	\$25,300	\$29,100	\$33,500	\$38,500	\$44,300	\$50,900

ITEM	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Office Supplies	\$3,400	\$4,000	\$4,080	\$4,162	\$4,245	\$4,330	\$4,416	\$4,505	\$4,595
Professional Fees	\$11,600	\$41,000	\$54,000	\$18,300	\$18,700	\$19,000	\$19,400	\$19,800	\$20,200
Property Taxes	\$2,200	\$2,200	\$2,300	\$2,300	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
Repairs & Maintenance	\$46,400	\$38,500	\$50,000	\$42,000	\$44,100	\$46,300	\$48,600	\$51,100	\$53,600
Telecommunications	\$10,600	\$10,600	\$10,800	\$11,000	\$11,200	\$11,500	\$11,700	\$11,900	\$12,200
Utilities	\$17,000	\$17,300	\$17,700	\$18,000	\$18,400	\$18,800	\$19,100	\$19,500	\$19,900
Other	\$11,400	\$20,000							
Total	\$115,800	\$151,200	\$174,200	\$136,200	\$142,000	\$149,900	\$158,600	\$168,300	\$178,900
Designated Donation Expenses	\$15,300								
TOTAL Non-capital Expenditures	\$276,700	\$295,600	\$334,500	\$299,800	\$308,800	\$320,100	\$332,200	\$345,300	\$359,500
Capital Expenses									
Building Maintenance	\$0	\$43,000	\$60,000	\$63,000	\$66,200	\$69,500	\$72,900	\$76,600	\$80,400
Furnishings, Equipment & IT	\$19,100	\$173,000	\$25,000	\$12,000	\$12,200	\$12,500	\$12,700	\$13,000	\$13,200
Building Reserve	\$40,000	\$10,000	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$59,100	\$226,000	\$85,000	\$125,000	\$128,400	\$132,000	\$135,600	\$139,600	\$143,600
TOTAL Expenditures	\$335,800	\$521,600	\$419,500	\$424,800	\$437,200	\$452,100	\$467,800	\$484,900	\$503,100
SURPLUS/(Deficit)	\$15,000	\$11,600	-\$197,500	-\$198,300	-\$206,200	-\$216,400	-\$227,400	-\$239,700	-\$253,000
Request to CRD			\$197,500	\$198,300	\$202,300	\$216,400	\$227,400	\$239,700	\$253,000