

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, NOVEMBER 8, 2017**

SUBJECT **Non-Traditional Project Funding – Request For Requisition Increase**

ISSUE

To consider increasing the Non-Traditional Project (NTP) funding through an increase in requisition.

BACKGROUND

On September 13, 2017, the Capital Regional Hospital District (CRHD) Board passed a motion directing staff to report back, at the October CRHD Board meeting, on options and implications for providing funding to support the purchase of equipment for the BC Cancer Agency.

At the October 11, 2017 CRHD Board meeting staff presented a report outlining the implications of providing NTP funding to the BC Cancer Agency. At this meeting the NTP funding request was referred back to staff to provide advice to the Board on options for increasing NTP funding.

The NTP funding program was established by the CRHD to support the provision of community-based health care services by not-for-profit agencies that are unable to secure sufficient capital funding from Island Health to advance their proposed projects. Funding contributions from the NTP funding program have also been used to leverage ongoing service delivery funding from Island Health as well as capital and support service contributions from multiple community sources including non-profit societies.

ALTERNATIVES

Alternative 1

That staff be directed not to increase Non-Traditional Project (NTP) funding and to notify the BC Cancer Agency that NTP funding has been completely expensed at this time.

Alternative 2

That staff be directed to increase the Non-Traditional Project funding to \$150,000 in 2018 and to \$100,000 annually for 2019-2021 through an increase in annual tax requisition.

Alternative 3

That the Non-Traditional Project annual funding of \$1M be reinstated.

Alternative 4

That the report be sent back to staff for further consideration based on Board direction.

FINANCIAL IMPLICATIONS

The 2015 CRHD budget decreased the requisition by \$1M for NTPs for 10 years in order to accommodate a corresponding increase in the Capital Regional District Land Banking and Housing requisition to fund the acquisition of 22 properties from BC Housing that are currently managed by the Capital Region Housing Corporation.

The NTP reserve currently has a balance of \$2.15M. \$1M was approved by the CRHD Board to be allocated to the Broadmead Care Society Nigel House redevelopment, and a further \$1M has notionally been committed to Victoria Hospice Society. The remaining \$150,000 has been committed to the Galiano Health Care Society which would draw the NTP funding reserve down to zero.

Alternative 1

The fluctuations in tax requisition for the period of 2018-2022, before consideration of any changes in NTP contributions, primarily relates to the Summit at Quadra Village (“Summit”) project. The increase in 2018-2019 requisition correlates with the accommodation for Summit financing costs. The decrease in 2020 relates to the period Island Health lease payments to the CRHD are anticipated to commence, thereby offsetting debt servicing costs related to the project.

As such the CRHD will be in a much stronger position to consider increasing NTP funding beginning in 2020.

Alternative 2

To provide further funding under NTP an increase in tax requisition would be required. A smaller increase to the NTP of \$150,000 would result in an increase of 0.5% in tax requisition to 3.6%; a \$100,000 increase would result in an increase 0.35% in tax requisition to 3.45%. The implications of reinstating a NTP contribution, using the 2018 Provisional Budget as the basis of analysis, are summarized below.

\$150K/\$100K Increase	2018	2019	2020	2021	2022
Total Tax Requisition*	\$30.7M	\$31.2M	\$28.5M	\$27.7M	\$27.1M
Estimated requisition increase/(decrease)*	3.1%	1.9%	-8.4%	-3.0%	-2.1%
NTP Contribution	\$150K	\$100K	\$100K	\$100K	-
% Change	0.5%	-0.2%	-	-	-0.4%
Total estimated requisition increase/(decrease)	3.6%	1.7%	-8.4%	-3.0%	-2.5%

*Based on 2018 Provisional Budget

Alternative 3

Reinstating the annual \$1M contribution to NTP would result in an increase in the tax requisition of approximately 3.4% (raising the requisition from 3.1% to 6.5% in 2018).

\$1 Million Increase	2018	2019	2020	2021	2022
Total Tax Requisition*	\$30.7M	\$31.2M	\$28.5M	\$27.7M	\$27.1M
Estimated requisition increase/(decrease)*	3.1%	1.9%	-8.4%	-3.0%	-2.1%
NTP Contribution	\$1.0M	\$1.0M	\$1.0M	\$1.0M	\$1.0M
% Change	3.4%	-	-	-	-
Total estimated requisition increase/(decrease)	6.5%	1.9%	-8.4%	-3.0%	-2.1%

*Based on 2018 Provisional Budget

CONCLUSION

NTP funding has previously been requisitioned and provided through capital grants to support the provision of health care services by not for profit agencies that are unable to secure capital funding from Island Health. The NTP funding reserve has been completely allocated to Nigel House, Victoria Hospice Society, and Galliano Health Care Society. Providing funding for the BC Cancer Agency would require an increase in tax requisition and a proposal submission by the Agency demonstrating that it meets the NTP funding guidelines (Appendix A). Additionally, a scan of other potential projects suitable for NTP funding would need to be conducted to determine the need and best use of funding for the region. In order to be consistent with the 2015 Board decision to decrease the NTP funding requisition for 10 years and given the short term impact of the summit financing on requisition in 2018 and 2019 it is recommended that no additional NTP funding be requisitioned at this time.

RECOMMENDATION

That staff be directed not to increase Non-Traditional Project (NTP) funding and to notify the BC Cancer Agency that NTP funding has been completely expensed at this time.

Submitted by:	Michael Barnes, MPP Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P.Eng., MBA, General Manager, Planning and Protective Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
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MB/gm

Attachments: Appendix A - Non-Traditional Project Funding Guidelines