

**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 6, 2019**

SUBJECT **Westshore Urgent Primary Care Centre Major Project Funding Request**

ISSUE

Approval of a Capital Regional Hospital District (CRHD) \$1,272,000 Capital Expenditure and Borrowing Bylaw is required for Island Health to proceed with the \$4,240,000 Westshore Urgent Primary Care Centre capital project and provide a letter of support to designate the center as a health facility under the *Hospital District Act*.

BACKGROUND

Island Health opened an Urgent Primary Care Centre (UPCC) in the Western Communities as part of a provincial initiative to develop urgent care services in November 2018. The Western Communities is one of the fastest growing populations with residents having one of the lowest attachment rates to primary care. As part of Island Health's Primary Care Network, the centre will provide access to care for unexpected, but non-life threatening health concerns requiring same-day treatment. The Centre requires significant tenant improvements and capital acquisition to accommodate the planned services.

On September 19, 2018, the CRHD Board approved the project as part of the provisional 2019-2028 Capital Plan. The original capital budget was \$3,400,000, an estimation before schematic design and based on information available at that time and CRHD's 30% share was \$1,020,000. The capital budget has now been revised to \$4,240,000 by Island Health, increasing CRHD's capital contribution by \$252,000, from \$1,020,000 to \$1,272,000. Some cost saving measures have been identified, however unanticipated building electrical and heat infrastructure upgrades, equipment costs, information technology support, and overtime labour premiums required to limit disruption to neighbouring health services and to expedite the Centre opening could not be accommodated in the original budget.

The purpose of the Centre is to provide primary care services with the aim to increase the attachment of patients to physicians. Services provided by a team of medical professionals will reduce lower-acuity emergency department visits, improve access to mental health and substance use services, and improve access to specialized community health services.

A Bylaw authorizing the Hospital District's capital contribution is required in order to authorize the CRHD's capital contribution of \$1,272,000 which is 30% of the revised total capital budget of \$4,240,000. A request for a letter of support to have the facility designated under the hospital act was also received and a draft letter of support is attached as Appendix B.

Hospitals and Housing Committee – February 6, 2019
Island Health Request for CRHD Cost Sharing of Westshore Primary Urgent Care Centre 2

ALTERNATIVES

Alternative 1:

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District (CRHD) Board:

- a. That CRHD funding in the amount of \$1,272,000 be approved for the Westshore Urgent Primary Care Centre;
- b. That CRHD Bylaw No. 395, “Capital Regional Hospital District Capital Bylaw No. 172, 2019” (for a maximum of \$1,272,000) be introduced and read a first, second, and third time. That Bylaw No. 395 be adopted; and
- c. That CRHD provide Island Health a letter of support to designate the Westshore Urgent Primary Care Centre a health facility under Section 49 of the *Hospital District Act*.

Alternative 2:

That this report be referred back to staff.

FINANCIAL IMPLICATIONS

CRHD funding for the Westshore Urgent Primary Care Centre, in the amount of \$3,400,000 was included in the 2019-2028 Capital Plan. The funding for the revised capital budget of \$4,240,000 is anticipated in the amended 2019-2028 Capital Plan, which will be brought forward for approval in March 2019.

The 2019 provisional budget included the cost of borrowing for CRHD’s capital contribution of \$1,020,000, using a conservative long-term (5-year) rate of 3.1% to account for the Bank of Canada’s potential rate increases between provisional budget approval and the request for long term financing with the Municipal Finance Authority (MFA). The estimated annual cost of borrowing was \$223,741. The annual tax impact on 2018 average residential assessment was \$1.21 and the annual tax impact on \$100,000 of 2018 residential assessments was \$0.17.

MFA’s posted indicative rate for long-term (5-year) borrowing, as at January 22, 2019, is 2.68%. The anticipated timing of the request for long term financing for the Westshore Urgent Primary Care Centre is Fall 2019 and the annual cost of borrowing for CRHD’s amended contribution of \$1,272,000, using a conservative long-term (5-year) rate of 3.1% to mitigate exposure to interest rate increases, is \$279,019 (an increase of \$55,278 over provisional budget). Table 1 summarizes the estimated average annual cost per household to service the cost of this borrowing. The 10 year capital plan will be updated and other projects offset to accommodate this increase.

Table 1: Westshore Urgent Primary Care Centre Project Budget Implications

Alternative	Net Cost	CRHD Share (30%)	Annual Tax impact on 2018 average residential assessment (\$724,009)	Annual Tax impact on \$100,000 of 2018 residential assessments
1	\$4,240,000	\$1,272,000	\$1.51	\$0.21

MFA 5-year indicative rate 2.68%

Hospitals and Housing Committee – February 6, 2019
Island Health Request for CRHD Cost Sharing of Westshore Primary Urgent Care Centre 3

The Westshore UPCC capital budget will be cost shared with the Ministry of Health/Island Health, with CRHD contributing 30% capital for the project.

CONCLUSION

The Westshore UPCC project addresses the need to increase access to primary urgent care in the Western Communities. The CRHD's capital contribution has been revised to \$1,272,000; 30% of the total project budget of \$4,240,000, and will leverage \$2,968,000 in provincial capital funding. The Westshore UPCC project was included in the provisional 2019-2028 CRHD Capital Plan. A draft letter of support is also requested in order to support the facility being designated as a health facility under the *Hospital District Act*.

RECOMMENDATIONS

That the Hospitals and Housing Committee recommends to the Capital Regional Hospital District (CRHD) Board:

- a. That CRHD funding in the amount of \$1,272,000 be approved for the Westshore Urgent Primary Care Centre;
- b. That CRHD Bylaw No. 395, "Capital Regional Hospital District Capital Bylaw No. 172, 2019" (for a maximum of \$1,272,000) be introduced and read a first, second, and third time. That Bylaw No. 395 be adopted; and
- c. That CRHD provide Island Health a letter of support to designate the Westshore Urgent Primary Care Centre a health facility under Section 49 of the *Hospital District Act*.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & Capital Planning Strategies
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Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
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MB:gm

Attachments: Appendix A - CRHD Bylaw No. 395, "Capital Regional Hospital District Capital Bylaw No. 172, 2019"
Appendix B - Draft Island Health Support Letter