

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 30, 2019**

SUBJECT Capital Regional Hospital District 2020-2029 Ten Year Capital Plan

ISSUE

Approval of the Capital Regional Hospital District (CRHD) 2020-2029 Ten Year Capital Plan.

BACKGROUND

The 2020-2029 CRHD Capital Plan (Appendix A) is derived from Island Health's healthcare capital priorities and represents the CRHD's ongoing capital commitments, anticipated new capital expenditures and the financial implications for the CRHD's requisition and future property tax changes.

In preparation for annual updates to the Capital Plan, CRHD staff monitors throughout the year the CRHD's capital contribution to ongoing projects and reviews with Island Health staff, planned new capital projects. Some modifications to the previous year's plan may occur based on the ongoing review of emerging Island Health patient-focused priorities.

Key changes to the 2020-2029 Major Capital projects list (greater than \$2 million (M)) from the 2019 Capital Plan include:

Two new planned major projects in 2020:

- Beacon Community Services Expansion – Island Health will be undertaking work at various sites across the Capital Regional District. This includes renovations at Salt Spring Island Public Health Services, Saanich Peninsula Health Unit, Lady Minto Hospital, Pender Island Health Unit, Esquimalt/Westshore Home Health, Saanich Community Health Unit, Oak Bay/Gordon Health Unit and Victoria Health Unit. The total estimated cost for this project is \$4.5M.
- Urban Victoria Urgent Primary Care Centre - The total estimated cost for this project increased from \$3.4M to \$5M in the 2020 – 2029 Capital Plan.

New possible projects added to the 2020-2029 Capital Plan:

- Victoria General Hospital (VGH) Pediatric Intensive Care Unit for 2024, estimated total cost of \$5M
- VGH Intensive Care Unit Renovation for 2024, estimated total cost of \$5M
- Gorge Road Hospital Rehabilitation Centre (Phase 2) for 2023, estimated total cost of \$2M
- Mount Tolmie Redevelopment for 2021, estimated total cost of \$7M

Automated Medication Dispensing Units for Royal Jubilee Hospital (RJH), VGH and Saanich Peninsula Hospital, estimated at \$9.1M and Air Handling Unit Replacement for RJH estimated at \$2.3M have been removed from the Capital Plan as they are less of a priority than other projects.

ALTERNATIVES

Alternative 1

That the 2020-2029 Capital Regional Hospital District Capital Plan be approved as submitted.

Alternative 2

That staff be directed to provide additional information based on Board direction.

FINANCIAL IMPLICATIONS

Alternative 1 reflects the CRHD's continued commitment to fund Major Projects and Minor Capital Projects, as well as healthcare equipment. Major Capital Projects are currently cost shared on a 30% basis. The total CRHD estimated cash flow for 2020 to 2029 is \$224M.

The Capital Plan continues to reflect significant debt management and control on the overall CRHD requisition established in previous years. Appendix B illustrates the existing and estimated debt service implications of the 2020-2029 Ten Year Capital Plan and identifies Summit debt servicing costs which will be recovered from Island Health through lease payments. We anticipate the Summit project to complete near the end of 2019 and the lease payments to begin in 2020. Appendix C summarizes the requisition impact based on average assessed residential value.

The Capital Plan will have to be amended to include any new project requests. Pursuant to Board's direction, any new project requests will have to be accommodated within the approved 10-year funding envelope. The cash flow will have to be amended accordingly to ensure the overall 10-year funding envelope remains unchanged.

CONCLUSION

Staff continues to work in collaboration with Island Health to refine capital plans to best serve the needs of the region. The Capital Plan presents an accurate reflection of cash flow to complete ongoing (CRHD Board previously approved) projects and estimated cash flow for new projects to be approved in the future.

The proposed 2020-2029 Capital Plan includes projects Island Health may implement in future years within the region; it portrays a partial road map for future anticipated healthcare capital projects and respective cash flows. The proposed Capital Plan is the best indication at this time of Island Health's long-term healthcare capital requirements within the region. The proposed 2020 CRHD Provisional Budget incorporates the financial implications of the 2020-2029 Capital Plan.

RECOMMENDATION

That the 2020-2029 Capital Regional Hospital District Capital Plan be approved as submitted.

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

Attachments: Appendix A – 2020-2029 CRHD Capital Plan
Appendix B – 2020-2029 Capital Plan Debt Servicing Graph
Appendix C – Debt Servicing Impact of 10-Year Capital Plan (2020-2029)