

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD  
MEETING OF WEDNESDAY, FEBRUARY 12, 2020**

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**SUBJECT**     **Broadmead Care Society Request for Increased Non-Traditional Project Funding**

**ISSUE SUMMARY**

To consider increasing the Non-Traditional Project (NTP) funding to Broadmead Care Society (BCS) by \$360,000 to offset cost escalations.

**BACKGROUND**

As part of the redevelopment of the Nigel Valley in Saanich, the BCS has an agreement with Island Health to replace the current 26-bed Nigel House and 15-bed Harriet House with a new 41-bed resident complex care home for clients with a combination of medical, mental health and/or behavioural issues that have not allowed them to live successfully in other housing and care settings. The new Nigel House will also include 37 assisted living beds and 10 affordable housing units. These beds will play a vital role in the continuum of services available to Island Health for adults who are difficult to house because of medical, mental health and/or behavioural issues, and other significant comorbidities.

Staff has been working with the BCS on the Nigel House redevelopment project since 2012. The Capital Regional Hospital District (CRHD) approved a \$1 million (M) NTP contribution to BCS on April 12, 2017. Nigel House has been designated a health facility under Section 49 of the *Hospital District Act* and meets all the requirements of the NTP funding criteria.

**ALTERNATIVES**

*Alternative 1*

That the Capital Regional Hospital District contribution, from the Non-Traditional Projects reserve, to the Broadmead Care Society of \$1 million be increased to \$1.36 million for the Nigel House redevelopment.

*Alternative 2*

That the Broadmead Care Society Request for Increasing Non-Traditional Project Funding report be referred back to staff for additional information based on Capital Regional Hospital District Board direction.

**IMPLICATION**

*Financial Implication*

The NTP program was established by the Capital Regional Hospital District to support the provision of community-based health care services by not-for-profit societies that are unable to secure adequate capital funding from Island Health. Funding contributions from the NTP program are intended 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.

A refinement of the project costing has identified an increase to the total project costs of 3.8M up to \$21.45M. See letter from BCS (Appendix A). BCS has Class A costing almost complete that includes a near final number for all mechanical and electrical work and have included a 5% escalation factor for the first part of 2020 as recommended by their quantity surveyor. They are confident their revised budget is accurate and accounts for any further potential cost escalations.

Since 2016 project costs in the capital region have escalated significantly for hard costs. BC Housing cost comparisons of real-time projects provisionally approved by BC Housing in 2016 identified an average of 36% cost escalation over a two year period. As such, staff feel it is reasonable to consider an additional \$360,000 to BCS. The NTP reserve has a balance of an additional \$1M, which has been notionally committed for the Victoria Hospice Society. The Hospice Society has not submitted an application yet or identified a new site for redevelopment. We anticipate that the Hospice project is several years away from being in a position to request funding from the NTP reserve and this will provide sufficient time to rebuild the reserve to \$1M if required.

#### *Intergovernmental Implications*

Island Health has a partnership with BCS on the Nigel House development project. A letter of support from Island Health is attached as Appendix B.

### **CONCLUSION**

Due to cost escalations on the Nigel House redevelopment, staff have received a request to increase our NTP contribution. Based on the 36% increase in construction costs staff recommend a \$360,000 increase in NTP funding. The project meets all the criteria of the NTP funding guidelines and makes a significant contribution toward community health care services in the Capital Region.

### **RECOMMENDATION**

That the Capital Regional Hospital District contribution, from the Non-Traditional Projects reserve, to the Broadmead Care Society of \$1 million be increased to \$1.36 million for the Nigel House redevelopment.

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| Submitted by: | Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies  |
| Concurrence:  | Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services |
| Concurrence:  | Robert Lapham, MCIP, RPP, Chief Administrative Officer                       |

### **ATTACHMENT(S)**

Appendix A: Letter, Broadmead Care Request for Funding Increase and Background

Appendix B: Letter, Island Health Support