

**REPORT TO THE CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 28, 2020**

SUBJECT Capital Regional Hospital District 2021-2030 Ten Year Capital Plan

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2021-2030 Ten Year Capital Plan.

BACKGROUND

The 2021-2030 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 2021-2030 Major Capital projects list (greater than \$2 million (M)) from the 2020 Capital Plan include:

Three new planned major projects for 2021:

- Greater Victoria Urgent and Primary Care (South Island) – The total estimated cost for this project is \$3M.
- Greater Victoria Urgent and Primary Care (Esquimalt) – The total estimated cost for this project is \$2M.
- Electronic Health Record (South Island) – The total estimated cost for this project is \$25M.

New possible projects added to the 2021-2030 Capital Plan:

- Child Youth Mental Health (VGH) – The total estimated cost for this project is \$5M and the project was previously identified in year 2023. The Hospital Foundation may provide some funding for the project.
- Greater Victoria Long Term Care (50 beds) – The total estimated cost for this project is \$25M.

In addition, the Victoria Urgent and Primary Care Centre, with a total estimated project cost of \$5M, was expected to be fully financed in 2020, however CRHD's share of the total project cost of \$2.5M (\$0.75M) has been extended to 2021. The Lady Minto Emergency Room Upgrade project has been moved from 2020 to 2021 and the total project cost increased from \$4.8M to \$10M. The project will be cost shared with the Hospital Foundation and Island Health has guaranteed operating funding.

ALTERNATIVES

Alternative 1

That the 2021-2030 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

The Island Health projects listed in 2021 are at the planned stage and have not yet been approved. 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 2021 to 2030 is \$261M.

The Capital Plan continues to be a significant driver in debt levels and the overall CRHD requisition. Appendix B illustrates the existing and estimated debt service implications of the 2021-2030 Ten Year Capital Plan and identifies Summit debt servicing costs which are recovered from Island Health through lease payments. 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 2021-2030 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 and CRHD's long-term healthcare capital requirements within the region. The proposed 2021 CRHD Provisional Budget incorporates the financial implications of the 2021-2030 Capital Plan.

RECOMMENDATION

That the 2021-2030 Capital Regional Hospital District Capital Plan be approved as submitted.

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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: | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer |
| Concurrence: | Robert Lapham, MCIP, RPP, Chief Administrative Officer |

Attachments

Appendix A: 2021-2030 CRHD Capital Plan

Appendix B: 2021-2030 Capital Plan Debt Servicing Graph

Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2021-2030)