

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 27, 2021**

SUBJECT **Capital Regional Hospital District 2022-2031 Ten Year Capital Plan**

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2022-2031 Ten Year Capital Plan.

BACKGROUND

The 2022-2031 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 2022-2031 Major Capital projects list (greater than \$2 million) from the 2021 Amended Capital Plan include:

Major changes to capital plan for 2022:

- Pneumatic to electric controls conversion project at Gorge Road Hospital project has been added to the capital plan in 2022. Total project cost \$2.9 million, CRHD share is \$0.9 million.
- Medical Device reprocessing department expansion at Victoria General Hospital project added. Total cost is \$4.2 million, CRHD share is \$1.3 million.
- Energy centre replacement project at Victoria General Hospital moved from 2023 to 2022. Total project cost is \$18.4 million, CRHD share is \$5.5 million.
- Pembroke Mental Health Centre Redevelopment moved from 2029 to 2022. Total project cost increased from \$5 million to \$22 million, CRHD share is \$6.6 million.
- Royal Bay 306 Long Term Care Beds total project cost increased by \$55 million to \$205 million based on additional planning and costing. CRHD share is \$61.5 million.
- Mt. Tolmie was removed from the capital plan.
- Oak Bay Lodge redevelopment added to capital plan, \$300 million total project cost estimated with CRHD share estimated at \$90 million.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2022-2031 Ten Year Capital Plan be approved as submitted.

Alternative 2

That the Capital Regional Hospital District 2022-2031 Ten Year Capital Plan be deferred pending further analysis by staff.

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 2022 to 2031 is \$429 million. Due to Island Health's prioritization of several new significant projects for the region, the CRHD's commitment over the planning horizon has increased by \$150 million over the plan previously presented to Board on March 24, 2021. The projected incremental debt servicing cost associated with the 2022-2031 Capital Plan is expected to drive requisition upward to a maximum of \$221 per average residential assessment in 2031.

Appendix B graphically illustrates the existing and estimated debt service implications of the 2022-2031 Capital Plan. Appendix C summarizes the requisition impact based on most recent average residential assessment data.

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 is organized by health facility and year, and the recommended funding for each project is identified. All projects listed in the plan will be reviewed, in the appropriate year and are subject to prioritization and Board approval. The CRHD 2022 Provisional Budget incorporates the financial implications of the 2022-2031 Ten Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2022-2031 Ten Year Capital Plan be approved as submitted.

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

ATTACHMENTS

Appendix A: 2022-2031 CRHD Capital Plan

Appendix B: 2022-2031 Capital Plan Debt Servicing Graph

Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2022-2031)