

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, SEPTEMBER 21, 2022**

SUBJECT **Capital Regional Hospital District 2023-2032 Ten Year Capital Plan**

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2023-2032 Ten Year Capital Plan.

BACKGROUND

The 2023-2032 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 2023-2032 Major Capital projects list (greater than \$2 million) from the 2022 Amended Capital Plan include:

- The Emergency Department Redevelopment project at Lady Minto Hospital has increased \$2.5 million, the CRHD share is \$738,000.
- The Royal Bay Long Term Care project has increased \$18.7 million, the CRHD share is \$5.6 million.
- The Energy Centre Replacement project at Victoria General Hospital has increased \$12.2 million, the CRHD share is \$3.7 million.
- The Outpatient Rehabilitation program project at Gorge Road Hospital has increased \$5.1 million, the CRHD share is \$1.4 million.
- Acute Care Renovation project at Saanich Peninsula Hospital has been removed from the plan, \$5.0 million, the CRHD share was \$1.5 million.
- The MRI Replacement project at the Royal Jubilee Hospital has been added in for a total project cost of \$3.0 million, the CRHD share is \$0.9 million.
- The Community Health Centre project within Greater Victoria has been added in 2023 for a total project cost of \$5.0 million, the CRHD share is \$1.5 million.
- The Hospice Replacement at Royal Jubilee Hospital has been added in 2029 for a total project cost of \$20.0 million, the CRHD share reflected in this plan is \$5.4 million.
- The ED Imaging CT and X-Ray Expansion project at Victoria General Hospital has been added in 2029 for a total project cost of \$10.0 million, the CRHD share reflected in this plan is \$3.1 million.
- The Replacement of Food Services Production Kitchen at Royal Jubilee Hospital has been added in 2030 for a total project cost of \$100.0 million, the CRHD share reflected in this plan is \$14.5 million.
- The Acute Behavioural Stabilization Unit (ABSU) project at Royal Jubilee Hospital has been added in 2030 for a total project cost of \$10.0 million, the CRHD share reflected in this plan is \$1.6 million.

- The New Space Patient and Health Program Area project at Royal Jubilee Hospital has been added in 2030 for a total project cost of \$150.0 million, the CRHD share reflected in this plan is \$5.9 million.
- The Non-Traditional Project Grant Program is set to resume in 2025 and the program will be brought back to board for a decision on reimplementation in 2024. It is not reflected in this plan, resulting in a decrease of \$8.0 million in the CRHD share over the course of the 10 year capital plan.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2023-2032 Ten Year Capital Plan be approved as submitted.

Alternative 2

That the Capital Regional Hospital District 2023-2032 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 2023 to 2032 is \$473 million on projects identified by Island Health as either 'planned' or 'possible'. Due to Island Health's prioritization of several new significant projects for the region, the CRHD's share over the planning horizon has increased by \$43 million over the plan previously presented to Board. Under the current funding framework, and based on these estimates, the projected annual debt servicing cost associated with the 2023-2032 Capital Plan is expected to be \$277 per average residential assessment in 2032, increasing by \$134 or 94% over current funding levels of \$143 per average residential assessment.

Total project costs are estimates and are subject to change upon further scope refinement and economic conditions at project timing. Future projects are also subject to the annual Island Health prioritization process, and approval from both the Ministry of Health and CRHD.

Appendix B graphically illustrates the existing and estimated debt service implications of the 2023-2032 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 2023 Provisional Budget incorporates the financial implications of the 2023-2032 Ten Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2023-2032 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: 2023-2032 CRHD Capital Plan
Appendix B: 2023-2032 Capital Plan Debt Servicing Graph
Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2023-2032)