



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, March 24, 2021

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Budget

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. PRESENTATIONS/DELEGATIONS

3.1. Presentations

3.2. Delegations

4. SPECIAL MEETING MATTERS

- 4.1. [21-224](#) Amendment to the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan

Recommendation: That the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan be amended and approved as submitted.
(WA)

Attachments: [Staff Report: Amendment 10 CRHD 2021-2030 10 Year Capital Plan](#)
[Appendix A: Final 2021-2030 Ten Year CRHD Capital Plan](#)
[Appendix B: 2021-2030 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact of 10 Year Capital Plan \(2021-2030\)](#)

- 4.2. [21-206](#) Capital Regional Hospital District Bylaw No. 403: 2021 Budget Bylaw

Recommendation: 1. That Bylaw No. 403, "Annual Budget Bylaw, 2021", be introduced, read a first, second and third time; and
2. That Bylaw No. 403 be adopted.
(WA, 2/3rds on adoption)

Attachments: [Staff Report: Bylaw No 403, CRHD 2021 Budget Bylaw](#)
[Presentation: CRHD 2021 Final Budget Bylaw](#)
[Appendix A: Bylaw No. 403, Annual Budget 2021 with Schedules A, B](#)
[Appendix B: CRHD 2021 Provisional to Final Comparison](#)
[Appendix C: CRHD 2021-2025 Future Budget Projections](#)

5. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

NWP - Non-weighted vote of participants (as listed)

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 24, 2021**

SUBJECT **Amendment to the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan**

ISSUE SUMMARY

The 2021-2030 Capital Regional Hospital District (CRHD) Ten Year Capital Plan was approved on October 28, 2020 and requires amendment.

BACKGROUND

The CRHD Board approved the 2021-2030 CRHD Capital Plan (Appendix A) on October 28, 2020. The plan is derived from Island Health's healthcare capital priorities and represents the CRHD's ongoing capital commitments, anticipated new capital expenditures, and the related revenue requirement.

Significant changes greater than \$0.3 million (M) from provisional to final budget for 2021 include:

PROJECT	CHANGE	EXPLANATION	IMPACT (\$ million)	APPROVAL
Land Acquisition	Reduced from \$10M to \$8.4M	Anticipated land acquisition cost has been reduced.	(1.6)	CRHD
Summit	New to 2021 capital plan	Anticipated costs associated with post occupancy maintenance and deficiencies.	0.300	CRHD and Island Health
Beacon Community Services Expansion	Underspent in 2020	Project carried forward from 2020 to 2021.	0.596	CRHD and Island Health
Victoria Urgent Care and Primary Care	Underspent in 2020	Project carried forward from 2020 to 2021.	0.553	CRHD and Island Health
Greater Victoria Urgent Care and Primary Care	Increase expenditures in 2021	Revised costs based on lease site identification and anticipated renovations.	0.600	CRHD and Island Health
Other Changes <\$0.3M	Removed from + increase in value 2021 capital plan	Deferred to 2022-2024 due to COVID-19.	(0.253)	CRHD and Island Health

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan be amended and approved as submitted.

Alternative 2

That the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan report be deferred pending further analysis by staff based on Committee of the Whole 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 2021 to 2030 is \$279 million, an increase of \$18 million from the provisional plan. The following table includes the significant adjustments (>\$2.5M) made to the Capital Plan and represents an increase in project scope in some items and a reduction to others.

Project Name	Location	Board Approved 2021-2030 CRHD Share of Cash Flow	Amended 2021-2030 CRHD Share of Cash Flow	Amended Variance
Electronic Health Record	South Island	\$7,500,000	\$918,000	(\$6,582,000)
High Acuity Unit	Royal Jubilee Hospital	\$3,600,000	\$6,211,800	\$2,611,800
Rehabilitation Centre	Gorge Road Hospital	\$1,071,000	\$7,650,000	\$6,579,000
Residential Care Upgrade & Replacement Projects	South Island	\$42,840,000	\$45,900,000	\$3,060,000
High Acuity Unit (requires energy centre replacement)	Victoria General Hospital	\$4,896,000	\$19,773,600	\$14,877,600
Rehabilitation Centre Phase 2	Gorge Road Hospital	\$3,978,000	-	(\$3,978,000)
Total		\$63,885,000	\$80,453,400	\$16,568,400

Appendix B graphically illustrates the existing and estimated debt service implications of the 2021-2030 Capital Plan. Appendix C summarizes the requisition impact based on 2021 average assessed residential value.

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. The CRHD 2021 Final Budget incorporates the financial implications of the 2021-2030 Ten Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2021-2030 Ten Year Capital Plan be amended and 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: Final 2021-2030 Ten Year CRHD Capital Plan
Appendix B: 2021-2030 Capital Plan Debt Servicing Graph
Appendix C: Debt Servicing Impact of 10 Year Capital Plan (2021-2030)

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN For Years 2021 to 2030 Amended at February 3, 2021										APPENDIX A										Page 1 of 1
Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Completed to Date (\$)	Total Project Remaining Balance (\$)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Major Project - Approved	James Bay Urgent and Primary Care Centre	2020	Victoria - Michigan Street	174	30%	1,500,000	5,000,000	1,524,467	360,000	360,000	-	-	-	-	-	-	-	-	-	
Major Project - Approved	Beacon Community Services Expansion	2020	Victoria - Various	175	30%	1,350,000	4,500,000	2,035,081	1,987,553	1,987,553	-	-	-	-	-	-	-	-	-	
Major Project - Approved	Victoria Urgent and Primary Care Centre	2020	Victoria - Pandora Avenue	177	30%	1,500,000	5,000,000	531,640	4,343,653	4,343,653	-	-	-	-	-	-	-	-	-	
Major Project - Planned	Greater Victoria Urgent and Primary Care	2021	Greater Victoria - TBD		30%	1,499,592	4,998,639	-	4,998,639	4,998,639	-	-	-	-	-	-	-	-	-	
Major Project - Planned	Greater Victoria Urgent and Primary Care	2021	Greater Victoria - Esquimalt		30%	886,414	2,954,713	-	2,954,713	2,954,713	-	-	-	-	-	-	-	-	-	
Major Project - Planned	Emergency Department ²	2021	Lady Minto Hospital		29%	3,000,000	10,340,000	-	10,340,000	560,000	2,500,000	7,280,000	-	-	-	-	-	-	-	
Major Project - Possible	High Acuity Unit	2022	Royal Jubilee Hospital		30%	6,090,000	20,300,000	-	20,300,000	-	1,500,000	10,800,000	8,000,000	-	-	-	-	-	-	
Major Project - Possible	Child Youth Mental Health ²	2022	Victoria General Hospital		30%	2,250,000	7,500,000	-	7,500,000	-	750,000	4,000,000	2,750,000	-	-	-	-	-	-	
Major Project - Possible	New Long Term Care (50 beds)	2022	Greater Victoria - TBD		30%	7,500,000	25,000,000	-	25,000,000	-	8,500,000	10,000,000	6,500,000	-	-	-	-	-	-	
Major Project - Possible	Energy Centre Replacement	2022	Saanich Peninsula Hospital		30%	2,400,000	8,000,000	-	8,000,000	-	1,000,000	3,000,000	3,000,000	1,000,000	-	-	-	-	-	
Major Project - Possible	Residential Care Upgrade & Replacement Projects	2022	South Island - TBD		30%	45,000,000	150,000,000	-	150,000,000	-	10,000,000	30,000,000	30,000,000	30,000,000	30,000,000	20,000,000	-	-	-	
Major Project - Possible	Routine Capital Investment Project(s)	2022	Royal Jubilee Hospital		30%	12,000,000	40,000,000	9,780,000	30,220,000	-	1,000,000	1,000,000	100,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	
Major Project - Possible	Routine Capital Investment Project(s)	2022	Victoria General Hospital		30%	12,000,000	40,000,000	880,000	39,120,000	-	1,000,000	5,000,000	5,000,000	3,120,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	
Major Project - Possible	Rehabilitation Center ²	2023	Gorge Road Hospital		30%	7,500,000	25,000,000	-	25,000,000	-	-	2,500,000	12,500,000	10,000,000	-	-	-	-	-	
Major Project - Possible	High Acuity Unit (Requires Energy Centre Replacement)	2023	Victoria General Hospital		30%	11,700,000	39,000,000	-	39,000,000	-	-	3,900,000	11,700,000	11,700,000	11,700,000	-	-	-	-	
Major Project - Possible	Mount Tolmie Redevelopment	2023	Mount Tolmie Hospital		30%	2,160,000	7,200,000	-	7,200,000	-	-	200,000	3,000,000	3,000,000	1,000,000	-	-	-	-	
Major Project - Possible	Energy Centre Replacement	2023	Victoria General Hospital		30%	5,505,000	18,350,000	-	18,350,000	-	-	1,000,000	6,000,000	6,000,000	5,250,000	100,000	-	-	-	
Major Project - Possible	Electronic Health Record	2024	South Island - TBD		30%	900,000	3,000,000	-	3,000,000	-	-	-	3,000,000	-	-	-	-	-	-	
Major Project - Possible	VGH Intensive Care Unit Renovation	2024	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	2,500,000	2,500,000	-	-	-	-	-	
Major Project - Possible	Multidisciplinary Pain Clinic	2024	Royal Jubilee Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	1,500,000	1,500,000	-	-	-	-	-	
Major Project - Possible	Peninsula Primary Care Centre ²	2024	Saanich Peninsula Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	1,500,000	1,500,000	-	-	-	-	-	
Major Project - Possible	SPH Acute Core Renovation ²	2024	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	2,500,000	2,500,000	-	-	-	-	-	
Major Project - Possible	VGH Pediatric Intensive Care Unit - New	2025	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	500,000	2,000,000	2,000,000	500,000	-	-	
Major Project - Possible	Medical Device Reprocessing Department	2025	Victoria General Hospital		30%	990,000	3,300,000	-	3,300,000	-	-	-	-	330,000	1,650,000	1,320,000	-	-	-	
Major Project - Possible	10G Fibre Expansion (IMIT)	2025	Royal Jubilee Hospital		30%	900,000	3,000,000	-	3,000,000	-	-	-	-	1,500,000	1,500,000	-	-	-	-	
Major Project - Possible	Pre-admission Clinic Consolidation (RUH&VGH)	2027	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000	-	-	-	-	-	-	1,000,000	1,000,000	-	-	
Major Project - Possible	Begbie Hall Decant/Eric Martin Pavilion Asbestos Abatement	2028	Royal Jubilee Hospital		30%	1,470,000	4,900,000	-	4,900,000	-	-	-	-	-	-	-	2,450,000	2,450,000	-	
Major Project - Possible	VGH Operating Room Upgrade	2028	Victoria General Hospital		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	-	-	-	2,500,000	2,500,000	-	
Major Project - Possible	Child Youth and Family Services Redevelopment	2028	Victoria General Hospital		30%	12,600,000	42,000,000	-	42,000,000	-	-	-	-	-	-	-	21,000,000	21,000,000	-	
Major Project - Possible	Pembroke Mental Health Substance Use Center ³	2029	Victoria Health Unit-Cook Street		30%	1,500,000	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	2,500,000	2,500,000	
ISLAND HEALTH TOTAL*						150,601,006	502,343,352	14,751,188	483,874,559	15,204,559	26,250,000	78,680,000	99,550,000	78,270,000	63,100,000	34,420,000	37,450,000	38,450,000	12,500,000	
CRHD SHARE OF ISLAND HEALTH MAJOR PROJECTS - including inflation in future years										4,555,824	7,992,750	23,960,328	34,382,100	27,870,420	19,308,600	10,532,520	11,459,700	18,705,700	3,825,000	
Minor Project - Requested	Minor Capital Projects Current Budget Year		Various		40%	3,750,000	9,375,000	-	9,375,000	9,375,000	-	-	-	-	-	-	-	-	-	
Minor Project - Anticipated	Minor Capital Projects Future Budget Years		Various		40%	33,750,000	84,375,000	-	84,375,000	-	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	
Minor Equipment Grants	CRHD Section 20 Equipment Grants		Various		100%	29,550,000	29,550,000	-	29,550,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	
Non-Traditional Project	Non-Traditional Projects Grants - (Suspended 2015-2024) - expensed annually	2025	Various		100%	6,000,000	6,000,000	-	6,000,000	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
CRHD Project	Hillside/Kings Licensed Residential Care Facility	2022	950 Kings Road		100%	15,000,000	15,000,000	-	15,000,000	-	500,000	2,500,000	6,000,000	6,000,000	-	-	-	-	-	
CRHD Project	Regional Housing First Program (RHFP) Contribution - \$10M contribution from reserve	2021	TBD		100%	10,000,000	10,000,000		10,000,000	10,000,000	-	-	-	-	-	-	-	-	-	
CRHD Project	Land Acquisition/Residential Care Facility - \$6.2M funded from land development reserve and \$2.2M long-term debt	2021	TBD		100%	8,400,000	8,400,000	-	8,400,000	8,400,000	-	-	-	-	-	-	-	-	-	
CRHD Project	Oak Bay Lodge - \$5M (2021) financed over 5 years, \$5M (2022) no impact to debt servicing (capital plan under development)	2021	Oak Bay Lodge		100%	10,000,000	10,000,000	-	10,000,000	5,000,000	5,000,000	-	-	-	-	-	-	-	-	
CRHD Project	Summit Post-Occupancy Costs (funded by project surplus)	2021	Victoria		100%	300,000	300,000		300,000	300,000	-									
CRHD TOTAL						116,750,000	173,000,000	-	173,000,000	36,030,000	17,830,000	14,830,000	18,330,000	19,330,000	13,330,000	13,330,000	13,330,000	13,330,000	13,330,000	
PROJECT TOTAL - before inflation						267,351,006	675,343,352	14,751,188	656,874,559	51,234,559	44,080,000	93,510,000	117,880,000	97,600,000	76,430,000	47,750,000	50,780,000	51,780,000	25,830,000	
Inflation		2.00%	- excluding approved/pending Capital Bylaws					9,177,800		-	475,000	1,428,000	1,991,000	1,565,400	1,262,000	688,400	749,000	769,000	250,000	
PROJECT TOTAL - including inflation									666,052,359	51,234,559	44,555,000	94,938,000	119,871,000	99,165,400	77,692,000	48,438,400	51,529,000	52,549,000	26,080,000	
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW									279,342,942	34,960,824	20,197,750	33,165,328	47,087,100	41,575,420	27,013,600	18,237,520	19,164,700	26,410,700	11,530,000	

General Notes

¹Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15yrs

²Project will be primarily funded by the Hospital Foundation

³Project will be part of a larger project with BC Housing and CRD

⁴Potential start dates depend on annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and may change.

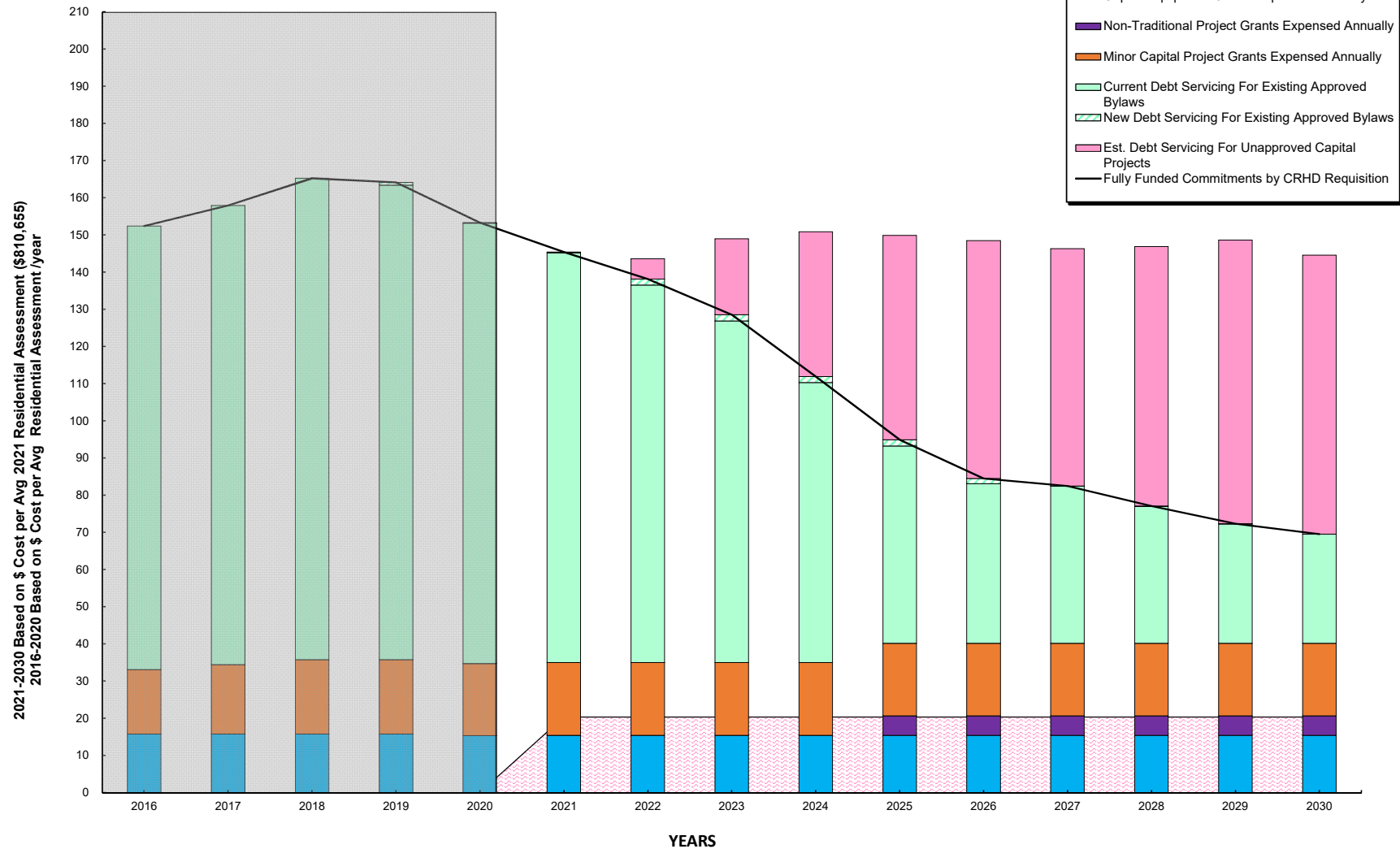
⁵Inflation is calculated at a rate of 2% for years 2022-2030 and applied to forecasted projects if applicable (approved bylaws, 2021 projects land acquisition are not subject to inflation)

Project Type / Status Legend:

Major Project - Approved	Capital Borrowing Bylaw has been approved; project values greater than \$2 million
Major Project - Planned	Island Health has received approval from Ministry of Health; project values greater than \$2 million
Major Project - Possible	Island Health is planning to proceed subject to necessary approvals; project values greater than \$2 million
Major Project - Other	Projects not yet identified; to recognize health care needs and technology are continuously changing
Minor Project - Requested/Anticipated	Current and future year minor projects with values in the range of \$100,000 to \$2 million, up to maximum of \$9.375 million
Non-Traditional Projects	Non-traditional project funding
Minor Equipment Grants	HD Act Section 20 minor equipment grants
CRHD Project	CRHD capital initiatives

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2016-2030)
MFA Borrowing Terms 5-25yrs

APPENDIX B



Debt Servicing costs have not been adjusted for PILTs, Other income, Admin & MFA Financing Fees
 Prepared by: CRD Finance, February 16, 2021

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2021-2030)
Cost per Average 2021 Residential Assessment (\$811,623)
Based on MFA Borrowing Terms of 5, 10, 15, 25 Years

Year	Existing Debt Servicing	Capital Exp (2021-2040) Estimated Debt Servicing	Total Debt Servicing	Section 20 Expensed			Total Requisition	Total Requisition \$ Value
				Capital Equipment	Non-Traditional Projects	Minor Capital Projects		
2021	110.20	0.25	110.45	15.41	0.00	19.56	145.42 *	27,882,554 *
2022	101.56	7.06	108.61	15.41	0.00	19.56	143.58	27,530,567
2023	91.92	22.08	114.01	15.41	0.00	19.56	148.98	28,564,809
2024	75.30	40.58	115.88	15.41	0.00	19.56	150.85	28,923,793
2025	53.07	56.65	109.72	15.41	5.22	19.56	149.91	28,742,783
2026	42.93	65.36	108.28	15.41	5.22	19.56	148.47	28,467,352
2027	42.27	63.88	106.15	15.41	5.22	19.56	146.34	28,058,087
2028	36.86	69.85	106.71	15.41	5.22	19.56	146.89	28,165,329
2029	32.09	76.35	108.44	15.41	5.22	19.56	148.63	28,497,373
2030	29.36	75.01	104.36	15.41	5.22	19.56	144.55	27,715,536
2031	27.61	73.25	100.86	15.41	5.22	19.56	141.05	27,044,298
2032	23.12	68.19	91.31	15.41	5.22	19.56	131.50	25,212,647
2033	23.12	63.58	86.70	15.41	5.22	19.56	126.88	24,328,371
2034	22.66	59.58	82.25	15.41	5.22	19.56	122.43	23,474,646
2035	20.35	58.05	78.40	15.41	5.22	19.56	118.59	22,737,376
2036	20.35	57.88	78.22	15.41	5.22	19.56	118.41	22,703,448
2037	20.35	57.88	78.22	15.41	5.22	19.56	118.41	22,703,448
2038	20.35	48.88	69.23	15.41	5.22	19.56	109.41	20,978,838
2039	20.35	34.56	54.91	15.41	5.22	19.56	95.09	18,233,146
2040	20.35	22.59	42.93	15.41	5.22	19.56	83.12	15,936,897
								<u>505,901,296</u>

*Requisition values are calculated based on forecasted debt servicing costs only and vary from budgeted requisition due to other budgetary drivers

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 24, 2021**

SUBJECT **Capital Regional Hospital District Bylaw No. 403: Annual Budget 2021**

ISSUE SUMMARY

This report summarizes final updates to the 2021 annual budget, and requests approval of Bylaw No. 403 regarding the Capital Regional Hospital District budget.

BACKGROUND

On October 28, 2020, the CRHD Board approved the 2021 provisional budget. Now, under the provisions of Section 23(5) of the *Hospital District Act*, the Capital Regional Hospital District (CRHD) budget for the current year must be adopted by bylaw on or before March 31.

Once approved, subject to Section 25(1) of the *Hospital District Act*, on or before April 20 in each year, the CRHD will deliver to each member municipality a requisition amount required from that member for the calendar year.

The 2021 Annual Budget Bylaw is shown as Schedule A of the attached CRHD Bylaw No. 403.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 403, "Annual Budget Bylaw, 2021", be introduced, read a first, second and third time; and
2. That Bylaw No. 403 be adopted.

Alternative 2

1. That Bylaw No. 403, "Annual Budget Bylaw, 2021", be introduced, read a first and second time;
2. That Bylaw No. 403 be amended as directed;
3. That Bylaw No. 403 be read a third time; and
4. That Bylaw No. 403 be adopted.

IMPLICATIONS

Financial Implications

The Annual Budget Bylaw includes detailed estimates of expenses, revenues, annual surplus and planned annual capital expenditures. Expenses include the grants, debt servicing, property management, and administration costs.

The final 2021 CRHD requisition is \$28.1 million, a decrease of (\$1.2) million or (4.2%) from 2020. The decrease is driven primarily by a reduction in debt servicing costs due to debt maturities and low interest rates. Debt servicing costs are primarily driven by aligning financing with Island Health capital projects, as presented in the amended 10-Year Capital Plan (a separate Board agenda

item on March 24). Table 1 summarizes the year over year change in requisition and the estimated cost per household.

Table 1 – Change in Requisition Year over Year

Description	2021 Final	2020 Final	\$ Change	% Change
Requisition (\$ millions)	\$28.1	\$29.4	(\$1.2)	(4.2%)
Cost / Average Household	\$146.75	\$152.25	(\$5.50)	(3.6%)

The cost per average residential household is a theoretical calculation that provides an indicative cost to individual households in the region. The actual cost per household will differ from this estimate based on the individual property assessment. This calculation is most directly impacted by changes in folios and assessed values.

In 2021, folios grew by 1.3%, while converted assessments growth rate was 3.8%. As a result of assessments growing faster than folios, the average household will realize a diluted impact on a decreasing requisition, as shown in Table 1.

Appendix C includes 2021-2025 Future Budget Projections, based on the revisions to the final budget for bylaw purposes.

Updates Following Provisional Budget Approval

Since provisional approval, the budget has been updated to reflect the most recent assumptions, amended capital expenditures, year-end results and payments in lieu of taxes. Appendix C details all changes since the provisional approval.

Expenses

The total change in operating expenses, from provisional, is a decrease of (\$0.2) million or (0.6%). Table 2 summarizes changes of (\$0.1) million in operations and (\$0.1) million in debt servicing expenses.

The decrease in operations expenses is driven by a reduction from previous estimates on insurance and security costs for Oak Bay Lodge. Changes to debt servicing costs are the result of revisions to capital projects.

Table 2: Changes in Operating Expenses

Expense Type (\$ millions)	2021 Final	2021 Provisional	\$ Change	% Change
Operations	1.7	1.8	(0.1)	(7.6%)
Debt Servicing	21.3	21.4	(0.1)	(0.6%)
Capital Funding	4.3	4.3	-	-
Transfers to Reserves	8.8	8.8	-	-
Total	\$36.1	\$36.3	(\$0.2)	(0.6%)

Operating Revenue

As operating expenses change, the revenue requirements to fund are also impacted. These changes are summarized in table 3.

Table 3: Changes in Revenue

Revenue Type (\$ millions)	2021 Final	2021 Provisional	\$ Change	% Change
Tax Requisition	28.1	28.3	(0.1)	(0.5%)
Payments in Lieu of Taxes (PILT)	0.9	0.9	-	-
Lease and Other Property Revenue	4.4	4.4	-	-
Other Revenue	0.5	0.3	0.1	1.2%
Transfers in from Reserve	1.8	2.0	(0.2)	(8.2%)
Surplus – MCP Bylaw Expiry	0.4	0.4	-	-
Total	\$36.1	\$36.3	(\$0.2)	(0.6%)

A decrease of (\$0.2) million in transfers from reserves is related to property management estimates for Oak Bay Lodge through to the demolition process. A reduction of (\$0.1) million in requisition is driven by lower debt servicing costs.

Requisition

Change in requisition decreased compared to the provisional budget by (\$0.1) million or (0.2%). However, with updated assessment information, the cost per average household increases. This is a result of assessment growth outpacing folio growth with 4.2% vs 1.3% respectively. The net result drives an increase to the cost per average household from the provisional estimate. As previously shown in Table 1, the change in cost per average household year over year is a reduction of (3.6%).

Table 4: Changes in Requisition

Description	2021 Final	2021 Provisional	\$ Change	% Change
Requisition (\$M)	\$28.1	\$28.2	(\$0.1)	(0.2%)
\$ Cost / Average HH	\$146.75	\$146.54	\$0.21	0.1%
Average Household	\$811,623	\$778,883	\$32,740	4.2%

Reserves

Under the *Hospital District Act*, Section 20(4), the CRHD is able to maintain reserve accounts. Table 5 summarizes the reserve balances for all existing accounts at December 31, 2020.

Table 5: Changes in Reserves

Description	2020 Ending Actuals (\$M)	2020 Ending Provisional Estimate (\$M)	\$ Change (\$M)	% Change
Administration and Feasibility Studies	1.4	1.3	0.1	4%
Non-Traditional Projects Reserve	2.0	2.0	-	-
Minor Capital Project Reserves	3.4	5.7	(2.3)	41%
Land Holdings Management Reserve	1.2	1.0	0.2	15%
Land Development Reserve	6.2	6.2	-	-
RHFP Program Reserve	5.8	5.8	-	-
Summit Management Reserve	0.3	0.3	-	-

Minor Capital Project (MCP) Reserves consist of project funds carried forward for active MCP expenditure bylaws years 2016 through 2020. Annually, the CRHD reserves \$3.75 million of the tax requisition to support minor capital projects which are identified and prioritized by Island Health. MCP are defined as projects from \$0.1 to \$2.0 million. The balance of MCP reserves at December 31, 2020, was \$3.4 million, \$2.3 million less than the provisional estimate due to increased Island Health spending on MCP projects. Projects with largest spending in 2020 include minor capital at urgent and primary care centres, facility roof replacements, and mechanical system upgrades across various locations, for bylaw years 2018 to 2020.

CRHD Bylaw No. 403 includes Schedule A and Schedule B. Schedule A reflects all changes over prior year, the final surplus and payments in lieu of taxes. Schedule B reflects the 2021 estimated capital annual expenditures.

CONCLUSION

The CRHD Board must adopt a bylaw for the annual budget each year by March 31. The attached bylaw includes the annual budget for 2021. The 2021 budget received provisional approval by the Board on October 28, 2020. The annual budget for 2021 has been prepared in alignment with Board decisions and committee direction. Staff recommends approving the Annual Budget Bylaw, 2021 as presented.

RECOMMENDATION

1. That Bylaw No. 403, "Annual Budget Bylaw, 2021", be introduced, read a first, second and third time; and
2. That Bylaw No. 403 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Stephen Henderson, A/General Manager, Corporate Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Presentation: CRHD Presentation
Appendix A: CRHD Bylaw No. 403, inclusive of Schedule A & Schedule B
Appendix B: Capital Regional Hospital District 2021 Provisional to Final Comparison
Appendix C: Capital Regional Hospital District 2021–2025 Future Budget Projections



Capital Regional Hospital District > 2021 Final Budget Bylaw

Presentation to CRHD Board of Directors
Wednesday March 24, 2021

	2021 Final	2020 Final	H/(L) \$	H/(L) %
Requisition	28.1	29.4	(1.2)	(4.2)
Other	8.0	8.0	0.0	0.0
Total Revenue	\$36.1M	\$37.4M	(\$1.3M)	(3.6%)
Debt Servicing	21.3	23.1	(1.8)	(8.5)
Capital Grants	4.3	4.3	0.0	0.0
Other	10.5	10.0	0.5	4.8
Total Expenses	\$36.1M	\$37.4M	(\$1.3M)	(3.6%)

Revenue

- The year over year reduction in requisition is a result of lower planned operating expenses in 2021

Expense

- Debt servicing costs decreased as a result of changes to the capital plan in coordination with Island Health and maturing of existing debt issues
- Other expenses increase due to fixed overhead costs for Oak Bay Lodge and transfers to reserves for the Regional Housing First Program

	2021 Final	2021 Provisional	H/(L) \$	H/(L) %
Requisition	28.1	28.3	(0.1)	(0.5)
Other	8.0	8.0	0.0	0.0
Total Revenue	\$36.1M	\$36.3M	(\$0.2M)	(0.6%)
Debt Servicing	21.3	21.4	(0.1)	(0.6)
Capital Grants	4.3	4.3	0.0	0.0
Other	10.5	10.6	(0.1)	(1.1)
Total Expenses	\$36.1M	\$36.3M	(\$0.2M)	(0.6%)

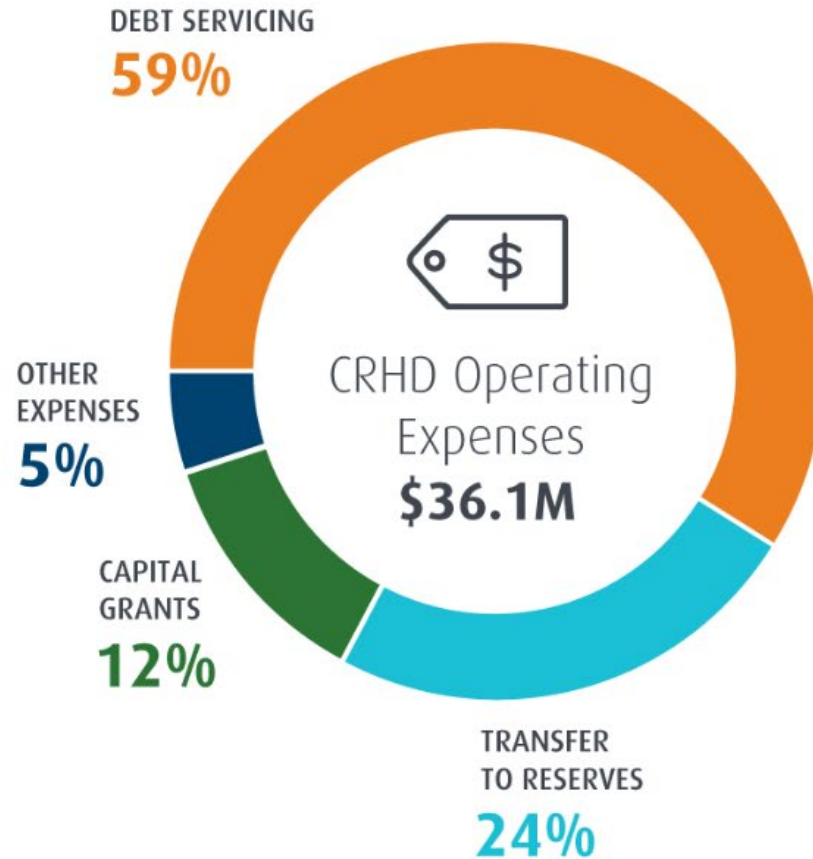
Revenue

- Requisition decrease is attributed to lower debt servicing costs and savings in property management fixed overhead costs
- Other revenue decreased due to less reserve funding being required for funding of building administration costs for Oak Bay Lodge

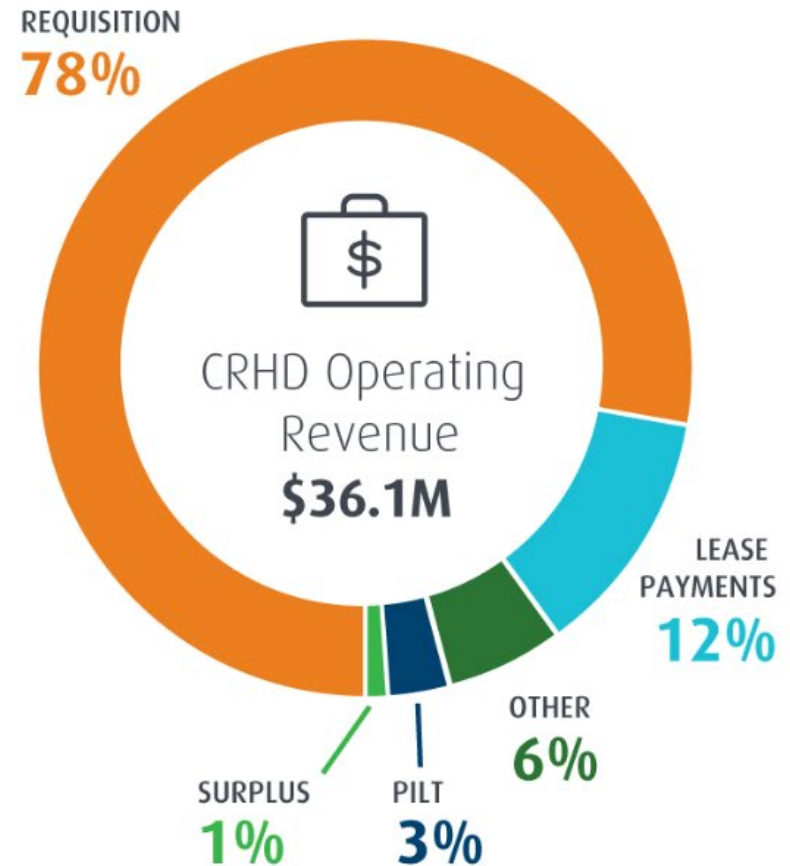
Expense

- Debt servicing decreased due to timing of projects in the capital plan
- Decrease in other expense is primarily due to savings on fixed overhead costs at Oak Bay Lodge

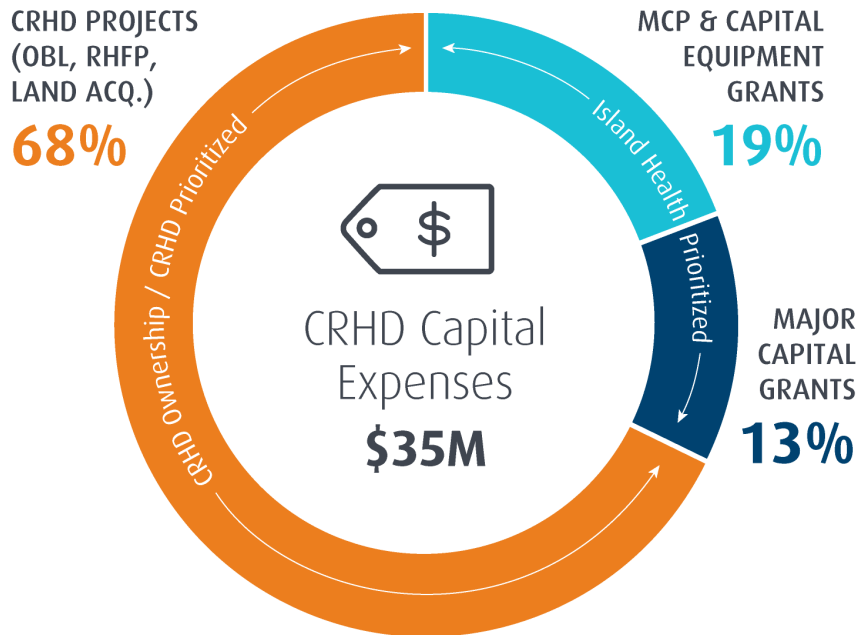
EXPENDITURES



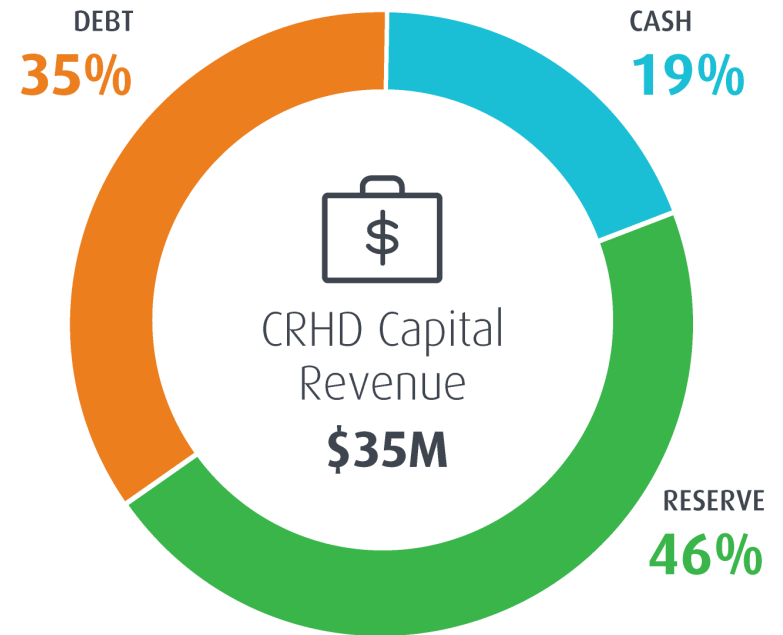
SOURCES OF REVENUE



EXPENDITURES

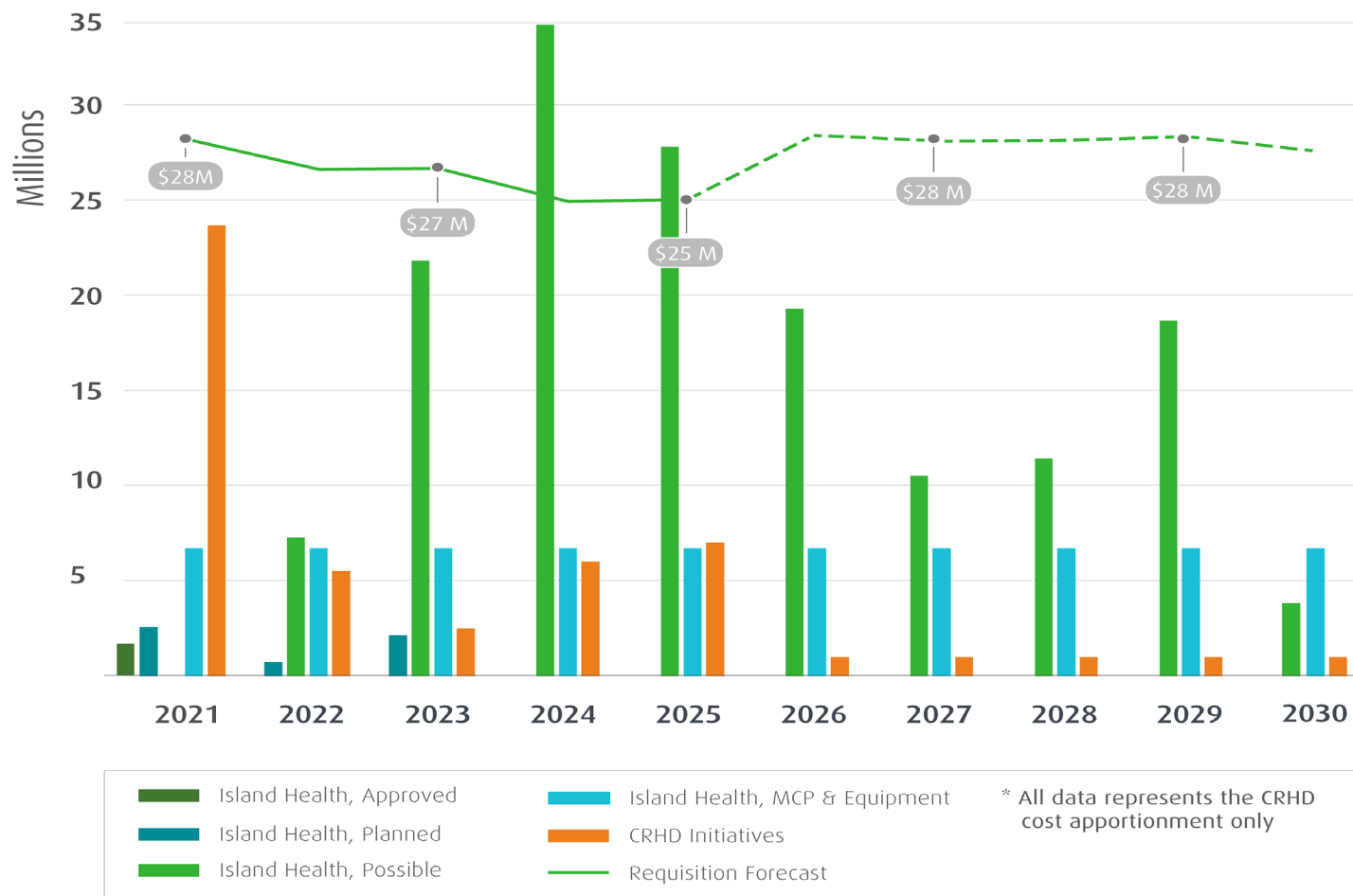


SOURCES OF REVENUE



*All Capital Funding originates from requisition

10-YEAR CAPITAL PLAN



CAPITAL REGIONAL HOSPITAL DISTRICT

BYLAW No. 403

*** A BYLAW TO ADOPT THE ANNUAL BUDGET FOR THE YEAR 2021**

WHEREAS pursuant to Section 23(5) of the *Hospital District Act*, the Regional Hospital District Budget for the current year shall be adopted by bylaw on or before the 31st day of March;

NOW THEREFORE, the Board of the Capital Regional Hospital District, in open meeting assembled enacts as follows:

1. Schedule A and B attached hereto and made part of this bylaw comprises the Annual Budget for the Capital Regional Hospital District for the year ending the 31st day of December 2021.
2. This bylaw may be cited as "Annual Budget Bylaw, 2021".

READ A FIRST TIME THIS _____ day of _____ 2021.

READ A SECOND TIME THIS _____ day of _____ 2021.

READ A THIRD TIME THIS _____ day of _____ 2021.

ADOPTED THIS _____ day of _____ 2021.

CHAIR

CORPORATE OFFICER

Schedule A

CAPITAL REGIONAL HOSPITAL DISTRICT 2021 FINAL BUDGET

	2020 BOARD BUDGET	2021 ANNUAL BUDGET	2020-2021 BUDGET VARIANCE
<u>REVENUE</u>			
Tax Requisition Total	29,383,047	28,138,508	(1,244,539)
Payments in Lieu of Taxes	890,109	879,289	(10,820)
Lease and Other Property Revenue	4,032,420	4,410,678	378,258
Debt Reserve Fund Recovery	244,000	415,000	171,000
Interest Earnings	175,000	50,000	(125,000)
Surplus MCP Expiry	741,897	415,004	(326,893)
Surplus Previous Year	504,998	-	(504,998)
Transfer From Reserve	1,470,000	1,802,877	332,877
TOTAL REVENUE	37,441,471	36,111,356	(1,330,115)
<u>EXPENDITURES</u>			
Debt Servicing	23,138,485	21,288,654	(1,849,832)
Capital Equipment Grants	2,955,000	2,955,000	-
Non-Traditional Projects Capital Grant	1,360,000	1,360,000	-
Administration	741,986	910,841	168,855
Studies	261,154	263,978	2,824
Property Management	278,997	487,246	208,249
Total Expense	28,735,622	27,265,719	(1,469,903)
Transfer to Reserve			
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
Transfer to RHFP Reserve	3,750,000	4,216,682	466,682
Transfer to Land Holdings Management Reserve	941,897	200,000	(741,897)
Transfer to Summit Management Reserve	263,952	263,952	-
Transfer Non-Traditional Projects Reserve	-	415,004	415,004
Total Transfer to Reserve	8,705,849	8,845,638	139,788
TOTAL EXPENDITURES	37,441,471	36,111,356	(1,330,115)
Total Net Surplus (Deficit)	-	-	-

Schedule B

CAPITAL REGIONAL HOSPITAL DISTRICT 2021 CAPITAL EXPENDITURES

Capital Borrowing Bylaw#	Project Description	Cost Share %	Total CRHD Share	Funded in Prior Years	2021 Funding
<u>Island Health Initiatives</u>					
174	James Bay Urgent and Primary Care Centre	30%	1,500,000	564,617	108,000
175	Beacon Community Services Expansion	30%	1,350,000	753,734	596,266
177	Victoria Urgent and Primary Care Centre (Greater Victoria)	30%	1,500,000	196,904	1,303,096
TBD	Greater Victoria Urgent Care/Primary Care (TBD) ¹	30%	1,499,592	-	1,499,592
TBD	Greater Victoria Urgent Care/Primary Care (Esquimalt) ¹	30%	886,414	-	886,414
TBD	Emergency Department (Lady Minto) ²	30%	3,000,000	-	162,456
			9,736,006	1,515,255	4,555,824
<u>CRHD Initiatives</u>					
N/A	Regional Housing First Program Contribution	100%	10,000,000	-	10,000,000
TBD	Land Acquisition/Long Term Care Facility	100%	8,400,000	-	8,400,000
TBD	Oak Bay Lodge Planning and Redevelopment	100%	10,000,000	-	5,000,000
160	Summit Post-Occupancy Costs	100%	300,000	-	300,000
			28,700,000	-	23,700,000
Capital Expenditure Bylaw#	Project Description	Cost Share %	Total CRHD Share	Funded in Prior Years	2021 Funding
TBD	Sec 20 - 2021 Minor Capital Projects	40%	3,750,000	N/A	3,750,000
TBD	Sec 20 - 2021 Capital Equipment Projects	100%	2,955,000	N/A	2,955,000
			6,705,000		6,705,000
Total 2021 Capital Expenditures			45,141,006	1,515,255	34,960,824

¹New to the Capital Plan in 2021

²Project will be primarily funded by the Hospital Foundation; the CRHD contribution is capped at \$3 million

APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT 2021 Provisional to Final Budget Comparison

	2021 PROVISIONAL BUDGET	2021 FINAL BUDGET	Variance Increase/(Decrease) BUDGET
<u>REVENUE</u>			
Tax Requisition Total	28,280,356	28,138,508	(141,848)
Payments in Lieu of Taxes	890,109	879,289	(10,820)
Lease and Other Property Revenue	4,372,778	4,410,678	37,900
Debt Reserve Fund Recovery	415,000	415,000	-
Interest Earnings	50,000	50,000	-
Surplus MCP Expiry	370,000	415,004	45,004
Transfer From Reserve	1,963,991	1,802,877	(161,114)
TOTAL REVENUE	36,342,235	36,111,356	(230,878)
<u>EXPENDITURES</u>			
Debt Servicing	21,408,510	21,288,654	(119,856)
Capital Equipment Grants	2,955,000	2,955,000	-
Non-Traditional Projects Capital Grant	1,360,000	1,360,000	-
Administration	910,841	910,841	-
Studies	263,978	263,978	-
Property Management	624,263	487,246	(137,016)
Total Expense	27,522,592	27,265,719	(256,873)
Transfer to Reserve			
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-
Transfer to RHFP Reserve	4,235,691	4,216,682	(19,009)
Transfer to Land Holdings Management Reserve	200,000	200,000	-
Transfer to Summit Management Reserve	263,952	263,952	-
Transfer Non-Traditional Projects Reserve	370,000	415,004	45,004
Total Transfer to Reserve	8,819,643	8,845,638	25,995
TOTAL EXPENDITURES	36,342,235	36,111,356	(230,878)
Total Net Surplus (Deficit)	-	-	-
 Tax impact on 2021 average residence	 146.54	 146.75	 0.21
Tax impact on \$100,000 of 2021 converted assessments	18.81	18.08	-0.73
Tax requisition increase/(decrease)	-3.8%	-3.7%	0.1%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2021 - 2025 FUTURE BUDGET PROJECTIONS

	2021 FINAL BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET
REVENUE					
Tax Requisition Total	28,138,508	26,556,299	25,645,323	24,824,289	25,044,183
Payments in Lieu of Taxes	879,289	879,289	879,289	879,289	879,289
Lease and Other Property Revenue	4,410,678	4,358,178	4,338,178	4,338,178	4,338,178
Debt Reserve Fund Recovery	415,000	429,000	584,000	812,000	377,000
Interest Earnings	50,000	50,000	50,000	50,000	50,000
Surplus MCP Expiry	415,004	-	-	-	-
Surplus Previous Year	-	-	-	-	-
Transfer From Reserve	1,802,877	487,982	162,114	165,812	30,000
TOTAL REVENUE	36,111,356	32,760,749	31,658,905	31,069,569	30,718,650
EXPENDITURES					
Debt Servicing	21,288,654	20,940,467	22,154,409	22,652,593	21,406,483
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Non-Traditional Projects Capital Grant	1,360,000	-	-	-	-
Administration	910,841	922,814	825,052	841,980	859,251
Studies	263,978	238,287	240,653	120,000	120,000
Property Management	487,246	490,229	269,839	286,044	163,964
Total Expense	27,265,719	25,546,797	26,444,953	26,855,617	25,504,698
Transfer to Reserve					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Transfer to RHFP Reserve	4,216,682	-	-	-	-
Transfer to Land Development Reserve	-	3,000,000	1,000,000	-	-
Transfer to Land Holdings Management Reserve	200,000	200,000	200,000	200,000	200,000
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Transfer Non-Traditional Projects Reserve	415,004	-	-	-	1,000,000
Total Transfer to Reserve	8,845,638	7,213,952	5,213,952	4,213,952	5,213,952
TOTAL EXPENDITURES	36,111,356	32,760,749	31,658,905	31,069,569	30,718,650
Tax impact on 2021 average residence (\$811,623)	146.75	138.50	133.75	129.47	130.62
Tax impact on \$100,000 of 2021 completed assessments	18.08	17.06	16.48	15.95	16.09
Tax requisition increase/(decrease)	-3.7%	-5.6%	-3.4%	-3.2%	0.9%