

NANAIMO REGIONAL HOSPITAL DISTRICT

**SELECT COMMITTEE MEETING
WEDNESDAY, FEBRUARY 22, 2012
2:00 PM**

(RDN Committee Room)

A G E N D A

PAGES

CALL TO ORDER

DELEGATIONS

MINUTES

2 - 3 Minutes of the Hospital Select Committee meeting held September 6, 2011.

BUSINESS ARISING FROM THE MINUTES

COMMUNICATIONS/CORRESPONDENCE

PRESENTATION

Vancouver Island Health Authority - Chris Sullivan, Director of Capital Planning.

REPORTS

4 - 8 Regional Hospital District 2012 Annual Budget Bylaw No. 153.

9 - 17 Request for Approval of 2012/2013 Capital Equipment and Minor Capital Project Lists.

18 - 24 Approval to Use Unexpended Funds for Capital Improvement Projects.

25 - 30 Bylaw to Authorize Borrowing for the Oceanside Health Centre Bylaw No. 154.

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

ADJOURNMENT

Distribution: J. Kipp (Chair), A. McPherson, J. Stanhope, D. Johnstone, M. Lefebvre, D. Willie, N. Avery, C. Mason, W. Idema, M. Pearse

For Information Only: H. Houle, M. Young, G. Holme, J. Fell, B. Veenhof, B. Dempsey, J. Ruttan, D. Brennan, B. Bestwick, T. Greves, G. Anderson, L. Burgoyne M. O'Halloran, N. Hewitt

NANAIMO REGIONAL HOSPITAL DISTRICT

**MINUTES OF THE REGIONAL HOSPITAL DISTRICT SELECT COMMITTEE
MEETING HELD ON TUESDAY SEPTEMBER 6, 2011 AT 11:30 AM
IN THE RDN BOARD CHAMBERS**

Present:

Director T. Westbroek	Chairperson
Director J. Stanhope	Electoral Area 'G'
Director M. Lefebvre	City of Parksville
Director C. Haime	District of Lantzville
Director J. Kipp	City of Nanaimo
Director D. Johnstone	City of Nanaimo

Also in Attendance:

C. Mason	Chief Administrative Officer
N. Avery	General Manager, Finance & Information Services

CALL TO ORDER

The Chairperson called the meeting to order at 11:30 am.

DELEGATIONS

Harold Waldner, CEO Vancouver Island Health Authority presented an overview of the Oceanside Health Center project.

MINUTES

MOVED Director Stanhope, SECONDED Director Lefebvre, that the minutes of the Regional Hospital District Select Committee meeting held February 22, 2011 be adopted.

CARRIED

REPORTS

Request for cost sharing – Oceanside Health Center

MOVED Director Stanhope, SECONDED Director Lefebvre, that correspondence be sent to the Vancouver Island Health Authority advising that the Regional Hospital District supports the Oceanside Health Centre project and is prepared in principle to cost share in an estimated \$14.4 million dollar budget, pending confirmation of Provincial cost sharing and a final budget.

CARRIED

ADJOURNMENT

MOVED Director Stanhope, SECONDED Director Lefebvre, that the meeting terminate.

CARRIED

TIME: 12:20 PM

CHAIRPERSON



RDN REPORT		
CAO APPROVAL		
EAP		
COW		
FEB 14 2012		
RHD	<input checked="" type="checkbox"/>	
BOARD		

**MEMORANDUM
REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE**

TO: C. Mason
Chief Administrative Officer

DATE: February 13, 2012

FROM: N. Avery
General Manager, Finance & Information Services

FILE:

SUBJECT: Regional Hospital District 2012 Annual Budget Bylaw No. 153

PURPOSE:

To introduce a bylaw to adopt the 2012 annual budget for the Regional Hospital District.

BACKGROUND:

The Regional Hospital District provisional budget was approved in November 2011 with the following elements:

Property tax requisition	\$ 6,549,255
Capital grant allowance	\$ 2,143,745
Major capital project funding (Emergency Department)-from annual grant	\$ 1,200,000
Major capital project funding(Emergency Department)-additional from surplus	\$ 500,000

The additional major capital project funding was the result of receiving one time surplus debt sinking funds from the Municipal Finance Authority on debt which was retired in 2011. Final year end results for the Regional Hospital District indicate that \$300,000 could be applied to this major project while maintaining the assumption that tax increases in future years will be 4% annually.

ALTERNATIVES:

1. Introduce and approve Bylaw No. 153 as presented.
2. Make further changes to the annual budget and approve an amended bylaw.

FINANCIAL IMPLICATIONS:

Alternative 1

Appendix 'A' attached to this report indicates the expected annual budgets for the Hospital District over the next five years. The two major components of the budget are debt servicing of the Regional Hospital District's share of major capital projects and annual allowances provided to VIHA for minor capital equipment and smaller dollar value capital improvement projects. In 2011 and 2012 the annual funding grants provided to VIHA were reduced by \$1.2 million – those funds were used to reduce the long term

borrowing requirement arising from the Emergency Department project. The 2013 and subsequent years' columns show the annual grant at its recent historical value of approximately \$3.4 million with an assumption that the grant is adjusted approximately 3% per year thereafter. The only significant change to the provisional budget estimate is reducing the use of surplus funds from \$500,000 to \$300,000 as a result of more precision in the estimated timing of debt payments from the Oceanside Health Centre and future projects.

There is a projected surplus at the end of 2012 of \$2.3 million. This amount is the result of accumulating funds in advance through regular tax increases in anticipation of major project debt financing which has not occurred as quickly as assumed. The schedule shows that over the next five years this surplus will be absorbed by increasing amounts of debt financing for the Emergency Room, Oceanside Health Centre and other lesser valued capital projects identified on VIHA's future capital plans.

SUMMARY/CONCLUSIONS:

The 2012 Regional Hospital District annual budget raises \$6.5 million in property tax revenues – an increase of 2% over 2011. The only change to the provisional budget estimate is a reduction in the amount of surplus to be applied to the Emergency Department project. The provisional amount is reduced from \$500,000 to \$300,000.

The 2012 budget provides \$2.1 million dollars as direct capital grants to assist the Vancouver Island Health Authority to replace minor capital equipment and/or to undertake minor improvement projects. Staff recommends approving Bylaw No. 153 as presented.

RECOMMENDATIONS:

1. That the 2012 Regional Hospital District annual budget be approved with the following components:

Property tax requisition	\$ 6,549,255
Capital grant allowance	\$ 2,143,745
Major capital project funding (Emergency Department)-from annual grant	\$ 1,200,000
Major capital project funding(Emergency Department)-additional from surplus	\$ 300,000

2. That "Nanaimo Regional Hospital District 2012 Annual Budget Bylaw No. 153, 2012" be introduced and read three times.
3. That "Nanaimo Regional Hospital District 2012 Annual Budget Bylaw No. 153, 2012" be adopted.


 Report Writer


 Chief Administrative Officer

**NANAIMO REGIONAL HOSPITAL DISTRICT
BUDGET PROJECTIONS 2012 TO 2016**

	2011	2011	2012	2013	2014	2015	2016
		Actuals	Proposed				
	2.0%		2.0%	4.0%	4.0%	4.0%	3.0%
Revenues							
Property taxes	6,420,840	6,420,840	6,549,255	6,811,225	7,083,677	7,367,021	7,588,032
Grants in lieu	26,000	31,780	26,000	26,000	26,000	26,000	26,000
Interest income	32,155	76,275	35,000	35,000	35,000	35,000	35,000
Other revenue		1,025,080					
Prior year surplus applied	2,196,325	2,196,305	2,211,080	2,263,490	1,646,214	992,165	472,487
	8,675,320	9,750,280	8,821,335	9,135,715	8,790,888	8,420,186	8,121,518
Expenditures							
Administration	20,500	20,710	22,640	22,601	23,731	24,918	26,164
Debt payments	2,948,965	2,803,520	2,558,150	3,550,528	4,038,174	4,176,574	4,328,236
Debt issue expense/temp financing	316,355	68,615	333,310	472,314	189,437	92,406	1,840
Annual capital grants (see below)	2,046,355	2,046,355	2,143,745	3,444,058	3,547,380	3,653,801	3,763,415
Annual capital grant applied to major project	1,200,000	1,200,000	1,200,000				
Surplus applied to capital projects	1,400,000	1,400,000	300,000				
	7,932,175	7,539,200	6,557,845	7,489,502	7,798,723	7,947,699	8,119,655
Surplus for future years'	743,145	2,211,080	2,263,490	1,646,214	992,165	472,487	1,864
Original projected annual capital grants	3,246,355		3,343,746	3,444,058			
Allocated to Emergency Department project	(1,200,000)		(1,200,000)				
Net available	2,046,355		2,143,746				

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 153

**A BYLAW TO ADOPT A
BUDGET FOR THE YEAR 2012**

WHEREAS the Board of the Nanaimo Regional Hospital District has considered a budget for the fiscal year ending December 31, 2012;

AND WHEREAS the Board is in agreement with the budget which has been considered;

NOW THEREFORE the Nanaimo Regional Hospital District, in open meeting assembled, enacts as follows:

1. This bylaw may be cited as the "Nanaimo Regional Hospital District 2012 Annual Budget Bylaw No. 153, 2012".
2. Schedule 'A' attached hereto and forming part of this bylaw is the Annual Budget for the Nanaimo Regional Hospital District for the year ending December 31, 2012.

Introduced and read three times this 27th day of March, 2012.

Adopted this 27th day of March, 2012.

CHAIRPERSON

SR. MGR., CORPORATE ADMINISTRATION

Schedule 'A' to accompany "Nanaimo Regional Hospital District 2012 Annual Budget Bylaw No.153, 2012".

Chairperson

Sr. Mgr. Corporate Administration

SCHEDULE 'A'
NANAIMO REGIONAL HOSPITAL DISTRICT
2012 ANNUAL BUDGET

Property taxes	\$6,549,255
Grants in lieu	26,000
Interest income	35,000
Prior year surplus	<u>2,211,080</u>
Total Revenues	<u>\$8,821,335</u>
Administration	\$ 22,640
Debt servicing	2,558,150
Debt issuing expense	333,310
Capital grants	2,143,745
Major capital projects	<u>1,500,000</u>
Total expenditures	<u>\$6,557,845</u>
Net surplus for future year	<u>\$2,263,490</u>



**REGIONAL
DISTRICT
OF NANAIMO**

RDN REPORT	
CAO APPROVAL	
EAP	
COW	
FEB 14 2012	
RHD	✓
BOARD	

**MEMORANDUM
REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE**

TO: C. Mason
Chief Administrative Officer

DATE: February 13, 2012

FROM: N. Avery
General Manager, Finance & Information Services

SUBJECT: Request for approval of 2012/2013 capital equipment and minor capital project lists

PURPOSE:

To present for approval the Vancouver Island Health Authority's (VIHA) 2012/2013 capital equipment and minor improvement project lists.

BACKGROUND:

Each year the Regional Hospital District provides approximately \$3.5 million dollars to assist the Vancouver Island Health Authority purchase minor capital equipment items and to undertake smaller capital projects. In 2012 the annual funding envelope will be \$2,143,745. The difference of \$1.2 million has been allocated to the costs of the Emergency Department redevelopment project.

The first piece of correspondence covers minor capital equipment. VIHA expects to spend \$2,781,691 in 2012/13 and is requesting cost sharing from the Regional Hospital District at 34% (some items are not cost shared) in the amount of \$941,245. Staff do not comment on the selections made by VIHA except to identify equipment or projects at facilities which are not funded by the Regional Hospital District and which occasionally get added to the list in error. Staff have reviewed the list and do not observe anything which is not appropriate for funding.

The second piece of correspondence covers minor capital improvement projects. VIHA expects to spend \$3,101,251 in 2012/13 and is requesting cost sharing from the Regional Hospital District at 45% in the amount of \$1,202,500. Combined with the capital equipment list the total requested for 2012/13 is \$2,143,745 which matches the 2012 funding envelope.

Several of the capital improvement projects will be completed over the next two years based on VIHA's expected cash flow position. It would be appropriate to approve the Regional Hospital District's share of the future project funding at this time. This will allow staff to track these approvals against future years' annual funding envelopes and advise VIHA what is available after deducting these items. The approval for 2013/14 capital improvement projects would be \$1,083,397.

ALTERNATIVES:

1. Approve the requests as presented.
2. Provide alternative direction.

FINANCIAL IMPLICATIONS:

Alternative 1

The Vancouver Island Health Authority has submitted capital equipment and project lists which match the funding envelope provided in the 2012 annual budget. All of the items appear appropriate and staff recommend approving the lists as provided.

The capital improvement projects lists shows several projects which will be undertaken over 2012 to 2014 based on VIHA's anticipated cash flow position. These items will be brought forward in those years and be deducted from the annual capital funding envelope, with VIHA submitting lists for the remainder.

While the budget covering 2013/14 will not be finalized until March 2013 it is assumed that the annual funding envelope will be more or less as currently projected – that is, it will be in the range of \$3.5 million. This would result in \$1,083,397 being approved in advance for 2013/2014 for minor capital improvement projects.

SUMMARY/CONCLUSIONS:

The 2012 budget includes a capital funding envelope of \$2,143,745 for minor capital equipment and capital improvement projects. The Vancouver Island Health Authority has submitted two lists indicating how it wishes to use those funds. The amounts requested match the funding envelope for 2012/13 and staff recommends approving the lists as presented.


Additionally staff recommend a resolution authorizing the funding for several capital improvement projects which will be completed between 2012 to 2014. The 2013/2014 project value is \$1,083,397. This amount will be deducted from the funding envelope approval in 2013 and VIHA will submit lists for the remainder for approval at that time.

RECOMMENDATIONS:

1. That the 2012/2013 list of capital equipment purchases with Regional Hospital District cost sharing in the amount of \$941,725 be approved.
2. That the 2012/2013 list of capital improvement projects with Regional Hospital District cost sharing in the amount of \$1,202,500 be approved.
3. That cost sharing for 2013/14 for capital improvement projects shown on the 2012/2013 list in the amount of \$1,083,397 be approved.



Report Writer



CAO Concurrence



Our Vision: Healthy People, Healthy Island Communities, Seamless Service

February 13, 2012

Ref: 13034

Nanaimo Regional Hospital District (NRHD)
Attn: Nancy Avery, General Manager, Finance and Information Services
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Ms. Avery:

Re: 2012/13 Equipment

I am writing to advise you of the Vancouver Island Health Authority (VIHA) 2012/13 equipment purchases for which NRHD funding is requested.

I understand the NRHD has provisionally approved a 2012 allocation of \$2,143,745 for cost-sharing minor capital projects and equipment. VIHA intends to use the NRHD funding allocation for minor capital projects and equipment as follows:

2012 NRHD Allocation

Minor Capital Projects	\$1,202,500
Equipment	\$941,245
Total	\$2,143,745

For 2012/13, VIHA plans to proceed with the attached equipment purchases with an anticipated 2012/13 cash flow of \$2,781,691. NRHD cost-sharing would be \$941,245 (34% of 2012/13 cash flow).

VIHA is also planning a replacement to the Magnetic Resonance Imaging (MRI) equipment at Nanaimo Regional General Hospital. Given the significant cost of this replacement, VIHA is preparing a separate funding request over and above the funding allocation provided for minor projects and equipment.

.../2

Executive Office

located at 2101 Richmond Avenue, Victoria, BC, Canada V8R 4R7 • Tel: (250) 370-8699 • Fax: (250) 370-8750
mailing address: 1952 Bay Street, Victoria, BC Canada V8R 1J8

I would like to thank the NRHD for its significant contribution for capital projects and equipment. We are grateful for the support the NRHD has provided and appreciate that we are able to work in partnership with you to meet the health infrastructure needs our region is facing.

Please call me at (250) 370-8912 if you have any questions.

Yours truly,

A handwritten signature in cursive script that reads "Chris Sullivan".

Chris Sullivan
Director, Capital Planning

Attachment

cc: Carol Botrakoff, Manager, Capital Finance and Treasury

VANCOUVER ISLAND HEALTH AUTHORITY
2012/13 RECOMMENDED APPROVED CAPITAL EQUIPMENT - NANAIMO REGIONAL HOSPITAL DISTRICT

Control #	Director	Dept	Site	Description	Budget	NRHD Share	New / Replace
Equipment > \$100,000							
8071	PETRA HRASKY	OPERATING ROOM	NRGH	HOLMIUM LASER 100 WATT	250,050	100,020	R
7050	PAM GANSKE	HEMATOLOGY	NRGH	HEMATOLOGY ANALYSER WITH SLIDE MAKER/STAINER	197,339	78,936	R
8336	COLLEEN BUTCHER	MEDICINE	NRGH-FLOOR 1	TELEMETRY SYSTEM	244,601	97,840	R
7201	MURRAY HUTCHISON	FOOD/NUTRITION	NRGH	FLIGHT STYLE DISH MACHINE	284,264	63,200	R
Total Equipment > \$100,000					976,254	339,996	
Equipment < \$100,000							
8086	PETRA HRASKY	OPERATING ROOM REHABILITATION	NRGH	MICRORESECTOR SAW	12,742	5,097	R
8089	ROB CRISP		NRGH	MEDICATION FRIDGE	4,633	0	R
8676	DAVID MCCOY	ENDOSCOPY	NRGH	PENTAX VIDEO TOWER FOR ENT + TRAVELLING CART	66,722	26,689	R
8090	DAVID MCCOY	ENDOSCOPY	NRGH	MOUNTED NIBP WITH O2 SATS MONITORS	15,638	6,255	R
8098	DAVID MCCOY	ENDOSCOPY	NRGH	ENT SCOPES	51,432	20,573	R
8102	ROB CRISP	REHABILITATION	NRGH	PHYSICAL THERAPY MODALITIES EQUIPMENT	11,584	4,633	R
8103	DAVID MCCOY	FLOOR 3	NRGH	BRODA CHAIRS	9,499	3,799	R
8104	DAVID MCCOY	FLOOR 3	NRGH	ACTIVAC WOUND VACS	79,928	31,971	R
8108	PETRA HRASKY	OPERATING ROOM	NRGH	FIBEROPTIC INTUBATING LARYNGOSCOPE	17,376	6,950	R
8120	PETRA HRASKY	OPERATING ROOM	NRGH	COLPOSCOPY MICROSCOPE AND MICROMANIPULATOR	44,018	17,607	R
8123	PETRA HRASKY	OPERATING ROOM	NRGH	RHINOPLASTY SETS	23,353	9,341	R
8124	PETRA HRASKY	OPERATING ROOM	NRGH	NATHANSON LIVER AND LACE RETRACTORS	8,966	3,586	R
8129	PETRA HRASKY	OPERATING ROOM	NRGH	5MM & 7MM LAPAROSCOPES	18,534	7,414	R
8132	PETRA HRASKY	OPERATING ROOM	NRGH	UROLOGY OMNI	23,631	9,452	R
8133	PETRA HRASKY	OPERATING ROOM	NRGH	STORTZ RIGHT ANGLED CAMERA	16,866	6,746	R
8136	PETRA HRASKY	OPERATING ROOM	NRGH	TRABECTOME	63,073	25,229	R
8141	PETRA HRASKY	OPERATING ROOM	NRGH	STAINLESS STEEL VAG TABLES	83,403	33,361	R
8232	BOB BRANT	MEDICAL IMAGING	NRGH	TRANSESOPHAGEAL PROBE USED FOR ECHOCARDIOGRAPHY	63,710	25,484	R
8235	MICHELE BABICH	PHARMACY	NRGH	6 FOOT HORIZONTAL LAMINAR AIRFLOW HOOD (WITH ACCESSORIES)	16,217	6,487	R
8244	BOB BRANDT	MEDICAL IMAGING	CENTRAL ISLAND	SOFTWARE UPGRADE FOR EXISTING LOGIQ E9 US RESOLUTION	38,643	0	R
7106	BOB BRANDT	MEDICAL IMAGING	NRGH	SCANNERS TO IMPROVE FUNCTIONALITY AND IMAGING	17,454	6,982	N
8338	MÉLIE DE CHAMPLAIN	EMERGENCY/TRAUMA	NRGH	TD 100 AUTOMATED TEE DISINFECTOR	83,403	33,361	R
8352	COLLEEN BUTCHER	MEDICINE	NRGH - FLOOR 1.4.5 & MED O	VERSACARE LOW PROFILE PATIENT BEDS WITH BED ALARMS	196,923	78,769	R
8353	COLLEEN BUTCHER	MEDICINE	NRGH-FLOOR 1&5	MRS PRESSURE AND FRICTION RELIEF MATTRESSES	197,201	78,880	R

Control #	Director	Dept	Site	Description	Budget	NRHD Share	New / Replace
8354	COLLEEN BUTCHER	MEDICINE	NRGH-MDC	WARMING CUPBOARD	10,425	4,170	R
8355	COLLEEN BUTCHER	MEDICINE	NRGH-CANCER CLINIC	BARRIER FREE EXAM TABLES	9,730	3,892	R
8458	LOIS COSGRAVE	END OF LIFE CARE HOME & COMMUNITY CARE	NRGH	HILLROM ECLIPSE MATTRESSES	11,005	4,402	R
8460	LOIS COSGRAVE	RESIDENTIAL SERVICES	RED CROSS REGIONAL, NHC	KCI ATMOSAIR 900 MATTRESSES	55,046	0	R
8461	TIM ORR	PERINATAL	DPRC	MESH CONSTRUCTED SLINGS	14,480	0	R
8605	CHERYL DAMSTETTER	AUDIOLOGY	NRGH	GE PANDA RESUSCITATION / RADIANT WARMER ACCESSORIES	34,751	13,900	R
8613	CHERYL DAMSTETTER	MENTAL HEALTH & ADDICTION SERVICES	NHC	BLANKET WARMER	4,865	0	R
6420	KELLY REID	MENTAL HEALTH & ADDICTION SERVICES	CLEARVIEW - NAN	CARD READER SYSTEM	13,622	0	N
8634	KELLY REID	GENERAL SUPPORT SERVICES	BROOKS LANDING - NAN	DOUBLE DECK FULL SIZE ELECTRIC CONVECTION OVEN	5,560	0	N
8653	MURRAY HUTCHISON	HEALTH SHARED SERVICES BC	NRGH	CAROUSEL UPGRADE FROM DC TO AC	18,534	7,414	R
8657	LEE YORK	PROTECTION SERVICES	NRGH	SECURITY REPORTING SOFTWARE DATA BASE	11,584	4,633	R
8659	JAMES HANSON	PROTECTION SERVICES	NRGH	DURESS/PANIC LIFE SAFETY ALARM EQUIPMENT	46,335	0	R
8660	JAMES HANSON	GENERAL SUPPORT SERVICES	NRGH	SMARTENERGY WASTE COMPACTOR VENTILATOR TESTER	37,763	15,105	R
8662	MURRAY HUTCHISON	BIOMED	NRGH	AIR CURTAIN REFRIDGERATOR	208,507	83,403	R
7203	CECIL RHODES	GENERAL SUPPORT SERVICES	NRGH	Total Equipment < \$100,000	19,692	7,877	N
6048	MURRAY HUTCHISON	7A 7B/PCC FLOOR 7/FLOORS 3 & 6	NRGH	POWER LIFTER IRRIGATION STAND SINGLE COLUMN #927-741314	16,989	0	R
8087	DAVID MCCOY	OPERATING ROOM	NRGH	HARMONIC SCALPEL HAND PIECES	9,846	0	R
8115	PETRA HRASKY	OPERATING ROOM	NRGH	MEDICAL GRADE PHARMACEUTICAL FRIDGES + EXTERNAL TEMP RECORDERS/FRIDGE	14,480	0	R
7384	PETRA HRASKY	PHARMACY	VI	MEDICAL GRADE PHARMACEUTICAL FRIDGES + EXTERNAL TEMP RECORDERS/FRIDGE	29,654	0	R
8233	MICHELE BABICH	TERTIARY CARE & COMMUNITY HOSPITALS	NRGH	MEDICAL GRADE PHARMACEUTICAL FRIDGES + EXTERNAL TEMP RECORDERS/FRIDGE	35,705	0	R
8247	MICHELE BABICH	LAB MEDICINE- MICROBIOLOGY	NRGH	MICROSCOPE - ROUTINE LIGHT	12,455	0	R
8263	PAM GANSKE			Total Regional Equipment	119,130	0	
				Total Equipment	2,781,691	941,245	
						34%	
Site Acronyms							
DPRC	Dufferin Place						
NRGH	Nanaimo Regional General Hospital						



Our Vision: Healthy People, Healthy Island Communities, Seamless Service

February 13, 2012

Ref: 13034

Nanaimo Regional Hospital District (NRHD)
Attn: Nancy Avery, General Manager, Finance and Information Services
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Ms. Avery:

Re: 2012/13 Minor Capital Projects

I am writing to advise you of the Vancouver Island Health Authority (VIHA) 2012/13 minor capital projects for which NRHD funding is requested.

I understand the NRHD has provisionally approved a 2012 allocation of \$2,143,745 for cost-sharing minor capital projects and equipment. VIHA intends to use the NRHD funding allocation for minor capital projects and equipment as follows:

2012 NRHD Allocation

Minor Capital Projects	\$1,202,500
Equipment	\$941,245
Total	\$2,143,745

For 2012/13, VIHA plans to proceed with the attached minor capital projects with an anticipated 2012/13 cash flow of \$3,101,251. NRHD cost-sharing would be \$1,202,500 (39% of 2012/13 cash flow). Many of these projects will take more than one year to complete and will require an additional 2013/14 cash flow of \$1,083,397.

No new major projects are expected to be approved for 2012/13. However, a Master Site Plan has been completed for the Nanaimo Regional General Hospital which includes a number of major projects previously identified. This includes a new boiler plant, patient tower and intensive care unit, as well as fitting up two shelled-in operating rooms. At your convenience, I am available to provide you with a summary of the Plan.

.../2

Executive Office

located at 2101 Richmond Avenue, Victoria, BC, Canada V8R 4R7 • Tel: (250) 370-8699 • Fax: (250) 370-8750
mailing address: 1952 Bay Street, Victoria, BC Canada V8R 1J8

I would like to thank the NRHD for its significant contribution for capital projects and equipment. We are grateful for the support the NRHD has provided and appreciate that we are able to work in partnership with you to meet the health infrastructure needs our region is facing.

Please call me at (250) 370-8912 if you have any questions.

Yours truly,

A handwritten signature in cursive script that reads "Chris Sullivan".

Chris Sullivan
Director, Capital Planning

Attachment

cc: Carol Botrakoff, Manager, Capital Finance and Treasury

VIHA 2012/13: Minor Capital Projects Nanaimo Regional Hospital District: \$5000 - \$2M

Previously Approved Projects				Indicates Cost Sharing			Indicates Cost Sharing				
File #	Portfolio	Project Name	Site	Total Project Cost	Previous Cashflow	Cashflow 2012/13	2012/13 VIHA	2012/13 RHD	Cashflow 2013/14	2013/14 VIHA	2013/14 RHD
3637	FMO	Repair to Building Fabric and Finish - Phase II	NRGH	\$1,200,000	\$760,000	\$440,000	\$264,000	\$176,000			
3639	FMO	Repair Building Fabric and Finishes - Phase II	TL/EPL	\$150,000	\$95,000	\$55,000	\$33,000	\$22,000			
3168	FMO	Replacement of Sewer Stacks and Water Lines	NRGH	\$790,000	\$325,000	\$200,000	\$120,000	\$80,000	\$225,000	\$135,000	\$90,000
3354	FMO	Energy Optimization of Mech and Elec Systems	NRGH	\$990,000	\$660,000	\$330,000	\$198,000	\$132,000			
3899	FMO	Flooring Replacement	NRGH	\$1,100,000	\$366,666	\$366,667	\$220,000	\$146,667	\$366,667	\$220,000	\$146,667
TOTAL PREVIOUSLY APPROVED PROJECTS				\$4,190,000	\$2,206,666	\$1,391,667	\$835,000	\$556,667	\$591,667	\$355,000	\$236,667

2012/13 Recommended Committee Approvals				Indicates Cost Sharing			Indicates Cost Sharing				
File #	Portfolio	Project Name	Site	Total Project Cost	Previous Cashflow	Cashflow 2012/13	2012/13 VIHA	2012/13 RHD	Cashflow 2013/14	2013/14 VIHA	2013/14 RHD
3984	E	Pediatric Unit Mental Health Adaptive Room	NRGH	\$257,500		\$128,750	\$77,250	\$51,500	\$128,750	\$77,250	\$51,500
4241	A	Endo Suite Upgrade	NRGH	\$350,000		\$175,000	\$105,000	\$70,000	\$175,000	\$105,000	\$70,000
4239	A	Medication Room and Optimization of ICU/RT Space	NRGH	\$600,000		\$120,000	\$72,000	\$48,000	\$480,000	\$288,000	\$192,000
1270	OSS	Upgrade Cafeteria	NRGH	\$281,190		\$140,595	\$84,357	\$56,238	\$140,595	\$84,357	\$56,238
4428	Cap Planning	Grant Ave Space Development	Grant Ave	\$95,000		\$95,000	\$95,000				
4275	FMO	Sustainable Energy System Phase I	NRGH	\$250,000		217,239	\$130,343	\$86,896	\$32,761	\$19,657	\$13,104
4281	FMO	Hazardous Materials Remediation	NRGH	\$420,000		200,000	\$120,000	\$80,000	\$220,000	\$132,000	\$88,000
4282	FMO	Repair Building Fabric and Finishes Phase II	Various Sites	\$140,000		70,000	\$42,000	\$28,000	\$70,000	\$42,000	\$28,000
4286	FMO	Upgrade Boiler Room Electrical	NRGH	\$250,000		250,000	\$150,000	\$100,000			
3182	FMO	Replace Med Gas System in Tower	NRGH	\$642,720		213,000	\$127,800	\$85,200	\$429,720	\$257,832	\$171,888
4270	FMO	Replacement of Nurse Call System and Wiring	NRGH	\$540,000		100,000	\$60,000	\$40,000	\$440,000	\$264,000	\$176,000
TOTAL 2012/13 APPROVALS				\$3,826,410		\$1,709,584	\$1,063,750	\$645,834	\$2,116,826	\$1,270,096	\$846,730

TOTAL 2012/13 CAPITAL PROJECTS \$8,016,410 \$2,206,666 \$3,101,251 \$1,898,751 \$1,202,500 \$2,708,493 \$1,625,096 \$1,083,397

* Project may not be able to proceed in 2011/12 due to space and/or timing issues

2012/13 Priority Projects Beyond Funding Availability

File #	Portfolio	Project Name	Site	Total Project Cost
4293	FMO	Repair Roof Phase I	NRGH	\$40,000
4294	FMO	Replace Supply Air Fan FS1 for Nursing Tower	NRGH	\$500,000
4295	FMO	Replace ICU and Physio Gym Roof	NRGH	\$400,000
3349	FMO	Add Heat/Cooling Recovery to AHU1	EPL	\$140,595
4301	FMO	Coil Cleaning	Various Sites	\$20,000
4309	FMO	Construct Vestibules at Rehab Building	NRGH	\$90,000
2215	FMO	Upgrade Boiler	Trillium Lodge	\$207,856
4312	FMO	Install HVAC System	Wentworth	\$125,000
4263	D	Outpatient Therapy Service Area Redesign	NRGH	\$750,000
4262	D	Keypad Locks Installation	Dufferin Place	uncosted
3020	D	Replace Nurse Call System and Telecom	EPL	\$291,988
3095	QPS	Negative Pressure Rooms - (2 Paeds)	NRGH	\$309,309
3474	B	Histology Air Quality	NRGH	\$168,714
3500	C	2 Overhead Lifts - 4th Floor	NRGH	\$1,493,500
3784	F	Lexanne Window Replacement	NRGH	\$21,424
3753	OSS	Dining Room Reno	EPL	\$535,600
3518	OSS	Dining Room Reno	TL	\$281,190



RDN REPORT		
CAO APPROVAL		
EAP		
COW		
FEB 14 2012		
RHD	<input checked="" type="checkbox"/>	
BOARD		

**MEMORANDUM
REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE**

TO: Carol Mason
Chief Administrative Officer

DATE: February 12, 2012

FROM: Nancy Avery
General Manager, Finance & Information Services

File:

SUBJECT: Approval to use unexpended funds for capital improvement projects

PURPOSE:

To discuss a request from the Vancouver Island Health Authority to apply unexpended funds from prior years to minor capital projects.

BACKGROUND:

Regional District and Vancouver Island Health Authority (VIHA) staff have been corresponding regarding two amounts which were approved in previous years for minor capital projects and equipment. VIHA staff have submitted a request to apply the unexpended funds to a list of capital improvement/capital and equipment purchases.

An amount of \$815,000 was approved as part of a list of equipment submitted in 2006. It was intended that a CT Scanner be purchased, however, federal funds were received instead and the Regional Hospital District share was not required.

In 2009 an amount of \$315,000 was submitted to complete an elevator upgrade project at the Nanaimo Regional General Hospital. Due to some confusion, this amount, if approved would have allocated more than the typical 40% share of funding to the project and staff advised VIHA that other alternatives needed to be considered.

The list attached to this report identifies a variety of large and small capital projects which will upgrade the finishes at Trillium Lodge (Parksville) and Eagle Park Lodge (Qualicum Beach) – both of which are residential type long term care facilities. The list also includes replacement of the fire alarm system in the nursing tower at NRGH, an upgrade to the boiler mechanical rooms and a new digital x-ray machine. All of the items except the Nurse Call System would receive 40% funding from the Regional Hospital District. To balance to \$315,000 on Attachment 1, the Nurse Call System cost share is slightly less than 40%.

ALTERNATIVES:

Alternative 1

1. Approve the lists as presented.
2. Approve a lower dollar value and reallocate a portion of the funds to cover some of the costs of the Emergency Room Department redevelopment project.

FINANCIAL IMPLICATIONS:

Alternative 1

The funds were raised and set aside in previous years so there are no financial implications to approving the use of the funds at this time. Following our standard practice, funds are released upon submission from VIHA of evidence that costs have been incurred for the items on the list.

Alternative 2

Under this alternative the Committee may wish to consider approving the use of \$565,000 of the unexpended funds, using the remaining \$565,000 to reduce the long term borrowing requirements of the Emergency Department project.

It has been reported by staff that it often takes a long time for VIHA to complete the purchases or capital projects for which it submits funding requests. This results in extra diligence and accounting by both parties to track incurred costs to specific grant years. At its meeting held October 26, 2010 the Select committee recommended to the Board that there be a two year limit on grant approvals after which the funds would be set aside and could be used by the Board for other capital purposes. Since that time RDN and VIHA staff have worked to reduce the amount of carryforwards and good progress has been made.

There is one large capital project underway at this time and a second one imminent. The Regional Hospital District has committed \$13.7 million dollars to redevelop the Emergency Department at NRGH. Approximately \$9.3 million will be borrowed by the time the project is completed. The Oceanside Health Centre has now been approved and will commit the Regional Hospital District to funding up to \$6.3 million for that project.

The cost to finance \$565,000 (50% of \$1.13 million) over the standard 20 year project financing schedule would be approximately \$41,575 annually.

SUMMARY/CONCLUSIONS:

The Vancouver Island Health Authority has submitted a request to apply \$1.13 million of previously approved funding to alternative projects. The funds were approved in 2006 and 2009 but were not able to be used for the original purposes.

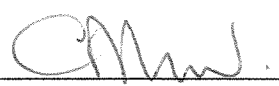
At this time Regional Hospital District taxpayers are committed to funding two major projects – the redevelopment of the Emergency Department at NRGH (\$9.3 million) and the construction of the recently approved Oceanside Health Centre (\$6.3 million). Given the long passage of time during which VIHA did not provide guidance on the use of the \$1.13 million, it may be equally appropriate to approve approving the use of \$565,000 of the unexpended funds and apply the remaining \$565,000 to reduce the long term borrowing requirements of the Emergency Department project.

RECOMMENDATIONS:

1. That the Vancouver Island Health Authority be authorized to submit a list of capital purchases/projects to use \$565,000 of unexpended 2006 and 2009 approved capital grants.
2. That the remaining unexpended funds in the amount of \$565,000 be applied to the Regional Hospital District's share of funding for the Emergency Department redevelopment project.



Report Writer



CAO Concurrance



Our Vision: Healthy People, Healthy Island Communities, Seamless Service

February 1, 2012

Ms. Nancy Avery
General Manager, Finance & Information Services
Regional District of Nanaimo
6300 Hammond Bay Road
Nanaimo, B.C. V9T 6N2

Dear Nancy:

Re: Request to Allocate the \$315k and \$815k Unused Prior Year Capital Funding

I am following up from the various correspondence over the past year on the unused prior year \$315k and \$815k capital funding.

It was last left that we were to submit to you a list of proposed capital equipment and project items that we could allocate this unused funding to.

The \$315k Funding

This funding relates to the 2009/10 NRHD annual capital grant allowance.

In our 2009/10 annual funding request letter sent on February 2, 2009, we submitted a list of equipment and projects which accounted for \$2,245,640 of the Nanaimo Regional Hospital District's (NRHD) annual capital grant allowance of \$3,060,000 which left a balance of \$814,360 as unallocated/unused.

Later in the year, in our October 27, 2009 letter, we submitted a list of proposed capital items which we had requested to allocate the unused \$814,360 funding to. Included in this list of proposed capital items was a project called Upgrade Elevators (at NRGH) showing \$315,000 for NRHD funding. (On your VIHA capital billings, the project number for this project is 98.85.09100700 and is described slightly different, but is the same project.) The \$315,000 was additional NRHD funding being added to an existing project which already had 40% NRHD funding, so the \$315,000 could not be applied to the Upgrade Elevator project, and we are now requesting to allocate this funding to the list of capital items in Attachment 1.

The \$815k Funding

This funding relates to the 2006/07 NRHD annual capital grant allowance.

In our 2006/07 annual funding request memo sent on April 25, 2006, we submitted a list of equipment and projects which accounted for all of the NRHD annual capital grant allowance of \$2,880,000 with \$1,524,690 allocated to equipment, and \$1,355,310 allocated to projects. Included in the equipment allocation was \$815,000 in NRHD funding for an NRGH CT Scanner machine. The \$815,000 was unused, because one-time Federal equipment funding was used instead. We are requesting to allocate this funding to the list of capital items in Attachment 2.

Executive Office

located at 2101 Richmond Avenue, Victoria, BC, Canada V8R 4R7 • Tel: (250) 370-8699 • Fax: (250) 370-8750
mailing address: 1952 Bay Street, Victoria, BC Canada V8R 1J8

I hope the foregoing provides you with sufficient background and information.

Your consideration of this funding allocation request is appreciated, and this funding would significantly help us in meeting all of our capital equipment and project needs at this time.

If you require further information, please don't hesitate to contact us.

Sincerely,



Kevin Daniel
Manager, Capital Planning

Attachments

cc: Chris Sullivan, Director, Capital Planning
Carol Botrakoff, Manager, Capital Finance and Treasury

Attachment 1: \$315k Capital List

Facility	Project #	Project Name	Total Project Cost	NRHD Cost Share
Dufferin Place	98.85.111208600	Upgrade Dufferin Tub Rooms	\$50,000	\$20,000
Eagle Park Lodge	98.85.111205600	Replace Domestic Hotwater Piping	\$45,000	\$18,000
Eagle Park Lodge	98.85.111207000	Replace Facility Property Fence	\$40,000	\$16,000
Eagle Park Lodge	98.85.111208100	Upgrade Dining Room Fabric & Finish	\$21,000	\$8,400
Eagle Park Lodge	98.85.111212100	Replace Nurse Call System	\$120,000	\$41,800
NRGH	98.85.111214500	Upgrade Lab Ventilation System	\$47,000	\$18,800
NRGH	98.85.111208700	Replace Rehab Domestic Hot Water Tank	\$50,000	\$20,000
NRGH	98.85.111209500	Replace Acoustical Wall Panels	\$150,000	\$60,000
NRGH	98.85.111210900	Create Pediatric Sleep/On-call Room	\$55,000	\$22,000
NRGH	98.85.111207700	Replace #2 Boiler Valve	\$20,000	\$8,000
Trillium Lodge	98.85.111205500	Replace Handrail throughout facility property	\$60,000	\$24,000
Trillium Lodge	98.85.111214400	Replace Kitchen Heat Pump	\$15,000	\$6,000
Trillium Lodge	98.85.111210300	Replace Facility Windows	\$70,000	\$28,000
Trillium Lodge	98.85.111210000	Upgrade Patient Courtyards	\$15,000	\$6,000
Trillium Lodge	98.85.111210100	Replace Facility Property Fence	\$25,000	\$10,000
Trillium Lodge	98.85.111210200	Replace Resident Room cupboards and closets	\$20,000	\$8,000
			\$803,000	\$315,000

Attachment 2: \$815k Capital List

Facility	Project #	Project Name	Total Project Cost	NRHD Cost Share
Trillium Lodge	98.85.111212000	Replace Fire Alarm System	\$150,000	\$60,000
NRGH	98.85.111212400	Replace Fire Alarm in Tower in Phase 1 Building Expansion	\$200,000	\$80,000
NRGH	98.85.111212200	Replace Nurse Call in Tower in Phase 1 Building Expansion	\$225,000	\$90,000
NRGH	98.85.111213000	Construct Redundant Water Supply System	\$208,000	\$83,200
NRGH	98.85.111212700	Upgrade Boiler Room Mechanical areas	\$250,000	\$100,000
NRGH	11V1234	New Digital Radiography X-Ray Machine	\$587,701	\$235,080
NRGH	11RJ219	Replace CO2 laser in Endoscopy	\$150,000	\$60,000
NRGH		Replace 2 Ultrasounds	\$266,800	\$106,720
			\$2,037,501	\$815,000



**REGIONAL
DISTRICT
OF NANAIMO**

EAP		
COW		<input checked="" type="checkbox"/>
FEB 14 2012		
RHD		<input checked="" type="checkbox"/>
BOARD		

**MEMORANDUM
REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE**

TO: C. Mason
Chief Administrative Officer

DATE: February 13, 2012

FROM: N. Avery
General Manager, Finance & Information Services

FILE:

SUBJECT: Bylaw No. 154 - to Authorize Borrowing for the Oceanside Health Centre

PURPOSE:

To introduce for adoption a loan authorization bylaw for the purposes of major capital project financing for the Vancouver Island Health Authority.

BACKGROUND:

At its meeting held November 4th, 2011 the Regional Hospital District Board approved cost sharing in principle in the Oceanside Health Centre pending Provincial approval of the project and a budget within 10% of the estimate of \$14.4 million. The project is now approved at a cost of \$15.79 million and the Vancouver Island Health Authority has formally corresponded requesting the Regional Hospital District confirm its continued support.

Staff have attached to this report the necessary bylaw which will allow the Hospital District to provide funds as the project proceeds. The Regional Hospital District share will be \$6,316,000.

ALTERNATIVES:

Cost sharing has been approved and the bylaw attached to this report is the administrative follow up.

FINANCIAL IMPLICATIONS:

The annual debt servicing arising from this project, assumed at 4% over 20 years is estimated at \$465,000. The tax rate associated with this amount is \$1.54 per \$100,000 of property value. The 2012 tax requisition for Regional Hospital District purposes, which does not include the full project costs results in a tax rate of \$21.62. In 2013 the tax requisition is forecast to increase 4% to maintain the current level of overall funding support for health care related purposes over the next five years.

SUMMARY/CONCLUSIONS:

The Vancouver Island Health Authority has received Provincial approval for the Oceanside Health Centre project and has confirmed a final budget of \$15.79 million. It is seeking the Hospital District's ratification of its previous approval in principle. Staff have also submitted for Board approval the associated loan authorization bylaw, which will allow funds to be released as the project proceeds.

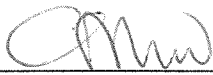
The financial implications of the final project budget have changed slightly, but has not changed the overall budget projections for the Hospital District. The estimated cost to taxpayers for the Oceanside Health Centre is \$1.54 per \$100,000 of property value.

RECOMMENDATIONS:

1. That correspondence be forwarded to the Vancouver Island Health Authority confirming the Nanaimo Regional Hospital District's commitment to the Oceanside Health Centre at 40% of a total budget of \$15.79 million.
2. That "Nanaimo Regional Hospital District (Oceanside Health Centre) Borrowing Bylaw No. 154, 2012" be introduced and read three times.
3. That "Nanaimo Regional Hospital District (Oceanside Health Centre) Borrowing Bylaw No. 154, 2012" be adopted.



Report Writer



C.A.O. Concurrence



Our Vision: Healthy People, Healthy Island Communities, Seamless Service

February 13, 2012

Ref: 13034

Nanaimo Regional Hospital District (NRHD)
Attn: Nancy Avery, General Manager, Finance and Information Services
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Ms. Avery:

Re: Oceanside Health Centre: Confirmation of NRHD Cost-Sharing

I am pleased to report that the Vancouver Island Health Authority (VIHA) now has Ministry of Health approval to proceed with the Oceanside Health Centre (OHC), and is requesting confirmation of NRHD cost-sharing.

In September 2011, VIHA presented to the Regional Hospital District Select Committee a project cost estimate of \$14.4 million +/- 10%. After further planning and more detailed design work, the project cost estimate has increased to \$15.79 million which is still within the +/- 10%. Details of the further planning and design work included:

- Numerous meetings with internal stakeholders to develop the integrated service model for the health centre in unison with completion of the building design;
- Facility design at the design development stage including a slight increase in building size;
- Site development planning including parking, landscaping, and the new lot and access road off of the Alberni Highway;
- Additional IMIT planning including Electronic Health Record, telehealth, teleconsultation, telehome monitoring, self-registration, self-scheduling, urgent power supply and data room; and
- Compiling furniture and equipment lists for all clinical and non-clinical areas.
- Meetings with the local service providers for diagnostic imaging and laboratory services to relocate services to OHC.

Based on this final project cost estimate, VIHA is requesting confirmation of the NRHD's cost-share amount of \$6.32 million.

.../2

Executive Office

*located at 2101 Richmond Avenue, Victoria, BC, Canada V8R 4R7 • Tel: (250) 370-8699 • Fax: (250) 370-8750
mailing address: 1952 Bay Street, Victoria, BC Canada V8R 1J8*

I would like to thank the NRHD for your contribution to the Oceanside Health Centre project. Please call me at (250) 370-8912 if you have any questions.

Yours truly,

A handwritten signature in cursive script that reads "Chris Sullivan".

Chris Sullivan
Director, Capital Planning

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 154

CAPITAL EXPENDITURE & BORROWING BYLAW

WHEREAS the Board of the Nanaimo Regional Hospital District proposes to expend money for capital expenditures described in Schedule 'A' attached hereto and forming an integral part of this bylaw;

AND WHEREAS those capital expenditures have received the approval required under Section 23 of the *Hospital District Act*;

NOW THEREFORE the Board of the Nanaimo Regional Hospital District enacts the following Capital Bylaw as required by Section 32 and Section 34 of the *Hospital District Act*.

1. The Board hereby authorizes and approves the borrowing and expenditure of money for the construction of the Oceanside Health Centre project.
2. The Board authorizes and approves the borrowing of a net sum not exceeding \$6,316,000 (Six Million, Three Hundred and Sixteen Thousand Dollars) upon the credit of the District by the issuance and sale of securities in a form and manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be for a term not to exceed twenty (20) years.
3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due each year.
4. The Board hereby delegates to the General Manager, Finance and Information Services the necessary authority to settle the terms and conditions of the borrowings.
5. This bylaw may be cited for all purposes as "Nanaimo Regional Hospital District (Oceanside Health Centre) Borrowing Bylaw No. 154, 2012".

Introduced and read three times this 27th day of March, 2012.

Adopted this 27th day of March, 2012.

CHAIRPERSON

SR. MGR., CORPORATE ADMINISTRATION

Schedule 'A' to accompany "Nanaimo Regional Hospital District (Oceanside Health Centre) Borrowing Bylaw No. 154, 2012"

Chairperson

Sr. Mgr, Corporate Administration

SCHEDULE 'A'

Oceanside Health Centre

Total project budget	\$	15,790,000
Regional Hospital District funding	x	<u>40%</u>
Regional Hospital District share	\$	<u>6,316,000</u>