

**NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE MEETING**

**TUESDAY, FEBRUARY 25, 2014
5:00 PM**

(RDN Committee Room)

A G E N D A

PAGES

CALL TO ORDER

DELEGATIONS

Staff from Island Health will be present to discuss requests for funding included in reports below.

MINUTES

2-3 Minutes of the Nanaimo Regional Hospital District Select Committee meeting held, November 6, 2013.

BUSINESS ARISING FROM THE MINUTES

COMMUNICATIONS/CORRESPONDENCE

REPORTS

4-12 Request for Approval of 2014/15 Capital Equipment and Minor Capital Project Lists

13-18 Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No. 157

19-22 Nanaimo Regional Hospital District Bylaw No. 158 – Shelled-In Operating Rooms Borrowing Authorization

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

ADJOURNMENT

(Dinner will be provided)

Distribution: J. Kipp (Chair), A. McPherson, J. Stanhope, D. Johnstone, M. Lefebvre, D. Willie
P. Thorkelsson, W. Idema, J. Harrison

For Information Only: H. Houle, M. Young, G. Holme, J. Fell, B. Veenhof, J. de Jong, J. Ruttan, D. Brennan,
B. Bestwick, T. Greves, G. Anderson
T. Moore, M. Manhas, J. Hill, M. O'Halloran

REGIONAL DISTRICT OF NANAIMO

**MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE MEETING HELD ON
WEDNESDAY, NOVEMBER 6, 2013 AT 12:05 PM
IN THE RDN COMMITTEE ROOM**

In Attendance:

Director J. Kipp	Chairperson
Director J. Stanhope	Electoral Area G
Director D. Johnstone	City of Nanaimo
Director M. Lefebvre	City of Parksville
Director D. Willie	Town of Qualicum Beach

Regrets:

Director A. McPherson	Electoral Area A
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Also in Attendance:

P. Thorkelsson	Chief Administrative Officer
J. Harrison	Director of Corporate Services
W. Idema	Director of Finance
C. Golding	Recording Secretary

CALL TO ORDER

The Chairperson called the meeting to order.

MINUTES

MOVED Director Lefebvre, SECONDED Director Stanhope, that the minutes of the Nanaimo Regional Hospital District Select Committee meeting held Tuesday, May 28, 2013, be adopted.

CARRIED

REPORTS

Nanaimo Regional Hospital District Bylaw No. 156 – MRI Replacement Borrowing Authorization.

MOVED Director Lefebvre, SECONDED Director Stanhope, that “Nanaimo Regional Hospital District (MRI Replacement) Borrowing Bylaw No. 156, 2013”, be introduced and read three times.

CARRIED

MOVED Director Lefebvre, SECONDED Director Stanhope, that “Nanaimo Regional Hospital District (MRI Replacement) Borrowing Bylaw No. 156, 2013”, be adopted.

CARRIED

Nanaimo Regional Hospital District 2014 Provisional Budget.

MOVED Director Lefebvre, SECONDED Director Stanhope, that a 2014 Regional Hospital District provisional budget be approved with the following components:

Property tax requisition	\$	6,712,985	
Capital grant allowance	\$	3,512,940	
			CARRIED

MOVED Director Lefebvre, SECONDED Director Stanhope, that the 2014 to 2018 five year projections be received for information.

CARRIED

ADJOURNMENT

MOVED Director Stanhope, SECONDED Director Lefebvre, that this meeting be adjourned.

CARRIED

TIME: 12:17 PM

CHAIRPERSON

CORPORATE OFFICER

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 19, 2014

FROM: Wendy Idema
Director of Finance

SUBJECT: Request for Approval of 2014/2015 Capital Equipment and Minor Capital Project Lists

PURPOSE:

To present Island Health's 2014/2015 capital equipment and minor improvement project lists for approval.

BACKGROUND:

Island Health has provided the attached letter (Appendix A) to detail their requests for minor capital equipment and project funding for the 2014/15 year and to advise of funding requests for up to five larger upcoming capital projects. The request for annual capital grant funding is \$3,444,057 which is a nil increase over 2013. These funds will be used by Island Health for the purchase of minor capital equipment items and to undertake smaller capital projects. For 2014 they are also requesting a one-time larger allocation from the annual capital grant funding of \$1,092,345 for a new CT Scanner at Nanaimo Regional General Hospital (NRGH).

Appendix B covers minor capital equipment. Island Health expects to spend \$1,948,465 in 2014/15 and is requesting cost sharing from the NRHD at 40% (some items are not cost shared) in the amount of \$779,386. Staff do not comment on the selections made by Island Health except to verify that the equipment or projects are for facilities funded by the Nanaimo Regional Hospital District (NRHD). Staff have reviewed the list and do not observe anything which is not appropriate for funding.

Appendix C covers minor capital improvement projects. Island Health expects to spend \$2,916,515 in 2014/15 and is requesting cost sharing from the NRHD at 37% overall in the amount of \$1,081,708. Several of the capital improvement projects will be completed over the next two years based on Island Health's expected cash flow position. The plan shows 2015/16 projects with a total value of \$3,769,222 which at 40% cost sharing will result in \$1,507,690 for a NRHD share in future years. It would be appropriate to approve the NRHD's share of the future project funding at this time as this will allow staff to plan for these approvals against future years' annual funding envelopes.

The total equipment/capital projects requested for 2014/15 is \$1,582,963 which does not fully utilize the 2014 funding envelope of \$3,444,057. Island Health has included a request for \$1,092,345 (NRHD 40% share of \$2,730,862 total) from this funding envelope to replace the CT Scanner at NRGH which is 12 years old. There are several benefits to replacing this Scanner as noted in Island Health's request.

This funding envelope is normally used for the smaller capital projects/equipment work that is less than \$2 million; however, there have been occasions in the past when the funding was used for larger purchases such as this and staff support the use of these funds for the CT Scanner.

With approval of the Scanner included in the annual capital grant funding, there will still be \$490,615 unallocated for 2014/15 which Island Health has asked be set aside pending final approvals for projects by the Province.

Island Health has also included information in their letter regarding potential larger capital projects (greater than \$2 million) over the next few years at NRGH as follows:

- Completion of NRGH Shelled-In Operating Rooms - \$3.0 million estimate with NRHD share of \$1,200,000. These were first identified in the 2012/13 funding requests and have been incorporated into the 2014-2018 financial plan with borrowing included over the 2014 and 2015 years. A separate report will be submitted for borrowing bylaw approvals.
- Redevelopment of the NRGH Intensive Care Unit (ICU) - \$2.0 million rough estimate at this time for a project to deal with urgently needed upgrades to the ICU. Funding approval has been received from the Province and an estimated \$800,000 share for the NRHD has been included in the 2014 to 2018 plan.
- Bar Coded Unit Dose Medication Safety/NRGH Pharmacy Redevelopment - \$2.8 million rough estimate. Provincial funding approvals have not been provided as yet for this project but it is a priority for Island Health. The NRHD financial plan does include \$1.1 million over the 2015/16 years for this potential project.
- NRGH Boiler Plant and Electrical Upgrade – Island Health had released a Request for Expressions of Interest to seek out private sector companies that could provide an energy plant without requiring Island Health to secure financing for the project. However, the submissions received have not met this criteria and Island Health is again pursuing capital funding. Accurate costing for these upgrades is not yet available, but staff have included \$8 million in potential costs over the 2016 to 2018 years in the financial plan.
- Relocation and expansion of the NRGH Multidisciplinary Pain Clinic – may be included in the 2015/16 funding requests from Island Health. Staff have not specifically budgeted for this in the 2014 to 2018 plan at this time. It will be added when a more formal request is in place.

ALTERNATIVES:

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

FINANCIAL IMPLICATIONS:

Alternative 1

Island Health has submitted capital equipment and project lists which utilize the majority of the funding envelope provided in the 2014 annual budget. All of the items appear appropriate and staff recommend approving the lists as provided. There is \$490,618 in unallocated 2014 annual capital grant funding currently; however, Island Health will provide requests for that funding later in the year which will be brought forward to the Board for approval.

The capital improvement projects list shows several projects which will be undertaken over 2014 to 2016 based on Island Health's anticipated cash flow position. While the budget covering 2015/16 will not be finalized until March 2015, it is assumed that the annual funding envelope will be more or less as currently projected in the range of \$3.5 million. This would result in up to \$1,507,685 being approved in advance for 2015/2016 for minor capital improvement projects. These items will be brought forward by Island Health in those years as part of that year's annual capital funding envelope.

Island Health staff advise that final Provincial funding has not been approved for all 2015/16 projects at this time and there may be some need to revise the capital project list and the timing of projects. Should this result in project funding changes for the NRHD in the 2014 year, staff will provide the Board with additional information.


SUMMARY/CONCLUSIONS:


The 2014 budget includes a capital funding envelope of \$3,444,055 for minor capital equipment and capital improvement projects. The Vancouver Island Health Authority has submitted information indicating how it wishes to use \$1,861,094 of those funds and have included a one-time larger request for an allocation of \$1,092,345 for a replacement CT Scanner at NRGH. The total amount of requests = \$2,953,439 which fall within the funding envelope and grant criteria for 2014/15 and staff recommend approving the lists as presented. \$490,615 of the annual capital grant funding remains unallocated at this time. Island Health will provide additional funding requests at a later date for this amount pending final approvals by the Province.

Additionally staff recommend a resolution authorizing the funding for several ongoing capital improvement projects which will be completed between 2014 to 2016. The 2015/2016 project value is estimated at \$1,507,685. This amount will be incorporated in the 2015/16 requests by Island Health.

RECOMMENDATIONS:

1. That the 2014/2015 list of capital equipment purchases with Regional Hospital District cost sharing in the amount of \$779,386 be approved.
2. That the 2014/2015 list of capital improvement projects with Regional Hospital District cost sharing in the amount of \$1,081,708 be approved.
3. That the request for a one-time \$1,092,345 allocation from the annual capital grant funding for a replacement CT Scanner at Nanaimo Regional General Hospital be approved.
4. That projected cost sharing for 2015/16 for capital improvement projects shown on the 2014/2015 list in the amount of \$1,507,688 be approved.


Report Writer


For CAO Concurrence



Excellent care, for everyone,
everywhere, every time.

February 7, 2014

Nanaimo Regional Hospital District (NRHD)
Attn: Wendy Idema, Director of Finance
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Wendy Idema:

Re: 2014/15 Capital Projects and Equipment

I am writing to advise you of the Island Health 2014/15 capital plan for which NRHD cost-sharing is requested.

I understand the NRHD has provisionally approved a 2014 allocation of \$3,444,057 for cost-sharing minor capital project and equipment expenditures. Island Health proposes to use the NRHD funding allocation as described in the attached minor capital project and equipment lists as summarized in the table below.

2014 NRHD Allocation

Minor Capital Projects	\$1,081,708
Equipment	\$779,386
Unallocated Funding	\$1,582,963
	\$3,444,057

Nanaimo Regional General Hospital (NRGH) CT Scanner Replacement

NRGH's current CT scanner is 12 years old, and is the oldest and slowest scanner on Vancouver Island, and is unable to be upgraded. Benefits of a new scanner include:

- sharper image;
- faster;
- improved technology;
- more "dose efficient" (ie less radiation exposure to the patient);
- less equipment breakdowns;
- shorter wait lists; and
- capability of expanding to cardiac and neurological images.

The cost of a new CT scanner has been estimated at \$2,730,862.

The NRHD 40% cost-share amount is \$1,092,345 which we are requesting at this time.

Capital Planning

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Island Health would like to propose that the unallocated funding of \$1,582,963 be used to fund this cost.

Redevelopment of NRGH Intensive Care Unit (ICU)

Island Health has identified the redevelopment of the ICU as a high priority project greater than \$5 million. As the timing of this major project is uncertain and addressing deficiencies in the ICU is urgently needed, Island Health has prioritized a “smaller” project as its number one 2014/15 priority less than \$5 million. Planning is underway to determine a preferred option for development at which time a project scope and preliminary budget estimate will be determined. As a “placeholder”, a rough order of magnitude cost estimate of \$2.0 million has been established. Once further planning and design work has been completed, Island Health will request 40% cost-sharing consideration of this project from the NRHD.

Bar Coded Unit Dose Medication Safety

As part of the Quality and Patient Safety Initiative, Island Health is developing a strategy to implement a bar-coded unit dose medication system. This “closed loop” medication system uses a bar code scanning system to allow nursing and medical staff to verify that the right drug, in the right dose, and by the right route of administration, is being given to the right patient at the right time. Bar coding, when integrated with the advancement of the Island Health Electronic Health Record (IHealth) will serve as an automated independent double-check where none exists today. Island Health is reviewing the infrastructure required to implement this initiative.

In order to implement this system, the redevelopment of the NRGH Pharmacy into a vacant area below the new Emergency Department has been identified as a high priority. The existing Pharmacy has a number of physical and functional deficiencies that need to be addressed even without the added needs associated with the medication system initiative.

The Pharmacy project has a capital cost estimate of \$2.8 million. Island Health will have a more accurate costing of this project once further planning and design work has been completed, after which Island Health will be requesting 40% cost-sharing consideration of this project from the NRHD.

Another benefit to relocating the Pharmacy is it will allow for development of an Equipment Depot which was approved in 2013/14. Equipment depots have been developed at Royal Jubilee Hospital and Victoria General Hospital, and are planned for the two new North Island hospitals. The depots provide significant benefit for staff in patient care areas.

As further work on the medication safety initiative progresses, Island Health will advise you of the details and request cost-sharing at that time.

Completion of NRGH Shelled-In Operating Rooms

The schematic design for completion of two shelled-in operating rooms at NRGH has been completed. Our previously identified project cost estimate of \$3.0 million is now confirmed. NRHD cost-sharing of 40% is requested at this time.

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NRGH Power House – Boiler Plant and Electrical Upgrade

Island Health has identified the redevelopment of the boiler plant at NRGH as a high priority project greater than \$5 million. As the timing of this major project is uncertain and there is a significant risk of not proceeding, Island Health released a Request for Expressions of Interest to determine if private sector companies can identify an option to mitigate this need without being accounted for as an “on book” transaction. At this point in time, the submissions received do not meet this accounting criteria, so Island Health will continue to pursue capital funding.

The power house will also include an upgraded electrical system which will be required going forward to meet the future power needs at NRGH as it continues to expand.

Island Health will have a more accurate costing of this project once further planning and design work has been completed, after which Island Health will be requesting 40% cost-sharing consideration of this project from the NRHD.

Relocation and Expansion of the NRGH Multidisciplinary Pain Clinic

The current pain clinic at NRGH is undersized and poorly located for outpatients. Relocating and expanding the clinic will improve patient wait times and patient access to pain management services. Based on project priorities and available funding, this project is not requested for 2014/15, but may be requested in 2015/16.

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,



Chris Sullivan
Director, Capital Planning

Attachments

cc: Carol Botrakoff, Manager, Capital Finance and Treasury

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ISLAND HEALTH						
2014/15 RECOMMENDED CAPITAL EQUIPMENT - NANAIMO REGIONAL HOSPITAL DISTRICT						
<u>Control #</u>	<u>Dept</u>	<u>Site</u>	<u>Description</u>	<u>Budget</u>	<u>New / Replace</u>	
<u>Equipment < \$100,000</u>						
1019b	EDL & EDS	NRGH	ECG Machine + Cart	21,168	R	
9045b	Neurosciences	NRGH	EEG System	84,722	R	
1021	ICU	NRGH	Bronchoscopes	23,844	N	
	Electrodiagnostic					
1024	Laboratories	NRGH	Ambulatory BP Monitoring System	12,524	N	
1119	Rehabilitation	NRGH	Power Wheelchair	11,306	R	
1124	Rehabilitation	NRGH	KCI Therakair Mattress - Low Air Pressure Mattress	11,556	R	
1126	Rehabilitation	NRGH	Bladder Scanner	20,542	R	
1129	Rehabilitation	NRGH	Universal Gym	10,381	R	
9035	Rehabilitation Services	NRGH	Bariatric Bed	38,652	N	
13-0151	OR (Urology)	NRGH	Wolf Flexible Cystoscopes	46,221	R	
1062	OR	NRGH	Mammotome Neoprobe	50,532	R	
1065	OR (ENT)	NRGH	NIM Response 3.0	47,218	R	
1040b	NRGH Fl. 3	NRGH	Vacuum Assisted Closure Device	28,734	R	
1042	Endoscopy	NRGH	Powered Endoscopy Emergency Traveling Cart	19,928	R	
1043	Minor Surgery	NRGH	Colposcopy Microscope and Camera	38,981	R	
1045	Endoscopy	NRGH	Infrared Coagulator IRC 2100	11,216	R	
8010	Endoscopy	NRGH	Medivator Scope Washer (moved from New Over \$100K)	86,615	N	
1053	Endoscopy	NRGH	NStream Devices & Bar Code Readers	48,179	N	
1055	Endoscopy	NRGH	CO2 Endoscopic Insufflator	8,539	N	
9115	Lab Medicine - Hematology	NRGH	Coagulation Analyzer	65,249	R	
8711	Lab Medicine - Chemistry	NRGH	Urinalysis Analyzer	53,925	R	
9120	Lab Medicine - Hematology	NRGH	Slide Stainer	21,570	R	
9124b	Lab Medicine - S&Cs	NRGH	Centrifuge (Routine Bench)	46,236	R	
1191	Emergency Services & Trauma Care	NRGH	Patient Stretchers, Stryker (electric)	74,330	R	
1197	Medicine	NRGH Respiratory NRGH Medical Day Care	Pentax EPK-I VIDEO PROCESSOR	50,207	R	
1202	Medicine	NRGH Respiratory	Gynne Stretcher	12,080	R	
1203	Medicine	NRGH Respiratory	PFT Lab Package	248,729	R	
1260	Medicine	NRGH Respiratory	Ultrasound package- i) LOGIQ e BT12-compact digital ultrasound monitor; ii)\Vscan 1_2 - pocket sized visualization tool	45,081	N	

<u>Control #</u>	<u>Dept</u>	<u>Site</u>	<u>Description</u>	<u>Budget</u>	<u>New / Replace</u>
1262	Medicine	NRGH Medical Day Care	Maxi Move Lift	14,214	N
1206	Renal	NRGH / Renal Unit NRGH / Home	Electric Dialysis Chairs	17,915	N
1208	Renal	Dialysis	Electric Dialysis Chairs	17,915	N
7508	End of Life Care	NRGH	Arjo Alenti Bath Chair With Scale	14,012	N
12-0201		NRGH	Nanaimo Teleconference Equipment	11,915	R
1276	Pediatrics - NRGH	NRGH	Incubator	42,092	R
1395	General Support	NRGH	Steam Table	11,683	R
1401	General Support	NRGH	Commercial Washer/Dryer Set	19,479	R
7180	Occupational Health & Safety	NRGH	Hovermat Systems - 8 Canisters, 8 Air Supplies, 8 Storage Carts, 24 Mats Of Varying Widths	132,871	N
9317	Residential Services	DPRC	Bladder scanner	20,087	R
9324	Residential Services	EPL	SARA 3000	6,859	R
8480b	Residential Services	TL	Beds - Specialty	47,377	R
1472	Residential Services	TL	Chairs - Shower	1,723	R
1477b	Residential Services	TL	Tables - Overbed	8,720	R
9332b	Residential Services	TL	Medication Carts	22,535	R
9259	Residential Services	TL	Meiko Sanitizer	33,522	N
9274	Residential Services	TL	Rhapsody Tub	36,793	N
1403	Facilities Maintenance				
1403	Operations	TL	Van	31,705	R
1211	Urgent Care/MDC	OHC	Cardiac Monitor/Vital Signs Monitor	19,380	N
1212	Urgent Care/MDC	OHC	I-stat Point of Care Analyzer for urgent care lab	12,270	N
130S287	Medical Imaging	OHC	Area Dose Calculator	8,035	R
13-0147 / 1315a	Lab Medicine - Chemistry	NRGH	Small bench top stat centrifuges	11,543	R
8362c	Home & Community Care	OHC	ABPI Vascular Doppler Huntleigh	8,670	N
1430	General Support	NRGH	Roll-in Electric Combi-Ovens	158,886	R
			Total Equipment < \$100,000	1,948,465	100%
			NRHD Cost-share amount	779,386	40%
Site Acronyms					
DPRC	Dufferin Place				
EPL	Eagle Park Lodge				
NRGH	Nanaimo Regional General Hospital				
OHC	Oceanside Health Centre				
TL	Trillium Lodge				

Island Health 2014/15: Minor Capital Projects Nanaimo Regional Hospital District: \$5000 - \$1.5M

Previously Approved Projects		Project Name	Site	Total Project Cost	Previous Cashflow	Indicates Cost Sharing			Total Annual Cashflow	
File #	Portfolio					Cashflow 2014/15	2014/15 VIHA	2014/15 RHD	2015/16	2016/17
3685	FMO	Hazardous Material Remediation	Wentworth	\$400,000	\$187,756	\$212,244	\$212,244	\$0	\$0	\$800,000
4449	QPS	Pharmacy Unit Dose Hub System (Med Safety)	NRGH	\$1,000,000	\$200,000	\$0	\$0	\$0	\$0	\$1,325,000
4470	C	Create Additional Patient Care Capacity	NRGH	\$1,500,000	\$175,000	\$0	\$0	\$0	\$0	\$2,125,000
		TOTAL PREVIOUSLY APPROVED PROJECTS		\$2,900,000	\$562,756	\$212,244	\$212,244	\$0	\$0	\$2,125,000

2014/15 Recommended Committee Approvals		Project Name	Site	Total Project Cost	Previous Cashflow	Indicates Cost Sharing			Total Annual Cashflow	
File #	Portfolio					Cashflow 2014/15	2014/15 VIHA	2014/15 RHD	2015/16	2016/17
3095	QPS	Negative Pressure Room	NRGH	\$321,805	\$48,271	\$28,962	\$19,308	\$128,722	\$144,812	
4736	M	Reno Patient Room 2008 to a Secure Room	NRGH	\$210,000	\$84,000	\$50,400	\$33,600	\$126,000	\$126,000	
4679	D	Wander-Guard System Replacement and Security	Dufferin Place	\$200,000	\$100,000	\$60,000	\$40,000	\$100,000	\$100,000	
4718	D	Meiko Washer Install *	TL	\$75,000	\$75,000	\$45,000	\$30,000	\$187,200	\$187,200	
4505	FMO	Perimeter Balcony	NRGH	\$367,200	\$180,000	\$108,000	\$72,000	\$100,000	\$100,000	
4698	FMO	Building Fabric and Finishes	EPL, TL	\$200,000	\$100,000	\$60,000	\$40,000	\$75,000	\$75,000	
4702	FMO	Hazardous Material Remediation	EPL, TL	\$150,000	\$75,000	\$45,000	\$30,000	\$163,200	\$163,200	
4506	FMO	Replace Main Building Chiller with HE Model	NRGH	\$408,000	\$408,000	\$244,800	\$163,200	\$23,200	\$23,200	
4719	FMO	Replace Handrails in Patient Tower Stairwells	NRGH	\$58,000	\$58,000	\$34,800	\$23,200	\$140,000	\$140,000	
4498	FMO	Biomed Space Expansion	NRGH	\$350,000	\$350,000	\$210,000	\$140,000	\$91,800	\$91,800	
4510	FMO	Bulk Oxygen Storage Compound	NRGH	\$229,500	\$229,500	\$137,700	\$91,800	\$160,000	\$160,000	
4723	FMO	Greenhouse Gas Reduction Measures	Various Sites	\$800,000	\$400,000	\$240,000	\$160,000	\$400,000	\$400,000	
4526	FMO	Resurface Patio above Stores	NRGH	\$76,500	\$76,500	\$45,900	\$30,600	\$40,000	\$40,000	
4725	FMO	Life Safety Improvements	Dufferin Place	\$100,000	\$100,000	\$60,000	\$40,000	\$68,000	\$68,000	
4726	FMO	Replace Aging Kitchen Electrical Distribution	NRGH	\$170,000	\$170,000	\$102,000	\$68,000	\$250,000	\$250,000	
4500	FMO	Replace Chiller with Heat Recovery an HE Models	NRGH	\$777,300	\$270,427	\$1,622,562	\$1,081,708	\$1,081,708	\$1,644,222	
				TOTAL 2014/15 CAPITAL PROJECTS	\$4,493,305	\$2,916,515	\$1,834,806	\$1,081,708	\$3,769,222	\$1,444,812

* 4718 equipment approved through Cap Equip process, install required

All Projects may not be able to proceed in 2014/15 due to space and/or timing issues

2014/15 Priority Projects Beyond Funding Availability

File #	Portfolio	Project Name	Site	Total Project Cost
2767	A	Create Multidisciplinary Pain Clinic	NRGH	\$2,496,427
4680	E	Additional Clinic Space MHAS Walk In Svcs	OHC	\$175,000
4681	E	Paging System	OHC	\$30,000
4682	E	Expansion of Swipe Card Access	OHC	\$100,000
4728	FMO	Replace Nurse Call System	TL	\$150,000
4730	FMO	Upgrade Washrooms, Change and Lavatory Rooms	NRGH	\$180,000
4527	FMO	New Thermopane Windows	TL	\$85,000
4731	FMO	Replace Corroding Parking Lot Light Standards	NRGH	\$200,000
4732	FMO	Zoning Optimization of FS2 and SF3	NRGH	\$250,000
4515	FMO	HVAC Upgrade	NRGH	\$204,000
4502	FMO	Electrical Upgrade	EPL, TL	\$61,200

EPL Eagle Park Lodge
 NRGH Nanaimo Regional General Hospital
 OHC Oceanside Health Centre
 TL Trillium Lodge



Future Projects
 estimated
 NRHD share
 = \$1,507,688.

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 18, 2014

FROM: Wendy Idema
Director of Finance

FILE:

SUBJECT: Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No. 157

PURPOSE:

To introduce a bylaw to adopt the 2014 annual budget for the Nanaimo Regional Hospital District.

BACKGROUND:

The Nanaimo Regional Hospital District (NRHD) provisional budget was approved in November 2013 with a preliminary tax requisition amount of \$6,712,985. Since that time, revised information regarding capital projects, the timing of borrowing, as well as 2013 actual results have been incorporated into a revised budget with a current unchanged tax requisition of \$6,712,985, an increase of 0% over 2013. This is 3.0% lower than the projected increase used in the 2013-2017 estimates.

Details of the annual capital equipment and project funding requests from Island Health have been provided in a separate report included in the agenda for this meeting. The funding requests received have been incorporated in this financial plan including borrowing projections for identified larger capital projects. Currently there are three larger capital projects underway or wrapping up that the NRHD is funding including the Emergency Room Redevelopment and MRI Replacement at NRGH and the building of the Oceanside Health Centre. The debt financing and debt issuing expenses for the remainder of these projects are included in the 2014 budget.

ALTERNATIVES:

1. Introduce and approve Bylaw No. 157 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 with estimated tax increases ranging from 0.0% to 2.5%. The 2014 requisition of \$6,712,985 will result in an estimated \$22.51 per \$100,000 cost to NRHD participants.

The two major components of the budget are debt servicing for the Regional Hospital District's share of major capital projects and annual allowances provided to Island Health for minor capital equipment and smaller dollar value capital improvement projects. The 2014 and subsequent years' columns show the annual grant at a range of approximately \$3.4 to \$3.7 million with an assumption that the grant is adjusted at 1% to 2% per year in future. The requisition has been held at 2013 amounts because based on 2013 actual results and 2014 planned spending, it will still generate enough current revenue to cover operating and debt servicing costs in 2014.

The plan also incorporates future debt servicing costs for capital projects greater than \$2 million that Island Health has provided preliminary information on. These include the shelled in operating room project; redevelopment of the NRGH Intensive Care Unit; Bar Coded Unit Dose Medication Safety/Pharmacy project; the NRGH power house upgrade, and a project to relocate and expand the NRGH Multidisciplinary Pain Clinic.

Interim financing, debt issuing and debt servicing costs have been incorporated in the NRHD plan for these future capital projects; however, funding approvals for the Provincial share of the projects has only been received for the shelled in operating rooms and the Intensive Care Unit redevelopment. Several of these amounts are based on rough preliminary cost estimates only at this time and will result in revisions to the financial plan as final amounts are known. There are many assumptions made in the incorporation of these projects into the financial plan around timing of the work and related debt drawdowns which will be clarified in future plans as the final costing and approvals are completed.

The 2014 budget includes a \$1.2 million transfer to a capital reserve to set aside funds for future capital projects and a \$10,650 pay down of temporary borrowing on an older debt issue which is no longer in use. These extra funds are available because of additional surpluses that have been generated largely through timing differences between when we estimate we will need to borrow for a project and when the actual drawdowns occur, as well as additional interest income earned on funds held in reserve and Municipal Finance Authority surplus payouts.

There is a projected surplus at the end of 2014 of \$2.4 million. This amount is the result of accumulating funds in advance for the annual capital grant funding provided to Island Health and it is not available for other purposes. This occurs because the funding is only transferred to Island Health as they complete the work.

Alternative 2

Should there be amendments to the bylaw, the financial implications would need to be evaluated once the changes were known.

SUMMARY/CONCLUSIONS:

The 2014 Regional Hospital District annual budget raises \$6.7 million in property tax revenues – an increase of 0% over 2013. This is unchanged from the provisional budget.

The 2014 budget provides \$3.44 million as direct capital grants to assist Island Health to replace minor capital equipment and/or to undertake minor improvement projects. Staff recommend approving Bylaw No. 157 as presented.

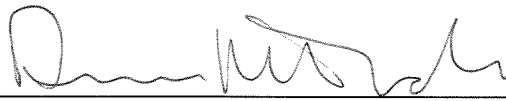
RECOMMENDATIONS:

1. That the 2014 Regional Hospital District annual budget be approved with the following components:

Property tax requisition	\$ 6,712,985
Capital grant allowance	\$ 3,444,055
2. That "Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No. 157, 2014" be introduced and read three times.
3. That "Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No. 157, 2014" be adopted.



Report Writer



Chief Administrative Officer

**NANAIMO REGIONAL HOSPITAL DISTRICT
BUDGET PROJECTIONS
2014 to 2018**

	2013	2013	2014	2015	2016	2017	2018
	Approved Budget		Revised Feb 2014	Revised Feb 2014	Revised Feb 2014	Revised Feb 2014	Revised Feb 2014
Current Projection	2.5%	Actuals	0.0%	2.5%	2.5%	2.5%	2.0%
Revenues							
Property taxes	6,712,986	6,712,986	6,712,986	6,880,811	7,052,831	7,229,152	7,373,735
Grants in lieu	28,000	33,249	30,000	28,000	28,000	28,000	28,000
Interest income	40,000	83,805	50,000	40,000	40,000	40,000	40,000
Other revenue		193,658					
Transfer from reserves							
Prior year surplus applied	2,896,955	3,094,267	3,420,873	2,113,204	2,133,088	2,156,192	2,094,887
	9,677,941	10,117,965	10,213,860	9,062,015	9,253,920	9,453,344	9,536,622
Expenditures							
Administration	23,772	21,972	24,723	25,712	26,740	27,810	28,922
Debt payments	2,559,375	2,559,375	2,941,055	3,144,878	3,295,802	3,504,620	3,666,314
Debt issue expense/temp financing	348,340	236,255	165,015	145,400	227,120	107,000	114,500
Special cash flow for Phase II							
Annual capital grants (see below)	3,444,057	3,444,055	3,444,055	3,512,936	3,548,065	3,619,027	3,655,217
Annual capital grant applied to major project							
Surplus applied to capital projects	435,435	435,435	10,650				
Reserve for Future Projects			1,245,000	100,000		100,000	
	6,810,979	6,697,092	7,830,498	6,928,926	7,097,728	7,358,457	7,464,953
Surplus for future years' expenditures	2,866,962	3,420,873	2,383,361	2,133,088	2,156,192	2,094,887	2,071,669

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 157

**A BYLAW TO ADOPT A
BUDGET FOR THE YEAR 2014**

The Board of the Nanaimo Regional Hospital District, in open meeting assembled, enacts as follows:

1. This bylaw may be cited as the "Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No. 157, 2014".
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, 2014.

Read three times this day of , 2014.

Adopted this day of , 2014.

CHAIRPERSON

CORPORATE OFFICER

Schedule 'A' to accompany "Nanaimo Regional Hospital District 2014 Annual Budget Bylaw No.157, 2014".

Chairperson

Corporate Officer

SCHEDULE 'A'
NANAIMO REGIONAL HOSPITAL DISTRICT
2014 ANNUAL BUDGET

Property taxes	\$6,712,985
Grants in lieu	30,000
Interest income	50,000
Prior year surplus	<u>3,420,875</u>
Total Revenues	<u>\$10,213,860</u>
Administration	\$ 24,725
Debt servicing	2,941,055
Debt issuing expense	165,015
Capital grants	3,444,055
Short-term debt pay down	10,650
Transfer to reserve	<u>1,245,000</u>
Total expenditures	<u>\$7,830,500</u>
Net surplus for future year	<u>\$2,383,360</u>

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 18, 2014

FROM: Wendy Idema
Director of Finance

FILE:

SUBJECT: Nanaimo Regional Hospital District Bylaw No. 158 – Shelled-In Operating Rooms
Borrowing Authorization

PURPOSE:

To introduce loan authorization Bylaw No. 158 for adoption to fund the construction of shelled-in operating rooms at the Nanaimo Regional General Hospital.

BACKGROUND:

A formal request for cost sharing to fund construction of two shelled-in operating rooms at Nanaimo Regional General Hospital (NRGH) has been received from Island Health as part of their 2014/15 funding requests. This project was first raised by Island Health in February 2013 and has been discussed and approved in principle previously by the Select Committee and Board. It is included in the financial plan for the Nanaimo Regional Hospital District (NRHD) for 2014 funding. Construction of the shelled-in operating rooms has been approved by the Province and is scheduled to proceed in 2014. In order to make the reimbursement, a borrowing bylaw must be adopted.

ALTERNATIVES:

1. Adopt the bylaw as presented.
2. Amend the bylaw and adopt it as amended.

FINANCIAL IMPLICATIONS:*Alternative 1*

The debt servicing and issuing costs of \$1,200,000 related to a 40% share of the total \$3 million cost have been incorporated into the Nanaimo Regional Hospital District (NRHD) 2014 to 2018 financial plan. Staff's understanding is that the project can be completed within this funding envelope and once authorized, this Bylaw approval cannot be exceeded without additional approval from the Board.

Alternative 2

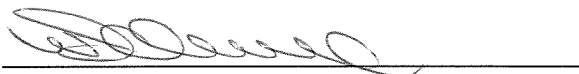
Should there be amendments to the bylaw, the financial implications would need to be evaluated once the changes were known. Staff are not aware of any issues that could impact the project and the funding approval and recommend proceeding with approval of Bylaw No. 158.

SUMMARY/CONCLUSIONS:

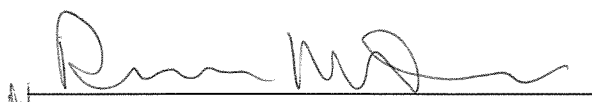
A formal request for cost sharing to fund construction of two shelled-in operating rooms at Nanaimo Regional General Hospital (NRGH) has been received from Island Health as part of their 2014/15 funding requests. This project was first raised by Island Health in February 2013 and has been discussed and approved in principle previously by the Select Committee and Board. In order to make the reimbursement, a borrowing bylaw must be adopted. The NRHD share of the total \$3 million cost is \$1,200,000.

RECOMMENDATIONS:

1. That cost sharing for the construction of two shelled-in operating rooms at Nanaimo Regional General Hospital be approved for \$1,200,000.
2. That “Nanaimo Regional Hospital District (Shelled-In Operating Rooms) Borrowing Bylaw No. 158, 2014” be introduced and read three times.
3. That “Nanaimo Regional Hospital District (Shelled-In Operating Rooms) Borrowing Bylaw No. 158, 2014” be adopted.



Report Writer


Chief Administrative Officer

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 158

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 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 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 shelled –in operating rooms at the Nanaimo Regional General Hospital.
2. The Board authorizes and approves the borrowing of a net sum not exceeding \$1,200,000 (One Million, Two Hundred 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 Director of Finance 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 (Shelled-In Operating Rooms) Borrowing Bylaw No. 158, 2014".

Introduced and read three times this day of , 2014.

Adopted this day of , 2014.

CHAIRPERSON

CORPORATE OFFICER

Schedule 'A' to accompany "Nanaimo Regional Hospital District (Shelled-In Operating Rooms) Borrowing Bylaw No. 158, 2014"

Chairperson

Corporate Officer

SCHEDULE 'A'

Shelled-In Operating Rooms Construction at Nanaimo Regional General Hospital

Total project budget	\$	3,000,000
Nanaimo Regional Hospital District funding	x	<u>40%</u>
Nanaimo Regional Hospital District share	\$	<u>1,200,000</u>