

**NANAIMO REGIONAL HOSPITAL DISTRICT BOARD MEETING  
AGENDA**

**Tuesday, December 12, 2017**

**7:00 P.M.**

**RDN Board Chambers**

*This meeting will be recorded*

**Pages**

1. **CALL TO ORDER**
2. **APPROVAL OF THE AGENDA**
3. **ADOPTION OF MINUTES**
  - 3.1 **Nanaimo Regional Hospital District Board Meeting - May 9, 2017** 3

(All Directors - One Vote)

That the minutes of the Nanaimo Regional Hospital District Board meeting held May 9, 2017, be adopted.
4. **DELEGATIONS**
5. **CORRESPONDENCE**
6. **UNFINISHED BUSINESS**
7. **REPORTS**
  - 7.1 **Nanaimo Regional Hospital District 2018 Provisional Budget** 5

(All Directors - Weighted Vote)

    1. That the 2018 Regional Hospital District provisional budget be approved as presented.

(All Directors - One Vote)

    2. That the 2018 to 2022 five year projections be received for information.
8. **BUSINESS ARISING FROM DELEGATIONS**
9. **NEW BUSINESS**

**10. ADJOURNMENT**

**REGIONAL DISTRICT OF NANAIMO**  
**MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT BOARD MEETING**

**Tuesday, May 9, 2017**  
**7:00 P.M.**  
**RDN Board Chambers**

In Attendance:	Director W. Veenhof	Chair
	Director I. Thorpe	Vice Chair
	Director A. McPherson	Electoral Area A
	Director H. Houle	Electoral Area B
	Director M. Young	Electoral Area C
	Director B. Rogers	Electoral Area E
	Director J. Fell	Electoral Area F
	Director J. Stanhope	Electoral Area G
	Director B. McKay	City of Nanaimo
	Director B. Bestwick	City of Nanaimo
	Director G. Fuller	City of Nanaimo
	Director J. Hong	City of Nanaimo
	Director J. Kipp	City of Nanaimo
	Director M. Lefebvre	City of Parksville
	Director B. Colclough	District of Lantzville
	Director T. Westbroek	Town of Qualicum Beach

Regrets:	Director B. Yoachim	City of Nanaimo
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Also in Attendance:	P. Carlyle	Chief Administrative Officer
	R. Alexander	Gen. Mgr. Regional & Community Utilities
	J. Holm	A/Gen. Mgr. Strategic & Community Development
	T. Osborne	Gen. Mgr. Recreation & Parks
	D. Trudeau	Gen. Mgr. Transportation & Emergency Planning Services
	J. Harrison	Director of Corporate Services
	W. Idema	Director of Finance
	J. Hill	Mgr. Administrative Services
	C. Golding	Recording Secretary

**CALL TO ORDER**

The Chair called the meeting to order and respectfully acknowledged the Coast Salish Nations on whose traditional territory the meeting took place.

**APPROVAL OF THE AGENDA**

It was moved and seconded that the agenda be approved as presented.

CARRIED UNANIMOUSLY

**ADOPTION OF MINUTES**

**Nanaimo Regional Hospital District Board Meeting - March 14, 2017**

It was moved and seconded that the minutes of the Nanaimo Regional Hospital District Inaugural Board meeting held March 14, 2017, be adopted.

CARRIED UNANIMOUSLY

**REPORTS**

**2016 Audited Financial Statements and Audit Findings Report**

It was moved and seconded that the audit findings report and the consolidated financial statements of the Nanaimo Regional Hospital District for the year ended December 31, 2016 be received.

CARRIED UNANIMOUSLY

It was moved and seconded that the consolidated financial statements of the Nanaimo Regional Hospital District for the year ended December 31, 2016 be approved as presented.

CARRIED UNANIMOUSLY

**ADJOURNMENT**

It was moved and seconded that this meeting be adjourned.

CARRIED UNANIMOUSLY

TIME: 7:04 PM

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CHAIR

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CORPORATE OFFICER

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**TO:** Nanaimo Regional Hospital District Board    **MEETING:** December 12, 2017

**FROM:** Manvir Manhas, Manager Capital Accounting and Financial Reporting    **FILE:** 1700-05

**SUBJECT:** Nanaimo Regional Hospital District 2018 Provisional Budget

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### RECOMMENDATIONS

1. That the 2018 Regional Hospital District provisional budget be approved as presented.
2. That the 2018 to 2022 five year projections be received for information.

### SUMMARY

Regional Hospital Districts are required to approve a provisional budget on or before December 31 each year. Attachment 1 shows a provisional budget which raises \$7,409,526 in property tax revenues for 2018 (3.0% increase over 2017) as forecast in the 2017 to 2021 Plan. The budget includes \$3.44 million for capital equipment and minor capital projects at facilities in the Nanaimo Regional Hospital District (NRHD) area; \$2.8 million for debt payments in 2018 and a \$1.2 million transfer to reserve for future infrastructure projects.

### BACKGROUND

The *Hospital District Act* regulation requires Regional Hospital Districts (RHDs) to pass preliminary budgets by December 31. The RHDs provide 40% of the funding for capital equipment and capital projects for local facilities, and the Province, through Island Health, provides the remaining 60% of the capital funding.

The major components of the NRHD provisional budget shown in Attachment 1 are long term debt costs for past and current projects (\$2,816,463), an annual allowance to support smaller operational capital equipment and projects (\$3,444,055) and a transfer to reserves for future major capital projects (\$1,200,000). This is a provisional budget only as the formal request from Island Health for 2018/19 funding will not be received until late January 2018.

The current outstanding debt balance for the NRHD is 27.5 million with retirement dates ranging from 2018 to 2037. The projects funded by this debt include the Oceanside Health Centre and the Emergency Room, cancer clinic/pharmacy renovations and the MRI replacement at Nanaimo Regional General Hospital. Presently, major capital projects planned by Island Health per their letter (Attachment 2) included in the budget that will require borrowing are as follows:

Project	Total Project cost	NRHD Share	Timing
Electrical Energy Plant Upgrade	\$11.7 million	\$4.68 million (\$2.63 million remaining to be borrowed on this project )	Currently underway
Thermal Energy Centre (Boiler Plant) Replacement preliminary estimate for gas boiler	\$19.4 million	\$7.76 million	2018-2020
New Magnetic Resonance Imaging (MRI) preliminary estimate	\$5.55 million	\$2.22 million	2018-2019
Intensive Care Unit (ICU) Redevelopment preliminary estimate	\$28.7 million	\$11.48 million	2020-2021

Other than the Electrical Energy Plant upgrade project, these are preliminary estimates for budgeting only. Island Health will present a formal funding request for these projects once their approvals and funding are in place. At this time there are no other major projects proposed by Island Health; however, their long-term plan does include a new patient tower at the Nanaimo Regional General Hospital when funding becomes available. The 2018 provisional budget includes a \$1.2 million transfer to a reserve fund established for significant projects such as the new patient tower.

#### **ALTERNATIVES**

1. Approve a 2018 provisional budget with a 3.0% tax requisition increase.
2. Provide alternate direction for the 2018 Nanaimo Regional Hospital District tax requisition.

#### **FINANCIAL IMPLICATIONS**

##### **Alternative 1**

##### **2018 Provisional Budget**

Attachment 1 attached to this report includes a 3.0% increase to the 2018 requisition as forecast in the 2017 to 2021 Plan. The estimated tax cost for 2018 is \$20.23 per \$100,000 based on 2017 assessments plus a 1.5% allowance for growth (non-market change). The 2017 requisition was \$19.94 per \$100,000. The tax cost per \$100,000 will be updated when 2018 assessment values are released in January.

Current projections for 2017 indicate a surplus of approximately \$66,000 greater than planned largely due to timing of the Electrical Plant Upgrade project billings from Island Health and ongoing lower interim financing rates.

The 2018 preliminary budget includes a \$1.2 million transfer to reserves for future major projects. This is \$200,000 larger than the 2017 to 2021 plan as a result of additional surplus and the timing of capital projects resulting in delayed borrowing. The budget also includes a \$100,000 administration allocation which is a \$60,000 increase compared to 2017. This is for a transfer to the Regional District of Nanaimo to reflect the true cost of staff resources to manage the financial reporting and to provide support to the NRHD Board and Committee.

The annual capital grant allowance is \$3,444,055, which has been held static for several years as Island Health has been unable to obtain matching provincial funding for minor projects/equipment and a portion of the funds has been used by the NRHD for major capital projects instead. Island Health will provide details of planned projects and equipment purchases related to this annual grant in January, 2018. Staffs are working with Island Health to identify any unallocated funds from the annual capital grant allowance that may be available to apply to the major capital projects included in the budget.

### **2018 to 2022 Budget Forecast**

The outlook for future years in Attachment 1 has been revised since the 2017 to 2021 Financial Plan was approved, based on updated information. The proposed increases to the tax requisition for 2019 to 2022 are estimated at 3% annually in order to ensure funding for Island Health capital plans will be available and to maintain reserve fund transfers. Debt servicing costs are estimated to increase from \$2.8 million in 2018 to \$3.8 million in 2022. These amounts will continue to be revised as information is received from Island Health on capital project plans.

### **Alternative 2**

A Provisional budget must be approved by December 31 so any alternative direction would have to observe this deadline.



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Manvir Manhas  
mmanhas@rdn.bc.ca  
November 23, 2017

Reviewed by:

- W. Idema, Acting General Manager, Corporate Services
- P. Carlyle, Chief Administrative Officer

Attachments

1. Nanaimo Regional Hospital District 2018 Provisional Budget
2. Letter from Chris Sullivan, Island Health, Major Capital Projects Update

**NANAIMO REGIONAL HOSPITAL DISTRICT  
PROVISIONAL BUDGET  
2018 to 2022**

	2017 Approved Budget 3.0%	2017	2018 Proposed Nov 2017 3.0%	2019 Proposed Nov 2017 3.0%	2020 Proposed Nov 2017 3.0%	2021 Proposed Nov 2017 3.0%	2022 Proposed Nov 2017 3.0%
		Projected Actuals					
Current Projection							
<b>Revenues</b>							
Property taxes	7,193,715	7,193,715	7,409,526	7,631,812	7,860,767	8,096,590	8,339,487
Grants in lieu	30,000	30,624	30,000	30,000	30,000	30,000	30,000
Interest income	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other revenue							
Transfer from reserves							
Transfer from prior years unallocated grant funding							
Prior year surplus applied	2,172,142	2,172,142	1,033,433	932,709	976,670	909,051	972,501
	9,495,857	9,496,481	8,572,960	8,694,521	8,967,437	9,135,641	9,441,988
<b>Expenditures</b>							
Administration	40,600	40,600	104,200	106,284	108,410	110,578	112,789
Debt payments	2,752,197	2,748,062	2,816,463	2,973,881	2,965,456	3,137,603	3,793,161
Debt issue expense/temp financing	80,663	18,747	75,533	124,750	401,325	510,100	330,050
Annual capital grants (see below)	3,444,055	3,444,055	3,444,055	3,512,936	3,583,195	3,654,859	3,727,956
Annual capital grant applied to major project	411,584	411,584					
Surplus applied to capital projects	0	0					
Reserve for Future Projects	1,800,000	1,800,000	1,200,000	1,000,000	1,000,000	750,000	500,000
	8,529,099	8,463,048	7,640,251	7,717,851	8,058,386	8,163,140	8,463,956
Surplus for future years' expenditures	966,758	1,033,433	932,709	976,670	909,051	972,501	978,032
	Revised roll Apr 2017	Revised roll Apr 2017	2017 Assessments +1.5% for non market change	1.02	1.02	1.02	1.02
Total assessments	36,080,238,860	36,080,238,860	36,621,442,443	37,353,871,292	38,100,948,718	38,862,967,692	39,640,227,046
Rate per thousand	0.199381025	0.199381025	0.202327542	0.204311146	0.206314196	0.208336884	0.210379403
<b>Projected Tax Cost per \$100,000</b>	<b>\$ 19.94</b>	<b>\$ 19.94</b>	<b>\$ 20.23</b>	<b>\$ 20.43</b>	<b>\$ 20.63</b>	<b>\$ 20.83</b>	<b>\$ 21.04</b>
<b>Reserve Fund Status</b>							
Opening Balance	4,155,815	4,155,815	5,955,815	7,155,815	8,155,815	9,155,815	9,905,815
Applied to budget							
New contribution	1,800,000	1,800,000	1,200,000	1,000,000	1,000,000	750,000	500,000
Balance available	5,955,815	5,955,815	7,155,815	8,155,815	9,155,815	9,905,815	10,405,815



Excellent care, for everyone,  
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Ref: 18904

October 23, 2017

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

Dear Ms. Idema:

**Re: Major Capital Projects Update**

I am writing to provide you with updates on the following Nanaimo Regional General Hospital (NRGH) major capital projects:

- Thermal Energy Centre (Boiler Plant) Replacement;
- New Magnetic Resonance Imaging (MRI); and
- Intensive Care Unit (ICU) Replacement.

**Thermal Energy Centre (Boiler Plant) Replacement**

Island Health has completed the schematic design for the replacement of the boiler plant including work within the existing building to connect the new pipes in the existing systems. Island Health has a long-term goal to convert many of its systems in NRGH from steam heating to more energy-efficient hot water heating. The new boilers will be specified to be convertible from steam to hot water and the new piping will be sized and routed with consideration for future conversion.

The total project cost is estimated at \$19.4 million. This includes a five percent project reserve of \$0.8 million (over and above standard design and construction contingencies) and a two year construction inflation estimate of \$2.5 million.

Internal approvals for the Boiler Plant project will be confirmed in December 2017. A specific funding approval of 40 percent from the Nanaimo Regional Hospital District (NRHD) will be requested thereafter.

**New Magnetic Resonance Imaging (MRI)**

Island Health has completed the schematic design for the addition of a new MRI. The existing capacity of the MRI is approximately 9,500 scans per year (assuming 6AM to Midnight operations), resulting in the Nanaimo wait lists growing by at least 100 patients per year. Two MRIs in Nanaimo will allow the current demand to be met with day shift staffing which will improve the ability to recruit and retain staff, save on shift differential cost, and extend the life of the magnets thereby lowering total cost of ownership.

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**Capital Planning**

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The total project cost is estimated at \$5.55 million. This includes a one year construction inflation estimate of \$0.5 million.

Internal approvals for the MRI project will be confirmed in December 2017. A specific funding approval of 40 percent from NRHD will be requested thereafter.

Intensive Care Unit

Island Health has completed a schematic design for the replacement of the ICU. The physical plant of the ICU is in extreme need of updating in order to address a number of safety issues.

The total project cost is estimated at \$28.7 million. This includes a five percent project reserve of \$1.2 million (over and above the standard design and construction contingencies) and a two year construction inflation estimate of \$3.7 million.

Although a high priority, this project will not proceed further until Island Health has confirmed funding for its 60 percent share of this project. However, at the next opportunity, Island Health would be pleased to present the rationale and project plan related to this project to the NRHD.

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

Yours truly,



Chris Sullivan  
Director, Capital Planning