

NANAIMO REGIONAL HOSPITAL DISTRICT

**REGULAR BOARD MEETING
TUESDAY, MARCH 26, 2013
7:00 PM**

(RDN Board Chambers)

A G E N D A

PAGES

CALL TO ORDER

ELECTION OF CHAIR

ELECTION OF VICE CHAIR

DELEGATIONS

MINUTES

4-6 Minutes of the Regular Hospital Board meeting held Tuesday, December 11, 2012.

BUSINESS ARISING FROM THE MINUTES

UNFINISHED BUSINESS

COMMISSION, ADVISORY & SELECT COMMITTEE

Regional Hospital District Select Committee

7-9 **Minutes of the Regional Hospital Select Committee meeting held on Tuesday, February 26, 2013** (for Information) (All Directors – One Vote).

That the minutes of the Regional Hospital District Select Committee meeting held Tuesday, February 26, 2012 be received for information.

10-16 **VIHA Request for Cost Sharing on Cumberland Laundry Capital Equipment and Projects** (All Directors – Weighted Vote).

1. *That capital equipment and project costs for the Cumberland Laundry be approved for funding by the Nanaimo Regional Hospital District based on the percentage share of the volume of laundry processed from Nanaimo Regional Hospital District facilities.*

2. *That the Nanaimo Regional Hospital District request that the percentage share of the volume of laundry processed at the Cumberland Laundry be reviewed every three years for redistribution of the share of costs as required.*

17-24 **Request for Approval of 2013/2014 Capital Equipment and Minor Capital Project Lists (All Directors – Weighted Vote).**

1. *That the 2013/2014 list of capital equipment purchases with Regional Hospital District cost sharing in the amount of \$1,352,243 be approved.*
2. *That the 2013/2014 list of capital improvement projects with Regional Hospital District cost sharing in the amount of \$2,091,814 be approved.*
3. *That cost sharing for 2014/15 for capital improvement projects shown on the 2013/2014 list in the amount of \$934,900 be approved.*

25-28 **Oceanside Health Centre Request for Additional Funding (All Directors – Weighted Vote).**

1. *That the request from the Vancouver Island Health Authority for additional funding towards the Oceanside Health Centre in the amount of \$435,432 be approved.*
2. *That the additional funding in the amount of \$435,432 for the Oceanside Health Centre be incorporated into the 2013 budget for the Nanaimo Regional Hospital District using surplus funds available.*

29-33 **Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155 (All Directors – Weighted Vote / 2/3 Weighted)**

1. *That the 2013 Regional Hospital District annual budget be approved with the following components:*

Property tax requisition	\$6,712,985
Capital grant allowance	\$3,444,055
Major capital project funding (Oceanside Health Centre) additional from surplus	\$435,435

2. *That “Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013” be introduced and read three times.*
3. *That “Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013” be adopted.*

ADMINISTRATOR'S REPORTS

- 34-36 **Regional Hospital District Select Committee – Terms of Reference (All Directors – One Vote).**

ADDENDUM

NEW BUSINESS

ADJOURNMENT

REGIONAL DISTRICT OF NANAIMO

MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT MEETING
HELD ON TUESDAY, DECEMBER 11, 2012 AT 7:00 PM IN THE
RDN BOARD CHAMBERS

In Attendance:

Director J. Stanhope	Chairperson
Director D. Brennan	Deputy Chairperson
Director A. McPherson	Electoral Area A
Director H. Houle	Electoral Area B
Director M. Young	Electoral Area C
Director G. Holme	Electoral Area E
Alternate	
Director L. Salter	Electoral Area F
Director W. Veenhof	Electoral Area H
Director B. Dempsey	District of Lantzville
Alternate	
Director F. Pattje	City of Nanaimo
Director G. Anderson	City of Nanaimo
Alternate	
Director B. McKay	City of Nanaimo
Director T. Greves	City of Nanaimo
Director D. Johnstone	City of Nanaimo
Director J. Kipp	City of Nanaimo
Director M. Lefebvre	City of Parksville
Director D. Willie	Town of Qualicum Beach

Regrets:

Director J. Fell	Electoral Area F
Director B. Bestwick	City of Nanaimo
Director J. Ruttan	City of Nanaimo

Also in Attendance:

P. Thorkelsson	Chief Administrative Officer
J. Harrison	Director of Corporate Services
W. Idema	Director of Finance
T. Osborne	Gen. Mgr. Recreation & Parks
D. Trudeau	Gen. Mgr. Transportation & Solid Waste
M. Donnelly	A/ Gen. Mgr. Regional & Community Utilities
J. Hill	Mgr. Administrative Services
T. Nohr	Recording Secretary

MINUTES

Minutes of the Regular Hospital Board meeting held Tuesday, June 26, 2012.

MOVED by Director Holme, SECONDED by Director Kipp, that the Minutes of the Regular Hospital Board meeting held Tuesday, June 26, 2012 be adopted.

CARRIED

COMMISSION, ADVISORY & SELECT COMMITTEE

Regional Hospital District Select Committee.

MOVED by Director Kipp, SECONDED by Director Lefebvre, that the Minutes of the Regional Hospital Select Committee meeting held on Tuesday, November 27, 2012 be received for information.

CARRIED

Request for NRHD Cost-Sharing on Cumberland Laundry Capital Equipment and Projects.

MOVED by Director Kipp, SECONDED by Director Lefebvre, that the correspondence from the Vancouver Island Health Authority regarding cost-sharing for Cumberland Laundry capital equipment and projects be tabled until additional information regarding the Laundry operation is received.

CARRIED

MOU between VIHA and Participating Regional Districts.

MOVED by Director Kipp, SECONDED by Director Lefebvre, that the Memorandum of Understanding between the Vancouver Island Health Authority and the Alberni-Clayoquot Regional Hospital District, the Capital Regional Hospital District, the Mount Waddington Regional Hospital District, and the Nanaimo Regional Hospital District be approved as submitted in Schedule A for signature by the Nanaimo Regional Hospital District.

CARRIED

Nanaimo Regional Hospital District Provisional 2013 Annual Budget.

MOVED by Director Kipp, SECONDED by Director Johnstone, that the 2013 Regional Hospital provisional budget be approved with the following components:

Property Tax Requisition \$6,745,733
Capital Grant Allowance \$3,444,057

CARRIED

MOVED by Director Kipp, SECONDED by Director Johnstone, that the 2013 to 2017 five year projections be received for information.

CARRIED

ADJOURNMENT

The meeting was adjourned at 7:05 P.M.

CHAIRPERSON

CORPORATE OFFICER

REGIONAL DISTRICT OF NANAIMO

**MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE MEETING HELD ON
TUESDAY, FEBRUARY 26, 2013 AT 5:00 PM
IN THE RDN COMMITTEE ROOM**

In Attendance:

Director J. Kipp	Chairperson
Director A. McPherson	Electoral Area A
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

Also in Attendance:

P. Thorkelsson	Chief Administrative Officer
W. Idema	Director of Finance
J. Harrison	Director of Corporate Services
N. Hewitt	Recording Secretary
C. Sullivan	Director, Capital Planning VIHA
D. Leadbetter	Projects Officer, VIHA

CALL TO ORDER

The Chairperson welcomed the Directors to the Nanaimo Regional Hospital District Select Committee meeting.

MINUTES

MOVED Director Stanhope, SECONDED Director Lefebvre, that the minutes of the Nanaimo Regional Hospital District Select Committee meeting held November 27, 2012 be received.

CARRIED

BUSINESS ARISING FROM THE MINUTES

Policies and Procedures re: Maintenance and Capital Planning at VIHA Facilities.

VIHA provided information to Directors on their process for identifying capital vs: maintenance costs as well as clarification on the 2013/14 capital equipment and project lists.

REPORTS

VIHA Request for Cost Sharing on Cumberland Laundry Capital Equipment and Projects.

MOVED Director Stanhope, SECONDED Director Johnstone, that capital equipment and project costs for the Cumberland Laundry be approved for funding by the Nanaimo Regional Hospital District based on the percentage share of the volume of laundry processed from Nanaimo Regional Hospital District facilities.

CARRIED

MOVED Director Stanhope, SECONDED Director Johnstone, that the Nanaimo Regional Hospital District request that the percentage share of the volume of laundry processed at the Cumberland Laundry be reviewed every three years for redistribution of the share of costs as required.

CARRIED

Request for Approval of 2013/2014 Capital Equipment and Minor Capital Project Lists.

MOVED Director Lefebvre, SECONDED Director Willie, that the 2013/2014 list of capital equipment purchases with Regional Hospital District cost sharing in the amount of \$1,352,243 be approved.

CARRIED

MOVED Director Lefebvre, SECONDED Director Willie, that the 2013/2014 list of capital improvement projects with Regional Hospital District cost sharing in the amount of \$2,091,814 be approved.

CARRIED

MOVED Director Lefebvre, SECONDED Director Willie, that cost sharing for 2014/15 for capital improvement projects shown on the 2013/2014 list in the amount of \$934,900 be approved.

CARRIED

Oceanside Health Centre Request for Additional Funding.

MOVED Director Stanhope, SECONDED Director Lefebvre, that the request from the Vancouver Island Health Authority for additional funding towards the Oceanside Health Centre in the amount of \$435,432 be approved.

CARRIED

MOVED Director Stanhope, SECONDED Director Lefebvre, that the additional funding in the amount of \$435,432 for the Oceanside Health Centre be incorporated into the 2013 budget for the Nanaimo Regional Hospital District using surplus funds available.

CARRIED

Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155.

MOVED Director Stanhope, SECONDED Director Johnstone, that the 2013 Regional Hospital District annual budget be approved with the following components:

Property tax requisition	\$ 6,712,985
Capital grant allowance	\$ 3,444,055
Major capital project funding (Oceanside Health Centre) additional from surplus	\$ 435,435

CARRIED

MOVED Director Stanhope, SECONDED Director Johnstone, that "Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013" be introduced and read three times.

CARRIED

MOVED Director Stanhope, SECONDED Director Johnstone, that "Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013" be adopted.

CARRIED

ADJOURNMENT

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

CARRIED

TIME: 6:17 p.m.

CHAIRPERSON

CORPORATE OFFICER



MEMORANDUM
NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 18, 2013

FROM: Wendy Idema
Director of Finance

SUBJECT: VIHA Request for Cost Sharing on Cumberland Laundry Capital Equipment and Projects

PURPOSE:

To provide additional information regarding the Vancouver Island Health Authority's (VIHA) request for cost sharing on capital equipment and projects at the Cumberland Laundry.

BACKGROUND:

A request (Attachment A) from VIHA for cost sharing on the Cumberland Laundry was discussed at the November 27, 2012 meeting of the Nanaimo Regional Hospital District Select Committee. At that time Committee members requested additional information regarding the Laundry's operations and capital plans. VIHA has provided this information in the Cumberland Regional Hospital Laundry Society Backgrounder document included as Attachment B.

As discussed in the attached documents, the Nanaimo Regional Hospital District (NRHD) made up approximately 50% of the volume of laundry handled at the facility in 2010/11 and the request for cost sharing is for the NRHD to cost share using the 60/40 model on that 50% resulting in a cost to the NRHD of 20% of the capital equipment/projects. The Cumberland Laundry is managed by the Cumberland Regional Hospital Laundry Society and the backgrounder information indicates all major systems have been upgraded in the past three years including washers, dryers, folders, conveyors, boilers and transport trucks.

The backgrounder also provides a list of the equipment including age and planned replacement dates/dollars for the next 15 years. They indicate that efficiency initiatives have been undertaken at the facility and that their cost per pound for processing has been reduced by 6% since 2007. As well they have the capacity to process the increased poundage from the two new North Island Hospitals in their existing facilities.

It should be noted that the NRHD has provided funding for capital at the Cumberland Laundry in the past (2005) and that there was no specific resolution to discontinue the funding. The changes in the structure of the ownership and VIHA's role in operating the facility have resulted in this formalized request to ensure ongoing funding to the Cumberland Laundry based on the NRHD share of the use of the facility. This request for funding has also been forwarded to the Comox Strathcona Regional Hospital District and they have indicated their support for cost sharing in this manner.

ALTERNATIVES:

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

FINANCIAL IMPLICATIONS:

Alternative 1

There are no direct financial implications to approving this request at this time. Any request for funding related to the laundry facility would be incorporated into the regular processes the VIHA undertakes with the NRHD. The smaller capital requests would be included in the annual capital equipment and minor capital project lists, and any larger capital exceeding \$2 million would be submitted to the Board as a separate request for discussion at that time. The background information supplied regarding the planned capital replacements does not show any equipment replacements until 2022.

The 2013/14 capital equipment/project requests from VIHA include three capital project items related to the Cumberland Laundry with a total cost to the NRHD of \$21,500. Should this request not be approved at this time, staff will request that VIHA replace those items with ones in other facilities approved for funding at this time.

SUMMARY/CONCLUSIONS:

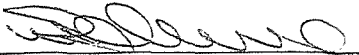
A request (Attachment A) from VIHA for cost sharing on the Cumberland Laundry was discussed at the November 27, 2012 meeting of the Regional Hospital District Select Committee. At that time Committee members requested additional information regarding the Laundry's operations and capital plans. VIHA has provided this information in the Cumberland Regional Hospital Laundry Society Backgrounder document included as Attachment B.

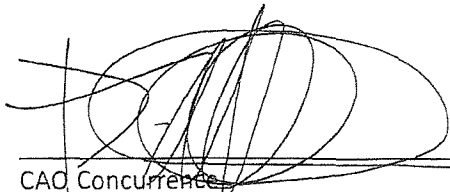
Funding was previously provided to the Cumberland Laundry facility by the Nanaimo Regional Hospital District as late as 2005, and there was no specific resolution to discontinue the funding. The changes in the structure of the ownership and VIHA's role in operating the facility have resulted in this formalized request to ensure ongoing funding to the Cumberland Laundry based on the NRHD share of the use of the facility.

Staff recommend that capital equipment and project costs related to the Cumberland Laundry be approved for funding and that the usage be reviewed every three years for the allocation of cost sharing given the development of new facilities such as the two new North Island Hospitals.

RECOMMENDATIONS:

1. That capital equipment and project costs for the Cumberland Laundry be approved for funding by the Nanaimo Regional Hospital District based on the percentage share of the volume of laundry processed from Nanaimo Regional Hospital District facilities.
2. That the Nanaimo Regional Hospital District request that the percentage share of the volume of laundry be reviewed every three years for redistribution of the share of costs as required.


Report Writer


CAO Concurrence



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

June 12, 2012

Ref # 13515

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

Dear Ms. Avery:

Re: Request for NRHD Cost-Sharing on Cumberland Laundry Capital Equipment and Projects

In 1995, Nanaimo Regional General Hospital, St. Joseph's General Hospital and Campbell River & District General Hospital formed the Cumberland Regional Hospital Laundry Society (non profit) and purchased the Cumberland Laundry facility. Since that time a number of changes have occurred in the structure of delivering health care services in the Province, one of which is that the Cumberland Laundry facility is now owned and operated by the Vancouver Island Health Authority (VIHA).

As the Cumberland Laundry is not located within a hospital building there has been some uncertainty regarding approaching Regional Hospital Districts on Vancouver Island for funding capital equipment and other capital improvements. VIHA would like to take this opportunity to clarify that it is the sole owner and operator of the facility and wishes to include capital equipment and improvements for the facility as part of its future requests for capital funding.

Health Care facilities located within the Nanaimo Regional Hospital District (NRHD) make up approximately 50% of the volume of laundry as follows:

2010-2011 volumes

NRGH	44.5%
Eagle Park Lodge	2.5%
Trillium Lodge	<u>2.8%</u>
	49.8%
Comox Valley	40.6%
Other VIHA facilities	<u>9.6%</u> (addictions/mental health residential facilities)
	<u>100.0%</u>

As with other cost shared items VIHA proposes to include 50% of eligible capital costs for the Cumberland Laundry on its NRHD capital grant request, with cost sharing following the 60/40 model. This would result in the NRHD cost sharing at 20% in capital for this facility.

.../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

We would also like to advise you that a similar request has been forwarded to the Comox-Strathcona Regional Hospital District and they have indicated to us that they support cost sharing in the same manner as proposed for the NRHD.

As with all of its capital requests VIHA will prioritize laundry facility needs along with all other capital needs in the NRHD service area.

We hope this clarification is helpful and respectfully request confirmation that the NRHD will support inclusion of Cumberland laundry capital items for capital cost sharing purposes.

Sincerely,

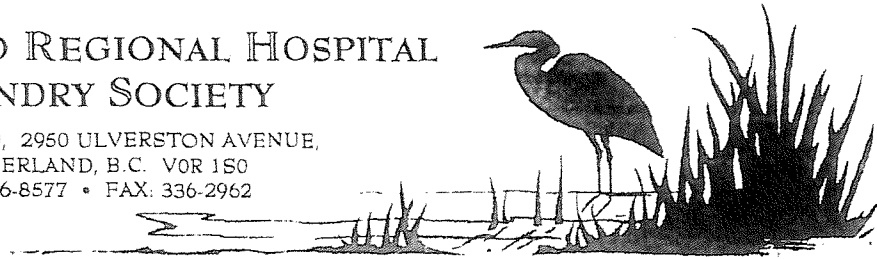
A handwritten signature in cursive script that reads "Chris Sullivan".

Chris Sullivan
Director, Capital Planning

cc: Kevin Daniel, Manager, Capital Planning
Carol Botrakoff, Manager, Capital Finance and Treasury

CUMBERLAND REGIONAL HOSPITAL LAUNDRY SOCIETY

P.O. BOX 490, 2950 ULVERSTON AVENUE,
CUMBERLAND, B.C. V0R 1S0
PH: 336-8577 • FAX: 336-2962



BACKGROUNDER

CUMBERLAND REGIONAL HOSPITAL LAUNDRY SOCIETY

- The Laundry was opened in 1990 by K-Bro Linen, an Alberta based private company.
- In 1995, Nanaimo Regional General Hospital, Campbell River Hospital and St. Joseph's General Hospital in Comox formed the Cumberland Regional Hospital Laundry Society (CRHLS) to purchase the laundry facilities from K-Bro Linen. At that time laundry costs were averaging 82.0 cents per pound.
- The laundry is currently jointly owned by VIHA and SJGH, and managed by the CRHLS.
- The average cost per pound last year was 64.46 cents per pound including the cost of capital. The cost per pound has been reduced by 4.32 cents (6%) since 2007.
- The per-pound cost and efficiency metrics are favorable compared to other public and private sector laundries.
- The laundry operates 7 days per week on a single shift, 356 days per year and currently processes 6.2 million pounds of linens annually.
- The laundry is maintained by an in-house crew of engineers. All work outside their scope is completed by qualified contractors. The building fabric of the facility is kept up to date and all critical systems (HVAC, Electrical, gas, water filtering, heat exchange and boilers) are well maintained and operating efficiently.
- All major systems have been upgraded within the past three years. This includes washers, dryers, folders, conveyors, boilers and transport trucks.

THE FACILITY

- The facility is 15,960 square feet in size; this includes the maintenance shops, boiler room, soiled sorting area, clean linen processing area and offices.
- The equipment includes an 8 module, 150 pounds per module, Milnor tunnel washer with double stack conveyor and load cell conveyor for loading soiled linen. Five gas fired Milnor batch dryers, two 100 pound capacity washer extractors with gas dryers.
- Two large gas fired boilers.
- Hot water filter and heat recovery system.
- Natural gas connection.

OPERATIONS

- Laundry owned standardized flat linen processing.
- Hospital owned scrubs and OR linen processing.
- Separate OR Linen and Specialty items processing area.
- Bulk delivery to loading dock.
- Individual ward cart make up for some extended care facilities.
- Overhead gravity feed system for clean linen processing.
- Three delivery trucks with 32' long trailers covering three routes;
 - 1) West Coast/Port Alberni
 - 2) Comox Valley / Campbell River
 - 3) Nanaimo for a combined total of 1,056 km/day, 375,000 km/year.
- Disaster plan response capability.
- 47.5 FTE's = 65 employees.

CUSTOMERS

- Campbell River General Hospital
- St. Joseph's General Hospital, Comox
- Nanaimo Regional General Hospital
- West Coast General Hospital (Port Alberni)
- Clearview Detox, Nanaimo
- Cumberland Intermediate Care, Cumberland
- Dufferin Place, Nanaimo
- Eagle Park, Qualicum
- Glacier View Lodge, Courtenay
- Trillium Lodge, Parksville
- Wexford Creek, Nanaimo
- Yuculta Lodge, Campbell River
- Comox Medical Clinic, Comox
- Comox Physiotherapy Clinic, Comox
- Courtenay Medical Clinic, Courtenay
- Cumberland Health Centre, Cumberland
- Comox Fire Department, Comox
- Courtenay Fire Department, Courtenay
- Cumberland Volunteer Fire Department, Cumberland
- Denman Island Volunteer Fire Department, Denman Island
- Union Bay Volunteer Fire Department, Union Bay

GREEN INITIATIVES

- Hydrogen Peroxide bleach; environmentally friendly as it decomposes into water.
- Phosphate free soaps and detergents
- Water re-use system for the tunnel washer which uses .75 of a gallon of water per pound of linen vs. 3.5 gallons per pound used by open pocket washers.
- The tunnel washer uses less electricity than conventional washers because it has a number of small motors instead of large multi phase motors.
- The dryers use less natural gas as they have sensors which detect when the loads are dry.
- The laundry reclaims heat from waste water through the use of a Sofame heat exchange system. This also cools outgoing water and removes lint and debris from the outgoing waste water which has a positive impact on the environment.
- The load cell conveyor in the washer loading area allows each load to be weighed before being washed. This ensures that no undersized loads are processed. Undersized loads are inefficient because they use the same amount of water and chemicals and energy as a properly sized load.
- Energy efficient 2011 Kenworth diesel trucks were purchased in 2010. These use 10% less fuel than the trucks they replaced.
- Since 2009 the combined energy initiatives at the Cumberland Laundry have reduced the carbon footprint by 220 tonnes of CO₂ (green house gas) per year. Combined with our increased poundage this is the equivalent of taking 44 midsized cars off the road every year.
- Since 2009 the laundry has reduced electricity use by 7.53% and Natural Gas use by 26.16% through the acquisition of energy efficient equipment and changes in our processes.

ERGONOMIC SAFETY INITIATIVES

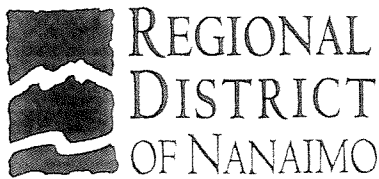
- Cart dumper, bag-less system for soiled linen collection. (Eliminated lifting of linen bags)
- Washer loading system (Eliminated sling loading of washers)
- Dryer conveyor loader. (Eliminated sling loading of dryers)
- Cart washer (Eliminated hand washing of carts)
- Sheet picker and feeder combination (Reduced pulling of tangled sheets)
- Small Piece folders (Reduced hand folding)
- Clean side conveyor (Eliminated moving carts)
- Small piece folder "bridge" system moves linen onto conveyors (Eliminated lifting of stacked linens)
- All folding tables are height adjustable for workers of varying heights.

EQUIPMENT

Equipment	Vintage	Replacement	Replacement cost (2012 dollars)
Cross Folder	2001	2022	70,000
Blanket Folder	2004	2024	100,000
Sheet Picker	2005	2020	95,000
Milnor Tunnel Washer	2009	2029	950,000
Milnor Dryer System	2009	2029	340,000
Soiled Sort System	2009	2024	50,000
Cleaver Brooks Boiler	2011	2031	65,000
Small Piece Folders	2012	2032	150,000
Small Washer Dryer System	2012	2032	115,000
Clean Side Conveyors	2012	2032	35,000
Bridge System	2012	2027	24,000

THE FUTURE

- The laundry is well positioned for future growth and has the capacity to process 8.5 million pounds on a single shift as currently worked. This will enable the laundry to process the increased poundage from the two new North Island Hospitals.
- The HVAC systems are operating well however there is no air conditioning in the production areas of the laundry. An air conditioning system would cost \$78,000 to install at 2012 dollars.



MEMORANDUM
NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 18, 2013

FROM: Wendy Idema
Director of Finance

SUBJECT: Request for Approval of 2013/2014 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:

Based on the provisional budget approval from November 2012, the Nanaimo Regional Hospital District (NRHD) will provide \$3,444,057 to assist the Vancouver Island Health Authority (VIHA) with the purchase of minor capital equipment items and to undertake smaller capital projects. The attached letter and equipment/project lists provide details on the requested allocation of the funding by VIHA as well as preliminary funding requests for two larger capital projects.

The first attachment covers minor capital equipment. VIHA expects to spend \$4,722,854 in 2013/14 and is requesting cost sharing from the NRHD at 29% (some items are not cost shared) in the amount of \$1,352,243. 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 \$5,417,290 in 2013/14 and is requesting cost sharing from the NRHD at 39% in the amount of \$2,091,814. Of this \$911,509 is related to ongoing projects approved for multi-year funding last year. Combined with the capital equipment list the total requested for 2013/14 is \$3,444,057 which matches the 2013 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 NRHD's share of the future project funding at this time. This will allow staff to track these approvals against future years' annual funding envelopes. The approval for 2014/15 capital improvement projects would be approximately 40% of the \$2,337,244 identified, an amount of \$934,900.

VIHA has also included information in their letter regarding two larger capital projects (greater than \$2 million) for a replacement MRI at Nanaimo Regional General Hospital (NRGH) (\$2.5 million current estimate), and to complete two shelled-in operating rooms at the NRGH (\$3.0 million current estimate).

These were first identified last year in the 2012/13 funding requests and have been incorporated into the 2013-2017 financial plan for the NRHD in order to ensure funding is available should the Board approve the projects when the final costing is completed and VIHA provides the final request for funding.

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 2013 annual budget. All of the items appear appropriate and staff recommend approving the lists as provided.

The capital improvement projects list shows several projects which will be undertaken over 2013 to 2015 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 2014/15 will not be finalized until March 2014, 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 \$934,900 being approved in advance for 2014/2015 for minor capital improvement projects.

VIHA staff advise that final Provincial funding has not been approved for 2013/14 at this time and there may be some need to revise the capital project list and the timing of those projects. Should this result in unallocated funding for the NRHD in the 2013 year, staff will provide the Board with additional information regarding reallocation of the funds to other projects or to the 2014 year.

SUMMARY/CONCLUSIONS:


The 2013 budget includes a capital funding envelope of \$3,444,057 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 2013/14 and staff recommend approving the lists as presented.

Additionally staff recommend a resolution authorizing the funding for several capital improvement projects which will be completed between 2013 to 2015. The 2014/2015 project value is \$934,900. This amount will be incorporated in the 2014/15 requests by VIHA.

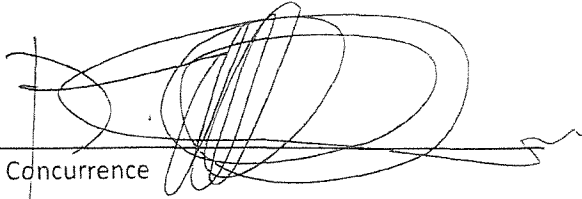
RECOMMENDATIONS:

1. That the 2013/2014 list of capital equipment purchases with Regional Hospital District cost sharing in the amount of \$1,352,243 be approved.
2. That the 2013/2014 list of capital improvement projects with Regional Hospital District cost sharing in the amount of \$2,091,814 be approved.

- 3. That cost sharing for 2014/15 for capital improvement projects shown on the 2013/2014 list in the amount of \$934,900 be approved.



Report Writer



CAO Concurrency



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

February 1, 2013

Ref: 14149

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

Dear Wendy Idema:

Re: 2013/14 Capital Projects and Equipment

I am writing to advise you of the Vancouver Island Health Authority (VIHA) 2013/14 Capital Plan for which NRHD funding is requested.

I understand the NRHD has provisionally approved a 2013 allocation of \$3,444,057 for cost-sharing minor capital project and equipment expenditures. VIHA proposes to use the NRHD funding allocation as described in the attached minor capital project and equipment lists as summarized in the table below.

2013 NRHD Allocation

Provisional Funding	\$3,444,057
Less Minor Capital Projects	(2,091,814)
Less Equipment	(1,352,243)
Unallocated Funding	\$0

Magnetic Resonance Imaging (MRI) Replacement

As mentioned in last year's funding request letter, VIHA is planning for a replacement MRI at Nanaimo Regional General Hospital (NRGH) which is a major equipment item estimated at \$2.5 million. Planning work continues; once that step is complete and a more accurate costing has been done, VIHA will be requesting 40% cost-sharing consideration from the NRHD.

Completion of Shelled-In Operating Rooms

Also mentioned in last year's funding request letter, as a major project, was the completion of two shelled-in operating rooms at NRGH. The order of magnitude cost estimate for this project is \$3.0 million. VIHA will have a more accurate costing once further planning and design work has been completed, after which VIHA will be requesting 40% cost-sharing consideration of this project from the NRHD.

Executive Office

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 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,



Chris Sullivan
Director, Capital Planning

Attachments

cc: Carol Botrakoff, Manager, Capital Finance and Treasury

VANCOUVER ISLAND HEALTH AUTHORITY
2013/14 RECOMMENDED APPROVED CAPITAL EQUIPMENT - NANAIMO REGIONAL HOSPITAL DISTRICT

<u>Site</u>	<u>Dept</u>	<u>Control #</u>	<u>Description</u>	<u>Budget</u>	<u>New / Replace</u>
NRGH	Lab Medicine - Chemistry	9068	Automated Random Access Immunoassy Analyzer	235,700	R
NRGH	Food Services	9451	Flight Style Dishmachine with Waste Pulper and Tray Stripping Line	423,159	R
NRGH	Medication Safety	9498	PentaPack Solid Unit Dose	263,645	N
NRGH	Medication Safety	9499	PentaPack Liquid Unit Dose	263,645	N
NRGH	Various depts		Automated Dispensing Cabinet	1,519,420	N
NRGH	Intensive Care Unit	8018	Bedside Portable Ultrasound with 3 probes and 3 outlets cart	48,533	R
NRGH	Intensive Care Unit	8065	Modules For Hill Rom Beds	65,307	N
NRGH	Rehabilitation Services	9040	Videoconference Equipment	14,021	R
NRGH	Rehabilitation Services	9042	Bioness System - Hand and Leg - Right and Left	35,812	R
NRGH	Neurosciences	9044	Electric Exam/Testing Bed	17,256	R
NRGH	Operating Room	8165	Wolf Continuous Flow Ureteroscopes	77,652	R
NRGH	Operating Room (Urology)	9545	Rigid Nephroscope	10,246	R
NRGH	Operating Room	8143	Mastoid Drill	33,536	R
NRGH	Operating Room	8147	Sinoscopy Sets	77,201	R
NRGH	Operating Room	8152	Stryker Eye Stretcher	8,628	R
NRGH	Operating Room / Ophthalmology	8153	Ophthalmology Sets (Multiple)	53,925	R
NRGH	Operating Room	8154	Cast Saw & Vacuum	5,932	R
NRGH	Operating Room	8155	IGS Sets	43,140	R
NRGH	Operating Room / Anaesthesia	8156	Force Triad Ligasure Machine	43,140	R
NRGH	Operating Room	8157	Laser Laryngeal Sets	40,983	R
NRGH	Operating Room	8158	House Otology Set	31,277	R
NRGH	Operating Room	8161	Tonsil Sets	43,140	R
NRGH	Floor 3	9024	Portable Cardiac Monitors	50,690	N
NRGH	Post Surgical Services	7319	Colonoscopes	39,924	N
NRGH	Floor 3	8015	Hover Mat & Jack	10,267	N
NRGH	Post Surgical Services	7326	Cath Ultrasound	43,333	N
NRGH	Endoscopy	7321	Electronic Reporting Software	28,796	N
NRGH	Pharmacy	9085	Healthmark MPI Autoprint II: Oral Solid dose tabletop packager - with oral solid feeder	31,729	R
NRGH	Pharmacy	9086	Medical Grade Pharmaceutical Fridges	11,110	R
NRGH	Lab Medicine-Transfusion Medicine	8703	Plasma Freezer	15,099	R
NRGH	Lab Medicine-Transfusion Medicine	7089	Cell Washer	12,834	R
NRGH	Lab Medicine- Chemistry	9101	Airfuge	24,806	R

ATTACHMENT B

NRGH	Lab Medicine-Hematology	8314	Hematology Analyser	101,379	R
NRGH	Lab Medicine-Histology	8716	Slide Stainer	55,004	R
NRGH	Lab Medicine-Microbiology	9099	Ultra-Low Freezer	12,834	R
NRGH	Lab Medicine-Histology	8704	Tissue Processor	88,437	R
NRGH	Lab Medicine-Histology	9104	Custom Autopsy Table	8,358	R
NRGH	Lab Medicine-Histology	9105	Gurney - Bariatric	9,167	R
NRGH	Lab Medicine-Histology	8255	Cryostat	42,622	R
NRGH	Lab Medicine-Histology	9111	Refrigerator - Reagent Grade, Explosion Proof	5,804	R
NRGH	Medical Imaging	9133	Automatic BP Pumps	24,074	N
NRGH	Floor 5 - Medicine	9470	Integration Medication Cart	21,107	N
NRGH	Medicine - AICU/RTS	7670	Portable Bronchoscope	11,715	N
NRGH	Medicine	9478	Vacuum Assisted Wound Closure Machine	28,734	N
NRGH	Floor 4 & 5 - Medicine	9489	TheraKair Mattresses (air flow)	23,080	N
NRGH	Medicine	9490	Bariatric Stretcher	10,138	N
NRGH	Medicine	9491	Electronic Scale Sitting (and standing)	6,983	N
NRGH	Renal Unit	9250	Hovermat/HoverJack	9,698	N
NRGH	Renal Unit	9254	Portable Bladder Scan	21,651	N
NRGH	Mental Health inpatient unit	9445	1 Thymatron System IV Electroconvulsive Therapy Instrument	18,948	R
NRGH	Perinatal Unit	8578	Fetal Monitors	69,240	R
NRGH	Protection Services	9459	Duress/Panic Alarm Equipment	61,475	R
NRGH	Biomedical Engineering	9567	Infusion Pump Tester	9,167	R
NRGH	Facilities Maintenance Operations	8648	Diesel Fuel Polisher for Emergency Generators	18,874	N
NRGH	Various		Medication Refrigeration Unit	134,813	N
NRGH	Neurosciences	9046	Electromyography/Nerve Conduction Velocity Equipment	61,048	R
NRGH	Pain Clinic	9023	Portable Lead Shields	6,202	N
NRGH	Floor 3 & 6	9026	Hill-Rom VersaCare P500 Beds	48,533	N
NRGH	Lab Medicine-Histology	8698 & 8698a	Microtome	86,665	R
NRGH	Emergency / Trauma	9248	Stretchers	72,481	R
NRGH	Medication Safety	9503	MPI autoprint device	30,737	N
Total Equipment Approved for NRHD				<u>4,722,854</u>	100%
Total Possible Cost Sharing by NRHD				<u>1,889,142</u>	40%
NRHD Equipment Funding				<u>1,352,243</u>	29%

VIIIA 2013/14: Minor Capital Projects Nanaimo Regional Hospital District: \$5000 - \$1.5M

Previously Approved Projects				Total Project Cost	Previous Cashflow	Indicates Cost Sharing			Total Annual Cashflow	
File #	Portfolio	Project Name	Site			Cashflow 2013/14	2013/14 VIIIA	2013/14 RHD	2014/15	2015/16
3168	FMO	Replacement of Sewer Stacks and Water Lines	NRGH	\$750,000	\$525,000	\$225,000	\$135,000	\$90,000		
3899	FMO	Flooring Replacement	NRGH	\$1,100,000	\$733,333	\$366,667	\$220,000	\$146,667		
3984	E	Pediatric Unit Mental Health Adaptive Room	NRGH	\$257,500	\$128,750	\$128,750	\$77,250	\$51,500		
4241	A	Endo Suite Upgrade	NRGH	\$350,000	\$175,000	\$175,000	\$105,000	\$70,000		
4239	A	Medication Room and Optimization of ICU/RT Space	NRGH	\$600,000	\$120,000	\$480,000	\$288,000	\$192,000		
1270	OSS	Upgrade Cafeteria	NRGH	\$281,190	\$140,595	\$140,595	\$84,357	\$56,238		
4275	FMO	Sustainable Energy System Phase I	NRGH	\$250,000	\$217,239	\$32,761	\$19,657	\$13,104		
4281	FMO	Hazardous Materials Remediation	NRGH	\$420,000	\$200,000	\$220,000	\$132,000	\$88,000		
4282	FMO	Repair Building Fabric and Finishes	Various Sites	\$140,000	\$70,000	\$70,000	\$42,000	\$28,000		
4270	FMO	Replacement of Nurse Call System and Wiring	NRGH	\$540,000	\$100,000	\$440,000	\$264,000	\$176,000		
TOTAL PREVIOUSLY APPROVED PROJECTS				\$4,688,690	\$2,409,917	\$2,278,773	\$1,367,264	\$911,509		

2013/14 Recommended Committee Approvals				Total Project Cost	Previous Cashflow	Indicates Cost Sharing			Total Annual Cashflow	
File #	Portfolio	Project Name	Site			Cashflow 2013/14	2013/14 VIIIA	2013/14 RHD	2014/15	2015/16
4663	FMO	Electrical Substations - Schematic Design	NRGH	\$172,000		\$172,000	\$103,200	\$68,800		
4485	FMO	Rehab Mechanical Room Electrical Upgrade	NRGH	\$110,000		\$110,000	\$66,000	\$44,000		
4664	FMO	Fire Sprinkler Upgrade	Trillium Lodge	\$400,000		\$400,000	\$240,000	\$160,000		
3685	FMO	Hazardous Material Remediation	Wentworth	\$400,000		\$187,756	\$187,756	\$0	\$212,244	
4335	FMO	Energy System Optimization	Dufferin Place	\$55,000		\$55,000	\$33,000	\$22,000		
4487	FMO	Replace Old Manual transfer Switches in Kitchen	NRGH	\$20,000		\$20,000	\$12,000	\$8,000		
4488	FMO	Auto Sliding Door in Stores Area	NRGH	\$15,000		\$15,000	\$9,000	\$6,000		
4294	FMO	Replace Supply Air Fan	NRGH	\$650,000		\$650,000	\$390,000	\$260,000		
4490	FMO	Replace Main Air Conditioner	Trillium Lodge	\$100,000		\$100,000	\$60,000	\$40,000		
4533	OSS	Equipment Depot	NRGH	\$1,000,000		\$1,000,000	\$600,000	\$400,000		
4449	QPS	Pharmacy Unit Dose Hub System (Med Safety)	NRGH	\$1,000,000		\$200,000	\$120,000	\$80,000	\$800,000	
4470	C	Create Additional Patient Care Capacity	NRGH	\$1,500,000		\$175,000	\$105,000	\$70,000	\$1,325,000	
4539	Cumb Laundry	Fire Monitoring and Suppression System	Cumb Laundry	\$30,822		\$15,411	\$9,247	\$6,164		
4540	Cumb Laundry	Heating System Replacement	Cumb Laundry	\$18,000		\$9,000	\$5,400	\$3,600		
4541	Cumb Laundry	Lighting Upgrade	Cumb Laundry	\$58,700		\$29,350	\$17,610	\$11,740		
TOTAL 2013/14 APPROVALS				\$5,529,522	\$0	\$3,138,517	\$1,958,213	\$1,180,304	\$2,337,244	\$0

TOTAL 2013/14 CAPITAL PROJECTS \$10,218,712 \$2,409,917 \$5,417,290 \$3,325,476 \$2,091,814 \$2,337,244 \$0

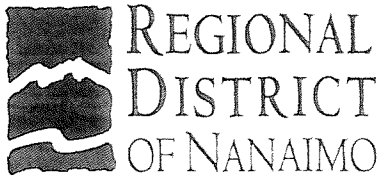
* Project may not be able to proceed in 2013/14 due to space and/or timing issues

** 4539, 4540, 4541 - Cumberland Laundry project RHD contribution portions split between NRHD and CSRIID

↓
NRHD Share @
40% = \$434,900

2013/14 Priority Projects Beyond Funding Availability

File #	Portfolio	Project Name	Site	Total Project Cost
2767	A	Create Multidisciplinary Pain Clinic	NRGH	\$2,447,478
3695	A	Cardiac Respiratory Rehab & Heart Clinic	NRGH	
3437	C	Replace Tub Room with Clean Storage - 4th Floor	NRGH	\$50,000
4462	D	Reno Eastwood Nursing Station Med Room	Trillium Lodge	\$75,000
4491	FMO	Roofing	NRGH	\$550,000
4495	FMO	Fuel Polishing System	NRGH	\$70,000
4496	FMO	Boiler Replacement	Eagle Park	\$150,000
4498	FMO	Biomed Space Expansion	NRGH	\$800,000
4500	FMO	Replace Chiller with Heat Recovery	NRGH	\$615,000
4502	FMO	Electrical Upgrade	Eagle Park	\$60,000
4506	FMO	Replace Main Building Chiller with HE Model	NRGH	\$400,000
3349	FMO	Add Heat/Cooling Recovery to AHU1	Eagle Park	\$143,407
4508	FMO	Extend Heat Recovery Systems to Boiler Room	NRGH	\$300,000
4509	FMO	Repair Building Fabric and Finish in Pt Room	Dufferin Place	\$500,000
4510	FMO	Bulk Oxygen Storage Compound	NRGH	\$225,000
4512	FMO	Repair Plumbing Leaks	Trillium Lodge	\$15,000
4514	FMO	Replace Wandering Security System	Dufferin Place	\$40,000
4515	FMO	HVAC Upgrade	NRGH	\$200,000
4516	FMO	Exhaust Air Recovery Using Glycol Loop	NRGH	\$300,000
3755	OSS	Walk in Fridge Expansion and Replacement	Eagle Park	\$190,000



MEMORANDUM
NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 19, 2013

FROM: Wendy Idema
Director of Finance

FILE:

SUBJECT: Oceanside Health Centre Request for Additional Funding

PURPOSE:

To introduce a request from the Vancouver Island Health Authority for additional funding related to cost pressures experienced with the construction of the Oceanside Health Centre.

BACKGROUND:

At its meeting held March 27, 2012 the Nanaimo Regional Hospital District (NRHD) Board approved 40% cost sharing in the Oceanside Health Centre on a total project budget of \$15.8 million. Additionally, borrowing authority was approved under Bylaw No. 154 up to \$6,316,000 for this 40% share. Since that time the Vancouver Island Health Authority (VIHA) has had to make changes to the project plan resulting in unanticipated costs pressures as detailed in the attached letter.

The cost pressures incurred relate to three items. The first item is for the cost of improvements and equipment related to a change in the plan for the x-ray facility at the Centre. The original plan was for Parkville X-Ray to relocate to the Health Centre; however, VIHA is now purchasing the business. This results in net increased costs of \$499,474.

The second item relates to road access into the Centre and the addition of an entrance from the Alberni Highway resulting in additional costs of \$450,000.

The final cost pressure of \$99,356 is a result of development and rezoning costs for a lot VIHA needed to purchase adjacent to the Alberni Highway after the original project was planned.

With the addition of these costs, the total project budget including net taxes is now increased by \$1,088,581 and VIHA is requesting the NRHD to cost share at 40% to an amount of \$435,432 in additional funding. The Regional Hospital District's entire share of the project if this additional funding is approved would be \$6,753,378.

ALTERNATIVES:

1. Approve additional cost sharing for the Oceanside Health Centre in the amount of \$435,432.
2. Do not approve additional cost sharing.

FINANCIAL IMPLICATIONS:

Alternative 1:

Staff have reviewed this request for funding as a part of the 2013 budget review and the 2013-2017 financial forecast analysis for the Hospital District and believe the funding can be provided without increasing the borrowing authority through the use of surplus funds. Actual results for 2012 include a \$337,000 surplus payout from the Municipal Finance Authority related to the retirement of previous long-term debt issues as well as other reduced financing costs and some additional revenues which can be allocated to this project.

The additional funding for the Oceanside Health Centre in the amount of \$435,432 has been incorporated into the 2013 budget at this time as a use of surplus funds. If the funds were to be obtained through additional borrowing instead, it would result in an increase of approximately \$32,000 per year in debt servicing costs based on 20 year borrowing.

Alternative 2

Should the Board recommend against this increased funding to the Oceanside Health Centre project, staff will remove the \$435,432 allocation of these funds to the project in the 2013 budget and will recommend an alternative use of the funds either towards current year grant costs or to reduce borrowing on other capital projects.

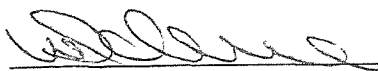
SUMMARY/CONCLUSIONS:

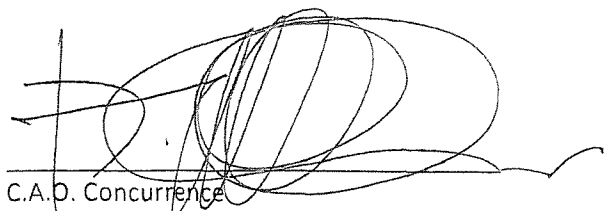
At its meeting held March 27, 2012 the Nanaimo Regional Hospital District (NRHD) Board approved 40% cost sharing in the Oceanside Health Centre on a total project budget of \$15.8 million. Additionally, borrowing authority was approved under Bylaw No. 154 up to \$6,316,000 for this 40% share. Since that time, the Vancouver Island Health Authority (VIHA) has had to make changes to the project plan resulting in unanticipated costs pressures as detailed in the attached letter.

With the addition of these costs, the total project budget including net taxes is now increased by \$1,033,581 and VIHA is requesting NRHD additional cost sharing at 40% to an amount of \$435,432. The Regional Hospital District's entire share of the project, if this additional funding is approved, would be \$6,753,378.

RECOMMENDATIONS:

1. That the request from the Vancouver Island Health Authority for additional funding towards the Oceanside Health Centre in the amount of \$435,432 be approved.
2. That the additional funding in the amount of \$435,432 for the Oceanside Health Centre be incorporated into the 2013 budget for the Nanaimo Regional Hospital District using surplus funds available.


Report Writer


C.A.O. Concurrence



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

February 1, 2013

Ref: 14151

Wendy Idema
Director of Finance
Nanaimo Regional Hospital District
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Dear Wendy Idema:

Re: Oceanside Health Centre – Budget Adjustment

I am writing in regards to a budget adjustment to the Oceanside Health Centre (OHC) project. The Vancouver Island Health Authority (VIHA) is requesting Nanaimo Regional Hospital District (NRHD) approval of an additional \$435,432 to address cost pressures.

The OHC project was approved for \$15,794,866 and includes the following funding sources:

- VIHA – \$9,476,920; and
- NRHD – \$6,317,946.

The OHC project is facing cost pressures of \$1,088,581 related to the following elements:

1. Unanticipated cost of improvements and equipment related to VIHA's purchase of Parksville X-Ray. When VIHA bought the business instead of having the existing provider relocate, it meant VIHA had to cover the costs of improvements in the medical imaging area and the purchase of equipment (x-ray machine that can't be moved). Net increased cost for this pressure is \$499,474.
2. Unanticipated costs related to improvements and road connections at the Despard/Moilliet entrance to the OHC (Trillium Lodge entrance), and the decision to proceed with a new Alberni Highway entrance. Improvements are related to work required by the City of Parksville and Ministry of Transportation. Net additional cost of this is \$450,000.
3. Unanticipated costs related to the development and rezoning of a lot VIHA purchased on the site adjacent to the Alberni Highway. In order to keep the project on schedule VIHA proceeded with planning/rezoning without the newly-purchased lot. The lot was added to the planning/rezoning process later, resulting in increased costs for design, planning and development cost charges. The increased cost for this pressure is \$99,356.
4. The additional net tax after rebate for the above pressures is \$39,751.

... 2

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mailing address: 1952 Bay Street, Victoria, BC Canada V8R 1J8

Efforts have been made to mitigate the cost pressures including refining design and minimizing the extent of improvements. To further reduce the cost pressure would result in a change to the project scope.

VIHA is requesting funding from the NRHD to cover 40% of the additional costs. This would increase the NRHD contribution to \$6,753,378.

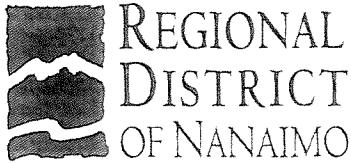
Please call me at (250) 370-8912 if you have any questions. Thank you for your support.

Yours truly,

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

Chris Sullivan
Director, Capital Planning

cc: Sheila Cruikshank, Director, Community Integration and Service Development



MEMORANDUM
NANAIMO REGIONAL HOSPITAL DISTRICT
SELECT COMMITTEE

TO: Paul Thorkelsson
Chief Administrative Officer

DATE: February 19, 2013

FROM: Wendy Idema
Director of Finance

FILE:

SUBJECT: Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155

PURPOSE:

To introduce a bylaw to adopt the 2013 annual budget for the Nanaimo Regional Hospital District.

BACKGROUND:

The Nanaimo Regional Hospital District (NRHD) provisional budget was approved in November 2012 with the following elements:

Property tax requisition – 3% increase over 2012	\$ 6,745,733
Capital grant allowance	\$ 3,444,057

Since that time, revised information regarding capital projects, the timing of borrowing, as well as 2012 actual results have been incorporated into a revised budget with a current tax requisition of \$6,712,985, an increase of 2.5% over 2012. This is a decrease from the estimated 3% requisition increase projected in November and is 1.5% lower than the projected 4% increase used in the 2012-2016 estimates.

ALTERNATIVES:

1. Introduce and approve Bylaw No. 155 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 2.0% to 3.0%. 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 the Vancouver Island Health Authority (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 returned to its historic value of approximately \$3.4 million with an assumption that the grant is adjusted approximately 2% per year thereafter.

One other addition to the revised budget is the application of surplus funds to the Oceanside Health Centre related to VIHA's request for \$435,435 in additional funding for the project. Surplus funds from 2012 are being allocated to this request pending Board approval.

The plan also incorporates future debt servicing costs for capital projects greater than \$2 million but less than \$5 million that VIHA has provided preliminary information on, including the replacement MRI and the shelled in operating room projects that VIHA intends to proceed with formal funding requests for later in 2013. Allowances are made in the plan for future capital projects such as these; however, funding for major capital projects such as the Energy Plant Upgrade is not included at this time because VIHA is still working with the Province to prioritize and review project options. When it becomes necessary to consider major capital for inclusion in the plan, staff will provide the information to the Board with related tax requisition impacts.

There is a projected surplus at the end of 2013 of \$2.9 million. This amount is the result of accumulating funds in advance for the annual capital grant funding provided to VIHA and it is not available for other purposes. This occurs because the funding is only transferred to VIHA as they complete the work.

SUMMARY/CONCLUSIONS:

The 2013 Regional Hospital District annual budget raises \$6.7 million in property tax revenues – an increase of 2.5% over 2012. This is a decrease of 0.5% from the provisional budget.

The 2013 budget provides \$3.44 million as direct capital grants to assist the Vancouver Island Health Authority to replace minor capital equipment and/or to undertake minor improvement projects. Staff recommend approving Bylaw No. 155 as presented.


RECOMMENDATIONS:

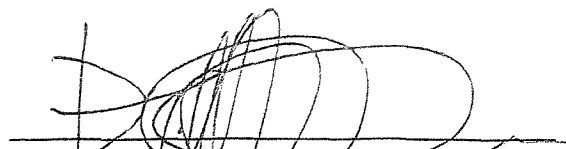
1. That the 2013 Regional Hospital District annual budget be approved with the following components:

Property tax requisition	\$ 6,712,985
Capital grant allowance	\$ 3,444,055
Major capital project funding (Oceanside Health Centre) additional from surplus	\$ 435,435

2. That "Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013" be introduced and read three times.

3. That "Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No. 155, 2013" be adopted.


Report Writer


Chief Administrative Officer

NANAIMO REGIONAL HOSPITAL DISTRICT
BUDGET PROJECTIONS
2013 to 2017

	2012 Approved Budget	2012 Actuals	2013 Proposed Feb 2013	2014 Proposed Feb 2013	2015 Proposed Feb 2013	2016 Proposed Feb 2013	2017 Proposed Feb 2013
Current Projection	2.0%		2.5%	3.0%	2.0%	2.0%	2.0%
Revenues							
Property taxes	6,549,255	6,549,255	6,712,986	6,914,376	7,052,663	7,193,717	7,337,591
Grants in lieu	26,000	32,585	28,000	28,000	28,000	28,000	28,000
Interest income	35,000	69,815	40,000	40,000	40,000	40,000	40,000
Other revenue		336,760					
Transfer from reserves							
Prior year surplus applied	2,211,080	2,211,085	2,896,955	2,866,962	2,859,685	2,853,587	2,900,193
	8,821,335	9,199,500	9,677,941	9,849,338	9,980,348	10,115,304	10,305,784
Expenditures							
Administration	22,640	21,500	23,772	24,723	25,712	26,740	27,810
Debt payments	2,558,150	2,477,355	2,559,375	3,367,521	3,320,652	3,404,710	3,421,684
Debt issue expense/temp financing	333,310	159,945	348,340	84,471	97,200	128,800	92,000
Special cash flow for Phase II							
Annual capital grants (see below)	2,143,745	2,143,745	3,444,057	3,512,938	3,583,197	3,654,861	3,727,958
Annual capital grant applied to major project	1,200,000	1,200,000					
Surplus applied to capital projects	300,000	300,000	435,435				
Reserve for Future Projects					100,000		100,000
	6,557,846	6,302,546	6,810,979	6,989,654	7,126,761	7,215,111	7,369,452
Surplus for future years' expenditures	2,263,490	2,896,955	2,866,962	2,859,685	2,853,587	2,900,193	2,936,332

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 155

A BYLAW TO ADOPT A
BUDGET FOR THE YEAR 2013

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 2013 Annual Budget Bylaw No. 155, 2013".
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, 2013.

Read three times this ____ day of March, 2013.

Adopted this ____ day of March, 2013.

CHAIRPERSON

CORPORATE OFFICER

Schedule 'A' to accompany "Nanaimo Regional Hospital District 2013 Annual Budget Bylaw No.155, 2013".

Chairperson

Corporate Officer

SCHEDULE 'A'

NANAIMO REGIONAL HOSPITAL DISTRICT

2013 ANNUAL BUDGET

Property taxes	\$6,712,985
Grants in lieu	28,000
Interest income	40,000
Prior year surplus	<u>2,896,955</u>
Total Revenues	<u>\$9,677,940</u>
Administration	\$ 23,770
Debt servicing	2,559,375
Debt issuing expense	348,340
Capital grants	3,444,055
Major capital projects	<u>435,435</u>
Total expenditures	<u>\$6,810,975</u>
Net surplus for future year	<u>\$2,866,965</u>



REGIONAL
DISTRICT
OF NANAIMO

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RHD	✓	March 26
BOARD		

REGIONAL HOSPITAL DISTRICT
MEMORANDUM

TO: P. Thorkelsson
Chief Administrative Officer

DATE: March 26, 2013

FROM: J.E. Harrison
Director, Corporate Services

SUBJECT: Regional Hospital District Select Committee – Terms of Reference

PURPOSE:

To present a draft Terms of Reference for the Regional Hospital District Select Committee for the Board's consideration.

BACKGROUND:

The Regional Hospital District Select Committee has been in existence since 2005. However, it appears that formal Terms of Reference for the Committee have not been adopted for the Committee by the Regional Hospital District Board.

Staff have drafted Terms of Reference (Attachment A) based on the current structure and mandate of the Committee.

Should the Board accept the Terms of Reference as presented, staff request a motion to adopt.

RECOMMENDATION:

1. That the Terms of Reference for the Regional Hospital District Select Committee be adopted.

Report Writer

C.A.O. Concurrance

Attachment A

NANAIMO REGIONAL HOSPITAL DISTRICT

REGIONAL HOSPITAL DISTRICT SELECT COMMITTEE TERMS OF REFERENCE

(date of adoption)

PURPOSE

The Regional Hospital District Select Committee is a committee of the Nanaimo Regional Hospital District (NRHD) Board which provides advice and recommendations to the NRHD Board regarding requests for capital funding from the Vancouver Island Health Authority.

ROLES AND RESPONSIBILITIES

The Regional Hospital District Select Committee mandate is to provide political oversight for health capital related initiatives. The Committee is the forum to which staff report on Regional Hospital District initiatives.

The Committee's responsibilities are:

1. Consider staff reports on the Regional Hospital District budget and requests for capital funding from the Vancouver Island Health Authority and make recommendations to the NRHD Board including:
 - The level of taxation for the next year and the components of grant funding in the budget
 - Whether to support capital projects to secure Provincial cost sharing
 - Recommending the amount and use of annual capital grants
2. At its discretion, hear and consider public delegations on matters within the scope of its purview and, where appropriate, make recommendations to the NRHD Board arising out of such delegations.
3. Pursue matters referred to the Committee by the NRHD Board and report back to the Board expeditiously, as required.

MEMBERSHIP

- The Committee is comprised of six Directors with one Electoral Area Director from District 68, one Electoral Area Director from District 69, one Director from the Town of Qualicum Beach, one Director from the City of Parksville, one Director from the City of Nanaimo and one Director from either the City of Nanaimo or the District of Lantzville.
- The members of the Committee and the Committee Chairperson will be appointed annually by the NRHD Board Chairperson.

MEETINGS

- The Committee will meet at intervals it determines to be appropriate, in consultation with the Director of Finance, but will structure its activities to meet approximately three times per year.
- The Director of Finance will be responsible for assigning staff to support the Committee including the coordination of agendas, minutes and staff contacts for Committee members.