

NANAIMO REGIONAL HOSPITAL DISTRICT

INAUGURAL BOARD MEETING

TUESDAY, MARCH 8, 2016

7:00 PM

(RDN Board Chambers)

A G E N D A

PAGES

- 1. CALL TO ORDER**
 - 2. ELECTION OF CHAIR**
 - 3. ELECTION OF VICE CHAIR**
 - 4. DELEGATIONS**
 - 5. BOARD MINUTES**
- 4-6 Minutes of the Hospital Board meeting held Tuesday, November 10, 2015 (All Directors – One Vote).
- 6. BUSINESS ARISING FROM THE MINUTES**
 - 7. COMMUNICATIONS/CORRESPONDENCE**
- (All Directors – One Vote)
- 7-13 **MNP LLP**, re Nanaimo Regional Hospital District Audit Service Plan – December 31, 2015.
- 8. UNFINISHED BUSINESS**
- APPOINTMENT TO COMMITTEE**
- 14-15 **Regional Hospital District Select Committee Terms of Reference** (for information).
- 2016 Committee Members:*
- W. Pratt (Chair), A. McPherson, J. Stanhope, M. Lefebvre, T. Westbroek, I. Thorpe*

9. COMMISSION, ADVISORY & SELECT COMMITTEE

Regional Hospital District Select Committee

16-17 **Minutes of the Regional Hospital District Select Committee Meeting held on Tuesday, February 23, 2016** (for information) (All Directors – One Vote).

That the Minutes of the Regional Hospital District Select Committee Meeting held on Tuesday, February 23, 2016, be received for information.

18-23 **Request for Approval of 2016/2017 Capital Equipment and Minor Capital Project Lists** (All Directors – Weighted Vote).

1. *That the 2016/2017 list of minor capital improvement projects with Nanaimo Regional Hospital District cost sharing in the amount of \$1,215,802 be approved.*
2. *That the 2016/2017 list of capital equipment purchases with Nanaimo Regional Hospital District cost sharing in the amount of \$851,438 be approved.*
3. *That \$1,376,815 in unallocated annual minor capital funding from 2016/17 request be split with \$776,815 redirected to Regional Hospital District cost shared large capital projects and \$600,000 held in contingency for minor capital projects and equipment purchases.*
4. *That the \$868,435 in unallocated prior year minor capital funding be reallocated to the NRGH Electrical Energy Plant Upgrade project.*

24-29 **Nanaimo Regional Hospital District Bylaw No. 162 - 2016 Proposed Budget**

All Directors – Weighted Vote

1. *That the 2016 Regional Hospital District budget be approved with the following components:*

| | |
|--|---------------------|
| <i>Property tax requisition</i> | <i>\$ 6,984,190</i> |
| <i>Capital grant allowance</i> | <i>\$ 2,667,240</i> |
| <i>Transfer to major capital reserve</i> | <i>\$ 1,776,815</i> |

2. *That "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be introduced and read three times.*

All Directors – 2/3 Weighted Vote

3. *That "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be adopted.*

10. ADMINISTRATOR'S REPORTS

30-31 **Approval of Signing Authorities for General Banking and Investments** (All Directors
– One Vote).

11. ADDENDUM

12. NEW BUSINESS

13. ADJOURNMENT

REGIONAL DISTRICT OF NANAIMO

MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT MEETING
HELD ON TUESDAY, NOVEMBER 10, 2015 AT 7:00 PM IN THE
RDN BOARD CHAMBERS

In Attendance:

| | |
|-----------------------|------------------------|
| Director J. Stanhope | Chairperson |
| Director C. Haime | Deputy Chairperson |
| 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 B. Veenhof | Electoral Area H |
| Alternate | |
| Director G. Fuller | City of Nanaimo |
| Director B. Bestwick | City of Nanaimo |
| Director J. Hong | City of Nanaimo |
| Director J. Kipp | City of Nanaimo |
| Alternate | |
| Director D. Brennan | City of Nanaimo |
| Director I. Thorpe | City of Nanaimo |
| Director M. Lefebvre | City of Parksville |
| Director T. Westbroek | Town of Qualicum Beach |

Regrets:

| | |
|---------------------|-----------------|
| Director B. McKay | City of Nanaimo |
| Director W. Pratt | City of Nanaimo |
| Director B. Yoachim | City of Nanaimo |

Also in Attendance:

| | |
|----------------|---|
| P. Thorkelsson | Chief Administrative Officer |
| J. Hill | A/Director of Corporate Services |
| W. Idema | Director of Finance |
| R. Alexander | Gen. Mgr. Regional & Community Services |
| D. Banman | A/Gen. Mgr. Recreation & Parks |
| D. Trudeau | Gen. Mgr. Transportation & Solid Waste |
| C. Golding | Recording Secretary |

CALL TO ORDER

The Chairperson called the meeting to order and welcomed Alternate Directors Brennan and Fuller to the meeting.

BOARD MINUTES

Minutes of the Regional Hospital District Board meeting held Tuesday, May 12, 2015.

MOVED Director Veenhof, SECONDED Director Houle, that the minutes of the Regional Hospital District Board meeting held Tuesday, May 12, 2015, be adopted.

CARRIED

COMMISSION, ADVISORY & SELECT COMMITTEE

Regional Hospital District Select Committee.

Minutes of the Regional Hospital District Select Committee Meeting held on Tuesday, October 27, 2015.

MOVED Director Veenhof, SECONDED Director Houle, that the minutes of the Regional Hospital District Select Committee meeting held Tuesday, October 27, 2015, be received for information.

CARRIED

Island Health Funding Requests and Project Updates.

MOVED Director Veenhof, SECONDED Director Thorpe, that the report on Island Health project updates and funding requests be received for information.

CARRIED

MOVED Director Veenhof, SECONDED Director Houle, that the reallocation of \$383,928 in 2013/14 annual capital grant funding to revised priority projects and equipment purchases and that the updated plan for the purchase of two CT Scanners using 2014/15 NRHD funding be approved.

CARRIED

MOVED Director Veenhof, SECONDED Director Houle, that the updated project cost information for the Unit Dose Medication Distribution/Pharmacy upgrade project be received for information and approved at the lower funding level amount of \$1.86 million.

CARRIED

MOVED Director Veenhof, SECONDED Director Houle, that Nanaimo Regional Hospital District capital funding for the Electrical Energy Plant Redevelopment at the Nanaimo Regional General Hospital up to the requested \$5 million be approved.

CARRIED

MOVED Director Thorpe, SECONDED Director Veenhof, that this matter be referred to staff to obtain further information from Island Health regarding the Energy Plant Upgrade Project including information about air quality impacts, natural gas rates used for the operational cost savings estimates, greenhouse gas reduction calculations and impacts to the hospital community as a result of trucks hauling hog fuel into the area and ash out:

That future capital funding up to the requested \$5 million for the Boiler Plant Replacement at Nanaimo Regional General Hospital be approved at an amount equivalent to the 40% share of the cost of a conventional gas/fuel boiler be approved.

CARRIED

Nanaimo Regional Hospital District 2016 Preliminary Budget.

MOVED Director Veenhof, SECONDED Director Lefebvre, that a 2016 Regional Hospital District Provisional Budget be approved with the following components:

Property tax requisition \$ 6,984,190

Capital grant allowance \$ 3,444,055

CARRIED

MOVED Director Veenhof, SECONDED Director Houle, that the 2016 to 2020 five year projections be received for information.

CARRIED

MOVED Director Veenhof, SECONDED Director Thorpe, that "Nanaimo Regional Hospital District (Nanaimo Regional General Hospital Electrical Energy Plant Redevelopment) Borrowing Bylaw No. 161, 2015", be introduced and read three times.

CARRIED

MOVED Director Veenhof, SECONDED Director Thorpe, that "Nanaimo Regional Hospital District (Nanaimo Regional General Hospital Electrical Energy Plant Redevelopment) Borrowing Bylaw No. 161, 2015", be adopted.

CARRIED

Reserve Funds.

MOVED Director Veenhof, SECONDED Director Houle, that staff prepare a report outlining cost implications of increasing reserve funds over the next 10 years to ensure funding is available to provide 10% of the Nanaimo Regional Hospital District's share for a significant project such as a patient tower in future.

CARRIED

ADJOURNMENT

MOVED Director McPherson, SECONDED Director Young, that this meeting be adjourned.

CARRIED

TIME: 7:07 PM

CHAIRPERSON

CORPORATE OFFICER

Nanaimo Regional Hospital District
Audit Service Plan
December 31, 2015

January 6, 2016

Board of Directors
Nanaimo Regional Hospital District
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Re: Audit Service Plan
Year ending December 31, 2015

Dear Members of the Board:

We are pleased to continue our appointment as auditors of Nanaimo Regional Hospital District (the "Hospital District").

This summary Audit Service Plan is for the use of MNP LLP ("MNP"), the Hospital District's Board of Directors, and members of the Hospital District's management and staff, and is designed to document the overall approach and the general arrangements for the conduct of our fiscal year audit.

The plan should assist the Board of Directors and management in understanding the approach to the year audit.

1. Audit Objectives and Responsibilities

Our objective and responsibility as auditors of the Hospital District is to report to the Board whether the annual consolidated financial statements present fairly, in all material respects, the financial position of the Hospital District and its financial performance and cash flows in accordance with Canadian public sector accounting standards.

1.1 Auditor Responsibilities

Our audit is designed to provide reasonable, but not absolute, assurance. The audit process involves testing only selected data and is subject to the limitation that material misstatements, fraud, or non-compliance with laws and regulations may not be detected. This results from the limitations inherent to internal control, including faulty human judgment in decision-making, human error and the possibility of management override or collusion, especially where fraud is perpetrated by management, where collusion or forgery are employed, or where controls are not effective. In addition, the work performed by auditors requires significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; most audit evidence acquired is persuasive rather than conclusive. We will inform you of any such items discovered during our audit; however, our concern is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the consolidated financial statements taken as a whole.

We will consider the Hospital District's internal control as part of the consolidated financial statement audit. This includes obtaining an understanding of the internal control activities and any effect they may have on the audit regardless of whether they are relevant to the audit; evaluating the design of those controls; and determining whether they have been implemented. This understanding is sufficient to allow us to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform audit procedures. We are not, however, required to determine whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

1.2 Management's Responsibilities

Management is responsible for the preparation and fair presentation of the consolidated financial statements and notes, including the initial selection of and changes to significant estimates and accounting policies, in accordance with Canadian public sector accounting standards. This responsibility also includes creating and maintaining policies, financial reporting systems and controls, including those designed to prevent and detect fraud and misstatement, and ensuring regulatory compliance. Management is required to provide an adequate description of their selected applicable financial reporting framework on which the financial statements are based.

During the course of our audit, management will be required to provide and make available complete information that is relevant to the preparation and presentation of the financial statements, including financial records and related data, and copies of all minutes of meetings of directors and committees of directors. As well, information relating to any known or probable instances of non-compliance with legislative or regulatory requirements (including financial reporting requirements), non-compliance or possible non-compliance with laws and regulations and all related parties and related party transactions will need to be provided. Management will be required to allow access to those within the entity from whom the auditor determines it necessary to obtain audit evidence.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; not directly related to items that are material to the consolidated financial statements; but are significant, either individually or in the aggregate, to the engagement; and matters relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

1. 3 Board of Directors Responsibilities

The Board of Directors is responsible for approval of the consolidated financial statements and Health District policies, and for monitoring management's performance. The Board of Directors should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. The Board of Directors, together with management, is also responsible for the integrity of the accounting and financial reporting systems, including controls to prevent and detect fraud and misstatement, and to monitor compliance with relevant laws and regulations.

Effective discharge of these respective responsibilities is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

2. Overall Audit Strategy

Our overall audit strategy is risk-based and controls-oriented. Identification and assessment of risks having a potential impact on the financial accounting systems and consequent financial reporting is performed continuously throughout the audit process.

Our overall audit strategy does not, and is not intended to, involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian public sector accounting standards.

We will identify and assess the risk of material misstatement within the consolidated financial statements by updating our understanding of the entity and its environment, including examining and assessing controls and systems, the evidence supporting amounts and disclosures in the statements, and the appropriateness of accounting principles and significant estimates. This will be accomplished through inquiries with management and others within the entity, analytical procedures, and observation and inspection. Further, we will consider whether effective controls have been established to adequately respond to the risk arising from the use of IT or manual systems. Our review of the Hospital District's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

For the year audit, we are planning to place no reliance on the Hospital District's accounting systems, which is consistent with the prior year. Our audit work will consist of substantive tests of transactions and balances.

Materiality, determined according to our professional judgment, will be used to assess the significance of identified misstatements or omissions, and to determine the level of audit testing carried out. Specifically, a misstatement or the aggregate of all misstatements in consolidated financial statements is considered to be material, if it is probable that the decision of the party relying on the consolidated financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements. **We have calculated and propose to use \$139,000 as materiality for audit planning purposes.**

3. Your Needs and Expectations and the Planned MNP Response

To fulfil our commitment to provide you with the highest level of professional service, we will:

- 3.1 Inform you of any new or proposed Canadian public accounting standards accounting pronouncements relevant to your financial reporting, so that we can plan for their effect and assist in their implementation.
- 3.2 Communicate relevant matters to the Board of Directors, including our Audit Service Plan and Audit Findings.
- 3.3 Provide ongoing business, taxation, and accounting and financial reporting advice, and assist management as requested, when transactions or issues arise.
- 3.4 Opine on the fair presentation of the audited consolidated financial statements to be issued.
- 3.5 Provide our recommendations with regard to controls and administrative efficiencies.

Our anticipated timeline for completion of the audit engagement is as follows:

| COMMUNICATION | DATE |
|---|------------|
| Year-end field work | April 2016 |
| Draft year-end consolidated financial statements to management | May 2016 |
| Report of the 2015 Audit Findings to the Board of Directors | May 2016 |
| Release of the final year-end consolidated financial statements | May 2016 |
| Issuance of Management Letter | May 2016 |

We have assembled an audit team who understands the Hospital District, your business, and your industry.

They are:

- Engagement Partner - Cory Vanderhorst, CPA, CA
- Concurring Partner - Chris Fyfe, CPA, CA
- Engagement Manager - Janna Olynyk, CPA, CA
- Engagement Senior - Steve Thompson, CPA Student

Professional standards require that we obtain sufficient information to evaluate complex, difficult, or contentious matters. In that regard, our audit team may also include other MNP professionals whose consultation may be obtained in order to resolve any matters identified during our engagement.

4. Audit Hours and Fees

Our estimated audit fee for the year ended December 31, 2015, exclusive of applicable taxes and disbursements, is \$5,000.

This year, the District is required to adopt new accounting standards for Contaminated Sites (see the discussion of PS 3260 below). We do not anticipate that the adoption of this new handbook section will have significant impact for the District. If a contaminated site is identified during our audit work, we will discuss with you and issue a Change Order for the anticipated costs to audit a Liability for Contaminated Site.

5. New and Proposed Reporting and Assurance Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

PS 3260 Liability for Contaminated Sites (NEW)

In June 2010, new PS 3260 Liability for Contaminated Sites was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The Section applies to all governments and government organizations that base their accounting policies on the PSA HB. The main features of this standard are as follows:

- A liability for remediation of contaminated sites should be recognized when all of the following criteria are met:
- An environmental standard exists.
- The contamination exceeds the environmental standard.
- The government is directly responsible or accepts responsibility for remediation of the contaminated site.
- A reasonable estimate of the amount can be made.
- If the criteria for the recognition of a liability in PS 3200 Liabilities are met for a voluntary compliance with a non-authoritative policy or guideline, a liability may exist.
- If the existence of a contamination is uncertain, still required to determine whether a liability exists and recognize where appropriate.
- An assessment should be made based upon guidance in PS 3300 Contingent Liabilities if a government's responsibility for remediation of a contaminated site is uncertain.
- The liability for contaminated sites is comprised of the costs directly attributable to remediation activities, net of expected recoveries, based upon the information available at the financial statement date and an estimate of the settlement amount.
- The liability should be assessed at each reporting date. Any changes in the liability are to be recognized when the revisions are made.

The standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged.

PS 2200 Related Party Disclosures (NEW)

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

- This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

Assets, Contingent Assets and Contractual Rights

The Public Sector Accounting Board (PSAB) issued an Exposure Draft (ED) in August 2014, proposing to issue three new Sections: assets, contingent assets and contractual rights. The main features of the ED are as follows:

- Assets
 - o Additional guidance on the definition of assets is provided.
 - o Disclosure of types of assets that are not recognized is required.
- Contingent assets
 - o Contingent assets are defined.
 - o Disclosure of contingent assets is required when the occurrence of the confirming future event is likely.
- Contractual rights
 - o Contractual rights are defined.
 - o Disclosure of contractual rights is required.

All three new Sections are proposed to be effective for fiscal periods beginning on or after April 1, 2017. Earlier application is encouraged. The new assets Section is proposed to be applied prospectively.

Restructuring Transactions

The Public Sector Accounting Board (PSAB) issued an Exposure Draft (ED) in August 2014, proposing guidance on accounting for and reporting assets and liabilities transferred in restructuring transactions by both transferors and recipients. The main features of the ED are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The proposed Section will be effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements

In November 2014, the Auditing and Assurance Standards Board (AASB) and the JPS Review Committee of the Canadian Bar Association (CBA Committee) issued an Exposure Draft (ED) that proposes a revised "Joint Policy Statement Concerning Communications with Law Firms Regarding Claims and Possible Claims in Connection with the Preparation and Audit of Financial Statements" (the "Statement").

This Statement will replace the existing Statement issued in 1978 and AuG-46 Communication with Law Firms under New Accounting and Auditing Standards.

Fundamental proposed changes include:

- Expanding the scope of the revised Statement to apply to in-house legal counsel who is acting in a legal capacity by performing a role that commonly would be performed by external legal counsel;
- Providing a more detailed discussion on the legal concept of privilege;
- Structuring the revised Statement to be accounting framework neutral so that it can be used regardless of the applicable financial reporting framework applied by management to evaluate the entity's claims and possible claims; and
- Updating guidance with respect to the timing of issuance of the inquiry and response letters.

The revised Statement would be effective for inquiry letters dated on or after December 1, 2016.

6. Auditor Independence

In accordance with our firm's policy, and the Rules of Professional Conduct governing our profession, neither MNP nor any of its engagement team, nor any MNP partners, are permitted to have any relationship with the Hospital District that would impair independence or give that appearance. As auditors, we are required to annually discuss our independence with the Board of Directors, to disclose, in writing, all relationships between the auditor and the Hospital District that may reasonably be thought to bear on independence, and to confirm our independence and objectivity.

6.1 Confirmation of Independence

We are not aware of any relationships between our Firm and the Hospital District during the year that, in our professional judgment, may reasonably be thought to bear on our independence. We hereby confirm that we are independent auditors with respect to the Hospital District.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.

We look forward to discussing with you the matters addressed above. We will be prepared to answer any questions you may have regarding our independence, as well as any other matters of interest to you.

Yours truly,



MNP LLP
Chartered Professional Accountants

NANAIMO REGIONAL HOSPITAL DISTRICT
REGIONAL HOSPITAL DISTRICT SELECT COMMITTEE
TERMS OF REFERENCE

Adopted March 26, 2013

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.

REGIONAL DISTRICT OF NANAIMO

**MINUTES OF THE NANAIMO REGIONAL HOSPITAL DISTRICT SELECT COMMITTEE MEETING
HELD ON TUESDAY, FEBRUARY 23, 2016 AT 3:59 PM IN THE
RDN COMMITTEE ROOM**

In Attendance:

| | |
|-----------------------|------------------------|
| Director W. Pratt | Chairperson |
| Director A. McPherson | Electoral Area A |
| Director J. Stanhope | Electoral Area G |
| Director I. Thorpe | City of Nanaimo |
| Director M. Lefebvre | City of Parksville |
| Director T. Westbroek | Town of Qualicum Beach |

Also in Attendance:

| | |
|----------------------|--------------------------------------|
| Director M. Young | Electoral Area C |
| Director B. Rogers | Electoral Area E |
| Director B. Veenhof | Electoral Area H |
| Director B. Bestwick | City of Nanaimo |
| D. Trudeau | Interim 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.

DELEGATIONS

Island Health Representatives, re Energy Plant Upgrade.

Island Health representatives provided a summary of the proposed Biomass Boiler project for NRGH. Questions and concerns focused on air quality, GHG emissions, fuel options and impacts to the community. Island Health representatives requested that the NRHD consider confirmation of 40% cost-sharing for either conventional gas fired or the biomass option.

MINUTES

Minutes of the Nanaimo Regional Hospital District Select Committee meeting held Tuesday, October 27, 2015.

MOVED Director Stanhope, SECONDED Director McPherson, that the Minutes of the Nanaimo Regional Hospital District Select Committee meeting held Tuesday, October 27, 2015, be adopted.

CARRIED

REPORTS

Request for Approval of 2016/2017 Capital Equipment and Minor Capital Project Lists.

MOVED Director Lefebvre, SECONDED Director Stanhope, that the 2016/2017 list of minor capital improvement projects with Nanaimo Regional Hospital District cost sharing in the amount of \$1,215,802 be approved.

CARRIED

MOVED Director Lefebvre, SECONDED Director Stanhope, that the 2016/2017 list of capital equipment purchases with Nanaimo Regional Hospital District cost sharing in the amount of \$851,438 be approved.

CARRIED

MOVED Director Lefebvre, SECONDED Director Stanhope, that \$1,376,815 in unallocated annual minor capital funding from 2016/17 request be split with \$776,815 redirected to Regional Hospital District cost shared large capital projects and \$600,000 held in contingency for minor capital projects and equipment purchases.

CARRIED

MOVED Director Lefebvre, SECONDED Director Stanhope, that the \$868,435 in unallocated prior year minor capital funding be reallocated to the NRGH Electrical Energy Plant Upgrade project.

CARRIED

Nanaimo Regional Hospital District Bylaw No. 162 - 2016 Proposed Budget.

MOVED Director Westbroek, SECONDED Director Stanhope, that the 2016 Regional Hospital District budget be approved with the following components:

| | |
|-----------------------------------|--------------|
| Property tax requisition | \$ 6,984,190 |
| Capital grant allowance | \$ 2,667,240 |
| Transfer to major capital reserve | \$ 1,776,815 |

CARRIED

MOVED Director Westbroek, SECONDED Director Lefebvre, that "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be introduced and read three times.

CARRIED

MOVED Director Stanhope, SECONDED Director Lefebvre, that "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be adopted.

CARRIED

ADJOURNMENT

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

CARRIED

TIME: 6:08 PM

CHAIRPERSON

CORPORATE OFFICER

TO: Dennis Trudeau
Interim Chief Administrative Officer

DATE: February 16, 2016

FROM: Wendy Idema
Director of Finance

SUBJECT: Request for Approval of 2016/2017 Capital Equipment and Minor Capital Project Lists

RECOMMENDATIONS:

1. That the 2016/2017 list of minor capital improvement projects with Nanaimo Regional Hospital District cost sharing in the amount of \$1,215,802 be approved.
2. That the 2016/2017 list of capital equipment purchases with Nanaimo Regional Hospital District cost sharing in the amount of \$851,438 be approved.
3. That \$1,376,815 in unallocated annual minor capital funding from 2016/17 request be split with \$776,815 redirected to Regional Hospital District cost shared large capital projects and \$600,000 held in contingency for minor capital projects and equipment purchases.
4. That the \$868,435 in unallocated prior year minor capital funding be reallocated to the NRGH Electrical Energy Plant Upgrade project.

PURPOSE:

To present Island Health's 2016/2017 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 2016/17 year. The request for annual minor capital grant funding is \$3,444,057 which is unchanged from 2015 and is based on the Nanaimo Regional Hospital District (NRHD) provisional budget amounts. These funds are typically used by Island Health for the purchase of minor capital equipment items and to undertake smaller capital projects under \$1.5 million. In the past few years however, these funds have also been partially allocated to larger capital projects such as towards the Emergency Room and replacement CT Scanners.

Appendix B lists minor capital improvement projects. Island Health expects to spend \$1,984,037 in 2016/17 and is requesting 40% cost sharing in the amount of \$1,215,802. Two of the projects are continuations of previously approved 2015/16 projects for building/control system upgrades.

Appendix C lists minor capital equipment. Island Health expects to spend \$2,128,596 in 2016/17 and is requesting cost sharing from the NRHD at 40% or \$851,438. 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). The list has been reviewed and staff believe all items are appropriate for funding.

The total equipment/capital projects funding requested for 2016/17 is \$2,067,240 which does not fully utilize the 2016 funding envelope of \$3,444,055. Island Health's letter includes \$1,376,815 as unallocated funding, a portion of which Island Health may request at a later date as they complete their 2016/17 minor capital prioritization process. The relatively large unallocated funding occurs because Island Health is using its provincial funding for larger capital projects.

A similar situation occurred in 2014/15 and 2015/16 where there was unallocated funding. Discussion with Island Health indicates they will like utilize up to \$600,000 of the \$1,376,815 in unallocated funding for other minor capital that comes up. As such staff are recommending that the remaining \$776,815 in unallocated funding be applied to the capital reserve being developed for future major capital.

As well, as a result of changes to prior year equipment and project allocations there is an additional \$868,435 available from unallocated funding related to prior year capital grant allocations at this time. As Island Health has indicated they see a need for only up to \$600,000 in unallocated funding as noted above, staff recommend this funding be transferred over to the major capital project for the Electrical Energy Plant Upgrade project to reduce borrowing for that work.

ALTERNATIVES:

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

FINANCIAL IMPLICATIONS:

Alternative 1

The following table lays out the possible allocation of the 2016/17 capital grant funding as well as the use of prior year annual capital grant funds that have become unallocated as a result of changing project/equipment costs and priorities.

| Year | Use of funds | Amount |
|--------------------------------|---|-------------|
| 2016/17 | Minor Capital Projects | \$1,215,802 |
| 2016/17 | Minor Capital Equipment | \$851,438 |
| 2016/17 | Unallocated funding held for future minor capital requirements | \$600,000 |
| 2016/17 | Unallocated funding transferred to reserve for future major capital | \$776,815 |
| Prior years 2012/13 to 2015/16 | Annual capital grant funding that has become unallocated transferred to Electrical Energy Plant Upgrade project | \$868,435 |

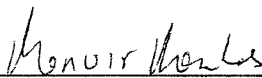
All of the spending requests from Island Health appear appropriate and the transfer of funds from unallocated funding to reduce borrowing requirements for major capital projects is consistent with prior years. Redirecting the unallocated funds this way has been discussed with Island Health representatives and they support the use of funds this way as an effective method of reducing NRHD borrowing costs particularly as they do not currently have matching minor capital project funding available.

Additional information regarding tax requisition implications will be included in the annual budget report.


SUMMARY/CONCLUSIONS:

The NRHD preliminary budget for 2016 budget included a capital funding envelope of \$3,444,055 for annual minor capital equipment and projects. Island Health has submitted information indicating how it wishes to use \$2,067,240 of those funds and have requested through discussion that \$600,000 of the unallocated funding be held for other minor capital requests that arise through the year.

With regard to the remaining unallocated annual minor capital funding of \$776,815 for the 2016/17 request year and for the \$868,435 of prior year funding that has become available due to project/cost changes, Island Health supports the transfer of those funds to be used for major capital projects and reserves. Staff recommend approving the equipment and project lists as submitted.



Report Writer



Interim CAO Concurrence

Appendix A

Excellent care, for everyone,
everywhere, every time.



February 3, 2016

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

Dear Wendy Idema:

Re: 2016/17 Capital Projects and Equipment

I am writing to advise you of the Island Health 2016/17 capital plan for which NRHD cost-sharing is requested.

I understand the NRHD has approved a provisional 2016 budget of \$3,444,055 for minor capital projects and equipment. Island Health proposes the following allocation which we have itemized in the attached project and equipment lists:

2016 NRHD Allocation

| | |
|------------------------|-------------|
| Minor Capital Projects | \$1,215,802 |
| Equipment | \$851,438 |
| Unallocated Funding | \$1,376,815 |
| | \$3,444,055 |

I would like to thank the NRHD for its significant contribution to Island Health's capital projects and equipment. We are grateful for your support, and we appreciate partnering with you to meet the Nanaimo Regional District's health infrastructure needs.

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
Shelley McKenzie, Nanaimo, Oceanside

Capital Planning
Located at: 1952 Bay Street | Victoria, BC V8R 1J8 Canada
Mailing address: 1952 Bay Street | Victoria, BC V8R 1J8 Canada

Tel: 250-370-8912 | Fax: 250-370-8750
viha.ca

VIHA 2016/17: Minor Capital Projects Nanaimo Regional Hospital District: \$5,000 - \$1.5M

| Previously Approved Projects | | Project Name | Site | Total Project Cost | Previous Cashflow | Cashflow 2016/17 | Total Annual Cashflow | | | |
|---|-----------|--------------------------------------|----------------------|--------------------|-------------------|------------------|-----------------------|------------------|------------------|---------|
| File # | Portfolio | | | | | | 2016/17 VIHA | 2016/17 RHD | 2017/18 | 2018/19 |
| 4509 | FMO | Building Fabric and Finish | NRGH - Duifern Place | \$320,200 | \$250,000 | \$270,200 | \$162,120 | \$108,080 | | |
| 4829 | FMO | Control System Optimization Measures | NRGH | \$400,000 | \$163,075 | \$236,925 | \$142,155 | \$94,770 | | |
| TOTAL PREVIOUSLY APPROVED PROJECTS | | | | | | | \$507,125 | \$304,275 | \$202,850 | |

| 2016/17 Recommended Committee Approvals | | Project Name | Site | Total Project Cost | Previous Cashflow | Cashflow 2016/17 | Total Annual Cashflow | | | |
|---|-------------|--|------------------------------|--------------------|-------------------|------------------|-----------------------|--------------------|--------------------|---------|
| File # | Portfolio | | | | | | 2016/17 VIHA | 2016/17 RHD | 2017/18 | 2018/19 |
| 4510 | FMO | Bulk Oxygen Storage Compound | NRGH | \$238,772 | | \$238,772 | \$143,263 | \$95,509 | | |
| 5102 | FMO | Replace Copper Water Pipes | NRGH - Duifern Place | \$250,000 | | \$250,000 | \$150,000 | \$100,000 | | |
| 5112 | FMO | Install Medical Gas Shut Off Valves | NRGH | \$99,000 | | \$99,000 | \$59,400 | \$39,600 | | |
| 4340 | FMO | Replace Steam Plant Pipe and Device Safety Devices | NRGH | \$99,000 | | \$99,000 | \$59,400 | \$39,600 | | |
| 5117 | FMO | Repair Building Fabric and Finishes | Trillium Lodge | \$99,000 | | \$99,000 | \$59,400 | \$39,600 | | |
| 5121 | FMO | Repair Building Fabric and Finishes | Eagle Park Lodge | \$99,000 | | \$99,000 | \$59,400 | \$39,600 | | |
| 4730 | FMO | Upgrade 7 Neg Pressure Rooms | NRGH | \$95,000 | | \$95,000 | \$57,000 | \$38,000 | | |
| | FMO | Upgrade Washrooms, Change Rooms and Lavatory Rms | NRGH | \$187,272 | | \$187,272 | \$112,363 | \$74,909 | | |
| | FMO | Cooling Tower NRGH Main Building** | NRGH | \$200,000 | | \$200,000 | \$120,000 | \$80,000 | | |
| 4506 | FMO | Replace Main Bldg Chiller*** | NRGH | \$900,000 | | \$900,000 | \$540,000 | \$360,000 | | |
| 5273 | Geography 2 | Inpatient Window Safety Upgrade | NRGH | \$50,000 | | \$50,000 | \$30,000 | \$20,000 | | |
| 5283 | Geography 2 | Facility Wide Paging System | Oceanside Health Centre | \$25,000 | | \$25,000 | \$15,000 | \$10,000 | | |
| 5282 | Geography 2 | Triage Area Renovation | Oceanside Health Centre | \$30,000 | | \$30,000 | \$18,000 | \$12,000 | | |
| 5107 | FMO | Dryer Heat Recovery and Controls Optimization | Cumberland Regional Laundry* | \$320,670 | | \$320,670 | \$256,536 | \$64,134 | | |
| TOTAL 2016/17 APPROVALS | | | | | | | \$2,692,714 | \$1,679,762 | \$1,012,952 | |

TOTAL CAPITAL PROJECTS \$3,612,914 \$413,075 \$3,199,839 \$1,984,037 \$1,215,802

2016/17 RECOMMENDED APPROVED CAPITAL EQUIPMENT - NANAIMO REGIONAL HOSPITAL DISTRICT

| Control # | Department | Site | Equipment Description | Qty | Budget | New / Replace |
|-------------------------------------|-------------------------------------|-----------------------------------|--|-----|--------------|---------------|
| Equipment > \$100,000 | | | | | | |
| 6099 | Lab Medicine - Hematology | Nanaimo Regional General Hospital | Automated Hematology Slide Review System | 1 | 107,831.70 | N |
| Total Equipment > \$100,000 | | | | | 107,831.70 | |
| Equipment < \$100,000 | | | | | | |
| 3099 | Medical Device Reprocessing | Nanaimo Regional General Hospital | Instrument Tracking Additional Modules | 1 | 33,236.67 | N |
| 3088 | Operating Room | Nanaimo Regional General Hospital | Battery Powered Reamer Drivers | 10 | 103,924.26 | R |
| 3087 | Operating Room | Nanaimo Regional General Hospital | I-Health Integrated Bar Code Scanning | 1 | 53,925.00 | N |
| 3084 | Operating Room | Nanaimo Regional General Hospital | Battery Powered Sagittal Saws | 10 | 94,915.41 | R |
| 3067 | Electro Diagnostic Services | Nanaimo Regional General Hospital | ECG Recorder - SpiderFlash | 10 | 81,680.20 | N |
| 3063 | Electro Diagnostic Services | Nanaimo Regional General Hospital | Blood Pressure Machine | 2 | 15,422.55 | R |
| 9382 | Pediatrics | Nanaimo Regional General Hospital | Pediatric Bed with Side Rails | 2 | 21,306.85 | N |
| 1290 | Perinatal | Nanaimo Regional General Hospital | Bladder Scanner | 2 | 40,553.69 | N |
| 1289 | Perinatal | Nanaimo Regional General Hospital | Fetal Monitors | 2 | 45,865.45 | N |
| 3142 | Perinatal & Pediatrics | Nanaimo Regional General Hospital | Hover Matt Air Transfer System | 1 | 5,090.13 | N |
| 2287 | Audiology | Nanaimo Regional General Hospital | Diagnostic Tympanometer | 1 | 15,125.96 | R |
| 3136 | Mental Health and Substance Use | Nanaimo Regional General Hospital | Water and Ice Machine | 1 | 9,096.84 | N |
| 3201 | General Support | Trillium Lodge | Washer & Dryer Pair | 1 | 36,094.89 | R |
| 3051 | Intensive Care Unit | Nanaimo Regional General Hospital | Patient Transport Monitor | 4 | 147,961.57 | N |
| 2195 | Endoscopy Clinic | Nanaimo Regional General Hospital | Endoscope Guidance System | 2 | 141,692.90 | N |
| 3052 | Intensive Care Unit | Nanaimo Regional General Hospital | GE Handheld Ultrasound | 2 | 47,216.73 | N |
| 1044 | Minor Surgery | Nanaimo Regional General Hospital | Patient Stretchers | 3 | 15,054.78 | R |
| 2196 | Pain Program | Nanaimo Regional General Hospital | Surgical Plasma Knife | 1 | 37,192.07 | N |
| 2193 | Floor 3 | Nanaimo Regional General Hospital | Stretchers | 3 | 33,455.96 | R |
| 3053 | Floor 1/ICU | Nanaimo Regional General Hospital | Vein Finder | 2 | 18,744.33 | R |
| 3055 | Ambulatory Clinic | Nanaimo Regional General Hospital | EBUS Endobronchial Ultrasound | 1 | 78,275.37 | N |
| 3199 | General Support | Nanaimo Regional General Hospital | Washer & Dryer | 1 | 36,094.89 | R |
| 3195 | FMO | Nanaimo Regional General Hospital | High Pressure Steam Devices | 4 | 38,703.13 | R |
| 9712 | Equipment Depot | Nanaimo Regional General Hospital | Bariatric Bed | 1 | 33,703.13 | N |
| 3380 | Equipment Depot | Nanaimo Regional General Hospital | Bariatric Bed | 1 | 32,791.90 | N |
| 2228 | Urgent Care | Oceanside Health Centre | Ultrasound Machine with endocavity probe | 1 | 44,725.40 | N |
| 2225 | Integrated Community Care | Oceanside Health Centre | Low Air Loss Mattress | 1 | 28,888.39 | N |
| 2231 | Urgent Care | Oceanside Health Centre | Lab Centrifuge | 1 | 5,770.94 | N |
| 3183 | Minor Surgery Clinic (Colposcopy) | Nanaimo Regional General Hospital | Electro Surgical Cautery Unit | 1 | 16,370.09 | R |
| 3182 | Medicine | Nanaimo Regional General Hospital | Portable Intubation for Code Blue RTS equipment | 1 | 12,041.45 | R |
| 3181 | Medicine | Nanaimo Regional General Hospital | Ventilation Machines for Neonatal Care Unit | 5 | 103,775.97 | R |
| 2062 | Medical Imaging | Nanaimo Regional General Hospital | Barco Coronis-SMP-2HD Monitors with Video Card and Accessories | 1 | 35,887.09 | R |
| 3250 | Medical Imaging | Nanaimo Regional General Hospital | Ultrasound Machine Upgrade | 1 | 47,454.00 | R |
| 3247 | Medical Imaging | Oceanside Health Centre | Ultrasound Machine Upgrade | 1 | 47,454.00 | R |
| 2057 | Medical Imaging | Nanaimo Regional General Hospital | Computerized Radiology Processing Unit | 1 | 67,124.00 | R |
| 1370 | Lab Medicine-Transfusion Medicine | Nanaimo Regional General Hospital | ISBT Compliant Blood Product Labeling System | 1 | 53,428.12 | N |
| 9091 | Lab Medicine- Histology | Nanaimo Regional General Hospital | Digital Canerax & Stand For Gross/Frozen Section Room | 3 | 134,299.36 | N |
| 1355a | Lab Medicine - Transfusion Medicine | Nanaimo Regional General Hospital | Plasma Thawer | 1 | 12,189.75 | R |
| 1364a | Lab Medicine - Transfusion Medicine | Nanaimo Regional General Hospital | Blood Products Refrigerator | 2 | 29,765.52 | R |
| 2372 | Residential Services | Eagle Park | Century Tub & Carendo Chairs | 1 | 33,934.44 | R |
| 3357 | Residential Services | Eagle Park | Bath Lift Chairs/Stretchers | 1 | 10,785.00 | R |
| 3307 | Lab Medicine - Hematology | Nanaimo Regional General Hospital | Coagulation Analyzer | 1 | 65,886.00 | R |
| 1518 | Various Departments | Nanaimo Regional General Hospital | Defibrillator | 2 | 53,863.72 | R |
| Total Equipment < \$100,000 | | | | | 2,020,763.90 | |
| Total Equipment Approved for NRHD | | | | | 2,128,595.60 | |
| Total Possible Cost Sharing by NRHD | | | | | 851,438.24 | |

TO: Dennis Trudeau
Interim Chief Administrative Officer

DATE: February 16, 2016

FROM: Wendy Idema
Director of Finance

FILE: 1700-03

SUBJECT: Nanaimo Regional Hospital District Bylaw No. 162 - 2016 Proposed Budget

RECOMMENDATIONS:

1. That the 2016 Regional Hospital District budget be approved with the following components:

| | | |
|-----------------------------------|----|-----------|
| Property tax requisition | \$ | 6,984,190 |
| Capital grant allowance | \$ | 2,667,240 |
| Transfer to major capital reserve | \$ | 1,776,815 |

2. That "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be introduced and read three times.
3. That "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016" be adopted.

PURPOSE:

To introduce and obtain approval of the 2016 budget bylaw for the Nanaimo Regional Hospital District (NRHD).

BACKGROUND:

At the November 10, 2015 Nanaimo Regional Hospital District Board Meeting the following motions for the 2016 Hospital District Budget were approved:

That a 2016 Regional Hospital District Provisional Budget be approved with the following components:

| | | |
|--------------------------|----|-----------|
| Property tax requisition | \$ | 6,984,190 |
| Capital grant allowance | \$ | 3,444,055 |

CARRIED

That staff prepare a report outlining cost implications of increasing reserve funds over the next 10 years to ensure funding is available to provide 10% of the Nanaimo Regional Hospital District's share for a significant project such as a patient tower in future.

CARRIED

Since that time, the annual capital grant funding request has been received from Island Health and incorporated into the attached proposed 2016 budget and 2016 – 2020 projections document (Appendix A). Island Health's request for allocation of the annual capital grant funding included an unallocated portion of \$1,376,815 which has been broken into two parts for the budget, \$600,000 to be held for other minor capital items that come up during the year and \$776,815 to be transferred to the major capital projects reserve. Additionally, there is \$868,435 in annual capital grant funding from prior years (2012 through to 2015) that has become available as a result of project/cost changes. The 2016 budget shows this amount transferred from minor capital funding to be applied against the Electrical Energy Plant Upgrade project and reduce borrowing requirements.

The 2016 budget and 2016 – 2020 financial projections incorporate amounts for the following known major capital projects including debt servicing where required:

- Unit Dose Medication Distribution/Pharmacy Upgrade - \$1,860,000 NRHD share funded through prior year reallocation of annual minor capital grant funds.
- Electrical Energy Plant Upgrade – up to \$5 million NRHD share of funding (Borrowing Bylaw No. 161).
- Energy (Boiler) Plant Replacement Project – up to \$5 million NRHD share of funding pending further discussion on project.
- ICU Upgrade Project – no formal request as yet, but included in plan as is a priority project for Island Health – up to \$5 million estimated NRHD share.

As a result of the Board direction from November to develop a reserve for a significant project such as a patient tower, staff have also incorporated between \$800,000 and \$1,776,815 annually as transfers to reserves over the next few years to build that fund. If other surplus funds become available, they can also be allocated to this reserve.

Bylaw No. 162 is required in order to complete the NRHD 2016 budget approval process.

ALTERNATIVES:

1. Introduce and approve Bylaw No. 162 as presented for the 2016 Nanaimo Regional Hospital District Budget.
2. Make further changes to the annual budget and approve an amended bylaw.

FINANCIAL IMPLICATIONS:

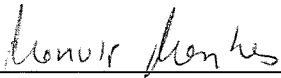
Alternative 1

A 2016 budget with a 2% increase (2015 = 2%) and related five year forecast results in a \$6,984,190 tax requisition for 2016 (2015 = \$6,847,245). This will also result in an estimated \$21.79 per \$100,000 mil rate which is below the 2015 rate of \$22.42 as a result of increased assessment values throughout the region.

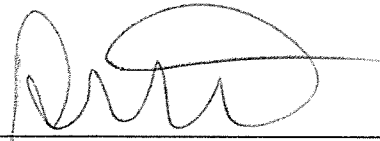
The requisition for future years based on currently available information about major capital projects includes proposed increases to the tax requisition for 2016 to 2020 estimated at 2.5% to 3% annually. Should there be approval from the Province for a major capital project that the NRHD agrees to cost share on, debt servicing costs would need to be revised for the future. This requisition level includes transferring over \$5 million to a major capital reserve fund over 5 years.

SUMMARY/CONCLUSIONS:

Regional Hospital Districts are required to approve an annual budget on or before March 31 each year. Staff recommend a budget which raises \$6,984,190 in property tax revenues for 2016 – an increase of 2.0% over 2015. The budget includes \$2.667 million for minor capital equipment/capital projects at VIHA facilities, \$1.776 million transferred to reserve, reallocation of approximately \$1 million from surplus and unallocated minor capital funds to major capital and \$3 million for debt servicing in 2015. The transfer of funding from minor capital to major capital has been discussed and agreed upon with Island Health representatives.



Report Writer



Interim CAO

**NANAIMO REGIONAL HOSPITAL DISTRICT
BUDGET PROJECTIONS
2016 to 2020**

| | 2015 Approved Budget 2.0% | 2015 Actuals | 2016 Proposed Feb 2016 2.0% | 2017 Proposed Feb 2016 2.5% | 2018 Proposed Feb 2016 3.0% | 2019 Proposed Feb 2016 3.0% | 2020 Proposed Feb 2016 3.0% |
|---|---------------------------------|-----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Current Projection | | | | | | | |
| Revenues | | | | | | | |
| Property taxes | 6,847,245 | 6,847,245 | 6,984,190 | 7,158,794 | 7,373,558 | 7,584,765 | 7,822,608 |
| Grants in lieu | 30,000 | 33,394 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Interest income | 50,000 | 113,780 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| Other revenue | | 41 | | | | | |
| Transfer from reserves | 3,061,864 | 3,061,286 | 868,435 | 1,542,978 | 1,329,909 | 1,077,373 | 980,420 |
| Transfer from prior years unallocated grant funding | 9,989,109 | 10,055,746 | 2,128,466 | 8,806,772 | 8,808,467 | 8,777,138 | 8,908,023 |
| Prior year surplus applied | | | | | | | |
| Expenditures | | | | | | | |
| Administration | 31,400 | 31,400 | 36,400 | 37,856 | 39,370 | 40,945 | 42,583 |
| Debt payments | 2,871,180 | 2,868,549 | 2,976,577 | 2,757,452 | 3,153,787 | 3,085,207 | 3,510,958 |
| Debt issue expense/temp financing | 133,079 | 48,283 | 75,000 | 237,300 | 225,000 | 312,500 | 162,500 |
| Special cash flow for Phase II | | | | | | | |
| Annual capital grants (see below) | 2,144,055 | 2,144,055 | 2,667,240 | 3,444,055 | 3,512,936 | 3,548,065 | 3,619,027 |
| Annual capital grant applied to major project | 1,300,000 | 1,300,000 | 868,435 | 1,000,000 | 800,000 | 800,000 | 800,000 |
| Surplus applied to capital projects | 267,426 | 400,993 | 142,646 | 1,000,000 | 800,000 | 800,000 | 800,000 |
| Reserve for Future Projects | 1,134,000 | 1,134,000 | 1,776,815 | 7,476,863 | 7,731,094 | 7,796,718 | 8,135,067 |
| | 7,881,140 | 7,927,280 | 8,543,113 | | | | |
| Surplus for future years' expenditures | 2,107,959 | 2,128,466 | 1,542,978 | 1,329,909 | 1,077,373 | 980,420 | 772,961 |
| Total assessments | 30,541,852,619 | 30,541,852,619 | 32,046,594,507 | 32,687,516,197 | 33,341,266,521 | 34,008,091,852 | 34,668,253,689 |
| Rate per thousand | 0.224192186 | 0.224192186 | 0.217938657 | 0.219006984 | 0.221154111 | 0.223322289 | 0.225511723 |
| Projected Tax Cost per \$100,000 | \$ 22.42 | \$ 22.42 | \$ 21.79 | \$ 21.90 | \$ 22.12 | \$ 22.33 | \$ 22.55 |
| Reserve Fund Status | | | | | | | |
| Opening Balance | 1,245,000 | 1,245,000 | 2,379,000 | 4,155,815 | 5,155,815 | 5,955,815 | 6,755,815 |
| Applied to budget | 1,134,000 | 1,134,000 | 1,776,815 | 1,000,000 | 800,000 | 800,000 | 800,000 |
| New contribution | 2,379,000 | 2,379,000 | 4,155,815 | 5,155,815 | 5,955,815 | 6,755,815 | 7,555,815 |
| Balance available | | | | | | | |

NANAIMO REGIONAL HOSPITAL DISTRICT

BYLAW NO. 162

**A BYLAW TO ADOPT A
BUDGET FOR THE YEAR 2016**

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 2016 Annual Budget Bylaw No. 162, 2016".
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, 2016.

Introduced and read three times this _____ day of _____, 2016.

Adopted this _____ day of _____, 2016.

CHAIRPERSON

CORPORATE OFFICER

Schedule 'A' to accompany "Nanaimo Regional Hospital District 2016 Annual Budget Bylaw No. 162, 2016".

Chairperson

Corporate Officer

SCHEDULE 'A'
NANAIMO REGIONAL HOSPITAL DISTRICT
2016 ANNUAL BUDGET

| | |
|--|---------------------|
| Property taxes | \$ 6,984,190 |
| Grants in lieu | 30,000 |
| Interest income | 75,000 |
| Transfer from prior years unallocated grants | 868,435 |
| Prior year surplus | <u>2,128,466</u> |
| Total Revenues | <u>\$10,086,091</u> |
| | |
| Administration | \$ 36,400 |
| Debt servicing | 2,976,577 |
| Debt issuing expense | 75,000 |
| Capital grants | 2,667,240 |
| Capital grant applied to major projects | 868,435 |
| Surplus applied to capital projects | 142,646 |
| Transfer to reserve | <u>1,776,815</u> |
| Total expenditures | <u>\$8,543,113</u> |
| Net surplus for future year | <u>\$1,542,978</u> |



| | | |
|--------------|-------------------------------------|-------------------------------------|
| RDN REPORT | | |
| CAO APPROVAL | | <input checked="" type="checkbox"/> |
| EAP | | |
| COW | | |
| FEB 25 2016 | | |
| RHD | | |
| BOARD | <input checked="" type="checkbox"/> | NRHD |

MEMORANDUM

Nanaimo Regional Hospital District

TO: D. Trudeau
Interim Chief Administrative Officer

DATE: February 24, 2016

MEETING: NRHD Board
March 8, 2016

FROM: W. Idema
Director of Finance

FILE: 1610

SUBJECT: Approval of Signing Authorities for General Banking and Investments

RECOMMENDATIONS:

- That the signing authorities for the Nanaimo Regional Hospital District for general banking services and financial instruments reflect the following officer positions:

| | |
|--------------------------------------|------------------------------|
| Chairperson | To be named pending election |
| Deputy Chairperson | To be named pending election |
| Interim Chief Administrative Officer | Dennis Trudeau |
| Director of Finance | Wendy Idema |
| Manager, Accounting Services | Tiffany Moore |
| Senior Accountant | Manvir Manhas |
- That the foregoing authorizations extend to accounts in the name of the Nanaimo Regional Hospital District.

PURPOSE:

To update the Nanaimo Regional Hospital District (NRHD) signing authorities for general banking and investment purposes.

BACKGROUND:

The 2016 Inaugural meeting of the Nanaimo Regional Hospital District will be held on March 8, 2016. Because of the change to the CAO position and possible changes to the NRHD Board chair and deputy chair, it will be necessary to update the designated signing authorities. While the list of designated positions does not change, the persons named to those positions may change and therefore a new resolution is required.

The signing authority changes will affect accounts currently held with:

- TD Canada Trust
- Municipal Finance Authority

The designated signing authorities as outlined in this report would also apply should the NRHD open new financial instrument accounts.

The updated signing authorities would be as follows:

| | |
|--------------------------------------|---------------------|
| Chairperson | Deputy Chairperson |
| Interim Chief Administrative Officer | Director of Finance |
| Manager of Accounting Services | Senior Accountant |

The practical application of the signing authorities involves for the most part issuing cheques for goods and services and investing sums with the Municipal Finance Authority. These transactions require two signatures to be valid. At present, cheques less than \$1,000 have two signatures automatically printed through the finance software and cheques over \$1,000 have one signature printed and are reviewed and signed manually for the second signature by the Manager, Accounting Services. Cheques with a value of more than \$250,000 have no preprinted signatures and must be signed individually by two signing officers, typically the Director of Finance and the Manager of Accounting Services.

ALTERNATIVES:

1. Approve the signing authorities as presented to be applicable to the Nanaimo Regional Hospital District.
2. Recommend an alternative list of signing authorities.


FINANCIAL IMPLICATIONS:

There are no financial implications to these measures. The number of designated authorities is sufficient to ensure that where two signatures are required they can be obtained in an efficient manner.

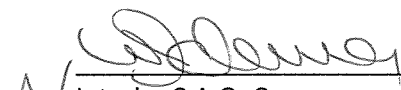
SUMMARY/CONCLUSIONS:

The 2016 Inaugural meeting of the Nanaimo Regional Hospital District will be held on March 8, 2016. Because of the change to the CAO position and possible changes to the NRHD Board chair and deputy chair, it will be necessary to update the designated signing authorities. While the list of designated positions does not change, the persons named to those positions may change and therefore a new resolution is required.

Staff recommend approving the signing authorities as presented.



Report Writer



A/ Interim C.A.O. Concurrency