



## CORPORATE REPORT

To: Fraser Valley Regional Hospital District Board

Date: April 21, 2022

From: Kelly Lownsbrough, Director of Corporate Services / CFO

File No:

Subject: Fraser Health Authority 2021/2022 Capital Funding Request

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### RECOMMENDATION

**THAT** the Fraser Valley Regional Hospital District Board confirm the level of support it wishes to provide as a **response to Fraser Health Authority's** annual request for Capital Funding.

**OPTION 1** - that the FHA request for its 2021/2022 Capital Funding be approved at \$4.231M by reducing the contribution to Major Capital Reserves by \$2.431M.

**OR**

**OPTION 2** – that the FHA request for its 2021/2022 Capital Funding be limited to \$1.8M, the amount included in the Hospital District's 2022 Annual Budget for Minor Capital Funding in 2022.

### BACKGROUND

On an annual basis, the Hospital District provides Fraser Health Authority (FHA) with approximately \$1.8M for minor/medium capital funding requests. The most recent Five Year Capital Forecast for Facility Projects and Equipment Needs provided by FHA, includes projected funding from the Hospital District at \$1.8M.

Accordingly, the 2022 Annual Budget adopted at the March Board meeting continues this practice and provides for the allocation of \$1.8M for this year. Subsequent to the budget submission, staff received a formal letter from FHA requesting Capital Funding of \$4.231M. Similar to prior years, the longstanding practice between FHA and FVRHD has been to bring capital funding requests that are **retroactive**. **The request for \$4.231M in funding is for projects that were completed in FHA's 2021/2022 budget year (April 2021 – March 2022).**

### DISCUSSION

#### *Request from FHA*

The funding request from FHA outlines \$42.349 in capital investments that Fraser Health approved for the Fraser East region in 2021/2022. Historically, the Hospital District has funded 40 per cent of these initiatives which equates to \$4.231M for 2022. Of note, the FHA Capital Funding request that the Hospital District approved in 2021 was \$4.757M. FHA advises that the facility projects and equipment included in the most current request are a top priority for the delivery of services in Fraser East. These projects are listed below for information and consideration.

## FHA Major & Minor Capital Funding Request 2021/2022

	TOTAL	FVRHD 40%
Abbotsford – Marshall Road Land Acquisition	\$14,026	-
Chilliwack Primary Care Clinic	5,356	-
FCH/HV/MMH Energy / Greenhouse Gas Reduction	2,155	-
MMH CT Scanner	8,415	-
<b>Total Capital – Major</b>	<b>\$29,952</b>	<b>\$ -</b>
ARH Chemistry Analyzers Autoline	\$1,422	\$569
ARH Sterilizer Low Temperature (2)	248	99
ARH Ultrasound Cardiac TEE System	172	69
ARH Portable X-Ray	156	62
ARH Pulmonary Function Lab System Replacement	132	53
CGH B Wing Plumbing/Sanitary System Renewal	1,900	760
CGH Mammography Room Renovation	1,000	160
CGH Ultrasound Diagnostic – MI	405	162
CGH Boiler Room Electrical Panels Replacement	390	156
CGH Lab Cell Counter (3)	278	111
CGH Instrument Washer (2)	218	87
CGH C Wing Fan System Renewal	160	64
CGH Sterilizer Low Temperature	124	50
FCH Water Main Replacement	235	94
HV Chiller Replacement	310	124
MMH Electrical Panels Upgrade	1,000	400
MMH Elevator #1 Modernization	450	180
MMH Roof – Emergency & Diagnostic Imaging	400	160
MSA – Food Services Refrigeration System	101	40
Under \$100K equipment	3,296	831
<b>Total Capital – Minor</b>	<b>\$12,397</b>	<b>\$4,231</b>
<b>TOTAL CAPITAL REQUEST</b>	<b>\$42,349</b>	<b>\$4,231</b>

Attached to this report is the request from FHA, which also includes a detailed listing of the equipment under \$100,000.

*Annual Budget – Impact of Funding this request*

The approved 2022 Annual Budget includes approximately \$13M in revenue. The allocation of these funds is primarily for reserve contributions towards future new Major Capital projects (other than the commitments made for long-term care facilities) as well as debt repayment. The Annual Budget includes \$1.8M in funding for FHA Minor Capital. A high level summary of how the revenue in the 2022 Annual Budget is allocated is shown below.

	2022 Budget (approved)	2022 Budget (if amended)	Adjustment for additional Minor Capital Funding
Revenue	\$13.025M	\$13.025M	
<i>Contributions to Reserves (net)</i>			
Early Debt Retirement Reserve (includes interest)	1.870M	1.870M	
Major Capital Reserve	(5.651M)	(3.220M)	2.431M
Debt & Interest Payments	(3.127M)	(3.127M)	
Admin/expenses	0.577M	0.577M	
Contribution to FHA	(1.800M)	(4.231M)	(2.431M)

Should the Board wish to fully fund the most recent Minor Capital Request from FHA, this can be accomplished by reducing the contribution to Major Capital Reserve by \$2.431M by budget amendment. Going forward, FHA has committed to bringing forward larger project requests to the Hospital District throughout the course of the year.

## **COST**

The 2022 request for Minor Capital from FHA is \$4.231M and is greater than the amount of \$1.8M included in the 2022 Annual Budget. In order to support this request, contributions to major capital reserves in 2022 can be reduced from typical levels.

## **CONCLUSION**

Fraser Health has provided the Hospital District with a funding request to address capital projects in their 2021/2022 Capital Investment Plan for the Fraser East Region. The 2022 Annual Budget approved at the March board meeting, includes \$1.800M of funding. Should the Board wish to approve a larger than budgeted contribution to FHA for Minor Capital, those funds can be redirected from the Major Capital Reserve contributions.

COMMENT BY:

Jennifer Kinneman, Chief Administrative Officer: Reviewed and supported.