



CORPORATE REPORT

To: Fraser Valley Regional Hospital District Board
From: Mike Veenbaas, Director of Financial Services
Subject: Fraser Health Authority 2017/2018 Funding Request

Date: March 27, 2018

File No: HD1015-01

RECOMMENDATION

THAT the Fraser Valley Regional Hospital District authorize a payment of \$1.8 million to Fraser Health Authority, representing the Hospital District's financial contribution to the 2017/2018 Capital Investments approved in the Fraser East Region;

AND FURTHER THAT the Fraser Valley Regional Hospital District provide direction to Staff regarding the second request from Fraser Health Authority to fund the Fraser Canyon Hospital Electrical System Upgrade and the Mission Memorial Hospital Community Health Centre Expansion from the Major Capital Projects Reserve.

BACKGROUND

On February 27th, the Hospital District approved the 2018-2022 Financial Plan Bylaw which provided for an allocation of up to \$1.8 million to Fraser Health for minor/medium capital funding requests. On March 19th a letter was received from Fraser Health outlining the capital investments approved for Fraser East and a request to the Hospital District for a 40% funding share equal to \$1.9 million. A second request was also received asking the Hospital District to consider funding 40% of two larger capital improvement projects, one at the Fraser Canyon Hospital and one for the Mission Memorial Hospital Community Health Centre (CHC) expansion.

DISCUSSION

Two funding requests have been received from Fraser Health, one for the annual minor/medium projects and a second request for two major capital improvement projects.

For the first request, Fraser Health has approved \$4.8 million in minor/medium capital investments for the Fraser East Region itemized into three categories:

- Facility Projects \$0.8 million
 - ARH Nurse Call Replacement
 - CGH Bradley Centre Nurse Call Replacement

- Equipment over \$100,000 \$3.2 million
 - ARH Multipurpose Angio/Interventional Suite
 - ARH Image Guided Endoscopic Sinus System
 - ARH Echo Unit
 - CGH Microscope
 - CGH Patient Monitoring
- Equipment under \$100,000 \$0.8 million

Based on a historical 40% funding share, the Hospital District is being asked to contribute \$1.9 million towards these initiatives. The 2018 financial plan includes funding of up to \$1.8 million for these initiatives. A detailed listing of the "Equipment under \$100,000" is included in Appendix A

For the second request, the following project details have been provided by Fraser Health:

1. Fraser Canyon Hospital Electrical Upgrade

FCH's main electrical distribution system is antiquated and near capacity. In addition, its emergency power system is non-code compliant and requires upgrading. This project will replace two existing BC Hydro secondary services with a single primary BC Hydro service having two main transformers and providing two generators for emergency power.

2. Mission Memorial Hospital Community Health Care Centre Expansion

This project includes the fit out of existing shelled space in the Mission CHC. The additional capacity will provide cohesive community-based services in an enhanced primary care model, which will include a large full service group of physicians into the CHC.

Fraser Health is asking the Hospital District to consider funding 40% of these two projects for a total of \$3.33 million. Funding would come from the Major Capital Reserve which currently has commitments for the Abbotsford CRC project (\$18.3 million) and a Chilliwack CRC project (\$17.6 million). Over the course of the current five year financial plan (2018-2022), the minimum projected balance in the Major Capital Reserve (after deducting the Abbotsford & Chilliwack CRC projects) is \$15.8 million, providing the Board an opportunity to consider funding of additional Major Capital funding requests from Fraser Health.

COST

The 2018 financial plan provides for up to \$1.8 million to be allocated to Fraser Health for minor/medium capital funding requests. If the Board directs Staff to fund some portion of the major capital improvement request, a financial plan amendment will be required as only \$300,000 is currently included for 2018 related to the Abbotsford CRC project.

CONCLUSION

Fraser Health has provided the Hospital District with two funding requests to address minor/medium projects in the 2017/2018 Capital Investment Plan for Fraser East and to address two significant facility capital projects in Hope and Mission. The 2018 financial plan provides for funding of \$1.8 million for minor/medium projects and the Board has the option to consider funding the two larger projects from the Major Capital Projects reserve.

COMMENT BY:

Paul Gipps, Chief Administrative Officer

Reviewed and supported