



Staff Report

DATE: May 31, 2017

FILE: H-CW

TO: Chair and Directors
Regional Hospital District board

FROM: Russell Dyson
Chief Administrative Officer

RE: Budget amendment - Unit Dose Medication Distribution (UDMD) project

Purpose

To provide the regional hospital district board with a recommendation to accept the UDMD project in the amount of \$1,844,365 (CSRHD 40 percent share is \$737,746) and thus amend the 2017 Annual Budget Bylaw No. 284 and 2017 Capital Expenditure Bylaw No. 285, which were originally adopted on March 9, 2017.

Policy analysis

As per the Comox Strathcona Regional Hospital District (CSRHD) Financial Planning Policy for projects greater than \$1,500,000, a Unit Dose Medication Distribution (UDMD) project presentation was made by Island Health at the March 9, 2017 meeting by David Leadbetter, Director and Dr. Jeff Beselt, Medical Executive Director, Geography 1, Island Health.

Executive summary

The UDMD project will be funded from the annual operating amount of \$1,850,000. For 2017, only \$116,810 has been allocated within the approved budget with the remaining \$1,733,190 transferred to the funds for future expenditures reserve. The reserve contribution amount will be reduced by the CSRHD portion of the UDMD project of \$737,746, resulting in \$995,444 being available for future 2017 expenditures. Overall, \$889,556 (including \$35,000 for named facility grants) will be transferred from operating to capital instead of the original amount of \$151,810. By approving the UDMD major project, the 2017 CSRHD capital expenditures will increase from \$11,252,526 to \$11,990,272 (including the 2017 NIHP payments).

The CSRHD staff is seeking direction as to the approval of the UDMD project and thus amendment of the 2017 Annual Budget Bylaw No. 284 and 2017 Capital Expenditure Bylaw No. 285 by \$737,746, the amount of the CSRHD's portion of the UDMD project.

Recommendation from the chief administrative officer:

1. THAT the Unit Dose Medication Distribution (UDMD) project be approved for inclusion in the 2017 Comox Strathcona Regional Hospital District annual budget;
2. THAT the 2017 CSRHD annual budget be amended to include the CSRHD portion of the UDMD project in the major capital projects line item in the amount of \$737,746 funded by reducing the contribution to the funds for future expenditure reserve, AND THAT the 2017 CSRHD annual budget be adopted as amended.

Respectfully:

R. Dyson

Russell Dyson
Chief Administrative Officer

Prepared by:

R. Wyka

Renata Wyka, CPA, CGA
Sr. Accounting Technician

Concurrence:

K. Douville

Kevin Douville, B.Comm
Acting Manager of Financial
Planning

Concurrence:

B. Dunlop

Beth Dunlop, CPPB, CPA, CGA
Corporate Financial Officer

Attachments: Appendix 'A' – "Amended 2017 Consolidated Annual Budget"
Appendix 'B' – "Amended Annual Budget Detail"

Comox-Strathcona Regional Hospital District
Amended 2017 Consolidated Annual Budget - Appendix 'A'

Revenue

Grants in lieu of taxes	\$	82,000
Requisition		17,000,000
Short term debt financing		8,324,000
Transfer from reserves		2,776,716
Interest revenue		60,000
Surplus prior year		251,246
	\$	28,493,962

Expenditures

Administration expense	\$	151,000
Governance expenses		54,000
Benefits		100
Bank charges		500
Travel		18,000
Legal fees		10,000
Professional fees		94,000
Bank/loan interest operating		22,000
Funds for future expenditures		1,050,444
Long term debt financing costs		103,646
Short term debt financing costs		15,000,000
Capital grants		11,990,272
	\$	28,493,962



Budget Departmental by Class

From Category : 0 To Category : 0
 Account Code : 5?-?-?-??? To : 5?-?-?-???

Budget Detail : Budget Values
 Year : 2017

**APPENDIX B
 AMENDED ANNUAL BUDGET DETAIL**

**2017
 Budget
 Values**

Account Code	Account Description	2017 Budget Values
GENERAL REVENUE FUND		
50-1-0-005	GRANTS IN LIEU OF TAXES	82,000
50-1-0-015	REQUISITION - ELECTORAL AREAS	6,252,376
50-1-0-020	REQUISITION - MUNICIPAL	10,747,624
50-1-0-120	INTEREST REVENUE	60,000
50-1-0-150	SURPLUS PRIOR YEAR	251,246
REVENUE Total		17,393,246

50-2-0-200	ADMINISTRATION EXPENSE	151,000
50-2-0-220	GOVERNANCE EXPENSES	54,000
50-2-0-225	BENEFITS	100
50-2-0-246	BANK CHARGES	500
50-2-0-320	TRAVEL	18,000
50-2-0-381	LEGAL FEES	10,000
50-2-0-387	PROFESSIONAL FEES	94,000
50-2-0-480	TRANSFER TO CAPITAL	889,556
50-2-0-485	FUNDS FOR FUTURE EXPENDITURES	1,050,444
50-2-0-500	BANK/LOAN INTEREST OPERATING	22,000
50-2-0-505	LONG TERM DEBT PRINCIPAL	66,902
50-2-0-506	LONG TERM DEBT INTEREST	36,744
50-2-0-507	INTERIM FINANCING PRINCIPAL	12,500,000
50-2-0-508	INTERIM FINANCING INTEREST	2,500,000
EXPENSES Total		17,393,246

GENERAL REVENUE FUND Total		0

Report Total -->		0

Budget Departmental by Class



From Category : 0 To Category : 0
 Account Code : 5?-?-?-??? To : 5?-?-?-???

Budget Detail : Budget Values
 Year : 2017

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Account Code	Account Description	2017 Budget Values
CAPITAL & LOAN FUND		
51-1-0-140	INTERIM FINANCING PROCEEDS	8,324,000
51-1-0-145	TRANSFER FR RESERVE	2,776,716
51-1-0-148	TRANSFER FR GENERAL	889,556
REVENUE Total		11,990,272
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING	116,810
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING	35,000
51-2-0-473	CAPITAL GRANTS FUNDED BY RESERVES	986,716
51-2-0-474	MAJOR CAPITAL PROJECTS	10,851,746
EXPENSES Total		11,990,272
CAPITAL & LOAN FUND Total		0
Report Total -->		0



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Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
1 --> REVENUE						
50-1-0-005	GRANTS IN LIEU OF TAXES					
1		A	1.00	-82000.00	0.0000	-82,000
Total :		GRANTS IN LIEU OF TAXES				-82,000
50-1-0-015	REQUISITION - ELECTORAL AREAS					
3	.7573 per \$1000 based on 2017 completed roll	A	1.00	-6252376.00	0.0000	-6,252,376
Total :		REQUISITION - ELECTORAL AREAS				-6,252,376
50-1-0-020	REQUISITION - MUNICIPAL					
4	.7573 per \$1000 based on 2017 completed roll	A	1.00	-10747624.00	0.0000	-10,747,624
Total :		REQUISITION - MUNICIPAL				-10,747,624
50-1-0-120	INTEREST REVENUE					
5		A	1.00	-60000.00	0.0000	-60,000
Total :		INTEREST REVENUE				-60,000
50-1-0-150	SURPLUS PRIOR YEAR					
8	General surplus estimate	A	1.00	-193246.00	0.0000	-193,246
8	NIHP liaison estimated carry forward	A	1.00	-38000.00	0.0000	-38,000
8	Board strategic planning	A	1.00	-20000.00	0.0000	-20,000
Total :		SURPLUS PRIOR YEAR				-251,246



2017 Budget Values

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Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
1 --> REVENUE						
51-1-0-140	INTERIM FINANCING PROCEEDS					
175	NIHP Interim financing	A	1.00	-8324000.00	0.0000	-8,324,000
Total :						-8,324,000

51-1-0-145	TRANSFER FR RESERVE					
159	Prior year equipment/projects \$5K to \$100K	A	1.00	-867689.00	0.0000	-867,689
159	Prior year equipment/projects > \$100K	A	1.00	-119027.00	0.0000	-119,027
159	NIHP	A	1.00	-1790000.00	0.0000	-1,790,000
Total :						-2,776,716

51-1-0-148	TRANSFER FR GENERAL					
153	Global grants funded by operating	A	1.00	-35000.00	0.0000	-35,000
153	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	-116810.00	0.0000	-116,810
153	Budget Amendment Jun/17- UDMD project	A	1.00	-737746.00	0.0000	-737,746
Total :						-889,556



2017 Budget Values

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Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
2 --> EXPENSES						
50-2-0-200 ADMINISTRATION EXPENSE						
9	CVRD support services	A	1.00	151000.00	0.0000	151,000
Total :						151,000
50-2-0-220 GOVERNANCE EXPENSES						
166	12 meetings @ \$4500	A	12.00	4500.00	0.0000	54,000
Total :						54,000
50-2-0-225 BENEFITS						
169	Board remuneration (CPP only)	A	1.00	100.00	0.0000	100
Total :						100
50-2-0-246 BANK CHARGES						
174		A	1.00	500.00	0.0000	500
Total :						500
50-2-0-320 TRAVEL						
167	Board travel	A	12.00	1500.00	0.0000	18,000
Total :						18,000
50-2-0-381 LEGAL FEES						
171		A	1.00	10000.00	0.0000	10,000
Total :						10,000
50-2-0-387 PROFESSIONAL FEES						
165	Annual audit fees	A	1.00	4500.00	0.0000	4,500
165	Audit fee allowance for expanded scope and additional services re NIHP	A	1.00	2500.00	0.0000	2,500
165	Project liaison - based on actual time required on project. 2016 carry forward.	A	1.00	38000.00	0.0000	38,000
165	Cfwd 2016 Board strategic planning	A	1.00	20000.00	0.0000	20,000
165	Website upgrade	A	1.00	29000.00	0.0000	29,000
Total :						94,000
50-2-0-480 TRANSFER TO CAPITAL						
152	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	116810.00	0.0000	116,810
152	Global grants	A	1.00	35000.00	0.0000	35,000
152	Budget Amendment June/17 - UDMD project	A	1.00	737746.00	0.0000	737,746
Total :						889,556
50-2-0-485 FUNDS FOR FUTURE EXPENDITURES						
157	Unallocated annual funding	A	1.00	1733190.00	0.0000	1,733,190
157	Additional contribution	A	1.00	55000.00	0.0000	55,000
157	Budget Amendment June/17 - UDMD project	A	1.00	-737746.00	0.0000	-737,746
Total :						1,050,444
50-2-0-500 BANK/LOAN INTEREST OPERATING						
12	Temporary borrowing interest	A	1.00	22000.00	0.0000	22,000
Total :						22,000
50-2-0-505 LONG TERM DEBT PRINCIPAL						



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Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
14	Issue 99 Apr/Oct 19 - ends Oct 2026	A	1.00	16304.00	0.0000	16,304
14	Issue 103 Apr 23 - ends Apr 2018	A	1.00	50598.00	0.0000	50,598
Total :						66,902
LONG TERM DEBT PRINCIPAL						
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50-2-0-506	LONG TERM DEBT INTEREST					
73	Issue 99 Apr/Oct 19 - ends Oct 2026	A	2.00	4248.00	0.0000	8,496
73	Issue 103 Apr/Nov 23 - ends Apr 2018	A	2.00	14124.00	0.0000	28,248
Total :						36,744
LONG TERM DEBT INTEREST						
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50-2-0-507	INTERIM FINANCING PRINCIPAL					
132	Paydown Aug 1 interim financing	A	1.00	12500000.00	0.0000	12,500,000
Total :						12,500,000
INTERIM FINANCING PRINCIPAL						
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50-2-0-508	INTERIM FINANCING INTEREST					
139	NIHP interim financing interest	A	1.00	2500000.00	0.0000	2,500,000
Total :						2,500,000
INTERIM FINANCING INTEREST						



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Account Code ID	Account Name Description	Status	Quantity	Rate	Burden %	Amount
2 --> EXPENSES						
51-2-0-471	CAPITAL GRANTS FUNDED BY OPERATING					
154	Current year capital projects/equipment funded by operating greater than \$5,000 and less than \$100,000	A	1.00	116810.00	0.0000	116,810
Total :						116,810
51-2-0-472	GLOBAL GRANTS FUNDED BY OPERATING					
156	Zeballos, Cortes, Cumberland Reg Laundry, Kyuquot, Tahsis, Gold River, Sayward	A	1.00	35000.00	0.0000	35,000
Total :						35,000
51-2-0-473	CAPITAL GRANTS FUNDED BY RESERVES					
160	Prior yr equipment/projects >\$100K	A	1.00	119027.00	0.0000	119,027
160	Prior yr equipment/projects \$5K to \$100K	A	1.00	867689.00	0.0000	867,689
Total :						986,716
51-2-0-474	MAJOR CAPITAL PROJECTS					
161	NIHP payment Jan 1	A	1.00	4464000.00	0.0000	4,464,000
161	NIHP payment Apr 1	A	1.00	5553000.00	0.0000	5,553,000
161	NIHP payment Jul 1	A	1.00	0.00	0.0000	0
161	NIHP payment Oct 1	A	1.00	97000.00	0.0000	97,000
161	Budget Amendment June/17 - UDMD project	A	1.00	737746.00	0.0000	737,746
Total :						10,851,746