

Memorandum of Understanding

THIS UNDERSTANDING made as of the 7th day of October, 2003 and renewed, as amended, the 18th day of October, 2021.

BETWEEN:

NORTHERN HEALTH

(hereinafter called "NH")

AND:

OF THE FIRST PART

**CARIBOO-CHILCOTIN REGIONAL HOSPITAL DISTRICT
FRASER-FORT GEORGE REGIONAL HOSPITAL DISTRICT
NORTH WEST REGIONAL HOSPITAL DISTRICT
NORTHERN ROCKIES REGIONAL HOSPITAL DISTRICT
PEACE RIVER REGIONAL HOSPITAL DISTRICT
STUART-NECHAKO REGIONAL HOSPITAL DISTRICT**

(hereinafter called "RHDs")

OF THE SECOND PART

WHEREAS:

- A) NH is responsible for all health care services within the Northern British Columbia region comprising of Northwest, Northeast and Northern Interior Health Service Delivery Areas, and
- B) The RHDs are responsible, on a voluntary basis, for providing funding based on a cost-shared formula to NH for capital, including equipment and clinical information technology projects, within their respective service areas in accordance with the *Hospital District Act*.

Intent:

In order for the planning and funding of equipment, clinical information technology and capital projects to be effective and efficient while ensuring accountability, the parties agree with each other as follows:

1. Upon receiving the funding envelope from the province for *Capital Improvement Projects*, NH will allocate the capital funding for *Minor Capital Projects and Equipment < \$100K* among the three Health Service Delivery Areas (HSDAs.) Each HSDA will contact its respective RHD to share the plan by community, including identifying funding allocation by each community, for feedback.

2. Upon receiving the funding envelope from the province for *Capital Improvement Projects*, NH will present proposals at a meeting of the Chairs/Staff of all RHDs within the region to seek feedback and identify funding requirements. *Capital Improvement Projects* requiring RHD funding will be presented to the regional planning group before being presented to the NH Board for approval.
3. Capital equipment projects over \$100,000 will be prioritized on an NH-wide basis and presented to the RHDs for feedback and to identify requirements prior to being presented to the NH Board for approval.
4. Capital Projects requiring debt servicing or other forms of funding by NH, not included above and which historically would receive RHD funding, will be presented to a meeting of the Chairs/Staff of all RHDs within the region to seek feedback and identify funding requirements prior to being presented to the NH Board for approval.
5. NH will provide three-year capital plans including construction, clinical information technology and equipment outlining funding requirements to the respective RHDs by November 1st of each year, recognizing that it will take time for NH to develop suitable plans integrated with service plans.
6. RHDs may examine widening the scope of projects that will be cost-shared under legislation, subject to RHD taxation limits.
7. NH will submit a summary of projects and/or equipment costing under \$100K to the RHDs for their review, annually. NH will submit a summary of the projects and/or equipment costing over \$100K to the RHDs for reimbursement. RHDs reserve the right to request further detailed invoice copies.
8. For any project with an estimated cost greater than \$1 million, including professional services, construction and equipment, the RHD may require the use of a *Project Implementation and Accountability process* (see Appendix 1.)
9. The disposal of NH capital assets and disposition of proceeds will follow the guidelines set out in Appendix 2.
10. Subject to Ministry of Health review and approval, media releases announcing capital expenditures for which RHD funding is supplied will be jointly produced and released by NH and the RHD.
11. a) RHDs may provide funding for projects within their geographic boundaries and for clinical information technology and projects or equipment outside their boundaries where there is a greater service area and there is an agreement amongst benefiting RHDs and NH for cost-sharing such projects.

b) Each RHD maintains the flexibility to negotiate independently with NH without prejudice and precedence for issues relating to the capital plan

12. The parties agree to meet twice each year to discuss planning and funding of equipment and capital projects. NH agrees to schedule additional meetings with the individual RHD's to discuss specific capital projects and operational issues as the need arises.
 - a) Spring joint meetings will focus on the Capital Plan and business matters.
 - b) Fall joint meetings will focus on preparation of the Capital Plan and feedback on strategic directions in preparation for the NH Board fall planning session.
13. The NH Board will provide opportunity for each RHD to meet annually with the NH Board when the Board is meeting in the RHD's jurisdiction. The purpose of this meeting is:
 - a) to discuss matters of mutual concern related to the Capital Plan, and
 - b) to receive any other feedback and input.
14. RHDs will have opportunity to meet with NH's Board Chair and Chief Executive Officer during the course of the North Central Local Government Association (NCLGA) and Union of B.C. Municipalities (UBCM) events held each year to discuss the Capital Plan and related issues.
15. NH's Chief Operating Officers (COOs) from each HSDA will attend RHD meetings upon request for discussion of ad-hoc items to ensure timely communication of issues.
16. This agreement will be reviewed every two years by NH and RHDs to ensure the process is accountable and effective. Any party can terminate its participation by giving 90 days' notice in writing to all parties of its intent to do so.

IN WITNESS WHEREOF the parties have executed this Memorandum of Understanding as of the day, month and year first above written.

Chair, Cariboo-Chilcotin Regional Hospital District

Chair, Fraser-Fort George Regional Hospital District

Chair, Northern Rockies Regional Hospital District

Chair, North West Regional Hospital District

Chair, Peace River Regional Hospital District

Chair, Stuart-Nechako Regional Hospital District

Chair, Northern Health

APPENDIX 1

NORTHERN HEALTH / REGIONAL HOSPITAL DISTRICT PROJECT IMPLEMENTATION AND ACCOUNTABILITY PROCESS

POLICY

Northern Health (NH) is responsible for Capital Projects and Regional Hospital Districts (RHDs) are responsible to the taxpayer and require accountability regarding Capital Projects from Health Authorities. NH has the expertise to implement projects and RHDs reserve the right to decide the amount of funding contribution to the projects.

NH and RHDs agree that projects are to be developed using the following guidelines:

PROJECTS OVER \$1 MILLION

Preliminary Planning

Projects over \$1 million should be included in the five-year prioritized major capital project plan, and be consistent with the facility role and service plan.

Scope of Project

Northern Health will develop the scope of the project with consultation from their stakeholders and user groups. A Project Brief will be presented to the RHD for approval- in-principle. The RHD may wish to consider approval of planning funds at this stage.

Project Brief includes:

- Needs Assessment
- Project description (including scope)
- Location
- Preliminary cost estimate

Planning

NH's formal request to the RHD will include the same project planning documentation as presented to NH's Board for their approval. It is anticipated this documentation will include:

- Detailed Project Scope
- Conceptual and schematic estimates
- Project delivery time schedule
- Strategic importance
- Cost estimate
- Recommended reporting schedule to the RHD
- Other information applicable to the project

Implementation

Progress reports will be provided to the RHD on a regular basis, as agreed to with individual RHDs in compliance with the agreed scope of the project. Requests for funding will include actual monthly expenditures, budgetary status report and list of change orders and cannot exceed actual expenses incurred as reported on the status report. RHDs reserve the right to request invoices.

Project Management

If a project is likely to diverge from the original scope or implementation schedule, NH will inform the RHD in a timely manner, identifying the reasons for the variance, the financial implications, the time frame implications and impacts on the projected completion date. Failure to notify the RHD may jeopardize the RHD portion of incremental project funding.

NH may make a request to the RHD for funding contributions for cost overruns; however, the RHD is not obligated to approve such requests.

Any scope change or reallocation of project funds over 5% requires RHD consent. In the event that cost savings on the total project are generated, NH will contact the RHD and report the amount and provide an explanation.

PROJECTS BETWEEN \$100,000 AND \$1 MILLION

Northern Health to provide:

- A Scope of Work for the project. This project brief will include an understanding of the need, priority, schematic design (if required), and order of magnitude budget.
- NH will provide the RHD with an annual list of all proposed projects for the current fiscal year for their budget consideration and feedback. A five-year plan will also be provided at this time.
- NH will, to the best of its abilities, complete all projects on time, on budget and within scope.
- NH will attend the RHD Board meetings to provide updates on any or all projects, if requested.

Reports to be provided by Northern Health:

- Quarterly update to the RHD. This update includes a schedule describing the progress for each approved project from schematic design through to final completion of the project. It also provides the estimated construction timeframe and proposed completion date. This information is to be used in the planning of any opening ceremonies.

- NH will advise the RHD immediately, in writing, of any project with the potential of significant changes to the scope of work or budget overrun, detailing the change and/or cost overrun.
- NH may make a request to the RHD for funding contributions for cost overruns, however the RHD is not obligated to approve such requests.

THE FOLLOWING WILL BE APPLICABLE TO ALL PROJECTS

Public/Private Partnerships

Should NH enter into public/private partnership with RHD involvement, a different project implementation approach and accountability process may be required, which will be decided in the initial planning stages.

Completion

Subject to Ministry of Health review and approval, NH and the RHD will arrange joint press releases in accordance with their Memorandum of Understanding. Media events, such as project approval, sod turning and facility openings, shall ensure recognition and include participation of funding partners.

APPENDIX 2

DISPOSAL OF NORTHERN HEALTH CAPITAL ASSETS AND DISPOSITION OF PROCEEDS

POLICY

Northern Health (NH) will work with respective Regional Hospital Districts (RHDs) and in compliance with the Ministry of Health Capital Asset Management Plan in the disposal of NH capital assets and the disposition of proceeds as follows:

1. Disposal of Health Authority Capital Assets

NH will consult with an RHD regarding disposal of capital assets, including equipment, land and buildings, with an initial capital cost over \$500,000 that have been cost-shared by that RHD. The sale or disposal of the asset will be in accordance with Ministry of Health policy.

In the event that an outstanding RHD debt remains on the property, NH will negotiate repayment through agreement with the RHD and/or the Ministry.

Any “trade in allowance” or “proceeds of sale” of assets which the RHD has cost- shared shall be applied to the purchase of the replacement asset or, if the asset is not to be replaced, NH will negotiate the use of the proceeds of the sale or disposal towards an item on the NH Capital Plan within the RHD.

2. Transferring Assets within RHD Boundaries

When a major capital asset that a RHD has cost-shared is moved to another facility within the RHD boundaries, NH will consult with the RHD prior to transferring the asset from one facility to another.

3. Transferring Assets outside RHD Boundaries

When a major capital asset that a RHD has cost-shared is moved to another facility outside the RHD, the RHD Board will be asked for their consent prior to transferring the asset.

4. Change to Function

If NH plans to substantively change the function of a capital asset (facility or component thereof) that the RHD has cost-shared, NH will consult with that RHD prior to any such conversion. Examples include hospital conversion to complex care, complex care conversion to supportive housing.

The RHD may wish to negotiate repayment of any outstanding debt and/or compensation.

Emergency movement of equipment, making space available for care due to a catastrophic facility failure or other event, NH and the RHD agree: 1. that the RHD will be notified as soon as possible after the event starts; and 2. that consultation and consent will be discussed after the event.