

ADMINISTRATIVE REPORT

TO: Okanagan-Similkameen Regional Hospital Board

FROM: B. Newell, Chief Administrative Officer

DATE: February 17, 2022

RE: Okanagan Similkameen Regional Hospital District 2022-2026 Five Year Financial Plan Bylaw No. 169, 2022

Administrative Recommendation:

THAT Bylaw No. 169, 2022, being a bylaw of the Okanagan Similkameen Regional Hospital District to adopt the 2022-2026 Five Year Financial Plan, be read a third time and adopted.

Reference:

1. Bylaw No.169 (including Schedule A)
2. Interior Health 2022 Capital Funding Request Letter

Background:

The Board received a presentation from the Interior Health Authority at their meeting of 20 January 2022 and then considered a number of options that would impact the 2022-2026 Financial Plan. The Board referred this matter to the next meeting 3 February 2022 so they could have further time to consider the options.

The preferred option anticipates that requisitions will be maintained at a level to support completion of the hospital project and then sustain debt servicing after the project is complete. Nominal increases would still be expected for other factors affecting the financial plan such as inflation and changes to Interior Health's annual capital funding requests.

The bylaw for the 2022-2026 Financial Plan received first & second reading at the meeting 3 February 2022.

To comply with legislation, the Board must approve the budget by March 31st.

Analysis:

- There is no requisition increase over 2021.
- Overall, the average residential property tax levy increases to approximately \$115.67 (2021 - \$112.12).

- The capital funding requested by IHA and detailed in the attached letter is \$4,597,960 (2021 - \$4,387,200).
- Borrowing \$3.2M Long-Term to finance the relocation of the PRH Oncology Dept.
- The transfer from capital reserves is budgeted at \$1,000,000 for the previously approved 2021 IHA Capital Project Penticton Urgent & Primary Care Centre #101-437 Martin St.
- Penticton Regional Hospital Project
 - Overall project cost estimated at \$117M
 - Project funding to the end of 2021 totalled \$107,456,000 (Debt - \$67,500,000; Reserves - \$39,956,000).
 - Project funding due in this fiscal year totals \$9,527,000 (2022 - \$5,492,000; Project Reserve - \$4,035,000)
 - Funding completion slated for end of 2022.
 - Five Year Financial Plan assumes debt (short term or long term) taken over the course of the hospital project until 2022.
 - Current long term debt \$67.5 million (2020 spring debt issue), current short term debt \$Nil.
 - Current estimated total long term debt required is \$78M (approximated 67% of project cost).

The requisition amounts appearing in Schedule “A”, as attached to the bylaw are based on 2022 Completed Assessment Roll data.

Respectfully submitted:

“John Cote, Accountant”

J. Cote, Accountant