

ADMINISTRATIVE REPORT

TO: Okanagan-Similkameen Regional Hospital Board

FROM: B. Newell, Chief Administrative Officer

DATE: February 16, 2023

RE: Okanagan Similkameen Regional Hospital District 2023-2027 Five Year Financial Plan Bylaw No. 170, 2023

Administrative Recommendation:

THAT Bylaw No. 170, 2023, being a bylaw of the Okanagan Similkameen Regional Hospital District to adopt the 2023-2027 Five Year Financial Plan, be read a third time and adopted.

Reference:

1. Bylaw No.170 (including Schedule A)
2. Interior Health 2023 Capital Funding Request Letter

Background:

The Board received a presentation from the Interior Health Authority regarding the 2023 Capital Funding Request at their meeting of 19 January 2023 and considered a number of options that impact the 2023-2027 Financial Plan. The Board passed first & second reading of the Okanagan Similkameen Regional Hospital District 2023-2027 Five Year Financial Plan Bylaw No. 170, 2023 as presented at the meeting of 19 January 2023.

The preferred option anticipates that requisitions will be maintained at a level to support completion of the hospital tower 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 changes to Interior Health's annual capital funding requests, interest rates, inflation and capital reserves.

The bylaw for the 2023-2027 Financial Plan has yet to receive third reading & adoption.

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

Analysis:

- Currently there is no increase in the 2023 requisition over the 2022 requisition in the provisional budget.
- Overall, the current average residential property tax levy increases to approximately \$115.89 (2022 - \$115.65).
- Alternatively the Board may consider a tax increase in the amount of \$116,693 which represents the 2023 Non-Market Growth of 1.81% (which would result in the increase of the average residential property tax levy by \$2.10).
- The Board should note that for every additional \$100k levied in tax in 2023 the average residential tax levy will increase by approximately \$1.80.
- The 2023 capital funding requested by IHA and detailed in the attached letter is \$3,569,700 (2022 - \$4,597,960).
- Borrowing \$1.32M Long-Term (over 15 years) to finance the Primary Care Network projects in Keremeos (\$520,000) and Princeton (\$800,000).
- Penticton Regional Hospital Project
 - OSRHD's contribution of project costs is \$117M.
 - Project funding to the end of 2022 totalled \$110,425,000 (Debt - \$67,500,000; Reserves - \$42,925,000).
 - Project funding due in the 2023 fiscal year totals \$6,458,000 (2023 - \$2,423,000; Project Reserve - \$4,035,000)
 - Funding completion slated for the spring of 2023. A final reconciliation of expenditures and OSRHD contributions be completed and final payment adjustment be made (if any).
 - Five Year Financial Plan assumes debt (short term or long term) taken over the course of the hospital project until 2023.
 - \$67.5 million long term debt issued in the spring of 2020 (plus debt reserve fund holdback of \$681,818).
 - Current estimated total long term debt required is \$74M (approx. 63% of project cost).

The requisition amounts appearing in Schedule "A", as attached to the bylaw is based on 2023 Completed Assessment Roll data.

Respectfully submitted:

"John Cote, Accountant"

J. Cote, Accountant