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**CENTRAL OKANAGAN REGIONAL
HOSPITAL DISTRICT BOARD MEETING
AGENDA**

Thursday, February 20, 2020

8:30 a.m.

Woodhaven Board Room
1450 K.L.O. Road, Kelowna, BC

Pages

1. CALL TO ORDER

Chair Given acknowledged that this meeting is being held on the traditional territory of the syilx/Okanagan peoples.

2. ADDITION OF LATE ITEMS

3. ADOPTION OF THE AGENDA

(All Directors - Unweighted Corporate Vote - Simple Majority - 208.1)

Recommended Motion:

THAT the agenda be adopted.

4. ADOPTION OF THE MINUTES

4.1 Regional Hospital District Board Meeting Minutes - October 10, 2019

1 - 3

(All Directors - Unweighted Corporate Vote - Simple Majority - 208.1)

Recommended Motion:

THAT the Regional Hospital District Board meeting minutes of October 10, 2019 be adopted.

5. NEW BUSINESS

5.1 Interior Health Authority - Capital Funding Request for 2020/2021 Fiscal Year

4 - 7

(In attendance: Dan Goughnour, Director Business Support)

(All Directors - Unweighted Corporate Vote - Simple Majority - 208.1)

Recommended Motion:

THAT the Interior Health Authority letter of December 12, 2019 regarding their capital funding request for the 2020/2021 fiscal year and their presentation be received for information.

(All Directors - Unweighted Corporate Vote - Simple Majority - 208.1)

Recommended Motion:

THAT the Regional Hospital District Board receive the draft budget for information;

AND FURTHER THAT the budget be forwarded to the March 23, 2020 Board Meeting for final adoption.

6. Public Comment on CORHD 2020-2024 Financial Plan

7. ADJOURN

**Minutes of the meeting of the Central Okanagan Regional Hospital District Board
held in the Woodhaven Board Room, Regional District Offices on Thursday
October 10, 2019**

- Directors: J. Baker (District of Lake Country)
M. Bartyik (Central Okanagan East Electoral Area)
C. Basran (City of Kelowna)
W. Carson (Central Okanagan West Electoral Area)
M. DeHart (City of Kelowna)
C. Fortin (District of Peachland)
G. Given (City of Kelowna)
C. Hodge (City of Kelowna)
D. Findlater, alternate for G. Milsom (City of West Kelowna)
L. Stack (City of Kelowna)
- Absent: S. Johnston (City of West Kelowna)
B. Sieben (City of Kelowna)
L. Wooldridge (City of Kelowna)
Representative for Westbank First Nation
- Staff: B. Reardon, Chief Administrative Officer
M. Rilkoff, Director of Financial Services
S. Horning, Supervisor-Corporate Services (recording secretary)

1. CALL TO ORDER

Chair Given called the meeting to order at 12:12 p.m.

It was acknowledged that this meeting is being held on the traditional territory of the syilx/Okanagan peoples.

2. ADDITION OF LATE ITEMS

There were no late items for the agenda.

3. ADOPTION OF THE AGENDA

#H18/19 FORTIN/HODGE

THAT the agenda be adopted.

CARRIED unanimously

4. ADOPTION OF MINUTES

- 4.1 Regional Hospital District Board Meeting Minutes – May 9, 2019
(All Directors – Unweighted Corporate Vote – Simple Majority – LGA
208.1)

#H19/19 **FORTIN/BARTYIK**

THAT the Central Okanagan Regional Hospital District Board meeting minutes of May 9, 2019 be adopted.

CARRIED unanimously

5. NEW BUSINESS

- 5.1 Interior Health Authority Additional Funding Request for the Kelowna Urgent and Primary Care Centre (In attendance: James Kinakin, Director Business Support, John Cabral, Acute Health Service Administrator, and Deborah Preston, Community Health Services Administrator)
(All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1)

IHA Staff presented their capital update including the timeline for the 2020/21 planning cycle and responded to questions from the Board.

IHA Staff presented their mid-cycle funding request for the Kelowna Urgent Primary Care Centre, including an overview of the services that will be offered. The Centre has a planned opening for early 2020. The planning opening is contingent on completion of substantial tenant improvements to make the space functional for the Centre. Interior Health is requesting 40% funding for the capital tenant improvement costs.

IHA Staff responded to questions from the Board.

#H20/19 **BASRAN/DEHART**

THAT the Central Okanagan Regional Hospital Board requests Interior Health pursue the designation of “health facility” for the Kelowna Urgent and Primary Care Centre for the purposes of the *Hospital District Act*.

CARRIED (opposed Fortin)

- 5.2 Financial Consideration of Urgent Care Facility
(All Directors – Weighted Vote - LGA 210.1)
- 5.2.1 CORHD 2019-2023 Financial Plan Amendment Bylaw No. 2-2019
(All Directors – Weighted Vote – LGA 210.1)
[Section 228 – 2/3 Vote for Adoption]
- 5.2.2 CORHD Capital Expenditure Bylaw No. 237
(All Directors – Weighted Vote – LGA 210.1)
[Section 228 – 2/3 Vote for Adoption]

Staff report dated October 1, 2019 outlined the request received from IHA to fund 40% of the Kelowna Urgent Primary Care Centre, financial plan amendments and a related capital bylaw.

It was noted that the 40% funding equates to \$789,600 of the Kelowna Urgent Primary Care Centre Capital Tenant Improvements costing \$1.974 million. The funding for this project could be provided in 2019 by reducing the amount that was to be transferred to reserves. For 2019, amendments can also be made to several projects that were previously approved. IHA has indicated that these projects have been completed, and some have come in under budget by a total of \$161,514. The net reduction to the reserve transfer would then be \$625,086.

Staff responded to questions from the Board.

#H21/19 HODGE/DEHART

THAT the Regional Hospital Board approves funding and capital bylaw approvals subject to the projects and/or facilities qualifying as designated facilities pursuant to the *Hospital District Act*.

AND THAT Central Okanagan Regional Hospital District 2019-2023 Financial Plan Amendment Bylaw No. 2-2019 be given 1st, 2nd and 3rd readings, and be adopted.

AND FURTHER THAT Central Okanagan Regional Hospital District Capital Expenditure Bylaw No. 237 be given 1st, 2nd and 3rd readings, and be adopted.

CARRIED (Opposed – Fortin)

6. ADJOURN

There being no further business the meeting was adjourned at 1:05 p.m.

CERTIFIED TO BE TRUE AND CORRECT

G. Given (Chair)

B. Reardon (Chief Administrative Officer)



Interior Health
Every person matters

Mr. Brian Reardon, Chief Administrative Officer
Central Okanagan Regional Hospital District
1450 KLO Road
Kelowna, BC V1W 3Z4

December 12, 2019

Dear Mr. Reardon:

RE: CAPITAL FUNDING REQUEST FOR THE 2020/21 FISCAL YEAR

Please find enclosed our annual funding request for Interior Health's (IH) next fiscal year for your approval. It is based on IH's capital budget, which has been approved by our Board. The budget is developed by prioritizing identified capital needs throughout our organization with available funding sources while considering IH's and government strategies.

Sometimes there is a shift in these strategies, the timing of which does not align well with IH's capital budget cycle. For example, we are presently engaged in planning towards capital investments for Primary & Community Care, as well as Senior's Care. Specifically, we are anticipating the establishment of more Urgent and Primary Care Centres and renovations of existing long-term care facilities. However, the specifics of these investments have not been determined yet. We always strive to provide the majority of our planned expenditures in our annual funding request letter. But please be advised that we possibly may approach you for additional requests once the scope of these projects has been determined.

For planning purposes we wish to inform you that the medical imaging department at Kelowna General Hospital is at a point where the magnetic resonance imaging (MRI) system is due for replacement and they are also looking at purchasing an additional MRI machine for this tertiary site in the near future. The approximate total cost for both machines and associated renovations are in the range of \$15-20 million and are currently subject to confirmed funding sources.

Please note that all capital initiatives over \$100,000 are subject to government approval. To aid you with your planning efforts, we will be providing you with information regarding notional government funding, a high level estimate of the three year funding requirement and a listing of IH's major prioritized items under separate cover.

For the 2020/21 fiscal year we are requesting funding for the following projects and equipment:

1. Construction Project over \$100,000

Septic Drain – Planning & Phase 1 Implementation at Cottonwoods Care Centre, Kelowna

The entire under slab septic network is at end of life in the 1975 wing of this facility and maintenance issues are increasing. Assessment is required to determine actual conditions and to start the process for replacement of this infrastructure. Project cost of \$500,000 includes planning of the complete work and execution of Phase 1 of the construction work without delay to ensure immediate risks are addressed. We will be requesting Regional Hospital District (RHD) funding for Phase 2 once the assessment is completed.

Interior Health Authority
5th Floor - 505 Doyle Ave.
Kelowna, BC V1Y 0C5
Web: www.interiorhealth.ca

VP Support Services & Chief Financial Officer
Telephone: (250) 862-4025 Fax: (250) 862-4201
E-Mail: donna.lommer@interiorhealth.ca

2. IH-Wide Information Technology (IMIT)

The ongoing advancement of the IH digital platform is a key enabler of IH's ability to support health service operations, enable key strategies, improve quality and patient safety, and incorporate innovation to improve effectiveness and efficiency. IH's IMIT strategy focuses on expanding technology that supports information exchange between providers and improves access and service delivery through efficiency. This includes improved communication systems between providers and patients and improved processing of clinical documentation.

This IMIT project is an IH-wide initiative costing approximately \$9.5 million. The project's benefits are distributed equally across IH regions; therefore the cost allocation to each of the seven RHDs is based upon population data using the PEOPLE 2019, BC Statistics. The Central Okanagan RHD's percentage ratio is approximately 27%. Claims on this project will be calculated using this percentage for the actual cost distribution.

3. IMIT over \$100,000

a. Unified Communications – Telephony at Kelowna General Hospital, Kelowna

This project will improve the reliability and the functionality of telephone services at this site by replacing all three legacy telephone systems with a single new Unified Communications System including voicemail and all new phone sets. The legacy systems are now at the end of vendor support. Completing this upgrade will also bring this facility into the IH-wide Unified Communications platform allowing for seamless integration with all other IH sites which have also moved to this new solution.

b. Emergency Department Module (EDM) Implementation – Planning at Kelowna General Hospital, Kelowna

A key benefit of the EDM is the creation of an emergency department electronic medical summary of the visit which is immediately sent to the primary care provider. This supports continuing of care and appropriate follow up if required. This planning project is the first step in implementing an EDM of the Electronic Health Record at this site. It will involve consultation with physicians and other emergency department staff. The scope will include the development of a project charter, work breakdown structure, resource planning and facilitate some engagement at facilities that are already using this solution. By fully automating the patient record and all of its related parts in the emergency room environment, this project will optimize efficiency with patient safety and eliminate as much paper from the workflows as possible. Based on the outcome of this planning exercise we hope to incorporate the roll-out of this initiative into IH's future years' capital plans.

4. Equipment over \$100,000

Please note that pictures shown below are for illustrative purposes only and may not depict the actual equipment to be purchased by IH, which will be established during the procurement process.

a. Cath Lab for Kelowna General Hospital, Kelowna

A catheterization laboratory (or cath lab) is an examination room with medical imaging equipment used to visualize the arteries and the chambers of the heart and treat any stenosis or abnormality found. This purchase is replacing equipment within the cardiology department. The Kelowna General Hospital Foundation is contributing \$686,250 towards this purchase and associated renovations.



b. Meal Delivery System for Kelowna General Hospital, Kelowna

IH is implementing the Patient Choice Meal Service model at this facility. This new service model better reflects client centered care by giving patients a choice while meeting their clinical nutritional needs. Proper nutrition is an important part of recovery and overall health. Our hospitals are prepared to provide our inpatients with nutritionally-balanced meals to encourage a successful recovery with a choice in menu items providing greater satisfaction. This project will replace rethermalization equipment from 2003 and includes renovations and associated IMIT hardware and software.



c. Integrated Chemistry/Immunochemistry Analyzer for Kelowna General Hospital, Kelowna

This new integrated system will provide rapid, high quality test results for routine chemistry and immunochemistry testing. Better staff efficiency, streamlining processes and upgrading aging equipment will allow us to reduce overall costs while increasing patient safety.



d. Digital Video Cameras for Kelowna General Hospital, Kelowna

Effective May 2021, the College of Pharmacists of British Columbia bylaws will require all pharmacies in B.C. to adopt the National Association of Pharmacy Regulatory Authorities model standards for sterile compounding. This will include the verification of each sterile compounded medication by a technician or pharmacist other than the individual who prepared the compound. This equipment will deliver verification by remote observation using a digital camera connected to a monitor in this site's pharmacy department. In addition, the software will retain information and gain workflow efficiencies.



e. Blood Culture System for Kelowna General Hospital, Kelowna

Automated blood culture analyzers continuously monitor blood specimens for quicker detection of pathogens. Physicians rely on the results derived from blood culture analyzers to treat their patients with potential life-threatening blood infections. This system provides technology improvements and has increased capacity. It is replacing a 2010 model in the clinical laboratory.



f. Remote Patient Observation System for Kelowna General Hospital, Kelowna

This remote patient observation system enables audio and visual monitoring of patients at risk and is an advanced platform that dramatically improves patient safety by allowing continuous monitoring. This additional system at this site consists of a high-resolution camera capable of night vision, a microphone and a speaker, and a Wi-Fi module on a mobile cart. The monitor cart is placed in the patient's room, and a continuous wireless video link is sent back to the monitoring station where trained observers can watch patients and respond to them as needed.



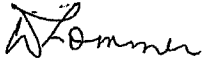
5. Equipment under \$100,000 (Global Grant)

We are requesting global funding for equipment that costs between \$5,000 and \$100,000.

A financial summary of our funding requests is provided in Appendix 1. We would appreciate it, if you could submit the requests to your Board for approval. Please advise us of the meeting date when they will be discussed to enable us to have IH representatives attend and to answer questions that may arise. Upon approval, please send Birgit Koster copies of the relevant bylaws for our records.

We thank you for your on-going support of our capital initiatives. If you require further information, or if you have any questions or concerns, please contact Dan Goughnour or me directly.

Sincerely,



Donna Lommer, CPA, CGA, EMBA
VP Support Services & CFO

/at

Encl. Appendix 1 ~ Summary of Regional Health District Funding Request for 2020/21

cc: Gail Given, Chair, Central Okanagan RHD
 Marilyn Rilkoﬀ, Director of Financial Services, Central Okanagan RHD
 John Cabral, Executive Director, Clinical Operations, Kelowna General Hospital
 Dan Goughnour, Director, Business Support
 Lorne Sisley, Corporate Director, Facilities Management and Operations
 Birgit Koster, Director Business Support, Capital Planning



Regional Hospital District Board Report

TO: Regional Hospital District Board

FROM: Marilyn Rilkoff
Director of Financial Services

DATE: February 1, 2020

SUBJECT: 2020 – 2024 Central Okanagan Regional Hospital District Financial Plan Draft #1

Voting Entitlement: All Directors – Weighted Corporate Vote – Simple Majority – LGA 210

Purpose: To present the draft 2020 – 2024 Financial Plan

Executive Summary:

The Draft Regional Hospital District Financial Plan presents a 3% increase per average home in 2020 for the Board's consideration. The Annual tax would be \$188.86 for an average home assessed at \$734,500 (vs. \$741,000 in 2019).

Tax increases of 3% are being proposed in order to continue to build reserves to fund future capital or pay down debt. IHA has indicated that there may be several large projects on the 10 year horizon.

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| % Increase per home | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Annual Tax | \$188.86 | \$194.51 | \$200.34 | \$206.34 | \$212.52 |
| Residential Tax Rate (cents) | 0.2571 | 0.2648 | 0.2728 | 0.2809 | 0.2893 |

In 2020, the capital project funding includes \$5.32 million in carryovers from the 2019 Financial Plan in addition to \$4.65 million for new projects requested in a letter from IHA attached to this report, dated December 12, 2019. IHA staff will be present at the Board meeting to answer any Board questions.

RECOMMENDATION:

THAT the Regional Hospital District Board receive the draft budget for information;

AND FURTHER THAT the budget be forwarded to the March 23, 2020 Board Meeting for final adoption.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "M. Rilkoff".

Marilyn Rilkoff
Director of Financial Services

Approved for Board Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon
Chief Administrative Officer

Implications of Recommendation:

Financial: 3.00% increase per average household. The average homeowner will pay \$188.86 for Hospital District taxes.

Legal/Statutory Authority: *Hospital District Act* – Part 1 – Definitions 1 and Part 3 – Functioning of Board Division 1, Purposes Section 20 (1)

Background:

The Future:

The Draft CORHD Financial Plan proposes 3% tax increases to the average home for the next 5 years. This budget would continue to position the Board to make some important decisions in coming years. IHA has indicated that in the next 10 years there are likely to be further large projects coming forward.

The Recent Past – ACC & IHSC Projects:

In order to fund the large multi-million dollar Ambulatory Care Centre (completed) and Interior Heart and Surgical Centre Projects (nearing funding completion), taxes had increased. Then from 2016 – 2019 tax increases on the average home remained at the same with 0% increases except for growth contributions.

In 2017, IHA revised cash flow requirements and anticipated reductions in the IHSC project. The project was forecasted with \$9.187 million in savings, and this was reflected in the past three financial plans. IHA was able to remove many of the construction uncertainties and reduced the contingencies built into the projects. The total anticipated costs for CORHD went from \$84.69 million to \$75.503 million. (It should be noted that while it was not likely that this would change, CORHD was still committed to the approved project amount.) The project is substantially complete, and it is anticipated that it will be financially complete in 2020, at approximately \$74 million.

Setting Aside Reserves:

As presented originally in the 2016 financial plan, the Board's plan was to be in a position by 2018 to start setting aside excess funds into unrestricted reserves. That plan became a reality and at the end of 2019, reserves are \$4.986 million. The proposed financial plan continues to set aside funds with a balance of \$11.6 million at the end of 2020. In 2021, it is anticipated that there will be some larger than normal project requests totaling \$32.3 million, and with the use of reserves, only \$11.3 million (including debt reserve and expenses) would need to be financed over 20 years.

Debt Financing:

1. Recent large projects have created a large debt load within the Regional Hospital District. Refinancing of these MFA debts will begin in 2020.

| CORHD Debt Renewal Information by Issue | | | | | |
|---|---------------|----------------------|--------------|----------------------------|--------------|
| Issue | Year Borrowed | Original Debt Amount | Renewal Year | Balance at Time of Renewal | Current Rate |
| 110 | 2010 | 43,699,186.99 | 2020 | 26,080,282.53 | 4.5 |
| 117 | 2011 | 8,638,211.38 | 2021 | 5,155,404.67 | 3.25 |
| 117 | 2011 | 38,826,219.51 | 2021 | 23,172,027.80 | 3.25 |
| 126 | 2013 | 10,071,396.00 | 2023 | 6,010,749.18 | 3.85 |
| 127 | 2014 | 13,500,000.00 | 2024 | 8,056,987.73 | 3.3 |
| 133 | 2015 | 5,700,000.00 | 2025 | 3,335,442.22 | 2.75 |
| | | 120,435,013.88 | | 71,810,894.13 | |

While there was an opportunity to pay down some of the principal amount for Debt Issue 110 for the spring refinancing, interest rates are expected to be very low, and given the likelihood for the need to finance further debt in 2021, it would be prudent to take advantage of the MFA's expected low long term rates forecasted to be in the range of 1.91% - 2.32%.

The strategy is to keep all debt at the lowest rates possible, and to finance as little as possible using reserves. Bringing Issue 110 from 4.5% to the 2% range cuts the interest costs in half for this large portion of financing and adds to the amount that can be transferred to reserves.

This current debt is at 4.5% and the refinancing will result in debt payment reductions which have not been reflected in the budget at this time as the amount of the reduction is not known exactly. Once known, it would be possible to amend the budget to transfer that reduction in debt payments to reserves.

As other Debt Issues come up for refinancing over the years, each situation will be reviewed to determine how reserves and financing should best be used to pay for projects and debt.

IHA and Future Project Requests:

IHA has indicated that they are looking at future infrastructure replacement funding and construction, and the reality is that they are likely to continue to come to the Board to request funding assistance. The Board would be in a position to pay a higher portion of the projects with cash and reserves rather than borrowing all the funds. Indications are that future annual funding requests will be in the range of \$5 million, plus additional special projects.

As additional knowledge is gained and information is received, in future years the Board will be better positioned to respond accordingly.

This continues the strategy to leave a legacy of reducing debt load over the next 20 years, making a difference to the health of the community, and contributes to residual economic benefits by attracting people to live and work in the Central Okanagan.

ACC & IHSC Debt Information Update:**Ambulatory Care Centre (ACC) 2008 - 2012:**

| | | |
|--|--------------|---------------------|
| ACC Borrowing Bylaw #112 Amount Approved | \$99,356,757 | |
| Project Total | | \$99,356,757 |
| Actual Long Term Borrowing <i>(20 year amortization, annual pmts \$6m, interest rates of 4.5% on \$43.7m and 3.25% on \$38.8m)</i> | | 82,525,407 |
| Principal Amount Outstanding Dec. 31, 2019 | | \$54,981,214 |

Interior Heart & Surgical Centre (IHSC) 2010 – 2019:

| | | |
|---|-------------------|---------------------|
| IHSC Borrowing Bylaw #113 Amount | \$91,347,000 | |
| Revised Cost Estimate | 75,503,000 | |
| Long Term Borrowing to date <i>(20 year amortization, annual pmts \$2.2m, interest rates of 3.25%, 3.3%, 3.85%, 2.75%)</i> | \$37,909,607 | |
| Remaining Anticipated Borrowing | 0 | |
| Total Anticipated Borrowing (only 50.2% of Cost!) | | \$37,909,607 |
| Principal Amount Outstanding Dec. 31, 2019 | | \$29,688,249 |

Annual Capital Request Process for Budget:

The CORHD typically funds 40% of approved capital requests from IHA.

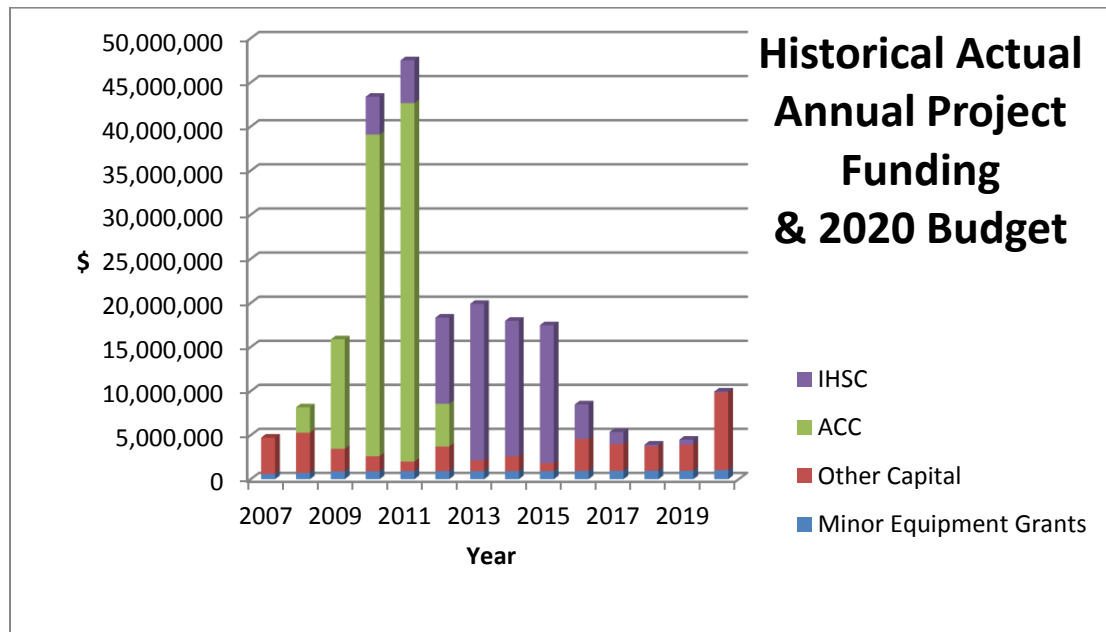
- **Large Projects:** There has been the occasional large project which has been treated uniquely. In these rare situations, the CORHD Board chose to fund certain portions of these projects at 100%. These projects all require Provincial Health Ministry approval, and are also funded by the Ministry. IHA comes to the Board when such a unique project arises, and makes a presentation and formal request. The Board has an opportunity to debate the matter and decides if it wishes to support and approve the project and put it in the next budget.
- **Smaller Items:** Annually, we receive a new funding request letter in December for funding of equipment and smaller construction projects. IHA staff are experts in the field, and have vetted and narrowed the list to these priorities. This \$4 to \$5 million request includes approximately \$1.05 million for a global grant for various equipment under \$100,000, and various other projects average \$4 million per year, excluding extraordinary projects. IHA staff attend a Board meeting to address any questions the Board may have regarding the items in the letter. These are included in the draft budget for the Board's approval. Items that were approved in prior years that have not been spent get carried over.

In addition to the budget bylaw, capital spending bylaws are issued for all approved projects as required under the Hospital District Act once the Financial Plan is approved.

Historical Funding:

Actual historical funding and budgeted 2020 information is provided for reference below:

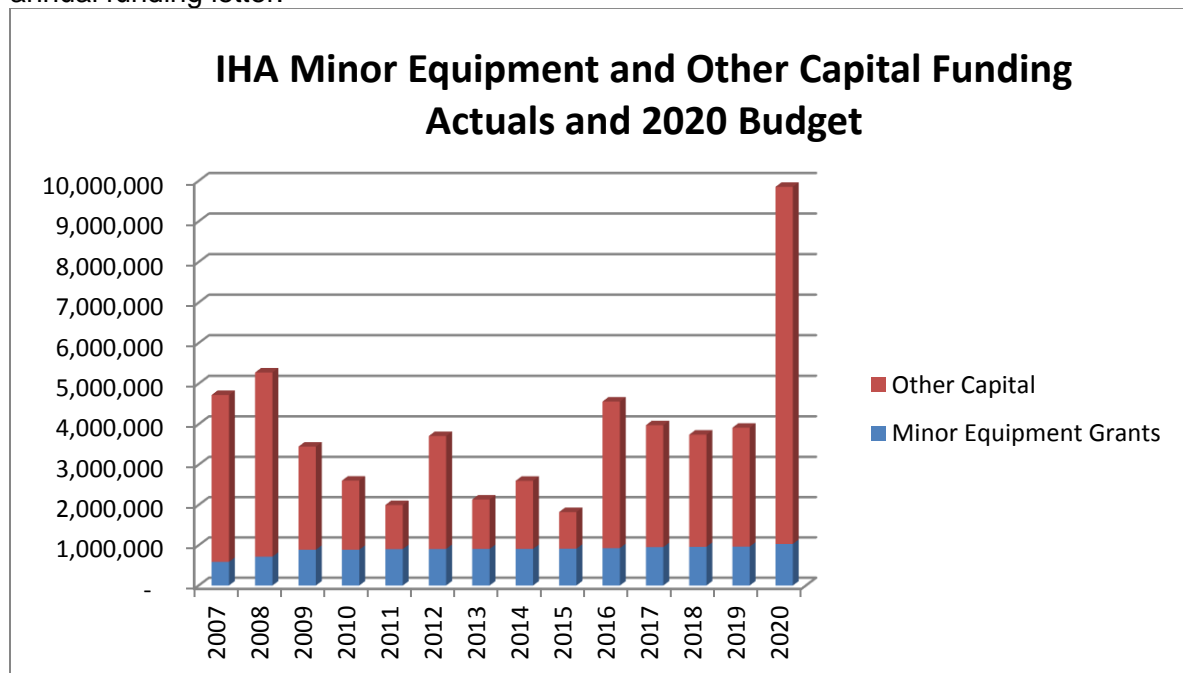
IHA Annual Historical Actual Annual Capital Funding and 2020 Budget, including Extraordinary Projects:



Note: 2020 budget includes carry forward of unspent approved project carryovers from prior years.

IHA Annual Historical Request for Minor Equipment and Other Capital Funding:

The graph below gives a better sense of “regular” levels of requests contained in IHA’s annual funding letter.



Note: 2020 Budget includes carry forward of unspent approved projects

Financial Considerations: As stated in this report.

External Implications: Improved health care infrastructure.

Alternative Scenario:

An alternative scenario is presented in the attachments with lower increases of 2.4% in 2020 followed by 2% from 2021 to 2024.

In this scenario, \$400k more debt financing would be required in 2021, and the reserve balance would be \$2.2m less in 2024, meaning that additional future financing would be required for projects.

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| % Increase per home | 2.40% | 2.00% | 2.00% | 2.00% | 2.00% |
| Annual Tax | \$187.74 | \$191.50 | \$195.33 | \$199.23 | \$203.22 |
| Residential Tax Rate (cents) | 0.2556 | 0.2607 | 0.2659 | 0.2713 | 0.2767 |

The difference per average home between the two scenarios:

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| 3% option | \$188.86 | \$194.51 | \$200.34 | \$206.34 | \$212.52 |
| 2.4% and 2% option | \$187.74 | \$191.50 | \$195.33 | \$199.23 | \$203.22 |
| Difference | \$1.12 | \$3.01 | \$5.01 | \$7.11 | \$9.30 |

Alternative Recommendation:

THAT the Regional Hospital District Board receive the draft budget for information;

AND FURTHER THAT the budget be forwarded to the March 23, 2020 Board Meeting for final adoption with the Alternative Scenario presented in the CORHD Financial Plan Draft 1 Report Dated February 1, 2020.

Considerations not applicable to this report:

- Organizational Issues

Attachment(s):

Also In the Budget Binder:

CORHD 2020 – 2024 Financial Plan Draft #1 with Project Listing

CORHD - Reconciling 2019 Budget vs. Actual, Cash and Debt Changes

Alternative 2020-2024 Financial Plan Scenario with 2.4 and 2% Increases.

2019 – 2023 CORHD Approved Amended Financial Plan for comparative purposes

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

2020-2024 FINANCIAL PLAN

COMPLETED ROLL Draft #1

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| REVENUE & FINANCING: | | | | | |
| Tax Requisition | | | | | |
| City of Kelowna | 13,117,911 | 13,645,907 | 14,195,155 | 14,766,510 | 15,360,862 |
| District of Peachland | 474,411 | 493,506 | 513,370 | 534,033 | 555,528 |
| District of Lake Country | 1,248,227 | 1,298,469 | 1,350,732 | 1,405,099 | 1,461,654 |
| City of West Kelowna | 2,813,174 | 2,926,405 | 3,044,192 | 3,166,721 | 3,294,182 |
| Electoral Area Central Okanagan West | 341,238 | 344,650 | 348,097 | 351,578 | 355,094 |
| Electoral Area Central Okanagan East | 314,038 | 317,178 | 320,350 | 323,554 | 326,789 |
| Total Tax Requisition | 18,309,000 | 19,026,115 | 19,771,896 | 20,547,494 | 21,354,108 |
| Net Cash from New Financing | 0 | 11,161,540 a | 0 | 0 | 0 |
| MFA Actuarial Addition | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c | 2,352,192 c |
| Transfer From Reserves | 0 | 11,200,000 | 0 | 0 | 0 |
| Use of Surplus Cash | 7,000,000 | 0 | 0 | 0 | 0 |
| TOTAL REVENUE | 26,735,374 | 43,032,210 | 21,643,025 | 22,654,505 | 23,706,300 |
| EXPENSES & DEBT PAYMENTS: | | | | | |
| Expenses: | | | | | |
| Administration | 39,500 | 40,000 | 40,500 | 41,000 | 41,500 |
| Audit & Contract Services | 9,250 | 9,500 | 9,775 | 10,050 | 11,175 |
| Debt Issue Expense | 0 | 67,646 a | 0 | 0 | 0 |
| Principal Debt Reduction re: MFA Actuarial Addition | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c | 2,352,192 c |
| MFA Debt Repayments Existing | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 |
| MFA Debt Repayments New Projects | 0 a | 225,486 a | 892,327 a | 892,327 a | 892,327 a |
| Temporary Borrowing Interest | 25,000 | 191,408 a,h | 25,000 | 25,000 | 25,000 |
| Total Expenses & Debt Payments | 10,053,739 | 10,732,210 | 11,392,346 | 11,629,003 | 11,875,809 |
| Expenditure Funding Under Section 20(2) | | | | | |
| IHA Minor Capital Improvements and Equipment Funding: | 1,030,300 | 1,045,755 | 1,061,441 | 1,082,670 | 1,104,323 |
| IHA Capital Projects (Pd with Current Budget Funds) | 8,922,332 f | 20,160,352 a,f | 3,938,559 f | 3,997,638 | 4,057,602 |
| IHA Capital Projects (Pd with New Financing) | 0 a | 11,093,894 a | 0 | 0 | 0 |
| Transfer to Reserves | 6,729,003 d, h | 0 | 5,250,679 d | 5,945,195 d | 6,668,566 d |
| Total Capital Projects Section 20(2) | 16,681,635 | 32,300,000 | 10,250,679 | 11,025,502 | 11,830,491 |
| TOTAL EXPENDITURE | 26,735,374 | 43,032,210 | 21,643,025 | 22,654,505 | 23,706,300 |
| Year End Reserve Balance (Unrestricted) | (11,714,890) d,h | (632,039) d | (5,889,038) d | (11,893,124) d | (18,680,621) d |

Impact on residential home average assessment \$734,500 in 2020:

| | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| % Increase per house | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Annual Tax | 188.86 | 194.51 | 200.34 | 206.34 | 212.52 |
| Residential Tax Rate (cents) | 0.2571 | 0.2648 | 0.2728 | 0.2809 | 0.2893 |
| | b,d,e | b,d | b,d | b,d | b,d |

- a. Additional debt required to fund anticipated 2021 projects. IHA has indicated that there are potential large project requests coming in the next 10 years.
- b. Assumes assessment growth of 1.0%
- c. MFA Actuarial Amounts: Actuarial Interest Revenue is offset by an equal reduction to debt.
- d. IHA has indicated that they have ongoing equipment and infrastructure replacement needs. Any additional funds are placed in reserves to assist in avoiding additional debt in the future, or to pay down debt on refinancing.
- e. In 2019, the average equivalent house valued at \$741,000 would have paid \$183.35 at a tax rate of \$0.2481/\$1000 of assessment.
- f. Includes IHSC Project: In 2017 IHA advised that construction uncertainties had been removed and contingencies were reduced. Projected reduction was \$9.187 million. This amount was removed from the budget estimates for future project costs and debt financing. The approved project bylaw was not reduced. The remaining costs in 2020 are expected to be less than \$100k as the project wraps up.
- g. The Public Sector Accounting Standards require reporting of Accumulated Deficit/Surplus, which will be available in the Year End CORHD Financial Statements. One of the primary purposes of the budget is to calculate required requisitions and ensure adequate cash flow. For example, CORHD must have enough cash to pay both principal and interest on debt, but PSAS only allows for the expensing of interest. A comparison of budget to actual for 2019 is provided during budget discussions to reflect differences in funding and expenditures. Revenues and Financing balance to Expenses and Debt Payments. As a result, there is no prior year surplus or deficit shown for budget purposes.
- h. Additional temporary interest prior to borrowing.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

Approved and Planned Capital Expenditures for 2020-2024

COMPLETED ROLL Draft #1

| | | <i>Outstanding Projects Funding in Prior Years</i> | <i>2020 Funding</i> | <i>2021 Funding</i> | <i>2022 Funding</i> | <i>2023 Funding</i> | <i>2024 Funding</i> |
|---|---|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <i>40 % RHD Share</i> | | | | | |
| Approved Capital Projects | | | | | | | |
| Bylaw | | | | | | | |
| a | 113 Heart and Surgical Centre (2010 - 2019) Bylaw is \$91.347m, plus 100% funding of IHSC 4th Floor Perinatal | 84,690,000 | 73,780,729 | 100,000 | | | |
| | 150 KGH - Automated Auto-Immune Analyzer | 128,000 | 64,501 | 63,499 | | | |
| | 184 KGH - Image Processing System, Cellavision | 61,600 | 60,396 | 1,204 | | | |
| | 195 Regional - IMIT Corporate Projects over \$100,000 | 430,500 | 371,040 | 59,460 | | | |
| | 197 Regional - IMIT Corporate Projects under \$100,000 | 217,900 | 211,490 | 6,410 | | | |
| | 200 KGH - Medstations, IH-Wide Pyxis Replacement, Ph.2 | 1,688,400 | 1,576,109 | 112,291 | | | |
| | 204 Three Links Manor - Generator Replacement | 224,400 | 140,812 | 83,588 | | | |
| | 207 David Lloyd Jones Home - Air Conditioning, Bernard Wing | 36,000 | | 36,000 | | | |
| | 208 Cottonwoods - Patio Replacement for Douglas Fir Unit | | 31,537 | 3,263 | | | |
| | 209 May Bennett WC - Wireless Infrastructure Expansion | 22,000 | 21,527 | 473 | | | |
| | 211 KGH - Surface Parking | 540,000 | 524,218 | 15,782 | | | |
| | 212 Kelowna Community Health Services Centre - Central Okanagan Wellness Centre | 360,000 | 332,250 | 27,750 | | | |
| | 213 West Kelowna Health Centre - Leasehold Improvements | 300,000 | | 300,000 | | | |
| | 214 KGH - 3 West Medical Inpatient Nursing Unit Renovation | 100,000 | | 100,000 | | | |
| | 216 KGH - Access Control System Upgrade | 24,000 | 23,203 | 797 | | | |
| | 217 Regional IMIT - Various | 2,039,600 | 1,072,494 | 967,106 | | | |
| | 218 Cottonwoods - Vocera Expansion and Integration | 72,000 | 49,579 | 22,421 | | | |
| | 219 Wireless Infrastructure Refresh | 39,600 | 30,520 | 9,080 | | | |
| | 220 KGH - Vocera Expansion and Integration | 20,000 | 9,070 | 10,930 | | | |
| | 221 Rutland Health Centre - Wireless Infrastructure Expansion | 10,000 | 3,815 | 6,185 | | | |
| | 225 KGH - Surgical Optimization Clinic - Various | 1,812,000 | 1,011,087 | 800,913 | | | |
| | 226 KGH - Boiler Room Upgrade | 252,000 | | 252,000 | | | |
| | 227 KGH - Access Control System Upgrade | 31,620 | | 31,620 | | | |
| | 228 Regional - IH-Wide IMIT | 991,600 | 407,368 | 584,232 | | | |
| | 229 Various - Wireless Infrastructure Refresh | 38,000 | | 38,000 | | | |
| | 230 KGH - SPECT CT | 729,200 | | 729,200 | | | |
| | 231 KGH - Monitoring System Physiological | 312,200 | | 312,200 | | | |
| | 232 KGH - Chemistry Analyzer (x2) | 180,000 | | 180,000 | | | |
| | 233 KGH - Hematology Analyzer (x2) | 148,000 | 142,964 | 5,036 | | | |
| | 234 KGH - Laboratory Middleware | 127,000 | | 127,000 | | | |
| | 235 KGH - MRI Compatible Monitoring System | 51,000 | 50,905 | 95 | | | |
| b | 237 Kelowna Urgent Primary Care Centre Capital Tenant Imprvmts. | 789,600 | 473,603 | 315,997 | | | |
| Annual Capital Costs for Current Year Projects | | 96,501,020 | 80,389,217 | 5,302,532 | 0 | 0 | 0 |
| New Projects Planned for 2020 | | | | | | | |
| | Cottonwoods - Septic Drain - Planning & Phase 1 | 200,000 | | 200,000 | | | |
| | Regional - IH - Wide IMIT - Various | 1,004,800 | | 1,004,800 | | | |
| | KGH - Unified Communications - Telephony | 582,400 | | 582,400 | | | |
| | KGH - Emergency Department Module (EDM) Implement/Plan | 60,000 | | 60,000 | | | |
| | KGH - Cath Lab | 621,600 | | 621,600 | | | |
| | KGH - Meal Delivery System | 598,400 | | 598,400 | | | |
| | KGH - Integrated Chemistry / Immunochemistry Analyzer | 180,000 | | 180,000 | | | |
| | KGH - Digital Video Cameras | 130,000 | | 130,000 | | | |
| | KGH - Blood Culture System | 119,000 | | 119,000 | | | |
| | KGH - Remote Patient Observation System | 123,600 | | 123,600 | | | |
| | Minor Equipment Grant Estimate Future Years | | | 1,030,300 | 1,045,755 | 1,061,441 | 1,082,670 |
| c | Future Projects estimated | | | | 31,254,246 | 3,938,559 | 3,997,638 |
| Annual Capital Costs for New Planned Projects | | 3,619,800 | 0 | 4,650,100 | 32,300,000 | 5,000,000 | 5,080,307 |
| TOTAL ANNUAL CAPITAL COSTS | | 100,120,820 | 80,389,217 | 9,952,632 | 32,300,000 | 5,000,000 | 5,080,307 |
| | | | | | 5,161,925 | | |

- a. Includes IHA's Project Reserve. Bylaw is for \$91.347m and with reduced contingencies, total estimated funding requirement is \$73.88m.
- b. 2019 Mid-cycle request received from IHA to fund Urgent Primary Care Centre. Actual project funding provision subject to the facility being named a Designated Hospital Facility as is required under the Regional Hospital District Act.
- c. 2021 includes staff estimates for possible \$6m MRI purchase and \$20m parkade project.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

Reconciling 2019 Budget vs Actual

Cash and Debt Changes

| | <u>2019</u> <u>Budget</u> | <u>2019</u> <u>Revised Roll</u> | <u>2018</u> <u>Final Roll Adj.</u> | <u>2019</u> <u>Actual</u> | <u>Budget</u> <u>Variance</u> |
|---|------------------------------|--|---------------------------------------|------------------------------|----------------------------------|
| REVENUE & FINANCING FOR BUDGET | \$ | | | \$ | |
| Tax Requisition | | | | | |
| City of Kelowna | 12,116,019 | 12,116,019 | 1,691 | 12,117,710 a | 1,691 |
| District of Peachland | 453,284 | 453,284 | (472) | 452,812 a | (472) |
| District of Lake Country | 1,149,506 | 1,149,506 | (158) | 1,149,348 a | (158) |
| City of West Kelowna | 2,659,139 | 2,659,139 | (180) | 2,658,959 a | (180) |
| EA CO West | 321,659 | 321,659 | (1,004) | 320,655 a | (1,004) |
| EA CO East | 290,594 | 290,594 | 123 | 290,717 a | 123 |
| Total Tax Requisition | 16,990,201 | | | 16,990,201 | 0 |
| Other | | | | | |
| Grants in Lieu of Taxes | 0 | | | 63 | 63 |
| MFA Actuarial Addition | 1,216,643 | | | 1,216,643 | 0 |
| Interest | 0 | | | 286,647 b | 286,647 |
| Subtotal | 18,206,844 | 16,990,201 | 0 | 18,493,554 | 286,710 |
| Net Cash from New Financing | 0 | | | 0 d | 0 |
| Proceeds of Sale | 0 | | | 20,594 | 20,594 |
| Change in MFA Cash Reserves | 0 | | | 34,515 | 34,515 |
| Accounts Payable Change | 0 | | | (157) c | (157) |
| Cash Used from Bank Account (Prior Surplus Requisitions) to fund Projects | 6,145,057 | | | 0 d | (6,145,057) |
| TOTAL REVENUE | 24,351,901 | | | 18,548,506 | (5,803,395) |
| EXPENSES & DEBT PAYMENTS | | | | | |
| Expenses: | | | | | |
| Administration | 38,500 | | | 38,500 | 0 |
| Audit & Contract Services | 9,000 | | | 9,135 | (135) |
| MFA Debt Repayments Existing | 8,553,615 | | | 8,553,617 e | (2) |
| MFA Actuarial Debt Reduction | 1,216,643 | | | 1,216,643 | 0 |
| MFA Debt Repayments New Projects | 0 | | | 0 | 0 |
| Temporary Borrowing Interest | 50,000 | | | 0 | 50,000 |
| Total Expenses & Debt Payments | 9,867,758 | | | 9,817,895 | 49,863 |
| Expenditures Under Section 20(2) | | | | | |
| Minor Capital Improvements and Equipment Purchases (Pd with Cash from Current Budget) | 965,300 | | | 965,300 | 0 |
| Capital Projects (Pd with Cash from Current Budget) | 11,045,894 | | | 3,519,175 d,f | 7,526,719 |
| Capital Projects (Pd with New Financing) | 0 | | | 0 | 0 |
| Transfer to Reserves | 2,472,948 | | | 2,472,948 | 0 |
| Total Capital Projects Section 20(2) | 14,484,142 | | | 6,957,423 | 7,526,719 |
| TOTAL EXPENDITURE | 24,351,900 | | | 16,775,318 | 7,576,582 |
| Additional Surplus Cash | 1 | | | 1,773,188 | (1,773,187) |
| Transfer to Reserved Funds (Unrestricted) | 0 | | | 2,472,948 | (2,472,948) |
| Add'l Funds Moved to Bank Account (see below) Difference | 0 | | | (4,246,136) f | 0 |
| Financing Account Balances: | | | | | |
| | <u>Jan 1, 2019</u> | <u>Cash Used to fund Accrued or Outstanding 2018 Items</u> | <u>Increase</u> | <u>Dec 31, 2019</u> | |
| Cash Balance | 11,597,410 | 34,339 | (4,246,136) | 15,809,207 f | 4,211,797 |
| Note: Dec. 31, balance includes Unrestricted Reserved Funds Dec. 31 | | | | 4,985,887 | |
| Cash available for general use | | | | 10,823,320 | |
| | <u>Jan 1, 2019</u> | <u>MFA Actuarial Adj.</u> | <u>Principal Payments</u> | <u>Dec 31, 2019</u> | |
| Debt Outstanding (o/s) Balance | 89,940,667 | (1,216,643) | (4,054,561) | 84,669,463 e | (5,271,204) |

Notes:

Summary: Because IHA did not yet require funding for \$7.5 million of budgeted projects, the budgeted use of \$6m of on hand cash was not required. With additional surplus cash of \$1.77m and the \$2.47m reserve transfer, and additional \$4.2m of cash was added to the bank balance. The bank balance currently includes Total Reserves of \$4,925,301.

- a Includes adjustment for 2018 Final Roll Adjustments. The final roll is issued almost a year after the budget, and adjustments must be made under legislation in the following year if there is a tax shift of more than \$1000 for any jurisdiction.
- b Interest earned on deposits reserves and tax requisitions received in August.
- c These items did not require cash payout in 2019. For example - 2019 invoiced expenses accrued at the end of the year to be paid in the following year.
- d Funding for many of the approved projects was not requested by IHA in prior years and will be carried over to 2020.
- e Principal payments of \$4,054,561 are included and reduced the outstanding debt balance in 2019.
- f Since many projects have not been completed or invoiced, they will be carried forward to 2020. As a result, cash was not required in 2019. Surplus cash is in the bank. Surplus, non-reserved cash available in the bank account will be re-budgeted for use in 2020.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

2020-2024 FINANCIAL PLAN

COMPLETED ROLL Draft #1
Alternative 2.4 and 2% Increases

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| REVENUE & FINANCING: | | | | | |
| Tax Requisition | | | | | |
| City of Kelowna | 13,040,532 | 13,434,356 | 13,840,074 | 14,258,044 | 14,688,637 |
| District of Peachland | 471,613 | 485,855 | 500,528 | 515,644 | 531,217 |
| District of Lake Country | 1,240,865 | 1,278,339 | 1,316,944 | 1,356,716 | 1,397,689 |
| City of West Kelowna | 2,796,580 | 2,881,037 | 2,968,044 | 3,057,679 | 3,150,021 |
| Electoral Area Central Okanagan West | 339,225 | 342,617 | 346,044 | 349,504 | 352,999 |
| Electoral Area Central Okanagan East | 312,185 | 315,307 | 318,460 | 321,645 | 324,861 |
| Total Tax Requisition | 18,201,000 | 18,737,512 | 19,290,094 | 19,859,232 | 20,445,424 |
| Net Cash from New Financing | 0 | 11,566,830 a | 0 | 0 | 0 |
| MFA Actuarial Addition | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c | 2,352,192 c |
| Transfer From Reserves | 0 | 11,100,000 | 0 | 0 | 0 |
| Use of Surplus Cash | 7,000,000 | 0 | 0 | 0 | 0 |
| TOTAL REVENUE | 26,627,374 | 43,048,897 | 21,161,223 | 21,966,243 | 22,797,616 |
| EXPENSES & DEBT PAYMENTS: | | | | | |
| Expenses: | | | | | |
| Administration | 39,500 | 40,000 | 40,500 | 41,000 | 41,500 |
| Audit & Contract Services | 9,250 | 9,500 | 9,775 | 10,050 | 11,175 |
| Debt Issue Expense | 0 | 70,102 a | 0 | 0 | 0 |
| Principal Debt Reduction re: MFA Actuarial Addition | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c | 2,352,192 c |
| MFA Debt Repayments Existing | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 |
| MFA Debt Repayments New Projects | 0 a | 233,673 a | 924,729 a | 924,729 a | 924,729 a |
| Temporary Borrowing Interest | 25,000 | 197,451 a,h | 25,000 | 25,000 | 25,000 |
| Total Expenses & Debt Payments | 10,053,739 | 10,748,896 | 11,424,748 | 11,661,405 | 11,908,211 |
| Expenditure Funding Under Section 20(2) | | | | | |
| IHA Minor Capital Improvements and Equipment Funding: | 1,030,300 | 1,045,755 | 1,061,441 | 1,082,670 | 1,104,323 |
| IHA Capital Projects (Pd with Current Budget Funds) | 8,922,332 f | 19,757,518 a,f | 3,938,559 f | 3,997,638 | 4,057,602 |
| IHA Capital Projects (Pd with New Financing) | 0 a | 11,496,728 a | 0 | 0 | 0 |
| Transfer to Reserves | 6,621,003 d, h | 0 | 4,736,476 d | 5,224,531 d | 5,727,480 d |
| Total Capital Projects Section 20(2) | 16,573,635 | 32,300,000 | 9,736,476 | 10,304,838 | 10,889,405 |
| TOTAL EXPENDITURE | 26,627,374 | 43,048,896 | 21,161,224 | 21,966,243 | 22,797,616 |
| Year End Reserve Balance (Unrestricted) | (11,606,890) d, h | (622,959) d | (5,365,664) d | (10,643,852) d | (16,477,771) d |

Impact on residential home average assessment \$734,500 in 2020:

| | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| % Increase per house | 2.40% | 2.00% | 2.00% | 2.00% | 2.00% |
| Annual Tax | 187.74 | 191.50 | 195.33 | 199.23 | 203.22 |
| Residential Tax Rate (cents) | 0.2556 | 0.2607 | 0.2659 | 0.2713 | 0.2767 |
| | b,d,e | b,d | b,d | b,d | b,d |

a. Additional debt required to fund anticipated 2021 projects

b. Assumes assessment growth of 1.0%

c. MFA Actuarial Amounts: Actuarial Interest Revenue is offset by an equal reduction to debt.

d. IHA has indicated that they have ongoing equipment and infrastructure replacement needs. Any additional funds are placed in reserves to assist in avoiding additional debt in the future, or to pay down debt on refinancing.

e. In 2019, the average equivalent house valued at \$741,000 would have paid \$183.35 at a tax rate of \$0.2481/\$1000 of assessment.

f. Includes IHSC Project: In 2017 IHA advised that construction uncertainties had been removed and contingencies were reduced. Projected reduction was \$9.187 million. This amount was removed from the budget estimates for future project costs and debt financing. The approved project bylaw was not reduced. The remaining costs in 2020 are expected to be less than \$100k as the project wraps up.

g. The Public Sector Accounting Standards require reporting of Accumulated Deficit/Surplus, which will be available in the Year End CORHD Financial Statements. One of the primary purposes of the budget is to calculate required requisitions and ensure adequate cash flow. For example, CORHD must have enough cash to pay both principal and interest on debt, but PSAS only allows for the expensing of interest.

A comparison of budget to actual for 2019 is provided during budget discussions to reflect differences in funding and expenditures. Revenues and Financing balance to Expenses and Debt Payments. As a result, there is no prior year surplus or deficit shown for budget purposes.

h. Additional temporary interest prior to borrowing.

i. If this scenario is chosen, \$400k more debt financing is required in 2021 and there would be \$2.2m less in reserves in 2024.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

Approved and Planned Capital Expenditures for 2020-2024

COMPLETED ROLL Draft #1

Alternative 2.4 and 2% Increases

| | | <i>Outstanding Projects Funding in Prior Years</i> | <i>2020 Funding</i> | <i>2021 Funding</i> | <i>2022 Funding</i> | <i>2023 Funding</i> | <i>2024 Funding</i> |
|---|---|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <i>40 % RHD Share</i> | | | | | |
| Approved Capital Projects | | | | | | | |
| Bylaw | | | | | | | |
| a | 113 Heart and Surgical Centre (2010 - 2019) Bylaw is \$91.347m, plus 100% funding of IHSC 4th Floor Perinatal | 84,690,000 | 73,780,729 | 100,000 | | | |
| | 150 KGH - Automated Auto-Immune Analyzer | 128,000 | 64,501 | 63,499 | | | |
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| | 200 KGH - Medstations, IH-Wide Pyxis Replacement, Ph.2 | 1,688,400 | 1,576,109 | 112,291 | | | |
| | 204 Three Links Manor - Generator Replacement | 224,400 | 140,812 | 83,588 | | | |
| | 207 David Lloyd Jones Home - Air Conditioning, Bernard Wing | 36,000 | | 36,000 | | | |
| | 208 Cottonwoods - Patio Replacement for Douglas Fir Unit | 34,800 | 31,537 | 3,263 | | | |
| | 209 May Bennett WC - Wireless Infrastructure Expansion | 22,000 | 21,527 | 473 | | | |
| | 211 KGH - Surface Parking | 540,000 | 524,218 | 15,782 | | | |
| | 212 Kelowna Community Health Services Centre - Central Okanagan Wellness Centre | 360,000 | 332,250 | 27,750 | | | |
| | 213 West Kelowna Health Centre - Leasehold Improvements | 300,000 | | 300,000 | | | |
| | 214 KGH - 3 West Medical Inpatient Nursing Unit Renovation | 100,000 | | 100,000 | | | |
| | 216 KGH - Access Control System Upgrade | 24,000 | 23,203 | 797 | | | |
| | 217 Regional IMIT - Various | 2,039,600 | 1,072,494 | 967,106 | | | |
| | 218 Cottonwoods - Vocera Expansion and Integration | 72,000 | 49,579 | 22,421 | | | |
| | 219 Wireless Infrastructure Refresh | 39,600 | 30,520 | 9,080 | | | |
| | 220 KGH - Vocera Expansion and Integration | 20,000 | 9,070 | 10,930 | | | |
| | 221 Rutland Health Centre - Wireless Infrastructure Expansion | 10,000 | 3,815 | 6,185 | | | |
| | 225 KGH - Surgical Optimization Clinic - Various | 1,812,000 | 1,011,087 | 800,913 | | | |
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| | 227 KGH - Access Control System Upgrade | 31,620 | | 31,620 | | | |
| | 228 Regional - IH-Wide IMIT | 991,600 | 407,368 | 584,232 | | | |
| | 229 Various - Wireless Infrastructure Refresh | 38,000 | | 38,000 | | | |
| | 230 KGH - SPECT CT | 729,200 | | 729,200 | | | |
| | 231 KGH - Monitoring System Physiological | 312,200 | | 312,200 | | | |
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| | 235 KGH - MRI Compatible Monitoring System | 51,000 | 50,905 | 95 | | | |
| b | 237 Kelowna Urgent Primary Care Centre Capital Tenant Imprvmnts. | 789,600 | 473,603 | 315,997 | | | |
| Annual Capital Costs for Current Year Projects | | 96,501,020 | 80,389,217 | 5,302,532 | 0 | 0 | 0 |
| New Projects Planned for 2020 | | | | | | | |
| | Cottonwoods - Septic Drain - Planning & Phase 1 | 200,000 | | 200,000 | | | |
| | Regional - IH - Wide IMIT - Various | 1,004,800 | | 1,004,800 | | | |
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| | Minor Equipment Grant Estimate Future Years | | | 1,030,300 | 1,045,755 | 1,061,441 | 1,104,323 |
| c | Future Projects estimated | | | 31,254,246 | 3,938,559 | 3,997,638 | 4,057,602 |
| Annual Capital Costs for New Planned Projects | | 3,619,800 | 0 | 4,650,100 | 32,300,000 | 5,000,000 | 5,080,307 |
| TOTAL ANNUAL CAPITAL COSTS | | 100,120,820 | 80,389,217 | 9,952,632 | 32,300,000 | 5,000,000 | 5,080,307 |
| | | | | 5,161,925 | | | |

- a. Includes IHA's Project Reserve. Bylaw is for \$91.347m and with reduced contingencies, total estimated funding requirement is \$73.88m.
- b. 2019 Mid-cycle request received from IHA to fund Urgent Primary Care Centre. Actual project funding provision subject to the facility being named a Designated Hospital Facility as is required under the Regional Hospital District Act.
- c. 2021 includes staff estimates for possible \$6m MRI purchase and \$20m parkade project.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

BYLAW NO. 2-2019

Being a bylaw to amend the 2019-2023 Financial Plan

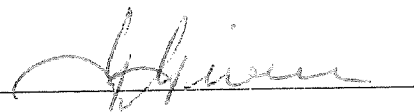
WHEREAS the Central Okanagan Regional Hospital District adopted the "2019-2023 Financial Plan Bylaw No. 1-2019" on the 25th day of March, 2019 pursuant to Section 23 of the Hospital District Act:

NOW THEREFORE the Board of Directors of the Central Okanagan Regional Hospital District in open meeting assembled enacts as follows:

- 1) The Financial Plan for the years 2019-2023, a copy of which is attached hereto, is hereby amended.
- 2) This bylaw may be cited as the "2019-2023 Financial Plan Amending Bylaw No. 2-2019".

| | | | | |
|-------------------------|------------------|--------|---------|------|
| READ A FIRST TIME THIS | 10 th | DAY OF | October | 2019 |
| READ A SECOND TIME THIS | 10 th | DAY OF | October | 2019 |
| READ A THIRD TIME THIS | 10 th | DAY OF | October | 2019 |
| ADOPTED THIS | 10 th | DAY OF | October | 2019 |

Chair



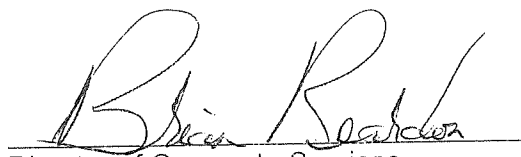
Director of Corporate Services



I hereby certify the above bylaw to be a true and correct copy of the 2019-2023 Financial Plan Budget Amending Bylaw No. 2-2019 as adopted by the Board of the Central Okanagan Regional Hospital District at its meeting held on the 10th day of October, 2019.

Dated at Kelowna, B.C. this
10th day of October 2019

Director of Corporate Services



CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

2019-2023 FINANCIAL PLAN

REVISED ROLL

October 2019 Amendment

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| REVENUE & FINANCING: | | | | | |
| Tax Requisition | | | | | |
| City of Kelowna | 12,116,019 | 12,237,029 | 12,359,400 | 12,482,994 | 12,607,824 |
| District of Peachland | 453,284 | 457,811 | 462,389 | 467,013 | 471,683 |
| District of Lake Country | 1,149,506 | 1,160,987 | 1,172,597 | 1,184,323 | 1,196,166 |
| City of West Kelowna | 2,659,139 | 2,685,697 | 2,712,554 | 2,739,680 | 2,767,077 |
| Electoral Area Central Okanagan West | 321,659 | 324,875 | 328,124 | 331,405 | 334,719 |
| Electoral Area Central Okanagan East | 290,594 | 293,500 | 296,435 | 299,399 | 302,393 |
| Total Tax Requisition | 16,990,200 | 17,159,900 | 17,331,499 | 17,504,814 | 17,679,862 |
| Net Cash from New Financing | 0 a | 0 | 0 | 0 | 0 |
| MFA Actuarial Addition | 1,216,643 c | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c |
| Use of Surplus Cash | 6,145,057 | 0 | 0 | 0 | 0 |
| TOTAL REVENUE | 24,351,900 | 18,586,274 | 18,976,054 | 19,375,943 | 19,786,873 |
| EXPENSES & DEBT PAYMENTS: | | | | | |
| Expenses: | | | | | |
| Administration | 38,500 | 39,000 | 39,500 | 40,000 | 40,500 |
| Audit & Contract Services | 9,000 | 9,250 | 9,500 | 9,775 | 10,050 |
| Principal Debt Reduction re: MFA Actuarial Addition | 1,216,643 c | 1,426,374 c | 1,644,555 c | 1,871,129 c | 2,107,011 c |
| MFA Debt Repayments Existing | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 | 8,553,615 |
| MFA Debt Repayments New Projects | 0 a | 0 a | 0 a | 0 a | 0 a |
| Temporary Borrowing Interest | 50,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Expenses & Debt Payments | 9,867,758 | 10,053,239 | 10,272,170 | 10,499,519 | 10,736,176 |
| Expenditure Funding Under Section 20(2) | | | | | |
| IHA Minor Capital Improvements and Equipment Funding: | 965,300 | 979,780 | 994,476 | 1,014,366 | 1,034,653 |
| IHA Capital Projects (Pd with Current Budget Funds) | 11,045,894 f | 3,220,000 f | 3,268,300 f | 3,317,325 | 3,367,084 |
| IHA Capital Projects (Pd with New Financing) | 0 a | 0 | 0 | 0 | 0 |
| Transfer to Reserves | 2,472,948 d, h | 4,333,255 d | 4,441,108 d | 4,544,734 d | 4,648,960 d |
| Total Capital Projects Section 20(2) | 14,484,142 | 8,533,035 | 8,703,884 | 8,876,424 | 9,050,697 |
| TOTAL EXPENDITURE | 24,351,900 | 18,586,274 | 18,976,054 | 19,375,943 | 19,786,873 |
| Year End Reserve Balance (Unrestricted) | (4,925,301) d, h | (9,504,821) d | (14,421,170) d | (19,254,327) d | (24,288,373) d |

Impact on residential home average assessment \$739,000 in 2019:

| | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| % Increase per house | 0.18% | 0.00% | 0.00% | 0.00% | 0.00% |
| Annual Tax | 183.35 | 183.35 | 183.35 | 183.35 | 183.35 |
| Residential Tax Rate (cents) | 0.2481 | 0.2481 | 0.2481 | 0.2481 | 0.2481 |
| | b | b | b | b | b, d |

- a. No additional debt required.
- b. Assumes assessment growth of 1.0%
- c. MFA Actuarial Amounts: Actuarial Interest Revenue is offset by an equal reduction to debt.
- d. IHA has indicated that they have ongoing equipment and infrastructure replacement needs. Any additional funds are placed in reserves to assist in avoiding additional debt in the future, or to pay down debt on refinancing. First financing renewal/paydown opportunities begin in 2020.
- e. In 2018, the average equivalent house valued at \$693,000 would have paid \$183.02 at a tax rate of \$0.2641/\$1000 of assessment.
- f. IHSC Project: In 2017 IHA advised that construction uncertainties have been removed and contingencies have been reduced. Projected reduction was \$9.187 million. This amount was removed from the budget estimates for future project costs and debt financing. The approved project bylaw has not been reduced. Should there be future adjustments due to unforeseen circumstances, the budget would be amended at that time.
- g. The Public Sector Accounting Standards require reporting of Accumulated Deficit/Surplus, which will be available in the Year End CORHD Financial Statements. One of the primary purposes of the budget is to calculate required requisitions and ensure adequate cash flow. For example, CORHD must have enough cash to pay both principal and interest on debt, but PSAS only allows for the expensing of interest. A comparison of budget to actual for 2018 is provided to reflect differences in funding and expenditures. Revenues and Financing balance to Expenses and Debt Payments. As a result, there is no prior year surplus or deficit shown for budget purposes.
- h. October Budget Amendment: Changes to Project List have resulted in a net \$625k reduction in the 2019 amount transferred to reserves.

CENTRAL OKANAGAN REGIONAL HOSPITAL DISTRICT

Approved and Planned Capital Expenditures for 2019-2023

Revised Roll - Sep Budget Amendmen

| | | <i>Outstanding Projects</i> | | | | | | |
|----------------------------------|---|---------------------------------|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <i>40 % RHD Share</i> | <i>Funding in Prior Years</i> | <i>2019 Funding</i> | <i>2020 Funding</i> | <i>2021 Funding</i> | <i>2022 Funding</i> | <i>2023 Funding</i> |
| Approved Capital Projects | | | | | | | | |
| Bylaw | | | | | | | | |
| a 113 | Heart and Surgical Centre (2010 - 2019) Bylaw is \$91.347m, plus 100% funding of IHSC 4th Floor Perinatal | 84,690,000 | 73,210,000 | 2,293,000 | 0 | 0 | 0 | 0 |
| 150 | KGH - Automated Auto-Immune Analyzer | 128,000 | 64,501 | 63,499 | | | | |
| b 172 | KGH - Laboratory Equipment \$1.5m - Cancelled | - | - | - | | | | |
| d 175 | Cottonwoods - Building Mngt System Replacement | 240,000 | 163,256 | 24,438 | | | | |
| 184 | KGH - Image Processing System, Cellavision | 61,600 | - | 61,600 | | | | |
| d 185 | KGH - Medstations, IH-Wide Infrastructure | 55,600 | 54,906 | - | | | | |
| d 188 | CHSC Kelowna - Digital Wayfinding & Room Signage | 90,000 | 81,329 | - | | | | |
| d 190 | KGH - MRI/DI Sprinkler Piping Replacement | 72,000 | 68,580 | - | | | | |
| 195 | Regional - IMIT Corporate Projects over \$100,000 | 430,500 | 284,771 | 145,729 | | | | |
| d 196 | KGH - IMIT - Vocera | 80,000 | 74,083 | - | | | | |
| 197 | Regional - IMIT Corporate Projects under \$100,000 | 217,900 | 187,924 | 29,976 | | | | |
| d 198 | KGH - Wireless Infrastructure Refresh | 12,000 | 6,835 | - | | | | |
| d 199 | KGH - Telehealth Infrastructure Refresh | 11,000 | 6,576 | - | | | | |
| 200 | KGH - Medstations, IH-Wide Pyxis Replacement, Ph.2 | 1,688,400 | 1,565,143 | 123,257 | | | | |
| d 201 | KGH - Multi Purpose System | 717,600 | 674,044 | - | | | | |
| d 202 | KGH - General Radiographic system - Digital | 387,600 | 314,594 | - | | | | |
| 204 | Three Links Manor - Generator Replacement | 224,400 | 58,001 | 166,399 | | | | |
| 205 | Cottonwoods - Dining Room Renovations | 182,000 | 107,002 | 74,998 | | | | |
| 207 | David Lloyd Jones Home - Air Conditioning, Bernard Wing | 36,000 | - | 36,000 | | | | |
| 208 | Cottonwoods - Patio Replacement for Douglas Fir Unit | 34,800 | 20,841 | 13,959 | | | | |
| 209 | May Bennett WC - Wireless Infrastructure Expansion | 22,000 | - | 22,000 | | | | |
| 211 | KGH - Surface Parking | 540,000 | - | 540,000 | | | | |
| 212 | Kelowna Community Health Services Centre - Central Okanagan Wellness Centre | 360,000 | 321,340 | 38,660 | | | | |
| 213 | West Kelowna Health Centre - Leasehold Improvements | 300,000 | - | 300,000 | | | | |
| 214 | KGH - 3 West Medical Inpatient Nursing Unit Renovation | 100,000 | - | 100,000 | | | | |
| 215 | KGH - Increase Pathologist Office Space | 39,600 | 31,242 | 8,358 | | | | |
| 216 | KGH - Access Control System Upgrade | 24,000 | - | 24,000 | | | | |
| 217 | Regional IMIT - Various | 2,039,600 | 682,628 | 1,356,972 | | | | |
| 218 | Cottonwoods - Vocera Expansion and Integration | 72,000 | 49,579 | 22,421 | | | | |
| c 219 | Wireless Infrastructure Refresh | 39,600 | - | 39,600 | | | | |
| 220 | KGH - Vocera Expansion and Integration | 20,000 | - | 20,000 | | | | |
| 221 | Rutland Health Centre - Wireless Infrastructure Expansion | 10,000 | - | 10,000 | | | | |
| d 222 | KGH - Ultrasound, Cardiac | 92,800 | 86,237 | - | | | | |
| d 223 | KGH - Ultrasound | 69,200 | - | 68,808 | | | | |

| | | | | | | | |
|---|-------------------|-------------------|------------------|----------|----------|----------|----------|
| Annual Capital Costs for Current Year Projects | 93,088,200 | 78,113,412 | 5,583,674 | 0 | 0 | 0 | 0 |
|---|-------------------|-------------------|------------------|----------|----------|----------|----------|

New Projects Planned for 2019

| | | | | | | | | |
|-------|--|-----------|---|-----------|--|--|--|--|
| 225 | KGH - Surgical Optimization Clinic - Various | 1,812,000 | - | 1,812,000 | | | | |
| 226 | KGH - Boiler Room Upgrade | 252,000 | - | 252,000 | | | | |
| 227 | KGH - Access Control System Upgrade | 31,620 | - | 31,620 | | | | |
| 228 | Regional - IH-Wide IMIT | 991,600 | - | 991,600 | | | | |
| 229 | Various - Wireless Infrastructure Refresh | 38,000 | - | 38,000 | | | | |
| 230 | KGH - SPECT CT | 729,200 | - | 729,200 | | | | |
| 231 | KGH - Monitoring System Physiological | 312,200 | - | 312,200 | | | | |
| 232 | KGH - Chemistry Analyzer (x2) | 180,000 | - | 180,000 | | | | |
| 233 | KGH - Hematology Analyzer (x2) | 148,000 | - | 148,000 | | | | |
| 234 | KGH - Laboratory Middleware | 127,000 | - | 127,000 | | | | |
| 235 | KGH - MRI Compatible Monitoring System | 51,000 | - | 51,000 | | | | |
| e 237 | Kelowna Urgent Primary Care Centre Capital Tenant Imprvmnts. | 789,600 | - | 789,600 | | | | |

| | | | | | | | | |
|-----|--|------------------|----------|------------------|------------------|------------------|------------------|------------------|
| 236 | Minor Equipment Grant Estimate Future Years | - | - | 965,300 | 979,780 | 994,476 | 1,014,366 | 1,034,653 |
| | Future Projects estimated by RDCO staff | - | - | - | 3,220,000 | 3,268,300 | 3,317,325 | 3,367,084 |
| b | Annual Capital Costs for Planned Projects | 5,462,220 | 0 | 6,427,520 | 4,199,780 | 4,262,776 | 4,331,690 | 4,401,737 |

| | | | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|
| TOTAL ANNUAL CAPITAL COSTS | 98,550,420 | 78,113,412 | 12,011,194 | 4,199,780 | 4,262,776 | 4,331,690 | 4,401,737 |
|-----------------------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|

- Includes IHA's Project Reserve. Bylaw is for \$91.347m and IHA revised project total to \$84.69 million. Currently with reduced contingencies, total estimated funding requirement is \$75.503 million vs \$76.265 million in 2016 (Revised variance from \$8.425 million to \$9.187 million in 2017). Budget reflects \$75.503m.
- For 2019, IHA has cancelled previously approved project request for \$1.5m for Laboratory Automation System, Bylaw 172. Other projects added. Net new project ask in 2019 is \$4.14m.
- Minor project previously approved in 2018. Project was understood to be cancelled, but it was in fact a different project.
- Closed Projects list received. Costs adjusted downward based on actual costs.
- Mid-cycle request received from IHA to fund Urgent Primary Care Centre. Actual project funding provision would be subject to the facility being named a Designated Hospital Facility as is required under the Regional Hospital District Act.