

**NORTH OKANAGAN/COLUMBIA SHUSWAP
REGIONAL HOSPITAL DISTRICT**

**SPECIAL MEETING
AGENDA**

DATE: Tuesday, May 16, 2017

TIME: 10:00 AM

PLACE: Board Room
Columbia Shuswap Regional District Office
555 Harbourfront Drive NE, Salmon Arm, B.C.

DELEGATIONS

- 1.1** **Interior Health** - Dan Goughnour, Director, Business Support and Tim Rode, Program Director, Diagnostic Imaging, in attendance.
- 10:00 AM** - Capital Funding Request for 2017 – Vernon Jubilee Hospital, MRI Machine;
- Note to Board: Refer to Agenda Item 2.1 Capital Funding Request and Agenda Item 3. Bylaws.
- A Powerpoint Presentation will be made at the meeting.
-

CORRESPONDENCE

- 2.1** **Letter from Donna Lommer, VP Support Services & CFO, Interior Health** **Attached**
dated April 24, 2017 re: Capital Funding Request for Vernon Jubilee
Hospital – MRI Machine.

Motion **THAT:**
the correspondence contained on the May 16, 2017 NOCSRHD Special Board Agenda be received.

BYLAWS

- 3.1** **2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67** **Attached**
- Report attached from Manager of Financial Services dated May 9, 2017;
 - Consideration of 3 readings and adoption.

Motion **THAT:**
"2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67", be read a first, second and third time this 16th day of May 2017.

Motion **THAT:**
"2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67", be adopted this 16th day of May, 2017.

- 3.2** **2017 North Okanagan/Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68** **Attached**
- Report attached from Manager of Financial Services dated May 9, 2017;
 - Consideration of 3 readings and adoption.

Motion **THAT:**
"North Okanagan/Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68", be read a first, second and third time this 16th day of May, 2017.

Motion **THAT:**
"North Okanagan/Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68" be adopted this 16th day of May, 2017.

ADJOURNMENT



Interior Health
Every matters

Mr. Charles Hamilton, Chief Administrative Officer
North Okanagan / Columbia Shuswap
Regional Hospital District
Box 978, 781 Marine Park Drive NE
Salmon Arm, BC V1E 4P1

April 24, 2017

Dear Mr. Hamilton:

RE: CAPITAL FUNDING REQUEST FOR VERNON JUBILEE HOSPITAL MRI

We were excited to obtain Ministry of Health approval to proceed with the acquisition of a new Magnetic Resonance Imaging machine (MRI) for the Vernon Jubilee Hospital. It provides the residents of your catchment area with improved access to this service, whereas currently, they have to travel to Kelowna or Kamloops for an exam. Thus, it will improve health outcomes for patients and potentially reduce transfers to tertiary care centres. It will allow IH to meet growing demand for this diagnostic procedure and will reduce MRI waitlists overall.

The project scope includes the procurement and installation of a fixed MRI, including the construction and renovation in an area adjacent to the current Diagnostic Imaging department. This includes the fitting out of a procedure room, control room, exam room, supervisor room, radiologists' reading room, waiting room, change room, nursing station, stretcher transfer area, post biopsy recovery area, washrooms and storage room.

The project carries a total budget of \$7.1 million. We would like to request the North Okanagan / Columbia Shuswap Regional Hospital District (RHD) to fund 40% of this cost, i.e. **\$2,840,000**. We recognize that this funding request is outside of the annual capital budget cycle, but hope that the RHD will be able to accommodate it nevertheless, as it benefits the residents of your region so tremendously. We are looking forward commencing with the planning and procurement stage as soon as possible. We expect that the project will take two years to complete.

Please advise us of the date of the meeting when funding will be discussed and if you would like to have Interior Health representatives attend to answer questions the Directors may have. Upon approval, please send Birgit Koster copies of the relevant bylaws for our records.

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

/bk

cc: Rhona Martin, Chair, NOCSRHD
Jodi Pierce, Manager Financial Services, NOCSRHD
Richard Harding, Acute Health Service Administrator, North Okanagan
Dan Goughnour, Director, Business Support
Birgit Koster, Director Business Support, Capital Planning

Interior Health Authority
505 Doyle Ave.
Kelowna, BC V1Y 6V8
Web: www.interiorhealth.ca

VP Support Services & Chief Financial Officer
Telephone: (250) 469-7070 ext.: 12813 Fax: (250) 862-4201
E-Mail: donna.lommer@interiorhealth.ca

NOCSRHD BOARD REPORT

TO: NOCSRHD Chair and Directors

File No: 8900 42

FROM: Jodi Pierce

Date: May 9, 2017

Manager of Financial Services

SUBJECT: 2017 NOCSRHD Five Year Financial Plan Amendment

RECOMMENDATION

1:

THAT:

Bylaw No. 67, cited as "2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67", be read a first, second and third time this 16th day of May, 2017.

RECOMMENDATION

2:

THAT:

Bylaw No. 67, cited as "2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67", be adopted this 16th day of May, 2017.

APPROVED for Board Consideration:

Meeting Date: May 16, 2017


Charles Hamilton, CAO

SHORT SUMMARY:

On April 24, 2017, the North Okanagan Columbia Shuswap Regional Hospital District received a funding request letter from the Interior Health Authority (IHA) requesting additional funding for a Magnetic Resonance Imaging Machine at Vernon Jubilee Hospital. The total cost for this project is \$7,100,000 and the IHA has requested the Regional Hospital District fund 40% of this cost or \$2,840,000. As the request was received subsequent to the adoption of the Five Year Financial Plan in March 2017, a budget amendment must be passed if the Board wishes to fund this project. Additionally, the Regional Hospital District does not have sufficient reserves to fund a project of this magnitude and the deadline for increasing the tax requisition has passed; therefore, the only option for funding this project is to utilize long-term debt.

VOTING: Unweighted Corporate Weighted Corporate Stakeholder (Weighted)

POLICY:

An amended budget and an additional capital expenditure and borrowing bylaw must be approved prior to funding any additional projects.

FINANCIAL:

The 2017 Five Year Financial Plan Amendment has been produced in the same format as the 2017 Five Year Financial Plan and has highlighted in yellow those line items that have been amended.

According to IHA representatives, the total project can be broken into two components: equipment costs totalling \$3,000,000, and building renovation/construction costs of \$4,100,000. Staff has determined the optimum term for borrowing to be 15 years; while the equipment has a shorter useful life (5 years), the required renovation/construction costs have a substantially longer useful life (25 years). Using a weighted average of the costs and years, the average useful life is approximately 16.6 years; therefore, 15 years could be considered a reasonable, conservative and relatively affordable option.

Using a 15 year term, this new debt would result in an increase to the tax requisition in excess of 6% over the next 4 years without using reserve funds. Therefore, staff is recommending using reserve funds as follows:

- Current year - fund interest that will be incurred;
- 2018 - \$200,000;
- 2019 - \$150,000;
- 2020 - \$100,000; and
- 2021 - \$50,000.

Using these reserves will hold the increase in the tax requisition to between 4%-4.3% based on anticipated spending. Using reserves in the current year to fund the interest is the only option as there is no ability to increase the 2017 tax requisition at this time.

If the Board chooses to not support a 4% increase in taxes going forward, the Board has the following options:

- Do not approve this project;
- Request that IHA reduce their funding requests for subsequent years; or
- Upon receipt of the 2018/19 Capital Funding Request letter in December 2017, decide during budget deliberations which projects to support while maintaining the desired tax rate.

Staff confirmed with IHA representatives that the 2018 and 2019 funding requests as per the February 15, 2017 correspondence did not include any amounts relating to the MRI project. As a result, the overall proposed 2018 tax requisition is anticipated to be a 4.0% increase over the 2017 tax requisition. Although the financial plan adopted in March 2017 projected eliminating the use of reserves to fund expenditures by 2020, the proposed amendment would see reserves used to reduce the tax requisition until 2021.

The implication on tax rates is as follows:

- Mill rate – increase from \$0.2876/\$1,000 assessment in 2017 to \$0.2990/\$1,000 in 2018
 - Average residential tax –increase from \$91.32 in 2017 to \$94.93 in 2018 per average residence assessed at \$317,500.
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KEY ISSUES/CONCEPTS:

The 2017 Five Year Financial Plan Amendment includes the following:

1. Total Tax Requisitions increasing as follows: 4% in 2018; 4.1% in 2019; 4.1% in 2020 and 4.3% in 2021.
2. The current year financial plan amendment includes:
 - \$2,868,700 in additional capital expenditures in 2017 (\$2.84 million request plus the MFA top up for the issuance of debt);
 - Additional interim borrowing interest of \$28,400 for the project prior to the issuance of debt;
 - Additional contribution from reserves of \$28,400 to pay the interest; and
 - New debt of \$2,868,700.
3. Subsequent year amendments include additional tax requisitions, additional debt interest and principal payments, and additional reserve contributions.
4. The amended budget deficit is \$4,137,467 (prior deficit of \$1,240,367). The change in the amount of \$2,897,100 consists of the capital expenditure of \$2,868,700 and interest in the amount of \$28,400.

LIST NAME OF REPORT(S) / DOCUMENT(S):

1. 2017 NOCSRHD Financial Plan Amendment Bylaw No. 67	Attached to Agenda Summary: <input checked="" type="checkbox"/>	Available from Staff: <input type="checkbox"/>
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DESIRED OUTCOMES:

That the 2017 NOCSRHD Amended Five Year Financial Plan in the amount of \$12,374,422 be approved.

BOARD'S OPTIONS:

1. *Endorse the Recommendation*
2. *Any other action deemed appropriate by the Board*

COMMUNICATIONS:

If approved, the amended budget will be distributed to member Municipalities and various Provincial Ministries as well as posted on the CSRD website. The Interior Health Authority will be advised of the Board's decision.

**NORTH OKANAGAN/COLUMBIA SHUSWAP
REGIONAL HOSPITAL DISTRICT**

BYLAW NO. 67

A bylaw to amend the Five Year Financial Plan for the period 2017 – 2021, inclusive

WHEREAS the Board of the North Okanagan/Columbia Shuswap Regional Hospital District wishes to amend the '2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Bylaw No. 65';

NOW THEREFORE the Board of Directors of the North Okanagan/Columbia Shuswap Regional Hospital District, in open meeting assembled, HEREBY ENACTS as follows:

1. Schedule A of Bylaw No. 65 is hereby deleted in its entirety and replaced with the Schedule A, attached hereto.
2. This bylaw may be cited for all purposes as "2017 North Okanagan/Columbia Shuswap Regional Hospital District Financial Plan Amendment Bylaw No. 67".

READ A FIRST TIME this _____ day of _____, 2017.

READ A SECOND TIME this _____ day of _____, 2017.

READ A THIRD TIME this _____ day of _____, 2017.

ADOPTED this _____ day of _____, 2017.

MANAGER OF CORPORATE
ADMINISTRATION SERVICES (SECRETARY)

CHAIR

CERTIFIED a true copy of
Bylaw No. 67, as adopted.

Deputy Manager,
Corporate Administration Services (Secretary)

**NORTH OKANAGAN COLUMBIA SHUSWAP REGIONAL HOSPITAL DISTRICT
2017 FIVE YEAR FINANCIAL PLAN BYLAW NUMBER 67
SCHEDULE A**

	2016 Actual	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget
REVENUES:							
Tax Requisition:	\$ 7,402,210	\$ 7,402,210	\$ 7,654,838	\$ 7,958,027	\$ 8,283,027	\$ 8,622,068	\$ 8,993,968
Other:							
Payment in lieu of taxes	20,696	22,200	22,200	22,200	22,200	22,200	22,200
Interest	31,429	40,000	25,000	25,000	25,000	25,000	25,000
Actuarial adjustment	463,417	463,417	463,417	569,763	690,383	812,778	832,514
Service agreements - Indian Bands	71,476	70,800	71,500	71,500	71,500	71,500	71,500
Debenture surplus & debt reserve refund							
	7,989,229	7,998,627	8,236,955	8,646,490	9,092,110	9,553,546	9,945,182
EXPENDITURES							
Expenses:							
Administration	84,880	87,000	87,000	87,000	87,000	87,000	87,000
Debenture debt - interest (existing)	3,327,700	3,327,700	3,327,700	3,327,700	3,327,700	3,300,797	3,300,797
Debenture debt - interest (new)		82,875	-	251,237	251,237	251,237	251,237
Interim Borrowing MFA - Interest	38,265	32,000	143,275	-	-	-	-
Expenditures under Section 20(2)							
Global Grant	605,700	605,700	614,700	650,000	666,300	683,000	700,100
Capital Equipment - new requests	360,993	1,367,800	3,694,400	1,000,000	1,025,000	1,050,700	1,077,000
Capital Projects - new requests	78,216	600,000	460,000	1,050,000	1,108,700	1,136,500	1,165,000
Capital Equip/Projects - carried forward from prior year	985,089	3,892,919	4,047,347	-	-	-	-
	5,480,842	9,995,994	12,374,422	6,365,937	6,465,937	6,509,234	6,581,134
ANNUAL SURPLUS (DEFICIT)	\$ 2,508,387	\$ (1,997,367)	\$ (4,137,467)	\$ 2,280,552	\$ 2,626,173	\$ 3,044,312	\$ 3,364,048
(for financial reporting purposes - PSAB)							
Plus:							
Transfer from/(to) reserves	(1,737,753)	297,000	1,456,400	925,000	700,000	350,000	50,000
Proceeds from issue of debt	1,888,000	4,359,000	5,339,700	-	-	-	-
Less:							
Debenture debt - Principal payments (existing debt)	(2,195,216)	(2,195,216)	(2,195,216)	(2,195,216)	(2,195,216)	(2,140,960)	(2,140,960)
Debenture debt - Principal payments (new debt)	-	-	-	(440,574)	(440,574)	(440,574)	(440,574)
Actuarial Adjustment	(463,417)	(463,417)	(463,417)	(569,763)	(690,383)	(812,778)	(832,514)
FINANCIAL PLAN BALANCE	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ (0)

NOCSRHD BOARD REPORT

TO: NOCSRHD Chair and Directors

File No: 8900 42

FROM: Jodi Pierce

Date: May 9, 2017

Manager of Financial Services

SUBJECT: 2017 NOCSRHD Capital Expenditure and Borrowing Bylaw No. 68

RECOMMENDATION

#1:

THAT:

Bylaw No. 68, cited as "North Okanagan Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68", be read a first, second and third time this 16th day of May, 2017.

RECOMMENDATION

#2:

THAT:

Bylaw No. 68, cited as "North Okanagan Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68", be adopted this 16th day of May, 2017.

APPROVED for Board Consideration:

Meeting Date: May 16, 2017



Charles Hamilton, CAO

SHORT SUMMARY:

Attached is the Capital Expenditure and Borrowing Bylaw No. 68 to be enacted by the Board as required by section 32 of the Hospital District Act in conjunction with the 2017 Five Year Financial Plan Amendment Bylaw.

VOTING:

Unweighted
Corporate

Weighted
Corporate

Stakeholder
(Weighted)

POLICY:

Section 32 of the Hospital District Act says that a Board that proposes to spend money to meet capital expenditures must prepare and enact a capital bylaw permitting the spending of that money. Additionally, as the proposed spending is utilizing long-term debt, the borrowing component needs to be included with the capital expenditure.

FINANCIAL:

The 2017 Five Year Financial Plan Amendment includes an additional \$2,868,700 in capital expenditures as submitted by Interior Health for Magnetic Resonance Imaging Machine at Vernon Jubilee Hospital. This expenditure will be funded by way of long-term debt.

LIST NAME OF REPORT(S) / DOCUMENT(S):

1. Capital Expenditure and Borrowing Bylaw No. 68

Attached to
Agenda Summary:

Available from
Staff:

DESIRED OUTCOMES:

That the North Okanagan Columbia Shuswap Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 68 in the amount of \$2,868,700, as described in Schedule "A", be approved.

BOARD'S OPTIONS:

1. *Endorse the Recommendation*
2. *Any other action deemed appropriate by the Board*

COMMUNICATIONS:

The approved bylaw will authorize the Treasurer to settle the terms and conditions of the expenditures.

**NORTH OKANAGAN/COLUMBIA SHUSWAP
REGIONAL HOSPITAL DISTRICT**

CAPITAL EXPENDITURE & BORROWING BYLAW NO. 68

WHEREAS the Board of the North Okanagan/Columbia Shuswap Regional Hospital District proposes to expend money for the capital expenditures described in Schedule "A" attached hereto and forming an integral part of this bylaw;

AND WHEREAS those capital expenditures have received the approval required under Section 23 of the Hospital District Act;

NOW THEREFORE the Board of the North Okanagan/Columbia Shuswap Regional Hospital District enacts the following capital expenditure and borrowing bylaw as required by Sections 32 and 33 of the Hospital District Act:

1. The Board hereby authorizes and approves expenditure of money necessary to complete the capital expenditures as described in Schedule "A" attached.
2. The Board authorizes and approves the borrowing of a net sum not exceeding \$2,868,700 upon the credit of the Regional Hospital District by issuance and sale of securities in a form and manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and repayment of the principal and interest shall be over a term not to exceed fifteen (15) years.
3. The net sum includes 1% as required by the Municipal Finance Authority of British Columbia to be held in trust in its Debt Reserve Fund.
4. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due each year;
5. The Board hereby delegates the necessary authority to the Treasurer to settle the terms and conditions of the borrowings.
6. This bylaw may be cited for all intents and purposes as the "North Okanagan/Columbia Shuswap Regional Hospital District Capital Expenditure & Borrowing Bylaw No. 68."

READ A FIRST TIME this _____ day of _____, 2017.

READ A SECOND TIME this _____ day of _____, 2017.

READ A THIRD TIME this _____ day of _____, 2017.

ADOPTED this _____ day of _____, 2017.

MANAGER OF CORPORATE ADMINISTRATION
SERVICES (SECRETARY)

CHAIR

CERTIFIED a true copy of
Bylaw No. 68 as adopted.

Deputy Manager,
Corporate Administration Services (Secretary)

SCHEDULE "A" to Bylaw No. 68

NORTH OKANAGAN/COLUMBIA SHUSWAP REGIONAL HOSPITAL DISTRICT

CAPITAL EXPENDITURE & BORROWING BYLAW NO. 68

Name of Facility	Project or Equipment Description	Project Number	RHD Share (40%)	Province Share (60%)	Total Project
Vernon Jubilee	MRI		\$2,840,000	\$4,260,000	\$7,100,000
TOTAL			\$2,840,000	\$4,260,000	\$7,100,000