

Date: 16/02/2023

To: Chair and Directors, Cariboo Chilcotin Regional Hospital District

And To: Brian Carruthers, Interim Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Cariboo Chilcotin Regional Hospital District_Feb24_2023

File: Hospital

Short Summary:

Cariboo Chilcotin Regional Hospital District 2023 Five Year Financial Plan Bylaw No. 209, 2023

Voting:

Corporate Vote - Weighted

Memorandum:

A new budget has been released for the Cariboo Memorial Hospital Development project. In 2019 the project was budgeted at \$217,745,000 with the Cariboo Chilcotin Regional Hospital District portion being 40% or \$87,099,000 which was adopted by Bylaw No. 161, 2019. The budget is now \$366,530,000 with the CCRHD's portion increasing to \$146,613,000. Thus, an amendment to Bylaw No. 161, 2019 for an additional \$59,514,000 is required for the CCRHD to meet its commitments to this project.

The CCRHD 2023 – 2027 Five Year Financial Plan, Bylaw No. 209, 2023 is presented to the Board for consideration of three readings and adoption.

Attachments:

- 1) Bylaw No. 161, 2019
- 2) Bylaw No. 161(1)
- 3) Bylaw No. 209
- 4) CCRHD 2023 – 2027 Five Year Financial Plan (Schedule A)

Financial Implications:

For 2023 the CCRHD tax requisition has been increased to \$75.00 per \$100,000 of Net Taxable Assessed Value of Land and Improvements for residential taxpayers, an increase of \$5.00 per \$100,000 of residential assessed value, necessitated by the approval of the Cariboo Memorial Hospital Redevelopment Project.

The increase in the requisition rate is the result of the significant increase in the cost of the CMH project from when it was announced in 2019. The cost now is \$366,530,000, an increase of \$148,785,000. The CCRHD portion is 40% or \$146,613,000. The CCRHD previously approved a

total of \$87,099,000 towards the Cariboo Memorial Redevelopment project through Bylaw No. 161, 2019. An amendment to Bylaw 161 is required to increase the CCRHD's participation by \$59,514,000 for a total contribution of \$146,613,000 over the course of the project. The Financial Plan put forward for adoption assumes the amendment to Bylaw 161 is approved.

Increases in assessed values coupled with the increase to the residential rate will result in an increase in tax revenues of \$2,389,313 over the 2022 requisition. The assessment base is assumed to increase by 2% per year for 2024 and subsequent years.

The \$75.00 per \$100,000 will not be enough to cover expected capital requirements as the CMH project gets underway and will necessitate the use of capital reserves. Current projected cash requirements over the course of construction indicate that transfers from reserves will be \$17,256,000 in 2023, \$35,816,000 in 2024, and \$21,682,000 in 2025.

As it stands now, based on the costs provided by Northern and Interior Health, with the increase from \$70.00 to \$75.00 per \$100,000 and the current level of reserves, the Cariboo Chilcotin Regional Hospital District should not need to borrow during the construction of the Cariboo Memorial Hospital Redevelopment Project and maintain a sufficient reserve balance through to project completion.

Policy Implications:

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CAO Comments:

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Options:

1. Endorse recommendations;
2. Request amendments.

Recommendation:

#1: That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated February 16, 2023, regarding amending Bylaw No. 161, 2019 and adopting Cariboo Chilcotin Regional Hospital District Five Year Financial Plan Bylaw No. 209, 2023, be received. Further, that Cariboo Chilcotin Regional Hospital District Capital Expenditure (CMH Redevelopment Project) Amendment Bylaw No. 161(1), 2023 be read a first, second and third time this 24th day of February 2023.

#2: That Cariboo Chilcotin Regional Hospital District Capital Expenditure (CMH Redevelopment Project) Amendment Bylaw No. 161(1), 2023 be adopted this 24th day of February 2023.

#3: That Cariboo Chilcotin Regional Hospital District Five Year Financial Plan Bylaw No. 209, 2023 be read a first, second and third time this 24th day of February 2023.

#4: That Cariboo Chilcotin Regional Hospital District 2023 Five Year Financial Plan Bylaw No. 209, 2023 be adopted this 24th day of February 2023.