



REPORT

To: Peace River Regional Hospital District Board

Report Number: FN-RHD-011

From: Teri Vetter, Chief Financial Officer

Date: June 10, 2021

Subject: PRRHD Capital Expenditure Bylaw No. 204, 2021

RECOMMENDATION #1: [Corporate Weighted]

That the Regional Hospital District Board give "Peace River Regional Hospital District Capital Expenditure Bylaw No. 204, 2021", which authorizes expenditure of \$150,229,000 for the demolition and the replacement of the Dawson Creek and District Hospital, first, second, and third reading.

RECOMMENDATION #2: [Corporate Weighted – 2/3 Majority]

That the Regional Hospital District Board adopt "Peace River Regional Hospital District Capital Expenditure Bylaw No. 204, 2021".

BACKGROUND/RATIONALE:

The Peace River Regional Hospital District approved funding 40% of the \$377,860,000 total budget for the Dawson Creek and District Hospital project, which amounted to \$150,229,000.

Section 32 of the *Hospital District Act* states "A board that proposes to borrow or spend money to meet capital expenditures, must prepare, in consultation with the minister, and enact, a capital bylaw permitting the borrowing or spending of that money." Therefore, a bylaw has to be adopted in order to fund the construction of the Dawson Creek and District Hospital project.

ALTERNATIVE OPTIONS:

1. That the Peace River Regional Hospital District Board provide further direction.

STRATEGIC PLAN RELEVANCE:

☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

As of December 31, 2020, the Capital Reserve for the new hospital build was \$89,090,520. If requisition for the new hospital reserve remains static at \$13M for the next 4 years (2022 – 2025) and based on Northern Health's cash flow estimates as of March 31, 2021, the PRRHD will not have to long-term borrow for this project as seen in the table below:

	2021	2022	2023	2024	2025
Opening Balance	89,090,520	94,763,520	75,051,520	55,253,520	29,079,520
Add: Requisition	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Less: Capital Expenses	7,327,000	32,712,000	32,798,000	39,174,000	38,218,000
Closing Balance	\$94,763,520	\$75,051,520	\$55,253,520	\$29,079,520	\$3,861,520

Additionally, as seen in the table, if the capital budget increases and the Board approves it, the PRRHD will have approximately \$3.9M for contingency plus any interest earned on the reserve fund.

COMMUNICATIONS CONSIDERATION(S):

Once adopted, the "Peace River Regional Hospital District Capital Expenditure Bylaw No. 204, 2021" will be sent to the Ministry.

OTHER CONSIDERATION(S):

None at this time.

Attachments:

1. PRRHD Capital Expenditure Bylaw No. 204, 2021