

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

CONFIDENTIAL

February 15, 2019

Dear Mr. Hamilton:

RE: HIGH LEVEL FUNDING ESTIMATES & MAJOR CAPITAL PROJECTS

Enclosed please find additional information to support your planning process. The top part of the table on the next page presents the total funding envelope that Interior Health (IH) is expected to receive over the next three fiscal years from the Ministry of Health (MOH). The available funding is notional, meaning these amounts can be used for planning purposes, but are not yet confirmed. The final allocations are dependent upon capital funding provided to the MOH from the annual provincial budget. Annual amounts are confirmed to us at the beginning of each fiscal year and if there are changes to the amounts, it will directly impact the estimated funding requirements outlined in the below table.

Accordingly, IH's outer years' high level estimates are quite volatile and should be used for general planning purposes only. Forecasts will shift based on actual demands and changes in available funding. IH relies on its rigorous prioritization process when developing its annual capital budget.

A further factor affecting the volatility of capital needs are the current conditions in the construction market that have led to cost escalations. In order to reduce cost variance during the tendering process, IH engages quantity surveyors to prepare a pre-tender cost estimate to ensure an appropriate budget is in place. If this estimate exceeds the approved original budget, IH has to secure additional funding in order to proceed to tender. Unfortunately, we have experienced this happening more frequently in recent projects; in fact, we even have been faced with projects, where the budget had to be increased to the pre-tender estimate, and then again, when the project went to the market as the lowest bid was higher than the pre-tender estimate established by the consultants. These unpredictable market forces place us in the regrettable position of having to look for scope reduction or value engineering opportunities to stay within budget, but in some situations we need to request additional funding from your RHD, sometimes even multiple times. Appendix 1 provides a sample of projects in your RHD that have not yet been tendered and are subject to potential cost pressures. We will continue to exercise very proactive measures to manage our projects within the budgets they are assigned.

The bottom part of the table refers specifically to your Regional Hospital District (RHD). It shows the approximate total capital requests for facility construction, equipment and Information Management Information Technology for your area for the next three years. The last line indicates a high level estimate of funding requirements from your RHD for planning purposes. These projections are subject to change based on funding availability and/or critical needs that may be identified in a given year.

Anticipated Funding from Ministry of Health to Interior Health (millions)	2019/20 (notional)	2020/21 (notional)	2021/22 (notional)	Three-year Total (notional)
Interior Health Notional Funding from the Ministry of Health				
Available Funding for planning purposes only	\$ 28.6	\$ 31.9	\$ 32.0	\$ 92.5

North Okanagan Columbia Shuswap (NOCS) (millions)	2019/20	2020/21 (notional)	2021/22 (notional)	Three-year Total (notional)
Total of all Capital Requests Identified for the next three years				\$ 166.0
Approximate Funding from all Sources for NOCS (Ministry, RHD, Equity, Foundation, etc.)	\$ 15.0	\$ 7.8	\$ 7.8	\$ 30.6
Anticipated Regional Hospital District Funding Requirements for planning purposes only	\$ 6.0	\$ 3.1	\$ 3.1	\$ 12.2

Please note that the above funding requirement amounts do not include any potential Priority Investments in your RHD area. These types of projects require individual MOH approval and are granted outside of the regular capital budget cycle.

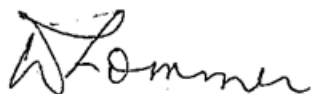
Attached (Appendix 2) please find the prioritized listing of IH's major planned capital projects consisting of:

- Construction projects over \$2 million that are "program" related
- Information Management Information Technology over \$5 million
- Major diagnostic equipment regardless of value

The list is grouped in "A" and "B" priorities and is sorted alphabetically by facility name within these two categories.

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

Encl. Appendix 1: Projects To Be Tendered, January 2019
Appendix 2: Major Capital Projects Priority List, December 2018

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

NORTH OKANAGAN COLUMBIA SHUSWAP
PROJECTS TO BE TENDERED
January 2019

Appendix 1

Project Name
QVH Heat Recovery Chiller
QVH Modernize Elevator
QVH Emergency Generator
SAC Leasehold Improvements
SLH Pharmacy Renovation
SLH Sterilizer - Low Temperature VHP
VJH Integrated Chemistry/Immunochemistry Analyzer
VJH HVAC Upgrade

Interior Health

Prioritized Listing of Major Planned Capital Projects consisting of:

Construction projects > \$2 million that are “program” related regardless of funding source (RCI or PI)

Net new IMIT projects > \$5 million

Net new major diagnostic equipment regardless of value (CT/MRI/PET/Radiation Therapy)

Appendix 2

December 3, 2018

Sorted by category and then alphabetically by facility name

Project/Equipment Name	Facility Name	Location	RHD	Estimated total cost (millions)	RCI/PI	Demand for Services	Innovation & Change	Sustainability
Category A Priorities								
Redevelopment	Cariboo Memorial Hospital	Williams Lake	CC	\$128	PI	√	√	√
Lab/Pharmacy/Oncology/Renal Renovation	East Kootenay Regional Hospital	Cranbrook	KE	\$200	PI	√	X	√
Redevelopment	Golden & District Hospital	Golden	KE	\$100	PI	X	√	√
Parkade Expansion	Kelowna General Hospital, Kootenay Boundary Regional Hospital, Royal Inland Hospital	Kelowna, Trail, Kamloops	CO, WKB, T	TBD	PI	√	√	X
MRI	Kootenay Boundary Regional Hospital	Trail	WKB	\$8	PI	√	X	√
Pharmacy and Ambulatory Care	Kootenay Boundary Regional Hospital	Trail	WKB	\$39	PI	√	√	√
Digital Electronic Health Records	Penticton Regional Hospital	Penticton	OS	\$7	PI	√	√	√
Oncology & Relocation of Medical Records	Penticton Regional Hospital	Penticton	OS	TBD	RCI	X	√	√
Redevelopment	Queen Victoria Hospital	Revelstoke	NOCS	\$100	PI	√	X	√
Laboratory Renovation	Royal Inland Hospital	Kamloops	T	\$12	RCI	√	X	√
Redevelopment (Perioperative / ICU)	Shuswap Lake Hospital	Salmon Arm	NOCS	\$30	PI	√	√	√
Long-term Care - 450 Beds	Various	Various	Various	TBD	PI	√	√	√
Inpatient Psychiatry Redesign/Redevelopment	Vernon Jubilee Hospital	Vernon	NOCS	\$75	PI	√	√	√
Category B Priorities								
Emergency Department Renovation	Boundary Hospital	Grand Forks	WKB	TBD	RCI	√	√	√
Community Dialysis Unit	East Kootenay Regional Hospital	Cranbrook	KE	\$4	RCI	√	X	√
Emergency Department and Outpatient Services Renovation	Elk Valley Hospital	Fernie	KE	TBD	RCI	√	√	√
Redevelopment	Elk Valley Hospital	Fernie	KE	\$50	PI	√	√	√
OR Renovation	Golden & District Hospital	Golden	KE	2.5	RCI	√	√	√
Digital Electronic Health Records	Kelowna General Hospital	Kelowna	CO	\$21	PI	√	√	√
CT Scanner (additional)	Penticton Regional Hospital	Penticton	OS	5.0	PI	√	√	√
Maternity and Pediatric Unit	Penticton Regional Hospital	Penticton	OS	TBD	RCI	√	X	√
Inpatient Tower Phase III	Royal Inland Hospital	Kamloops	T	500.0	PI	√	√	√
Oncology Renovation	Royal Inland Hospital	Kamloops	T	TBD	RCI	X	√	√
Community Dialysis Unit	Rutland Health Centre	Kelowna	CO	2.3	RCI	√	X	√
Digital Electronic Health Records	Vernon Jubilee Hospital	Vernon	NOCS	TBD	PI	√	√	√
CT Scanner (additional)	Vernon Jubilee Hospital	Vernon	NOCS	5.0	PI	√	X	√
MDR Expansion - Level 2	Vernon Jubilee Hospital	Vernon	TBD	TBD	RCI	√	√	√
Medical Imaging Redesign	Vernon Jubilee Hospital	Vernon	NOCS	15.0	PI	√	X	√

LEGEND

RCI - Routine Capital Investment
PI - Priority Investment

RHD Areas

CC - Cariboo Chilcotin
CO - Central Okanagan
KE - Kootenay East
NOCS - North Okanagan Columbia Shuswap
OS - Okanagan Similkameen
T - Thompson
WKB - West Kootenay Boundary