



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, October 29, 2025

12:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Provisional Budget

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

4. SPECIAL MEETING MATTERS

4.1. [25-1098](#) Capital Regional Hospital District 2026-2035 10-Year Capital Plan

Recommendation: That the Capital Regional Hospital District 2026-2035 10-Year Capital Plan be approved as submitted.
(WA)

Attachments: [Staff Report: CRHD 2026-2035 10-Year Capital Plan](#)
[Appendix A: 2026-2035 CRHD 10-Year Capital Plan](#)
[Appendix B: 2026-2035 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact of 10-Year Capital Plan \(2026-2035\)](#)

4.2. [25-0946](#) 2026 Capital Regional Hospital District Provisional Budget

Recommendation: That the 2026 Capital Regional Hospital District Provisional Budget be approved as submitted.
(WA)

Attachments: [Staff Report: 2026 CRHD Provisional Budget](#)
[Appendix A: CRHD 2026 Provisional Budget](#)
[Appendix B: CRHD 2026-2030 Future Budget Projections](#)
[Appendix C: CRHD 2026 Capital Expenditures](#)
[Appendix D: CRHD Reserve Schedule 2026-2030](#)
[Presentation: 2026 Provisional Budget-CRHD](#)

5. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

NWP - Non-weighted vote of participants (as listed)

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 29, 2025**

SUBJECT **Capital Regional Hospital District 2026-2035 10-Year Capital Plan**

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2026-2035 10-Year Capital Plan.

BACKGROUND

The 2026-2035 CRHD Capital Plan (Appendix A) is derived from Island Health's healthcare capital priorities. It outlines the CRHD's ongoing commitments and anticipated new expenditures, which impact future CRHD requisitions and property tax adjustments.

To prepare for annual updates to the capital plan, CRHD staff monitor ongoing capital contributions and collaborate with Island Health on new projects, adjusting the previous year's plan based on emerging patient-focused priorities. Staff have worked with Island Health to try to make the capital plan more realistic and have more incremental adjustments year over year. The 2026-2035 ten-year capital plan totals \$1.063 billion with CRHDs share being \$350 million (M). Island Health's share of the capital plan and CRHDs corresponding share has been reduced (forecasted total capital project costs over the next 10 years) from the current \$1.360 billion to \$927M, a reduction of \$433M dollars. The CRHD's share over the next 10 years has been reduced from \$412.4M to \$281.4M. The CRHD portion of the capital plan has remained unchanged except for the removal of 950 Kings Road as Island health has indicated that a new development is not viable on the site for the foreseeable future.

Below are key changes (over \$10M) to the 2026-2035 Major Capital Projects when compared to the 2025 Capital Plan:

New Projects:

- Victoria General Hospital (VGH) Expansion; \$100M, CRHD share \$30M has been added to the capital plan.
- Saanich Peninsula Hospital (SPH) Core Renovation; \$15M, CRHD share \$4.5M.
- Royal Jubilee Hospital (RJH) Third Floor Renovations; \$20M, CRHD share \$6M.
- SPH Energy Centre Updates; \$25M, CRHD share \$7.5M.

Project Cost Increases:

- VGH Pediatric Intensive Care Unit; increase of \$35M, CRHD share \$10.5M.
- VGH Energy Centre Replacement; increase of \$24.6M, CRHD share \$7.4M.
- RJH VASC/CARD Hybrid Operating Room; increase of \$19.6M, CRHD share \$5.9M.

Projects removed from the capital plan:

- Children and Women's Health Centre; \$200M has been removed, CRHD share \$60M.
- RJH New Space Patient and Health Program Areas; \$150M has been removed, CRHD share \$45M.

- Child and Youth Family Services Redevelopment; \$100M has been removed, CRHD share \$30M.
- Food Service Production Kitchen Replacement; \$100M has been removed, CRHD share \$30M.
- SPH Energy System Replacement; \$30M, CRHD share \$9M has been removed.
- Pembroke Mental Health Substance Use Centre; \$22M, CRHD share \$6.6M has been removed.
- RJH Hospice Replacement; \$20M, CRHD share \$6M has been removed.
- VGH Emergency Department Imaging CT and Xray Expansion; \$10M, CRHD share \$3M has been removed.
- RJH ABSU unit; \$10M, CRHD share \$3M has been removed.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2026-2035 10-Year Capital Plan be approved as submitted.

Alternative 2

That this report be referred back to staff for additional information based on Capital Regional Hospital District Board direction.

IMPLICATIONS

The CRHD 10-Year Capital Plan outlines the CRHD's ongoing financial support for Major Capital Projects, Minor Capital Projects, and healthcare equipment. In partnership with Island Health, the CRHD typically contributes 30% of the funding for Major Capital Projects. From 2026 to 2035, the CRHD's estimated contribution to Island Health's "planned" or "possible" projects is \$281.4M, reflecting a reduction of \$131.0M compared to the 2025 Capital Plan as approved by the Board on October 30, 2024. This decrease is a result of Island Health's reprioritization of regional projects.

All project cost estimates are subject to change due to scope refinements, economic fluctuations, and Island Health's annual prioritization process. All projects must receive approval from both Island Health and the CRHD.

Appendix B presents the current and projected debt servicing costs associated with the 2026–2035 Capital Plan, while Appendix C provides a summary of the potential tax requisition impact noting if the 10-Year Capital Plan materializes as Island Health plans, the total CRHD requisition would peak in 2035 at \$33.3M or \$169.12 per household (vs \$18.5M & \$93.95 respectively in 2026).

CONCLUSION

Staff continue to collaborate with Island Health to refine capital plans that best meet the region's needs. The capital plan is structured by health facility and year, with recommended funding identified for each project. Each project will undergo review in its designated year and is subject to prioritization and Board approval. The CRHD 2026 Provisional Budget reflects the financial implications of the 2026-2035 10-Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2026-2035 10-Year Capital Plan be approved as submitted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Housing, Planning and Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: 2026-2035 CRHD 10-Year Capital Plan
Appendix B: 2026-2035 Capital Plan Debt Servicing Graph
Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2026-2035)

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN For Years 2026 to 2035 at October 29, 2025										APPENDIX A										Page 1 of 2
Project Type / Status	Project Description	Year	Facility / Site	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Estimated Completed at Year-End (\$)	Total Project Remaining Balance (\$)		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	10-Year Total
Major Project - Approved	New Long Term Care (306 beds)	2024	South Island - Royal Bay	30%	67,108,200	223,694,000	3,810,803	219,883,198		38,051,761	91,147,323	90,628,505	-	-	-	-	-	-	-	219,827,589
Major Project - Approved	VGH High Performance Controls Upgrade	2024	Victoria General Hospital	30%	1,110,992	3,703,305	2,500,000	1,203,305		555,496	-	-	-	-	-	-	-	-	-	555,496
Major Project - Approved	Elevator Refurbishment	2024	Victoria General Hospital	30%	864,215	2,880,718	556,545	2,324,173		237,349	-	-	-	-	-	-	-	-	-	237,349
Major Project - Approved	RJH Diagnostic and Treatment BAS Controls Upgrade	2024	Royal Jubilee Hospital	30%	1,078,376	3,594,588	2,700,000	894,588		250,000	-	-	-	-	-	-	-	-	-	250,000
Major Project - Planned	SPH - Core Renovation	2025	Saanich Peninsula Hospital	30%	4,500,000	15,000,000	2,000,000	13,000,000		11,000,000	2,000,000	-	-	-	-	-	-	-	-	13,000,000
Major Project - Planned	Energy Centre Replacement	2025	Victoria General Hospital	30%	22,381,449	74,604,830	640,000	73,964,830		8,467,500	7,565,000	6,500,000	6,500,000	5,760,000	4,032,500	-	-	-	-	38,825,000
Major Project - Possible	High Acuity Unit	2026	Royal Jubilee Hospital	30%	5,756,400	19,188,000	-	19,188,000		10,750,000	4,000,000	-	-	-	-	-	-	-	-	14,750,000
Major Project - Possible	Child Youth Mental Health Stabilization Unit	2026	Royal Jubilee Hospital	30%	5,400,000	18,000,000		18,000,000		6,000,000	6,000,000	6,000,000	-	-	-	-	-	-	-	18,000,000
Major Project - Possible	(VASC/CARD) Hybrid OR	2026	Royal Jubilee Hospital	30%	7,500,000	25,000,000		25,000,000		250,000	21,600,000	3,150,000	-	-	-	-	-	-	-	25,000,000
Major Project - Possible	Interventional Radiology (VGH and RJH)	2026	Royal Jubilee Hospital & Victoria General Hospital	30%	3,330,000	11,100,000		11,100,000		9,000,000	2,100,000	-	-	-	-	-	-	-	-	11,100,000
Major Project - Possible	Pneumatic to Electric Controls Conversion	2026	Gorge Road Hospital	30%	1,065,452	3,551,508		3,551,508		3,551,508	-	-	-	-	-	-	-	-	-	3,551,508
Major Project - Possible	Relocate SSI MHSU Integrated Team	2026	Salt Spring Island	30%	600,000	2,000,000		2,000,000		2,000,000	-	-	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Convert obsolete 480 distribution system with 600V	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000		1,000,000	1,000,000	-	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	RJH DT Cooling System Replacement	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000		250,000	1,250,000	500,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	QAC Electrical Distribution \$2m	2026	Queen Alexandra	30%	600,000	2,000,000		2,000,000		200,000	1,200,000	600,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000		200,000	1,200,000	600,000	-	-	-	-	-	-	-	2,000,000
Major Project - Possible	Memorial Pavilion Mechanical System Upgrade	2026	Royal Jubilee Hospital	30%	3,000,000	10,000,000		10,000,000		150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	-	-	10,000,000
Major Project - Possible	RJH additional ED CT	2026	Royal Jubilee Hospital	30%	2,550,000	8,500,000		8,500,000		850,000	4,250,000	3,400,000	-	-	-	-	-	-	-	8,500,000
Major Project - Possible	Electrical Infrastructure Upgrade	2027	Lady Minto Hospital	30%	3,000,000	10,000,000		10,000,000		150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	-	-	10,000,000
Major Project - Possible	Oak Bay Lodge Redevelopment	2027	Former Oak Bay Lodge Site	30%	90,000,000	300,000,000		300,000,000		-	-	10,000,000	20,000,000	110,000,000	130,000,000	30,000,000	-	-	-	300,000,000
Major Project - Possible	Surgical Day Care Unit Renovation	2027	Victoria General Hospital	30%	3,180,000	10,600,000		10,600,000		-	600,000	5,000,000	5,000,000	-	-	-	-	-	-	10,600,000
Major Project - Possible	VGH Pediatric Intensive Care Unit	2028	Victoria General Hospital	30%	12,000,000	40,000,000		40,000,000		-	-	10,000,000	30,000,000	-	-	-	-	-	-	40,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2028	Victoria General Hospital	30%	600,000	2,000,000		2,000,000		-	-	150,000	1,500,000	350,000	-	-	-	-	-	2,000,000
Major Project - Possible	Morgue Expansion (RJH & VGH)	2028	Royal Jubilee Hospital	30%	2,100,000	7,000,000		7,000,000		-	-	1,200,000	5,800,000	-	-	-	-	-	-	7,000,000
Major Project - Possible	Intensive Care & High Acuity Unit Redevelopment ³	2029	Victoria General Hospital	30%	11,700,000	39,000,000		39,000,000		-	-	-	20,000,000	19,000,000	-	-	-	-	-	39,000,000
Major Project - Possible	RJH Eric Martin Pavilion - 3rd Floor Renovation	2030	Royal Jubilee Hospital	30%	6,000,000	20,000,000		20,000,000		-	-	-	-	10,000,000	10,000,000			-	-	20,000,000
Major Project - Possible	SPH Energy Centre Updates	2031	Saanich Peninsula Hospital	30%	7,500,000	25,000,000		25,000,000		-	-	-	-	-	-	12,500,000	12,500,000	-	-	25,000,000
Major Project - Possible	VGH Hospital Expansion	2032	Victoria General Hospital	30%	30,000,000	100,000,000		100,000,000		-	-	-	-	-	-	1,000,000	19,000,000	60,000,000	20,000,000	100,000,000
ISLAND HEALTH TOTAL*					294,725,085	982,416,949	12,207,348	970,209,601		92,913,614	149,912,323	143,728,505	94,800,000	146,810,000	144,032,500	43,500,000	31,500,000	60,000,000	20,000,000	927,196,942
CRHD SHARE of ISLAND HEALTH MAJOR PROJECTS - including inflation in future years ²										27,874,084	44,977,297	43,276,652	28,933,800	44,879,100	44,049,750	13,311,000	9,639,000	18,360,000	6,120,000	281,420,683

Project Type / Status	Project Description	Year	Facility / Site	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Estimated Completed at Year-End (\$)	Total Project Remaining Balance (\$)
Minor Project - Anticipated	Minor Capital Projects Future Budget Years	2025-2034	Various	40%	3,750,000	9,375,000	9,375,000	9,375,000
Minor Equipment Grants	CRHD Section 20 Equipment Grants	2025-2034	Various	100%	2,955,000	2,955,000	2,955,000	2,955,000
CRHD Project	Summit Scheduled Capital Replacements - funded by capital funds on hand and reserve	2023	955 Hillside Ave.	100%	2,409,202	2,409,202	-	2,409,202
CRHD TOTAL					9,114,202	14,739,202	12,330,000	14,739,202
PROJECT TOTAL - before inflation					303,839,287	997,156,151	24,537,348	984,948,803
Inflation ² 2.00% - excluding approved/pending Capital Bylaws								10,872,000
PROJECT TOTAL - including inflation								995,820,803
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW								350,879,885

General Notes

*Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15yrs

**Potential start dates depend on annual prioritization process and funding availability from Ministry of Health, CRHD and other funding sources. As a result, start dates are preliminary and may change.

¹Project will be primarily funded by the Hospital Foundation

²Inflation is calculated at a rate of 2% for years 2025-2034 and applied to forecasted projects if applicable (approved bylaws, current year projects and land acquisitions are not subject to inflation)

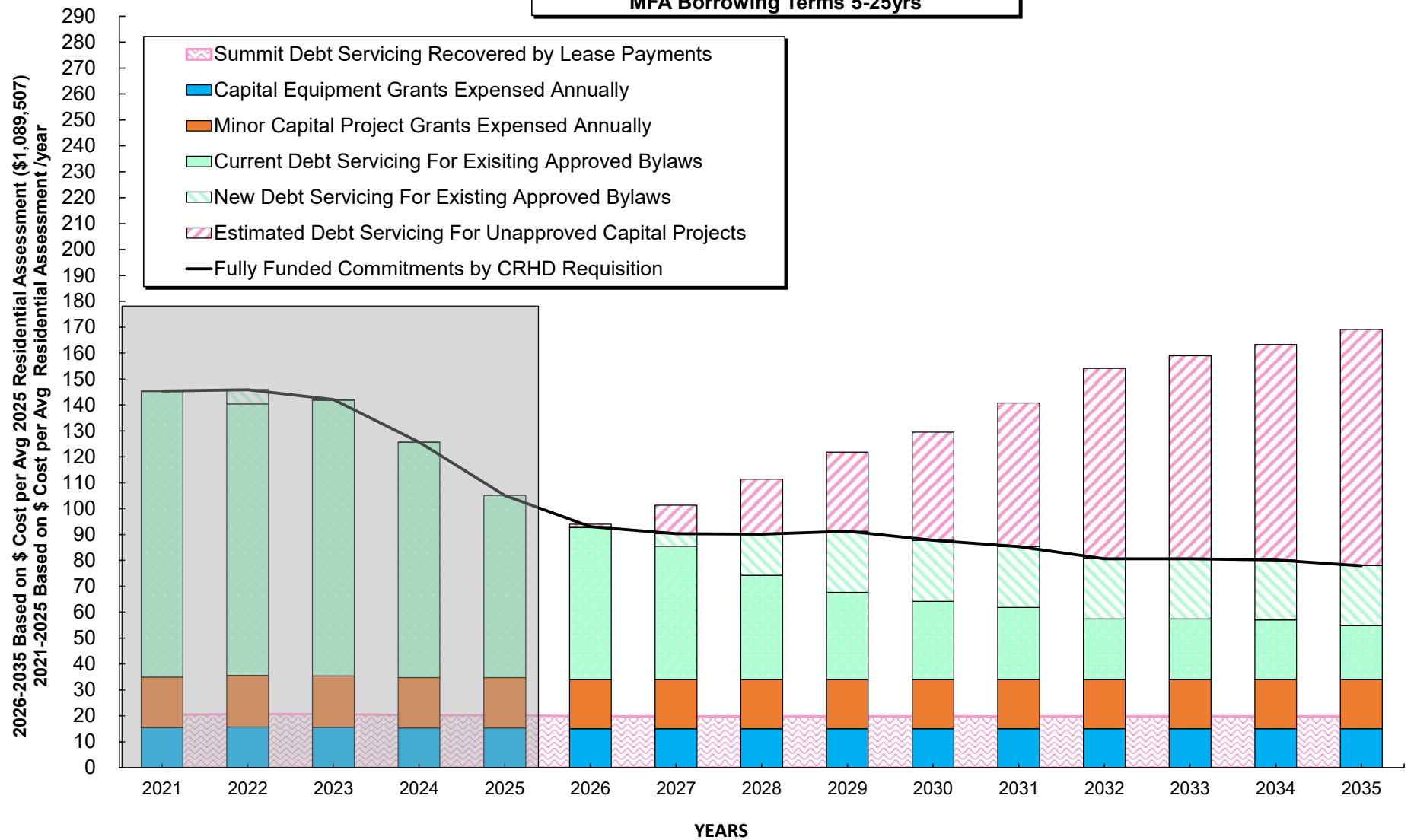
2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	10-Year Total
9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	93,750,000
2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	29,550,000
200,000	210,260	200,000	200,000	200,000	200,000	598,942	200,000	200,000	200,000	2,409,202
12,530,000	12,540,260	12,530,000	12,530,000	12,530,000	12,530,000	12,928,942	12,530,000	12,530,000	12,530,000	125,709,202
105,443,614	162,452,583	156,258,505	107,330,000	159,340,000	156,562,500	56,428,942	44,030,000	72,530,000	32,530,000	1,052,906,144
-	12,000	527,000	1,646,000	2,787,000	2,800,000	870,000	630,000	1,200,000	400,000	10,872,000
105,443,614	162,464,583	156,785,505	108,976,000	162,127,000	159,362,500	57,298,942	44,660,000	73,730,000	32,930,000	1,063,778,144
34,779,084	51,892,557	50,181,652	35,838,800	51,784,100	50,954,750	20,614,942	16,544,000	25,265,000	13,025,000	350,879,885

VIHA Project Type / Status Legend:

Major Project - Approved	Capital Borrowing Bylaw has been approved; project values greater than \$2 million
Major Project - Planned	Island Health has received approval from Ministry of Health; project values greater than \$2 million
Major Project - Possible	Island Health is planning to proceed subject to necessary approvals; project values greater than \$2 million
Major Project - Other	Projects not yet identified; to recognize health care needs and technology are continuously changing
Minor Project - Requested/Anticipated	Current and future year minor projects with values in the range of \$100,000 to \$2 million, up to maximum of \$9.375 million
Minor Equipment Grants	HD Act Section 20 minor equipment grants
CRHD Project	CRHD capital initiatives

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of Capital Plan (2021-2035)
MFA Borrowing Terms 5-25yrs

APPENDIX B



Debt Servicing costs have not been adjusted for PILTs, Other income, Admin & Other Operating Costs

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2026-2035)
Cost per Average 2025 Residential Assessment (\$1,089,507)
Based on MFA Borrowing Terms of 5, 10, 15, 25 Years

Year	Existing Debt Servicing	Estimated Debt Servicing ¹	Total Debt Servicing	Section 20 Expensed		Total Requisition ²	Total Requisition \$ Value ²
				Capital Equipment	Minor Capital Projects		
2026	58.63	1.28	59.91	15.00	19.04	93.95	18,507,502
2027	51.41	15.84	67.25	15.00	19.04	101.29	19,952,741
2028	40.21	37.14	77.35	15.00	19.04	111.39	21,943,403
2029	33.61	54.20	87.81	15.00	19.04	121.85	24,003,707
2030	30.18	65.23	95.41	15.00	19.04	129.45	25,498,872
2031	27.77	78.95	106.72	15.00	19.04	140.76	27,729,429
2032	23.40	96.63	120.03	15.00	19.04	154.07	30,351,925
2033	23.40	101.58	124.98	15.00	19.04	159.02	31,327,290
2034	22.95	106.33	129.28	15.00	19.04	163.32	32,174,504
2035	20.70	114.38	135.08	15.00	19.04	169.12	33,315,721
							<u><u>264,805,094</u></u>

¹Future projects are subject to the Island Health/CRHD annual prioritization process and funding availability from both the the Ministry of Health and CRHD.

²Requisition values are calculated based on forecasted debt servicing costs only and vary from budgeted requisition due to other budgetary drivers

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 29, 2025**

SUBJECT **2026 Capital Regional Hospital District Provisional Budget**

ISSUE SUMMARY

This report presents the 2026 Capital Regional Hospital District (CRHD) Provisional Budget for review and approval.

BACKGROUND

The CRHD is mandated by the Hospital District Act to prepare an annual financial plan that encompasses capital expenditures, operating costs, revenues and any surpluses or deficits from the prior year. In accordance with *Regulation B.C. 406/82*, the CRHD Board must approve a provisional budget for the upcoming calendar year by December 31, with final approval required before March 31 of the following year.

The 2026 Provisional Budget is closely aligned with the CRHD's 10-year Capital Plan, which serves as the key driver for capital expenditures. This plan identifies both CRHD-managed and Island Health-managed projects, with the goal of supporting regional healthcare infrastructure. CRHD-managed initiatives focus on land development, new healthcare facilities, asset replacement and maintenance. These projects address the evolving needs of the region's healthcare system and reflect the CRHD's commitment to ensuring high-quality health services for its residents. The 10-year Capital Plan is presented in detail for approval in an accompanying staff report.

In addition to the 10-year Capital Plan, the 2026 Provisional Budget reflects initiatives outlined in the 2023-2026 Corporate Plan, which sets the strategic direction for the CRHD. The four-year planning cycle is designed to ensure alignment and implementation of the board's strategic objectives.

To guide the budget's development, the Executive Leadership Team conducted a comprehensive review of service plans and business cases in September 2025, considering organizational capacity and financial constraints. This provisional budget is subject to updates based on year-end financial results, revised property assessment data and potential amendments by the Board prior to final approval.

ALTERNATIVES

Alternative 1

That the 2026 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2026 Capital Regional Hospital District Provisional Budget be given provisional approval with specific directions on amendments.

IMPLICATIONS

Financial Implications

A projected year-end surplus of \$1.17 million (3.5%) in 2025 is primarily driven by the following factors:

Revenue:

- \$433k – increase in revenue from the Municipal Finance Authority's (MFA) holdback payment on long term debt
- (\$395k) – deferred transfers from reserve for feasibility studies
- (\$50k) – reduced transfer from Land Holdings Reserve for Oak Bay Lodge and Royal Bay
- (\$14k) – reduced interest earnings generated from cash on hand

Expense:

- (\$693k) – lower debt servicing costs due to reduced capital activity at Island Health with no holdbacks to MFA's Debt Reserve Fund (DRF) on new borrowings, and reduced short-term debt interest
- (\$294k) – feasibility studies deferred to 2026
- (\$112k) – reduction in expenses for property maintenance at 950 Kings Road, Oak Bay Lodge, Royal Bay and The Summit
- (\$105k) – reduction of administration and overhead costs mainly derived from vacant term position

The surplus will be transferred to the Debt Management Reserve (DMR) at year-end to ensure an optimal reserve balance for funding future capital investments.

Expenditures

The 2026 Provisional Budget includes \$32.8 million in total expenditures, a decrease of \$0.3 million (0.9%) from 2025. Appendix A provides a detailed comparison to the 2025 Final Budget. Table 1 summarizes the year-over-year change in operating expenditures.

Table 1: Change in Operating Expenditures (\$ millions)

Expense Type	2026 Provisional	2025 Final	\$ Change	% Change
Debt Servicing	12.2	14.1	(1.9)	(13.5%)
Capital Equipment Grants	3.0	3.0	-	-
Operations	2.0	2.0	-	-
Transfers to Reserves	15.6	14.0	1.6	11.4%
Total	\$32.8	\$33.1	(\$0.3)	(0.9%)

- **Debt Servicing:** 2026 debt servicing totals \$12.2 million, down \$1.9 million (13.5%) from 2025. This decline is due to the net reduction in historical debt issuances and fluctuations in short-term and long-term lending rates on new and renewing issuances. This encompasses both existing obligations and new debt required for capital expenditures planned under the 2026 10-year Capital Plan.

- **Capital Equipment Grants:** The CRHD's annual \$3.0 million contribution for medical equipment remains unchanged from 2025.
- **Operations:** This encompasses administration, feasibility studies and property management costs. 2026 operations costs total \$2.0 million, reflecting no change from 2025.
- **Transfers to Reserves:** \$15.6 million will be transferred to reserves in 2026, an increase of \$1.6 million (+11.4%). This is largely due to \$11.6 million allocated to the DMR to help fund future capital investments from the CRHD's \$351 million 10-year capital plan, reducing the need for increased future requisitions.

Revenue

The 2026 Provisional Budget estimates total revenue at \$32.8 million, reflecting a decrease of \$0.3 million (0.9%) from 2025. Appendix A provides a detailed comparison to the 2025 Final Budget. Table 2 summarizes the year-over-year change in operating revenue.

Table 2: Changes in Revenue (\$ millions)

Revenue Type	2026 Provisional	2025 Final	\$ Change	% Change
Requisition	26.5	26.5	-	-
Payments in Lieu of Taxes	0.8	0.8	-	-
Lease and Other Property Revenue	4.6	4.6	-	-
Other Revenue	0.3	0.6	(0.3)	(50.0%)
Transfers from Reserve	0.6	0.6	-	-
Total	\$32.8	\$33.1	(\$0.3)	(0.9%)

The \$0.3 million (0.9%) decrease in revenue is due to lower recoveries from the DRF following the retirement of existing debt.

Requisition

The 2026 CRHD requisition is \$26.5 million, unchanged from the prior year. Table 3 illustrates the cost per average household based on the current average residential assessment of \$1,089,507 as provided by BC Assessment.

Table 3: Change in Requisition

Description	2026 Provisional	2025 Final	\$ Change	% Change
Requisition (\$ millions)	\$26.5	\$26.5	-	-
Cost / Average Household	\$134.37	\$134.33	\$0.04	0.0%
Average Household (\$M)	\$1.1	\$1.1	-	-

The estimated cost per average household for 2026 is \$134.37, reflecting a \$0.04 increase from the 2025 Final Budget. This cost is subject to change based on updates to the average residential assessed value. Table 4 provides a summary of the CRHD's forecasted requisition per average household for the previous and upcoming five years.

Table 4: Forecast Requisition per Average Household

Budget Year	Residential Assessment ¹	2025	2026	2027	2028	2029	2030
2021 ^f	\$811,623	\$130.62	-	-	-	-	-
2022 ^f	\$1,002,606	\$145.88	\$151.09	-	-	-	-
2023 ^f	\$1,115,965	\$145.43	\$149.49	\$154.94	-	-	-
2024 ^f	\$1,102,040	\$141.59	\$148.81	\$156.26	\$166.57	-	-
2025 ^f	\$1,089,507	\$134.33	\$138.97	\$145.20	\$152.53	\$161.64	-
2026 ^p	\$1,089,507	n/a	\$134.37	\$137.30	\$142.90	\$147.56	\$152.35

¹ Residential assessment data provided by BC Assessment

^f Final Budget

^p Provisional Budget using 2025 revised assessed value

In the 10-year Capital Plan, Island Health has identified several significant projects set to commence in the next five years. If all projects advance as forecasted by Island Health, the cost per average household is expected to increase as shown in Table 4. Beginning in 2025, transfers from the DMR will be utilized to reduce borrowing and mitigate revenue requirements.

For additional detail regarding future budget projections, refer to Appendix B, 2026-2030 Future Budget Projections.

Capital Plan

The CRHD 10-year Capital Plan serves as the primary driver of debt servicing costs and capital reserve transfers in the provisional budget. The capital expenditures for 2026 are projected to be \$34.8 million, reflecting an increase of \$0.4 million (1.2%) from 2025. Table 5 summarizes the capital expenditures, which include major capital initiatives from Island Health, CRHD-managed initiatives and minor capital and equipment expenses.

Table 5: Capital Plan Summary (\$ millions)

Description	2026 Provisional	2025 Final	\$ Change	% Change
Island Health Initiatives	27.9	24.3	3.6	14.8%
CRHD Initiatives	0.2	3.4	(3.2)	(94.1%)
Island Health Minor Capital and Equipment	6.7	6.7	-	-
Total	\$34.8	\$34.4	\$0.4	1.2%

Appendix C details planned capital expenditures by project, along with related cost sharing commitments.

Reserves

Appendix D provides a detailed five-year cashflow analysis by reserve fund, while Table 6 summarizes the planned activity through the end of 2026. The \$35.5 million opening balance is projected to increase by \$8 million, reaching \$43.4 million by the end of 2026.

Table 6: Changes in Reserves (\$ millions) (in order of Appendix D)

Description	2026 Opening (Estimate)	2026 Plan Activity		2026 Ending (Projection)
		Funding	Expenses	
Operating Reserves	2.0	-	(0.4)	1.6
Capital Grant Reserves	6.4	3.8	(3.5)	6.7
CRHD Capital Reserves	4.1	0.5	(0.4)	4.2
Debt Management Reserve	23.0	12.9	(5.0)	30.9
Total	\$35.5	\$17.2	(\$9.3)	\$43.4

- **Operating Reserves:** Operating reserves are projected to decrease to \$1.6 million due to \$0.4 million in expenses for feasibility studies deferred to 2026 for property developments. Contributions are paused as current funding levels are sufficient to support operating activities.
- **Capital Grant Reserves:** Capital grant reserves are estimated to increase to \$6.7 million, a \$0.3 million net increase, reflecting a \$3.8 million annual contribution to the Minor Capital Projects Reserve and \$3.4 million in expenditures directed by Island Health.
- **CRHD Capital Reserves:** Capital reserves are expected to increase to \$4.2 million, a \$0.1 million net increase, reflecting \$0.5 million in reserve contributions and interest earnings on reserve balances and \$0.4 million in transfers to 950 Kings Road, Oak Bay Lodge, Royal Bay and The Summit.
- **Debt Management Reserve:** The DMR is anticipated to grow to \$30.9 million, a net increase of \$7.9 million, as the CRHD continues to implement a financing strategy aimed at mitigating future requisition impacts driven by the 10-year Capital Plan.

CONCLUSION

In accordance with the Hospital District Act *Regulation B.C. 406/82*, the CRHD Board is required to approve a provisional budget for the upcoming calendar year by December 31. The 2026 CRHD Provisional Budget is primarily based on the 10-year Capital Plan, which includes projects identified by Island Health alongside CRHD-led capital initiatives. This plan is presented to the Board for approval in an accompanying staff report. The provisional budget is subject to revision based on the final 2025 surplus or deficit, updated assessment data and any amendments directed by the Board prior to the adoption of the final budget as part of the annual budget bylaw by March 31, 2026.

RECOMMENDATION

That the 2026 Capital Regional Hospital District Provisional Budget be approved as submitted.

Submitted by:	Varinia Somosan, CPA, CGA, Senior Manager, Financial Services & Deputy Chief Financial Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Housing, Planning and Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: CRHD 2026 Provisional Budget
Appendix B: CRHD 2026-2030 Future Budget Projections
Appendix C: CRHD 2026 Capital Expenditures
Appendix D: CRHD Reserve Schedule 2026-2030
Presentation: 2026 Provisional Budget - CRHD

APPENDIX A

CAPITAL REGIONAL HOSPITAL DISTRICT 2026 PROVISIONAL BUDGET

	2025 BOARD BUDGET	2025 ESTIMATED ACTUALS	2025 VARIANCE \$	2026 ANNUAL BUDGET	2025-2026 BUDGET VARIANCE
<u>REVENUE</u>					
Tax Requisition Total	26,463,302	26,463,302	-	26,471,813	8,511
Payments in Lieu of Taxes	767,476	767,476	-	767,476	-
Lease and Other Property Revenue	4,607,766	4,615,976	8,210	4,611,127	3,361
Debt Reserve Fund Recovery	424,724	857,589	432,865	80,504	(344,220)
Interest Earnings	250,000	236,000	(14,000)	250,000	-
Transfer From Reserve	583,300	138,151	(445,149)	612,820	29,520
TOTAL REVENUE	33,096,568	33,078,494	(18,074)	32,793,740	(302,828)
<u>EXPENDITURES</u>					
Debt Servicing	14,111,533	13,418,263	(693,270)	12,159,064	(1,952,469)
Capital Equipment Grants	2,955,000	2,955,000	-	2,955,000	-
Administration	1,202,156	1,097,119	(105,037)	1,252,908	50,752
Studies	300,000	5,759	(294,241)	300,000	-
Property Management	513,927	401,503	(112,424)	512,816	(1,111)
Total Expense	19,082,616	17,877,644	(1,204,972)	17,179,788	(1,902,828)
Transfer to Reserve					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-	3,750,000	-
Transfer to Debt Management Reserve	9,800,000	9,800,000	-	11,600,000	1,800,000
Transfer to Land Holdings Management Reserve	200,000	214,500	14,500	-	(200,000)
Transfer to Summit Management Reserve	263,952	263,952	-	263,952	-
Total Transfer to Reserve	14,013,952	14,028,452	14,500	15,613,952	1,600,000
TOTAL EXPENDITURES	33,096,568	31,906,096	(1,190,472)	32,793,740	(302,828)
Total Net Surplus (Deficit)	-	1,172,397	1,172,397	-	-

Change in total requisition over prior year, \$	399	8,511
Change in total requisition over prior year, %	0.0%	0.0%

APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT 2026 - 2030 FUTURE BUDGET PROJECTIONS

	2026 ANNUAL BUDGET	2027 BUDGET	2028 BUDGET	2029 BUDGET	2030 BUDGET
<u>REVENUE</u>					
Tax Requisition Total	26,471,813	27,047,558	28,151,831	29,069,667	30,012,908
Payments in Lieu of Taxes	767,476	767,476	767,476	767,476	767,476
Lease and Other Property Revenue	4,611,127	4,532,061	4,535,939	4,539,894	4,543,928
Debt Reserve Fund Recovery	80,504	222,019	134,772	85,453	64,374
Interest Earnings	250,000	250,000	250,000	250,000	250,000
Surplus MCP Expiry	-	-	-	-	-
Surplus Previous Year	-	-	-	-	-
Transfer From Reserve	612,820	433,000	338,000	300,000	300,000
TOTAL REVENUE	32,793,740	33,252,114	34,178,018	35,012,489	35,938,686
<u>EXPENDITURES</u>					
Debt Servicing	12,159,064	13,950,990	15,862,646	17,682,586	19,343,961
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Administration	1,252,908	1,280,101	1,289,306	1,298,696	1,308,273
Studies	300,000	300,000	300,000	300,000	300,000
Property Management	512,816	252,071	257,113	262,255	267,500
Total Expense	17,179,788	18,738,162	20,664,066	22,498,537	24,174,734
Transfer to Reserve					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Transfer to Debt Management Reserve	11,600,000	10,500,000	9,500,000	8,500,000	7,750,000
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Total Transfer to Reserve	15,613,952	14,513,952	13,513,952	12,513,952	11,763,952
TOTAL EXPENDITURES	32,793,740	33,252,114	34,178,018	35,012,489	35,938,686
Change in total requisition over prior year, \$	8,511	575,745	1,104,274	917,836	943,241
Change in total requisition over prior year, %	0.0%	2.2%	4.1%	3.3%	3.2%
Tax impact on 2025 average residence (\$1,089,507)	134.37	137.30	142.90	147.56	152.35
Tax impact on \$100,000 of 2025 completed assessments	12.33	12.60	13.12	13.54	13.98
Tax requisition, % change	0.0%	2.2%	4.1%	3.3%	3.2%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2026 CAPITAL EXPENDITURES

Capital Borrowing Bylaw #	Project Description	Cost Share %	CRHD Share of Project Budget	2026 Funding
<u>Island Health Initiatives</u>				
191	New Long Term Care (306 beds)	30%	67,108,200	11,415,528
196	VGH High Performance Controls Upgrade	30%	1,110,992	166,649
197	RJH DT Controls Upgrade	30%	1,078,376	75,000
193	Elevator Refurbishment	30%	864,215	71,205
TBD	SPH - Core Renovation ¹	30%	4,500,000	3,300,000
TBD	High Acuity Unit	30%	5,756,400	3,225,000
TBD	Interventional Radiology (VGH and RJH) ¹	30%	3,330,000	2,700,000
TBD	Energy Centre Replacement	30%	22,381,449	2,540,250
TBD	Child Youth Mental Health Stabilization Unit	30%	5,400,000	1,800,000
TBD	Pneumatic to Electric Controls Conversion	30%	1,065,452	1,065,452
TBD	Relocate SSI MHSU Integrated Team	30%	600,000	600,000
TBD	Convert obsolete 480 distribution system with 600V	30%	600,000	300,000
TBD	RJH additional ED CT	30%	2,550,000	255,000
TBD	(VASC/CARD) Hybrid OR	30%	7,500,000	75,000
TBD	RJH DT Cooling System Replacement	30%	600,000	75,000
TBD	QAC Electrical Distribution \$2m	30%	600,000	60,000
TBD	Endoscopy - create 4th Procedure Room	30%	600,000	60,000
TBD	Memorial Pavilion Mechanical System Upgrade	30%	3,000,000	45,000
TBD	Electrical Infrastructure Upgrade	30%	3,000,000	45,000
			131,645,085	27,874,084
<u>CRHD Initiatives</u>				
160	Summit Scheduled Capital Replacements	100%	2,409,202	200,000
			2,409,202	200,000
Capital Expenditure Bylaw#	Project Description	Cost Share %	Total CRHD Share	2026 Funding
TBD	Sec 20 - 2026 Minor Capital Projects	40%	3,750,000	3,750,000
TBD	Sec 20 - 2026 Capital Equipment Projects	100%	2,955,000	2,955,000
			6,705,000	6,705,000
Total 2026 Capital Expenditures			140,759,287	34,779,084

¹New to the Capital Plan in 2026

APPENDIX D

CAPITAL REGIONAL HOSPITAL DISTRICT RESERVE SCHEDULE 2026 - 2030*


		Budget Year				
	2025 Estimated	2026	2027	2028	2029	2030
<u>OPERATING:</u>						
Administration & Feasibility Studies Reserve						
- to be spent on future studies or special projects						
Beginning Balance	1,983,027	1,983,027	1,553,027	1,120,027	782,027	482,027
Transfer from Operating	-	-	-	-	-	-
Transfer to Operating	-	(430,000)	(433,000)	(338,000)	(300,000)	(300,000)
	1,983,027	1,553,027	1,120,027	782,027	482,027	182,027
<u>CAPITAL GRANTS:</u>						
Non-Traditional Projects Reserve						
- non-profit healthcare facilities capital grant funding						
Beginning Balance	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874
Transfer from Operating	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-
	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874	1,054,874
Minor Capital Projects Reserve						
- Minor Capital Grants to Island Health cashflowed over three years and expire after five years						
Beginning Balance	6,361,711	5,321,297	5,659,145	5,308,369	4,247,690	4,000,000
Transfer from Operating	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Capital Grant Paid to Island Health	(4,790,414)	(3,412,152)	(4,100,776)	(4,810,679)	(3,997,690)	(3,750,000)
	5,321,297	5,659,145	5,308,369	4,247,690	4,000,000	4,000,000
<u>CRHD CAPITAL:</u>						
Land Holdings Management Reserve						
- CRHD properties: 950 Kings, Oak Bay Lodge, Royal Bay, The Summit						
Beginning Balance	1,945,759	2,132,917	2,054,149	2,140,991	2,215,585	2,278,535
Transfer from Operating	214,500	-	-	-	-	-
Interest Earnings	110,809	104,052	86,842	74,594	62,950	52,211
Transfer to Operating	(138,151)	(182,820)	-	-	-	-
	2,132,917	2,054,149	2,140,991	2,215,585	2,278,535	2,330,746
Summit Management Reserve						
Beginning Balance	1,567,904	1,926,800	2,090,587	2,233,796	2,376,690	2,509,078
Transfer from Operating - lifecycle contribution	263,952	263,952	263,952	263,952	263,952	263,952
Interest Earnings	94,944	99,835	89,517	78,942	68,436	58,227
Transfer to Capital	-	(200,000)	(210,260)	(200,000)	(200,000)	(200,000)
	1,926,800	2,090,587	2,233,796	2,376,690	2,509,078	2,631,257
<u>FINANCING:</u>						
Debt Management Reserve						
- to mitigate future debt costs						
Beginning Balance	15,468,890	23,017,304	30,958,645	37,883,725	38,694,921	38,273,032
Transfer from Operating	9,800,000	11,600,000	10,500,000	9,500,000	8,500,000	7,750,000
Transfer from Operating - Surplus	1,172,397					
Interest Earnings	1,045,588	1,341,342	1,425,079	1,311,197	1,078,111	736,653
Transfer to Capital	(4,469,572)	(5,000,000)	(5,000,000)	(10,000,000)	(10,000,000)	(20,000,000)
	23,017,304	30,958,645	37,883,725	38,694,921	38,273,032	26,759,685
TOTAL ANNUAL	35,436,219	43,370,427	49,741,781	49,371,787	48,597,547	36,958,589

* Under the Hospital District Act Section 20(4), CRHD can maintain reserve accounts for specified purposes

2026 Provisional Budget

Capital Regional Hospital District
Wednesday October 29, 2025

2026 Provisional Budget Summary



Capital Regional
Hospital District

Operating
\$33M

Capital
\$35M

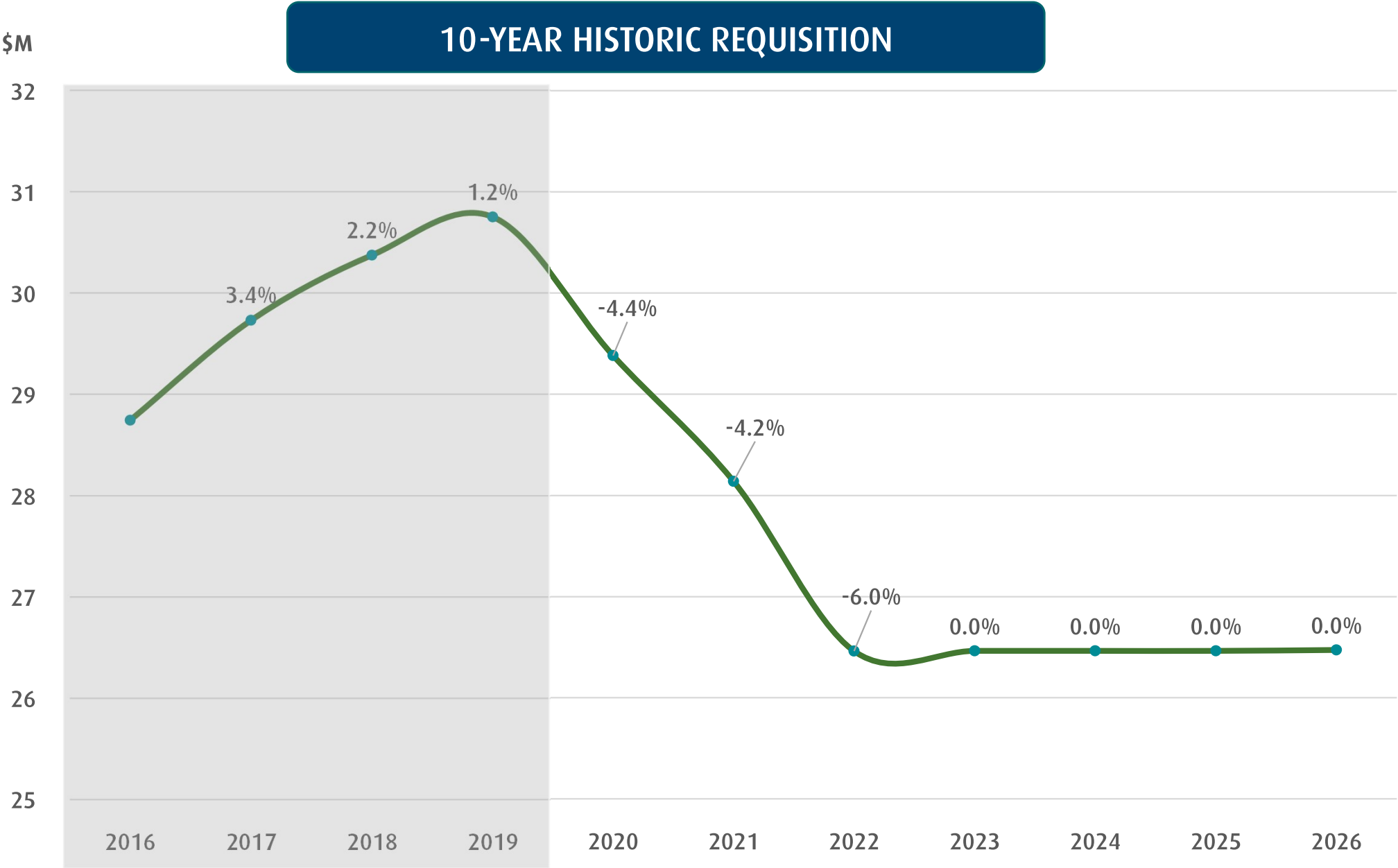
Requisition Funding
\$26M | 0.0%

- **Revenue** – reduced recoveries from MFA through debt recovery fund on issuances
- **Debt Servicing** – maturity of long-term debt outpacing new issuances
- **Operations & Transfers** – increased contributions to debt management reserve



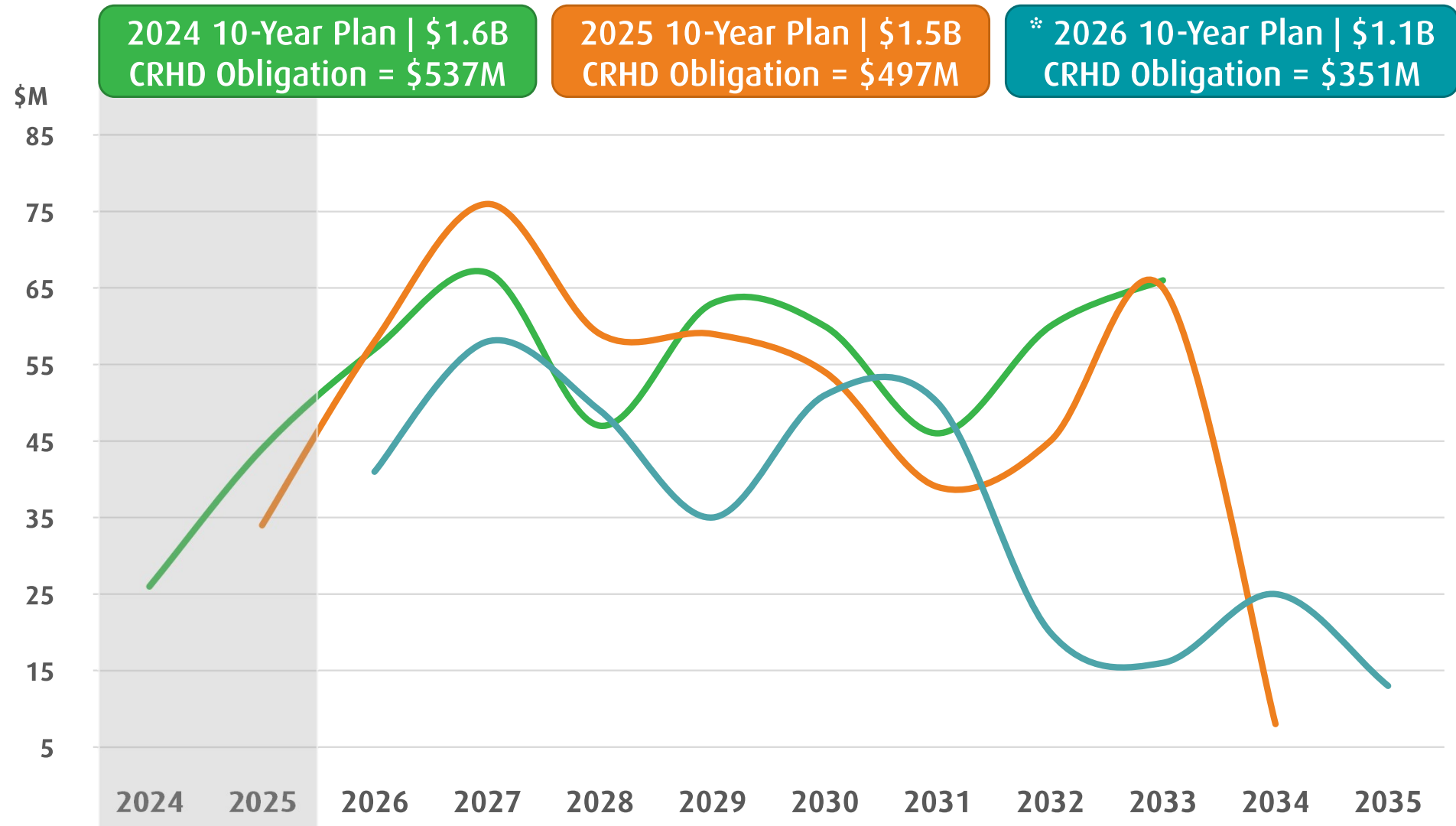
	2025	2026	Change \$	Change %
Requisition	26.5	26.5	-	-
Other Revenue	6.6	6.3	(0.3)	(4.5%)
Total	\$33.1M	\$32.8M	(0.3)	(0.9%)
Debt Servicing	14.1	12.2	(1.9)	(13.5%)
Grants	3.0	3.0	-	-
Operations & Transfers	16.0	17.6	1.6	10.0%
Total	\$33.1M	\$32.8M	(0.3)	(0.9%)

CRHD 10-Year Requisition History



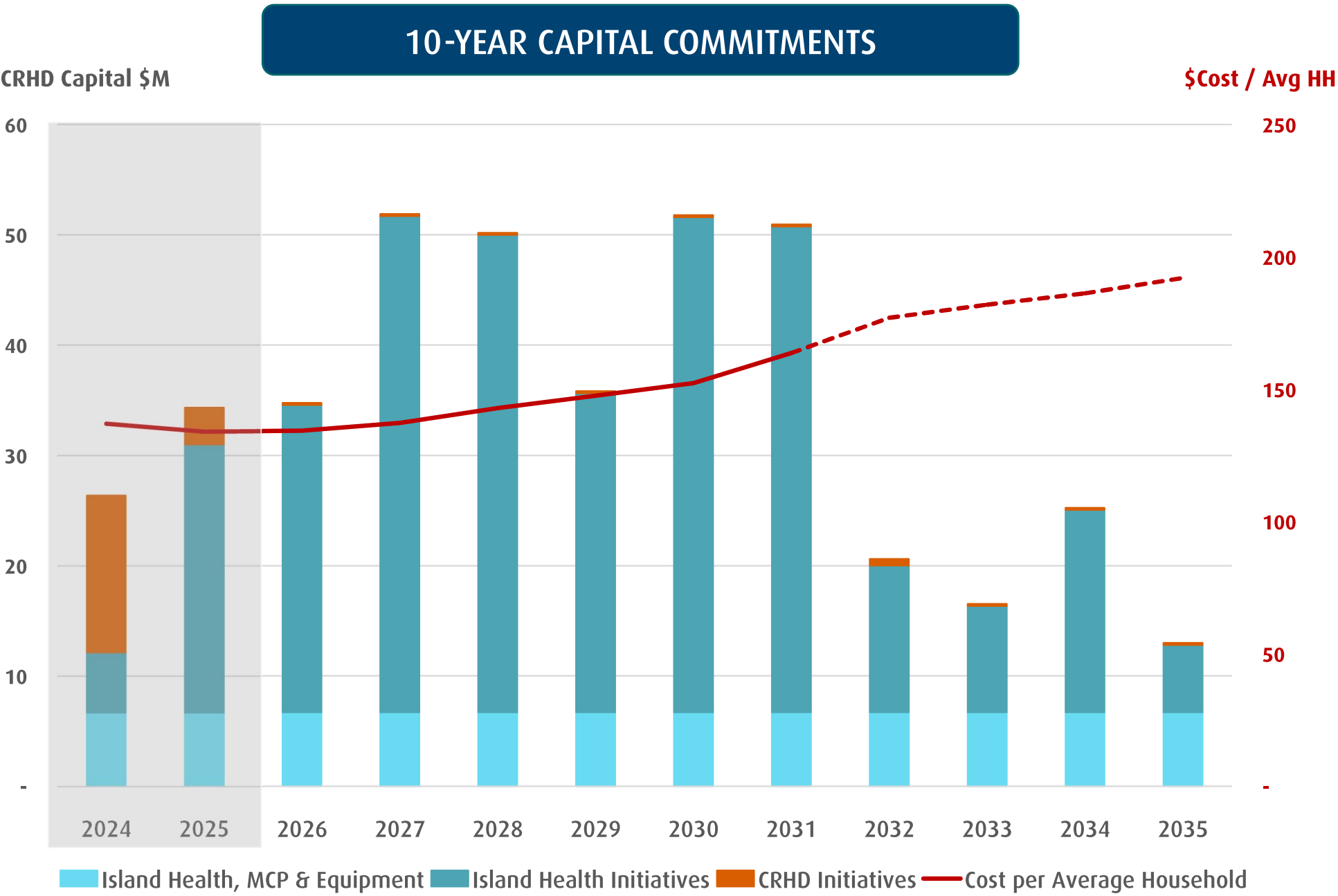
CRHD 10-Year Capital Plan

COMPARISON OF ANNUAL CRHD 10-YEAR CAPITAL PLANS



*The 2026-2035 CRHD Capital Plan comprises both Island Health capital initiatives (88%) and CRHD capital initiatives (12%)

CRHD 10-Year Forecast





Thank you



Capital Regional District



CRDVictoria

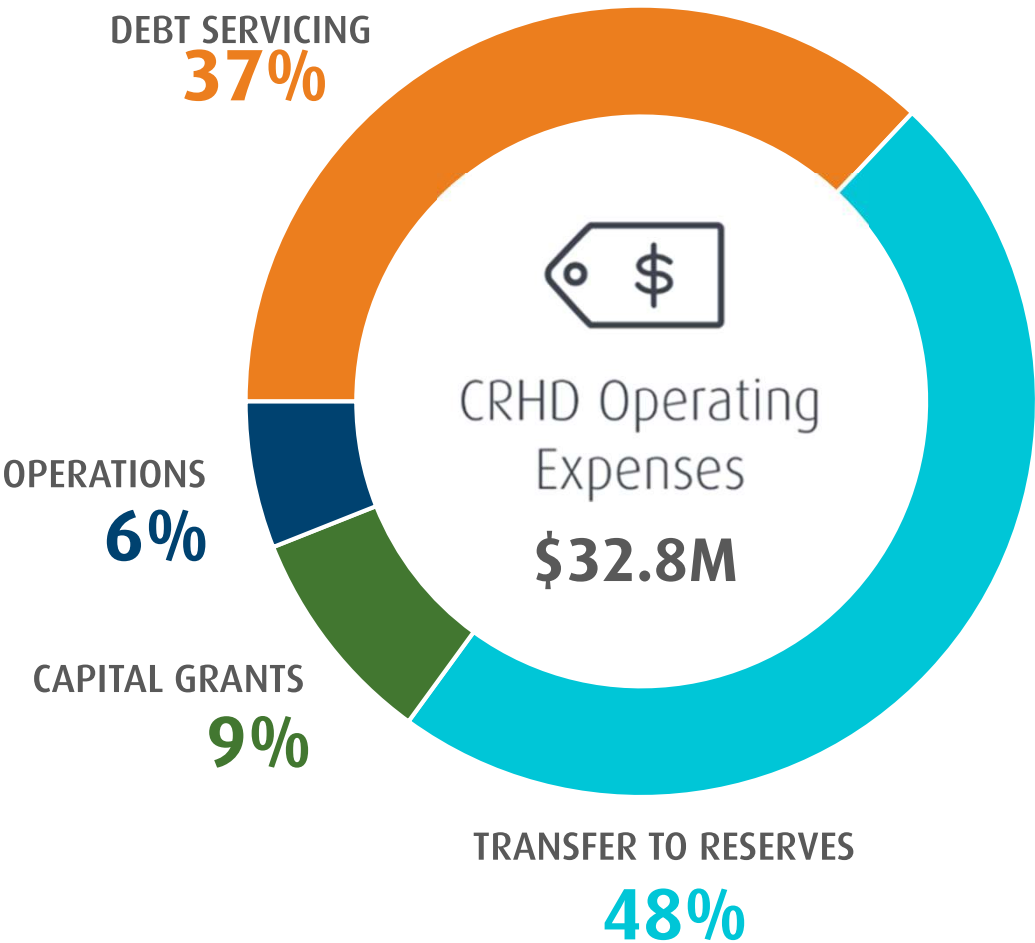


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CRD

2026 Operating Budget

WHERE THE MONEY GOES

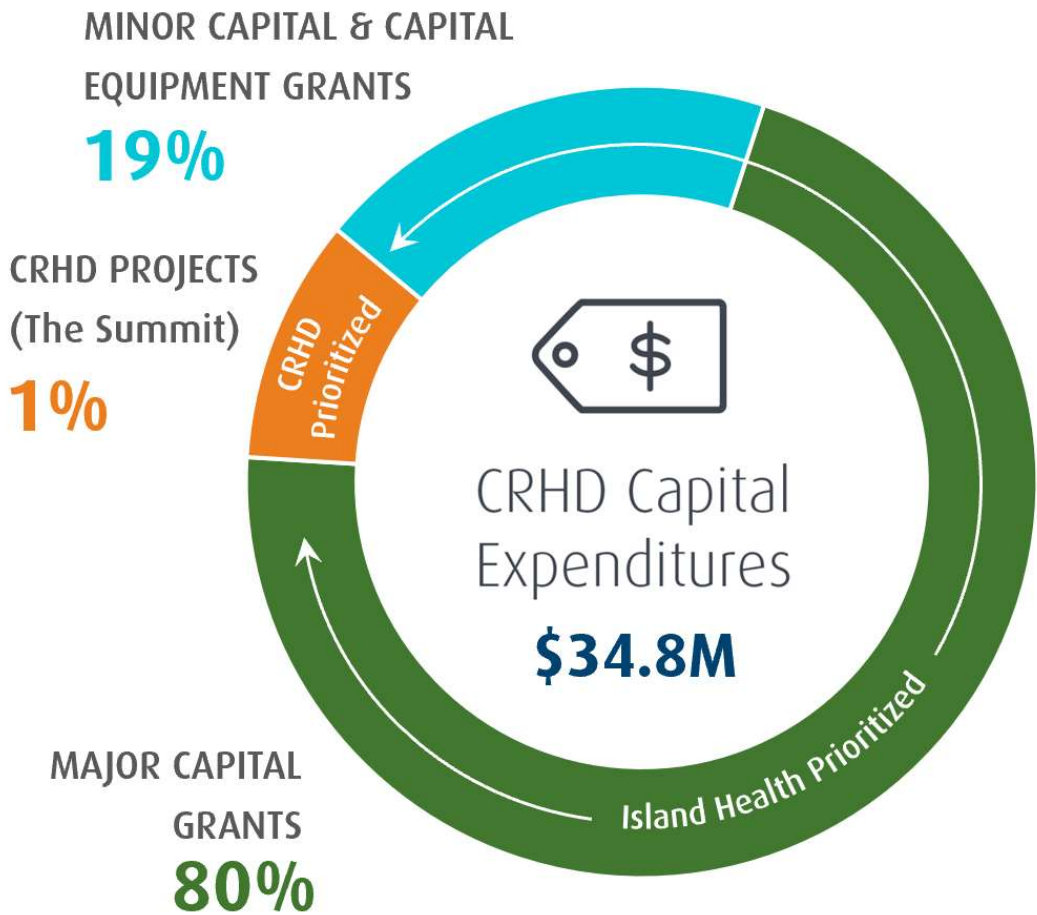


WHERE THE MONEY COMES FROM



2026 Capital Budget

WHERE THE MONEY GOES



WHERE THE MONEY COMES FROM

