



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, September 23, 2026

12:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special - 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. [26-0997](#) Capital Regional Hospital District 2027-2036 Ten Year Capital Plan

Recommendation: That the Capital Regional Hospital District 2027-2036 Ten Year Capital Plan be approved as submitted.
(WA)

Attachments: [Staff Report: CRHD 2027-2036 Ten Year Capital Plan](#)
[Appendix A: 2027-2036 CRHD 10-Year Capital Plan](#)
[Appendix B: 2027-2036 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Servicing Impact \(2027-2036\)](#)

4.2. [26-0905](#) 2027 Capital Regional Hospital District Provisional Budget

Recommendation: That the 2027 Capital Regional Hospital District Provisional Budget be approved as submitted.
(WA)

Attachments: [Staff Report: 2027 CRHD Provisional Budget](#)
[Appendix A: 2027 Provisional Budget](#)
[Appendix B: 2027-31 Future Budget Projections](#)
[Appendix C: 2026 Capital Expenditures](#)
[Appendix D: Reserve Schedule 2027-31](#)
[Presentation: 2027 CRHD Provisional Budget](#)

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, SEPTEMBER 23, 2026**

SUBJECT **Capital Regional Hospital District 2027-2036 Ten Year Capital Plan**

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2027-2036 Ten Year Capital Plan.

BACKGROUND

The 2027-2036 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 this year with a focus on incremental adjustments year over year. The annual capital planning process also provides an opportunity to review project timing, scope and estimated costs as additional information becomes available and as Island Health's regional priorities evolve.

The 2027-2036 Ten-Year Capital Plan totals \$949.6 million (M), with the CRHD's estimated contribution to Island Health's planned or possible capital projects amounting to \$284.9M (30 percent) over the ten-year period. This represents an increase of \$3.5M compared to the 2026-2035 Capital Plan approved by the Board on October 29, 2025. The overall CRHD contribution therefore remains relatively consistent with the previous year's plan, despite changes to individual projects, reflecting the ongoing nature of the capital planning process and Island Health's reprioritization of regional projects.

The capital plan is reviewed annually and is subject to changes in project scope, estimated costs, timing and prioritization. Projects identified in the ten-year plan are not guaranteed to proceed as currently identified. Each project will be subject to further planning, review and approval by Island Health and the CRHD in the year in which funding is requested.

Below are key changes (over \$10M) to the 2027-2036 Major Capital Projects when compared to the 2026 Capital Plan:

New Projects:

- Victoria General Hospital (VGH) Medical Device Reprocessing Department Expansion; \$12M, CRHD share \$3.6M has been added to the capital plan.
- Royal Jubilee Hospital (RJH) Demolition of Administration Building; \$20M, CRHD share \$6M has been added to the capital plan.

Project Cost Increases:

- RJH High Acuity Unit; increase of \$20.8M, CRHD share \$6.2M.
- RJH Child Youth Mental Health Stabilization Unit and Approved Homes; increase of \$54M, CRHD share \$16.2M.

Project Cost Decreases:

- Oak Bay Lodge Redevelopment; decrease of \$31M, CRHD share \$9.3M.
- VGH Hospital Expansion; decrease of \$32M, CRHD share \$9.6M.

Projects Removed from the Capital Plan:

- RJH VASC/CARD Hybrid OR; \$25M has been removed, CRHD share \$7.5M.
- RJH & VGH Interventional Radiology; \$11.1M has been removed, CRHD share \$3.3M.
- Saanich Peninsula Hospital Core Renovation; \$15M has been removed, CRHD share \$4.5M.

While individual projects may increase or decrease significantly from year to year, the ten-year capital plan provides a forward-looking framework for anticipated CRHD capital requirements.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2027-2036 Ten 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

Financial 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 2027 to 2036, the CRHD's estimated contribution to Island Health's "planned" or "possible" projects is \$284.9M, reflecting an increase of \$3.5M compared to the 2026 Capital Plan as approved by the Board on October 29, 2025. This increase 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 2027-2036 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 2036 at \$31.5M or \$158.92 per household (vs \$17.6M and \$88.66 respectively in 2027).

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 2027 Provisional Budget reflects the financial implications of the 2027-2036 10-Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2027-2036 Ten 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: 2027-2036 CRHD 10-Year Capital Plan

Appendix B: 2027-2036 Capital Plan Debt Servicing Graph

Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2027-2036)

Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	CRHD Share (%)	CRHD Share Total Project (\$)	Total Project Budget (\$)	Estimated Completed at Year-End (\$)	Total Project Remaining Balance (\$)
Major Project - Approved	VGH Medical Device Reprocessing Department Expansion	2023	Victoria General Hospital	189	30%	3,600,000	12,000,000	1,455,370	10,544,630
Major Project - Approved	New Long Term Care (306 beds)	2024	South Island - Royal Bay	191	30%	67,108,200	223,694,000	20,402,765	203,291,235
Major Project - Approved	VGH High Performance Controls Upgrade	2024	Victoria General Hospital	196	30%	1,110,992	3,703,305	2,854,833	848,472
Major Project - Approved	Elevator Refurbishment	2024	Victoria General Hospital	193	30%	616,715	2,055,718	1,490,887	564,831
Major Project - Approved	RJH Diagnostic and Treatment BAS Controls Upgrade	2024	Royal Jubilee Hospital	197	30%	1,078,376	3,594,588	3,138,597	455,991
Major Project - Approved	Energy Centre Replacement	2025	Victoria General Hospital	199	30%	22,666,105	75,553,684	3,987,443	71,566,241
Major Project - Possible	Convert obsolete 480 distribution system with 600V	2027	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000
Major Project - Possible	RJH DT Cooling System Replacement	2027	Royal Jubilee Hospital		30%	600,000	2,000,000	-	2,000,000
Major Project - Possible	QAC Electrical Distribution \$2m	2027	Queen Alexandra		30%	600,000	2,000,000	-	2,000,000
Major Project - Possible	Memorial Pavilion Mechanical System Upgrade	2027	Royal Jubilee Hospital		30%	3,000,000	10,000,000	-	10,000,000
Major Project - Possible	RJH additional ED CT	2027	Royal Jubilee Hospital		30%	2,550,000	8,500,000	-	8,500,000
Major Project - Possible	Surgical Day Care Unit Renovation	2027	Victoria General Hospital		30%	3,180,000	10,600,000	-	10,600,000
Major Project - Possible	AHU D&T Upgrade.	2027	Royal Jubilee Hospital		30%	1,089,000	3,630,000	-	3,630,000
Major Project - Possible	RJH Royal Block/West Block AHU Upgrade	2027	Royal Jubilee Hospital		30%	1,209,750	4,032,500	-	4,032,500
Major Project - Possible	RJH- Memorial Pavillion Heating System Modernization	2027	Royal Jubilee Hospital		30%	1,208,250	4,027,500	-	4,027,500
Major Project - Possible	High Acuity Unit	2028	Royal Jubilee Hospital		30%	12,000,000	40,000,000	-	40,000,000
Major Project - Possible	Child Youth Mental Health Stabilization Unit and Approved Homes	2028	Royal Jubilee Hospital		30%	21,600,000	72,000,000	-	72,000,000
Major Project - Possible	Pneumatic to Electric Controls Conversion	2028	Gorge Road Hospital		30%	1,065,452	3,551,508	-	3,551,508
Major Project - Possible	Relocate SSI MHSU Integrated Team	2028	Salt Spring Island		30%	600,000	2,000,000	-	2,000,000
Major Project - Possible	Electrical Infrastructure Upgrade	2028	Lady Minto Hospital		30%	3,000,000	10,000,000	-	10,000,000
Major Project - Possible	Oak Bay Lodge Redevelopment	2028	Former Oak Bay Lodge Site		30%	80,700,000	269,000,000	-	269,000,000
Major Project - Possible	VGH Pediatric Intensive Care Unit	2028	Victoria General Hospital		30%	12,000,000	40,000,000	-	40,000,000
Major Project - Possible	Morgue Expansion (RJH & VGH)	2028	Royal Jubilee Hospital & Victoria General Hospital		30%	2,100,000	7,000,000	-	7,000,000
Major Project - Possible	Demolition of Administration Building	2028	Royal Jubilee Hospital		30%	6,000,000	20,000,000	-	20,000,000
Major Project - Possible	Intensive Care & High Acuity Unit Redevelopment	2029	Victoria General Hospital		30%	11,700,000	39,000,000	-	39,000,000
Major Project - Possible	RJH Eric Martin Pavilion - 3rd Floor Renovation2	2030	Royal Jubilee Hospital		30%	6,000,000	20,000,000	-	20,000,000
Major Project - Possible	SPH Energy Centre Updates	2031	Saanich Peninsula Hospital		30%	7,500,000	25,000,000	-	25,000,000
Major Project - Possible	VGH Hospital Expansion	2032	Victoria General Hospital		30%	20,400,000	68,000,000	-	68,000,000
ISLAND HEALTH TOTAL*						294,882,841	982,942,803	33,329,895	949,612,909
CRHD SHARE of ISLAND HEALTH MAJOR PROJECTS - including inflation in future years ²									

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10-Year Total
4,000,000	4,000,000	2,544,630	-	-	-	-	-	-	-	10,544,630
70,223,104	118,431,273	14,636,858	-	-	-	-	-	-	-	203,291,235
683,000	165,472	-	-	-	-	-	-	-	-	848,472
399,697	165,134	-	-	-	-	-	-	-	-	564,831
324,792	131,199	-	-	-	-	-	-	-	-	455,991
6,603,458	33,880,000	23,000,000	8,082,783	-	-	-	-	-	-	71,566,241
1,000,000	1,000,000	-	-	-	-	-	-	-	-	2,000,000
1,250,000	500,000	250,000	-	-	-	-	-	-	-	2,000,000
1,200,000	800,000	-	-	-	-	-	-	-	-	2,000,000
1,000,000	2,000,000	3,000,000	3,000,000	1,000,000	-	-	-	-	-	10,000,000
1,000,000	3,000,000	3,000,000	1,500,000	-	-	-	-	-	-	8,500,000
600,000	2,000,000	5,000,000	3,000,000	-	-	-	-	-	-	10,600,000
1,105,000	1,000,000	1,525,000	-	-	-	-	-	-	-	3,630,000
1,451,125	2,000,000	581,375	-	-	-	-	-	-	-	4,032,500
1,527,500	2,500,000	-	-	-	-	-	-	-	-	4,027,500
-	10,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-	40,000,000
-	5,000,000	9,000,000	37,000,000	21,000,000	-	-	-	-	-	72,000,000
-	551,508	1,000,000	1,000,000	1,000,000	-	-	-	-	-	3,551,508
-	500,000	500,000	1,000,000	-	-	-	-	-	-	2,000,000
-	3,000,000	6,000,000	1,000,000	-	-	-	-	-	-	10,000,000
-	16,666,667	16,666,667	16,666,667	60,000,000	50,000,000	50,000,000	59,000,000	-	-	269,000,000
-	10,000,000	10,000,000	20,000,000	-	-	-	-	-	-	40,000,000
-	1,200,000	5,800,000	-	-	-	-	-	-	-	7,000,000
-	4,000,000	6,000,000	10,000,000	-	-	-	-	-	-	20,000,000
-	-	20,000,000	19,000,000	-	-	-	-	-	-	39,000,000
-	-	-	10,000,000	10,000,000	-	-	-	-	-	20,000,000
-	-	-	-	-	5,000,000	5,000,000	10,000,000	5,000,000	-	25,000,000
-	-	-	-	-	10,000,000	20,000,000	15,000,000	10,000,000	13,000,000	68,000,000
92,367,676	222,491,253	138,504,530	141,249,450	103,000,000	65,000,000	75,000,000	84,000,000	15,000,000	13,000,000	949,612,909
27,710,303	66,747,376	41,551,359	42,374,835	30,900,000	19,500,000	22,500,000	25,200,000	4,500,000	3,900,000	284,883,873

Project Type / Status	Project Description	Year	Facility / Site	CBL Bylaw #	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.	160	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						303,997,043	997,682,005	45,659,895	964,352,111
Inflation ² 2.00% - excluding approved/pending Capital Bylaws									-
PROJECT TOTAL - including inflation									964,352,111
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW									354,343,075

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 2027-2036 and applied to forecasted projects if applicable (approved bylaws, current year projects and land acquisitions are not subject to inflation)

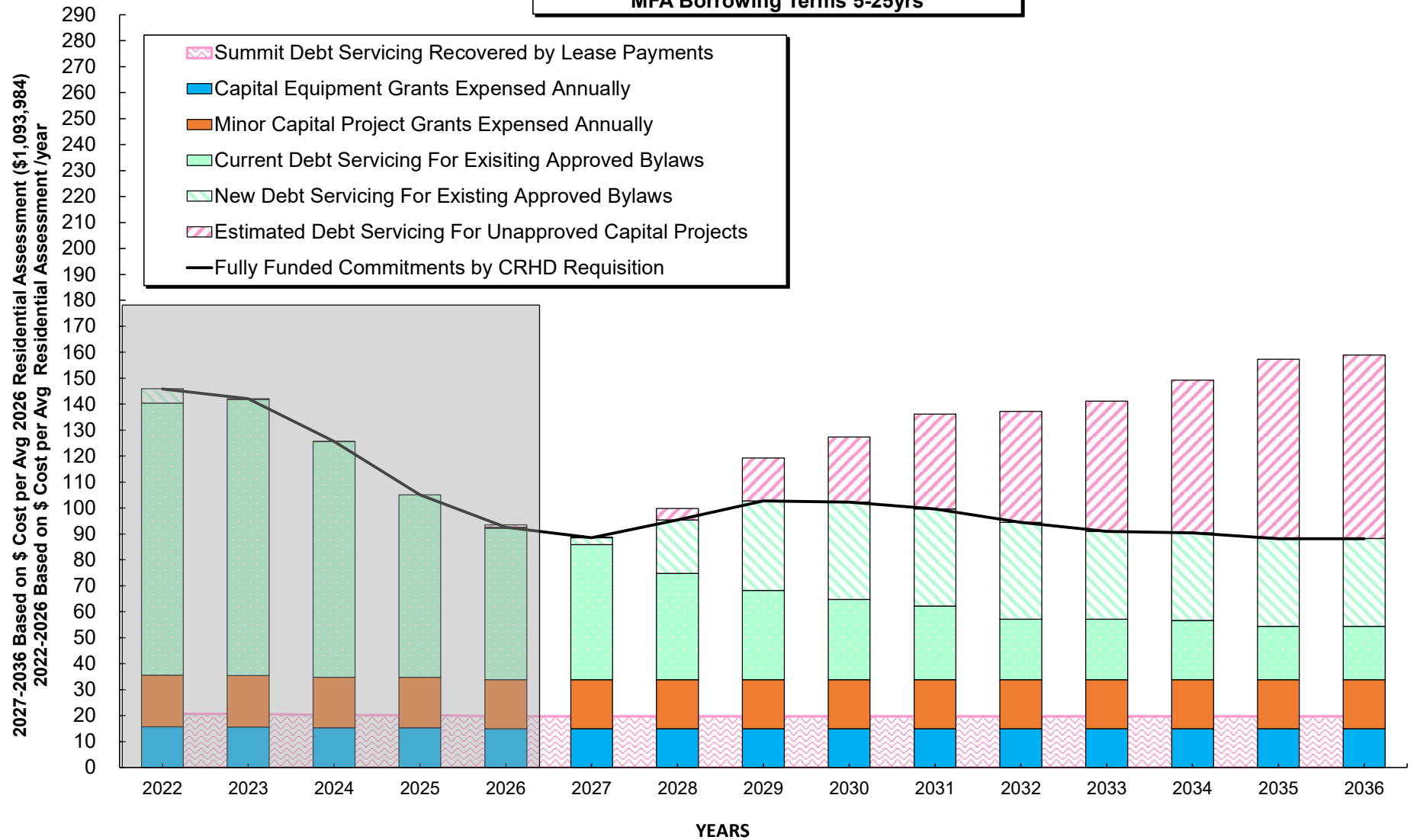
2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	10-Year Total
9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	9,375,000	93,750,000
2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000	29,550,000
210,260	200,000	200,000	200,000	200,000	598,942	200,000	200,000	200,000	200,000	2,409,202
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	12,530,000	125,709,202
104,907,936	235,021,253	151,034,530	153,779,450	115,530,000	77,928,942	87,530,000	96,530,000	27,530,000	25,530,000	1,075,322,111
-	-	-	-	-	-	-	-	-	-	-
104,907,936	235,021,253	151,034,530	153,779,450	115,530,000	77,928,942	87,530,000	96,530,000	27,530,000	25,530,000	1,075,322,111
34,625,563	73,652,376	48,456,359	49,279,835	37,805,000	26,803,942	29,405,000	32,105,000	11,405,000	10,805,000	354,343,075

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 (2022-2036)
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 (2027-2036)
Cost per Average 2026 Residential Assessment (\$1,093,984)
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		
2027	52.02	2.78	54.80	14.92	18.94	88.66	17,555,658
2028	40.88	25.07	65.95	14.92	18.94	99.81	19,766,470
2029	34.32	51.10	85.42	14.92	18.94	119.28	23,622,016
2030	30.90	62.55	93.45	14.92	18.94	127.31	25,211,650
2031	28.32	74.02	102.34	14.92	18.94	136.20	26,973,643
2032	23.28	80.08	103.36	14.92	18.94	137.22	27,173,462
2033	23.28	83.98	107.26	14.92	18.94	141.12	27,945,613
2034	22.83	92.54	115.37	14.92	18.94	149.23	29,554,026
2035	20.59	102.89	123.48	14.92	18.94	157.34	31,159,420
2036	20.59	104.47	125.06	14.92	18.94	158.92	31,472,146
							260,434,105

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, SEPTEMBER 23, 2026**

SUBJECT **2027 Capital Regional Hospital District Provisional Budget**

ISSUE SUMMARY

This report presents the 2027 Capital Regional Hospital District (CRHD) Provisional Budget for review and approval.

BACKGROUND

Under the Hospital District Act, the CRHD must prepare an annual financial plan covering capital expenditures, operating costs, revenues and any prior-year surplus or deficit. *Regulation B.C. 406/82* requires the CRHD Board to approve a provisional budget for the next calendar year by December 31, with final approval required by March 31 of the following year.

The 2027 Provisional Budget aligns with the 10-year Capital Plan, which includes healthcare facility investments, asset replacement and maintenance. These projects respond to the region's changing healthcare needs and support the CRHD's commitment to high-quality health facilities. The 10-year Capital Plan is presented for approval in a separate staff report.

The budget also reflects initiatives in the 2023-2026 Corporate Plan, which establishes the CRHD's strategic direction. This four-year planning cycle supports alignment with, and implementation of, the Board's strategic priorities.

The Executive Leadership Team reviewed service plans and business cases in July 2026 to inform the budget, taking into account organizational capacity and financial constraints. The provisional budget may be updated to reflect final year-end results, revised property assessment data and any Board-directed amendments before final approval.

ALTERNATIVES

Alternative 1

That the 2027 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2027 Capital Regional Hospital District Provisional Budget be given provisional approval with specific directions on amendments.

IMPLICATIONS

Financial Implications

The 2026 year-end surplus is projected at +\$759K, or 2.3% of budget. The surplus is primarily attributable to the following revenue and expenditure variances:

Revenue Variances

- +\$59K increase in revenue from the Municipal Finance Authority holdback payment on long-term debt.
- (\$484K) decrease in transfers from reserves due to deferred feasibility studies, and a vacancy in the Health and Capital Planning Strategies term position.
- (\$76K) decrease in lease and other property revenue due to the non-renewal of the Kings Road agreement with Island Health.

Expenditure Variances

- (\$672K) decrease in debt servicing costs due to reduced capital activity at Island Health and lower interest on short-term debt.
- (\$300K) decrease from feasibility studies deferred to 2027.
- (\$141K) decrease in property maintenance expenses at 950 Kings Road, Oak Bay Lodge, Royal Bay and The Summit properties.
- (\$148K) decrease in administration and overhead costs, mainly due to the vacant term position.

At year-end, the projected surplus will be transferred to the Debt Management Reserve to maintain an appropriate reserve balance for future capital investments.

Expenditure

The 2027 Provisional Budget includes total expenditures of \$32.6 million, a (\$0.2M) or (0.6%) decrease from 2026. Appendix A provides a detailed comparison with the 2026 Final Budget, while Table 1 summarizes the year-over-year change in operating expenditures.

Table 1: Change in Operating Expenditures

Expense Type	2027 Provisional \$M	2026 Final \$M	Change \$M	Change %
Debt Servicing	10.9	12.2	(1.3)	(10.7)
Capital Equipment Grants	3.0	3.0	-	-
Operations	1.8	2.0	(0.2)	(10.0)
Transfers to Reserves	16.9	15.6	1.3	8.3
Total	32.6	32.8	(0.2)	(0.6)

- **Debt Servicing:** Debt servicing is budgeted at \$10.9M in 2027, a decrease of (\$1.3M) or (10.7%) from 2026. The reduction reflects lower historical debt obligations, changes in short- and long-term borrowing rates and debt required to support capital expenditures in the 2027 10-year Capital Plan.
- **Capital Equipment Grants:** The CRHD's annual contribution for medical equipment remains unchanged at \$3.0M.
- **Operations:** Costs total \$1.8M in 2027, down (\$0.2M) from 2026. This category includes administration, feasibility studies and property management costs.
- **Transfers to Reserves:** Budgeted at \$16.9M in 2027, an increase of +\$1.3M or +8.3%. This includes \$12.9M for the Debt Management Reserve to support future capital investments in alignment with the 10-year Capital Plan, a CRHD commitment of \$354M.

Revenue

Total revenue in the 2027 Provisional Budget is estimated at \$32.6M, a decrease of (\$0.2M) or (0.6%) from 2026. Appendix A provides a detailed comparison with the 2026 Final Budget, and Table 2 summarizes the year-over-year change in operating revenue.

Table 2: Changes in Revenue

Revenue Type	2027 Provisional \$M	2026 Final \$M	Change \$M	Change %
Requisition	26.5	26.5	-	-
Payments in Lieu of Taxes	0.7	0.7	-	-
Lease and Other Property Revenue	4.5	4.6	(0.1)	(2.2)
Other Revenue	0.5	0.4	0.1	25.0
Transfers from Reserve	0.4	0.6	(0.2)	(33.3)
Total	32.6	32.8	(0.2)	(0.6)

The decrease in revenue is due to lower recoveries from the Debt Reserve Fund following the retirement of existing debt and reduced lease revenue from 950 Kings Road lease expiration.

Requisition

The 2027 CRHD requisition is \$26.5M, consistent with 2026. Table 3 shows the cost per average household, based on the current average residential assessment of \$1,093,984 for the Greater Victoria region, as provided by 2026 BC Assessment.

Table 3: Change in Requisition

Description	2027 Provisional \$	2026 Final \$	Change \$	Change %
Requisition	26.5M	26.5M	-	-
Cost / Average Household	133.67	133.73	(0.06)	0.0
Average Household	1,093,984M	1,095,711M	(1,727M)	(0.2M)

The estimated 2027 cost per average household is \$133.67, a \$(0.06) decrease from the 2026 Final Budget. This amount may change as average residential assessed values are updated. Table 4 summarizes the CRHD's forecasted requisition per average household for the previous five years and the next five years.

Table 4: Forecast Requisition per Average Household

Budget Year	Residential Assessment ¹ \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$
2022 ^f	1,002,606	151.09	-	-	-	-	-
2023 ^f	1,115,965	149.49	154.94	-	-	-	-
2024 ^f	1,102,040	148.81	156.26	166.57	-	-	-
2025 ^f	1,089,507	138.97	145.20	152.53	161.64	-	-
2026 ^f	1,095,711	133.73	136.74	142.31	146.95	151.72	-
2027^P	1,093,984	n/a	133.67	137.56	141.05	144.65	148.65

¹ Residential assessment data provided by BC Assessment

^f Final Budget

^P Provisional Budget using 2026 revised assessed value

Island Health has identified several significant projects in the 10-year Capital Plan that are expected to begin within the next five years. If these projects proceed as forecast, the cost per average household is projected to increase as shown in Table 4. Transfers from the Debt Management Reserve will be used to reduce borrowing and help moderate future revenue requirements.

For further information on future budget projections, see Appendix B: 2027-2031 Future Budget Projections.

Capital Plan

The 10-year Capital Plan is the main driver of debt servicing costs and capital reserve transfers in the provisional budget. Capital expenditures for 2027 are projected at \$34.6M, a decrease of (\$0.2M) or (0.6%) from 2026. Table 5 summarizes planned capital expenditures, including major Island Health initiatives, CRHD-managed initiatives, and minor capital and equipment costs.

Table 5: Capital Plan Summary

Description	2027 Provisional \$M	2026 Final \$M	Change \$M	Change %
Island Health Initiatives	27.7	27.9	(0.2)	(0.7)
CRHD Initiatives	0.2	0.2	-	-
Island Health Minor Capital and Equipment	6.7	6.7	-	-
Total	34.6	34.8	(0.2)	(0.6)

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

Reserves

Appendix D provides a detailed five-year cash flow analysis by reserve fund, while Table 6 summarizes planned activity to the end of 2027. The opening reserve balance of \$51.5M is projected to increase by \$4.6M, reaching \$56.1M by year-end 2027.

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

Description	2027 Opening (Estimate) \$M	2027 Plan Activity		2027 Ending (Projection) \$M
		Funding \$M	Expenses \$M	
Operating Reserves	1.6	-	(0.3)	1.3
Capital Grant Reserves	5.8	3.8	(3.5)	6.1
CRHD Capital Reserves	4.3	0.4	(0.3)	4.4
Debit Management Reserve	39.8	14.5	(10.0)	44.3
Total	51.5	18.7	(14.1)	56.1

- **Operating Reserves:** Operating reserves are projected to decline to \$1.3M, primarily due to \$0.3M in expenses for property development feasibility studies deferred to 2027. No contributions are planned, as existing reserve balances are sufficient to support operating requirements.
- **Capital Grant Reserves:** Capital grant reserves are projected to increase by a net \$0.3M to \$6.1M. This reflects the \$3.8M annual contribution to the Minor Capital Projects Reserve, offset by \$3.5M in Island Health-directed expenditures.
- **CRHD Capital Reserves:** Capital reserves are projected to increase by a net \$0.1M to \$4.4M. This reflects \$0.4M in reserve contributions and interest earnings, offset by \$0.3M in transfers for 950 Kings Road, Oak Bay Lodge, Royal Bay and The Summit.
- **Debt Management Reserve:** The Debt Management Reserve is projected to increase by a net \$4.5M to \$44.3M as the CRHD continues its financing strategy to reduce future requisition impacts associated with the 10-year Capital Plan.

CONCLUSION

The 2027 CRHD Provisional Budget meets the statutory requirement to approve a provisional budget by December 31 and provides the basis for final budget approval by March 31, 2027. The budget maintains the 2027 requisition at \$26.5M, consistent with 2026, while funding planned operating, capital and reserve requirements. It is primarily driven by the 10-year Capital Plan, including Island Health initiatives, CRHD-managed projects, and ongoing minor capital and equipment needs. Transfers to the Debt Management Reserve continue to support future capital investment and help moderate future requisition impacts. The provisional budget may be revised before final adoption to reflect final 2026 results, updated assessment data and any Board-directed amendments.

RECOMMENDATION

That the 2027 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 2027 Provisional Budget
Appendix B: CRHD 2027-2031 Future Budget Projections
Appendix C: CRHD 2027 Capital Expenditures
Appendix D: CRHD Reserve Schedule 2027-2031
Presentation: 2027 Provisional Budget - CRHD

Appendix A

CAPITAL REGIONAL HOSPITAL DISTRICT 2027 PROVISIONAL BUDGET

	2026 BOARD BUDGET	2026 ESTIMATED ACTUALS	2026 VARIANCE \$	2027 ANNUAL BUDGET	2026-2027 BUDGET VARIANCE
<u>REVENUE</u>					
Tax Requisition Total	26,471,813	26,471,813	-	26,471,813	-
Payments in Lieu of Taxes	720,141	720,141	-	720,141	-
Lease and Other Property Revenue	4,611,127	4,534,719	(76,408)	4,548,259	(62,868)
Debt Reserve Fund Recovery	80,504	139,475	58,971	222,019	141,515
Interest Earnings from Operating funds	250,000	250,000	-	250,000	-
Other Income	-	-	-	-	-
Transfer From Reserve	612,820	128,415	(484,405)	349,370	(263,450)
TOTAL REVENUE	32,746,405	32,244,563	(501,842)	32,561,602	(184,803)
<u>EXPENDITURES</u>					
Debt Servicing	12,159,064	11,487,173	(671,891)	10,947,271	(1,211,793)
Capital Equipment Grants	2,955,000	2,955,000	-	2,955,000	-
Non-Traditional Projects Capital Grant	-	-	-	-	-
Administration	1,252,908	1,104,627	(148,281)	1,142,688	(110,220)
Studies	300,000	619	(299,381)	300,000	-
Property Management	515,481	374,260	(141,221)	319,162	(196,319)
Total Expense	17,182,453	15,921,679	(1,260,774)	15,664,121	(1,518,332)
Transfer to Reserve					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-	3,750,000	-
Transfer to Debt Management Reserve	11,550,000	11,550,000	-	12,883,529	1,333,529
Transfer to Land Holdings Management Reserve	-	-	-	-	-
Transfer to Summit Management Reserve	263,952	263,952	-	263,952	-
Total Transfer to Reserve	15,563,952	15,563,952	-	16,897,481	1,333,529
TOTAL EXPENDITURES	32,746,405	31,485,631	(1,260,774)	32,561,602	(184,803)
Total Net Surplus (Deficit)	-	758,932	758,932	-	-
Change in total requisition over prior year, \$	8,511			-	
Change in total requisition over prior year, %	0.0%			0.0%	

APPENDIX B

CAPITAL REGIONAL HOSPITAL DISTRICT 2027 - 2031 FUTURE BUDGET PROJECTIONS

	2027 ANNUAL BUDGET	2028 BUDGET	2029 BUDGET	2030 BUDGET	2031 BUDGET
REVENUE					
Tax Requisition Total	26,471,813	27,241,686	27,934,025	28,645,784	29,438,872
Payments in Lieu of Taxes	720,141	720,141	720,141	720,141	720,141
Lease and Other Property Revenue	4,548,259	4,532,061	4,535,939	4,539,894	4,543,928
Debt Reserve Fund Recovery	222,019	134,772	85,453	64,374	151,183
Interest Earnings from Operating funds	250,000	250,000	250,000	250,000	250,000
Transfer From Reserve	349,370	318,197	319,108	320,063	321,066
TOTAL REVENUE	32,561,602	33,196,857	33,844,666	34,540,256	35,425,190
EXPENDITURES					
Debt Servicing	10,947,271	8,888,750	7,111,478	6,477,810	5,783,177
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Administration	1,142,688	1,166,169	1,185,242	1,208,348	1,231,610
Studies	300,000	300,000	300,000	300,000	300,000
Property Management	319,162	272,986	278,994	285,146	291,451
Total Expense	15,664,121	13,582,905	11,830,714	11,226,304	10,561,238
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	12,883,529	15,600,000	18,000,000	19,300,000	20,700,000
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Total Transfer to Reserve	16,897,481	19,613,952	22,013,952	23,313,952	24,863,952
TOTAL EXPENDITURES	32,561,602	33,196,857	33,844,666	34,540,256	35,425,190
Change in total requisition over prior year, \$	0	769,873	692,339	711,758	793,089
Change in total requisition over prior year, %	0.0%	2.9%	2.5%	2.5%	2.8%
Tax impact on 2027 average residence (\$1,093,984)	133.67	137.56	141.05	144.65	148.65
Tax impact on \$100,000 of 2027 completed assessments	12.22	12.57	12.89	13.22	13.59
Tax requisition, % change	0.0%	2.9%	2.5%	2.5%	2.8%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2027 CAPITAL EXPENDITURES

Capital Borrowing Bylaw #	Project Description	Cost Share %	CRHD Share of Project Budget	2027 Funding
<u>Island Health Initiatives</u>				
189	VGH Medical Device Reprocessing Department Expansion ¹	30%	3,600,000	1,200,000
191	New Long Term Care (306 beds)	30%	67,108,200	21,066,931
196	VGH High Performance Controls Upgrade	30%	1,110,992	204,900
193	Elevator Refurbishment	30%	616,715	119,909
197	RJH Diagnostic and Treatment BAS Controls Upgrade	30%	1,078,376	97,438
199	Energy Centre Replacement	30%	22,666,105	1,981,037
TBD	Convert obsolete 480 distribution system with 600V	30%	600,000	300,000
TBD	RJH DT Cooling System Replacement	30%	600,000	375,000
TBD	QAC Electrical Distribution \$2m	30%	600,000	360,000
TBD	Memorial Pavilion Mechanical System Upgrade	30%	3,000,000	300,000
TBD	RJH additional ED CT	30%	2,550,000	300,000
TBD	Surgical Day Care Unit Renovation	30%	3,180,000	180,000
TBD	AHU D&T Upgrade ¹	30%	1,089,000	331,500
TBD	RJH Royal Block/West Block AHU Upgrade ¹	30%	1,209,750	435,338
TBD	RJH- Memorial Pavillion Heating System Modernization ¹	30%	1,208,250	458,250
			110,217,389	27,710,303
<u>CRHD Initiatives</u>				
160	Summit Scheduled Capital Replacements	100%	2,409,202	210,260
			2,409,202	210,260
Capital Expenditure Bylaw#	Project Description	Cost Share %	Total CRHD Share	2027 Funding
200	Sec 20 - 2027 Minor Capital Projects	40%	3,750,000	3,750,000
TBD	Sec 20 - 2027 Capital Equipment Projects	100%	2,955,000	2,955,000
			6,705,000	6,705,000
Total 2027 Capital Expenditures			119,331,591	34,625,563

¹New to the Capital Plan in 2027

APPENDIX D

**CAPITAL REGIONAL HOSPITAL DISTRICT
RESERVE SCHEDULE 2027 - 2031***

	Budget Year					
	2026 Estimated	2027	2028	2029	2030	2031
<u>OPERATING:</u>						
Administration & Feasibility Studies Reserve						
- to be spent on future studies or special projects						
Beginning Balance	1,983,027	1,553,027	1,253,027	953,027	653,027	353,027
Transfer from Operating	-	-	-	-	-	150,000
Transfer to Operating	(430,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
	1,553,027	1,253,027	953,027	653,027	353,027	203,027
<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	4,379,973	4,725,435	4,934,647	5,383,852	5,264,451	5,264,451
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	(3,404,538)	(3,540,788)	(3,300,795)	(3,869,401)	(3,750,000)	(3,750,000)
	4,725,435	4,934,647	5,383,852	5,264,451	5,264,451	5,264,451
<u>CRHD CAPITAL:</u>						
Land Holdings Management Reserve						
- CRHD properties: 950 Kings, Oak Bay Lodge, Royal Bay, The Summit						
Beginning Balance	2,066,456	2,022,157	2,053,888	2,113,040	2,165,729	2,206,547
Transfer from Operating	-	-	-	-	-	-
Interest Earnings	84,116	81,101	77,348	71,797	60,881	49,272
Transfer to Operating	(128,415)	(49,370)	(18,197)	(19,108)	(20,063)	(21,066)
	2,022,157	2,053,888	2,113,040	2,165,729	2,206,547	2,234,753
Summit Management Reserve						
Beginning Balance	1,937,978	2,288,890	2,436,606	2,593,937	2,747,518	2,889,968
Transfer from Operating - lifecycle contribution	263,952	263,952	263,952	263,952	263,952	263,952
Interest Earnings	86,961	94,023	93,379	89,629	78,498	65,560
Transfer to Capital	-	(210,260)	(200,000)	(200,000)	(200,000)	(200,000)
	2,288,890	2,436,606	2,593,937	2,747,518	2,889,968	3,019,480
<u>FINANCING:</u>						
Debt Management Reserve						
- to mitigate future debt costs						
Beginning Balance	27,093,139	39,778,662	44,335,821	48,407,358	48,025,496	48,671,943
Transfer from Operating	11,550,000	12,883,529	15,600,000	18,000,000	19,300,000	20,700,000
Transfer from Operating - Surplus						
Interest Earnings	1,375,776	1,673,630	1,721,537	1,618,138	1,346,447	1,099,913
Transfer to Capital	(240,253)	(10,000,000)	(13,250,000)	(20,000,000)	(20,000,000)	(20,000,000)
	39,778,662	44,335,821	48,407,358	48,025,496	48,671,943	50,471,855
TOTAL ANNUAL	51,423,046	56,068,864	60,506,088	59,911,095	60,440,810	62,248,441

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

2027 Provisional Budget

Capital Regional Hospital District
Wednesday September 23, 2026

Stable today. Building capacity for tomorrow.



Capital Regional
Hospital District

Capital
\$35M

+

Operating
\$33M

Requisition Funding
\$26M | 0.0%

1

Stable requisition

8th consecutive year a negative or zero percent requisition change.

2

Diversified revenue streams

Requisition funding accounts for 80% of the 2027 budget vs 95% in 2017.

3

Rising reserves

Total reserves increasing 9% to an estimated value of \$56 million. The debt management reserve which helps fund Island Health major capital, increasing 11% to \$44 million.

4

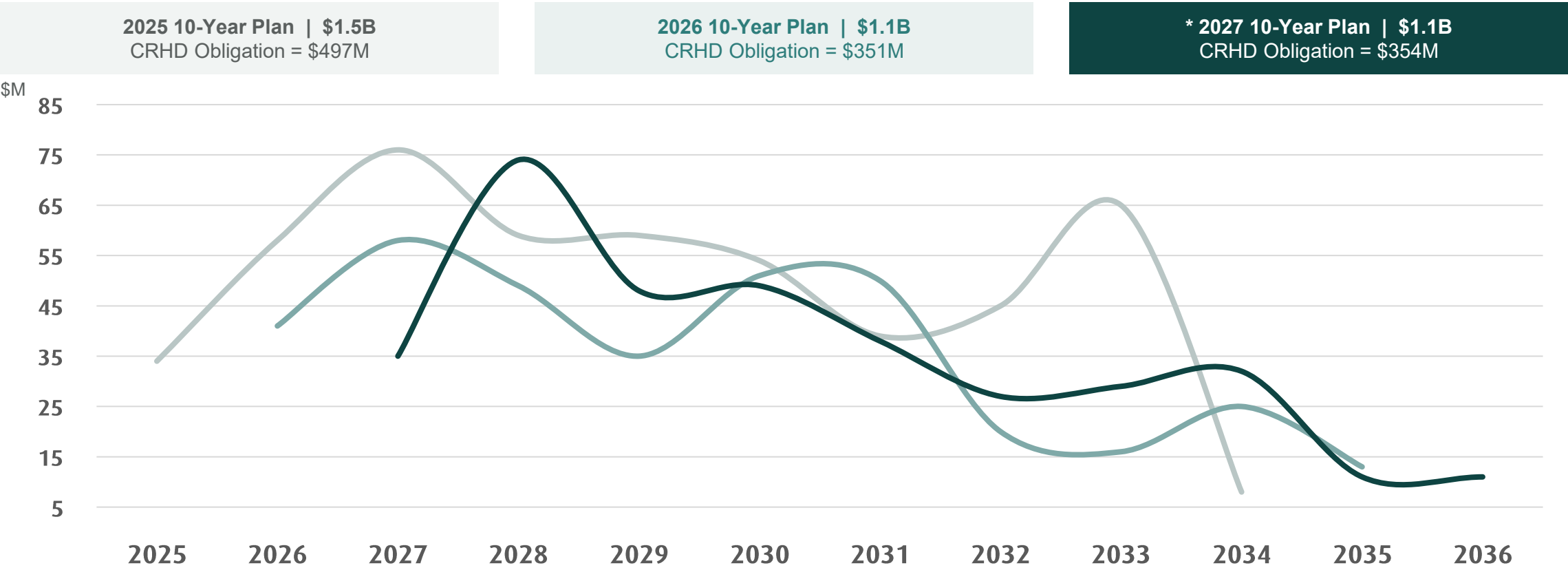
Continued partnership with Island Health

Integrated planning and coordination aligns health priorities, project timing and affordability, helping CRHD manage its 30% share of major capital plus \$7 million annual minor capital and equipment funding for local taxpayers.

The 2027 CRHD Provisional Budget supports regional health outcomes and long-term financial resilience.

10-YEAR CAPITAL PLAN

A steady plan. A predictable CRHD share.

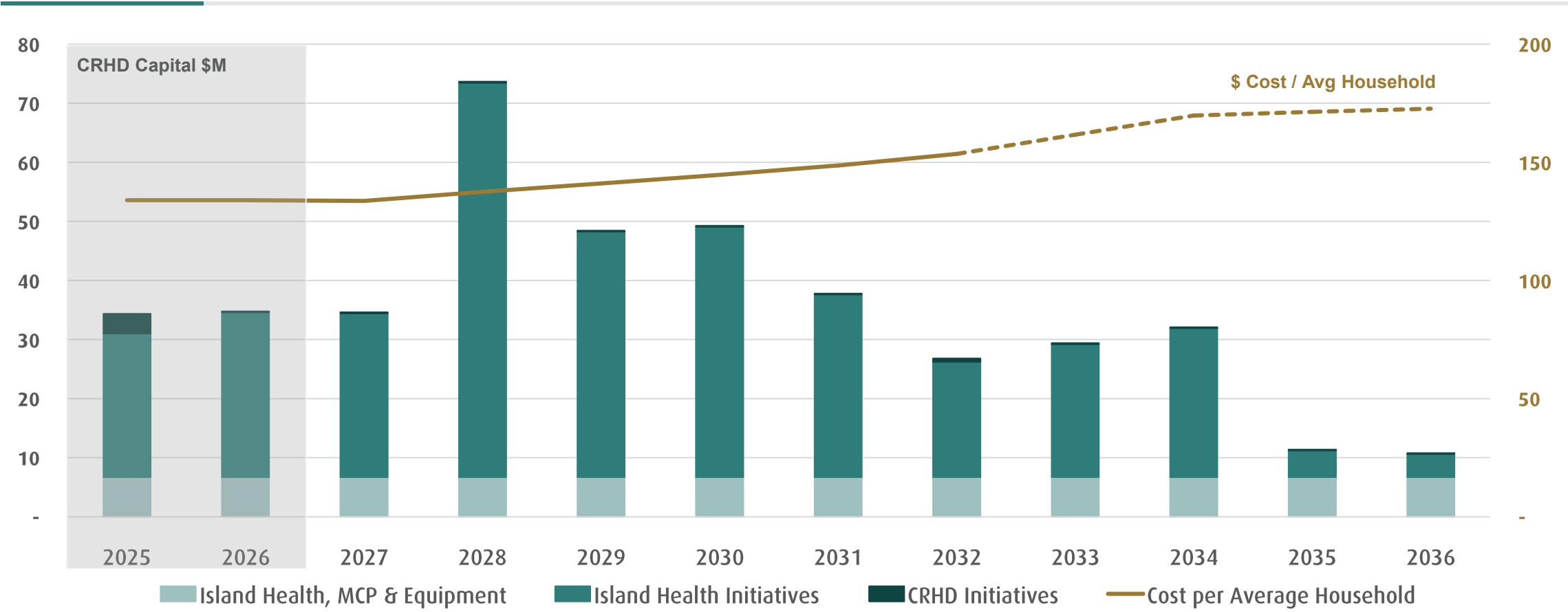


*The 2027-2036 CRHD Capital Plan comprises both Island Health capital initiatives (88%) and CRHD capital initiatives (12%)

The 2027 plan holds at \$1.1B, keeping the CRHD's obligation steady at \$354M.



Capital commitments ease. Household cost increases stay gradual.



Island Health projects drive the forecast, while cost per average household rises gradually from \$134 to \$173 by 2036.



Thank you



Capital Regional District



CRDVictoria



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CRD