

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 12, 2025**

SUBJECT **Capital Regional Hospital District Bylaw No. 429 Annual Budget 2025**

ISSUE SUMMARY

This report summarizes the final updates to the 2025 annual budget, and requests approval of Bylaw No. 429 for the Capital Regional Hospital District (CRHD) budget.

BACKGROUND

On October 30, 2024, the CRHD Board approved the 2025 Provisional Budget. In accordance with Section 23(5) of the *Hospital District Act*, the final budget for the current year must be adopted by bylaw no later than March 31, 2025.

Following adoption, and as required by Section 25(1) of the *Hospital District Act*, the CRHD will deliver to each member municipality, on or before April 20, 2025, a requisition outlining the amount required from that municipality for the calendar year.

The 2025 Annual Budget Bylaw, CRHD Bylaw No. 429, is included in Appendix A.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 429, "Annual Budget Bylaw, 2025", be introduced and read a first, second and third time; and
2. That Bylaw No. 429 be adopted.

Alternative 2

1. That Bylaw No. 429, "Annual Budget Bylaw, 2025", be introduced and read a first and second time;
2. That Bylaw No. 429 be amended as directed;
3. That Bylaw No. 429 be read a third time; and
4. That Bylaw No. 429 be adopted.

IMPLICATIONS

Financial Implications

Bylaw No. 429 and the related appendices present the financial plan for the upcoming year, including detailed estimates of revenues, operating expenses, capital expenditures and reserve contributions. Table 1 summarizes the year-over-year change in the requisition and the estimated cost per average household.

Table 1: Change in Requisition

Description	2025 Final	2024 Final	\$ Change	% Change
Requisition (\$ millions)	\$26.5	\$26.5	-	-
Cost / Average Household	\$134.33	\$137.29	(\$2.96)	(2.2%)
Average Residential Assessment*	\$1,089,507	\$1,102,040	(\$12,533)	(1.1%)

*Data provided by BC Assessment.

The final 2025 CRHD requisition is \$26.5 million, unchanged from 2024. No increase is required for 2025 due to the timing of forecasted debt issuances to fund the CRHD's portion of capital projects. However, the requisition is projected to rise annually from 2026 through 2029.

The cost per average household is a theoretical estimate indicating the cost to individual households in the region. The actual cost per household will differ from this estimate based on the individual property assessment. This calculation is most directly impacted by changes in folios and assessed values. The cost per average residential household decreased by (\$2.96) or (2.2%).

CRHD Bylaw No. 429 includes Schedule A, reflecting changes over the prior year. For further details on future budget projections, refer to Appendix C: 2025–2029 Future Budget Projections.

Final Budget Adjustments

Since provisional approval, the budget has been revised for 2024 year-end results, updated assumptions and changes to Payments in Lieu of Taxes (PILT). For a detailed summary of changes to operating budget since provisional approval, refer to Appendix B: 2025 Provisional to Final Budget Comparison.

Expenditures

The 2025 Final Budget includes \$33.1 million in total expenditures, an increase of \$0.1 million or 0.3% from provisional. Table 2 summarizes the changes in operating expenditures between the provisional and final budgets.

Table 2: Changes in Operating Expenses (\$ millions)

Expense Type	2025 Final	2025 Provisional	\$ Change	% Change
Debt Servicing	14.1	14.4	(0.3)	(2.1%)
Capital Equipment Grants	3.0	3.0	-	-
Operations	2.0	2.0	-	-
Transfers to Reserves	14.0	13.6	0.4	2.9%
Total	\$33.1	\$33.0	\$0.1	0.3%

- **Debt Servicing:** 2025 debt servicing is \$14.1 million, a decrease of \$0.3 million or 2.1% from the provisional budget. This reduction reflects lower-than-expected capital activity in late 2024, with a total \$2.6 million in spending funded across 2024 and 2025 from the Debt Management Reserve (DMR).

- **Transfers to reserves:** 2025 transfers to reserves total \$14 million, an increase \$0.4 million or 2.9% from the provisional budget. The increase supports a higher contribution to the DMR, ensuring an optimal balance to help offset future debt servicing costs.

CRHD Bylaw No. 429 includes Schedule B, outlining estimated 2025 capital expenditures and the associated cost sharing commitment.

Revenues

The 2025 Final Budget includes \$33.1 million in total revenue, an increase of \$0.1 million or 0.3% from provisional. Table 3 summarizes the changes in total revenue between the provisional and final budgets.

Table 3: Changes in Revenue (\$ millions)

Revenue Type	2025 Final	2025 Provisional	\$ Change	% Change
Requisition	26.5	26.5	-	-
PILT	0.8	0.7	0.1	14.3%
Lease and Other Property Revenue	4.6	4.6	-	-
Other Revenue	0.6	0.6	-	-
Transfer from Reserve	0.6	0.6	-	-
Total	\$33.1	\$33.0	\$0.1	0.3%

The change in total operating revenue from provisional to final is driven by an increase in PILT revenue.

Requisition

Requisition remains unchanged over prior year, or since provisional budget approval. However, with updated assessment information, the cost per average household decreased by (\$2.96) or (2.2%). This is a result of assessment growth of 1.2% and folio growth of 1.3% over the prior year. The net result drives a decrease to the cost per average household from the provisional estimate. Table 1 provides a comparison of requisition and cost per average household.

Reserves

Under Section 20(4) of the *Hospital District Act*, the CRHD may maintain reserve accounts. Table 4 summarizes the change in the 2025 opening reserve balances between the provisional and final budgets for all active reserves.

Table 4: Changes in Reserves (\$ millions)

Description	2025 Opening Balance at Final	2025 Opening Balance at Provisional	\$ Change	% Change
Admin and Feasibility Studies Reserve	2.0	2.0	-	-
Non-Traditional Projects Reserve	1.1	1.1	-	-
Minor Capital Project Reserve	6.3	7.3	(1.0)	(13.7%)
Land Holdings Management Reserve	1.9	1.8	0.1	5.6%

Description	2025 Opening Balance at Final	2025 Opening Balance at Provisional	\$ Change	% Change
Summit Management Reserve	1.6	1.7	(0.1)	(5.9%)
RHFP* Program Reserve	-	-	-	-
Debt Management Reserve	15.5	17.0	(1.5)	(8.8%)
Total	\$28.4	\$30.9	(\$2.5)	(8.1%)

*Regional Housing First Program Reserve: Following the successful completion of Mt. Tolmie project, this reserve has been closed, and the remaining balance transferred to the Debt Management Reserve.

- **Minor Capital Project Reserve:** Decreased by \$1.0 million or 13.7% due to accelerated timing of Island Health spending on eligible projects
- **Land Holdings Management Reserve:** Increased by \$0.1 million or 5.6% due to lower transfers required to support property management expenses
- **Summit Management Reserve:** Decreased by \$0.1 million or 5.9% following a transfer to fund the Summit Chiller Modifications project, completed in 2024
- **Debt Management Reserve:** A net decrease of \$1.5 million or 8.8% due to funding 2024 capital activity from reserves instead of debt, partially offset by a transfer from the RHFP Program Reserve

For future reserve projections based on these revised opening balances, refer to Appendix D: Reserve Schedule 2025-2029.

CONCLUSION

The CRHD Board is required to adopt an annual budget bylaw each year by March 31. The attached bylaw incorporates the 2025 annual budget, which received provisional approval from the Board on October 30, 2024. The budget has been prepared in accordance with Board decisions and committee direction. Staff recommends approval of the Annual Budget Bylaw, 2025, as presented.

RECOMMENDATION

1. That Bylaw No. 429, “Annual Budget Bylaw, 2025”, be introduced and read a first, second and third time; and
2. That Bylaw No. 429 be adopted.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
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ATTACHMENTS

- Presentation: 2025 Final Budget Capital Regional Hospital District
Appendix A: Capital Regional Hospital District Bylaw No. 429, “Annual Budget Bylaw, 2025”
inclusive of Schedule A and Schedule B
Appendix B: Capital Regional Hospital District 2025 Provisional to Final Budget Comparison
Appendix C: Capital Regional Hospital District 2025-2029 Future Budget Projections
Appendix D: Capital Regional Hospital District Reserve Schedule 2025-2029