



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, October 30, 2024

1:00 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 Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.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. [24-1061](#) Capital Regional Hospital District 2025-2034 Ten Year Capital Plan

Recommendation: That the Capital Regional Hospital District 2025-2034 10-Year Capital Plan be approved as submitted.
(WA)

Attachments: [Staff Report: CRHD 2025-2034 Ten Year Capital Plan](#)
[Appendix A: 2025-2034 CRHD 10-Year Capital Plan](#)
[Appendix B: 2025-2034 Capital Plan Debt Servicing Graph](#)
[Appendix C: Debt Svcng Impact of 10-Year Cap Plan \(2025-2034\)](#)

4.2. [24-848](#) 2025 Capital Regional Hospital District Provisional Budget

Recommendation: That the 2025 Capital Regional Hospital District Provisional Budget be approved as submitted.
(WA)

Attachments: [Staff Report: 2025 CRHD Provisional Budget](#)
[Presentation: 2025 Provisional Budget CRHD](#)
[Appendix A: CRHD 2025 Provisional Budget](#)
[Appendix B: CRHD 2025-29 Future Budget Projections](#)
[Appendix C: CRHD 2025 Capital Expenditures](#)
[Appendix D: CRHD Reserve Schedule 2025-29](#)

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 30, 2024**

SUBJECT **Capital Regional Hospital District 2025-2034 Ten Year Capital Plan**

ISSUE SUMMARY

Approval of the Capital Regional Hospital District (CRHD) 2025-2034 10-Year Capital Plan.

BACKGROUND

The 2025-2034 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.

Below are key changes (over \$2.50 million (M)) to the 2025-2034 Major Capital Projects when compared to the 2024 Amended Capital Plan:

New project:

- A new Emergency Department Computed Tomography (CT) project at Royal Jubilee Hospital has been added, starting in 2026, with a total cost of \$8.50M; the CRHD's contribution will be \$2.55M.

Budget changes:

- The Child and Youth Mental Health Stabilization Unit project at Victoria General Hospital has increased from \$15.00 million to \$18.00M, raising the CRHD's share to \$5.40M.
- The Energy Systems Replacement project (formerly "Energy Centre Replacement") at Saanich Peninsula Hospital has increased from \$8.00M to \$30.00M, with a CRHD share of \$9.00M.

Projects deferred or removed from the capital plan:

- The Vascular/Cardiac Hybrid Operating Room (OR) project budgeted at \$5.40M, with the CRHD contributing \$1.62M, has been deferred to 2026.
- The Pneumatic to Electric Controls Conversion project budgeted at \$3.60M, with the CRHD contributing \$1.10M, has been deferred to 2026.
- The Long-Term Care (50 beds) project for Greater Victoria, budgeted at \$33.00M, with a CRHD share of \$9.90M has been removed.
- The Phase 2 of the Emergency Department Redevelopment: Imaging Suite project at Lady Minto Hospital, budgeted at \$5.00M, with a CRHD share of \$1.50M has been removed.
- The Long-Term Care (50 beds) project at Lady Minto Hospital, budgeted at \$50.00M, with a CRHD share of \$15.00M has been removed.

ALTERNATIVES

Alternative 1

That the Capital Regional Hospital District 2025-2034 10-Year Capital Plan be approved as submitted.

Alternative 2

That this report be referred back to staff for additional information.

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 2025 to 2034, the CRHD’s estimated contribution to Island Health’s “planned” or “possible” projects is \$412.00M, reflecting a reduction of \$29.00M compared to the 2024 Amended Capital Plan approved by the Board on March 13, 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 2025–2034 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 2033 at \$50.1M or \$262.61 per household (vs \$20.3M & \$105.56 respectively in 2025).

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 2025 Provisional Budget reflects the financial implications of the 2025-2034 10-Year Capital Plan.

RECOMMENDATION

That the Capital Regional Hospital District 2025-2034 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, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: 2025-2034 CRHD 10-Year Capital Plan
- Appendix B: 2025-2034 Capital Plan Debt Servicing Graph
- Appendix C: Debt Servicing Impact of 10-Year Capital Plan (2025-2034)

**CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN
For Years 2025 to 2034 at October 30, 2024**

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 (\$)
Major Project - Approved	Medical Device Reprocessing Department Expansion	2023	Victoria General Hospital	30%	1,272,000	4,240,000	500,000	3,740,000
Major Project - Approved	New Long Term Care (306 beds)	2023	South Island - Royal Bay	30%	67,108,200	223,694,000	4,870,000	218,824,000
Major Project - Approved	MRI Scanner replacement	2023	Royal Jubilee Hospital & Victoria General Hospital	30%	600,000	2,000,000	1,500,000	500,000
Major Project - Possible	High Acuity Unit	2024	Royal Jubilee Hospital	30%	5,756,400	19,188,000	250,000	18,938,000
Major Project - Approved	Elevator Refurbishment	2024	Victoria General Hospital	30%	616,715	2,055,718	450,000	1,605,718
Major Project - Possible	Energy Centre Replacement	2024	Victoria General Hospital	30%	15,000,000	50,000,000	340,000	49,660,000
Major Project - Possible	Pembroke Mental Health Substance Use Center	2024	Victoria Health Unit-Cook Street	30%	6,600,000	22,000,000	250,000	21,750,000
Major Project - Possible	Child Youth Mental Health Stabilization Unit	2024	Victoria General Hospital	30%	5,400,000	18,000,000	150,000	17,850,000
Major Project - Approved	VGH High Performance Controls Upgrade	2024	Victoria General Hospital	30%	1,110,992	3,703,305	1,481,322	2,221,983
Major Project - Approved	RJH Diagnostic and Treatment BAS Controls Upgrade	2024	Royal Jubilee Hospital	30%	1,078,376	3,594,588	1,437,835	2,156,753
Major Project - Possible	Oak Bay Lodge Redevelopment	2025	Former Oak Bay Lodge Site	30%	90,000,000	300,000,000		300,000,000
Major Project - Possible	Hospice Replacement	2025	Royal Jubilee Hospital	30%	6,000,000	20,000,000		20,000,000
Major Project - Possible	Pneumatic to Electric Controls Conversion	2026	Gorge Road Hospital	30%	1,065,452	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
Major Project - Possible	Convert obsolete 480 distribution system with 600V	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000
Major Project - Possible	RJH DT Cooling System Replacement	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000
Major Project - Possible	QAC Electrical Distribution \$2m	2026	Queen Alexandra	30%	600,000	2,000,000		2,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2026	Royal Jubilee Hospital	30%	600,000	2,000,000		2,000,000
Major Project - Possible	(VASC/CARD) Hybrid OR	2026	Royal Jubilee Hospital	30%	1,620,000	5,400,000		5,400,000
Major Project - Possible	Morgue Expansion	2026	Royal Jubilee Hospital	30%	1,260,000	4,200,000		4,200,000
Major Project - Possible	Children's and Women's Health Centre	2026	To be determined	30%	60,000,000	200,000,000		200,000,000
Major Project - Possible	Intensive Care & High Acuity Unit Redevelopment	2026	Victoria General Hospital	30%	11,700,000	39,000,000		39,000,000
Major Project - Possible	Surgical Day Care Unit Renovation	2026	Victoria General Hospital	30%	3,180,000	10,600,000		10,600,000
Major Project - Possible	Memorial Pavilion Mechanical System Upgrade	2026	Royal Jubilee Hospital	30%	3,000,000	10,000,000		10,000,000
Major Project - Possible	Electrical Infrastructure Upgrade	2026	Lady Minto Hospital	30%	3,000,000	10,000,000		10,000,000
Major Project - Possible	VGH Pediatric Intensive Care Unit	2026	Victoria General Hospital	30%	1,500,000	5,000,000		5,000,000
Major Project - Possible	RJH additional ED CT	2026	Royal Jubilee Hospital	30%	2,550,000	8,500,000		8,500,000
Major Project - Possible	Community Health Centre	2027	Greater Victoria - TBD	30%	1,500,000	5,000,000		5,000,000
Major Project - Possible	Child Youth and Family Services Redevelopment	2028	To be determined	30%	30,000,000	100,000,000		100,000,000
Major Project - Possible	Endoscopy - create 4th Procedure Room	2028	Victoria General Hospital	30%	600,000	2,000,000		2,000,000
Major Project - Possible	ED Imaging CT and XRay Expansion	2029	Victoria General Hospital	30%	3,000,000	10,000,000		10,000,000
Major Project - Possible	Multidisciplinary Pain Clinic	2029	Royal Jubilee Hospital	30%	900,000	3,000,000		3,000,000
Major Project - Possible	New Space - Patient and Health Program Areas	2030	Royal Jubilee Hospital	30%	45,000,000	150,000,000		150,000,000
Major Project - Possible	Replace Food Services Production Kitchen	2030	Royal Jubilee Hospital	30%	30,000,000	100,000,000		100,000,000
Major Project - Possible	ABSU Unit	2030	Royal Jubilee Hospital	30%	3,000,000	10,000,000		10,000,000
Major Project - Possible	Energy Systems Replacement	2030	Saanich Peninsula Hospital	30%	9,000,000	30,000,000		30,000,000
Major Project - Possible	Operating Room Upgrade	2030	Victoria General Hospital	30%	1,500,000	5,000,000		5,000,000
Major Project - Possible	Mental Health & Substance Use Residential Program	2030	To be determined	30%	600,000	2,000,000		2,000,000
ISLAND HEALTH TOTAL*					417,518,136	1,391,727,119	11,229,157	1,380,497,962
CRHD SHARE of ISLAND HEALTH MAJOR PROJECTS - including inflation in future years²								

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10-Year Total
3,740,000	-	-	-	-	-	-	-	-	-	3,740,000
44,549,500	60,439,250	89,213,250	24,622,000	-	-	-	-	-	-	218,824,000
500,000	-	-	-	-	-	-	-	-	-	500,000
4,188,000	10,750,000	4,000,000	-	-	-	-	-	-	-	18,938,000
1,368,369	237,349	-	-	-	-	-	-	-	-	1,605,718
10,835,000	8,467,500	7,565,000	6,500,000	6,500,000	5,760,000	4,032,500	-	-	-	49,660,000
7,500,000	6,750,000	7,500,000	-	-	-	-	-	-	-	21,750,000
3,000,000	6,000,000	6,000,000	2,850,000	-	-	-	-	-	-	17,850,000
1,666,487	555,496	-	-	-	-	-	-	-	-	2,221,983
1,906,753	250,000	-	-	-	-	-	-	-	-	2,156,753
1,500,000	39,600,000	60,000,000	70,000,000	70,000,000	58,900,000	-	-	-	-	300,000,000
250,000	3,000,000	6,500,000	8,000,000	2,250,000	-	-	-	-	-	20,000,000
-	3,551,508	-	-	-	-	-	-	-	-	3,551,508
-	2,000,000	-	-	-	-	-	-	-	-	2,000,000
-	1,000,000	1,000,000	-	-	-	-	-	-	-	2,000,000
-	250,000	1,250,000	500,000	-	-	-	-	-	-	2,000,000
-	200,000	1,200,000	600,000	-	-	-	-	-	-	2,000,000
-	200,000	1,200,000	600,000	-	-	-	-	-	-	2,000,000
-	250,000	2,000,000	3,150,000	-	-	-	-	-	-	5,400,000
-	1,200,000	3,000,000	-	-	-	-	-	-	-	4,200,000
-	250,000	2,500,000	25,000,000	50,000,000	50,000,000	50,000,000	22,250,000	-	-	200,000,000
-	250,000	2,500,000	15,000,000	15,000,000	6,000,000	250,000	-	-	-	39,000,000
-	100,000	500,000	5,000,000	5,000,000	-	-	-	-	-	10,600,000
-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	-	10,000,000
-	150,000	3,000,000	3,000,000	3,000,000	850,000	-	-	-	-	10,000,000
-	2,250,000	2,250,000	500,000	-	-	-	-	-	-	5,000,000
-	850,000	4,250,000	3,400,000	-	-	-	-	-	-	8,500,000
-	-	500,000	1,500,000	3,000,000	-	-	-	-	-	5,000,000
-	-	-	250,000	12,500,000	25,000,000	25,000,000	37,250,000	-	-	100,000,000
-	-	-	150,000	1,500,000	350,000	-	-	-	-	2,000,000
-	-	-	-	150,000	1,500,000	5,000,000	3,350,000	-	-	10,000,000
-	-	-	-	250,000	1,750,000	1,000,000	-	-	-	3,000,000
-	-	-	-	-	325,000	4,000,000	15,000,000	130,675,000	-	150,000,000
-	-	-	-	-	450,000	12,000,000	35,000,000	52,550,000	-	100,000,000
-	-	-	-	-	175,000	1,500,000	3,500,000	4,825,000	-	10,000,000
-	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
-	-	-	-	-	250,000	1,500,000	3,250,000	-	-	5,000,000
-	-	-	-	-	2,000,000	-	-	-	-	2,000,000
81,004,109	148,701,103	208,928,250	173,622,000	172,150,000	156,160,000	106,282,500	121,600,000	190,050,000	2,000,000	1,360,497,962
24,301,233	44,686,240	62,847,375	52,456,500	52,205,400	47,397,000	32,498,250	37,209,600	58,155,300	612,000	412,368,898

**CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL PLAN
For Years 2025 to 2034 at October 30, 2024**

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	
Minor Equipment Grants	CRHD Section 20 Equipment Grants	2025-2034	Various	100%	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 Project	950 Kings Redevelopment	2024	950 Kings Rd.	100%	15,000,000	15,000,000	-	15,000,000	
CRHD Project	Summit Fire Suppression System Remediation	2024	955 Hillside Ave.	100%	900,000	900,000	750,000	150,000	
CRHD TOTAL					25,014,202	30,639,202	750,000	29,889,202	
PROJECT TOTAL - before inflation					442,532,338	1,422,366,321	11,979,157	1,410,387,164	
Inflation¹	2.00%	- excluding approved/pending Capital Bylaws							14,465,030
PROJECT TOTAL - including inflation								1,424,852,194	
CRHD SHARE TOTAL ESTIMATED ANNUAL CAPITAL CASH FLOW								496,978,100	

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	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	200,000	210,260	200,000	200,000	200,000	200,000	598,942	200,000	200,000	2,409,202
3,000,000	6,000,000	6,000,000	-	-	-	-	-	-	-	15,000,000
150,000	-	-	-	-	-	-	-	-	-	150,000
15,680,000	18,530,000	18,540,260	12,530,000	12,530,000	12,530,000	12,530,000	12,928,942	12,530,000	12,530,000	140,859,202
96,684,109	167,231,103	227,468,510	186,152,000	184,680,000	168,690,000	118,812,500	134,528,942	202,580,000	14,530,000	1,501,357,164
-	253,030	563,000	1,233,000	1,868,000	1,830,000	2,045,000	2,432,000	3,801,000	40,000	14,065,030
96,684,109	167,484,133	228,031,510	187,385,000	186,548,000	170,520,000	120,857,500	136,960,942	206,381,000	14,570,000	1,515,422,194
34,356,233	57,591,240	75,762,635	59,361,500	59,110,400	54,302,000	39,403,250	44,513,542	65,060,300	7,517,000	496,978,100

General Notes

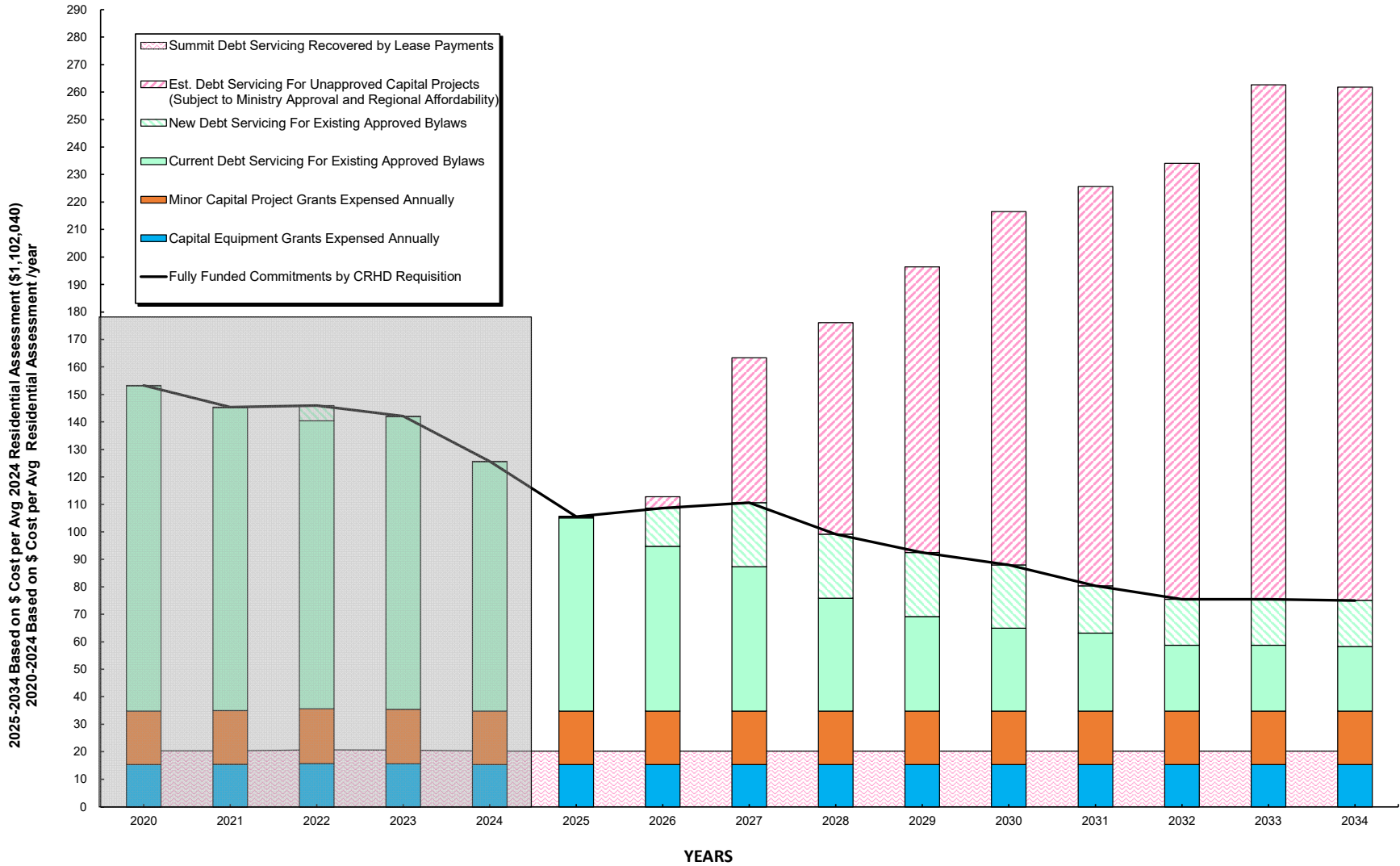
Rules for debt borrowing period (amortization) are based on total project cost: \$2-5M 5yrs; \$5-12.5M 10yrs; >\$12.5M 15yrs

¹Inflation 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)

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 (2020-2034)
MFA Borrowing Terms 5-25yrs**



Debt Servicing costs have not been adjusted for PILTs, Other income, Admin & Other Operating Costs
Prepared by: CRD Finance August 20, 2024

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT
Debt Servicing Impact of 10 Year Capital Plan (2025-2034)
Cost per Average 2024 Residential Assessment (\$1,102,040)
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		
2025	70.27	0.50	70.77	15.33	19.45	105.56	20,346,297
2026	59.93	18.11	78.03	15.33	19.45	112.82	21,746,554
2027	52.54	75.97	128.51	15.33	19.45	163.29	31,475,064
2028	41.09	100.28	141.37	15.33	19.45	176.15	33,954,386
2029	34.35	127.28	161.63	15.33	19.45	196.41	37,859,660
2030	30.13	151.60	181.73	15.33	19.45	216.52	41,734,674
2031	28.38	162.47	190.85	15.33	19.45	225.63	43,492,226
2032	23.92	175.41	199.33	15.33	19.45	234.12	45,126,936
2033	23.92	203.91	227.82	15.33	19.45	262.61	50,619,086
2034	23.46	203.59	227.05	15.33	19.45	261.83	50,470,091
							376,824,974

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



Capital Regional Hospital District

REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD MEETING OF WEDNESDAY, OCTOBER 30, 2024

SUBJECT 2025 Capital Regional Hospital District Provisional Budget

ISSUE SUMMARY

This report presents the 2025 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 2025 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 2025 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 2024, 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 2025 Capital Regional Hospital District Provisional Budget be approved as submitted.

Alternative 2

That the 2025 Capital Regional Hospital District Provisional Budget be given provisional approval with specific directions on amendments.

IMPLICATIONS

Financial Implications

A projected year-end surplus of \$0.75 million (2.2%) in 2024 is primarily driven by key expense and revenue factors:

Revenue

- \$351k - Cost recovery from Island Health for insurance expenses at The Summit
- \$45k - Additional Debt Reserve Fund (DRF) recovery on retiring debt
- \$52k - Interest earnings generated on cash on hand
- \$400k - Smaller transfer from reserves due to deferred feasibility studies and a vacant term position

Expense

- \$151k - Lower debt servicing costs due to reduced capital activity at Island Health
- \$73k - Administration and overhead costs
- \$535k - Feasibility studies deferred to 2025
- \$87k - Savings on property maintenance expenses at 950 Kings, Oak Bay Lodge, Royal Bay and The Summit

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

Expenditures

The 2025 Provisional Budget includes \$33.0 million in total expenditures, a decrease of \$0.6 million (1.8%) from 2024. Appendix A provides a detailed comparison to the 2024 Final Budget. Table 1 summarizes the year-over-year change in operating expenditures.

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

Expense Type	2025 Provisional	2024 Final	\$ Change	% Change
Debt Servicing	14.4	17.5	(3.1)	(17.7%)
Capital Equipment Grants	3.0	3.0	-	-
Operations	2.0	2.2	(0.2)	(9.1%)
Transfers to Reserves	13.6	10.9	2.7	24.8%
Total	\$33.0	\$33.6	(\$0.6)	(1.8%)

- **Debt Servicing:** 2025 debt servicing totals \$14.4 million, down \$3.1 million (17.7%) from 2024. 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 2025 10-year Capital Plan.
- **Capital Equipment Grants:** The CRHD’s annual \$3.0 million contribution for medical equipment remains unchanged from 2024.

- **Operations:** This encompasses administration, feasibility studies and property management costs. 2025 operations costs total \$2.0 million, down \$0.2 million (9.1%) from 2024, mainly due to a planned decrease in the budget allocated for feasibility studies.
- **Transfers to Reserves:** \$13.6 million will be transferred to reserves in 2025, an increase of \$2.7 million (24.8%). This is largely due to \$9.4 million allocated to the Debt Management Reserve to help fund future capital investments from the CRHD’s \$497 million 10-year capital plan, reducing the need for increased future requisitions.

Revenue

The 2025 Provisional Budget estimates total revenue at \$33.0 million, reflecting a decrease of \$0.6 million (1.8%) from 2024. Appendix A provides a detailed comparison to the 2024 Final Budget. Table 2 summarizes the year-over-year change in operating revenue.

Table 2: Changes in Revenue (\$ millions)

Revenue Type	2025 Provisional	2024 Final	\$ Change	% Change
Requisition	26.5	26.5	-	-
Payments in Lieu of Taxes	0.7	0.7	-	-
Lease and Other Property Revenue	4.6	4.6	-	-
Other Revenue	0.6	1.1	(0.5)	(45.5%)
Transfers from Reserve	0.6	0.6	-	-
Operating Surplus	-	0.1	(0.1)	(100.0%)
Total	\$33.0	\$33.6	(\$0.6)	(1.8%)

The \$0.6 million (1.8%) decrease in revenue is due to lower recoveries from the DRF following the retirement of existing debt, along with the impact of a one-time surplus carry-forward in 2024.

Requisition

The 2025 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 \$1,102,040 as provided by BC Assessment.

Table 3: Change in Requisition

Description	2025 Provisional	2024 Final	\$ Change	% Change
Requisition (\$ millions)	\$26.5	\$26.5	-	-
Cost / Average Household	\$137.29	\$137.29	-	-
Average Household (\$M)	\$1.1	\$1.1	-	-

The estimated cost per average household for 2025 is \$137.29, reflecting no change from the 2024 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	2024	2025	2026	2027	2028	2029
2020 ^f	\$778,883	\$128.02	-	-	-	-	-
2021 ^f	\$811,623	\$129.47	\$130.62	-	-	-	-
2022 ^f	\$1,002,606	\$144.30	\$145.88	\$151.09	-	-	-
2023 ^f	\$1,115,965	\$142.18	\$145.43	\$149.49	\$154.94	-	-
2024 ^f	\$1,102,040	\$137.29	\$141.59	\$148.81	\$156.26	\$166.57	-
2025 ^P	\$1,102,040	n/a	\$137.29	\$145.61	\$152.91	\$163.03	\$173.60

¹ Residential assessment data provided by BC Assessment

^f Final Budget

^P Provisional Budget using 2024 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 significantly. Beginning in 2025, transfers from the Debt Management Reserve will be utilized to reduce borrowing and mitigate revenue requirements.

For additional detail regarding future budget projections, refer to Appendix B, 2025-2029 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 2025 are projected to be \$34.4 million, reflecting an increase of \$8.0 million (30.3%) from 2024. 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	2025 Provisional	2024 Final	\$ Change	% Change
Island Health Initiatives	24.3	5.5	18.8	341.8%
CRHD Initiatives	3.4	14.2	(10.8)	(76.1%)
Island Health Minor Capital and Equipment	6.7	6.7	-	-
Total	\$34.4	\$26.4	\$8.0	30.3%

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 2025. The \$30.9 million opening balance is projected to increase by \$7.2 million, reaching \$38.1 million by the end of 2025.

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

Description	2025 Opening (Estimate)	2025 Plan Activity		2025 Ending (Projection)
		Funding	Expenses	
Operating Reserves	2.0	-	(0.4)	1.6
Capital Grant Reserves	8.4	3.8	(4.0)	8.2
CRHD Capital Reserves	3.5	0.6	(0.4)	3.7
Financing Reserve	17.0	10.6	(3.0)	24.6
Total	\$30.9	\$15.0	(\$7.8)	\$38.1

- **Operating Reserves:** Operating reserves are projected to decrease to \$1.6 million due to \$0.4 million in expenses for feasibility studies deferred to 2025 for property developments at Oak Bay Lodge and 950 Kings. Contributions are paused as current funding levels are sufficient to support operating activities.
- **Capital Grant Reserves:** Capital grant reserves are estimated to decrease to \$8.2 million, a \$0.2 million net decrease, reflecting a \$3.8 million annual contribution to the Minor Capital Projects Reserve, and \$4.0 million in expenditures directed by Island Health.
- **CRHD Capital Reserves:** Capital reserves are expected to increase to \$3.7 million, a \$0.2 million net increase, reflecting \$0.6 million in reserve contributions and interest earnings on reserve balances, and \$0.4 million in transfers to 950 Kings, Oak Bay Lodge, Royal Bay and The Summit.
- **Financing Reserve (Debt Management Reserve):** The financing reserve, or Debt Management Reserve, is anticipated to grow to \$24.6 million, a net increase of \$7.6 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 2025 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 2024 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, 2025.

RECOMMENDATION

That the 2025 Capital Regional Hospital District Provisional Budget be approved as submitted.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer


ATTACHMENTS

- Presentation: 2025 Provisional Budget - CRHD
- Appendix A: CRHD 2025 Provisional Budget
- Appendix B: CRHD 2025-2029 Future Budget Projections
- Appendix C: CRHD 2025 Capital Expenditures
- Appendix D: CRHD Reserve Schedule 2025-2029

2025 Provisional Budget

Capital Regional Hospital District
Wednesday October 30, 2024

2025 Provisional Budget Summary



Capital Regional
Hospital District

Operating	Capital
\$33M	\$34M

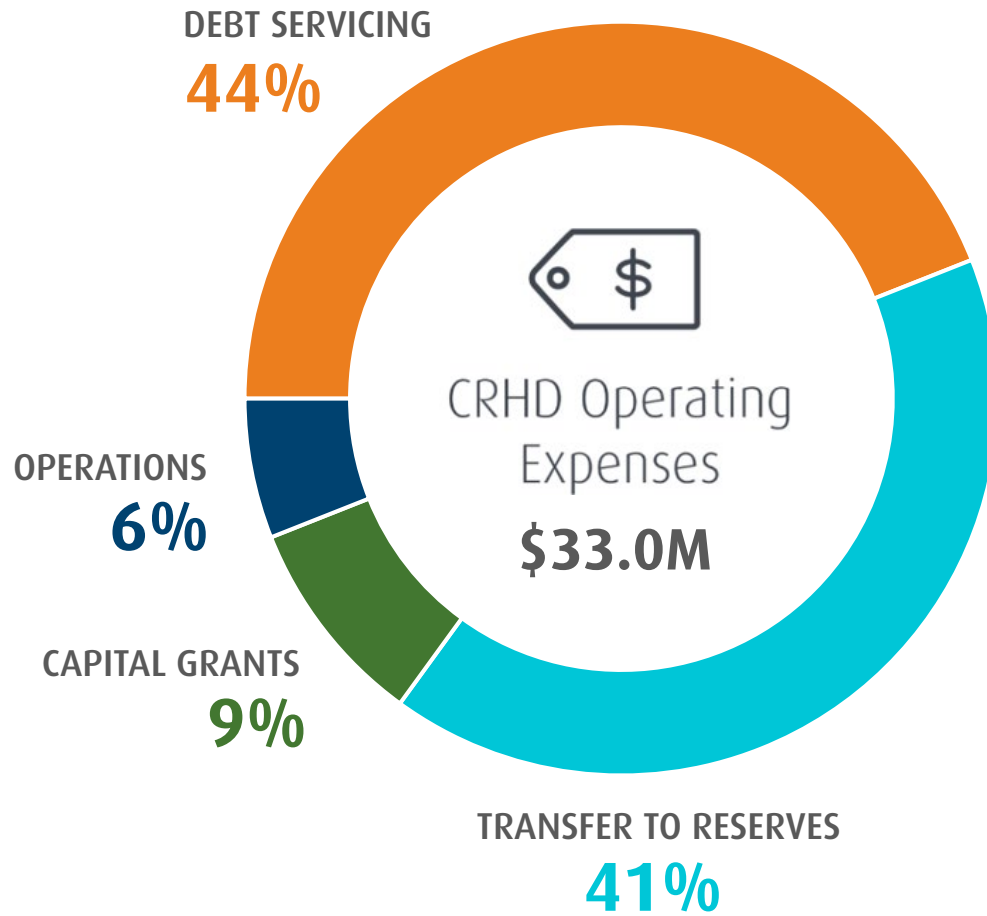
Requisition Funding
\$26M | 0.0%

- **Revenue** – prior year included one-time recoveries from MFA through the debt reserve fund
 - **Debt Servicing** – maturity of long-term debt outpacing new issuances
 - **Operations & Transfers** – increased contributions to debt management reserve
- 

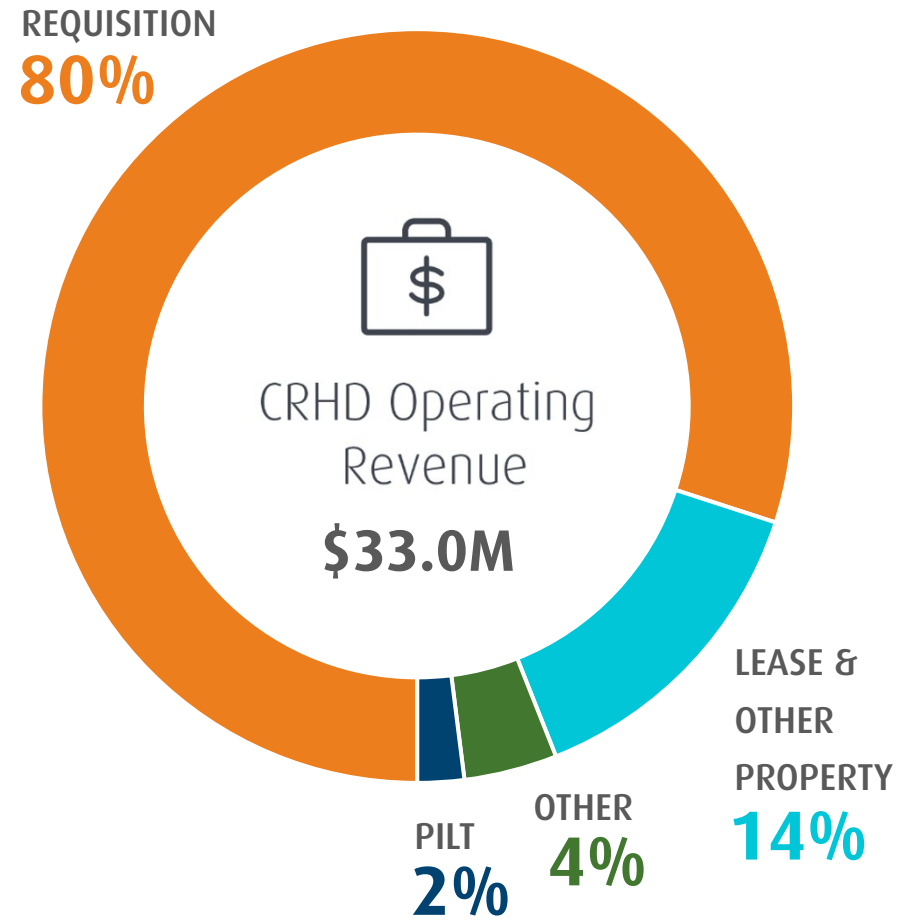
	2024	2025	Change \$	Change %
Requisition	26.5	26.5	-	-
Other Revenue	7.1	6.5	(0.6)	(8.5%)
Total	\$33.6M	\$33.0M	(0.6)	(1.8%)
Debt Servicing	17.5	14.4	(3.1)	(17.7%)
Grants	3.0	3.0	-	-
Operations & Transfers	13.1	15.6	2.5	19.1%
Total	\$33.6M	\$33.0M	0.6	(1.8%)

2025 Operating Budget

WHERE THE MONEY GOES

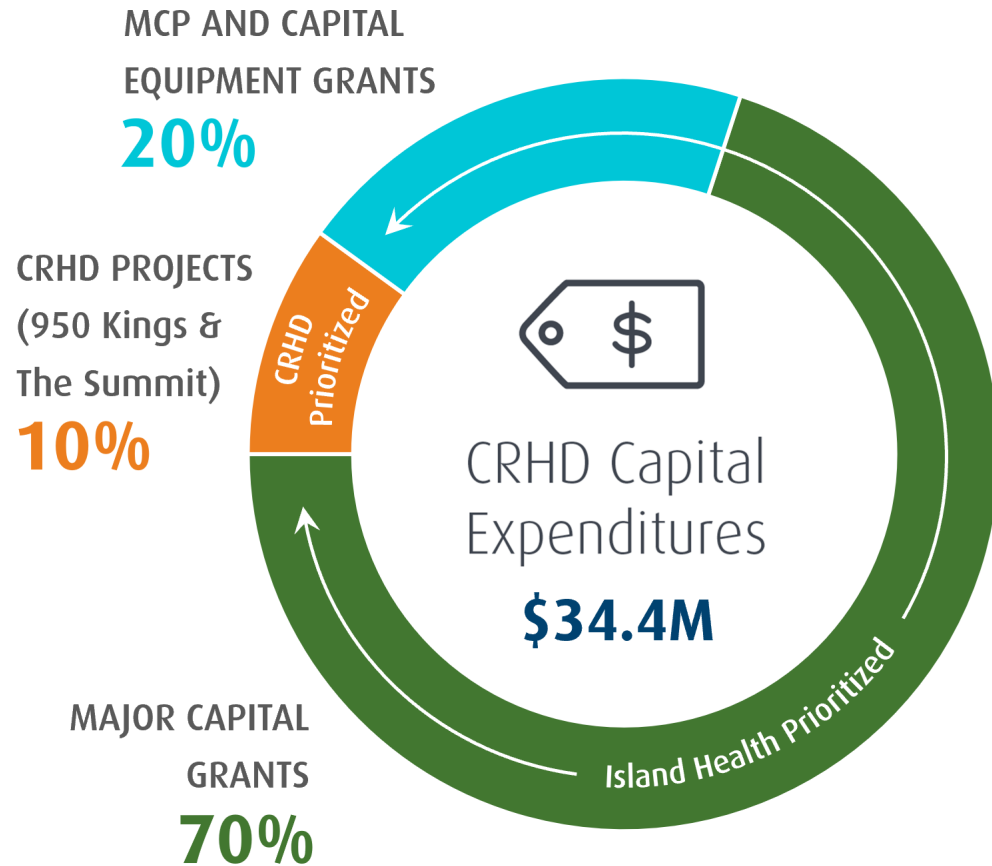


WHERE THE MONEY COMES FROM

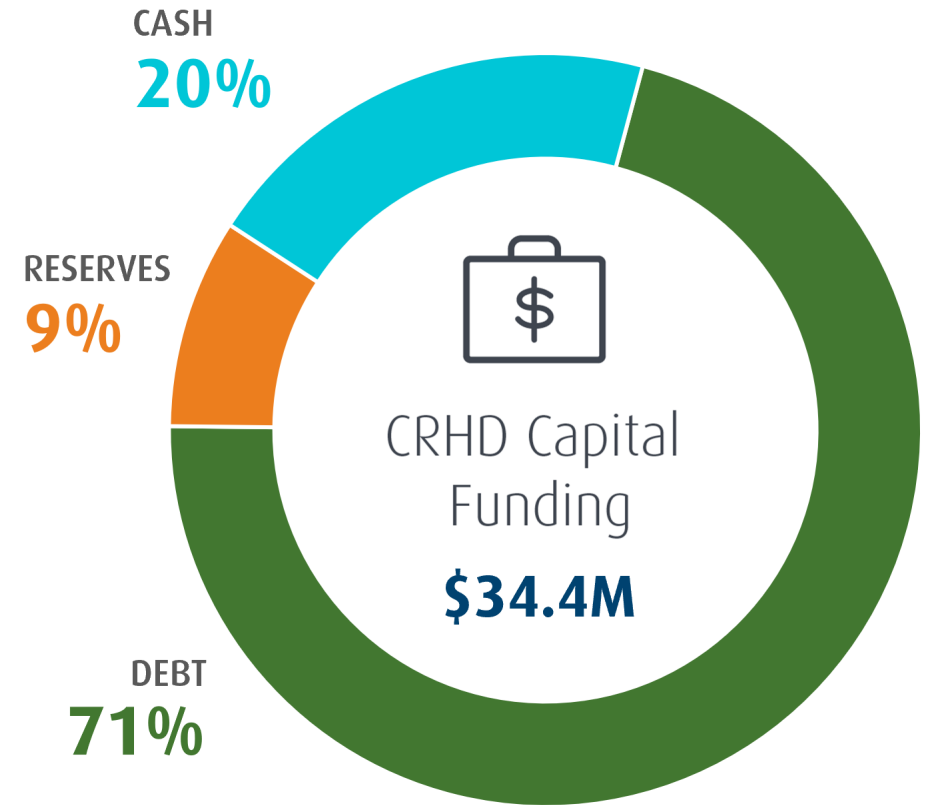


2025 Capital Budget

WHERE THE MONEY GOES

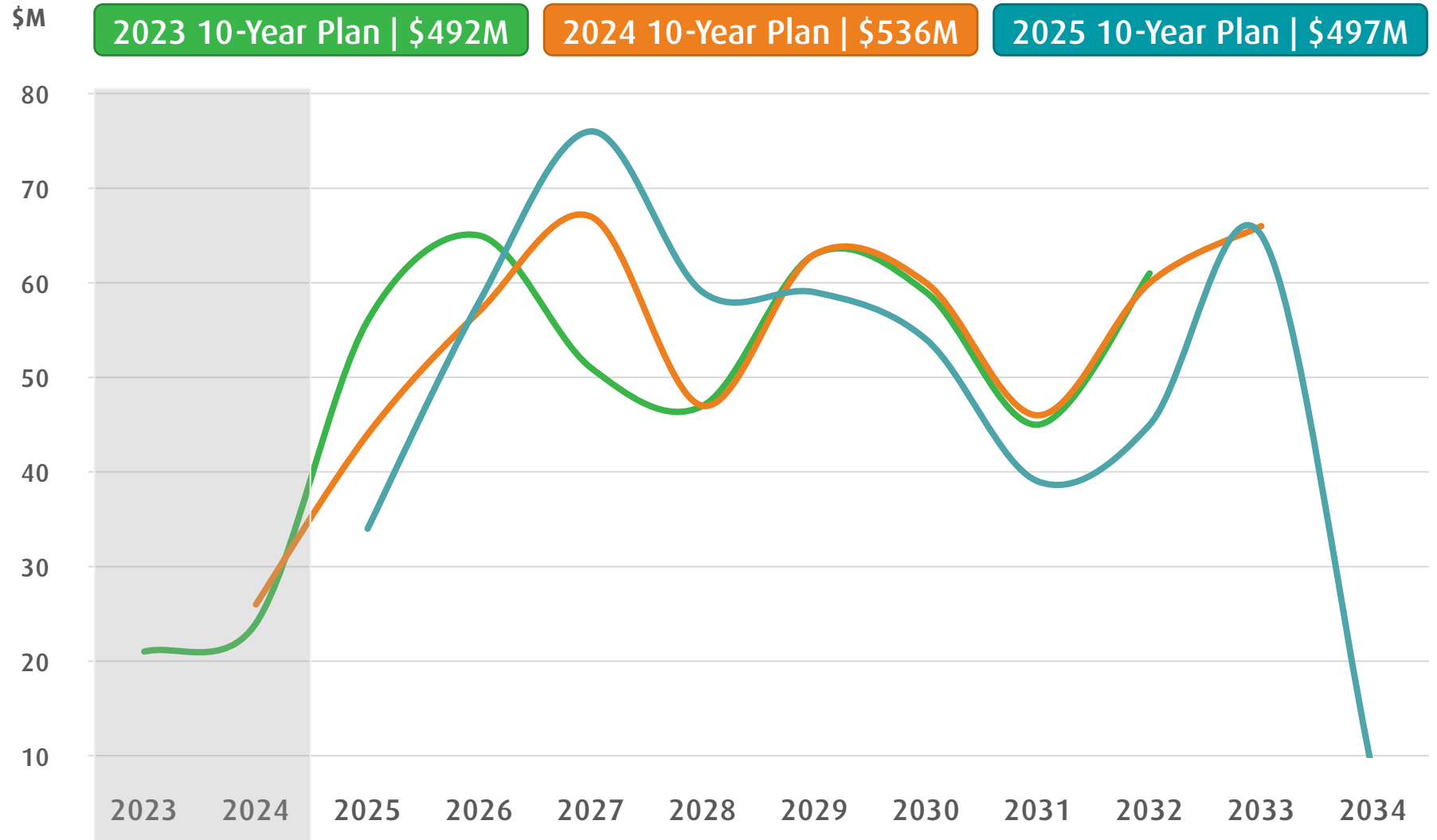


WHERE THE MONEY COMES FROM



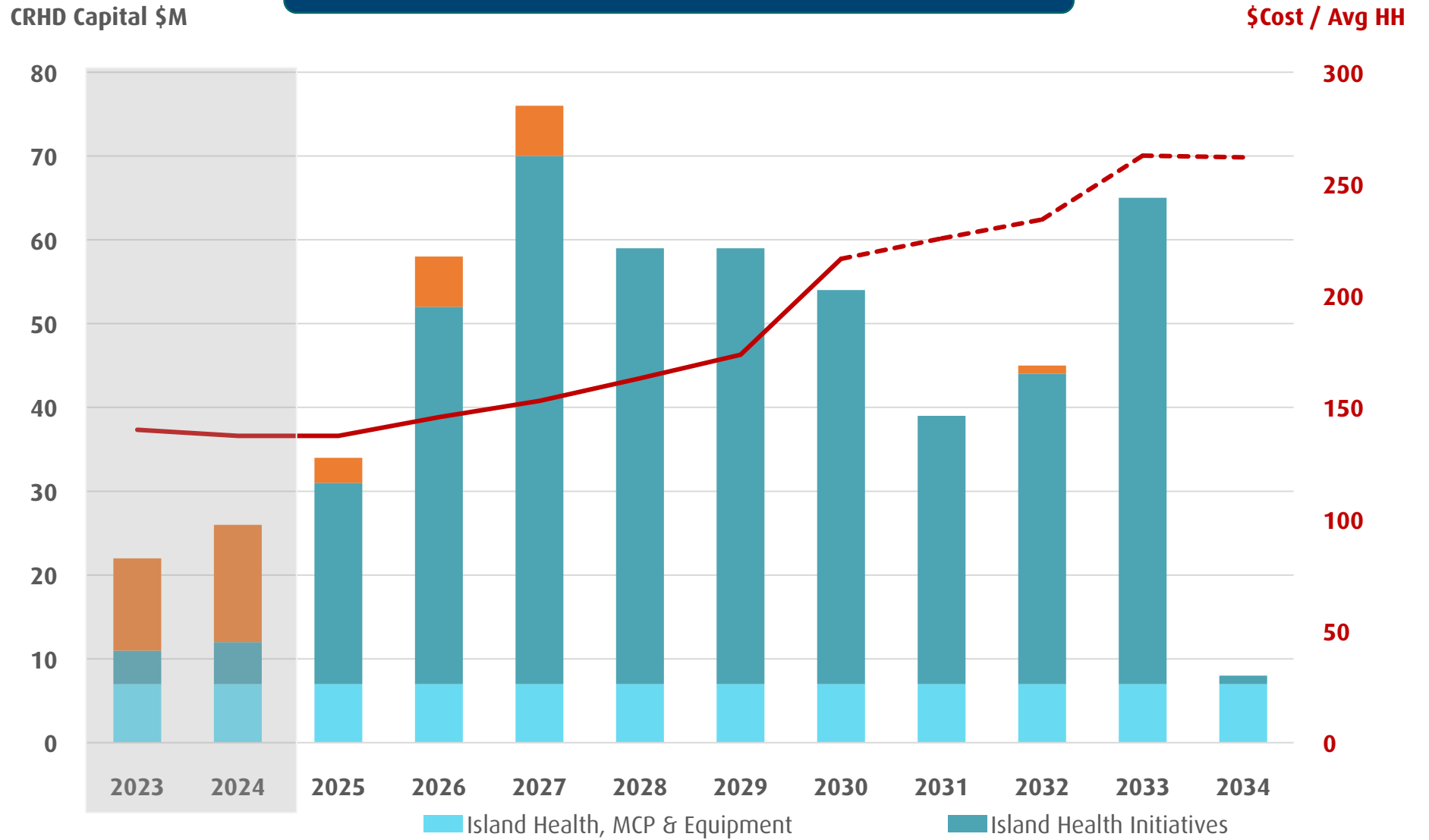
Island Health 10-Year Capital Plan

COMPARISON OF ANNUAL ISLAND HEALTH 10-YEAR CAPITAL PLANS



CRHD 10-Year Forecast

CRHD COST SHARE | 10-YEAR CAPITAL PLAN





Thank you



@crdvictoria



Capital Regional District



CRDVictoria



crd.bc.ca

APPENDIX A

**CAPITAL REGIONAL HOSPITAL DISTRICT
2025 PROVISIONAL BUDGET**

	2024 BOARD BUDGET	2024 ESTIMATED ACTUALS	2024 VARIANCE \$	2025 ANNUAL BUDGET	BUDGET VARIANCE
<u>REVENUE</u>					
Tax Requisition Total	26,462,903	26,462,903	-	26,463,302	399
Payments in Lieu of Taxes	670,321	670,633	312	670,321	-
Lease and Other Property Revenue	4,602,328	4,953,271	350,943	4,607,766	5,438
Debt Reserve Fund Recovery	878,000	923,259	45,259	417,683	(460,317)
Interest Earnings	250,000	302,620	52,620	250,000	-
Surplus Minor Capital Projects Expiry	-	5,136	5,136	-	-
Surplus Previous Year	131,187	131,187	-	-	(131,187)
Transfer From Reserve	553,647	153,784	(399,863)	583,300	29,653
TOTAL REVENUE	33,548,386	33,602,793	54,407	32,992,372	(556,014)
<u>EXPENDITURES</u>					
Debt Servicing	17,537,482	17,386,294	(151,188)	14,383,337	(3,154,145)
Capital Equipment Grants	2,955,000	2,955,000	-	2,955,000	-
Administration	1,150,748	1,223,592	72,844	1,202,156	51,408
Studies	550,000	15,526	(534,474)	300,000	(250,000)
Property Management	501,204	414,060	(87,144)	513,927	12,723
Total Expense	22,694,434	21,994,472	(699,962)	19,354,420	(3,340,014)
<u>Transfer to Reserve</u>					
Transfer to Minor Capital Projects Reserve	3,750,000	3,750,000	-	3,750,000	-
Transfer to Debt Management Reserve	6,640,000	6,640,000	-	9,424,000	2,784,000
Transfer to Land Holdings Management Reserve	200,000	200,000	-	200,000	-
Transfer to Summit Management Reserve	263,952	263,952	-	263,952	-
Total Transfer to Reserve	10,853,952	10,853,952	-	13,637,952	2,784,000
TOTAL EXPENDITURES	33,548,386	32,848,424	(699,962)	32,992,372	(556,014)
Total Net Surplus (Deficit)	-	754,369	754,369	-	-
Requisition change over prior year \$, increase/(decrease)	351			399	
Requisition change over prior year %, increase/(decrease)	0.0%			0.0%	

APPENDIX B

**CAPITAL REGIONAL HOSPITAL DISTRICT
2025 - 2029 FUTURE BUDGET PROJECTIONS**

	2025 ANNUAL BUDGET	2026 BUDGET	2027 BUDGET	2028 BUDGET	2029 BUDGET
REVENUE					
Tax Requisition Total	26,463,302	28,067,124	29,475,040	31,424,581	33,462,867
Payments in Lieu of Taxes	670,321	670,321	670,321	670,321	670,321
Lease and Other Property Revenue	4,607,766	4,533,632	4,532,441	4,536,326	4,540,289
Debt Reserve Fund Recovery	417,683	78,167	215,576	130,860	82,973
Interest Earnings	250,000	250,000	250,000	250,000	250,000
Transfer From Reserve	583,300	438,000	450,000	339,000	2,300,000
TOTAL REVENUE	32,992,372	34,037,244	35,593,378	37,351,088	41,306,450
EXPENDITURES					
Debt Servicing	14,383,337	16,246,491	26,464,704	28,601,344	32,562,346
Capital Equipment Grants	2,955,000	2,955,000	2,955,000	2,955,000	2,955,000
Administration	1,202,156	1,269,187	1,307,156	1,223,175	1,212,383
Studies	300,000	300,000	300,000	300,000	300,000
Property Management	513,927	249,654	252,566	257,617	262,769
Total Expense	19,354,420	21,020,332	31,279,426	33,337,136	37,292,498
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	9,424,000	9,000,000	300,000	-	-
Transfer to Land Holdings Management Reserve	200,000	2,960	-	-	-
Transfer to Summit Management Reserve	263,952	263,952	263,952	263,952	263,952
Total Transfer to Reserve	13,637,952	13,016,912	4,313,952	4,013,952	4,013,952
TOTAL EXPENDITURES	32,992,372	34,037,244	35,593,378	37,351,088	41,306,450
Requisition change over prior year, \$ increase/(decrease)	399	1,603,822	1,407,916	1,949,541	2,038,286
Requisition change over prior year, % increase/(decrease)	0.0%	6.1%	5.0%	6.6%	6.5%
Tax impact on 2024 average residence (\$1,102,040)	137.29	145.61	152.91	163.03	173.60
Tax impact on \$100,000 of 2024 completed assessments	12.46	13.21	13.88	14.79	15.75
Tax requisition, increase/(decrease)	0.0%	6.1%	5.0%	6.6%	6.5%

APPENDIX C

CAPITAL REGIONAL HOSPITAL DISTRICT 2025 CAPITAL EXPENDITURES

Capital Borrowing Bylaw #	Project Description	Cost Share %	CRHD Share of Project Budget	2025 Funding
<u>Island Health Initiatives</u>				
189	Medical Device Reprocessing Department Expansion	30%	1,272,000	1,122,000
191	New Long Term Care (306 beds)	30%	67,108,200	13,364,850
192	MRI Scanner replacement	30%	600,000	150,000
TBD	High Acuity Unit	30%	5,756,400	1,256,400
193	Elevator Refurbishment	30%	616,715	410,511
TBD	Energy Centre Replacement	30%	15,000,000	3,250,500
TBD	Pembroke Mental Health Substance Use Center	30%	6,600,000	2,250,000
TBD	Child Youth Mental Health Stabilization Unit	30%	5,400,000	900,000
196	VGH High Performance Controls Upgrade	30%	1,110,992	499,946
197	RJH DT Controls Upgrade	30%	1,078,376	572,026
TBD	Oak Bay Lodge Redevelopment ¹	30%	90,000,000	450,000
TBD	Hospice Replacement ¹	30%	6,000,000	75,000
			200,542,683	24,301,233
<u>CRHD Initiatives</u>				
160	Summit Scheduled Capital Replacements	100%	2,409,202	200,000
TBD	950 Kings Redevelopment	100%	15,000,000	3,000,000
194	Summit Fire Suppression System Remediation	100%	900,000	150,000
			18,309,202	3,350,000
Capital Expenditure Bylaw#	Project Description	Cost Share %	Total CRHD Share	2025 Funding
TBD	Sec 20 - 2024 Minor Capital Projects	40%	3,750,000	3,750,000
TBD	Sec 20 - 2024 Capital Equipment Projects	100%	2,955,000	2,955,000
			6,705,000	6,705,000
Total 2025 Capital Expenditures			225,556,885	34,356,233

¹New to the Capital Plan in 2025

APPENDIX D

**CAPITAL REGIONAL HOSPITAL DISTRICT
RESERVE SCHEDULE 2025 - 2029***

	Budget Year					
	2024 Estimated	2025	2026	2027	2028	2029
OPERATING:						
Administration & Feasibility Studies Reserve - to be spent on future studies or special projects						
Beginning Balance	1,983,030	1,983,030	1,588,030	1,150,030	700,030	361,030
Transfer from Operating	-	-	-	-	-	-
Transfer to Operating	-	(395,000)	(438,000)	(450,000)	(339,000)	(300,000)
	1,983,030	1,588,030	1,150,030	700,030	361,030	61,030
CAPITAL GRANTS:						
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	6,992,945	7,340,720	7,168,602	6,329,961	4,820,590	4,000,000
Transfer from Operating	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Transfer to Operating	(5,136)	-	-	-	-	-
Capital Grant Paid to Island Health	(3,397,089)	(3,922,118)	(4,588,641)	(5,259,371)	(4,570,590)	(3,750,000)
	7,340,720	7,168,602	6,329,961	4,820,590	4,000,000	4,000,000
CRHD CAPITAL:						
Land Holdings Management Reserve - CRHD properties: 950 Kings, Oak Bay Lodge, Royal Bay, The Summit						
Beginning Balance	1,662,088	1,811,339	1,914,191	2,001,526	2,087,842	2,176,575
Transfer from Operating	200,000	200,000	-	-	-	-
Interest Earnings	103,035	91,152	87,335	86,316	88,733	80,261
Transfer to Operating	(153,784)	(188,300)	-	-	-	-
	1,811,339	1,914,191	2,001,526	2,087,842	2,176,575	2,256,836
Summit Management Reserve						
Beginning Balance	1,332,941	1,693,208	1,845,018	1,996,067	2,138,155	2,295,697
Transfer from Operating - lifecycle contribution	263,952	263,952	263,952	263,952	263,952	263,952
Interest Earnings	96,315	87,858	87,097	88,396	93,590	87,012
Transfer to Capital	-	(200,000)	(200,000)	(210,260)	(200,000)	(200,000)
	1,693,208	1,845,018	1,996,067	2,138,155	2,295,697	2,446,661
Regional Housing First Program Reserve - new program under development						
Beginning Balance	10,383,057	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-
Interest Earnings	521,872	-	-	-	-	-
Capital Grant Paid	(10,000,000)	-	-	-	-	-
Transfer to Debt Management Reserve	(904,929)	-	-	-	-	-
	-	-	-	-	-	-
FINANCING:						
Debt Management Reserve - to mitigate future debt costs						
Beginning Balance	7,193,643	16,965,913	24,559,409	28,816,807	24,113,719	18,622,927
Transfer from Operating	7,394,369	9,424,000	9,000,000	300,000	-	-
Transfer from Operating - Surplus	754,369	-	-	-	-	-
Transfer from Regional Housing First Program Reserve	904,929	-	-	-	-	-
Interest Earnings	913,603	1,169,496	1,257,398	996,912	759,208	612,970
Transfer to Capital	(195,000)	(3,000,000)	(6,000,000)	(6,000,000)	(6,250,000)	-
Transfer to Operating	-	-	-	-	-	(2,000,000)
	16,965,913	24,559,409	28,816,807	24,113,719	18,622,927	17,235,897
TOTAL	30,849,085	38,130,124	41,349,265	34,915,210	28,511,103	27,055,298

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