

**REPORT TO THE  
PLANNING, TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE  
MEETING OF WEDNESDAY, OCTOBER 24, 2012**

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**SUBJECT**     **2013 Capital Regional Hospital District *Provisional Budget***

**ISSUE**

Approval of the 2013 Capital Regional Hospital District (CRHD) *Provisional Budget*.

**BACKGROUND**

The *Hospital District Act* requires the CRHD 2013 *Provisional Budget* for the coming fiscal year be adopted by the Board on or before December 31, 2012. The Budget consists of debt service charges on funds borrowed for capital projects, Section 20(3) grants for medical equipment and non-traditional projects, and the administration budget for CRHD functions performed by the Health and Capital Planning Strategies Division.

**ALTERNATIVES**

1. Approve the 2013 Capital Regional Hospital District *Provisional Budget* as submitted; or,
2. Refer the 2013 Capital Regional Hospital District *Provisional Budget* back to staff for further analysis.

**BUDGET FINANCIAL IMPLICATIONS**

The 2013 *Provisional Budget* summary is found in Schedule A, which also shows the 2014-2017 Future Budget Projections. Schedule B presents a summary of planned CRHD 2013 capital expenditures. The Budget consists primarily of the following components:

*Debt Servicing:*

This represents principal and interest payments for Board-approved projects. The CRHD 10-year Capital Plan and related approved capital bylaws are the basis of the future debt servicing projections. As noted in the CRHD 2013-2022 Ten Year Capital Plan, staff recommends transitioning from debt servicing to expensing all minor capital expenditures by 2016.

*Section 20(3) Equipment & Planning/Research:*

Section 20(3) of the *Hospital District Act* enables the Regional Hospital District to grant aid to hospitals and designated health care facilities for diagnostic and medical equipment purchases. The District also retains an amount under this category for divisional activities including research and studies. The Section 20(3) allocation proposes the same level of funding as 2012 which provides a maximum of \$3.075 M.

*Administration Expenditures:*

The 2013 CRHD portion of the budget for the Health and Capital Planning Division is \$524,890. This budget includes a reallocation of Administrative Services costs as well as staff support costs. These costs are incorporated into the CRHD overall tax requisition. This increase is being absorbed into the 2013 overall budget within the proposed 2% tax requisition increase.

*Non-Traditional Projects Allocation:*

As noted in the CRHD 2013-2022 Capital Plan, the 2013 Budget continues to include an allocation of \$1 M for Non-Traditional Projects (NTPs). This requisition is used to fund community initiatives, a combination of priority projects in the Region or paying down outstanding CRHD debt obligations.

*Tax Requisition:*

The 2013 CRHD tax requisition is estimated to be \$28.284 M, which is a 2% increase over the 2012 requisition but a decrease over the projected requisition presented in the 2012 capital plan. For 2013, the tax impact on average household (2012 assessment \$540,164) will be \$159.53.

Table 1 compares the forecasted tax impact on assessed residential value from 2009 when the CRHD began to incur the cost of two major hospital projects.<sup>1</sup>

**Table 1: Tax Requisition Implications**

Budget Year	Residential Assessment	2012	2013	2014	2015	2016	2017
2009 <sup>a</sup>	\$521,818	187.37	202.61	n/a	n/a	n/a	
2010 <sup>a</sup>	\$529,519	169.47	179.66	187.75	n/a	n/a	
2011 <sup>a</sup>	\$550,219	168.77	186.21	193.42	198.21	n/a	
2012 <sup>a</sup>	\$541,219	156.15	161.85	171.95	179.14	185.67	
2013 <sup>b</sup>	\$540,164	n/a	159.53	163.44	171.00	177.46	183.94

<sup>a</sup>Final Budget

<sup>b</sup>Provisional Budget

*2013 Capital Plan Projections:*

The 2008 Funding Options Review recommendations have helped lower the forecasted tax requisition peak. The 2008 Ten Year Capital Plan projected a peak of \$254.31 in 2018. However, since the implementation of the new funding framework the projected peak has been declining. The revised 2012 Capital Plan (which included the addition of the Mt. View Heights and Oak Bay Lodge projects) projected a peak requisition of \$195.93 in 2017. The 2013 Capital Plan further reduced the tax requisition to a peak of \$184.33 in 2017. Overall, the anticipated growth in requisitions continues to be less than previous forecasts.

**CONCLUSION**

The 2013 CRHD *Provisional Budget* must be adopted on or before December 1, 2012. The 2013 Budget presents the anticipated administrative costs of the Hospital District and a reasonable reflection of the actual costs for Board approved and future year capital projects. Overall, the Budget reflects increased balance, discipline and reduction in the future tax requisition. The 2013 CRHD *Provisional Budget* expenditures are in line with the prior year's 2012 Budget five-year forecast. The overall budget proposes an increase of 2%. Alternative 1 is recommended.

<sup>1</sup> R/JH Patient Care Centre and VGH Emergency Redevelopment

**RECOMMENDATION:**

That the Planning, Transportation and Protective Services Committee recommends that the Capital Regional Hospital District Board:

1. Approve the 2013 Capital Regional Hospital District *Provisional Budget* as submitted.

**\*\*Original Signed\*\***

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Maurice Rachwalski,  
Senior Manager  
Health and Capital Planning Strategies

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Robert Lapham, MCIP  
General Manager,  
Planning and Protective Services  
Concurrence

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Kelly Daniels  
Chief Administrative Officer  
Concurrence

MR: cln

Attachments: 3

- A. CRHD 2013 Provisional Budget
- B. CRHD 2013-2017 Future Budget Projects
- C. CRHD 2013 Capital Expenditures