

**REPORT TO PLANNING TRANSPORTATION AND PROTECTIVE SERVICES COMMITTEE  
MEETING OF WEDNESDAY, OCTOBER 23, 2013**

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**SUBJECT     2014 CAPITAL REGIONAL HOSPITAL DISTRICT PROVISIONAL BUDGET**

**ISSUE**

Approval of the 2014 Capital Regional Hospital District (CRHD) *Provisional Budget*.

**BACKGROUND**

The *Hospital District Act* requires the CRHD 2014 *Provisional Budget* for the coming fiscal year to be adopted by the Board on or before December 31, 2013. The Budget consist of debt services 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**

That the Planning Transportation and Protective Services Committee recommend the Capital Regional Hospital District Board:

1. Approve the 2014 Capital Regional Hospital District *Provisional Budget* as submitted; or,
2. Refer the 2014 Capital Regional Hospital District *Provisional Budget* back to staff for revision.

**IMPLICATIONS**

The 2014 *Provisional Budget* summary and its comparison to the 2013 Budget are found in Schedule A. Schedule B shows the 2014-2018 Future Budget Projections and Schedule C presents a summary of planned CRHD 2014 capital expenditures. The Budget consists primarily of the following components:

*2013 Surplus:*

It is proposed that a projected 2013 surplus carry forward of \$1,189,620 be applied in 2013 towards anticipated debt obligations of acquiring land for CRHD purposes. Previously, the CRHD has used operating surpluses to fund land purchase debt obligation such as the acquisition and development costs of the Mt. View Heights site.

*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 future debt servicing cost projections. As approved by the CRHD Board in 2012, the CRHD is transitioning from debt servicing to expensing all minor capital expenditures by 2016.

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

The *Hospital District Act* (Section 20(3)) enables Regional Hospital Districts 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 such as healthcare related research and studies. The \$3.075M proposed for 2014 Section 20(3) expenditures is the same level of funding as 2013.

*Administration Expenditures:*

The 2014 CRHD portion of the budget for the Health and Capital Planning Division is \$549,250, made up of Division staff and support costs, and Corporate Services and Human Resource allocations. The 4.6% increase from 2013 is largely made up of the addition of the CRHD auditors' fee of \$15,000, previously supported in another CRD budget area.

*Non-Traditional Projects Allocation:*

As noted in the CRHD 2014-2023 Capital Plan, the 2014 Budget continues to include an allocation of \$1M for Non-Traditional Projects (NTP). This requisition is used to fund community initiatives, a combination of priority projects in the Region or paying down outstanding CRHD debt obligations. It is recommended that the types of projects eligible for NTP funding include non-profit supportive housing projects for persons who are homeless or at risk of homelessness that meet the NTP guidelines established by the Board in 2012.

*Tax Requisition*

The 2014 CRHD tax requisition is estimated at \$28.847M which is a 2% increase over the 2013 requisition but a decrease over the projected requisition in the 2013-2015 three-year Budget. For 2014, the tax impact on average household (2013 assessment \$522,264) will be \$159.68. The 2014-2023 Capital Plan anticipates a peak requisition of \$186.71 in 2020.

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:

Table 1: Tax Requisition Implications

Budget Year	Residential Assessment	2013	2014	2015	2016	2017	2018
2009 <sup>a</sup>	\$521,818	202.61	n/a	n/a	n/a		
2010 <sup>a</sup>	\$529,519	179.66	187.75	n/a	n/a		
2011 <sup>a</sup>	\$550,219	186.21	193.42	198.21	n/a		
2012 <sup>a</sup>	\$541,219	161.85	171.95	179.14	185.67	n/a	
2013 <sup>a</sup>	\$523,386	156.36	160.18	167.60	173.92	180.28	n/a
2014 <sup>b</sup>	\$522,264	n/a	159.68	166.81	173.33	183.97	182.64

<sup>a</sup>Final Budget

<sup>b</sup>Provisional Budget

**SUMMARY**

The 2014 CRHD *Provisional Budget* must be adopted on or before December 31, 2013. The 2014 Budget presents the 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 2014 CRHD *Provisional Budget* expenditures are in line with the prior year's 2013 Budget five-year forecast. The overall budget proposes an increase of 2%. Alternative One is recommended.

**RECOMMENDATION:**

That the Planning Transportation and Protective Services Committee recommend to the Capital Regional District Board:

1. Approve the 2014 Capital Regional Hospital District *Provisional Budget* as submitted.

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

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Maurice Rachwalski, PhD  
Acting General Manager  
Planning and Protective Services

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Robert Lapham, MCIP, RPP  
Chief Administrative Officer  
Concurrence

MR/cln

Attachment(s): 3

- A. CRHD 2014 Provisional Budget
- B. CRHD 2014-2018 Future Budget Projections
- C. CRHD 2014 Capital Expenditures