



Capital Regional Hospital District

**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD  
MEETING OF WEDNESDAY, MARCH 11, 2026**

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**SUBJECT**     **Capital Regional Hospital District Bylaw No. 432 Annual Budget 2026**

**ISSUE SUMMARY**

This report summarizes the final updates to the 2026 annual budget, and requests approval of Bylaw No. 432 for the Capital Regional Hospital District (CRHD) budget.

**BACKGROUND**

On October 29, 2025, the CRHD Board approved the 2026 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, 2026.

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, 2026, a requisition outlining the amount required from that municipality for the calendar year.

The 2026 Annual Budget Bylaw, CRHD Bylaw No. 432, is included as Appendix A.

**ALTERNATIVES**

*Alternative 1*

1. That Bylaw No. 432, “Annual Budget Bylaw, 2026”, be introduced and read a first, second and third time; and
2. That Bylaw No. 432 be adopted.

*Alternative 2*

1. That Bylaw No. 432, “Annual Budget Bylaw, 2026”, be introduced and read a first and second time;
2. That Bylaw No. 432 be amended as directed;
3. That Bylaw No. 432 be read a third time; and
4. That Bylaw No. 432 be adopted.

**IMPLICATIONS**

*Financial Implications*

Bylaw No. 432 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	2026 Final	2025 Final	\$ Change	% Change
Requisition (\$ millions)	\$26.5	\$26.5	-	-
Cost / Average Household	\$133.73	\$134.33	(\$0.60)	(0.4%)
Average Residential Assessment*	\$1,095,711	\$1,089,507	\$6,204	0.6%

\*Data provided by BC Assessment

The final 2026 CRHD requisition is \$26.5 million, unchanged from 2025. No increase is required for 2026 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 2027 through 2030.

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 \$0.60 or (0.4%).

CRHD Bylaw No. 432 includes Schedule A, reflecting changes over the prior year. For further details on future budget projections, refer to Appendix C: 2026–2030 Future Budget Projections.

**Final Budget Adjustments**

Since provisional approval, the budget has been revised for 2025 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.

**Expenditures**

The 2026 Final Budget includes \$32.7 million in total expenditures, a decrease of \$0.1 million or (0.6%) 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	2026 Final	2026 Provisional	\$ Change	% Change
Debt Servicing	12.2	12.2	-	-
Capital Equipment Grants	3.0	3.0	-	-
Operations	2.0	2.0	-	-
Transfers to Reserves	15.5	15.6	(\$0.1)	(0.6%)
<b>Total</b>	<b>\$32.7</b>	<b>\$32.8</b>	<b>(\$0.1)</b>	<b>(0.3%)</b>

The 2026 Debt Servicing is \$12.2 million, representing no change from the provisional budget. This reflects as-expected capital activity in late 2025, with a total of \$7.5 million in spending funded across 2025 and 2026 from the Debt Management Reserve (DMR).

The 2026 Transfers to Reserves total \$15.5 million, a decrease of \$0.1 million or (0.6%) from the provisional budget. The decrease supports a lower contribution to the DMR to help offset a reduction in PILT payments received.

CRHD Bylaw No. 432 includes Schedule B, outlining estimated 2026 capital expenditures and the associated cost sharing commitment.

**Revenues**

The 2026 Final Budget includes \$32.7 million in total revenue, a decrease 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	2026 Final	2026 Provisional	\$ Change	% Change
Requisition	26.5	26.5	-	-
PILT	0.7	0.8	(0.1)	(12.5%)
Lease and Other Property Revenue	4.6	4.6	-	-
Other Revenue	0.3	0.3	-	-
Transfer from Reserve	0.6	0.6	-	-
<b>Total</b>	<b>\$32.7</b>	<b>\$32.8</b>	<b>\$(0.1)</b>	<b>(0.3%)</b>

The change in total operating revenue from provisional to final is driven by a decrease 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 \$0.60 or (0.4%). This is a result of assessment growth of 0.1% and folio growth of 0.1% 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 2026 opening reserve balances between the provisional and final budgets for all active reserves.

**Table 4: Changes in Reserves (\$ millions)**

Description	2026 Opening Balance at Final	2026 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	4.4	5.3	\$(0.9)	(17.0%)
Land Holdings Management Reserve	2.1	2.1	-	-
Summit Management Reserve	1.9	1.9	-	-
RHFP* Program Reserve	-	-	-	-
Debt Management Reserve	27.1	23.0	\$4.1	17.8%
<b>Total</b>	<b>\$38.6</b>	<b>\$35.4</b>	<b>\$3.2</b>	<b>9.0%</b>

*\*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.*

The Minor Capital Project Reserve decreased by \$0.9 million or (17.0%) due to accelerated timing of Island Health spending on eligible projects.

The Debt Management Reserve showed a net increase of \$4.1 million or 17.8% due to reduced 2025 capital activity.

For future reserve projections based on these revised opening balances, refer to Appendix D: Reserve Schedule 2026-2030.

**CONCLUSION**

The CRHD Board is required to adopt an annual budget bylaw each year by March 31. The attached bylaw incorporates the 2026 annual budget, which received provisional approval from the Board on October 29, 2025. The budget has been prepared in accordance with Board decisions and committee direction. Staff recommends approval of the Annual Budget Bylaw, 2026, as presented.

**RECOMMENDATION**

1. That Bylaw No. 432, “Annual Budget Bylaw, 2026”, be introduced and read a first, second and third time; and
2. That Bylaw No. 432 be adopted.

Submitted by:	Varinia Somosan, CPA, CGA, Acting Chief Financial Officer & General Manager, Finance & Technology
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**ATTACHMENTS**

- Appendix A: Capital Regional Hospital District Bylaw No. 432, “Annual Budget Bylaw, 2026” inclusive of Schedules A and B
- Appendix B: Capital Regional Hospital District 2026 Provisional to Final Budget Comparison
- Appendix C: Capital Regional Hospital District 2026-2030 Future Budget Projections
- Appendix D: Capital Regional Hospital District Reserve Schedule 2026-2030
- Presentation: 2026 Final Budget Capital Regional Hospital District