



# REPORT

To: Peace River Regional Hospital District Board

Report Number: FN-RHD-037

From: Financial Administration

Date: February 20, 2025

**Subject: Peace River Regional Hospital District Annual Budget Bylaw No. 215, 2025**

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## **RECOMMENDATION #1: [Corporate Weighted]**

That the Peace River Regional Hospital District Board give Peace River Regional Hospital District Annual Budget Bylaw No. 215, 2025 first, second and third reading.

## **RECOMMENDATION #2: [Corporate Weighted 2/3 Majority]**

That the Peace River Regional Hospital District Board adopt Peace River Regional Hospital District Annual Budget Bylaw No. 215, 2025.

## **BACKGROUND/RATIONALE:**

Section 23 of the Hospital District Act states “on or before March 31<sup>st</sup> in each year, the Board must adopt, by bylaw, the annual budget of the Board.”

The following changes have been made since the Provisional Budget was adopted on December 6, 2024:

- Carry forward projects decreased from \$2,199,192 to \$1,555,498; a decrease of \$643,694 as there were additional 2024 invoices received after the Provision Budget was adopted.
- Annual equipment and major projects grant increased from \$3,629,240 to \$5,192,920 due to an additional \$2 million project and adjustments to project budgets from Northern Health.
- An increase in Transfer from Unappropriated Surplus from \$1.4 million to \$3 million to fund the increase in ‘Annual equipment and major projects grant’ amount. Surplus is only transferred if necessary. Draft unappropriated surplus balance at year end 2024 is \$3,883,121.

## **ALTERNATIVE OPTIONS:**

1. That the Peace River Regional Hospital District Board provide further direction in regard to amendments to the PRRHD Annual budget, and that the amended bylaw be brought forward for consideration of three readings and adoption at the March 6, 2025 Regional Hospital District Board meeting.
2. That the Peace River Regional Hospital District Board provide further direction.

## **FINANCIAL CONSIDERATION(S):**

The proposed budget for the 2025 Peace River Regional Hospital District is \$195,488,088, up \$171,104,590 from \$24,383,498 in 2024. The increase is due to \$167,615,074 increase in budget for the new Dawson Creek Hospital in 2025. Although the entire amount may not be needed in 2025, it is included to be safe and does not affect requisition as the project is funded from capital reserves. The

budget also increased due to an increase of over \$2 million in new capital projects. These projects have not yet been approved by Northern Health or by this Board.

The 2025 total requisition is budgeted to increase \$1,339,516 or 6% from \$22,315,743 in 2024 to \$23,992,003 in 2025. The increase in requisition results in a tax rate decrease per \$100,000 of residential assessment from \$57.44 in 2024 to \$57.16 in 2025.

At year end 2024 and prior to the 2024 audit, the PRRHD had two reserves and two surplus accounts with the following balances:

- Future Capital Reserve - \$150,979,035
- Old FSJ Hospital Debenture Reserve - \$2,552,509
- Appropriated Surplus – Northern Health Future Requests - \$1,456,139
- Unappropriated Surplus - \$3,883,121

On June 8, 2023, the Regional Hospital Board passed the following resolution:

*MOVED, SECONDED and CARRIED,  
That the Peace River Regional Hospital District Board increase the additional percentage of the funding commitment for the Dawson Creek Hospital Project from 27% to 30% to a maximum of \$177M, based on the total project costs from the June 2023 estimate of \$590M; further, that the Peace River Regional Hospital District contribution be paid upon depletion/expenditure of Provincial funding for the project, and not before August 1, 2025.*

The Future Capital Reserve is currently being used for the Dawson Creek Hospital Project. 2025 budget will add \$18 million to this reserve, bringing the total to \$168,979,035. Total commitment to this project is \$177 million with \$9,384,926 paid to date, leaving \$167,615,074 still owing.

The Old FSJ Hospital Debenture Reserve has been used in the past to pay the FSJ Hospital Redevelopment loan payments. As that loan was paid off in 2024, the balance of that reserve could be used to offset future FSJ Hospital Replacement loan payments. As MFA loans are refinanced every 5 years following the initial ten-year period, this loan is going to be refinanced at the end of 2025. At a current long-term interest rate of 3.14%, this could mean an additional \$1.6 million in interest payments each year until the loan resets again in 2030.

The Transfer from Appropriated Surplus Reserve has been used in the past to offset amounts over \$1.5 million in the Annual Equipment and Major Projects line item of the budget. In 2025, \$900,000 is budgeted to be used from this reserve. The Transfer from Appropriated Surplus and Transfer from Unappropriated Surplus are only used if necessary. The budget includes all potential projects, but not all projects are completed within the year. Therefore, in most years these amounts are not needed.

The PRRHD had one long-term loan at year end 2024:

Project	Term	Balance Outstanding	Original Amount	Annual Pmts	FINAL PMT
FSJ Hospital Replacement	27	51,175,328	84,349,594	3,094,597	2037

On December 6, 2024, the Regional Hospital Board passed the following resolution:

*MOVED, SECONDED and CARRIED,*

*That the Peace River Regional Hospital District Board request staff to bring forward a report that recognizes new capital versus what has already been committed to capital with potential options of savings.*

The following is a list of the carry forward projects included in the 2025 budget. This is capital that has already been committed.

<b>CARRY FORWARD PROJECTS</b>		
<b>Equipment &gt; \$100,000</b>		
CGH Nurse Call Replacement	32,260	
DCH Patient Monitoring System	281,318	
FSH Phone System	101,901	
FSH Network Replacement	584,400	
DCH DI X-Ray N0010114 Replacement	136,787	
DCH LAB Chemistry Analyze Replacement	154,172	
FSH/MMH Lab Telepathology (NHR Lab Pathology)	236,423	1,527,261
<b>Major Projects &lt; \$5,000,000</b>		
PEA Peace Villa Air Conditioning	28,237	28,237
<b>TOTAL CARRY FORWARD PROJECTS</b>		<b>1,555,498</b>

The following is a breakdown of the Annual Equipment and Major Projects Grant line item in the budget. This is new capital.

<b>NEW PROJECTS</b>	<b>2025</b>	<b>2024</b>
Building Integrity <\$100,000	46,400	46,000
Equipment & Projects <\$100,000	606,800	600,000
Information Technology	129,720	212,566
Equipment > \$100,000	1,645,600	1,208,600
Major Projects < \$5,000,000	764,400	840,000
Major Projects > \$5,000,000	2,000,000	
<b>TOTAL NEW PROJECTS</b>	<b>5,192,920</b>	<b>2,907,166</b>

A potential option for savings would be to pay less than the 40% for capital projects that has been paid in the past.

**COMMUNICATIONS CONSIDERATION(S):**

The Annual Budget Bylaw will be sent to the Province and posted on the PRRD’s website.

**OTHER CONSIDERATION(S):**

History of Regional Hospital Tax Rates

Tax Rates Summary			
	Requisition	Assessed Value	Tax Rate
2017	17,375,703	2,939,047,648	\$ 0.5910
2018	17,658,703	2,987,939,992	\$ 0.5910
2019	18,261,469	3,102,794,033	\$ 0.5885
2020	15,870,707	3,288,759,282	\$ 0.4826
2021	18,101,870	3,234,086,173	\$ 0.5599
2022	19,523,504	3,426,243,597	\$ 0.5698
2023	20,722,317	3,653,870,331	\$ 0.5671
2024	22,315,744	3,885,014,563	\$ 0.5744
2025	23,655,260	4,138,717,667	\$ 0.5716

Attachments:

1. PRRHD Annual Budget Bylaw No. 215, 2025
2. PRRHD 2025 Requisition Details\* (see next page)

\*The attachment titled 'PRRHD 2025 Requisition Details' breaks out the amount of taxes paid by each municipality and electoral area and is included with this report. The requisition amount and tax rate in the attachment are estimates based on the Completed Roll that was released by BC Assessment at the beginning of January 2025. However, actual taxation will differ slightly as it will be based on the Revised Roll that is released by BC Assessment in late March. There is also a 'prior year adjustment' each year that adjusts each area by the difference between what was taxed based on the Revised Roll, and the Final Roll that BC Assessment releases for the prior year in late February or early March.