



**Fraser-Fort George  
REGIONAL HOSPITAL  
DISTRICT**

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**REPORT FOR CONSIDERATION**

TO: Chair and Directors

FROM: Sarah White, General Manager of Financial Services

DATE: November 8, 2024

SUBJECT: Northern Health Funding Contribution Options

SUMMARY: Purpose: For Information

File No.: H-NOR 3.0

Attachments: PowerPoint Presentation (to be provided as an Additional Item)  
Previous Reports: None

**RECOMMENDATION(S):**

THAT the report and presentation dated November 8, 2024 regarding "Northern Health Funding Contribution Options" be received for information.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority

**ISSUE(S):**

During the Fraser-Fort George Regional Hospital District ("RHD") meeting in October 2024, the Board requested Administration to provide a report on the 2025 Budget and provide options for the Board to reduce the total major project and major equipment expenditure and contribution levels, so as to balance the mega contribution the Board has made to the new Patient Care Tower, while still meeting the mandate that the Regional Hospital District Board sets out.

Administration has prepared this report and will provide a presentation that outlines funding contribution options for consideration and allow for an opportunity for Directors to provide feedback on the proposed 2025-2029 budget approach.

**RELEVANT POLICIES:**

- Hospital District Act*, Section 23(1)
  - the Board must prepare and adopt, before a prescribed date in each year, a provisional budget for the following calendar year.
- Hospital District Act*, Section 23(5)
  - on or before March 31st in each year the Board must adopt, by bylaw, the annual budget of the Board.
- Hospital District Act*, Section 32(1) and (2)
  - provides requirement for Hospital District boards to enact capital bylaws to permit the borrowing or spending of money to meet capital expenditures.
- FFGRHD Long-Term Financial Plan 2024 – 2038
  - provides an overview of the future financial impacts that the NHA funding requests will have on the FFGRHD budget and determines a long-term plan for requisition and reserves to meet these funding requests

**FINANCIAL CONSIDERATION(S):**

Each year, the Northern Health Authority ("NHA") provides the Fraser-Fort George Regional Hospital District ("RHD") with a Draft Capital Plan for major projects and equipment proposed for health care facilities within the region.

The Draft Capital Plan provides the RHD an opportunity to consider the NHA's future capital funding needs in preparation for its own budget planning. The NHA's capital funding is typically provided by the Province of British Columbia and any capital plan projects are contingent on Provincial contributions and approval by NHA's Board.

The RHD typically cost shares at the 40% level for major equipment and capital projects over \$100,000 and also provides an annual building integrity grant and minor equipment grant for equipment and projects costing under \$100,000. Cost sharing for information technology or NHA region wide projects are usually subject to a lower contribution request from the RHD.

The FFGRHD received a preliminary funding request from Northern Health on November 4, 2024 outlining projects and anticipated funding for 2025, 2026, 2027 and future years. This list of projects and equipment is subject to change pending NH Board review.

The 2025 proposed RHD funding request includes the following breakdown by type of funding:

<b>Funding Type</b>	<b>2024 Approved Amount</b>	<b>2025 Amount</b>	<b>2026 Amount</b>	<b>2027 Amount</b>	<b>Future Years Amount</b>
Building Integrity	\$100,000	\$100,000	\$100,000	\$100,000	ongoing
Minor Equipment ( < \$100,000)	\$1,100,000	\$1,120,400	\$1,142,808	\$1,165,664	ongoing
Major Projects – Continuation of Prior Year Projects	\$7,189,600	\$6,615,600	\$1,092,400	\$0	\$0
Major Projects – New	\$1,667,897	\$2,527,600	\$6,705,040	\$13,399,200	\$35,607,360
Information Technology	\$391,613	\$206,424	\$201,622	\$220,543	\$350,189
Major Equipment	\$1,571,200	\$3,271,600	\$3,394,160	\$3,237,238	\$2,567,000
<b>Total RHD Funding Request</b>	<b>\$12,020,310</b>	<b>\$13,841,624</b>	<b>\$12,636,030</b>	<b>\$18,122,645</b>	<b>\$38,524,549</b>

This total RHD funding request will shape the RHD's 2025 Annual Budget, along with any outstanding commitments that the RHD has approved to fund NHA for remaining amounts on capital bylaws in place up to December 31, 2024.

These commitments include unspent amounts related to Capital Expenditure Bylaw No. 344, 2023 for the UHNBC Acute Care Tower Early Works and Bylaw No. 352, 2024 for the UHNBC Acute Care Tower Construction as well as other project commitments with approved Bylaws which totaled \$10,920,275 as of October 31, 2024.

<b>NHA Commitments:</b>	<b>2024 Remaining Amount</b>	<b>2025 Amount</b>	<b>2026 Amount</b>	<b>2027 Amount</b>	<b>Future Years Amount</b>
Project Commitments as of October 31, 2024	\$0	\$10,920,275	\$0	\$0	\$0
UHNBC Early Works	\$271,510	\$20,000,000	\$16,888,000	\$0	\$0
UHNBC Acute Care Tower	\$0	\$0	\$0	\$0	\$318,712,000
<b>Total RHD Commitments as of October 31, 2024</b>	<b>\$4,400,000</b>	<b>\$30,920,275</b>	<b>\$16,888,000</b>	<b>\$0</b>	<b>\$318,712,000</b>

## **OTHER CONSIDERATION(S):**

The Fraser-Fort George Regional Hospital District ("RHD") has had a Memorandum of Understanding ("MOU") in place with Northern Health since 2003. The MOU was updated in October 2023 and has been signed for a two-year term ending October 2025. The MOU outlines the following responsibilities:

- NH is responsible for all health care services within the Northern British Columbia region comprising of Northwest, Northeast and Northern Interior Health Service Delivery Areas, and
- The RHDs are responsible, on a voluntary basis, for providing funding based on a cost-shared formula to NH for capital, including equipment and clinical information technology projects, within their respective service areas in accordance with the *Hospital District Act*.

The 2024 Long-Term Financial Plan utilized anticipated capital grants based on the funding requests received from Northern Health in November 2023. The funding levels determined through the 2025 annual budgeting process will impact the long-term financial plan and potential requisition rates needed to provide funding at anticipated levels. Funding reductions from NH requested amounts may have an impact on healthcare delivery in the region. An updated Long-Term Financial Plan which incorporates updated key assumptions will be presented to the board in late 2025.

The Provisional Budget for 2025-2029 will be presented at the December 2024 meeting for review. A letter from Northern Health which outlines specific projects included for consideration is anticipated to be received and will be presented to the Board in early 2025. The final 2025 budget bylaw is required to be adopted by the Board prior to the end of March 2025.

## DECISION OPTIONS:

1. Approve recommendation to receive the report for information.

### Other Options:

- a. Provide additional feedback on the options presented which will be utilized in the preparation of the provisional and final budgets.

## COMMENTS:

The presentation will cover the following areas:

- Northern Health Memorandum of Understanding
- Northern Health capital planning process
- Capital project types
- Historical FFGRHD capital funding requests
- 2025 and future anticipated capital funding requests
- Funding options for consideration
- Other considerations
- Next steps

With the inclusion of the RHD's contribution to the UHNBC Acute Care Tower project in the long-term financial plans, the RHD is attempting to maintain fiscal sustainability into the future.

Respectfully submitted,

**“Sarah White”**

Sarah White  
General Manager of Financial Services

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