



**Fraser-Fort George
REGIONAL HOSPITAL
DISTRICT**

Main Office: 155 George Street, Prince George, BC V2L 1P8
Telephone: (250) 960-4400 / Fax: (250) 563-7520
Toll Free: 1-800-667-1959 / <http://www.rdffg.bc.ca>

REPORT FOR CONSIDERATION

TO: Chair and Directors

File No.: H-EQU 2.0

FROM: Chris Calder, General Manager of Financial Services

DATE: March 13, 2023

SUBJECT: 2023 Annual Operating Budget Bylaw No. 327, 2023

SUMMARY: Purpose: Consider Adopting Bylaw

Attachments:

1. 2023 Annual Operating Budget Bylaw No. 327, 2023

RECOMMENDATION(S):

1. THAT the report be received.
2. THAT Fraser-Fort George Regional Hospital District 2023 Annual Operating Budget Bylaw No. 327, 2023 be now introduced and read a first time.
3. THAT the rules be suspended and Bylaw No. 327 be given second and third readings.
4. THAT Fraser-Fort George Regional Hospital District 2023 Annual Operating Budget Bylaw No. 327, 2023 be adopted.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority
All Weighted	Majority
All Weighted	Majority
All Weighted	Double Majority

ISSUE(S):

Regional Hospital Districts must adopt an annual budget bylaw by March 31st of each year. At its November 2021 Board meeting, the Fraser-Fort George Regional Hospital District (RHD) Board approved the Fraser-Fort George Regional Hospital District Financial Plan 2022-2036. The 2023 Annual Operating Budget being presented was prepared based on the approved fifteen-year financial plan. The Plan is to be reviewed every two years with the next review being in the fall of this year (2023).

The Board is being asked to consider adoption of the 2023 Annual Operating Budget Bylaw.

RELEVANT POLICIES:

1. *Hospital District Act*
 - on or before March 31st in each year the Board must adopt, by bylaw, the annual budget of the Board.

FINANCIAL CONSIDERATION(S):

The RHD shares the same administrative boundaries as the Regional District of Fraser-Fort George (RDFFG). Property tax requisition is the only significant means of revenue available to regional hospital districts. In 2022, the tax requisition was \$17.8 million dollars which was used for debt servicing costs, administration costs, and direct capital investment in the Northern Health Authority's (NHA) medical equipment acquisition and health care facility infrastructure.

The RHD provides funding to the NHA to assist with the capital investment in health care equipment and facilities. This can include: acquisition of property, renovation, new construction, providing grants for the above mentioned purposes, and applying for and distributing grants provided by the federal government.

Funding commitments can be either direct contributions from a regional hospital district's annual operating budget or it can be by way of borrowing. Typically, the contribution from regional hospital districts is in the order of 40% of the capital expenditure. Unlike local governments, regional hospital districts are able to borrow without requiring electors' approval.

As outlined in the Fraser-Fort George Regional Hospital District Financial Plan 2022-2036, an approximate increase of five cents to the residential uniform tax rate based on the Completed Roll has been included in the 2023 Annual Operating Budget.

DECISION OPTIONS:

1. Approve recommendations.
 - 2023 Annual Operating Budget Bylaw No. 327, 2023 will be adopted.

Other Options:

- a. Postpone consideration of the bylaw if additional information is required:
 - Budget must be adopted by March 31, 2023

COMMENTS:

The 2023 RHD Operating Budget has been developed using a residential uniform tax rate of \$0.7354 per \$1,000 (\$73.54 per \$100,000) of assessed value of the Completed Roll in order to determine the total requisition for 2023. Based on the Completed Roll, the 2023 tax requisition will be \$21,270,000.

Details of the proposed 2023 RHD Operating Budget are noted in the Backgrounder attached to this report.

Respectfully submitted,

“Chris Calder”

Chris Calder
General Manager of Financial Services

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BACKGROUNDER

The following are highlights of the proposed 2023 Annual Operating Budget:

REVENUES:

Tax Requisition	\$ 21,270,000
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This is the amount raised by taxation. The 2023 amount is based on a residential uniform tax rate increase of \$0.05 as outlined in the 2022 – 2036 Financial Plan and will be approximately \$0.7354 per \$1,000 of assessed value of the 2023 Completed Roll.

For 2023, the tax on an average residential home in Prince George valued at \$449,618 is estimated at \$330.65.

Grants in Lieu of Taxes	\$ 40,000
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These are grants in lieu of taxes for Provincial and Federal properties located within the RHD.

Investment Income	\$ 100,000
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Represents the investment income estimated to be earned on the RHD's Reserve Funds during 2023.

Capital Reserve Fund – Transfer From	\$ 11,956,140
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This represents committed funding for projects that already have an approved capital expenditure bylaw.

Committed funding of \$11,956,140 was placed in the Capital Reserve Fund at the end of the previous year and will be utilized to provide sufficient revenue to fund the expenditures included in the 2023 budget.

EXPENDITURES:

Debt	\$ 283,900
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This represents the principal and interest payments to be paid during 2023 for the outstanding long-term debenture debt. The RHD currently has two debenture debt issues outstanding that relate to NHA capital projects funded in previous years with two issues having matured in 2022. The active loans have maturities in 2023 and 2026.

As of December 31, 2022, the RHD's long term debenture debt balance is \$432,936.

Administration Expenditures	\$ 309,230
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Administration expenditures includes an allocation of \$295,000 to be paid to the RDFFG to cover administrative overhead related to staff time, building and boardroom costs, computer support and other RHD related costs paid by the RDFFG.

The balance in this budget line is made up of amounts budgeted for audit and legal services, travel and miscellaneous expenses. This expense is adjusted each year by 2.5% as per the approved 2022 – 2036 Financial Plan.

Directors' Remuneration	\$ 10,950
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Beginning in 2009, as authorized by Bylaw No. 223, an annual indemnity of \$5,000 for the Chair and \$2,500 for the Acting Chair was paid to the Directors in these positions.

These amounts were updated as per Bylaw No. 273, 2019 to \$6,140 for the Chair and \$3,070 for the Acting Chair. As per Bylaw No. 273, this expense is adjusted each year according to the annual change to the average BC CPI from the previous year.

Minor Equipment Grant	\$ 1,093,670
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The RHD provides an annual grant to the NHA for equipment and minor capital projects costing under \$100,000. The grant was \$1,000,000 for 2008 to 2015, then increased to \$1,100,000 in 2016 and was held at \$1,123,000 for 2017, 2018 and 2019 before decreasing to \$1,050,000 for 2020 and 2021. The grant requested is increasing on an inflationary basis from \$1,072,224 in 2022 to \$1,093,670 for 2023.

Building Integrity <\$100,000	\$ 93,200
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The RHD provides an annual grant to the NHA for building integrity projects under \$100,000. The grant is based on the NHA's funding request, which is \$93,200 for 2023.

Treasury Board Major Projects and Equipment	\$ 23,243,710
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This budget line is utilized for larger capital projects and equipment purchases over \$100,000. These projects are usually cost shared with the NHA on a 60:40 cost share basis, with NHA covering the 60% and the RHD covering the 40%.

This budget line includes \$11,956,140 for projects previously approved by the Board and carried forward as commitments as of December 31, 2022, plus \$11,287,565 for projects identified in the NHA's Draft Capital Plan for 2023.

The outstanding nature of various projects previously approved through capital expenditure bylaws by the Board and carried forward to 2023 results in an increase in this budget line from previous years.

Prior to the disbursement of funds related to any individual project or equipment purchase, it must first be approved by adoption of a RHD capital expenditure bylaw.

Capital Reserve Fund – Transfer To	\$ 8,331,480
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In 1999, a reserve was established to deal with unanticipated urgent requests for funding that may be presented during the year and to save for future major capital projects so that financing options would not have to be used.

This reserve is also used to stabilize the variances in the annual capital funding requests from the NHA.

As of December 31, 2022, there is an uncommitted balance of approximately \$45.8 million dollars in the capital reserve fund. The funds are invested with the Municipal Finance Authority and interest accrues to the reserve balance each year.