

To: Fraser Valley Regional District Board

Date: 2025-02-27

From: Kelly Lownsbrough, Director of Corporate Services & CFO

Subject: 2025 Hospital District Annual Budget – Key Assumptions

Reviewed by: Jennifer Kinneman, Chief Administrative Officer

RECOMMENDATION

THAT the Fraser Valley Regional Hospital District Board direct staff to prepare the 2025 Annual Budget to include one of the following options:

Option 1 – An increase to taxation revenue of 10.3% higher than 2024.

Option 2 – An increase to taxation revenue of 15% higher than 2024.

BACKGROUND

As part of the *Hospital District Act*, the Board adopted a Provisional Budget in December 2024 and must adopt the Annual Budget by March 31st. In advance of bringing forward the annual budget for adoption, this report is seeking direction on the key assumptions supporting tax revenue levels required to support the level of funding previously committed to **provide to Fraser Health Authority (“FHA”) for their annual Capital Funding Request for minor/medium capital projects.**

DISCUSSION

Staff continue to work with FHA staff to improve the capital planning process in order for FVRHD to have early insight into the capital planning requirements such that taxation funding requirements can be evaluated in advance and planned for in a fiscally responsible manner that is supported by the Board. In its late November 2024 funding request letter, FHA outlined a total capital budget of \$52.45 million for projects within the Fraser East region, funded by \$29.3m from Fraser Health (56%), Foundation / other \$5.4m (10%) and FVRHD at \$17.75m (34%), yet requested \$5m. In December 2024, the Hospital District Board approved provisional capital funding to Fraser Health Authority in the amount of \$5 million.

Staff committed to providing an analysis of overall funding requirements and taxation impacts for the Board to consider. Since the December Board meeting, there has been no further insight into the capital planning requirements from FHA to inform the longer-term financial planning.

Other than the level of taxation, the financial assumptions (attached as Appendix A) presented with the Provisional Budget remain unchanged. The Board has approved provisional capital funding to FHA of \$5million. There are two options to consider in terms of taxation levels.

- Option 1 – an increase to taxation revenue 10.3% higher than the total 2024 taxation revenue.
- Option 2 – an increase to taxation revenue 15% higher than the total 2024 taxation revenue.

The Provisional Budget approved in December 2024 had assumed an increase in tax revenue of 10.3% as compared to 2024 tax revenue in order to support the FHA request of \$5m. To save for future capital projects, another option to consider would be to increase taxation revenues by 15% as compared to 2024. This would yield an approximate \$650K which would be placed in reserves for future capital needs. Table 1 highlights the taxation impact each option would have on an average property in the Fraser Valley Regional Hospital District compared to the prior year (2024).

Table 1: Taxation Impacts of 2025 Options compared to 2024

	2024	2025	
		Option 1	Option 2
Average residential property value	\$ 846,646		
Tax Requisition	\$13,698,300	\$15,112,887	\$15,753,045
Tax Revenue % Increase		10.3%	15.0%
Tax dollars for an average property	\$75.56	\$83.73	\$87.28
\$ Increase for an average property		\$8.17	\$11.72

COST

There are no direct costs associated with this report.

CONCLUSION

The assumptions in this report will be used in the development of the Annual Budget that will be brought forward in March 2025, in accordance with the Hospital District Act.