



REGIONAL
DISTRICT
OF NANAIMO

NANAIMO REGIONAL HOSPITAL DISTRICT 2026 PROVISIONAL BUDGET

RECOMMENDATION

That the 2026 Nanaimo Regional Hospital District provisional budget be approved.

BACKGROUND

The *Hospital District Act*¹ requires Regional Hospital Districts to pass preliminary budgets by December 31 each year. Regional Hospital Districts provide annual capital funding to health authorities in support of local health care facilities under the *Hospital District Act*.

For the Nanaimo Regional Hospital District (NRHD), the funding can be a combination of both annual minor capital grants for equipment and projects funded through current tax requisition as well as major capital project support, which is funded through reserves (accumulated by tax requisition) and borrowing (the debt payments for which are paid by taxation).

The NRHD 2026 Provisional Budget (Attachment 1) raises \$49,461,238 in property tax revenues for 2026. The budget includes \$5,255,230 for debt repayments in 2026, and \$49,021,013 transfer to reserve for major infrastructure projects. At present, this plan does not include any allocation of funding for new minor capital equipment or projects.

This is a provisional budget based on the 2025-2029 Financial Plan and includes known major project funding requests from Island Health based on prior year's correspondence. A draft 2026-2035 10-year capital plan provided by Island Health includes several new major capital projects with preliminary funding apportionment (provisionally calculated by Island Health) recommendations as follows:

Project Name	Total Project Budget	NRHD Share
Heat Recovery System Upgrade Ph 1	\$1,879,000	\$180,000
Clearview Detox Centre Replacement	\$4,348,099	\$0
SPECTCT Scanner	\$2,900,000	\$0
Heat Recovery and TGH Ph 2	\$2,750,000	\$1,100,000
In-Patient Tower HVAC Upgrade Ph 2	\$2,000,000	\$800,000

¹ Section 23 of the Hospital District Act and Section 1 of B.C. Reg 406-82 Hospital District Act Regulation

These new major capital projects are currently not included in the 2026-2030 Provisional Financial Plan, pending receipt of further information from Island Health, and discussion and approval by the NRHD Board. Once we have received the Board’s direction, staff will revise the budget and present a new budget in March 2026.

FINANCIAL IMPLICATIONS

In keeping with the NRHD Board’s prior year direction, the tax requisition has been increased to \$49,461,238 in 2026 (21% increase over prior year), unchanged from that projected for 2026 in the 2025-2029 approved financial plan. The tax requisition of \$49,461,238 in 2026 results in an estimated tax rate of \$64.38 per \$100,000 based on the 2025 assessments, which is \$10.49/\$100,000 increase compared to the 2025 tax rate. The actual tax requisition amount in 2025 was \$40,877,056. The table below shows the 2026-2030 future tax requisition amounts as compared to the previous approved financial plan.

Tax Requisition Summary:

Financial Plan	2025 Actuals	2026	2027	2028	2029	2030
Provisional 2026-2030	\$40,877,056	\$49,461,238	\$59,848,098	\$72,416,198	\$78,209,494	\$79,773,684
Approved 2025-2029		\$49,461,238	\$59,848,098	\$72,416,198	\$78,209,494	\$79,773,684

The 2026-2030 tax requisitions allow for significant contributions to reserves consistent with the prior year approved financial plan which will be used to help offset the cost of borrowing for the proposed projects identified in the draft 2026-2035 10-year capital plan (Attachment 2). This will allow the NRHD to reduce its borrowing requirement and realize a significant savings in debt-related costs in the future. The current financial plan has approximately \$107.8 million in reserves and incorporates an additional \$331.0 million in reserve contributions from 2026-2030. These reserves will be used to significantly help with funding of the long-term care facility, new patient tower and cardiac catheterization lab, as well as other major projects, thereby delaying the need to borrow.

A tax increase greater than the amounts identified in the above table would allow for more funds to be applied to capital projects from reserves thereby reducing the need for future borrowing. Alternatively, a tax increase of less than the amounts identified in the table above will necessitate greater borrowing in the future and result in increased tax requisitions at that time in order to meet debt repayment obligations.

REVIEWED BY:

- M. Manhas, Acting Chief Financial Officer
- E. Hughes, Senior Manager, Strategy & Intergovernmental Services
- C. Crabtree, General Manager, Corporate and Transportation
- D. Holmes, Chief Administrative Officer

ATTACHMENTS

1. Nanaimo Regional Hospital District 2026 Provisional Budget
2. Island Health Draft 2026-2035 10-Year Capital Plan - November 18, 2025