

**STAFF REPORT TO THE PLANNING & PROTECTIVE SERVICES COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 22, 2006**

SUBJECT:

The 2007 Capital Regional Hospital District (CRHD) Provisional Budget.

PURPOSE:

The Hospital District Act requires the 2007 CRHD Provisional Budget be adopted on or before December 31, 2006.

BACKGROUND:

The CRHD Provisional Budget establishes funding required for the Regional Hospital District function for the coming fiscal year. The budget consists of debt service charges on funds borrowed for capital projects, Section 20(3) grant funding for medical equipment and the Health Facilities Planning Division administration budget. The budget is summarized in Table 1 below:

Table 1: 2007 CRHD Provisional Budget Summary			
	2006	2007	Variance from 2006 to 2007
Debt Servicing Charges	\$12,675,730	\$13,026,820	\$351,090 (2.8%)
Section 20(3) Grant	\$2,530,050	\$3,130,000	\$599,950 (23.7%)
Administration	\$397,760	\$412,090	\$14,330 (3.6%)
Total	\$15,603,540	\$16,568,910	\$965,370 (6.2%)

Debt service charges increase by \$351,090 (2.8%) which relate to capital projects already approved by the Board.

The Section 20(3) grant component is the subject of a separate staff report on this agenda. The Section 20(3) budget is set to increase by \$599,950. This increase in diagnostic and medical equipment funding was actually approved by the Board in April 2006 as additional borrowing. The April 2006 approval was made after the Regional Hospital District budget had been approved which precluded it being expensed in 2006. Consistent with Board policy that diagnostic and medical equipment be expensed, last year's borrowing is now converted to a grant (with commensurate decrease in the future debt financing).

The Health Facilities Planning Division's administration budget increases by \$14,330 (3.6%). This increase is attributable to approved salary adjustments and an allocation for the Planning & Protective Services General Manager position.

The 2007 provisional budget summary and its comparison to the 2006 budget is found in Schedule A. Schedule B shows the 2007-2011 Future Budget projections.

ALTERNATIVES:

1. Approve the 2007 Capital Regional Hospital District Provisional Budget.
2. Direct staff to review alternative capital financing that would see a greater share of capital expenditures expensed rather than borrowed thereby reducing debt costs.

FINANCIAL IMPLICATIONS:

The 2007 Capital Regional Hospital District budget is set to increase by \$965,370 representing an increase of 6.2% on the 2006 budget. Alternative 2 is more relevant for future consideration. The 2007 Provisional Budget already includes a \$600,000 increase to the Section 20(3) budget which causes an immediate charge to the 2007 requisition. Other capital projects which might be converted to being expensed have already been committed for debt financing.

CONCLUSION:

The 2007 Capital Regional Hospital District Provisional Budget is ready to be approved.

RECOMMENDATION:

That the 2007 Capital Regional Hospital District Provisional Budget be approved and forwarded to the Capital Regional Hospital District Board.

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Report Writer

Robert Lapham, General Manager Concurrence

Kelly Daniels, CAO Concurrence

COMMENTS: