

NANAIMO REGIONAL HOSPITAL DISTRICT

**REGULAR BOARD MEETING
TUESDAY, DECEMBER 12, 2006
(immediately following the Inaugural Board Meeting)**

(RDN Board Chambers)

A G E N D A

PAGES

CALL TO ORDER

MINUTES

2-3 Minutes of the regular Hospital Board meeting held July 25, 2006.

ADMINISTRATION

4-8 2007 Regional Hospital District Provisional Budget.

9-15 Request to Cost Share in Major Capital Projects.

COMMISSION, ADVISORY AND SELECT COMMITTEE

16-17 Minutes of the Regional Hospital District Select Committee meeting held June 28, 2006. (for information)

ADDENDUM

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

ADJOURNMENT

NANAIMO REGIONAL HOSPITAL DISTRICT
MINUTES OF THE REGULAR MEETING OF THE BOARD
OF THE NANAIMO REGIONAL HOSPITAL DISTRICT HELD ON
TUESDAY, JULY 25, 2006, AT 7:00 PM IN THE
RDN BOARD CHAMBERS

Present:

Director J. Stanhope	Chairperson
Director J. Burnett	Electoral Area A
Director B. Sperling	Electoral Area B
Director M. Young	Electoral Area C
Director G. Holme	Electoral Area E
Director L. Biggemann	Electoral Area F
Director D. Bartram	Electoral Area H
Alternate	
Director M. Lefebvre	City of Parksville
Director C. Haime	District of Lantzville
Alternate	
Director M. Unger	City of Nanaimo
Director L. McNabb	City of Nanaimo
Director D. Brennan	City of Nanaimo
Director B. Holdom	City of Nanaimo
Director J. Manhas	City of Nanaimo

Also in Attendance:

C. Mason	Chief Administrative Officer
T. Osborne	Gen. Mgr. of Recreation & Parks
J. Finnie	Gen. Mgr. of Environmental Services
N. Avery	Manager of Financial Services
N. Tonn	Recording Secretary

CALL TO ORDER

The Chairperson welcomed Alternate Directors Lefebvre and Unger to the meeting.

MINUTES

MOVED Director McNabb, SECONDED Director Haime, that the minutes of the regular Hospital Board meeting held June 27, 2006 be adopted.

CARRIED

STANDING COMMITTEES

From the Committee of the Whole meeting held July 11, 2006:

HOSPITAL

Nanaimo Regional Hospital District (2006 Capital Equipment and Projects) Borrowing Bylaw No. 140, 2006.

MOVED Director McNabb, SECONDED Director Burnett, that "Nanaimo Regional Hospital District (2006 Capital Equipment and Projects) Borrowing Bylaw No. 140, 2006" be introduced for first three readings.

CARRIED

MOVED Director McNabb, SECONDED Director Burnett, that "Nanaimo Regional Hospital District (2006 Capital Equipment and Projects) Borrowing Bylaw No. 140, 2006" having received three readings be adopted.

CARRIED

ADJOURNMENT

MOVED Director McNabb, SECONDED Director Lefebvre, that this meeting terminate.

CARRIED

TIME: 7:02 PM

CHAIRPERSON

MANAGER, ADMINISTRATIVE SERVICES



RDN			
CAO		GMF&IS	
GMDS		GMR&PS	
GMES		GMTS	
DEC - 7 2006			
SMCA			
CHAIR		BOARD	
<i>NRHD Select Comm.</i>			
<i>+ Board.</i>			

**MEMORANDUM
NANAIMO REGIONAL
HOSPITAL DISTRICT**

TO: C. Mason
Chief Administrative Officer

DATE: December 4, 2006

FROM: N. Avery
Manager, Financial Services

FILE:

SUBJECT: Regional Hospital District 2007 Provisional Budget

PURPOSE:

To introduce the 2007 Provisional Budget for the Regional Hospital District.

BACKGROUND:

The Regional Hospital District funds capital equipment and capital projects for local facilities.

Traditionally Regional Hospital Districts have cost shared at a rate of 40% in the capital requirements of our health care facilities. In more recent years our Regional Hospital District has moved away from a strict cost sharing approach on lower valued capital equipment and projects, focusing instead on our budget flexibility. We have provided approximately \$3,000,000 annually through a combination of current property taxes and debt financing (debt has been financed over ten years). This approach provides reasonable certainty to the Health Authority and in fact in 2006 their representatives sought a formalization of the \$3 million dollar commitment over the next three year period.

Outlined in an earlier report is a funding request for the redevelopment of the NRGH emergency department. The Regional Hospital District's share of the initial planning would be \$200,000.

At this time one major capital project is underway - the perinatal (obstetrics and high risk nursery) portion of the expansion at the Nanaimo Regional General Hospital (Phase II). The Regional District has provided approximately \$12 million dollars in local funding to Phase II – a project which totals about \$39 million. The project is slated for completion in April 2007.

The 2007 budget presented with this report includes a 3.0% increase in property taxes to cover the increased cost of financing long term debt (primarily related to the surgical/obstetrical expansion at NRGH), a cash allowance of \$2.250 million and an allowance to borrow up to \$750,000 for current capital equipment or projects.

ALTERNATIVES:

1. Approve the 2007 provisional Regional Hospital District budget as presented.
2. Consider amendments to the provisional budget and approve an amended budget.

FINANCIAL IMPLICATIONS:

Appendix A attached to this report projects Hospital District tax requisitions to 2011 based on currently available information, excluding major capital projects. Our major debt load will continue to increase up to 2010, which reduces flexibility on the tax requisition and annual cash allowances for equipment. The projections assume a continuing allocation of \$3,000,000 for annual capital purchases, financed by a mix of property taxes and ten year debt financing. The financing component allows us to bridge the gap between \$2.25 million and \$3.0 million, without a significantly larger annual property tax increase. Tax requisitions would rise at 3% annually to 2012. Between 2010 and 2012 almost \$1.5 million in debt charges is forecast to be completed, at which time there is a potential to redirect funds to a reserve for future projects.

The budget details for 2007 include:

Cash allowance for capital items	\$2,050,000
Debt financing allowance for capital items	<u>750,000</u>
Total for current capital items	\$2,800,000
Cash allowance for planning for NRGH emergency department redevelopment	<u>200,000</u>
Total current capital allowances	<u>\$3,000,000</u>

SUMMARY/CONCLUSIONS:

Regional Hospital District's are required to approve a provisional budget. Staff are recommending a budget which raises \$5,389,907 in property tax revenues for 2007 – an increase of 3% over 2006. As noted above and in earlier reports, the increase is largely a result of finalizing long term debt for the surgical/obstetrics expansion at the Nanaimo Regional General Hospital. The provisional budget proposal will provide \$2.05 million dollars from current property taxes as well as up to \$750,000 in borrowed funds for annual capital replacements or improvements. The budget proposal also includes \$200,000 (from current property taxes) to cost share in the planning work for the redevelopment of the emergency department at the Nanaimo Regional General Hospital.


Between 2008 and 2012 the budget projections provide \$3 million dollars annually for current capital equipment replacement and/or capital improvement projects. This amount will be funded as \$2.25 million from annual property taxes and \$750,000 from ten year debt financing. VIHA has that we consider such a base budget approval to assist them in, as they develop their annual capital budgets.

RECOMMENDATIONS:


1. That a 2007 Regional Hospital District provisional budget be approved with the following components:

Property tax requisition	\$	5,389,907
Capital grant allowance(from property taxes)	\$	2,050,000
Cost sharing in NRGH Emergency Department redevelopment	\$	200,000
Other capital equipment/projects (borrow up to)	\$	750,000

2. That the 2008 to 2012 five year projections, including 3% annual property tax increases and \$3 million dollars for annual capital grants, be approved in principle.



Report Writer



Chief Administrative Officer

COMMENTS:

**NANAIMO REGIONAL HOSPITAL DISTRICT
BUDGET PROJECTIONS**

	2006	2007	2008	2009	2010	2011	2012
Revenues							
Property taxes	5,232,920	5,389,907	5,551,604	5,718,152	5,889,696	6,066,387	6,248,379
Grants in lieu	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Interest	53,000	53,000	53,000	53,000	53,000	53,000	53,000
	5,311,920	5,468,907	5,630,604	5,797,152	5,968,696	6,145,387	6,327,379
Expenditures							
Administration	8,495	8,668	8,844	9,024	9,208	9,395	9,586
Debt payments	3,481,840	3,168,814	3,645,553	3,792,501	3,778,689	3,252,897	2,265,769
Debt issue expense/temp financing	306,755	143,483	74,375	13,125	13,125	13,125	13,125
Equipment grants	2,004,800	2,250,000	2,250,000	2,250,000	2,250,000	3,000,000	3,000,000
New reserves	5,801,890	5,570,964	5,978,772	6,064,651	6,051,022	6,275,416	6,188,479
	(489,970)	(102,058)	(348,169)	(267,499)	(82,326)	(130,029)	138,900
Current surplus(deficit)	1,117,670	956,000	853,942	505,774	238,275	155,949	25,920
Prior year surplus applied	627,700	853,942	505,774	238,275	155,949	25,920	164,820
Net surplus	0.000					0.025	0.025

Tax cost per \$100,000

Notes:

2007 includes long term borrowing \$750,000 (capital projects and equipment)

Current capital	2,004,800	2,250,000	2,250,000	2,250,000	2,250,000	3,000,000	3,900,000
New reserves	0	0	0	0	0	0	900,000
Borrowed for other capital	750,000	750,000	750,000	750,000	750,000	750,000	750,000
	2,754,800	3,000,000	3,000,000	3,000,000	3,000,000	3,750,000	5,550,000

**NANAIMO REGIONAL HOSPITAL DISTRICT
2007 PROVISIONAL BUDGET**

REVENUES	2004	2005	2006	2007	\$ Change	% Change
	Budget	Budget	Budget	Provisional Budget		
Tax requisition total	\$ 4,908,930	\$ 5,031,655	\$ 5,232,920	\$ 5,389,907	\$ 156,987	3.0%
Grants in lieu of taxes	26,000	26,000	26,000	26,000	\$ -	0.0%
Interest revenues	32,400	53,000	53,000	53,000	\$ -	0.0%
Prior year surplus	1,084,065	1,290,950	1,117,670	956,000	\$ (161,670)	-14.5%
	<u>\$ 6,051,395</u>	<u>\$ 6,401,605</u>	<u>\$ 6,429,590</u>	<u>\$ 6,424,907</u>		
EXPENDITURES						
Administration fee	\$ 8,160	\$ 8,325	\$ 8,495	\$ 8,668	\$ 173	2.0%
Debt servicing	3,190,650	3,392,770	3,788,596	3,312,298	\$ (476,299)	-12.6%
Capital equipment grants	1,773,575	2,133,575	2,004,800	2,250,000	\$ 245,200	12.2%
Future years expenditures	1,079,010	866,935	627,700	853,942	\$ 226,242	36.0%
	<u>\$ 6,051,395</u>	<u>\$ 6,401,605</u>	<u>\$ 6,429,591</u>	<u>\$ 6,424,908</u>		



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GMDS		GMR&PS	
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SMCA			
CHAIR		BOARD	
NRHD - Select Comm. & Board.			

**MEMORANDUM
NANAIMO REGIONAL
HOSPITAL DISTRICT**

TO: C. Mason
Chief Administrative Officer

DATE: December 6, 2006

FROM: N. Avery
Manager, Financial Services

FILE:

SUBJECT: Request to cost share in major capital projects

PURPOSE:

To obtain Board support for cost sharing in initial planning for the redevelopment of the emergency department and the development of a renal (kidney) center at Nanaimo Regional General Hospital.

BACKGROUND:

Vancouver Island Health Authority (VIHA) representatives met in June with the Board's Hospital District Select Committee and presented a request for financial support for two major projects. VIHA has committed to undertaking planning for the redevelopment of the emergency department (\$19,000,000) and development of a renal centre (\$4,000,000) both at the Nanaimo Regional General Hospital. VIHA's briefing notes requested cost sharing as follows:

Emergency Department	Total - \$500,000	RHD share - \$200,000
Renal Center	\$160,000	\$ 64,000

VIHA's share of the renal center planning has been provided by the BC Provincial Renal Agency. VIHA is providing its share for the emergency department redevelopment from its own source funds.

One of the reasons for redeveloping the NRGH emergency department is to improve the psychiatric portion of the intake area, including making it capable of handling intensive care psychiatric patients. The renal center will improve patient care for residents from the central island north. Additional dialysis facilities and out patient services will reduce the need for patients to relocate to Victoria as the disease progresses.

Given the Board's resolution not to participate in cost sharing major capital projects until a new funding formula is available, the committee directed staff to work with VIHA on the cost sharing information. Unfortunately no movement has occurred in the interim. At a very recent meeting with Regional Hospital District Chairs, staff were directed to re-consider a pooled approach to capital funding among all of the Regional Hospital District's on Vancouver Island. It is difficult to forecast when or if there will be a resolution on cost sharing in the near future. Accordingly staff have reviewed the project briefing notes and felt that at least one of the projects warranted further attention – the redevelopment of the emergency department at NRGH. Clearly, as a largely walk in/close drive in facility, this department services Nanaimo Regional District residents almost exclusively. Should the Board support the planning for this project the cost would be \$200,000.

ALTERNATIVES:

1. Support cost sharing for planning the redevelopment of the Emergency Department at the Nanaimo Regional General Hospital in the amount of \$200,000 and planning for a Renal Center in the amount of \$64,000.
2. Support cost sharing for planning the redevelopment of the Emergency Department at the Nanaimo Regional General Hospital in the amount of \$200,000.
3. Support cost sharing for planning the redevelopment of the Emergency Department as requested (\$200,000) and support cost sharing for planning the renal center at an amount representing our potential use of the facility.
4. Decline to support either project at this time.

FINANCIAL IMPLICATIONS:

Alternatives 1 or 2

Staff have reviewed a probable 2007 budget and believe that it is possible to fund either or both of these two projects using current cash resources. Our budget projections do indicate a 3% requisition increase, but that is related to increasing debt costs as we near the end of construction on the perinatal addition to the hospital.

Alternative 3

Under this alternative we would support cost sharing for both projects, however, with respect to the renal center cost sharing would be in principle and dependant on Nanaimo Regional Hospital District residents' probable usage. VIHA would be requested to demonstrate that usage to the satisfaction of the Board before funds would be approved and released.

Alternative 4

VIHA is committed to planning for both projects and has proceeded at least as far as we know, with the emergency department redevelopment. While the dollars involved are not too significant, declining to cost share reinforces our current stand regarding our frustration with the current cost sharing approach.

SUMMARY/CONCLUSIONS:

VIHA has requested cost sharing on planning for two major capital projects at the Nanaimo Regional General Hospital. No movement has occurred on changing the cost sharing formula for financing health care facilities on Vancouver Island, although in recent days, staff have been given direction to re-consider a previous proposal to pool resources across the island.

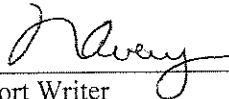
VIHA intends on redeveloping the emergency department and adding and improving facilities offering kidney patients dialysis and outpatient care. The emergency department redevelopment will primarily serve residents of our Regional District. The renal center will serve a more regional population.

From a financial perspective the total commitment for both planning projects would be \$264,000 - \$200,000 for the emergency department and \$64,000 for the renal center. The funds are available within the proposed budget envelope for 2007. It appears to staff that the emergency department redevelopment,

although by far the larger cost project, has some merit for cost sharing. Should the Board support this view, staff recommend including \$200,000 in the 2007 provisional budget for the planning stage of this project.

RECOMMENDATION:

That the 2007 provisional Hospital District budget include \$200,000 as cost sharing in the planning stage of the redevelopment of the emergency department at the Nanaimo Regional General Hospital.



Report Writer



C.A.O. Concurrence

COMMENTS:



BRIEFING NOTE – FOR DECISION

Date: June 23, 2006

PREPARED FOR:	Regional Hospital District of Nanaimo
TOPIC:	Major Capital Project Cost Sharing Emergency Department Redevelopment: Nanaimo Regional General Hospital

ISSUE:

- VIHA is requesting that the RHDN cost share in the planning of the NRGH Emergency Department Redevelopment. Planning is estimated to cost \$500,000. The pre-planning estimate of the project cost is \$19,000,000.

BACKGROUND:

- NRGH Emergency Department is undersized and poorly organized for the volume and acuity of patients received.
- The ED requires increased space, more patient care areas and improved flow of patients, staff and materials, which will allow the various components of the ED to work together effectively.
- Access to psychiatric emergency services is particularly lacking.
- The ED requires the development of an adjacent Psychiatric Emergency Service and a Psychiatric Intensive Care Unit, estimated to include six secure rooms.
- As well, consideration of the imaging support required by the ED may result in a small expansion of the Medical Imaging Department.

DISCUSSION:

- The NRGH Emergency Department Redevelopment includes an improved triage capability, trauma room, medical treatment stretchers, a fast track area for quicker processing of patients of lesser acuity, and an adjacent Psychiatric Emergency Service having Psychiatric Intensive Care capability.
- While plans have been underway for enhancements at the NRGH ED for some time, the changes being planned will respond to the issues and concerns raised in VIHA's recent review of the tragic death of Mr. George Cook.
- Planning for enhanced psychiatric services at NRGH will be based on the highly successful Archie Courtall Centre Psychiatric Emergency Service at the Royal Jubilee Hospital.
- Since the Archie Courtall Centre opened in 2004, there have been significant improvements in the specialized care of patients with psychiatric needs. Patients are

triaged through the 'medical' ED, and if they are medically stable and require mental health services, they are quickly referred to the immediately adjacent Archie Courtneil Centre for assessment and short-term treatment. Referral and/or admission to appropriate longer-term treatment may follow.

- The pre-planning estimate includes an allowance for the general equipment and furniture required. Specific major equipment items have not been identified or included in the cost estimate. As the purpose of planning is to accurately identify the scope, schedule and cost of the project, the pre-planning estimate of \$19,000,000 must be taken as an early approximation only.
- Additional funding to provide the Psychiatric Intensive Care Unit is to be provided 100% by the Ministry of Health, as it is included within the Riverview Hospital Initiative.

PLANNING CONSIDERATIONS:

- Major projects are recommended by the VIHA Capital Committee for approval by the VIHA Board in a two-step process:
 1. Planning approval is defined as the release of up to 4% of the estimated pre-planning project cost to allow for preparation of master site planning, functional programming, schematic design, quantity surveyor's construction cost estimate and a departmental operating budget. The Schematic Design Report to include the aforementioned items is submitted for review and approval to the VIHA Capital Committee.
 2. Completion approval is defined as the release of funding to complete the project as per the scope, schedule and budget described within the approved Schematic Design Report.
- The Schematic Design Report will be submitted to the RHDN at the time that cost sharing for completion of the project is requested.

REQUEST:

- VIHA is requesting that the RHDN cost share in the planning of the NRGH Emergency Department Redevelopment. Planning is estimated to cost \$500,000.

Prepared by:
Paul Lambert
Manager, Capital Planning and Space Utilization



BRIEFING NOTE – FOR DECISION

Date: June 23, 2006

PREPARED FOR:	Regional Hospital District of Nanaimo
TOPIC:	Major Capital Project Cost Sharing The Renal Centre: Nanaimo Regional General Hospital

ISSUE:

- VIHA is requesting that the RHDN cost share in the planning of the NRGH Renal Centre. Planning is estimated to cost \$160,000. The pre-planning estimate of the project cost is \$4,000,000.

BACKGROUND:

- VIHA Renal Services provides patient care to all kidney patients on Vancouver Island. This includes approximately 800 patients in the early stages of kidney failure being followed by the Kidney Care Clinic and 500 patients receiving dialysis treatment. As of October 2005, there were 190 Kidney Care Clinic patients and 120 hemodialysis patients living in the NRGH catchment area. Approximately 50% of these patients reside in LHA 68 & 69.
- As of October 2005, there were also 35 peritoneal dialysis patients living in the NRGH catchment area. These patients tend to transition to hemodialysis when peritoneal dialysis no longer meets their needs.
- The number of patients on dialysis is growing on average by 10% each year.
- Currently, hemodialysis patients who are not able to use a community facility need to relocate to Victoria. A unit at NRGH would provide a better alternative for patients in central and northern Vancouver Island.
- The proposed NRGH Renal Centre will include a Kidney Care Clinic for patients in the early stages of kidney failure, an in-centre Renal Dialysis Unit, and a Home Dialysis Program for patients who do either hemodialysis or peritoneal dialysis at home. A specialized in-patient unit will be developed as a future phase for kidney patients who require admission to the hospital.
- The BC Provincial Renal Agency has recognized the need for this project and has provided VIHA with its share of the capital required to commence planning.

DISCUSSION:

- The NRGH Renal Centre includes a Kidney Care Clinic and a Renal Dialysis Unit. The Kidney Care Clinic is an outpatient service that requires spaces for clinic visits and ongoing patient follow-up as well as patient education sessions.
- The Renal Dialysis Unit will provide 18 hemodialysis treatment stations, as well as clinical and technical support spaces, thus having the treatment capacity to handle 108 hemodialysis patients, projected to be enough for the next 10 years.

- The Renal Dialysis Unit will open with 6 to 9 stations in operation, sufficient to handle the 40 to 50 patients expected to use the in-centre unit in its first year. It is intended that the full area of the unit be finished during the construction phase, but only those stations required at opening will be equipped.
- The pre-planning estimate includes an allowance for all the equipment and furniture required. However, as the purpose of planning is to accurately identify the scope, schedule and cost of the project, the pre-planning estimate of \$4,000,000 must be taken as an early approximation only.

PLANNING CONSIDERATIONS:

- Major projects are recommended by the VIHA Capital Committee for approval by the VIHA Board in a two-step process:
 1. Planning approval is defined as the release of up to 4% of the estimated pre-planning project cost to allow for preparation of master site planning, functional programming, schematic design, quantity surveyor's construction cost estimate and a departmental operating budget. The Schematic Design Report to include the aforementioned items is submitted for review and approval to the VIHA Capital Committee.
 2. Completion approval is defined as the release of funding to complete the project as per the scope, schedule and budget described within the approved Schematic Design Report.
- It is proposed that the NRGH Renal Centre be located on the ground floor of the Perinatal building now under construction. The planning process, however, will identify options prior to recommending the precise location, as well as address space utilization of adjacent departments.
- The Schematic Design Report will be submitted to the RHDN at the time that cost sharing for completion of the project is requested.

REQUEST:

- VIHA is requesting that the RHDN cost share in the planning of the NRGH Renal Centre. Planning is estimated to cost \$160,000.

Prepared by:
 Paul Lambert
 Manager, Capital Planning and Space Utilization

NANAIMO REGIONAL HOSPITAL DISTRICT

**MINUTES OF THE MEETING OF THE HOSPITAL DISTRICT SELECT COMMITTEE
HELD ON WEDNESDAY JUNE 28, 2006 AT 12:30 PM
IN THE RDN COMMITTEE ROOM**

Present:	Director T. Westbroek	Chairperson
	Director J. Burnett	Electoral Area A
	Director J. Stanhope	Electoral Area G
	Director S. Herle	City of Parksville
	Director C. Haime	District of Lantzville
	Director D. Brennan	City of Nanaimo

Also in Attendance:

C. Mason	Chief Administrative Officer
N. Avery	Manager of Financial Services

DELEGATION

Chris Sullivan, Director, Capital Planning and Wayne Cooper, Capital Planner, attended the meeting on behalf of the Vancouver Island Health Authority (VIHA) to apprise the committee of two major capital projects which VIHA wishes to proceed with.

NRGH Emergency Room Redevelopment – preliminary estimate of \$19,000,000. The request is to cost share in the planning phase which will identify the functional scope and develop schematic designs. Planning funds in the amount of \$500,000 (4% of project estimate) have been authorized by the Health Authority.

NRGH Renal Center – preliminary estimate of \$4,000,000. This is a new program for this location which will assist in managing the growing number of kidney patients in the north/central island. The center is proposed to be built within a portion of the unfinished space available below the new perinatal facility now under construction as part of the Phase II surgical/obstetrics redevelopment at NRGH. The request is to cost share in the planning phase. VIHA has approved funds of \$160,000 for this phase.

The committee discussed the projects at length. While both projects are supported as meeting the needs of residents, members expressed concerns with the cost sharing formula and the lack of progress in resolving this issue.

The VIHA representatives expressed a serious interest in discussing ways to address the Board's concerns but acknowledged that at this point, there does not seem to be any Provincial support for a legislative change.

The committee directed RDN staff to meet with VIHA staff to explore other cost sharing options more fully.

The Chair asked the VIHA representatives whether there was any movement toward establishing some form of organized primary health care treatment in District 69. Chris Sullivan responded he was aware of efforts to do so, but did not have specifics on what sort of model could be anticipated.

The VIHA representatives left the meeting at approximately 1:30 pm.

The committee continued its discussion regarding approval of the funding for the two projects in the context that there is no current year funding available unless VIHA is prepared to accept a reduction of its 2006 capital grant approvals. The committee sought direction on alternatively approving the funding, but deferring the payment until 2007. The Manager, Financial Services suggested that a pre-commitment of this nature might not be appropriate until the budget information for 2007 was available.

The committee agreed that the Manager, Financial Services should approach VIHA and seek their reaction to reducing the 2006 capital grant funding in place of receiving cost sharing for the two projects.

Director Brennan joined the meeting at 1:50 pm.

The committee then reviewed capital project and equipment details provided by VIHA and how the amounts are reconciled to the 2006 budget approval. VIHA's final capital plan details reconcile to the 2006 budget approval of \$2,819,800 (\$2,004,800 from current taxes and borrowing up to \$815,000); however, the allocations between equipment/projects under \$100,000 and over \$100,000 are slightly different than the information received in October 2005. The revised allocations were acknowledged as acceptable.

ADJOURNMENT

There being no further business the meeting adjourned at 2:45 pm.

CHAIRPERSON