

COUNCIL AGENDA: 09-23-08

ITEM: 3.9

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Lee Price, MMC
City Clerk

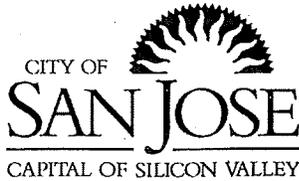
**SUBJECT: MEASURE A – HOSPITAL
SEISMIC SAFETY AND
MEDICAL FACILITIES**

DATE: 09-19-08

RECOMMENDATION

As referred by the Rules and Open Government Committee of September 17, 2008 and outlined in the attached memo previously submitted to the Rules and Open Government Committee, consider a position of support for Measure A – Hospital Seismic Safety and Medical Facilities.





Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Betsy Shotwell

SUBJECT: SEE BELOW

DATE: 9-11-08

Approved

Christine J. Shippy

Date

9-12-08

SUBJECT: MEASURE A – HOSPITAL SEISMIC SAFETY AND MEDICAL FACILITIES

RECOMMENDATION

It is recommended that:

1. The City Council support Measure A on the November 4 General Election ballot.
2. The Committee provide a one-week turnaround for Mayor and City Council review.

BACKGROUND

A state-mandate requires that all hospitals meet seismic safety standards to continue operations in a magnitude 8.0 earthquake by 2013. Valley Medical Center (VMC) is a public hospital and does not have the funds to pay for all of the required seismic retrofitting and rebuilding which prompted the Board of Supervisors to place Measure A on the November 2008 ballot in order to request funds from the public. According to the ballot measure's proponents, if the measure does not pass, VMC will be forced to close both its Trauma Center and Regional Burn Center which is one of only three in Northern California.

ANALYSIS

The Measure A ballot measure reads as follows:

“To prevent state mandated shutdown of one-half of Santa Clara Valley Medical Center's beds; closure of SCVMC's trauma, burn center; and, loss of disaster response, by rebuilding, and improving earthquake safety of the hospital, meeting state seismic laws, and help replace closed medical facilities in downtown San José, shall the County of Santa Clara issue \$840 million in

9-11-08

Subject: Measure A – Hospital Seismic Safety and Medical Facilities

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general obligation bonds with independent citizens' oversight committee, annual audits, and no money for administrator's salaries?"

A fact sheet, analysis, and the staff recommendation of Measure A is attached.

Recommendations on other ballot measures will be provided for consideration by the Rules and Open Government Committee within the next week or two.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This document will be posted on the City's website for the September 17, Rules and Open Government Committee where Council and the public will have the opportunity to comment.

COORDINATION

This memorandum was coordinated with the Office of Economic Development, the Redevelopment Agency, and the City Attorney's Office.



BETSY SHOTWELL
Director, Intergovernmental Relations

For questions please contact Betsy Shotwell at 408-535-8270

Measure A – Hospital Seismic Safety and Medical Facilities (County of Santa Clara)

What issue does the measure address?

Earlier this year, the Santa Clara County Board of Supervisors unanimously voted to place this General Obligation Bond Measure on the November 4, presidential election ballot. As indicated on the proponent's website, "the \$840 million bond would provide the funding needed for the Santa Clara Valley Medical Center to replace seismically deficient facilities in order to meet the 2013 state seismic safety requirements, as well as provide \$50 million toward the construction of outpatient medical services in downtown San Jose. The funding would prevent the closure of over half of the Santa Clara Valley Medical Center's hospital beds and critical trauma services." The measure requires a two-thirds majority vote in support of Measure A to pass. If passed, Measure A will assess property owners less than \$14.00 per \$100,000 in assessed home value annually for thirty years. The average cost of Measure A will be about \$60-\$65 a year for Santa Clara County homeowners.

How would the passage of this measure affect San José?

The Valley Medical Center (VMC) treats patients from every single city in Santa Clara County and is the County's safety net healthcare institution. The VMC is a Level One Trauma Center, the highest-level hospital facility, able to treat the most serious accident and emergency patients.

According to the ballot's proponents, if these seismic safety projects are not implemented soon, VMC's capacity will drop from 524 beds to 252 beds. The drastic effects of a partial closure of VMC would impact all of the cities of Santa Clara County including San José, where 64% of all patients treated at VMC are residents of San José. City residents would further benefit with the \$50 million prioritized toward replacing the primary and urgent care facilities nearby the closed downtown San José Medical Center facility.

What is staff's proposed Position?

The City strongly supports Measure A and recognizes the vital role of Santa Clara Valley Medical Center as a key safety net provider and a critical component of the larger regional health care system.

The City's support is provided with the understanding that: 1) the \$50 million designated to "help replace closed medical facilities in downtown San José" would be spent on new or rehabilitated facilities physically located in downtown, and serving downtown residents, workers, and visitors; 2) highest priority for funding would be given to expanded primary and urgent care services accessible to patients regardless of insurance status, or to facilities that contribute to a stronger health care safety net.

Expanding access to affordable primary and urgent health care in downtown is one of the most cost-effective ways for the County to relieve some of the burden currently placed on Santa Clara Valley Medical Center and other area emergency rooms and hospitals. The City is fully supportive of this effort and understands that passage of Measure A is critical for the regional health care system.

Who are the bill's supporters and opponents?

Measure A is supported by Representatives Honda, Eshoo and Lofgren, many State legislators, current and former mayors and councilmembers throughout Santa Clara County, the Silicon Valley Leadership Group, Santa Clara County Democratic Party, Valley Medical Center Foundation, South Bay AFL-CIO Labor Council COPE, and many more individuals and organizations. There is no known opposition to the measure at the time of this writing.

What is the current status of the measure?

Measure A will appear on November 4, 2008 General Election Ballot.

Coordination of this analysis and recommendation:

This analysis and recommendation was coordinated with the Office of Economic Development, Redevelopment Agency, and the City Attorney's Office.



Memorandum

**TO: RULES & OPEN
GOVERNMENT COMMITTEE**

FROM: Mayor Chuck Reed and
Councilmember
Sam Liccardo

**SUBJECT: Addition to September 23 Council
Agenda – Endorsement of
Measure A on November Ballot**

DATE: September 11, 2008

APPROVED:

Chuck Reed
Sam Liccardo (RD)

DATE:

9/11/08

RECOMMENDATION

- Adopt a Resolution of Support for Measure A, which would authorize the County of Santa Clara (SCC) to issue \$840 million in bonds to be distributed as follows: \$790 million for the rebuilding and retrofitting of Santa Clara Valley Medical Center (VMC), and \$50 million for the construction of medical facilities in downtown San Jose.

BACKGROUND

In June of this year, the SCC Board of Supervisors authorized the issuance of up to \$840 million in General Obligation bonds to provide funding for VMC's Seismic Safety Project and the construction of downtown outpatient medical facilities.

The need for the reconstruction of VMC arose from state legislation passed in 1994, SB 1953, which imposed new earthquake safety mandates on inpatient facilities like VMC's. The state provided no funding to help hospitals or local communities comply, despite the declining budgets at many public hospitals. VMC has had a 45 percent increase in patients since 2000, while cutting costs by nearly \$150 million over the same period. VMC's current financial situation renders it incapable of setting funds aside to rebuild.

If the VMC fails to meet state-dictated deadlines for its Seismic Safety Project, VMC will be forced to close 272 beds, reducing its licensed general acute care capacity by 52%. This would have far-reaching impacts, in a county that already has one of the lowest rates of available patient beds per capita of any urban center in the nation. The trauma center, burn trauma center and pediatric trauma centers would have to close, and some 10,500 people would be turned away each year. Other award-winning units like the regional spinal cord and brain injury center as well as a specialized neonatal intensive care unit might also be lost. There will be no "surge capacity" in times of natural or human-caused disasters such as pandemic flu or terrorist attacks.

In 2006, the Board of Supervisors committed \$173 million to VMC's Seismic Safety Project, but the total costs for both phases will reach \$1.4 billion. Valley Medical Foundation has committed to a capital campaign supporting the Seismic Safety Project.

Downtown San Jose Outpatient Medical Clinic

The closure of San Jose Medical Center in 2004 reduced regional hospital capacity and resulted in increased demands for service at VMC and other community hospitals. Downtown residents were particularly hard-hit because they lost both a local hospital and an emergency room that had served the area for 80 years.

Through a series of studies and a community process known as the Stakeholder Advisory Committee (SAC) process, a series of recommendations were presented to City Council in March 2008, calling for the establishment of urgent care services and expanded primary care services in the downtown area. If voters approve Measure A, approximately \$50 million would be made available for those medical facilities in or near the downtown.

Oversight

The County will issue an annual report pursuant to Government Code section 53410 describing the amount of funds collected and expended and the status of any required or authorized project. A Citizens' Oversight Committee will review the annual report each year to ensure the bond proceeds are being spent in compliance with the ballot measure thereby increasing fiscal accountability.

Ballot Language

“To prevent state mandated shutdown of one-half of Santa Clara Valley Medical Center's beds; closure of SCVMC's trauma, burn center; and, loss of disaster response, by rebuilding, and improving earthquake safety of the hospital, meeting state seismic laws, and help replace closed medical facilities in downtown San Jose, shall the County of Santa Clara issue \$840 million in general obligation bonds with independent citizens' oversight committee, annual audits, and no money for administrators' salaries?”

Conclusion

The question is not if another major earthquake will strike our area, but when. We need to take steps now to ensure that our community - and especially our medical community - is prepared to respond. Please join us in supporting Measure A.