



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.