

County of Santa Clara
Office of the County Executive
70 West Hedding Street, East Wing 11th Floor
San Jose, CA 95110
(408) 299-5119
www.sccgov.org



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Contact: Gwen Mitchell/Laurel Anderson
Office of Public Affairs
(408) 299-5119

Joy Alexiou
Valley Medical Center
(408) 885-4164

Board Signals Intent to Place General Obligations Bond Measure on November Ballot to bring Valley Medical Center into Seismic Compliance

San Jose, Calif.—As a part of its budget hearings underway this week, the County of Santa Clara Board of Supervisors voted unanimously to approve the first reading of an ordinance to place a ballot measure before voters in November requesting authorization for the County to issue \$840 million in general obligation bonds to fund the first phase of Santa Clara Valley Medical Center's (SCVMC) Seismic (Earthquake) Safety Project and to provide a funding mechanism to help replace medical facilities in or near downtown San Jose that were lost when the San Jose Medical Center closed in 2004.

The vast majority of the funds \$790 million would be used to bring SCVMC into compliance with the California Seismic Safety Act (Senate Bill 1953 (1994)), which established requirements for hospital seismic safety, and to prevent the closure of 272 patient beds and the Santa Clara Valley Medical trauma and burn center. Phase one must be completed by 2013/15. At this phase, hospitals must be able to remain standing during an earthquake and occupants able to exit safely. The remaining \$50 million will go towards medical facilities in downtown San Jose. The location and precise nature of the replacement facilities is the subject of ongoing studies by the County of Santa Clara and the City of San Jose.

"I cannot emphasize enough how critical and important this is," said County Executive Pete Kutas. "Santa Clara Valley Medical Center is critical to the local hospital network; if we do not become seismically compliant, we will lose half of our beds. This includes trauma, burns, spinal cord injury and many other services vital to the community's health."

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SCVMC is currently the largest provider of care in Santa Clara County, with one in four residents in the County receiving care at SCVMC over a four year period. SCVMC is only one of two burn-trauma centers north of Los Angeles and is a high level trauma center for both adults and children; a reduced number of bed would likely force SCVMC to close these services.

The number of patients seeking care at Valley Medical Center has increased 45% since 2000, as San Jose Medical Center and other area hospitals stopped accepting Medi-Cal patients. The loss of the additional beds could create a serious void in the healthcare safety net and affect both insured and uninsured patients.

Under the proposed project, several older structures would be removed and replaced with buildings that meet current seismic standards for acute-care hospital facilities. The project would be accomplished in two phases, including the demolition of several older structures and construction of new buildings that meet current seismic standards for acute care facilities and the replacement of 272, or half of the hospital's acute care beds. At full build out, the size of the hospital would increase by approximately 393,000 square feet (39%) to a total of 1.4 million square feet.

"Santa Clara Valley Medical Center is an essential part of the safety net for everyone who lives in our county," said Board Chair Supervisor Pete McHugh. "Finding a way to bring the hospital into compliance is something we have to do."

"We are actually at the point where we have very few options," said Supervisor Liz Kniss, Chair of the Board's Health and Hospital System Committee. "We will bring in a small portion of the funding through designated Redevelopment Agency funds and tobacco securitization, but the cost for seismic safety compliance is a big bite. There is no other option except to take this question to the voters."

The thirty-year measure, which is estimated to add \$13.90 per \$100,000 in assessed valuation in its first year, and \$13.06 annually thereafter would require approval of two-thirds of the county voters. The average home assessed value in the County is \$468,000. The average additional cost would be \$65.05 the first year and \$61.14 for subsequent years.

"I believe this is something the voters will support," said Supervisor Ken Yeager. "Many residents may not know what the county does, but they know what a hospital does."

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"We only have to look at recent disasters around the globe to understand why bringing Santa Clara Valley Medical Center into compliance with seismic safety standards is so important," said Supervisor Blanca Alvarado. "The last thing we want to see happen is a failure of critical medical facilities at a time when they are most needed."

Phase Two of the project which requires that hospital buildings - not only remain standing but - remain operational and capable of providing acute care medical services during an earthquake will cost an additional \$502 million; however, the County will have until 2030 to complete the second phase.

The second and final reading on this item will take place on June 24, 2008 at 10:00 a.m.

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