

## CITY OF PALO ALTO

### MEMORANDUM

DATE: October 20, 2008

TO: City Council Colleagues

FROM: Council Member Pat Burt and Council Member Sid Espinosa

SUBJECT: Request for the City Council to Approve Resolution in Support of Measure A

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#### RECOMMENDATION

We hope you will join us in supporting and approving the attached resolution endorsing Measure A, a bond supporting hospital seismic safety, which will be on the November ballot.

#### BACKGROUND

Within the past four years, one in every four Santa Clara County residents (and many Palo Altans) have been treated at the Santa Clara Valley Medical Center (VMC), the county's busiest hospital. This is a critical regional medical facility, especially for specialized treatments like emergency, trauma and burn care. Because the VMC has one of northern California's two burn trauma centers (the other one is in Davis), if a Palo Altan is severely burned, they will be treated at the VMC. The problem, which Measure A seeks to address, is that this important regional resource must be seismically retrofitted or it risks being closed by the state.

After the tragic 1994 Northridge earthquake in which twelve southern California hospitals were severely damaged and eleven were forced to close, California established an unfunded mandate that all hospitals must be seismically retrofitted by 2013. Unfortunately, over half of the VMC's beds are in buildings that do not meet California's earthquake safety standards. We must fix this problem now, and Measure A will do just that. This measure has received resounding support from across the county, and it is notable that no organized opposition has emerged.

We have attached back up materials that provide details about why this measure makes sense for Palo Alto and for our region. We hope that the Council will support the attached resolution endorsing Measure A.

# San Jose Mercury News

Article Launched: 09/07/2008 11:59:08 PM PDT

When Silicon Valley residents go to a hospital, they expect to receive quality care utilizing the latest advances in technology.

That holds true at Valley Medical Center today. But it won't five years from now unless Santa Clara County voters approve Measure A on the November ballot, providing the funding to seismically retrofit 272 of Valley Med's hospital beds and keep open its prized burn and trauma centers.

Administrators at competing hospitals agree that VMC provides the glue that holds the county's medical system together. No hospital will be able to pick up the slack if VMC loses nearly half of its beds and its burn and trauma centers in 2013 when California's new safety standards go into effect.

Voting to approve the \$840 million bond measure to replace the older part of the hospital is the only way to guarantee that Silicon Valley residents will have an adequate supply of hospital beds. The bond measure would cost property owners just under \$14 per \$100,000 in assessed home value, annually, for 30 years.

County officials know that this is not an ideal time to put a big revenue measure on the ballot, especially one that will require two-thirds approval to pass. But they have no choice. It speaks volumes that no organized opposition to the project has surfaced. Despite the cost, this is one bond measure that must pass, for the good of the valley's overall health.

The state imposed new seismic standards after the Northridge earthquake damaged 12 Southern California hospitals. But the Legislature provided no funding for hospitals to retrofit their buildings by the 2013 deadline. Since the cost of replacement is roughly \$2 million per bed, hospitals, including the San Jose Medical Center, have been closing at an alarming rate; more than half in California are operating in the red.

VMC's main building, completed in 1999, meets California standards. But its older building, which houses more than 250 of its 524 beds, was built 40 years ago and must be replaced. The county has already allocated \$172 million, and \$790 million from the bond measure would allow VMC to comply with the state's seismic safety mandate. If the bond measure does not pass, and the hospital is forced to close half of its beds, then the remaining 250 beds would not be enough to justify running a burn and trauma center.

The remaining \$50 million from the bond measure would go toward construction of an outpatient medical service facility in downtown San Jose — greatly needed since San Jose Medical Center closed its 302-bed hospital in 2004. The city, county and San Jose State University have been in ongoing discussions to determine how best to accomplish that goal. The \$50 million would provide care to downtown residents, no matter the outcome of the talks.

Silicon Valley already has just 1.5 hospital beds per thousand population — one of the lowest ratios in California and the nation. At the same time, Valley Medical Center's patient load has increased nearly 50 percent this decade. There is no cure available for the valley to meet its future medical needs other than swallowing hard and passing Measure A on Nov. 4.

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From the ballot:

Valley Medical Center (VMC) - the hospital our community will rely on in the event of a disaster or critical injury - doesn't meet California's mandatory earthquake safety standards.

A YES vote will make essential safety improvements to keep this vital hospital open when we need it most.

VMC is a Level One Trauma Center, the highest-level hospital facility, and able to treat the most serious accident and emergency patients. No matter where you usually go for healthcare, if you are the victim of a serious accident or emergency in Santa Clara County, you are likely to be taken to VMC's Trauma Center.

The 1994 Northridge earthquake in Southern California killed 70 people and sent 1,600 seeking emergency care to local hospitals. Tragically, the damage forced 11 area hospitals to close.

Following that disaster, the State Legislature passed a law requiring all California hospitals to be seismically safe by 2013. **But the legislature provided NO state funding to make hospitals earthquake safe.**

**Measure A will provide the necessary funding for Valley Medical Center to comply with this State mandate and ensure our County's busiest hospital is seismically safe and able to operate following the next big quake, which as we all know, could strike at any time.**

VMC is our lifeline in a disaster, but without Measure A, many of its facilities - including essential emergency and trauma care facilities - will be forced to close, including:

- **Trauma Center for children and adults**
- **272 hospital beds - about one-half of the hospital**
- **Santa Clara County's only burn injury unit**

Measure A requires independent audits, oversight by a citizens committee, and public disclosure of all spending from the measure. **And legally no money can be spent on administrators' salaries.**

We urge a YES vote on Measure A - an investment that might save your life.

/s/ Mike Honda

Congressman, United States House of Representatives

/s/ Michael R. Splinter

President & CEO, Applied Materials, Inc., and Chairman, Silicon Valley Leadership Group

/s/ Laurie Smith

Sheriff, Santa Clara County

/s/ Roland Torres

MD, Director of Neurotrauma, Stanford University Medical Center

/s/ Anthony "Tony" Spitaleri

Mayor, City of Sunnyvale and Retired Palo Alto Fire Captain

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### ***Hospital Seismic Safety and Medical Facilities***

***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?***

## ***BONDS YES***

## ***BONDS NO***

### **Meaning of Voting Yes/No**

#### **A YES vote on this measure means:**

A "yes" vote would authorize the issuance and sale of the bonds in the amount of \$840,000,000, to be secured by the levy of ad valorem taxes on property located within the County.

#### **A NO vote on this measure means:**

A "no" vote would not authorize the issuance and sale of the bonds in the amount of \$840,000,000, to be secured by the levy of ad valorem taxes on property located within the County.

### **Impartial Analysis from the County Counsel**

Upon approval of 2/3rds of the votes cast by voters in an election, California law permits a county to issue general obligation bonds. Bonds are secured by the levy of ad valorem taxes on property within the county and bond proceeds can be used for any lawful purpose for which a county may expend funds. Bond measures must meet certain accountability requirements, including a statement of the specific purposes of the bond and that proceeds will only be used for specific purposes, the creation of a separate account for deposit of the bond proceeds, and issuance of annual reports on the collection and expenditure of bond funds.

State law, adopted following the temporary closure of several hospitals resulting from the 1994 Northridge earthquake, mandates that hospitals comply with seismic safety requirements by 2013, subject to a two-year extension to 2015 if certain requirements are met. Any hospital facility that does not undergo the mandated seismic upgrade and remains at potential risk of collapse, or which poses significant loss of life, in the event of a major earthquake is restricted to being used solely for non-acute care purposes.

The County proposes issuing bonds in the amount of \$840,000,000 at legal rates to: (1) retrofit the Santa Clara Valley Medical Center (SCVMC); and (2) fund medical facilities in downtown San Jose to replace the closed San Jose Medical Center. The stated purpose of the bonds is to pay for the state-mandated seismic upgrade in order to prevent elimination of over half of SCVMC's acute care patient beds and its trauma and burn center, and to pay for additional medical facilities in the downtown San Jose area.

Measure A includes all accountability measures required by State law, and also requires the creation of a Citizens' Oversight Committee to review annual reports on the collection and expenditure of funds. Additionally, it prohibits the County from using bond proceeds for administrators' salaries.

The County's best estimate of the tax required to be levied to fund the bonds during the first fiscal year after the sale of the first series of bonds is \$13.90 per \$100,000 of the assessed value of taxable property within the County. The County's best estimate of the highest tax required to fund this bond issue during the first fiscal year after the last sale of the bonds is \$13.90 per \$100,000 of assessed valuation. The County's best estimate of the highest tax rate required to levy the bonds is \$13.90 per \$100,000 of assessed valuation.

A "yes" vote would authorize the issuance and sale of the bonds in the amount of \$840,000,000, to be secured by the levy of ad valorem taxes on property located within the County.

A "no" vote would not authorize the issuance and sale of the bonds in the amount of \$840,000,000, to be secured by the levy of ad valorem taxes on property located within the County.

Ann Miller Ravel

County Counsel

By: /s/ Susan Swain

Lead Deputy County Counsel