

Bond Measure to Support Watsonville Community Hospital



Frequently Asked Questions

Background

In 2022, Watsonville Community Hospital nearly closed following bankruptcy proceedings brought by the previous, for-profit hospital owners. The closure would have had a negative impact on residents who have been provided quality healthcare since 1895, over 125 years ago. Thanks to community fundraising and emergency legislation to form the Pajaro Valley Health Care District, the hospital was saved. The fundraising campaign paid for the cost of bankruptcy (legal & other fees) and funding hospital deficits before the hospital sale to the Health Care District, as well as acquisition of the hospital operations and initial working capital for the newly non-profit, community-owned hospital.

On behalf of the community, Watsonville Community Hospital has instituted a turnaround plan, which has put it on a good path toward financial stability. This plan includes cost-saving measures and new initiatives to improve operational efficiencies and patient care. However, the hospital still needs assistance to upgrade and renovate facilities, improve emergency room services, and continue to improve the financial health of the hospital. For this reason, the District Board of Directors has placed a general obligation bond measure on the upcoming March 2024 ballot.

The following information is provided to assist voters in understanding the facts behind the proposed measure and how its passage will affect the District and our community.

What is the proposed measure?

The measure is a \$116 million general obligation (G.O.) bond program intended to renovate Watsonville Community Hospital and improve services to our community. Specific projects identified include:

- Expanding and renovating the emergency room, nearly doubling its size, to provide better emergency care and meet the growing needs of our community
- Upgrading vital imaging systems including X-rays, MRI, and CT scanners
- Purchasing the Watsonville Community Hospital property to save over \$3 million a year in rent payments, which could then be used for doctors, nurses and enhancing healthcare services
- Repairing or replacing several aged building systems, such as plumbing, heating, ventilation and air conditioning, and replacing the aging roof
- Modernizing healthcare facilities to provide additional services, so patients don't have to travel to other hospitals to get the care they need

Why did the District place the bond measure on the ballot?

Although Watsonville Community Hospital has been well maintained over the years, our facility is old and needs to be upgraded to maintain and improve healthcare in our community. Our hospital was first built in 1998 and needs major infrastructure improvements to continue to provide quality services to local residents. Furthermore, the hospital does not own the building and the land on which it is situated. When the District purchased the hospital, it purchased the hospital operations, but it did not have the resources to purchase the buildings and land. The hospital spends over \$3 million every year in lease and insurance payments to a third-party owner in Alabama (Medical Properties Trust). If approved by voters, this measure would allow the District to purchase the building and land, ensuring local control, and resulting in savings to be spent on improving services. The measure would also allow the hospital to modernize and expand our facility and improve emergency care.

Can Medi-Cal, Medicare and insurance payments pay for our hospital's facilities improvements?

Unfortunately, no. Our hospital only receives about 14 cents for every dollar it bills to insurance companies and government programs like Medicare and Medi-Cal. The funds we do receive are used to provide healthcare services to patients, and don't reach far enough for the upgrades needed to the emergency room, X-ray machines, CT scanners and other important, costly items. Today, the scope of improvements needed at the Pajaro Valley Health Care District is far more than the current funding sources available.

What is a General Obligation ("G.O.") bond?

G.O. bonds fund projects such as upgrades and renovations to healthcare facilities. Similar to a home loan, G.O. bonds are typically repaid over 30 years. The loan repayment comes from a tax on all taxable property -- residential, commercial, agricultural and industrial -- located within the District's boundaries.

What will the passage of the proposed measure mean for our community?

The Pajaro Valley Health Care District facilities are used by the entire community -- local children, families, and senior citizens. The proposed measure will modernize and upgrade our community hospital to better serve the Watsonville community.

Has the District ever passed a G.O. bond measure?

No, this is the first request ever made by the Pajaro Valley Health Care District.

What will the proposed measure cost?

The tax rate per property is estimated to be \$24 per \$100,000 of annual assessed valuation or approximately \$2 a month. (It's important not to confuse assessed valuation with market value. Assessed valuations are the values placed on property by the County, and are almost always lower than market values). Check your property tax statement for your current assessed valuation.

What are the boundaries of the Pajaro Valley Health Care District?

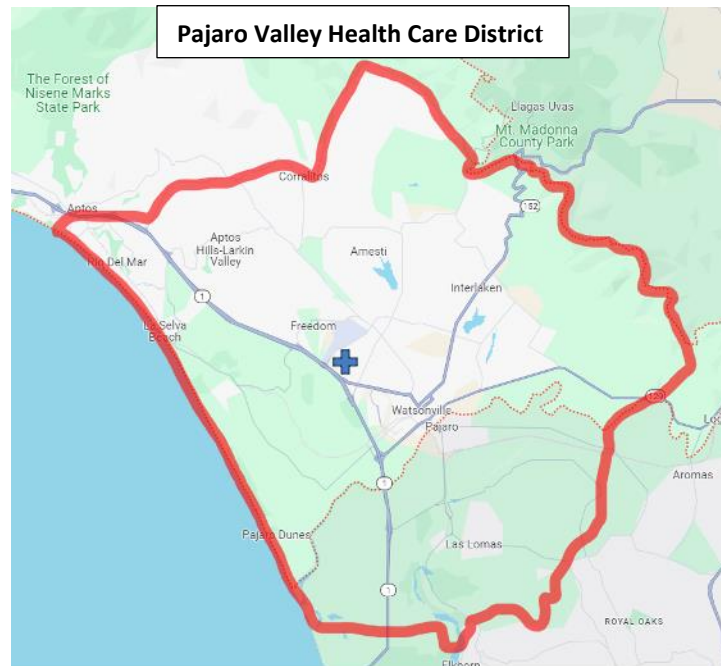
The Pajaro Valley Health Care District spans from Aptos in the North to Las Lomas in the south, including parts of both Santa Cruz and Monterey counties. The Health Care District boundaries are similar to the Pajaro Valley Unified School District boundaries, but not exactly the same.

For detailed information visit:

<https://casetext.com/statute/california-codes/california-health-and-safety-code/division-23-hospital-districts/chapter-9-pajaro-valley-health-care-district/section-324985-pajaro-valley-health-care-district-formed>.

Who will vote on this bond measure?

People who live within the boundaries of the Pajaro Valley Health Care District will vote. They will receive materials from the election department in their county, which are generally sent out in early February. Visit the county election department online for more information: Santa Cruz County: votescount.santacruzcountyca.gov and Monterey County: montereycountyelections.us.



What will happen if the proposed measure does not pass?

If the proposed measure doesn't pass, our hospital will continue to struggle to adequately maintain the building and equipment. Major repairs will need to be postponed and, as a result, will be more expensive to make. Over \$3 million each year will continue to be spent in rent payments instead of on healthcare services for our community. Local residents will continue to go to other hospitals for certain healthcare services, which will not serve them well and will mean healthcare revenues leave our community.

How can I be sure that funds will be spent on improving our hospital?

By law, all bond funds must be spent locally and cannot be taken by the state. Funds can only be spent on healthcare facilities and not on salaries of staff or administrators. In addition, a local independent oversight committee will be established to ensure that funds are properly spent.