

**A Report of the Findings and Recommendations
Of The
Sonoma Valley Health Care Coalition
May 14, 2007**

To:

**The Board of Directors
Sonoma Valley Health Care District**

From:

The Sonoma Valley Health Care Coalition

I. Introduction

The Sonoma Valley Health Care Coalition is a volunteer citizen body of residents of the Sonoma Valley Health Care District, formed in May, 2006 in the wake of Measure C. That Measure asked the voters of our Health Care District to approve a \$148 million general obligation bond to build a public hospital on agricultural farmland adjacent to the City of Sonoma Urban Growth Boundary (UGB). That land was a pristine hayfield, part of the active dairy farm and residence of the Leveroni family who has been a contributing and valued part of our Sonoma Valley community for generations. Notwithstanding the fact that an overwhelming majority of Valley residents wanted to preserve a hospital in Sonoma Valley, Measure C was rejected by 77% of the voters in a bitter five month campaign that divided our community as no other issue had in anyone's memory.

As it became apparent in the spring of 2006 that the Measure would be rejected and leave the community in danger of losing its hospital, a small group of citizens, using private funds and influence, formed what became known as the "Plan B" committee,¹ so named because of the demands during Measure C for an alternative to the hospital that had been proposed by the Board. That group, in turn, assembled a small group of

¹ Founding members of the Plan B Committee included: Peter Haywood, Norman Gilroy, Jim Bundschu, Dr. Richard Kirk, Suzanne Brangham, Kirsten Lindquist, and Ed Stolman

recognized hospital experts² to gather information and suggest a course of action the community might take to build the hospital it needed and behind which the community could unite. That panel presented its report in May of 2006 and thereafter invited those who were adversaries during the Measure C campaign to come together to try to achieve the common interest of a replacement hospital.

In May 2006 some 60 members of the community assembled in the main dining hall of Ramekins Cooking School and after affirming their desire to preserve a hospital in the Valley, agreed to form a coalition – open to every resident of the Valley – to come together to discuss the best way to do that. The group immediately agreed on a Statement of Purpose which has guided its work for nearly a year.³ A Steering Committee was formed to guide the Coalition’s activities, tasks and decision making process set forth in the Statement of Purpose.

Though totally self-selected, membership on the Steering Committee proved to be nearly equally divided between those who had advocated for and against Measure C. That Committee in turn formed an Options Committee, which it charged with the task of examining the Options and possibilities presented by the Plan B report, exploring any new Options as it may decide or which were suggested to it, and making a recommendation to the Steering Committee for its review and consideration. The Steering Committee would in turn, after reporting its conclusions to the broader Coalition, recommend to the hospital Board a viable solution that would likely get the support of voters for any tax or other ballot measure necessary to implement that solution.

II. Background

The Coalition believes this report would be incomplete and a disservice to the Board if it did not summarize significant factors and events that have shaped the hospital

² They included: Jim Diaz, KMD Architects, Wanda Jones, New Century Healthcare Institute and Craig Acosta, KSA Health Care Planning.

³ See Attachment A

controversy and the work of the Coalition. Without such background, the Board and the general public may be misled to ways of thinking and conclusions that ignore critical factors that have informed the Coalition's work and which lie at the foundation of its recommendations. The following is but a brief summary of important aspects of that history, which can be amplified and detailed by many of our fellow citizens in and out of the Coalition who experienced much of it first hand and from various perspectives.

Measure C arose as a result of the hospital Board's duty and obligation, mandated by state law, to replace critical but seismically unsound buildings in our Sonoma Valley Hospital complex. In the course of so doing, the Board also recognized that the hospital itself, built in three phases beginning in the 1950's, was outdated and inefficient. For example, many of its key central plant components are so outdated that replacement parts have had to be specially manufactured in some cases because they were no longer commercially available. Furthermore, as healthcare, medical science and the practice of medicine have changed rapidly over the 50-plus years of the hospital's existence on Andrieux Street, the current structure, even without considerations of seismic hazard, has gradually become ever less capable of efficient delivery of medical care.

Like virtually all community-owned hospitals in California and the nation, the hospital complex, located on Andrieux Street in Sonoma, was also increasingly unable to operate profitably in the medical and healthcare environment of the late 20th and early 21st century. Legally mandated staffing and emergency room requirements put in place by state and federal governments over the years, combined with unfavorable reimbursement rates from private and government insurers which did not keep pace with increasing costs, and other factors relentlessly constricted the hospital's financial bottom line.

Wide variations in patient load arising from the volatile demand of our relatively small population, aggressive pricing by Kaiser in recruiting seniors who live in Sonoma, a shortage of primary care physicians, insufficient doctor referrals and related factors

caused revenues to become ever more unpredictable and to grow more slowly than expenses. At the same time, costs rose. Rapid increases in wages of hospital professionals, a shortage of nurses causing extensive use of “registry” personnel, ever higher costs to pay for legally mandated “on call” physicians required for the emergency room, and other factors caused expenses to outpace revenues and costly assets to be underutilized.

In addition, there was a fundamental shift in the practice of hospital medicine that saw a dramatic increase in outpatient care. Originally designed for an in-patient medical environment, the hospital’s practice is now nearly 90% outpatient, and as a result, the configuration of the current hospital is woefully inefficient. The combination of these and other factors over the past two decades gradually eliminated the hospital’s ability to fund operations from service revenues.

Between 1995 and 2002, losses totaled \$10 million, virtually wiping out the hospital’s cash reserves. Increasingly, the hospital has had to rely on philanthropy to purchase needed equipment and fund programs.

By 2002, it had become clear that additional funding would be required to keep the doors open, and in that year, with the consent of voters, a parcel tax on District property owners was introduced to underwrite (subsidize) the operation of the hospital. That measure, a \$130 per year parcel tax for five years was passed by an 84% majority and served to subsidize (\$2 million per year) the hospital and provide time for the Hospital’s Board to evaluate and propose a plan for a replacement hospital.

In the years following, improved reimbursement rates were negotiated with major insurers and new doctors were recruited to increase patient load. These measures, plus increased philanthropy, began to have a positive effect and for a time, the Hospital began to transition to a more positive financial picture with improved stability.

Having studied the need for a new hospital for 10 years and having reviewed 12 potential hospital sites in the Valley, in late 2005 the Board announced it was interested in acquiring acreage near the intersection of Arnold Drive and Petaluma Avenue (the Romberg-Shamrock site). That announcement generated widespread opposition not only from the owners of the property in question but from a wide spectrum of citizens opposed to further development along Arnold Drive.

Faced with public outcry, in a series of meetings and surveys the Board invited the public's input on preferences for three potential hospital sites: The Romberg-Shamrock site of about 20 acres as originally proposed, a 4.1 acre plot (then known as the Cuneo property but subsequently purchased by the Carinalli corporation) located southwest of the present hospital in the City of Sonoma, and a 16 acre portion of the Leveroni dairy farm, located just outside the City and its UGB and north of the intersection of 5th Street West and Leveroni Road.

Despite the fact that the Leveroni family, like the other owners, had steadfastly refused to sell, the Board, drawing on surveys of valley residents in which more people favored the Leveroni site than the other alternatives, named that site in its Measure C ballot request. That request sought voter approval of a \$148 million general obligation (GO) bond to acquire the Leveroni land and build the hospital.

Opposition to Measure C was immediate and unrelenting. At the same time, in the middle of the balloting period for the mail-in election, a local resident approached the Hospital and the Measure C supporters with news that he had put together a package of parcels with willing sellers so that sufficient acreage was available and eminent domain would not be required. In light of that news, the Measure C campaign suspended its campaign. Because the election could not be halted, it urged all voters who had not yet

voted⁴ to reject the Measure to be sure it would not pass. Measure C was ultimately defeated by 77% of the 12,000 plus ballots cast in the aborted campaign.

Lest anyone misread that result as a rejection of the need for a replacement hospital, it should be noted that throughout the Measure C debates, both factions (with the exception of a small minority) repeatedly underscored their support of a hospital to serve the needs of the Valley. Indeed, every survey, including the most recent surveys taken by the Coalition has revealed that over 90% of hospital district voters value and want a hospital in the Valley. That percentage includes many who, because of restrictions or benefits offered by their insurance providers (e.g., Kaiser), do not use the hospital except for emergency services.

By definition and purpose, the Coalition was formed from among those in both camps who were dedicated to the goal of having a replacement hospital that the voters would support. If that sentiment had not been so prevalent, the Coalition, and this report, would not exist.

However, a recommendation path to a replacement hospital was not the only goal or purpose of the Coalition. Though not expressed in our Statement of Purpose, an important but unspoken goal of our process has been to reunite the community and the Valley that has been so badly injured by the controversy over Measure C.

We have come to see the issue of a new hospital not as a them vs. us battle of personal preferences or agendas but as a major real-world practical concern and challenge for all of Sonoma Valley that simply cannot be met without a determined effort to acknowledge and satisfy as best we can all of the varied and important interests that must be taken into account if we are to ever get a new hospital. We are encouraged that all

⁴ The election was a special mail ballot election commencing in early April and schedule to run through early May. Most voters had voted early though returns continued to trickle in through out the voting period.

factions active in the Coalition, including the Leveroni family, came together to unanimously endorse the recently passed parcel tax measure.

Our challenge also includes making sure that a new hospital will serve not only the immediate needs of the Valley residents but, to the extent we can reasonably anticipate them, the future of healthcare and medicine in the county, the State and the nation. These challenges include making sure that a new hospital will compliment, preserve and enhance our environment and the small-town heritage and priceless beauty of Sonoma and our Valley which we all treasure.

III. Information Considered and Provided

In nearly a year of work by scores of people in the Coalition, we have gathered and examined a large amount of data and material that has been a valued reference for us and will undoubtedly be useful to the Board as well in the considering this report and recommendation. While that information is voluminous, much of it has been made publicly available on the Coalitions blog site (www.svhcc.blogspot.com) and will not be appended here.

In addition, there were other studies, reports and recommendations available to us which were compiled over the years by the Board or advisory committees thereto, pertaining to the construction and siting of a new hospital. We referenced that information where we felt it was relevant and useful to our present work.

Throughout our work we benefited from the expertise of professional hospital architectural firms in our effort to understand the possibilities and challenges of Options being considered. These firms included Anshen and Allen (the Broadway Option), Jennings Ackerly (the In-Town Option) and Ross Drulis Cusenbery (Cirrus Option).

We were also aided immeasurably by HFS, Inc., a firm experienced in hospital financial analysis, which provided us independent analyses and viability evaluations of

the various Options. Its expertise helped us gauge the viability of Options as originally proposed and also greatly assisted the Coalition and Options proponents to reconfigure and improve the viability of each Option.

We also held over 25 separate public meetings to which we invited experts and others to inform and educate us in the many factors that impinge on or might be relevant to the building, design and siting of a hospital. This list also included a number of presentations to inform the public and the Coalition at large about the details of ongoing Options and Steering Committee work and of various Options – and reiterations thereof – being proposed by various segments of the community, the hospital administration and private enterprises.

The Coalition has also held periodic community outreach meetings and made presentations to various community organizations, all in an on-going effort to inform the public of the Coalition’s work and the challenges we were facing. This was done so that the public would be as informed as possible and our processes would continually be open and transparent. These meetings were held not only in the Coalition’s various City of Sonoma venues (Ramekins, Vintage House, The Community Center, and Burlingame Hall) but also in other places in the Valley including Glen Ellen, the Springs, the Kiwanis Club, the Moose Lodge and other locations.

In addition to public meetings, the work of the Coalition has been publicized in several monthly full-page advertisements in the Sonoma Index Tribune and the Sonoma Valley Sun and Sol. Those ads attempted to educate the public on the Options being considered by the Coalition, and other factors we felt were important for the public to know regarding our work.

Through the generosity of KSVY and Three House Multimedia Corp., the Coalition participated in a weekly radio program each Tuesday morning at 8:00 AM to discuss its work and various issues pertaining to the hospital and efforts to develop a

solution that voters might approve. Listeners were free to call in to get answers to their questions.

In addition to the radio show and media advertisements, various Coalition leaders regularly made themselves available to members of the press, for interviews, news stories and updates on the work of the Coalition and matters of particular interest to the press. “Letters to the editor” were also issued where appropriate to provide clarifications of information to the public, correct misinformation, or address specific questions or concerns raised by readers.

The Coalition blog site was established not only as a repository of Coalition information and reports but to enable members of the public to communicate directly with the Coalition if they were unable to attend our meetings, and to dialogue with others in the community about any and all matters pertaining to the hospital and the work of the Coalition.

Throughout its processes, the Coalition also took a number of surveys (phone and mail-in) to gather important information from voters, doctors and the general public about their thoughts, opinions and preferences for a replacement hospital. Those surveys, along with the outreach meeting feedback mentioned above, were critical to guiding the Coalition’s consideration of viable Options that voters might approve. The results of all of those surveys have been reported in public meetings, in the media and are posted on the Coalition blog site.

The Steering Committee received the recommendation of the Options Committee in mid-April and carefully considered its recommendation and stated reasons in support of their recommendation. The Options Committee chose the Broadway, In Town and Cirrus Options in that order of preference by a vote of 22-7-1, respectively. The 35-Bed Small Hospital Option received no votes. The 25 Bed Small Hospital, with and without Critical Access status, was found to be not feasible and was rejected.

A primary factor in preferring the Broadway Option, among many, was the greater contiguous land area providing flexibility of design and room for expansion.

Finally, Coalition members also undertook a number of real-world investigations, visiting potential building sites for a new hospital. A small group visited Kaiser's Garfield Center in Oakland, to examine new techniques for hospital configuration being explored there.

The results of our most recent survey of voters indicates that all of the foregoing work has paid off in terms of educating the voters to a high degree about issues and Options pertaining to building and siting a replacement hospital. As reported to us and the public by Chuck Rund, President of Charlton Research, Inc., who conducted the most recent survey, never has he seen survey results that reflected a public so informed about a public policy issue. Fully one-third of all voters surveyed said that they had heard, seen or read just about everything regarding the Options and issues under consideration.

While at times it has not seemed to be the case, particularly to those working so hard within the Coalition, apparently we have been as successful as possible in our goal to educate and involve the public in the "hospital issue." We note that this high degree of public involvement and awareness represents a major and significant difference in circumstances compared to the run-up to Measure C and gives a weight to our findings and recommendation that the Board can rely upon with considerable confidence. In short, the public is better informed, and as a result the Board is now better informed about what the public is thinking and what it expects in a hospital decision.

None of this is to suggest, however, that the decision will be easy. As noted and explained below, there is no 'easy answer.' This report and recommendation is, as was always intended, advisory only. It is and remains the responsibility of the elected Board, with the help of its newly appointed CEO – both a new start in the wake of Measure C --

to make the determination as to where to build the new hospital. For while the answer for a new hospital will be the product of a very few and sometimes conflicting factors, chief among them, for reasons noted below, is site: Where will the new hospital be built?

Armed with this definitive report as to the issues and sentiments important to voters and to the very practical factors impacting the viability of any hospital, surely the Board's task, difficult as it is, will be much more informed this time around.

However, the Coalition respectfully advises that the decision not be made frivolously, or on ideological grounds, or under the sway of powerful interests that might tend to ignore or minimize any of the critical factors noted in our recommendation below. The Coalition believes that significant organized opposition could secure the needed percentage of votes to defeat a ballot measure. It is the considered opinion of the majority of the Steering Committee that 'the next time around' will be the last time around.

IV. Findings

The Steering Committee sets forth its significant Findings below, which have helped to shape the scope and nature of its recommendations, and to which we direct the Boards' attention:

1. The Broadway Option (56 beds), the In-Town Option (56 beds), the Cirrus Option (56 beds) and the 35 Bed Small Hospital envision business models that project, but do not guarantee, financial viability; that is, the ability to operate without the need for a parcel tax once they are completed and operating as designed.
2. The 25-bed Small Hospital is not viable because its capacity for patients and revenue would not offset its operating costs and it would be projected to lose over \$800,000 a year. Moreover, it could not provide the current service

offerings of Sonoma Valley Hospital and would frequently have to refuse admissions because it would be full and would also have to divert emergency room deliveries to other hospitals an estimated 20% of the time.

3. Because the 25 bed small hospital is not viable, the Coalition does not recommend it.
4. Because the December 2005 deadline to obtain Critical Access Designation, which would have allowed a higher rate of Medicare reimbursement to augment hospital revenues, has passed, no such designation is possible, unless new legislation is passed at the State and federal level. Thus, the Coalition also does not recommend efforts to build a 25 bed hospital and make application to obtain Critical Access designation.
5. While it may be physically possible to ‘retro-fit’ the West Wing of the current hospital to meet SPC-4 seismic standards to allow it to be used as a hospital beyond 2030, doing so would create major disruptions to the hospital environment and would very likely require the hospital to close for a period of time, effectively eliminating revenue, forcing doctors and staff to relocate and/or find employment elsewhere. Any significant or prolonged revenue loss could bankrupt the hospital.
6. Even if the hospital could financially survive a SPC-4 retrofit of the West Wing for use as a hospital, including upgrades mandated by the Americans with Disabilities Act, design inefficiencies that limit viability of the current hospital would not be solved by seismically upgrading the current facility.
7. Because of the time (six to twelve months) and cost required to determine if the West Wing could gain an SPC-2 OSHPOD rating, no effort was made to

obtain that rating. Gaining SPC-2 rating would only allow the West Wing to be used for patient care until 2030.

8. The hospital's central core, an unreinforced concrete block structure which contains surgery and ER, cannot be retrofitted. Accordingly, under current law, it cannot be used for patient care under any circumstances beyond 2012. The East Wing currently meets SPC-4 seismic standards and may be used for patient care after 2030.
9. Viability of all Options is predicated first and foremost on the willingness of physicians to work in and refer patients to the hospital. Any Option that does not include a successful mechanism to recruit and persuade physicians to work in and with the hospital and to refer patients to the hospital has no chance to be financially viable.
10. Surveys confirm that over 90% of voters believe a hospital of some sort in Sonoma Valley is important or very important.
11. Voter surveys as well as other community outreach feedback indicate that, when measured against each other, none of the Options then under consideration by the Coalition achieves 67% acceptance among likely voters.
12. Expert survey consultants have confirmed that any of the Options would, if selected, likely be defeated if any significant organized opposition is marshaled against it.
13. Organized opposition has begun or been promised by differing interests and segments of the Community to the Broadway Option, the In-Town Option and the Cirrus Option.

14. State law prohibits a stand-alone emergency room. All ER's must be attached to a hospital and contain various mandated support departments and capacities.
15. By law, ambulances cannot deliver patients to so-called 'urgent care centers.'
16. Surveys indicate that voters value an emergency room above all other hospital services.
17. Demographic evidence confirms that Sonoma Valley Hospital District population will grow by roughly 1% per year. However, the portion of the population of Sonoma Valley Health Care District over the age of 65 – by far the heaviest users of hospital services - is expected to increase from about 8,000 in 2007 to 12,000 in 2020. As such, despite the small projected growth in overall populations, the heavy utilization by senior citizens will cause a substantial growth in overall demand for hospital services.
18. It is difficult to quantify the extent of the need for sufficient space for each Option as might be necessary to accommodate future hospital expansion and/or reconfiguration to accommodate unknown future changes in population, in medical science and technology, in the practice of medicine and/or in state and national healthcare policies.
19. The current hospital was expanded to more three times its original size just 35 years after the original hospital was opened in the 1950's. All this expansion has taken place on the current 4.3 acre site. However, this does not take into account current legally mandated parking requirements instituted since the 1950's which, if in effect in earlier years, would have restricted design flexibility of that expansion and required more space and/or more multistory construction, including parking garages.

20. The recent hospital parcel tax was approved by voters in March by a 74% majority, only 7% more than required to pass, and 10% less than the 84% majority which approved the parcel tax in 2002.
21. A 67% majority is required to pass a general obligation bond. The latest voter survey indicates that 18% of likely voters would reject any GO bond measure to fund construction of any of the Options. Public financing of the entire \$130 million estimated project cost of a new hospital may be viewed as excessive by a number of voters.
22. Complicating matters, the School District is also contemplating a school parcel tax. Consultants have advised the Coalition that when two tax measures are on the same ballot, the likelihood that both will fail is sharply increased.
23. Surveys confirm that the major objection to the Cirrus Option on 8th Street East (which has now been withdrawn) is that it would have been owned and operated by a private company.
24. Other hospitals in Sonoma County are in danger of imminent closing, increasing the pressure on emergency room capacity for county residents, including those in Sonoma Valley.
25. It is ever clearer that the instability currently surrounding the future of Sonoma Valley's hospital must end. Left unresolved, the adverse consequences in terms of doctor and staff recruitment will more than offset the increased parcel tax and will lead to declining quality and availability of vital services and probable bankruptcy. A positive program must be advanced and acted upon.

26. All of the current Options have problems or contingencies, which could eliminate them. Cirrus has withdrawn its prospective development on 8th Street East. Neither the Broadway or the In-Town Option sites has been completely secured.
27. The Steering Committee concluded both the Broadway and In-Town Options had shortcomings which required modifications. The Broadway Option included land outside the Urban Growth Boundary (UGB). There are also legitimate concerns that the In-Town site, while sufficient to meet near-term needs, may not prove large enough to permit the new hospital to be re-configured to accommodate inevitable but as yet unknown future changes in medical science and technology and patient load. If the business plan is a success, patient load will increase considerably and if our hospital is to serve patients and taxpayers neither should be burdened in the future because of facility constraints.
28. As a result the Steering Committee endorsed a reconfigured Broadway Option to include a prospective additional 4 acres fronting on both Napa Road and Broadway, resulting in an 11.5 acre site, all within the UGB, and a reconfigured In-Town Option that added at least 4 acres located within a short distance of the present hospital site, for a total of approximately 10 acres.
29. As such, no matter which alternative anyone prefers, both the Broadway and In-Town Options must be pursued to protect against the risk that the favored Option will not prove feasible.
30. Integrating doctors into a partnership is vital in ensuring a commitment to the operations, providing necessary financial support to physicians, and

competing in recruitment of quality doctors. Any alternative pursued must provide for ways to integrate doctors in partnerships with the hospital.

31. Securing additional sources of capital is vital. This includes partnership capital for the medical office building, the ambulatory surgery center, and the imaging facilities.
32. To minimize the size of any GO bond and thereby maximize the likelihood of voter approval, a significant portion of the anticipated \$130 million project costs must be provided by partnerships, private investors, philanthropy and other sources.

V. Recommendations

Having reviewed the recommendations of the Options Committee, as well as recent developments with respect to each of the Options occurring subsequent to those recommendations, and upon consideration of all of the foregoing, the Steering Committee notes:

- The community needs a quality new hospital with a Basic ER, and public surveys have consistently shown very high levels of support for a hospital in the Valley;
- A successful and financially viable hospital requires a contiguous ambulatory services center (“ASC”) and a medical office building (“MOB”);
- If possible and economically feasible, any hospital built in the District should be within the current UGB;
- Any new hospital site be located on sufficient land, reasonably configured;

- Any new hospital and related buildings should employ as many “green” design principals as economically feasible;
- It is essential that a business plan be developed and presented to investors and prospective philanthropists to determine their interest in providing financial support that would reduce the required GO Bond for public funding;
- The economic viability of any hospital is absolutely dependent on the ability to attract and retain primary care physicians, proceduralists, nurses and other critical staff;
- Prerequisites to attracting and retaining physicians are the existence of a realistic and well-developed business plan, a District Board committed to providing essential resources, including contemporary facilities and equipment, and broad, dependable community support for the management and mission of the hospital.

Recommendations

Accordingly, on behalf of the Sonoma Valley Health Care Coalition, the Steering Committee makes the following recommendations to the Board:

I. Having concluded that (a) the reconfigured Broadway and the reconfigured In-Town Options are both projected to be financially viable and capable of providing the full range of services provided by the current hospital, (b) both present continuing uncertainties as to site acquisition and other contingencies, (c) both are projected to be approximately equal in total project cost, (d) each has equal attraction and challenges with respect to achieving voter approval for a GO bond needed to fund either of them, and (e) that the District and the hospital CEO should maintain maximum negotiating flexibility in order to achieve the optimum result for the voters and residents of the District, the Coalition recommends that the securing of newly identified land for both Options be pursued simultaneously and immediately by the District in order to reduce the

possibility that pursuing one to the exclusion of the other will limit and disadvantage the District and possibly leave residents without a replacement hospital.

II. Subject to the condition that, within approximately sixty (60) days, the District is able to enter into Options to acquire or to secure long term leases or letters of intent to build to suit an MOB and/or an ASC on a total of not less than approximately eleven (11) acres of land, including parcels 018-321-032 and 018-321-034 (see attached parcel and aerial maps), all within the UGB in the immediate area of the Broadway Site, and excluding any and all land outside the UGB, and that the District build a medical facility, as outlined in paragraph V. below, at such Broadway site.

III. Subject to the condition that , within approximately sixty (60) days, the District is able to enter into Options to acquire or to secure long term leases or letters of intent to build to suit an MOB and/or an ASC preferably for a total of approximately six (6) acres of additional land in the immediate area of the existing hospital, including but not limited to the Carinalli site of approximately 4.1 acres, for a total of approximately ten (10) acres (see attached aerial and parcel maps), that the District build a medical facility as outlined in paragraph V. below, incorporating as much of the existing facilities as is practical and cost effective, consistent with generally accepted hospital design standards.

IV. The Steering Committee further recommends that, no matter which Option is adopted, the District Board should actively seek out and engage in discussions and negotiations with qualified and capable entities interested in developing a public-private partnership with the District to substantially reduce anticipated District project costs and the resulting GO bond voters would be asked to approved. PROVIDED HOWEVER, any such arrangement must include reasonable and enforceable Security of Service provisions to safeguard District residents in the event decisions or actions by the private partner, regardless of cause or intent, jeopardizes continued provision of hospital services to residents.

V. Based upon all the data and information it has reviewed relative to viability and operating efficiency, as well as surveys and other feedback from voters and physicians, the Coalition believes and recommends that any new hospital facility must include:

- A 56-bed hospital, including skilled nursing, ICU and emergency room beds, with flexible-use capabilities and designed to maximize staffing efficiencies;
- An Ambulatory Service Center (ASC) as contiguous to the new hospital as possible consistent with regulatory requirements;
- A program to enhance physician recruitment and retention that offers physicians the opportunity to participate in the ownership of the ASC;
- An MOB (owned by a third party); and
- A menu of services that includes all current SVH services which can be adjusted to accommodate changes in medical science and technology; health care policy and practice; government and private payer policy changes; community demand; and the like.

VI. The Steering Committee also recommends, subject to validation of the projected costs of approximately \$1.2 million and financial operating results, that the District adopt the following components of the Sonoma Valley Whole Health Care Network Report:

- An Integrated Medical Center associated with the hospital;
- Wellness centers at key locations throughout the District;
- A membership system, and

- A transportation system available to those unable to drive.

VII. Recognizing other developments are likely to occur subsequent to these Recommendations with respect to site acquisition and other relevant factors, the Coalition also recommends that prior to finalizing any decision to place a GO Bond measure on the ballot for voter approval, the District undertake “outreach” measures to further enhance voter support for a GO bond by:

- (a) Communicating any-new developments to the public,
- (b) Pro-actively seeking out and meeting with interested citizens and groups who have expressed concern over siting or other issues with respect to a new hospital and/or whose interests may be impacted by the contemplated site selection, in order to attempt to address those concerns and interests. These people, interests or groups may include but are not limited to environmental, urban planning, and philanthropic interests; residents and businesses located in or impacted by the construction of hospital facilities on the contemplated site; government agencies and non-government organizations whose interests might be impacted; or private businesses or individuals who might further enhance the viability and voter acceptance of the selected Option, and
- (c) Communicating and explaining to the general public the steps, if any, the District has taken or will take to address the concerns and interests, if any, of the above interested persons and interests.

VI. Conclusion

With this Report, the Sonoma Valley Health Care Coalition has concluded its work.

We understand there will be those who have been unable to join us in this work who will view the foregoing recommendations as the sole focus of this volunteer citizen body, and who will come away less than satisfied with our recommendations.

However, we have been conscious of a far more important goal and hope. While we may have harbored different preferences for our future hospital, we have always shared the objective that our efforts would help to mend a priceless community badly divided by the bitterness and misunderstandings generated by Measure C.

We do not know and cannot say we have achieved that objective, or indeed any objective that our fellow citizens might have expected of us. Time and events, and the voters, will determine whether the past year we have spent in this effort was worth anyone's time.

However, we conclude our work greatly encouraged by our deliberations and time together, which was admittedly far longer than any of us anticipated. We think the entire Valley would be justified in sharing that encouragement. It is possible to get our new hospital. If our experience is an indication, we can honestly say that formerly bitter adversaries can come to know and respect each other.

We are also encouraged by other changes that have occurred since Measure C which will increase the chances that our community will continue to work together to have a new hospital. In particular, we have a changed hospital Board of Directors which has in turn appointed a new CEO who has earned our early respect for his experience and judgment, but most importantly his willingness to listen to and act in the interest of our community. In these things, we have reason to hope that our recommendations will fall on fertile ground.

It is in that spirit that we submit our work to the Board. We have always known that if our recommendations are adopted that more work lies ahead; namely, to help the voters of our community understand what it is that we have recommended, and why they should support it. To that end, we have committed to each other that if these recommendations are adopted we will support them with our fellow citizens, on whose behalf we in the Coalition have tried our best.

Dated and Respectfully Submitted, this _____ Day of May, 2007

**On Behalf of the Sonoma Valley
Health Care Coalition**

By: The Steering Committee

Shelley Arrowsmith

Barbara Bamberg

Kathy Barnett

Lu Benson

Bill Boerum

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Stanley Cohen

Bob Edwards

Norman Gilroy

Marilyn Goode

Peter Haywood

Ginny Jones

Dick Kirk

Steve Kyle

Gary Nelson

Steve Pease

Barbara Stidham

Bob Stone

EXHIBITS

Sonoma City and Urban Growth Boundaries

Annotated Reconfigured Broadway Option Aerial

Annotated Reconfigured Broadway Option Parcel Map

Annotated Reconfigured In-Town Option Aerial






Annotated Reconfigured In-Town Option Hospital Parcels Map

City of

SONOMA

Urban Boundaries

Legend

-  City Limit
-  Current County General Plan USA Boundary
-  Sphere of Influence
-  Urban Growth Boundary
-  Assessor Parcel

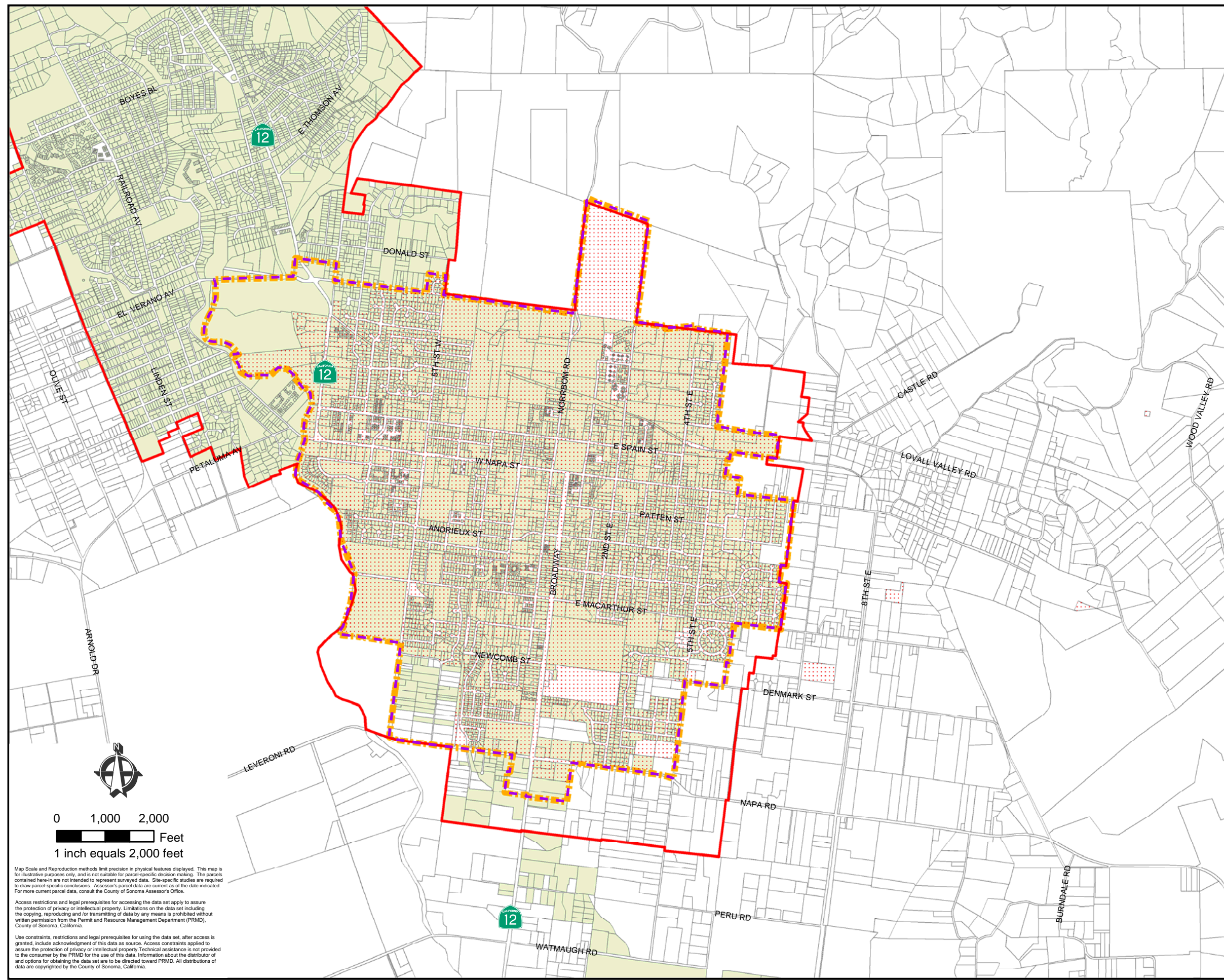
***CAC for General Plan 2020
has recommended changing
Urban Service Area Boundary
to match Urban Growth Boundary***

Permit and Resource Management Department

2550 Ventura Avenue, Santa Rosa, California 95403
707-565-1900 FAX 707-565-1103



Author: PRMD
Cartography: Shelly L. Bianchi-Williamson
File No.: C:\GP 2020 Public Facilities Element\CAC Proposed USA
Boundary\City of Sonoma USA & City Urban Boundaries.
mxd
Date: February 27, 2004



0 1,000 2,000
Feet
1 inch equals 2,000 feet

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Reconfigured Broadway Option

Broadway & Napa Rd, Sonoma, California 95476

0.5
ACRES

3.5
ACRES

5 ACRES

2.5 ACRES

500 Feet

UGB

Napa Rd

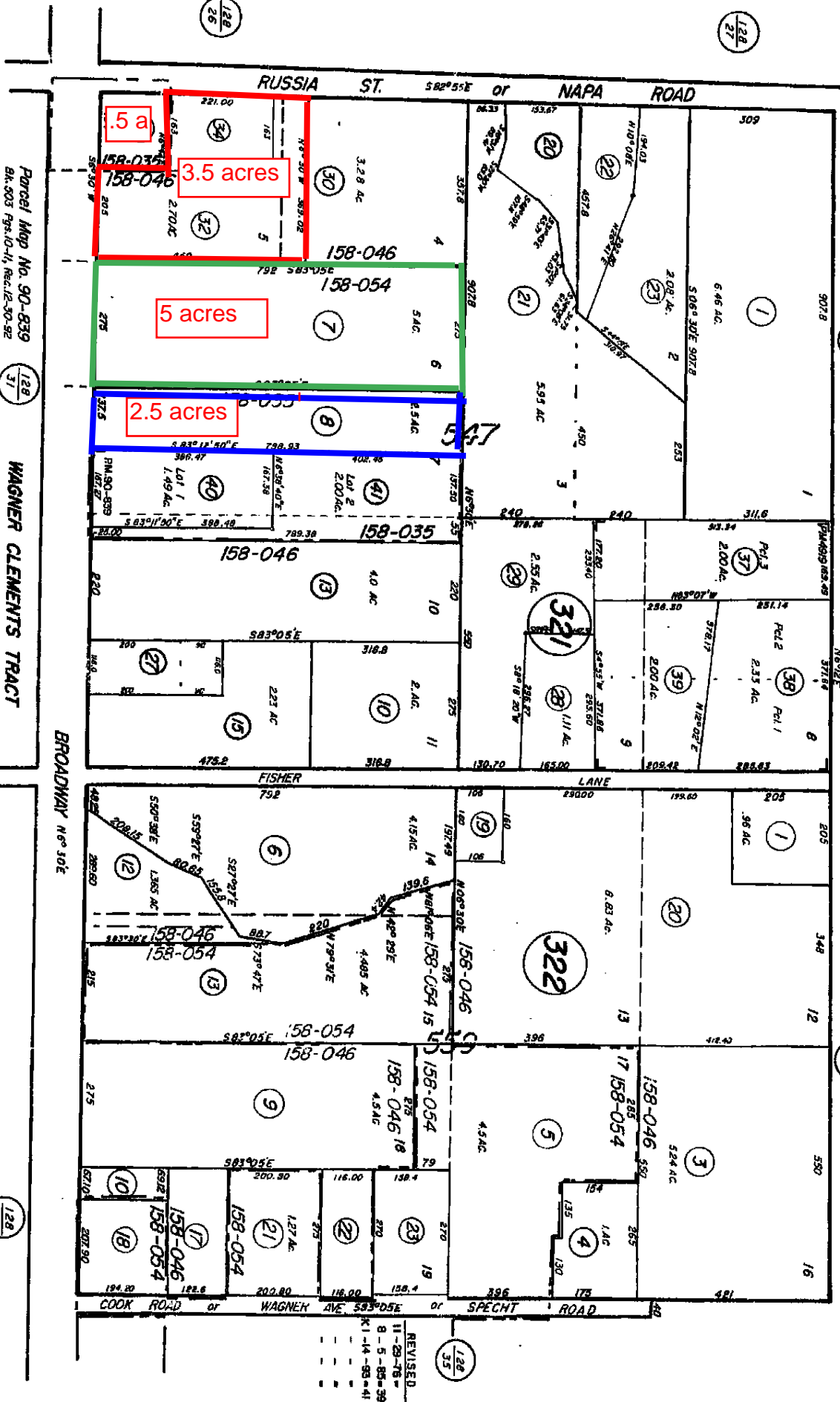
NOTE: THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA DELINEATED HEREON.

COUNTY ASSESSOR'S PARCEL MAP

Parcel Map 4919
Bk. 241 Pg. 128/135 Rec. 10/28/75

TAX CODE AREA
158-046 158-035
158-054

128-32



Parcel Map No. 90-839
Bk. 803 Pgs. 10-11, Rec. 12-30-92

WAGNER CLEMENTS TRACT
LOTS 1-19

Assessor's Map Bk. 128 pg. 32
County of Sonoma, Calif.

1" = 200'

Reconfigured In-Town Site



