COUNCIL AGENDA: 03-18-08
ITEM: 9.1

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Councilmember Sam Liccardo

SUBJECT: **SEE BELOW**

DATE: March 14, 2008

APPROVE Chuck Reed RD for Sam Liccardo **DATE:** 3/14/08

SUBJECT: CONSIDERATION OF THE FINAL RECOMMENDATIONS OF THE FORMER SAN JOSE MEDICAL CENTER STAKEHOLER ADVISORY COMMITTEE

RECOMMENDATION

Approve staff recommendations with the following additions and clarifications:

a) Direct the City Manager to forward to City Council a General Plan amendment or application for rezoning of the former SJMC site only after the completion of an implementation plan for the expansion of health care services in Downtown San Jose. That implementation plan should include, at a minimum:
   (1) Expansion of primary care services in the Downtown area to a broad payer mix of patients, i.e., to persons relying upon Medi-Cal and without insurance;
   (2) Expansion of urgent or extended-hours medical care;
   (3) Signed participation and financial agreements with all parties involved in paragraphs (1) and (2), above
   (4) Initiation of the Joint City-County Health Care Planning Task Force--with an approved work plan and schedule--which must ultimately identify specific, viable hospital site(s) in Downtown or North San Jose for future development;
   (5) Council review and approval of the implementation plan;

b) Direct the City Manager and the Redevelopment Agency Executive Director to continue discussions with community partners San Jose State University, Gardner, The Health Trust, and other organizations in furtherance of the goal of expanding access to medical care in the Downtown.

c) Direct Redevelopment Agency Executive Director to evaluate and report options for providing any RDA assistance in acquisition of any additional sites for provision of health care, by the date of the submission of the Agency's proposed FY '08-'09 capital budget to the Board.

d) Regarding the Joint City-County Health Care Planning Task Force:
   (1) Charge the Health Care Planning Task Force with the primary task of identifying specific, viable future hospital site(s) to accommodate the rapidly growing populations in Downtown and North San Jose, and making specific recommendations regarding potential site(s) to the Envision 2040 General Plan Task Force. Important, but less immediate, objectives of the Health Care Planning Task Force relate to developing long-term strategies for the provision of health care in the area.
   (2) The Joint City-County Health Care Planning Task Force must submit its work plan and schedule to Council for approval.
   (3) Direct the City Manager to include in the proposed Joint City-County Health Care Planning Task Force:
   (4) a representative appointed by the Coalition for a Downtown Hospital, and
   (5) a representative from North San Jose to named by the Mayor and the District 4 Councilmember
   (6) other health care providers and non-profits that the Santa Clara County Executive believes necessary and germane to the task force's work.

e) Direct the City Manager to emphasize that any developer recognize that critical elements in the SAC land use recommendations include:
   (1) Density and massing of any development should be concentrated as close to Santa Clara Street as possible, taking into consideration the proposed BART tunnel alignment north of Santa Clara Street
   (2) Scale the mass of development downward toward St. John Street, with a height and density along St. John Street appropriate to the surrounding single-family dwelling neighborhood
   (3) Encourage retail uses along Santa Clara Street

f) In light of the infeasibility of re-use of any of the buildings that comprised the former San Jose Medical Center, direct the City Manager to facilitate the demolition of those buildings, with the exception of any structure of historic significance.

BACKGROUND

On the recommendation of then-Vice Mayor Cindy Chavez, the Council appointed stakeholder groups to the SJMC Stakeholder Advisory Committee (SAC) to make land use and health care recommendations presented now to Council. A debt of gratitude is owed to those stakeholders and staff for their tireless efforts in a lengthy and often laborious effort to reach consensus on a series of very contentious and important issues. Special thanks to the Redevelopment Agency's Kip Harkness, who led a complex community process that included stakeholders with sharply divergent views about the future of the site and of the provision of health care in San Jose. Ultimately, he masterfully facilitated the process toward a consensus on a great majority of the group's recommendations. The public can view the product of their collective work on the planning department's website (sanjose.gov/planning/sjmc). Thanks also to Paul Krutko, Joe Horwedel, and Harry Mavrogenes for their leadership and engagement with these complex issues, which we have discussed continually in a regular series of meetings since January of 2007.

As noted in the staff report, HCA closed the San Jose Medical Center in 2004, three years ahead of its previously scheduled closure, with only 90-days notice to the community and its employees. In 2004, Regional Medical Center cancelled its contract with the State of California and stopped providing elective hospital services to Medi-Cal beneficiaries thus compounding the effects of the closure.

HCA's decisions to close SJMC and decline elective service to Medi-Cal patients has impacted residents in District Three and throughout the East Side, but its ripple effects are felt throughout the region. Santa Clara County Valley Medical Center (VMC) and O'Connor Hospital presented data to the SAC that documents the severe burdens each has borne as a result. For example, O'Connor's emergency room visits have ballooned 46% between 2004 and 2006, and the payer mix at both VMC and O'Connor has declined, leaving taxpayer-supported VMC with additional obstacles as it attempts to address an annual operating deficit that exceeded $120 million in 2007.

To its credit, HCA has publicly endorsed the view that it "should provide meaningful support that facilitates a viable plan for a new/expanded primary/urgent care clinic serving downtown." We look forward to their participation. We acknowledge and appreciate HCA's ongoing commitments to health care in the form of investments of millions of dollars in the expansion and modernization of Regional Medical Center and Good Samaritan Hospital, and the employment of over 3,000 local residents and 700 volunteers. We encourage its continued efforts to support the health care needs of our residents.

The Coalition for a Downtown Hospital (formerly Save San Jose Medical Center Coalition) was formed in 1999 to address health care problems associated with the impending closure of SJMC, a 99-year old healthcare provider. Given the Coalition's long-time advocacy for accessible healthcare services, its request to "sit at the table" with the Joint City-County Task Force is reasonable.

Otherwise, the Joint City-County Task Force should consist of land use and healthcare experts with experience working in underserved communities. To maintain focus, the group should be charged primarily and most urgently with the task of identifying viable, specific location(s) for the development of a future hospital in San Jose to address the most urgent needs of our growing population. Those recommendations need to emanate from the group in time for the Envision 2040 General Plan Task Force to be able to consider them. The Task Force should consider future healthcare needs over the next 20 to 30 years, and assess the impacts of new hospitals on existing health care providers.