



COUNTY OF SANTA CRUZ

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PRESS RELEASE

Date: January 25, 2022

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COUNTY PLEDGES \$5M FOR WATSONVILLE COMMUNITY HOSPITAL

The Santa Cruz County Board of Supervisors on Tuesday unanimously agreed to provide \$5 million toward the purchase and operation of Watsonville Community Hospital by the Pajaro Valley Healthcare District Project (PVHDP).

The funding is in addition to \$500,000 the Board previously provided to support PVHDP's mission of assuring high-quality medical care for residents of the Pajaro Valley. The \$5 million is contingent on PVHDP's successful bid for Watsonville Community Hospital, which filed for Chapter 11 reorganization through a bankruptcy process in December.

While the hospital remains open and offers a range of medical services to South County residents, under the current private ownership model it faces financial difficulties and is at imminent risk of closure. With 250,000 unique patient visits per year, the hospital provides critical services to an underserved population, including numerous census tracts ranking in the bottom quartile of the California Healthy Places Index.

The County of Santa Cruz, the City of Watsonville, the Community Health Trust of the Pajaro Valley and Salud Para La Gente formed PVHDP, a non-profit whose goal is to facilitate a sale through the bankruptcy process and avoid any interruption in hospital operations.

PVHDP is working with public and private partners to acquire the hospital through a sale overseen by a federal bankruptcy judge. The nonprofit previously announced significant financial commitments by the Community Health Trust of Pajaro Valley and Central California Alliance for Health. Additional partnership announcements are forthcoming.

The funding commitment is being made through reserve funds held by the County's Health Services Agency, and will be held in trust until a purchase agreement is reached. Additionally, a County legislative delegation led by Sen. John Laird is pursuing urgency legislation through SB 418 to establish a health care district to provide oversight and transparency for future Watsonville Community Hospital operations.