

Federal Officials Reach Settlement with Watsonville

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Hospitals - Watsonville Hospital

Hospital Directors Over Disaster Relief Funding

by Mary Bryant

On July 5, the final settlement agreement for the construction of a new South County acute care hospital was transmitted from the Washington D.C. headquarters of the Federal Emergency Management Agency (FEMA) to the agency's San Francisco Regional Office. Once the paperwork is prepared within the coming weeks, a final disclosure will be made ending the nearly four year debate about FEMA's role in the replacement of Watsonville Community Hospital.

Hospital leaders had argued that FEMA should pick up most of the \$67 million cost to purchase land (\$20 million) and build a new hospital facility to replace the one damaged in the

Loma Prieta Earthquake. However, when the smoke cleared, FEMA officials agreed to pickup only \$39.4 million of the project cost, that is their required 75 percent share of the total \$52 million settlement.

Once the environmental review is complete, the funding of nearly \$40 million will be placed in an account with the state's Office of Emergency Services (OES), and hospital directors may draw on the account balance as they complete segments of the work, according to James Walke, Engineering Branch Manager of FEMA's Infrastructure Division.

FEMA directors did acknowledge that still pending was a small grant to assist the hospital in replacing some of the equipment damaged in the trembler, while much of the equipment loss

to the quake has already been replaced or repaired, according to Lamoine Darnell of FEMA's Region IX office.

Darnell reported that the equipment grant had originally been written for \$3 million, however was reduced to \$1 million to recognize the repairs already made. He added that whatever the amount finally negotiated would be paid by FEMA at 75 cents on the dollar in correspondence with federal disaster laws.

In January, hospital leaders had announced that FEMA officials had agreed to a final settlement, and that the hospital would receive a minimum net grant of \$43 million, \$3.5 million more than the current settlement.

"You know in the MOU [Memo of Understanding between FEMA and the hospital] there were no dollar signs. We

talked about space, square footage and so forth," said Walke. "That is the extent of what we have agreed to during the MOU [process]. A final price was never agreed to. I couldn't begin to speculate as to where they got the number from. They were premature in releasing the number because until such time as the DSR was written there was no agreement on dollar amounts."

However, with seven months elapsed since the press conference to announce the disputed settlement agreement, hospital leaders seem less anxious to acknowledge the final negotiations.

"It has not really been signed. The contents have been drafted and the dollar value has been agreed to by the hospital and FEMA," said Cory Allen, spokeswoman for Watsonville

Community Hospital. "The scope of the work has not yet been completely documented and the [final grant] does not go into effect until the environmental assessment is accepted by FEMA. That has not occurred yet. ... We will talk about all of the details of the environmental assessment and the complete contents of the [FEMA grant] when everything is final and accepted."

Darnell of FEMA said the final documents should be released to the public by the end of July. Mike Webber, assistant project manager for LSA Associates, said the final comments received on the environmental assessment report were being prepared for FEMA and would be sent to the project coordinator within a week and onto FEMA before the end of July for review. □