

Dominican May Want SC Help

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The city of Santa Cruz may be asked to issue tax-exempt revenue bonds and then to lend the proceeds to Dominican Santa Cruz Hospital to help finance the hospital's proposed expansion.

Preliminary discussions have been held between Mayor Joseph Ghio, Wayne Boss, hospital associate administrator, and Al Castagnola of the Dominican Foundation to explore the possibility of getting city assistance to develop a financing package that would help save money for hospital patients.

Boss today told The Sentinel: "We are exploring various ways to finance the project, both public and private. A number of charter cities are issuing bonds for hospital constructions in order to save money for the consumers. They are doing this in Watsonville, Monterey and Santa Rosa, for example."

Under the provisions of the bond issue, the city would have no obligations or liabilities for the repayment of the bonds: The hospital would be the sole credit and source of repayment of the bonds from patient revenues and community contribu-

tions.

Boss said that the savings to the consumer would come because tax-exempt bonds carry a lower interest rate than do bonds that yield taxable interest.

"A 2½ percent difference in the interest rate will result in a savings in interest cost of \$338,758 per year over a 25-year period, or \$8.5 million over a 25-year period," Boss said. "This will result in a savings of about \$4.25 for each and every day that a patient is in the hospital."

Only charter cities are able to issue these bonds, which is why Santa Cruz is being approached to help with the funding of an expansion that has been estimated to cost more than \$14 million.

Over 46 percent of Dominican's patients are city residents, the hospital reports.

Dominican has submitted a legal opinion that the city is empowered to issue revenue bonds to finance those hospitals that are providing substantial services to city residents. Such services are termed a "municipal affair." A "municipal affair" is defined as those services which are vital to a community's well being, including education, health care and other social services.

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