

Watsonville Hospital Leaders Appeal FEMA Decision on Grant Proposal

by Mary Bryant

At the beginning of this year, officials of Watsonville Community Hospital entered into an agreement with directors of the Federal Emergency Management Agency (FEMA). The agreement obligated FEMA agents to prepare a final statement of what disaster funds would be allocated for the replacement of the hospital's acute care facility damaged in the Loma Prieta Earthquake.

In March, FEMA staff finished their preliminary grant estimates, however hospital directors are reportedly again appealing the proposed settlement.

"We have made progress but it's not complete. We've agreed on a unit cost, but their architect is doing some kind of preliminary design. [The hospital directors

have] what they feel are some additional requirements for area that should be required [by code]," said Chris Doyle of FEMA's Infrastructure Support Division in Washington D.C.

Doyle is the civil engineer assigned to complete the hospital's grant settlement. Doyle said the final "unit cost" was between \$200 and \$210 per square foot (including development costs), with approximately 20 percent of the total added for engineering, architectural and geotechnical services. These figures do not include added costs for inflation or equipment replacement. In accordance with federal laws, FEMA has agreed to pay for 75 percent of the total. State officials have already limited their contribution towards previously made repairs to the existing structure and the construction

of a new facility to \$5 million, and that amount has been paid the hospital.

Doyle said that unless the previous agreement was amended, that FEMA would base their calculations on a facility design of about 161,000 square feet. The current hospital building is about 146,000 square feet in size.

"We choose to think that we didn't leave anything out, but certainly if we've neglected to include everything they are entitled to by standards, we are going to reconsider that," Doyle said.

Doyle reported that hospital administrators had also asked FEMA regulators to increase the federal government's contribution to the category of development costs. Doyle said the hospital's final grant would be

based on an estimate of the costs necessary to rebuild a similar facility on the existing site to current building and safety code requirements.

We've agreed on a unit cost, but their architect is doing some kind of preliminary design.

In a January press conference, hospital officials said that they were certain the net proceeds from a FEMA grant would equal at least \$43 million, and used the anticipated revenue to support their decision to enter

into final escrow to purchase about 27 acres of land on Airport Boulevard in Watsonville from Seagate Technologies for \$19.63 million. The total hospital construction project, including

the construction of a 210,000 square foot facility and land costs, is expected to run about \$67 million. Watsonville Hospital president John Friel said in a previous interview that the estimated project costs had been adjusted for inflation with an anticipated project completion date in 1997.

Besides waiting for final FEMA review of the most recent appeal, hospital officials are also waiting on the outcome of a federal environmental assessment of the proposed project, the state architect's review of final plans, and City of Watsonville approvals for construction. □