

**Comments from Mike Boyd  
Executive Director, Facilities, Planning, Design and Construction  
University of California, Davis – Sacramento Campus**

Senate Health Committee  
March 3, 2010

Good afternoon. My name is Mike Boyd and I'm here today representing the UC teaching hospitals.

- Collectively, we are well on our way to achieving compliance with SB 1953 – the Ronald Regan UCLA Medical Center was completed in 2008, the new UC Irvine Douglas Hospital in 2009, and other projects will wrap up later this year in Sacramento, San Diego and Santa Monica. By 2011, UC will have invested \$2.75 billion for improvements that were triggered, in part, by SB 1953. These improvements were financed via a combination of sources:
  - 35% from long term debt ;
  - 22% from State Lease Revenue Bonds;
  - 19% from FEMA,
  - 13% from Hospital Reserves;
  - 11% from gifts and all other fund sources;
- As a system, we've made excellent progress, but more work must be completed by 2015, including a \$1.6 billion investment to replace UCSF's Mount Zion facility and roughly \$100 million for additional work in Sacramento. Additional large scale investments will be needed to address the 2030 seismic requirements at UC facilities in San Francisco, Sacramento, San Diego and Santa Monica.
- We applaud OSHPD's efforts regarding the HAZUS program, SB 1661 and SB 306. The HAZUS program has made a significant difference for many hospitals in California, including UC Davis. You heard earlier about how SB 306 provided significant opportunity for a smaller group of hospitals. At UC Davis, we applied for consideration under SB 306 but we failed to meet one of several eligibility criteria established by the statute. Had we been eligible, we could have developed permanent solutions to our seismic challenges, potentially avoiding a \$30+ million dollar investment in buildings that would then be demolished roughly 15 years after project completion.
- Speaking for UC Davis, the most significant challenge for us was to find a way to finance these major expenditures in the context of many other competing demands and a highly competitive healthcare marketplace.
- As we look to the future, our foremost concerns are with the overall economic climate, changes in reimbursement, unfunded mandates, and increasing bad debt and charity care. Access to the capital markets required to address the seismic mandates may become an increasing challenge for all California hospitals, including UC.
- With your help, the UC teaching hospitals have made excellent progress on SB 1953 and we expect to address all outstanding issues in accordance with current requirements. Notwithstanding this progress, we believe added flexibility in meeting compliance deadlines could be beneficial in some circumstances – it could not only save money in the long-run, it could also provide patients, staff and visitors with permanent seismic solutions much sooner than the present 2030 deadlines. Thanks for listening – I'd be happy to answer any questions.