



Watsonville Community Hospital Update

**Monterey County Board of Supervisors
Tuesday, October 7, 2025**



Our Journey

1895 - 1998

Non-profit hospital



1998 - 2019

For-profit ownership by
Community Health Systems
& Quorum
(multi-hospital
corporations)

2019-2021

For-profit ownership by
Halsen Healthcare
hospital building & land
sold to Medical Properties
Trust

Dec 2021

Bankruptcy proceedings
began

Our Journey

Feb 2022

SB 418 signed by
governor to create Pajaro
Valley Health Care District

March - Sept 2022

Largest fundraising
campaign in SC County
history: \$64.3 million
provides hospital a second
chance

Sept 2022

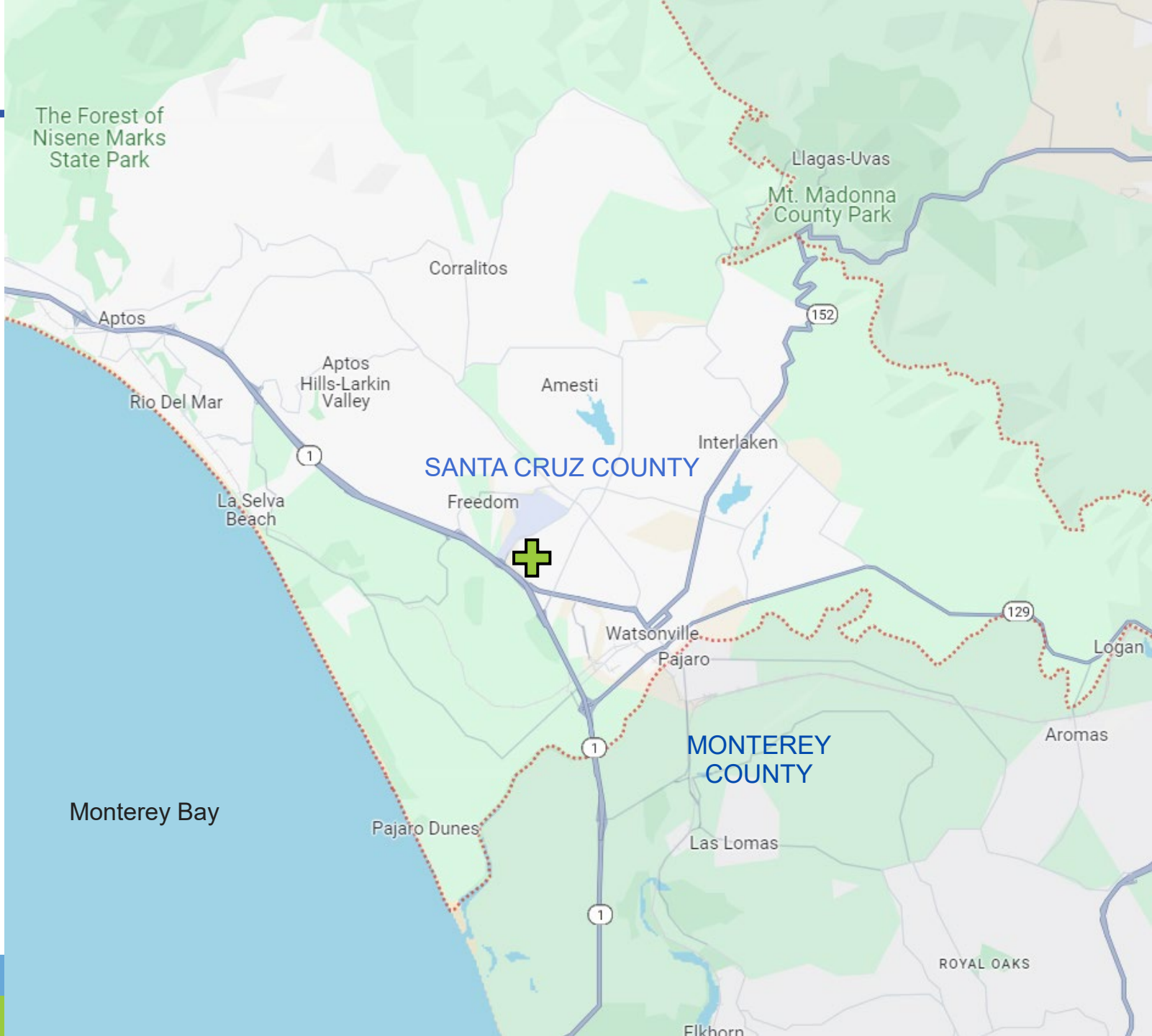
Pajaro Valley Health Care
District officially begins
operating Watsonville
Community Hospital

Jan 2023

Watsonville Community
Hospital Foundation
established

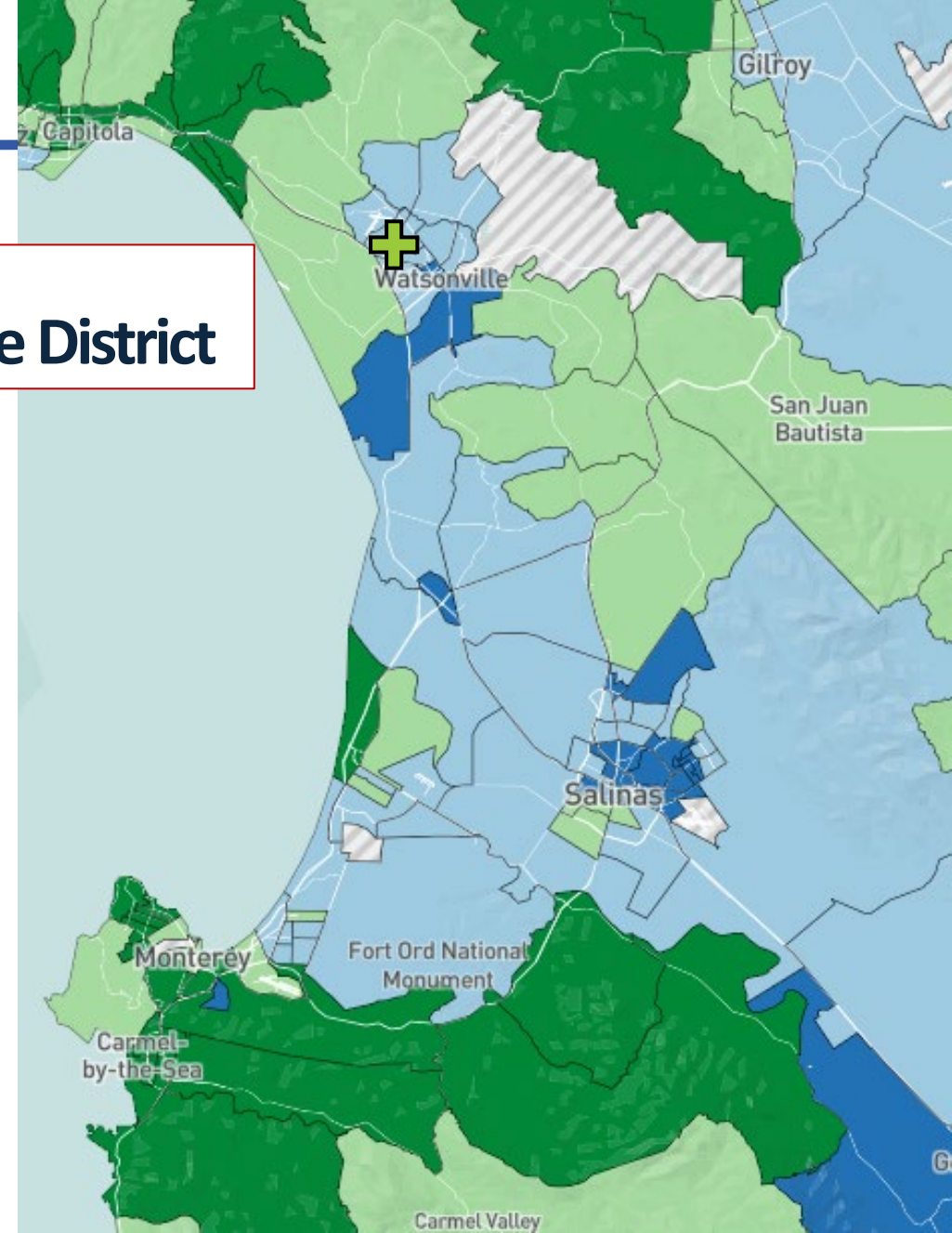
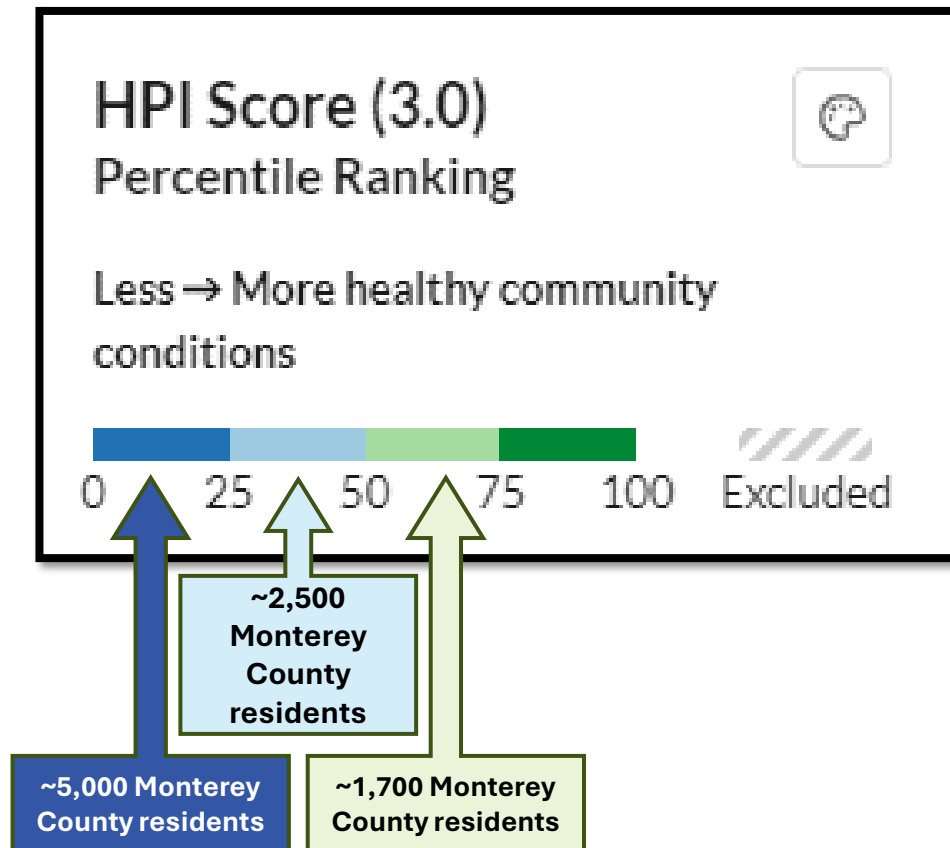


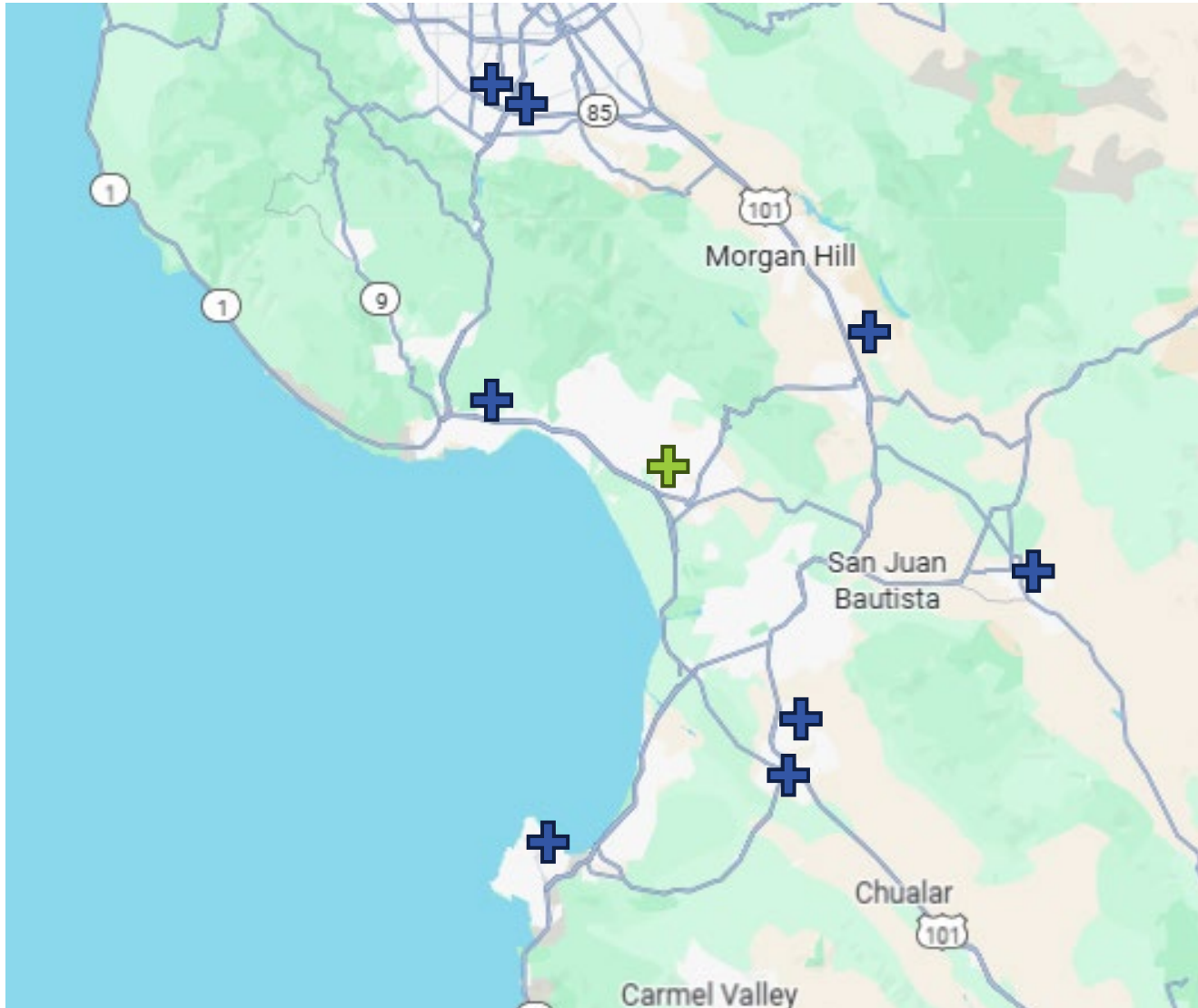
Pajaro Valley Health Care District



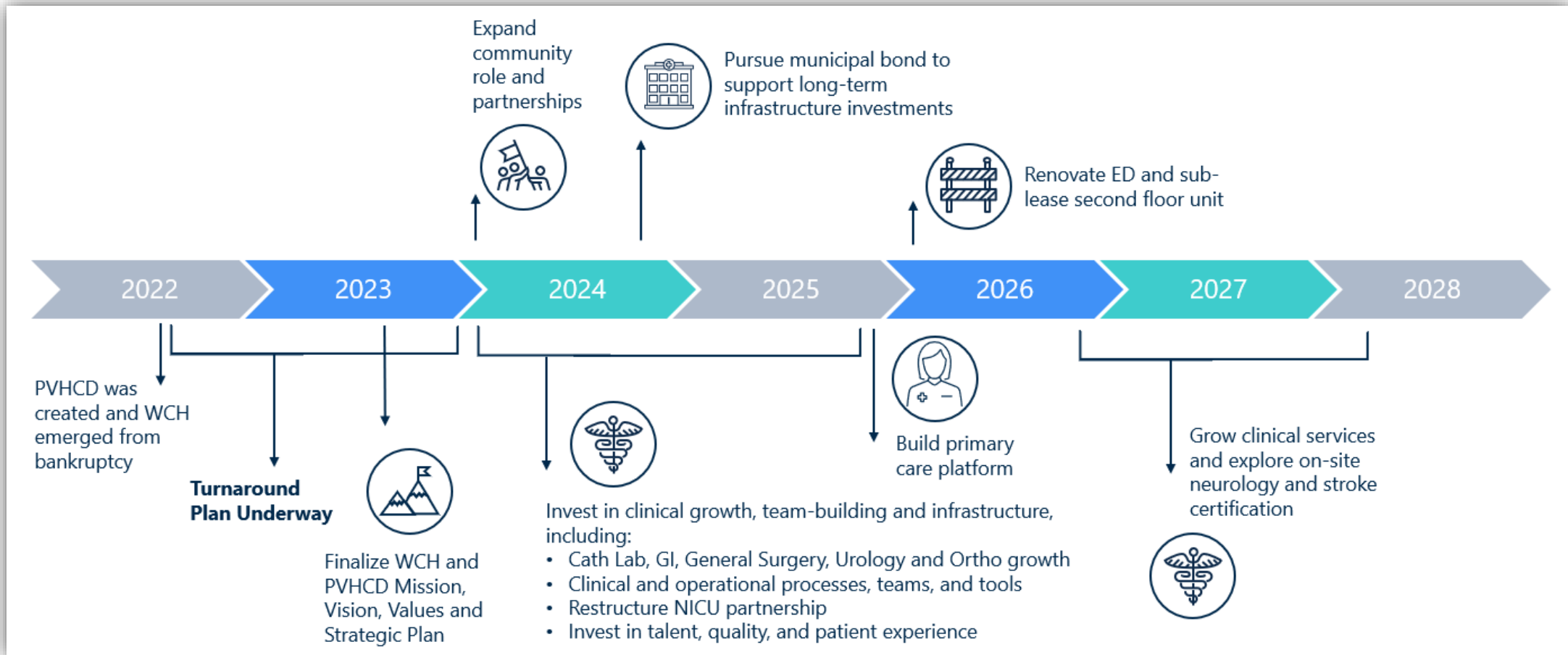
Healthy Places Index

Pajaro Valley Health Care District





Strategic Plan Roadmap



Source: July 2023 Chartis Group Strategic Plan Summary and Roadmap

Measure N (general obligation bond)

Passed by the District Voters (68.2%) in March 2024



- Buy the property
- Replace imaging equipment, such as MRI and CT
- Plumbing, HVAC, roofs, elevators, etc.
- Renovate and expand our Emergency Department (12 → 20+ beds)
- Repair and renovate patient rooms

WCH Community Hospital Model

- In the future, WCH will **preserve its community hospital role, with a focused set of services and specialties** that are most appropriate given core community needs, clinical capabilities, and financial realities.
- WCH will offer **inpatient services focused on community-based medical and surgical services** for patients whose conditions are sufficiently stable to be cared for in a **moderate intensity, mid complexity setting including ICU services**.
- WCH will continue to serve as a **primary facility for obstetric services** for patients in the region.
- WCH will **transfer patients with high intensity, subspecialty, and/or more complex care requirements** to other providers, as needed.
- WCH will **continue offering a breadth of ambulatory services and create a foundation of primary care services**.
- WCH will act as a **trusted community partner** and participate in a population health delivery model for community members.

Source: July 2023 Chartis Group Strategic Plan Summary and Roadmap

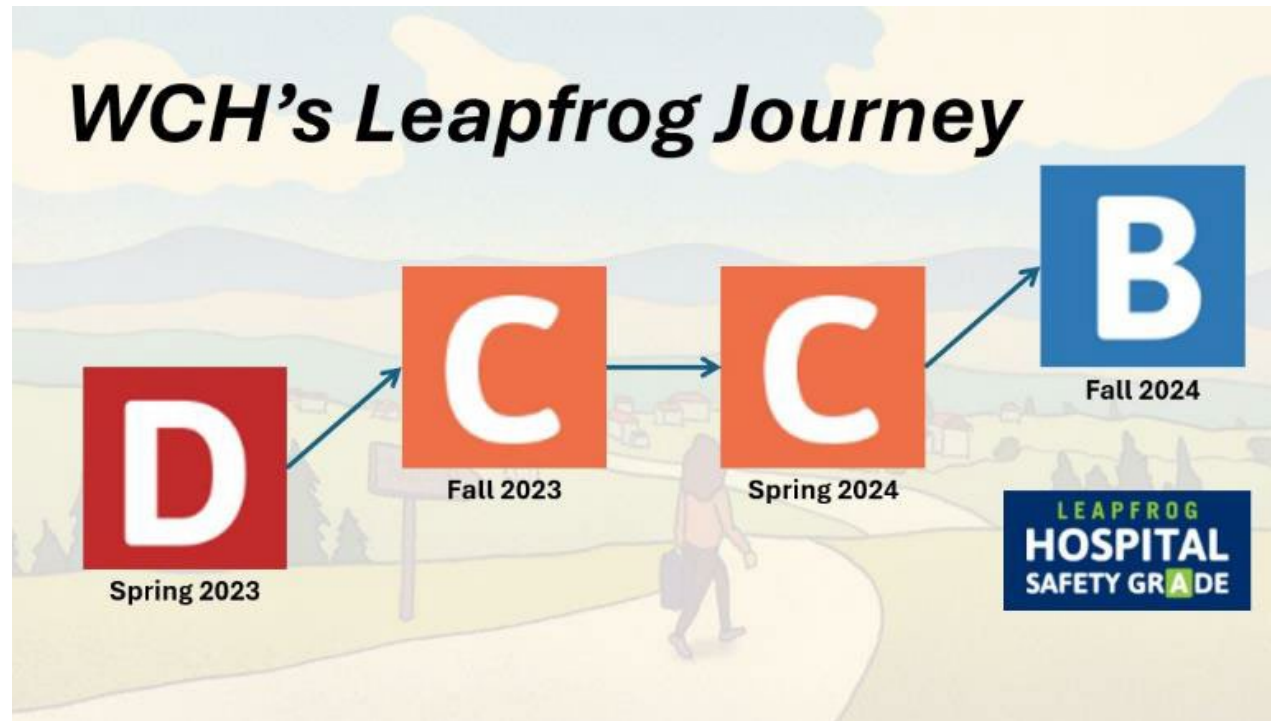
Our most important work



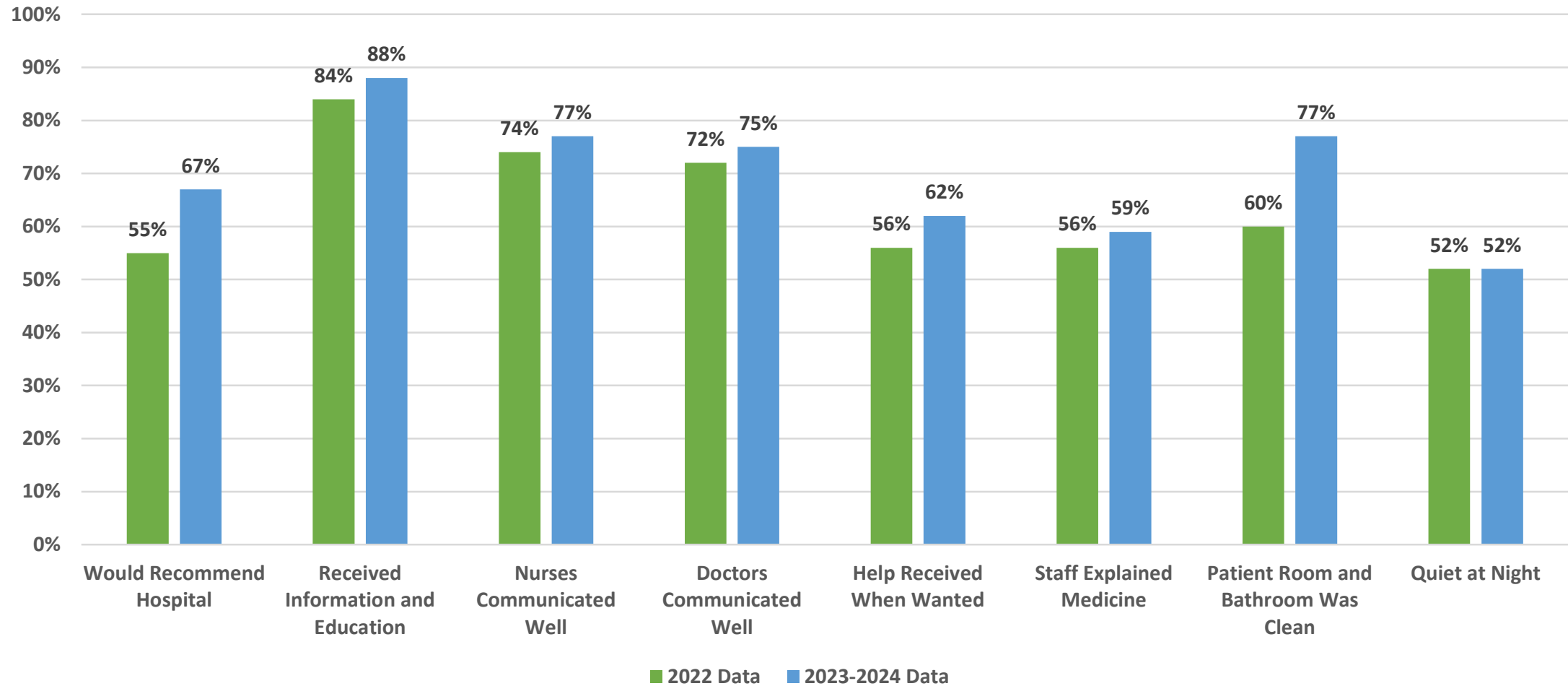
Patient data from 2024

34,896	Emergency Room visits
2,050	Surgeries
764	Babies delivered
41,000	Scans (X-rays, MRIs, CT scans, ultrasounds)
56,000	Non-emergency outpatient visits
7,000	Rehab sessions (Physical, Occupational & Speech Therapy)
4,285	Wound care procedures
650	Staff Members
300	Physicians on Medical Staff

WCH continues to improve its Hospital Grade published by the Leapfrog Group



WCH Patient Experience Trends, 2022 vs. 2023-2024



Source: calhospitalcompare.org, data pulled 2/1/2024 and 9/12/2025

WCH's financial picture is significantly improved from 2022, but has faced critical challenges since the 2024 election

- Improved financial losses from \$30M (2022) to \$100K (2024).
- 2025's finances have worsened. December 2024 cyber-attack, lower inpatient volumes, loss/retirement of some physicians and physician groups, immigration concerns causing patches of lower patient visits.
- District took over Hospital operations in September 2022 with very low cash on hand.
- H.R. 1 will severely impact our revenues, starting in January 2026. Estimating a negative impact of \$4.3M to \$9.8M per year for the next three years (more if Hospital Fee Program is cut or denied).

Paths Forward

- District / Hospital Combined Board Study Session, 8/4/2025
 - Short-term financing options
 - Long-term collaborations
- District Board revisited the Guiding Principles for partnership/collaboration at the 8/27/2025 Board meeting, and approved a new set on 9/3/2025

Guiding Principles for Strategic Partnership

1. Arrangements must align with the **mission, vision, and values** of the District and WCH.
2. Arrangements must prioritize **innovation, growth, financial sustainability, and equitable access**.
3. Arrangements must commit to honoring existing **union relationships** through the end of the existing contracts, negotiating extensions and future labor contracts in good faith with the unions currently at WCH, and retaining WCH employees, with the ability to consolidate services for efficiency through attrition.
4. The District shall **maintain ownership of the property and capital assets** throughout and after the term of any arrangement.
5. Any arrangement **shall not dissolve the Health Care District** and its Board of Directors.

Guiding Principles for Strategic Partnership

6. We will **continue to provide information to the public**, allowing for their input into the future direction of the District and Hospital, as required under SB 418 and the law.
7. Any arrangement must contain adequate protections to ensure the continued **success of the District and Hospital Corporation at the end of any term**.
8. Arrangements must comply with all **Measure N Bond covenants** to maintain funding.
9. Arrangements must comply with **existing legislation (i.e., SB 418)** and/or allow for amendments to existing District and Hospital Corporation agreements that contain covenants or other restrictive language (e.g., Packard loan, Distressed Hospital Loan Program loan, West Coast Community Bank line of credit).
10. Only **not-for-profit or government-based agencies, and only agencies that already provide healthcare in northern California**, shall be considered.

What makes us a valuable community partner

- The only seismically-compliant hospital in Santa Cruz County
- Capacity in inpatient (all private rooms) and operating rooms
- The only hyperbaric oxygen treatment chamber (2) in Santa Cruz County
- Brand new cardiac catheterization lab
- Level II NICU
- New MRI and CT scanners coming early 2026
- New E.D. central patient monitoring system coming early 2026
- Future partnership with UCSC/UCD medical school
- Measure N general obligation bond funding through the District
- Positive IGT cash flows through the District, starting in 2026
- Strong community support for their Community Hospital



Q&A

Thank you for your support!