

Health & Services California
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*Hand-delivered by
Robert Hacker to Ramin Sadr
in LA office on 6/30/09.*

June 30, 2009



Robert P. David
Chief Deputy Director
Office of Statewide Health Planning & Development
400 R Street, Suite 310
Sacramento, CA 95811

Subject: SB 1661 Information for Providence Health & Services – California Hospitals

Dear Mr. David:

Enclosed please find the SB 1661 Reports for our five Providence Health & Services – California hospitals:

Providence Holy Cross Medical Center – Mission Hills
Providence Little Company of Mary Medical Center – San Pedro
Providence Little Company of Mary Medical Center – Torrance
Providence Saint Joseph Medical Center – Burbank
Providence Tarzana Medical Center

All of the required information is provided on the attached reports. We have added notes to the bottom of three of the reports, which explain some of our responses.

You will note that for two of our hospitals, our facilities in Torrance and Tarzana, the start and completion dates fall outside of the current interim deadlines. Given the severe economic downturn and its impact on the current credit environment, access to adequate capital at affordable rates is almost impossible to obtain. Failure to obtain affordable capital would put at risk our ability to repay the debt required to complete all of these projects within the State's time requirements. Further, if we could obtain the needed capital, this debt could threaten our bond covenants, which would in turn impact our ability to provide equipment and other needed capital at all of our hospitals – putting all of the communities we serve at risk of not having adequate hospital services, even those communities in which our hospitals will meet the seismic requirements. Therefore, while we fully support and intend to meet the ultimate goal of SB 1953, we need to stagger our seismic construction work over time, and therefore will be pursuing all possible avenues to seek flexibility with regard to the interim deadlines.

Please feel free to contact me at (818) 847-3334 if you should have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold R. Schaffer", with a long horizontal flourish extending to the right.

Arnold R. Schaffer
Vice President, Chief Executive

Attachments (5)

cc: Paul Coleman, Acting Deputy Director, Facilities Development Division