TO: COYOTE VALLEY SPECIFIC PLAN TASK FORCE
FROM: Sal Yakubu

SUBJECT: CVSP COMMUNITY HEALTH CARE SERVICES
DATE: November 30, 2005

BACKGROUND

The Coyote Valley Specific Plan (CVSP) will facilitate the development of Coyote Valley into a compact, vibrant, new mixed-use pedestrian- and transit-oriented community. Coyote Valley will retain its scenic beauty and sense of place, accommodate future regional growth, and represent a model of planning and design for environmentally friendly and economically self-sustaining communities.

As part of the planning for the CVSP, Working Partnerships USA presented a white paper entitled Building a Healthy Coyote Valley – A proposal for Community Health Care Clinics¹, to the Task Force on September 12, 2005. Based on this presentation and subsequent discussion, the Task Force directed City staff to convene a Focus Group² of qualified health care professionals to discuss the vision, objectives and strategies for providing health care services in Coyote Valley.

On November 30, 2005, the CVSP Technical Advisory Committee (TAC) also discussed the issue of community health care clinics in Coyote Valley. A majority of the attendees generally agreed that because it was almost impossible to predict the future health care needs of uninsured/underinsured in Coyote Valley, they preferred a flexible implementation strategy, like the one described later in this document. (see Attachments 2 for the TAC meeting summary).

This document represents City staff’s findings and recommendations derived, in large part, from two Focus Group meetings on October 12, 2005 and November 22, 2005, and from discussions with

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¹ Based on a projected Coyote Valley population of 80,000 people, the white paper recommends two primary care community health clinics of roughly 50,000 square-feet each. The white paper estimates that both clinics would cost $60 million (i.e. $30 million each) to build, including land, construction, and capital equipment. (See page 3 of the white paper, Attachment 1). It should be noted that this estimate does not include operating costs.

² See Acknowledgments section for Focus Group invitees who participated in the discussions.
other stakeholders (see Attachments 3 and 4 for summaries of these Focus Group meetings). The Focus Group attendees did not arrive at consensus; however, they contributed valuable ideas that led to the preparation of the following vision, goals, objectives and strategy by CVSP staff and consultants. The recommended implementation strategy is an attempt to layout out a dynamic and financially feasible approach to providing community health care with the flexibility to the needs of Coyote Valley over the next 40 years.

Vision for a Healthy Community

Create a healthy and memorable community where residents have access to medical services irrespective of income and health insurance, so that each individual and the community at large can realize their full potential for maximum productivity and livability.

Goals and Objectives

− Ensure access to adequate health care services for all Coyote Valley Specific Plan (CVSP) area residents.

− Maximize the use of all existing public and private health care facilities available to CVSP residents.

− Encourage the development of new private and non-profit health care facilities in Coyote Valley that complement existing health care providers in the areas surrounding Coyote Valley.

− Encourage and support existing and new private and non-profit health care providers that cater to the uninsured or underinsured CVSP population.

− Promote the expedited review of development permit applications for the development and rehabilitation of health care facilities.

− Support the development of one full-service health care clinic (family practice, dental, vision, etc.) by the build-out of the CVSP if then-existing facilities are shown to be inadequate to serve the CVSP populations most in need of affordable health care.

− Encourage the siting of community health care clinics at visible locations in proximity to transit, residential areas, and other public facilities.

− Encourage good multi-modal accessibility to health care clinics.
Regulatory Framework

− Health care facilities should be allowed in all areas designated for commercial, mixed-use and public/quasi-public purposes.

− Standards for parking, lot coverage, and building profile should promote the urban design ideal of compact, transit-friendly development envisioned by the CVSP.

− Performance standards should reflect the principles of good neighborliness, and minimize the potential for negative impacts on adjoining land uses.

Analysis

The impetus for this analysis was the concept raised at the Task Force that a plan for Coyote Valley should be forward-thinking about the need for medical clinics to serve the CVSP population, particularly those residents who may be uninsured or under-insured and may not have adequate access to private health care. At present, this population of predominantly lower-income people is served by a combination of health care providers, most notably the County’s health care system but also other non-profit clinic operators and private hospital systems.3

As the primary provider of services to the County’s uninsured and underinsured populations, the Santa Clara Valley Health & Hospital System typically receives funding for new facilities through bonds and grants in response to a documented or projected need for facilities for growing underserved populations. However, given the uncertain future of both bonds and grants, some Task Force members expressed interest in evaluating opportunities to incorporate the costs of such facilities into the infrastructure costs for the Coyote Valley Specific Plan. None of the Task Force or Focus Group members (or City staff or consultants) has yet identified a precedent for the inclusion of such public/quasi-public health care facilities in any specific plan’s (or private master planned development’s) infrastructure financing program.

The Coyote Valley Specific Plan is being planned as a unique community in the southerly part of San Jose. It is envisioned to have a density, mix of land uses, and transit and circulation networks unlike any other city or neighborhood in Santa Clara County. Given the projected 30 to 40 year build out of the CVSP, it is almost impossible to predict the income distribution or health insurance status of its future population with any scientific certainty. In addition, the nature of the health care industry is continually changing, making it difficult to predict with any accuracy its service capacity 30 years from now.

The Focus Group participants did not reach consensus on the likely population-based demand for specific health care facilities and services. Some Focus Group participants believed that a public or

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3 Focus Group attendees agreed that the majority of the County’s underinsured and uninsured rely on the Santa Clara Valley Medical Center for their health care needs.
non-profit facility would be required to meet the needs of Coyote Valley’s lower-income population. They estimate that 15% to 20\% of the build-out population would require some assistance with their health care needs, and recommend that the CVSP or the City underwrite one 50,000 square-foot facility with an additional store clinic. It is estimated that a 50,000 square foot health clinic would cost about $27 million to $30 million for land acquisition, construction and capital equipment. Other current health service providers on the Focus Group argued that the private health care market would adequately respond to the demand for health services for the uninsured and underinsured in Coyote Valley, as the CVSP population will in fact have significantly higher than average incomes for Santa Clara County despite the aggressive affordable housing requirements. They think that the gap is significantly less than 15-20\%, and suggest that even under a worst-case scenario the largest clinic that may be needed to meet any gap should not exceed 20,000 square-feet in size. Based on the estimated cost for a 50,000 square-foot facility above, it is interpolated that a 20,000 square-foot facility would cost $10 million to $12 million.

Due to this fundamental disagreement regarding future demand for services and facilities, no consensus was reached regarding the need for a public/quasi-public health care facility of a specific size, at a specific time, or with a specific mix of services.

Despite no consensus on the demand projections for community health care facilities, the Focus Group participants did agree to the principle that health care should be accessible to all residents of Coyote Valley, regardless of income or insurance status. The Focus Group further agreed that the need for such facilities could be more adequately measured in the future as both the demand for medical services and the supply of medical facilities matures, and that it is possible that a community health care will be needed in Coyote Valley in the future. In order to use resources efficiently, it is desirable to phase the delivery of community health care infrastructure with the medical service needs of the uninsured and under-insured population. This would ensure that facilities are continually used to their maximum capacity and not oversized in anticipation of a long-term projected need that may never materialize. Therefore, a flexible approach is necessary to accommodate the potential health care service needs of the future development of Coyote Valley.

The implementation strategy (below) embodies a flexible approach to facilitating the phased delivery of appropriately sized community health care infrastructure to Coyote Valley. It includes the establishment of a Coyote Valley Health Care Foundation, facilitation of health care clinics in storefront locations in the early development phases, an assessment study to determine future health care needs and support for future development of health care clinics based on the projected need.

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4 Letter dated November 14, 2005 from Santa Clara Valley Health and Hospital System to the CVSP staff (Attachment 5).
5 “Building a healthy Coyote Valley, a proposal for community health care clinics” presented by Working Partnerships to the CVSP Task Force on September 12, 2005; and a letter dated November 14, 2005 from Santa Clara Valley Health and Hospital System to the CVSP staff.
6 Input by Andrew Barna (O’Connor Hospital) and Vivian Smith (Saint Louise Hospital) at October 12, 2005 and November 22, 2005 Medical Focus Group meetings.
7 CVSP staff derived the interpolation.
This strategy should not be interpreted as representing the consensus of the Focus Group, and is presented for discussion purposes only.

**Potential Implementation Strategy**

Create a funding mechanism with the CVSP developers for the provision of community health care facilities in Coyote Valley. The funding mechanism should include the following elements:

- Formation of a Coyote Valley Health Foundation or Trust (CVHF/T).

- Development of outreach and mass education programs by the CVHF/T to promote community awareness of the health care options available to CVSP residents.

- Provision of about 10% of the cost of typical health facility of 20,000 to 50,000 square-feet in size (which is preliminarily estimated to cost between $12 million and $30 million respectively for land, construction and capital equipment) as seed money for the CVHF to support and leverage non-profit providers in their development and fundraising activities for facilities in Coyote Valley. The seed money, which should not exceed $5 million (irrespective of the final cost of the health facility) could be in the form of a donation, or derived from some other funding mechanism such as a development agreement, Community Facilities District, or Benefit Assessment District.

- Support non-profit health care providers with no more than 20% of the CVHF/T seed money (i.e. up to $1 million) in grants, credit, start-up funding, etc. to facilitate the development of storefront clinics during the initial phases of development up to 10,000 residences.

- Conduct an assessment study, based on the true demographic and income characteristics of Coyote Valley, at the development threshold of 10,000 residences to project the need for future community health care services.

- Assist non-profit health care providers with grant, credit and other types of funding from the remaining CVHF seed money to facilitate the development of appropriately sized community health care clinic(s) to meet the projected health care needs based on the assessment study.

- If the construction of new facilities is determined not to be needed, the CVHF/T seed money can be used for health education programs or to provide operating subsidies to medical service providers within and outside of Coyote Valley that provide services to Coyote Valley residents.

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8 This rough CVSP staff estimate is unscientific and was projected from the funding of a similar foundation in South County.

9 CVSP staff interpolated cost for a 20,000 square-foot clinic.

10 Working Partnerships estimated cost for a 50,000 square-foot health clinic including land, construction and capital equipment, but excluding operating cost.
Acknowledgements

The following people and organizations are gratefully acknowledged for their invaluable participation in the Focus Group, and for providing valuable insight into the development and provision of community health care services. Even though, consensus was not achieved on the future demand and financing of community health care clinics, the discussions were very informative, and contributed immensely to the development of this document.

- **Focus Group Members**¹¹: Sarah Muller (Working Partnerships), Robin Roche (Valley Medical Center), Vivian Smith (Saint Louise Hospital), Andrew Barna (O’Connor Hospital), Raymundo Espinoza (Gardner), Ronda McClinton (Community Health Partnership), Lisa Jafferies (Kaiser), Kimberly Ellis (Kaiser) and Kerry Williams (Coyote Housing Group).

- **CVSP Consultants**: Eileen Goodwin¹² (Apex Strategies), Darin Smith (Economic and Planning Systems) Doug Dahlin (Dahlin Group) and Roger Shanks (Dahlin Group).

- **City Council Staff**: Jim Cogan (District 1)

- **CVSP Staff**: Laurel Prevetti, Sal Yakubu, Susan Walsh, Sylvia Do, and Regina Mancera.

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¹¹ The Medical Focus Group was convened by the CVSP staff on the direction of the CVSP Task Force at its meeting on September 12, 2005.

¹² Eileen Goodwin, CVSP Outreach and Facilitation Consultant, facilitated both Medical Focus Group meetings on October 12, 2005 and November 22, 2005.