

Marin General Bond Measure

To the editor:

We are distraught watching the possible impending implosion of a fine institution, driven by determined political forces in the county that purport to have only the best intentions, which are to provide local, open financial accounting and reporting and equal medical access, as well as a full broad range of high quality medical services to everyone in the county.

But public records of meetings show these activists repeatedly shouted down those asking detailed questions about the real costs of the alternatives, what assumptions were being made, and who will pay for them. Having effectively pushed Sutter out the door, now, after the fact we are learning about the true costs and the reliance on a two-thirds approval parcel tax bond issue, which many believe now, is unlikely to pass.

We have been quoted various informal tax impact studies from up to a \$530 million bond issue of an unsubstantiated \$30 per \$100,000 assessed value. I am not an experienced bond person. But as a businessman for over 40 years, my own calculations project costs to Marin tax payers will most likely be 3-4 times higher on average.

Simple calculations based on a loan amortization rate of 5.0 percent interest over 30 years to amortize \$500 million show \$32.2 million per year. This amount divided by the estimated 59,000 parcels in the county within the hospital district, indicates the average cost per parcel could be \$108 per year per \$100,000 assessment, much larger

than the \$30 per \$100,000 being used.

Using \$503,000 as the average assessed value per parcel, this would mean an average increase of \$540 per year per parcel, far larger than the \$150 per year per \$500,000 of average assessed value being quoted in previous informal street surveys of 400-600 persons back when interest rates were lower than they are now.

Due to Prop 13, a parcel tax penalizes property owners who have purchased more recently who will be paying a larger share of the increased tax burden than residents who have resided here longer.

Households that use Kaiser, plus those who use hospitals outside the district together, represent close to 48 percent of the tax parcels in the county. These homes in Marin who do not use MGH are unlikely to approve the bond costs for those who do use MGH.

The Marin Healthcare District board voted down a previous offer by Sutter worth in excess of \$350 million to build a new facility with no additional property taxes from district residents.

Under continued Sutter management, Sutter was willing to include the increased cost of amortizing the capital for the rebuilding within its own costing model to spread those costs over those patients using MGH services.

In the November election, we need to see a true cost impact accounting of bond costs per household. Once these true higher tax rate figures are published, and in these tighter economic times of uncertainty with home mortgage interest rates rising, and considering half the homes do not use MGH currently, it is unlikely that 2/3rds of the Marin voters will approve the increased parcel tax on ourselves once the true costs to taxpayers are revealed.

Should the bond advocacy vote fail, I, for one, hope and pray that immediately after the November election, the Marin Healthcare District board will approach Sutter and invite them to consider staying on as manager

of our hospital and ask if their \$350 million offer is still on the table. But most likely, that ship has already sailed.

Given the very real possibility of failure of a bond advisory measure on the November ballot, and without continued strong professional leadership, staff management, insurance contracts, gratis computer services and volume purchasing discounts provided through Sutter, we face the real possibility (envisioned by board member Larry Bedard in the *Marin IJ* on August 9th) of a de facto county hospital subsidized by all Marin County taxpayers, providing basic services to indigents, Medi-Cal patients and psychiatric services as other more profitable high-end services as cardiology and oncology that today subsidize the less profitable services, migrate elsewhere.

That would be a very sad outcome for one of the wealthiest counties in the U.S. and for a fine hospital, which has served the medical needs of Marin residents for 55 years.

— Jon Larson
Jon Larson is retired from IBM. He was co-founder and president/CEO of San Francisco-based MEDICOM Corp. for eight years. He is manager of IRPLLC, an investment fund portfolio of startup companies. He and his wife of 43 years run the Larson Family Foundation. He and his family have lived in southern Marin since 1967 and Tiburon since 1975. He is President of the Mateo Drive Homeowners Association.