



Watsonville Community Hospital Reaches Preliminary Agreement with The Pajaro Valley Healthcare District Project to Sell Its Operations

WATSONVILLE, Calif. – Dec. 3, 2021 – Watsonville Community Hospital has reached a preliminary agreement to sell its operations to a new healthcare district sponsored by the Pajaro Valley Healthcare District Project (PVHDP) to secure the hospital’s future and continue its role as a critical healthcare provider. The PVHDP is a not-for-profit organization created by the County of Santa Cruz, the City of Watsonville, the Community Health Trust of Pajaro Valley and Salud Para La Gente.

The sale will likely be completed through a Chapter 11 reorganization, which will give the hospital the financial breathing room needed to focus on patient care and operations while the sale is conducted. As part of the Chapter 11 process, the hospital intends to file a motion asking the bankruptcy court to approve the PVHDP as the lead buyer or stalking horse bidder and approve the sale of its operations through a court-supervised auction. The hospital plans to ask the court to schedule a hearing to consider the sale in February 2022.

The hospital has received sufficient funding to fund its operations and the sale process through the end of March 2022.

“We are excited to have reached a preliminary agreement with the PVHDP for the acquisition of the hospital’s operations and to have funding to continue the life-saving work of providing care to our community,” said Steven Salyer, Watsonville Community Hospital’s CEO.

“While we still have work to do before a final agreement, this step averted imminent closure of Watsonville Community Hospital and provides a realistic path toward a stable, sustainable hospital that supports the health and welfare of the people of Pajaro Valley. This is a framework that allows us to seek necessary legislative and financial support to complete the acquisition and renew the hospital under public stewardship,” said Mimi Hall, President and CEO of PVHDP. “We look forward to working with our state and local elected officials and our partners who are dedicated to advancing community ownership of the hospital.”

Salyer added, “Watsonville Community Hospital has faced many financial challenges, and we are working hard to come up with solutions. The ongoing COVID-19 pandemic has had a significant impact on the hospital, and it has been difficult to recover. We believe the best future for this hospital, its employees and the community is to have a buyer dedicate itself to serving the Watsonville community and maintaining and improving the hospital as a vital component of the county’s healthcare safety net. We take very seriously our responsibility to provide essential care to the community and our role as one of the area’s largest employers.”

Chapter 11 reorganization is used by many entities facing similar challenges to help preserve their businesses, restructure their operations and finances, and continue serving their communities. Following a Chapter 11 filing, the hospital expects to continue to operate in the ordinary course.

About Watsonville Community Hospital

Watsonville Community Hospital is a 106-bed full-service acute care hospital serving the city of Watsonville and the surrounding culturally diverse tri-county area along California's Central Coast. The hospital offers a wide range of quality medical and surgical services including cardiac care, diagnostic imaging, emergency services, general surgery, maternity services, orthopedics, pediatrics, rehabilitation services, robotic surgery, urology, vascular surgery, women's health services, and wound care. For more information, go to www.watsonvillehospital.com.

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