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'Gynecologists wouldn't have to catch babies if they didn't place the mom-to-be's butt at the edge of a delivery table.'

**Dr. Ann Gerhardt**  
Private-practice physician and educator | Page 23

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**Commercial loans in trouble**

'Extend and pretend' likely to save many from foreclosure

**MICHAEL SHAW** | STAFF WRITER

The number of troubled Sacramento-area properties continues to grow.

That's clear from an analysis of commercial mortgage-backed security loans in the region, which shows delinquencies almost doubled in the past year to more than 30 properties, with loan balances exceeding \$520 million.

The list of delinquent properties includes high-profile shopping centers, office complexes, hotels and apartment buildings, according to a report released this week by Trepp LLC, a New York-based provider of information on commercial mortgage-backed securities.

Despite growing concern of the state of commercial real estate debt, experts feel distressed properties here and beyond likely will avoid

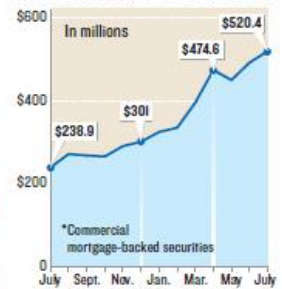
foreclosure — at least in the short term. Servicers of these complicated investments are seeking to modify loans when possible to maximize net value for investors.

"It's extend and pretend," said Paul Mancuso, a Trepp vice president, of the recent rise in loan modifications for these properties.

Commercial mortgage-backed

**CMBS\* delinquent loan balance**

El Dorado, Placer, Sacramento and Yolo counties

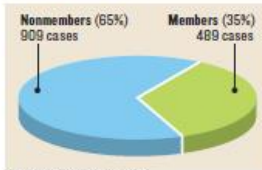


Source: Trepp LLC

COMMERCIAL | PAGE 34

**Most Kaiser trauma patients are nonmembers**

Number of cases from Aug. 1, 2009, through July 30, 2010



Source: Kaiser Permanente

**TRAUMA CENTER IMPRESSES**

Sacramento County raves about Kaiser's year-old venture

**KATHY ROBERTSON** | STAFF WRITER

Company executives predicted the new \$30-million trauma center at Kaiser Permanente's South Sacramento Medical Center would get about 1,400 patients in its



Doctors Joseph Karam, Maya Leggett and Richard Isaacs, from left, examine equipment in the expanded emergency room.

PHOTO: MEL MEIBURGER | SACRAMENTO BUSINESS JOURNAL

Local partners aim to prevent youth violence | Page 9

first year. They were off by two.

The center handled 1,398 since opening the fourth trauma center in the region Aug. 1, 2009 — the first to provide south

county residents access to services without driving up Highway 99 to central Sacramento.

It's a new venture for Kaiser, which has never operated a Level II trauma center but poured millions into its bid for the work. The

roll out has drawn much praise. "Gosh, I haven't seen a finer trauma center in my 40 years in the business," Sacramento County emergency services chief Bruce

KAISER | PAGE 31

**Restaurants appear to be bouncing back after year of decline**

**MARK ANDERSON** | STAFF WRITER

After years of new restaurants entering the Sacramento market, the number of restaurants declined slightly this year, reaching a low point in April.

But the market appears to be rebounding, with the number

of restaurants reaching 3,639 Monday.

In Sacramento County, new restaurants grew at a strong pace through much of the decade, with openings outpacing closings for many years, according to the state Board of Equalization. The net number of restaurants grew

annually by about 100 in the 12 months ended June 30, 2004, 2005 and 2008.

A dramatic shift occurred, however, from June 2008 to June 2009, when the net number of restaurants declined by 104, according to the most recent data.

Previously, as part of Sacra-

mento's real estate boom from 2003 through 2007, the area added more than 500 restaurants during those five years.

Restaurant trends also are tracked by the Sacramento County Department of Environmental

RESTAURANTS | PAGE 33

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# BANKS | Deposits are up as people and businesses seek safe places to keep their money

FROM PAGE 2

to good credits."

On the other side of the portfolio, there are worrisome questions about the investment side, Christensen said.

"Anything that is a mortgage product is under pressure of what the government might do to step into the mix in terms of modifications," he said.

The government hasn't done anything yet, but there are signs that it might rework the guarantees on premium mortgage-backed securities.

Because the government is the largest guarantor of mortgages, even small

changes it makes affects the nationwide portfolio of mortgage-backed bonds, which represent trillions of dollars in the bond market.

"There is potential it could change the underlying economics of the bonds the bank buys," Christensen said.

Nonetheless, River City's earnings improved during the first half of the year, and the trend going forward is brighter, he said.

### SAFETY FIRST

While banks aren't paying much for deposits, they are getting more deposits as people and businesses seek safe places to

park their money.

Merchants National, which continues to be ranked by many agencies and ratings firms as one of the safest banks in the country, saw its deposits rise 14.5 percent year-over-year to \$148.2 million at June 30.

One of the immediate, permanent changes of financial reform passed this summer mandates that bank deposits be guaranteed up to \$250,000. That's up from the long-time insurance threshold of \$100,000.

"People are definitely becoming more informed about banks. They are doing research and using the Internet," Myers said.

Nationwide, 108 banks have failed so far this year. And locally, in the second quarter, regulators closed Granite Community Bank in Granite Bay. Founded in 2002, the bank was closed by the Federal Deposit Insurance Corp. and merged via a loss-sharing agreement into Chico-based TriCo Bancshares.

"The ongoing tough economy is forcing businesses to get lean and mean to survive," Folsom Lake's Flautt said. "That goes for banks as well. We have to figure out how to do things better, cheaper and faster."

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# KAISER | Nation watches closely to see how integrated health system handles program

FROM PAGE 1

Wagner said. "It's a fantastic program." "It's the quietest roll out I've ever heard," said Scott Seamons, regional vice president of the Hospital Council of Northern and Central California. "The fact that we haven't heard hoopla from a negative perspective shows the phrasing of this program into the community has gone extremely well—and they have, at the same time, maintained vigilance over other programs."

Construction has continued, too.

A \$25.3 million emergency room expansion opens Monday, increasing the number of trauma bays from one to three.

"It's been a great year," said Max Villalobos, senior vice president and south area manager. "I can tell you flat out we not only met but exceeded expectations."

### 65 PERCENT NON-KAISER MEMBERS

The program is being watched closely nationwide to see how an integrated health system set up to treat its own members widens the door to the broader population.

Kaiser has treated all comers in its emergency rooms for years, as required by federal law, but the trauma center has increased the number of nonmember patients considerably.

A total of 909—65 percent—of the trauma cases during the first year involved non-Kaiser members.

Kaiser has been criticized in recent years for not providing nearly as much uncompensated care as its competitors, but the trauma center could change that over the long haul. When a trauma emergency strikes, the patient is taken to the closest hospital, regardless of their insurance or ability to pay.

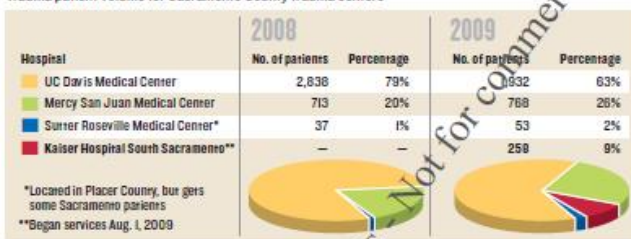
A breakdown of the numbers shows almost half the patients had commercial insurance; 35 percent had Kaiser coverage and another 14 percent were insured by other health plans.

Nineteen percent were covered by Medi-Cal, the government health care program for the poor; 6 percent by Medicare, the government health care program for seniors, and 7 percent by other programs such as workers' compensation and third-party liability plans.

Another 19 percent had no insurance. Some ultimately qualify for financial

### Kaiser relieves strain on other trauma centers

Trauma patient volume for Sacramento County trauma centers



Source: Sacramento County Emergency Medical Services



A clock ticks off minutes in the "golden hour" at Kaiser's expanded ER, which opens Monday.

assistance from Kaiser.

The mix—and its financial pressure—is not unexpected.

"We projected break-even in two years," Villalobos said. "We are halfway there."

### ADMISSIONS DOWN ACROSS THE REGION

While Kaiser got the overall number of patients expected, trauma hospital admissions were slightly lower than projected.

A total of 564 trauma patients were admitted to the hospital; the other 834 were treated and released. County officials had estimated volume at 750 to 780 admissions.

"The numbers generally are down, and I don't know how to explain it," Wagner said. "I am not overly concerned. ... they are not raising any red flags with me."

There were 3,011 total trauma cases in

the county in 2009, down from 3,588 in 2008 (see charts, above). The UC Davis Medical Center operates the only Level I trauma center in the region; there are Level II centers at Sutter Roseville Medical Center and Mercy San Juan Medical Center in Carmichael.

The new trauma center appears to have taken the load off others in the region, but it's tough to tell how much because the latest figures include only its first five months of operation for Kaiser.

Totals at the UC Davis Medical Center, the closest to Kaiser South Sacramento, dropped to 1,932 in 2009, from 2,838 in 2008, but that includes patients treated and released.

"We did not see a change in admitted patients; it's been flat," said Carol Robinson, chief nursing officer at UC Davis

Medical Center. "And I don't see any obvious changes to our payer groups."

### PUMPED UP ON TRAUMA

Taking on trauma has brought other changes to Kaiser's South Sacramento Medical Center.

"Everybody rallied to ensure our success," said Dr. Rich Isaacs, physician-in-chief at the hospital. "I feel it. I feel there's been a major escalation."

Trauma is said to "lift all boats," meaning overall expertise at a hospital improves when the place staffs up to care for patients in crisis. Specialists must be available around the clock, and when they aren't doing trauma, they treat other patients.

The change comes at a time when emergency room visits are up considerably. The hospital is on track to log in 80,000 visits in 2010, up from 73,542 in 2009.

"Unemployment is up and people who don't have a job are coming to emergency rooms to get care," Isaacs said. "We are open 24/7, and they cannot be turned away."

An 8,600-square-foot emergency room expansion opens Monday to relieve the pressure and provide more room for trauma care.

"The physical space is awesome," said Dr. Joseph Karam, medical director for trauma and surgical care, pointing to a large digital

clock on the wall that ticks off minutes in the "golden hour" for resuscitation after severe trauma.

Wooded to Kaiser from the Hahnemann University Hospital in Philadelphia, Karam helped start a program from scratch in an integrated health care system where primary-care doctors, specialists and hospitals work closely together to treat patients.

"Kaiser's dedication to the project—I've never seen anything like it," he said. "There were no traumatic surprises. It was planned enough that everything was in place and on time."

The experience has been an emotional one, too.

"It's been a surprise to be involved in some of the tragedies," Isaacs said. "A 16-year-old coming in dead. And some heroic saves. A 19-year-old with a head crushed in an auto accident walked out after six days."

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