**City of Long Beach** **Memorandum**

*Working Together to Serve*

**Date:** January 17, 2018

**To:** Patrick H. West, City Manager

**From:** John Keisler, Director of Economic Development

**For:** Mayor and Members of the City Council

**Subject:** **Community Hospital Long Beach Update**

On November 14, 2017, the City Council conducted a study session on Community Hospital Long Beach (CHLB) that included a joint presentation from City of Long Beach (City) staff and CHLB representatives. The presentations covered the history of the facility, lease agreement, seismic report and community needs assessment commissioned by CHLB, and emergency transport data from the Fire Department. The study session also included an opportunity for the public and the City Council to comment on their priorities. The purpose of this memo is to provide an update on actions taken by staff since the study session.

Seismic Study

The Building and Safety Bureau of the Development Services Department (DS) has taken the lead on issues related to the seismic conditions at the CHLB site. Since the study session, the City's peer review has been completed by Ninyo & Moore, Geotechnical and Environmental Sciences Consultants (Consultant). The Consultant determined that the assessment of the active surface fault rupture potential and the third-party review letter by Group Delta prepared for CHLB is valid. Additionally, the Consultant concluded that it would be impossible to conduct additional field trenching in a manner consistent with industry standards due to the significant amount of grading and the location of the existing buildings on the site (Attachment A).

On December 29, 2017, City staff met with Community Hospital Foundation (Foundation) representatives to tour the facility and grounds to better understand the seismic report and trenching efforts. At this time, City staff is in the process of commissioning a structural assessment report for all buildings on the campus to determine the seismic soundness, potential reuse, allowable uses per regulations, and cost to retrofit or reconstruct buildings to support an acute care facility, if possible. Once completed, the findings of this report will be presented to the City Council for consideration.

Office of Statewide Planning and Development (OSHPD)

In the State of California, the Office of Statewide Health Planning and Development (OSHPD) monitors the construction, renovation, and seismic safety of hospitals and skilled nursing facilities and provides loan insurance to assist the capital needs of California's not-for-profit healthcare facilities. OSHPD's Facilities Development Division (FDD) is responsible for reviewing and inspecting health facility construction projects; planning review or construction of projects; and, enforcing building standards, per the California Building Standards Code, as they relate to health facilities construction. The FDD is also responsible for permitting health facilities in the City.

As follow-up to the study session on CHLB, the Government Affairs Office in the City Manager Department has taken the lead on issues related to the building rating and regulation of hospital facilities. On December 20, 2017 and, again, on January 4, 2018, staff from Development Services and Government Affairs met with OSHPD to clarify the Seismic Performance Category (SPC) ratings and deadlines for seismic compliance for the buildings at the CHLB site (Attachment B).

In discussion with staff, OSHPD confirmed the SPC ratings and deadline for compliance. Unless a plan for seismic retrofit is provided by the operator, the established deadline for compliance with the seismic requirements is June 30, 2019, or acute care services must cease at the site. OSPHD confirmed that in past years, CHLB indicated an intent to retrofit buildings to make them compliant with OSHPD seismic standards. However, recent applications indicated that buildings posing significant risk of collapse and danger to the public (SPC 1 buildings) would be removed.

OSHPD confirmed that SPC 1 buildings at the CHLB site may be changed or reclassified if significant upgrades to the facilities are completed, although the cost and timeline to complete construction may be great because the CHLB site faces two significant challenges: (1) the age of buildings, and (2) the presence of an active fault line. Per State law, all buildings constructed before 1973 must be upgraded and the presence of an active fault line presents significant engineering and economic challenges to retrofit.

The presence of an active fault line makes the CHLB project more challenging and potentially more costly than other projects in the State, such as the Providence Tarzana Medical Center. This medical center is investing more than $624 million to relocate patient beds into a new patient wing built to California's latest earthquake standards, though it does not sit on an active fault line. Additionally, OSHPD confirmed that although it will assist in the feasibility of construction plans, it will not offer an opinion about the economic feasibility of retrofitting or operating a hospital. As a next step, OSHPD will provide a list of possible retrofitting options for City staff review and assessment.

Hospital Licensing

In addition to the building requirements imposed by OSPHD, the California Department of Public Health's (CDPH) Licensing and Certification Division is responsible for the licensure, regulation, inspection, and certification of health care facilities and certain health care professionals in California. The Government Affairs Office has taken the lead on issues related to hospital licensing and has recently requested to meet with the Chief Deputy Director of Policy and Programs at CDPH to obtain answers to questions about the status and expiration date for the current license, the timeline for converting the current license to a different use, and the process for transferring the current license to a new provider.

According to the official CDPH website, CHLB maintains both an Acute Psychiatric Hospital License and a General Acute Care Hospital License and with the State regulatory agency. Both licenses are current and will expire April 28, 2018. In discussions with the City, representatives of CHLB indicated that renewing the licenses with CDPH is a relatively simple process and that they intend to work collaboratively with the City to minimize disruption of hospital operations. Additionally, CHLB estimated the process for converting the hospital license to a new use or for a new care provider to take six to nine months. CHLB representatives believe this process should begin by January 30, 2018, to allow sufficient time to transition operations without interruption.

Other Providers

At the study session, City Council directed staff to reach out to health care experts and providers with the interest and capacity to continue operating CHLB as an acute care hospital. Since the study session, City staff have participated in the series of meetings and tours with potential providers, including: Community Hospital Foundation representatives, former hospital executives, leadership from College Medical Center, and independent groups of doctors and investors interested in continuing to operate an acute care facility. To provide City Council with more options to consider, City staff has scheduled meetings with additional physician groups and large hospital operators that have expressed interest in continuing to operate the emergency department.

Emergency Health and Safety Services

At the study session, CHLB presented information about the current demand for emergency room services, suggesting that more than 50 percent of CHLB emergency room visits are low acuity and could be handled at urgent care centers; that CHLB emergency room visits represent only 10 percent of the area's emergency room patient visits; and, that three area hospitals are expanding their emergency room capacity.

The Fire Department (FD) has taken the lead on issues related to emergency health and safety services for the City, including the review of emergency transports and the availability of emergency room services. At the study session, FD indicated that emergency room patient transports to CHLB have increased each year, reaching nearly 5,000 visits over a 12-month period through October 31, 2017. Since the study session, FD met with CHLB leadership to discuss potential impacts for handling the emergency calls for service at Long Beach Medical Center (LBMC) (i.e., Memorial Hospital). CHLB leadership committed to adding beds in the emergency department at LBMC dedicated to FD priority patients. Additionally, LBMC will move some of the observation beds up to a floor to create space in the emergency department. Lastly, CHLB leadership commits to work on FD solutions to improve service delivery such as the potential of placing a nurse with a paramedic in the field to treat and release people before they ever transport to the hospital. Regardless of the final decision about the future of CHLB, the City emergency health and safety service departments will continue to work with CHLB leadership and LBMC to improve the performance of emergency transport services for the community.

Community Needs Assessment

At the study session, CHLB shared an executive summary for an "Acute Care Needs Assessment" report prepared by Vizient, the largest member-driven health care performance improvement company in the country. The Health and Human Services Department (HHS) has taken the lead for the City on issues related to the assessment of community healthcare needs. As such, HHS led its own community needs assessment in 2016, conducted by Harder & Company, on behalf of a partnership between the HHS, St. Mary's Hospital, The Children's Clinic, Memorial Care, and Kaiser Permanente. All the partners received the same data, which will be provided to the City Council and the public as part of a HHS review of the CHLB report to determine alignment of key findings. City staff recently received the full report from Vizient and has begun the process of reviewing the report. In addition to the work of CHLB and the City, the Foundation has indicated that it will commission its own community survey to measure opinions and priorities for the hospital site, and has agreed to share its findings with the City Council.

Real Estate Development and Lease Management

The Economic Development Department (ED) has taken the lead on issues related to the property and the management of the terms and conditions of the lease with CHLB. Since the study session, ED has initiated an appraisal of value for the CHLB site. While the goal remains to preserve the site for the continued operation of a full acute care hospital, the appraisal will include commercial, office, and residential land values to provide the City with creative options to negotiate the development or redevelopment of the site. Additionally, staff are working with the City Attorney to clarify the legal process for entering into a new agreement for the continued operation of CHLB.

Next Steps

At the study session, City staff recommended a number of next steps to transition CHLB to a provider that has the financial capability and technical capacity if possible to sustain the facility as an acute care hospital. The following next steps are recommended:

- Continue Meetings with Potential Buyer/Developers and Operators
- Complete Structural Analysis of Facilities
- Conduct Formal Appraisal of Value
- Continue Community Outreach
- Conduct Public Study Session to Receive Direction from City Council
- Issue a Request for Proposal (if necessary)
- Negotiate Lease or Purchase and Sale Agreement
- Secure City Council Approval
- Execute Agreement
- Conduct Due Diligence
- Transition of Ownership

Thank you for your support in this important effort. Please contact John Keisler, Director of Economic Development, by phone (562) 570-5282 or email with any questions.

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JPK:KG

ATTACHMENTS: EXHIBIT A—NINYO & MOORE SEISMIC STUDY PEER REVIEW
EXHIBIT B—CHLB SPC RATINGS MAP

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY AUDITOR
KEVIN JACKSON, DEPUTY CITY MANAGER
REBECCA GARNER, ASSISTANT TO THE CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK (REF. FILE #17-1051)

Ninyo & Moore
Geotechnical & Environmental Sciences Consultants

January 4, 2018
Project No. 210042001

Mr. David Khorram
Long Beach Development Services – Building and Safety Bureau
City of Long Beach
333 West Ocean Boulevard, 4th Floor
Long Beach, California 90802

Subject: Third-Party Geotechnical Review of Surface Fault Rupture Potential
Community Hospital of Long Beach
1720 Termino Avenue
Long Beach, California

References: Albus-Keefe & Associates, Inc., 2017, Updated Geologic Assessment of Surface Fault Rupture Potential, Community Hospital of Long Beach, 1720 Termino Avenue, Long Beach, California, dated January 3.

Group Delta, 2017, Third Party Review of Surface Fault Rupture Potential, Community Hospital of Long Beach (Facility #11792), 1720 Termino Avenue, Long Beach, California, dated January 17.



Dear Mr. Khorram:

In accordance with your request, we have performed a geotechnical review of the referenced Updated Geologic Assessment of Surface Fault Rupture Potential report by Albus Keefe & Associates (AKA) and the third party review letter by Group Delta that was prepared for the Community Hospital of Long Beach (CHLB). The purpose of our services was to provide an independent peer review of the AKA report to evaluate the report's general conformance to the standards presented in California Geological Survey (CGS) Note 48 (Checklist for the Review of Engineering Geology and Seismology Reports for California Public Schools, Hospitals, and Essential Services Buildings), CGS Note 49 (Guidelines for Evaluating the Hazard of Surface Fault Rupture), and current standards of practice, as they relate to the Structural Performance Category (SPC) ratings designated by the Office of Statewide Health Planning and Development (OSHPD) Seismic Compliance Unit.

## BACKGROUND

The CHLB is located in a seismically active area, as is the majority of southern California. The numerous faults in southern California include active, potentially active, and inactive faults. As defined by the CGS, active faults are faults that have ruptured within Holocene time, or within

approximately the last 11,000 years. Potentially active faults are those that show evidence of movement during Quaternary time (approximately the last 1.6 million years) but for which evidence of Holocene movement has not been established. Inactive faults have not ruptured in the last approximately 1.6 million years.

Regional geologic publications indicate that the Reservoir Hill segment of the active Newport-Inglewood fault system crosses the CHLB campus. The Alquist-Priolo Earthquake Fault Zoning Act (A-P Act) prohibits the location of developments and structures for human occupancy across the trace of active faults. In accordance with the A-P Act, the State Geologist has designated the area surrounding the Reservoir Hill fault as a Special Study Zone (SPZ). The majority of the CHLB campus is located within the SPZ except for the southwest corner of the property, as shown on Figure 1. In an effort to comply with the seismic retrofit requirements in the 2007 California Buildings Standards Administrative Code, the OSHPD developed SPC ratings as a measure of the probable seismic performance of a building's structural systems and risk to life posed by a building subject to an earthquake. The following table provides general descriptions of the SPC ratings.



**Table 1 – Structural Performance Categories (SPC)**

| SPC Rating | Description |
|---|---|
| SPC 1 | Buildings posing a significant risk of collapse and a danger to the public. Acute care services to be removed by 1/1/2020. |
| SPC 2 | Buildings in compliance with the pre-1973 California Building Code, but not complying with the Alquist Hospital Facilities Seismic Safety Act. These buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion. These buildings must be brought into compliance by 1/1/2030 or be removed from acute care service. |
| SPC 3 | Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, but contains steel construction permitted prior to 10/25/1994. These buildings may experience structural damage which does not significantly jeopardize life, but may not be repairable or functional following strong ground motion. Buildings may be used to 1/1/2030 and beyond. |
| SPC 4 | Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, but may experience structural damage which may inhibit ability to provide services to the public following strong ground motion. Buildings may be used to 1/1/2030 and beyond. |
| SPC 5 | Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act and reasonably capable of providing services to the public following strong ground motion. Buildings may be used without restriction to 1/1/2030 and beyond. |

We understand that the majority of the existing buildings at CHLB have SPC ratings of 1 or 4. The following Table 2 summarizes the SPC ratings as of December 28, 2017 for the existing buildings based on information from OSHPD.

| Table 2 – Existing Facility SPC Ratings | |
|---|---|
| **SPC Rating** | **Buildings/Structures** |
| SPC 1 | Auditorium Addition<br>North Addition & 1964 Addition No. 1<br>Maintenance & Loading Dock Canopy<br>Hatfield Building<br>1964 Addition No. 2<br>8/8A Electrical Vault Building & Supply Building<br>Emergency Generator Building<br>HVAC Equipment Building & Mechanical Room<br>2/2A 1957 Addition & Elevator & Stair Addition |
| SPC 2 | None |
| SPC 3 | None |
| SPC 4 | South Wing<br>Original Building (Loggia)<br>Original Building (North Wing)<br>Original Building (South Wing)<br>Original Building (Central Wing)<br>9/9A Laundry Building – Trash Canopy |
| SPC 5 | Ambulatory Services<br>Heart Room Addition (SPC 5s*) |

**Note:**
* 5s indicates that the SPC rating is self-reported by the hospital and not verified by OSHPD.

The purpose of the Updated Geologic Assessment of Surface Fault Rupture report prepared by AKA was to assist the CHLB with evaluating if SPC re-classification would be possible. The subsurface exploration performed by AKA was primarily focused on evaluating the presence of the main trace of the Reservoir Hill fault and the presence of an active splay of the fault located to the south of the main trace that projected into the site based on studies performed by others for properties nearby.

## REPORT REVIEW DISCUSSION AND CONCLUSIONS

Based on our review of the AKA report, it is our opinion that the consultant has compiled sufficient data indicating the presence of active faulting and rupture of Holocene-age soil at the CHLB campus within the areas they explored. It is our opinion that the report by AKA was prepared in general accordance with CGS Notes 48 and 49. As shown on Plates 1 and 2 in the AKA report and re-illustrated on the attached Figure 1, the main trace of the Reservoir Hill fault and the fault splay cross the central portion of the campus in a northwest to southeast direction. AKA has delineated a “Fault Zone”, or zone of active faulting, from the main trace of the fault to approximately 20 feet southwest of a fault splay. The main trace of the fault forms the approximate northeast boundary of the fault zone and the fault splay forms the approximate southwest boundary of the fault zone. The

delineated zone of active faulting as shown in their report and on Figure 1 is considered reasonable from our perspective.

Based on Section 1.4.5.1.2 from Chapter 6, Seismic Evaluation Procedures for Hospital Buildings of the California Buildings Standards Administrative Code, hospital buildings (as defined by Division 107, Part 7, Chapter 1, Section 129725 of the Health and Safety Code) with the potential for surface fault rupture and surface displacement at the building site are not eligible for re-classification. Per Chapter 6, Section 9.3.3 of the Seismic Evaluation Procedures for Hospital Buildings, if the potential for surface fault rupture and surface displacement at the building site is present, nonconforming buildings shall be placed in category SPC 1 and confirming buildings shall be placed in category SPC 4. As such, each of the existing buildings that are located within the fault zone delineated in the AKA report would not be eligible for reclassification and would remain classified at their current SPC 1 or SPC 4 ratings. Additionally, it is the general industry standard to apply a 50-foot setback from the trace of an active fault or fault zone for new structures for human occupancy. This additional 50-foot setback is shown on Figure 1. Additional setback area may be appropriate for construction of new buildings for human occupancy.



The report by AKA did not include subsurface exploration to assess active faulting for areas of the campus that are located north of the main trace of the Reservoir Hill fault and the area located to the southwest of fault trenches FT-1 and FT-2 that did not extend to the southwestern limit of the State of California Earthquake Fault Zone. Due to the lack of subsurface data in these areas, there is insufficient information available to evaluate if a change to the SPC rating for buildings located outside the fault zone delineated in AKA's report can be made. Buildings that are located in these areas will need additional geologic study and subsurface exploration to evaluate the presence of active faulting.

Due to previous grading and relatively thick amounts of fill to the north of the main fault trace, trenching to evaluate the presence of active faulting is not considered feasible. The existing fill north of the main fault trace is estimated to range from approximately 15 to 40 feet deep based on the topography prior to site development and would involve a trench excavation that may be 25 to 50 feet deep or more. Excavation of a trench of this size and depth is impractical given the available space in the parking area that is located to the southeast of the parking structure. Subsurface evaluation to evaluate the presence of active faulting in this area may involve a similar approach to what was used by AKA and may include numerous large-diameter borings spaced at approximate 10-foot intervals that are oriented roughly perpendicular to the fault trace. However, it should be noted that previous grading may have removed some of the younger Holocene-Age surficial soils that mantle the bedrock. If the Holocene-age soils were removed during fill placement

it may not be possible to rule out the presence of active faulting. A fault is considered not active if it can be demonstrated that it has not ruptured soils younger than 11,000 years.

In order to evaluate the area located southwest of the delineated fault zone and AKA's Fault Trench FT-1 for the presence of active faulting, it may be feasible to excavate a fault trench in the Tichenor Clinic parking lot. The area between the Main Hospital Building and Termino Avenue was also considered as a potential location for additional subsurface evaluation. However, based on the original ground surface topography in this area, the area was cut to the existing grade which probably removed the surficial soils that mantled the bedrock. As stated above, if the Holocene-age materials were removed, it will not be possible to rule out active faulting.

It is our understanding that the CHLB will be vacating the property based on the findings of the AKA report since the SPC 1 rating will no longer allow for general acute care services to be provided from the buildings after January 1, 2020. Future use of the existing buildings for human occupancy (and new buildings for human occupancy that may be constructed in the future) within the delineated fault zone will need to comply with the code requirements of the A-P Act. However, per California Public Resource Code, Division 2, Chapter 7.5, Section 2621.7(b), there is an exemption from the A-P Act for developments or structures that were in existence prior to May 4, 1975. We understand that the existing buildings and building additions at the site were constructed as early as 1924 until as recent as 1992. Furthermore, the Code also allows for alterations or additions to existing structures provided that the value of the alteration or addition does not exceed 50 percent of the value of the structure, as described in Section 2621.7(c). It should also be noted that per Section 2621.9, the seller (or agent of the seller) shall disclose to prospective purchasers that the property is located within a delineated earthquake fault zone.

Ninyo & Moore appreciates the opportunity to be of service on this project.

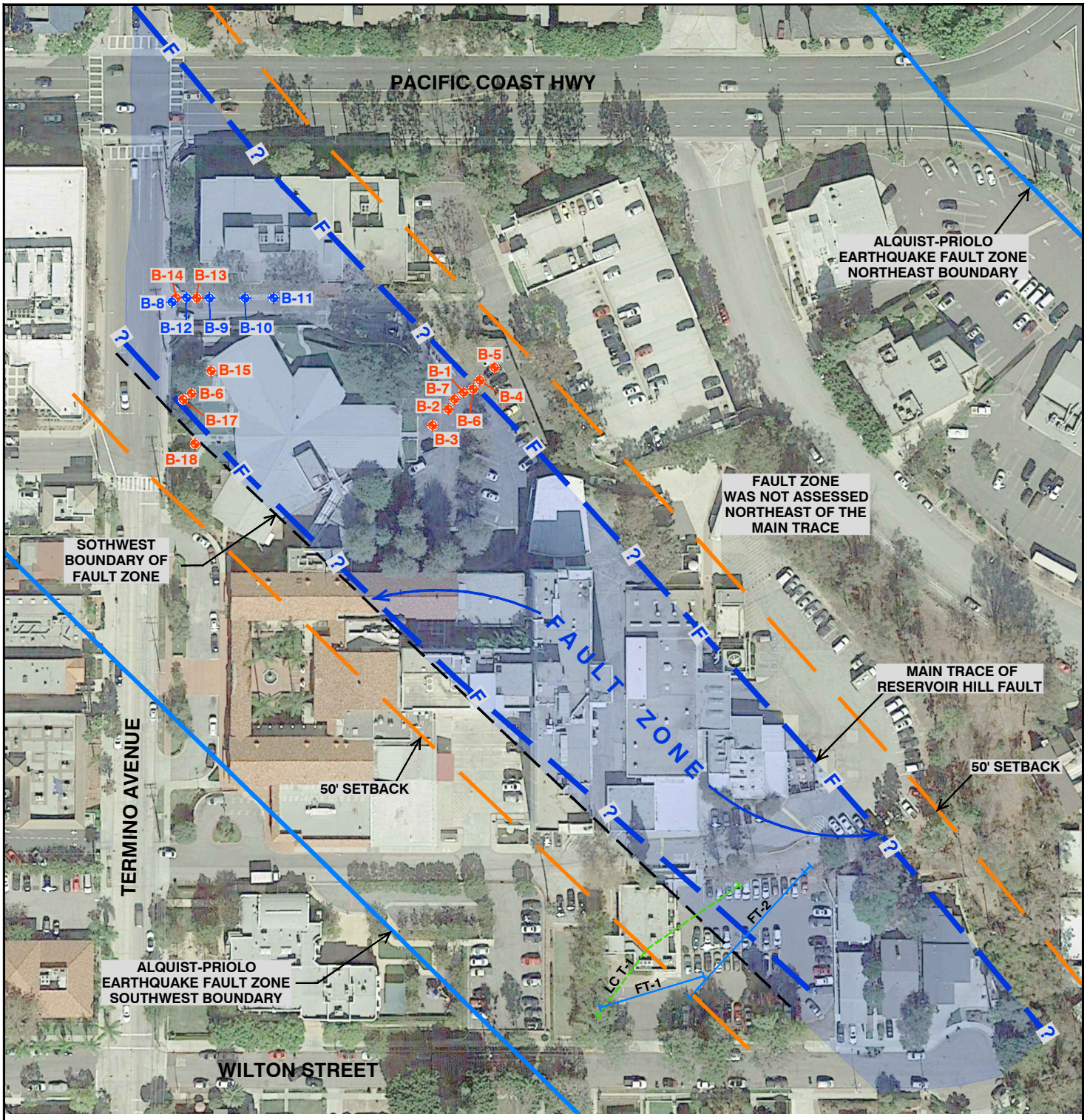
Sincerely,
**NINYO & MOORE**

Michael L. Putt, PG, CEG
Principal Geologist

MLP/CAP/mlc

Attachment: Figure 1 – Fault Locations

Distribution: (1) Addressee (via e-mail)




**LEGEND**

| | | | |
|---|---|---|---|
| B-18 | EXPLORATORY BUCKET AUGER BORING; (AKA, 2017) | FT-2 | EXPLORATORY TRENCH (AKA, 2017) |
| B-12 | EXPLORATORY HOLLOW STEM AUGER BORING; (AKA, 2017) | LC T-1 | EXPLORATORY TRENCH (LEROY CRANDALL, 1991) |

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NOTE: DIMENSIONS, DIRECTIONS AND LOCATIONS ARE APPROXIMATE. I REFERENCE: GOOGLE EARTH, 2018.

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**FIGURE 1**

**FAULT ZONES**

COMMUNITY HOSPITAL OF LONG BEACH

LONG BEACH, CALIFORNIA

210042001 I 1/18

Ninyo & Moore

Geotechnical & Environmental Sciences Consultants

# Community Hospital, Long Beach: Building SPC Ratings


Parameters of the Splay fault line

**1** Pose significant risk of collapse and danger to the public.

**2** Does not significantly jeopardize life, but may not be repairable or functional following strong ground motion.

**3** May experience structural damage which does not significantly jeopardize life, but may not be repairable or functional following strong ground motion.

**4** May experience structural damage which may inhibit ability to provide services to the public following strong ground motion.

**5** Reasonably capable of providing services to the public following strong ground motion.

**Attachment B**