



PRESS RELEASE

City of Long Beach
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Press Release #FOR IMMEDIATE RELEASE

City Council to Vote on Community Hospital Agreement Between the City and Molina, Wu, Network, LLC.

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The City of Long Beach and the Molina, Wu, Network, LLC. (MWN) healthcare group have reached a tentative agreement regarding Community Hospital Long Beach (Community Hospital) for City Council to consider next Tuesday, March 12, 2019. If Council approves the interim lease and the tentative agreement's major terms and provisions, preparations can begin for the City and MWN to preserve the operation of an acute care hospital at Community Hospital in East Long Beach.

"We've made reopening Community Hospital a priority, and are committed to an accessible and safe emergency room in East Long Beach," said Mayor Robert Garcia. "I'm confident that our new partners at MWN will operate a model facility that will provide outstanding medical care and health services."

Next week, City Council will vote on an interim lease, that if approved, will enable MWN to become eligible to receive a hospital license to reopen Community Hospital later this year. Council will also consider the major terms and provisions for a long-term replacement agreement to address seismic compliance.

"Community Hospital provides important services for our residents across Long Beach," said Fourth District Councilmember Daryl Supernaw. "I look forward to joining my colleagues next week in reviewing the proposed major terms and provisions and making a decision based on the public's best interest."

Some of the key components of the major terms and provisions are:

- Recognize the operation of Community Hospital as a public-private partnership between the City and MWN.
- Consist of a 45-year lease term, with the option of two 10-year extensions, at a lease rate of \$1 a year.
- Shared funding responsibility of Community Hospital's seismic retrofit costs between the City and MWN for up to \$50 million and MWN will be responsible for any additional seismic-related costs.

The City will be responsible for up to \$25 million of these costs to ensure the facility complies with seismic laws and regulations for an acute care hospital.

- The Leased Premises shall be used for the operation and maintenance of an acute care facility, professional office building, and other ancillary medical uses. The Lessee will make a good faith effort to provide sobering center beds, medical detox beds, recuperative care, and psychiatric beds to address community needs identified in the City's Everyone Home task force report, subject to appropriate licensure and regulatory approvals.

"It's been our goal since day one to return this hospital back to the community," said John C. Molina, of Molina, Wu, Network, LLC. "We look forward to our partnership with the City to ensure Community Hospital can continue to provide meaningful, quality care services."

On March 5, 2018, the former operator of Community Hospital notified the City of their decision to terminate the lease agreement at Community Hospital, effective July 3, 2018. Since that time, City Council authorized the City Manager to conduct a targeted request for information process to identify potential operators with the demonstrated ability to continue a general acute care facility, including an emergency department with basic support services, at the site. The City received five non-binding proposals from interested operators and engaged in an exhaustive due diligence process that included an extensive review of the operational, engineering, and financial plan for the Site. As a result of this process, City staff recommended MWN as the next operator of the hospital.

On Tuesday, June 19, 2018, City Council voted to authorize City staff to engage in exclusive negotiations with MWN with the goal of reaching an agreement for the future operation of Community Hospital.

If City Council approves the interim lease agreement and major terms and provisions, the City and MWN will be in a position to work directly with the California Department of Public Health (CDPH) and Office of Statewide Hospital Planning and Development (OSHPD) for State approvals that will be needed to reopen the hospital. The next step in the process will be for MWN to complete the application for a new hospital license, contingent upon CDPH approval. Concurrently, the City is actively working with OSHPD and the State Legislature on a plan for seismic compliance.

About the City of Long Beach

Home to approximately 470,000 people, the multiple award-winning and innovative City of Long Beach offers all the world-class amenities of a large metropolitan city while maintaining a strong sense of individual and diverse neighborhoods nestled together along the California coast. As a full-service charter city, Long Beach is home to the Queen Mary, Aquarium of the Pacific, several museums and theaters, a highly-rated school district, Long Beach Airport, the Port of Long Beach, as well as many award-winning City departments such as Health, Parks, Recreation and Marine, Development Services and more. The City also has a highly-respected university and city college, two historic ranchos, five hospitals, five golf courses, 171 parks, miles of beaches, marinas, bike paths, and a Bike Share program.

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