

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JUNE 13, 2006**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 13, 2006, commencing at 7:00 a.m.

A. ROLL CALL

Present: Council Members – Beckman, Hansen, Johnson, and Mayor Hitchcock

Absent: Council Members – Mounce

Also Present: City Manager King, City Attorney Schwabauer, and Deputy City Clerk Taylor

B. TOPIC(S)

B-1 "Presentation regarding expansion plan for Lodi Memorial Hospital"

Joe Harrington, President and Chief Executive Officer of Lodi Memorial Hospital (LMH), distributed informational packets detailing the expansion plan (filed) and explained that there are two forces driving the LMH project. The first is the Seismic Safety Act, known as SB 1953, passed in early 1994 following the Northridge earthquake in which two hospitals in southern California crumbled. The purpose is to regulate new building standards to ensure that hospitals could sustain an earthquake and continue to provide treatment during and following an earthquake. The first set of standards must be met in 2008, and the second, more stringent standards go into effect in 2030. Standards are uniform throughout the state; however, only two seismic zones exist in California. Through lobbying efforts, revisions to the Act requirements have allowed LMH to receive a delay in 2008 standards to 2012 for both the east campus at Fairmont Avenue and Vine Street and the west campus at Lower Sacramento Road and Vine Street. The delay was granted because LMH is located in a less active zone and it is the only hospital facility within the immediate geographic area. Portions of the original structure will be available for use through 2012, and additional portions, with upgrades, will be functional through December 31, 2030. The second driving force for the project is the need for more in-patient beds due to overall growth in the community, a higher senior population which requires more hospital care, and an increase in patients from the north Stockton area. In 2001, LMH held, on average, one to two patients waiting for admission into an in-patient room during peak (winter) season. In 2005-06, LMH is averaging nine patients waiting for beds, so the facility must increase the number of beds to address service area needs while meeting seismic standards.

Plans have been submitted to the California Office of Statewide Health Planning and Development (OSHPD) for review of a central plant to be completed in three phases – the new four story south wing (targeted to begin January 2007), replacement of the west wing with a new four-story structure, and between now and 2030, replacement of the original 1952 building with a four-story structure.

At the request of Mayor Pro Tempore Johnson, Mr. Harrington shared that consideration was given to construction at the current site versus searching for open acreage to build a new facility. It was determined that construction at the current site can occur with minimal interference by completing the project in stages and that using the existing property was both cost effective and allowed the facility to remain within the heart of the community. It is believed that the biggest obstacle will be the availability of parking for staff and patients and that future plans may include constructing a parking garage on the hospital campus.

Council Member Hansen shared that Sutter Gould may establish an out-patient facility in Lodi and asked what the industry allows in factoring growth when other medical facilities locate in Lodi. Mr. Harrington explained that LMH reviews the service area, calculates the number of in-patient admissions that will result from that population, and factors in the market share numbers from the state (reported voluntarily by California hospitals) to

establish a base total. Additionally, in response to Council Member Hansen, Mr. Harrington shared that the state has issued mandates without funding; however, some small, rural hospitals may still receive assistance to meet mandates while remaining open as the only facilities in their service areas available to provide medical care.

In response to Council Member Beckman, Mr. Harrington explained that structural security has been explored to ensure that protection and safety are key factors while keeping the building aesthetically pleasing and reflective of a warm and caring environment. He stated that, while funding is not readily accessible, \$3 million in grant funds is available through the State Department of Health Services and LMH is working to receive a portion of the funds. Council Member Beckman suggested that, if possible, the City of Lodi might also be in a position to provide assistance.

In reply to Mayor Hitchcock, Mr. Harrington explained that the state mandates a patient to nurse ratio of five to one, and like most hospitals, LMH experiences challenges in nursing staff shortages. He reported that approximately five years ago, LMH embarked on a campaign to recruit 25 Canadian nurses for a two-year program with a retention rate of 50 percent at the end of the program. With over 300 nursing positions, LMH currently has a vacancy rate of 12 to 15 nurses and will take advantage of the two-year program again this year. He shared that most LMH employees are long-term employees and Lodi area residents and that 68 percent of the nursing staff are San Joaquin Delta College nursing program graduates. Realizing the importance in supporting the future operation of the hospital, LMH and other area hospitals have contributed nearly \$500,000 to the Delta College nursing program, which will generate 20 more graduates in the next three years.

Tak Saito, Facilities Director at LMH, thanked City staff for its cooperation and support during the past year with project plans and explained that, in addition to the hospital, LMH now operates a number of clinics within the community. The original hospital was built in 1952 with a number of additions to the facility over the years, which have been examined to ascertain seismic structure conditions in response to SB 1953. Key design points to update the facility were the need for more in-patient beds to meet the growing needs in the service area, modernization of the facility, re-location of urgent care adjacent to the emergency room, and updates to the campus and parking areas.

Mr. Saito shared that the vision for the facility has focused on community access to the hospital, providing a healing environment, designing a scalable project based on construction in phases and available funding, accommodating state-of-the-art technology, improving the quality of care and services, and creating flexibility, adaptability, and support for dynamic growth. The master plan includes a 136,000 square foot addition slated to begin construction in early 2007, which will almost double the size of the current hospital and additionally complete the seismic upgrading and retrofitting of the existing facility. The new four-story structure will house the emergency and urgent care facilities on the main floor with connections to the existing three-story structure on levels one through three. Property has been purchased at the south end of the campus along Cardinal Street in preparation for construction and parking expansion. Meetings have been conducted with neighbors of the hospital campus to provide information and open communication regarding the design and construction.

NOTE: Council Member Beckman left the meeting at 8:00 a.m.

Mr. Saito reported that design elements for the building façade were created to blend into the community and a healing garden will be located near the main lobby between the new and existing buildings. Urgent care will be located adjacent to emergency, and both centers will be designed to meet emergency room standards and have access to medical diagnostic equipment. Floors one through three will house in-patient rooms, and nursing staff will be located throughout the floor rather than the current layout of one centralized workstation per floor. In-patient rooms will provide 236 square feet of living space for patients and their families and more functional space for nursing staff to provide care.

Mayor Hitchcock commented on the beautiful rooms and the overall design of the new building and asked if there is a possibility that the hospital will draw so many within and outside the community that it will be too small once it is completed. Mr. Saito noted that a state-of-the-art facility may provide a continued challenge in service and access to patients and that consideration will be given to future growth in determining the use of space in the next phase of construction. At the request of Mayor Hitchcock, Mr. Saito explained that, while the limited site size provides minimal growth potential, additional levels would not be aesthetically pleasing to the design. City staff and fire personnel were consulted about the design and did not support additional floors nor placing the helicopter pad on top of the facility.

Council Member Hansen commented on the increase in urgent care facilities in the community and inquired if this were causing additional strain on the hospital. Mr. Harrington shared that placing the urgent care facility next to the emergency room in the south wing was done for efficiency reasons. Urgent care closes at 10:00 p.m., so those seeking care at that point will come to emergency, many times with what would not be considered an emergency by hospital standards. The new design will allow a triage nurse to evaluate patients, determine the proper treatment area, and even allow for the shifting of personnel to where they are needed to deliver care. As part of the planning process, LMH looks monthly at need, capacity, and ability to afford improvements and new construction at a current cost of \$450 million to do everything. He shared that the future of the west campus will not be determined at this time, but it is currently providing a great deal of flexibility in allowing LMH to continue to provide services now and through the first phase of construction at the east campus. He explained that, under a different licensing category through the Department of Health Services, 15 acute rehabilitation and skilled nursing beds have been re-licensed as medical/surgical beds. In that facility, there is a 15 bed medical/surgical unit that takes some of the overflow of the hospital, and without that the emergency care unit holding area would have not only the current nine patients mentioned earlier, but another 15 patients awaiting beds.

In response to Council Member Johnson, Mr. Harrington reported that, looking at local competition activity, Dameron Hospital has received approval to build its central plant for expansion purposes and that St. Joseph's Hospital is building a new women's and children's center wing and will re-license and use the current center for medical/surgical beds in order to increase its capacity. He shared that in looking at LMH, Dameron, and St. Joseph's, demographics show 78 percent of business generates from within a five mile radius of each facility; however, ten years ago it was 90 percent. The increase in Lodi is mainly reflective of recent patient migration from north Stockton.

Council Member Johnson stated that many in the community may be surprised to learn that LMH is quite an economic engine in the community. Mr. Harrington shared that the hospital employs 1,250 employees, paying salaries and benefits of almost \$62 million. He added that preliminary estimates indicate that by 2013 the hospital will have 1,700 employees and generate an annual payroll of \$100 million. He stated that the vast majority of employees live in and around Lodi, so the money is being spent locally, providing strong economic support for the whole community.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:05 a.m.

ATTEST:

Jacqueline L. Taylor, Deputy City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Presentation: Expansion Plan for Lodi Memorial Hospital

MEETING DATE: 06/13/06

PREPARED BY: Randy Hatch, Community Development Director

RECOMMENDED ACTION: Receive Presentation

BACKGROUND INFORMATION:

Staff has been meeting with representative of Lodi Memorial Hospital to discuss the hospital's plan for expansion of their main campus. The hospital would like to inform the council of these plans. The hospital is holding informational meetings with the surrounding neighborhood. After neighborhood meetings are held and plans finalized, the hospital will formally submit their plans to the City for Planning Commission review.



Randy Hatch
Community Development Director

RH/kjc

APPROVED:



Blair King, City Manager





**Lodi City Council
"Shirtsleeve" Session**

*Lodi Memorial Hospital
June 13, 2006*

The Organization

Lodi Memorial Hospital,
Association, Inc &
Affiliates



2 Facility (Lodi Memorial Hospital East/West)
Acute Hospital with
Associated Outpatient
Clinics (Lodi, Galt and Ione), and other
Entities (established in 1952)

Not-for-Profit, 501(c)3
Public Benefit Corporation

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Important Facility Related Issues and the Future

- Aging Facilities: 1952, 1961, 1967, 1981,
1989
- Seismic Requirements – SB 1953
- Requirements for additional in-patient
beds – increased in-patient bed need and
modernize facilities

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SB – 1953 (Seismic Safety Act)

1994 – Post Northridge earthquake (\$24 billion in damage), legislation and law to require in-patient facilities to meet seismic requirements by specific dates.

2008 or 2012 – Upgrade seismically (structural and non-structural components) or replace facilities or close inpatient beds

2030 – Full compliance to standards set in 1983



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Vision Statement

The Lodi Memorial Hospital campus will be the leading place where our community wants to come for healthcare, and where employees and physicians want to work. This will be accomplished by providing comprehensive health and medical services with high technology in a welcoming, easily accessible environment.



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South Wing Guiding Principles

Reflects needs and wants of our customers

Reflects a healing environment
Scalable project scope based on available funding and phasing

Optimizes capital investments
Base decisions on available information today; do not re-visit decision unless substantial change in information

Accommodate state-of-the-art technology upon opening

Rank order of service lines by community need, profitability, etc.

Enhances capital campaign

Promotes our Mission, Vision, Values and Strategic Initiatives

Fosters stewardship of resources
Strengthens competitive position
Fosters operational efficiencies

Improves quality of care and service excellence

Accessibility and convenience
Offers partnering opportunities and supports integration strategies

Community and stakeholder involvement in planning process

Creates flexibility, adaptability and support dynamic growth

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Lodi Memorial Hospital – South Wing Addition

Goals/Drivers, Actions

- Modernize the Facility – “Patient Centered, Evidenced-Based Design ”
- Expand Bed Capacity
- Meet Seismic Safety Standards (SB-1953)

Validate the Facilities Master Plan



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Lodi Memorial Hospital – South Wing Addition

The Solution:

Update the facilities master plan

Results

- Provide for a 136,000 square foot addition
- Four story addition on the south side (front) of the east campus (including a new Central Plant)
- Retrofit or seismically upgrade the original building except for the west wing.



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Lodi Memorial Hospital – South Wing Addition

The "South Wing Addition"

- Basement (mechanical systems)
- 1st floor - ER/Urgent Care
- 2nd floor - 30 bed medical/surgical unit
- 3rd floor - 30 bed medical/surgical unit
- 4th floor - 30 bed medical/surgical unit



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Lodi Memorial Hospital – South Wing Addition

The Phases

Schematic Design Phase and Planning (March - December 2004)

- Detailed layout and relationships between areas
- "Right sizing of departments" that support the new building
- Plan for the upgrade of the existing buildings for seismic requirements (LMHE and LMHW).
- Review the seismic requirements of the west campus
- Provide a cost estimate for the entire project.



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Lodi Memorial Hospital – South Wing Addition

The Phases

Design Development Phase (January 2005 - August 2005)

- Refine layout and determine details for each room
- Develop an equipment plan for the building
- Provide drawings for the south-wing and central plant
- Perform a parking study
- Provide a cost estimate for the entire project.



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Lodi Memorial Hospital – South Wing Addition

The Phases

Construction Drawing Development Phase (September 2005 – Feb, March 2006)

- Develop the detailed construction drawings for the south-wing and central plant
- Develop a phasing plan for construction
- Provide a cost estimate.
- Plan for "make ready projects."
- Provide a cost estimate for the entire project.



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Lodi Memorial Hospital – South Wing Addition

The Phases

OSHPD Plan Review:

- **Central Plant (Increment 1):** Anticipate building permit – January 2007
- **South Wing (Increment 2):** Anticipate building permit – Early 2008

- Plan review of the construction drawings.
- Finalize project and contract to construct the building
- Make any changes required by OSHPD

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Lodi Memorial Hospital – South Wing Addition

The Phases

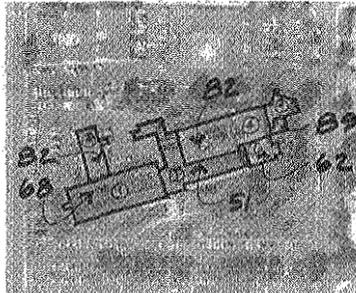
Construction of the new addition (January 2007 – Spring 2010...December 2012)

- Upgrade the Central Plant
- Build the South Wing Addition
- Vacate inpatient beds that are seismically non-compliant
- Upgrade the existing building for seismic compliance

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Seismic Ratings/OSHPD Issues

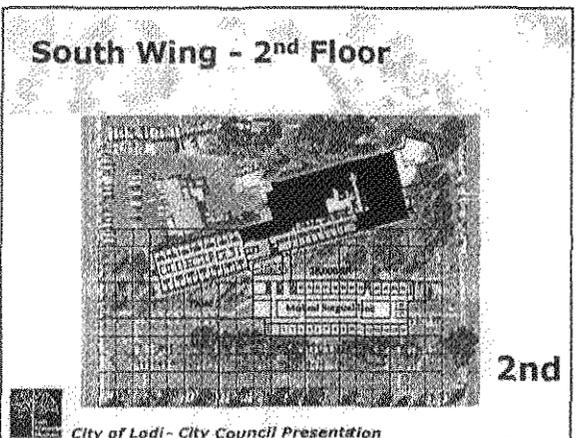
Construction Phases & SPC Ratings



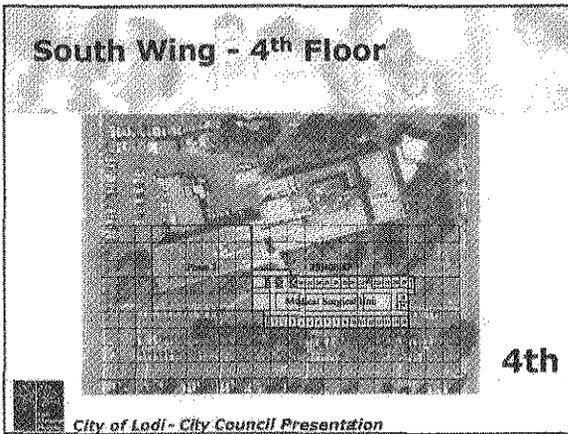
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Goal #1: Improve Community Access to Healthcare

All Private Beds

Improved Vehicular and Pedestrian Access

- Main & ED Entrance at Grade
- New Access from Ham Lane

Welcoming Lobby w/ Community Functions

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Goal #2: Creates flexibility, adaptability and supports dynamic growth

Increased Floor to Floor Heights
Flexible Structural Bays w/o Braces
Main Elevator Core Planned for Future Phases
30 Bed Unit Accommodates Changing State Staffing Mandates
Acuity Flexible Room



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Goal #3: Provide an Image of Leadership in Community Healthcare

ED is Front & Center
Provide a Healing Environment Relative to Architectural Design
Creates a New Community Standard for Health Care
Sensitive to Our Neighborhoods



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Goal #4: Provide a Fiscally Responsible Solution

Provided Scalable Project
Project will Appeal to Fund Raising Efforts



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Goal #5: Support Value of Human Dignity and Equality

- Family Space
- Private Patient Rooms/ED Space and Registration Areas
- Staff Amenities
- State of the Art Safe Rooms



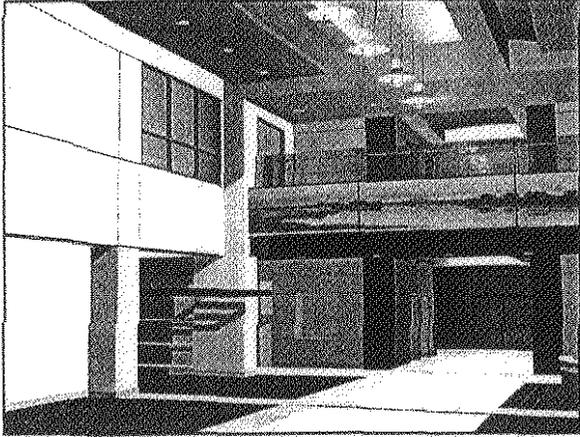
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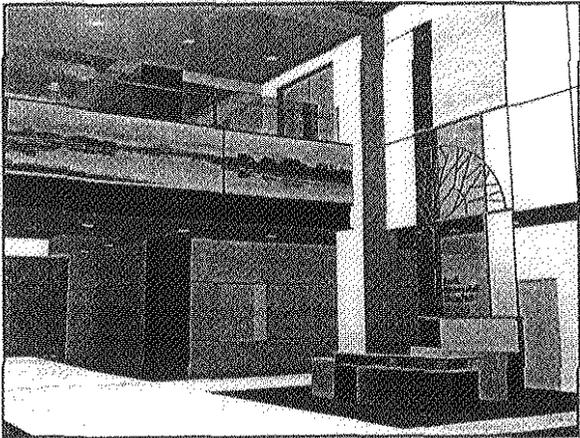
The South Wing Addition

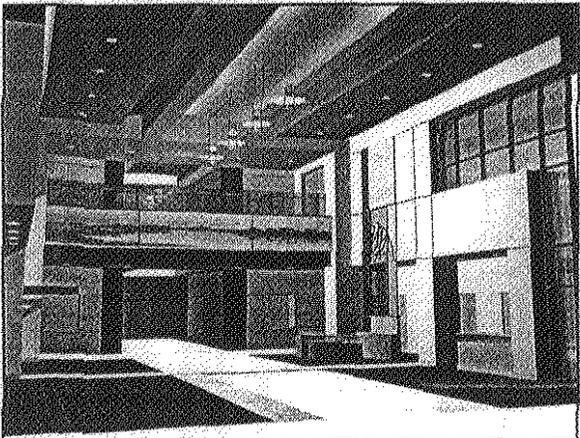


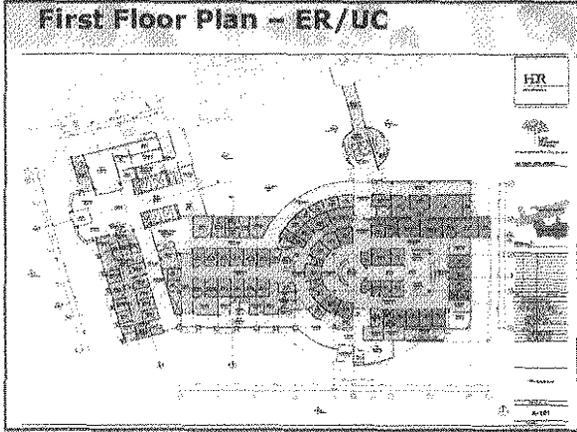
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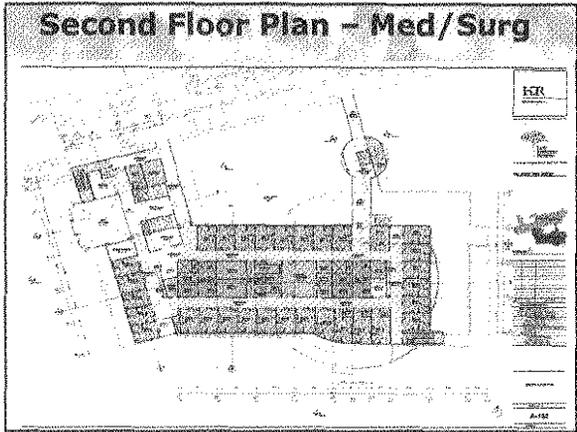


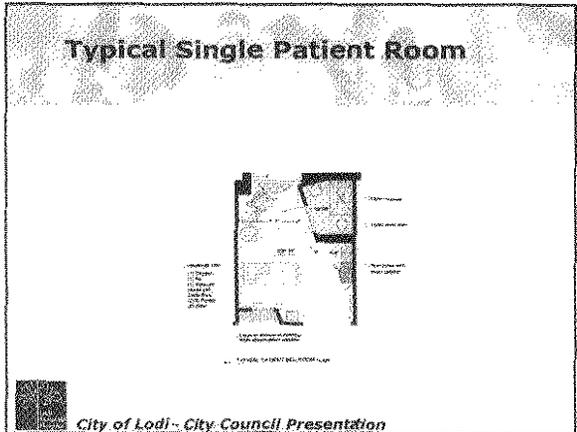


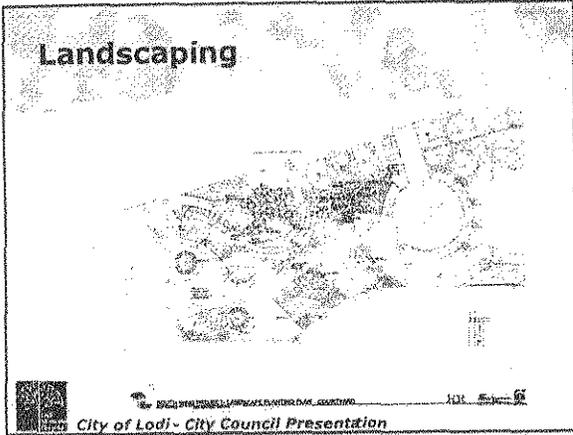


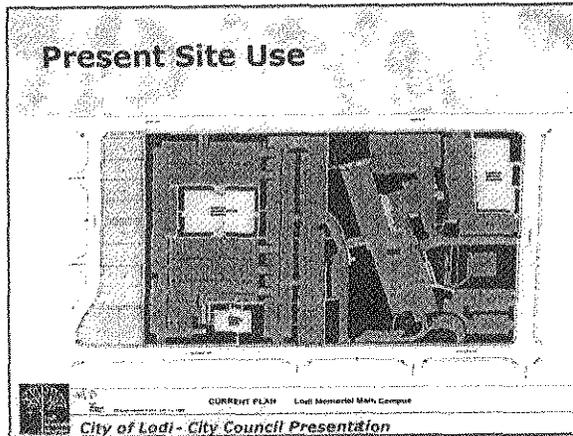


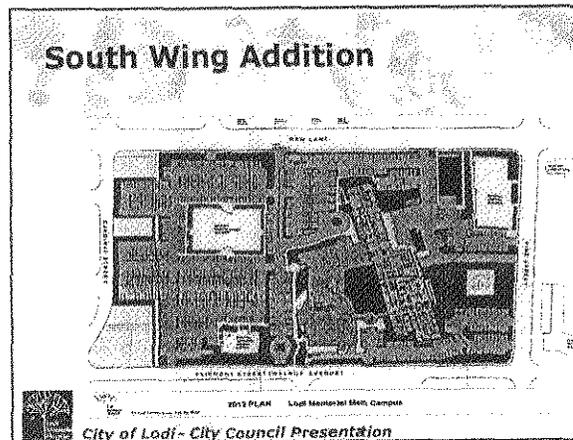


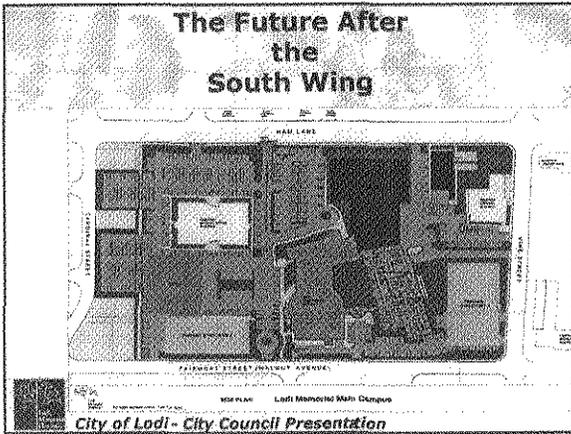








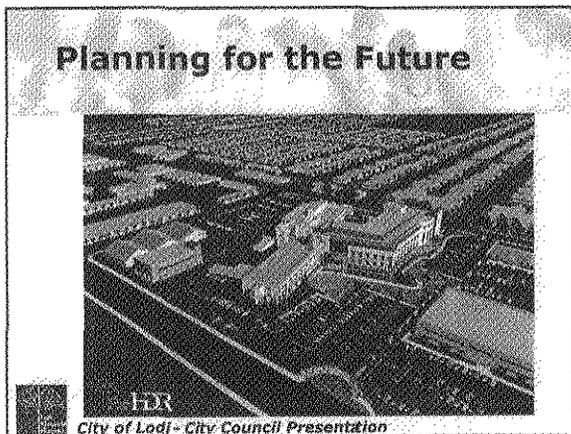




Where we are today...

- Central Plant Increment Drawings Submitted to OSHPD (February, 2006)
- South Wing Increment Submission to OSHPD- April, 2006, Construction to begin < **24 months**
- City Planning Submission: **Summer, 2006**

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LODI MEMORIAL HOSPITAL SOUTH WING PROJECT

A NEW CHALLENGE FOR A NEW CENTURY

BUILT ON PRIDE OF PLACE, SPIRIT AND VISION

LMH HISTORY

More than 54 years ago farmers, housewives, teachers and other local residents built a community hospital for residents of Lodi and the surrounding areas. Since that time, Lodi Memorial Hospital has remained private, non-profit and independent – highly unusual in the world of hospitals today. One of the reasons it has remained so is the tremendous loyalty of community members and the link to that *initial notion* that self-determination is a critical component to a well-run hospital – one that can evolve to meet residents' needs.

LMH GROWTH

The visionary spirit which led to the conception and construction of this hospital is still very much with Lodi Memorial today. Since Lodi Memorial opened its doors in 1952, the community has grown, and the hospital has added programs and services to meet the increasingly complex medical and social needs of residents. With community support, the hospital has managed to keep pace with the:

- Growth and the aging of its community by adding a unit for stroke and joint-replacement patients at its West facility, an adult-day-care center, a home-health agency and a durable-medical-equipment service;
- Spiraling costs of medical and information technology and the tech-savvy employees needed to operate that sophisticated equipment;
- Myriad – and often costly – local, state and federal regulations, such as nurse-to-patient-staffing ratios, seismic upgrades of existing buildings, patient-privacy rules, and emergency-medical treatment for the uninsured;
- Challenges imposed by the need to recruit and retain the best possible physicians, nurses and care givers in a competitive market where wages are skyrocketing and supply is diminishing; and
- Need to tighten security efforts in the wake of September 11, and to prepare for the all-too-unfortunate-but-real possibility of a weapons-of-mass-destruction event.

CURRENT EXPANSION NEEDS

Yet today keeping pace has reached its most challenging stage ever. The need to significantly expand can no longer be postponed. Growth and factors often beyond the hospital's control impact Lodi Memorial's ability to meet the community's medical needs. There is:

- An acute shortage of critical-care beds in hospitals in this area and beyond that impedes the ability of Lodi Memorial Hospital to admit new patients and treat patients waiting its emergency room because the emergency room is often full with critical-care patients waiting for beds; and
- A shortage of medical, surgical and maternity beds and adequate space that will allow the hospital to expand existing programs to serve a growing community's needs.

The facts are clear: Unparalleled growth in Lodi and the surrounding areas is expected and unstoppable. The hospital and its talented staff are truly up to the challenge of meeting the community's medical needs, but current and predicted space challenges inhibit and will continue to inhibit the ability of Lodi Memorial's care givers to do what they do best. That is why it is time to build again.

SOUTH WING FACTS AT A GLANCE

The Lodi Memorial Hospital Board of Directors, the Lodi Memorial Hospital Foundation Board of Directors and other supporters have embarked upon a campaign to develop and construct critically needed space. A plan has been developed to construct rooms for more than 90 new patient beds and a new emergency department. In all, 136,000 square feet must be added, and a renovation of the existing space must be undertaken to expand services in the birthing center, diagnostic-imaging, medical-ambulatory-care, materials management and food-service areas.

COSTS AND FUNDING

Yet the cost of construction comes at no small price: \$180 million. The hospital hopes to borrow in excess of \$100 million of that amount and will also seek the contributions of local philanthropists, businesses, physicians and others to effectively serve its community. The consequences of not building are immeasurable.

BEYOND HOSPITAL WALLS

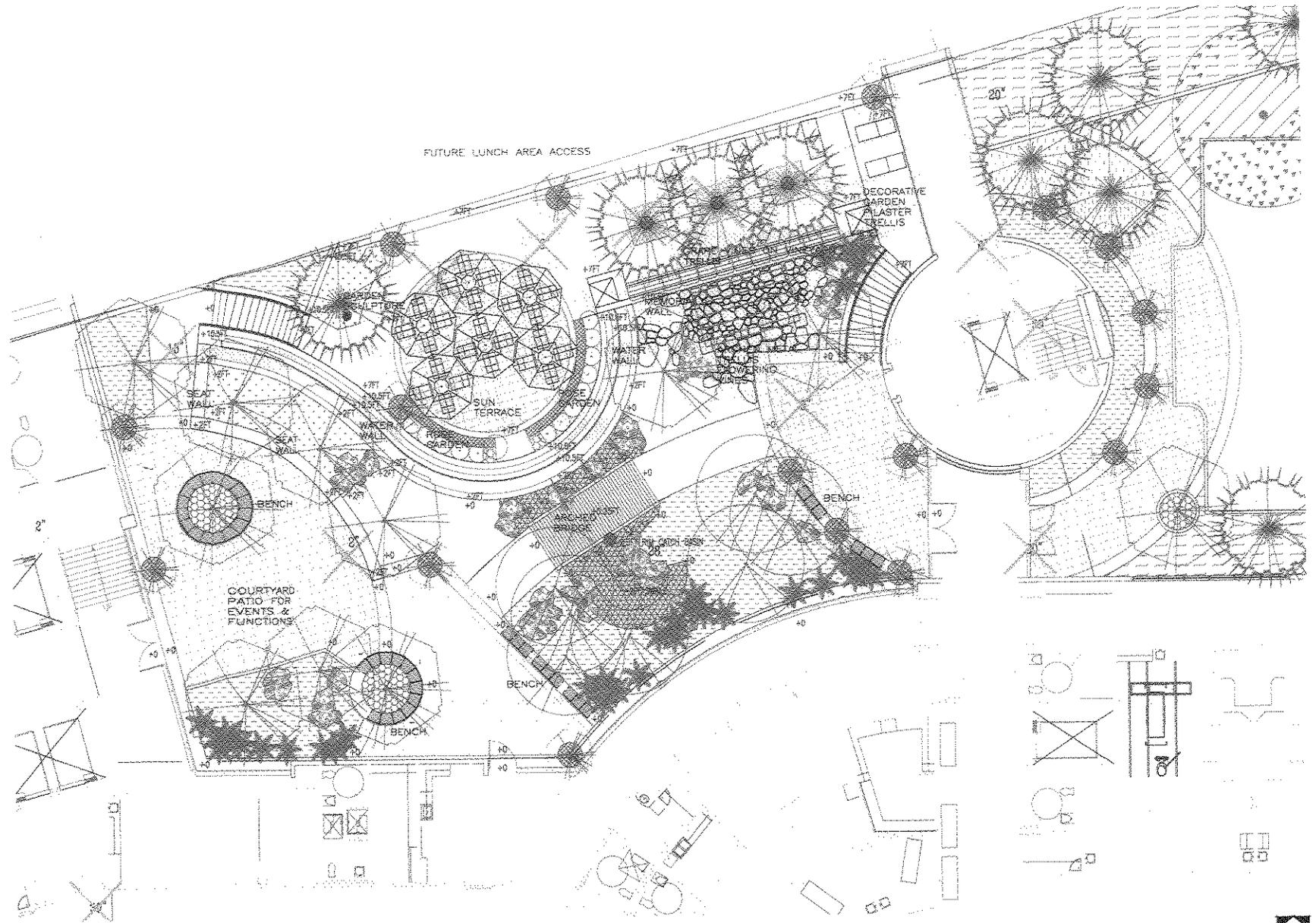
In addition to providing health care, Lodi Memorial Hospital is integral to the economic fabric of its community. The hospital's 2006 operating budget is \$106 million. Each dollar of that budget is judiciously spent to bring the best possible care, technology, pharmacology, clinical-care givers and comforts to those Lodi Memorial is privileged to serve. And with 1,250 employees – most who live and spend locally – more than half of the hospital's budget is allocated to salaries and benefits. There are also 219 physicians on staff at the hospital. Their specialties run the gamut from pediatric, to oncology and cardiac care.

Proudly, Lodi Memorial is a nationally recognized center for orthopedic surgery. Patient-satisfaction levels are among the top in the nation. In surveys conducted by an independent research firm, an overwhelming number of Lodi Memorial patients indicate they would be very likely to use the hospital again if need be. In internal surveys hospital employees consistently report they are proud to work at Lodi Memorial. Lodi Memorial physicians report that the hospital's nursing staff is extraordinary, and physicians marvel at their responsiveness to their patients. For the vital role it plays in its community, Lodi Memorial Hospital has been recognized by local cities, school districts, non-profit agencies, San Joaquin County, Governor Gray Davis and President George W. Bush.

This year alone Lodi Memorial expects to deliver more than 1,400 newborns, care for more than 7,500 inpatients and treat more than 42,000 emergency-room and urgent-care patients. Quality clinical care is expected in a hospital, and Lodi Memorial excels in this arena. But it also excels at treating patients, their family members, physicians and employees in an extremely personal, dignified way. It was the mandate of our founders and will always be so.







SOUTH WING PROJECT- LANDSCAPE PLANTING PLAN - COURTYARD
 EAST CAMPUS Lodi Memorial Hospital



PROJECT NO. 2004 DATE: 07/24/09 SCALE: 3/16"=1'-0"



Lodi
Memorial
Hospital
HDR



975 S. Fairmont Ave. ♦ P.O. Box 3004 ♦ Lodi, CA 95241 ♦ 209/334-3411 ♦ 209/368-3745 (fax) ♦ www.lodihealth.org

President and Chief Executive Officer: Joseph P. Harrington
Chief of Staff: Harvey Hashimoto, MD

January 2006

FACTS

Lodi Memorial Hospital is a non-profit, acute-care hospital, owned by the Lodi Memorial Hospital Association. Association membership is open to anyone for a one-time, lifetime fee of \$100. Members participate in the annual election of board members who direct the hospital. For 54 years the hospital's mission has been to provide quality medical care, education and support services to the community; and to improve the quality of life in the communities served. The hospital is licensed for 170 acute-care beds. Two hospital campuses and eight satellite clinics are used to provide a variety of inpatient and outpatient services. The hospital employs 1,250 individuals, about one-third of which are nurses. There are 124 physicians on the active medical staff.

Hospital services

Services include 24-hour emergency, maternity, nursery, pediatric, intensive care, acute-physical rehabilitation, transitional, surgical and medical care. Home-health care and durable-medical equipment are also available. The hospital operates an urgent-care clinic, four primary-care clinics, a pre-natal clinic, a pediatric clinic and a free clinic for the uninsured.

Clinical-support services

These services include a clinical laboratory, cardiac-catheterization laboratory, ultra sound, CT scan, nuclear medicine, x-rays, respiratory, pharmacy and dietary services.

Treatment programs

Physical, occupational, speech, pulmonary and cardiac rehabilitation are among outpatient-treatment programs.

Community services

Adult-day care, child care, a community-fitness center, primary-care clinics, free physician referral, parish-nurse programs and a free clinic for the uninsured are among the hospital's community services. Lodi Memorial Hospital also provides free health screenings at a variety of public events throughout the year and offers speakers to community groups upon request.

Education

Educational programs include a variety of specializations from maternal/child classes for mothers, fathers and siblings to diabetes education for diabetics, their family members and professional staff. Continued education is available for RNs, LVNs, CNAs, home-health aides, physicians, medical technologists and other professionals. Forums are offered to community members on wellness, injury prevention and treatment. Medical and health-education libraries are open to community members.

Fiscal year 2006 Estimates

Operating revenue - \$105,746,000
Expenses - \$100,470,000
Revenue over expenses - \$8,315,000

Salaries and benefits - \$61,847,000
Capital needs - \$8,059,900