


Date: September 14, 2021

To: Transactions and Uses Tax Citizens' Advisory Committee Members

From: Grace H. Yoon, Budget Bureau Manager, Financial Management 

Subject: **Response to Questions from the August 27, 2021 Meeting**

During the Citizens' Advisory Committee Members meeting held on August 27, 2021, the Financial Management Department provided a presentation on FY 21 Measure A expenditures and revenues. This memorandum provides responses to questions raised by members of the Citizens' Advisory Committee at that time that were not fully addressed on the floor or need further clarification.

What is the Measure A funding amount allocated to Community Hospital and what is the specific use/purpose and time span of this funding? Is there an Agreement between the Hospital and the City?

In 2019, prior to the vote to extend the Measure A tax, the City Council amended the resolution expressing the City Council's intent for the use of the tax to include a use for community health services related to the reopening of the Long Beach Community Hospital. Subsequent to the extension of the tax, the Measure A plan and budget now includes a funding contribution for the seismic retrofit of the hospital, an essential requirement for the hospital to remain open (the hospital sits on a fault line). Additional details are below.

On October 15, 2019, City Council entered in a lease with MWN Community Hospital (MWN), a California limited liability company, for the operation and potential development of the Long Beach Community Hospital site (owned by the City). The lease required the operation to include an acute care hospital. The lease is for a period of 45 years, with the option of two 10-year extensions. The lease includes 50 percent reimbursement to MWN, up to \$1 million per year on an annual basis for the first five years, and up to \$2 million per year on an annual basis for years 6 through 15 of the Lease, for seismic retrofit construction costs of the hospital facility. The City will reimburse MWN up to 50 percent of the seismic work costs and will not to exceed \$25 million.

In FY 20, the City Council authorized the first \$1 million seismic retrofit payment using General Fund monies. An appropriation of Measure A funds was authorized by City Council in FY 21 and FY 22 for the annual payments in years two and three, respectively. The balance of annual payments is planned to be made using Measure A funds in years 4 through 15 until the maximum reimbursable limit of \$25 million is reached. All payments are based on 50 percent of costs incurred by MWN, up to the annual limit amount.

If you have any questions, please contact me at (562) 570-6408.

CC: CHARLES PARKIN, CITY ATTORNEY
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TERESA CHANDLER, DEPUTY CITY MANAGER

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DEPARTMENT HEADS