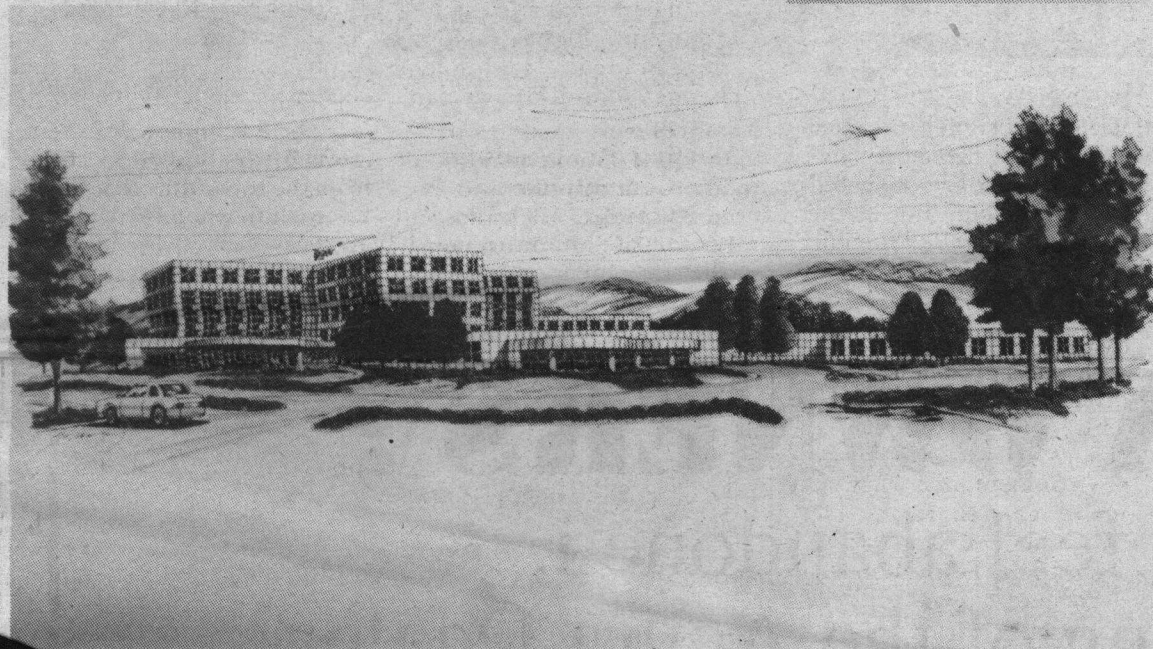
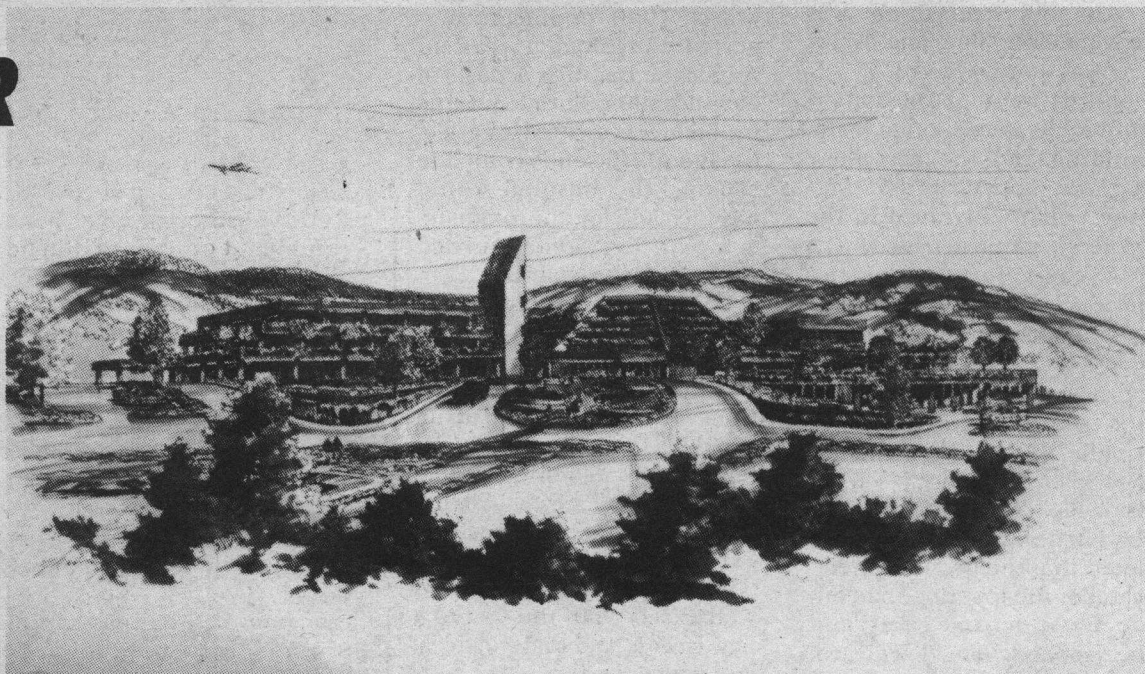


FIXING WHAT BROKE—

AND PLANNING FOR THE FUTURE

—A Year of Changes Ahead for Watsonville Community Hospital, Part 2

Artist's conception of possible new facilities for Watsonville Community Hospital.



by Mary Bryant

Determining what needs fixing is usually a simple matter of figuring out what is broken. But in the case of Watsonville Community Hospital, there's almost nothing simple about anything.

Virtually moments after the Loma Prieta earthquake struck in October 1989, fire teams and state inspectors were assessing damages. Patients were, in part, temporarily evacuated outside, and all seemed quite a mess.

At first, equipment repair and replacement and a partially collapsed office trailer,

along with the "buckling" of an enclosed walkway adjoining the main hospital and an adjacent educational and office building, appeared to be the extent of the major repairs. The work was estimated in the range of several million dollars. In other words, bad but not very bad.

It was also at this point that then-hospital president, Paul Estess, began work with the Federal Emergency Management Administration (FEMA), with the assistance of consulting private architects and engineers, in the hope of gaining money for repair, since the South County's acute

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care facility did not carry earthquake insurance.

In all, everything was moving along fine, and everyone was quite relieved.

But by mid-December, after gnats were spotted in the building and the first floor slab was noticed to be "sagging," many involved in the project became alarmed.

Teams of workers began a battery of tests on the structure to attempt to accurately assess the extent of damage.

Surveyors found, for the first time, that sewer lines running underneath the building had broken and raw sewage has spilled and collected below the kitchen floor. It was also noted that the ground directly under the first floor had fallen away, in some cases, and the slab was settling downward.

And while experts worked to rid the hospital of flies, a job which was eventually accomplished by a hospital maintenance worker using vegetable oil, teams of nurses captured the insects to be sure no diseases were being transmitted.

Everyone now realized that bad was very bad, but not as bad as it could be, since the

structural integrity of the facility was believed to have survived in fine shape.

Reports were prepared, repair costs calculated and by March 1990, engineers suggested they had a plan to repair the building at costs of around \$20 million. But one problem was spotted: to effectively and efficiently complete repairs, the hospital would have to close for approximately a year. Everyone returned to the drawing boards.

During the summer, Estess and project architects convinced FEMA directors that in order to maintain safe operations at the facility during repairs, a very costly plan of temporary kitchens, portable buildings and new construction would be required—so expensive, nearing \$30 million, that the repair costs would well exceed half the cost of a new facility. And under federal law, in the case that repair costs are greater than half the then-estimated \$40 million for a new building, the hospital's principals may request a new one be built at the government's expense.

On October 2, 1990, working as a consultant to the hospital after his resignation as president weeks before, Es-



First floor kitchen operations were temporarily effected during earthquake repairs.

tess initially signed the deal with FEMA directors and federal dollars are obligated for the new building in the amount of about \$42 million. A five year construction plan was also agreed upon, and al-

lowances were made to provide for inflation, making a total project cost of not-to-exceed \$48,975,257. The hospital made the announcement of the agreement on November 22, 1990.

The few million dollars in interim repairs had to come from the total. But what was a few million when the hospital got a new facility without direct cost, and in the bargain, could retain ownership of the present

ACUP OWNERS

building? Everyone was very happy.

But everyone didn't know what lay ahead. What about the gnats? What has been going on at Watsonville Community Hospital since the announcement? Have all the repairs been made and who's now running the show?

All good questions, but still not the most important one to ask. A better question might be: How much will a new Watsonville Hospital actually cost, and where will the money not presently provided by FEMA and the state come from?

In preparation for the series, *The Post* searched government files in Sacramento for reports on the progress of repairs at the hospital and planning of the new facility. What we found was not what we expected.

According to recent documents presented by the hospital to California's Office of Emergency Services (OES), the first estimate for the costs of a replacement facility were substantially in error.

To date, again with most of the projects complete, some \$2.7 million has been spent on repairs, with about \$1.7 million having already been reimbursed from federal and state funds

New estimates reveal a projected cost of almost \$74 million, or over \$30 million than first thought.

But to understand what is happening now, one must know a little about what has gone on during the past year.

After the After Shocks

To completely assess the repair projects, we would have to review hundreds of pages of reports, a job we are not going to attempt. But by way of mentioning these documents, we do acknowledge a great number of accounts do exist, and that many teams of expert soils engineers, structural designers, architects and state inspectors have been at work for quite some time.

And while some measure of accuracy is lost in generalizations, we have nonetheless condensed the story, and focused on the problems that remain.

But again, to understand the scope of the problems, it is necessary to consider the events and changes that have taken place at the hospital between the November, 1990 announcement about the

federal settlement and today.

Going back to just before the announcement, in September 1990, the Hospital took the first of what was to be many steps to balance a budget, that was falling well behind revenues, by cutting 90 jobs, and laying-off almost as many workers in non-patient care areas, slicing the annual operating expenses by some \$1.8 million.

The press conference describing the "downsizing" was lead by the interim president Sandy Grantz, who had only taken the top role as hospital administrator a few days before, following the sudden resignation of Estess.

As a result, it wasn't until the beginning of the year, amidst all the change, that the hospital got back to talking about the new facility. The hospital released the report based on their first phase of planning for the new facility, a study prepared by Jeff Goldsmith and Associates on January 17, 1991.

In essence, the survey claimed that the Watsonville community was a growing urban city that was recovering quickly from the earthquake, and quite capable of continuing to support and need an acute care hospital.

Goldsmith also presented drawings of what a modern facility might look like, and held a number of public workshops to suggest that Watsonville Community Hospital would, in the future, no longer be just an acute care center, but an integrated medical campus. Specifically this would imply that Watsonville Hospital hoped to embrace the health care needs of an entire population at one location.

Also during this period of time, contractors were busy making the present facility fully operational.

Sewer lines had to be dug up in many locations and replaced, a project that required work crews to spend nights under the building's first floor digging through mud and debris.

Gnats continued to be a

problem, but eventually by continuously cleaning broken sewage lines, and pouring vegetable oil down drains, to weight down the wings of the flies, the small infestation was halted.

But work went slowly, since all sites had to be kept sanitary and partitioned from hospital operations, and much of the actual labor had to be finished in the presence of the state's hospital construction inspectors.

So much time was exhausted, in fact, that it has only been since summer that most of the approximately 40 separate projects have been complete, many finished over expected costs.

The most recent of this work, and one of the largest projects, involved the first floor slab (see related story: *The Problem*).

To prevent the first floor from sagging, engineers injected a grouting mixture between the soil and the concrete slab. In this way, the floor was stabilized, at least for the foreseeable future.

As the soil continues to settle, this repair will eventually become less than totally effective, however hospital representatives are unable to predict a life span for the repair. And, like some of their other work, the going was not easy.

The grout, a cement-like mixture, was injected under pressure and, as a result, broke additional sewer lines causing more repair work to be required.

To date, again with most of the projects complete, some \$2.7 million has been spent on repairs, with about \$1.7 million having already been reimbursed from federal and state funds. The remaining balance the hospital will have to wait on for retroactive approval. But here's where the story gets a bit confusing.

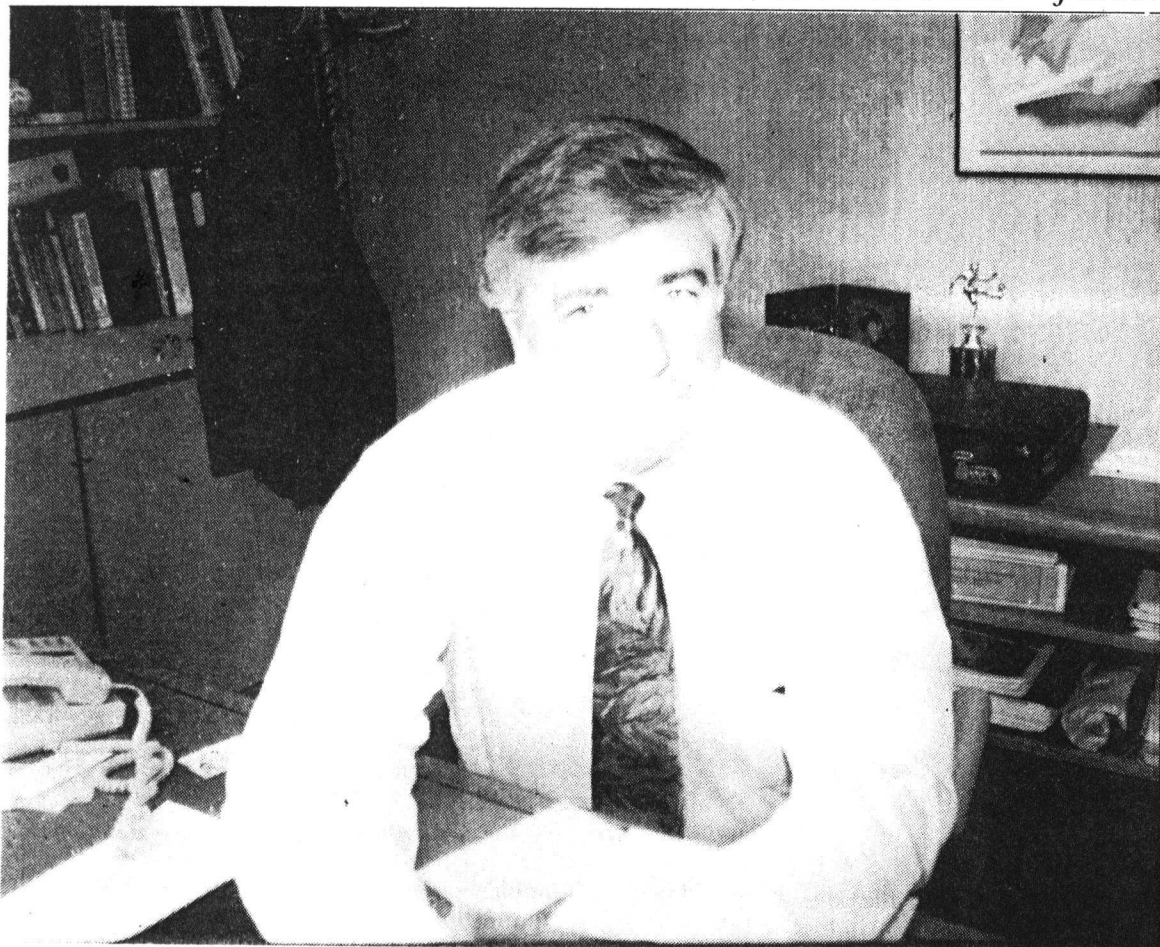
State and Federal Dollars

When FEMA approves funds for a project, they generally obligate a not-to-exceed amount to be spent. And of that designated figure, the hospital must submit and gain approval for each individual project: some are big and some are small.

DSRs or spending orders have ranged from replacing the hard disk drive that was damaged by the earthquake in the pharmacy's central computer, to a single order for the replacement facility.

Each has a dollar amount attached, but sometimes repair work is more expensive than imagined, the grouting being an example of a project which ran over budget.

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John Friel, President and Chief Executive Officer of Watsonville Community Hospital

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Under disaster relief law, the federal government is responsible for repairing or replacing the facility to the existing condition it was in before the disaster. And, as might be expected, this point can become quiet unclear.

The pharmacy's computer is an example of this principle: an old computer, that is now out-of-date.

The hospital would like FEMA to replace the piece of equipment, FEMA would like to just replace the hard disk drive. And, if compromise is reached, it may mean that FEMA provides dollars towards a new computer, but the hospital is still out-of-pocket some money.

This of course is a point that doesn't take on any great importance until one gets to big projects like replacing a hospital.

Watsonville Community Hospital wants FEMA to provide funds for the construction of a modern, up-to-date acute care hospital, a fact that will mean less square footage for in-patient care and more room for out-patient services. They want FEMA to replace all the equipment with the latest stuff, instead of just 40 percent of the equipment value as originally negotiated on the first agreement.

The hospital would also like to have FEMA buy the new land for the new hospital, and provide for the infrastructure improvements and permit costs associated with the project, even though the hospital building is going to look

different than before.

In other words, there is lots of room for negotiation in the process, and sometimes the process itself can take a very long time.

There are also some reality checks the hospital has had to accept. The present building, for instance, will be retained and resold by FEMA, should a new facility be constructed. But the biggest concern is still the dollars.

Fewer Dollars Than Expected

What is most troublesome to the hospital currently is a piece of legislation introduced by State Senator Nicholas Petris (D-Oakland) after the earthquake that is now state law.

The bill, known as the "Stanford Bill," limits the amount of the state's contribution to the project to \$5 million. And since the state has to provide 25 percent of the federal funding, the hospital is looking at having to make up \$13.5 million the state won't provide, even if the FEMA directors agree to pay the new bill.

This is on top of having to pick-up the tab for the \$2.7 million in repairs eventually, and any differential in what they might want to build into a new facility that is not in the current building. This is also an amount that might prove to be a lot of money for a facility that has shown losses for the past two years.

New Director and More Change

In Spring, the hospital took yet another major step.

Instead of agreeing to a management agreement with Sutter Health of Sacramento that might have likely lead to a merger with the large Northern California health care system, the Board of Directors instead chose to appoint John Friel to the permanent position of president and chief executive officer.

It was, in fact, Friel who ordered the new round of cost assessments and who is currently working with federal administrators to increase the obligated funds. It is also Friel who is bargaining with state leaders to seek an exception to the Stanford Bill, and allow greater state support.

And it is Friel that is heading the hospital's second phase of planning, as workers, doctors and staff develop design criteria for what they want to see in a new facility.

But still there are more questions than answers. What happens if the federal and state governments won't fund all the work of replacing the facility? How is the hospital trying to become even more efficient in a tough health care economy? And, exactly what will be the future health care needs of South County residents, and how will Watsonville Community Hospital fill its long-established role in the area over the next few years and into the next century?

It is Friel who will answer these tough questions about the current plans, work in progress and the future of the hospital in the third and final part of this series in the next edition of *The Post*. □

THE PROBLEM

Understanding why the government may spend millions to replace a hospital when the building is still safe for occupancy has puzzled many for the past two years. In a sense, some wonder that if it is broken past the point of repair, then why are critically ill patients still allowed inside?

But to learn why the structure can be beyond reasonable repair to meet hospital safety standards is to recognize two issues: One is that the building can be reasonably repaired but repair work is considered to be too taxing on acute care operations for work to go on with the facility open; and two, interim repairs are not permanent repairs, and at some point the issue must be addressed.

When a building is considered safe for occupancy, most take it for granted that the structure is very safe and up to code. The simple fact is that this is rarely true, especially if we are talking about the latest regulations for seismic safety.

But this also does not suggest that the next time the ground shakes that important facilities are going to fall to the ground—quite the opposite, by most modern day standards.

Most buildings built after the Long Beach earthquake in California in 1936, are quite respectable; those constructed later, say after the Sylmar quake in 1971, are designed to even higher standards. And just about every time there is a major seismic event anywhere in the world, engineers will again reassess the codes and supplements will be added. But with this said, let's move on to the problem.

The most significant issue Watsonville Community Hospital engineers faced when drawing the original plans was the land the building sits on off Green Valley Road, just outside the City of Watsonville.

River bottom soils, which make for great farm land, aren't the best for supporting big and heavy structures. To compensate for the lack of "soil stability," cement pilings were driven into the ground. It is these pilings that are, in essence, what the building depends on for support. But what is true for the building is not necessarily true for the first floor.

When the earthquake struck, the soil underneath the building liquified, albeit just for an instant. But when the soils resettled after the shaking, they fell below the level they first were compressed to prior to the con-

struction of the original facility.

This problem was amplified by sewer lines, which were also running below the structure. And when the pipes broke, liquids caused erosion of the soils, leaving even a greater distance between the first floor slab and the ground below.

And while this might not have been a problem if the first floor slab had been designed like the pilings not to rely on the stability of the top soils, the slab was originally "poured-on grade" or, in essence, built to be supported by resting on the ground, a ground that is no longer where it used to be.

In simpler terms, the building relies on pilings, which by all accounts survived the earthquake intact, while the floor of the first level was left suspended in air in some places by the ground it was designed to rely on for support.

It should be noted, however, that final assessment of every component, regardless of the extraordinary number of tests the building has undergone, will have to wait until the slab can be removed and the supports actually examined by engineers.

But for the present, in order to repair the building, workers would have to:

— Rip up the entire slab of the first floor, the area of the ground floor facility that currently is home to operating rooms, x-ray equipment, kitchen services and administration;

— Remove the soils that might have been contaminated by sewage or grouting compound injected as part of interim repairs;

— Replace the soils;

— Replace the sewer lines which haven't been already dug up and replaced; and

— Replace the first floor by constructing a new kind of floor slab, called a "structural slab," which would not rely on the soils for support but instead rest on pilings and be tied back into and resupport the structural framework of the facility.

And while this explanation is still much more simple than the actual work to be done, the final result would be a structurally up-to-date facility that would meet all current codes. In other words, stronger and better than before.

But again, hospital workers argue that the cost, time and disruption to health care operations are too great to consider this option. And, the state has certified the building safe for occupancy. □