

Exhibit 10 Seismic Report

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In 1994 after a magnitude 6.7 earthquake in Northridge (Los Angeles County) damaged 11 hospitals and forced eight to evacuate, state lawmakers passed legislation that required hospitals to either upgrade their existing buildings to withstand an earthquake or replace them. The general concept for the first phase of the code strengthening required all hospital buildings to remain “standing” after an earthquake, but not necessarily be able to continue operations. The original deadline for the code upgrade was 2008, but it was extended, first to 2013 and then to 2020 to provide hospitals sufficient time to obtain financing and then to complete the projects. All hospital buildings must meet this code in order to continue to be used.

The deadline for the second phase of the code strengthening, which requires the hospital buildings to not only remain “standing” but also to remain in operation, was set for 2030. Hence it is referred to as the 2030 code.

Following the successful passage of the GO Bond measure in 2008, the Sonoma Valley Hospital (SVH) successfully strengthened the three story West Wing and the single story East and Central Wings to meet the 2020 code. They are now “safe” and will not endanger patients and staff in the event of an earthquake.

In addition to retrofitting these buildings, a new two story Wing was built to house the Emergency Department and an Operating Suite. The new Wing was required, as the buildings that housed them could not be strengthened while they continued in operation. The new two story Wing was designed and constructed to meet the tougher 2030 code. It will not require additional modifications to be allowed to continue in use after 2030. The old Central Utility Plant equipment was replaced and relocated to structures that also meet the 2030 code.

Currently the Office of Statewide Hospital Planning and Development (OSHPD) reports that all but 160 of the 3000 hospital buildings in the state are in compliance with the 2020 code requirements or will be shortly.

Progress statewide for all hospitals to meet the 2030 code requirements is another story. The California Hospital Association (CHA), an industry group, reports that currently just 23 hospitals have met the 2030 standards, while 395 have not. A Rand Study commissioned by the CHA estimates that the total cost to retrofit the remaining hospitals is \$47 Billion to \$143 Billion. That's Billion with a B. The higher end of this estimate is equivalent of the entire budget surplus for the State for the next 10 years, assuming no recession. These cost numbers are at best daunting. The president of the CHA, Carmeia Coyle has stated “If we follow through with this standard (the 2030 code enforcement), we will likely close hospitals.

Note: not all existing hospital buildings are required to meet the 2030 code, only buildings that house essential inpatient and emergency functions.

The cost for SVH to meet the 2030 code is huge, \$100 million if the existing three story building is retrofitted or \$70 million if a small replacement wing is built. It is doubtful if a GO Bond measure could be passed to finance this project or if it would be a good investment for the community.

The reasoning for closing hospitals if they failed to meet the 2020 code was straightforward and sensible. Allowing the use of buildings that are unsafe for patients and staff is a poor public policy for the state and cannot be defended. The reasoning for closing hospitals if they fail to meet the 2030 code is less compelling. The code itself is admirable. A hospital building should be able to endure an earthquake and remain in full operation afterward. But closing a hospital arbitrarily on a specific date just to prevent an earthquake from closing it at some later date doesn't make sense. It violates the medical adage: Do no Harm.

It should also be noted that meeting the 2030 code requirements is not a guarantee that the building will be able to continue operations after the earthquake. There just is a higher probability of it doing so. A case in point is the experience of the Ridgecrest Regional Hospital, located about 150 miles northeast of Los Angeles, following a recent 2019 earthquake. Its new \$72 million building, although designed to meet the 2030 code, sustained damage and had to shut down. Structurally, the building was OK. But some water pipes broke and flooded a room of mechanical and electrical equipment, and water also leaked into operating rooms and elevator shafts.

Although powerful, earthquakes are local events and the power of the quake diminishes as the distance from the epicenter increases. The likelihood that a single earthquake will close down all of the hospitals in a given area at the same time is zero. The 6.7 magnitude, Northridge earthquake forced the closure of eight hospitals, but others remained open. Medical services continued to be delivered in the Los Angeles area without interruption. They were just transferred to different locations. And this was at a time when the hospital building code was not as stringent as the 2020 code.

It is hard to justify the expense to upgrade all of the hospitals in the state to meet the 2030 code requirements. A more sensible allocation of resources for the state would be the establishment of a fund to enable earthquake damaged hospitals to quickly repair the damage and reopen. (Some OSHPD help might be necessary to achieve the quickly part.) New hospitals should certainly be designed to meet the 2030 code, but existing buildings should be allowed to continue in service.

All hospitals in the state have well documented procedures for transferring patients out to other hospitals when conditions warrant. The reasons can vary, but the procedures are well established. During the 2017 fire that swept through the Fountain Grove area of Santa Rosa, both the Kaiser and the Sutter Hospitals were in the direct path of the fire and were required to quickly shut down and transfer their patients to other hospitals. The transfers were handled smoothly and no patients were harmed. The Santa Rosa community did not suffer a

deterioration of medical service as a result of the shutdowns. In a subsequent fire in Paradise, the fire required the closure of the Paradise Hospital and the transfer of patients out of the area. Likewise the Ridgecrest Hospital, mentioned above, was able to transfer its patients out to other hospitals.

The best position for Sonoma Valley Hospital to take at this time is a wait and see approach. Based on the experience with the 2008 earthquake compliance code deadline, which was postponed a total of 12 years, the 2030 code compliance date probably be postponed as the date comes closer and the number of hospitals not in compliance remains high.

In the meantime Sonoma Valley Hospital is well prepared for an earthquake. Its Emergency Department and Operating Suite are in a self-contained building that was designed and built to meet the 2030 code. These two departments are likely to be the most critical to meet the medical needs in the aftermath of an earthquake.