

Present Michael Vargas, Chair
Commissioners: Yxstian Gutierrez, Vice-Chair
Steve Sanchez
Agustin Arreola
Bruce Underwood
Stephen Corona
V. Manuel Perez

Present Staff: Gary Thompson, Executive Officer
Crystal Craig, Assistant Executive Officer
Elizabeth Valdez, Commission Clerk
Melissa Cushman, Legal Counsel

Vice-Chair Gutierrez called the meeting to order at approximately 9:06 a.m.

1.3. POTENTIAL REQUEST BY ONE OR MORE COMMISSIONERS TO PARTICIPATE REMOTELY AND UTILIZE AB 2449'S JUST CAUSE OR EMERGENCY CIRCUMSTANCES, POTENTIAL VOTE ON LATTER.

There were no requests.

Counsel Cushman made a statement to the public regarding the disclosure of contributions made to Commissioners.

a. July 24, 2025

Moved (Corona) seconded (Arreola) to approve the Minutes of the July 24, 2025, meeting as recommended by staff.

Vice-Chair Gutierrez called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, and Gutierrez.
NOES: None.
ABSENT: Vargas.
ABSTAINED: None.

3. PUBLIC COMMENTS ON ANY ITEMS NOT ON THE AGENDA.

There were no public comments.

4. CONSENT CALENDAR (NON-HEARING ITEMS):

a. LAFCO Monthly Expenditure Review.

Moved (Corona) seconded (Sanchez) to approve the Consent Calendar as recommended by staff.

Vice-Chair Gutierrez called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, and Gutierrez.
NOES: None.
ABSENT: Vargas.
ABSTAINED: None.

5. PUBLIC HEARINGS:

Continued: There were no continued public hearing items.

New:

a. LAFCO 2025-06-4-Municipal Service Review-Palo Verde Healthcare District (PVHD) and the Commission, as lead agency, will make a finding of exemption pursuant to the California Environmental Quality Act, and adoption of a resolution making determinations on the proposal.

Mr. Thompson presented a PowerPoint presentation. He stated that City of Blythe requested LAFCO to do the MSR due to the financial situation of the District. He stated Palo Verde Hospital (PVH) was at a level of insolvency and suspended many services in May 2025. He stated the closest hospital was 100 miles away. He stated the ultimate goal was for the PVHD and the PVH to be restored and operational with long-term financial sustainability.

Chair Vargas joined the meeting at 9:12 a.m.

Mr. Thompson stated that the Commission would need to adopt a resolution making determinations and he reviewed each as well as the MSR statutes. He stated that options have been provided but the Commission is not approving any of them, just affirming them, but can provide direction on how to move forward.

Mr. Thompson reviewed the options provided in the report. He stated that the District needs immediate funding and they have received no help from the State. He stated that the Riverside University Health

System (RUHS) has some involvement in support services and has provided outreach. He stated that the District needs funding but cannot maintain a cash flow until services are restored. He stated that the district board had already decided to move forward with filing Chapter 9 Bankruptcy as there are only 6 days left of funding to operate and cannot properly staff the Hospital for emergency services. Mr. Thompson then gave the staff analysis of each option and gave the current status of the District.

Chair Vargas opened the public hearing.

Lena Wade, SBEMP, General Counsel for PVHD. Ms. Wade stated that the fiscal situation did not develop overnight. She stated that without funding for the District they decided to move forward with filing for bankruptcy. She reviewed the district's budget and funding needed and funding they are expected to receive. She stated that staff is working on issues that were noted in the MSR.

Michael Rose, Interim Chief Financial Officer, PVHD. Mr. Rose thanked staff for the MSR. He stated that nine options were provided, the District had decided to file for bankruptcy, option 9. He stated that the previous credit received was already gone and they are no longer sustainable. He reviewed each option and how it would affect the District.

Brian Cotter, former Interim Chief Financial Officer of PVHD. Mr. Cotter stated that when he was the CFO he had no knowledge of checks that were sitting in a drawer. He stated that no one was billing and collecting claims due to lack of knowledge of how to use the billing software. He stated that with new software they were able to use previous records and recoup some lost revenue.

Johnny Rodriguez, Vice-Mayor, City of Blythe. Mr. Rodriguez stated that the City and the Hospital had to find out where the Hospital stood. He stated that Mr. Rose was not a Hospital CFO but was able to get some money restored. He stated the Hospital had 17 million in receivables and are now in debt. He stated the nearest hospitals were in San Bernardino County, Needles AZ, and Parker AZ.

Elizabeth Bailey, member of the community and previous PVH ER Director and ER Nurse. Ms. Bailey stated that now patients have to go far away for trauma services which could lead to death. She stated that the Hospital was where patients go to be stabilized before transporting. She stated that current employees deserve jobs in the community. She stated she agrees with options 2, 4, and 7 of the LAFCO report. She asked why a clinic that is not bringing in revenue can stay open, but the ER is on the verge of closing.

Joseph DeConinck, Mayor, City of Blythe. Mayor DeConinck stated that they need to deal with the bankruptcy and work with the PVHD Board to come up with a plan. He stated bankruptcy gets them out of payments that are due. He stated the bottom line is the hospital needs to stay open. He stated the City is willing to work with the Hospital and not wait any longer to move forward with a plan. He stated they have \$50,000 to hire an attorney but don't have any money.

Dr. Sahlobei, Chief of Staff, PVHD. Dr. Sahlobei stated he agrees with the Mayor and former CFO that PVHD doesn't know how to increase revenue and decrease expenses. He stated they are willing to pay an attorney yet owe him money. He stated they don't know how to spend money properly, they have a lack of transparency, and the Board didn't tell him as the Chief of Surgery that they were going to close the operating room. He stated that patients need immediate care before being transported to other hospitals. He said they need to elect a new Board.

Commissioner Perez stated that there is a sense of urgency to take action. He stated that LAFCO nor the County Board of Supervisors (BOS) have the authority to make a decision. He stated it is in the jurisdiction of the District. He stated he read all the letters and would like to know what PVHD stance is on all of this and asked to hear from the CEO. He stated no agency is going to give PVHD money when they see how they operate. Commissioner Perez asked County staff to speak about where the County stands.

Jeff Van Wagenen, Executive Officer, Riverside County. Mr. Van Wagenen thanked the Commission and staff he stated that the County shares the concerns with Blythe and knows the PVHD is in dire need of help. He stated that the County has been active since May in helping the community.

Michelle DeArmond, Executive Director, Riverside University Health System (RUHS). Ms. DeArmond gave an update on how RUHS is supporting the hospital and community for services. She stated RivCol, an integrated service that partners residents with the services they may need, is working with the PVH, City of Blythe, Supervisor Perez's office, and various community organizations. She stated three workgroups have been created to help those affected by the failing hospital. She stated that data has been collected and shared amongst the various agencies to review how they can best help the community.

Dan Bates, Director of Emergency Management Department, Riverside County. Mr. Bates stated that there is a need for critical care. He stated 70% of 911 calls in the Palo Verde Zone get transported to the PVH and that 1 in 6 are trauma patients. He stated that having to travel 100 miles for several hours is way too long to receive care. He stated they are implementing nurse navigation for low acuity calls to navigate patients to outside field locations and preserve AMR and EMTs for more critical calls. He stated many people head to the ER due to clinics and urgent care units closing earlier in the day. Mr. Bates stated that they have existing partnerships in Arizona with two hospitals.

Mr. Van Wagenen stated that there is a need to relieve the burden on the Hospital but there are challenges with state and federal funding. He stated the County cannot just give money unless there is a solution and future potential funding streams. He stated the PVH, PVHD, City, County, Desert Healthcare District, Eisenhower Hospital, AMR all need to be involved and have discussions on what the long-term solutions are.

Commissioner Perez stated it needs to be figured out. He stated he has been working with groups, but the PVHD needs to invite help in.

Commissioner Gutierrez stated that commitment to take action is important and that they need coordination in the working groups and asked if the County will take the lead. Mr. Van Wagenen replied yes.

Chair Vargas confirmed that Ms. Wade's position was General Counsel to the PVHD. He asked if the CEO and the Attorney were willing to get together with all the agencies. Ms. Wade replied yes.

Chair Vargas closed the public hearing at 10:28 a.m.

Commissioner Corona stated all the presentations were good and thanked those that came to speak today. He stated he agrees with the urgency of the matter.

Commissioner Underwood stated the PVHD needs to decide and the Board needs to participate. He asked if there was anyone at the meeting today from the PVHD Board that would like to make a statement.

Chair Vargas opened the public hearing at 10:30 a.m.

Carmela Garnica, Board President, PVHD. Ms. Garnica stated that she was the President for the last 8 months. She stated that she was willing to come together with the Mayor of Blythe and the County for discussions. She stated that the hospital needs to stay open especially since it serves low-income members, and the elderly. She stated the PVH was funded by a large majority of subsidized programs. She stated more people are coming to the Board meetings, however, there have been negative comments during those meetings.

Chair Vargas closed the public hearing at 10:36 a.m.

Commissioner Sanchez stated that the PVHD has vital issues; surgical services have stopped, patients have to travel 100 miles for care, there is no cash left, they were victims of a cyber-attack, they have had 4 CFOs in 18 months, there is no recovery plan, and the community can no longer trust the Board and management. Commissioner Sanchez stated that emergency state funding can only be a bridge and cannot replace the long-term governance changes that are needed. He stated he is in favor of dissolving the PVHD and expanding the Desert Healthcare District to the area to annex into it. He stated that State law requires a successor agency if dissolved and the County should act as a temporary successor agency as they work to find a permanent agency to take over. He stated that the PVHD leadership must change, and LAFCO needs to act fast.

Commissioner Sanchez made a motion to direct staff to dissolve the PVHD.

Commissioner Arreola thanked staff and those in attendance today. He stated that the PVHD Board chose to file bankruptcy, and the leadership is struggling to find a solution. He asked would the CEO resign if the district is in dire need of new leadership. He stated

that the County is a lifeline, but dissolution was not the way to go as they already have the infrastructure set up.

Commissioner Perez asked if LAFCO has jurisdiction to dissolve the district.

Mr. Thompson stated that under State law LAFCO does have the authority to initiate a dissolution of a district, but there needs to be a successor agency that agrees to take over the district. He stated that he wasn't sure how it works if the district has filed for bankruptcy.

Commissioner Perez asked if any entity stated yes, they will take over. Mr. Thompson stated that no conversations have taken place with a private entity to discuss taking over and that DHCD has taken a wait-and-see attitude.

Commissioner Perez asked Mr. Van Wagenen that after conversations with RUHS what can the County do knowing the constraints and challenges of budgets without putting anyone at risk, and do they need the support from the entire BOS to move forward.

Mr. Van Wagenen stated the County is not in the position today to become the successor agency, and they would need approval from a majority of the BOS. He stated that whoever the successor agency would be, RUHS would not be able to just take over. He also stated it would be a General Fund expense, and the County would need to look for cuts to services somewhere else if they took over. He stated it would be best to look for another agency to be the successor.

Commissioner Perez asked if there could be an amendment to the motion but change the language to initiate the dissolution process and in the meantime work with the County pending identifying a successor agency.

Commissioner Sanchez stated he was willing to amend the motion to dissolve the PVHD, and the County becomes the temporary successor agency while staff work to find a permanent successor agency.

Commissioner Perez re-stated the motion to initiate the process of dissolution while pending the County works between agencies to get a successor.

Commissioner Gutierrez stated the Commission accept the MSR and asked if they can take action today on dissolution.

Counsel Cushman stated that the Commission will take action to accept the report and one of the options is the potential for working towards dissolution. She stated dissolution cannot be approved today but direction can be made to come back with the process of dissolution and working towards that at the will of the Commission.

Commissioner Gutierrez asked counsel if LAFCO can dissolve a district without a successor agency willing to accept. Counsel Cushman replied

that there are not enough facts today and we could work forward exploring various options depending on what happens with the various stakeholders.

Commissioner Sanchez amended the motion to start the dissolution process, have the County be the temporary successor agency while working with staff to find a permanent successor agency.

Commissioner Perez stated that they inform the State to demonstrate they are serious about this and may be able to generate some funding.

Mr. Thompson stated that the motion should include approving the staff recommendations.

The Commission took separate votes on the motions that were before them.

Moved (Sanchez) seconded (Corona) to receive and file the LAFCO 2025-06-4-Municipal Service Review for the Palo Verde Healthcare District as recommended by staff including approval of a resolution adopting the Statement of Determinations.

Chair Vargas called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, Gutierrez, and Vargas.

NOES: None.

ABSENT: None.

ABSTAINED: None.

Commissioner Perez stated that they are putting the County on the spot. Mr. Van Wagenen stated that the County will do what they have to in order to get it done, but it's not the best answer, however, he understands the County needs to help the District. He stated if the County is the temporary successor and another agency is not found, then it becomes full successor. He stated that efforts need to be made to find an agency to take over.

Commissioner Sanchez asked counsel if LAFCO can mandate the County to do something. Counsel Cushman stated no, LAFCO cannot. She restated the pending motion: Beginning to pursue dissolution with the exploration of potential successor agencies.

Moved (Sanchez) seconded (Perez) for LAFCO to begin to pursue dissolution with the exploration of potential successor agencies.

Commissioner Arreola made a substitute motion not to dissolve the PVHD and so that the workgroup of agencies is still allowed to follow options 1-9 of the staff report.

The substitute motion was seconded by Commissioner Underwood.

Chair Vargas called for the vote.

AYES: Arreola and Underwood.

NOES: Corona, Sanchez, Perez, Gutierrez, and Vargas.

ABSENT: None.

ABSTAINED: None.

The substitute motion failed.

Moved (Sanchez) seconded (Perez) for LAFCO to begin to pursue dissolution of the Palo Verde Healthcare District with the exploration of potential successor agencies.

Chair Vargas called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Gutierrez, and Vargas.

NOES: Underwood.

ABSENT: None.

ABSTAINED: None.

Mr. Thompson stated that he would bring back an update at the October meeting.

Mr. Van Wagenen stated that he would start making calls today to start meeting with the agencies.

6. OTHER BUSINESS:

a. Request for Adoption of a Revised Credit Card Policy A-5.

Ms. Valdez stated the revised policy was to increase to the credit limit from \$10,000 to \$25,000.

Moved (Perez) seconded (Corona) to adopt the revised Credit Card Policy A-5.

Chair Vargas called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, Gutierrez, and Vargas.

NOES: None.

ABSENT: None.

ABSTAINED: None.

b. Approval of a Change of Date for the October Meeting to October 16, 2025.

Ms. Valdez stated that this item was just a formality to change the October meeting date from October 23rd to October 16th.

Moved (Perez) seconded (Sanchez) to approve the change of date for the October meeting to October 16, 2025.

Commissioner Corona stated he would not be able to attend the meeting that day.

Chair Vargas called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, Gutierrez, and Vargas.

NOES: None.

ABSENT: None.

ABSTAINED: None.

c. Fiscal Year 2024-25 End of Year Budget Report (Unaudited).

Mr. Thompson gave a PowerPoint presentation. He stated the end-of-year carryover was approximately \$160,000 as expenditures were below and revenues were higher than budgeted.

Moved (Perez) seconded (Sanchez) to receive and file the Fiscal Year 2024-25 End of Year Budget Report (Unaudited) as recommended by staff.

Chair Vargas called for the vote.

AYES: Corona, Sanchez, Perez, Arreola, Underwood, Gutierrez, and Vargas.

NOES: None.

ABSENT: None.

ABSTAINED: None.

7. INFORMATION ITEMS: No action to be taken by the Commission.

a. Proposals Received and/or LAFCO Initiated (Government Code Sections 56751 and 56857):

- i. LAFCO 2025-07-5-Annexation to Beaumont-Cherry Valley Water District (Oak Valley Village, LLC)
- ii. LAFCO 2025-08-5-Annexation to Beaumont-Cherry Valley Water District (McClure Machine Shop)
- iii. LAFCO 2025-09-5-Annexation to Beaumont-Cherry Valley Water District (Gutierrez/Aldama)
- iv. LAFCO 2025-10-5-Annexation to Beaumont-Cherry Valley Water District (Xenia Avenue #2)

Ms. Craig reviewed the new proposals received.

b. Report on Conducting Authority Proceedings.

Ms. Craig gave an update on the conducting authority proceedings. She stated that many applicants push for proposals to be expedited but that once approved it can be months before the applicant submits fees and completes any required conditions.

8. LEGISLATIVE UPDATE AND POTENTIAL POSITIONS.

Ms. Craig gave an update on three bills. She stated that SB 489, SB 777 and SB 858 have been presented to the Governor.

This was a receive and file item.

9. EXECUTIVE OFFICER REPORTS.

There were no Executive Officer Reports.

Commissioner Perez left the meeting at 11:29 a.m.

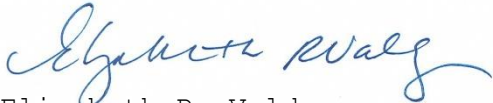
10. COMMISSIONER COMMENTS/FUTURE ITEMS.

Chair Vargas requested that staff PowerPoint presentations w/multiple recommendations and options be printed out for the Commission.

11. ADJOURNMENT.

The Commission adjourned the meeting at approximately 11:29 a.m.

Respectfully submitted,



Elizabeth R. Valdez
Commission Clerk