

BLYTHE CITY COUNCIL



SPECIAL MEETING AGENDA

January 9, 2026

1:00 P.M.

Joseph DeConinck, Mayor
Johnny Z. Rodriguez, Vice Mayor
Joseph Halby, III, Council Member
Sam Burton, Council Member
Summer Spraggins, Council Member
Mallory Crecelius, Interim City Manager/City Clerk
Brittany Roberto, City Attorney

MEETINGS ARE HELD IN THE CITY COUNCIL CHAMBER, 235 NORTH BROADWAY, BLYTHE, CA



**BLYTHE CITY COUNCIL
SPECIAL MEETING**
Special Meeting Notice and Agenda
Friday, January 9, 2026
1:00pm
**Council Chambers at City Hall
235 N. Broadway
Blythe, CA 92225**

Joseph DeConinck, Mayor

Johnny Z. Rodriguez, Vice Mayor

Summer Spraggins, Council Member

Mallory Crecelius, Interim City Manager/City Clerk

Christa Elms, City Treasurer/Finance Director

Keith Walnoha, Acting Police Chief

Ronnie Hasler, Fire Chief

Joseph Halby, III, Council Member

Samuel Burton, Council Member

Brittany Roberto, City Attorney

Jason Brown, Chief Building Official

Mirasol Elegores, Public Works Director

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

SPECIAL MEETING ITEMS:

1. Posting of the Agenda.

The summary of agenda items was posted on the bulletin boards on the outside of the public entrance to the Council Chamber and near the inside entrance of the Council Chamber and on the City's website on Thursday, January 8, 2026.

2. Authorization of an Emergency Bridge Loan to Palo Verde Healthcare District.

Recommendation: Adopt Resolution No. 2026-001 to approve a Budget Amendment in the amount of \$330,000 from FY 2025/26 budget surplus funds to provide gap funding to the Palo Verde Healthcare District, approve a loan of \$330,000 to the Palo Verde Healthcare District, and authorize the Interim City Manager to execute a Loan Agreement with the Palo Verde Healthcare District and any related documents for such loan in a form approved by the City Attorney.

RESOLUTION NO. 2026-001. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLYTHE, CALIFORNIA, APPROVING A BUDGET AMENDMENT OF \$330,000, APPROVING A LOAN OF \$330,000 TO THE PALO VERDE HEALTHCARE DISTRICT, AND AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE A LOAN AGREEMENT WITH THE PALO VERDE HEALTHCARE DISTRICT AND ALL RELATED DOCUMENTS IN A FORM APPROVED BY THE CITY ATTORNEY

Public comments will be allowed on the Special Meeting items during consideration of the item(s) described. Comments shall be limited to 3 minutes in duration.

ADJOURNMENT: The next meeting will be held on January 13, 2025 at 6:00 p.m. in the Council Chamber, 235 N. Broadway, Blythe, California.

NOTE TO THE PUBLIC: In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact 504/ADA Coordinator Mallory Crecelius at (760) 922-6161 EXT. 1237 or by email at msutterfield@cityofblythe.ca.gov. Notification 72 business hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.104 ADA Title II).

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office at City Hall, 235 N. Broadway, Blythe, California during normal business hours. In addition, such writings and documents will be posted on the City's website: www.cityofblythe.ca.gov.



CITY OF BLYTHE CITY COUNCIL MEETING

STAFF REPORT

MEETING DATE: January 9, 2026

SUBJECT: Authorization of an Emergency Bridge Loan to Palo Verde Healthcare District

PRESENTED BY: Mallory Crecelius, Interim City Manager

PREPARED BY: Mallory Crecelius, Interim City Manager

RECOMMENDATION: It is recommended Council adopt Resolution No. 2026-001 to approve a Budget Amendment in the amount of \$330,000 from FY 2025/26 budget surplus funds to provide gap funding to Palo Verde Healthcare District, approve a loan of \$330,000 to the Palo Verde Healthcare District, and authorize the Interim City Manager to execute a Loan Agreement with the Palo Verde Health Care District and all related documents for such loan in a form approved by the City Attorney.

FISCAL IMPACT: \$330,000 in FY 2025/26 Budget Surplus.

BACKGROUND: For months Palo Verde Hospital, which is operated under the Palo Verde Healthcare District (PVHD) and its Board of Directors, has been under threat of closure due to its dire financial situation. In May 2025, the District shuttered hospital operations except for the Emergency Room, Laboratory and Radiology. The City and County have worked with State legislators and other partners to try to aid the PVHD.

Due to a lack of faith in the current management of the District, in May the City reached out to LAFCO requesting dissolution of the Palo Verde Healthcare District. After the LAFCO meeting, the PVHD filed for Chapter 9 Bankruptcy protection.

Requests for funding have been made by the District to various partners. They have been told that money will not flow under the current leadership. The City, State and County cannot put taxpayer funds in jeopardy, and there is no confidence in the current management of Palo Verde Hospital. As such, there is no way to guarantee that any funds given will be used appropriately. Even with this information, the PVHD made no changes to the management or operation of the District or hospital. This has led to a further breakdown in communication between the City, County and District. Hospital management has been keeping everyone at arm's length.

The week of Thanksgiving, the District was required to submit roughly \$3.8 million in funding to the State to participate in the Intergovernmental Transfer (IGT) program. If they did this, they would receive a roughly \$9 million return on that investment sometime in January. The District secured a loan to make the IGT payment. We understand that the State is looking at the legality of using loan funds to participate in the IGT program. The City, through its lobbyist, reached out to the Governor's office requesting that he allow the hospital to use the loan in this manner to prevent the closure of Palo Verde Hospital.

On Thursday, January 7, 2026, the PVHD posted notice of an emergency meeting for the same day at 5:00 p.m. stating that Palo Verde Hospital would be closed as of 12:00 a.m. on Saturday, January 10, 2026, unless \$2 million was obtained. It has yet to be determined how they derived this amount and who they have asked to provide them with this funding. The District's emergency meeting agenda is attached to this staff report for more information related to the situation at the PVHD and the future of Palo Verde Hospital.

STAFF REPORT: As Palo Verde Hospital is part of the Palo Verde Healthcare District, the City and County's hands are tied as to what we are legally allowed to do to assist the hospital. And to be clear, the citizens of Blythe are tired of being held hostage by the current administration. We find ourselves in the current situation due to their unwillingness to cooperate with the City and County.

To keep the hospital from closing at 12:00 a.m. this Saturday, staff proposes a bridge loan to the Palo Verde Healthcare District in the amount of \$330,000. According to the County, this amount is their weekly burn rate, or the amount necessary to make payroll for one week. This will buy the District time to work through the IGT funding issues with the State and prevent the Saturday closure of Palo Verde Hospital.

As the City is very concerned with how these funds will be used, staff propose that these funds be contingent upon the District agreeing to bring in the County or a County approved management team to take over the day-to-day operation and management of Palo Verde Hospital. Staff believes this is the only way to bring the hospital back from the brink of closure and finally start on a path toward financial stability. This will also help rebuild the community's faith and trust in our local health care system.

Therefore, it is recommended that the City Council adopt Resolution No. 2026-001 to approve a Budget Amendment in the amount of \$330,000 from FY 2025/26 budget surplus funds to provide gap funding to Palo Verde Healthcare District, approve a loan of \$330,000 to the Palo Verde Healthcare District, and authorize the Interim City Manager to execute a Loan Agreement with the Palo Verde Healthcare District and all related documents for such loan in a form approved by the City attorney.

ATTACHMENTS:

1. Palo Verde Healthcare District's January 7th Emergency Meeting Agenda
2. Resolution No. 2026-001



**PALO VERDE HEALTHCARE DISTRICT
EMERGENCY MEETING OF THE BOARD OF DIRECTORS**

- AGENDA -

**This meeting is handicapped-accessible.
Any item on the agenda may result in Board Action**

**The following Board member will be participating in the meeting remotely pursuant to
Government Code 54953(b):
Director Trina Sartin – ADA**

Date: Wednesday, January 7, 2026

Time: 5:00 P.M.

Location: Council Chambers, Blythe City Hall, 235 N. Broadway, Blythe CA 92225

1. OPENING OF MEETING

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

Carmela Garnica, President
Trina Sartin, Director
Dr. David Brooks, Director
Sandra Hudson, Director



2. EMERGENCY AGENDA- The public shall have an opportunity to address the Board on the items described in the agenda before consideration of that item pursuant to Government Code Section 54954.3(a). The Board has a policy of limiting any speaker to not more than three minutes. The Board is prohibited by law from considering any other business at this meeting.

**A. DETERMINATION BY THE DISTRICT THAT PROMPT ACTION IS NECESSARY DUE TO
THE DISRUPTION OR THREATENED DISRUPTION OF PUBLIC HEALTHCARE
FACILITIES**

The District is being asked to consider making a finding that an Emergency Meeting of the Board of Directors is necessary pursuant to Government Code section 54956.5(a)(1) and (b) involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public healthcare facilities.

Recommendation: *The Chief Executive Officer recommends that the Board hold the Emergency Meeting.*

A motion was made by _____ and seconded by _____ that the Board of Director of the Palo Verde Healthcare District finds that an Emergency Meeting of the Board of Directors is necessary pursuant to Government Code section 54956.5(a)(1) and (b) involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public healthcare facilities.

approved tabled until _____ denied
Sartin _____ Brooks _____
Hudson _____ Garnica _____
Motion carried/lost; Aye _____ No _____ Abstain _____ Absent _____

B. POTENTIAL DISRUPTION OR THREATENED DISRUPTION OF PUBLIC HEALTHCARE FACILITIES- Sandra Anaya, Chief Executive Officer

A motion was made by _____ and seconded by _____ (a) that the Board authorize and direct the officers and professionals of the District to execute the posting and delivery of closure notices in accordance with State Law for the indefinite cessation of medical services at the Palo Verde Hospital and the Community Clinic on January 10, 2026, at 12:00 a.m., including refusing to admit any new patients at such time and date, and to implement an orderly closure plan for the prompt furlough of all non-essential employees, contractors, and personnel, with the closure plan to be prepared in closed session; and (b) that the closure of the hospital may be postponed by the receipt of no less than \$2 million by January 9, 2026, at 5:00 p.m. would be:

approved tabled until _____ denied
Sartin _____ Brooks _____
Hudson _____ Garnica _____
Motion carried/lost; Aye _____ No _____ Abstain _____ Absent _____

3. CLOSED SESSION

A. CLOSED SESSION AGENDA ITEMS

- 1) Conference with legal counsel regarding existing litigation pursuant to Government Code §54956.9(d)(1): Palo Verde Healthcare District Chapter 9 Bankruptcy, U.S. Bankruptcy Court for the Central District of California, Riverside Division, Case No. 6:25-bk-17084

REPORT OUT OF CLOSED SESSION BY GENERAL COUNSEL

4. ADJOURNMENT

The next Scheduled Meeting of the Palo Verde Healthcare District Board of Directors will be held on Wednesday, January 14, 2026, at 6:00 p.m. at Council Chambers, Blythe City Hall, 235 N. Broadway, Blythe California 92225.

The undersigned certifies that a copy of this agenda was posted on the hospital bulletin board at Palo Verde Healthcare District office located at 250 N. First Street, Blythe, California, fewer than 24 hours prior to the meeting as authorized by California Government Code section 54956.5. In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a board meeting, please call or email Joanna Gonzalez, Clerk of the Board of Directors, at (760) 922-4115 Ext 5908 or joanna.gonzalez@paloverdehospital.org at least 24 hours prior to the meeting.

Dated this 7th Day of January 2026.



Joanna Gonzalez



**PALO VERDE HEALTHCARE DISTRICT BOARD OF DIRECTORS
STAFF REPORT**

DATE: January 7, 2026

Item Nos. 2.A. and B.

SUBJECT: Palo Verde Healthcare District's Imminent Closure without IGT Funding

FROM: Sandra Anaya, Chief Executive Officer

BY: Michael Rose, Interim Chief Financial Officer

SUMMARY:

On December 11, 2025, the Palo Verde Healthcare District (“District”) funded its required contribution to participate in the Voluntary Rate Range Program for Calendar Year 2024 (“VRRP”). Absent receipt of VRRP funding from one or more managed care plans this week, the hospital faces imminent closure by Friday, January 9, 2026. At that point, the Board will be compelled to consider initiating the dissolution process, as the District has approximately 3.4 days of operating cash remaining.

- The District fully funded its intergovernmental transfer (“IGT”) obligation and timely submitted all documentation requested by the California Department of Health Care Services (“DHCS”), including materials provided under extended deadlines in mid-December.
- The District is currently operating under Chapter 9 bankruptcy protection and is actively working to reorganize and restructure its debts in order to continue operations.
- As part of this effort, on December 11 the District funded its share of the State of California’s Medi-Cal (Medicaid) match through IGTs administered by DHCS.
- The District used working capital—primarily a \$3.45 million working capital loan to fund its IGT obligation. DHCS has questioned the permissibility of this loan; however, the District has certified that, in its opinion, the loan is permissible.
- The District has no reason to believe that DHCS has failed to fund the managed care plans in full. Accordingly, DHCS either utilized the District’s funds as intended or used State funds and is holding the District’s contribution pending a determination.
- The District filed a motion in federal bankruptcy court outlining its interpretation of the statutes governing the VRRP and obtained a court order related to the loan and associated transactions.



- In the prior two years, the District funded its IGT obligations using a combination of a working line of credit from its community bank and limited cash reserves.
- IGT funds are used by DHCS, along with contributions from other providers in the managed care pool, to satisfy the State's share of the Medi-Cal match and to draw down federal Medicaid matching funds in accordance with Federal Financial Participation statutes.
- Managed care plans then return increased managed care rates to participating providers in the pool.
- IEHP and Kaiser provided initial estimates indicating approximately \$7.6 million in VRRP payments by the end of December, followed by an additional \$2.3 million from Molina in January, for a total of approximately \$9.9 million.
- The District has received no other external funding to address its financial distress.
- Cash reserves remain at approximately 3.4 days, and unpaid obligations to mission-critical vendors continue to increase, with the District unable to meet these payment obligations.
- Without immediate State action, the District will begin this week to implement emergency measures to close hospital operations in an orderly manner in coordination with the County and other regional agencies.
- The District recently learned that DHCS has not yet made a determination regarding the permissibility of using the District's operating funds to participate in the VRRP and understands that DHCS is awaiting guidance from the Governor's Office.
- The District has sought assistance from the offices of Senator Schiff, Congressman Ruiz, and Senator Padilla to support a determination that the funds are permissible under the VRRP.
- Despite the efforts of federal, state, and local representatives to preserve hospital operations, the District cannot continue without receipt of this funding, as requested and described in May.
- If VRRP funds are not received by Friday, January 9, 2026, the Board must consider initiating the dissolution process.

RECOMMENDATION:

1. Move that the Board of Directors of the Palo Verde Healthcare District finds that an Emergency Meeting of the Board of Directors is necessary pursuant to Government Code section 54956.5(a)(1) and (b) involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public healthcare facilities.



2. Move that the Board authorize and direct the officers and professionals of the District to execute the posting and delivery of closure notices in accordance with State Law for the indefinite cessation of medical services at the Palo Verde Hospital and the community clinic on January 10, 2026, at 12:00 a.m., including refusing to admit any new patients at such time and date, and to implement an orderly closure plan for the prompt furlough of all non-essential employees, contractors, and personnel, with the closure plan to be prepared in closed session.
3. Move that the closure of the hospital may be postponed by the receipt of no less than \$2 million by January 9, 2026, at 5:00 p.m.

STAFF REVIEW:

The staff report has been reviewed by the Interim Chief Financial Officer and General Counsel

ATTACHMENTS:

1. Resolution No. 2026-01 may be circulated prior to or at the Emergency Meeting
2. Draft Closure Notices (2)



250 N. First Street
Blythe, CA 92225
760-922-4115

DRAFT

January 8, 2026

Subject: Closure of Palo Verde Hospital and Community Clinic

Dear Patient and Community Members,

This notice is to inform the public that Palo Verde Hospital, located at 250 N. First Street, Blythe, CA 92225 and Palo Verde Community Clinic, located at 291 N. Second Street, Blythe, CA 92225 will permanently cease all operations effective **January 10, 2026, at 12:00 am.**

The decision to close the hospital and clinic was made after careful consideration of financial challenges. Patient safety and continuity of care remain our highest priorities during this transition.

Medical Records

Information regarding access to medical records will be available at
<https://www.paloverdehospital.org/>

Emergency and Clinic Services

Emergency and clinic medical services will no longer be available at this location effective at 12:00 am on January 10, 2026. In case of an emergency, please call 911 or proceed to the nearest emergency facility.

Employees and Physicians

Employees and affiliated medical staff have been notified separately regarding employment status and transition resources.

Community Resources

We encourage patients and community members to seek ongoing medical care through local healthcare providers and facilities in the surrounding area.

While this decision was not made lightly, we recognize the impact this closure will have on the community and remain committed to ensuring continued access to care throughout the transition. Additional information and updates will be posted on the hospital's website as they become available.

Sincerely,

Sandra J. Anaya
Chief Executive Officer
Palo Verde Healthcare District



DRAFT

NOTICE OF CLOSURE

This notice is to inform the public that Palo Verde Hospital, located at 250 N. First Street, Blythe, CA 92225 and Palo Verde Community Clinic, located at 291 N. Second Street, Blythe, CA 92225 will permanently close and cease all operations effective at **12:00 am on January 10, 2026**

Emergency and Clinic Services

Emergency and Clinic services will no longer be available at this location effective at 12:00 am on January 10, 2026

In case of an emergency, please call **911** or proceed to the nearest emergency facility.

Medical Records

Information regarding access to medical records will be available at:

<https://www.paloverdehospital.org/>

Community Resources

We encourage patients and community members to seek ongoing medical care through local healthcare providers and facilities in the surrounding area.

This closure decision was made after careful consideration, with patient safety and continuity of care as top priorities throughout the transition process.

Date Posted: January 8, 2026

Palo Verde Healthcare District

RESOLUTION NO. 2026-001

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLYTHE, CALIFORNIA, APPROVING A BUDGET AMENDMENT OF \$330,000, APPROVING A LOAN OF \$330,000 TO THE PALO VERDE HEALTHCARE DISTRICT, AND AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE A LOAN AGREEMENT WITH THE PALO VERDE HEALTHCARE DISTRICT AND ALL RELATED DOCUMENTS IN A FORM APPROVED BY THE CITY ATTORNEY

The City Council of the City of Blythe hereby finds and declares as follows:

WHEREAS, Palo Verde Hospital is the only hospital serving Blythe and the Palo Verde Valley. The nearest hospitals in California are in the Coachella Valley and Needles and are approximately 100 miles away; and

WHEREAS, on May 24, 2025, the Palo Verde Healthcare District (PVHD) Board of Directors, which manages the Palo Verde Hospital, announced that it had decided to suspend patient admissions at the hospital for the foreseeable future; and

WHEREAS, since May 2025, only the Emergency Department and necessary support services, such as radiology and the laboratory, remain open; and

WHEREAS, since May 2025, the City has been working diligently with staff from the County as well as the City's County, State, and Federal representatives to find a solution to keep the hospital open; and

WHEREAS, on January 7, 2025, the PVHD posted notice of an emergency meeting to be held the same day at 5:00 p.m. stating that the hospital would be closed as of 12:00 a.m. on Saturday, January 10, 2026, unless \$2 million was obtained; and

WHEREAS, the City Council desires to provide a bridge loan of \$330,000 to the PVHD to help the hospital remain open; and

WHEREAS, the City Council desires to condition the loan upon the PVHD agreeing to bring in Riverside County or a County-approved management team to take over the day-to-day operation and management of Palo Verde Hospital; and

WHEREAS, on June 10, 2025, the City Council of the City of Blythe adopted Fiscal Year 2025-2026 Operating and Capital Budget by Resolution No. 2025-010; and

WHEREAS, the City Council desires to amend the Fiscal Year 2025-2026 Operating and Capital Budget.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLYTHE,
CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. The City Council hereby approves amendments to the 2025-2026 Operating and Capital Budget: revenue, expenditure, and transfers, as summarized in Exhibit A to this resolution.

SECTION 2. The City Council hereby approves a loan of \$330,000 to the Palo Verde Healthcare District, conditioned upon the Palo Verde Healthcare District agreeing to bring in Riverside County or a County-approved management team to take over the day-to-day operation and management of Palo Verde Hospital.

SECTION. The City Council hereby authorizes the Interim City Manager to execute a loan agreement with the Palo Verde Healthcare District and all related documents in a form approved by the City Attorney.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the file of original resolutions.

PASSED, APPROVED, AND ADOPTED this 9th day of January, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joseph DeConinck, Mayor

ATTEST:

Mallory Crecelius, City Clerk

EXHIBIT A

BUDGET AMENDMENTS

City of Blythe
2025-2026 Budget Amendments
Account Detail
January 9, 2026

G/L#	Account Description	Category	FY 2025-2026				
			Adopted Budget	Proposed Amendment	Increase / (Decrease)		
General Fund							
<u>Expenditure</u>							
000-25-419-62-872-001	Palo Verde Healthcare District Loan	Other Financing Uses	-	330,000	330,000		
		Net Increase in Expenditures	-	330,000	330,000		