

Minutes of the Blythe City Council Special Meeting

January 9, 2026

The January 9, 2026, Special Meeting of the Blythe City Council was called to order at 1:00pm in the Council Chambers by Mayor DeConinck. Also in attendance were Vice Mayor Rodriguez and Council Members Halby, Burton and Spraggins. Staff in attendance included: Interim City Manager and City Clerk Crecelius, City Treasurer and Finance Director Christa Elms and Acting Police Chief Walnoha. City Attorney Roberto participated via teleconference.

The Pledge of Allegiance was led by Mayor DeConinck.

The Invocation was led by Council Member Burton.

SPECIAL MEETING ITEMS:

1. Posting of the Agenda.

The summary of agenda items were 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 on Thursday, January 8, 2026.

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

Interim City Manager Crecelius stated things are changing rapidly and have slightly changed since the Agenda was posted yesterday. I believe it was about a year ago that we started receiving distressing reports from community members about the dire financial situation with the Palo Verde Healthcare District. After several of you started attending District Board Meetings the City In May, reached out to LAFCO requesting to dissolve the Palo Verde Healthcare District due to our concerns about their financial viability. In September, LAFCO directed staff that they would vote to dissolve the Board once the County had identified a successor agency. The County quickly put together a team that was on the ground trying to work with the hospital, providing supplies, establishing relationships with partner agencies, and assisting with medical billing. In the interim it had been operating on days of cash on hand that continually fluctuated. We have been under this looming threat that one day they were going to run out of cash, and the doors were going to close. As a City, and as the Hospital is a Special District, our hands are tied in what we can do. You are elected to oversee the City as the District Board is elected to manage the hospital. We've been working with our Lobbyist, our County partners, and State partners doing anything we can to assist. In November there were some critical dates and critical things that needed to happen for the hospital. By Wednesday, Thanksgiving week, the District needed to pay \$3.8 million to participate in the IGT program. By doing so, around January of this year, they would receive a return of almost \$9 million in critical funding needed to continue operations. I understand that they reached out to the County for a loan. The State told them the County could not make a loan for those purposes. After that, they went to a third party for a loan and made the IGT payment with the loan proceeds. It is my understanding the District had done something similar in the past with a local line of credit, and everything was fine. This week we started hearing that maybe those funds weren't coming, and that there were issues at the State level with them being able to use the loan to make that IGT payment. The City had

a call with the Conty on Wednesday, and that is when we decided to call today's Special Meeting to discuss a potential bridge loan for the hospital. They had an emergency meeting scheduled for this week. They did not have a quorum, and it was postponed to this evening at 5:00pm. The Agenda consisted of closure of the hospital by Saturday if they did not receive \$2 million. It's unclear where the \$2 million figure came from. Based on the County's information, their burn rate or what they need to operate for a week is \$330,000. That is where we derived the loan amount to give everyone some breathing room to work this out. Since the Agenda was posted we have learned that the State has denied their loan payment. That \$9 million payment they were expecting to receive this January is probably not coming. We are still working with our Lobbyist who is working with the Governor's Office. There was also a request made to our Federal partners as some of the rules and regulations come from the Federal Government and not necessarily the State. There is work to be done on that participation. In the interim we cannot have the doors close. Once it closes, the licensing is in jeopardy. The hospital would need to re-open to today's standards. It would be impossible with the current state of that facility. Staff recommends that you loan the hospital some bridge emergency funding. Staff needs direction on the terms of that loan agreement such as the interest rate. Currently the agreement has a 3% interest rate after a six-month grace period for repayment. This was drafted with the information that shortly they would receive that IGT payment. So we would basically loan them the money for a week, they would get their IGT payment, repay the loan and everyone would go on their way. We need direction on a repayment schedule. Do you want a final hard repayment schedule? As proposed, the loan has a final payment date of June 10, 2028. There are some strings with this money. Nobody is standing in line to offer the District any money. They have asked and been told no. Frankly; nobody has any trust that the money will be spent appropriately or be used in a fashion to correct the structural deficit at the hospital and put it on a path toward financial success. The County has been amazing since LAFCO put them on the spot to find a successor agency. They have been standing, willing, able and ready to assist. But they don't have all the access they need. To start on the path of rebuilding the community's faith and trust in our local healthcare system. Staff is recommending that this money be contingent upon the District Board authorizing the County to step in as the day-to-day management and operator of this hospital and if it's not the county, then a successor agency who has been vetted and approved by the County.

Mayor DeConinck asked if receiving the IGT payment was a done deal. Interim City Manager Crecelius stated it's a done deal unless there are concessions made at the State or Federal level to approve them using Loan funds for the program.

Council Member Halby asked about the formation of the Board if the County stepped in. Interim City Manager Crecelius stated this would be day-to-day management. We are not talking about Board make up. They do have two seats that need to be filled so that they can make decisions and take action to help keep the hospital open. This would basically be the CEO, CFO, CNO, the high-level management of the organization. The County has expertise, they have a health system with staff who are more than capable of running a hospital, doing medical billing, and sharing resources and supplies.

Council Member Halby asked if the County was willing to do this.

Mayor DeConinck stated it's not in writing; but in conversation with them, if we get it started, they are willing to keep moving forward.

Vice Mayor Rodriguez stated that mirrors his conversation with Supervisor Perez last week. I understand there are concerns in the community that once the Board gets this money, the Board can still do what they want and continue the same path. That is the gamble we are taking.

Interim City Manager Crecelius stated this loan is a big risk to the City. There is a good chance we will never see this money again. As much as we have tried, they have pushed back on our assistance. As I've mentioned, we are all ready to help but we felt very much kept at arm's length. Through the holidays there was no information coming from anyone and unfortunately, I thought no news was good news. They had the loan; they submitted it to the IGT program, and they were waiting for reimbursement. Then this week when they posted the emergency meeting agenda, we learned we were in such dire straits and at the brink of closure. So, we are taking a big risk. We are asking the Board to look at it in the way of whether they are willing to give up some control to keep the hospital open or do they want to continue to do what they have been doing for the past year and close those hospital doors on Saturday at midnight? I think we are asking everyone for a lot of trust and faith and hopefully they will realize that again, nobody else is standing up offering money. This is the last-ditch effort to keep them going in the near future.

Mayor DeConinck stated the County did advance them some funding.

Interim City Manager Crecelius stated yes, they advanced their property tax dollars, and they also cut short a lease the District had at a County facility to save them some money. I understand they have not paid the bill for quite some time, and the County is not going after them for that. The County has been doing what they can, but there is the issue of gift of public funds. We are public entities. We are the stewards of public money, and we have to make sure it's being spent in the interest of the taxpayers. There is a concern about giving it to the hospital under current management conditions.

Council Member Burton stated they need the money, but when you put the stipulations that you have and they deny it and the doors close, how much will it cost to re-open? Are we going to help them or not? If we get this week, for the lives of the community, that's a lot of time for someone's life to be saved. Every citizen is worth another week. If they say no, those are the lives of the people that could be lost if the doors close. After that week maybe we can come with other stipulations. I have a problem with the stipulations as their Board could say no.

Interim City Manager Crecelius stated if they say no, I think it's very clear to the community where they stand. That they are more worried about themselves than keeping this hospital open. What are they willing to do for this community to keep this hospital

open? Nobody is going to give them money unless something major changes.

Mayor DeConicnk stated to make this go forward the County is already in place. From then on, the County will be able to step up to the plate. This is something necessary to make it happen.

Council Member Spraggins stated there is a risk and if the current Board steps down, the County is more likely to step in and help secure the future of the community and hospital.

Interim City Manager Crecelius stated it is the Palo Verde Health Care District. We have no authority. If they walk out at 11:59pm on Friday, I don't think that we can walk in at 12am and take over as the licensing as everything is still under the District. We have work together. In terms of how staff feels, how I believe the County feels, the only way to effectively help the hospital is in this manner. We are not saying take over the Board. There are two empty seats that should be filled sooner than later to get some business done. In terms of the management, working through the bankruptcy and the fiscal crisis, appropriate staffing, they need some help. They need to allow us to provide that help.

Vice Mayor Rodriguez stated this is not overnight. We have been at this since May, so seven months. We have tried every avenue not to be in this position. Nothing has changed in the last seven months. So there must come a time when something has to change for the situation to change. In our view this is at that time. This is taking a big risk of the City's finances to offer this up. But it does have to come with strings. They made an effort with the \$3 million loan, but there was interest with that that they now have to pay, financing fees. So the loan is more expensive than the day they took it and they are getting nothing in return. They are getting more and more into a hole. These are the decisions that brought them to this point and that is why everyone is hesitant to give them money. I am not saying they had an evil heart. They tried their best, but this is where it led. We are offering a different path.

Interim City Manager Crecelius stated this year the adopted budget included just under \$500,000 in surplus funds. Revenues exceeded our projected expenditures by just under \$500,000. We are asking that you adopt a Budget Amendment to allocate those surplus funds to this loan. That means that between now and the end of the fiscal year on June 30, 2026, we now have minimal reserves for anything that comes up. Obviously, you have a reserve policy, and you have funds if there is a complete disaster or emergency, but the City does not have deep pockets here. We ourselves took 10+ years to dig ourselves out of a bad financial situation. This one week is really a good faith effort by the City to step up to the plate. But the strings are there so that our partners will stand behind us and assist when our funds run out.

Council Member Halby would like it in writing that there will be some assurances from the Board to fill those two seats. That is a key component that the Board is back to full strength along with the strings attached to the County coming in with a management team. I don't see any other path forward. If we give them this money with no strings, we

will be back here next Friday talking about another \$330,000 and that doesn't make an sense. If we have the County to help move forward, that is the only viable way.

Public Comment:

Dr. Shalobei stated you don't have the money for this hospital to stay open for a year. It will take the County and a good management team and Board. This Board can't do it; it needs to be changed. The Board doesn't run the hospital, but they make all the decisions. If you don't have a good Board, it doesn't matter who the management is, they will fire them tomorrow. They spent \$2 million on a clinic to give their friend Sylvia a job. You can't give them money with no strings attached. It sets the wrong precedent. I do not trust a word that comes out of Carmela or Trina. If you bring in new administration from the County and the County fires someone Carmela loves, the administration will be fired, they are still the Board. Don't do anything without changing the board. If the Board does not change, nothing will change. They spend \$60,000 a month on the Clinic. Close the Clinic. Sandy Hudson told them to cancel the security contract for \$60,000 a month and they wouldn't do it. They won't take any measures to save the hospital money to save the hospital. This is the way they have been managing. I went to the Bankruptcy Court. I was the only creditor there. They lied to the court and said the IGT money would be fine. I told the Judge it didn't make sense that you would be able to use a loan for that program.

Sylvia Herrera, practitioner of the community clinic, stated she is not friends with Carmela. They keep me because I am cheap. I don't make \$60,000 a month. I see more patients. I work hard in the hospital. I have a petition that people have signed to keep the community clinic and hospital open.

Board President Carmela Garnica thanked Blythe for providing this opportunity to keep the doors open for a week. We need to remember that Medi-cal pays 9 cents on the dollar as reimbursement to the hospital. Big cities have other funding mechanisms to help them. In Blythe we say it's our hospital because it's our tax dollars. There is only \$200,000 going to that hospital. The District Library gets \$400,000. Regardless of who is on the Board, there needs to be an ongoing funding mechanism, so we do not go through this every 20 years. We need to find that funding source as the hospital is the most important infrastructure in Blythe. I am grateful the City is working in collaboration with us. Thank you for sharing the wealth so we can stay open.

Vice Mayor Rodriguez said ultimately the County will probably ask for the Board's resignation. Eventually they will want to change the governance. Are you willing to step down? I understand that Mrs. Hudson has a letter ready to go. I don't know about Mrs. Sartin. If that question is asked of you, are you willing to step down?

Board President Carmela Garnica stated anytime you give money in trade for elected officials its extortion. I am not going to answer that right now.

Vice Mayor Rodriguez stated I am not saying in exchange for the money. I am asking if the County asks you to put new governance in, that is what we are concerned of, that is

what the committee's concern is. Answer to your constitution and the County will ask this question and will not continue to move forward.

Board President Carmela Garnica stated there is a process for removal.

Vice Mayor Rodriguez stated I am putting you on the spot because we have an audience here, but it is going to come to that.

Board President Carmela Garnica stated we will cross that bridge when we get there. I can't answer that right now. It's not my place right now. My focus is to keep the hospital open. That is all I am worried about right now.

Mayor DeConinck stated we are working with the County, and they are trying to put the best foot forward. We are asking to put something in place to allow the County to come in to see what needs to be done and go by their recommendations. They might not think of something until they get involved. They are key as they have the knowledge.

Carmela Garnica stated as a community member are you referring to the County as RUH? Keep the hospital open. I can't speak as a Board member, but as a person I am open to any negotiation to help us stay open. We owe it to these families.

Dayna Dutton stated she has been at the hospital for a little over three years as an ER nurse. Thank you for stepping in and stepping up.

Leslie Jessop Watkins stated this day can go one of two ways and hope we have a hospital after midnight. There are cycles, positive, negative, trying, easy. Often, it's time for the cycle to end as life has had its sunset. As the prior owners of Blythe Ambulance, it was our responsibility to know when it was time to welcome the sunset after 32 years of our family serving the community. There were factors we were unable to overcome, political, regulatory, outright fraud and greed by others and the instability of our local hospital. That was 15 years ago. We are amazed it has taken this long for everything to come to fruition. Rory and I want to thank everyone at the Council seats, staff tables, online and in this room for the fortitude displayed and energy given in this last year. The attempts to bring light to this brewing disaster have not gone unnoticed. As we made that decision 15 years ago it is now time for the Board and Administration to acknowledge the same. The cycle has ended. It's time to let go and no longer be independent from the rest of the County. It is vital that we accept the City and County's support to have a viable emergency room and health care system in our community. The City and County are willing to assist and provide for the community. The County has the resources to maintain the operations of the Emergency room and affiliative services. The County understands the strain of our 911 EMS system and our volunteer fire department. If there is not an emergency room in Blythe, people will die. If they survive, they will have irreparable lifelong issues. It's time for the sunset of our existing Healthcare District Board and administration. We appreciate the opportunities that lie ahead if we as a community can acknowledge the sunset and accept a different path forward.

Dee Coats asked if the City could afford to lose the loan money. What will the County do when they come in? Are they going to bring the finances in, will it be a full-blown hospital or an Emergency Room only? Does this include the clinic? The Clinic is a good option, but we can't afford both. We need the hospital more than the clinic right now. We do have IEHP and SAC Health that they can go to. If we turn it over to the County, at least we will have a hospital and emergency services. As Leslie said if we don't have a hospital, people will die and I don't want that on our shoulders as a community. It's time for Ms. Garnica and Trina to let go and let the County guide us from here. It's not yours personally, it's the community's and we need to work together to keep the hospital open.

City Clerk Crecelius stated written correspondence was received that will be included as part of the record.

Public Comment was closed.

Interim City Manager Crecelius stated the current strings when started were a \$330,000 loan with the caveat that they would allow the County to come in and be the day-to-day management and operation of the hospital I assume the County will do a top down review. There are inefficiencies, I understand the Clinic see about 20 patients per day. Those patients can be absorbed by other providers. They are going to have to take a hard look at things and make some tough decisions. The Board is going to have to make some tough decisions they haven't yet made, just as the City did in 2008/09. After listening to the President of the Board speak, I am highly concerned they will be able to do that. You asked her a question she said she wasn't able to answer, but her response was her answer. She is not willing to make these decisions to keep the hospital open. At this time, I don't know what else we can do outside of what has been presented to give them another week. I spoke to Lena Wade, Counsel for the District yesterday. She said she would support the Board taking this loan with these terms It was with the understanding that the current CEO is out. Hopefully we have those assurances and if they agree to this loan, they will do what we ask to keep the hospital open past Saturday and past next week. Nobody is in line to give them any money unless they make these changes.

Council Member Burton stated he served on the Hospital Board himself. I want whatever it takes for the community. I don't want to sound like I am against it, but everyone's life is important.

Council Member Halby said we are hanging our necks out here. I have been on Council going on 9 years. It has been a lot of work getting our budget back to where we are now. Barely peeking out of the hole. Now this is going to set us back. That is why we are asking for concessions. Now we are on the line, and it may potentially sink us as a Council. For the betterment of the City, I am willing to take that risk, but this is why we are asking for these concessions.

The Council asked various questions about timing for the Loan Agreement, the PVHD accepting the loan, the County's response and Board make up.

The Mayor re-opened Public Comment.

Sandra Hudson stated she is a current Board Member. I have served over the years and have been back on the Board for the past year. I got on originally to help my community. I was there when the City loaned the money and when it was paid back. I would ask Carmela as the Board Chair to resign just like I am going to do so this community has the opportunity to have healthcare. It's not too much, put your pride aside and your ego down and let's do what is right for our community. We all live here and all have to survive. I appreciate your help.

Leslie Jessop Watkins stated in terms of the IGT and if that money comes back around, I have correspondence from the Department of Healthcare Services that states they declined to accept the District's IGT participation. The funds will be returned. They are taking it away for probably a year. I believe that door is closed. In October when they were discussing this loan, I researched the regulations and you can pre-ask questions. Several hospitals have asked this question over the years and have been told no. Those opinions are published. That could have precluded us from the \$400,000 spent on this loan that would not have been approved. It wasn't going to happen and now we have it in writing. They will give the loan money back, but where does it go? Does the lending company sweep it? Does it go into the General fund? That is a question that needs to be answered. This was highly preventable and the public spoke about this at the meeting and the Board laughed at us.

Dr. Shalobei stated they were clueless to what they approved. This Board and administration have no right to touch the money. It goes back to the lender along with the \$100,000 per month interest. This is the money they want you to give them now. If it were me, I would resign because I care about this community and hospital. She will not do that; she does not care. She only cares about her own self-interest.

Interim City Manager Crecelius stated if you approve the Budget Amendment to fund the loan there are some terms of the Loan Agreement that I need direction on. The interest rate, the 6-month grace period and payment scheduled. As proposed, it's a 3% interest rate with 6-month grace period with maturity date and final payment due by June 10, 2028.

Council provide direction on the terms of the loan as presented and as approved by the City Attorney.

Mayor DeConinck asked if we could do this legally with a six-month grace period.

Interim City Manager Crecelius stated yes. Our concern is not the interest but it being a gift. But with a loan structure and interest it is not a gift of public funds. The Recommendation is to adopt Resolution No. 2026-001 to approve a budget amendment in the amount of \$330,000 from the adopted fiscal year 2025/26 Budget surplus to provide gap funding to the Palo Verde Healthcare District, approve a loan in the amount of \$330,000 to Palo Verde Healthcare District and authorize the Interim City Manager to

execute a loan agreement with the Palo Verde Healthcare District once reviewed and approved by the City Attorney.

Council Member Halby stated the ideal situation is that we can give the Hospital an interest-free loan for 6 months. If we get our money back, we are good. We don't need to make money on the loan we just want to help.

Vice Mayor Rodriguez moved approval of staff's recommendation. The motion was seconded by Council Member Burton with a unanimous aye vote.

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

ADJOURN: The City Council meeting was adjourned at 2:28pm.

Joseph DeConinck, Mayor

ATTEST:

Mallory Crecelius , City Clerk