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March 25, 2024

VIA U.S. MAIL AND E-MAIL (PG@ICLAFCO.COM)

Paula Graf
Executive Officer
Imperial County Local Agency Formation
Commission
1122 W. State Street, Suite D
El Centro, CA 92243

Re: Re: March 28, 2024 Continued Public Hearing from November 16, 2023 regarding related action to consider the Pioneers Memorial Healthcare District (“PMHD”) Proposed Expansion

Dear Chair and LAFCO Commission Members:

My office represents the Imperial Valley Healthcare District (“IVHD”). IVHD submits this letter to note for the public record its support for Option 1 in the March 28, 2024 Staff Report regarding PMHD’s proposed expansion: Recommendation by the LAFCO Executive Director to Deny the Expansion of the Pioneers Memorial Healthcare District to encompass the entire County of Imperial. As set forth more fully below, IVHD agrees with and supports the conclusions set forth on Page 6 of the Executive Director’s staff report.

IVHD also wishes to note for the public record its objection to Option 2, which is the option to approve the expansion of the PMHD to encompass the entire County of Imperial. Option 2, if approved, would conflict with the spirit of clear statutory law, result in an extraordinary waste of public funds, and contribute to continued confusion and distraction about the future of healthcare in the Imperial Valley.

IVHD respectfully urges the LAFCO Commission (“**Commission**”) to approve Option 1, deny the application as requested by PMHD, and make appropriate findings, in order to allow IVHD to do the important work contemplated by the special legislation that created it: AB 918.

I. IVHD Supports Option #1: Denial of the Expansion of the Pioneer’s Memorial Healthcare District

As noted by the Executive Director’s staff report, IVHD is fully formed with seven active and participant Board directors. The IVHD Board has retained legal counsel and a demographer to begin the process of creating seven electoral districts. IVHD has requested ownership of the Kaufman Hall Imperial Valley Project Final Report from Preston Hollow Community Capital, so that IVHD can update the report with current data, and coordinate next steps for the acquisition of facilities with PMHD, Heffernan Memorial Healthcare District and the City of El Centro through a confidentiality and non-disclosure agreement. IVHD has begun its mission to conduct the important and difficult public work contemplated by law.

At its March 14, 2024 Board of Directors meeting, the IVHD Board of Directors discussed LAFCO’s consideration of the PMHD proposal and voted 5-0, with one abstention (by the PMHD appointee), to object to PMHD’s proposal and encourage the LAFCO Commission to deny the application in order to prevent duplication of efforts, distraction and a waste of public funds and effort. As noted in the conclusions set forth on page 6 of the March 28 Staff Report: the passage and implementation of AB 918 has rendered PMHD’s application moot. Denial of the application will avoid considerable staff time and the expenditure of important public funds for all parties in further processing the application for a special district that is slated to dissolve in 2025. Denial of the application also avoids creating a special district that would provide the same services within the same boundaries as IVHD, thereby eliminating unnecessary duplication of efforts and the confusion and conflict that comes with it. For all of these reasons, IVHD supports Option 1: the denial of PMHD’s application.

II. IVHD Objects to Option #2, Which Conflicts with the Spirit of Clear Statutory Law

Option 2 proposes to approve PMHD’s application and, among other actions, expand PMHD’s boundaries to encompass the entire County of Imperial, and require PMHD to negotiate in good faith the potential acquisition of El Centro Regional Medical Center (“**ECRMC**”). The proposed expansion of PMHD from its current boundaries to the entire county of Imperial would result in two healthcare districts providing the same services within the same jurisdictional boundaries – a far cry from the efficiencies and organization contemplated by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. And, the proposed mandate for PMHD to negotiate the acquisition of ECRMC with the City of El Centro would clearly – and potentially unlawfully – disrupt the statutorily-required good faith negotiations that are currently taking place by and between IVHD and the City of El Centro for the acquisition of ECRMC.

The State legislature plainly contemplated that IVHD should be the sole healthcare district to provide services to the County of Imperial effective January 1, 2024, in order to achieve efficiencies and qualify as a sole community hospital, which would increase the chances to receive an increase in Medicare reimbursement of several millions of dollars per year. IVHD was created to coordinate medical services, combine economies of scale of the prior health care districts, including having a single governing body and hospital administration, clinical integration, unified contracting and supplies management, and an integrated medical system. Each of these purposes and goals would be stymied by the approval of PMHD’s application.

Approval of PMHD's application would also create further confusion and chaos for the citizens of Imperial County, who now, more than ever, instead need clear, transparent and coordinated guidance through this ambitious effort to combine the County's healthcare resources. Having PMHD's lingering application pending in the background serves no beneficial public purpose. For all of these reasons, IVHD hereby objects to Option 2 and opposes the approval of PMHD's application.

III. LAFCO Must Give Great Weight to IVHD's Objection

Government Code Section 56668.3(b) mandates that, "[t]he commission shall give great weight to any resolution raising objections to the actions that is filed by a city or a district." IVHD has not yet had opportunity to approve a resolution of objection to the PMHD application, but its position of objection is clear. The Commission should take and accept this letter as IVHD's objection to PMHD's proposed application and any approval thereof, and should give it great weight when coming to a decision. If necessary, IVHD can approve a resolution of objection at its upcoming Board meeting.

IV. Conclusion

For the reasons set forth herein, IVHD respectfully requests the Commission approve Option 1 and deny the expansion of the PMHD and make the appropriate findings therewith, including, but not limited to the following:

1. The passage and implementation of Assembly Bill 918 has rendered the district's application moot.
2. The Pioneer's Memorial Healthcare District will cease to exist by operation of law no later than January 2025, whether or not the application is approved.
3. Denial of the application will avoid considerable staff time and expense for the parties in further processing the application for a special district that will no longer exist by early 2025.
4. Denial of the application avoids creating/expanding a special district that would provide the same services within the same boundaries as the Imperial Valley Healthcare District.

We sincerely appreciate the Commission's consideration, time, and efforts, and we look forward to discussing further at the Public Hearing on March 28.

Sincerely yours,



Adriana R. Ochoa
Legal Counsel for Imperial Valley Healthcare
District



cc. Imperial County Local Agency Formation Commission Chair and Members:

Maria Nava-Froelich

Robert Amparano

John Hawk

Michael W. Kelley

Jose Landeros

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