

ADMINISTRATION



August 24, 2005

VIA HAND DELIVERY

Ed Gallo
Mayor Pro Tem
Escondido Hospital Site
Ad-Hoc Subcommittee
The City of Escondido
201 North Broadway
Escondido, CA 92025

Marie Waldron
Council Member
Escondido Hospital Site
Ad-Hoc Subcommittee
The City of Escondido
201 North Broadway
Escondido, CA 92025

RE: Your Letter of August 23, 2005

Dear Mayor Pro Tem Gallo and Council Member Waldron:

Thank you for your letter of August 23, 2005, advising us that you believe that Palomar Pomerado Health's (PPH's) request for acreage at the ERTC can be accommodated. We appreciate the spirit in which your offer has been presented and the progress the Council has made over the last few weeks.

We would be pleased to work with you regarding item number one in your letter. That is, if we can agree on a specific dollar amount for the long term improvements to infrastructure (including Citracado Parkway) that you desire such that we can present it to our finance committee at its August 30, 2005 meeting, we may be able to resolve this issue. We understand that this would require binding action by the City Council prior to August 30, 2005 so that the District could exercise its option. Of course, we would expect that such infrastructure issues be addressed by the City for the purposes of CEQA and the City would take the lead in that regard. We cannot predict how the CEQA process would materialize with respect to that project and our project and whether we will be able to meet all the relevant requirements. Although we may exercise our option to purchase the ERTC site, there are a number of issues which need to be resolved prior to our ability to effect a transfer of the property and the start of construction.

With respect to item number two in your letter, we have discussed this issue with our legal counsel. Until the exact terms of such a development agreement are agreed to, we are concerned that any binding commitment to enter into a development agreement for the downtown facility may frustrate PPH's ability to proceed with other aspects of its Master Facilities Financing Plan. We agree that under certain circumstances however a development agreement would be beneficial to both parties, and we would like to start the dialogue on the terms of such agreement as soon as possible to be completed in the next 60 days. However, we cannot state with certainty that the two parties will reach accord on all the terms and conditions of such an agreement.



**Escondido Hospital Site
Ad-Hoc Subcommittee
201 North Broadway
Escondido, CA 92025**

August 23, 2005

**Chairman Marcelo R. Rivera, M.D.
and Palomar Pomerado Board of Directors
Palomar Pomerado Health
15255 Innovation Drive, Suite 204
San Diego, CA 92128-3410**

Dear Chairman and Board Members,

We would like to thank you for sharing your vision to locate the new hospital on the ERTC site, as well as your vision for redevelopment of Palomar Medical Center and the surrounding downtown area. We understand the need for timely decisions in order to facilitate the development of the proposed new hospital.

Although we have a different vision for the ERTC site, we do understand your desire to locate there. We also fully recognize the hospital's importance to the community. After careful consideration, we believe your request for acreage at the ERTC can be accommodated if the District is prepared to address these two significant issues:

- 1) The District must enter into a partnership with the City and developers to make long-term improvements to infrastructure (including Citracado Parkway), which is necessary to deal with the costs associated with developing the ERTC.
- 2) The District must enter into a development agreement with the City for the downtown facility, as you presented to the Subcommittee at our meeting with you on August 22, 2005, which would serve as a binding commitment on behalf of both parties to ensure the continued viability and contribution of this critical downtown property.

We trust this conveys our willingness to work with the Hospital Board in exploring all avenues that lead to building the healthcare facility that you envision in the community of Escondido, while ensuring that the current hospital becomes the centerpiece of a vibrant downtown core.

Sincerely,


Ed Gallo
Mayor Pro Tem


Marie Waldron
Council Member

cc: Escondido City Council Members
Clay Phillips, City Manager
Jeffrey R. Epp, City Attorney
Michael Covert, PPH President/CEO

Lori Holt Pfeiler, Mayor

Ed Gallo, Mayor Pro Tem

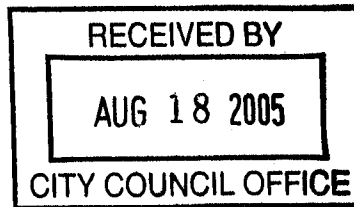
Marie Waldron

Ron Newman

Sam Abed

ADMINISTRATION

The Honorable Ed Gallo
 The Honorable Marie Waldron
 Escondido City Council
 201 North Broadway
 Escondido, CA 92025



August 18, 2005

VIA FAX and MAIL

Subject: Escondido Research and Technology Center (ERTC)

Dear Mr. Gallo and Ms. Waldron,

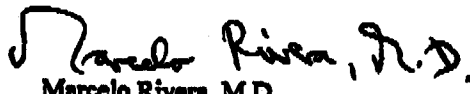
On behalf of the Palomar Pomerado Health District, I would like to thank you for the compromise proposal of allocating 25 acres for hospital use on the ERTC site. Your letter of August 4, 2005 also recognizes the proposed alternative site on Washington and Spruce as not being an appropriate alternative. The Hospital Board appreciates your realization and acceptance of this point. We are also encouraged with your desire to work with us to develop and reach an agreement on uses for the existing Palomar Medical Center and redevelopment of the surrounding downtown area.

The Hospital Board met on August 16, 2005 and discussed the Master Facility Plan. At that time, the Hospital Board reaffirmed its commitment to develop the state-of-the-art 531-bed hospital campus of the future, one that will be able to grow to meet the health needs of the entire 800 square miles, which comprise the health district. After much thought the Hospital Board feels your proposal to reduce the project to 25 acres will not meet our commitment to the community within our service area. Our position remains that in order to develop the new main hospital that will serve as the Regional Medical Center and the main "hub" for comprehensive health services requires the acreage, which we originally identified in our hospital planning process.

The new campus will feature an acute care hospital, trauma and emergency services in addition to oncology, cardiology and women's centers of excellence. As the North County's population continues to age, their health needs will become more acute and require highly specialized care as well. It is for these reasons that we cannot repeat the mistakes made by other health systems. We must have the acreage needed to allow for necessary expansion. We appreciate your interest in the development of our downtown campus and look forward to future discussions with you and the city staff regarding our facility planning in the City of Escondido.

The goals of the PPH board remains to stay within Escondido on a viable site for our purposes, to use tax dollars in the most efficient, effective manner, to not compromise our mission or values and to keep our pledge to the citizens of Inland North County.

Sincerely,


 Marcelo Rivera, M.D.
 Chairperson of the Board
 Palomar Pomerado Health

cc: Escondido City Council Members
 Clay Phillips, Escondido City Manager
 PPH Board Members
 Michael Covert, PPH President and CEO



Escondido Hospital Site
Ad-Hoc Subcommittee
201 North Broadway
Escondido, CA 92025

August 4, 2005



Chairman Marcelo R. Rivera, M.D.
and Palomar Pomerado Board of Directors
Palomar Pomerado Health
15255 Innovation Drive, Suite 204
San Diego, CA 92128-3410

Dear Chairman and Board Members,

In light of our recent meeting concerning the Spruce site for the new hospital and your expressed feeling that the property is not suitable for further study, we would like to propose a compromise regarding the ERTC location. We would be interested in discussing a maximum allocation of 25 acres at the Research and Technology Center for the acute care hospital, coupled with the development of an agreement on uses for the existing Medical Center and redevelopment of the surrounding downtown area.

The Board has made clear its preference of the ERTC site for the new hospital, and while it has not completely met our desired use for this prime industrial property, a compromise that strives to meet both of our visions for the well-being of our community appears to be in order. Placing the new hospital in Escondido, while revitalizing Palomar Medical Center and its adjoining properties, remains our commitment and goal.

We look forward to meeting with you again and working toward an agreement that benefits both the hospital district and the city of Escondido.

Sincerely,


Ed Gallo
Mayor Pro Tem


Marie Waldron
Council Member

cc: Escondido City Council Members
Clay Phillips, City Manager
Michael Covert, PPH President/CEO

CITY OF ESCONDIDO
 CITY CLERKS OFFICE

CITY OF ESCONDIDO

2005 AUG 25 P 3:04

REQUEST FOR COPIES OF PUBLIC RECORDS

I/We, the undersigned, hereby request the following documents (or portions thereof) as indicated below.					
	Description of Document	Date	# of Copies	For Office Use Only	
				No. Pages	Charge
1.	Letter from Hospital Ad Hoc Committee to PPH dated 8/4/05 regarding ERTC 25 acres	8/4/05	✓		
2.	Letter to Hospital Ad Hoc Committee from Dr. Rivera of PPH regarding ERTC 25 acres	8/10/05	✓		
3.	Letter from Hospital Ad Hoc Committee to PPH dated 8/23/05 regarding ERTC	8/23/05	✓		
4.	Letter to Escondido Ad Hoc committee from PPH regarding ERTC	8/24/05	✓		
5.					

I/We agree to pay the City of Escondido at the rate of fifteen-cents per page as listed above at the time of receipt by my representative or myself. If costs exceed \$5.00, we agree to pay in advance.

Robroy Fawcett
 Name/Organization

1576 Katella Way, Esc.
 Address

760 432-9709
 Telephone

[Signature]
 Signature

 Date Promised Time Initial

 Date Completed Time Expended

 Completed by Department

 Date

Copies enclosed
 8-31-05