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The Desert Sun Editorial Board

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Our Voice: Woebegone days in Desert Hot Springs

Desert Hot Springs council makes tough cuts in an attempt to survive the fiscal crisis



Because of budget constraints, the John Furbee Aquatic Center at the Desert Hot Springs Community Health and Wellness Center was open for only a few months last year. / Jay Calderon/The Desert Sun

Mayor Adam Sanchez and Councilman Russell Betts are confident they have taken the steps to keep Desert Hot Springs out of bankruptcy.

The Desert Sun certainly hopes so. Nobody wants to see a city fail.

Facing projected expenses of nearly \$18 million and projected revenue of \$13.9 million, the City Council has unanimously made drastic decisions, such as declaring a fiscal emergency and cutting salaries by 22.5 percent. It also canceled a contract with the Boys & Girls Club of Coachella Valley and plans to review a \$2.2 million, three-year agreement for code enforcement.

Questions remain about the city's future. One is a complaint the police union filed with the Public Employee Relations Board over the pay cuts. Another is whether the Health and Wellness Foundation can raise the money to operate the \$18 million center, which costs \$950,000 a year to keep open. And it's uncertain whether the city can afford to keep the center's pool open more than a few months of the year.

Sanchez and Betts told The Desert Sun editorial board last week there is no development pending that will generate revenue soon. Wal-Mart might be on the horizon. It submitted a draft Environmental Impact Report in June, but it hasn't approached the Planning Commission. Ares Corp. has plans for 2.6 million square feet of warehouse space, which is expected to generate 1,000 jobs, but that project is still a ways off.

No knight in shining armor is charging up to save the City on the Hill. For now, it's cut, cut, cut.

Leaving town to work and shop

Incorporated in 1963, Desert Hot Springs went through bankruptcy in 2001. The city unemployment rate peaked at 19.2 percent in 2011. By November, it had dropped to 13.7 percent — an improvement but still much higher than the Inland Empire average of 9.4 percent, the California rate of 8.3 percent or the national rate of 6.6 percent.

Part of the city's challenge is that many residents leave town for work and shopping. Until there's a boost in employers and a sound retail base, the city will always have budgetary challenges.

Desert Hot Springs was the fastest-growing city in the state from 2000 to 2010 with a 53 percent population increase. But that's part of the problem — without jobs and stores, bedrooms incur more costs than benefits.

Public safety

The city also has had a high percentage of parolees, compared to other Coachella Valley cities, and a serious gang problem. As a result, nearly 70 percent of its budget goes toward public safety.

Betts said the city could consider asking the Riverside County Sheriff's Department for a bid, but there's a political risk to that. In Hemet, the three council members who voted to negotiate with Cal Fire/Riverside County Fire Department for fire services and possibly disband the city's 108-year-old department face a recall campaign. The sheriff won't make a cost estimate unless a council majority requests one. Sanchez is dead set against it.

Soon after the fiscal crisis was announced Police Chief Kate Singer and Commander Ken Peary announced their retirements. After the pay cuts were approved, Daniel Bressler, the new chief, anticipated 10 to 25 officers would find jobs elsewhere and launched an aggressive recruiting campaign. He said patrols are adequately staffed but he needs more workers on the administrative side.

Wendell Phillips, an attorney representing the Desert Hot Springs Police Association, predicted the city would lose its best officers.

"You don't get a professional law enforcement team without competitive pay," he said.

That is a serious concern.

Phillips contends the city violated state law by failing to implement a fact-finding process before cutting salaries. Betts and Sanchez said they can't discuss a personnel issue, but expressed confidence in City Attorney Steven B. Quintanilla.

Health and Wellness

The hardest thing to believe is that the city spent more than a decade working to build the Health and Wellness Center and now finds it doesn't have the money to operate it.

The council canceled a \$250,000 contract with the Boys & Girls Club of the Coachella Valley, which ran recreation and gang-intervention programs there. Those programs are essential in a town like Desert Hot Springs.

Closing the center is neither a good idea nor a viable option. A \$4.3 million federal New Market Tax Credit grant helped pay for the center. If it doesn't stay open for at least seven years, the city would have to pay that money back.

The mayor plans to announce a new Health and Wellness Initiative this week, which will include a new city commission. And the city plans to add a health element to its general plan, as recommended in the Blueprint for Action created as part of the Health Matters Initiative.

The IRS recently approved the nonprofit status of the Health and Wellness Foundation, which was formed two years ago with help from the Desert Healthcare District. We're skeptical of whether a foundation can provide the consistent funding to run the center, but it's a good cause. Perhaps the Hoteliers Association of Desert Hot Springs and the Chamber of Commerce can help.

Didn't see this coming?

Former Mayor Yvonne Park said she was "blindsided" by news of the fiscal crisis. But Sanchez, Betts and newly elected Councilman Joe McKee have been sounding this alarm for a long time. Betts said the concerns were raised in an Urban Futures report delivered to the city in May.

Riverside County Auditor-Controller Paul Angulo said the city *should* have seen it coming.

"The city's dire fiscal condition did not happen overnight," he told The Desert Sun in November. "It is the responsibility of the city's leadership to anticipate and adjust to lower revenues accordingly to minimize its service impact."

Betts and Sanchez speculated that the reason former City Manager Rick Daniels left town was that he knew how bad the fiscal situation was. Daniels has not returned calls from Desert Sun reporters to ask about the situation. What is important is that the council has made the tough decisions and expects to have at least \$200,000 left in the bank at the end of the fiscal year. Betts estimates another \$2 million in cuts will be needed in the next fiscal year.

There are some bright spots. The Borrego Health Care Center is now in operation on Pierson Boulevard. The Borrego Solar Project off Dillon Road will be online soon. And the popular Spa Tour will be held on Jan. 30. We just hope the city can hold on until its economy finally improves.