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Desert Hot Springs to put parcel tax hike on ballot



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DESERT HOT SPRINGS — The City Council voted 4-1 to update a public safety measure Tuesday that would raise Desert Hot Springs' parcel tax on vacant land to \$372.68 if approved by voters on the June 3 ballot.

In 2010, nearly 83 percent of voters passed Measure G — a parcel tax extension that maintained tax rates while funding Desert Hot Springs public safety personnel and anti-gang and drug-enforcement operations, among other services.

The city has already spent its emergency savings, implemented pension reform, reduced employee benefits, cut staff by 66 percent, reduced salaries by 22 percent across the board, and eliminated consulting contracts — all in an effort to maintain essential community services after publicly acknowledging it was close to financial ruin this past November.

“Any further budget cuts will jeopardize the city’s ability to continue providing vital health, public safety and other services,” according to the city staff report.

“Updating Measure G is now necessary to address the city’s Fiscal Emergency, stabilize its budget, build reserves and protect and maintain public safety services.”

Raising the parcel tax on vacant land to \$372.68 is projected to generate \$4.1 million in revenue for the city — still shy of the more than \$5 million in general fund dollars that was used to subsidize public safety in Fiscal Year 2012-13.

Only property owners of vacant parcels will see their tax rates increase, which city staff justifies as the cost of repeated public safety checks to these patches of land for calls such as illegal camping, illegal drug activity and illegal dumping.

Mayor Adam Sanchez, Mayor Pro Tem Russell Betts and Councilman Joe McKee initially pushed for the highest of the five possible tax increases on the table — \$593.17, which would generate \$6.8 million in revenue.

But council members Jan Pye and Scott Matas resisted due to the effect the increased taxes could have on future development.

“I’m afraid that if this tax goes on for six years, and it will sunset in six years, it will drive development away,” Matas said. He was the lone no vote.

Jim Kozak with Strategic Land Partners argued during public comment that builders would pass by Desert Hot Springs for cities without parcel taxes on their large amounts of vacant land, like Coachella and Indio, if the tax runs too high.

“The timing of this is not good,” said Gretchen Gutierrez, CEO of the Desert Valley Builders Association. “The city and the housing market are just beginning to climb out of seven years of a very bad economy, and this type of an increase is going to have a continued negative impact.”

Pye supported the middle increase on the condition that the City Council be made to revisit the measure every year for the next three years.

“You’ve got people wanting to move into your homes and they go look at the crime rate — that’s what’s going to kill your development,” Betts said prior to the vote. “I frankly don’t want to live in a city that’s riddled with crime. I want to solve this problem, solve it now and put it to the voters.”