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## Desert Hot Springs mulls options to avoid bankruptcy

DESERT HOT SPRINGS, Calif. -

The city of Desert Hot Springs is facing bankruptcy again, despite making deep cuts to its budget. The city faces a potential \$3.8 million deficit in the new fiscal year if more cuts are not made and if Measure F does not pass on June 3. "If measure F does not pass, probably the city's going to be looking at bankruptcy," said Martin Magana, the newly appointed city manager.

Last November, the Desert Hot Springs City Council approved a resolution declaring a fiscal emergency, after being told that the city was on track to spend millions more than its expected revenue for the current fiscal year.

Despite reducing the city staff by 66%, including the police department, and slashing salaries by 22-35%, the city still needs to make more cuts. "What is it going to take to keep the lights on, keep the doors open," said Magana. "So all these programs that we were funding before, the city council's going to have to decide what we fund this fiscal year."

City staff presented a "bare bones" budget for the new fiscal year which begins on July 1. With it, the city's general fund is in the red \$311,000 at the end of this fiscal year. The city needs to end the next fiscal year with \$1.5 million to make payroll for the first six months of 2015-2016. The bottom line is the city needs to still cut \$1.8 million from an already thin budget. "Yes we want to keep all those things in the budget, but at this time, bare bones budget, 14 million dollars without those," said councilman Scott Matas.

All this could be avoided if Measure F passes. The increase in vacant parcel tax is projected to bring in \$2.6 to \$3.8 million for public safety. Several people spoke at the meeting in support of the measure. "The only one that was fair to the overtaxed people of Desert Hot Springs, was a parcel tax, the only people not carrying their fair share were the out of town developers," said Lewis Stewart.

Some of those developers made their voices heard by putting up “no on F” signs around the city as well as sending out mailers. Councilman Matas also says he will vote no on the measure. “Measure F was a process I don't think was well thought out, it was shoved down the throats of the council members,” said Matas.

One thing everyone agrees on, they want to avoid bankruptcy at all costs. “How would they look upon us after claiming bankruptcy again, within a certain time,” said Matas. “I just don't think it'd be very favorable.”

Desert Hot Springs previously filed for bankruptcy in 2001, in the wake of a legal judgment.

A fiscal emergency is legally defined as a financial crisis, particularly of a government or public entity.