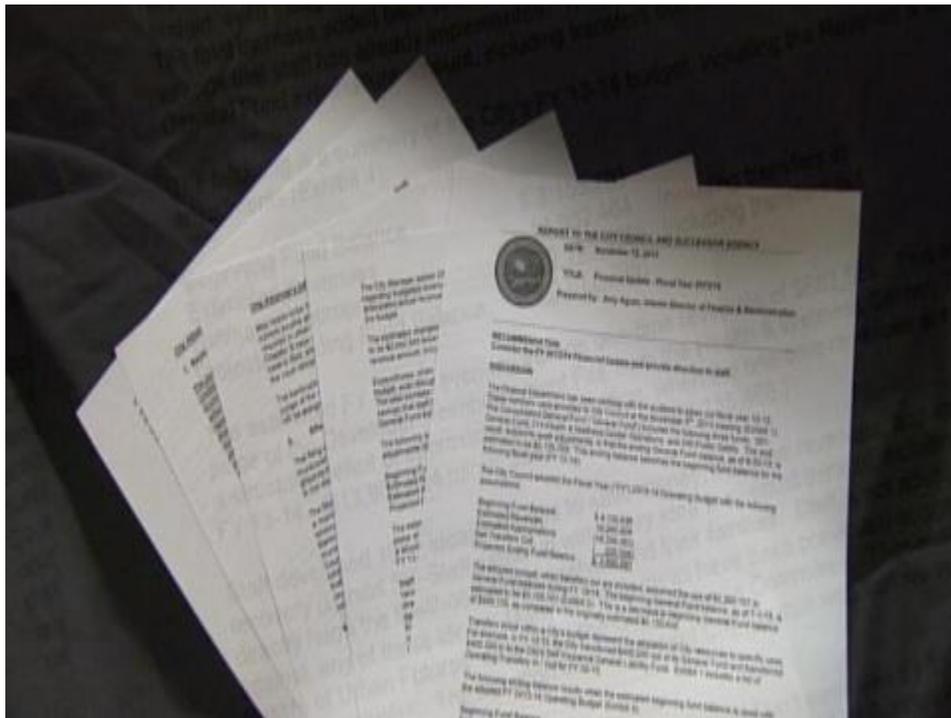




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Desert Hot Springs city leaders respond to possibility of bankruptcy

"I have to have a sit down with our Finance Director because I am totally confused," Desert Hot Springs Mayor Parks said.



DESERT HOT SPRINGS, Calif. -

"What happened in five months? What changed those figures? What happened?" Desert Hot Springs mayor Yvonne Parks said.

We talked to a very shocked Mayor Parks, after we obtained a report revealing the city may face a budget deficit of more than \$3 million by next summer.

"I have to have a sit down with our Finance Director because I am totally confused," Mayor Parks said.

We asked, "How does a Mayor not know the financial status of a city?"

"They didn't tell me. I knew we would have to make some cuts, I knew we would possibly use some of our reserve, but we would hopefully cut a million. That's what the meeting on the 12th was supposed to be," she answered.

Instead, at next Tuesday's budget meeting, city leaders will discuss the grim future Desert Hot Springs may face - possibly an empty general fund by spring.

"She shouldn't have been blind-sided because I told her July 1st we were 3.5 million deficit. Obviously she's been covering it up with the city manager," Desert hot Springs council member Adam Sanchez said.

Desert Hot Springs just had an election which poses the question, did the city intentionally not divulge this information until after people voted?

Mayor Parks said she did not know.

"I don't believe the mayor or the city council had knowledge of the full extent of the city's financial situation," Desert Hot Springs city attorney Steve Quintanilla affirmed.

Councilman Russell Betts said the problem shouldn't impact people living in Desert Hot Springs.

"It has to be where the problem lies at city hall. We have 15 employees drawing a compensation package of more than \$200,000 a year. That is not sustainable, and that's going to be corrected," Betts said.

That's among options to avoid bankruptcy.

"The city council can consider the possibility of increasing revenue, re-negotiating contracts, so there are a variety of options that will be presented. Bankruptcy is not a foregone conclusion," Quintanilla said.