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## Desert Hot Springs mayor 'blindsided' by \$3.07M shortfall

### Yvonne Parks: Budget report that mentions bankruptcy doesn't match monthly updates given to council

**DESERT HOT SPRINGS** — Mayor Yvonne Parks on Friday blasted her own city hall for [a newly released budget report](#) that shows the city has a \$3.07 million shortfall and could be headed for bankruptcy.

The figures, Parks told The Desert Sun on Friday morning, do not match the balanced figures that City Council members were given in the monthly budget updates.

“This blindsided me horribly. I had no anticipation of this. None. Not one, whatsoever,” a livid Parks said.

“What does that say about your city staff? That they don’t care. They just put you out there and let you get blindsided.

“It’s unforgivable.”

Desert Hot Springs officials announced a special council meeting is scheduled for Tuesday, where a budget report will show the city expects to end fiscal year 2013-14 with a \$3.07 million shortfall.

**It shows the city will run out of operating cash by March.**

**DOCUMENT:** [Desert Hot Springs report on \\$3.07M budget shortfall](#)

The report, posted Thursday to the Desert Hot Springs city website, also contains information from City Attorney Steve Quintanilla on municipal bankruptcy.

“I was asked to provide a summary of a procedure regarding municipal bankruptcy, and what constitutes a fiscal emergency and what they can do,” said Quintanilla, who on Friday was preparing a legal memo that he will present to council Tuesday.

### **'I want a total explanation'**

Parks said the last city budget she saw had a \$16 million projected revenue. The latest figures given to her Thursday show it has dropped to \$13 million.

Part of the gap has to do with anticipated sales tax revenue that hasn't come into city coffers yet, Parks noted. But she admitted she's not sure how the projections changed by \$3 million in just months.

“There's a whole bunch of stuff in there that I question,” Parks said. “I want a total explanation of why you can go from a \$4.1 million reserve and in six months you have a fiscal crisis, a fiscal emergency, a potential for bankruptcy. What happened? I don't get it.”

Quintanilla said the report contains just part of his summary. The full report will present options the city can take with regard to its financial situation, with respect to putting a tax on the ballot, altering labor agreements and/or reducing benefits.

On Tuesday, he'll give a full report about the legal procedure. Quintanilla explained he found out on Wednesday that Interim City Manager Bob Adams had called a special study session for Tuesday to talk about the city's finances.

For now, the report posted on the city's website stresses concern that the city “is projected to run out of general fund cash by March 31, 2014.”

As of June 30, Desert Hot Springs' general fund contained \$3,555,001, the report states, adding, that as of Sept. 30 that amount had decreased to \$1,533,588.

“This makes it necessary to make difficult decisions quickly in order to turn around the financial condition of the city,” the report continues. “The city will need to take steps to declare a Fiscal Emergency very soon. Staff has issued a ‘Notice of Public Hearing’ for a Fiscal Emergency Public Hearing to be acted on at the regular City Council meeting on Nov. 19 ... if the City Council should decide to do so,” the report adds.

## Report comes amid close election count

Parks was on this week's ballot, and the latest election results show she is [holding onto her seat with a 27-vote lead](#) over Councilman Adam Sanchez. Another 700 ballots countywide need to be tallied.

**On her campaign website, Parks told voter “we critically review the budget monthly to ensure there is no deficit spending.”**

**That website also touted the fact that council adopted a mid-year budget that had an estimated \$236,000 surplus and a “healthy reserve” of \$4.1 million by the end of the year.**

“When we looked at the (monthly) reports that were submitted to us, there was nothing in any one of those that showed this critical analysis. Nothing,” Parks said. “It showed we were going along in the same thing. ... That’s what is baffling to me. We have been looking at it month after month.

“Every document that we had showed us at the bottom line that we were still in the black.”

City Hall is closed Fridays, but Parks said she will demand answers when normal business operations resume next week.