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## **Desert Hot Springs council declares fiscal emergency**

**New figures show Desert Hot Springs on track to overspend by \$4.8 million this year**



*Desert Hot Springs City Council members meet Tuesday in a meeting that included a unanimous vote to declare a fiscal emergency. / Omar Ornelas, The Desert Sun*

**DESERT HOT SPRINGS** — In an effort to stave off impending financial problems, the City Council unanimously approved a fiscal emergency Tuesday and discussed several cost-saving suggestions, including cutting city employee benefits.

There was no talk, however, of municipal bankruptcy as the city is still able to pay its bills and is not yet at a point where it needs to consider that option, officials said.

According to new figures compiled in recent days, Desert Hot Springs Finance Director Amy Aguer told the council the city is now on track to spend about \$4.8 million — down from a previously projected \$6.9 million — more than it has in revenue for the current fiscal year.

And after reviewing the expenditures for the 2013-14 fiscal year, Aguer added that city staff has also “identified about \$1.4 million in savings from various departments, including public safety.”

“We are going to have to cut 25 percent of our \$18.7 million in expenditures to make us even,” she said, adding that the revised numbers are based on reduced expenditures reported by Desert Hot Springs police Chief Kate Singer.

As a result of these revisions, the city’s budget revenues for the 2013-14 fiscal year are \$13.9 million, Aguer said.

**Still, regardless of the savings, if the city continues with its current spending plan it will be out of cash by April or May, according to Interim City Manager Bob Adams.**

“Our expenditures have exceeded our revenues for several years now,” Adams said Tuesday night. “We have reduced our workforce by 60 percent, but we haven’t done anything to public safety. ... We are at a point now where we have to preserve essential services.”

Council discussed staff recommendations to review employee salaries and benefits, eliminate vacation payouts, reduce contract costs by 10 percent and amend the parcel tax to a more equitable spread between various kinds of land uses.

Mayor Pro Tem Scott Matas said he would outright reject increasing the city’s parcel tax.

“No one wants to have a tax,” he said. “I am not in favor of raising the parcel tax or sales tax. ... I think we need to look past these items because I don’t think these will fix our problems.

“This year alone, I believe a savings can be made,” Matas said, adding that the city could save about \$800,000 by not staffing five officer positions that had been projected in this coming fiscal year’s budget.

Residents warned the council against cutting public safety.

“My son wasn’t just a number,” said Donna Lozano, the mother of 20-year-old Marine Cpl. Henry Lozano, who was shot and killed in Desert Hot Springs in 2001.

She told the council that if more money had been put into public safety at the time of her son’s death “he would still be alive.”

If police are cut, she said, then “all you would be doing is opening the door again and wider for all the gangs and parolees to come back again.”

Matas agreed that public safety is a significant need in Desert Hot Springs and said the city should be policed by its own department.

“We cannot bring the sheriffs back. We need to keep the police in our community and keep our streets safe,” he added.

In a city where resident median income is \$32,260, police are the city’s biggest expense, taking in nearly 75 percent of public-safety funding and about 50 percent of the 2013-14 budget. Most of Desert Hot Springs police salaries are near or above \$100,000.

Desert Hot Springs currently has 29 active- duty police officers out of a budgeted 34 positions. They are responsible for policing this 46-square-mile city.

A past critic of how the city spent its money, Mayor-elect Adam Sanchez tried to strike a unifying tone Tuesday.

“The solution lies within all of us, especially with the police department,” Sanchez said. “They have to come up to the table and work with city staff. We will get through this together. We have been through tough times, and we will do it as a team.”

City leaders hope that declaring a fiscal emergency will help them better deal with the city’s impending financial crisis, giving them greater flexibility to negotiate debts, work with employee unions and possibly modify labor agreements without necessarily cutting staffing or services.

Councilman-elect Joe McKee, who spoke from the audience, said, “The biggest problem we have now is time. ... I do not wish to be on a City Council that dissolves the city of Desert Hot Springs.”