

Written by

Reza Gostar

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Desert Hot Springs council OKs cuts totaling \$400K

City must cut \$2.6M by June to pay bills



Adam Sanchez is sworn in as the new mayor of Desert Hot Springs on December 3, 2013. / Omar Ornelas, The Desert Sun



DESERT HOT SPRINGS — With a different mayor and new councilman, the Desert Hot Springs City Council on Tuesday began to address the city's multimillion-dollar financial woes that have city leaders considering bankruptcy.

The council approved several cuts, including immediately freezing cash payouts for unused vacation time for non-union city employees by a vote of 4-1, with Councilman Scott Matas against the idea. The panel also voted 3-2 to create a moratorium on all citywide expenses for travel, training and conferences. Matas and Councilwoman Jan Pye dissented.

Yvonne Parks, ex council woman for the city of Desert Hot Springs speaks her last words as the mayor of the city on December 3, 2013. Adam Sanchez was sworn in as the new mayor of the city. / Omar Ornelas, The Desert Sun

The two decisions could save the city about \$400,000.

"I think what we have here is a stab" but it doesn't come up with a solution to the problem, Councilman Russell Betts said. "Freezing cash payouts needed to be done immediately."

Betts said the lion's share of spending in "this city is salaries and compensation packages." The council cannot continue ignoring these items, he added.

The city has to cut \$2.6 million by June in order to pay its employees and other contractual obligations.

Last month, the council unanimously declared a fiscal emergency, a step that would give the panel greater flexibility to negotiate contracts and try to avoid Chapter 9 bankruptcy.

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"My vote is always going to be for cuts (at City Hall) before these other items that affect residents," said Betts, referring to a 16-item list the city staff presented that included turning off the water at city parks and eliminating a school crossing guard program.

Matas told the staff it's their responsibility to propose the \$2.6 million in cuts needed to fix the city's more than \$4 million budget gap. "I don't have an education or master's degree. ... You guys are the professionals. You know what you are doing. You need to get us to that point."

While projections show the city will run out of cash by the spring, council members and outspoken residents have always insisted they want to preserve the city's public safety infrastructure. The city spends nearly 75 percent of its budget on public safety with the police department alone comprising 50 percent.

Matas told staff members “they need to have a meeting with all public safety unions to resolve this matter. ... Let’s get the Police Officers Association on the table and see what direction we need to take.”

Newly elected Councilman Joe McKee said he understands the need of the council to go through the itemized list of budget items, but “we are actually paying staff to manage the city.”

McKee said the council’s role is to make general decisions and not micromanage its staff.

“If they are asking us to make decisions for them, we should lay them all off,” he added.

Salaries targeted

In a city where the average city employee earned more than \$140,000 per year and public safety employees averaged more than \$160,000 per year, experts such as the city’s finance director and the California Public Policy Center agree the bulk of the city’s cost-cutting must come from employee salaries and compensation packages.

While the council voted on a handful of cost-cutting measures, several closed session items on Tuesday’s agenda were aimed at negotiating with city employee unions, including the Desert Hot Springs Police Association and the Teamsters.