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Yvonne Parks still optimistic about future of Desert Hot Springs



DESERT HOT SPRINGS — Threats of bankruptcy, rising crime, and cuts to police salaries — for a city muddling its way through so many hurdles, it may be difficult for former mayor Yvonne Parks to leave a positive legacy.

Sitting behind a table inside the Sidewinder Grill in late November, as the city struggled to avoid bankruptcy, Parks reflected on her 12 years with the city and shared her thoughts about its future.

“I believe in this place,” Parks said. “I believe it will only take two years for the city to get on track.”

Desert Hot Springs mayor Yvonne Parks listens to city council member Adam Sanchez during a meeting where elected officials discussed the financial state of the city on November 12, 2013. / Omar Ornelas/The Desert Sun

Despite her unwavering optimism, however, Parks' belief was not enough to keep the city from teetering close to the brink of financial ruin during her tenure as mayor. Faced with a budget gap of more than \$4 million, Desert Hot Springs city leaders declared a fiscal emergency in November.

Parks said she hasn't been able to figure out why city staff did not reveal the city's problems until after the municipal elections in November. Interim City Manager Bob Adams said that his staff wanted to make sure the numbers were corrected before disclosing the revisions.

"On Oct. 31, I get numbers that show with have \$3.1 million in reserves, and between then and Nov. 12 it was \$3.9 million in the red — it just doesn't make sense to me," Parks said. "From July to November they were okay, but all of a sudden they are not. It's just (the city's financial director's) opinion. Nobody was able to tell me what statistics the revisions were based on. I just don't understand how this could have happened."

Current numbers reveal that Desert Hot Springs is on course to collect revenues of \$13.9 million this fiscal year but spend \$18 million, leaving a budget gap of more than \$4 million to fill, according to city documents.

Welcome to Desert Hot Springs

The restaurant is on Pierson Boulevard just a few blocks from the Carl May Community Center, where she spent more than a decade working for the city in various roles, including planning commission member, councilwoman, and eventually mayor.

When she first moved to the city in 1994 with her husband Frank, who died in October 2006, there was only one traffic light and 13,000 residents. Desert Hot Springs now has more than 25,000 people living within its boundaries.

"I moved out here to golf and sun tan," said Parks, who spent the majority of her career, nearly 24 years, working for the state's Employment Development Department.

Parks remembers an assignment she was on in 1989 while working on loan for the State's Department of Trade and Commerce that had her "trying to sell commercial development" properties around the undeveloped Thermal Airport, which has been renamed the Jacqueline Cochran Regional Airport and is now thriving.

"If anyone says that economic development comes overnight they are crazy," said Parks, citing her visit to the airport as an analogy for Desert Hot Springs. "You start planting the seed and you keep talking and talking, and bringing investors, until finally it comes to fruition — that's what I see in Desert Hot Springs."

Parks said the city was a different place when she arrived in 1994.

"I saw a lot of streetwalkers. I saw a lot of gang activity. Everywhere you looked there was graffiti, and there were pot holes on every city street," she said. "We also had a sheriff's department that if you called them, you waited an hour before they got here because they were coming from Palm Desert."

Residents that have been here for the last 20 years and "see the improvement are the ones that voted for me," she said.

She credits the city's aesthetic improvements and declining crime (though a recent report found violent crime has been increasing in the city) to her work with former Riverside District Attorney Rod Pacheco, and specifically a multi-agency gang sweep called "Operation Falling Sun" in 2009. This is when things started to improve, she said. "That was the turning point."

The city's year-old Health and Wellness Center has helped contribute to lower levels of gang activity, too, Parks claims.

A history of fiscal trouble

City leaders also used state redevelopment agency money "on blighted areas to clean them up," she explained. "We also developed the downtown-specific plan."

The goal at the time was to buy residential lots and transform them into commercial space, she continued.

"Developers had to spend months negotiating with landowners before they could get a sale."

However, Parks said that many of the storefronts in these areas are not leased out because the city has yet to receive permission from the state. "Those buildings are now owned by the state," she said. "Every one of those properties is under the rule of the state of California."

In 2011, as part of Gov. Jerry Brown's budget act, the state dissolved more than 400 redevelopment agencies, including the Redevelopment Agency for Desert Hot Springs. The action cut more than \$20 million in funding from the state and left many properties in the hands of a successor agency, which needs the permission of the California Department of Finance before it can sell or lease any building.

Parks said budget problems in Sacramento put Desert Hot Springs "out of whack," adding that she doesn't know why the state has not given the city permission to lease the storefronts.

"Our streets were in total disrepair so we borrowed against the gas tax and put it into upgrading our city streets," Parks said. "We knew we could borrow against the future gas tax. We were able to get 48 miles of streets improved, gutters and sidewalks."

The street improvements took about four years to complete, starting in 2009.

There was a “lot of talk” that the improved roads would bring business, but many of the commercial developers that city leaders were hoping to come into town did not, she said.

Even when the real estate market collapsed starting in 2008, Parks said the city “made a bundle of money during the first three years.”

“We passed an ordinance that required every bank foreclosure that did not keep up their properties to pay fines,” she said. “We were bringing in millions of dollars from the banks...so as the foreclosures went up, so did our income, but it wasn’t a continuing flow of dollars.”

While the initial boom in funds from fines was there, the residential real estate market was flat-lining in the city. Many developers hit an impasse when the real-estate market collapsed, she said.

“The developers could not compete with banks selling homes below market values,” she said. “Homes selling for \$400,000 were now selling for \$129,000.”

The foreclosures started in 2008 and peaked between 2010 and 2011. According to the State Controller’s Office, Desert Hot Springs city employee salaries, including those of police employees, have climbed in the past five years. This coincides with the initial boom to the city’s coffers from the property maintenance fines levied on the banks.

The average median income for Desert Hot Springs residents is \$32,260, while the city’s employees are the 20th highest paid in all 480 California cities, according to the State Controller’s Office. Based on 2012 numbers, the State Controller’s Office found the average Desert Hot Springs city employee made \$75,570, which is more than \$13,000 higher than the state average.

“The banks got smart and didn’t change ownership, so the homeowners started getting the fines,” Parks said, adding that the city would levy lesser fines on individuals than the banks.

Challenges ahead

Earlier this month, the city council approved a 22.5-percent cut in almost all city salaries, a cumulative cap on all incentive pay, a reduction in paid holidays and other changes to be implemented Dec. 28.

These reductions represent a \$2 million annual cost savings. This means the city will still have to deal with a \$4 million budget gap in the next fiscal year.

Adams, the interim city manager, said that he expects many more changes by next year. The city is trying to get to a “zero-based budget” and rebuild every department’s budget from the ground up, he told The Desert Sun previously.

In addition to the salary cuts, the city leaders also terminated a lease agreement with the Boys & Girls Club of Coachella Valley, which offered daily after-school programs and activities to about 200 young people, including 90 teens a day, in the Health and Wellness Center location.

But in spite of the challenges facing the city, Parks' optimism for Desert Hot Springs is steadfast. "I believed in the community and I still believe in the community."