

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DESERT
HOT SPRINGS DECLARING BY UNANIMOUS VOTE A FISCAL
EMERGENCY IN THE CITY OF DESERT HOT SPRINGS**

WHEREAS, due to a confluence of the following circumstances, the City of Desert Hot Springs ("City") has suffered from significant financial hardship in the last few years, and;

WHEREAS, as of February 1, 2012, the State of California officially dissolved all redevelopment agencies within the State, including the former Desert Hot Springs Redevelopment Agency, thereby eliminating redevelopment funds that were used for economic development purposes that formerly produced revenue for the City to pay for general municipal services and developing, installing and maintaining public improvements; and

WHEREAS, the elimination of funding of redevelopment funding for economic development coincided with the national economic "Great Recession"; and

WHEREAS, the City Council previously declared a Fiscal Emergency on November 19, 2013, after which employee benefits and holidays were reduced, City staff positions were, and continue to be, eliminated (City Hall staff has now been reduced by more than 70%), reduced most employee salaries by 22% - 35%, reduced and eliminated some consulting contracts, and cut some non-essential spending; and

WHEREAS, since the declaration of the prior fiscal emergency, there have been increased costs relating to the California Public Employees' Retirement System (CalPERS), the Skyborne Fire Station, the Police Officers Association lawsuit and other ongoing litigation costs; and

WHEREAS, the City has been awaiting State approval to sell certain properties owned by the Successor Agency to the Former Desert Hot Springs Redevelopment Agency, which has prohibited the influx of revenue from the proceeds of the sale of the subject properties and development of the subject properties which has hindered feasible efforts by the City to generate economic development to increase tax revenue to pay for general municipal services and the development, installation and maintenance of public improvements; and

WHEREAS, the evaluation of property taxes by the County of Riverside has negatively affected tax revenue due to the Successor Agency; and

WHEREAS, it became necessary for City Council to identify \$1,600,000.00 in cuts in Fiscal Year 2014-15 in order to maintain the minimum acceptable level of general fund cash of \$1,500,000.00 as of June 30, 2015. This money is necessary to make payroll and pay bills between July 1, 2015 and late January, 2016. Without this

\$1.5 million dollar balance in general fund cash, the City will become fiscally insolvent; and

WHEREAS, the City's need for additional revenue is immediate and will become ever more pressing during this Fiscal Year and in the next fiscal year; and

WHEREAS, in order to mitigate the threat to the public health, safety and welfare, the City Council finds the conditions necessary to warrant the declaration of a fiscal emergency for all legal purposes, including, without limitation, Article XIIIC, Section 2(b) of the California Constitution and Section 3504.5 of the Government Code, so as to ensure the City has the resources and opportunities necessary to preserve and protect public health, safety and welfare.

NOW, THEREFORE BE IT RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL, AS FOLLOWS:

Section 1. Recitals, Findings and Conclusions.

That the recitals set forth above are true and correct and are hereby incorporated herein by this reference as the findings and conclusions to support the determination and declaration that a bona fide Fiscal Emergency exists in the City of Desert Hot Springs.

Section 2. Fiscal Emergency Determination and Declaration.

That based on the staff report prepared by the City Manager, the Administrative Services Director and City Attorney, input from various City staff and members of the public at the City Council meeting held on this date, and the recitals, findings and conclusions set forth herein, the City Council hereby unanimously determines and declares the existence of a fiscal emergency within the City of Desert Hot Springs.

Section 3. Purpose.

That the purpose of this Fiscal Emergency determination and declaration is to provide the City with the rights and authorities granted to the City Council, without limitation, under Article XIIIC, Section 2(b) of the California Constitution and Section 3504.5 of the Government Code, to ensure that the City has the resources and opportunities available to it that are necessary to preserve and protect public health, safety and welfare for the benefit of the City's residents, property owners, business owners, and visiting public.

Section 4. Mitigation.

That the City Council directs City staff to investigate and recommend further actions necessary to increase revenue and mitigate revenue losses.

Section 5. City Manager and Director of Finance and Administration Authority

That the City Manager, or designee, Administrative Services Director and City Attorney are authorized to take any and all further actions, and execute any and all documents, that may be necessary to carry out the intent and purpose of this Resolution.

Section 6. Effective Date

That this Resolution shall take effect upon its adoption.

Section 7. Severability

That should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this resolution as hereby adopted shall remain in full force and effect.

Section 8. Repeal of Conflicting Resolutions

That all the provisions of any existing resolution as heretofore adopted by the City Council that are in conflict with the provisions of this Resolution are hereby repealed.

Section 9. Certification

That the City Clerk shall certify as to the adoption of this Resolution and shall cause the same to be processed in the manner required by law.

PASSED AND ADOPTED by the City Council of the City of Desert Hot Springs at an adjourned regular City Council meeting duly held on the _____ day of _____ 2014, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Jerryl Soriano, CMC, City Clerk

Adam Sanchez, Sr., Mayor

APPROVED AS TO FORM:

Steven Quintanilla, City Attorney