

Desert Hot Springs State of the City 2020 English Transcript

Hi Desert Hot Springs. I'm Mayor Scott Matas. After almost five years of service as your Mayor, and over 13 and a half years on the City council, I'm here today to address you with our 2020 State of the City.

As stated, I've been on the City Council for 13 and a half years, and though I thought I saw it all, in March of this year, COVID-19 smacked us right in the face. No one could have predicted this, and adding the recent recession and polarized politics, it's forced us on Desert Hot Springs City Council to think outside the box. I am proud of the way our City has handled these times, and the State of the City will prove that. In the past, we've usually packed a large room full of a couple hundred people and given the State of the City, but due to no gatherings, we have to record the State of the City in 2020 this way.

In this address, I will give you the facts today, so you can make your own decisions. But I want to state upfront: In my opinion, our City is financially stronger than ever before. Our recovery from the recession is one of the strongest in the state. Our position to attract commercial and retail business is stronger than it's ever been. Our community has come together stronger than ever before. And I'm going to give you the facts today so you can make your own decisions. So here we go!

Let's start with the economy. In my first term as mayor, I focused on setting policy that would clean up our City, focus on our image and make our streets safer for pedestrians, drivers and bicyclists. The City Council set the policy and our amazing staff implemented it. In my second term, we focused on building our economy, strengthening our reserves, jobs, and employee retention, and this City Council has delivered. So let's start with our local economy and creating jobs

In the last few years, more than 2 million square feet have been approved for business development. Now, we all understand that it won't be built tomorrow, but there are opportunities and a good amount of this is in the works for development.

Let's talk about job creation: In the last five years, a total of 2,303 jobs have been created by 59 businesses that have decided to put down roots in our City. Let me repeat that. 2,303 jobs have been created by 59 businesses. Now, it's hard to calculate the actual number of Desert Hot Springs residents that are employed, but I can say that when Grocery Outlet opened, they took in close to 700 applications for 30 positions and hired 100% Desert Hot Springs residents. And that's only a portion of the real number. There are more cannabis businesses on record and paying employees, but they will not officially report employees to the City until they have assigned a regulatory permit.

Overall, the unemployment rate before corona hit us was 5.6%. That's a drop of 40% from our unemployment high in 2016. Now, we all know that unemployment skyrocketed March through the present times, but as the economy recovers, we can and will get our unemployment rates back to that 5.6% low. And if we continue with the current plan for development, it will get lower. Currently, despite the virus, there are 25 operational licenses in the cannabis businesses in Desert Hot Springs. Breaking that down, there's eight cultivations, four cultivation, distribution, and manufacturing, one manufacturing, one cultivation and distribution, one distribution, and 10 storefront retail. There are 21 cannabis businesses operating with temporary licenses.

Let's talk about innovation. Cannabis has been a huge booster to our economy. After more than 70% of our residents approved the decision to bring cannabis to our City, we have seen millions of dollars and thousands of jobs as a result. However, that's not all Desert Hot Springs is about. Our property taxes and our Transit Occupancy Tax – which is our TOT, that extra tax you pay when you go to a Hotel – has also grown more than 25% in recent years. Reflecting the diversity of our economy, in Fiscal Year 2019-2020, the City of Desert Hot Springs brought in \$4.3 million in cannabis taxes – a growth of nearly 525% from the revenue realized in the first year that we brought cannabis to the City. Property taxes are also growing year after year. Reflective of the continued growth in our City in the past fiscal year, revenue from property taxes was \$3.7 million, up 5% from last year and up 32% from Fiscal Year '16-'17.

As a result, we are more solvent than ever. Although our general fund held roughly just a few hundred dollars back in 2013, today we have \$11.7 million in fund balance, thanks to our diverse and growing economy. This breaks down to approximately \$7.3 million in three different reserve accounts, and \$4.3 million in an operating account.

This diversity is unmatched by our other Coachella Valley cities. While COVID-19 has decimated the budgets of tourism-dependent cities, ours has experienced a more moderate impact because it is much better situated to the weather the times and emerge stronger. In fact, the California State Auditor recently named Desert Hot Springs one of the most fiscally healthy cities in the entire state out of nearly 500 cities.

Our economy's future continues to look bright. We completed our General Plan and received our housing elements certification in August, which allows us to apply for even more State grants.

In 2019, Governor Newsom challenged all cities in the state of California to either finish their general plan and housing plans, or be sued by the state. After pressure from lobbying groups, the governor met with cities and listened to their challenges. I was fortunate enough to be one of 17 mayors to explain our City's issues and explain that we were on track to finish our plan, which we did during this time. Some law firm out of Northern California, decided to sue the City and get a couple hundred thousand dollars out of us, but our amazing attorneys were directed by the City Council to fight for our constituents. And we won that

case, not paying a dime in fees. In the meantime, we finished all of our required documents, and today we have a general plan that will lead our City developments for many years to come.

At this time, our building and planning department was rated Class Two on an independent audit. That means they are rated well above the County, State, and national averages in nearly all categories.

I want to take a moment and thank Rebecca Deming, our Community Development Director and her team, for after two years with the City, Rebecca will be leaving us for a position in another state. But, she and her team took on the project and finished strong for our City for these reasons.

And more businesses continue to flock to Desert Hot Springs. Grocery Outlet opened in the midst of the pandemic with an all-local workforce, proving how hard-working and dedicated our City is. At the same time, Royal Emerald Pharmaceutical broke ground on a massive research and development facility. The owner, Mark Crozier, a veteran, founded the company to provide treatment options for other veterans suffering from PTSD, and is even looking towards partnering with the VA hospital to provide services to vets for PTSD and addiction issues. We are proud to have a company like this in our City, and look forward to the innovative discoveries that will happen within our borders.

I want to thank Royal Emerald for listening to our team and picking Desert Hot Springs as their headquarters. We were fortunate to earn their trust, and after interviewing four other Coachella Valley cities, they picked us. They're not paying taxes on cannabis, but they have stated they will donate over a million dollars a year to local charities, and have donated so far over a hundred thousand dollars since coming to the City, and have committed over a million dollars more over the next year. It looks to attract other businesses, and they are putting their ideas to work every day.

We are pleased to announce that Dollar General will build a new location in the North Central part of our City, and an investment group will soon announce their plans to bring a tap house to Desert Hot Springs. The tap house will provide a relaxing social atmosphere and specialty brews.

We implemented a new food truck ordinance to serve our visitors and residents alike, and a large national brand will be announcing an exciting project in our City in October. Finally, I've also liked to provide an update on our highly anticipated Tyson Ranch project. Jason Benavidez, General Manager of the Ranch companies, indicated to me that their plans to build at the Tyson Ranch Resort and entertainment complex in Desert Hot Springs has never wavered. They remain totally committed to developing their project in the City, and couldn't be happier with the working relationships they have with the officials and departments they work with on a daily basis. They look forward to continuing collaboration as we work together towards a shared goal of making Desert Hot Springs one of the top tourist destinations on the West Coast.

Meanwhile, businesses like quick quack and taco bell are still going strong, proving that starting a business in Desert Hot Springs really pays off.

Our residents are benefiting too. 100% of the employees at Taco Bell are Desert Hot Springs residents. At Quick Quack, it's 86%. And as mentioned earlier, Grocery Outlet, all 30 employees are residents of Desert Hot Springs.

To ensure that more and more companies decide to call it Desert Hot Springs home, we have hired a full time Economic Development Manager. So many times in the past we've had these contracts. They just haven't worked out. So, we brought someone in-house and we are having a full-time person on staff to help attract and execute new projects. At the same time, our unique inns and spas – the traditional backbone of our City – continue to gain worldwide attention. We hosted an international gathering of spa owners in fall of 2019, and innovative hoteliers continue to open new properties throughout the City. Two Bunch Palms is planning additional treatment rooms in 2020 and 2021. It will continue to transform the property over the next year.

Now let's get into our housing development. We have lots of new development going on in Desert Hot Springs. The Gallery at Skyborne is selling quickly. Seventy-three homes have been approved for the Agua Dolce project. Twenty-one new homes are going into Rolling Hills. Four are being added to Mountain view. And the Tuscan Hills Specific Plan amendment is in process, featuring more than 250 acres of residential homes and a hotel property with more than 300 rooms. Overall, 142 new single family home permits were issued between January 1, 2019, and August 26, 2020. Seventy-two of these were from developers and there are fifteen additional new single family homes in plan check. According to CVEP, the Coachella Valley Economic Partnership, home sales in Desert Hot Springs were up by more than 5%.

Now let's talk about public safety. As new building goes up and new businesses join our City, they – along with our residents – are protected by one of the strongest police forces we have seen in recent years. Under the leadership of Chief Jim Henson, we have increased patrols and are fully staffed for the first time in recent years. We've added two canine officers and two motorcycle officers. As a result, the crime rate continues to fall. January through August of 2019, compared to January through August of 2020, we've had a 20% reduction in crime. When crime does occur, I'm sure you've seen through the media how quickly our detectives can solve the crimes. Even our K-9 officer has seen improvements. Our K-9 storm, which is one of our officers' dogs, received a donation of a bullet- and stab-proof vest. Speaking of canines, in 2018, we brought back our Animal Care and Control, which have proven to be much better fit for our City.

We also hope to see the reopening of the Animal Hospital of Desert Hot Springs. It is such a vital resource to our community. Our economic development team is working with local veterinarians to see if they can get this reopened soon for our constituents.

Regarding the Fire Department, plans are in the works for two new fire stations. We need services in our East end and our Southern end of our community. We are looking to build new fire stations very soon.

Public improvements. As you've been out and about in the City before and during COVID, you've probably noticed several City improvements over the last year. We've completed the Palm Drive bicycle and pedestrian improvement project, and the City's thoroughfares have never looked this good. The implementation of the safety corridor has already resulted in dramatic reductions in traffic collisions. So far in 2020, there have been zero fatal traffic collisions in the safety corridor as compared to two in 2019 and four in 2018. There have been just six injury traffic collisions as compared to the average of eight per year in the last two years. Overall, the number of collisions in the safety corridor is down so far in 2020 by 42%.

We've gotten new wayfinding signs and a new entrance to the City. We've honored local veterans with banners on Palm Drive. Not just the entrance to the City, but the entire City overall is looking better than ever thanks to the trash pickup program we began in 2016, contracting Desert Valley Disposal to work full-time on picking up illegal dumping and debris throughout the City. This year, we built new playgrounds and shade structures at Mission Springs Park and Tedesco Park. For our seniors, we continue to overhaul the Senior Center with new furniture and programming like the farmer's market. Now that our new City Hall is built, we plan to expand the Senior Center campus and provide even more services.

I wanted to say thank you to Food Now and our Desert Hot Springs Rotary cCub for partnering together to deliver meals and food boxes during COVID-19 to our shut in seniors. The last update I received, they were delivering up to 25 boxes a week and over a hundred a month.

We built a new administrative office and parking at Cabot's, of the most important reminders of our City's proud roots. On 8th Street between Mesquite Ave and West Drive, we constructed approximately 3,700 lineal feet of underground storm drain to put an end to the constant flooding in that area. Our new City Hall was completed ahead of schedule and at zero cost to the taxpayers. Our beautiful new library, which will be four times the size of our current one, is slated to open in early 2021. With the launch of the new Cityport, City hall can be accessed right from your home. Submit permits and applications and track the status of your projects without ever having to leave your house.

We also created the LEAD program. This is a leadership program through our City to encourage communication and leadership across all our departments, to deliver a better government for you. It's already working.

Desert Hot Springs recently was awarded a stellar A-plus credit rating from Standard & Poor's. That means any future loans will come at a much better rate. It also tells the world that our City has its operations in check. You might not know this, but the rating was literally zero when I took office in 2015. As a result of

our proven excellence, we also have been awarded several grants in the recent months. One was for traffic enforcement, another provided funding for free community CERT classes. We received \$160,000 in SPT planning grant from the California Department of Housing & Community Development. In addition, we received \$145,000 for a zoning code update grant and a \$15,000 GIS upgrade grant.

I can tell you that the entire City staff continues to work to find more ways to bring funding, businesses, jobs, and better opportunities to our City. Our turnover is way down and City Hall management has stabilized, allowing our staff to take on more complicated and long-term projects with confidence. One of the projects that we have to look forward to is the Wardman Park and Pool renovations. Here's a preview of what you can expect.

We also recently approved an anaerobic digester recycling facility for the state landfill reduction. In addition to the new wind farm updates, the innovative development will allow us to create renewable energy right in our City. Just the way Desert Hot Springs continues to move forward with a strong vision of our future.

Now let's talk about the Rec Center. That means supporting and enriching our children. I'm thrilled to announce that we have a fully licensed children's program running at the Rec Center. This program has run all day long throughout COVID, even though it is generally an afterschool program. We have five vans that actually pick up the kids for the rec program, and when they get there, it's not just playtime with their buddies. These kids are doing science projects, research projects, and other enriching projects that are part of an educational program. If you're interested in having your children take part, please call our Rec Center.

The attractions of the Rec Center aren't just for kids. We have a state-of-the-art gym for residents: \$50 a year, if you're a Desert Hot Springs resident, and you can have a full gym. Health and dental services at the Health and Wellness Center are done for our children on a regular basis by Borrego Health, and there's a robust swim program at the John H Furbee Aquatics Center.

Now, let's talk about our community. As most of you know, me growing up here, community is very important to me. Desert Hot Springs is a community that looks out for each other. As COVID-19 hit, we have seen how our community has united to bend the curve. As a result, we experienced fewer cases and deaths than many other Coachella Valley cities. I was born and raised here in Desert Hot Springs, and I've never seen the strength, resilience, and determination of our City more powerfully than in recent months.

Before this struck us, our community came together for many new events here in our town. Last summer, our inaugural dive in movies at the John H Furbee Aquatics Center was a huge success in the fall. The LEAD program Meet the City event brought residents to Wardman Park for fun, games, and an opportunity to meet with City staff and elected officials. (And dunk the Mayor and City Council, which I did. Very cold that day.) This important program helps train our

City staff members how to communicate and be efficient across departments, ultimately delivering better government to you. Each group that participated in this program completes a project that benefits the community. In addition to the Meet the City event, our LEAD teams have coordinated donations to Food Now and completed an Adopt-a-Senior program at the Senior Center. Now, I'm talking about seniors age-wise, but when you talk about seniors at our school, you can't help, but mention those in 2020 for not getting to graduation.

My beautiful wife jumped on a Facebook group that was giving back to seniors in the Coachella Valley and coordinated one here in our community to basically give back to our seniors and celebrate the Class of 2020. As we all feel bad that they didn't get the recognition they did, we did the best we could as a City to recognize the seniors individually and put up banners and local social media to celebrate their accomplishments. We wish them the best.

As we head into fall and winter, this is normally the time when we'd begin to start planning and promoting our many events. Obviously, with COVID-19 still restricting your daily life, this season won't look like others as it has in the past, forcing us to cancel most of our holiday events. Still, I'm very grateful for the way that our community members, faith-based organizations and Rotary Club came together to unite to feed the hungry in our communities, feeding over 500 families a week here during the COVID times.

But before you know, we'll be back to celebrating the holidays right in front of City hall. If you were able to attend, I'm sure you know, what a special night of community get togetherness it was. We will have moments like that again, and sooner than you might think.

Now, I want to take a moment and talk about our staff. And before I wrap up here, I'd really like to talk about what our amazing staff has done here at the City of Desert Hot Springs. Especially during these times, our new City Hall that we're sitting in today, giving this address, would never happen without the City Manager's vision. Our Deputy City Manager and Assistant City Manager's time spent available, to our City Council is amazing. Handling five bosses isn't always the easiest. Our amazing police, code compliance team, fire, and public works, our true essential workers, didn't skip a beat during COVID. Our finance team, keeping the City informed and our finances on track. Our community development team, working to continue development in one of the craziest times in our nation's history. And in all other departments, such as economic development and all our amazing frontline administrators, thank you for what you've done for our community to keep it moving forward.

This is Desert Hot Springs. In short, people around the world are starting to pay attention to Desert Hot Springs as an example of innovative business development, responsible fiscal planning, public safety, and natural resources. This all comes together, and this last year alone, we were featured in Forbes, the Wall Street Journal, Sunset magazine, and The Hollywood Reporter, and more. Recently, I was listening to a webinar and they talked about the iceberg. Basically, you see about 10% of the iceberg, and most people will be amazed

and focused on that 10%. But what they don't see is that 90% of the iceberg under the water. This is a great example of our City. Too many times, we focus on a 10% bad, good or whatever the media and country is polarized with, and we forget about the 90% of good people, community businesses, and positive momentum our City has.

In the last State of the City, I spoke about peaks and valleys and how we should always strive for the peak, but remember our goal is the summit. In recent years, I've been honored to guide the City from the Valley of the 2020 financial crisis to the highest peaks we've ever reached. Now, I get, it feels like we're in the valley yet again. However, the work that has been done proves that our City Council has made our City resilient like never before. Instead of quick fixes, we have implemented changes and projects that have made our City strong for the long term. With that in mind, I can assure you that our time in the valley is temporary. This is not the deepest valley we've ever been in. Certainly without some of the changes that we've made in the recent years, our current situation could be much, much worse. I can assure you that our next peak is on the horizon and the summit is in view, closer than you might even think. Together, we will continue to climb, and together, I ask you to be proud of your City and the work done by our amazing team. On behalf of the Desert Hot Springs City Council, stay safe. This is Desert Hot Springs. This is the State of the City for 2020.