



# CITY OF BLYTHE

235 North Broadway • Blythe, California 92225  
Phone (760) 922-6161 • Fax 760-922-4938

September 2, 2022

The Honorable John M. Monterosso, Presiding Judge  
Superior Court of California, County of Riverside  
4050 Main Street  
Riverside, CA 92501

Riverside County Grand Jury  
P.O. Box 829  
Riverside, CA 92502

Riverside County Clerk-Recorder  
2720 Gateway Drive  
Riverside, CA 92507

**Re: City of Blythe Response to 2021-2022 Riverside County Grand Jury Report Entitled  
"City of Blythe is Dying"**

Dear Judge Monterosso:

The City of Blythe ("City") is in receipt of the 2021-2022 Riverside County Grand Jury Report entitled "City of Blythe is Dying" (the "Report"), provided to the City on June 7, 2022 and released to the public after the close of business on June 10, 2022.

In accordance with California Penal Code Sections 933 and 933.05, enclosed is the City's response to each of the findings and recommendations included in the Report. The Blythe City Council approved the enclosed response on August 9, 2022.

The City of Blythe appreciates the opportunity to comment on the findings and recommendations of the Grand Jury. Further, in accordance with California Penal Code Section 929, the Blythe City Council respectfully requests all of the evidentiary material, findings, and other information relied upon by, or presented to, the Grand Jury for its final report in its investigation of the City, as it is clear no information was obtained from the City to draw these conclusions.

Sincerely,

Dale Reynolds, Mayor

## **City of Blythe's Responses to Riverside County Grand Jury's Findings and Recommendations**

### **Grand Jury Findings:**

- F1. Blythe's completely isolated location in the middle of a desert stifles its growth and makes it unattractive to new sources of badly needed investment.**

**City's Response:** The City partially agrees with this finding. The distance from Blythe and the rest of Riverside County is a challenge. County personnel and services are lacking in Blythe, as the County seems to forget Blythe is part of Riverside County. The many state laws, taxes and regulations also make it impossible for Blythe to compete as a border town, mere miles from the State of Arizona. The State's one-size-fits-all approach to governing has substantially hindered Blythe's growth and potential. State laws, such as California's Short-Lived Climate Pollutant Reduction law (SB 1383) as an example, place unfunded mandates that are costly for small, rural communities like Blythe to comply with.

However, the City believes the focus of the Report should have been the unique position Blythe is in, being in the middle of everywhere. Caltrans estimates eleven million passenger vehicles travel through Blythe annually. The City is working on several projects to capture this market through development of the Colorado River, making Blythe the Gateway to California and providing amenities to travelers. Blythe is also within driving distance of four major metropolitan areas across three states. With an increase in online shopping, Blythe is in an excellent location to be a distribution hub for the Phoenix, Las Vegas, San Diego, and Los Angeles metro areas as well as the Coachella Valley. In addition, with the State of California's push for zero-emission vehicles, Blythe is the common sense stop for vehicle charging stations between Phoenix and the ports within the Los Angeles areas. With wide open spaces, Blythe has an opportunity to capture this new market as the State aims to have 100 percent of in-State sales of new passenger trucks and cars be zero-emission by 2035.

The City also believes the Report's finding should have referenced how Riverside County can better serve the residents of Blythe and the Palo Verde Valley, an underserved community lacking the resources its other cities and communities are privileged to. Due to the distance between Blythe and the rest of eastern Riverside County, County services routinely stop at the "hill," so it takes longer and costs more for Blythe residents to access the services provided elsewhere in the County. For example, the County has considered closing the County-operated Animal Shelter that supports the City of Blythe as well as the Palo Verde Valley for several years. The City and County recently came to an agreement to transfer the shelter from the County to the City over the next three years. The City stepped up to save the shelter from closure, which would have resulted in animals being transported 100+ miles to the Coachella Valley in extreme temperatures. This is another example of how the City and its residents are overburdened with the cost of services that should be provided by the County and State. The Report also states the Grand Jury spoke to one County Supervisor. The City would like to hear what the Board of Supervisors' plan

is to better support Blythe and the Palo Verde Valley to bring in new resources and badly needed investment.

**F2. There is no coordinated effort searching for overlooked county, state, or federal grant opportunities.**

**City's Response:** The City wholly disagrees with this finding. The City actively searches for and applies for Federal, State and County grant opportunities. In the last year alone, the City received \$500,000 in Federal funding to replace much needed water infrastructure. This grant funding was pursued by City staff and supported by Congressman Ruiz, the Coachella Valley Association of Governments and elected and community officials before it was appropriated in the current Federal budget. City staff is also currently pursuing additional grant funding for water infrastructure upgrades through the State Water Resources Control Board's Disadvantaged Communities program.

In addition to the Federal funding, the City, in partnership with Palo Verde Valley Transit Agency (PVVTA), applied for a grant from the Clean California Local Grant Program, which is State funding to beautify and improve public spaces and infrastructure. The City and PVVTA were awarded \$2.9 million to make improvements throughout the City, including park improvements, bus stop improvements and improvements to the City's public works yard. The City also applied for and received Parks and Water Bond Act of 2018 (Proposition 68) monies used to enhance three City parks. City staff applied for and received \$28,000 in State funding to help with the implementation of an SB 1383 recycling program. The City also applied for and received \$65,000 in State funding to update the City's Housing Element. In addition to these recent grant awards to the City, the City previously used grant funding from Cal Recycle to abate blighted property in the City and has used various grant funding opportunities focused on reducing carbon emissions to replace several fleet vehicles, including a fire truck.

The Blythe Fire Department and Blythe Police Department are also taking steps to apply for State and Federal grant opportunities and make the City more competitive for such opportunities. For example, the Blythe Fire Department recently implemented an automated reporting system. This program will provide call statistics, which will make the City more competitive in FEMA and other Fire-related grant opportunities. City staff plans to apply for these grants to purchase equipment for the Fire Department. Further, the Police Department applied for and received roughly \$300,000 from the Department of Justice to purchase and install a Computer Aided Dispatch (CAD) System in the Dispatch Center of the Police Department. The Police Department also applied for and received a grant for investigative equipment through the Bureau of Justice Assistance Southwest Border Rural Law Enforcement Assistance Program. In addition, the City Council recently authorized the Police Department to join the Riverside County Post-Release Accountability and Compliance Team (PACT), which will provide AB 109 funding to pay for a Police Officer position along with vehicle and equipment. Police Department staff also applied for but was not awarded funding from the Law Enforcement Mental Health and Wellness Act. The City recently applied for and received a notification of grant award of \$150,500 from the California for All Animals program to support Animal Control's field services and the

City's Spay/Neuter Program. These grants are in addition to annual grant allocations through programs such as the Department of Justice for bullet proof vests, overtime for special police projects, and County and State programs for abandoned vehicles, graffiti and blight abatement. The City can use these funds for public safety, which frees up general funds to be used for other purposes.

The City also annually applies for Community Development Block Grant (CDBG) funding. This is Federal funding administered by the County of Riverside for cooperating cities such as Blythe. The City has used CDBG funding to enhance City parks with much needed amenities, such as the Splash Pad at Todd Park, installation of playground equipment at Appleby Park, Miller Park and Todd Park, shade structures at Quechan Park and restroom amenities at Appleby Park, Miller Park, Quechan Park and Todd Park.

**F3. Blythe has been dealing with deficits to its Operating Fund for nine years and must increase its sustainable revenue base to maintain minimum levels of City services.**

**City's Response:** The City partially disagrees with this finding. The City assumes the Grand Jury is referring to the City's General Fund as the "Operating Fund" for the City. Since 2016, the City has not had a deficit in its General Fund. From 2008 through 2015, the City worked tirelessly to eradicate deficits in several City funds inherited from a previous administration dating back to the 1990s. The City continues to improve the financial health of the City year over year. The table below, taken from the City's audited financial statements, reflects the progress made in the City's General Fund over the past nine years.

**General Fund**

<b>Fiscal Year:</b>	<b>Fund Balance:</b>
2012	(2,360,255)
2013	(1,148,121)
2014	(1,559,174)
2015	(295,449)
2016	299,242
2017	609,965
2018	1,220,525
2019	1,739,996
2020	2,085,063
2021	3,879,348

The City agrees there is continued work to be done to further the financial health of the City, but disagrees with the finding that we need to increase revenues to maintain minimum levels of City services. The City has increased revenue through the regulation and taxation of the commercial cannabis industry and the passage of Measure K, a 1% sales tax increase resulting in approximately \$3 million in additional sales tax revenue annually. This is in addition to the \$1.8 million currently received annually in Bradley-Burns sales tax revenue.

The City believes it has taken every step possible to raise revenue through tax measures and enhancing the revenue base through development.

The City's sales, property and transient occupancy tax (TOT) revenue have steadily increased over the past five years. As reflected in the below table, TOT tax revenue continues to grow, even through the global COVID-19 pandemic whereas other cities were experiencing a decline in TOT revenue from 30-50%. In Blythe, revenue continues to increase as people looking to get out of big cities have rediscover Blythe as a jewel in the desert.

### Transient Occupancy Tax

<b>Fiscal Year:</b>	<b>Revenue Received:</b>
2018	\$1.06 million
2019	\$1.21 million
2020	\$1.22 million
2021	\$1.48 million
2022	\$1.68 million

In terms of services provided, since 2009, the City has maintained service levels while chipping away at a \$3.4 million General Fund deficit. Now that the General Fund is in a healthier position, the City can increase service levels. Last year, the City created the Homeless Outreach Team (HOT), which designated Police Department staff to homeless outreach efforts. The City also started a graffiti abatement program and has funded blight abatement efforts in the City. Last year, the City also spent \$2 million to update Fire Department vehicles. This year, the City added positions in the Police Department as well as additional Public Works Department staff and funded the City Manager position.

**F4. One-time windfalls, such as funding from county, state and federal programs, will benefit Blythe in the short run but will not solve long-term issues.**

**City's Response:** The City wholly disagrees with the finding. Although one-time windfalls such as COVID-19 relief funding will help with one-time expenditures, freeing up other City revenue to be used for other purposes, the City does not expect it to solve any long-term problems. The City does not use these funds to support ongoing operations, so there is no concern of unfunded expenditures when this funding is no longer available. As stated above, the City has already taken the actions necessary to address the City's long-term financial problems, which will be resolved with or without "one-time windfalls".

**F5. Serious questions continue to arise as to whether Blythe can remain as a "going-concern".**

**City's Response:** The City wholly disagrees with the finding.

The City's General Fund has improved over the last few years including having a positive change in fund balance of approximately \$1.8 million and an unassigned fund balance of \$689,370, which was one of the issues related to the going concern. The City has also reduced liabilities in other funds such as the Golf Course Enterprise Fund to lower its negative fund balance.

However, based on the disclosures in the latest financial statements (Fiscal Year ending June 30, 2021) and discussions with the City's auditors, the City has other situations causing the going concern, which the City is working to address. These other situations include a negative unrestricted net position of \$20 million for Governmental Activities and negative unrestricted net position of \$2 million for business-type activities. This is largely due to pension liability and other post-employment benefits as well as depreciation. To alleviate the going concern, the City is currently building its General Fund reserve, transferring available funds to cover other funds with negative fund balances as was done in 2022 to remove the deficit in the Golf Course Fund. Although audited financial statements for FY 2021/22, year ending June 30, 2022, will not be available until later this year, the City anticipates another year of positive gains and growing General Fund reserves. The City is working to address its financial issues, but it does take time, finding resources, trying to address them individually and building a reserve in the General Fund to cover any future losses in the General Fund or other funds. In the current fiscal year, the City took steps to further reduce the City's pension liabilities by paying it down over the next ten years. This is a big and positive step in removing the going concern and building the financial health of the City.

Financial highlights from the City's 2021 audited financial statements included the City's total net position increased \$346,068 and the City's governmental funds reported combined fund balances of \$7,274,146, an increase of \$1,731,532. At the end of the fiscal year, unrestricted fund balance for the General Fund was \$2,284,956 or 31% of General Fund expenditures, showing the progress the City has made to eradicate fund deficits, build reserves and remove the going concern from the City's audited financial statements.

**F6. Blythe officials have not yet produced a strategic long-term financial plan for the City's survival.**

**City's Response:** The City wholly disagrees with this finding. The City implemented a plan in 2008 to reduce expenditures and live within its means, producing balanced budgets year over year for the first time in over a decade. The City's long-term plan was to dig its way out of a negative financial position and rebuild the City's financial health. This was a slow process, but the goal was attained. Now that the General Fund is no longer in a deficit position, and has healthy reserves, the City has focused on rebuilding the City in a fiscally conservative manner.

**F7. Internal biases and civic pride have created challenges to accepting external input and ideas.**

**City's Response:** The City wholly disagrees with this finding. The City does not believe community pride is a negative. City leaders, staff and residents are passionate about their community, as the Grand Jury discovered, and as is evident to anyone visiting our City. However, this "pride" does not mean the City is closed off to new input or ideas. It is quite the opposite. The City Council is active in the Coachella Valley Association of Governments, Riverside County Transportation Commission and the League of California Cities, to name a few. The Interim City Manager was selected to be a panelist during a session at the League's 2022 Annual Conference in September. City staff routinely researches processes in other, comparable cities to ensure the City's policies and procedures are not overburdensome and align with what other developers or residents may experience in other cities.

The City hires consultants from out of the area to help with various projects. The Police Department requested that the Commission of Peace Officer Standards and Training (POST) conduct an operation audit of the Blythe Police Department for ideas on how services could be enhanced for residents. City management asked for assistance through HUD's Distressed Cities Program for assistance with homelessness, blight abatement and economic development. Staff has been working with Rural Local Initiatives Support Corporation (LISC) over this past year on these topics. The City also hosts an annual Economic Outlook Conference inviting all regional and City partners to discuss ideas over a few days each April. Members of various committees of the Grand Jury have participated in these conferences for many years. In addition to the City's efforts, the City's partners, such as the Blythe Chamber of Commerce, have spent a great deal of time working with other Chambers and promoting Blythe. Except for the current Interim City Manager, the past four City Managers dating back to the early 1990s were non-Blythe residents. If the City was unable to accept external input and ideas, it would not hire "outsiders" to lead the City.

**F8. In the opinion of the Grand Jury a great need exists for a visionary leader with proven experience dealing with distressed cities to guide Blythe away from potential insolvency.**

**City's Response:** The City wholly disagrees with this finding. For the past five years, the City Council, Interim City Manager and City staff have advanced the fiscal position of the City, moving the City farther and farther away from potential insolvency. The Interim City Manager was responsible for the adoption and implementation of the City's commercial cannabis program and helped the City successfully adopt a tax on commercial cannabis businesses. The Interim City Manager was also instrumental in the passage of Measure K, a 1% local sales tax for the City of Blythe, which has resulted in additional annual revenue of approximately \$3 million. These actions will provide new and much needed revenue streams for the City. Now that the City is in a more stable fiscal position, the Interim City Manager has focused on development, working to streamline the City's development process. The City also contracted with Retail Strategies, a national expert in recruiting

businesses on behalf of communities, to attract new retail businesses to Blythe. The Interim City Manager has worked closely with the Retail Strategies team to bring new business ventures to the City. The Interim City Manager is continuously working to rebuild the City in a fiscally conservative manner by increasing revenue and working to attract tourism and business development.

- F9. The Grand Jury did not find that disincorporation is an option that should be considered part of any strategic plan for the foreseeable future.**

City's Response: The City agrees with this finding.

**Grand Jury Recommendations:**

- R1. The Grand Jury concurs with many of the State Auditor's recommendations, especially the need that a permanent City Manager be hired. The current Interim City Manager splits her time as City Clerk and has performed both positions admirably under difficult conditions. However, Blythe is facing an existential threat that screams for a full-time permanent City Manager with proven turnaround skills and experience. The recruitment effort should be completed no later than December 31, 2022 in order to allow time for creation of a new strategic plan prior to the Fiscal Year 2023-2024 budget process. Expected cost \$200k-\$300k.**

**City's Response:** This recommendation has not been implemented; but will be implemented in the future. Prior to the Grand Jury's report being issued, the City Council directed staff to fund a City Manager position in the FY 2022/23 budget. The budget was adopted on June 14, 2022 and included funding for a City Manager. However, with an election a few months away and three seats up for election, it is more prudent to start the recruitment after a new City Council is seated. This will allow the newly comprised City Council to have input in the process and who is ultimately selected for the position should it not be the Interim City Manager. The City anticipates the City Council will provide direction regarding the recruitment of the permanent City Manager in early 2023, with a permanent City Manager selected by June 30, 2023.

The City agrees that the Interim City Manager has performed admirably under the conditions, doing more with less for the last five years. The Interim City Manager has provided stability in the City Manager position, as the past two City Managers served in the position for less than two years. She has been successful in the position longer than the past three permanent City Managers hired. The Interim City Manager has a Master of Business Administration with a focus in Management and 17 years of municipal government experience. The City has been fortunate to have her. As the City was not in a financial position to fund a full-time City Manager, Mrs. Crecelius has been an instrumental part of the advancement of this City. The City was already on a path forward when Mrs. Crecelius was placed in the position, but she has advanced the goals of the City Council to be fiscally sound, reduce deficits and build reserves, all of which have been accomplished under her tenure.



As stated in the Report, the City needs to raise revenue to provide basic services. Also, under the Grand Jury's estimate, the cost of a City Manager would be \$200,000 to \$300,000 per year. Under this assumption, the Interim City Manager has saved the City anywhere between \$1 million and \$1.5 million over the past five years by serving as Interim City Manager. That is funding the City was able to use in other areas of the City, to support services and eradicate the City's deficit position and build surplus funds. This does not include savings from the other positions the Interim City Manager has assumed at various times throughout her tenure as Interim City Manager to fill staffing voids.

- R2. Blythe should aggressively explore all new potential sources of revenue including government and non-profit organization grants. The cost for this important function could be revenue neutral through the new grants obtained. It should be included in the collateral duties of the City Clerk or Finance Director by December 31, 2022.**

**City's Response:** The recommendation has been implemented as indicated in this response. Had the Grand Jury requested any information or documentation related to what the City is and has been doing, they would have discovered the City has aggressively pursued all revenues available to the City at the Federal, State and County levels. Also, the City Clerk is an elected position. It is not a staffed position in which management may assign "collateral duties". Had the Grand Jury researched the City's structure, they would have discovered the City Clerk and City Treasurer positions are elected by the voters. As such, the City Manager cannot assign duties outside of the office they were elected to serve in.

### **Conclusion**

It is the opinion of the City that the Grand Jury had their minds made up about the City and what would be included in this Report before they stepped foot in Blythe or spoke to any City or community officials. This is confirmed by the fact that the Grand Jury never requested to meet with the City to discuss their findings before the Report was issued. Penal Code Section 933.05(d) states that a grand jury may request a subject person or entity to come before the grand jury for the purpose of reading and discussing the findings of the grand jury report relating to that person or entity to verify accuracy of the findings prior to their release. The Grand Jury's failure to do this has resulted in a published report that is full of inaccurate information which damages the character and image of the City of Blythe.

Further, it is our understanding that everyone the Grand Jury met with acknowledged the City's challenges, but had nothing but positive things to say about the work the City had done to improve the condition of the City both financially and aesthetically. Nobody is in denial as stated in the Report. We acknowledge the problem and the work ahead, but also choose to focus on the positive accomplishments made as we continue to build Blythe back to what it once was.

Due to the Grand Jury's failure to fact check, the Report is full of half-truths and misleading information that the City will take this opportunity to address and clarify.

### *Title of Report*

The Grand Jury selected “Blythe is Dying” for the title of the Report when in April 2022 the Interim City Manager’s State of the City address for the 2022 Palo Verde Valley Economic Outlook Conference was “Blythe IS Growing”. This address included information supporting a growing market with over 150 new City Business Licenses issued in 2021 and eight new business store fronts opening in 2021. In addition to growing revenue, the cannabis market continues to expand and the City is experiencing continued economic growth in that area. There are 21 projects in various stages of the development process. This includes cannabis, quick serve restaurants, a fitness center, child development centers, health centers, RV park and storage facility and a hotel. Blythe is in fact a market ripe for opportunity and investment, a much different picture than what was painted by the Report.

### *Population Changes*

To further iterate that “Blythe is Dying”, the Grand Jury states the City’s population has decreased 19.5%, whereas Riverside County has experienced a population growth of 8.5% over the past decade. The City’s population includes the incarcerated population of two State prisons. Blythe routinely uses two population counts: with and without inmates. Due to realignment and the State’s early release of thousands of inmates, the number of incarcerated persons at the City’s prisons has decreased. The Report currently reflects a population count of 5,000 incarcerated persons, when that number has been as high as 8,000. When the decrease in incarcerated persons is taken into account, the number of residents residing in the City had a modest increase. It is projected the City’s population will continue to grow at a rate of 2% through 2026. That is much different than the 19.5% decrease outlined in the Report. The table below reflects population growth rates of surrounding cities over the past decade. At a growth rate of 1-2%, Blythe is growing at a similar rate as other desert cities.

#### **Population Growth 2010-2020**

<b>City:</b>	<b>Population Change:</b>
Banning	-.3%
Blythe	1%
Calexico	.2%
Cathedral City	.6%
Coachella	3%
El Centro	3.5%
Needles	2.7%
Palm Springs	.1%
Yuma	2.7%

### *State Auditor’s Report*

The Report references an “alarming” report issued by the State in March 2021. Although the State Auditor’s report was issued in 2021, it focused on financial information from 2016-2019. As

previously stated, the City has made great improvements to its financial position since 2016. The City has implemented or completed most of the State Auditor's recommendations, and the completed recommendations have done nothing to change or enhance the City's financial position. The City believes it is time that these "watch dog" organizations be part of the solution. Instead, they continue to tell us things that we already know, with little insight as to how it can be fixed outside of what is already being done by the hardworking members of the City. The Grand Jury acknowledged the City is in need of investment and economic activity, but it appears they did not consider the consequences of issuing a damaging report to a city that has struggled to rebuild. If a potential developer considering investing in Blythe comes across the Grand Jury's Report that the City is "dying", that developer may take the Report on its face and reconsider such investment. If the Grand Jury really wanted to help, they would have prepared a report acknowledging the work that has been done, the challenges that remain and the steps the City can take to better Blythe in the future.

### *Staffing Reductions*

The Report incorrectly states that in 2006, City government recognized the peril caused by dwindling City revenues and began a painful program to reduce expenditures and reduced full-time positions from 130 to 69. In fact, the City did not begin the process until 2008 when the City hired David Lane to succeed former City Manager Les Nelson. The peril was caused by a mix of declining revenues and the City overspending and banking on revenue that never materialized in the late 1990s and early 2000s. The City was not living within its means until 2008. Between 2008 and 2009, the City laid off 30% of its full-time staff of 100 full-time positions. The City never had 130 full-time employees.

### *City Expenditures*

The Report also references that City expenditures have exceeded revenues for six of the last nine years and accumulated for a loss of over \$7.5 million. The City's FY 2020/21 audited financial statements reflect the City had a positive change in fund balance from 2015 to present. Without further information as to how the Grand Jury came to this conclusion, it is hard to provide further comment. However, the City believes what the Grand Jury is referring to is a change in net position, which accounts for activities within all City funds. This would include annual changes in the City's unfunded liabilities related to pension and other post-employment benefit obligations.

### *Challenges Faced by the City*

The Report notes factors starting in the 1970s that have led to a decline in the City. The first factor noted was the development of Interstate 10 in the 70s allowing travelers to bypass Blythe's downtown. This was followed by promises made by the State of California regarding economic benefits, such as free services through the inmate work program and State employees residing in Blythe, thus contributing to the City's tax base, that never fully materialized after the State built two State prisons within City limits. In the 1990s, Metropolitan Water District (MWD) implemented the following program, which had a ripple effect on the Blythe economy. It has been estimated that the City has lost approximately \$30 million in revenue as a result of the following program. MWD has since purchased thousands of acres of land in the City and Palo Verde Valley.

MWD is now one of the largest landholders in the Valley. Yearly, MWD petitions for a property tax value reduction, which the County approves. This translates into less property tax revenue for both the City and County. On top of this, the State of California Department of Fish and Wildlife acquired the Colorado River 500, which was hundreds of acres of prime commercial and residential real estate along the Colorado River. Instead of this land being developed into residential and commercial uses that would attract new residents and tourists and provide new revenue streams for the City, it is an unmaintained "habitat". The habitat was planted with salt cedars, a non-native tree known to be an invasive species. The salt cedar requires up to 200 gallons of water per tree per day. This was not the best use of this property, State resources or water in one of the worst droughts in California's history. As the property is now owned by the State, it is exempt from property tax. The City must provide services such as police and fire protection to the site with no means to recover the expense. The City has navigated these challenges and continued provide services to residents even when revenues and economic activity have declined through no fault of the City and its management.

### *Tax Revenues*

The Report indicates that in Fiscal Year 2019-20, the City's residents paid \$1 million in taxes to the County, and the County expended \$3.3 million on services to Blythe. What appears to have been left out is the fact that the County has to provide services to the unincorporated areas surrounding Blythe regardless of what is provided to Blythe residents. The property tax figures also do not appear to include property taxes paid from the unincorporated areas surrounding Blythe, which include the Mesa, Ripley, and thousands of acres of farmed lands and commercial enterprises that remit considerable amounts of property taxes to the County. The City believes the numbers cited in the Report do not reflect the whole story and give the perception that the City is receiving more services than it is paying for. Also not included in these figures are the sales tax dollars the County receives from the City and unincorporated areas, which would be used to provide services to our residents.

The Report continually references stagnant property taxes. However, home prices continue to increase. Values are back to pre-recession levels, which has translated to an increase in property tax revenue. In 2021, there was a 20.78% change in the median home price and the City experienced a net taxable value increase of 3.6%. The assessed value increase between FY 2020/21 and FY 2021/22 was \$33 million. That increase accounted for growth of 19%. These numbers clearly do not align with statements made about stagnant property values or a community in decline. HDL, the City's consultant for property tax revenue, stated in its 2021/22 Property Tax Summary the median sale price of a detached single family residential home in Blythe between January through November was \$207,750. This represents a \$35,750 increase in median sale price from 2020.

The Grand Jury references sales tax revenues that are drying up as residents either leave, travel to distant cities or are forced to shop online. The City has experienced modest increases in the City's Bradley-Burns sales tax revenue from \$1.7 million received in FY 2019/2020 to a forecasted revenue in the current fiscal year of \$1.9 million. This is in addition to the Measure K revenue of \$3 million. Initial projections for Measure K were \$1.1 to \$1.4 million. Actual revenue has more than doubled what was initially projected. As noted previously, residents are not leaving, and

Blythe has a projected population increase of 2% through 2026, whereas the State of California had a .3% decline in population between 2021 and 2022. It should be noted that part of the sales tax revenue received comes from an allocation from the Countywide pool for online purchases made by Blythe residents. However, Blythe is working to attract a number of retailers to curb leakage and keep sales local.

#### *Great Recession*

Not noted in the report was the Great Recession of the 2000s, which was the worst economic collapse seen since the Great Depression. Even during the recession, the City was able to reduce its deficits and enhance its financial position. During the recession, the State did a number of things that negatively impacted cities, such as the dissolution of Redevelopment Agencies. This took funding away from cities such as Blythe. This funding had been used since the 1990s to address blight and provide incentives for new development and funding for affordable housing and City infrastructure. The loss of the Redevelopment Agency greatly impacted City's ability to improve infrastructure and provide incentives to attract new business development. As the City's financial position continues to improve, we are now investing in these programs again using City revenue.

As previously stated, the City of Blythe appreciates the opportunity to comment on the findings and recommendations of the Grand Jury. The City Council also requests all of the evidentiary material, findings, and other information relied upon by, or presented to, the Grand Jury for its final report in its investigation of the City, as the City believes the conclusions drawn by the Grand Jury were not based on information obtained from or provided by the City.