

# 2000-2001 GRAND JURY REPORT

## City of Perris

### Background

The City of Perris, incorporated in 1911 as a General Law City, currently encompasses approximately 35 square miles and has a diverse population in excess of 35,000. Perris is governed by a mayor, who is elected to serve a two-year term, and four council members who serve staggered four-year terms. The City Manager is responsible for coordinating the general operation and management of the city. The position of City Manager, historically, has been in a constant state of transition. During the last eleven years there have been ten different City Managers.

Former Riverside County Grand Jury Reports and Annual City Audits have consistently documented the city's long-standing difficulties with financial and operational management, contentious council members, and deteriorating municipal assets. The Perris City Council has consistently failed to address these deficiencies, ignored recommended remedies, and continued to operate on a "business-as-usual" basis until early 2000 when the city's financial state was in disarray. Independent auditors questioned the city's continued financial solvency, expressing "...substantial doubt about the city's ability to continue as a going concern." The independent auditors reported that the City of Perris had borrowed 3.3 million dollars from other city funds to meet cash needs, and that the city had a General Fund deficit balance of \$1,089,509.

City of Perris officials subsequently requested assistance from the County of Riverside during May 2000, and the Board of Supervisors (BOS) approved a Memorandum of Understanding, which resulted in the formation of a Municipal Response Team (MRT). The MRT was to provide "...staffing advice and support in Economic Development; Public Works; Planning; and, such other areas of need mutually identified by the Mayor and Council with the MRT." The MRT also assumed the coordination of recruitment responsibilities for the position of City Manager.

The most recent analysis of the city's financial standing suggests that city officials may be reaching a turning point, as the city has reportedly balanced its general fund and is presenting the appearance of bringing fiscal responsibility back to city government.

## Findings

1. Since the advent of the current City Manager in December 2000, the Mayor, City Manager, and most City Council members appear to be motivated to restore financial integrity to the city, to ameliorate its infrastructure, and to plan for future growth. Although some City Council members continue to engage in divisive behavior and, on occasion, circumvent the office of the City Manager, the City Manager's positive leadership appears to place the city on the threshold of achieving some of its goals.
2. On November 3, 1988, the City of Perris entered into an agreement for city engineering services. The provisions of this agreement provided the city with a City Engineer whose monthly duties are to attend one Planning Commission meeting, two City Council meetings, and to provide engineering services to the city. The agreement states that the City Engineer is to be paid a monthly retainer fee of \$500 for his services. In addition, this agreement allows the Perris City Engineer to collect engineering fees directly from developers doing business with the city. The city paid \$113,000. in engineering fees (not including engineering fees collected by the City Engineer) for fiscal 1999 and budgeted \$101,000. in engineering fees for fiscal 2000.
3. In 1999, the Perris Mayoral office was established as an elected two-year position. A two-year term for this office does not appear to be conducive to the city's political stability.
4. A City Attorney for the City of Perris was recently appointed by the City Council. The procedure used for appointing the City Attorney was unusual, in that the city failed to properly solicit additional attorney applicants. The city paid \$412,313. for legal services in 1999 and budgeted \$400,000. for fiscal 2000. These fees appear excessive when compared to cities of similar size within Riverside County.
5. The interim, part-time, City Finance Director for the City of Perris is contracted to provide approximately 18 hours of finance services per week.
6. Eariler Perris City Councils had established Citizen Advisory Commissions, however, the current Council has not formed nor utilized Citizen Advisory Commissions.

7. In 1996, the city put in the general fund 1.5 million dollars that it borrowed from the water and sewer funds. In 1999, the Council created the Perris Public Utility Authority (Authority) to purchase the Water and Sewer System from the city. The city sold the System to the Authority on December 29, 1999, for 4.5 million dollars. The city then used the 1.5 million dollar debt (incurred in 1996) as a down payment, thereby creating a 3 million dollar debt for the Authority. The 4.5 million dollar sale price is now in question. An appraisal of the system has been requested.
8. For several years, the Water and Sewer System has incurred operating and maintenance problems. Approximately 30-40% of the system is currently in need of repair. Another 30% of the system can survive an additional five to ten years. It has been estimated that it will require an additional \$3,000,000. to bring the system up to reasonable standards.
9. The City of Perris is in need of an effective graffiti eradication and control program. Prior efforts have been expensive and ineffective.
10. Deployment of fire protective services has not been planned and developed in correlation with residential and business expansion. The National Fire Protective Agency has established a fire response standard of approximately five minutes. Some areas of Perris have a response time of 15 minutes.

## **Recommendation**

Riverside County Board of Supervisors  
Perris City Council

1. Immediately review the Agreement for Engineering Services dated November 3, 1988. This review should examine the Agreement's fee structure. The Council should insure that all applicable engineering/planning fees for city development are processed directly through the city.
2. Consider extending the position of Mayor to a four-year term.
3. Convert the current part-time City Finance Director position into a full-time City Finance Director position.
4. Establish a City Attorney position as a full-time city employee.

5. Adopt, and adhere, to an appropriate selection policy for all contracted services that solicits and considers more than one contractor for any given service.
6. Develop a city-wide graffiti eradication program that includes a telephone hot line and encourages public participation.
7. Work closely with the California Department of Forestry fire officials to provide the necessary facilities and funding for the city to meet established fire protection standards.
8. Reinstate Citizen Advisory Commissions in the areas of City Planning and Parks and Recreation.
9. The Public Utility Authority should take immediate action to resolve the sale price of the Water and Sewer System and to determine the debt and financial status of the Authority. These actions should be followed by the Authority's plan for repairing and upgrading the system, and both of these actions should be reported to the public at large.