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Murrieta may lack funds to hire additional officers

By: BRIAN ECKHOUSE - Staff Writer

MURRIETA -- A city administrator has forecast slowing revenues in the next three years, which could prohibit Murrieta from hiring new employees, including police officers.

If the city's stream of property and sales tax revenue remains stagnant -- and if officials are unable to find money from other sources -- the City Council may not be able to fulfill its pledge to employ an officer for every thousand residents, some officials worry. The city has a population of about 97,000 residents.

Murrieta has money dedicated in this year's budget to hire 12 officers, which would bring the city's total to 92. That would be just shy of the desired "one officer per thousand residents" ratio.

City leaders had hoped to add 14 officers in the fiscal year starting July 1, 2008.

That seems a daunting challenge today as the city's financial outlook is increasingly grim.

"When we originally put (the officer addition plan) together, we projected 15 percent growth annually in sales tax," said Teri Ferro, the city's

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finance director, in an interview last week. "But it's just not there."

Not just Murrieta

Sales tax revenues for cities across Southern California were down for the first quarter of this fiscal year, said Lloyd de Llamas, president of The HDL Companies of Diamond Bar. HDL, which offers sales tax analysis, advises 300 governments in six states.

In that first quarter, cities throughout the region observed an average drop of 1 percent in sales tax revenue compared to the same quarter last year, de Llamas said.

That fall coincides with a rise in foreclosures nationwide. As such, the hardware and furniture industries have suffered, analysts say.

The slip in sales tax revenues has been especially precipitous in Riverside and San Bernardino Counties -- a region that had benefitted in recent years from major construction, de Llamas said.

"It's not just Murrieta, it's the entire area," he said. "It's a correction that was going to happen at some point."

HDL, de Llamas said, has warned its clients to anticipate "huge" drops in sales tax revenue in the second quarter because of a "real problem and a psychological problem": loose credit enabling some home buyers to buy properties they wouldn't ordinarily be able to afford and a fear that the housing market is in a serious downturn, respectively.

"So you'll put your wallet in your pocket and wait two or three quarters (to spend again)," he said. "That's what's going on."

Troubling signs

In the first quarter of this fiscal year, Murrieta amassed about \$981,000 in sales tax revenue -- \$65,000 less than the same period last summer. And Murrieta has not received a single dollar in property transfer taxes, which is \$80,500 less than last year's first quarter.

"That's a red flag," Ferro said.

There are other troubling signs.

A handful of furniture stores and a CompUSA location have recently closed, depriving the city of some anticipated sales tax revenue.

"These are big-ticket items ... that are closing," Ferro said.

The next big development -- the Golden Triangle in between Interstates 15 and 215 -- isn't slated to open until late 2009 at the earliest. That 61-acre parcel is to feature department stores, a hotel and convention center, and restaurants -- likely providing a windfall of sales tax revenue for Murrieta.

The promise of the Golden Triangle may provide city leaders with ample hope for Murrieta's future, but the present economic climate is far from rosy.

The burst of the housing bubble has been especially acute in Southwest Riverside County, and is sure to hurt Murrieta's pocketbook.

While preparing this year's budget in April and May, Ferro and other finance officials anticipated a 4 percent delinquency rate in property tax, she said. Now, the spike in foreclosures has Ferro anticipating a sharper fall.

Pledge to be met?

Mayor Doug McAllister believes the city will find a way to meet its promise to employ an officer for every thousand residents.

"I was told the same thing when we were considering the one per thousand plan," he said. "The funny thing is, we found the money then. We found it before, we'll find it again."

Ferro's report, which she recently presented to the City Council, troubled resident Peter Campbell.

"To operate a city, you need a correct number of personnel," he said. "We need to function. We're still growing."

Some officials hope to rejigger the city's finances by possibly delaying a project or two to find enough money to hire new officers. One possibility floated would be to use the city's reserve fund to pay the salaries of some new hires -- a plan resisted by Councilman Rick Gibbs, who believes that money should only be used for "one-time expenses."

Councilman Warnie Enochs said city leaders may have difficulty reconciling their pledge to the community with Murrieta's cloudy economic climate.

"We may ... have to live with what we have," Enochs said. "I don't see how we can hire new officers with no money. It's not good for the city. It's not good news."

Gibbs said the city "can't spend money we don't have."

"If you're going to hire, we need to have a revenue stream," he said.

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To cityhood supporters wrote on Oct 28, 2007 2:00 PM:

" Open your eyes and minds and take a good look at what is happening all around Southwest Riverside County. The fiscal challenges detailed in this article are very real and probably awaiting any new city incorporation. The time is not right to move ahead on the rosy projections of the analysis presented to LAFCO. There's too much evidence that the economy is in trouble, and that new cities will struggle, if not fail. "

matt wrote on Oct 28, 2007 3:53 PM:

" so we dont have enough money to hire new officers for our own cities but we have enough money to spend in iraq to police them? wake up america! "

Alex wrote on Oct 28, 2007 4:45 PM:

" This is only the beginning of a prolonged economic downturn that WILL have a drmatic impact in our city. The law enforcement goal needs to be revised. Instead of fulfilling a political promise, the slogan should be "Working smarter for our future". Utilizing our current resources to their optimum and accountability spending should be the norm. Our tax base will further erode due to the many strip malls in our city and the closing of more retail business. Business diversity is the key. "

Not scare tactics wrote on Oct 28, 2007 9:06 PM:

" I guess those dire predictions a couple of years back weren't just scare tactics. Let's see, half a million to get rid of a city manager, another \$300,000 for a temporary one, we've doubled the annual costs for a city attorney, doled out 25% raises to one employee group, promised some homeowners a half million dollar block wall and added a bunch of projects to city hall that were supposed to wait until we could afford them. These guys couldn't afford to keep their promise of "more cops now" before they created this financial train wreck. All of this and now they wonder why they can't deliver on promises that they shouldn't have made in the first place. "

Roy wrote on Oct 28, 2007 9:55 PM:

" HOW MUCH OF THAT RESERVE FUND IS LEFT? "

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