



# CITY OF BLYTHE

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June 12, 2024

The Honorable Judith C. Clark, 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 the 2023-2024 Grand Jury Report Entitled: "Blythe, California Awakening of a New 'Gateway City'"**

Dear Judge Clark:

The City Council of the City of Blythe is in receipt of the 2023-2024 Grand Jury Report entitled "Blythe, California Awakening of a New 'Gateway City'" (the "Report"), provided to the City Council on April 3, 2024 and released to the public after the close of business on April 9, 2024.

In accordance with California Penal Code Sections 933 and 933.05, enclosed is the Mayor's and the City Council's response to each of the findings and recommendations included in the Report. The City Council approved the enclosed response on June 11, 2024.

The City of Blythe appreciates the opportunity to comment on the findings and recommendations of the Grand Jury.

Sincerely,

Joseph Deconinck, Mayor

CC: Johnny Rodriguez, Vice Mayor  
Joseph Halby, Council Member  
Samuel Burton, Council Member

## **Grand Jury Recommendations:**

- R1. Develop a long-term strategic plan, as recommended by the State Auditor. The plan is to guide the City's budgetary decision-making, to address the long-term needs to achieve financial stability following the closing of Chuckawalla Valley State Prison, and to chart a path for improving its status as a 'going concern'. Plan is to be completed and included in the City's response to this report by end of September 2024.**

**City's Response:** The recommendation has not been implemented, but will be implemented in the future. A strategic plan will require a considerable amount of staff time as well as City resources to develop. It is estimated a strategic plan could take at least six months to prepare. As the City's response to the Grand Jury report is due in July, the plan cannot be included in the City's response.

- R2. Develop a five-year strategic plan, as recommended by the State Auditor, to define the City's priorities, goals, and expected outcomes, based on the findings of Retail Strategies project and the Blythe Economic Resiliency study. Plan is to be completed and included in the City's response to this report by the end of September 2024.**

**City's Response:** The recommendation has not been implemented, but will be implemented in the future. As the City's response to the Grand Jury Report is due in early July, the plan cannot be included in the City's response. Although the City has good building blocks from the Economic Resiliency Study, a strategic plan will require staff time and possibly a consultant to prepare. As an enormous amount of time went into the Save Chuck campaign, partnership with Brown University and other avenues the City has been working on due to the proposed closure of Chuckawalla Valley State Prison, time was not dedicated to the strategic plan. After the Save Chuck efforts wind down, the City can begin to develop a five-year strategic plan. The City estimates completing the five-year strategic plan by December 2025.

- R3. The City of Blythe should be clear as to its intention to hire a full-time City Manager. If it is to hire, the Grand Jury recommends that a deadline be established no later than year-end 2024, following the adoption of a long-term strategic plan. The new city manager will be accountable for the implementation of the City's long-term and strategic objectives, as defined in R1 & R2.**

**City's Response:** The recommendation has not been implemented but will be implemented in the future. It is anticipated that the City Council will provide direction related to the hiring of a permanent City Manager at the end of the 2024 calendar year.

- R4. [Applies to Riverside County.]**

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

### **Grand Jury Findings:**

- F1. A formal long-term strategic plan is needed to “guide the City’s budgetary decision making and address long-term needs to achieve financial stability”. Blythe, in its Corrective Action Plan submitted to the State Auditor, acknowledged and agreed to develop the plan by the end of June 2023. This has not been Completed.**

**City’s Response:** The City partially agrees with this finding. Although the City plans to develop a long-term strategic plan as time and funding permit, the City has made substantial progress improving its financial stability without a formal plan in place. These improvements have been highlighted in both the City’s responses to the State Auditor and the City’s audited financial statements. Although a comprehensive strategic plan has not been adopted by the Blythe City Council, other policies and procedures were adopted to facilitate budget stability, including a Reserve Policy to save for rainy days, fund capital expenditures and address pension obligations and other post-employment benefits, adopting conservative and balanced budgets year over year, and assessing rates and fees for service every five years to achieve full cost recovery for services provided.

- F2. A five-year strategic plan, as recommended by the State Auditor, can be a sperate plan, or a part of the ‘long term strategic plan’, referenced in F1. The plan is to define the City’s priorities, goals and expected outcomes. It has not been developed.**

**City’s Response:** The City agrees with this finding.

- F3. The position of City Manager has remained unfilled. The City’s administration is currently headed by an Interim City Manager, who is also the City Clerk.**

**City’s Response:** The City agrees with this finding.

- F4. According to the Independent Auditor’s Report (2023), there were no findings or issues with the City’s internal control and financial compliance. The City’s General Fund has improved “dramatically” (\$2.6 million improvement). An in-depth analysis of the General Fund since 2008 shows significant progress, specifically over the last 3-4 years. “You are to be commended for that. You still have work to do but have made significant progress”. However, two significant liabilities related to government pension obligations and Other Post-Employment Benefits were noted. These are impacted by factors not within the City’s control (i.e., interest rates). The auditors expressed continued doubt about the City as a ‘going concern’, which has existed since 2008, and believe it will probably continue for “some time”.**

**City’s Response:** The City partially agrees with this finding. The City agrees there is continued work to be done to improve the long-term financial health and stability of the City. The City also agrees that pension obligations and Other Post Employment Benefits

are factors outside of the City's control, and something every City and governmental agency in the State of California is struggling with. As the City continues to improve the health of its General Fund and other operating funds, the City anticipates the removal of the going concern even with the issues surrounding the funding of pension obligations and Other Post Employment Benefits (OPEB).

- F5. Currently, according to Blythe airport staff, there is plenty of capacity for the storage of private planes, but no availability of plane rentals for pilots who cannot afford their own.**

**City's Response:** The City cannot agree or disagree with this finding. The Blythe Airport is owned and operated by the County of Riverside. As such, the City has no information on its operation to provide a response. The City would support any plans the County may have to expand services or operations at the Blythe Airport, which would benefit both the City and County.

- F6. In their report, the professor and students of Brown University did not include specific data on how much the prison closure will cost the economy, except to emphasize that it will be significant. Determining the financial impacts on the economy will require more research and resources. The studies are conducted at no cost to the City; funding is through the University, the Urban Institute and the Justice Labs of America.**

**City's Response:** The City disagrees with this finding. Although the economic impact of the proposed closure of Chuckwalla Valley State Prison, originally set for March 2025, and now expedited to close in November 2024, was not studied by the students at Brown University, the City has data on how the closure will impact Blythe. In May 2023, the City engaged Capitol Matrix Consulting to quantify the economic impact of the proposed closure of Chuckawalla Valley State Prison. The report, "Economic and Fiscal Impacts of the Proposed Closure of Chuckwalla Valley State Prison," issued in June 2023, found that the reduction in Blythe's jobs and overall economy will have a negative impact on City revenues and services, as well as on the Palo Verde Unified School District. It is estimated combined revenue losses to the City would be \$2.9 million or 9.8% of its total revenues. The Palo Verde Unified School District is estimated to lose 207 students due to the prison closure, equating to a funding decline of \$4.9 million. This loss of revenue is devastating to a rural, disadvantaged community. The City and County have discussed budget requests to the State of California to offset these impacts while the City works to diversify and stabilize the Blythe economy.

- F7. There will need to be further conversations with legislators on how the City will be able to recover after the prison closure. These conversations will require the services provided by the lobbying firm Joe A. Gonsalves & Son.**

**City's Response:** The City wholly agrees with this finding. Every aspect of the Blythe economy will be impacted by the closure of Chuckawalla Valley State Prison. The State Legislature will need to provide adequate funding to the City to offset the impacts of this

prison closure. As a rural, disadvantaged community, this closure will have a ripple effect across every segment of the City's economy. This closure will have a more profound and amplified impact than the closure of a prison in an urban area where employees and families have more options for employment. The California Department of Corrections and Rehabilitation, Governor's Office and State Legislature need to recognize the impacts these closures have on rural communities and the harm that will be done to this community from the loss of its second largest employer. The closure will significantly impact how the City, School District, College, and Hospital provide services to the residents of Blythe. City leaders call upon the State Legislature to work with the City and County to address short-term needs while City officials work to diversify and stabilize the economy after the prison closure.

- F8. Blythe's city government believes that the County needs to make more of a commitment to Blythe. The County has, however, been an active participant in the campaign to keep Chuckawalla Valley State Prison open.**

City's Response: The City agrees with this finding. Although there are certain services such as the operation of the County's Animal Shelter, mental health, and homeless services available to Palo Verde Valley residents that need further collaboration between the City and County, the County has been a good partner in the City's fight to stop the closure of Chuckawalla Valley State Prison. The County Board of Supervisors unanimously voted to support "Save Chuck" and stop the closure of Chuckawalla Valley State Prison. The County of Riverside recognizes the impact the closure will have on both City and County services. Numerous County Departments and Department Heads have been engaged in the campaign to Save Chuck, as well as planning for an economic future without the prison. The County Economic Development Agency has worked hard to support existing businesses and attract new business to Blythe and is a staunch supporter of the City's Annual Outlook Conference and the Blythe Chamber of Commerce's Market Fest. The Executive Office, under the leadership of County Executive Officer Jeff Van Wagenen, has a good relationship with City Management.

- F9. Blythe's leadership has been responsive to new economic possibilities, notably cannabis cultivation, manufacturing & distribution, and electric vehicle charging stations.**

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



- R5. Blythe should accept that Chuckawalla Valley State Prison will close, as currently scheduled, and change its focus to developing a strategy by year end 2024 for what Blythe can do to negotiate financial support from the State. The City should continue to work with the professor from Brown University, the Urban Institute, and the Justice Labs of America to conduct further research to make clear the socio-economic impact on the City.**

City's Response: This recommendation has been implemented. After the release of the Grand Jury Report in April, Governor Newsom announced during a Press Conference related to the State's May Revise budget that the closure of Chuckawalla Valley State Prison in Blythe would be expedited. The prison will close four months ahead of schedule. City officials are resigned to the fact that the prison will close. Although the Save Chuck campaign has been the City's focus, behind the scenes the City worked on a strategy to diversify the Blythe economy. This includes marketing Blythe as a key link in the transportation corridor connecting renewable energy vehicles between Phoenix, Los Angeles, San Diego, and Las Vegas. There are several projects in development to make Blythe the "Gateway to California," which will help expand tourism in the City. City officials continue to work with Retail Strategies to attract new businesses to Blythe, all to sustain the economy after the prison closes. The City discussed with its elected officials the need for State support to offset the financial impact of the prison closure. The City has worked with the County of Riverside to develop a State budget request for funding for multiple years to allow the City and County to attract new business and industry to offset the revenue and population loss from the prison. The City has continued its partnership with Brown University and plans to do so into the foreseeable future. However, the City has researched the economic impact the closure will have directly on the City of Blythe, which equates to a revenue loss of \$2.9 million per year. After the prison closes, the City will continue to research the full impact of closure.

- R6. The agreement with Joe A. Gonsalves and Son lobbying firm has a term of one year with a total compensation of \$50,000. The City should amend the agreement for an additional year.**

City's Response: This recommendation has been implemented. In January 2024, the Blythe City Council amended the agreement to extend the term by one year and increase the compensation to \$100,000. During budget development for the FY 2024/25 Operating and Capital Budget, funding was allocated to extend the agreement through June 30, 2025. When the current agreement expires in January 2025, staff will recommend an extension of the agreement to continue the relationship with Joe A. Gonsalves and Son to provide lobbying services for the City of Blythe.

- R7. [Applies to Riverside County.]**

- R8. The City and County's Office of Economic Development should continue to seek out new economic opportunities, like renewable energy projects that are consistent with the preservation of Blythe's small-town appeal. A General Plan describing their vision for those efforts should be presented to the Blythe City Council and the Riverside County Board of Supervisors by year end 2024.**

City's Response: The recommendation has been partially implemented. The City and County continually look for economic development opportunities provided through the California Governor's Office of Business and Economic Development (GoBiz). The City, Retail Strategies and County continue to promote Blythe at annual conferences of the International Council of Shopping Centers, which are a gathering of commercial real estate deal makers and compilation of businesses with expansion plans. The City is highlighted at the Las Vegas show, which is the largest commercial real estate conference of the year, and at the Western show, which was held in San Diego last fall and will be in Palm Springs this coming September. Both the strategies prepared by the students at Brown University and the Economic Development Overview prepared by Kosmont Companies serve as a plan for the future. The City does not agree that the creation of a General Plan, which would take a considerable amount of time and funding to prepare, is necessary. The City plans to build upon the work done by Brown University and Kosmont, both of which were at no cost to the City. The City will engage its elected officials, community partners and private developers to create new economic development opportunities in both the renewable energy and retail sectors.

### **Conclusion**

Again, the City appreciates the opportunity to submit a response to the Grand Jury Report entitled "Blythe, California Awakening of a New 'Gateway City'". Thank you for recognizing the work the City has done to improve the City's financial viability, grow the economy and provide adequate services to the residents of Blythe while recognizing that help that will be needed from the State Legislature to offset the financial impacts from the closure of Chuckawalla Valley State Prison. This includes funding for the City, County of Riverside, and Palo Verde Unified School District, all of which will be directly impacted by revenue loss from the closure while being tasked with providing more services with less resources as the prison closes.