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California's newest city withering on fiscal vine

Jurupa Valley in Riverside County lost millions when lawmakers tapped funds earmarked for cities last year. 'Our survival is at stake,' the mayor says.

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The jagged foothills, withered pastures and a web of horse trails along the Santa Ana River give the state's newest city a hint of the Wild West. Jurupa Valley's money troubles, though, are pure modern-day California.

Jurupa Valley may be broke in a year, even though the city is so new that it has no permanent employees, no generous employee pension plan and runs City Hall out of a leased strip-mall storefront next to the Lucky Wok Chinese restaurant.

Without a financial rescue, the city will have to shut its doors, sending the mishmash of Jurupa Valley communities back into the ether of unincorporated Riverside County.

Unlike San Bernardino, Stockton and Mammoth Lakes, California cities that have all reached the brink of insolvency in recent weeks, Jurupa Valley's money troubles are not of its own making. They are Sacramento's fault.

PHOTOS: California cities in bankruptcy

With California teetering on financial ruination, the state Legislature in 2011 raided the pot of money collected from statewide vehicle license fees, the so-called car tax, which for years provided California's newly incorporated cities an extra dose of cash they needed until they were able to toddle along on their own.

The loss of funding has devastated California's four newest municipalities, which all happen to be in fast-growing Riverside County: Jurupa Valley, Eastvale, Menifee and Wildomar. The money grab also squeezed existing cities that recently annexed large swaths of territory, including Santa Clarita, San Jose and Temecula, since they also counted on additional car-tax money.

Jurupa Valley has been hit the hardest. The city lost \$6.8 million. That's a pittance in Sacramento. For Jurupa Valley, it amounted to 47% of its yearly \$14.6-million budget.

"Our survival is at stake," said Mayor Laura Roughton. "We have to get the money restored."

It would be hard to find a city that's more tight-fisted. Every employee is a hired contractor, from the city manager to the clerks at the front desk. The Riverside County Sheriff's Department was hired to police the city, and the state fire agency, the California Department of Forestry & Fire Protection, runs the fire stations.

Instead of building a new city hall complex from scratch, the city may move into the shuttered Sam's Western Wear store in Pedley, whose facade was built to resemble buildings in an Old West frontier town. But even those plans are on hold.

"You hear about San Bernardino going bankrupt, Stockton going bankrupt. They've been around for a long time," said Don Davies, who helped lead the Jurupa Valley cityhood effort. "Shoot, we haven't even had a chance to get started."

Jurupa Valley is an amalgam of suburban neighborhoods, warehouses and small weathered towns just north of Riverside, stretching from Interstate 15 east to Colton.

The city is home to nearly 100,000 residents and includes a slice of the Jurupa Mountains, where the 340-ton boulder that became the "Levitated Mass" exhibit at the L.A. County Museum of Art was found. One of Jurupa Valley's few landmarks is a giant iron mammoth peering down from a hillside on commuters along the Pomona Freeway and marking the gateway to the Jurupa Mountains Discovery Center.

"There aren't too many attractions around here so, to me, it's one of the main symbols of the city. Like the Hollywood sign," said Mark Yeager, director of a museum that more than 10,000 schoolchildren and Boy Scouts visit each year.

A cityhood movement was in the works for years, fueled in part by residents who grew wary of the county turning the area into a prime locale for affordable housing and welfare offices.

"Some people felt they were treating us like the armpit of Riverside County," Davies said. "We thought it's time we have control over what comes into our community."

Davies said organizers delayed the Jurupa Valley incorporation effort until they were sure that the state vehicle license fee money would be available and the city was financially viable. Then, two days before Jurupa Valley became California's newest city, officials received some troubling news.

Desperate for cash, state lawmakers had slipped in a last-minute bill to divert funds raised by the vehicle license fees, \$153 million at the time. The money was funneled into a grant program for local law enforcement, which previously had been supported by state general funds. Not a single hearing was held on the legislation.

A bill to restore car tax money to new cities, filed by Sens. Bill Emmerson (R-Hemet) and Gloria Negrete McCleod (D-Chino), has stalled in the Legislature.

Not only had car-tax money provided extra funding to newly incorporated cities for five years, it also provided annual revenue to cities that were incorporated after 2004, when a statewide tax reform measure prevented any new municipality from collecting a share of property taxes.

"I don't know how any new city will be able to make it," said Michael Coleman, a fiscal advisor for the League of California Cities. "Jurupa Valley? I think they have maybe a year, then they'll give up."

Coleman thinks Riverside County's other new cities also are at risk of disincorporating, though officials from those towns insist they will survive. The loss of car-tax money cost Jurupa Valley \$6.5 million this year; Menifee \$3.8 million; Eastvale \$3 million; and Wildomar \$2 million.

"The only way to make up for that was in public safety," said Frank Oviedo, city manager of Wildomar, a small city just north of Murietta that has an annual budget of \$6 million. "We immediately had to cut back on the number of officers in the city."

The irony of towns cutting back on their police budget because Sacramento seized money to fund local law enforcement has not been lost on Riverside County Sheriff Stanley Sniff, whose department has been contracted to provide protection in all four of the new cities.

"On the law enforcement side, it's absurd that they now have services below the point where they were when they were unincorporated areas," Sniff said. "It's unfair. It's not right."

Not everyone in Jurupa Valley is upset over the issue, however.

John Tapia didn't even realize he was living in the new city. Tapia is co-owner of Leon's Custom Meat Cutting in Glen Avon, which proudly boasts: "We slaughter at your location." Cows, pigs, goats, wild game — you name it, they'll slaughter it.

"We still have the sheriff out here. The last time I paid business taxes, I'm pretty sure it was to the county," Tapia said. "We're not big-city types around here."

Riverside County was home to one of the last California cities to call it quits.

The desert town of Cabazon, wedged between towering stucco dinosaurs overlooking Interstate 10 and the 10,800-foot peak of Mt. San Jacinto, disincorporated in 1972. Civic leaders had thought the town's seedy poker parlors would provide a steady stream of tax money. Instead they became a haven for prostitution and corruption. The politics grew so vile that Cabazon voters, in the 1960s, recalled a dead councilman.

The gold rush town of Hornitos in Mariposa County was the last to fold. Hornitos survived as a city for 122 years, getting by without a mayor or any other city official for most of that time.

The 100 or so residents who remained voted to abandon the charade in 1973.

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