



City of La Quinta

CITY / SA/ HA/ FA MEETING DATE: April 7, 2015

ITEM TITLE: DISCUSS ESTABLISHING AN ADVISORY COMMITTEE TO EVALUATE CITY'S FINANCIAL NEEDS

AGENDA CATEGORY:

BUSINESS SESSION:

CONSENT CALENDAR:

STUDY SESSION: 2

PUBLIC HEARING:

RECOMMENDED ACTION:

Discuss establishing an advisory committee to evaluate the City's financial needs.

EXECUTIVE SUMMARY:

- In 2014, the City Council considered placing a measure on the November 2014 ballot to increase the City's sales tax rate.
- There was not sufficient Council support for a November 2014 measure and Council determined that more community dialogue was needed.
- Council discussed having an advisory committee review City finances and identify the best means to ensure the City maintains its financial stability.
- This Study Session outlines the formation and operation of an advisory committee.

FISCAL IMPACT:

The fiscal impact of facilitating an advisory committee would be absorbed in the Fiscal Year 2015/16 Operating Budget. The costs would entail staff time, materials preparation and meeting noticing costs.

BACKGROUND/ANALYSIS:

Since 1983, the City reaped the benefits of having a redevelopment agency ("RDA"). The RDA funded many of the City's infrastructure and facility investments, economic development initiatives, and workforce housing development. At its zenith, the RDA's annual investment was \$40.0 million. This investment allowed the City's General Fund to underwrite City services – public safety, recreation, code compliance, development and building oversight, and general administration. A limited amount of General Fund revenue was pledged for infrastructure and facility investment.

In 2011, the State eliminated redevelopment and the City's RDA ceased operating in June of that year. In response, the City Council implemented measures to reduce operating costs; expenditures were reduced by \$3.0 million. The City Council and staff then explored measures to stabilize and grow revenue, and in 2014, the City Council discussed increasing the City's sales tax rate from the current 1 percent to 1.25 to 2 percent. However, there was not sufficient support to place a sales tax measure on the November 2014 ballot.

The City Council has discussed having an advisory committee review City finances and offer recommendations regarding expenditures and revenue measures. If Council considers a revenue measure in November 2016, the time is near to establish the committee, identify committee responsibilities, and outline a schedule of committee activities.

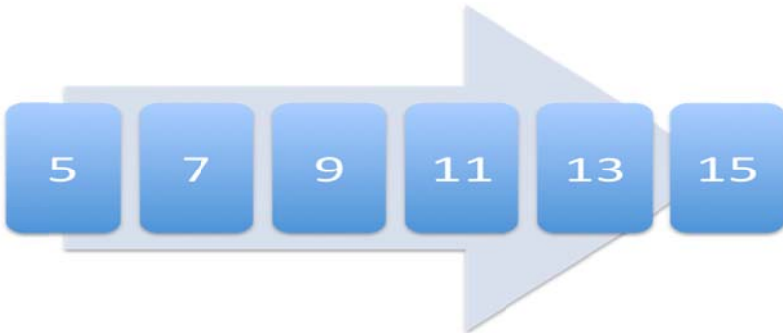
Committee Formation/Size Options

The first chart on the following page presents options regarding how a committee may be established. They range from having stakeholders organically form a committee to having the City Council identify and appoint members. The second chart presents committee size options, and the third chart the number of members that constitute a quorum. There is often a desire to have large committees in order to secure a variety of perspectives. However, achieving a quorum in order to conduct business is often difficult to attain in larger committees who conduct their business over a number of months.

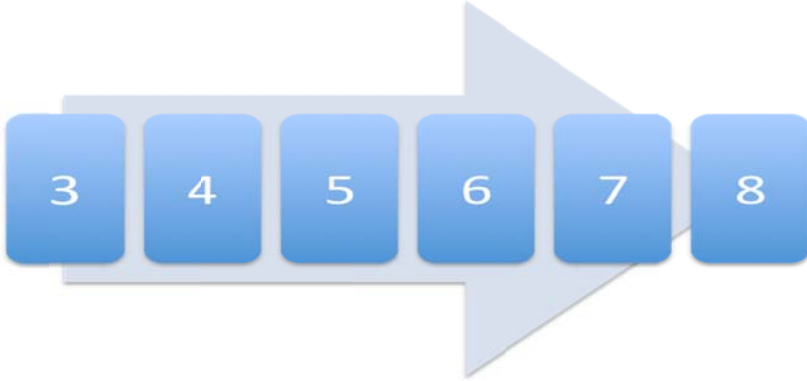
Formation Options



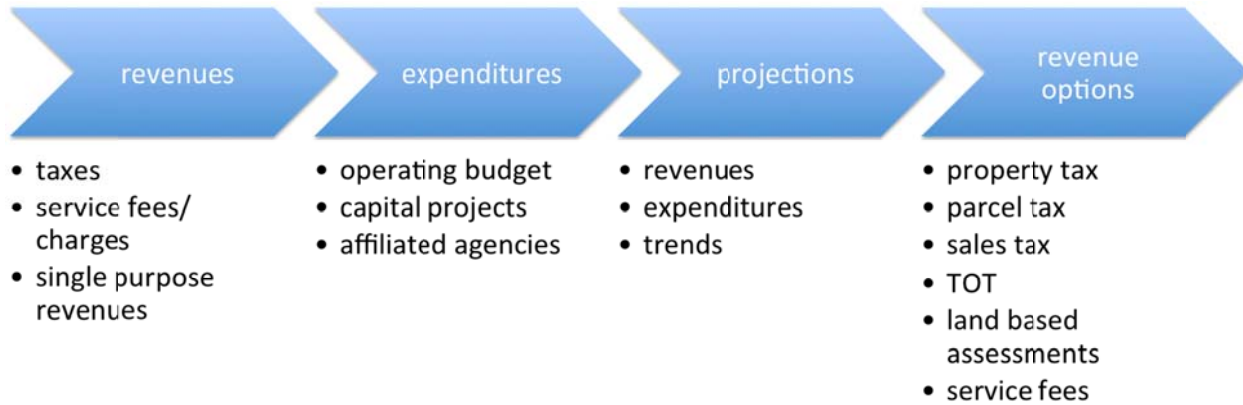
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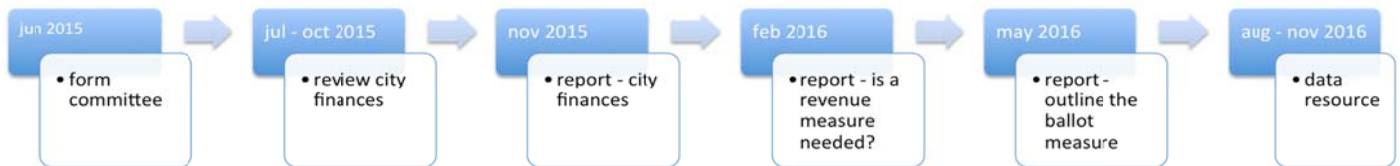
Required Quorum



This chart presents the subjects a committee could study in formulating recommendations for City Council consideration.



This final chart presents a recommended schedule and tasks.



ALTERNATIVES:

The Council could elect to not proceed with facilitating the formation of an advisory committee.

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