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City of La Quinta

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AGENDA

SPECIAL JOINT MEETING OF THE CITY COUNCIL, CITY BOARDS AND CITY COMMISSIONS

WEDNESDAY, FEBRUARY 24, 2016 AT 5:30 P.M.

LA QUINTA LIBRARY
78-275 Calle Tampico, La Quinta, CA

CALL TO ORDER BY MAYOR EVANS

ROLL CALL: Councilmembers Franklin, Osborne, Peña, Radi, Mayor Evans
SIGN IN: All Board and Commission Members in attendance

CONFIRMATION OF AGENDA

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

At this time, members of the public may address the City Council on any matter not listed on the agenda. *Please complete a "Request to Speak" form and limit your comments to three minutes*. The City Council values your comments; however in accordance with State law, no action shall be taken on any item not appearing on the agenda unless it is an emergency item authorized by GC 54954.2(b).

ANNOUNCEMENTS, PRESENTATIONS AND WRITTEN COMMUNICATIONS

STUDY SESSION

ITEMS OF INTEREST TO ELECTED/APPOINTED MEMBERS

ADJOURNMENT

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The next regular meeting of the City Council will be held on March 1, 2016, commencing with closed session at 3:00 p.m. and open session at 4:00 p.m. at the City Hall Council Chambers, 78-495 Calle Tampico, La Quinta, CA 92253.

DECLARATION OF POSTING

I, Susan Maysels, City Clerk, of the City of La Quinta, do hereby declare that the foregoing Agenda for the La Quinta City Council meeting was posted on the City's website, near the entrance to the Council Chambers at 78-495 Calle Tampico, and the bulletin boards at the Stater Brothers Supermarket at 78-630 Highway 111, and the La Quinta Cove Post Office at 51-321 Avenida Bermudas, on or before February 18, 2016.

DATED: February 17, 2016

SUSAN MAYSELS, City Clerk
City of La Quinta, California

Public Notices

- The La Quinta Library is handicapped accessible. If special equipment is needed for the hearing impaired, please call the City Clerk's office at 777-7103, twenty-four (24) hours in advance of the meeting and accommodations will be made.
- If background material is to be presented to the Councilmembers during a City Council meeting, please be advised that eight (8) copies of all documents, exhibits, etc., must be supplied to the City Clerk for distribution. It is requested that this take place prior to the beginning of the meeting.
- Any writings or documents provided to a majority of the City Council regarding any item(s) on this agenda will be made available for public inspection at the City Clerk's Office at City Hall located at 78-495 Calle Tampico, La Quinta, California, 92253, during normal business hours.

City of La Quinta

CITY COUNCIL MEETING: February 24, 2016

STAFF REPORT

AGENDA TITLE: SILVERROCK DEVELOPMENT COMPONENTS AND TIMELINE

EXECUTIVE SUMMARY

- On October 20, 2015, Council approved modifications to the Purchase Sale and Development Agreement (Agreement) with SilverRock Development Company, LLC. (Developer).

- The Developer's development program locates a 140-room luxury hotel and spa on the Arnold Palmer Signature Golf Course (Course); in order to accommodate the hotel/spa, existing golf holes must be reconfigured.

- On January 19, 2016, Council approved the Golf Course Realignment plan as per the Schedule of Performance contained in the Agreement.

- The Developer, Arnold Palmer Design Company (APCD), and staff have collaborated and designed modifications to accommodate hotel/spa without compromising the Course quality.

- The Golf Course Realignment plan encompasses the back nine golf holes and meets all requirements (Attachment 1).

FISCAL IMPACT

The back nine holes must be closed in order to reconfigure the golf holes; these holes would be closed from May through November. Landmark Golf, the City's course operator, estimates a loss of $500,000 in revenue. Per the Agreement, all design and construction costs are borne by the Developer.

BACKGROUND/ANALYSIS

On January 19, 2016, the City Council approved the Golf Course Realignment plan. This plan outlines how the Developer will reconfigure and improve the Course to accommodate the luxury hotel and enhance other golf holes to improve play and safety. Staff is now drafting an implementation agreement that accelerates the schedule to reconfigure the Course and advance the luxury hotel construction. During the joint meeting, staff would like to highlight these changes and address questions Board and Commission members may have.

The Current Development Program

In November 2014, the City entered into a purchase, sale and development agreement with the Developer to construct a luxury hotel and spa, a conference center, a lifestyle hotel, luxury and lifestyle branded residential, resort and mixed use villages, and a permanent golf clubhouse. The Developer's original plan called for locating the luxury hotel on the 17th hole. In 2015 the Developer's team was reformulated and the new team revised the site plan. The new site plan now locates the luxury hotel and spa on the 11th and partially on the18th holes (Attachment 2), and on the land used for the current cart barn and staging area (adjacent to the temporary clubhouse). In order to accommodate the new development configuration, APCD prepared a new routing plan (Attachment 1) for the back nine holes that entails:

- a new par three 11th hole,
- converting the existing 13th and 15th holes into par fives, and
- constructing a drivable par four finishing hole.

APCD believes these changes maintain the course strategy while allowing play at approximately the same overall length and par of 72.

At the October 20, 2016, Council meeting, the Developer expressed interest in modifying the Course over the summer of 2016 so that the hotel and spa site grading would not affect the spring 2017 golf operations. The Schedule of Performance provides the Developer an outside completion date of November 2017 for Course modifications. Per the Agreement the Developer is required to construct the modifications during the offseason in order to minimize impact. If the Developer initiates the Course modifications this summer, the Agreement must be modified. Per the Agreement, the Developer is required to accomplish phase 1 land closing (all planning areas less the lifestyle hotel and lifestyle residential) prior to commencing golf course realignment work. This may not be possible. The Developer understands these constraints and has initiated dialogue with staff to explore what requirements and safeguards are required to allow a summer 2016 start of the Course realignment.

The approved Golf Course Realignment enables the Developer to accurately define the luxury hotel and spa planning area so that design and engineering can move forward on the entire site. This is critical in order for the Developer to meet the following approvals outlined in the Schedule of Performance: 1) master site design approval in March 2016, and 2) a site development plan approval for the luxury hotel, luxury branded residential development, and conference and shared services facility in May 2016.

Prepared by: Tim Jonasson, Public Works Director/City Engineer
Approved by: Frank Spevacek, City Manager

Attachment: 1. Golf Course Realignment Plan
2. SilverRock Resort Master Plan

ATTACHMENT 1

LUXURY HOTEL & RESIDENTIAL AND GOLF COURSE REALIGNMENT PLAN

SILVERROCK RESORT

LA QUINTA, CALIFORNIA

JANUARY 12, 2016

THE ROBERT GREEN COMPANY

AKD LAND PLANNING + DESIGN

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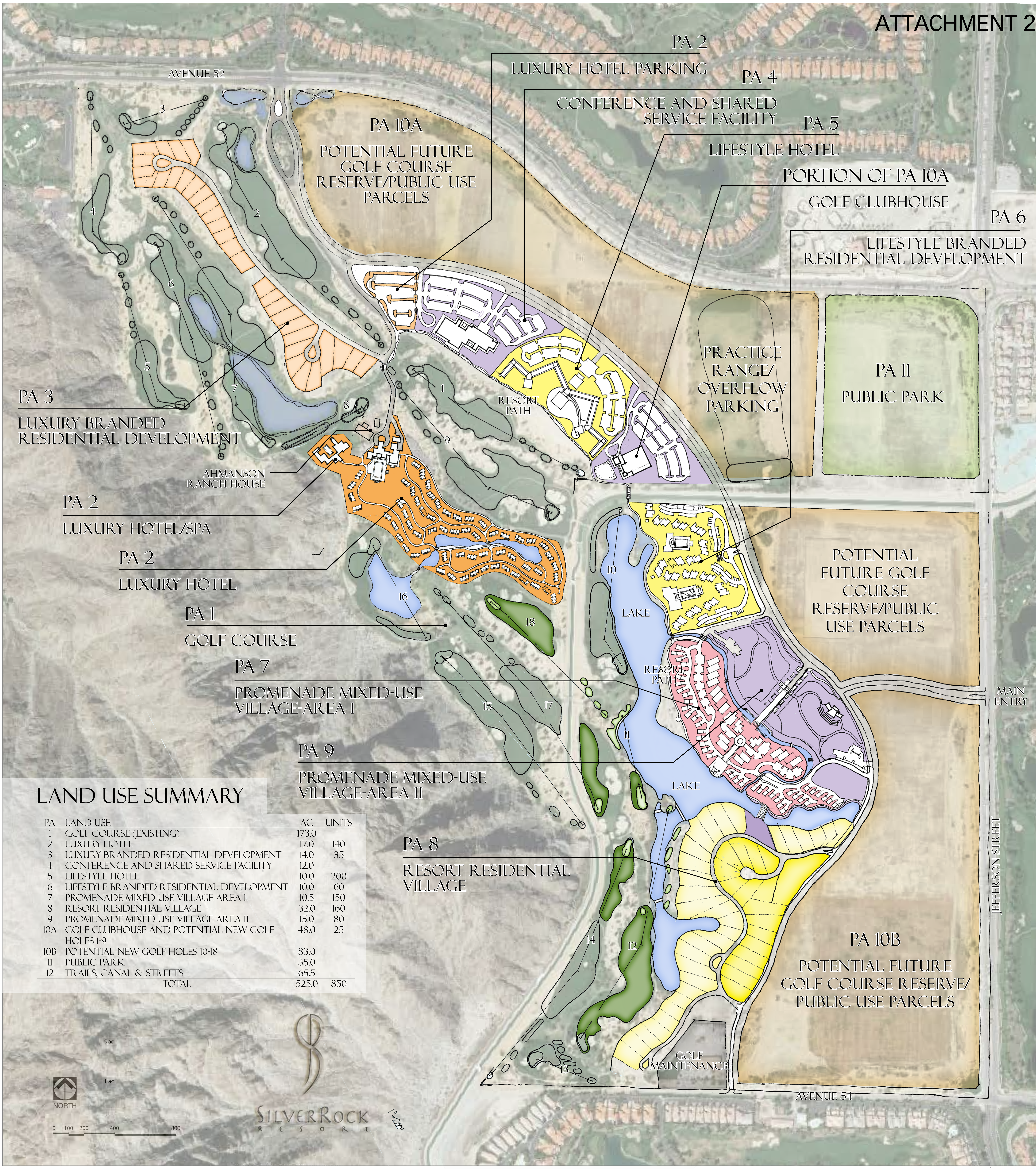

LAND USE SUMMARY

PA	LAND USE	AC	UNITS
1	GOLF COURSE (EXISTING)	173.0	
2	LUXURY HOTEL	17.0	140
3	LUXURY BRANDED RESIDENTIAL DEVELOPMENT	14.0	35
4	CONFERENCE AND SHARED SERVICE FACILITY	12.0	
5	LIFESTYLE HOTEL	10.0	200
6	LIFESTYLE BRANDED RESIDENTIAL DEVELOPMENT	10.0	60
7	PROMENADE MIXED USE VILLAGE AREA I	10.5	150
8	RESORT RESIDENTIAL VILLAGE	32.0	160
9	PROMENADE MIXED USE VILLAGE AREA II	15.0	80
10A	GOLF CLUBHOUSE AND POTENTIAL NEW GOLF HOLES 1-9	48.0	25
10B	POTENTIAL NEW GOLF HOLES 10-18	83.0	
11	PUBLIC PARK	35.0	
12	TRAILS, CANAL & STREETS	65.5	
	TOTAL	525.0	850

MASTER PLAN
SILVERROCK RESORT
LA QUINTA, CALIFORNIA

JANUARY 12, 2016

THE ROBERT GREEN COMPANY

AKD LAND PLANNING + DESIGN

City of La Quinta

CITY COUNCIL MEETING: February 24, 2016

STAFF REPORT

AGENDA TITLE: ADVISORY COMMITTEE REPORT AND RECOMMENDATIONS - CITY'S FISCAL HEALTH AND REVENUE OPTIONS

EXECUTIVE SUMMARY

- In June 2015, the Council appointed an Advisory Committee (Committee) to evaluate the City's current and long term financial position.

- The Committee met since July 2015; established three subcommittees; and compiled findings and recommendations.

- On January 19, 2016, Council requested that the Committee prioritize their recommendations and provide an update at the February 16, 2016, meeting.

- The Council received the Committee's final recommendations and priorities, and directed staff to draft the necessary documents to place a one percent sales tax increase on the November 2016 ballot.

FISCAL IMPACT – None.

BACKGROUND/ANALYSIS

Since 2009, the City has implemented measures to reduce expenses as a result of declining revenue and the elimination of redevelopment. These measures included:

- Reducing park, facility, parkway and median maintenance,
- Reducing staff by 28 percent from 104 positions to the current 74 positions,
- Reducing contract services and contact staff,
- Increasing employee contributions to retirement and medical benefits,
- Increasing fees for City services and the use of City facilities,
- Reducing police service costs, and
- Reducing capital improvement investment to $1.5 million per year.

Upon reviewing 10 year revenue and expenditure projections, the City Council concluded that in order to maintain City services and invest in future infrastructure improvements, the time had come to engage community stakeholders in conversations regarding what is important and what would they be willing to pay to maintain/enhance the community.

On April 7, 2015, Council provided broad framework to form a committee to evaluate the City's long-term fiscal health. Fourteen La Quinta residents and business owners applied; on June 16, 2015, Council appointed all fourteen members to the Advisory Committee.

The Committee held 11 meetings since July. Three subcommittees were formed that focused on expenditures, sales tax revenue, and other revenue. Each subcommittee and the Committee collectively, met with staff (at all levels) to gain insight of the City's mission, budget, expenditures, revenues, economic development initiatives, management practices, and accountability measures.

The Committee then compiled a detailed report; the Committee also developed a series of scenarios and financial projections that are the basis of their recommendations. This report was presented to Council on January 19, 2016.

Given the report's detail, a follow up study session was scheduled for February 16, 2016, to allow the Committee to prioritize their recommendations and to provide Council and the community sufficient time to review the report. The attached report presents a list of recommendations to maintain current expense levels and grow revenues. A prominent recommendation is to place a measure on the November 2016 ballot to increase the City's sales tax rate by 1 percent. Staff desires to discuss these recommendations with the Council/Board/Commission members and receive their input and recommendations.

Prepared by: Ted Shove, Business Analyst
Approved by: Frank J. Spevacek, City Manager

Attachments: 1. Final Report Recommendations – Prioritization Sheet
2. Advisory Committee Report

ATTACHMENT 1

RECOMMENDATION	**RATING**
REVENUES	
Sales Tax	
Raise Sales Tax rate by 1% from 8% to 9%	5
Establish Sales Tax Audit Committee	5
Parcel Tax	
Commission Parcel Tax feasibility study	3
Vacancy Tax	
Commission Vacancy Tax feasibility study	2
Transient Occupancy Tax (TOT)	
Raise the TOT rate to 12% for hotels and rentals	4
Apply TOT to resort fees	5
Short-Term Vacation Rentals	
Re-educate-short-term vacation rental ordinance	5
Coordinate with CDAR-compliance program	5
Apply TOT to the total amount paid by renters	2
Eliminate TOT 1-year rental exemption	5
Implement Project Action Team recommendations	5
Review the Violation Schedule	5
Audit the management companies	3
Franchise Fees	
Maximize revenues from contractual payments	5
Licenses and Permits	
Complete a 100% cost recovery cost study	5
Charges For Services	
Complete a 100% cost recover study	4

Rating Criteria

5-Urgent-Implement immediately
4-High
3-Important
2-Moderate
1-Low
C-Complete

RECOMMENDATION	RATING
EXPENDITURES	
Personnel	
Maintain Personnel expenditure increase at 2%/year	5
Maintain Authorized Staffing levels at approximately 80	5
Fire	
Maintain Fire expenditure increase at 2%/year	5
Re-Negotiate Cooperative Fire Service Agreement	5
Maintenance & Operations	
Recover the full cost for services provided	5
Contract animal services with the County	C
Consider shorter term competitive contracts	5
Pursue aggressive turf conversion	5
Assess the marketing program	4
Evaluate Wells Fargo “float”	4
Police	
Monitor 2015 Riverside County Police Study	5
Continue Joint Powers Authority (JPA) discussions	5
Negotiate cost savings with Riverside County/RCSO	5
Reduce annual 7% increase for Police expenditures	5
Engage Supervisor Benoit personally	5
Investigate Citizens On Patrol efficiencies	3
Capital Improvements	
Consider enterprise-based asset management program	3
Adopt 10-year CIP Scenario C (City Ideal/Advisory)	5
Redevelopment Agency Dissolution	
Implement SRR Purchase, Sale and Development Agreement	5
SilverRock Golf Course	
Increase Greens Fees and Resident Card Fees by 15%	5
Competively bid Golf Course Management Agreement	4
Establish a Resident Golfers Advisory Committee	5

Rating Criteria

5-Urgent-Implement immediately

4-High

3-Important

2-Moderate

1-Low

C-Complete

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City of La Quinta

Advisory Committee

Final Report

January 2016

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City of La Quinta
Advisory Committee Final Report

Executive Summary

The City of La Quinta (City) City Council formed the La Quinta Advisory Committee (LQAC) on June 16, 2015 to review City finances (revenues and expenditures) and offer recommendations regarding potential revenue/expenditure measures as an opportunity to receive community input prior to placing a revenue measure on the November 2016 ballot. The LQAC is comprised of 14 resident volunteers with various backgrounds including accounting, finance, engineering, resort management, real estate, business management and more.

The City has earned its "Gem of the Desert" designation by providing its residents with a pre-eminent living experience. We have beauty, charm and opportunity. City residents enjoy a safe (low crime rate) environment, shopping choices ranging from big box stores to boutique shops, excellent restaurants, art and culture, hiking trails, golf and community activities and services at low prices; e.g., Wellness Center annual membership is less than $1 per week and a resident round of golf at the SilverRock Resort averages $43.

The City was once the fastest growing Coachella Valley community, fueled by the development of the Highway 111 corridor and many new home developments. Now, however, the City has been placed in a serious financial quandary primarily because of the loss of $41.3 million from usable reserves pursuant to the dissolution of the La Quinta Redevelopment Agency (RDA) and sharply increasing police service costs. The City is facing an uncertain future with projected expenditures exceeding projected revenues.

The City has done a commendable job dealing with these financial issues and has taken several steps to develop new revenues and contain expenditures. However, the City's current 10-year planning period (FY17-FY26) projection shows a $50 million deficit. This financial situation is not sustainable to maintain a vibrant community and to continue the quality of life we now have.

LQAC has spent six months examining and analyzing revenues/expenditures for the current period and the 10-year planning period. The activities of the LQAC included:

- Nine Advisory Committee meetings with background presentations by City Staff.
- Thorough review of the Fiscal Year 2015/2016 Adopted Budget, Comprehensive Annual Financial Report (CAFR) and other critical documents.
- Numerous meetings of the Subcommittees.
- Several data requests and meetings with City staff.
- Drafting and finalizing the Report.

The following highlights the key facts and recommendations:

Key Facts

Revenues

- A sales tax rate increase for the General Fund requires 50% + 1 voter approval.
- Increasing revenues by increasing the Transient Occupancy Tax (TOT) rate requires two-thirds voter approval.
- Recovery of $36 million of the $41.3 million taken by the State of California as a result of the RDA dissolution will provide $1.4 million per year over the next 20 years.
- The SilverRock Resort Development is expected to yield approximately $17.1 million in new revenues over the 10-year planning period.

Expenditures

- Personnel, Fire and Maintenance & Operations expenditures are reasonable.
- Police expenditures are projected to increase 7% per year for many years. This is unsustainable.
- SilverRock Golf Course expenditures are being subsidized by the General Fund.
- Some fee-supported expenditures for activities and services are not fully recovered by the associated fees.
- Capital expenditures are inadequate to properly maintain City infrastructure.

To maintain a vibrant community and to continue the quality of life we now have, the City Council and all residents must consider and embrace new measures that increase revenues, decrease certain expenditures and increase capital expenditures. These measures will have a very modest impact on a resident's personal budget but will be a big investment in our future and future generations.

If these measures are not embraced by the City Council and residents, the only option remaining is to reduce and/or eliminate some of the activities and services we now enjoy. Such actions will have a negative impact on the vibrancy of our community and the quality of life we now have in our "Gem of the Desert."

Several revenue/expenditure recommendations are presented in this document and should be considered by the City Council. The major recommendations are summarized below.

Recommendations

- Propose a General Tax measure to raise the City's sales tax rate by 1%. A 1% sales tax increase would increase annual General Fund revenues by $6 million.
- Raise the transient occupancy tax rate to 12% for both group hotels and short-term vacation rentals and apply the new rate to resort fees charged by hotels. Increasing the transient occupancy tax rate to 12 % would increase annual General Fund revenues by $676,700. Applying the tax to resort fees would increase annual General Fund revenues by an additional $392,900.
- Continue to work with other communities and take any additional steps required to lower the projected increases in police expenditures.
- Increase Restricted Fund and General Fund Capital Expenditures by $39,391,000 to the City/Advisory Ideal Capital Improvement Program (CIP) level of $73,326,000 over the 10-year planning period.
- Consider raising fees for certain activities and services to fully recover the associated costs.

1.0 Background

1.1 Formation of the Advisory Committee

The La Quinta (City) City Council formed the La Quinta Advisory Committee (LQAC) on June 16, 2015 to review City finances (revenues and expenditures) and offer recommendations regarding potential revenue and expenditure measures as an opportunity to receive community input prior to placing a revenue measure on the November 2016 ballot.

The LQAC is comprised of the following 14 members:

Dennis G. Byerly (Chairperson)

Bob Leidner (Vice Chairperson)

James Y. Cathcart (Sales Tax Revenue Subcommittee Chair)

George J. Batavick (Other Revenue Subcommittee Chair)

Mark L. Johnson (Expenditure Subcommittee Chair)

Frank Kalb

Kelly Ladner

Michele McDonough

W. Richard Mills

Douglas Motz

Bette L. Myers

David Alan Park

Steven Rosen

Doriel Wyler

1.2 Advisory Committee Mission and Goals

The LQAC mission is to review and analyze current and future City revenues and expenditures and make recommendations to ensure a sound financial future.

1.3 City of La Quinta General Information

The City of La Quinta was incorporated in 1982. The City is surrounded by the Santa Rosa Mountains (South and East), City of Indian Wells (West), City of Palm Desert (West & North) and Indio (East). Some City statistics are provided below:

- 32 square miles of land and water.
- 56 feet above sea level.
- Median age is 45.6.
- Permanent population is 39,694.
- Total number of households is 24,150.
- Average household income is $74,736.
- Average temperature is 75 degrees.
- Average rainfall is less than 5 inches.
- 25 golf courses, 11 parks and several miles of biking and hiking trails.

2.0 Revenues

2.1 Background

City revenues are restricted (limited to specific funds) or unrestricted. Unrestricted revenues are used for General Fund operations.

Restricted revenues are dedicated to a variety of restricted funds and cannot be used for General Fund operations.

The City Base 10-Year Projection (Exhibit 1) is located in the Appendix and provides the base revenue/expenditure projection for the 10-year period FY17-FY26. Revenue detail was further analyzed by review/analysis of the FY16 Adopted Budget[1], CAFR[2] and several document requests and interviews with City staff.

2.1.1 Government Fund Accounting

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific purposes. The City utilizes government fund accounting to ensure compliance with finance-related legal requirements. There are three primary funds categories; (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

[1] Fiscal Year 2015/2016 Adopted Budget, June 30, 2015
[2] Comprehensive Annual Financial Report (CAFR), June 30, 2015.

- **Governmental Funds**–31 individual funds (major and non-major). The major funds include the General Fund, Capital Project Funds (2) and Special Revenue Funds (2) with balance sheet and statement of revenue and expenses and changes in fund balance.
- **Proprietary Funds**–1 enterprise fund (SilverRock) and 3 internal service funds (Major Equipment, Information Technology and Park Equipment).
- **Fiduciary Funds**–Agency Fund (assets held by City for assessment district bondholders), Pension Trust Fund (pension plan for City employees) and Private-Purpose Trust Fund (former La Quinta Redevelopment Agency funds until completely liquidated).

All fund revenues/expenditures were reviewed/analyzed but the primary focus was revenue/expenditures related to the General Fund and Capital Project Funds.

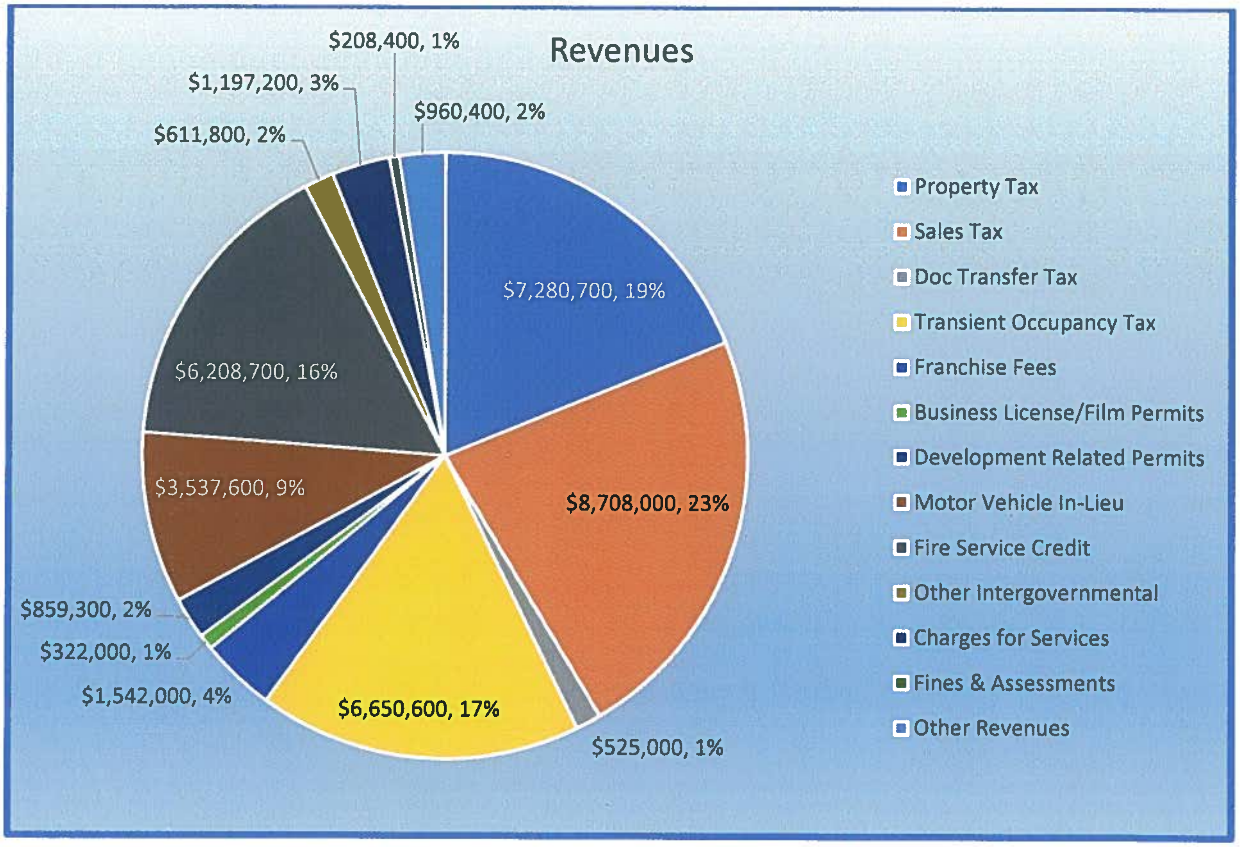
2.1.2 Revenue Types

Unrestricted revenues used for General Fund operations are:

1. **Taxes**–Property tax, sales tax, document transfer tax, transient occupancy tax and franchise fees.
2. **Fees for Licenses and Permits**–Fees for business licenses, building-related permits, site development permits and public works permits.
3. **Intergovernmental Revenues**–Motor vehicle in lieu, fire service credit and other.
4. **Charges for Services**–Fees collected for various City services including leisure enrichment, facility rentals, sports, the Wellness Center and plan and map checks.
5. **Fines, Forfeitures and Abatements**–Fines for citations, vehicle impounds, motor vehicle code violations and parking violations.
6. **Use of Money and Property**–Interest income on investments, rental income and lease revenue.
7. **Miscellaneous**–Burrtec cost reimbursement, insurance recoveries and advertising co-op revenues.
8. **Other Financing Sources**–Reimbursement from the Capital Improvement Project Fund for general operating expenses related to capital improvement projects.

Figure 2.1.2-1 shows the FY16 budget revenues allocation ($38,611,700) by primary revenue type.

Figure 2.1.2-1 FY16 Revenues



2.1.3 Reserve Policy

The estimated General Fund Reserve (Reserve) at the end of FY16 is $85,934,717. Table 2.1.3-1 depicts the Reserve breakdown.

Table 2.1.3-1 Reserves-Projected 6/30/16

Reserve Type	Amount
Non-spendable	$57,066,029
Specific Use (Retiree Medical)	$1,523,401
Emergency	$14,656,600
Cash Flow	$3,664,150
Unappropriated Balance (Available)	$9,024,537
Total	$85,934,717

The current Reserve Policy provides for a Total Reserve equal to 50% of nominal expenditures. Table 2.1.3-2 depicts the Reserve breakdown.

Table 2.1.3-2 Reserve Breakdown

Reserve	Percent (%)
Cash Flow	10
Emergencies	40
Total	50

2.2 Sales Tax

Based on state law, the City receives one percent (1%) of the current eight percent (8%) sales tax. The 1% portion of the sales tax goes directly to the General Fund. Sales tax revenue represents approximately 23% of the total $38 million in revenues projected for FY16.

A tax is a revenue-generating item requiring voter approval. A Special Tax is collected and earmarked for a specific purpose and held in a separate account, and a General Tax is imposed for general governmental purposes, the proceeds of which are deposited into the general fund and remain unrestricted. A General Tax requires a 50% + 1 majority approval by the voters for it to be enacted. A Special Tax requires a two-thirds majority approval by the voters for it to be enacted. However, if a City directs the revenue to a specific purpose prior to placing it on the ballot, the measure, then a General Tax, becomes a Special Tax.

In California, there are a defined amount of tax measures available to cities. Cities pursue tax measures because the revenue is locally controlled and can be dedicated to the needs of the local community. An add-on sales, transaction and use tax is imposed on the total retail price of any tangible personal property and the use or storage of such property when the sales tax is not paid. The authority for this tax comes from California Constitution Article XIII. In California, it is imposed on retailers for the privilege of selling tangible personal property. This tax can be increased by ¼, ½, ¾ or 1% with the following impact on revenues:

- ¼ % increase generates $1,500,000
- ½ % increase generates $3,000,000
- ¾ % increase generates $4,500,000
- 1% increase generates $6,000,000

A General Tax measure must be consolidated with a regularly scheduled election of City Council members, except in case of an emergency declared by unanimous vote (among those present) of the City Council. A Special Tax measure can take place at any time, but requires a two-thirds vote of the electorate. The next regularly scheduled election will be in November 2016 and a regular election takes place every two years. The deadline to submit a ballot measure to the Riverside County Registrar of Voters is typically in August of the election year.

In creating a tax measure for voter consideration, there are several items to consider in structuring the measure (in no particular order):

- Determine General or Special Tax
- Establish tax rate
- Target election date
- Consider sunset provisions (where the tax expires after a certain number of years)

Since 2004, there have been 169 general-purpose, majority vote add-on sales tax measures in California (with a total of 115 receiving a majority vote approval). Table 2.2-1 provides the current sales tax percentage for each of the 9 cities in the Coachella Valley. The Cities of Palm Springs, Cathedral City and Coachella have enacted a local sales tax measure rate increase of 1%. Indio is considering a sales tax measure in 2016.

Table 2.2-1 2015 Coachella Valley Sales Tax Rate Comparison

Community	Sales Tax
Cathedral City	9%
Coachella	9%
Desert Hot Springs	8%
Indio	8%
Indian Wells	8%
La Quinta	8%
Palm Desert	8%
Palm Springs	9%
Rancho Mirage	8%

In looking at the impact to households at various income levels, Table 2.2-2 shows the cost increase of an add-on sales tax measure. This analysis assumes that 30% of a household's annual income is expended on housing expenses, and 40% of a household's annual income (after housing expenses) is spent on taxable transactions that would occur in the City.

Table 2.2-2 La Quinta Sales Tax Increase Household Impact

Annual Income	Current Revenue	¼ % Increase	½ % Increase	¾% Increase	1% increase
$30,000	$60	$15	$30	$45	$60
$60,000	$120	$30	$60	$90	$120
$95,000	$152	$38	$76	$114	$152
$200,000	$320	$80	$160	$240	$320

Approximately one-third of sales tax revenue is generated by La Quinta residents with two-thirds generated from those outside the community.

There is no material available to suggest that a sales tax measure would have a negative impact on businesses. The City of Palm Springs was consulted, as they underwent a sales tax rate increase in 2012. Based on response from the Palm Springs City Manager and Finance Director, there has been no negative impact as a result of increasing the sales tax rate.

Analysis

The City could propose a General Tax measure to raise the City's sales tax rate by 1%. A 1% increase in the sales tax would increase annual revenues by $6 million. The revenue measure would require that the revenue be independently audited on an annual basis by an independent citizens committee with all audits required to be made public. The ordinance presented to the voters including the full detail would have language authorizing and establishing a committee for that purpose provided it is approved by the voters.

2.3 Property Tax

Property taxes are paid to Riverside County by homeowners and businesses twice a year. Property taxes are based on property values assessed by the County based on Proposition 13 property values and rates. The City receives payments from the County in May and December for General Fund operations. However, these payments for General Fund operations represent less than 9% of the property taxes collected, with the County keeping the balance. For example, for a home with an assessed value of $200,000, the City receives back only $175 from the County for General Fund operations, for a $500,000 value only $438, for a $1 million value only $875 (even though in the latter example, the homeowner paid over $9,000 to the County in property taxes based on their $1 million assessed value). Regarding the amount kept by the County, some is returned directly to the City in the form of a fire service credit, which pays for the costs of our fire services. The budgeted fire service credit for 2015-2016 is $6,208,700, representing 16% of General Fund revenues.

Budgeted property tax revenues for FY 2016 are $7,280,700, representing 18.9% of General Fund revenues.

By law, the City has no authority to raise regular property taxes. The City can, however, institute a parcel tax, a vacancy fee and a vacancy tax.

2.3.1 Parcel Tax

A parcel tax is a flat annual tax on all City parcels (both residential and commercial). The City has 23,243 parcels that could be assessed a parcel tax. A $100 annual tax on these parcels would increase annual tax revenues by $2,324,300, while a $50 annual tax would increase annual revenues by $1,162,150. A parcel tax would require a ballot measure and a two-thirds voter approval.

Analysis

The City could commission a study on the feasibility and benefits of a parcel tax.

2.3.2 Vacancy Fee

A vacancy fee is an annual fee assessed on owners of vacant storefronts. In California, these fees average $150 per year. In the Coachella Valley, these fees are assessed in only a handful of cities and are between $60 per year (Desert Hot Springs) and $150 (Indio). In the City, there are a number of vacant storefronts (the most prominent being the former Ralph's on Washington Street and the former Circuit City on Highway 111). Vacancy fees fall under Proposition 218, so fees collected cannot exceed the associated administrative costs. The City Council has discretion over instituting a vacancy fee.

Analysis

The City should not implement a vacancy fee, as the revenues would only recover the associated administrative costs.

2.3.3 Vacancy Tax

A vacancy tax is an annual tax assessed on owners of vacant storefronts based on the square footage or assessed value of the vacant space. The tax covers a city's public works and safety expenses associated with these spaces. The tax also serves as an incentive for owners of these spaces to make every effort to maintain and lease their space to avoid paying the tax. Though not widely prevalent, vacancy taxes are assessed in certain California cities and in other cities throughout the United States. A vacancy tax would require a ballot measure and a two-thirds voter approval.

Analysis

The City could commission a study on the feasibility and benefits of a vacancy tax.

2.4 Document Transfer Tax

The document transfer tax is a payment by the County of Riverside to the City based on home sales in the City after the close of escrow. It is included in the closing statement.

Budgeted document transfer tax revenues for FY 2016 are $525,000, representing 1.4% of General Fund revenues.

The City has no authority over the document transfer tax.

2.5 Transient Occupancy Tax

The transient occupancy tax (TOT) is a tax assessed on guests staying at local hotels and on homeowners' short-term vacation rentals. This tax is collected by the hotels and homeowners, and is remitted directly to the City monthly.

Budgeted TOT revenues for FY 2016 are $6,650,600, representing 17.2% of General Fund revenues. This amount includes $5,375,600 from group hotels and $1,275,000 from small hotels and short-term vacation rental homeowners.

For group hotels (125 rooms or more, a certain square footage of meeting room space and on-site sales efforts to solicit group meetings; e.g., La Quinta Resort, Embassy Suites and Casitas and Homewood Suites), a rate of 11% is assessed on the room rate only. Resort fees, which average $26.75 per day, are not taxed. The City's Municipal Code (Chapter 3.24) considers TOT a "bed tax" only, and therefore, TOT is only assessed on the rent charged (cost of the room) by the hotel operator. For smaller hotels, (Chateau at Lake La Quinta) and short-term vacation rentals, a rate of 10.5% is assessed on the room rate/rental amounts only. Table 2.5-1 reflects comparable rates for other Coachella Valley cities.

Table 2.5-1 TOT Rates–Coachella Valley Cities

City	Hotel Rate (%)	Vacation Rental Rate (%)	Tax on Resort Fees
Cathedral City	12	12	Yes
Coachella	9	9	No
Desert Hot Springs	12	12	No
Indio	13	13	N/A
Indian Wells	11.25	11.25	Yes
La Quinta	11	10.5	No
Palm Desert	9	9	Yes
Palm Springs	13.5	11.5	Yes
Rancho Mirage	10	10	Yes

As shown in Table 2.5-1, TOT rates in the Coachella Valley have a range of 9% to 13.5% on hotels and 9% to 13% on short-term vacation rentals. With the exception of the City and Palm Springs, all these cities have the same TOT rates for hotels and short-term vacation rentals. With the exception of the City, Coachella and Desert Hot Springs, all of these cities assess the tax on both the room rate and the resort fee.

2.5.1 Group Hotels

For group hotels, raising the TOT rate by 0.5% to a new rate of 11.5% would increase annual revenues by $518,800. Raising the TOT rate by 1% to a new rate of 12% would increase annual revenues by $541,400. If TOT is applied to resort fees, a new rate of 11.5% would increase annual revenues by $376,500 and a rate of 12% would increase annual revenues by $392,900.

Analysis

The City could raise the TOT rate for group hotels by 1% to a new rate of 12%. This rate is well within the competitive range of other Coachella Valley cities and should not have a negative impact on business. This new rate would increase annual revenues by $541,400. This TOT rate increase would require a ballot measure and a two-thirds voter approval.

The City could apply the recommended new TOT rate of 12% to resort fees. This is in line with all other neighboring cities, except Desert Hot Springs. Including resort fees in the TOT base would increase annual revenues by $392,900. Applying the TOT rate to resort fees would require a change in the City's Municipal Code.

2.5.2 Short-Term Vacation Rentals

Under City Ordinance No. 501, short-term vacation rental units are privately-owned residential dwellings rented for occupancy for a period of 30 days or less. Homeowners can rent their homes themselves or rent through a management company or realtor. An annual business license ($19) and registration fee ($25) is required. TOT is assessed at a rate of 10.5% (0.5% lower than the rate for group hotels) on the home rental rate only and not on other additional fees charged by the owner for such things as pool heating and pet and cleaning fees. In accordance with the City's Municipal Code (Chapter 3.25), homeowners who rent their homes only once per year are not subject to TOT.

There are currently 900 residential homes in the City registered as short-term vacation rentals. The City has experienced a significant growth in TOT revenue on short-term vacation rentals ($300,000 in 2011-2012 to a budgeted amount for 2015-2016 of $1,275,000, representing 20% of all budgeted TOT revenue). This growth can be attributed to improved communications with homeowners, realtors and management companies and better administration, including assistance by an outside consultant.

For short-term vacation rentals, raising the TOT rate by 0.5% to a new rate of 11% would increase annual revenues by $124,100. Raising the TOT rate by 1% to a new rate of 11.5% would increase annual revenues by $129,700. Raising the TOT rate by 1.5% to a new rate of 12% (which would align this rate to the recommended new rate for group hotels) would increase annual revenues by $135,300.

Additionally, the City has recently formed a short-term vacation rental Project Action Team to streamline administration, improve compliance and recover all costs of administration through higher registration fees.

Analysis

The City could raise the TOT rate on short-term vacation rentals by 1.5% to a new rate of 12%. This new rate is the same new rate recommended for group hotels. Having the same rates for both group hotels and short-term vacation rentals better aligns us with the practices of other cities in the Coachella Valley and still keeps the City competitive with these cities. The new rate would increase annual revenues by $135,300. This change would be included in the same TOT ballot measure raising the TOT rate for group hotels.

Additionally, there is much potential for collecting even higher TOT on short-term vacation rentals if the following actions are taken:

1. Re-educate all City residents, realtors and management companies on the short-term vacation rental ordinance.
2. Coordinate with the California Desert Association of Realtors (CDAR) to develop a program to improve compliance.
3. Apply TOT to the total amount paid by short-term vacation renters (rent, pool heating, pet and cleaning fees).

4. Eliminate the TOT exemption for homeowners who rent their homes only once per year.
5. Accept and implement the recommendations of the Project Action Team to streamline administration, improve compliance and raise registration fees to cover all administrative costs.
6. Review the violation schedule and consider increases to improve compliance.
7. Audit the management companies that assist homeowners with their short-term vacation rentals.

2.6 Franchise Fees

Franchise fees represent negotiated contractual payments to the City by Burrtec, Time Warner, Verizon, etc., for the right to provide services to the City.

Budgeted franchise fees for FY 2016 are $1,542,000, representing 4% of General Fund revenues.

It is assumed that good faith negotiations are made by the City Manager's Office to maximize these revenues.

2.7 Licenses and Permits

These revenues represent fees received for issuing business licenses, building-related permits, site development permits, and public works permits.

Budgeted licenses and permit fees for FY 2016 are $1,181,300, representing 3.1% of General Fund revenues.

In accordance with Proposition 218, fees charged for issuing licenses and permits cannot exceed the costs of issuing them. The City performs a periodic cost study for issuing licenses and permits (adjusted yearly by the CPI), reviews neighboring city fees for competitiveness and establishes fees that hopefully recover the associated costs. For competitive reasons and to be "developer friendly," the City is recovering 81% (Community Development-Planning), 100% (Community Development-Building) and 92% (Public Works) of its costs for issuing licenses and permits. These percentages of cost recovery were set at a March 9, 2013 City Council Public Hearing after a cost study was completed.

Analysis

The City could reevaluate its decision to recover only a percentage of its costs of issuing licenses and permits. While the City should continue to be "developer friendly," there should be 100% recovery of these costs. This would increase annual revenues by $246,900 and offset the current cost recovery shortfall. Users of these services need to be educated to understand that for the City to continue the current quality of service in issuing licenses and permits, fees paid must recover 100% of the associated costs; otherwise, a greater share of General Fund revenue would continue to be needed to underwrite these issuance costs.

2.8 Intergovernmental Revenues

These revenues are comprised of motor vehicle in lieu, a fire service credit and intergovernmental revenues. The motor vehicle in lieu represents a payment from the state on a per capita formula of motor vehicle usage. The fire service credit is a payment from the County of Riverside for fire department expenses. The latter payment comes out of property taxes paid by the City residents and businesses. Other intergovernmental represents federal and state payments for a variety of programs.

Budgeted intergovernmental revenues for FY 2016 are $10,358,100 representing 26.8% of General Fund revenues. The largest piece is $6,208,700 for our fire department services. The City Manager's Office manages these revenues.

2.9 Charges For Services

These revenues include fees collected for various City activities/services, including youth and adult sports, the Wellness Center and plan and map checks.

Budgeted fees for these activities/services for FY 2016 are $1,197,200, representing 3.1% of General Fund revenues.

In accordance with Proposition 218, fees for these activities/services cannot exceed the costs of providing them. The City performs a periodic cost study (adjusted yearly by the CPI), reviews neighboring city fees for competitiveness and establishes fees to hopefully recover the associated costs. It is estimated the City is recovering only 80% of its costs for these non-Wellness Center activities/services. Cost recovery percentages are set by the City Council. Cost studies of youth/adult sports were completed in 2012 and fees were set at the May 2012 City Council Meeting. A cost study of the Wellness Center has not been done for a number of years.

Regarding the Wellness center, there are currently 1,691 resident members and 203 non-resident members. Resident members pay an annual membership fee of $50 while non-residents pay an annual membership fee of $75. Annually, there are approximately 900 people who purchase a daily fitness pass for $5. Additional fees are collected for classes with instructors receiving 70% of the fee for their services with the City retaining the 30% balance. The Wellness Staff also develops programs at other City locations resulting in an additional $45,000 in revenues not attributed to the Wellness Center but to Leisure Enrichment.

The FY 2016 budget includes revenues of $50,000 for fitness memberships, $62,000 for programs and $45,000 for Leisure Enrichment programs ($157,000 total budgeted revenues). Budgeted Wellness Center costs for FY 2016 total $460,700. Comparing budgeted revenues with budgeted costs, the City is recovering only 34% of Wellness Center Costs. A cost study is needed to determine the exact level of expenses and the amounts recovered through membership and program fees.

Analysis

It is acknowledged that the level of fees charged for certain City activities and services is a political "hot button" issue for residents. However, the City could reevaluate its decision to recover only a percentage of the costs of providing youth and adult sports, the Wellness Center and plan and map checks activities/services. The City could complete a new cost study for these activities/services. The ultimate goal should be 100% recovery of the associated costs to offset the current cost recovery shortfall. Recovering 100% of costs could potentially increase revenues by over $300,000 for these activities/services. City residents value these activities/services. Residents need to be educated to understand fees paid for these activities/services should recover 100% of the associated costs for the City to continue with the level and quality of these activities/services. Otherwise, a greater share of General Fund revenue would continue to be needed to underwrite these activity/service costs.

2.10 All Other Revenues

All other revenues include monies collected for fines, forfeitures and abatements (relating to citations, vehicle impounds, motor vehicle violations), use of money and property (interest income on City investments, rental income and lease revenue), miscellaneous (Burrtec cost reimbursement, insurance recoveries) and other financing sources (reimbursement from the Capital Improvement Fund for general operating expenses for staff time and overhead related to capital improvement projects).

Budgeted revenues for these items for FY 2016 are $1,168,800, representing 3% of General Fund revenues.

Monies collected for fines, etc., are reviewed on a periodic basis for competitiveness and fairness. The Investment Advisory Board oversees City investments and their returns while the balance of other revenues are under the City Manager's Office.

2.11 Revenue Recommendations Summary

The City is managing revenues appropriately. However, there is a need for additional revenues and revenue-related studies/actions. Revenue recommendations for the 10-year planning period are summarized below:

- <u>Sales Tax</u>
  - Propose a General Tax measure to raise the City's sales tax rate by 1%. A 1% sales tax increase would increase annual General Fund revenues by $6,000,000.
  - The revenue measure would require that the revenue be independently audited on an annual basis by an independent citizens committee with all audits required to be made public.
  - The ordinance presented to the voters, including the full detail, would have language authorizing and establishing a committee for that purpose provided it is approved by the voters.

- **Parcel Tax**
  - Commission a study on the feasibility and benefits of a parcel tax.

- **Vacancy Tax**
  - Commission a study on the feasibility and benefits of a vacancy tax.

- **Transient Occupancy Tax (TOT)**
  - Raise the TOT rate to 12% for both group hotels and short-term vacation rentals. This will increase annual General Fund revenues by $676,700.
  - Apply TOT to resort fees. This will increase annual General Fund revenues by $392,900.

- **Short Term Vacation Rentals**
  - Re-educate all City residents, realtors and management companies on the short-term vacation rental ordinance.
  - Coordinate with the California Desert Association of Realtors (CDAR) to develop a program to improve compliance.
  - Apply TOT to the total amount paid by short-term vacation renters (rent, pool heating, pet and cleaning fees).
  - Eliminate the TOT exemption for homeowners who rent their homes only once per year.
  - Accept and implement the recommendations of the Project Action Team to streamline administration, improve compliance and raise registration fees to cover all administrative costs.
  - Review the violation schedule and consider increases to improve compliance.
  - Audit the management companies that assist homeowners with their short-term vacation rentals.

- **Franchise Fees**
  - Continue to maximize revenues from these types of contractual payments.

- **Licenses and Permits**
  - Complete a cost study and consider recovering 100% of the costs associated with processing licenses and permits.

- **Charges For Services**
  - Complete a cost study and consider recovering 100% of the costs associated with recreational programs, the Wellness Center and plan/map checking services.

3.0 Expenditures

3.1 Background

The City Base 10-Year Projection (Exhibit 1-Appendix) provides the base revenue and expenditure projection for the 10-year period FY17-FY26. Expenditure detail was further analyzed by review/analysis of the FY16 Adopted Budget, CAFR and several document requests and interviews with City staff.

3.1.1 Government Fund Accounting

Refer to Section 2.1.1.

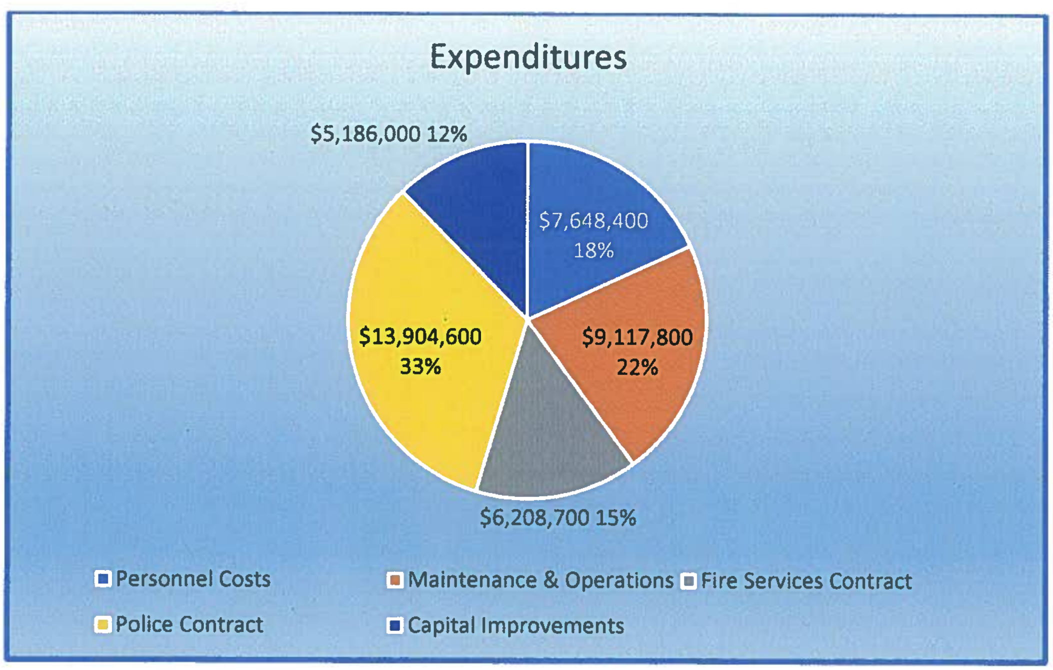
3.1.2 Expenditure Types

The primary expenditure types reviewed/analyzed include:

- Personnel
- Fire Services
- Maintenance and Operations
- Police Services
- Capital Improvements

The total budgeted expenditures for FY16 is $42,065,500 (includes $3,634,000 for capital improvement projects). Figure 3.1.2-1 shows the budget allocation by primary expenditure type.

Figure 3.1.2-1 FY16 Expenditures



The detailed analysis of these primary expenditures are provided in the following sections.

3.1.3 Expenditure Funding Sources

Funding sources for these expenditures include:

- Sales Tax
- Property Tax
- TOT
- Fees & Charges

See Section 2 for more details.

3.1.4 Reserves & Reserve Policy

Refer to Section 2.1.3.

3.2 Personnel

The total number of authorized positions is 79.4 (0.002 positions/capita). This compares favorably to Palm Desert which has authorized positions of 118.3 (0.0023 positions/capita). The 79.4 positions are permanent positions. Part-time positions are budgeted in the Salaries section of each department's budget. The number of authorized positions by department is depicted in Table 3.2-1.

Table 3.2-1 Authorized Positions

Department	Authorized Positions
City Council	5.00
City Manager	9.00
City Clerk	4.00
Community Services	10.72
Finance	6.00
Community Development	22.50
Public Works	20.85
Housing Authority	1.00
SilverRock Resort	0.33
Total	79.40

In 2013, the City organizational structure was realigned in light of the recession and elimination of the redevelopment agency. Twenty (20) net full-time positions were eliminated. Eleven (11) positions of the 20 eliminated have now been added back and are included in the authorized positions shown in Table 3.2-1.

3.2.1 Salaries (CalPERS & Non-CalPERS)

The FY16 Budget includes $5,257,800 for Salaries-CalPERS and $268,600 for Salaries-Non-CalPERS for Total Salaries of $5,526,400. This represents 14.4% of the total General Fund Budget of $38.4 million.

In 2015, the Arthur J. Gallagher Company aka Gallagher Benefit Services (Fox Lawson & Associates/FLA) was engaged to perform a review of job classification, compensation and benefits and make recommendations regarding:

- Job structure and individual position allocations;
- Current state of compensation and benefits;
- Market competitiveness of specific employee benchmarks;
- Benefits and costs associated with recommendations;
- Implementation and transition options; and
- Pay practices, policies and overall compensation program.

The recommendations in the FLA Report[3] were adopted and implemented. New salary bands were established based on the Decision Band Method (DBM). The number of salary bands were reduced from 47 to 20. The salary bands were established based on an extensive market comparison. New pay-for-performance requirements were established to ensure salary increases are not automatic.

The City Base 10-Year Projection (Exhibit 1) includes a 2% increase in Total Salaries for each of the 10 years.

3.2.2 CalPERS Costs & Unfunded Pension Liability

The City contributes to the California Public Employees Retirement System (CalPERS) at an amount determined by a formula and is currently 14.66% of annual covered payroll. The City's contribution is 9.671% and employee's contribution is 6.25%, 7% or 8% depending upon which of the three CalPERS plans the employee is enrolled. The City makes the employee contributions on their behalf through a payroll deduction. There are three classifications of CalPERS Employees depicted in Table 3.2.2-1:

Table 3.2.2-1 CalPERS Classifications

Classification	Terms	No. Employees
Classic	2.5 @ 55	55
Transfer (Classic)	2.0 @ 60	4
New CalPERS	2.0 @ 62	17
Total CalPERS		**76**

[3] City of La Quinta Final Report, Fox Lawson & Associates, April 15, 2014.

In addition to the City's normal CalPERS contribution described above, the City makes an annual payment towards the current estimated unfunded CalPERS liability of $8.2 million (amortized over a 20-year period.)

The required annual payment toward the City's unfunded liability for F15-16 is $406,752. The City elected to prepay this obligation, which lowered the payment to $392,306. The estimated required annual payment toward the City's unfunded liability for FY 16-17 is $471,514.

It is important to note that the City would require an actuarial study from CalPERS to find out the amount needed to completely pay the current estimated unfunded liability and once the unfunded liability is paid, it is only paid up until that moment in time. New liabilities would continue to be incurred after the unfunded liability was paid. Additionally, the cost to terminate the CalPERS contract is estimated at $30,086,503. This cost is much higher than the current unfunded liability estimate of $8,178,661 because it includes estimates for liabilities that would continue to be incurred in the future.

The FY16 Budget includes $786,000 in total CalPERS Cost.

The City Base 10-Year Projection (Exhibit 1) includes a 3% increase in CalPERS Cost for each of the 10 years.

3.2.3 Medical Insurance

The City participates in the CalPERS Medical Insurance Pool which includes 1.3 million members. Each full-time employee receives a flat $1,370/month contribution from the City and the employee pays the remaining portion of the premium. This covers medical, dental, vision and life insurance. Any premium in excess of $1,370/month is paid by the employee.

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing $115/month for each eligible retiree. This OPEB liability is minimal compared to other public agencies.

The FY16 Budget includes $1,012,500 for Medical Insurance Costs.

The City Base 10-Year Projection (Exhibit 1) includes a 2% increase in Medical Insurance Cost for each of the 10 years.

3.2.4 Other Personnel Costs

This item includes vacation/sick leave buy-back, technology stipend (phones, computers, etc.), deferred compensation, long term/short term disability and workers' compensation insurance premium.

The FY16 Budget includes $323,500 for Other Personnel Costs.

The City Base 10-Year Projection (Exhibit 1) includes a 2% increase in Other Personnel Costs for each of the 10 years.

Analysis

The City has done an excellent job managing Personnel Costs.

The organizational structure has been streamlined. New competitive salary bands have been established and pay-for-performance has been adopted.

CalPERS benefits are essential to attract public service employees and CalPERS benefits are in-line with other governmental agencies. The annual unfunded CalPERS liability of $406,752 is nominal compared to other public agencies and has been addressed through a yearly amortization.

The City's portion ($1,370/month) of Medical Insurance Costs and the OPEB liability is reasonable compared to other local public agencies.

The proposed 10-Year Projection increases for Personnel Costs are reasonable. No adjustment is recommended.

3.3 Fire Services

3.3.1 Cooperative Agreement with Riverside County

The City contracts for Fire Service with Riverside County Fire. Riverside County Fire provides administration services but actually contracts field fire services with CAL FIRE.

The Cooperative Agreement[4] was executed on January 1, 2008 but has a term from July 1, 2007 through June 30, 2010. The Cooperative Agreement has been unilaterally extended each year after the initial term expired due to negotiation delays.

The FY16 budget for Fire Service expenditures is $6,208,700. This expenditure is fully funded from a 100% allocation of the City's fire service tax (portion of the 1% Property Tax). This is unique, as many municipalities are required to pool the fire service tax with the County and share the fire service tax.

The fire service tax provides a small surplus (approximately $500,000) each year which is accumulated in the Fire Service Fund and is used for fire station improvements and equipment purchases. It is expected that Fire Service expenditures will exceed fire service tax revenues in the next 5 years. The current Fire Service Fund has a $7,900,264 surplus.

[4] A Cooperative Agreement To Provide Fire Protection, Fire Prevention, Rescue And Medical Aid For The City Of La Quinta, January 17, 2008.

3.3.2 Alternatives

Riverside County Fire is currently conducting a fire service cost study which is expected to be completed by the end of 2015. It is expected that this study will show that some fire stations; e.g., Adams, provide mutual aid service to other communities, which may reduce costs.

Analysis

The City has analyzed the requirements/costs to have its own Fire Department and it is more cost effective to have a regional fire service contract to realize the economies of scale. However, the City must continue to ensure that Riverside County Fire and CAL FIRE are managing fire service costs as efficiently as possible. The Cooperative Agreement should be re-negotiated as soon as the fire service cost study is complete.

3.4 Maintenance and Operations

The City Base 10-Year Projection (Exhibit 1) includes a line item entitled Maintenance and Operations and for FY16 this amounts to $9.1 million. City staff provided most of the detail ($7.8 million) related to this budget item and is summarized in Table 3.4-1.

Table 3.4-1 Maintenance and Operations-Budget Detail Summary

Expense Item	FY15 Budget
Professional/Contractual	$1,685,600
Janitorial	$85,700
Park Maintenance-Contract Landscaping	$399,900
IT Charges	$455,700
Facility-Fleet Maintenance/	$315,600
Park Equipment Maintenance-Replacement	$547,300
Utilities (water/gas/electric	$368,200
City Hall Debt Service	$671,000
Insurance -Liability/Property/Earthquake	$344,800
Dust Control SilverRock	$295,000
City Attorney Costs	$330,000
Greater Palm Springs CVB	$182,000
Sales Tax Sharing Agreement	$450,000
LQ Arts Foundations	$103,100
Economic Development/Marketing	$395,000
Community Grants	$110,000
LQ Chamber of Commerce	$127,500
Transfer to Gas Tax fund for Street Maint	$321,700
Transfer to LLMD for lighting and landscape	$493,500
Transfer to SilverRock for Operations	$115,400
Total	$7,797,000

The information in Table 3.4-1 was gathered by various accounting codes from the Adopted Budget for FY16. Accordingly, it was determined that the most efficient way to analyze these expenditures is to simply refer to the FY16 Budget itself. The following is a summary of the review of the detailed FY16 Budget items related to Maintenance and Operations:

1. Page 40, account 60103 Empire Imaging Service & Support (Laser Fiche) $10,000 and scanning service $20,000 – These are contracted services to assist the City in archiving data which is mandated by the State.
2. Page 59, account 60450 Advertising $13,500 – The City Manager explained that this cost pertains to publication of public notices.
3. Page 63, account 60118 Plan Check $295,000 – This is a contracted service for which the City recovers approximately 80% of the cost from developers.
4. Page 65, account 51070 Animal Shelter $120,000 – This is the City's cost for utilizing the County's animal shelter located in Thousand Palms. The City is considering contracting the animal services with Riverside County.
5. Page 66, account 60189 Technical $120,000 – These are additional services provided by the County with respect to animal control.
6. Page 74, account 60135 Boys & Girls Club $60,000 – These funds are not supporting the Boys & Girls Club, but rather represent the rental of their gym.
7. Page 75, account 60510 Contingency (Community Grants) $60,000 – These are grants to La Quinta non-profit organizations up to individual amounts of $5,000.
8. Page 75, account 60511 Contingency/LQ Arts Foundation $103,100 – These are the costs associated with marketing the event.
9. Page 75, account 60531 Homeless Bus Passes $2500 – We were advised that these funds go into a pool to assist the homeless to access the Coachella Valley Rescue Mission.
10. Page 75, account 60532 Coachella Valley Rescue Mission $50,000 – These funds assist the Rescue Mission with its daily operation. There is no similar facility located in La Quinta.
11. Page 76, account 98110 Information Technology Charges $22,000 – This category of expense is spread throughout the City budget. This charge represents an allocation of IT technology charges for computer services.
12. Page 78, account 60420 Luncheons $10,000 – These are monthly luncheons for seniors, for which there is a $3 charge per person.
13. Page 82, account 60104 Consultants $25,000 – This was the cost of the Community Services survey.
14. Page 82/83, account 60108 Citywide Landscape Maintenance Contract $399,900 – These are contracted services under either 3- or 5-year contracts.

15. Page 83/84, account 61102 thru 61303 Utilities Electrical and Utilities Water $810,800 – These costs, in particular pertaining to water, are under study to determine if the City can meet the state mandated water usage level and as well implementing turf conversion.

16. Page 84, account 98130 Park Equipment Maintenance $547,300 – This is an accounting transfer to an Equipment Maintenance Fund set aside. Future replacements will be drawn against this fund.

17. Page 85, account 60151 PSDRCVB $182,000 – This is a payment to the Convention Bureau to market the Coachella Valley.

18. Page 85, account 60152 Airport Activities $12,500 – This is a payment by the City to the County-run Jacqueline Cochran Regional Airport.

19. Page 86, account 60461 Economic Development/Marketing $395,000 – This is a marketing contract with a La Quinta company. They are to design media programs, promote special projects and special activities for the "drive-in market" (Orange County & San Diego). This contract is renewed every 3 years.

20. Page 88, account 61702 Facility Rent $671,000 – This is an accounting transfer to a Rental Expense Fund.

21. Page 94, account 60102 Bank Service Fees $22,500 – These are credit card fees, bank trustee's fees and Wells Fargo service fees respecting the Operating accounts. During the last year the Wells Fargo service fees ranged from $958 to $1,172 per month. The City uses software that electronically minimizes the "float." The funds are transferred to MMA and CD's which may earn less than the service fees. In other words, the system may be too efficient.

22. Page 97, account 60662 Copiers $45,600 – This expenditure represents the lease cost for the copiers.

23. Page 97, account 61300 Utilities/Telephone $30,000 – This is the estimated cost of the various City land lines.

24. Page 97, account 61301 Mobile/Cell Phones $40,000 – These are the estimated costs of cell phones. The City has implemented a cost control system.

25. Page 106, account 60525 Humana Classic $110,000 – This is the cost of the police and fire that the City contributes to the Desert Classic Charities in support of this event.

26. Page 112, account 60183 Maps/Plan Checking $150,000 – These are contract services, for which the City recoups approximately 80% from the developers.

27. Page 114, account 60104 Contract Inspection $233,000 and account 60144 Contract Traffic Engineer $218,400 – These are contract services.

28. Page 115, account 60146 PM 10 SilverRock $295,000 – It was explained that this is the cost of dust control at SilverRock Resort. The City pays a company to farm the property to minimize the dust disturbance.

29. Page 130, account 60104 Lighting Contract $140,000 – These are contract services for landscape lighting.
30. Page 131, account 60189 Citywide Landscape Contract $460,000 –This is a 3- to 5-year contract.
31. Page 136, account 74800 Art Purchases (Various) $100,000 – These are the costs for the purchase of various art pieces from the Arts Foundation.
31. Page 139, account 60104 Consultants $143,700 – These are contract services with respect to information technology.
32. Page 140, account 80100 Machinery & Equipment $100,000 – This expenditure is for primarily hand-held devices which are not otherwise listed. Example would be iPads.

Analysis

Review and analysis of the Maintenance and Operations items results in a general comfort level that these items are reasonable and well-managed. The following recommendations should be considered and may reduce some of these expenditures:

1. Recover the full cost for services provided. Examples are on page 63 Plan Check, page 78 Luncheons, page 112 Maps/Plan Checks.
2. Pursue contracting the animal services with the County. Refer to page 65.
3. Consider the benefit of shorter term contracts and using city-based contractors. Examples may be found in pages 82/83 Landscape Maintenance Contract, page 114 Contract Inspection, Contract Traffic Engineer, page 131 Citywide Landscape Contract.
4. Pursue aggressive turf conversion. Refer to pages 83/84 Utilities/Water.
5. Frequently assess the marketing program for tangible evidence of success. Establish benchmarks to gauge performance. Refer to page 86 Economic Development/Marketing.
6. Determine if the software utilized to minimize the "float" at Wells Fargo is too efficient. Refer to page 94 Bank Charges.

3.5 Police

The City contracts with Riverside County for police services. The total police staff assigned is 67.71 full-time equivalents as identified in Table 3.5-1. This does not include 3 School Resource Officers that are contracted directly by the Desert Sands Unified School District.

Table 3.5-1 La Quinta Police Staffing

	Lieutenant	Sergeant	Officer	Detective	CSO*
Administration	1				
Patrol			30.76		4
Admin / Traffic (Motors)		1	4		2
Special Enforcement Team		1	5		
Business District Officers			2		
Task Forces (2)			2		
Positions Supporting LQPD	1.63	6.85	0	6.47	0
Total = 67.71	**2.63**	**8.85**	**43.76**	**6.47**	**6**

*Community Services Officer (civilian)

3.5.1 Police Contract with Riverside County

The Riverside County Sheriff's Office (RCSO) contracts with 17 cities in Riverside County, including the following 5 cities located in Coachella Valley; namely, La Quinta, Coachella, Palm Desert, Indian Wells and Rancho Mirage. Riverside County negotiates police contracts with RCSO and the cities negotiate with the County. The same cost elements are billed to each contract city. Each city just determines their level of manpower and services. The County needs to bless each city's individual contract.

The 7% annual increase is related to the County catching up with the rate of compensation for police officers, which was frozen at the onset of the Great Recession in 2008-2009.

3.5.2 Matrix Consulting–Crime Trend Analysis & Police Service Review

In January 2015, the City contracted with the Matrix Consulting Group (Matrix) to review police services and crime trends. The Matrix Report[5] made the following major conclusions:

- The crime rate in the La Quinta is low at 1.74 violent crimes per 1,000 residents but has a higher property crime rate at 38.2 crimes per 1,000 residents.
- The crime rate in La Quinta has been trending downward for the last 10 years. Overall, comparing the 2004-2008 five-year period with 2009-2013, the number of violent crimes decreased 9.3% and property crimes decreased 15.9%.
- The generated Calls For Service (CFS) rate of 0.46 per resident is in the average range of national statistics.
- Patrol Services provides a very good response time to calls, averaging approximately 4.2 minutes travel time to emergency calls and an overall response time (call processing and travel time) of just 5 minutes.

[5] Review of Police Services and Crime Trends-City of La Quinta, CA, May 1, 2015

- La Quinta residents seem to feel safe within the community and believe that the Police Department provides high levels of service and is able to be responsive to their law enforcement needs.
- Increase police productivity.

3.5.3 Alternatives

The only alternative to the current police service contract is to establish the City's own Police Department or contract with another multi-city police service agency.

The City has investigated establishing its own police force in the past and each analysis shows that the economies of scale for contracting with a regional police service agency outweigh a City Police Department.

La Quinta is working with the cities of San Jacinto, Temecula, and Moreno Valley, who are investigating the feasibility of forming a Joint Powers Authority for police services.

Analysis

The major expenditure concern for police service is the ongoing projected yearly 7% increase in RCSO costs. The following summarizes investigation of this issue:

- The County of Riverside has collective bargaining agreements with four RCSO unions. Of the 7% annual increase, 5% of that amount comes from increases in the cost of labor from both sworn and non-sworn Sheriff's Department staff. The other 2% is the annual cost of the Sheriff's countywide emergency communications system, which is passed on to contract cities.
- While less population may suggest less police resources, the Police Department is staffed up to respond and prevent crime throughout the year. Additionally, in seasonally reducing RCSO staffing, layoffs would most likely be the result. The cost associated in seasonally hiring sworn officers would be prohibitive.
- For many years, the Sheriff's Department could not fill its position vacancies fast enough. As such, they required existing officers to work mandatory overtime to provide police protection on a 24-hour basis. The City pays for those overtime costs because of its contracted level of service. In May 2015, the police department returned to a normal work schedule and no longer requires mandatory overtime because there are more officers available to accommodate a regular work schedule.
- In 2012, the City renewed its agreement for contract law enforcement services with the Sheriff's Department, which does not include the contracted ability to make significant adjustments to police services in areas identified in the study. In addition, the Sheriff's Department considers certain areas of their operation off limits from the City as their overseeing body is the County of Riverside. These areas are germane to patrol, detectives, supervision and administration of patrol and investigation units.

- The reduction of Detectives at the Thermal Station Investigations Unit, which could save $586,040 annually as well as revising the methodology of allocating the cost sharing for the Unit. The Sheriff's Station in Thermal serves La Quinta, Coachella and the County area and so do these detectives. The City has more ability to weigh in on police resources like motorcycle patrol, special enforcement teams, and community service officer staffing because they directly serve the City. Since detectives have a greater coverage area and provide service to the City as well as others, we have less ability in the existing Sheriff's model to implement adjustments. To put this disparity in perspective, the City consumes approximately 21% of the Investigations Unit resources, but pays for 54%. Since this recommendation surfaced, City staff are having ongoing conversations with the Sheriff's Department about reevaluating their model.
- There is a vague contingency plan that, if there is a stalemate with the police unions, the County Supervisor would declare an impasse, meaning that the workload would simply be spread over the officers who continue to work.
- The City has no veto power over the appointed Chief of Police. The City is basically powerless and feels the necessity to use "kid gloves" when dealing with the police bureaucracy.
- Citizens on Patrol ("COP") program has experienced a doubling of participation in the last few years. At this point, there is no identifiable budget effect. The COP program is used primarily to provide visibility.
- Exhibit 2 (Appendix) reflects 15 Matrix Consulting Group's recommendations, 8 of which are marked on the Exhibit with an asterisk. The City has no authority or ability to implement these recommendations.
- Exhibit 3 (Appendix) consists of pages 3 and 4 from the Executive Summary dated 5/19/15. It contains four recommendations, two of which deserve particular attention, namely: reducing daily patrol hours to 120 which would meet the City's target and developing a patrol plan which would assist the officers to better utilize their down time. Again, the City only has limited ability to implement these proposals.
- Exhibit 4 (Appendix) Response #5 on page 2 cannot be implemented until the next contract, since it would exceed a 10% adjustment.

The City has met with Supervisor John Benoit's Chief of Staff and discussed the issue that the projected annual increase in the cost of police services is unsustainable. In June 2015, Riverside County commissioned a police study to investigate police service and associated costs.

La Quinta is providing assistance to the cities of San Jacinto, Temecula, and Moreno Valley, who are investigating the feasibility of forming a Joint Powers Authority (JPA).

The City should continue to negotiate with Riverside County and indirectly RCSO to develop cost savings and bring police service costs in line. In addition, the City should start now to develop the contract "deal" points in preparation for when the next contract is negotiated.

On a parallel track, the City should continue to work with other cities to investigate and determine the feasibility of forming a police service JPA.

The City Base 10-Year Projection (Exhibit 1) includes an annual 7% increase for police expenditures. This is unsustainable and it is recommended that police expenditures be contained. For example, if the proposed 7% annual increases could be reduced to 5% in FY17 and 3%/year for FY18-FY25, it would result in a savings of approximately $32 million over the ten-year planning period.

3.6 Capital Improvements

Capital Improvements are defined as items that have a value greater than $5,000 and have a useful life of 3 years or greater.

3.6.1 Capital Improvement Program (CIP)

The current Capital Improvement Program (CIP) is a five-year plan (FY16-FY20) with total expenditures shown in Table 3.6.1-1.

Table 3.6.1-1 5-Year CIP

Fiscal Year	Total Capital Expenditure ($)
FY16	$19,797,738
FY17	$5,940,000
FY18	$4,886,649
FY19	$3,481,462
FY20	$4,033,780
Total	**$38,139,629**

The funding sources for these expenditures come from the General Fund and several Restricted Funds as explained below. For the most part, capital expenditure funding is provided as funds become available (Pay-Go).

In addition to the 5-Year CIP, a list of proposed Capital Improvements totaling $89.6 million is provided in Exhibit 5. Exhibit 5 is monitored and these projects are added to the 5-Year CIP as current projects are completed and funding becomes available.

For the purposes of this study/report, a projection of capital expenditures beyond the current Five-Year CIP was developed to provide a 10-Year CIP and is presented in Section 3.6.6.

3.6.2 Restricted Funds

There are five major and several minor Restricted Capital Improvement Funds. The funding from these sources can only be utilized for specific purposes. The five major Restricted Capital Improvement Funds are further described below.

3.6.2.1 Bond Proceeds

Bond proceeds provide funding from General Obligation Bonds and/or Revenue Bonds for specific project purposes. The only current bond proceeds derive from the SilverRock RDA Bond of which there is only $5.1 million available for SilverRock Development infrastructure.

3.6.2.2 Quimby

Quimby funds are derived from a Development Impact Fee (DIF) and the funds are used specifically for park/recreational purposes. The current fee for a single family detached home is $2,048 per Dwelling Unit (DU).

3.6.2.3 DIF Transportation

DIF Transportation provides funding from developers for off-site arterial street/highway improvements. The current fee for a single family detached home is $2,842 per DU.

3.6.2.4 TUMF

Transportation Uniform Mitigation Fee (TUMF) is a county development impact fee. The City competes against other Coachella Valley cities for these funds for major street/highway projects. The current fee for a single family detached home is $1,837.44 per DU.

3.6.2.5 Measure A Transportation

Measure A funds come from a dedicated Riverside County half-cent sales tax. The City currently receives approximately $800,000 to $1 million in Measure A revenues from the County for this program.

3.6.2.6 Miscellaneous

There are several Miscellaneous Funds utilized for specific purposes. These funds are minor and only analyzed in aggregate in this study/report.

3.6.3 General Fund

The General Fund provides funding for all non-restricted capital improvements and the revenue sources are described in Section 2.

3.6.4 Asset Accounting

Capital assets are valued at their estimated fair market value at the date of contribution or placed in service. Capital infrastructure includes roads, streets, sidewalks, medians, storm drains, buildings, etc. Capital assets are depreciated over their useful lives utilizing the straight-line depreciation method. Depreciation is a non-cash expense charged against operations and accumulated depreciation is reported on the balance sheet. Depreciation is not a fund for infrastructure replacement but an indicator of the amount of funds that theoretically are required to replace assets over time.

The Net Capital Assets as of June 30, 2014 are shown in Table 3.6.4-1.

Table 3.6.4-1 Net Capital Assets

Description	Ending Balance 6/30/14
Capital Assets-Being Depreciated	$273,969,369
Accumulated Depreciation	-$123,130,840
Net Capital Assets-Being Depreciated	$150,838,529
Capital Assets-Non Depreciated	$376,905,200
Total Net Capital Assets	$527,743,729

Depreciation is calculated utilizing the useful lives depicted in Table 3.6.4-2.

Table 3.6.4-2 Capital Asset Useful Life

Asset Description	Useful Life
Buildings & Improvements	10-30 years
Equipment & Furniture	3-20 years
Vehicles	5-10 years
Infrastructure	10-50 years
Software	5-10 years

Total Depreciation Expense for FY14 was $8,923,725.

3.6.5 Asset Management

The City is relatively young (33 years) and most of its assets have not reached their useful lives. However, now is the time to ensure that these assets are properly managed to ensure proper maintenance and replacement. An enterprise Asset Management system does not exist but the City has procedures in place to manage specific assets.

3.6.5.1 Infrastructure Inspection & Condition

The Infrastructure Inspection programs are depicted in Table 3.6.5.1-1.

Table 3.6.5.1-1 Infrastructure Inspection Programs

Inspection Program	Description	Cycle
Pavement Management	Consultant-Inspect & Core	5 Years
Traffic Safety Report	Consultant-Inspect	Annual
Sidewalks/Curbs	Public Works-Inspect	Annual
Bridges	Caltrans-Inspect	2 Years
Drainage	Public Works-Inspect	2 Years
Buildings	Community Services-Inspect	1-5 Years

The Pavement Management Program is successful as roads/streets have a Pavement Condition Index (PCI) of 80 which is considered excellent. Most roads/streets are sealed every 5-8 years.

The Traffic Safety Report yields intersection signalization and improvement projects. The City has started using roundabouts in lieu of signalization to avoid the typical $430,000 capital cost of a signalized intersection.

Sidewalks, curbs and bridges are all in very good condition. Buildings are upgraded as needed.

A Drainage Study was conducted in 2009 and is currently being updated in light of the flooding related to the storms of August 25, 2013 and September 8, 2014. This updated study could result in significant capital improvements.

The results from these infrastructure inspections are incorporated in proposed CIP projects and funded through restricted funds or the general fund as funds become available.

3.6.6 10-Year CIP Scenarios

The City Base 10-Year Projection (Exhibit 1) only provides the Capital Expenditures for the General Fund. To provide the bigger picture, a 10-Year CIP was developed showing both Restricted and General Fund capital expenditures. Three scenarios are provided for the 10-Year CIP as shown in Table 3.6.6-1.

Table 3.6.6-1 CIP Scenarios

CIP Scenario	Restricted Funds	General Fund	Total CIP
A-Base-City	$18,415,714	$15,520,000	$33,935,714
B-Midpoint	$18,415,714	$30,000,000	$48,415,714
C-City Ideal/Advisory	$25,625,269	$47,701,013	$73,326,282

In each CIP Scenario, the Restricted Funds are utilized when these funds become available for the purposes described in Section 3.6.2 and do not impact the General Fund. General Fund capital expenditures vary based on a level of construction as described in the following sections and do significantly impact the General Fund.

3.6.6.1 CIP Scenario A

General Fund capital expenditures average $1.552 million/year and include only approximately $500,000/year for landscape improvements (turf conversion) and $1 million/year for Pavement Management Plan street improvements. There is no provision for drainage, building, park or other City enhancement projects.

3.6.6.2 CIP Scenario B

General Fund capital expenditures average $3.0 million/year and include approximately $500,000/year for landscape improvements (turf conversion), $1 million/year for Pavement Management Plan street improvements and $1.5 million/year for drainage, building, park or other City enhancement projects.

3.6.6.3 CIP Scenario C

General Fund capital expenditures average $4.77 million/year and include approximately $500,000/year for landscape improvements (turf conversion), $1.0 million/year for Pavement Management Plan street improvements and $3.2 million/year for drainage, building, park and other City enhancement projects. Exhibit 5 (Appendix) provides the detailed CIP information utilized for Scenario C.

Analysis

CIP Scenario A (Base-City) only provides a total capital investment of approximately $3.4 million/year over the 10-year planning period. This is very little capital investment for a city of this size and represents only 38% of yearly asset depreciation.

CIP Scenario B (Midpoint) provides a total capital investment of approximately $4.8 million/year over the 10-year planning period. This represents only 54% of annual depreciation, which is still a fairly modest capital investment.

CIP Scenario C (City Ideal/Advisory) provides a total capital investment of approximately $7.3 million/year over the 10-year planning period. This represents 82% of annual depreciation and approaches the ideal capital investment for the City.

For comparison, the City of Palm Desert's 5-Year CIP is $95.7 million or $19.14 million/year.

Table 3.6.6-1 presents the impact of the 10-Year CIP Scenarios on the General Fund keeping all the assumptions provided in the City Base 10-Year Projection (Exhibit 1) the same.

Table 3.6.6-1 CIP Scenario Impact on 10-Year Projection

CIP Scenario	(FY17-FY26)
A-Base-City	-$49,940,443
B-Midpoint	-$64,420,443
C-City Ideal/Advisory	-$82,121,456

It is recommended that the City adopt the 10-year CIP Scenario C (City Ideal/Advisory), which provides a more appropriate infrastructure investment for a City the size of La Quinta. This level of investment will ensure the City's assets are replaced at appropriate intervals and avoid disrepair.

3.7 Redevelopment Agency Dissolution

3.7.1 Background

Effective February 1, 2012, the State of California effectively dissolved local Redevelopment Agencies (RDAs) pursuant to the Dissolution Act or ABx1 26. RDAs had been operating in California since the end of WWII under the premise of utilizing Tax Increment Financing (TIF) for local redevelopment.

As a result, approximately 400 RDAs were dissolved on February 1, 2012, with the assets and liabilities transferred to Successor Agencies. Successor Agencies were established to manage redevelopment projects currently underway, make payments on enforceable obligations and dispose of redevelopment assets and properties. Each Successor Agency has an Oversight Board that supervises its work. The Oversight Board is comprised of representatives of the local agencies that serve the redevelopment project area; the city, county, special districts and K-14 educational agencies. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area.

3.7.2 Impact To La Quinta

The La Quinta RDA was significantly impacted by AB 26. From 1994-2010, the City loaned the former La Quinta RDA $41.3 million. That amount was repaid to the City prior to March 2011.

However, the California Department of Finance (DOF) and State Controller opined that the loans were void. The City litigated and the Superior Court of Sacramento ruled that the loans were legitimate.

On June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which is to make technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level in implementing that act. As a budget "trailer bill," AB 1484 took immediate effect upon signature by the Governor. AB 1484 requires those involved in unwinding the redevelopment process to learn and implement some significant new rules of conduct just as they were beginning to adapt to and implement the complex rules mandated by the Dissolution Act itself.

The City restructured the loans with the approval of the Oversight Board. However, the DOF indicated the interest rate needed to be recalculated so they wrote down the $41.3 to $36 million.

SB 107, signed by Governor Brown on September 22 and effective immediately, creates additional requirements and deadlines for the dissolution of former RDAs. Some amendments are simple clarifications. Others significantly change the current practices of successor agencies, such as new or extended deadlines or types of expenses that can be recovered by a successor agency. For the La Quinta RDA, the $36 million is secure. In addition, SB 107 provides:

- Interest earnings the City will receive on the outstanding principal will increase from .03% to 3 to 4%.
- Access to $25.7 million of 2011 bond proceeds ($25 million of this must be used for affordable housing preservation and/or development).
- Allows the Successor Agency to file a final Recognized Obligation Payments Schedule (ROPS), which when approved by the DOF concludes RDA close-out activities.

The remaining La Quinta RDA loan balance is approximately $35 million. The DOF will be repaying that loan to the City over a 12-year period with approximately $1.4 million/year going to the General Fund and $380,000/year going to the Housing Authority. These funds can be utilized for Capital Improvement projects as identified above.

3.7.3 Successor Agency Status

The La Quinta RDA Successor Agency (Successor Agency) Oversight Committee includes the following appointments:

- Riverside County Superintendent of Education–DSUSD
- Largest Special District–CVWD
- Riverside County Board of Supervisors–Riverside County Housing Authority
- Mayor-Appointed RDA Employee
- Mayor-Appointed City Representative
- Chancellor of CA Community College–COD

The Successor Agency has completed the property management plan.

3.8 SilverRock Resort

SilverRock Resort is a 525-acre parcel of land situated at the base of the majestic Santa Rosa Mountains. The property was a former working cattle ranch and vacation retreat of Home Savings and Loan founder, Howard Ahmanson. In 2002, the La Quinta Redevelopment Agency purchased the land to create a tournament golf course, which is open to the public, and a luxury resort/retail venue that would generate long-term, recurring revenue for the City. The golf course was designed by Arnold Palmer and constructed and placed in service in 2005. The Arnold Palmer Classic Course at SilverRock Resort was one of the venues used for the Bob Hope Classic. The luxury resort/retail venue portion of SilverRock Resort was not implemented as planned because of the downturn in the economy and the dissolution of the La Quinta RDA.

Recently, the City has negotiated a Purchase, Sale and Development Agreement (PSDA)[6] with SilverRock Development Company, LLC (SDC) for the creation of a development program at SilverRock Resort highlighted in Exhibit 6 (Appendix). SDC is a development corporation composed of the Robert Green Companies. The development program includes a luxury hotel with branded luxury residential, a lifestyle hotel with branded lifestyle residential, a conference and shared services facility, a mixed-use village, resort residential village, renovation of the existing Ahmanson Ranch House, construction of a permanent golf clubhouse, as well as associated road and utility infrastructure.

This transaction requires City investment of an estimated $20.1 million in transient occupancy tax (TOT) revenue rebate to SDC. The rebate is limited to TOT generated from the luxury and lifestyle hotels and only during the first 15 years of the respective hotel operation. Further, the rebate is paid only if these hotels do not achieve an annual 11% return on cost during the 15-year period. After 15 years, TOT revenue sharing will end and the City will receive 100% of TOT revenue.

Over the same 15-year period beginning in FY18, it is projected that the City would receive $47,748,541 in net additional fee and tax revenue. This equates to $17,164,608 in net additional revenues during the 10-year planning period for this study.

The projected value of the Development Program is $420 million. The Development Program includes the following:

1. **Master Site Infrastructure**–Infrastructure improvements including mass grading, wet/dry utilities, roads, re-routing of existing golf holes and storm water retention at a cost of $42 million paid by SDC.
2. **Hotels**–A 140-room, 5-star quality luxury hotel and spa and a 200-room, 4-star quality lifestyle hotel.
3. **Conference**–A 71,000 square foot conference center and shared services facility shared by the luxury and lifestyle hotels.
4. **Retail**–A resort village with 150,000 square feet of resort residential units and up to 40,000 square feet of retail space with recreation areas.
5. **Branded Resort Residential**–35 luxury and 60 lifestyle branded residential homes that are associated with their respective hotels that generate TOT (not subject to rebate).

[6] Purchase, Sale and Development Agreement, November 18, 2014.

6. **Resort Residential**–160 resort style homes for private ownership with the option for owners to offer as short-term rentals as TOT generating units (not subject to rebate).
7. **Ahmanson Ranch House**–Renovation of the facility as a public event center and to serve as an amenity to the resort.
8. **New Golf Clubhouse**–5,000 square feet of air-conditioned space with large outdoor patios and event lawn.

The major deal points of this transaction involve reconfiguration of the Arnold Palmer Golf Course, TOT rebate and land sale. Throughout negotiations, the City has focused on the following guiding principles: Long-term income generation, maintaining current levels of resident golf play and creation of new and unique recreational opportunities for residents.

1. **Arnold Palmer Golf Course Reconfiguration**–Three existing golf course holes have been identified to be relocated or reconfigured in order to accommodate the luxury hotel. The City, SDC, and Arnold Palmer Design Group have reviewed this impact and together have discussed a golf hole rerouting plan.
2. **TOT Rebate**–The TOT rebate period would span 15 years. During this period, when less than an 11% return on cost is achieved, the City would rebate SDC a portion of the hotel TOT revenue from the luxury and lifestyle hotels. In years 1 through 10, up to 95% of the TOT would be rebated. In years 11 through 15, up to 75% of the TOT would be rebated. TOT rebates are not paid when an 11 percent return is achieved.
3. **Land Sale**–The City would sell approximately 145 acres of property for $1.00 per parcel (the number of parcels has yet to be determined). The former Redevelopment Agency used tax-exempt bonds to purchase the land and fund the subsequent improvements. Internal Revenue Service regulations restrict the income the City may receive from property purchased and improved with tax exempt bonds. Land sale represents one of these restrictions, which results in the land sale income being limited to $1.00 per parcel. This would be the case regardless of developer.
4. **Resident Golf**–The current resident card status will not change. The number of golf rounds available and resident access to tee times will remain the same. During the past three years, approximately 14,000 rounds have been played annually by residents, which amount to 30% of total play at the course. Going forward that same 30% will remain dedicated to resident play.

3.8.1 Golf Course Operation

The Arnold Palmer Classic Course at SilverRock Resort (Golf Course) has been in operation for approximately 10 years. The Golf Course has been operated and maintained by Landmark Golf Management LLC since the Golf Course was opened in 2005. The most current Golf Course

Management Agreement[7] between the City and Landmark was executed on July 1, 2013 and has a 5-year term which can be shortened to 3 years at the discretion of the City. Table 3.8.1-1 provides the Golf Course revenues and expenditures for the first 10 years of operations.

Table 3.8.1-1 SilverRock Golf Course Revenues & Expenditures

Fiscal Year	Revenues	Expenditures	Operating Loss/Income
2005	$1,091,836	$1,877,291	-$785,455
2006	$3,120,728	$4,523,146	-$1,402,418
2007	$3,540,748	$4,463,804	-$923,056
2008	$3,814,233	$4,634,149	-$819,916
2009	$3,368,135	$4,351,353	-$983,218
2010	$3,584,996	$4,137,699	-$552,703
2011	$3,756,615	$4,162,404	-$405,789
2012	$3,871,898	$4,050,600	-$178,702
2013	$3,837,678	$4,185,905	-$348,227
2014	$4,159,470	$4,959,018	-$799,548
Total	$34,146,337	$41,345,369	-$7,199,032

Analysis

The $7.2 million loss shown in Table 3.8.1-1 includes depreciation, $1,376,806 of losses in 2008-2011 related to the Bob Hope Classic PGA event and $838,961 in losses related to the storms of August 25, 2013 and September 8, 2014. Discounting the golf tournament and storm items, the total 10-year loss would be $4,983,265 or approximately $500,000/year.
The FY16 SilverRock Annual Plan[8] includes greens fees of $3,199,237 and resident card fees of $178,059 for at total of $3,377,296. It is recommended that these fees be raised by 15% to cover the current $500,000 loss and establish a sinking fund to cover capital improvements for the golf course to preserve its reputation as a tour professional venue.

It is also recommended that the Golf Course Management Agreement be advertised for competitive proposals in early 2018 to ensure the City is getting the best contract possible.

Since one of the primary purposes of the SilverRock Golf Course is public recreation for its residents and approximately 3,000 residents hold resident cards, it is recommended that the City establish a Resident Golfers Advisory Committee to provide valuable input on golf course operation and maintenance.

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[7] Golf Course Management Agreement By And Between City Of La Quinta And Landmark Golf Management, LLC, July 1, 2013
[8] SilverRock Resort 2015/2016 Annual Plan, April 22, 2015.

3.9 Expenditure Recommendations Summary

The City is managing expenditures prudently. Except for Police, there are no major recommendations for wholesale expenditure reductions. However, several expenditure and expenditure-related studies/actions are suggested. The expenditure recommendations for the 10-year planning period are summarized below:

- **<u>Personnel</u>**
  - Maintain Personnel expenditure increase at 2% per year.
  - Maintain Authorized Staffing levels at approximately 80.

- **<u>Fire</u>**
  - Maintain Fire expenditure increase at 2% per year
  - The Cooperative Fire Service Agreement should be re-negotiated as soon as the Riverside County fire service cost study is complete.

- **<u>Maintenance & Operations</u>**
  - Recover the full cost for services provided; e.g., plan check fees, etc.
  - Pursue contracting the animal services with the County.
  - Consider the benefit of shorter term competitive contracts and using city-based contractors.
  - Pursue aggressive turf conversion to reduce water costs.
  - Frequently assess the marketing program for tangible evidence of success. Establish benchmarks to gauge performance.

- **<u>Police</u>**
  - Closely monitor the Riverside County Police Study commissioned in June 2015.
  - Continue discussions with the cities of San Jacinto, Temecula, Moreno Valley and Other Cities regarding formation of a Joint Powers Authority (JPA).
  - The City should continue to negotiate with Riverside County and indirectly RCSO to develop cost savings and bring police service costs in line. In addition, the City should start now to develop the contract "deal" points in preparation for when the next contract is negotiated.
  - The annual 7% increase for police expenditures is unsustainable and it is recommended that they be contained.
  - The City needs to engage Supervisor Benoit personally. He needs to understand that his constituent cities cannot sustain a 7% annual increase in the cost of police services.
  - The City should determine if there is a more efficient way to utilize the services of COP. There may be an opportunity to have this program impact the budget.

- **Capital Improvements**
  - Consider development and implementation of an enterprise-based asset management program.
  - Adopt 10-year CIP Scenario C (City Ideal/Advisory) which provides a total capital investment of approximately $7.3 million/year over the 10-year planning period. This represents 82% of annual depreciation and approaches the ideal capital investment for the City.

- **Redevelopment Agency Dissolution**
  - Implement the Purchase, Sale and Development Agreement (PSDA) with SilverRock Development Company, LLC (SDC) which will provide the City $52.9 million in fee and tax revenue: $5,200,000 in development impact fee revenue, $38,700,00 of TOT revenue (after the $20,100,000 TOT revenue rebate), $6 million of sales tax revenue, and $3 million of property tax revenue over the 15-year period beginning in FY18.

- **SilverRock Golf Course**
  - Increase Greens Fees and Resident Card Fees by 15% to cover the current $500,000 loss and establish a sinking fund to cover capital improvements for the golf course to preserve its reputation as a tour professional venue.
  - Advertise the Golf Course Management Agreement for competitive proposals in early 2018 to ensure the City is getting the best contract possible.
  - Establish a Resident Golfers Advisory Committee to provide valuable input on golf course operation and maintenance.

4.0 Revenue & Expenditure Scenarios

The City Base 10-Year Projection (Exhibit 1) shows a deficit of -$49,940,443 at the end of the 10-year period (FY26). This defines the critical nature of the City's financial condition. Revenue & Expenditure Scenarios (Scenarios) A-G (Exhibits 7-13) were developed to analyze various revenue/expenditure options to improve this situation.

The City Base 10-Year Projection did not include future revenues available from the RDA loan repayment and net revenues from the proposed SilverRock Resort Development. These revenues have been included in all scenarios along with different combinations of TOT, Sales Tax and CIP expenditures. Table 4.0 provides a summary of the Base and Scenarios. The details are provided in Exhibits 7-13 (Appendix).

Table 4.0 Revenue & Expenditure Scenario Summary

Scenario	Revenues					Expenditures		Surplus/Deficit
	Base	RDA	SRR	TOT	STAX	Base	CIP+	
Base	✔					✔		-$49,940,443
A	✔	✔	✔			✔		-$18,775,835
B	✔	✔	✔	✔		✔		-$8,079,835
C	✔	✔	✔		✔	✔		$41,224,165
D	✔	✔	✔	✔	✔	✔		$51,920,165
E	✔	✔	✔				✔	-$50,956,848
F	✔	✔	✔	✔			✔	-$40,260,848
G	✔	✔	✔		✔		✔	$9,043,152
H	✔	✔	✔	✔	✔		✔	$19,739,152

RDA–RDA Loan Repayment
SRR–SilverRock Resort Development
TOT–Transient Occupancy Tax
STAX–Sales Tax
CIP+–City Ideal/Advisory CIP

Analysis

The City's goal is to return available reserves to the $40-$50 million level that was experienced prior to the RDA dissolution. Scenarios C and D meet this goal. However, both Scenarios C and D assume limited capital improvement, which is unsustainable.

Scenarios G and H include Scenario C–City Ideal/Advisory CIP program and provide a $9 million and $19.7 million surplus at the end of the 10-year planning period, respectively. Although these scenarios are less than 50% of the available reserve goal, they provide an adequate level of capital spending. However, other potential revenue and expenditure options are available to supplement the available reserves if needed; e.g., containing police service expenditures below the projected 7% yearly increase, collecting fees to cover all City costs, etc. In addition, the TOT and Sales Tax revenue projections utilized in these Scenarios are conservative in that they do not assume any growth.

Scenario H is recommended as it provides the revenues necessary to cover expenditures, provide adequate capital spending and increase available reserves.

5.0 Summary of All Recommendations

Revenues

- **Sales Tax**
  - Propose a General Tax measure to raise the City's sales tax rate by 1%. A 1% sales tax increase would increase annual General Fund revenues by $6 million.
  - The revenue measure would require that the revenue be independently audited on an annual basis by an independent citizens committee with all audits required to be made public.
  - The ordinance presented to the voters including the full detail would have language authorizing and establishing a committee for that purpose provided it is approved by the voters.

- **Parcel Tax**
  - Commission a study on the feasibility and benefits of a parcel tax.

- **Vacancy Tax**
  - Commission a study on the feasibility and benefits of a vacancy tax.

- **Transient Occupancy Tax (TOT)**
  - Raise the TOT rate to 12% for both group hotels and short-term vacation rentals. This will increase annual General Fund revenues by $676,700.
  - Apply TOT to resort fees. This will increase annual General Fund revenues by $392,900.

- **Short-Term Vacation Rentals**
  - Re-educate all City residents, realtors and management companies on the short-term vacation rental ordinance.
  - Coordinate with the California Desert Association of Realtors (CDAR) to develop a program to improve compliance.
  - Apply TOT to the total amount paid by short-term vacation renters (rent, pool heating, pet and cleaning fees).
  - Eliminate the TOT exemption for homeowners who rent their homes only once per year.
  - Accept and implement the recommendations of the Project Action Team to streamline administration, improve compliance and raise registration fees to cover all administrative costs.
  - Review the violation schedule and consider increases to improve compliance.

- Audit the management companies that assist homeowners with their short-term vacation rentals.

- **Franchise Fees**
  - Continue to maximize revenues from these types of contractual payments.

- **Licenses and Permits**
  - Complete a cost study and consider recovering 100% of the costs associated with processing licenses and permits.

- **Charges For Services**
  - Complete a cost study and consider recovering 100% of the costs associated with recreational programs, the Wellness Center and plan/map checking services.

Expenditures

- **Personnel**
  - Maintain Personnel expenditure increase at 2% per year.
  - Maintain Authorized Staffing levels at approximately 80.

- **Fire**
  - Maintain Fire expenditure increase at 2% per year
  - The Cooperative Fire Service Agreement should be re-negotiated as soon as the Riverside County fire service cost study is complete.

- **Maintenance & Operations**
  - Recover the full cost for services provided; e.g., plan check fees, etc.
  - Pursue contracting the animal services with the County.
  - Consider the benefit of shorter term competitive contracts and using city-based contractors.
  - Pursue aggressive turf conversion to reduce water costs.
  - Frequently assess the marketing program for tangible evidence of success. Establish benchmarks to gauge performance.
  - Determine if the software utilized to minimize the "float" at Wells Fargo is too efficient.

- **Police**
  - Closely monitor the Riverside County Police Study commissioned in June 2015.
  - Continue discussions with the cities of San Jacinto, Temecula, Moreno Valley and Other Cities regarding formation of a Joint Powers Authority (JPA).

- The City should continue to negotiate with Riverside County and indirectly RCSO to develop cost savings and bring police service costs in line. In addition, the City should start now to develop the contract "deal" points in preparation for when the next contract is negotiated.
- The annual 7% increase for Police expenditures is unsustainable and it is recommended that these proposed 7% annual increases be reduced to 5% in FY17 and 3%/year for FY18-FY25. This will result in a savings of approximately $32 million over the 10-year planning period.
- The City needs to engage Supervisor Benoit personally. He needs to understand that his constituent cities cannot sustain a 7% annual increase in the cost of police services.
- The City should determine if there is a more efficient way to utilize the services of COP. There may be an opportunity to have this program impact the budget.

- **Capital Improvements**
  - Consider development and implementation of an enterprise-based asset management program.
  - Adopt 10-year CIP Scenario C (City Ideal/Advisory), which provides a total capital investment of approximately $7.3 million/year over the 10-year planning period. This represents 82% of annual depreciation and approaches the ideal capital investment for the City.

- **Redevelopment Agency Dissolution**
  - Implement the Purchase, Sale and Development Agreement (PSDA) with SilverRock Development Company, LLC (SDC) which will provide the City $52.9 million in fee and tax revenue: $5,200,000 in development impact fee revenue, $38,700,00 of TOT revenue (after the $20,100,000 TOT revenue rebate), $6 million of sales tax revenue, and $3 million of property tax revenue over the 15-year period beginning in FY18.

- **SilverRock Golf Course**
  - Increase Greens Fees and Resident Card Fees by 15% to cover the current $500,000 loss and establish a sinking fund to cover capital improvements for the golf course to preserve its reputation as a tour professional venue.
  - Advertise the Golf Course Management Agreement for competitive proposals in early 2018 to ensure the City is getting the best contract possible.
  - Establish a Resident Golfers Advisory Committee to provide valuable input on golf course operation and maintenance.

Appendix

List of Exhibits

Exhibit 1
City Base 10-Year Projection

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	9,117,800	2%	9,300,156	9,486,159	9,675,882	9,869,400	10,066,788	10,268,124	10,473,486	10,682,956	10,896,615	11,114,547	101,834,115
Fire Services Contract	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	1,552,000	0%	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	15,520,000
TOTAL EXPENDITURES	**38,431,500**		**39,865,710**	**41,377,506**	**42,971,854**	**44,654,056**	**46,429,779**	**48,305,072**	**50,286,402**	**52,380,674**	**54,595,269**	**56,938,072**	**477,804,393**
Surplus/(Deficit)	**180,200.00**		**(537,919.00)**	**(1,319,863.71)**	**(2,170,329.96)**	**(3,094,346.23)**	**(4,097,297)**	**(5,184,948)**	**(6,363,472)**	**(7,639,478)**	**(9,020,044)**	**(10,512,745)**	**(49,940,443)**

**Does not include additional $3,634,000 in CIP projects*

CLICK HERE TO RETURN TO AGENDA

provides a summary list all of the recommendations and/or opportunities for improvement that appear in this report.

Recommendations	
Modify the contract to allow the Chief and Assistant Chief the discretion to allow patrol staffing levels on a particular day to fall below the contracted level up to 15% (currently 23 patrol staff hours). Page 21	
The City should work with the Sheriff's Office and management from gated communities to evaluate the options available to facilitate quick entry of police officers into gated communities. Page 36	
The RCSO should quarterly or semi-annually provide La Quinta with data showing the number of calls for service responded to, response times, calls per beat, Officer initiated activity and other activity of the Police Department. Page 43	
Review the CAD workload data for a second year to determine the level of Patrol Officer committed time and proactive time; continue annual reviews of Patrol workload. Page 58	
Annually review patrol staff workload for each 4-hour time block to ensure that a reasonable number of proactive hours are available throughout the day. Page 58	
Adopt a 45% average proactive time level goal for patrol operations. A workload analysis should be conducted annually to determine the actual level of proactive time. Page 62	
Expand the regular duty hours of the Traffic Unit to provide coverage from 0600 – 1900 or 2000 hours on weekdays. Page 66	*
Increase the productivity of the Motor Units to average 10 warnings/citations per shift. Page 66	*
Modify the work schedule of Community Service Officers to only work during the day and evening hours (0600 hours – 2200 hours) to provide additional alternative call handling options and also address other police related community concerns. Page 83	*
Reduce the number of daily Patrol Officer hours from 150 daily to 140 hours daily; this results in an annual savings – estimated at $581,965 in FY 2015-16. Page 90	
La Quinta staff should work with the Sheriff's Office to establish a goal that 50% of the Patrol Officers (currently 12 = 50%) and Community Service Officers (3 = 50%) will always be assigned to La Quinta whenever they are working a regular shift. Page 91	*
La Quinta should work with the RCSO to modify the contract to provide a field Sergeant that is dedicated to the supervision of La Quinta field services. Page 92	*
Adopt a process to enhance delivery of patrol services during the periods when proactive time is available. The Asst. Chief, Patrol Lieutenant and Sergeants should coordinate the development of plans that identify specific tasks/projects that can be worked on or accomplished when proactive time is available during a shift. Supervisors should actively manage Patrol Officers' proactive time. Page 94	*
City staff should work with the RCSO to reduce the number of Detectives funded by La Quinta to three Detectives which will result in a cost savings of approximately $586,040 annually; this staffing level will provide sufficient staff to conduct follow-up investigations for La Quinta while providing a moderate caseload level for Detectives that provides capacity to absorb future increases in workload. Page 96	*

Recommendations
Additionally, City staff should work with the RCSO to revise the methodology of allocating the cost of Investigation Units (the Lieutenant, Sergeants and Detectives) to an appropriate cost sharing percentage for each of the three entities. Page 96

- The crime rate in La Quinta has been trending downward for the last 10 years.

- The number of calls for service generated by the community is at an average level compared with other communities.

- Patrol services provide a very good response time to calls, averaging approximately 4.2 minutes travel time to emergency calls.

- Patrol officers have a very high overall average level of "proactive" time level of 58 percent in 2014 and good levels of proactive time even during peak call for service workload hours.

According to the report, the "proactive time" level is a key factor in the determination of the patrol officer staffing level that is needed in a community. It is the time remaining after an officer has handled all of the community generated calls for service and those associated duties. At the same time, the report indicates that agencies above a 50 percent "proactive time" level will be challenged to keep officers busy with meaningful work and keep them engaged in the job.

In light of these findings, Matrix has provided a series of recommendations to increase productivity and better utilize police resources:

- Adopt an average "proactive time" target of 45 percent for patrol officers.

- Develop patrol plans to best utilize Officers proactive time.

- Reduce the daily patrol staffing to 140 hours as a step to move closer to the 45 percent proactive time target, with RCSD having the discretion to let staffing fall 10 percent further below this level.

- Work with RCSD to reduce the number of detectives funded by La Quinta from 6.5 to 3, which is sufficient to handle the caseload.

The report highlights areas where service levels can be adjusted in order to increase the productivity of police officers and ensure the City is getting the maximum for dollars spent on police services. The contract rate for police officers is continuing to increase at 7 to 8 percent a year. With the City budgeting approximately $14.4 million next year for police services, this is over a $1 million a year increase in cost. While the economy is improving, revenues are not growing at the same rate as expenses. To offset these increases, adjustments to the contract that reduce underutilized services may be an option for the Council. The report includes these adjustments in its list of recommendations. The existing contract with RCSD allows for adjustments to service levels less than 10 percent to be implemented at the earliest possible opportunity. Adjustments above 10 percent require a one-year notice to take effect. This language is standard in contracts with RCSD.

Overall, the report shows that La Quinta is being provided a high level of police services by RCSD and La Quinta is one of the safest communities in the Coachella Valley. The report highlights a series of recommendations to consider on a going-forward basis. The work plan for the current and next fiscal year will include utilization of the methodology presented by Matrix in the report:

- Quarterly review of data showing calls for services and response times;
- Review of workload data for a second year to continue evaluation of service levels;
- Development of a process to enhance delivery of patrol during peak times; and
- Annual review of patrol staff workloads for a four-hour time block period.

ALTERNATIVES:

As this is an informational item only, staff does not recommend an alternative.

Report prepared by: Chris Escobedo, Assistant to City Manager
Report approved for submission by: Frank J. Spevacek, City Manager

Attachment: 1. Report

Exhibit 4 (1 of 2)

City of La Quinta

MEMORANDUM

TO: W. Richard Mills, Citizen Advisory Committee Member

FROM: Ted Shove, Business Analyst

DATE: September 4, 2015

SUBJECT: Requested Information on Crime Trend and Service Study

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On August 27, 2015, staff presented a summary of the recently completed Crime Trend and Service Study conducted by Matrix Consulting Group. During that presentation, the following information was presented:

1. What drives the 7% annual increase?

The County of Riverside has collective bargaining agreements with four unions in the Sheriff's Department. Of the 7% annual increase, 5% of that amount come from increases in the cost of labor from both sworn and non-sworn Sheriff's Department staff. The other 2% is the annual cost of the Sheriff's countywide emergency communications system, which is passed onto contract cities.

2. Is there any reduction in police staffing during the off-season?

No. While less population may suggest less police resources, the Police Department is staffed up to respond and prevent crime throughout the year. Additionally, in seasonally reducing Sheriff's Department staffing, layoffs would most likely be the result. The cost associated in seasonally hiring sworn officers would be prohibitive.

3. Page 61 of the report references "two hours of mandatory overtime". Can this be explained?

For many years, the Sheriff's department could not fill its position vacancies fast enough. As such, they required existing officers to work mandatory overtime to provide police protection on a 24 hour basis. The City pays for those overtime costs because of its contracted level of service. In May 2015, the police department returned to a normal work schedule and no longer requires mandatory overtime because there are more officers available to accommodate a regular work schedule.

4. Have all the recommendations been implemented? If not, why not?

No. In 2012, the City renewed its agreement for contract law enforcement services with the Sheriff's Department, which does not include the contracted ability to make significant adjustments to police services in areas identified in the study. In addition, the Sheriff's Department considers certain areas of their operation off limits from the City as their overseeing body is the County of Riverside. These areas are germaine to patrol, detectives, supervision and administration of patrol and investigation units.

5. **The one recommendation that stands out is on page 95. It discusses a reduction of Detectives at the Thermal Station Investigations Unit which could save $586,040 annually as well as revising the methodology of allocating the cost sharing for the Unit.**

The Sheriff's Station in Thermal serves La Quinta, Coachella and the County area and so do these detectives. The City has more ability to weigh in on police resources like motorcycle patrol, special enforcement teams, and community service officer staffing because they directly serve the City.

Since detectives have a greater coverage area and provide service to the City as well as others, we have less ability in the existing Sheriff's model to implement adjustments. To put this disparity in perspective, the City consumes approximately 21% of the Investigations Unit resources, but pays for 54%. Since this recommendation surfaced, City staff are having ongoing conversations with the Sheriff's Department about reevaluating their model.

Exhibit 5 (1 of 3)

CITY OF LA QUINTA
CAPITAL IMPROVEMENT PROGRAM

Project #	Project Description	Unfunded Need	General Fund Unallocated Reserves	General Fund Operating	2002 Bond Proceeds	Quimby Funds	APP Funds	DIF Transportation	DIF Maint Facility	Measure A	DIF Fire	Other Revenue	Other Revenue Source	Total
	2015/2016													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
200904	Dune Palms Road Improvements (Black Hawk Way to Whitewater Channel)							525,000		383,000		1,575,000	CVAG	2,483,000
201207	Pavement Management Plan Street Improvements			1,000,000										1,000,000
201307	Citywide Traffic Signal Maintenance Improvements									275,000				275,000
201312	La Quinta Park Restroom					85,000								85,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201413	Silverrock Infrastructure Improvements				5,100,000									5,100,000
201501	Eisenhower Drive Pavement Rehabilitation									400,000				400,000
201502	Miles Avenue Median Island Landscape Improvements							668,920				315,818	Developer Contribution	984,738
201503	Eisenhower Drive at Montezuma Roundabout							430,000				416,000	To Be Determined	846,000
201504	Madison Street Median Landscape Conversion		1,300,000											1,300,000
201505	Civic Center Campus Parkway Turf Conversion			477,000										477,000
201506	Roudel Drainage Improvements		254,000											254,000
201507	New Traffic Signal (Jefferson Street at Dunbar Drive)							107,500		47,500		275,000	Dev Bonds/City of Indio	430,000
201508	Park and Facility Security Systems											153,000	Park Equip Replacement Fund	153,000
201509	North La Quinta Regional Skate and BMX Park					3,400,000							Possible Private Funding	3,400,000
201510	Jefferson Roundabout Art Piece Pedestal and Landscaping		30000				50,000							80,000
201511	Cove Trailhead Improvements					135000								135,000
201512	Calle Tampico at Avenida Bermudas Drainage Improvements		1,800,000											1,800,000
201513	Fritz Burns Park Parkway Turf Conversion		250,000											250,000
201514	Fire Station 70 Turf Conversion											220,000	County Fire Credit Fund	220,000
	FY 2015/2016 SUBTOTAL:	**0**	**3,834,000**	**1,552,000**	**5,100,000**	**3,620,000**	**50,000**	**1,731,420**	**0**	**1,105,500**	**0**	**3,004,818**		**19,797,738**
	2016/2017													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
200902	Madison Street Phase 3 Street Widening							646,696				343,304	Developer Contribution	990,000
201207	Pavement Management Plan Street Improvements		250,000	1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201601	Highway 111 at La Quinta Center Drive (Dual Left Turn Lanes)									640,000				640,000
201602	North La Quinta Parkway Turf Conversion			500,000										500,000
201603	New Traffic Signal (Avenue 47 at Caleo Bay)							430,000						430,000
201604	Playground Equipment Replacement - Monticello,Saguaro,Velasco											320,000	Park Equip Replacement Fund	320,000
201605	Fritz Burns Park - Tennis and Pickleball Court Conversion					437,000								437,000
201606	La Quinta Skate Park Conversion to Basketball Courts					263,000								263,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201608	PH 3 Washington Street Drainage Improvements (St. Francis of Assisi Parkway Median)		1,131,997											1,131,997
201609	Jefferson Street at Avenue 50 Sidewalk Improvements		188,592											188,592
201610	Eisenhower Drive and Avenue 50 Drainage Improvements		468,410											468,410
201611	Civic Center Campus Conversion to Canal Water		675,000											675,000
201612	Citywide Park Replacement Program	548,400												548,400
	FY 2016/2017 SUBTOTAL:	**1,548,400**	**2,713,999**	**1,575,000**	**0**	**700,000**	**0**	**1,076,696**	**0**	**875,000**	**0**	**713,304**		**9,202,399**
	2017/2018													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements		250,000	1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000		50,000
201303	Fritz Burns Pool Improvements					1,320,000								1,320,000
201602	North La Quinta Parkway Turf Conversion			500,000										500,000
201607	Citywide Drainage Improvements		1,000,000											1,000,000
201612	Citywide Park Replacement Program		127,000											127,000
201701	Fred Waring Drive Reconstruction									578,000				578,000
201702	New Traffic Signal (Caleo Bay at Avenue 47)							430,000						430,000
201703	Avenue 50 Bridge Spanning the Evacuation Channel							128,649						128,649
201704	Avenue 50 (Washington Street to Madison Street)	848,267						91,351				1,796,526	Developer Contribution/Bonds	2,736,144
201705	Avenue 52 Street Improvements	290,000												290,000
201706	Highway 111 @ La Quinta Center Dual Left Turn Lanes	640,000												640,000
201707	Washington Street @ Miles Avenue Dual Left Turn Lanes	450,000												450,000
	FY 2017/2018 SUBTOTAL:	**2,228,267**	**1,377,000**	**1,575,000**	**0**	**1,320,000**	**0**	**650,000**	**0**	**813,000**	**0**	**1,846,526**		**9,809,793**
	2018/2019													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements		250,000	1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201602	North La Quinta Parkway Turf Conversion			500,000										500,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	245,000												245,000
201703	Avenue 50 Bridge Spanning the Evacuation Channel							52,962						52,962
201801	Village Circulation Improvements									568,500				568,500
201802	New Traffic Signal (Washington Street @ Lake La Quinta Drive)							430000						430,000
201803	New Traffic Signal (Jefferson Street at Avenue 54)	155,462						167,038				107,500	Developer Contribution	430,000
	FY 2018/2019 SUBTOTAL:	**1,400,462**	**250,000**	**1,575,000**	**0**	**0**	**0**	**650,000**	**0**	**803,500**	**0**	**157,500**		**4,836,462**

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Exhibit 5 (2 of 3)

CITY OF LA QUINTA
CAPITAL IMPROVEMENT PROGRAM

Project #	Project Description	Unfunded Need	General Fund Unallocated Reserves	General Fund Operating	2002 Bond Proceeds	Quimby Funds	APP Funds	DIF Transportation	DIF Maint Facility	Measure A	DIF Fire	Other Revenue	Other Revenue Source	Total
	2019/2020													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements	250,000		1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201602	North La Quinta Parkway Conversion			500,000										500,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program		89,600											89,600
201703	Avenue 50 Bridge Spanning the Evacuation Channel							581,280						581,280
201801	Village Circulation Improvements									432,500				432,500
201901	Washington Street at Washington Park Left Turn Lane									160,000				160,000
201902	New Traffic Signal (Jefferson Street @ Avenue 53)	146,280						68,720				215,000	Developer Contribution	430,000
201903	Phase I (Part 2) Golf Cart Routes	680,738												680,738
	FY 2019/2020 SUBTOTAL:	**2,077,018**	**89,600**	**1,575,000**	**0**	**0**	**0**	**650,000**	**0**	**827,500**	**0**	**265,000**		**5,484,118**
	TOTAL FISCAL YEARS 2015/16 THROUGH 2019/20:	**7,254,147**	**8,064,599**	**7,852,000**	**5,100,000**	**5,640,000**	**50,000**	**4,758,116**	**0**	**4,424,500**	**0**	**5,987,148**		**49,130,510**
	2020/2021													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements	250,000		1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201602	North La Quinta Parkway Turf Conversion			500,000										500,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	225,000												225,000
202001	Two Lane Roundabout (Madison Street @ Avenue 54)							650,000		196,000				846,000
202002	New Traffic Signal (Dune Palms Road @ Corporate Center Drive)									430,000				430,000
202003	Two Lane Roundabout (Madison @ Avenue 58)	846,000												846,000
	FY 2020/2021 SUBTOTAL:	**2,321,000**	**0**	**1,575,000**	**0**	**0**	**0**	**650,000**	**0**	**861,000**	**0**	**50,000**		**5,457,000**
	2021/2022													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements	250,000		1,000,000										1,250,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201602	North La Quinta Parkway Turf Conversion			500,000										500,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	400,000												400,000
202101	New Traffic Signal (Monroe Street @ Airport Blvd.)							215,000				215,000	County of Riverside	430,000
202102	Sound Attenuation Wall (E. Madison at Trilogy)							192,115						192,115
202103	Corporate Yard (Phases 2 and 3)	4,279,411							1,739,383					6,018,794
202104	Calle Tampico Class II Bike Trail (Washington to Calle Rondo)	109,500								640,500				750,000
	FY 2021/2022 SUBTOTAL:	**6,038,911**	**0**	**1,575,000**	**0**	**0**	**0**	**407,115**	**1,739,383**	**875,500**	**0**	**265,000**		**10,900,909**
	2022/2023													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements			1,500,000										1,500,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	110,400												110,400
202201	Avenue 50 Class II Bike Trail (Washington St. to west of Park Avenue)									40,425				40,425
202202	Eisenhower Drive Class II Bike Trail (Avenida Montezuma to Calle Sinaloa)									13,475				13,475
202203	Eisenhower Drive Class III Bike Trail (Washington Street to Avenida Fernando)									26,950				26,950
202204	Miles Avenue Class II Bike Trail (Adams Street to Dune Palms Road)									35,000				35,000
202205	Avenue 52 Class II Bike Trail (Jefferson Street to Coachella Canal)									30,000				30,000
202206	Avenida Bermudas Class II Bike Trail (Calle Tampico to Calle Sinaloa, South Side Only)									30,000				30,000
202207	Highway 111 Class II Bike Trail (Washington Street to Indio City Limits)									125,000				125,000
202208	Jefferson Street Class II Bike Trail (Avenue 58 to Madison Street)									265,000				265,000
	DRA1 - Toll Brothers Tract 30357 (Ave 50 1/2 Median and Median LS - Jefferson to Madison)							627,972						627,972
	FY 2022/2023 SUBTOTAL:	**1,110,400**	**0**	**1,575,000**	**0**	**0**	**0**	**627,972**	**0**	**800,850**	**0**	**50,000**		**4,164,222**

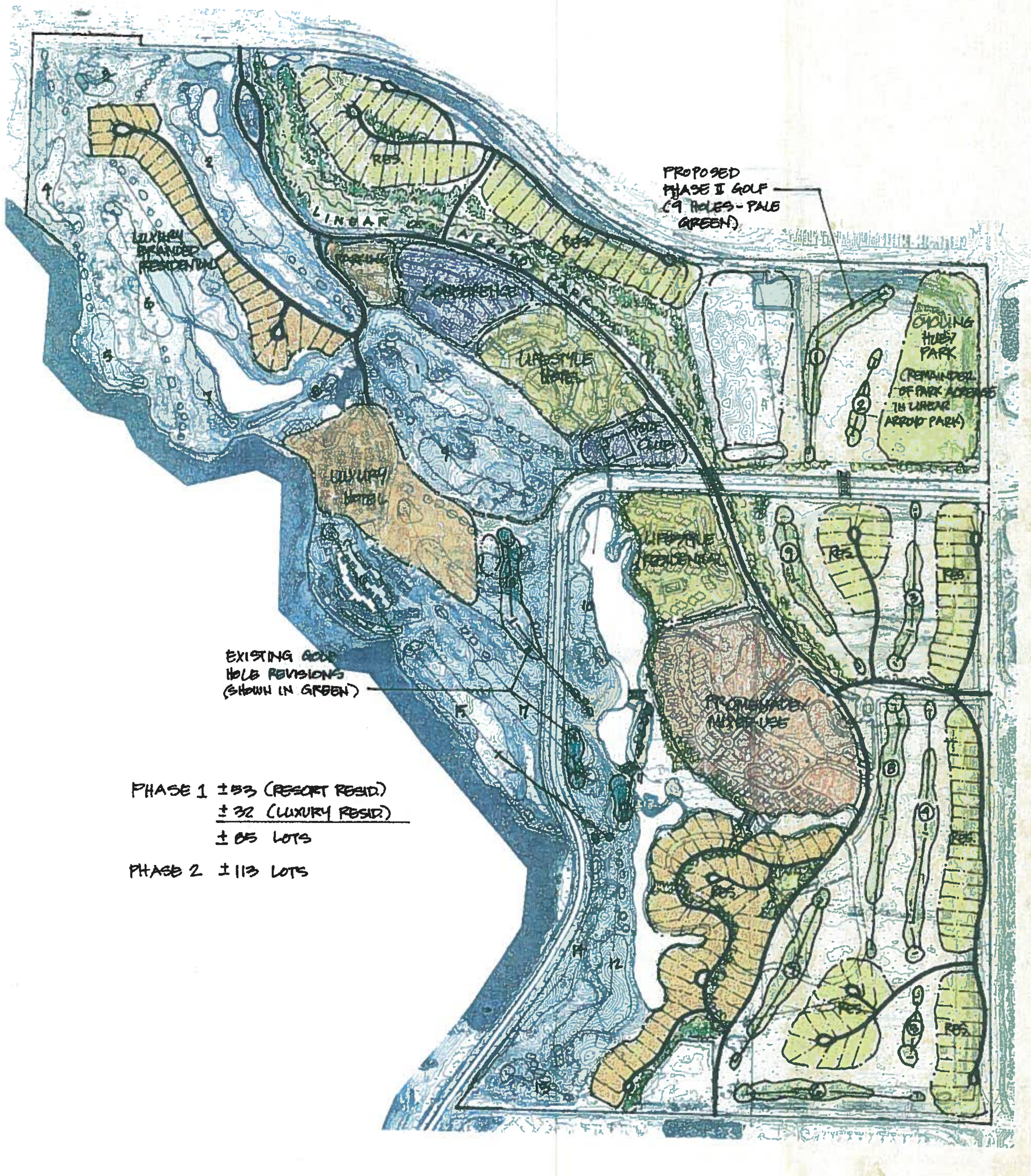
CLICK HERE TO RETURN TO AGENDA

Exhibit 5 (3 of 3)

CITY OF LA QUINTA
CAPITAL IMPROVEMENT PROGRAM

Project #	Project Description	Unfunded Need	General Fund Unallocated Reserves	General Fund Operating	2002 Bond Proceeds	Quimby Funds	APP Funds	DIF Transportation	DIF Maint Facility	Measure A	DIF Fire	Other Revenue	Other Revenue Source	Total
	2023/2024													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements			1,500,000										1,500,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	50,000												50,000
202301	Madison Street Class II Bike Trail (Avenue 60 to Jefferson Street & Ave. 50 to Ave. 52)									260,000				260,000
202302	Fred Waring Drive Class II Bike Trail (Washington Street to Jefferson Street)									120,000				120,000
202303	Avenue 50 Class III Bike Trail (Eisenhower Drive to Washington Street)									25,000				25,000
202304	Avenue 58 Class II Bike Trail (Just west of Monroe Street to Monroe Street)									25,000				25,000
202305	Avenue 60 Class II Bike Trail (Monroe Street to Eastern City Limit)									20,000				20,000
202306	Avenue 62 Class II Bike Trail (Madison Street to Monroe Street)									75,000				75,000
202307	Monroe Street Class II Bike Trail (Ave. 54 to Mtn. View Lane & Ave. 58 to Ave. 62)									170,000				170,000
	DRA2 - Lennar Homes Tract 29323 (Fred Waring Drive Median LS - Part of AD04							103,083						103,083
	DRA6 - TD Desert Development Tract 29283 (Ave 50 Median IS Landscape							239,000						239,000
	DRA8 - Mountain View Country Club Tract 30357 (Ave 52 S-side Jefferson to Canal							112,723						112,723
	DRA10 - Sam's Club SDP 2005-824 (Dune Palms Road LS Median							228,697						228,697
	FY 2023/2024 SUBTOTAL:	**1,050,000**	**0**	**1,575,000**	**0**	**0**	**0**	**683,503**	**0**	**930,000**	**0**	**50,000**		**4,288,503**
	2024/2025													
199702	Sidewalks - Various Locations			55,000										55,000
199703	Sidewalks - Various Locations			20,000										20,000
201207	Pavement Management Plan Street Improvements			1,500,000										1,500,000
201307	Citywide Traffic Signal Maintenance Improvements									235,000				235,000
201313	Citywide Preventative Maintenance Plan Improvements											50,000	Equip Replacement Fund	50,000
201607	Citywide Drainage Improvements	1,000,000												1,000,000
201612	Citywide Park Replacement Program	290,000												290,000
202401	Southeast Area Fire Station										2,198,500	2,198,500	County of Riverside	4,397,000
202402	Village Area Parking Structure	3,500,000												3,500,000
	DRA4 - Madison Club Tract 33076 (Ave 52 1/2 Street and Median and Median LS - Madison St to 1/2 Mile east of Madison St)	1,394,665												1,394,665
	DRA5 - ND La Quinta Partners Tract 29894 (Ave 52 Median IS Landscape	1,344,690												1,344,690
	DRA7 - Madison Club Tract 33076 (Ave 52 Raised Landscape Median							669,920						669,920
	DRA9 - ClubHouse Apartments SDP 2002-730 (Ave 52 Raised Median LS (Canal to Madison)	463,894												463,894
	DRA10 - Sam's Club SDP 2005-824 (Dune Palms Road LS Median	228,697												228,697
	DRA11 - Madison Club (Ave 54 Paved Painted Median/One Lane) Madison to Monro	524,010												524,010
	FY 2024/2025 SUBTOTAL:	**8,745,956**	**0**	**1,575,000**	**0**	**0**	**0**	**669,920**	**0**	**235,000**	**2,198,500**	**2,248,500**		**15,672,876**
	TOTAL FISCAL YEARS 2020/21 THROUGH 2024/25:	**19,268,267**	**0**	**7,875,000**	**0**	**0**	**0**	**3,038,510**	**1,739,383**	**3,702,350**	**2,198,500**	**2,683,500**		**40,483,510**
	GRAND TOTAL (15/16 through 24/25):	**26,520,414**	**8,064,599**	**15,727,000**	**5,100,000**	**5,640,000**	**50,000**	**7,796,826**	**1,739,383**	**8,126,850**	**2,198,500**	**8,650,848**		**89,614,020**

Exhibit 6



SILVERROCK MASTER PLAN

AKD for ROBERT GREEN COMPANY · 4 SEPT 2015

Exhibit 7
Revenue & Expenditure Scenario A
La Quinta Advisory Committee
City Base-10-Year Projection + RDA + SRR

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	15,520,000
TOTAL EXPENDITURES	**42,065,500**		**39,865,710**	**41,377,506**	**42,971,854**	**44,654,056**	**46,429,779**	**48,305,072**	**50,286,402**	**52,380,674**	**54,595,269**	**56,938,072**	**477,804,393**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Surplus/(Deficit)	**(3,453,800.00)**		**(537,919.00)**	**(1,319,863.71)**	**(2,170,329.96)**	**(3,094,346.23)**	**(4,097,297)**	**(5,184,948)**	**(6,363,472)**	**(7,639,478)**	**(9,020,044)**	**(10,512,745)**	**(49,940,443)**

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	-	-	-	-	-	-	-	-	-	-	-	-
TOT-12% (1)	**Input 0-$1 million**	-	-	-	-	-	-	-	-	-	-	-	-
Total Additional Revenue			1,400,000	1,400,000	1,675,542	1,931,392	2,663,623	3,922,764	4,363,885	4,242,483	4,622,522	4,942,397	31,164,608

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(Deficit) Surplus to Reserves (18,775,835)

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

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Exhibit 8
Revenue & Expenditure Scenario B
La Quinta Advisory Committee
City Base-10-Year Projection + RDA + SRR + TOT

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,346,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	15,520,000
TOTAL EXPENDITURES	**42,065,500**		**39,865,710**	**41,377,506**	**42,971,854**	**44,654,056**	**46,429,779**	**48,305,072**	**50,286,402**	**52,380,674**	**54,595,269**	**56,938,072**	**477,804,393**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Surplus/(Deficit)	**(3,453,800.00)**		**(537,919.00)**	**(1,319,863.71)**	**(2,170,329.96)**	**(3,094,346.23)**	**(4,097,297)**	**(5,184,948)**	**(6,363,472)**	**(7,639,478)**	**(9,020,044)**	**(10,512,745)**	**(49,940,443)**

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	-	-	-	-	-	-	-	-	-	-	-	-
TOT-12% (1)	**Input 0-$1 million**	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	10,696,000
Total Additional Revenue			2,469,600	2,469,600	2,745,142	3,000,992	3,733,223	4,992,364	5,433,485	5,312,083	5,692,122	6,011,997	41,860,608
													-
												(Deficit) Surplus to Reserves	(8,079,835)

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

CLICK HERE TO RETURN TO AGENDA

Exhibit 9
Revenue & Expenditure Scenario C
La Quinta Advisory Committee
City Base-10-Year Projection + RDA + SRR + STAX

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,346,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	15,520,000
TOTAL EXPENDITURES	**42,065,500**		**39,865,710**	**41,377,506**	**42,971,854**	**44,654,056**	**46,429,779**	**48,305,072**	**50,286,402**	**52,380,674**	**54,595,269**	**56,938,072**	**477,804,393**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Surplus/(Deficit)	**(3,453,800.00)**		**(537,919.00)**	**(1,319,863.71)**	**(2,170,329.96)**	**(3,094,346.23)**	**(4,097,297)**	**(5,184,948)**	**(6,363,472)**	**(7,639,478)**	**(9,020,044)**	**(10,512,745)**	**(49,940,443)**

Revenue Scenario Calculator

Revenue Sources

	Input		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	1.00	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	60,000,000
TOT-12% (1)	**Input 0-$1 million**	-	-	-	-	-	-	-	-	-	-	-	-
Total Additional Revenue			7,400,000	7,400,000	7,675,542	7,931,392	8,663,623	9,922,764	10,363,885	10,242,483	10,622,522	10,942,397	91,164,608
													-
											(Deficit) Surplus to Reserves		41,224,165

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

Exhibit 10
Revenue & Expenditure Scenario D
La Quinta Advisory Committee
City Base-10-Year Projection + RDA + SRR + TOT + STAX

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,348,703
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,835,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	1,552,000	15,520,000
TOTAL EXPENDITURES	**42,065,500**		**39,865,710**	**41,377,506**	**42,971,854**	**44,654,056**	**46,429,779**	**48,305,072**	**50,286,402**	**52,380,674**	**54,595,269**	**56,938,072**	**477,804,393**
Surplus/(Deficit)	**(3,453,800.00)**		**(537,919.00)**	**(1,319,863.71)**	**(2,170,329.96)**	**(3,094,346.23)**	**(4,097,297)**	**(5,184,948)**	**(6,363,472)**	**(7,639,478)**	**(9,020,044)**	**(10,512,745)**	**(49,940,443)**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	1.00	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	60,000,000
TOT-12% (1)	**Input 0-$1 million**	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	10,696,000
Total Additional Revenue			8,469,600	8,469,600	8,745,142	9,000,992	9,733,223	10,992,364	11,433,485	11,312,083	11,692,122	12,011,997	101,860,608
													-

(Deficit) Surplus to Reserves 51,920,165

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

CLICK HERE TO RETURN TO AGENDA

Exhibit 11
Revenue & Expenditure Scenario E
La Quinta Advisory Committee
City Base-10-Year Projection + CIP + RDA + SRR

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,103
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	5,837,399	5,180,267	3,225,462	3,741,618	3,896,000	7,613,911	2,685,400	2,625,000	10,320,956	2,575,000	47,701,013
TOTAL EXPENDITURES	**42,065,500**		**44,151,109**	**45,005,773**	**44,645,316**	**46,843,674**	**48,773,779**	**54,366,983**	**51,419,802**	**53,453,674**	**63,364,225**	**57,961,072**	**509,985,906**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Surplus/(Deficit)	**(3,453,800.00)**		**(4,823,318.00)**	**(4,948,130.71)**	**(3,843,791.96)**	**(5,283,964.23)**	**(6,441,297)**	**(11,246,859)**	**(7,496,872)**	**(8,712,478)**	**(17,789,000)**	**(11,535,745)**	**(82,121,456)**

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	-	-	-	-	-	-	-	-	-	-	-	-
TOT-12% (1)	**Input 0-$1 million**	-	-	-	-	-	-	-	-	-	-	-	-
Total Additional Revenue			1,400,000	1,400,000	1,675,542	1,931,392	2,663,623	3,922,764	4,363,885	4,242,483	4,622,522	4,942,397	31,164,608

(Deficit) Surplus to Reserves (50,956,848)

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

CLICK HERE TO RETURN TO AGENDA

Exhibit 12
Revenue & Expenditure Scenario F
La Quinta Advisory Committee
City Base-10-Year Projection + CIP + RDA + SRR + TOT

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	5,837,399	5,180,267	3,225,462	3,741,618	3,896,000	7,613,911	2,685,400	2,625,000	10,320,956	2,575,000	47,701,013
TOTAL EXPENDITURES	**42,065,500**		**44,151,109**	**45,005,773**	**44,645,316**	**46,843,674**	**48,773,779**	**54,366,983**	**51,419,802**	**53,453,674**	**63,364,225**	**57,961,072**	**509,985,406**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Surplus/(Deficit)	**(3,453,800.00)**		**(4,823,318.00)**	**(4,948,130.71)**	**(3,843,791.96)**	**(5,283,964.23)**	**(6,441,297)**	**(11,246,859)**	**(7,496,872)**	**(8,712,478)**	**(17,789,000)**	**(11,535,745)**	**(82,121,456)**

Revenue Scenario Calculator

Revenue Sources

	Input		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	-	-	-	-	-	-	-	-	-	-	-	-
TOT-12% (1)	**Input 0-$1 million**	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	1,069,600	10,696,000
Total Additional Revenue			2,469,600	2,469,600	2,745,142	3,000,992	3,733,223	4,992,364	5,433,485	5,312,083	5,692,122	6,011,997	41,860,608
													-

(Deficit) Surplus to Reserves (40,260,848)

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

CLICK HERE TO RETURN TO AGENDA

Exhibit 13
Revenue & Expenditure Scenario G
La Quinta Advisory Committee
City Base-10-Year Projection + CIP + RDA + SRR + STAX

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,280,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	5,837,399	5,180,267	3,225,462	3,741,618	3,896,000	7,613,911	2,685,400	2,625,000	10,320,956	2,575,000	47,701,013
TOTAL EXPENDITURES	**42,065,500**		**44,151,109**	**45,005,773**	**44,645,316**	**46,843,674**	**48,773,779**	**54,366,983**	**51,419,802**	**53,453,674**	**63,364,225**	**57,961,072**	**509,985,406**
Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab													
Surplus/(Deficit)	**(3,453,800.00)**		**(4,823,318.00)**	**(4,948,130.71)**	**(3,843,791.96)**	**(5,283,964.23)**	**(6,441,297)**	**(11,246,859)**	**(7,496,872)**	**(8,712,478)**	**(17,789,000)**	**(11,535,745)**	**(82,121,456)**

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Incease (%) (1)	**Input 0.25 to 1.0**	1.00	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	60,000,000
TOT-12% (1)	**Input 0-$1 million**	-	-	-	-	-	-	-	-	-	-	-	-
Total Additional Revenue			7,400,000	7,400,000	7,675,542	7,931,392	8,663,623	9,922,764	10,363,885	10,242,483	10,622,522	10,942,397	91,164,608
													-
												(Deficit) Surplus to Reserves	9,043,152

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism

CLICK HERE TO RETURN TO AGENDA

Exhibit 14
Revenue & Expenditure Scenario H
La Quinta Advisory Committee
City Base-10-Year Projection + CIP + RDA + SRR + TOT + STAX

FY 2015-2016 Adopted Budget

Fiscal Year	2015-16	Assumptions	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Model Year	-		1	2	3	4	5	6	7	8	9	10	
Revenues													
Property Tax	7,280,700	2%	7,426,314	7,574,840	7,726,337	7,880,864	8,038,481.10	8,199,251	8,363,236	8,530,500	8,701,110	8,875,133	81,316,066
Sales Tax	8,708,000	2%	8,882,160	9,059,803	9,240,999	9,425,819	9,614,335.63	9,806,622	10,002,755	10,202,810	10,406,866	10,615,003	97,257,174
Doc Transfer Tax	525,000	1%	530,250	535,553	540,908	546,317	551,780	557,298	562,871	568,500	574,185	579,927	5,547,588
Transient Occupancy Tax	6,650,600	2%	6,783,612	6,919,284	7,057,670	7,198,823	7,342,800	7,489,656	7,639,449	7,792,238	7,948,083	8,107,044	74,278,659
Franchise Fees	1,542,000	1%	1,557,420	1,572,994	1,588,724	1,604,611	1,620,657	1,636,864	1,653,233	1,669,765	1,686,463	1,703,327	16,294,059
Business License/Film Permits	322,000	1%	325,220	328,472	331,757	335,074	338,425	341,809	345,228	348,680	352,167	355,688	3,402,521
Development Related Permits	859,300	1%	867,893	876,572	885,338	894,191	903,133	912,164	921,286	930,499	939,804	949,202	9,080,081
Motor Vehicle In-Lieu	3,537,600	2%	3,608,352	3,680,519	3,754,129	3,829,212	3,905,796	3,983,912	4,063,590	4,144,862	4,227,759	4,312,315	39,510,448
Fire Service Credit	6,208,700	2%	6,332,874	6,459,531	6,588,722	6,720,497	6,854,906	6,992,005	7,131,845	7,274,482	7,419,971	7,568,371	69,343,203
Other Intergovernmental	611,800	2%	624,036	636,517	649,247	662,232	675,477	688,986	702,766	716,821	731,158	745,781	6,833,020
Charges for Services	1,197,200.00	1%	1,209,172	1,221,264	1,233,476	1,245,811	1,258,269	1,270,852	1,283,560	1,296,396	1,309,360	1,322,454	12,650,614
Fines & Assessments	208,400.00	1%	210,484	212,589	214,715	216,862	219,030	221,221	223,433	225,667	227,924	230,203	2,202,128
Other Revenues	960,400.00	1%	970,004	979,704	989,501	999,396	1,009,390	1,019,484	1,029,679	1,039,976	1,050,375	1,060,879	10,148,388
TOTAL REVENUES	**38,611,700.00**		**39,327,791**	**40,057,642**	**40,801,524**	**41,559,710**	**42,332,482**	**43,120,124**	**43,922,930**	**44,741,196**	**45,575,225**	**46,425,326**	**427,863,950**
Expenditures													
Salaries (PERS)	5,257,800	2%	5,362,956	5,470,215	5,579,619	5,691,212	5,805,036	5,921,137	6,039,560	6,160,351	6,283,558	6,409,229	58,722,872
Salaries (Non-PERS)	268,600	2%	273,972	279,451	285,040	290,741	296,556	302,487	308,537	314,708	321,002	327,422	2,999,917
PERS Costs	786,000	3%	809,580	833,867	858,883	884,650	911,189	938,525	966,681	995,681	1,025,552	1,056,318	9,289,927
Medical Insurance Costs	1,012,500	2%	1,032,750	1,053,405	1,074,473	1,095,963	1,117,882	1,140,239	1,163,044	1,186,305	1,210,031	1,234,232	11,308,324
Other Personnel Costs	323,500	0%	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	323,500	3,235,000
Maintenance & Operations	15,326,500	2%	15,633,030	15,945,691	16,264,604	16,589,897	16,921,694	17,260,128	17,605,331	17,957,438	18,316,586	18,682,918	171,177,317
Police Contract	13,904,600	7%	14,877,922	15,919,377	17,033,733	18,226,094	19,501,921	20,867,055	22,327,749	23,890,692	25,563,040	27,352,453	205,560,035
*Capital Improvements	5,186,000	0%	5,837,399	5,180,267	3,225,462	3,741,618	3,896,000	7,613,911	2,685,400	2,625,000	10,320,956	2,575,000	47,701,013
TOTAL EXPENDITURES	**42,065,500**		**44,151,109**	**45,005,773**	**44,645,316**	**46,843,674**	**48,773,779**	**54,366,983**	**51,419,802**	**53,453,674**	**63,364,225**	**57,961,072**	**509,985,406**

**Includes Capital Expenditures From Operating and General Fund Reserves-See CIP Tab*

Surplus/(Deficit)	**(3,453,800.00)**		**(4,823,318.00)**	**(4,948,130.71)**	**(3,843,791.96)**	**(5,283,964.23)**	**(6,441,297)**	**(11,246,859)**	**(7,496,872)**	**(8,712,478)**	**(17,789,000)**	**(11,535,745)**	**(82,121,456)**

Revenue Scenario Calculator

Revenue Sources

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RDA Payout			1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	14,000,000
SilverRock Resort Net Revenue					275,542	531,392	1,263,623	2,522,764	2,963,885	2,842,483	3,222,522	3,542,397	17,164,608
Sales Tax Increase (%) (1)	**Input 0.25 to 1.0**	1.00	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	60,000,000
TOT-12% (1)	**Input 0-$1 million**	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	1,069,900	10,699,000
Total Additional Revenue			8,469,900	8,469,900	8,745,442	9,001,292	9,733,523	10,992,664	11,433,785	11,312,383	11,692,422	12,012,297	101,863,608
												(Deficit) Surplus to Reserves	19,742,152

Notes:
(1) Sales Tax and TOT are not inflated over the 10-Year period which provides a level of conservatism