

SHORT-TERM
VACATION RENTAL
PROGRAM AD-HOC
COMMITTEE

October 1, 2020

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REPORTS AND INFORMATIONAL ITEMS

**CITY OF LA QUINTA
FINANCIAL OVERVIEW**

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STUDY SESSION ITEM NO. 1

**DISCUSS LICENSING
SUB-COMMITTEE
REPORT AND UPDATE**

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STUDY SESSION ITEM NO. 2

**DISCUSS MARKETING
SUB-COMMITTEE
REPORT AND UPDATE**


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STUDY SESSION ITEM NO. 3

**DISCUSS DENSITY
SUB-COMMITTEE
REPORT AND UPDATE**

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STUDY SESSION ITEM NO. 4

**SHORT-TERM
VACATION RENTAL
ENFORCEMENT
UPDATE**



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In order to operate a Short Term Vacation Rental (30 days or less) in the City of La Quinta, you **must obtain a permit/license.**

No renting or advertising is allowed without a valid permit.

If a property is operating illegally the City will be taking action immediately.



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VACATION

Please contact City staff for any questions at
 (760) 777-7000
 or visit our website at
laquintaca.gov/vacationlq

To report active violations call STVR Hotline (760) 777-7157.
 To report non-active violations such as renting without a permit or general questions call Code Compliance at
 (760) 777-7050

Prsrt Std
 US Postage Paid
 Palm Desert CA
 Permit #149

ECRWSS
 Resident
 La Quinta, CA

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VACATION

BUSINESS SESSION ITEM NO. 1

APPROVE DENSITY SUB-COMMITTEE REPORT WITH RECOMMENDATIONS TO MODIFY SHORT-TERM VACATION RENTAL OCCUPANCY LIMITS

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OCCUPANCY DENSITY:

The number of occupants that are permitted to occupy a given rental property.

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CURRENT OCCUPANCY LIMITS IN CITY ORDINANCE

| Number of Bedrooms | Total Overnight Occupants* | Total Daytime Occupants (Including Number of Overnight Occupants)** |
|--------------------|----------------------------|---------------------------------------------------------------------|
| 0 - Studio | 2 | 2 - 8 |
| 1 | 2 - 4 | 2 - 8 |
| 2 | 4 - 6 | 4 - 8 |
| 3 | 6 - 8 | 6 - 12 |
| 4 | 8 - 10 | 8 - 16 |
| 5 | 10 - 12 | 10 - 18 |
| 6 | 12 - 14 | 12 - 20 |
| 7 | 14 | 14 - 20 |
| 8 | 16 | 16 - 22 |
| 9 | 18 | 18 - 24 |

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RECOMMENDATION TO MODIFY OCCUPANCY LIMITS

| Number of Bedrooms | Total Overnight Occupants* | Total Daytime Occupants (Including Number of Overnight Occupants)** |
|--------------------|----------------------------|---------------------------------------------------------------------|
| Studio, 1 | 2 | 6 |
| 2 | 4 | 8 |
| 3 | 6 | 10 |
| 4 | 8 | 12 |
| 5 | 10 | 14 |
| 6 | 12 | 16 |
| 7 | 14 | 18 |
| 8 or more | 16 | 18 |

* Overnight (10:01 p.m. – 6:59 a.m.)

** Daytime (7:00 a.m. – 10:00 p.m.)

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FACTORS FOR RECOMMENDING THESE OCCUPANCY LIMITS:

- Occupancy ranges are not necessary because the concept of a limit implies only the highest number is relevant;
- Occupancy ranges may be confusing from an enforcement and STVR renter perspective;
- The recommended occupancy levels are consistent with other desert communities;
- Reasonable and fair accommodations are made with respect to the number of additional daytime visitors, while also preserving a neighbors’ right to quiet enjoyment, privacy and safety.

Note: Occupancy levels exceeding these numbers will require a Special Events Permit

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VACATION

THANK YOU FOR COMING!

OUR NEXT SCHEDULED MEETING IS:

**THURSDAY
NOVEMBER 5, 2020**

STVR Committee Meeting October 1, 2020

City of La Quinta Financial Overview



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Agenda

- Understanding the Budget
- Overview of adopted FY 2020/21 Budget
 - Projections, Fiscal Impacts, Measure G, Reserves, Staffing Levels
- Short-Term Vacation Rental Program Specifics
- Financial Analysis Recommendations

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Who is involved in the budget process?



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The Budget Process

- January
 - Community Workshop
 - Mid-year budget updates & initial discussions for next year
- February – April
 - Development & verification of budget requests
 - Multiple public meetings
 - Commission's review and input
 - External agency verifications
- May – June
 - City Council budget study sessions
 - Budget adoption by June 30th

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Budget Adoption Includes

General Fund
Revenues &
Expenses

Measure G
Sales Tax

General Fund
Reserves &
Carryovers

Summary of all
Funds
including CIP

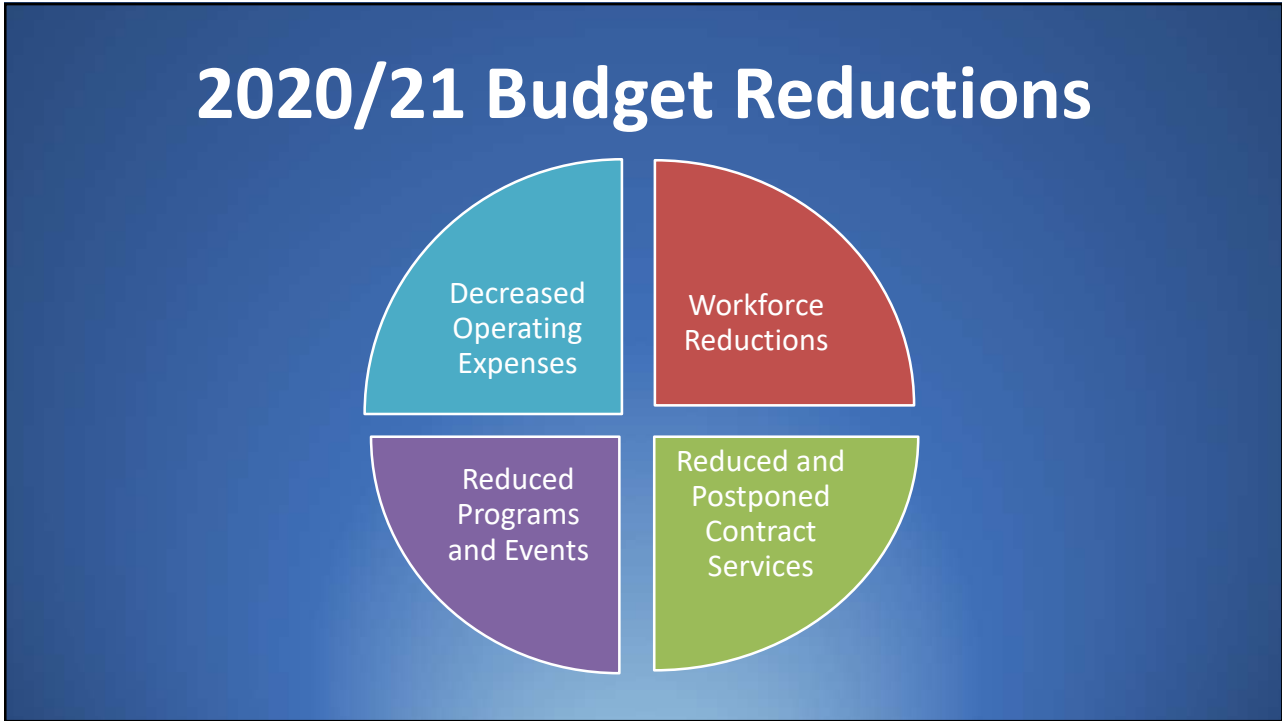
Appropriations
Limit

Personnel
Schedule

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| \$ REVENUES | | | \$ EXPENDITURES | | |
|--------------------------------------------------|--------------|-----|------------------------------------------------------|--------------|-----|
| Sales Taxes | \$15,825,900 | 31% | Police & Fire | \$25,528,400 | 50% |
| Property Taxes | \$9,617,000 | 19% | Facilities/Parks | \$5,404,200 | 11% |
| State, Assessment District & Fire Tax Credit | \$8,479,700 | 17% | Citywide Services & Benefits | \$4,064,200 | 8% |
| Other Taxes & Franchise Fees | \$6,698,000 | 13% | General Administration | \$3,533,000 | 7% |
| Hotel & Vacation Rental Taxes | \$6,455,100 | 13% | Measure G Reserves | \$3,127,200 | 6% |
| Leases/Investments/Misc. | \$1,760,000 | 3% | Community Programs | \$2,879,900 | 6% |
| Licenses & Permits | \$1,136,800 | 2% | Planning & Development | \$2,718,600 | 5% |
| Charges for Services | \$785,500 | 2% | Capital Improvements | \$2,389,900 | 5% |
| Fines & Assessments | \$290,000 | 1% | Finance | \$1,393,400 | 3% |
| TOTAL: \$51,048,000 | | | TOTAL: \$51,038,800 | | |
| | | | TOTAL SURPLUS: \$9,200 | | |

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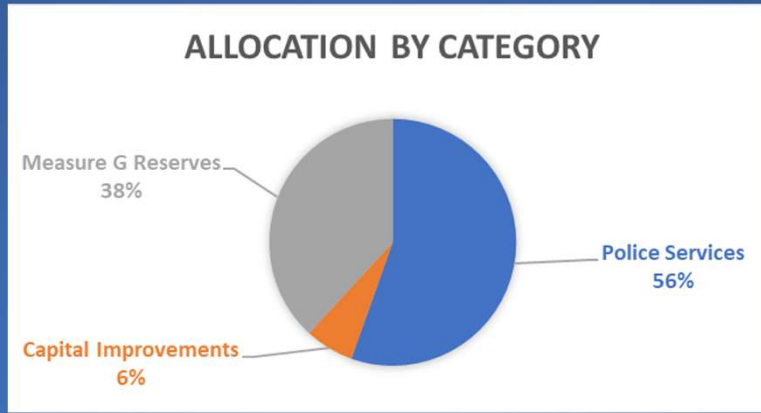
Budget Monitoring & Analysis

- Review Police Services**
 - Savings may reduce Measure G revenue allocation for 2020/21
- Continuously Monitor COVID Impacts/Changes**
 - Revenues and Expenses
- Quarterly Reports and Adjustments**
 - November, January, April or as needed

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Measure G Sales Tax

ALLOCATION BY CATEGORY



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General Fund Reserves



| Fund Balance Summary | Estimated as of 6/30/2021 | Target | Deficit |
|-----------------------------------------------|---------------------------|-------------------|------------------|
| Emergency Reserves | | | |
| Natural Disaster | \$ 10,000,000 | 10,000,000 | - |
| Economic Disaster | 6,800,000 | 11,000,000 | 4,200,000 |
| Cash Flow Reserve | 5,000,000 | 5,000,000 | - |
| Capital Replacement Reserve | 6,540,000 | 10,000,000 | 3,460,000 |
| Unassigned Reserve | 13,594,066 | - | - |
| Total Committed & Unassigned Funds | 41,934,066 | 36,000,000 | 7,660,000 |

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How are 20/21 Capital Projects Funded?

| Funding Source | Total Funding |
|---------------------------------------|--------------------|
| Measure G Funds | \$525,000 (3%) |
| General Funds | \$1,652,000 (9%) |
| Federal Funds, Grants, Reimbursements | \$15,208,390 (82%) |
| Special Revenue Funds | \$1,050,000 (6%) |

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Citywide Staffing Overview

20/21 Funded Positions

- Personnel Schedule
 - 85 Full-time
 - 11 Part-time
 - 5 Elected officials
 - 3 Vacant positions funded

Workforce Reductions

- Reduction of 10 FT and 5 PT positions as compared to adopted 19/20 budget
- This was a reduction of 20% of the workforce
- Reductions generated \$1.8 million savings

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STVR Program Specifics

- The budget does not include a one for one ratio for program revenues to expense funding
- STVR revenues have been tracked separately from other TOT revenues since 2016/17
- No City staff is 100% dedicated to only the STVR Program

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Historical TOT Revenues

| | Actual 2016/17 | Actual 2017/18 | Actual 2018/19 | Actual 2019/20 | Budgeted 2020/21 |
|------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Hotels | 6,426,594 | 6,588,185 | 6,718,847 | 4,426,061 | 4,031,300 |
| STVR | 2,383,229 | 2,804,647 | 3,489,726 | 2,851,145 | 2,093,800 |
| B & B | 123,360 | 105,133 | 97,870 | 63,580 | 80,000 |
| Total TOT | 8,933,183 | 9,497,965 | 10,306,443 | 7,340,786 | 6,205,100 |

| | Actual 2016/17 | Actual 2017/18 | Actual 2018/19 | Actual 2019/20 | Budgeted 2020/21 |
|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Inspections | - | - | 16,575 | 13,975 | 9,000 |
| Permits | 80,102 | 119,130 | 146,914 | 279,878 | 117,600 |
| Business License | | | | | |
| Appeals for Fines | | | | | |

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STVR Related Expenses

- Since no staff is dedicated to STVR alone, many City divisions are involved in various aspects of STVR program
- Internal staff includes:
 - The Hub – 7 employees
 - Code Enforcement – 7 employees
 - Finance – 4 employees
 - City Clerk – 2 employees
 - Marketing – 2 employees

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STVR Related Expenses

- Consultants include:
 - Compliance Vendors
 - Security Services
 - Hotline
- STVR Community Events
- Marketing Expenses
- Cost of processing appeals
- Cost of Administrative Citation Expenses for only STVR's
- Staff training needs
- Software updates and license
- Legal services

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Fiscal Analysis Recommendations

- Update STVR fee analysis
- Quantify unknown costs
- Quantify STVR Committee Recommendations
 - Revenues and Expenses
 - By Staff and the Financial Advisory Commission
 - STVR Committee is recommended to participate

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