

POWER POINTS

**CITY COUNCIL
MEETING**

MAY 16, 2023

**City Council Regular Meeting
Housing Authority Special Meeting
May 16, 2023**



1

**City Council Regular Meeting
Housing Authority Special Meeting
May 16, 2023
CLOSED SESSION IN PROGRESS**



2

Pledge of Allegiance



5/17/2023

3



5/17/2023

4

City Council Meeting May 16, 2023 Presentations



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5/17/2023

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City Council Meeting May 16, 2023

P2 – CV Link Regional Trail Project Update



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HISTORY

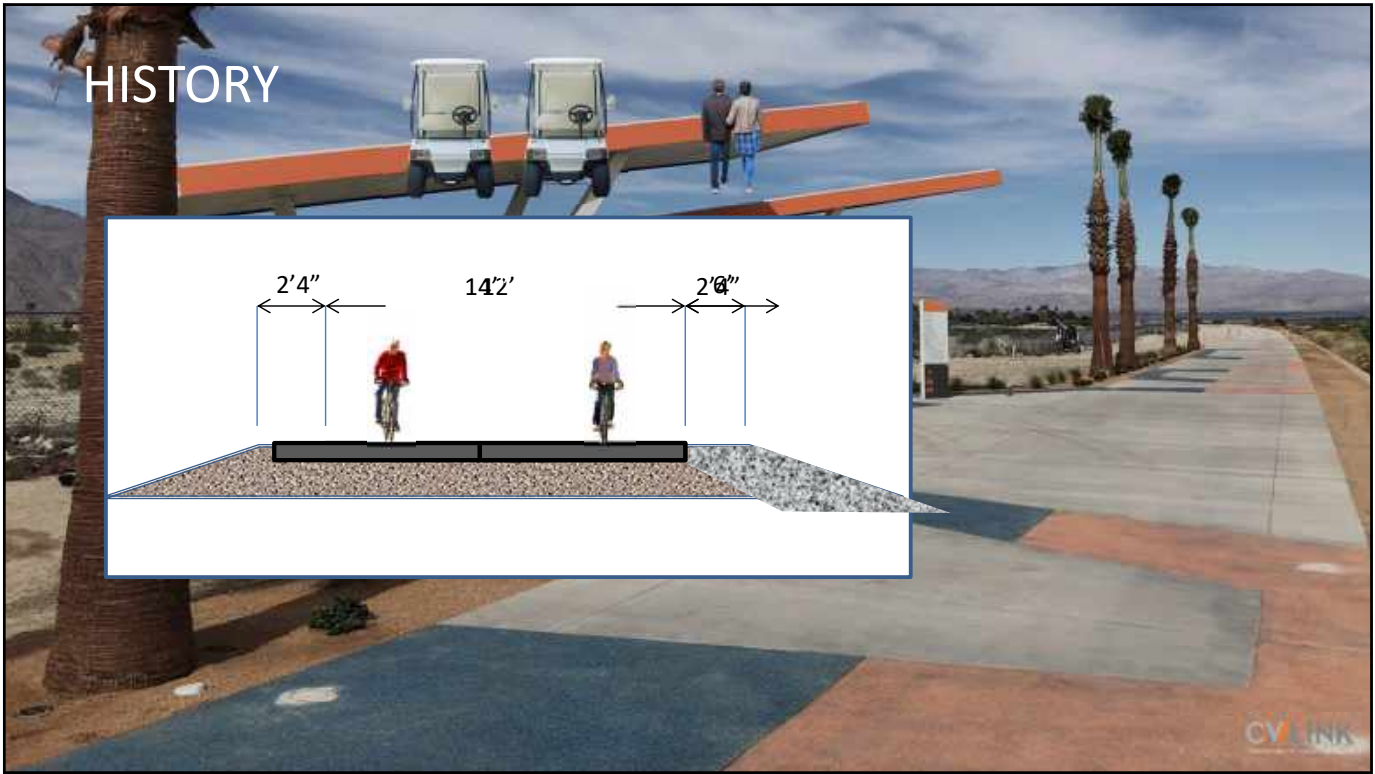


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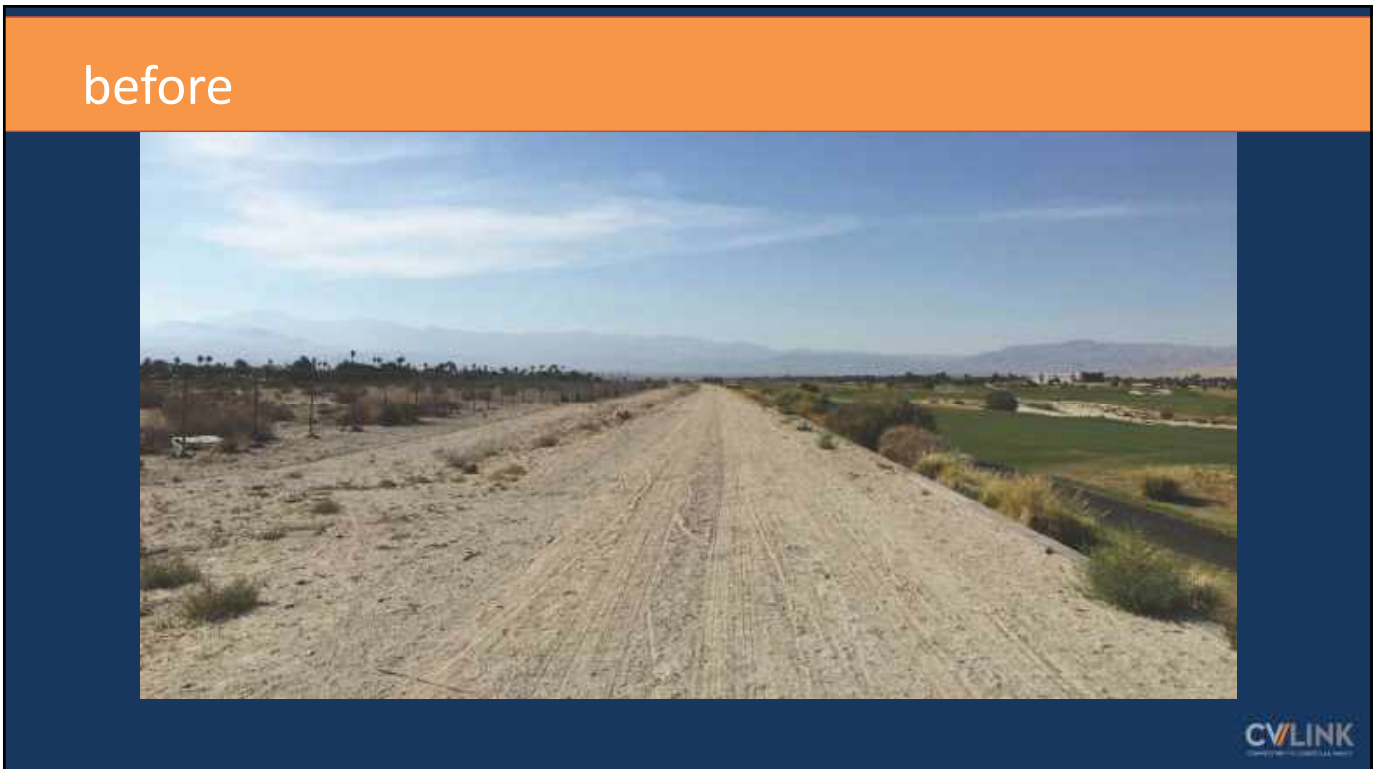
HISTORY



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In design



CVLINK
CONSTRUCTION VENTURES, L.L.C.

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realized



CVLINK
CONSTRUCTION VENTURES, L.L.C.

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realized



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benefits

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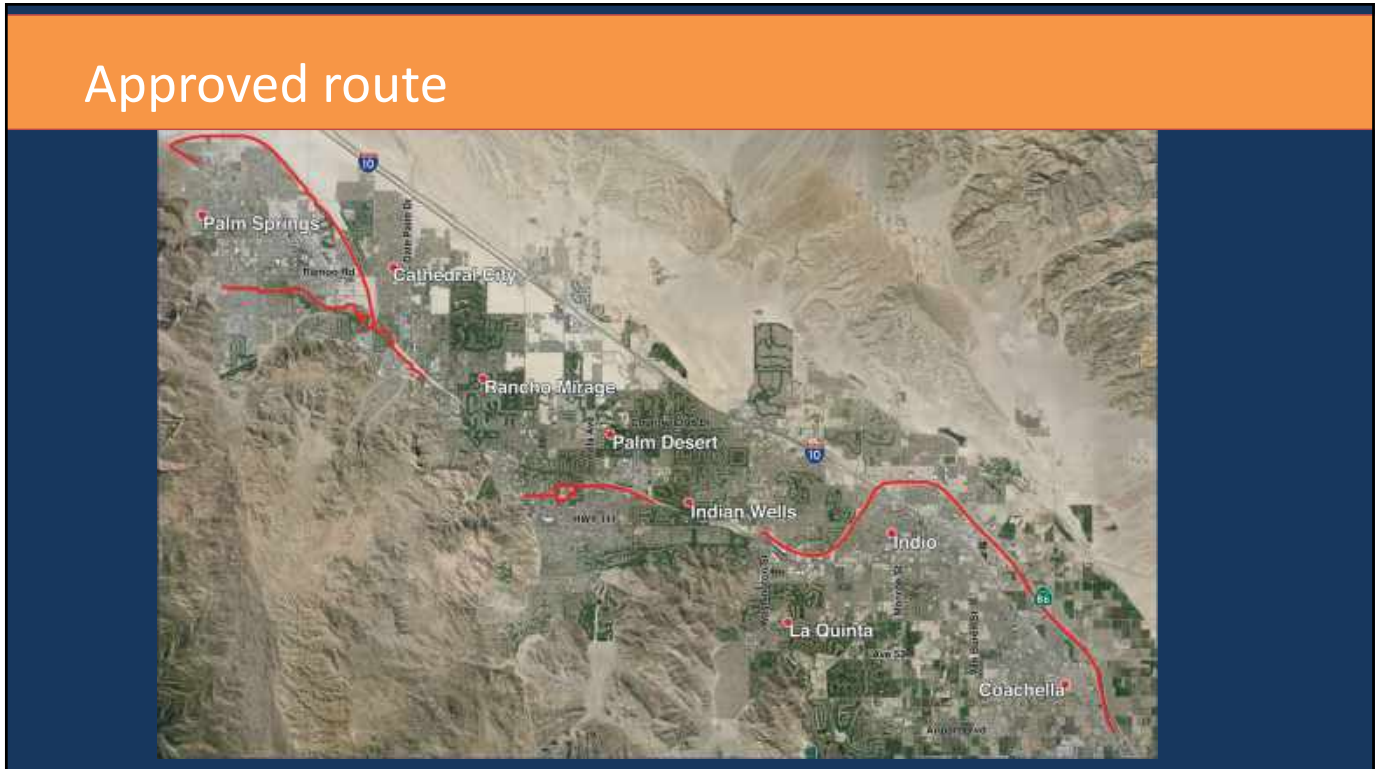


CVLINK

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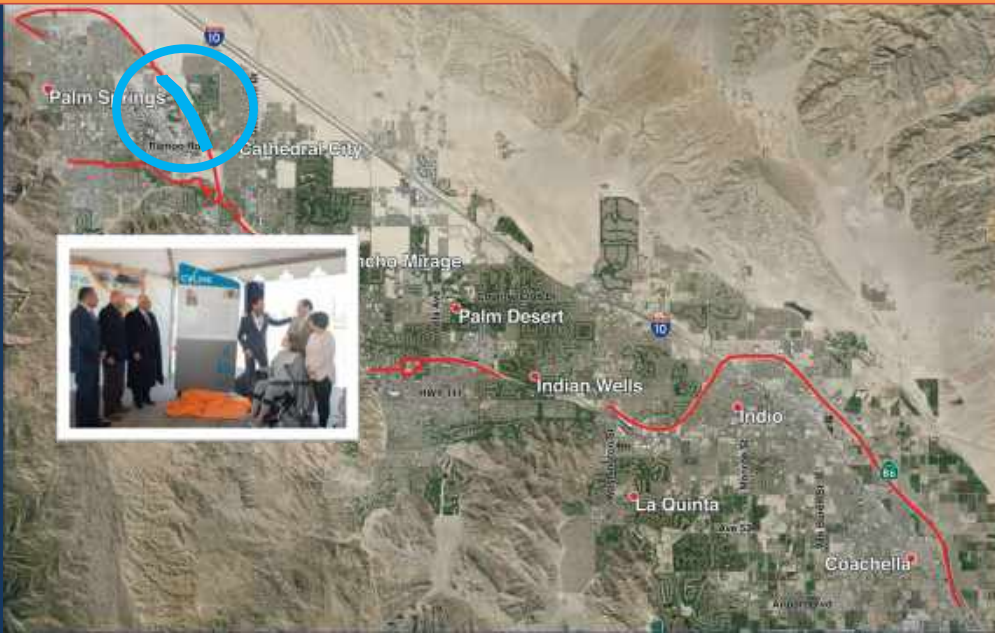


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Under construction



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Under construction



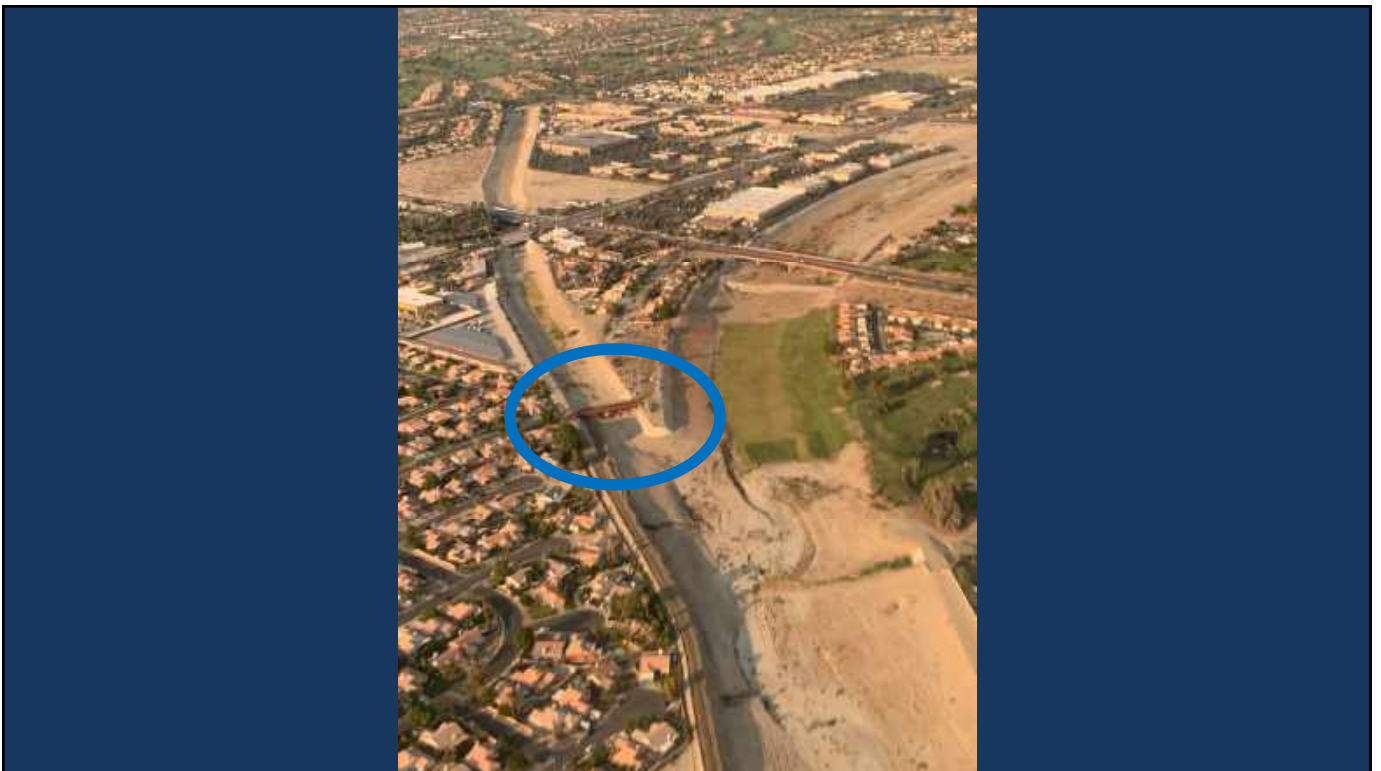
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REMEMBER before?



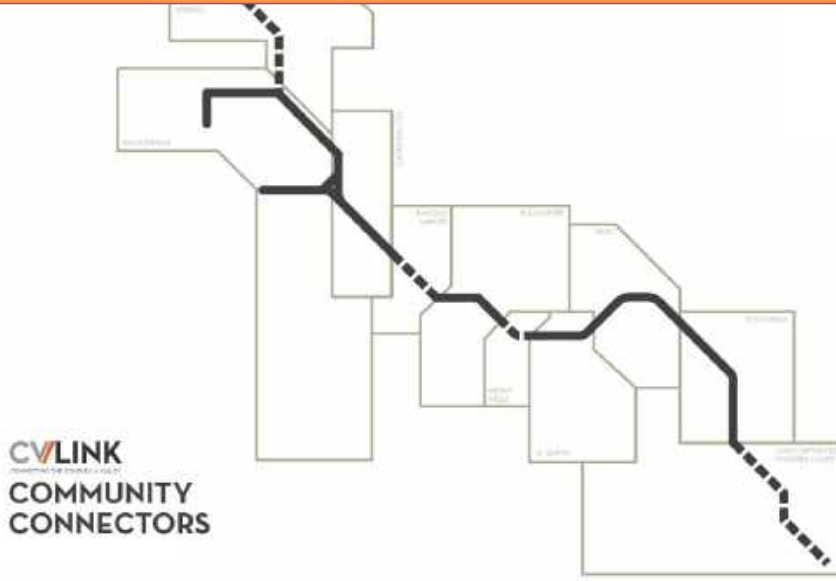
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ALMOST COMPLETED



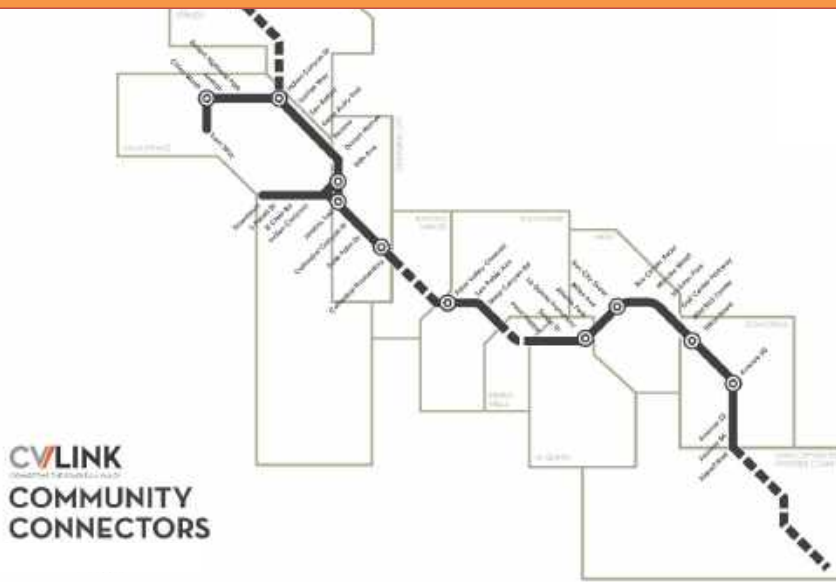
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Building on Momentum



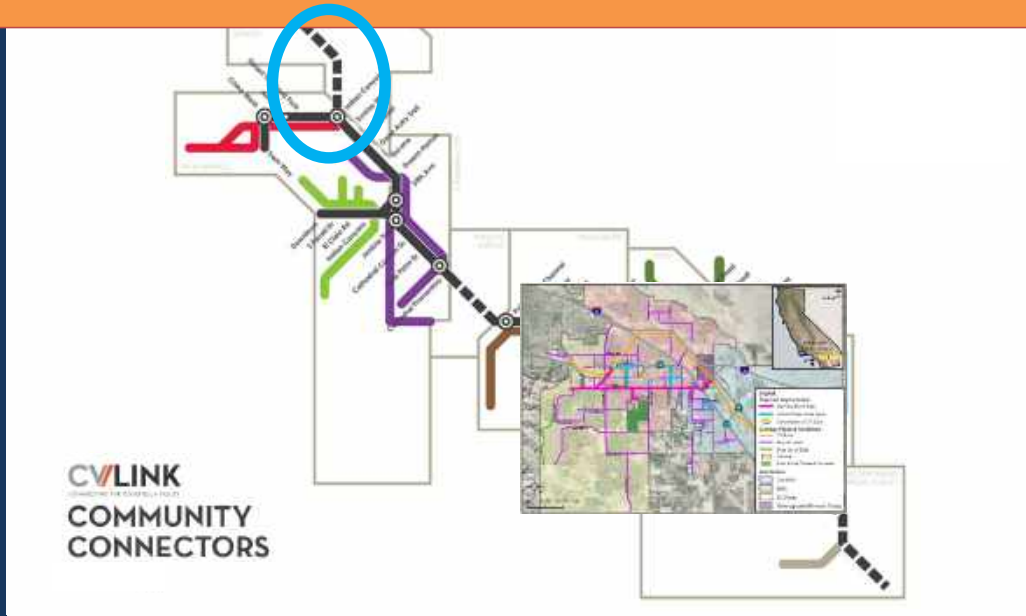
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Building on Momentum

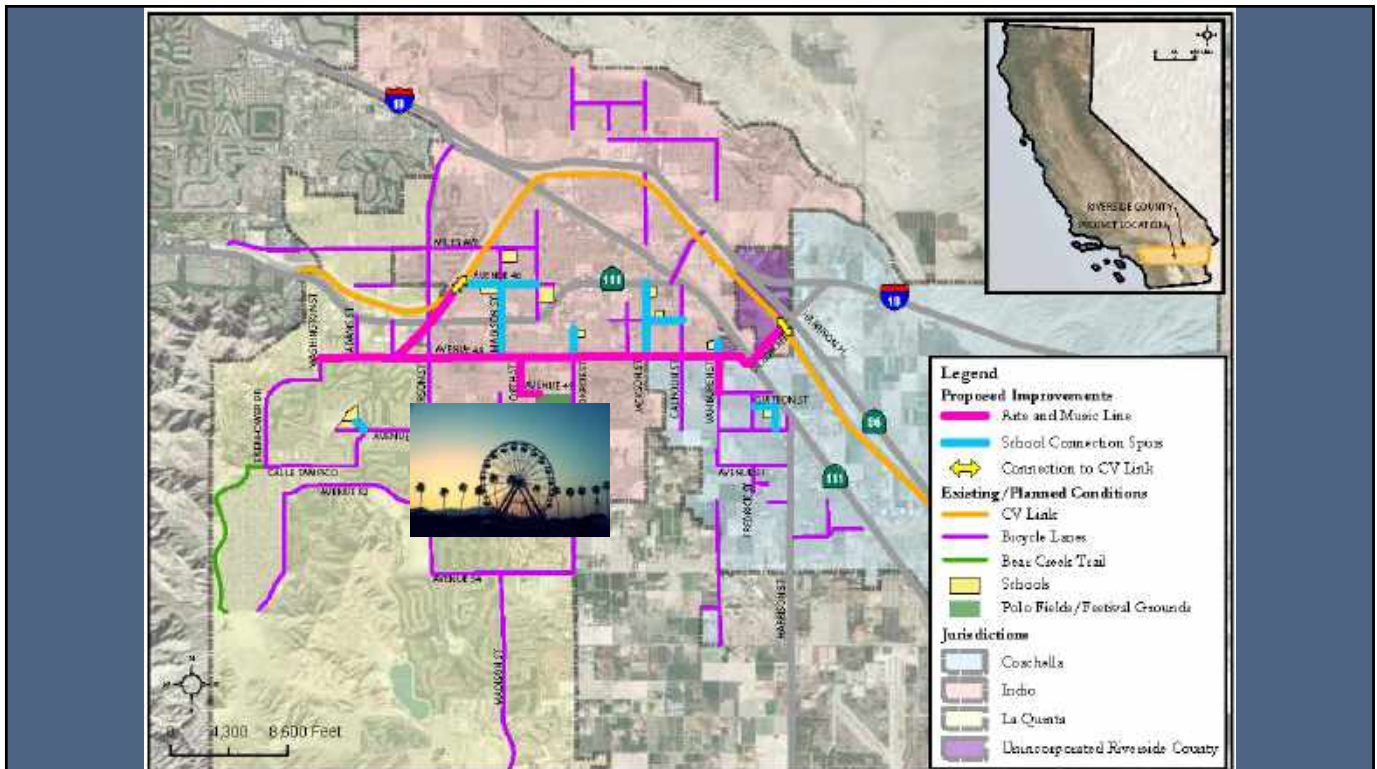


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Building on Momentum



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December 7–8, 2022

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**City Council Meeting
May 16, 2023**

**S1 – Discuss Fiscal Year 2023/24
Preliminary Proposed Budget**



52

BUDGET OVERVIEW

- Focus on General Fund and Internal Service Funds
- Revenues & Expenses
 - Changes from FY 22/23
 - Discuss assumptions and major variances
- Measure G Summary

53

General Fund Revenues

General Fund Revenues	2022/23 Original	2022/23 Current	2023/24 Proposed	Change Current v. Proposed	% Change
Taxes	54,946,700	58,946,700	62,630,000	3,683,300	6%
License & Permits	2,823,200	3,401,200	2,521,300	(879,900)	-26%
Intergovernmental	7,853,000	7,878,000	9,178,000	1,300,000	17%
Charges for Services	1,081,100	1,341,100	963,200	(377,900)	-28%
Fines & Assessment	462,000	522,000	465,500	(56,500)	-11%
Other/Misc.	1,155,100	6,455,100	2,720,100	(3,735,000)	-58%
Total Revenues	68,321,100	78,544,100	78,478,100	(66,000)	0%

Top 3 Revenue Sources:

- ✓ Sales Tax revenue \$28.4 million
- ✓ Transient Occupancy Tax (TOT) \$14.9 million
- ✓ Property Tax revenue \$11 million

54

General Fund Expenses

General Fund Expenditures	2022/23 Original	2022/23 Current	2023/24 Proposed	Change Current v. Proposed
City Council	351,400	351,400	304,500	(46,900)
City Manager Department	1,177,540	1,177,540	1,365,817	188,277
Marketing & Community Relations	1,632,128	1,747,128	1,720,532	(26,596)
City Attorney	796,000	796,000	800,000	4,000
City Clerk Department	1,257,526	1,257,526	1,096,733	(160,793)
Human Resources	495,698	589,398	557,015	(32,383)
Police	18,185,900	18,208,800	18,417,900	209,100
Fire	8,851,872	9,294,972	10,039,120	744,148
Community Resources Admin.	880,480	880,480	804,570	(75,910)
Wellness Center Operations	682,102	682,102	829,735	147,633
Recreational Programs & Events	1,088,734	1,384,734	1,564,200	179,466
Code Compliance/Animal Control	1,663,996	1,667,996	1,779,300	111,304
Parks Maintenance	3,042,072	3,091,072	4,056,511	965,439
Public Buildings	1,390,052	1,430,052	1,565,694	135,642
Public Works Administration	794,862	794,862	779,773	(15,089)
Public Works Dev. Services	512,960	512,960	529,394	16,434
Streets Department- Traffic	754,768	754,768	857,050	102,282
Engineering Services	1,020,756	1,246,156	984,700	(261,456)
Design & Development Admin.	756,824	756,824	784,805	27,981
Planning	744,830	744,830	697,830	(47,000)
Building	1,291,362	1,441,362	1,339,516	(101,846)
The Hub	1,236,482	1,236,482	1,083,890	(152,592)
Finance	1,595,830	1,595,830	1,686,720	90,890
Centralized Services	14,447,100	62,116,186	18,794,500	(43,321,686)
Total Expenditures	64,651,274	113,759,460	72,439,805	(41,319,655)

55

General Fund Expenditure Assumptions

Salaries & Benefits

- Annual step increases & CalPERS rate increase
- Pending labor negotiations

Contract Services/Maintenance & Operations

- Contract rate increases
- Rise in supplies & materials
- One-time expenditures in FY 2022/23- Consulting services, elections, services brought in-house

Utilities/Internal Service Charges

- Rising gas, electric, and water costs
- Increase in fuel & maintenance and IT needs
- Insurance premium increases
- Citywide park upgrades

56

General Fund Variances

Division	Change from PY	
Police	\$209,100	Estimated increase from Riverside County (2%)
Fire	\$744,148	Estimated increase from Riverside County (9%)
Recreational Programs & Events	\$179,466	Contract services for operations at Fritz Burns pool and X Park
Parks Maintenance	\$965,439	Citywide landscape maintenance & tree removal
Engineering Services	(\$261,456)	One-time expenditures in FY 2022/23
Centralized Services	(\$43,321,686)	One-time unfunded pension liability payment in FY 2022/23, FY 2021/22 to FY 2022/23 carryovers including Dune Palms Bridge project

57

Internal Service Funds

- Support the City’s internal operations
- Majority of revenues derived from the General Fund based on employee & equipment allocations

INTERNAL SERVICE FUNDS SUMMARY			
Fund	Current FY 22/23	Proposed FY 23/24	Variance
Equipment Replacement	2,214,714	1,448,750	(765,964)
Information Technology	2,358,054	2,931,062	573,008
Park Equipment	1,618,000	2,242,200	624,200
Insurance Fund	984,100	1,118,000	133,900
	7,174,868	7,740,012	565,144

58

General Fund Summary

GENERAL FUND FY 2023/24 PROPOSED BUDGET SUMMARY	
Revenues	\$ 78,478,100
Less Operating/CIP Expenses	(72,439,805)
Preliminary Budget Surplus	6,038,295
Less Measure G Reserves	(4,000,000)
BUDGET SURPLUS	\$ 2,038,295

MEASURE G SALES TAX SUMMARY	
Measure G Sales Tax Revenue	\$ 15,700,000
Police Services	(5,100,000)
Capital Improvements	(6,600,000)
Available for Appropriation	\$ 4,000,000



59

FY 2023/24 Budget Schedule

- May 16 – City Council, Study Session #1
- June 6 – City Council, Study Session #2
- June 7 – Financial Advisory Commission
- June 14 – Housing Commission
- June 20 – City Council, Adoption

For the latest budget information visit:
www.laquintaca.gov/business/finance/budget



60

Discussion & Questions



61



62

City Council Meeting May 16, 2023

S2 – STVR Program 2023 Quarter 1 Update and Proposed Code Amendments



63

STVR Program 2023 Q-1 Overview & 2021-2022 Comparison

- Characteristics
- Compliance status
- Taxes, Fees, & STVR Program Costs

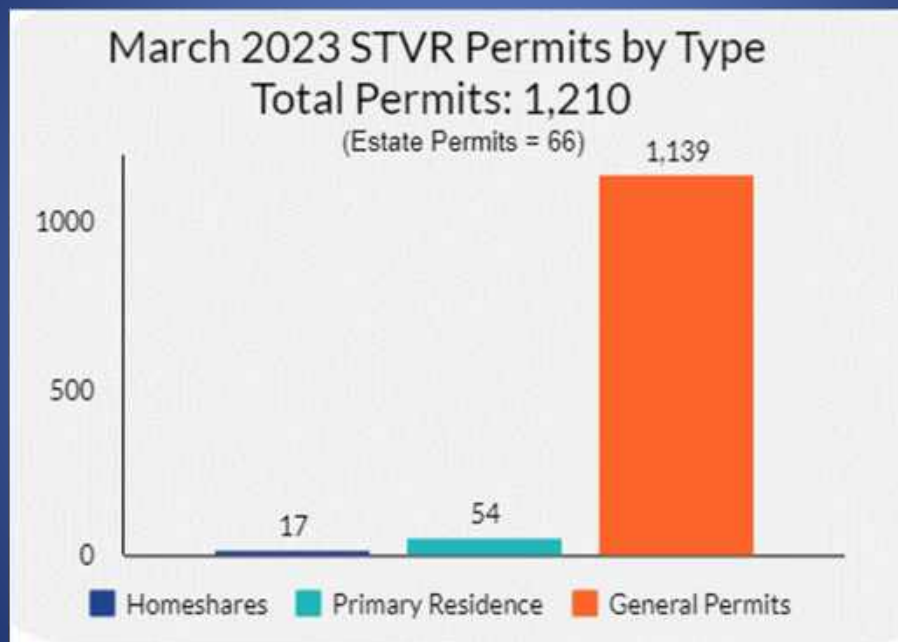
64

Background

- Moratorium – Aug. 4, 2020 to Jun. 1, 2021 via Executive Order No. 10 & succeeding amendments
- Permanent Ban – May 20, 2021 – LQMC Section 3.25.055
- No new permits have been issued outside of exempt areas since August 4, 2020
- Existing permits can be renewed, but not transferred

65

1,210 Active STVR Permits – March 2023



66

Active STVR Permits Decline Since Jan. 2021

2021 – declined by 201 permits or 19.38% (from 1,037 to 836 – Jan. to Dec.)

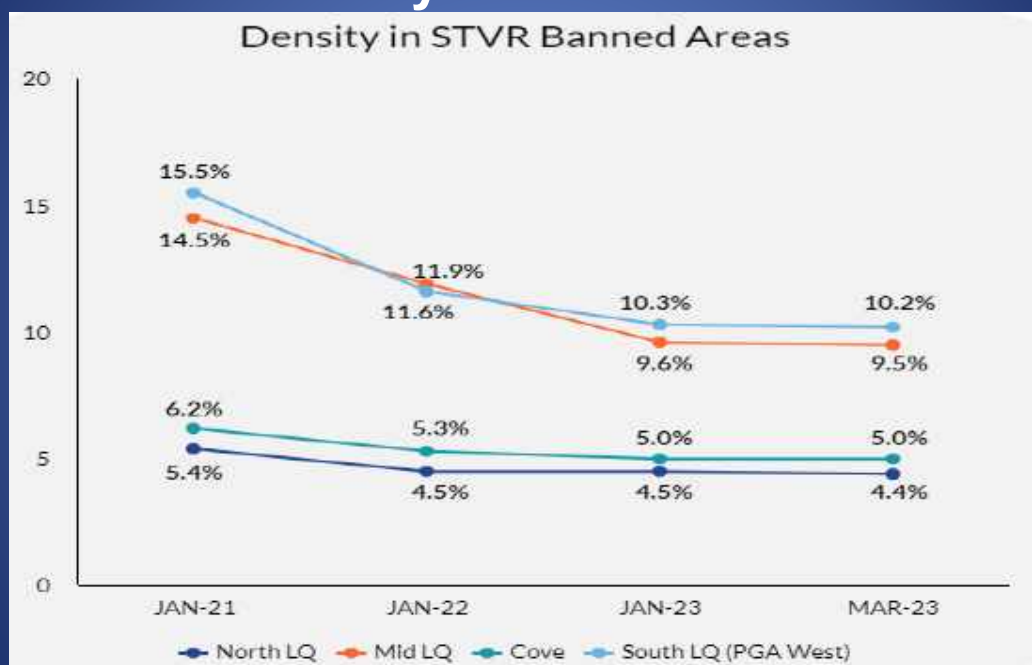
2022 – declined by 81 permits or 9.69% (from 836 to 755 – Jan. to Dec.)

2023 Q-1 – declined by 5 permits (from 755 to 750 – Jan. to Mar.)

2023 STVR PERMITS BY AREA CITYWIDE						
	JAN-21	JAN-22	JAN-23	FEB-23	MAR-23	2023 Parcels
North La Quinta	140	115	110	109	109	2,462
Mid La Quinta	148	122	92	91	91	958
The Cove	292	252	236	235	235	4,744
South La Quinta (PGA West)	470	354	317	316	315	3,082
Permit Ban Area Totals	1,050	843	755	751	750	11,246
STVR Exempt Areas	270	331	434	441	460	983
Restricted Parcels			0	0	0	9,928
Citywide Totals	1,320	1,174	1,189	1,192	1,210	22,157

67

STVR Density – Permit Ban Areas



68

Exempt Areas

Exempt Area	Active Permits	Total Parcels	%	Developed Parcels 2023
Homewood Suites (LQ Desert Villas) Center Pointe	0	40	0%	40
Legacy Villas	215	280	77%	280
Signature <i>141 Finaled & 87 Issued Permits</i>	83	230	36%	92
SilverRock	0	0	n/a (744)	0
LQ Resort - Tennis Villas	31	48	65%	48
LQ Resort - Spa Villas	10	98	10%	98
Embassy Suites (Casitas Las Rosas)	72	144	50%	144
Cordorniz* <i>*HOA Approval Required</i>	0	142	0%	142
Puerta Azul	37	127	29%	127
Merv Griffin Estate	1	1	100%	1
Polo Villas	11	18	61%	11
TOTALS:	460	1,128	41%	983

69

Compliance Overview Since Jan. 2021

STVR Program:

- 1) Permitting & Licensing;
- 2) Tax collection;
- 3) Compliance

Compliance:

- 1) Managing complaints;
- 2) Conducting investigations
- 3) Enforcement

Code updates – Jan. 15, 2021 – enhanced regulations, enforcement, and fines

70

STVR Complaints Citywide 2021-2022 & 2023 Q-1

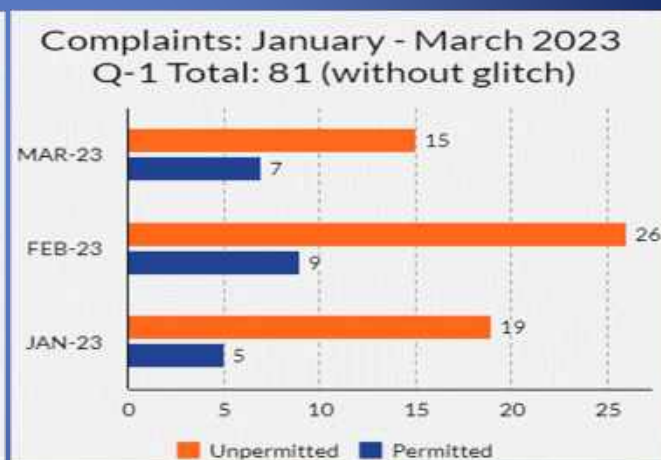
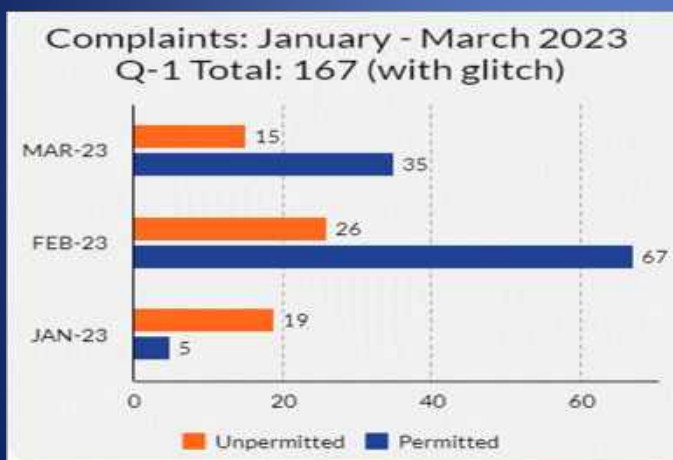
Citywide complaints declined by 73% in 2022 in comparison to 2021



71

STVR Complaints Citywide 2023 Q-1

- Hosting platform glitch – removed designated STVR permit number field
 - Feb 2023 – 58 complaints (or 87%) of the total 67 to permitted properties
 - Mar 2023 – 28 complaints (or 80%) of the total 35 to permitted properties



72

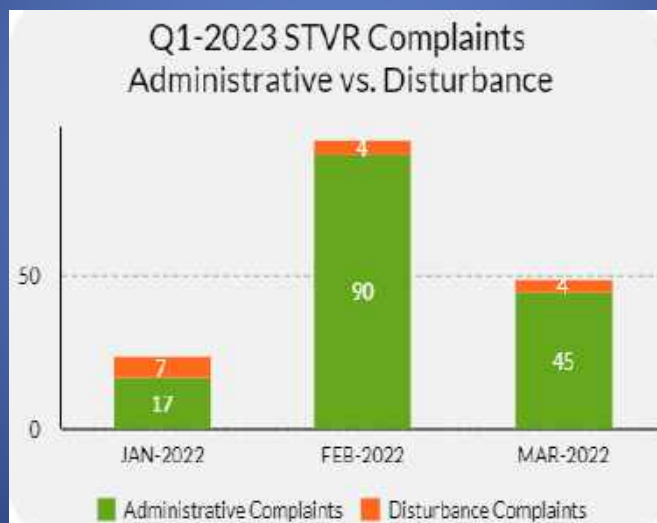
Compliance Categories

- **Disturbance** – due to noise, generally caused by large events or gatherings, children running/ screaming/laughing, popping balloons, construction, slamming doors; excessive parking, bright lights, trash, unmaintained yard, etc.
- **Administrative** – operating/advertising without STVR permit or business license, failure to display permit on listing, incorrect or missing occupancy limit advertised, failure to report TOT, etc.

73

STVR Complaints Citywide 2023 Q-1

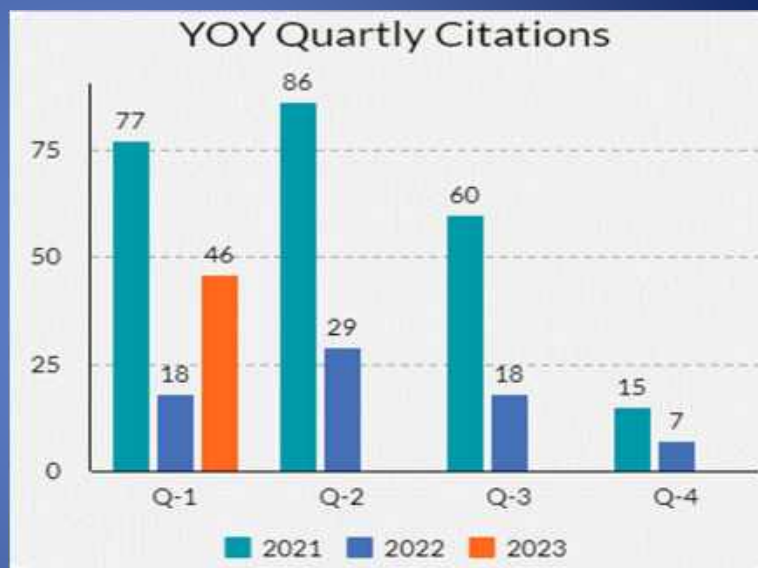
- Hosting platform glitch – removed designated STVR permit number field
 - Feb 2023 – 58 complaints (or 87%) of the total 67 to permitted properties
 - Mar 2023 – 28 complaints (or 80%) of the total 35 to permitted properties
- Disturbance complaints – 15; Administrative complaints – 152 (or 66 without glitch)



74

STVR Citations Citywide 2021-2022 & 2023 Q-1

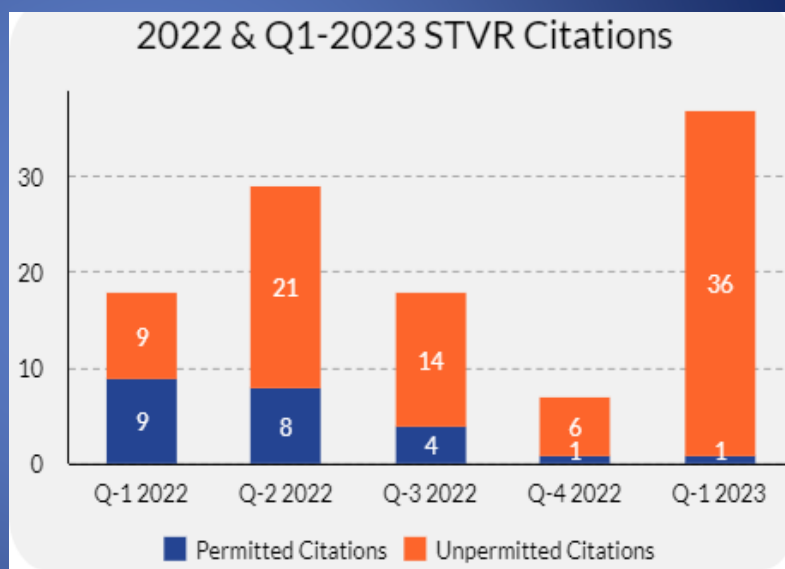
- Citywide citations declined by 70% in 2022 in comparison to 2021
- The vast majority of citations are issued for administrative matters and do not cause disturbances in the community



75

STVR Citations Citywide 2022 & 2023 Q-1

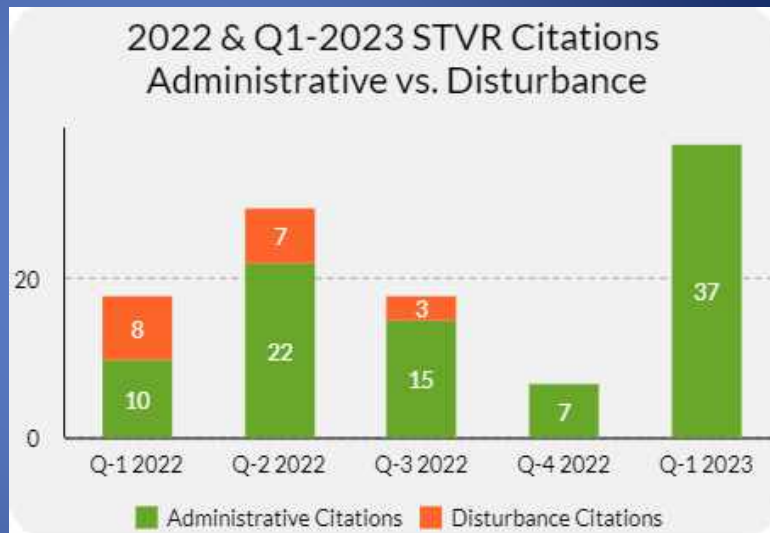
- Almost 70% or 50 out of the 72 total citations in 2022 were issued to **unpermitted properties**
- All but 1 of the 37 total citations in 2023 Q-1 were issued to **unpermitted properties**



76

STVR Citations Citywide 2022 & 2023 Q-1

- No citations were issued for disturbances in 2022 Q-4 & 2023 Q-1
- 75% or 54 out of the 72 total citations in 2022 were issued for administrative matters



77

STVR Taxes, Fees, & Program Costs

- Permit/licensing fees and fine collections covered STVR program operational costs in 2021, 2022, & 2023 Q-1

STVR Revenue Summary: 2020, 2021, 2022, & Q1-2023 (per Calendar Year)

Revenue Type	2020	2021	2022	2023 Q-1
Transient Occupancy Tax Revenue (TOT)	\$4,513,084.58	\$5,921,343.52	\$6,586,847.92	\$ 1,634,808.36
*Citation Fine Collections:	\$ 327,111.82	\$ 447,950.01	\$ 180,750.00	\$ 72,025.00
STVR Permit Fee	\$ 307,781	\$ 758,780	\$ 943,150	\$ 275,750.00
STVR Permit Inspection Fee	\$ 9,425	\$ 1,950	\$ 1,300	\$ 650.00
STVR Permit Business License Fee <i>(estimated)</i>	\$ 55,000	\$ 50,000	\$ 47,000	\$ 12,969.00
Total STVR Permits/Licensing Fees :	\$ 372,206.00	\$ 810,730.00	\$ 991,449.99	\$ 289,369.00
Total Annual STVR Revenues:	\$5,212,402.40	\$7,180,023.53	\$7,759,047.91	\$ 1,996,202.36

78

STVR Taxes - 2020, 2021, 2022, & 2023 Q-1 Permit Ban vs. Exempt Areas

STVR TOT <i>(per Calendar Year)</i>		
Year	Permit Ban Areas in %	Exempt Areas in %
2023 Q-1	61%	39%
2022	71%	29%
2021	80%	20%
2020	83%	17%

79

STVR Code Amendments

- February 21, 2023 – update on STVR program characteristics, performance, and enforcement for 2022 calendar year and comparison to 2021
- Public comments in support and opposition of the STVR program regulations
- March 21, 2023 – discussed proposed STVR program code amendments to Chapter 3.25 for consideration, discussion, and direction

80

STVR Program Code Amendments

A. Section 3.25.055 Non-issuance of new STVR permits (ban); periodic review

- Executive Order 10 – Aug. 4, 2020 to May 19, 2021 – moratorium
- Section 3.25.055 added to LQMC – May 20, 2021 – permanent ban currently in effect
- Measure A (Nov. 2022) seeking permanent ban did not include Homeshare STVR permits

81

STVR Program Code Amendments

A. Section 3.25.055 Non-issuance of new STVR permits (ban); periodic review

- Add a provision requiring 4/5 majority vote of the Council to adopt future code amendments to this section
- Add a provision to exempt Homeshare STVR permits in non-exempt areas from the ban

82

STVR Program Code Amendments

B. Proposed Section 3.25.056 HOA Exemption – develop and add a process for qualifying residential projects governed by HOAs where STVRs are authorized under the CC&Rs:

- Voting membership of the HOA approves pursuant to CC&Rs or by 50%+1 to be exempted from the ban; vote must be conducted within the previous 12 months
- HOA certifies that it has complied with any other voting requirements pursuant to the CC&Rs
- Application may be submitted once within 3-year period
- Application shall be considered by Council at a public meeting

83

STVR Program Code Amendments

C. Proposed Section 3.25.057 Large Lot Exemption – develop and add a process by which a residential dwelling in non-exempt areas would be able to apply for an exemption from the ban if specified criteria are met:

- Large lot size of 25,000 sq. ft.
- HOA authorization pursuant to CC&Rs
- Verification of bedrooms
- Adequate on-site parking
- Physical distance from adjacent residential properties, evaluate active STVR units within 500 ft.
- Application shall be considered by Council at a Public Hearing
- Notification of properties within 500 feet
- Limit total number of exemptions allowed within the City to maximum of 20
- Limit total number of exemptions allowed within 1 year to maximum of 3

84

- 9.25 acre property
- 5 acres of orchards
- 5,553 sq. ft. – 7 bedrooms between the main dwelling, guest house, & servants quarters
- Large pool & patio area
- Outside gardens & resting areas
- Horse stables



85

STVR Program Code Amendments

D. Code Language Clarifications & Alignment with Existing Processes

- Additional definitions for “HOA,” “Large Lot,” “Management Company,” “Potentially Qualifying HOA,” “Qualified & Certified Large Lot,” & “Qualified & Certified HOA
- Transfers of properties to trusts or entities with the same beneficiaries or members
- Add the Estate at Griffin Lake Specific Plan which governs the Merv Griffin Estate property
- Add language to clarify that if a hosting platform provides a designated field to list the STVR permit number & number of approved bedrooms, this is in compliance with City requirements for STVR advertisements
- Add language to establish fines for advertising without a STVR permit
- Application shall be considered by Council at a Public Hearing
- Miscellaneous minor modifications to align the code with existing processes

86

Community Outreach, Bedrooms, & Parking

- Established relations with community members in support and opposition of the STVR program
- Bedrooms verifications process – 9 properties, of the 1,210 active STVR units, were granted a bedroom increase over the last 28 months (Jan. 1, 2021 – Apr. 30, 2023)
- Parking – 3 properties, of the 1,210 active STVR units, utilize on-street parking to meet the parking requirements for a STVR permit; all remaining properties utilize onsite parking, such as a garage, carport, or a driveway

87

QUESTIONS



88

