

ANNUAL MEASURE G SALES TAX OVERSIGHT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2023



OVERVIEW

The Financial Advisory Commission (FAC) provides oversight of Measure G tax revenue. This Annual Measure G Sales Tax Oversight Report covers the fiscal year beginning July 1, 2022 through June 30, 2023. Exhibit A includes a detailed summary of all Measure G activity.

Measure G is a 1% transactions tax applied to sales of taxable goods and is part of the overall 8.75% sales tax rate in the City. It applies to goods transferred at the point of sale (businesses within La Quinta City limits), and to goods purchased in other jurisdictions that are delivered to addresses within the City.

Measure G revenue continues to help La Quinta thrive and is integral to the financial health of the City. These funds assist in realizing the Sacred Values of La Quinta now and in the future: Health and Wellness, High Quality Aesthetics, a Vibrant and Safe Community, a Visually Beautiful City, and Cultural Diversity, to continue being recognized as the “The Gem of the Desert”.



REPORT HIGHLIGHTS

- Since inception, about \$27 million or 35% of Measure G funds have been allocated to improving citywide infrastructure and public recreational facilities.
- Public safety services are a priority of La Quinta and have been supported with 27% of Measure G funds.
- Fiscally responsible budgeting, prudent long-term financial projections, funds oversight, and financial transparency have strengthened the City’s reserves with Measure G funds since the implementation of Measure G in April 2017.

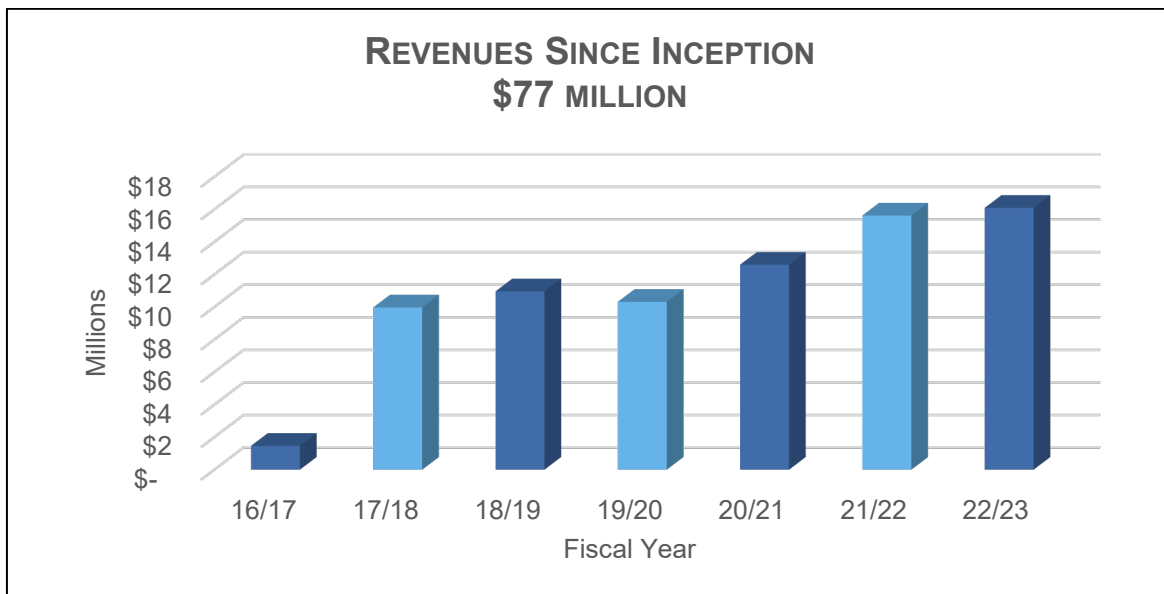
FISCAL YEAR 2022/23 REVENUES

Total Measure G sales tax revenue for fiscal year 2022/23 was \$16.1 million, which was greater than the \$15.5 million initially anticipated when budgeted. While most general consumer goods purchases experienced a slight decline due to higher prices, restaurants and hotels continued to see growth as consumers prioritized eating out, specifically takeout, delivery, drive-through, and curbside sales. In addition, increased labor costs and a spike in lumber prices resulted in an increase in revenue from building-construction supplies.

Stronger than anticipated fiscal year-end Measure G sales tax revenues are a result of steady consumer spending and demonstrate that La Quinta residents and visitors continue to support our local economy.

REVENUES SINCE INCEPTION

The chart below summarizes Measure G revenue received from fiscal years 2016/17 through 2022/23. Steady household spending and tourism have shielded our economy from recession. Sales tax has grown but is behind the spike in growth seen during the pandemic recovery. Looking ahead, challenges such as higher labor costs and lower consumer spending may impact sales taxes into fiscal year 2023/24.



FISCAL YEAR 2022/23 USES

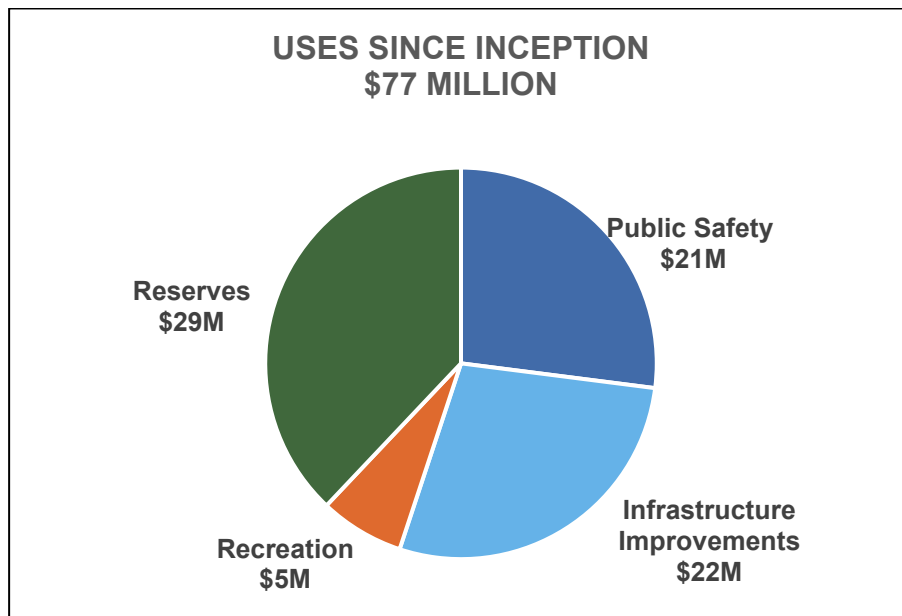
Operational expenses and capital improvements for fiscal year 2022/23 were prioritized, while also including a prudent reserve allocation for operational flexibility in the budget. By allocating a portion of Measure G revenue to reserves, the City intends to continue to preserve and support public safety and capital projects in the future.

USES SINCE INCEPTION

Annually, the City hosts a community workshop to either affirm or determine the following year's budget priorities. Staff then evaluates funding options such as grants, interagency cost sharing, and use of reserves. Public safety services have been a

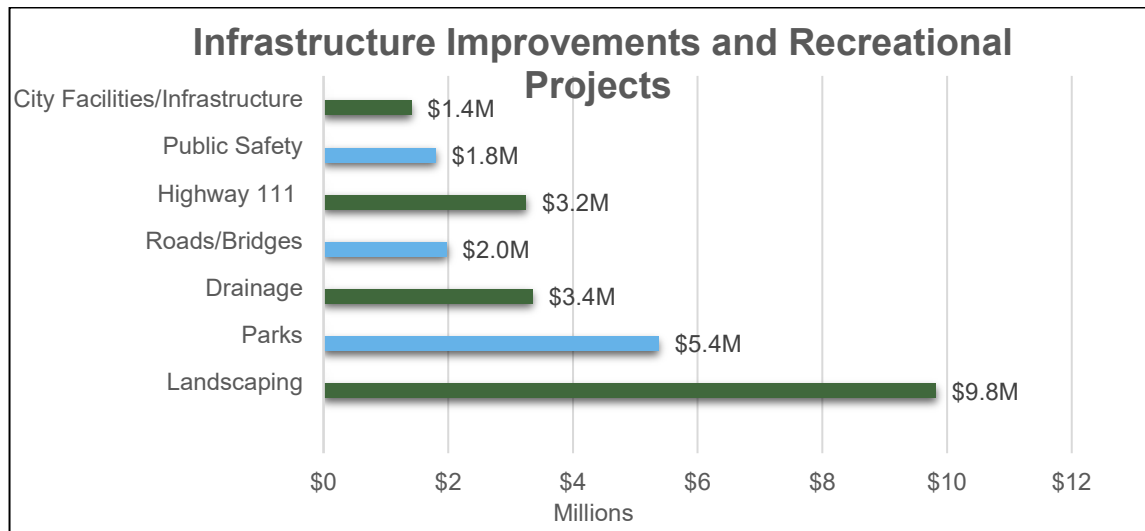
community priority since before Measure G, and with the support of this additional revenue, the City has been able to maintain the public safety service levels the community desires.

The chart below summarizes the uses, since the inception, of Measure G funds. Approximately, \$27 million, or 35% of these funds are for projects to improve citywide infrastructure and public recreational facilities.



- Public Safety use reflects the City's continuing commitment to provide all residents with a safe living environment.
- Infrastructure improvement projects have included numerous road repairs, street striping projects, drainage improvements to avoid street flooding, an investment in Highway 111 (a crucial commercial corridor for our City where a majority of sales taxes are generated), an overhaul of landscape medians north of Highway 111, and the design of an updated corporate yard with administrative and crew quarters. The recent advanced funding of about \$7.5 million for the Dune Palms Bridge Project allocated in fiscal year 2021/22 was subsequently approved for federal reimbursements. The advanced funding was returned to Reserves in fiscal year 2022/23.
- Recreation projects have included funding for the new X-Park near La Quinta High School, the SilverRock event site, design of a new future Village Art Plaza Promenade connected to the La Quinta Museum, Fritz Burns Park improvements, and the Sports Complex lighting replacement.
- Measure G reserves reflect fiscal responsibility and allow for operational flexibility by ensuring cash is available for public safety services and capital improvement projects when they are most efficient to complete.

The chart below summarizes citywide infrastructure improvements and recreational projects, totaling about \$27 million funded with Measure G revenues.



LOOKING AHEAD

Due to the volatility of the economy, the past few years have presented challenges in some revenue streams. Fortunately, these have been offset by significant growth in sales tax. This revenue has allowed the City to look ahead to address critical needs such as road improvements, equipment replacement, and maintenance of City facilities. The City will also explore the use of Measure G reserve funds to prioritize additional funding intended to accelerate Capital Improvement Program projects, including for major street improvements.

MEASURE G BACKGROUND AND COMPLIANCE SUMMARY

Voters passed Ballot Measure G in November 2016. Measure G provides a permanent one percent transactions and use tax, effective April 1, 2017, which is fully allocated to the City of La Quinta and protected from State takeaways.

All Measure G revenues shall be used in accordance with the ballot measure for costs including police protection, projects such as parks, streets, landscaping, and flood mitigation, programs attracting businesses, youth/senior services, sports recreation programs, and preserving property values and quality of life. This report confirms all Measure G tax revenues are properly recorded and are being used in accordance with the ballot measure.

City Council, management, and staff thank all residents for their continuing support and investment in our community.

Prior oversight reports and information on Measure G are located online at <https://www.laquintaca.gov/business/tax-measure>. Questions regarding this report or the use of Measure G funds may be directed to the Finance Department by calling 760-777-7150 or by email at finance@laquintaca.gov.

MEASURE G REVENUES AND USES SUMMARY

Fiscal Year (FY)

REVENUES

2016/17	Actual	\$	1,462,650
2017/18	Actual		9,967,657
2018/19	Actual		10,958,118
2019/20	Actual		10,310,526
2020/21	Actual		12,594,389
2021/22	Actual		15,615,802
2022/23	Actual		16,088,087
		TOTAL \$	76,997,229

MEASURE G USES

Fiscal Year	Project Description	Operational	Capital	Reserves	Total by Year	
2016/17	Eisenhower Dr. Retention Basin		750,000			
	X-Park Funding		712,650	-	1,462,650	
2017/18	Public Safety Fund	300,000				
	North La Quinta Landscape Improvements		1,802,576			
	Citywide Drainage Enhancements		2,407,373			
	La Quinta Village Road Diet Project		1,972,158			
	X-Park Funding		147,350			
	Alongi Building Improvements		800,000			
	SilverRock Event Site/ Alongi Building/ Retention Basin		1,453,850			
	Measure G Reserves 2017/18			1,084,350	9,967,657	
2018/19	Public Safety Fund	850,000				
	Public Safety Contract Services	2,100,000				
	Citywide Drainage Enhancements		194,730			
	North La Quinta Landscape Improvements		2,129,613			
	SilverRock Event Site		1,300,000			
	Measure G Reserves 2018/19			4,383,775	10,958,118	
2019/20	Public Safety Contract Services	2,750,000				
	Corporate Yard Administration/Crew Quarters		411,013			
	Highway 111 Corridor Improvements		1,000,000			
	North La Quinta Landscape Improvements		3,703,369			
	Village Art Plaza Promenade		310,000			
	Measure G Reserves 2019/20			2,136,144	10,310,526	
2020/21	Public Safety Contract Services	4,545,000				
	X-Park Landscaping		275,000			
	Highway 111 Corridor Improvements		250,000			
	Measure G Reserves 2020/21			7,524,389	12,594,389	
2021/22	Public Safety Contract Services	5,163,000				
	Landscape Renovation Improvements		1,408,356			
	Highway 111 Corridor Improvements		1,000,000			
	Fritz Burns Park Improvements		350,000			
	Allocate Advance Dune Palms Bridge Funding		7,468,061			
	Measure G Reserves 2021/22			226,385	15,615,802	
2022/23	Public Safety Contract Services	5,100,000				
	Landscape Renovation Improvements		500,000			
	Sports Complex Lighting		300,000			
	Village Underground Utilities Feasibility		100,000			
	ADA Transition Plan Update		150,000			
	Village Parking Lot		500,000			
	Phase II Public Safety Camera System		1,797,000			
	Smart Infrastructure Feasibility		250,000			
	Highway 111 Corridor Improvements		1,000,000			
	Dune Palms Bridge Advance Funding Reimbursement		(7,468,061)			
	Measure G Reserves 2022/23			13,859,148	16,088,087	
		TOTAL \$	20,808,000	\$ 26,975,038	\$ 29,214,191	\$ 76,997,229
			27%	35%	38%	