

Council Recap - January 16, 2024

The City ended the 2022-23 fiscal year on a high note with \$5.6 million more in revenues than anticipated when the Council adopted the budget in June 2022.

The final General Fund budget revenues totaled \$90.9 million for the fiscal year, which ended on June 30, 2023.

Earnings from sales, transient occupancy, and property taxes, the three top revenue sources for the City, were \$1.8 million or 4% higher than projected in 2022.

Taxes represent 72% of all General Fund revenues and include the three largest funding sources for the City – sales taxes \$28.9 million, transient occupancy taxes (TOT) \$16.7 million, and property taxes \$11.2 million. Combined, they account for \$56.8 million or 87% of all taxes.

City Hall expenditures were also about \$3 million less than projected, Finance Director Claudia Martinez said. “Overall, all departments stayed within budget which demonstrates the City’s cautious use of spending during economic uncertainty,” Martinez said.

While the City remains fiscally strong, staff continues to monitor economic conditions while identifying strategic financial priorities and addressing critical needs such as infrastructure and capital improvement projects. Future projects such as the undergrounding of utilities, electrical substation upgrades, and the possible expansion of the City’s boundaries may require additional funding.

The City remains conservative in its spending because of economic concerns and not knowing how the State’s \$64 billion deficit may impact local revenues.

Additional highlights from Tuesday’s City Council meeting:

- The Council discussed cost-share options for electrical substation upgrades to meet the growing needs of La Quinta’s current Imperial Irrigation District (IID) ratepayers and future development. IID’s power distribution substations in La Quinta are nearing or have reached capacity and need to be expanded or upgraded for existing customers and new growth.

When there isn't enough electricity for new development projects, IID requires developers to pay for electrical substation upgrades at an estimated cost of \$20 million per 50 megavolt ampere (MVA) upgrade, which would serve about 3,000 new homes. Tuesday's Study Session discussion focused on exploring opportunities for developers and the City to work with IID to create a cost-sharing agreement to expand capacity at the Avenue 58 substation. Several developers with projects planned for the area served by the Avenue 58 substation, including Andalusia and Travertine, told Council members they would be happy to participate in a cost-share program. With the participation of the developers who have indicated an interest, the City's share would be about 20% or around \$3 million. Staff will continue working on a reimbursement program to bring back to the Council while at the same time monitoring the City of Indio's newly formed joint powers authority (Authority) with IID. Through the partnership, the electrical rates of Indio's IID customers were raised, and the Authority will use revenue from the rate increase to procure the necessary infrastructure, like transformers, which IID will build, service, and maintain.

- Hampton Inn will build a three-story, 125-room hotel on a vacant 2.8-acre parcel on the southwest corner of La Quinta and Auto Centre drives. The Council approved a Specific Plan amendment for the property that increases the allowable floor area ratio from 0.35 to 0.61 and decreases the minimum parking standard from the required 138 spaces to 126. Council members also approved a site development permit. The project will include a pool, patio, and dog park.
- The Council approved contract agreements with Pacific Play Systems Inc. and Perimeter Fitness Equipment to replace the playground and fitness equipment at La Quinta Park. USA Shade & Fabric Structures Inc. will install a shade structure over the entire playground. The upgrades are estimated to cost \$1.1 million – \$415,450 for the playground elements, \$482,354 for the shade structure, \$56,289 for the fitness equipment, and \$20,000 to add playground lighting.

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The La Quinta City Council meets the first and third Tuesday every month at 4 p.m. at City Hall. The next scheduled meeting is February 6, 2024. We invite the public to attend to stay in the know of all things LQ.

If you can't make it to a meeting or missed a meeting, you can livestream or watch the video online at <https://laquinta.12milesout.com>.

Agenda packets with staff reports can be viewed on the City's website, www.laquintaca.gov, or received via email or text by signing up for Quail Mail.