

POWER POINTS

FAC

SPECIAL

MEETING

APRIL 3, 2024

Financial Advisory Commission Special Meeting
4/3/2024



Financial Advisory Commission Special Meeting

4/3/2024

Presentation Item No. 1

Sales Tax Trends Presentation by HDL Companies
Director of Client Services Bobby Young



City of La Quinta

*Financial Advisory Commission
Sales Tax Trends Update
April 3, 2024*

HdL  Companies





About HdL

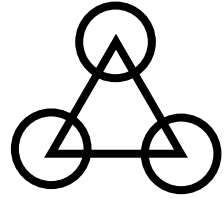
**PROUD
TO SERVE**

CITIES, COUNTIES &
SPECIAL DISTRICTS
FOR

40 YEARS!

100%

**EMPLOYEE
OWNED**



TRIFECTA

Superior service
Increased revenue
Decreased costs



COMPLIANCE

Help reduce risk
by keeping current with
ever-changing legislation



RESULTS

Average city growth
rates are ~3%,
HdL clients are 2x that!



\$3 BILLION



700+
LOCAL GOVERNMENT
CLIENTS



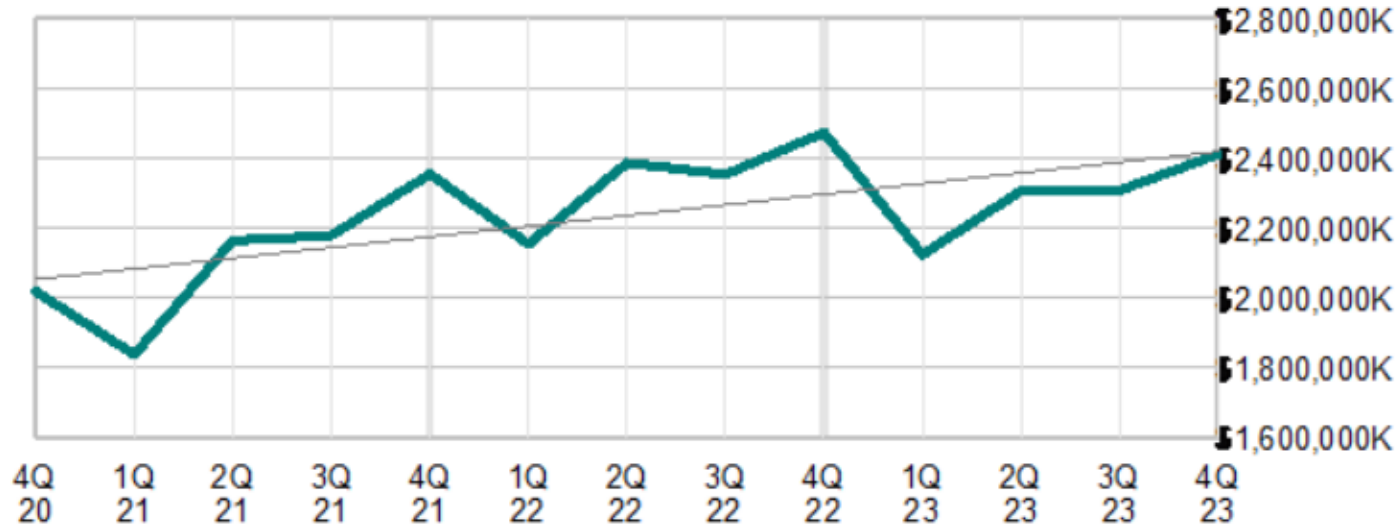
>99%
CLIENT RETENTION

La Quinta Sales Tax Rate Breakdown

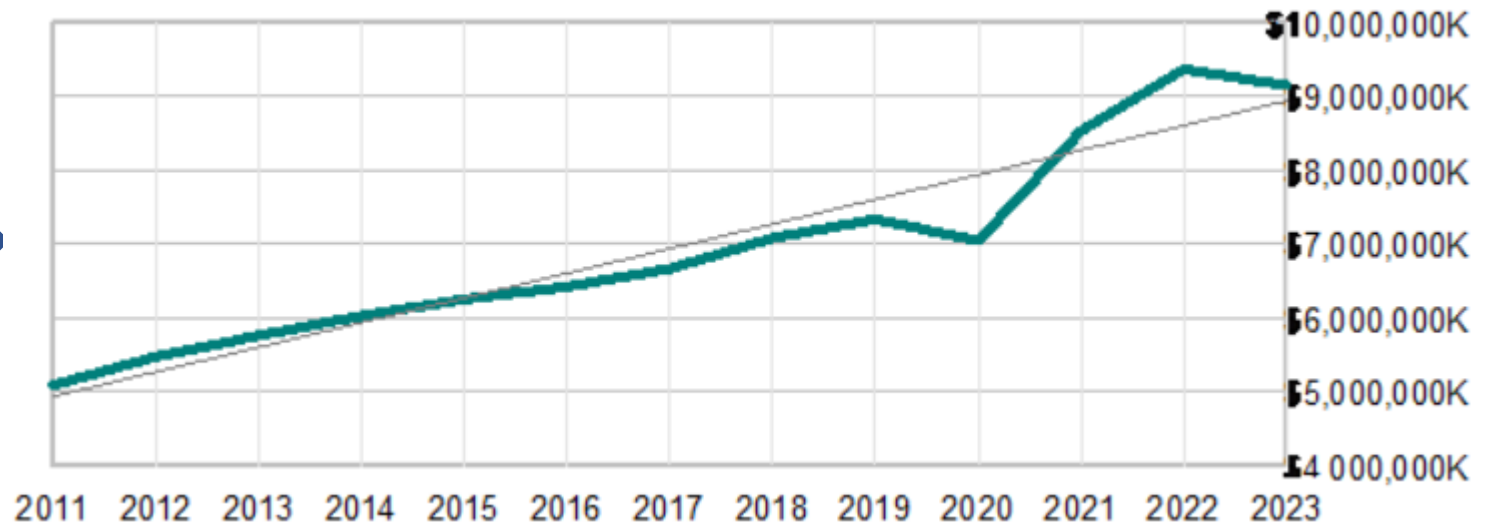
State General Fund	3.9375 %
City/County General Fund (Bradley-Burns)	1.0000 %
La Quinta Measure G (LQUG)	1.0000 %
County Public Safety (Prop 172)	0.5000 %
County Realignment (Mental Health/Welfare/Public Safety)	1.5625 %
Countywide Transportation Fund	0.2500 %
Riverside County Transportation Commission (RCTC) (RCTC)	0.5000 %
Total Rate	8.7500 %



Statewide Sales Tax Trends



Calendar Year Results

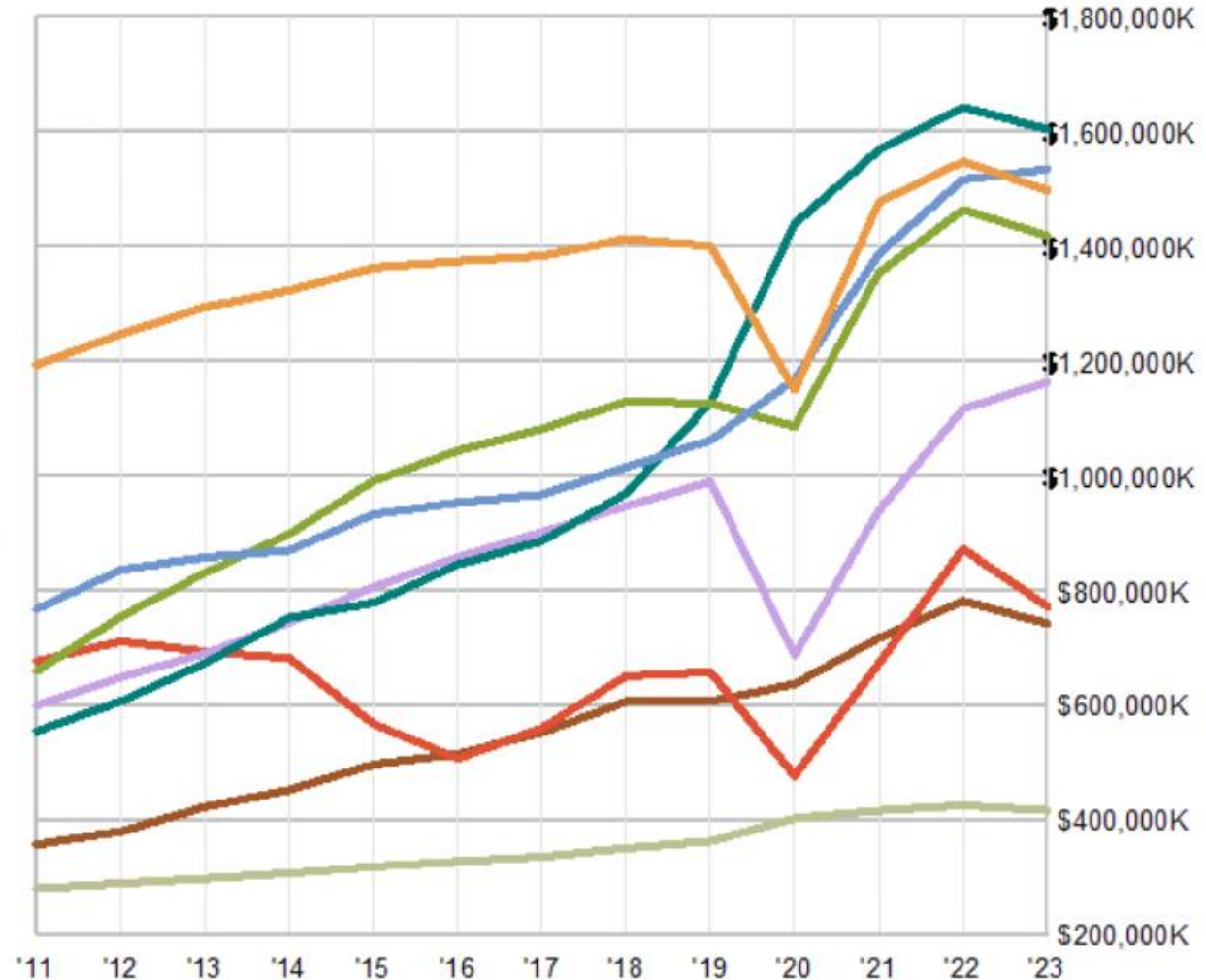




Statewide – Major Industry Groups

Calendar
Year
Results

- State & County Pools
- Business And Industry
Count: 351,452
- General Consumer Goods
Count: 432,621
- Autos And Transportation
Count: 81,158
- Restaurants And Hotels
Count: 146,600
- Fuel And Service Stations
Count: 14,650
- Building And Construction
Count: 35,327
- Food And Drugs
Count: 41,088





Considerations

Interest Rates

Inflation

Consumer
Spending

Savings Trends

Tourism &
Business
Travel

AB 1228
Fast Food
Minimum Wage

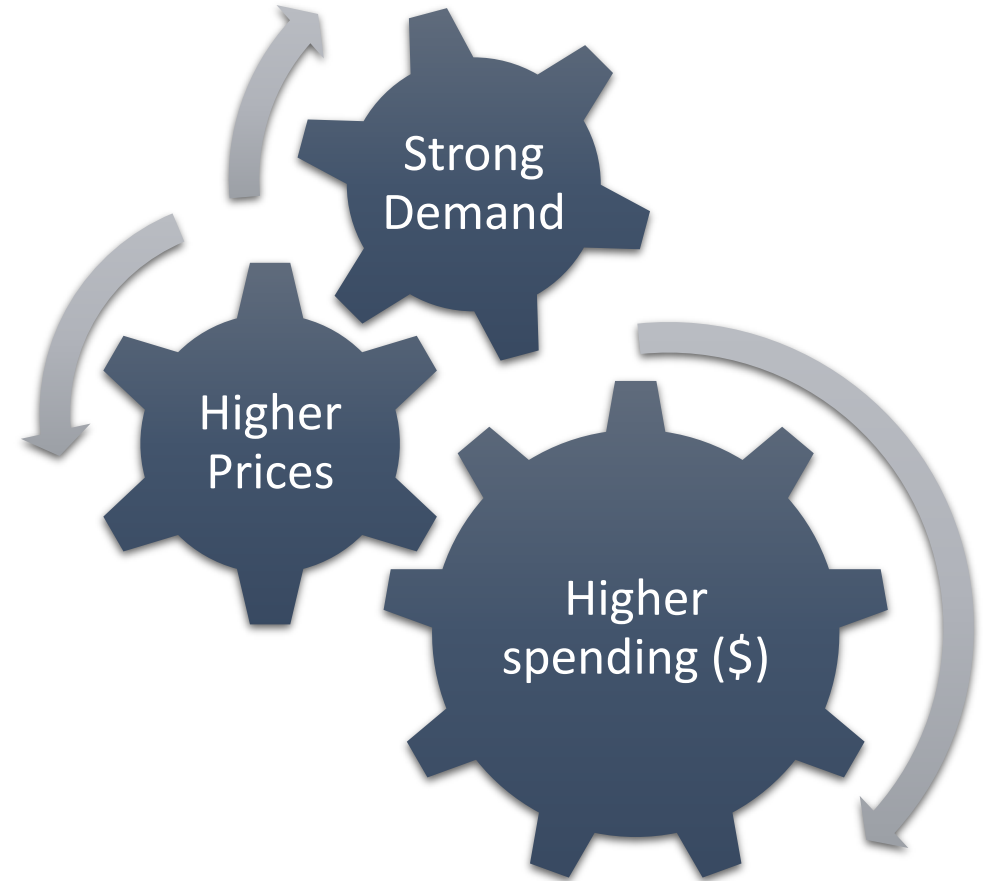
Gas Prices



Inflation & Sales Tax

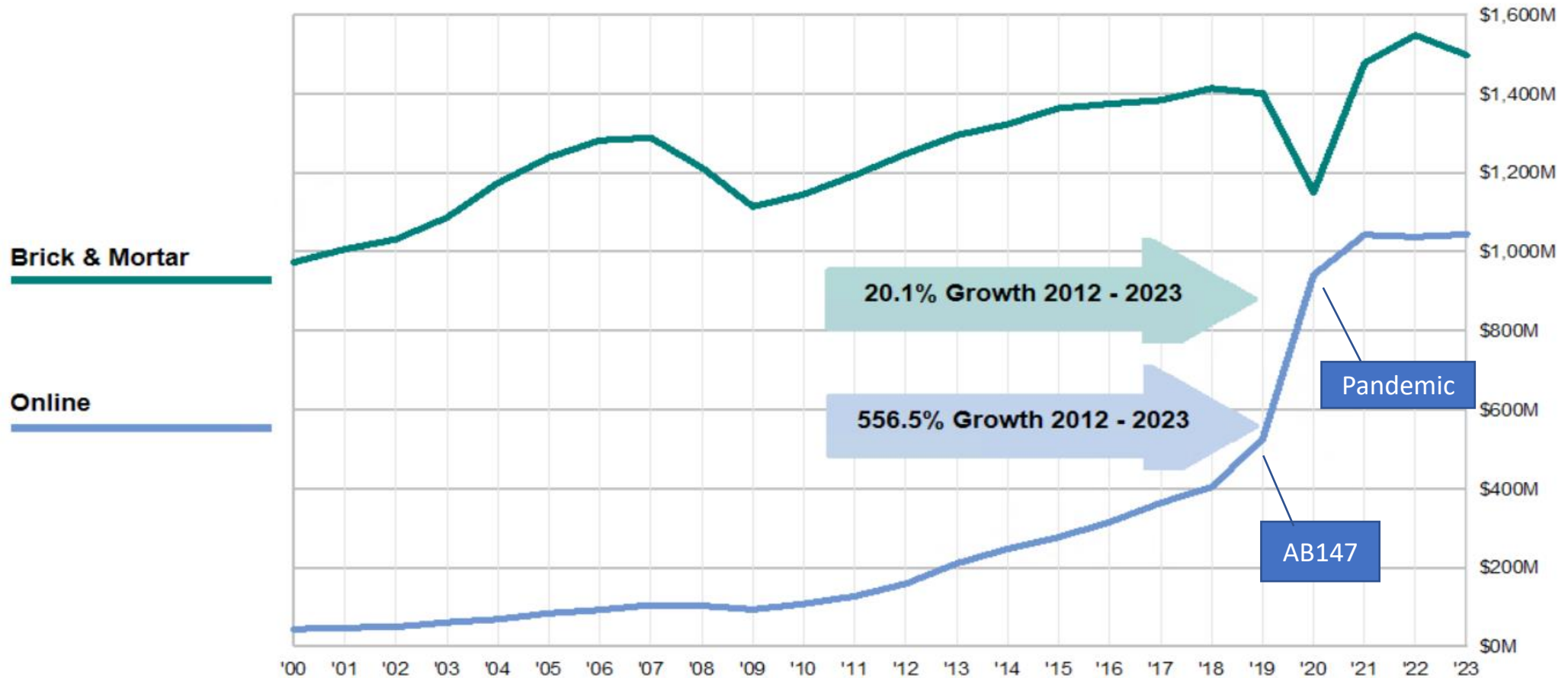
Current Conditions

- Steady demand for consumer goods → upward pressure on **prices** → upward pressure on **spending & sales tax**
- Supply chain bottlenecks and labor shortages → downward pressure on **supply** → upward pressure on **prices** → upward pressure on **spending & sales tax**





Online vs Brick & Mortar: Allocation



Legend:

Brick & Mortar - Statewide General Consumer Goods from Place-of-Sale locations

Online - Statewide General Consumer Goods from Fulfillment Centers and County Use-Tax Pool Allocations



Online sales allocations... it's complicated

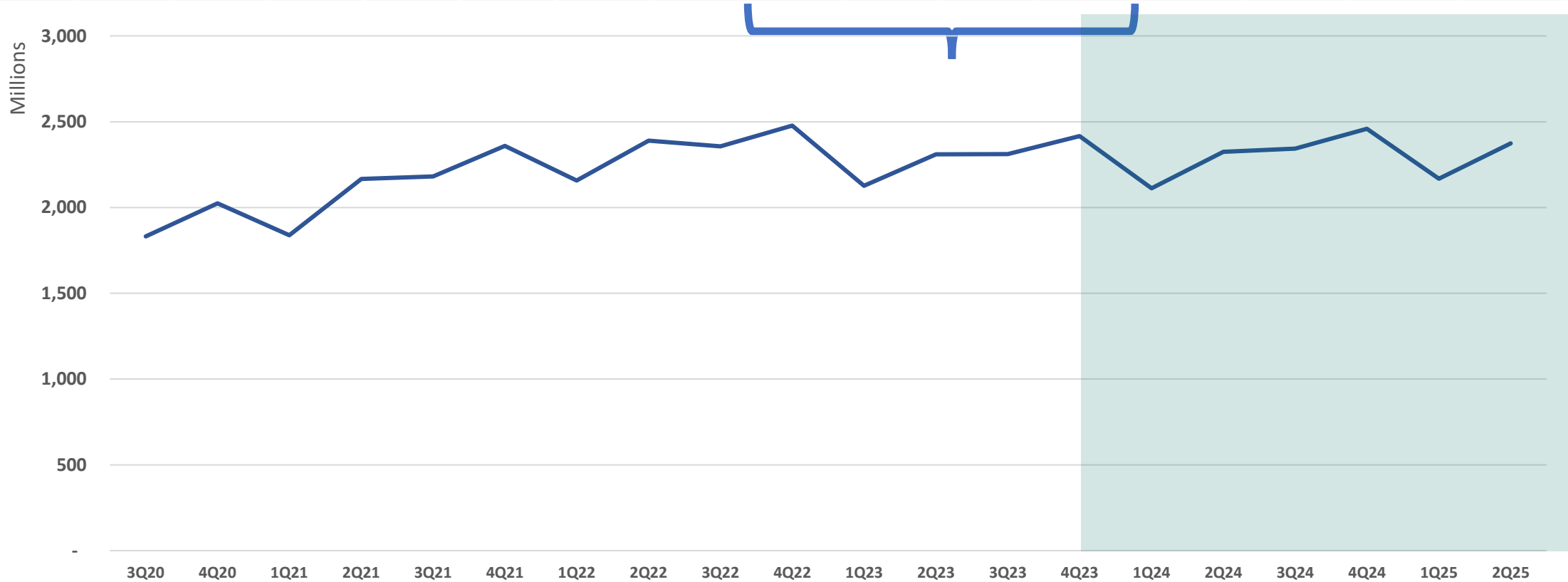
Place of Sale	Location of Goods at the Time of Sale	How Customer Receives Goods	Allocation of Tax
Online - Order is placed or downloaded outside California	California Fulfillment Center	Shipped to Customer from California Location	Local tax is allocated to the jurisdiction in which the fulfillment center is located
Online - Order is placed or downloaded in California	California Fulfillment Center	Shipped to Customer from California Location	Per CDTFA Regulation 1802, local tax is allocated to the jurisdiction where the order is placed
Online	Out of State Fulfillment Center	Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	Out of State Fulfillment Center	Picked Up In-Store (Click & Collect)	Local tax is allocated to the countywide pool based on point of delivery
Online	In-Store (Goods withdrawn from store inventory)	Shipped to California Customer	Local Tax is allocated to the jurisdiction where the store is located
Online	In-Store (Goods withdrawn from store inventory)	Picked Up In-Store (Click & Collect)	Local Tax is allocated to the jurisdiction where the store is located
In-Store	In-Store (Goods withdrawn from store inventory)	In-Store	Local Tax is allocated to the jurisdiction where the store is located



HdL Statewide Trend

% Change YoY

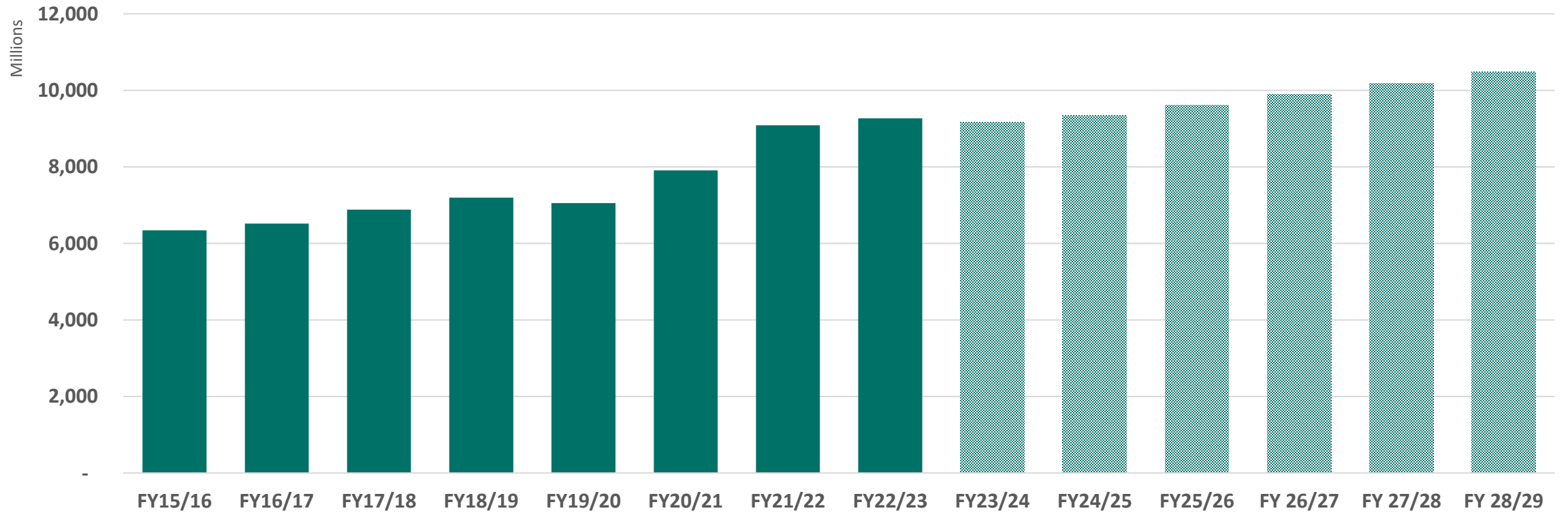
3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
19.1%	16.6%	17.3%	10.3%	8.0%	5.0%	-1.4%	-3.3%	-1.9%	-2.5%	-0.7%	0.7%	1.4%	1.8%	2.6%	2.1%





HdL Statewide Trend – Annual Outlook (FY)

% Change YoY	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
	2.7%	5.6%	4.6%	-2.0%	12.1%	14.9%	2.0%	-1.1%	2.0%	2.8%	3.0%	2.9%	3.0%





Major Industry Group Breakdown	City of La Quinta (Measure G)	Statewide
General Consumers	35% (44%)	16%
Restaurants	22% (17%)	12%
County Pool(s)	14%	18%
Building & Const.	10% (11%)	8%
Autos	9% (12%)	16%
Food & Drugs	4% (3%)	5%
Gas Stations & Diesel	4% (3%)	9%
Business & Industry	1% (10%)	16%



La Quinta Major Industry Groups - 13 Quarter Trend - Bradley Burns

General Consumer Goods

Count: 666

Restaurants And Hotels

Count: 238

State & County Pools

Building And Construction

Count: 30

Autos And Transportation

Count: 37

Food And Drugs

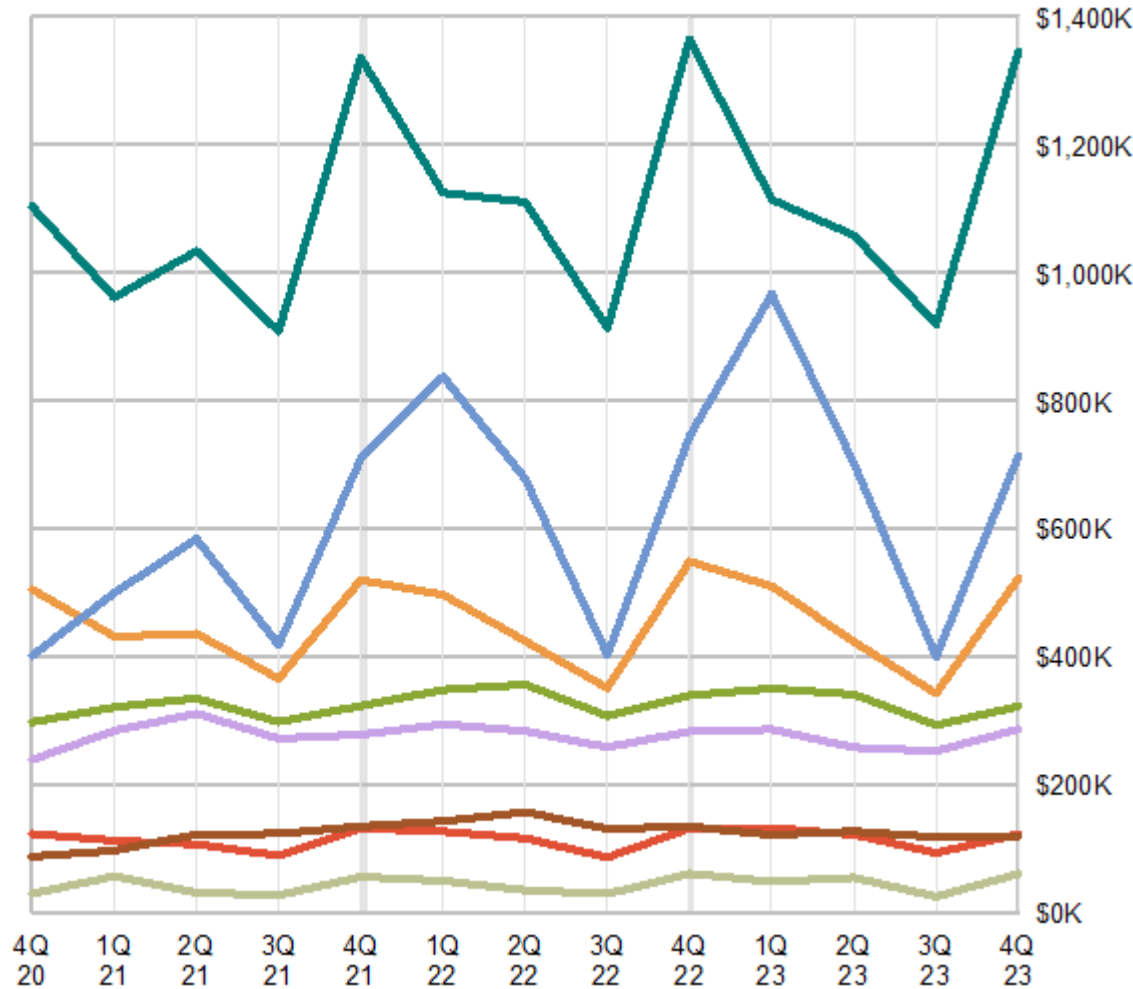
Count: 31

Fuel And Service Stations

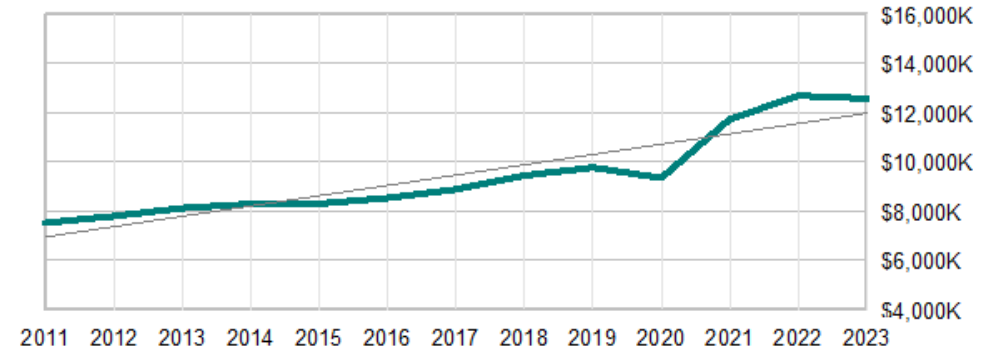
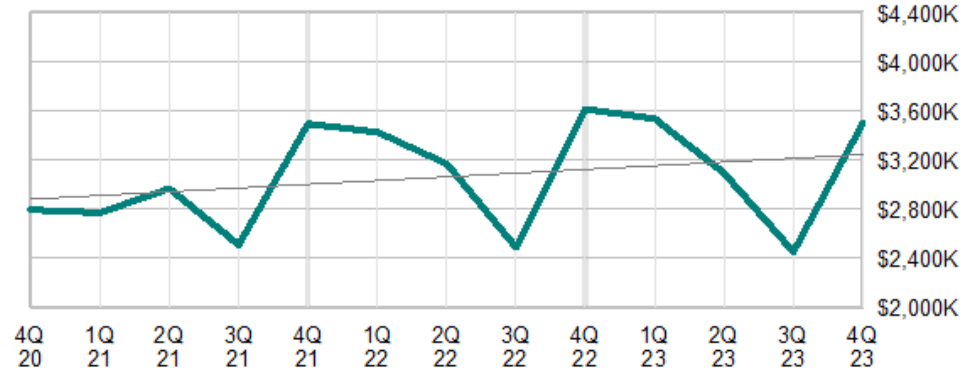
Count: 9

Business And Industry

Count: 362



CITY TOTAL



By Fiscal Year





La Quinta Major Industry Groups - 13 Quarter Trend - Measure G

General Consumer Goods

Count: 2,934

Restaurants And Hotels

Count: 191

Autos And Transportation

Count: 605

Building And Construction

Count: 476

Business And Industry

Count: 3,495

Food And Drugs

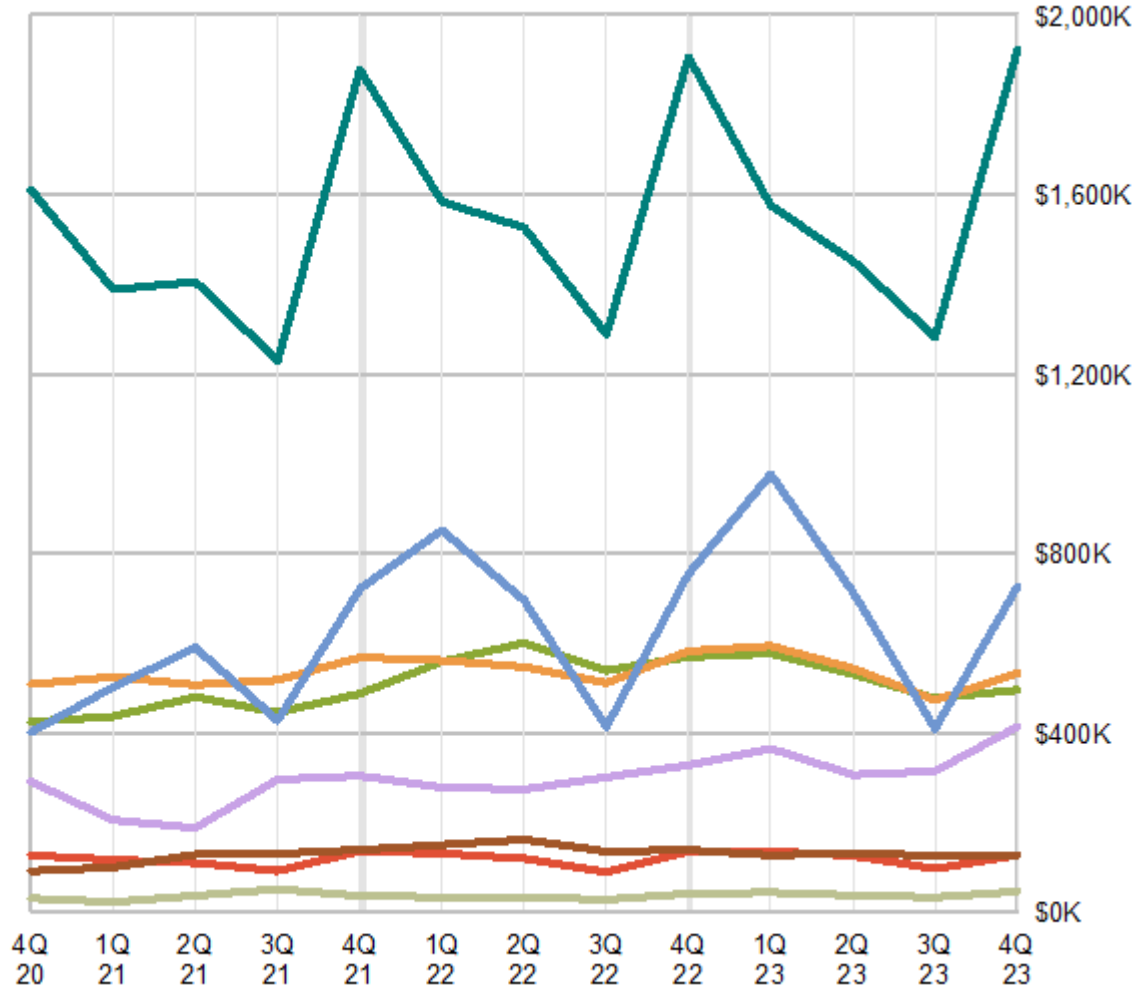
Count: 99

Fuel And Service Stations

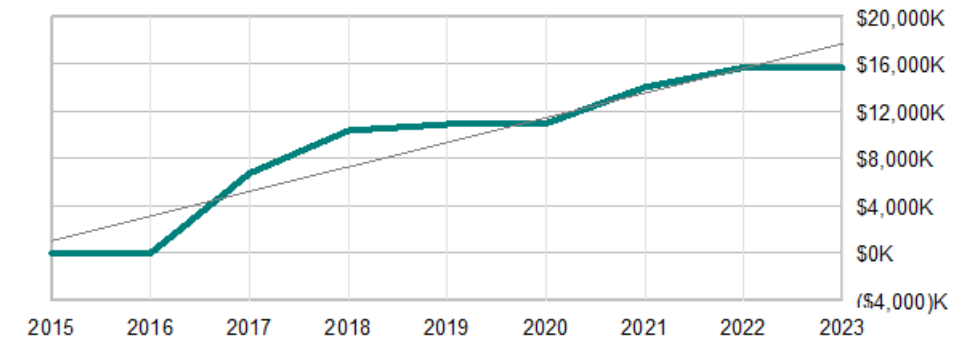
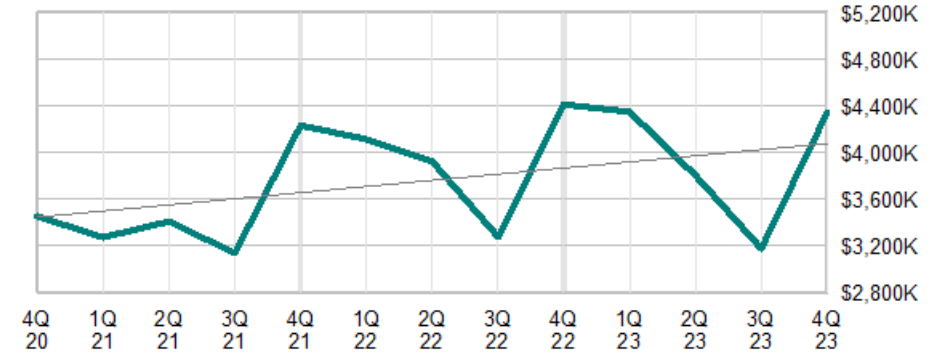
Count: 39

Transfers & Unidentified

Count: 2,327



CITY TOTAL



By Fiscal Year



When? Why? How? WHERE? WHEN? What? HOW? Why? WHAT? When? When? WHO? WHERE? Why? When? WHAT? WHEN? What? WHO? WHERE? When? HOW? WHERE? What? HOW? WHEN? WHERE? Why? When? WHERE? What? HOW? WHEN? What? WHERE? When? WHEN? HOW? WHAT?





Thank you!

Bobby Young, Director of Client Services

byoung@hdlcompanies.com

HdL[®] Companies

Financial Advisory Commission Special Meeting 4/3/2024

Study Session Item No. 1

Discuss Projects to be Included in Fiscal Years 2024/25 Through 2028/29
Capital Improvement Program



Purpose and Timeline

- Review CIP – 5-year plan
- City Council
 - Study Session
 - SB1 RMRA and Measure A Approval on April 16
 - Public Hearing in June
 - Appropriate first year funds with City Budget
- Finance Advisory Commission
 - April 3, 2024

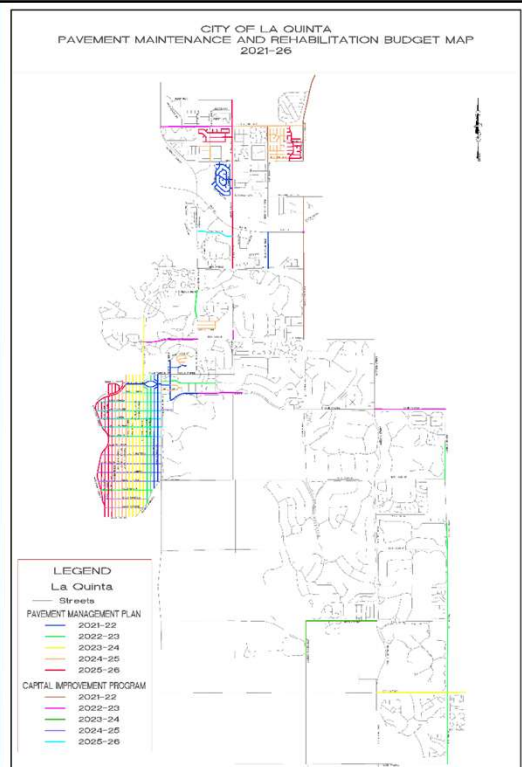
FY 2024/25 Projects

- Transportation Projects
- Drainage Projects
- Landscape Renovation Projects
- Parks and Facilities Projects
- Other CIP Projects
- DIF Reimbursements

Transportation Projects

- 2024/25 Pavement Management Plan (PMP)
 - Fourth year of 5-Year PMP
 - Crack seal and Slurry Seal streets within the Cove
 - Calle Cadiz and Saguaro Road
 - Cactus Flower neighborhood in north La Quinta
 - Fred Waring Drive between Dune Palms Road and Jefferson Street

5-Year Pavement Management Plan (PMP)



Transportation Projects

- **Highway 111 Corridor Area Plan Implementation & Pavement Resurfacing**
 - Resurfacing of Highway 111 within City limits and ADA curb ramp improvements
 - Resurfacing was successfully awarded Earmark funding through Congressman Calvert
 - Specific Plan almost complete
 - Banking construction funding for demonstration project
 - Environmental for demonstration project site near completion

Transportation Projects

- Dune Palms Pavement Rehabilitation
 - Rehabilitation of Dune Palms Road between Miles Avenue and Fred Waring Drive
 - Additional construction funding
- Avenue 50 Widening Improvements
 - In coordination with the City of Indio
 - Widening Avenue 50 from Jefferson Street to Madison Street
 - Multi-use trail on the north side

Transportation Projects

- Avenue 50 Sidewalk Improvements
 - Construct a 6 ft. sidewalk on the north side of Avenue 50 from Washington Street to Avenida Montero
- Washington Street Sidewalk Improvements
 - Construct a 6 ft. sidewalk on east side of Washington St.
 - From the bridge to Calle Tampico

Transportation Projects

- Cove Area Slurry Seal Improvements Phase I
 - First of two phases to complete slurry seal of cove area streets
 - A supplement to PMP
- Avenue 52 at Jefferson Street Roundabout Improvements
 - Provide an assessment and re-design of existing roundabout at Avenue 52 and Jefferson Street
- SilverRock Way Slurry Seal Improvements
 - Slurry seal and dig outs of SilverRock Way from Avenue 52 to Jefferson Street

Recently Completed Pavement Improvement Projects



Recently Completed Pavement Improvement Projects

- Highway 111/Jefferson Intersection
- Moon River Drive Pavement Rehabilitation
- Jefferson REAS Slurry
- Citywide Striping
- FY 21/22 Pavement Management Plan
- Fred Waring Drive Pavement Rehabilitation
- Avenue 50 and Avenue 52 Pavement Rehabilitation
- FY 22/23 Pavement Management Plan

Drainage Improvements

- Citywide Enhancements
 - Minimum 150-year storm protection
 - Next projects: Eisenhower Drive at Avenue 50 and at Avenida Bermudas north of Calle Tampico
 - Pursuing Congressionally Directed Spending (Earmark funding)



Landscape Renovation Project

- Landscape & Lighting Median Island Improvements
 - Refurbish southern medians
 - Utilizing landscape contractor and staff
 - Future Project: Avenue 52 between Washington Street and SilverRock Way

Parks and Facilities Projects

- **Maintenance and Operations Yard**
 - Funding to begin the construction phase
- **Cultural Campus**
 - Master Plan complete
 - Design Underway
 - Additional funding for Cultural Campus Site Improvements

Parks and Facilities Projects

- **Fritz Burns Park Improvements**
 - Master plan complete
 - Design for final three phases underway
 - Construction funding for additional park amenity improvements
- **City Hall Drainage Improvements**
 - Address exterior drainage improvements
 - Needed to prevent flooding for future storm events

Parks and Facilities Projects

- **Citywide Dog Park Improvements**

- Construction of dog park facilities
 - SilverRock
 - North La Quinta

- **Welcome Center Improvements**

- Construction of restroom facility, drinking fountain, and bicycle tune-up station
- New City-Owned property at Eisenhower Drive and Calle Tampico (near entrance to Bear Creek Trail)

Recurring Maintenance Funds

- ADA Accessible Ramps – Various Locations
- Citywide Preventative Maintenance Plan Improvements
- Sidewalks – Various Locations
- Citywide Traffic Signal Maintenance Improvements

Other CIP Projects

- Citywide Miscellaneous Concrete Improvements
 - Repair and replacement of sidewalk panels, curb and gutters, and various concrete improvements citywide
- Citywide Miscellaneous ADA Improvements
 - Implementation of ADA Transition Plan Report
 - Continuation of improvements at City park, buildings intersection curb ramps, and sidewalks
- Village Parking Lot Utility Undergrounding
 - Undergrounding existing utility poles at city-owned parking lot on Avenida Bermudas near Avenida La Fonda

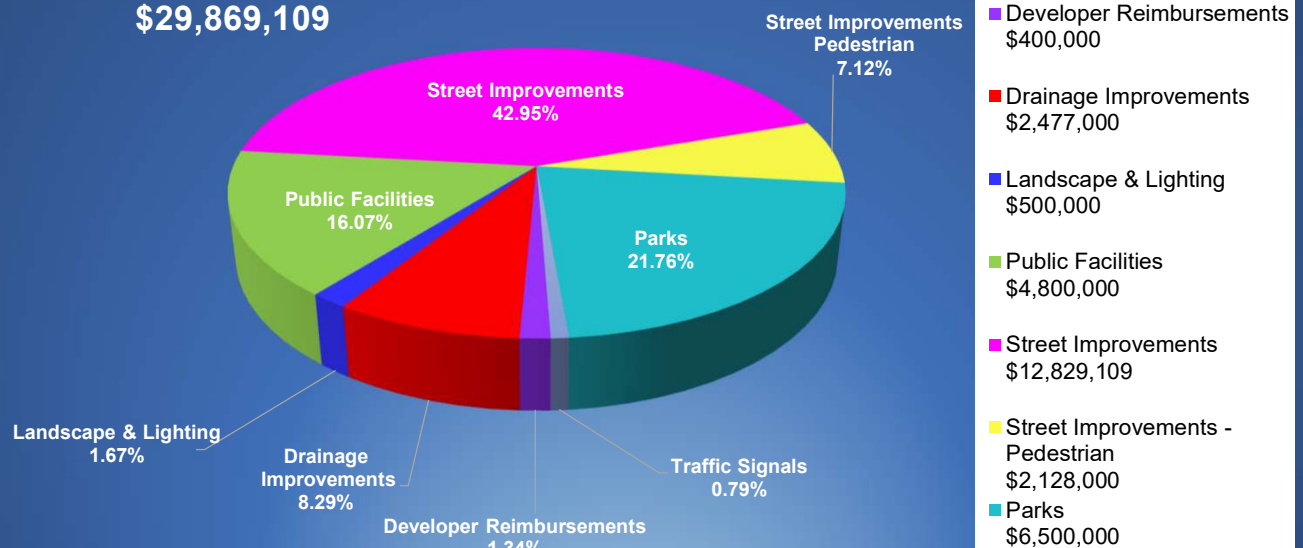
DIF Reimbursements

- Pay down existing obligations
 - In lieu of approving new Transportation DIF Projects
 - \$400,000 per year
 - After this FY 4 out of 9 developers complete
 - Anticipated completion: 2028/29

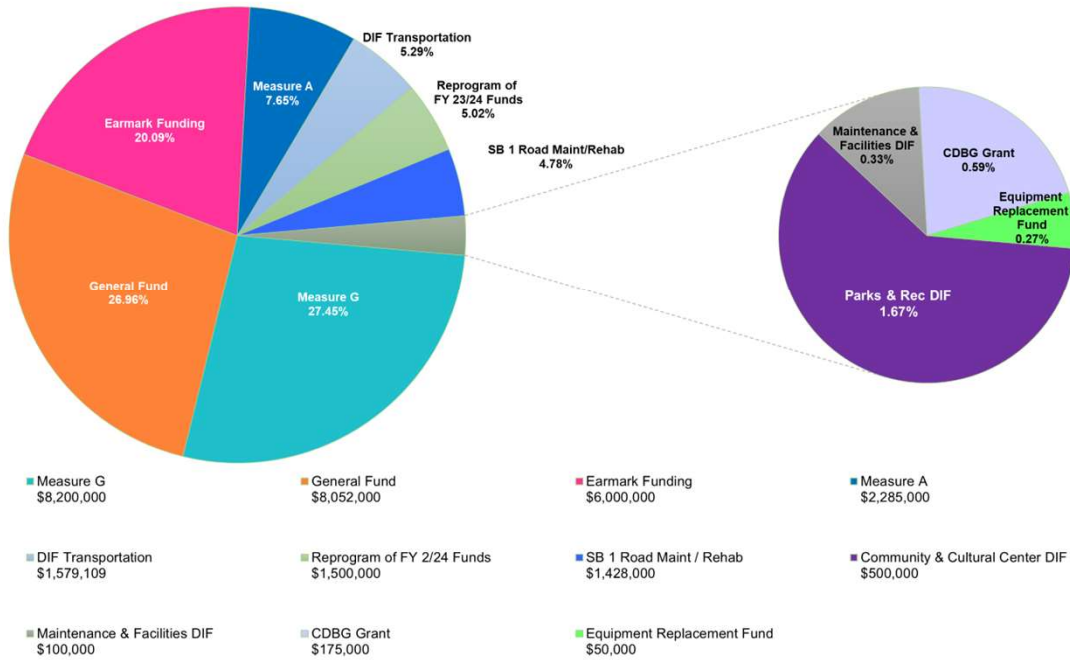
Projects on the Horizon

- Corporate Centre Drive Gap Closure (FY 2025/26)
- Avenue 47 Pavement Rehabilitation (FY 2025/26)
 - Washington Street to Adams Street
- North LQ Slurry Seal/Pavement Repair (FY 2026/27)
- Washington St Pavement Rehabilitation (FY 2027/28)
 - Sage Brush Avenue to Fred Waring Drive

FISCAL YEAR 2024/2025 IMPROVEMENT SUMMARY \$29,869,109



FISCAL YEAR 2024/2025
REVENUE SUMMARY
\$29,869,109



2024/25 CIP Next Steps

- Seek Council direction
- Adopt CIP in June
- Appropriate first year funds with City Budget





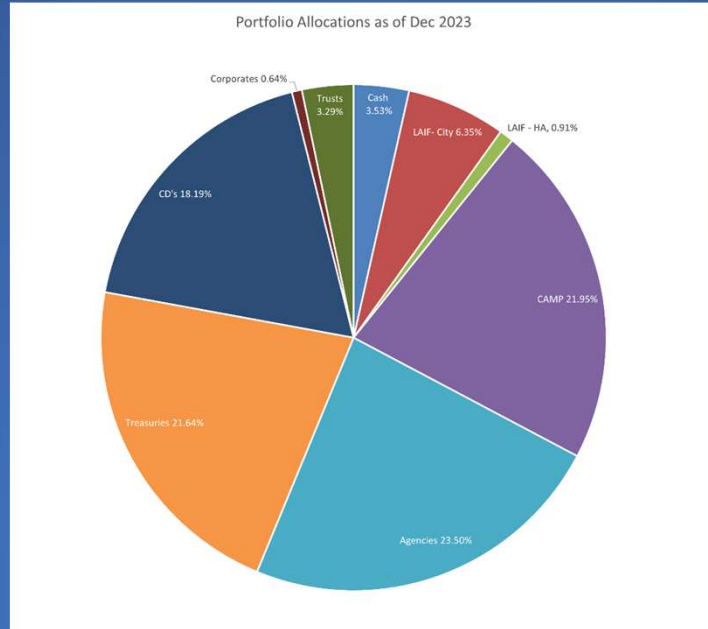
QUESTIONS & DISCUSSION

Financial Advisory Commission Special Meeting 4/3/2024 Business Session Item No. 1

**Receive and File Second Quarter Fiscal Year 2023/24 Treasury reports
for October, November, and December 2023**



Portfolio Allocations



Quarterly Earnings

	Total Earnings	Average Days to Maturity	Effective Rate of Return MTD	Effective Rate of Return YTD	YTM
October	\$ 627,849	511	3.19%	3.20%	3.383%
November	\$ 673,511	511	3.55%	3.27%	3.358%
December	\$ 653,006	505	3.35%	3.28%	3.407%
Quarter 2	\$ 1,954,366	509	3.36%	3.25%	3.383%
Quarter 1 2023/24	\$ 1,992,690	487	3.20%	3.13%	3.235%

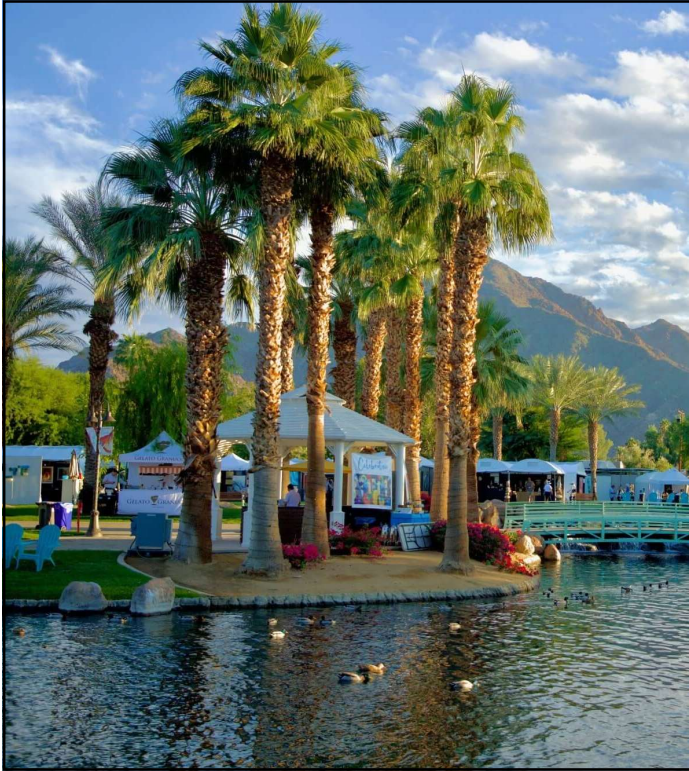
- Total Earnings of \$1.95 million compares to \$996K above last year
- Decrease in total book value due to large payments for CIP street paving & bridge projects, and a land purchase on HWY 111
- Annual effective return up by 8 basis points (bps) since September



**Financial Advisory Commission Special Meeting
4/3/2024
Business Session Item No. 2**

Receive and File Fiscal Year 2023/24 Budget Update Report





City Budget Outlook



STRONG REVENUE



EXPENSES ON TARGET



MONITOR ECONOMIC ENVIRONMENT

Mid-Year Report Content

- General Fund Recommended Adjustments:
 - Revenues \$730,000
 - Expenses \$141,500
 - Additional full-time position

General Fund Adjustment Requests

Description	Revenue	Expenses
Fire Plan Review Fee	\$ 35,000	\$ -
Wellness Center Memberships	30,000	-
Public Works Development Plan Check Fee	130,000	-
False Alarm Fees- Police	30,000	-
Zoning Change Mitigation Fees	260,000	-
AMR Compliance	85,000	-
Burrtec Administration Cost Reimbursement	25,000	-
Miscellaneous Reimbursements	120,000	-
Credit Card Fee Revenue	15,000	-
Design & Development	-	135,000
Contingency for Staffing	-	(10,000)
Public Safety	-	16,500
TOTAL GF REVENUE ADJUSTMENTS	\$ 730,000	\$ 141,500

- Updated revenue projections
- Position addition funded by contingency for staffing/reduced contract services

Discussion & Questions



Financial Advisory Commission Special Meeting 4/3/2024

Study Session Item No. 2

Discuss The 2024 Annual Community Workshop and 2024/25
Budget Process



2024 Community Workshop

“Mapping Our Tomorrow”

- Date: Thursday, February 22nd
- Location: La Quinta Wellness Center
- Approximate Number of Participants: 106 (80 Residents, 26 City Staff)



2024 Community Workshop Overview



- Fiscal Year Re-cap
- Finance Update
- Strategic Plan Introduction
- Mission Statement/Sacred Values

FY 2024/25 Budget Schedule

- May 8 – Financial Advisory Commission
- May 21 – City Council, Study Session #1
- June 4 – City Council, Study Session #2
- June 5 – Financial Advisory Commission
- June 12 – Housing Commission
- June 18 – City Council, Adoption



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

The Financial Advisory Commission's
Next Regular Quarterly Meeting is on
May 8, 2024

