



Financial Advisory Commission agendas and staff reports are now available on the City's web page: www.laquintaca.gov

FINANCIAL ADVISORY COMMISSION AGENDA

CITY HALL COUNCIL CHAMBER
78495 Calle Tampico, La Quinta

WEDNESDAY, NOVEMBER 13, 2024, AT 3:30 P.M.

Members of the public **may listen to this meeting by tuning-in live via www.laquintaca.gov/livemeetings.**

CALL TO ORDER

ROLL CALL: Commissioners: Anderson, Batavick, Kiehl, Lee, Mast, Way, and Chair Dorsey

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

At this time, members of the public may address the Commission on any matter not listed on the agenda pursuant to the "Public Comments – Instructions" listed at the end of the agenda. The Commission values your comments; however, in accordance with State law, no action shall be taken on any item not appearing on the agenda unless it is an emergency item authorized by the Brown Act [Government Code § 54954.2(b)].

CONFIRMATION OF AGENDA

ANNOUNCEMENTS, PRESENTATIONS AND WRITTEN COMMUNICATIONS

1. ARTS AND MUSIC LINE PROJECT UPDATE – PRESENTATION BY COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS ASSISTANT DIRECTOR OF TRANSPORTATION RANDY BOWMAN

CONSENT CALENDAR

NOTE: Consent Calendar items are routine in nature and can be approved by one motion.

- | | <u>PAGE</u> |
|---|--------------------|
| 1. RECEIVE AND FILE SPECIAL MEETING MINUTES DATED OCTOBER 2, 2024 | 5 |
| 2. RECEIVE AND FILE REVENUE AND EXPENDITURE REPORT DATED AUGUST 31, 2024 | 9 |
| 3. RECEIVE AND FILE REVENUE AND EXPENDITURE REPORT DATED SEPTEMBER 30, 2024 | 15 |

BUSINESS SESSION

- | | <u>PAGE</u> |
|---|--------------------|
| 1. APPROVE THE FINANCIAL ADVISORY COMMISSION SUBCOMMITTEE RECOMMENDATIONS ON FUNDING OUTSTANDING PENSION OBLIGATIONS AND REVISIONS TO THE GENERAL FUND BALANCE AND RESERVES POLICY FOR CITY COUNCIL CONSIDERATION | 21 |

STUDY SESSION – None

DEPARTMENTAL REPORTS

- | | <u>PAGE</u> |
|--|--------------------|
| 1. FINANCE DEPARTMENT CURRENT AND FUTURE INITIATIVES | 33 |
| 2. SECOND QUARTER 2024 (APRIL-JUNE) SALES TAX UPDATE | 41 |

COMMISSIONERS' ITEMS

ADJOURNMENT

The next regular quarterly meeting of the La Quinta Financial Advisory Commission will be held February 12, 2025, commencing at 3:30 p.m. at the La Quinta City Hall Council Chamber, 78495 Calle Tampico, La Quinta, CA 92253. The Commission will hold a special meeting on December 4, 2025.

DECLARATION OF POSTING

I, Claudia Martinez, Interim Secretary of the Financial Advisory Commission of the City of La Quinta, do hereby declare that the foregoing Agenda for the Commission meeting of November 13, 2024, was posted on the City's website, near the entrance to the Council Chamber at 78495 Calle Tampico and the bulletin board at 51321 Avenida Bermudas, on November 8, 2024.

DATED: November 8, 2024

Claudia Martinez, Finance Director, Interim Commission Secretary
City of La Quinta, California

Public Notices

- Agenda packet materials are available for public inspection: 1) at the Clerk's Office at La Quinta City Hall, located at 78495 Calle Tampico, La Quinta, California 92253; and 2) on the City's website at <https://www.laquintaca.gov/our-city/city-government/boards-and-commissions/financial-advisory-commission>, in accordance with the Brown Act [Government Code § 54957.5; AB 2647 (Stats. 2022, Ch. 971)].
- The La Quinta City Council Chamber is handicapped accessible. If special equipment is needed for the hearing impaired, please contact the Clerk's Office at (760) 777-7091, 24-hours in advance of the meeting and accommodations will be made.
- If background material is to be presented to the Commission during a Commission meeting, please be advised that 15 copies of all documents, exhibits, etc., must be supplied to the Commission Secretary for distribution. It is requested that this takes place prior to the beginning of the meeting.

PUBLIC COMMENTS – INSTRUCTIONS

Members of the public may address the Commission on any matter listed or not listed on the agenda as follows:

WRITTEN PUBLIC COMMENTS can be provided either in-person during the meeting by submitting 15 copies to the Commission Secretary, it is requested that this takes place prior to the beginning of the meeting; or can be emailed in advance to CMartinez@LaQuintaCA.gov, no later than 12:00 p.m., on the day of the meeting. Written public comments will be distributed to the Commission, made public, and will be incorporated into the public record of the meeting, but will not be read during the meeting unless, upon the request of the Chair, a brief summary of public comments is asked to be reported.

If written public comments are emailed, the email subject line must clearly state **“Written Comments”** and should include: **1) full name, 2) city of residence, and 3) subject matter.**

VERBAL PUBLIC COMMENTS can be provided in-person during the meeting by completing a “Request to Speak” form and submitting it to the Commission Secretary; it is requested that this takes place prior to the beginning of the meeting. Please limit your comments to three (3) minutes (or approximately 350 words). Members of the public shall be called upon to speak by the Chair.

In accordance with City Council Resolution No. 2022-028, a one-time additional speaker time donation of three (3) minutes per individual is permitted; please note that the member of the public donating time must: 1) submit this in writing to the Commission Secretary by completing a “Request to Speak” form noting the name of the person to whom time is being donated to, and 2) be present at the time the speaker provides verbal comments.

Verbal public comments are defined as comments provided in the speakers' own voice and may not include video or sound recordings of the speaker or of other individuals or entities, unless permitted by the Chair.

Public speakers may elect to use printed presentation materials to aid their comments; 15 copies of such printed materials shall be provided to the Commission Secretary to be disseminated to the Commission, made public, and incorporated into the public record of the meeting; it is requested that the printed materials are provided prior to the beginning of the meeting. There shall be no use of Chamber resources and technology to display visual or audible presentations during public comments, unless permitted by the Chair.

All writings or documents, including but not limited to emails and attachments to emails, submitted to the City regarding any item(s) listed or not listed on this agenda are public records. All information in such writings and documents is subject to disclosure as being in the public domain and subject to search and review by electronic means, including but not limited to the City's Internet Web site and any other Internet Web-based platform or other Web-based form of communication. All information in such writings and documents similarly is subject to disclosure pursuant to the California Public Records Act [Government Code § 7920.000 et seq.].

TELECONFERENCE ACCESSIBILITY – INSTRUCTIONS

Teleconference accessibility may be triggered in accordance with AB 2449 (Stats. 2022, Ch. 285), codified in the Brown Act [Government Code § 54953], if a member of the Commission requests to attend and participate in this meeting remotely due to “just cause” or “emergency circumstances,” as defined, and only if the request is approved by the Commission. In such instances, remote public accessibility and participation will be facilitated via Zoom Webinar as detailed below.

***** TELECONFERENCE PROCEDURES – PURSUANT TO AB 2449*****

APPLICABLE ONLY WHEN TELECONFERENCE ACCESSIBILITY IS IN EFFECT

Verbal public comments via Teleconference – members of the public may attend and participate in this meeting by teleconference via Zoom and use the “raise your hand” feature when public comments are prompted by the Chair; the City will facilitate the ability for a member of the public to be audible to the Commission and general public and allow him/her/they to speak on the item(s) requested. **Please note – members of the public must unmute themselves when prompted upon being recognized by the Chair, in order to become audible to the Commission and the public.**

Only one person at a time may speak by teleconference and only after being recognized by the Chair.

ZOOM LINK: <https://us06web.zoom.us/j/89839984651>
Meeting ID: 898 3998 4651
Or join by phone: (253) 215 – 8782

Written public comments – can be provided in person during the meeting or emailed to CMartinez@LaQuintaCA.gov any time prior to the adjournment of the meeting, and will be distributed to the Commission, made public, incorporated into the public record of the meeting, and will not be read during the meeting unless, upon the request of the Chair, a brief summary of any public comment is asked to be read, to the extent the Committee can accommodate such request.



FINANCIAL ADVISORY COMMISSION
SPECIAL MEETING
MINUTES
THURSDAY, OCTOBER 2, 2024

CALL TO ORDER

A special meeting of the La Quinta Financial Advisory Commission (Commission) was called to order at 3:30 p.m. by Chair Dorsey.

PRESENT: Commissioners Anderson, Batavick, Kiehl, Lee, Mast, Way, and Chair Dorsey

ABSENT: None

PLEDGE OF ALLEGIANCE

Commissioner Anderson led the audience in the Pledge of Allegiance.

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA – None

CONFIRMATION OF AGENDA – Confirmed

ANNOUNCEMENTS, PRESENTATIONS, AND WRITTEN COMMUNICATIONS – None

CONSENT CALENDAR ITEMS

1. **APPROVE SPECIAL MEETING MINUTES DATED AUGUST 29, 2024**
2. **RECEIVE AND FILE REVENUE AND EXPENDITURE REPORT DATED JULY 31, 2024**

CONSENT CALENDAR – COMMENTS

ITEM NO. 2: In response to Commissioner inquiries, Principal Financial Analyst Hallick explained the purpose of zoning change mitigation fees and how the timing of City billing invoices affected the year-over-year comparison of the amounts. Additionally, the significant increase in interest earnings was discussed, due mostly to the higher interest rate environment as well as the City's utilization of a money market sweep account that earns interest in the operational account.

ITEM NO. 1: Commissioner Lee said the August 29, 2024, Commission minutes should be amended under Business Session Item No. 1 to read as follows:

“The Commission discussed effectiveness of adjustments in last year’s audit *the internal control over financial reporting and the audit adjustments that resulted in classification of a material weakness adjustment in the prior year*; implementation of material weakness corrections; reoccurring material weaknesses, if any; reason for Housing Authority Fund classification change; and reason for the audit report completion date.”

MOTION – A motion was made and seconded by Commissioners Anderson/Lee to approve the Consent Calendar, amending the August 29, 2024, special Commission meeting minutes as noted above. Motion passed unanimously.

BUSINESS SESSION

1. APPOINT TWO FINANCIAL ADVISORY COMMISSIONERS TO AUDIT AND FORMULATE THE ANNUAL MEASURE G SALES TAX OVERSIGHT COMPLIANCE REPORT FOR FISCAL YEAR 2023/24

Finance Director Martinez presented the staff report, which is on file in the Finance Department.

Commissioners Way and Mast volunteered to serve on this sub-committee.

The Commission discussed the importance of having Commissioners who served on the subcommittee in the prior year to serve again to provide continuity; and review of the Measure G Sales Tax Oversight Compliance Report will go hand-in-hand with the City’s ongoing work on the Strategic Plan, particularly regarding making recommendations on the long-term use of the current Measure G reserve revenues.

Commissioner Lee noted that if the Commission was to entertain appointing three members to serve on the subcommittee, he would be interested.

MOTION – A motion was made and seconded by Commissioners Kiehl/Anderson to appoint Commissioners Mast, Lee, and Way to serve on the subcommittee to audit the annual Measure G Sales Tax Oversight Compliance Report for fiscal year 2023/24. Motion passed unanimously.

2. APPOINT TWO FINANCIAL ADVISORY COMMISSIONERS TO REVIEW THE CITY’S OUTSTANDING PENSION OBLIGATION

Principal Financial Management Analyst Hallick presented the staff report, which is on file in the Finance Department.

Commissioners Anderson and Kiehl volunteered to serve on this sub-committee.

The Commission and Staff discussed the CalPERS discount rate and the process for how that is determined by their Board, the City’s budgeting process for unfunded liability

payments, how paying unfunded liabilities saves the City over the long term, and the use of reserves to pay down the unfunded liabilities.

MOTION – A motion was made and seconded by Commissioners Lee/Way to appoint Commissioners Kiehl and Anderson to serve on the sub-committed to review the City's outstanding pension obligation. Motion passed unanimously.

STUDY SESSION – None

DEPARTMENTAL REPORTS

1. FINANCE DEPARTMENT CURRENT AND FUTURE INITIATIVES

Finance Director Martinez provided an update on current and upcoming Finance Department projects and City events, with the report on file in the Finance Department.

The Commission discussed the Travertine development is located south of Avenue 60, west of Madison Street, and north of Avenue 64; the Highway 111 Re-envisioning project expenses listed on the revenue and expenditure reports are true expenses related to the design of the project and feasibility studies related to possible implementation of a Form-Based code and an uniform Specific Plan for the entire corridor which will combine the currently 11 existing Specific Plans.

COMMISSIONERS' ITEMS

Commissioner Lee provided further commentary on the 2022/23 audit report that was presented at the August 29, 2024, meeting. Commissioner Lee emphasized that the City utilizes internal reports to assess its financial position until the ACFR is published. He clarified that the auditors' role is to test internal controls and agrees with the auditors that the City's reporting is reliable, in addition to the City not having significant control weaknesses and has trust in staff and the accuracy of financial reporting.

Commissioner Way apologized for not being able to attend the August 29, 2024, special meeting of the Commission.

ADJOURNMENT

There being no further business, it was moved and seconded by Commissioners Anderson/Mast to adjourn this meeting at 5:15 p.m. Motion passed unanimously.

Respectfully submitted,

Claudia Martinez, Interim Commission Secretary
City of La Quinta, California

[CLICK HERE to Return to Agenda](#)

City of La Quinta

FINANCIAL ADVISORY COMMISSION MEETING: November 13, 2024

STAFF REPORT

AGENDA TITLE: RECEIVE AND FILE REVENUE AND EXPENDITURE REPORT DATED AUGUST 31, 2024

RECOMMENDATION

Receive and file revenue and expenditure report dated August 31, 2024.

EXECUTIVE SUMMARY

- The report summarizes the City's year-to-date (YTD) and month-to-date (MTD) revenues and expenditures for August 2024 (Attachment 1).
- These reports are also reviewed by the City Council.

FISCAL IMPACT – None

BACKGROUND/ANALYSIS

Below is a summary of the column headers used on the *Revenue and Expenditure Summary Reports*:

Original Total Budget – represents revenue and expenditure budgets the Council adopted in June 2024 for fiscal year 2024/25.

Current Total Budget – represents original adopted budgets plus any Council approved budget amendments from throughout the year. The 2023/24 operating and Capital Improvement Project carryovers to 2024/25 will be processed after the year-end audit is completed.

Period Activity – represents actual revenues received and expenditures outlaid in the reporting month.

Fiscal Activity – represents actual revenues received and expenditures outlaid YTD.

Variance Favorable/(Unfavorable) - represents the dollar difference between YTD collections/expenditures and the current budgeted amount.

Percent Used – represents the percentage activity as compared to budget YTD.

August 2024 Revenues				Comparison to 2023	
	MTD	YTD	Budget	YTD	Budget
General Fund (GF)	\$ 794,749	\$ 1,650,618	2.00%	\$ 2,178,268	2.78%
All Funds	\$ 1,913,235	\$ 3,928,010	2.50%	\$ 3,956,540	3.20%

August 2024 Expenditures				Comparison to 2023	
	MTD	YTD	Percent of Budget	YTD	Percent of Budget
General Fund	\$ 1,978,768	\$ 2,681,243	3.22%	\$ 2,141,585	2.94%
Payroll (GF)	\$ 1,163,621	\$ 1,655,959	11.72%	\$ 1,148,020	8.57%
All Funds	\$ 4,955,569	\$ 7,284,396	4.99%	\$ 6,355,580	5.38%

Top Five Revenue/Income Sources for August					
General Fund			Non-General Fund		
Transient Occupancy (Hotel) Tax	\$	354,318	Allocated Interest	\$	532,231
Misc. Revenue ⁽¹⁾	\$	212,276	Gas Tax	\$	195,181
STVR Registration Fees	\$	76,500	Coachella Valley Water District (CVWD) ⁽³⁾	\$	117,646
Misc. Reimbursements ⁽²⁾	\$	66,471	Non-Allocated Interest (Pension Fund)	\$	92,829
Franchise Taxes - Burrtec	\$	51,178	SilverRock Green Fees	\$	88,358

Top Five Expenditures/Outlays for August					
General Fund			Non-General Fund		
Parks Landscape Maintenance Contract	\$	107,663	Capital Improvement Program (CIP) - Construction ⁽⁵⁾	\$	908,161
Membership Dues ⁽⁴⁾	\$	77,863	Developer Reimbursements	\$	400,000
Professional Services (Clerk)	\$	56,441	Software Licenses ⁽⁶⁾	\$	276,221
Marketing and Tourism Promotions	\$	54,291	Machinery and Equipment ⁽⁷⁾	\$	273,065
Electricity (Buildings)	\$	48,783	SilverRock Maintenance	\$	200,237

⁽¹⁾Misc. Revenue: National Opioids Settlement payments
⁽²⁾Misc. Reimbursements: SB90 recovered costs from state-mandated programs
⁽³⁾CVWD:Turf conversion rebates related to north La Quinta landscape project
⁽⁴⁾Membership: Coachella Valley Assoc. of Governments and CoStar
⁽⁵⁾CIP Construction: Dune Palms bridge
⁽⁶⁾Software: Tyler ERP 10, Tyler EnerGov, Tracker, Granicus
⁽⁷⁾Machinery: Audio-Visual upgrades for council chambers and other City Hall meeting rooms

Revenues are not received uniformly throughout the year, resulting in peaks and valleys. For example, large property tax payments are usually received in December and May. Similarly, Redevelopment Property Tax Trust Fund payments are typically received in January and June. Any timing imbalance of revenue receipts versus expenditures is funded from the City’s cash flow reserve. Unlike revenues, expenditures are more likely to be consistent from month to month. However, large debt service payments or CIP expenditures can cause swings.

Prepared by: Rosemary Hallick, Principal Management Analyst
 Approved by: Claudia Martinez, Finance Director

Attachment: 1. Revenue and Expenditure Report for August 31, 2024



For Fiscal: 2024/25 Period Ending: 08/31/2024

Revenue Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
101 - GENERAL FUND	82,714,300	82,714,300	794,749	1,650,618	-81,063,682	2.00%
105 - DISASTER RECOVERY FUND	30,000	30,000	0	0	-30,000	0.00%
201 - GAS TAX FUND	2,589,000	2,589,000	195,181	195,181	-2,393,819	7.54%
202 - LIBRARY & MUSEUM FUND	3,143,000	3,143,000	477	958	-3,142,042	0.03%
203 - PUBLIC SAFETY FUND (MEASURE G)	5,000	5,000	0	0	-5,000	0.00%
210 - FEDERAL ASSISTANCE FUND	190,000	190,000	0	0	-190,000	0.00%
212 - SLESA (COPS) FUND	103,000	103,000	0	0	-103,000	0.00%
215 - LIGHTING & LANDSCAPING FUND	4,000,500	4,000,500	0	0	-4,000,500	0.00%
221 - AB 939 - CALRECYCLE FUND	80,000	80,000	3,656	3,656	-76,344	4.57%
223 - MEASURE A FUND	2,025,000	2,025,000	0	0	-2,025,000	0.00%
225 - INFRASTRUCTURE FUND	1,000	1,000	0	0	-1,000	0.00%
226 - EMERGENCY MANAGEMENT PERFORMANCE GOAL BOUNT (EMPG) (5,500)	13,000	13,000	0	0	-13,000	0.00%
227 - STATE HOMELAND SECURITY PROGRAMS (5,500)	5,500	5,500	0	0	-5,500	0.00%
230 - CASp FUND, AB 1379	21,000	21,000	1,460	2,824	-18,176	13.45%
231 - SUCCESSOR AGCY PA 1 RORF	20,260,000	20,260,000	7	13	-20,259,987	0.00%
235 - SO COAST AIR QUALITY FUND	54,500	54,500	0	0	-54,500	0.00%
237 - SUCCESSOR AGCY PA 1 ADMIN	13,820	13,820	0	0	-13,820	0.00%
241 - HOUSING AUTHORITY	1,452,000	1,452,000	28,294	109,347	-1,342,653	7.53%
243 - RDA LOW-MOD HOUSING FUND	60,000	60,000	0	0	-60,000	0.00%
247 - ECONOMIC DEVELOPMENT FUND	40,000	40,000	1,625	2,250	-37,750	5.63%
249 - SA 2011 LOW/MOD BOND FUND (Refinanced 2016)	18,000	18,000	0	0	-18,000	0.00%
250 - TRANSPORTATION DIF FUND	540,000	540,000	31,499	79,523	-460,478	14.73%
251 - PARKS & REC DIF FUND	253,000	253,000	4,212	21,372	-231,628	8.45%
252 - CIVIC CENTER DIF FUND	103,000	103,000	4,116	15,044	-87,956	14.61%
253 - LIBRARY DEVELOPMENT DIF	50,000	50,000	794	4,029	-45,971	8.06%
254 - COMMUNITY & CULTURAL CENTERS DIF	105,000	105,000	1,912	9,702	-95,298	9.24%
255 - STREET FACILITY DIF FUND	1,000	1,000	0	0	-1,000	0.00%
256 - PARK FACILITY DIF FUND	100	100	0	0	-100	0.00%
257 - FIRE PROTECTION DIF	53,000	53,000	1,217	4,484	-48,516	8.46%
259 - MAINTENANCE FACILITIES DIF FUND	47,000	47,000	2,003	5,433	-41,567	11.56%
270 - ART IN PUBLIC PLACES FUND	158,000	158,000	1,918	12,243	-145,757	7.75%
275 - LQ PUBLIC SAFETY OFFICER	3,000	3,000	0	0	-3,000	0.00%
299 - INTEREST ALLOCATION FUND	0	0	532,231	1,247,359	1,247,359	0.00%
310 - LQ FINANCE AUTHORITY DEBT SERVICE	1,500	1,500	0	0	-1,500	0.00%
401 - CAPITAL IMPROVEMENT PROGRAMS	27,218,109	27,218,109	117,646	117,646	-27,100,463	0.43%
405 - SA PA 1 CAPITAL IMPRV FUND	500	500	0	0	-500	0.00%
501 - FACILITY & FLEET REPLACEMENT	1,705,000	1,705,000	0	0	-1,705,000	0.00%
502 - INFORMATION TECHNOLOGY	2,276,708	2,276,708	2,824	6,032	-2,270,676	0.26%
503 - PARK EQUIP & FACILITY FUND	500,000	500,000	0	0	-500,000	0.00%
504 - INSURANCE FUND	1,363,230	1,363,230	0	0	-1,363,230	0.00%
601 - SILVERROCK RESORT	5,484,500	5,484,500	94,586	199,032	-5,285,468	3.63%
602 - SILVERROCK GOLF RESERVE	98,000	98,000	0	0	-98,000	0.00%
760 - SUPPLEMENTAL PENSION PLAN	7,000	7,000	0	0	-7,000	0.00%
761 - CERBT OPEB TRUST	40,000	40,000	0	0	-40,000	0.00%
762 - PARS PENSION TRUST	200,000	200,000	92,829	241,264	41,264	120.63%
Report Total:	157,026,267	157,026,267	1,913,235	3,928,010	-153,098,257	2.50%

Accounts are subject to adjusting entries and audit. The City's Annual Comprehensive Financial Report, published annually, is the best resource for all final audited numbers.

For Fiscal: 2024/25 Period Ending: 08/31/2024

Expenditure Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
101 - GENERAL FUND	83,331,665	83,331,665	1,978,768	2,681,243	80,650,422	3.22%
201 - GAS TAX FUND	3,443,100	3,443,100	72,820	93,946	3,349,154	2.73%
202 - LIBRARY & MUSEUM FUND	2,555,615	2,555,615	49,770	54,814	2,500,801	2.14%
210 - FEDERAL ASSISTANCE FUND	198,500	198,500	0	0	198,500	0.00%
212 - SLESA (COPS) FUND	100,000	100,000	0	0	100,000	0.00%
215 - LIGHTING & LANDSCAPING FUND	3,957,700	3,957,700	306,180	336,772	3,620,928	8.51%
221 - AB 939 - CALRECYCLE FUND	200,000	200,000	9,000	9,000	191,000	4.50%
223 - MEASURE A FUND	2,335,000	2,335,000	0	0	2,335,000	0.00%
226 - EMERGENCY MANAGEMENT PERFORMANCE GRANT (EMPG)	2,000	2,000	0	9,750	2,250	81.25%
227 - STATE HOMELAND SECURITY PROGRAMS (SHSP)	5,000	5,000	0	0	5,000	0.00%
230 - CASp FUND, AB 1379	5,500	5,500	0	0	5,500	0.00%
231 - SUCCESSOR AGCY PA 1 RORF	4,452,755	4,452,755	0	0	4,452,755	0.00%
235 - SO COAST AIR QUALITY FUND	40,000	40,000	1,819	1,819	38,181	4.55%
237 - SUCCESSOR AGCY PA 1 ADMIN	10,000	10,000	0	0	10,000	0.00%
241 - HOUSING AUTHORITY	1,715,440	1,715,440	71,451	149,810	1,565,630	8.73%
243 - RDA LOW-MOD HOUSING FUND	250,000	250,000	0	0	250,000	0.00%
247 - ECONOMIC DEVELOPMENT FUND	31,500	31,500	0	2,450	29,050	7.78%
249 - SA 2011 LOW/MOD BOND FUND (Refinance 2016)	250,000	250,000	0	0	250,000	0.00%
250 - TRANSPORTATION DIF FUND	1,579,109	1,579,109	400,000	400,000	1,179,109	25.33%
253 - LIBRARY DEVELOPMENT DIF	15,000	15,000	0	0	15,000	0.00%
254 - COMMUNITY & CULTURAL CENTERS DIF	500,000	500,000	0	0	500,000	0.00%
259 - MAINTENANCE FACILITIES DIF FUND	100,000	100,000	0	0	100,000	0.00%
270 - ART IN PUBLIC PLACES FUND	233,000	233,000	16,031	16,031	216,969	6.88%
310 - LQ FINANCE AUTHORITY DEBT SERVICE	1,500	1,500	0	0	1,500	0.00%
401 - CAPITAL IMPROVEMENT PROGRAMS	27,218,109	27,218,109	919,934	922,818	26,295,291	3.39%
501 - FACILITY & FLEET REPLACEMENT	1,628,750	1,628,750	37,897	39,531	1,589,219	2.43%
502 - INFORMATION TECHNOLOGY	3,217,945	3,217,945	569,694	693,408	2,524,537	21.55%
503 - PARK EQUIP & FACILITY FUND	2,000,000	2,000,000	143,832	143,833	1,856,167	7.19%
504 - INSURANCE FUND	1,058,000	1,058,000	1,777	1,037,822	20,178	98.09%
601 - SILVERROCK RESORT	5,365,000	5,365,000	373,804	672,988	4,692,012	12.54%
760 - SUPPLEMENTAL PENSION PLAN	12,850	12,850	0	12,833	17	99.87%
761 - CERBT OPEB TRUST	1,500	1,500	0	0	1,500	0.00%
762 - PARS PENSION TRUST	30,000	30,000	2,793	5,528	24,472	18.43%
Report Total:	145,854,538	145,854,538	4,955,569	7,284,396	138,570,142	4.99%

Accounts are subject to adjusting entries and audit. The City's Annual Comprehensive Financial Report, published annually, is the best resource for all final audited numbers.

Fund Descriptions		
Fund #	Name	Notes
101	General Fund	The primary fund of the City used to account for all revenue and expenditures of the City; a broad range of municipal activities are provided through this fund.
105	Disaster Recovery Fund	Accounts for use of one-time federal funding designed to deliver relief to American workers and aid in the economic recovery in the wake of COVID-19. The American Rescue Plan Act (ARPA) was passed by Congress in 2021 to provide fiscal recovery funds to state and local governments.
201	Gas Tax Fund	Gasoline sales tax allocations received from the State which are restricted to street-related expenditures.
202	Library and Museum Fund	Revenues from property taxes and related expenditures for library and museum services.
203	Public Safety Fund	General Fund Measure G sales tax revenue set aside for public safety expenditures.
210	Federal Assistance Fund	Community Development Block Grant (CDBG) received from the federal government and the expenditures of those resources.
212	SLESF (COPS) Fund	Supplemental Law Enforcement Services Funds (SLESF) received from the State for law enforcement activities. Also known as Citizen's Option for Public Safety (COPS).
215	Lighting & Landscaping Fund	Special assessments levied on real property for city-wide lighting and landscape maintenance/improvements and the expenditures of those resources.
220	Quimby Fund	Developer fees received under the provisions of the Quimby Act for park development and improvements.
221	AB939 Fund/Cal Recycle	Franchise fees collected from the city waste hauler that are used to reduce waste sent to landfills through recycling efforts. Assembly Bill (AB) 939.
223	Measure A Fund	County sales tax allocations which are restricted to street-related expenditures.
224	TUMF Fund	Developer-paid Transportation Uniform Mitigation Fees (TUMF) utilized for traffic projects in Riverside County.
225	Infrastructure Fund	Developer fees for the acquisition, construction or improvement of the City's infrastructure as defined by Resolution
226	Emergency Mgmt. Performance Grant (EMPG)	Federal Emergency Management Agency (FEMA) grant for emergency preparedness.
227	State Homeland Security Programs (SHSP)	Federal Emergency Management Agency (FEMA) grant for emergency preparedness.
230	CASP Fund, AB1379 / SB1186	Certified Access Specialist (CASp) program fees for ADA Accessibility Improvements; derived from Business License renewals. Assembly Bill (AB) 1379 and Senate Bill (SB) 1186.
231	Successor Agency PA 1 RORF Fund	Successor Agency (SA) Project Area (PA) 1 Redevelopment Obligation Retirement Fund (RORF) for Redevelopment Property Tax Trust Fund (RPTTF) taxes received for debt service payments on recognized obligations of the former Redevelopment Agency (RDA).
235	SO Coast Air Quality Fund (AB2766, PM10)	Contributions from the South Coast Air Quality Management District. Uses are limited to the reduction and control of airborne pollutants. Assembly Bill (AB) 2766.
237	Successor Agency PA 1 Admin Fund	Successor Agency (SA) Project Area (PA) 1 for administration of the Recognized Obligation Payment Schedule (ROPS) associated with the former Redevelopment Agency (RDA).
241	Housing Authority	Activities of the Housing Authority which is to promote and provide quality affordable housing.
243	RDA Low-Moderate Housing Fund	Activities of the Housing Authority which is to promote and provide quality affordable housing. Accounts for RDA loan repayments (20% for Housing) and housing programs..
244	Housing Grants	Activities related Local Early Action Planning (LEAP) and SB2 grants for housing planning and development.
247	Economic Development Fund	Proceeds from sale of City-owned land and transfers from General Fund for future economic development.
249	SA 2011 Low/Mod Bond Fund	Successor Agency (SA) low/moderate housing fund; 2011 bonds refinanced in 2016.
250	Transportation DIF Fund	Developer impact fees collected for specific public improvements - transportation related.
251	Parks & Rec. DIF Fund	Developer impact fees collected for specific public improvements - parks and recreation.
252	Civic Center DIF Fund	Developer impact fees collected for specific public improvements - Civic Center.
253	Library Development DIF Fund	Developer impact fees collected for specific public improvements - library.
254	Community Center DIF Fund	Developer impact fees collected for specific public improvements - community center.
255	Street Facility DIF Fund	Developer impact fees collected for specific public improvements - streets.
256	Park Facility DIF Fund	Developer impact fees collected for specific public improvements - parks.
257	Fire Protection DIF Fund	Developer impact fees collected for specific public improvements - fire protection.
259	Maintenance Facilities DIF Fund	Developer impact fees collected for specific public improvements - maintenance facilities.
270	Art In Public Places Fund	Developer fees collected in lieu of art placement; utilized for acquisition, installation and maintenance of public artworks.
275	LQ Public Safety Officer Fund	Annual transfer in from General Fund; distributed to public safety officers disabled or killed in the line of duty.
299	Interest Allocation Fund	Interest earned on investments.
310	LQ Finance Authority Debt Service Fund	Accounted for the debt service the Financing Authority's outstanding debt and any related reporting requirements. This bond was fully paid in October 2018.
401	Capital Improvement Program Fund	Planning, design, and construction of various capital projects throughout the City.
405	SA PA 1 Capital Improvement Fund	Successor Agency (SA) Project Area (PA) 1 bond proceeds restricted by the bond indenture covenants. Used for SilverRock infrastructure improvements.
501	Equipment Replacement Fund	Internal Service Fund for vehicles, heavy equipment, and related facilities.
502	Information Technology Fund	Internal Service Fund for computer hardware and software and phone systems.
503	Park Equipment & Facility Fund	Internal Service Fund for park equipment and facilities.
504	Insurance Fund	Internal Service Fund for city-wide insurance coverages.
601	SilverRock Resort Fund	Enterprise Fund for activities of the city-owned golf course.
602	SilverRock Golf Reserve Fund	Enterprise Fund for golf course reserves for capital improvements.
760	Supplemental Pension Plan (PARS Account)	Supplemental pension savings plan for excess retiree benefits to general employees of the City.
761	Other Post Benefit Obligation Trust (OPEB)	For retiree medical benefits and unfunded liabilities.
762	Pension Trust Benefit (PARS Account)	For all pension-related benefits and unfunded liabilities.

[CLICK HERE to Return to Agenda](#)

City of La Quinta

FINANCIAL ADVISORY COMMISSION MEETING: November 13, 2024

STAFF REPORT

AGENDA TITLE: RECEIVE AND FILE REVENUE AND EXPENDITURE REPORT DATED SEPTEMBER 30, 2024

RECOMMENDATION

Receive and file revenue and expenditure report dated September 30, 2024.

EXECUTIVE SUMMARY

- The report summarizes the City's year-to-date (YTD) and month-to-date (MTD) revenues and expenditures for September 2024 (Attachment 1).
- These reports are also reviewed by the City Council.

FISCAL IMPACT – None

BACKGROUND/ANALYSIS

Below is a summary of the column headers used on the *Revenue and Expenditure Summary Reports*:

Original Total Budget – represents revenue and expenditure budgets the Council adopted in June 2024 for fiscal year 2024/25.

Current Total Budget – represents original adopted budgets plus any Council approved budget amendments from throughout the year. The 2023/24 operating and Capital Improvement Project carryovers to 2024/25 will be processed after the year-end audit is completed.

Period Activity – represents actual revenues received and expenditures outlaid in the reporting month.

Fiscal Activity – represents actual revenues received and expenditures outlaid YTD.

Variance Favorable/(Unfavorable) - represents the dollar difference between YTD collections/expenditures and the current budgeted amount.

Percent Used – represents the percentage activity as compared to budget YTD.

September 2024 Revenues				Comparison to 2023	
	MTD	YTD	Percent of Budget	YTD	Percent of Budget
General Fund (GF)	\$ 2,679,138	\$ 4,330,089	5.23%	\$ 5,070,875	6.46%
All Funds	\$ 5,966,418	\$ 9,731,696	6.20%	\$ 8,030,238	6.50%

September 2024 Expenditures				Comparison to 2023	
	MTD	YTD	Percent of Budget	YTD	Percent of Budget
General Fund	\$ 3,701,924	\$ 6,553,744	7.86%	\$ 4,080,203	5.60%
Payroll (GF)	\$ 830,371	\$ 2,486,330	17.60%	\$ 2,244,215	16.76%
All Funds	\$ 22,555,328	\$ 30,129,814	20.66%	\$ 27,088,716	22.94%

Top Five Revenue/Income Sources for September

General Fund		Non-General Fund	
Measure G Sales Tax	\$ 1,103,397	Coachella Valley Assoc. of Gov'ts - Dune Palms Bridge	\$ 1,510,206
Sales Tax	\$ 852,312	Allocated Interest	\$ 873,307
Transient Occupancy (Hotel) Tax	\$ 217,844	Gas Tax	\$ 186,582
Document Transfer Tax	\$ 137,873	SilverRock Green Fees	\$ 151,066
STVR Registration Fees	\$ 54,000	County Sales Tax (Measure A)	\$ 146,046

Top Five Expenditures/Outlays for September

General Fund		Non-General Fund	
Sheriff Contract (July and August)	\$ 2,178,953	Debt Service Payments- Successor Agency Bonds ⁽¹⁾	\$ 15,050,680
Parks Landscape Maintenance	\$ 172,782	Capital Improvement Program (CIP) - Construction ⁽²⁾	\$ 1,168,202
X-Park Programming (July-Sept)	\$ 106,071	Parks - New Playground Equipment	\$ 411,688
Fritz Burns Pool Programming	\$ 80,611	SilverRock Maintenance	\$ 306,420
Contract Legal Services	\$ 52,768	Homelessness Assistance	\$ 300,800

⁽¹⁾Interest and principal payments for former redevelopment agency bonds, funded by dedicated Redevelopment Property Tax Trust Fund (RPTTF) revenue received from the County.

⁽²⁾CIP Construction: Pavement rehabilitation on Dune Palms Rd.; Pavement Management Plan slurry seal; landscape renovations.

Revenues are not received uniformly throughout the year, resulting in peaks and valleys. For example, large property tax payments are usually received in December and May. Similarly, Redevelopment Property Tax Trust Fund payments are typically received in January and June. Any timing imbalance of revenue receipts versus expenditures is funded from the City's cash flow reserve. Unlike revenues, expenditures are more likely to be consistent from month to month. However, large debt service payments or CIP expenditures can cause swings.

Prepared by: Rosemary Hallick, Principal Management Analyst

Approved by: Claudia Martinez, Finance Director

Attachment: 1. Revenue and Expenditure Report for September 30, 2024



For Fiscal: 2024/25 Period Ending: 09/30/2024

Revenue Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
101 - GENERAL FUND	82,714,300	82,714,300	2,679,138	4,330,089	-78,384,211	5.23%
105 - DISASTER RECOVERY FUND	30,000	30,000	0	0	-30,000	0.00%
201 - GAS TAX FUND	2,589,000	2,589,000	186,582	290,013	-2,298,987	11.20%
202 - LIBRARY & MUSEUM FUND	3,143,000	3,143,000	560	1,517	-3,141,483	0.05%
203 - PUBLIC SAFETY FUND (MEASURE G)	5,000	5,000	0	0	-5,000	0.00%
210 - FEDERAL ASSISTANCE FUND	190,000	190,000	0	0	-190,000	0.00%
212 - SLESA (COPS) FUND	103,000	103,000	0	0	-103,000	0.00%
215 - LIGHTING & LANDSCAPING FUND	4,000,500	4,000,500	11,910	11,910	-3,988,590	0.30%
221 - AB 939 - CALRECYCLE FUND	80,000	80,000	3,916	7,571	-72,429	9.46%
223 - MEASURE A FUND	2,025,000	2,025,000	146,046	146,046	-1,878,954	7.21%
225 - INFRASTRUCTURE FUND	1,000	1,000	0	0	-1,000	0.00%
226 - EMERGENCY MANAGEMENT PERFORMANCE GOAL (EMPG)	13,000	13,000	0	0	-13,000	0.00%
227 - STATE HOMELAND SECURITY PROGRAMS (SHSP)	5,500	5,500	0	0	-5,500	0.00%
230 - CASp FUND, AB 1379	21,000	21,000	1,188	4,012	-16,988	19.10%
231 - SUCCESSOR AGCY PA 1 RORF	20,260,000	20,260,000	17,654	17,668	-20,242,332	0.09%
235 - SO COAST AIR QUALITY FUND	54,500	54,500	12,777	12,777	-41,723	23.44%
237 - SUCCESSOR AGCY PA 1 ADMIN	13,820	13,820	0	0	-13,820	0.00%
241 - HOUSING AUTHORITY	1,452,000	1,452,000	27,401	136,748	-1,315,252	9.42%
243 - RDA LOW-MOD HOUSING FUND	60,000	60,000	0	0	-60,000	0.00%
247 - ECONOMIC DEVELOPMENT FUND	40,000	40,000	1,893	4,143	-35,857	10.36%
249 - SA 2011 LOW/MOD BOND FUND (Refinanced 2016)	18,000	18,000	25,522	25,522	7,522	141.79%
250 - TRANSPORTATION DIF FUND	540,000	540,000	16,036	95,559	-444,442	17.70%
251 - PARKS & REC DIF FUND	253,000	253,000	8,424	29,796	-223,204	11.78%
252 - CIVIC CENTER DIF FUND	103,000	103,000	4,920	19,964	-83,036	19.38%
253 - LIBRARY DEVELOPMENT DIF	50,000	50,000	1,588	5,617	-44,383	11.23%
254 - COMMUNITY & CULTURAL CENTERS DIF	105,000	105,000	3,824	13,526	-91,474	12.88%
255 - STREET FACILITY DIF FUND	1,000	1,000	0	0	-1,000	0.00%
256 - PARK FACILITY DIF FUND	100	100	0	0	-100	0.00%
257 - FIRE PROTECTION DIF	53,000	53,000	1,476	5,960	-47,040	11.25%
259 - MAINTENANCE FACILITIES DIF FUND	47,000	47,000	1,252	6,685	-40,315	14.22%
270 - ART IN PUBLIC PLACES FUND	158,000	158,000	6,307	18,549	-139,451	11.74%
275 - LQ PUBLIC SAFETY OFFICER	3,000	3,000	0	0	-3,000	0.00%
299 - INTEREST ALLOCATION FUND	0	0	873,307	2,049,352	2,049,352	0.00%
310 - LQ FINANCE AUTHORITY DEBT SERVICE	1,500	1,500	0	0	-1,500	0.00%
401 - CAPITAL IMPROVEMENT PROGRAMS	27,218,109	27,218,109	1,510,206	1,627,852	-25,590,257	5.98%
405 - SA PA 1 CAPITAL IMPRV FUND	500	500	0	0	-500	0.00%
501 - FACILITY & FLEET REPLACEMENT	1,705,000	1,705,000	0	0	-1,705,000	0.00%
502 - INFORMATION TECHNOLOGY	2,276,708	2,276,708	3,341	9,373	-2,267,335	0.41%
503 - PARK EQUIP & FACILITY FUND	500,000	500,000	0	0	-500,000	0.00%
504 - INSURANCE FUND	1,363,230	1,363,230	0	0	-1,363,230	0.00%
601 - SILVERROCK RESORT	5,484,500	5,484,500	170,516	369,548	-5,114,952	6.74%
602 - SILVERROCK GOLF RESERVE	98,000	98,000	0	0	-98,000	0.00%
760 - SUPPLEMENTAL PENSION PLAN	7,000	7,000	0	0	-7,000	0.00%
761 - CERBT OPEB TRUST	40,000	40,000	156,928	156,928	116,928	392.32%
762 - PARS PENSION TRUST	200,000	200,000	93,707	334,972	134,972	167.49%
Report Total:	157,026,267	157,026,267	5,966,418	9,731,696	-147,294,571	6.20%

Accounts are subject to adjusting entries and audit. The City's Annual Comprehensive Financial Report, published annually, is the best resource for all final audited numbers.

For Fiscal: 2024/25 Period Ending: 09/30/2024

Expenditure Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
101 - GENERAL FUND	83,331,665	83,331,665	3,701,924	6,553,744	76,777,921	7.86%
201 - GAS TAX FUND	3,443,100	3,443,100	59,765	153,711	3,289,389	4.46%
202 - LIBRARY & MUSEUM FUND	2,555,615	2,555,615	110,362	165,676	2,389,939	6.48%
210 - FEDERAL ASSISTANCE FUND	198,500	198,500	0	0	198,500	0.00%
212 - SLESA (COPS) FUND	100,000	100,000	33,927	33,927	66,073	33.93%
215 - LIGHTING & LANDSCAPING FUND	3,957,700	3,957,700	465,223	801,995	3,155,705	20.26%
221 - AB 939 - CALRECYCLE FUND	200,000	200,000	5,000	14,000	186,000	7.00%
223 - MEASURE A FUND	2,335,000	2,335,000	0	0	2,335,000	0.00%
226 - EMERGENCY MANAGEMENT PERFORMANCE INCENTIVE (EMPGI)	12,000	12,000	0	9,750	2,250	81.25%
227 - STATE HOMELAND SECURITY PROGRAMS (SHSP)	5,000	5,000	0	0	5,000	0.00%
230 - CASp FUND, AB 1379	5,500	5,500	0	0	5,500	0.00%
231 - SUCCESSOR AGCY PA 1 RORF	4,452,755	4,452,755	15,050,680	15,050,680	-10,597,925	338.01%
235 - SO COAST AIR QUALITY FUND	40,000	40,000	0	1,819	38,181	4.55%
237 - SUCCESSOR AGCY PA 1 ADMIN	10,000	10,000	0	1,600	8,400	16.00%
241 - HOUSING AUTHORITY	1,715,440	1,715,440	71,709	221,519	1,493,921	12.91%
243 - RDA LOW-MOD HOUSING FUND	250,000	250,000	300,800	300,800	-50,800	120.32%
247 - ECONOMIC DEVELOPMENT FUND	31,500	31,500	534	2,984	28,516	9.47%
249 - SA 2011 LOW/MOD BOND FUND (Refinance 2016)	250,000	250,000	0	0	250,000	0.00%
250 - TRANSPORTATION DIF FUND	1,579,109	1,579,109	0	400,000	1,179,109	25.33%
253 - LIBRARY DEVELOPMENT DIF	15,000	15,000	0	0	15,000	0.00%
254 - COMMUNITY & CULTURAL CENTERS DIF	500,000	500,000	0	0	500,000	0.00%
259 - MAINTENANCE FACILITIES DIF FUND	100,000	100,000	0	0	100,000	0.00%
270 - ART IN PUBLIC PLACES FUND	233,000	233,000	12,053	28,084	204,916	12.05%
310 - LQ FINANCE AUTHORITY DEBT SERVICE	1,500	1,500	0	0	1,500	0.00%
401 - CAPITAL IMPROVEMENT PROGRAMS	27,218,109	27,218,109	1,297,372	2,220,191	24,997,918	8.16%
501 - FACILITY & FLEET REPLACEMENT	1,628,750	1,628,750	260,198	299,729	1,329,021	18.40%
502 - INFORMATION TECHNOLOGY	3,217,945	3,217,945	244,344	1,055,164	2,162,781	32.79%
503 - PARK EQUIP & FACILITY FUND	2,000,000	2,000,000	411,688	555,521	1,444,479	27.78%
504 - INSURANCE FUND	1,058,000	1,058,000	706	1,038,527	19,473	98.16%
601 - SILVERROCK RESORT	5,365,000	5,365,000	525,769	1,198,757	4,166,243	22.34%
760 - SUPPLEMENTAL PENSION PLAN	12,850	12,850	0	12,833	17	99.87%
761 - CERBT OPEB TRUST	1,500	1,500	446	446	1,054	29.71%
762 - PARS PENSION TRUST	30,000	30,000	2,828	8,356	21,644	27.85%
Report Total:	145,854,538	145,854,538	22,555,328	30,129,814	115,724,724	20.66%

Accounts are subject to adjusting entries and audit. The City's Annual Comprehensive Financial Report, published annually, is the best resource for all final audited numbers.

Fund Descriptions		
Fund #	Name	Notes
101	General Fund	The primary fund of the City used to account for all revenue and expenditures of the City; a broad range of municipal activities are provided through this fund.
105	Disaster Recovery Fund	Accounts for use of one-time federal funding designed to deliver relief to American workers and aid in the economic recovery in the wake of COVID-19. The American Rescue Plan Act (ARPA) was passed by Congress in 2021 to provide fiscal recovery funds to state and local governments.
201	Gas Tax Fund	Gasoline sales tax allocations received from the State which are restricted to street-related expenditures.
202	Library and Museum Fund	Revenues from property taxes and related expenditures for library and museum services.
203	Public Safety Fund	General Fund Measure G sales tax revenue set aside for public safety expenditures.
210	Federal Assistance Fund	Community Development Block Grant (CDBG) received from the federal government and the expenditures of those resources.
212	SLESF (COPS) Fund	Supplemental Law Enforcement Services Funds (SLESF) received from the State for law enforcement activities. Also known as Citizen's Option for Public Safety (COPS).
215	Lighting & Landscaping Fund	Special assessments levied on real property for city-wide lighting and landscape maintenance/improvements and the expenditures of those resources.
220	Quimby Fund	Developer fees received under the provisions of the Quimby Act for park development and improvements.
221	AB939 Fund/Cal Recycle	Franchise fees collected from the city waste hauler that are used to reduce waste sent to landfills through recycling efforts. Assembly Bill (AB) 939.
223	Measure A Fund	County sales tax allocations which are restricted to street-related expenditures.
224	TUMF Fund	Developer-paid Transportation Uniform Mitigation Fees (TUMF) utilized for traffic projects in Riverside County.
225	Infrastructure Fund	Developer fees for the acquisition, construction or improvement of the City's infrastructure as defined by Resolution
226	Emergency Mgmt. Performance Grant (EMPG)	Federal Emergency Management Agency (FEMA) grant for emergency preparedness.
227	State Homeland Security Programs (SHSP)	Federal Emergency Management Agency (FEMA) grant for emergency preparedness.
230	CASP Fund, AB1379 / SB1186	Certified Access Specialist (CASp) program fees for ADA Accessibility Improvements; derived from Business License renewals. Assembly Bill (AB) 1379 and Senate Bill (SB) 1186.
231	Successor Agency PA 1 RORF Fund	Successor Agency (SA) Project Area (PA) 1 Redevelopment Obligation Retirement Fund (RORF) for Redevelopment Property Tax Trust Fund (RPTTF) taxes received for debt service payments on recognized obligations of the former Redevelopment Agency (RDA).
235	SO Coast Air Quality Fund (AB2766, PM10)	Contributions from the South Coast Air Quality Management District. Uses are limited to the reduction and control of airborne pollutants. Assembly Bill (AB) 2766.
237	Successor Agency PA 1 Admin Fund	Successor Agency (SA) Project Area (PA) 1 for administration of the Recognized Obligation Payment Schedule (ROPS) associated with the former Redevelopment Agency (RDA).
241	Housing Authority	Activities of the Housing Authority which is to promote and provide quality affordable housing.
243	RDA Low-Moderate Housing Fund	Activities of the Housing Authority which is to promote and provide quality affordable housing. Accounts for RDA loan repayments (20% for Housing) and housing programs.
244	Housing Grants	Activities related Local Early Action Planning (LEAP) and SB2 grants for housing planning and development.
247	Economic Development Fund	Proceeds from sale of City-owned land and transfers from General Fund for future economic development.
249	SA 2011 Low/Mod Bond Fund	Successor Agency (SA) low/moderate housing fund; 2011 bonds refinanced in 2016.
250	Transportation DIF Fund	Developer impact fees collected for specific public improvements - transportation related.
251	Parks & Rec. DIF Fund	Developer impact fees collected for specific public improvements - parks and recreation.
252	Civic Center DIF Fund	Developer impact fees collected for specific public improvements - Civic Center.
253	Library Development DIF Fund	Developer impact fees collected for specific public improvements - library.
254	Community Center DIF Fund	Developer impact fees collected for specific public improvements - community center.
255	Street Facility DIF Fund	Developer impact fees collected for specific public improvements - streets.
256	Park Facility DIF Fund	Developer impact fees collected for specific public improvements - parks.
257	Fire Protection DIF Fund	Developer impact fees collected for specific public improvements - fire protection.
259	Maintenance Facilities DIF Fund	Developer impact fees collected for specific public improvements - maintenance facilities.
270	Art In Public Places Fund	Developer fees collected in lieu of art placement; utilized for acquisition, installation and maintenance of public artworks.
275	LQ Public Safety Officer Fund	Annual transfer in from General Fund; distributed to public safety officers disabled or killed in the line of duty.
299	Interest Allocation Fund	Interest earned on investments.
310	LQ Finance Authority Debt Service Fund	Accounted for the debt service the Financing Authority's outstanding debt and any related reporting requirements. This bond was fully paid in October 2018.
401	Capital Improvement Program Fund	Planning, design, and construction of various capital projects throughout the City.
405	SA PA 1 Capital Improvement Fund	Successor Agency (SA) Project Area (PA) 1 bond proceeds restricted by the bond indenture covenants. Used for SilverRock infrastructure improvements.
501	Equipment Replacement Fund	Internal Service Fund for vehicles, heavy equipment, and related facilities.
502	Information Technology Fund	Internal Service Fund for computer hardware and software and phone systems.
503	Park Equipment & Facility Fund	Internal Service Fund for park equipment and facilities.
504	Insurance Fund	Internal Service Fund for city-wide insurance coverages.
601	SilverRock Resort Fund	Enterprise Fund for activities of the city-owned golf course.
602	SilverRock Golf Reserve Fund	Enterprise Fund for golf course reserves for capital improvements.
760	Supplemental Pension Plan (PARS Account)	Supplemental pension savings plan for excess retiree benefits to general employees of the City.
761	Other Post Benefit Obligation Trust (OPEB)	For retiree medical benefits and unfunded liabilities.
762	Pension Trust Benefit (PARS Account)	For all pension-related benefits and unfunded liabilities.

[CLICK HERE to Return to Agenda](#)

City of La Quinta

FINANCIAL ADVISORY COMMISSION MEETING: November 13, 2024 STAFF REPORT

AGENDA TITLE: APPROVE THE FINANCIAL ADVISORY COMMISSION SUBCOMMITTEE RECOMMENDATIONS ON FUNDING OUTSTANDING PENSION OBLIGATIONS AND REVISIONS TO THE GENERAL FUND BALANCE AND RESERVES POLICY FOR CITY COUNCIL CONSIDERATION

RECOMMENDATION

Approve the Financial Advisory Commission Subcommittee recommendations on funding outstanding pension obligations and revisions to the General Fund Balance and Reserves Policy for City Council consideration.

EXECUTIVE SUMMARY

- As of June 30, 2023, the City's CalPERS Actuarial Reports show unfunded liabilities of \$4,574,774.
- CalPERS reported a 9.3% return on investments for the year ending June 30, 2024, which would likely reduce the liability.
- As of September 30, 2024, the City's pension trust had a balance of \$5,993,190.
- Financial Advisory Commission (FAC) formed a subcommittee to review the City's outstanding pension obligations and provide recommendations for City Council's consideration.

FISCAL IMPACT

Accelerating payments to California Public Employees' Retirement System (CalPERS) could impact the General Fund budget, reserves, and/or pension trust balances, while saving the City considerable amounts of interest that would be paid over the long term.

BACKGROUND/ANALYSIS

In 2020, the FAC appointed two Commissioners to review the City's outstanding pension obligations. As a result of their findings, the FAC recommended, and City Council agreed, to continue to pay down the City's unfunded liability as fiscal conditions allowed. The City made Additional Discretionary Payments (ADPs) toward the unfunded liability of just over \$1.0 million in fiscal 2020/21, \$2.5 million in fiscal 2021/22, and \$1.0 million in fiscal 2022/23.

In August 2022, the FAC appointed two Commissioners to complete an updated study of the pension obligations. They reviewed the CalPERS system overall, current market value and plan funded status, benefit tiers available at the City, PARS Pension Trust balance and fund performance, and options to pay down the unfunded pension liability. While the FAC agreed that continuing to pay down the unfunded liability was preferred, it was recommended that the full Reserves Analysis study be completed first, in order to assess the City's fiscal health and measure the ability to pay down the pension liability in the context of other reserve category needs. In February 2023, the City Council approved both the revised General Fund Balance and Reserves Policy (Policy) and an ADP of \$10.2 million, to be paid from General Fund reserves and the pension trust.

In October 2024, the FAC appointed Commissioners Kiehl and Anderson to study the June 30, 2023 actuarial reports (published in August 2024) to make possible recommendations for further ADPs. The subcommittee also reviewed potential Policy revisions that would clarify the City's intentions regarding pension funding and allow for an established process to budget for the liabilities going forward. A full report of the subcommittee findings, which includes current pension funded status, as well as recommended policy revisions, is attached.

The subcommittee recommends the following:

- Send an ADP to CalPERS utilizing unassigned reserves (Fiscal 2023/24 surplus) in the amount of \$3.9 million.
- Revise the Policy to set a funded status target for the pension fund, a target balance for the trust, and to allow for annual budgeting of ongoing ADPs as fiscal conditions allow, based on market conditions and future actuarial reports' funded status.

Prepared by: Rosemary Hallick, Financial Services Analyst

Approved by: Claudia Martinez, Finance Director

Attachment: 1. Fiscal Year 2024/25 Pension Subcommittee Findings



Fiscal Year 2024/25 Pension Subcommittee Findings

Summary of Financial Advisory Commission (FAC) Subcommittee

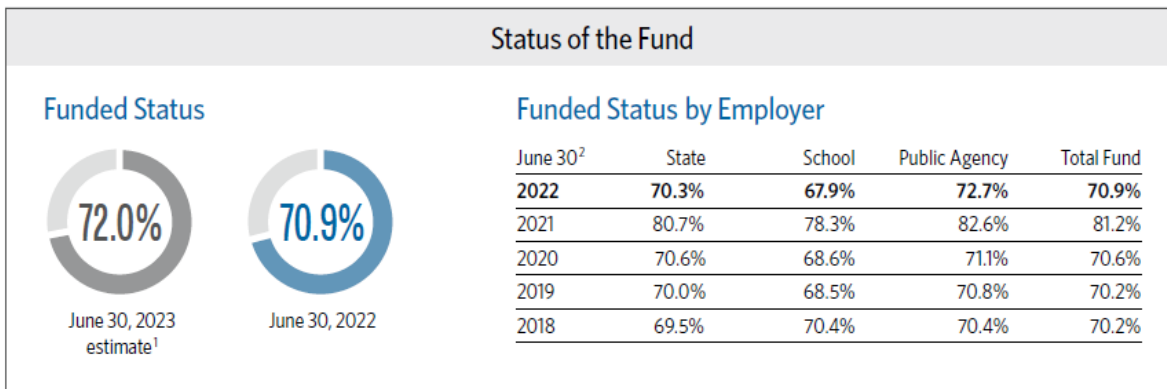
On October 2024, the FAC appointed Commissioners Anderson and Kiehl to review the City’s outstanding pension obligations. This report summarizes the current funded status of the CalPERS plans, previous contributions and effects on the plans and recommendations of the subcommittee, including proposed revisions to the General Fund Balance and Reserves Policy with regard to pension funding going forward.

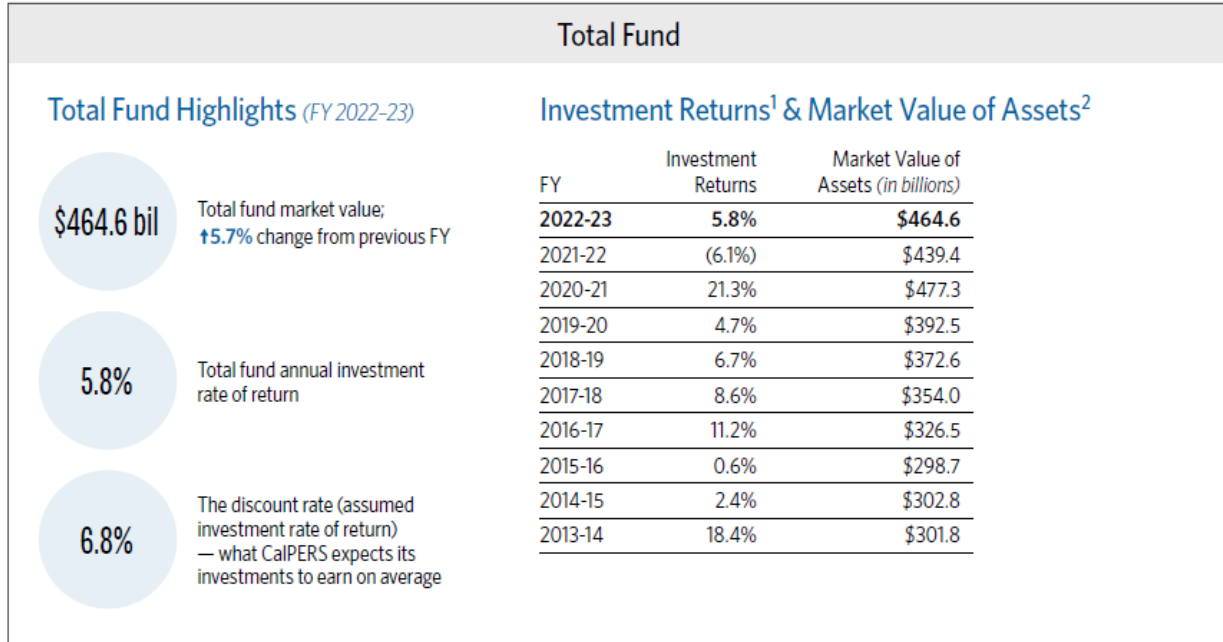
The subcommittee met twice with City staff, and also heard a presentation from our consultants at GovInvest, a firm the City contracts with to provide actuarial analysis and software solutions to assist with pension decisions. The following topics were reviewed:

- Total Public Employee Retirement Fund (PERF) market value and annualized returns
- Review of the Actuarial Reports for benefit tiers available and current funding status of each
- Current funded status with and without the 115 Trust
- Factors that affect funded status other than investment returns
- Options to make the City’s policy for funding pensions clearly defined and easier for staff to execute

CalPERS Public Employees’ Retirement Fund (PERF)

As of June 30, 2023, the funded status of the CalPERS PERF is approximately 72%, with total assets of \$464.6 billion. Annual investment returns for the 10 years ending 2014 to 2023 have been as high as 21.3% and as low as (6.1%). CalPERS published preliminary numbers for June 30, 2024, reporting a 9.3% return, raising the fund balance to \$502.9 billion and the funded status to 75%. Along with other factors, CalPERS uses long-term investment returns to assist in their determination of the discount rate, which is currently 6.8%





City of La Quinta Pension Plans

The City of La Quinta has three active pension plans with CalPERS.

- Classic: This plan covers members who were first employed at the City prior to January 1, 2013.
- Tier 2: Covers members who were Classic at another participating agency, but have since transferred to the City.
- PEPRA: The Public Employees’ Pension Reform Act that went into effect January 1, 2013 covers members who first joined CalPERS after that date.

	Classic Tier	Tier 2	PEPRA Tier
Hire Date	On and Before 12/31/2012	On and after 12/17/2012	On and after 1/1/2013
Benefit Formula	2.5% at age 55	2% at age 60	2% at age 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	52 and up
Required employee contribution rate	8.000%	7.000%	7.750%
Required employer contribution rate	14.180%	10.190%	7.960%
Number of Active Members*	18	8	69
Number of Retired Members*	124	2	1

* As of June 30, 2023 from CalPERS valuation reports.

CalPERS Actuarial Reports

Actuarial reports are provided each year around August to each member agency. The most recent reports, issued in August 2024 are for fiscal year ending June 30, 2023. The City receives three reports, one for each pension plan tier.

CalPERS actuarial reports include the following information:

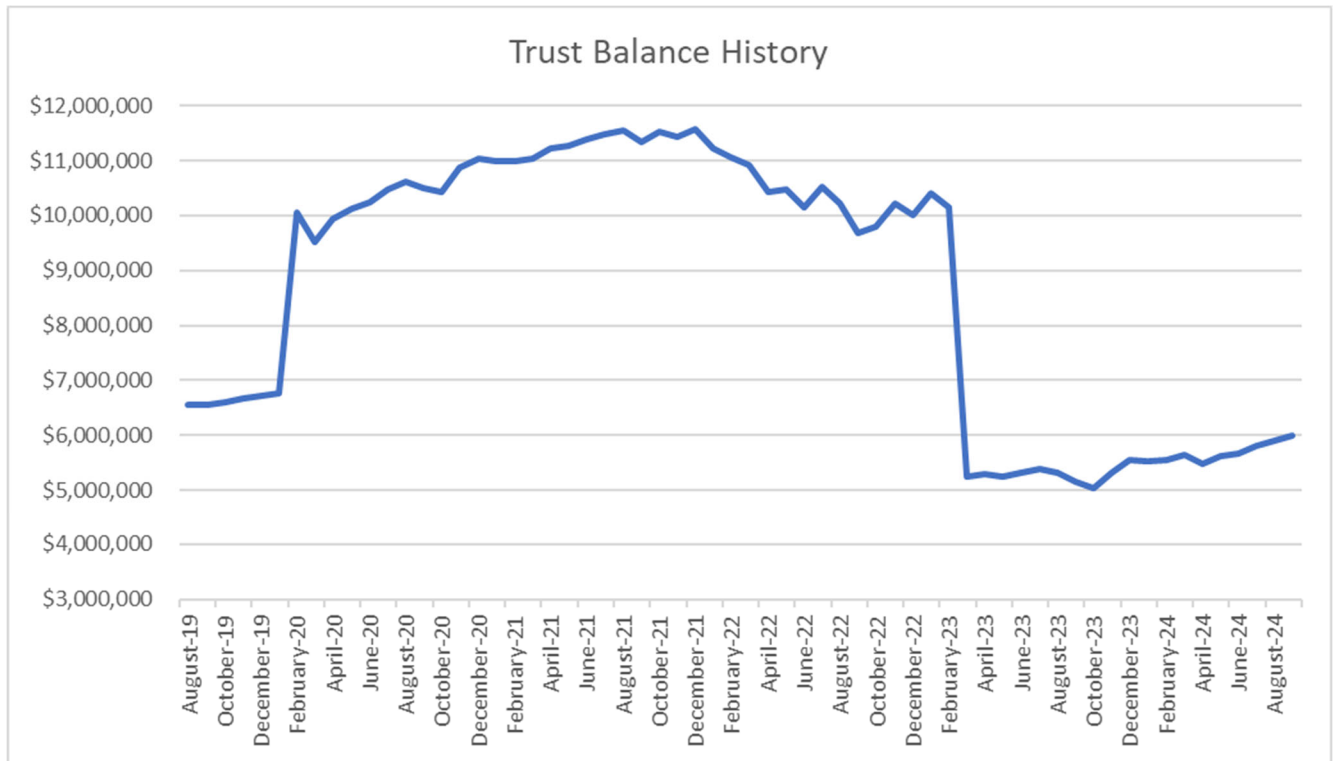
- Employer unfunded accrued liability payment projections for five years
- Employer normal cost rates for bi-weekly payroll calculations
- Employee bi-weekly payroll contribution rate for the next two years
- Funded ratio of each pension tier
- Summarized amortization schedule for each tier's unfunded liability
- Amortization schedule alternatives when applicable
- Funding history
- Discount rate sensitivity analysis
- Hypothetical plan termination liability calculations

The most current reports reflect the plans' funded status as follows:

	Classic Tier		Tier 2		PEPRA Tier	
Entry Age Normal Accrued Liability	\$	58,124,122	\$	1,425,777	\$	4,854,435
Plan's Market Value of Assets	\$	54,216,782	\$	1,276,825	\$	4,335,953
Unfunded Accrued Liability	\$	3,907,340	\$	148,952	\$	518,482
Funded Ratio		93.3%		89.6%		89.3%

Pension Trust Performance and Uses

The City established a Section 115 pension trust in August 2019 to set aside money for the City's pension obligation, with an initial contribution of \$6,540,000. An additional contribution of \$3,640,000 was made in fiscal year 2019/20. A withdrawal of \$5.0 million was made in 2023 to send directly to CalPERS. The pension trust balance as of September 30, 2024, was \$5,993,190.



The Section 115 Trust addresses the City’s pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the City in the General Fund. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan with CalPERS.

Investments are in a moderately conservative investment strategy which has dual goals of current income and capital appreciation. Total rates of return are shown in the chart below. The City also pays management fees for the Trust, which total \$240,319 inception-to-date as of September 30, 2024.

June 30, 2024

PARS OPEB and Pension Trust Program					pfm asset management						
Strategy	Asset Class	Strategic Range	Policy	Tactical	Gross Annualized Total Rate of Return						
					Portfolio	2Q24*	YTD	1-Yr	3-Yr	5-Yr	ITD
Moderately Conservative	Equity	20-40%	30%	30%	Strategic Blend	0.91	3.25	8.76	0.29	3.82	4.18
	Fixed Income	50-80%	65%	67%	Benchmark	0.77	2.94	7.86	0.49	3.76	4.26
	Cash	0-20%	5%	4%	Index	0.55	2.48	7.01	-0.12	3.37	3.84
					Benchmark	0.77	2.94	7.86	0.49	3.76	4.22

Additional Discretionary Payments to CalPERS

Additional contributions made directly to CalPERS can be applied to specific tiers and amortization bases within tiers. The greatest interest rate savings are derived from the agency choosing to apply additional payments to the highest balance with the longest amortization period.

For the past several years, the City has been sending additional payments directly to CalPERS as follows:

Additional Discretionary Payments to CalPERS				
Fiscal Year	Classic Tier	Tier 2	PEPRA Tier	Total
2018/19	\$ -	\$ 15,353	\$ 22,060	\$ 37,413
2019/20	\$ -	\$ 20,000	\$ 10,000	\$ 30,000
2020/21	\$ 1,000,000	\$ 6,419	\$ 57,345	\$ 1,063,764
2021/22	\$ 2,500,000			\$ 2,500,000
2022/23	\$ 11,200,000			\$ 11,200,000
2023/24	\$ 350,000	\$ 130,000	\$ 470,000	\$ 950,000
TOTAL	\$ 15,050,000	\$ 171,772	\$ 559,405	\$ 15,781,177

According to data from GovInvest, the early payments have saved the City millions of dollars in interest costs as compared to the 20-year schedule of amortization from CalPERS.

History of Making ADPs Have Eliminated UAL and Drove Significant Interest Savings



Fiscal Year	Additional Discretionary Payments (ADPs)
2019-20	30,000
2020-21	1,063,764
2021-22	2,500,000
2022-23	11,200,000
2023-24	950,000
	<u>15,743,764</u>

Conservatively estimated, interest savings as a result of these ADPs, will likely approach \$17 to \$19 million.

If the City chooses to make annual payments on the current unfunded liability, total costs for all three plans would total just under \$7.2 million. By sending an ADP for the full amount, the City could save over \$3 million in interest payments.

Date	Current Amortization Schedule Classic		Current Amortization Schedule PEPPRA		Current Amortization Schedule Tier 2	
	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2025	3,939,824	336,556	69,800	7,344	25,628	2,267
6/30/2026	3,859,921	343,981	66,957	7,009	25,028	2,279
6/30/2027	3,766,911	351,407	64,266	6,673	24,375	2,290
6/30/2028	3,659,903	358,833	61,740	6,338	23,666	2,303
6/30/2029	3,537,943	366,258	59,389	6,003	22,896	2,314
6/30/2030	3,400,017	366,260	57,223	6,003	22,062	2,315
6/30/2031	3,252,710	366,259	54,910	6,003	21,170	2,315
6/30/2032	3,095,388	366,259	52,440	6,003	20,218	2,315
6/30/2033	2,927,368	366,260	49,802	6,003	19,200	2,314
6/30/2034	2,747,921	366,258	46,985	6,002	18,114	2,314
6/30/2035	2,556,274	366,259	43,978	6,003	16,954	2,315
6/30/2036	2,351,594	366,260	40,765	6,003	15,714	2,314
6/30/2037	2,132,994	366,258	37,333	6,003	14,391	2,314
6/30/2038	1,899,532	366,261	33,668	6,003	12,978	2,313
6/30/2039	1,650,191	366,260	29,754	6,003	11,470	2,315
6/30/2040	1,383,895	366,259	25,573	6,003	9,858	2,314
6/30/2041	1,099,493	366,260	21,108	6,003	8,137	2,314
6/30/2042	795,749	366,258	16,339	6,002	6,299	2,314
6/30/2043	471,354	366,262	11,248	6,004	4,336	2,314
6/30/2044	124,897	129,073	5,808	6,002	2,240	2,315
6/30/2045						
Total		7,013,741		123,410		46,168
Interest Paid		3,073,917		53,610		20,540
Total Payments, All Plans		7,183,319	Total Potential Savings		3,148,067	

While the June 30, 2023 reports show a total unfunded liability of almost \$4.6 million, the balance can be adjusted for favorable/unfavorable events that have or will occur before the next reports are published. For example, the plan experienced a favorable event with a 9.3% investment return for June 30, 2024, which is higher than the expected 6.8% discount rate. The plan did however see some unfavorable events, including non-investment losses, which came from statewide higher than normal pay increases for active employees, higher than normal CPI which affected COLA adjustments for retirees, and increases to PEPRAs members' pensionable wage cap (also based on CPI). Our CalPERS actuary has estimated that our plan balance for 6/30/2025 would have \$4.035 million in unfunded liability, which if paid by December 31st of this year would require approximately \$3.9 million to pay off.

Recommendations

- Send an ADP to CalPERS utilizing unassigned reserves (anticipated to come from Fiscal Year 2023/24 surplus).
- Continue to consider ongoing ADPs as fiscal conditions allow, based on market conditions and unfunded liability balances on future actuarial reports.
- Set goals for funded status of the City's pension plans.
- Modify the Policy to allow staff to budget for these goals on an ongoing basis.

A draft version of the General Fund Balance and Reserves policy is included with this report. The policy was modified to ensure the goals of the City are clearly communicated and allow City staff to create annual budgets and make necessary payments that align with the goals of remaining 95% funded or better at CalPERS, and 100% funded or better when factoring in any trust balance.



City of La Quinta General Fund Balance and Reserves Policy

I. Purpose. This is the General Fund Balance and Reserves Policy (Policy) of the City of La Quinta (City); it defines the City's fund balance and reserve categories, identifies the need for reserves, and outlines the importance of maintaining the integrity of uses and funding amounts. The Policy also guides the City Council and staff when planning for contingencies, supports the City's credit rating, and ensures cash availability.

II. Scope. This Policy applies to the City's General Fund; all Committed, Assigned, and Unassigned funds available as reported annually on the balance sheet in the City's Annual Comprehensive Financial Report (ACFR).

III. General Policy. The Policy of the City is to maintain Reserves at an adequate level to address the community's needs through all contingencies. This Policy aligns with the organization's values of fiscal responsibility, maintaining a safe community, fostering a thriving economy, continuous transparency and accountability, and enhancing our Citizen's quality of life. The City's budgetary guiding principles state that one-time revenues should not be utilized for on-going expenditures; instead, they should be deposited into reserves or appropriated for one-time expenditures. Additionally, allocations for capital improvements, equipment replacement, and infrastructure investment should be part of the annual budget process through appropriations to Internal Service Funds. Additionally, the City seeks to reduce unfunded retirement costs in the most cost-efficient manner possible, and as such will annually budget and pre-pay any required Unfunded Accrued Liability payments, budget for Additional Discretionary Payments when necessary to maintain target funding levels, and maintain a Pension Stabilization Fund to manage fluctuations in funding status at CalPERS.

IV. Definitions. The Government Accounting Standards Board (GASB) Statement No. 54 defines fund balance as follows:

A. Nonspendable Fund Balance: The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

B. *Restricted Fund Balance:* Amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

C. *Committed Fund Balance:* Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution or ordinance) it employed to previously commit those amounts. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

D. *Assigned Fund Balance:* Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance classification. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

E. *Unassigned Fund Balance:* Unassigned fund balance is the residual classification for the General Fund. This classification represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

V. *City's Reserve Categories and Targets* Committed, assigned, and unassigned fund balance categories combined make up the "unrestricted" fund balance, which is the total amount that is either unconstrained or the constraints are self-imposed and can be modified by Council. As such, the following reserve categories would be classified as committed or assigned (with the exception of the pension reserves, which once placed in trust would be reported as a Restricted Reserves), and the remaining unassigned fund balance would be available for appropriation. Targets have been established for each category and will be periodically reviewed to ensure adequate levels.

A. *Natural Disaster Emergency Reserves:* May be utilized for the preparation, recovery, and restoration of services before, during and/or after a natural disaster (such as flood, earthquake, etc.) as defined by La Quinta Municipal Code §2.20.020.

The target of \$15,000,000 was determined by conducting a risk analysis of all City assets, insurance levels, and potential federal/state contributions towards disaster recovery efforts.

B. *Economic Downturn Reserves:* May be used in such instances as a declared national, state, or regional recession; loss of a major (top 10) revenue-generating business; or a natural disaster resulting in a significant decline in revenues. These reserves may also be used if overall revenues decrease, or expenses increase, by more than 10% of the previous year's actual revenues or expenditures.

The target of \$13,000,000 was based on a long-term analysis of the revenue and expenditure flows (which included the financial impacts of the Great Recession, the loss of Redevelopment Agencies, and the COVID 19 pandemic) as well as the application of the Consumer Price Index (CPI) increases to the original base target.

C. *Cash Flow Reserves:* This reserve category is maintained to have adequate cash on hand to account for the uneven receipt of revenue. For example, property tax accounts for a large percentage of annual revenue, the bulk of which is not remitted until December and May of each year.

The target for the Cash Flow Reserves is 10% of each year's revenue budget, or a minimum of \$5,000,000.

D. *Capital Improvement Reserves:* This category will fund capital assets and infrastructure rehabilitation, improvement, and replacement.

The target of \$12,000,000 is based on annual depreciation of assets as well as a CPI increase as described above.

E. *~~Unfunded Pension Liability~~Pension Stabilization Fund:* This reserve will be maintained in an irrevocable trust ~~and which~~ may be used to fund future pension obligations such as annual pension fund normal cost payments, required unfunded pension liability payments, and/or any additional discretionary contributions to pay down the unfunded liability. The goal will be to maintain at least a 95% funded status as reported on the annual CalPERS actuarial reports, and a 100% funded status when taking into consideration the trust balance, with City staff carefully analyzing the options before recommending funding decisions.

In order to adequately cover a worst-case scenario in the investment returns of the Public Employees' Retirement Fund (PERF), the target amount for the trust shall be 20% of the Entry Age Accrued Liability as published on the most recently available annual CalPERS actuarial is the amount of the unfunded liability on the most recent CalPERS actuarial reports, or with a minimum of set

~~at \$5,000,000, and was determined through a review of the City's unfunded pension liability and annual contributions.~~

VI. Unassigned Fund Balance. The City may retain the equivalent of two months of general fund budgeted operating expenditures, or a minimum of \$8,000,000 in unassigned fund balance which could fund one-time expenditures or capital expenses at the City Council's discretion.

Unassigned fund balance is derived from budgeted and/or unanticipated surplus (derived from revenues over budget and/or expenditures under budget), which is reported annually in the year-end budget report in any year such surplus exists.

Recommendations for use of unassigned balance shall take into consideration the whole of the City's Strategic Plan, aligning focus areas and goals, while factoring in the capital improvement project costs of labor and materials, inflation rates, the CalPERS discount rate, expected returns on the City's investments, and other market conditions as applicable.

VII. Measure G Reserves. The City has a local district transactions tax of 1% known as Measure G. The City monitors Measure G activity and excess revenues over expenditures are recorded as Reserves on the City's Balance Sheet. These funds can also be used for one-time expenditures or capital expenses at the City Council's discretion and are subject to annual reporting and oversight by the Financial Advisory Commission (FAC).

VIII. Authority Over Reserves. At Council's direction, reserves may be utilized for their intended purpose as defined herein. The Policy may be amended by Council resolution and requires a 4/5th approval ("supermajority").

IX. Building to Target and Replenishments. City Council adoption of this Policy will establish the funding targets. Going forward, the City Council shall annually review each reserve category and funding level during the mid-year budget process, once the ACFR is published and final fund balances are known. Funds will generally come from excess revenues over expenditures, one-time revenues, or specific departmental savings over budgeted expenditures, and may be allocated to each reserve category as directed by Council until the target level is reached. Once all targets are reached, funds remain in the unassigned fund balance. Likewise, upon use of any reserves, the categories will be replenished back to target in a similar manner. City Staff shall evaluate whether excess unassigned reserves shall be allocated to the Pension Stabilization Trust or directly to CalPERS and budget accordingly when focusing on the policy goals in sections III and V.

X. Policy Review. This policy shall be reviewed every five (5) years to assess the City's then current financial condition, risks, and the adequacy of current target levels.

City of La Quinta

FINANCIAL ADVISORY COMMISSION SPECIAL MEETING DEPARTMENT REPORT

TO: Members of the Financial Advisory Commission

FROM: Claudia Martinez, Finance Director

DATE: November 13, 2024

SUBJECT: FINANCE DEPARTMENT CURRENT AND FUTURE INITIATIVES

In addition to items presented as staff reports, the Finance Department would like to provide updates on the following matters.

AUDIT & FINANCIAL REPORTING

- Citywide Comprehensive Audit for fiscal year 2023/24 will take place from November 25 through December 6
 - Year-end entries and audit preparation are well underway
- Annual Street and Road Improvement Audit for fiscal year 2023/24, to be filed with the State Controller's Office- In process
- Annual Measure A Local Streets and Roads Audit for fiscal year 2023/24, to be filed with the Riverside County Transportation Commission- In process

COMMITTEE UPDATES

- 10-Year Projection Task Force (Commissioners Anderson, Batavick, and Dorsey)
 - Conducted meeting on October 28, 2024
- Measure G Sales Tax Oversight Compliance Report for FY 2023/24
 - Initial meeting to be scheduled for November
- Financial Statement and Audit training - Staff is currently researching options with the new auditing firm

CITY UPDATES

- Hwy 111 Corridor Specific Plan; prior City Council and Planning Commission joint meeting held on:
 - September 26, 2023
 - To date, expenditures related to the project are detailed in the Project Activity Report (Attachment 1), in the amount of \$1,049,693.33. Revenue allocations of Measure G do not yet include the most recent quarter entry.

- The City is currently exploring the following:
 - Feasibility of undergrounding utilities in various areas of the City; prior City Council study sessions held on:
 - September 19, 2023
 - December 19, 2023
 - Imperial Irrigation District (IID) power distribution substations in La Quinta cost-share options for upgrades; prior City Council study sessions held on January 16, 2024. City Manager's Office is in negotiations with IID and all impacted stakeholders to find an equitable solution. Agreement with IID would be required before equipment can be ordered; pending design approval from IID, and final estimated costs before the City's potential cost-sharing is defined, which would be presented to Council for approval. Staff encourages the FAC members to view the meetings as time permits.

- Tropical Storm Hilary – Federal Disaster Assistance
 - The City is currently working with FEMA and meeting on a weekly basis on the reporting and reimbursement process.

UPCOMING EVENTS

- La Quinta Art Celebration Encore will take place on November 14- 17, 2024 at the Civic Center Campus.
- Open House Meet & Greet 2024 will take place on December 3, 2024 at City Hall.

It is important to note the items mentioned in this update are in addition to the daily functions of the Finance Department, which include, but are not limited to, staff report writing/review, payroll, accounts payable, accounts receivable, revenue processing, journal entries, capital accounting, project accounting, purchasing, investing, cash/treasury management, bank reconciliations, budgeting, research and analysis, staff training and development, and general financial support for all City departments.

Attachment: 1. Project Activity Report

ATTACHMENT 1
Project Activity Report
 By Project Number
 Report Dates: 07/01/2019 - 11/08/2024



Project Number	Project Name	Group	Type	Status	
201905	Highway 111 Corridor Area Plan Implementati	Fund 401 Construction in Process	St Improvements	Active	
Revenues					
Account Key	Account Name	Category			Total Activity
201905MG	Measure G Funding	Measure G - Measure G Funding			-860,167.91
GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number
401-0000-49500	Transfers In	03/31/2020	MG 201905 HWY 111 CORRIDOR PLAN		
401-0000-49500	Transfers In	06/30/2020	MG 201905 HIGHWAY 111 CORRIDOR AREA PLAN		
					FY 19/20 Total:
					-6,986.25
401-0000-49500	Transfers In	09/30/2020	MG 201905 HIGHWAY 111 CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	12/31/2020	MG 201905 HIGHWAY 111 CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	03/31/2021	MG 201905 HIGHWAY 111 CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	06/30/2021	MG HIGHWAY 111 CORRIDOR AREA PLAN		
					FY 20/21 Total:
					-290,754.59
401-0000-49500	Transfers In	09/30/2021	MG 201905 HIGHWAY 111 CORRIDOR PLAN		
401-0000-49500	Transfers In	12/31/2021	MG 201905 HWY CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	03/31/2022	MG 201905 HWY CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	06/30/2022	MG 201905 HWY CORRIDOR AREA PLAN		
					FY 21/22 Total:
					-166,962.71
401-0000-49500	Transfers In	09/30/2022	MG 201905 HWY CORRIDOR AREA PLAN		
401-0000-49500	Transfers In	12/31/2022	MG 201905 HIGHWAY 111 CORRIDOR AREA		
401-0000-49500	Transfers In	03/31/2023	MG 201905 HIGHWAY 111 CORRIDOR AREA		
401-0000-49500	Transfers In	06/30/2023	MG 201905 HIGHWAY 111 CORRIDOR AREA		
					FY 22/23 Total:
					-285,217.00
401-0000-49500	Transfers In	09/30/2023	MG 201905 HIGHWAY 111 CORRIDOR AREA		
401-0000-49500	Transfers In	12/31/2023	MG 201905 HIGHWAY 111 CORRIDOR AREA		
401-0000-49500	Transfers In	03/31/2024	MG 201905 HIGHWAY 111 CORRIDOR AREA		
					FY 23/24 Total:
					-110,247.36
201905SB1	SB1 Maintenance Funding	SB1 Maint Fund - SB1 Maintenance Funding			-180,117.99
GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number
401-0000-49500	Transfers In	06/30/2024	SB1 201905 HIGHWAY 111 CORRIDOR AREA		
401-0000-49500	Transfers In	06/30/2024	SB1 201905/202223 HIGHWAY 111 CORRIDOR AREA		
					FY 23/24 Total:
					-180,117.99
					Total Revenues:
					-1,040,285.90

Project Activity Report

Expenses

Account Key	Account Name	Category	Total Activity			
201905D	Design Expense	Design - Design Expense	967,287.08			
GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number	Activity
401-0000-60185	Design	12/18/2020	2019-05 HWY 111 CORRIDOR PROJECT (PLAN&ENG)	GHD INC.	151505	8,290.00
401-0000-60185	Design	12/18/2020	2019-05 HWY 111 CORRIDOR PROJECT (PLAN&ENG)	GHD INC.	153361	25,600.00
401-0000-60185	Design	04/16/2021	02/2021 - HWY 111 PLANNING/ ENGINEERING SVCS	GHD INC.	158460	78,461.25
401-0000-60185	Design	04/16/2021	12/2020 - HWY 111 PLANNING/ ENGINEERING SVCS	GHD INC.	155454	32,923.75
401-0000-60185	Design	06/11/2021	04/2021 - HWY 111 PLANNING/ENGINEERING SVCS	GHD INC.	161990	75,409.84
401-0000-60185	Design	06/25/2021	05/2021 - HWY 111 PLANNING/ENGINEERING SVCS	GHD INC.	163575	34,827.25
FY 20/21 Total:						255,512.09
401-0000-60185	Design	10/08/2021	06/2021 - HWY 111 PLANNING/ENGINEERING SVCS	GHD INC.	165668	19,315.75
401-0000-60185	Design	10/29/2021	07/2021 - HWY 111 PLANNING/ENGINEERING SVCS	GHD INC.	380-0000621	8,620.00
401-0000-60185	Design	04/22/2022	03/24/22 - HWY 111 SITE TOUR LUNCH	BANK OF THE WEST (PLEASE SEE	MAR'226925BM	207.43
401-0000-60185	Design	04/22/2022	03/24/22 - HWY 111 SITE TOUR TRANSPORTATION	BANK OF THE WEST (PLEASE SEE	MAR'226925BM	460.00
401-0000-60185	Design	06/30/2022	03/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0012735	41,235.83
401-0000-60185	Design	06/30/2022	06/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0016011	84,123.70
FY 21/22 Total:						153,962.71
401-0000-60185	Design	09/02/2022	07/2022 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0017688	12,962.50
401-0000-60185	Design	03/03/2023	09/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0020901	49,617.50
401-0000-60185	Design	03/03/2023	10/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0023845	51,571.25
401-0000-60185	Design	03/03/2023	11/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0024095	18,251.25
401-0000-60185	Design	03/03/2023	12/2022 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0025445	9,171.25
401-0000-60185	Design	03/17/2023	01/2023 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0027217	12,726.75
401-0000-60185	Design	06/30/2023	02/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0028778	18,667.58
401-0000-60185	Design	06/30/2023	03/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0030405	9,366.25
401-0000-60185	Design	06/30/2023	04/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0031910	22,207.51
401-0000-60185	Design	06/30/2023	05/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0033492	22,721.95
401-0000-60185	Design	06/30/2023	06/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0035378	42,803.21
FY 22/23 Total:						270,067.00
401-0000-60185	Design	09/08/2023	07/2023 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0036834	49,312.65
401-0000-60185	Design	01/26/2024	10/2023 - HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0041445	54,534.71
401-0000-60185	Design	05/24/2024	01/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0047294	32,062.36
401-0000-60185	Design	05/24/2024	03/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0048891	53,767.93
401-0000-60185	Design	06/30/2024	04/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0051494	13,082.70
401-0000-60185	Design	06/30/2024	05/01-06/30/24 - ONCALL PLANNING SERVICES	TERRA NOVA PLANNING & RESE	TN1198158	877.50
401-0000-60185	Design	06/30/2024	ACCRUE 05/2024 HWY 111 CORRIDOR PLANNING			20,296.30
401-0000-60185	Design	06/30/2024	ACCRUE 06/2024 HWY 111 CORRIDOR PLANNING			37,277.50
FY 23/24 Total:						261,211.65
401-0000-60185	Design	09/20/2024	05/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0054142REV	20,296.30
401-0000-60185	Design	09/20/2024	06/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0054348	37,277.50

Project Activity Report

GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number	Activity
401-0000-60185	Design	09/20/2024	HWY 111 CONSTRUCTION SIGNAGE	BEST SIGNS INC	98554	3,540.13
401-0000-60185	Design	09/30/2024	ACCRUE 05/2024 HWY 111 CORRIDOR PLANNING			-20,296.30
401-0000-60185	Design	09/30/2024	ACCRUE 06/2024 HWY 111 CORRIDOR PLANNING			-37,277.50
401-0000-60185	Design	11/08/2024	08/2024 HWY 111 CORRIDOR PLANNING/ENGINEERIN	GHD INC.	380-0057493	22,993.50
FY 24/25 Total:						26,533.63

[201905P](#)

Professional Expense

Professional - Professional Expense

82,406.25

GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number	Activity
401-0000-60103	Professional Services	03/20/2020	02/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	8 JOB 2019-08	1,980.00
401-0000-60103	Professional Services	04/24/2020	03/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	9 JOB 2019-08	825.00
401-0000-60103	Professional Services	06/12/2020	05/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	11 JOB 2019-08	330.00
401-0000-60103	Professional Services	06/30/2020	06/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	12 JOB 2019-08	3,851.25
FY 19/20 Total:						6,986.25
401-0000-60103	Professional Services	09/04/2020	07/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	13 JOB 2019-08	9,240.00
401-0000-60103	Professional Services	09/25/2020	08/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	14 JOB 2019-08	2,475.00
401-0000-60103	Professional Services	10/09/2020	09/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	15 JOB 2019-08	2,182.50
401-0000-60103	Professional Services	12/04/2020	10/2020 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	16 JOB 2019-08	4,962.50
401-0000-60103	Professional Services	01/15/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	17 JOB 2019-08	2,657.50
401-0000-60103	Professional Services	01/22/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	18 JOB 2019-08	720.00
401-0000-60103	Professional Services	03/05/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	19 JOB 2019-08	980.00
401-0000-60103	Professional Services	03/19/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.20	3,597.50
401-0000-60103	Professional Services	04/23/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.21	2,072.50
401-0000-60103	Professional Services	05/28/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.22	1,657.50
401-0000-60103	Professional Services	06/18/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.23	1,850.00
401-0000-60103	Professional Services	06/30/2021	HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.24	2,847.50
FY 20/21 Total:						35,242.50
401-0000-60103	Professional Services	09/17/2021	07/2021 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.25	630.00
401-0000-60103	Professional Services	09/17/2021	08/2021 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.26	2,365.00
401-0000-60103	Professional Services	11/05/2021	09/2021 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.27	790.00
401-0000-60103	Professional Services	12/03/2021	10/2021 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.28	1,742.50
401-0000-60103	Professional Services	01/14/2022	11/2021 - HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.29	620.00
401-0000-60103	Professional Services	01/14/2022	12/2021 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.30	930.00
401-0000-60103	Professional Services	02/25/2022	01/2022 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.31	192.50
401-0000-60103	Professional Services	03/18/2022	02/2022 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.32	1,277.50
401-0000-60103	Professional Services	04/15/2022	03/2022 - HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.33	1,860.00
401-0000-60103	Professional Services	06/30/2022	05/2022 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.35	967.50
401-0000-60103	Professional Services	06/30/2022	06/2022 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.36	1,625.00
FY 21/22 Total:						13,000.00
401-0000-60103	Professional Services	08/26/2022	07/2022 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.37	1,812.50
401-0000-60103	Professional Services	10/07/2022	08/2022 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.38	1,700.00
401-0000-60103	Professional Services	10/28/2022	09/2022 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.39	1,962.50

Project Activity Report

GL Account Number	GL Account Name	Post Date	Description	Vendor Name	Item Number	Activity
401-0000-60103	Professional Services	12/16/2022	12/2022 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.41	875.00
401-0000-60103	Professional Services	02/03/2023	12/2022 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.42	3,312.50
401-0000-60103	Professional Services	02/24/2023	01/2023 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.43	700.00
401-0000-60103	Professional Services	05/05/2023	03/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.45	2,137.50
401-0000-60103	Professional Services	05/05/2023	03/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.44	725.00
401-0000-60103	Professional Services	06/23/2023	05/2023 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.47	1,250.00
401-0000-60103	Professional Services	06/30/2023	06/2023 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.48	675.00
FY 22/23 Total:						15,150.00
401-0000-60103	Professional Services	08/25/2023	07/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.49	637.50
401-0000-60103	Professional Services	10/13/2023	08/2023 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.50	437.50
401-0000-60103	Professional Services	10/27/2023	09/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.51	700.00
401-0000-60103	Professional Services	11/17/2023	10/2023 - 2019-05 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.52	525.00
401-0000-60103	Professional Services	01/19/2024	11/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.53	887.50
401-0000-60103	Professional Services	01/19/2024	12/2023 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.54	875.00
401-0000-60103	Professional Services	02/23/2024	01/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.55	2,337.50
401-0000-60103	Professional Services	04/26/2024	03/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.57	500.00
401-0000-60103	Professional Services	05/31/2024	04/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.58	750.00
401-0000-60103	Professional Services	06/30/2024	05/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.59	537.50
401-0000-60103	Professional Services	06/30/2024	06/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2019-08.60	987.50
FY 23/24 Total:						9,175.00
401-0000-60103	Professional Services	09/06/2024	07/2024 - HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2024-03.01	970.00
401-0000-60103	Professional Services	10/04/2024	08/2024 - HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2024-03.02R1	475.00
401-0000-60103	Professional Services	11/08/2024	09/2024 HIGHWAY 111 CORRIDOR	NAI CONSULTING INC	2024-03.03	1,407.50
FY 24/25 Total:						2,852.50
Total Expenses:						1,049,693.33
201905 Total:						9,407.43

Summary

Project Summary

Project Number	Project Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
201905	Highway 111 Corridor Area Plan Imp	1,040,285.90	1,049,693.33	-9,407.43
Project Totals:		1,040,285.90	1,049,693.33	-9,407.43

Group Summary

Group	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
Fund 401 Construction in Process	1,040,285.90	1,049,693.33	-9,407.43
Group Totals:	1,040,285.90	1,049,693.33	-9,407.43

Type Summary

Type	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
St Improvements	1,040,285.90	1,049,693.33	-9,407.43
Type Totals:	1,040,285.90	1,049,693.33	-9,407.43

[CLICK HERE to Return to Agenda](#)

City of La Quinta

FINANCIAL ADVISORY COMMISSION MEETING

STAFF REPORT

TO: Members of the Financial Advisory Commission

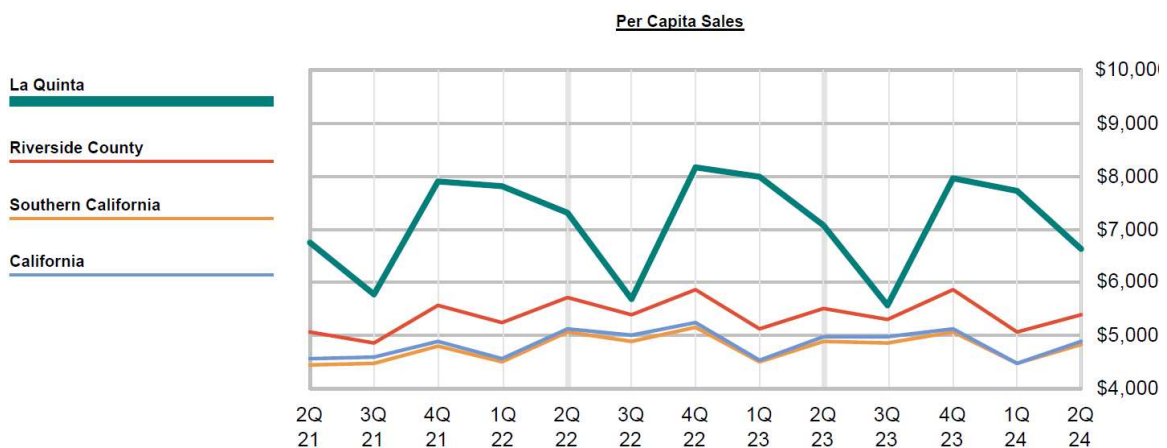
FROM: Rosemary Hallick, Principal Management Analyst

DATE: November 13, 2024

SUBJECT: SECOND QUARTER 2024 (APRIL-JUNE) SALES TAX UPDATE

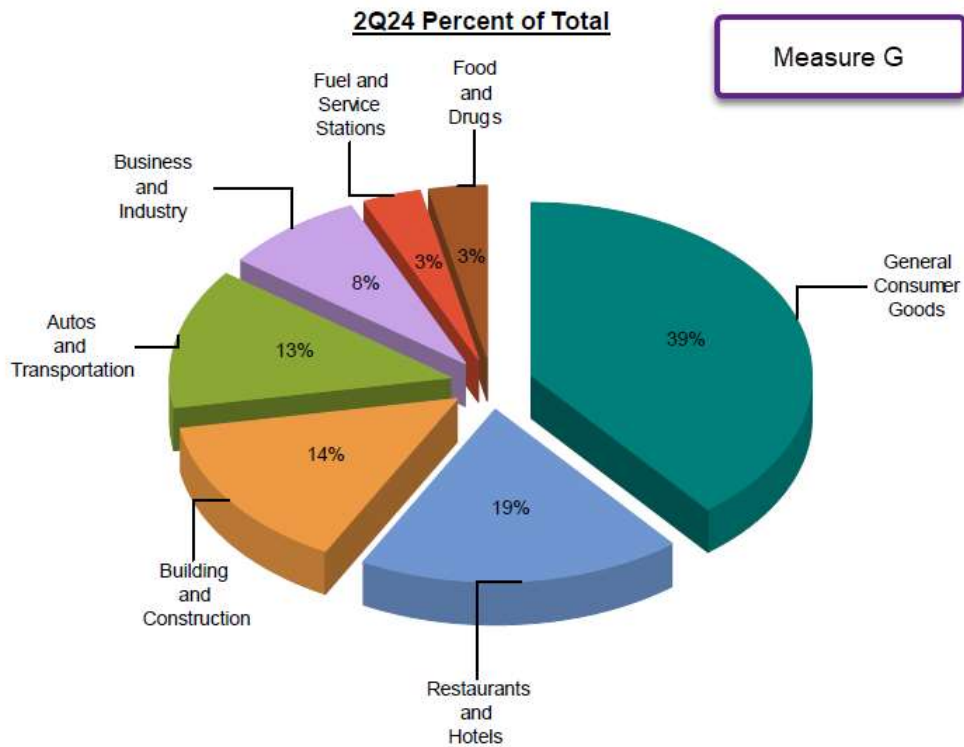
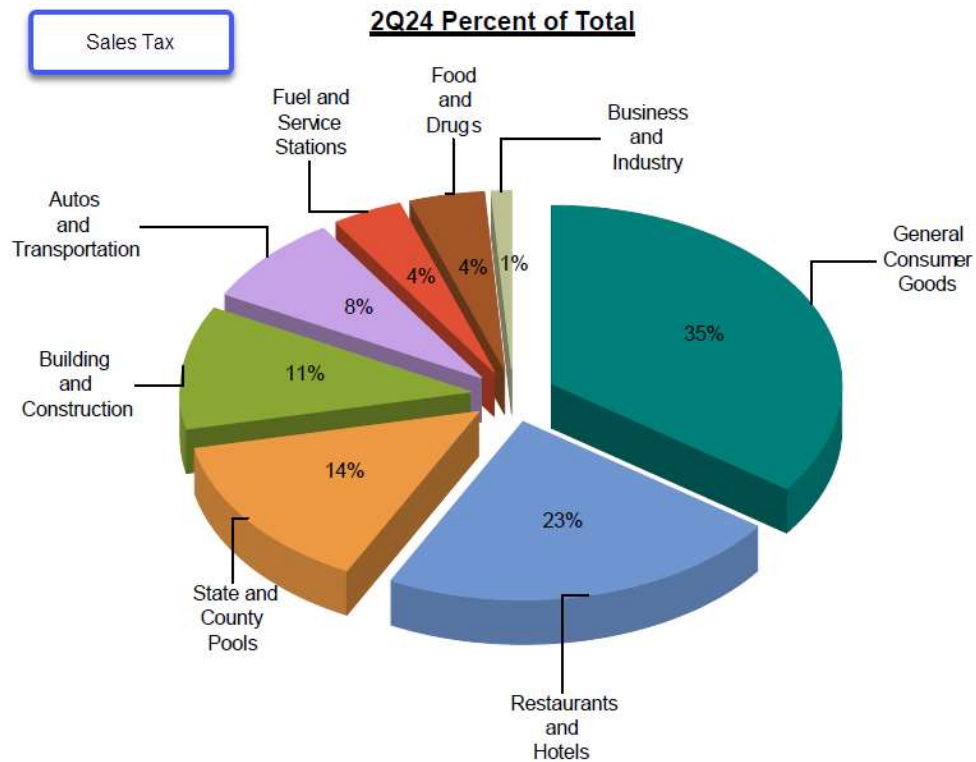
The attached report was prepared by consultants, HdL Companies, as an update of sales tax receipts for second quarter sales from April to June 2024.

- La Quinta’s overall adjusted sales tax receipts for major industry groups decreased 4.5% as compared to last year. As a comparison, Riverside County was down 0.5% and the state was down 0.7%. The decrease was spread between various categories such as general consumer goods, restaurants (particularly fine dining and fast-casual), state & county pools, building and construction, autos & transportation and fuel & service stations. Details may be found in the attached Sales Tax Update prepared by HdL.
- The City’s sales-per-capita remains higher than both the county and state averages.



- General consumer goods (such as department stores) made up 35% of sales tax revenue and 39% of Measure G revenue.
- Autos and transportation made up 8% of sales tax revenue and 13% of Measure G revenue.

- The City continues to benefit from online purchasing in the form of the County pool share, which was 14% of our sales tax revenue.



The City continuously monitors local development, economic conditions, impacts on travel and trade, and legislative and judicial news for any potential changes to sales tax collections. The City did adjust the Fiscal 2023/24 budget to account for slowing sales, however final actuals slightly missed by 0.28%.

Fiscal year-to-date sales tax collections are shown in the chart below. Combined, the City received \$27.6 million in sales and transactions taxes for the year, as compared to \$28.9 million in Fiscal 2022/23, down about 4.5%.

Payment	Bradley Burns	Measure G	MG % of BB
July 2023 Advance	\$ 833,873	\$ 1,091,167	130.86%
August 2023 Advance	\$ 725,567	\$ 966,223	133.17%
September 2023 -3rd Qtr Payment	\$ 865,626	\$ 1,136,836	131.33%
2023	\$ 2,425,066	\$ 3,194,227	131.72%
October 2023 Advance	\$ 1,099,316	\$ 1,342,070	122.08%
November 2023 Advance	\$ 979,253	\$ 1,227,838	125.39%
December 2023 4th Qtr Payment	\$ 1,273,172	\$ 1,677,790	131.78%
2023	\$ 3,351,741	\$ 4,247,698	126.73%
January 2024 advance	\$ 1,222,359	\$ 1,512,916	123.77%
February 2024 advance	\$ 1,128,322	\$ 1,382,154	122.50%
March 2024 1st Qtr payment	\$ 1,142,907	\$ 1,451,498	127.00%
2024	\$ 3,493,588	\$ 4,346,568	124.42%
April 2024 Advance	\$ 1,037,749	\$ 1,272,340	122.61%
May 2024 Advance	\$ 1,037,566	\$ 1,302,521	125.54%
June 2024 - 2nd Qtr Payment	\$ 824,768	\$ 1,107,829	134.32%
2024	\$ 2,900,083	\$ 3,682,691	126.99%
2023/24 Final Actual	\$ 12,170,477	\$ 15,471,183	
Adopted 2023/24 Budget	\$ 12,700,000	\$ 15,700,000	
2023/24 Budget Adjustment	\$ (495,000)	\$ (185,000)	
Final 2023/24 Budget	\$ 12,205,000	\$ 15,515,000	
Variance to Budget	\$ (34,523)	\$ (43,817)	

Attachment 1: HdL Q2 2024 Sales Tax Update

Attachment 2: HdL September 2024 California Forecast

CITY OF LA QUINTA

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



LA QUINTA

TOTAL: \$ 2,957,651

-4.5%

2Q2024



-0.5%

COUNTY



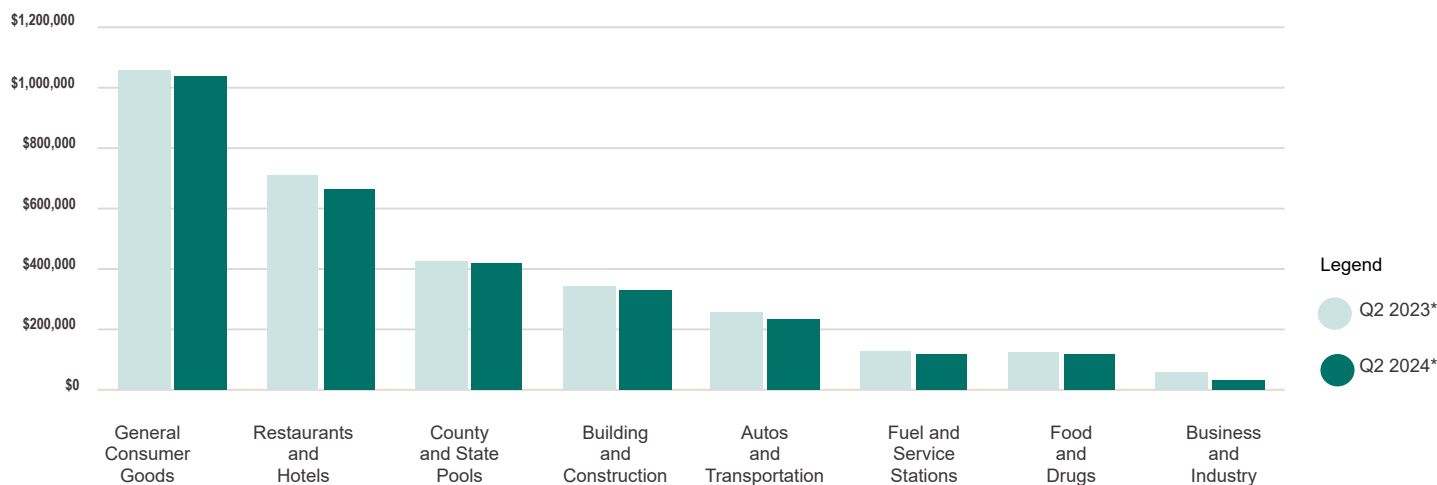
-0.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure G

TOTAL: \$3,692,568

↓ -4.0%



CITY OF LA QUINTA HIGHLIGHTS

La Quinta's receipts from April through June were 5.8% below the second sales period in 2023. Excluding reporting aberrations, actual sales were down 4.5%.

Consumers cut back on restaurant visits or picked less expensive options as they look for more ways to save amid a higher cost of living.

Despite dropping lumber prices, the building-construction industry is facing an overall slowing of new projects, reducing overall receipts.

The autos-transportation industry reported a sluggish sales quarter as consumers struggle with elevated interest rates and soaring prices.

The food-drugs groups reported slightly lower totals as prices for certain grocery categories dropped and consumers continued to look for bargains. Large, one-time use tax payments in 2Q23 created a temporary drop in receipts from the business-industry sector.

The City's share of the countywide use tax pool decreased 1.4% when compared to the same period in the prior year. Measure G, the City's voter-approved transactions and use tax, brought in an additional \$3,678,118 in revenue.

Net of aberrations, taxable sales for all of Riverside County declined 0.5% over the comparable quarterly period; the Southern California region was down 0.5%.



TOP 25 PRODUCERS

- Arco AM PM
- Best Buy
- Circle K
- Costco
- Floor & Decor
- G & M Oil
- Genesis/Hyundai of La Quinta
- Home Depot
- In N Out Burger
- Kohls
- La Quinta Chevrolet & Cadillac
- La Quinta Resort & Club
- Lowe's
- Marshalls
- McDonald's
- PGA WEST Private Clubhouse & Golf Courses
- Ross
- Target
- TJ Maxx
- TJS Enterprises
- Torre Nissan
- Tower Mart
- Ulta Beauty
- Vons
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it’s only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

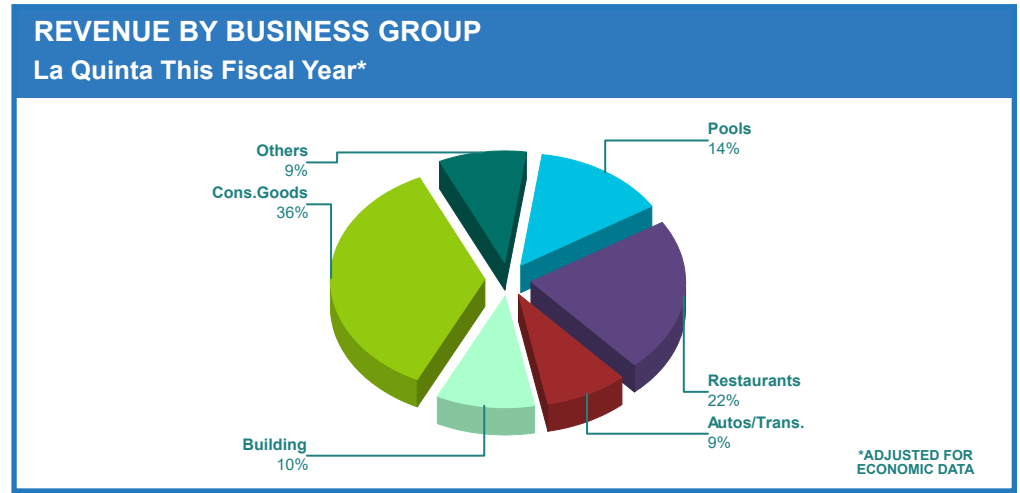
Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men’s and women’s apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper’s preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted – state law increasing California’s minimum wage at designated eateries – third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.



TOP NON-CONFIDENTIAL BUSINESS TYPES

La Quinta Business Type	Q2 '24*	Change	County Change	HdL State Change
Casual Dining	251.0	-1.7% ↓	0.1% ↑	0.7% ↑
Service Stations	119.6	-6.4% ↓	-0.9% ↓	2.3% ↑
Electronics/Appliance Stores	118.5	8.1% ↑	-1.6% ↓	-10.2% ↓
Leisure/Entertainment	114.7	-10.7% ↓	-4.5% ↓	-2.3% ↓
Quick-Service Restaurants	102.8	4.4% ↑	2.5% ↑	1.2% ↑
Family Apparel	85.4	-1.9% ↓	0.5% ↑	0.9% ↑
Grocery Stores	78.7	-4.4% ↓	1.9% ↑	1.6% ↑
Specialty Stores	68.3	-1.6% ↓	-4.4% ↓	-4.6% ↓
Fine Dining	54.5	-9.8% ↓	-5.8% ↓	-5.8% ↓
Fast-Casual Restaurants	33.3	-13.7% ↓	2.7% ↑	3.2% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars

CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS

SEPTEMBER 2024



Sierra Nevada Mountains



HdL Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com



Overview: The September Federal Funds rate reduction was an economic signal that inflation is coming in near expectations while the labor market weakened over recent months. This action may spur some changes in consumer spending patterns, but overall does not translate into a short-term burst in sales taxes. As the important holiday shopping season approaches, expectations are that buyers will start outlays sooner. Some consumers are expected to spend less as stubborn inflated prices for household obligations (utilities, insurance, and food) take priority over procurement of non-essential and gift items. The current year's minute increase will not recapture the (-1.3%) FY 2023-24 statewide decline; thus, anticipate a slow rise in revenues over the next two years.

2024/25 | 2025/26

2024/25 | 2025/26



Autos/Transportation

-0.4% | 3.5%

Tax receipts from vehicle sales continued to decline, normalizing after a period of unusually strong growth that peaked in 2022. Luxury vehicles have been hit hardest, driving a sharper drop in overall car sales. The industry remains burdened by elevated prices, high interest rates, and a challenging economic environment. While the stock market is once again nearing new all-time highs, the bond market has stabilized. Acknowledging that the Federal Reserve began cutting interest rates, recovery in the sector is likely to be gradual. Additional setbacks, such as a cyberattack on automobile dealerships that disrupted transactions during the critical two weeks before the July 4th holiday sales weekend, are expected to obscure any early signs of improvement.



Fuel/Service Stations

-3.9% | 2.0%

Most factors in this sector sustained downward pressure in 2Q24. Of note, the consumption of motor vehicle gasoline measured in gallons sold has declined 13% since the peak level in 2018. Crude and pump prices are dropping based on weaker demand in China and record levels of California fuel supplies on hand. OPEC is planning to hold current production cuts steady until the end of calendar year 2024. This has not offset impact as West Texas Intermediate barrel prices have dropped to the lowest levels since December 2021. Given these price contractions, our forecast reflects a significant reduction in the associated sales tax in the final two calendar quarters of 2024. Predictions for 2025 show a gradual boost in fuel related taxes.



Building/Construction

-0.5% | 4.0%

Second quarter 2024 results reflected several changes that lowered sales. Big box home improvement stores saw a sharper downturn as homeowners continue to suspend big-ticket purchases. Lumber and roofing suppliers in some areas are losing sales volume as roofing and general construction projects appear to be slowing. The backlog of contracts to install residential rooftopsolar projects following the change in the net metering fee structure two years ago is also winding down, cutting demand for materials. Infrastructure projects using concrete and asphalt products held steady, but some regions are sluggish. With interest rates falling in the short term, the construction industry does not expect this decline will be enough to prompt an uptick in activity.



General Consumer Goods

-0.6% | 1.3%

Direct sales tax allocations contracted in the second quarter following a soft downward revision to first quarter data from general retailers. Through the first six months of 2024, general consumer goods declined (-1.2%) compared to the prior year. While consumers remain resilient in this space, broadening of online shopping behaviors and bigger in-state fulfillment shifted allocations to other sectors. Additionally, many segments experienced deflationary pressures resulting in lower sales tax, absent substantial demand expansion. Key indicators include elevated levels of non-discretionary spending, mild personal income gains, and the expectancy for households to attempt to rebuild savings; all of which keep pressure on consumer spending habits. The short-term outlook foresees a tightening in receipts throughout the remainder of the calendar year.



Business/Industry

2.2% | 2.6%

Consumers continue to embrace the convenience of shopping online, with ecommerce sales rising and more "local" orders filled from CA-based fulfillment centers, comprising a stunning 30% of total B&I revenues. Solar/energy projects created significant gains in the recent quarter. However, medical-biotech, business-to-business, and heavy industrial sales remained relatively flat or declined as economic variables stunted potential growth. Farm/construction equipment, garden/agricultural supplies and IT-related office purchases were also sluggish. Given this group's diversity, growth rates reflect modest expansion. With twenty-one unique tax segments, predictions vary widely based on the size and character of local businesses.



Restaurants/Hotels

1.7% | 3.5%

Menu price increases led to an obvious impact on consumer behavior as foot traffic to restaurants was down about 2.5%. The noticeable shift towards value offerings saw consumers showing resistance to high menu prices. Overall, while some eateries are struggling with fewer patrons, others are finding ways to attract customers by balancing price increases with value and experience. Hotels saw a slow but steady increase in occupancy rates while navigating cost pressures and changing consumer behaviors. Growth in both segments was offset by these persistent challenges.



Food/Drugs

-0.6% | 1.5%

Grocery stores' profits rose 1.8% in 2Q24 as several businesses introduced new private label items to provide customers with a greater selection and find more value for their money. Convenience-liquor stores felt soft revenues and revealed fewer transactions on discretionary items such as liquor and snack foods. Cannabis returns had a sharp (-10.8%) decline as the price of cannabis products hit a low in the market. Further, closure of more drug stores throughout the state forced customers to shop at alternative retailers for their traditional drug stores merchandise. Last year finished -2.8%; anticipate the fiscal year 2024-25 to remain flat.



State and County Pools

2.5% | 3.0%

The taxes remitted to the pools over the last fiscal year declined 1%. Of note, pools remain the largest tax generator of the eight categories highlighted in these forecast publications. Given the nuances in California sales tax law with more online orders processed at local stores or at in-state fulfillment centers, pool revenues softened slightly from the peak of fiscal year 2021-22. Mcommerce (shopping on mobile devices) continues to contribute to an expanding ecommerce portion of national retail sales, and spending by this means broke records during the first months of 2024. Modest pool gains are estimated, offering key opportunities for growth by retailers anchored to Gen Z consumer trends using digital commerce platforms.



NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2024/25 | 2025/26

2024/25 | 2025/26



U.S. Real GDP Growth

2.4% | 2.3%

Despite concerns over the last two years, the U.S. economy has performed well, averaging a 2.8% real growth rate over the past eight quarters. Propelled by consumer spending, business investment has bounced back even with higher interest rates. Further contributing to real GDP growth are expanding real exports, which hit a record high in the second quarter of the year despite the strong dollar. Modest signs of slowing are seen in the labor and housing markets. Inflation has finally cooled after two years of ongoing efforts from the Fed to a moderate 2.6% pace over the last 12 months. The FOMC followed through and cut interest rates by 50 basis points; the first interest rate cut in over four years. These falling rates will give the U.S. economy a boost in the short run but may increase risks for 2025.



U.S. Unemployment Rate

4.3% | 4.3%

The U.S. unemployment rate has risen nearly one percentage point over the last 18 months, with payroll employment numbers revised downward. These trends may be misleading, as involuntary separations and unemployment insurance claims have not increased. Historically, such unemployment rate increases occur during recessions, but this is a lagging indicator, and current economic output is not contracting. The ongoing expansion, now over four years, shows no signs of ending. U.S. households' financial health underpins short-term optimism. Despite a softer labor market, earnings growth outpaces inflation, with weekly earnings up 3.3% over the past year. Record household net worth and low debt burdens support continued spending growth.



CA Unemployment Rate

5.3% | 5.4%

No longer the national leader, California's unemployment rate has risen to 5.3%, now tied with Illinois for 3rd place. Despite the increase in unemployment from 4.8% to 5.3% over the past year, other labor market indicators such as initial claims for unemployment insurance and data on involuntary job separations have not increased. Although the state's unemployment rate is higher than in some states, its year-over-year change was nearly identical to the national average. As of July 2024, California had 1.6 unemployed persons per job opening, higher than the national average of 0.8. This marks a significant shift from the 0.9 average between January 2022 and January 2024.



CA Residential Building Permits

108,821 | 115,871

Since 2018, residential building permits in California have stagnated, deepening the state's housing crisis. In 2Q2024 the number of residential permits issued was down 8% year-over-year, the lowest since 2Q 2016. Despite growing demand, strict zoning laws, regulatory barriers, and high construction costs have limited new builds, driving up prices and making housing unaffordable for many residents. Recent Federal Reserve interest rate cuts may boost permits by lowering borrowing costs, encouraging more projects. Governor Newsom's new housing bills aim to address the scarcity, but it is uncertain whether they will significantly reduce home prices.



CA Total Nonfarm Employment Growth

1.1% | 1.0%

California's labor market gained momentum in the second half of the year, with payrolls up 1.6% as of August 2024, compared to just 0.2% in 2023. There is little to suggest an end to the current expansion, now past the four-year mark, however California's long run growth will be limited by lack of housing. The Federal Reserve's recent 50-basis-point interest rate cut, typically reserved for economic distress, could stimulate California's labor market. The Fed does not foresee a recession in the near future.



CA Median Existing Home Price

\$739,332 | \$759,640

Housing affordability remains a challenge for California residents. High mortgage rates have increased costs for buyers and reduced the number of sellers. The recent downward trend in mortgage rates bodes well for housing market demand, as the average has declined 1.5 percentage points from its peak in October 2023 to 6.4% today. The 50-basis-point reduction in the federal funds rate might push these rates further, giving some homeowners the freedom to refinance and potentially increase listings. A significant drop in home prices is unlikely due to increased buyer interest. The core issue in the California housing market continues to be a lack of supply.

Proposition 172

Total fiscal year 2023-24 Proposition 172 (P-172) statewide revenues ended about 1% lower than the prior year. The forecast anticipates essentially flat results for the 2024-25 fiscal period, with moderate growth in 2025-26. As the calendar year Bradley-Burns results are impacted by taxpayer modifications, audits, economic impacts, etc. – Proposition 172 pro-rata factors and resultant P-172 revenues will fluctuate for many counties pursuant to the State's allocation methodology.

Watch our webinar for more info!





HdL[®] Companies

Delivering Insight, Revenue, and Efficiency
to Local Government

HdL Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics LLC

310.571.3399 | BeaconEcon.com

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.