

FINANCIAL ADVISORY COMMISSION TASK FORCE REPORT ON FEMA (FEDERAL EMERGENCY MANAGEMENT AGENCY) TO THE COMMISSION - MAY 8, 2020

MEMBERS: CORRY HUNTER AND DANIEL TWOHEY

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as Amended (Stafford Act), authorizes the President to provide federal assistance when the magnitude of an incident exceeds local government capabilities to respond or recover. Such is the case with the COVID-19 impact on the City of La Quinta.

Karla Romero on March 7 briefed the City Council on FEMA and its requirements.

FEMA is extremely bureaucratic with a myriad of restrictions, orders and regulations. Reimbursement is only allowed for local jurisdictions and can't be combined with a state or regional submission. Every single agency must adhere to their own jurisdiction's regulations, meaning each city will have its own unique submission.

FEMA will reimburse up to 75% of covered expenses. The City estimates up to \$500,000 in expenses would be eligible for FEMA reimbursement. These expenses must be clearly identified, not covered in the City budget and only performed to combat the impact of the COVID-19 virus. All expenses must be reasonable and necessary by FEMA standards not the local jurisdiction.

Some of the City expenses covered include losses not covered by insurance, material purchased to combat the COVID-19 virus, EOC costs, expenses for FIND, the local food bank, training for this specific event, disinfecting of public parks, incremental technical assistance used for communications that address the COVID-19 virus, protective equipment, enhanced law enforcement in addition to routine effort, and employee overtime cost. Some items not reimbursable include revenue losses and property tax losses.

Funds are distributed by FEMA to the state and the state pays the local agency. FEMA pays on orders or regulations the City has issued as well as policies already in place. The agency receiving the funding must comply with all federal regulations. Due to heavy demand from other organizations, funds likely will be delayed and not be received until FY 2020/2021.

FEMA documentation requirements are extensive. Their forms require submission of all effort in fighting the virus, including every staff report, every meeting, every email, meeting minutes, or executive order. Completing these forms is an extremely time consuming activity. The Finance department does not have the resources to dedicate for this extensive process.

Consequently, the City has decided to hire a consulting firm to process the FEMA reimbursement. Consultant costs are estimated at \$200,000. Consulting services would also qualify for the 75% reimbursement through FEMA. With an estimated reimbursement of approximately \$500,000, La Quinta could see a net reimbursement of approximately \$375,000.

FAC Task Force members feel contracting this service is a wise use of resources.

FINANCIAL ADVISORY COMMISSION MEETING - MAY 13, 2020 - HAND-OUT BY STAFF - REVISED ATTACHMENT 1
 STUDY SESSION ITEM NO. 1 - 2020/21 through 2024/25 Capital Improvement Program

**ATTACHMENT 1
 REVISED**

**CITY OF LA QUINTA
 CAPITAL IMPROVEMENT PROGRAM
 REVENUE SUMMARY**

Project #	Project Description	General Fund Operating	Measure G Sales Tax	SB 1 Road Maint/Rehab	Quimby Funds	DIF Transportation	Measure A	Other Revenue	Other Revenue Source	Total
2020/2021										
2021ADA	ADA Accessible Ramps - Various Locations	20,000								20,000
2021CPM	Citywide Preventative Maintenance Plan Improvements							50,000	Equip Replacement Fund	50,000
2021PMP	Pavement Management Plan Street Improvements	1,000,000								1,000,000
2021STI	Sidewalks - Various Locations	55,000								55,000
2021TMI	Citywide Traffic Signal Maintenance Improvements						205,000			205,000
201503	La Quinta Village Complete Streets - A Road Diet Project			112,000						112,000
201509	XPark Landscaping		275,000							275,000
201512	Citywide Drainage Enhancements	477,000								477,000
201702	Developer Reimbursement for DIF Eligible Improvements					400,000				400,000
201804	Landscape and Lighting Median Island Improvements	100,000								100,000
201902	Avenue 50 Bridge Spanning the Evacuation Channel					893,005		12,535,495	CVAG/Federal HBP	13,428,500
201905	Highway 111 Corridor Area Plan Implementation		250,000							250,000
202001	Monroe Street Pavement Rehabilitation (Avenue 52 to Avenue 53, and Near Ave 61)			683,098			257,902			941,000
202002	Citywide Miscellaneous ADA Improvements							121,890	CDBG Funds	121,890
202003	Citywide Public Safety Camera System							1,000,000	Public Safety Fund	1,000,000
FY 2020/2021 SUBTOTAL:		1,652,000	525,000	795,098	0	1,293,005	462,902	13,707,385		18,435,390
2021/2022										
2122ADA	ADA Accessible Ramps - Various Locations	20,000								20,000
2122CPM	Citywide Preventative Maintenance Plan Improvements							50,000	Equip Replacement Fund	50,000
2122PMP	Pavement Management Plan Street Improvements	1,000,000								1,000,000
2122STI	Sidewalks - Various Locations	55,000								55,000
2122TMI	Citywide Traffic Signal Maintenance Improvements						500,000			500,000
201512	Citywide Drainage Enhancements	477,000								477,000
201603	La Quinta Landscape Renovation Improvement		1,408,356							1,408,356
201702	Developer Reimbursement for DIF Eligible Improvements					400,000				400,000
201804	Landscape and Lighting Median Island Improvements	500,000								500,000
201805	Corporate Yard Administrative Offices and Crew Quarters		2,773,000							2,773,000
201905	Highway 111 Corridor Area Plan Implementation		1,000,000							1,000,000
202004	SilverRock Event Space		700,000							700,000
202005	City Hall Rehabilitation	100,000								100,000
202101	Fred Waring Drive Pavement Rehabilitation (Washington Street to Palm Royale Drive)						813,366			813,366
202102	Caleo Bay at Avenue 47 (New Traffic Signal)					430,000				430,000
202103	Washington Street at Lake La Quinta Drive (New Traffic Signal)					430,000				430,000
202104	Dune Palms Road Pavement Rehabilitation (Fred Waring Drive to Miles Avenue)			815,843						815,843
FY 2021/2022 SUBTOTAL:		2,152,000	5,881,356	815,843	0	1,260,000	1,313,366	50,000		11,472,565
2022/2023										
2223ADA	ADA Accessible Ramps - Various Locations	20,000								20,000
2223CPM	Citywide Preventative Maintenance Plan Improvements							50,000	Equip Replacement Fund	50,000
2223PMP	Pavement Management Plan Street Improvements	1,000,000								1,000,000
2223STI	Sidewalks - Various Locations	55,000								55,000
2223TMI	Citywide Traffic Signal Maintenance Improvements						235,000			235,000
201512	Citywide Drainage Enhancements	477,000								477,000
201702	Developer Reimbursement for DIF Eligible Improvements					400,000				400,000
201804	Landscape and Lighting Median Island Improvements	500,000								500,000
201805	Corporate Yard Administrative Offices and Crew Quarters		3,657,000							3,657,000
201904	Village Art Plaza Site Improvements (Museum/Lumberyard Building)		700,000					2,000,000	Library Funds	2,700,000
201905	Highway 111 Corridor Area Plan Implementation		1,000,000							1,000,000

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 STUDY SESSION ITEM NO. 1 - 2020/21 through 2024/25 Capital Improvement Program

Project #	Project Description	General Fund Operating	Measure G Sales Tax	SB 1 Road Maint/Rehab	Quimby Funds	DIF Transportation	Measure A	Other Revenue	Other Revenue Source	Total
202005	City Hall Rehabilitation	900,000								900,000
202201	Avenue 50 Pavement Rehabilitation (Washington St. to Eisenhower Dr.)						1,000,000			1,000,000
202202	Avenue 52 Pavement Rehabilitation (Desert Club to Washington St.)			622,196						622,196
202203	Francis Hack Lane Pavement Rehabilitation (Avenida Bermudas to Cul-De-Sac)			213,153						213,153
FY 2022/2023 SUBTOTAL:		2,952,000	5,357,000	835,349	0	400,000	1,235,000	2,050,000		12,829,349
2023/2024										
2324ADA	ADA Accessible Ramps - Various Locations	20,000								20,000
2324CPM	Citywide Preventative Maintenance Plan Improvements							50,000	Equip Replacement Fund	50,000
2324PMP	Pavement Management Plan Street Improvements	1,000,000								1,000,000
2324STI	Sidewalks - Various Locations	55,000								55,000
2324TMI	Citywide Traffic Signal Maintenance Improvements						235,000			235,000
201512	Citywide Drainage Enhancements	477,000								477,000
201702	Developer Reimbursement for DIF Eligible Improvements					400,000				400,000
201804	Landscape and Lighting Median Island Improvements	500,000								500,000
201905	Highway 111 Corridor Area Plan Implementation		1,000,000							1,000,000
202301	Avenue 58 Pavement Rehabilitation (Jefferson Street to Madison Street)						1,190,000			1,190,000
202302	Highway 111/Simon Drive Dual Left Turn Lanes			723,850						723,850
FY 2023/2024 SUBTOTAL:		2,052,000	1,000,000	723,850	0	400,000	1,425,000	50,000		5,650,850
2024/2025										
2425ADA	ADA Accessible Ramps - Various Locations	20,000								20,000
2425CPM	Citywide Preventative Maintenance Plan Improvements							50,000	Equip Replacement Fund	50,000
2425PMP	Pavement Management Plan Street Improvements	1,000,000								1,000,000
2425STI	Sidewalks - Various Locations	55,000								55,000
2425TMI	Citywide Traffic Signal Maintenance Improvements						235,000			235,000
201512	Citywide Drainage Enhancements	477,000								477,000
201702	Developer Reimbursement for DIF Eligible Improvements					400,000				400,000
201804	Landscape and Lighting Median Island Improvements	500,000								500,000
201905	Highway 111 Corridor Area Plan Implementation		1,000,000							1,000,000
202401	Avenue 50 Sidewalk Improvements (Washington Street to Avenida Montero)						400,000			400,000
202402	Moon River Drive Pavement Rehabilitation (Ave 50 to DSUSD ROW)						400,000			400,000
202403	Seasons Way Pavement Rehabilitation (Calle Tampico to Springtime Way)						276,000			276,000
FY 2024/2025 SUBTOTAL:		2,052,000	1,000,000	0	0	400,000	1,311,000	50,000		4,813,000
TOTAL FISCAL YEARS 2020/21 THROUGH 2024/25:		10,860,000	13,763,356	3,170,140	0	3,753,005	5,747,268	15,907,385		53,201,154

FINANCIAL ADVISORY COMMISSION BUDGET TASK FORCE REPORT TO THE COMMISSION MAY 7, 2020

MEMBERS; JOHN HOFFNER, GEORGE BATAVICK AND DANIEL TWOHEY

FAC Committee Budget Review Methodology

1. Independently reviewed all staff work performed on CIP budget analysis and recommendations covering fiscal years 20/21 - 24/25. Primary review emphasis was placed on CIP budget revisions made during the first two fiscal years.
2. Requested and reviewed summarized “before/after” CIP comparisons by project by dollar amount by fiscal year to evaluate the magnitude and timing of revisions which staff recommended to CIP appropriations.
3. Requested and reviewed CIP outside funding sources by project by fiscal year to assess the likelihood of receiving such funds to support projects being planned.
4. Requested and reviewed the project prioritization methodology used by staff to formulate their conclusions and make recommendations on revisions to CIP appropriations by fiscal year.
5. Held three full-team conference calls to discuss materials provided, staff’s project prioritization methodology, and staff’s conclusions and recommendations on revisions to CIP appropriations by fiscal year.
6. Held three FAC-only conference calls to discuss these same topics, and formulate our independent conclusions and recommendations.
7. Performed an independent review of each CIP project over the first two fiscal years to determine if the FAC had any additional dollar and timing revisions to recommend.

FAC Committee Conclusions

1. Noted that the revisions recommended in CIP appropriations by fiscal year were as follows: -\$7.2 mm in 20/21, -\$2.7 mm in 21/22, +\$6.8 mm in 22/23, -\$.5 mm in 23/24, and +\$.2 mm in 24/25.
2. Noted that the cumulative total revisions in CIP appropriations over the five fiscal years were -\$3.4 mm, a net reduction of 6%.
3. Noted that in the first two fiscal years, CIP appropriations were reduced by \$9.9 mm, approximately 25%.
4. Noted that in the third fiscal year, CIP appropriations were increased by \$6.8 mm, indicating that a majority of the savings achieved in the first two fiscal years was deferred to year three.
5. Concluded that the project prioritization methodology used by staff to form conclusions and make recommendations on revisions to CIP appropriations was objective, reasonable, and effective. Concluded that the methodology preserved the City’s most critical capital projects, while reducing and deferring projects of a more discretionary nature.

6. Concluded that amounts expected to be received from outside funding sources were reasonable but need to be closely monitored.
7. Concluded that the FAC had no additional recommendations on staff-proposed revisions to the dollar amounts and timing of CIP appropriations by project in the first two fiscal years.
8. Final conclusion was that the revisions to CIP appropriations recommended by staff for FY 20/21 and FY 21/22 (-\$9.9 mm at -25%), were reasonable and appropriate, and were fully responsive to the City's needs and guidance.

FAC Committee Recommendations

1. That the Financial Advisory Commission and the City Council should approve as recommended by staff the revisions to CIP appropriations over FY 20/21-FY 24/25.
2. That, while the staff carefully monitors the CIP budget and outside funding sources on a regular basis, this formal CIP appropriations review process should be conducted again in 3-6 months to stay current with any updates to City revenue forecasts and spending priorities made in response to the severe and evolving impacts of the COVID-19 crisis.
3. That as part of that formal CIP review process, it would be helpful if Finance and Council would provide at the front-end some clear dollar and timing guidelines on desired changes needed to CIP appropriations based on any updates made to revenue forecasts and spending priorities.
4. That if Council and staff will want FAC input and guidance in any further CIP reviews, it would be more helpful to involve the FAC earlier in the review process so it can offer judgment, experience, and assistance before work has been done and conclusions formed.

FINANCIAL ADVISORY COMMISSION BUDGET TASK FORCE REPORT TO THE
COMMISSION MAY 7, 2020

MEMBERS; W. RICHARD MILLS AND STEVEN ROSEN

The Financial Advisory Commission Budget Task Force was formed to provide the entire Commission with detailed insight respecting the Proposed 2019/2020 Budget Adjustments and the 2020/2021 Budget Proposal prepared by the City of La Quinta Finance Department under the leadership of Karla Romero.

The Task Force understood that the Mission Statement was to meet with the Finance Department Staff and obtain a thorough understanding of the assumptions utilized in the budget recommendations by challenging and then validating their proposals and protocols.

The Task Force accomplished this by meeting, by Zoom, with Karla Romero and Claudia Martinez on three separate occasions. The meetings focused upon revenue projections, expense reductions and increases, Internal Service Fund allocations, payroll projections and variances and Measure G. The data discussed and analyzed was contained in a 95-page document.

There was a consensus that short term revenue projections should be conservative and supported by outside and independent forecasts, that short term expenses should be reduced to the extent possible without jeopardizing the level of service to the community and that short and long term CIP Projects should be deferred unless there is a compelling reason not to. The foregoing consensus was founded upon the difficulty and uncertainty of assessing the fragile nature of the future economy.

It is also recommended that the ongoing process of budget development should be closely monitored in conjunction with the Financial Advisory Commission as an added resource to the already competent City Financial Department.

Accordingly, the Task Force has concluded that the presentation by the Finance Department to the City Council on May 5, 2020 under Study Session I entitled "Discuss Fiscal Year 2020/2021 Preliminary Proposed Budget" precisely accomplished the foregoing and thus has the full support of the Task force as presented.