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STAFF REPORT

TO: JPA Executive Committee
 FROM: Scott White, President & CEO
 DATE: March 26, 2024

SUBJECT: RECOMMEND APPROVAL AND ADOPTION OF RESOLUTION NO. JPA 2024-003; A RESOLUTION OF THE JOINT POWERS AUTHORITY EXECUTIVE COMMITTEE OF VISIT GREATER PALM SPRINGS APPROVING AN AMENDMENT TO SECTION 12 OF THE AMENDED AND RESTATED JOINT POWERS AGREEMENT REGARDING CONTRIBUTION SCHEDULE FOR JOINT POWERS AUTHORITY MEMBERS

Staff Recommendation

Staff recommends that the JPA Executive Committee approve and adopt Resolution No. JPA 2024-003.

Background

VGPS staff recommended adding the City of Coachella to the JPA Executive Committee. This recommendation was based on the new economic development diversity recruitment responsibilities and the addition of short-term vacation rentals in the City of Coachella. During the JPA agreement amendment process VGPS staff learned that when the JPA was first established, an entry and operation fee were required of all JPA member agencies.

Upon executing the Joint Powers Agreement on February 1, 1989, the original JPA members (eight cities) paid an upfront fee to help establish the organization. Commencing July 1, 1989, and quarterly thereafter, each JPA member agency contributed an amount based on a funding formula.

The interim funding fee and interim operation fee were divided among the JPA member cities. The interim fee was based on .55% x gross sales and the operation fee was based on the interim fee multiplied by 15.62%. Please see the original interim funding schedule below:

Fiscal Year 1988/1989 Interim Funding Formula			
	FY 1987-1988	FY 1987-1988	
City	Estimated Gross Sales	x .55%	Interim Operation x 15.62%
Desert Hot Springs	\$ 3,338,000.00	\$ 18,359.00	\$ 2,868.00
Palm Springs	\$ 63,333,000.00	\$ 348,332.00	\$ 54,409.00
Cathedral City	\$ 10,744,000.00	\$ 59,092.00	\$ 9,230.00
Rancho Mirage	\$ 23,750,000.00	\$ 130,625.00	\$ 20,404.00
Palm Desert	\$ 47,083,000.00	\$ 258,957.00	\$ 40,449.00
Indian Wells	\$ 9,857,000.00	\$ 54,214.00	\$ 8,468.00
La Quinta	\$ 9,250,000.00	\$ 50,875.00	\$ 7,947.00
Indio	\$ 5,375,000.00	\$ 29,563.00	\$ 4,618.00
Coachella	\$ -	\$ 10,000.00	\$ 1,562.00
Total	\$ 172,730,000.00	\$ 960,017.00	\$ 150,000.00

Riverside County joined the JPA Executive Committee in 1995. The amendment to the Joint Powers Agreement approving and adopting the membership of Riverside County established a minimum contribution of \$30,000. The minimum annual contribution was subject to an annual increase at a rate of 5% per year. Outlined below are the historical payments made by Riverside County.

Riverside County Annual Contribution	
1995	\$ 31,500.00
1996	\$ 31,500.00
1997	\$ 33,000.00
1998	\$ 34,729.00
1999	\$ 36,465.00
2000	\$ 38,288.00
2001	\$ 40,202.00
2002	\$ 42,216.00
2003	\$ 44,323.00
2004	\$ 46,540.00
2005	\$ 48,865.00
2006	\$ 57,172.00
2007	\$ 57,172.00
2008	\$ 48,824.00
2009	\$ 36,618.00
New JPA formula began Jan 2010	
2010 1st half	\$ 18,309.00
FY 2010-2011	\$ -
FY 2011-2012	\$ 12,000.00
FY 2012 through 2023	\$ 12,500.00

When the TBID was established in 2009, the JPA formula was reduced by 75%. Riverside County annual contribution amount was reduced to align with the reduction of the JPA formula. Riverside County paid \$12,500 each year since FY 12/13.

We have no record why Riverside County has not used the established JPA formula that is currently .15% of gross rental revenues for non-convention lodging and .35% for convention lodging.

For reference, the Riverside County estimated JPA formula contribution for FY 22/23 would have been \$25,093.

Based on the City of Coachella’s historical transient occupancy tax (TOT) budget figures and using the JPA formula, the following table outlines what Coachella’s annual JPA contribution would have been for previous years. These calculations are for reference:

City of Coachella

FY	TOT	Gross Revenues	JPA Formula
2017/2018	\$90,360.00	\$1,004,000.00	\$1,506.00
2018/2019	\$133,385.00	\$1,482,055.56	\$2,223.08
2019/2020	\$227,076.00	\$2,523,066.67	\$3,784.60
2020/2021	\$533,044.00	\$5,922,711.11	\$8,884.07
2021/2022	\$710,666.00	\$7,896,288.89	\$11,844.43
2022/2023	\$380,060.00	\$4,222,888.89	\$6,334.33
2023/2024	\$500,000.00	\$5,555,555.56	\$8,333.33

Based on the formula from FY 88/89 and the most recent estimated TOT collections, the initial fee charged to Coachella to join the JPA Executive Committee would be as follows:

The city of Coachella entry fee calculation is based on their FY 23/24 gross revenues estimate.

$\$5,555,555.00 \times .55\% = \$30,555$ plus the operation fee ($\$30,555 \times 15.62\%$) = \$4,772. The total amount would be **\$35,327**.

Staff are recommending any new member agency should pay the entry fee and the fee should be paid within 30 days of joining the JPA Executive Committee.

Outlined below are the current JPA contribution estimates. These figures may fluctuate depending on the final gross revenues and are provided for reference.

Visit Greater Palm Springs Funding Budgets - Desert Cities 'Fiscal Year 2023-2024	
JPA Member	23/24 Annual Contribution
Cathedral City	\$ 50,625.00
Desert Hot Springs	\$ 42,841.99
Indian Wells	\$ 285,714.29
Indio	\$ 77,550.00
La Quinta	\$ 389,393.18
Palm Desert	\$ 425,000.00
Palm Springs	\$ 874,599.17
Rancho Mirage	\$ 374,591.80
Riverside County	\$ 12,500.00

Staff is recommending due to the additional responsibilities of economic development recruitment and the broader benefits recognized by the member agencies, a minimum annual JPA member contribution of \$35,000 or the current JPA formula, whichever is greater should be required by all member agencies, including Riverside County. The minimum fee would increase annually based on the CPI for Southern California. The JPA formula would not be subject to the CPI adjustment. The annual JPA member contribution, whether the minimum fee or formula fee, would be paid quarterly to the organization and adjusted at the end of the fiscal year based on actual gross room revenues.