



STAFF REPORT
4/24/2024

TO: Honorable Mayor and City Council Members

FROM: Dr. Gabriel Martin, City Manager

SUBJECT: Approve the Adoption of Resolution No. 2024-13 Approving the City of Coachella to Join the Joint Powers Authority Executive Committee and Approving the Amendment to the Second Amended and Restated Joint Powers Agreement with the Visit Greater Palms Springs (VGPS)

STAFF RECOMMENDATION:

Staff recommends:

1. Approving the adoption of Resolution No. 2024-13 approving the City of Coachella to join the Joint Powers Authority (JPA) Executive Committee;
2. Approving the amendment to the Second Amended and Restated Joint Powers Agreement with the Visit Greater Palms Springs (VGSP);
3. Appointing a council member to represent the City on the JPA Executive Committee;
4. Authorize the payment in the amount of \$35,327 for the entry and operation fee; and
5. Authorize the City Manager to execute the agreement.

EXECUTIVE SUMMARY:

The Visit Greater Palm Springs (VGPS), formerly the Greater Palm Springs Convention and Visitors Bureau (CVB) is a joint powers authority operating under the Joint Exercise of Powers Act. The VGPS promotes and enhances the hospitality, convention, and tourism industry in the Coachella Valley to the benefit of its member agencies and organizations, and their residents. On February 29, 2024, the VGPS Executive Committee approved the Second Amended and Restated Joint Powers Agreement (2nd Amendment). On March 29, 2024, the VGPS Executive Committee approved an amendment to the Second Amended and Restated Joint Powers Agreement, which then requires the approval of all the City Councils of all the existing members.

BACKGROUND:

The VGPS, formerly the Convention and Visitors Bureau (CVB), was formed in 1989 to promote and enhance the hospitality, convention, and tourism industry in the Coachella Valley. Its operative legal document is the Joint Powers Agreement (JPA), executed in 1989 and subsequently amended on multiple occasions, including on or about June 18, 2002, and most recently on or about January 20, 2016.

On February 29, 2024, the VGPS Executive Committee approved the Second Amended and Restated Joint Powers Agreement (2nd Amendment), via Resolution No. JPA 2024-002, which amended and added various sections of the JPA, briefly summarized below:

- Amend Section 3 (Purpose) – to revise the purpose set forth in the JPA to more broadly serve and benefit the VGPS Members and their constituents by developing strategies to diversify the regional economy.
- Amend Section 8 (Additional Member) – to include the City of Coachella as a VGPS Member.
- Amend Section 10 (JPA Executive Committee – Powers and Duties) – to expand the territorial boundaries of the JPA to include the City of Coachella.
- Amend Section 11 (Territorial Boundaries) – to create a 501(c) (6) entity, formerly the Board of Directors, to manage the destination activities of the JPA.
- Add Section 24 Voting – to note that each JPA Member shall have an equal vote; motions considered by the JPA Executive Committee shall require majority of votes cast (more than half) to pass a motion; and in the event of a tie vote, the motion before the JPA Executive Committee shall be deemed defeated.
- Amend language throughout for necessary updates and consistency.

Section 24 of the 2016 JPA provides that the JPA may be amended from time to time by a two-thirds vote of the entire JPA Executive Committee and a unanimous vote of the VGPS members' legislative bodies in compliance with all applicable provisions of the Joint Exercise of Powers Act and all other applicable law. Section 24 has been renumbered to Section 27 in the 2nd Amendment.

On March 29, 2024, the VGPS Executive Committee approved an amendment to the 2nd Amendment, via Resolution No. JPA 2024-003, to amend Section 12 (Contributions) to add:

- Subsection (a) – a one-time Initial Membership Fee consisting of an Entry Fee and Operation Fee; and
- Subsection (b) – an annual contribution from each VGPS Member of either 1) minimum \$35,000 each year, or 2) the applicable contribution amounts set forth in the JPA formula of Gross Rental Room Revenue for Lodging Establishments and Convention Hotels, whichever is greater.

In accordance with the JPA, the proposed amendment to the 2nd Amendment requires the approval of all City Councils that are member agencies.

DISCUSSION/ANALYSIS:

VGPS approached the City of Coachella and recommended adding the City of Coachella to the JPA Executive Committee. This recommendation is based on the addition of economic development diversity recruitment and the addition of short-term vacation rentals. During the JPA agreement amendment process VGPS learned that when the JPA was first established and organized, 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 1988/1998 Interim Funding Formula			
<u>City</u>	<u>FY 1987-1988</u> <u>Estimated Gross</u> <u>Sales</u>	<u>FY 1987-1988</u> <u>x .55%</u>	<u>Interim Operation</u> <u>x</u> <u>15.62%</u>
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
<i>Coachella</i>	\$ -	\$ 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.

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			
<i>Fiscal Year</i>	<i>TOT</i>	<i>Gross Revenues</i>	<i>JPA Formula</i>
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 FY88/89 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, which is \$5,555,555.56.
- $\$5,555,555.00 \times .55\% = \$30,555$, plus the operation fee ($\$30,555 \times 15.62\%$) = \$4,772.
- The total amount would be **\$35,327**.

VGPS 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.

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

VGPS 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. The minimum would apply to each JPA member, and 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.

ALTERNATIVES:

1. Not approve the adoption of Resolution No. 2024-13 for the City of Coachella to join the JPA Executive Committee.

2. Provide staff with alternative direction

FISCAL IMPACT:

The proposed amendment includes the addition of a one-time Initial Membership Fee for new VGPS members, consisting of an Entry Fee and Operation Fee, and a minimum Annual Contribution from all members. The Annual Contribution would be the greater of either: 1) \$35,000, or 2) the applicable contribution amounts based on the formula set forth in the 2nd Amendment.

Should the City Council approve staff recommendations, this action would authorize the appropriations in the amount of \$35,324 from the General Fund Unreserved Fund Balance (Fund 101) for this fiscal year. Furthermore, would have a future annual impact of \$35,000 moving forward in each fiscal year.

ATTACHMENTS:

1. Resolution No. 2024-13 approving the City of Coachella to join the Joint Powers Authority (JPA) Executive Committee and approving the Amendment to the Second Amended and Restated Joint Powers Agreement with the Visit Greater Palms Springs (VGSP).
2. VGPS Staff Report – March 29, 2024
3. VGPS Resolution No. JPA 2024-003 – Approving an amendment to the Section 12 of the Amended and Restated Joint Powers Agreement Regarding Contribution Schedule for the Joint Powers Authority Members
4. VGPS 2nd Amended and Restated JPA Agreement
5. VGPS Redlined 2nd Amended and Restated JPA Agreement
6. VGPS – 1989 JPA Agreement
7. VGPS – 2023 Results and 2024 Goals