

2019-21 BUDGET AT A GLANCE

Dear Indian Wells residents,

The City of Indian Wells offers an outstanding quality of life, numerous cultural and social activities, a cohesive and innovative City government, luxurious hotel properties and championship golf at the Indian Wells Golf Resort. With the adoption of the fiscal years 2019/20 and 2020/21 budgets, the City created this document to provide transparency and information to residents on the City's finances. As you will see, the City of Indian Wells continues to exemplify strong financial performance yet plans for prudent fiscal management.

City Officials have established open lines of communication with residents to meet the changing needs of our remarkable community. City services, especially public safety, are continually monitored and reviewed. These assessments ensure that all services are optimized for the needs of our residents while maintaining the highest level of fiscal responsibility.

The financial strength of the City is guided by the City Council's emphasis on conservative fiscal management and the development of a cohesive Council and management team. This, coupled with a strong local tourism economy anchored by the City's luxury resort hotels and world-class tennis facility, serve to keep the City in excellent financial health. It certainly is an exciting time to live in Indian Wells!

For more information, please visit IWbudget.com

Kevin Kevin McCarthy
Finance Director

A budget is more than a spending plan. It is a statement of priorities; a melding of ideas, thoughts, perspectives and opinions balanced against fiscal realities and constraints.

In January of each year, the City establishes a Strategic Plan that identifies critical issues, establishes broad goals and states general priorities for the City's future. During the 2019 strategic planning process, City Council identified and prioritized a list of issues facing the City to focus the City's efforts for the upcoming two-year budget cycle.

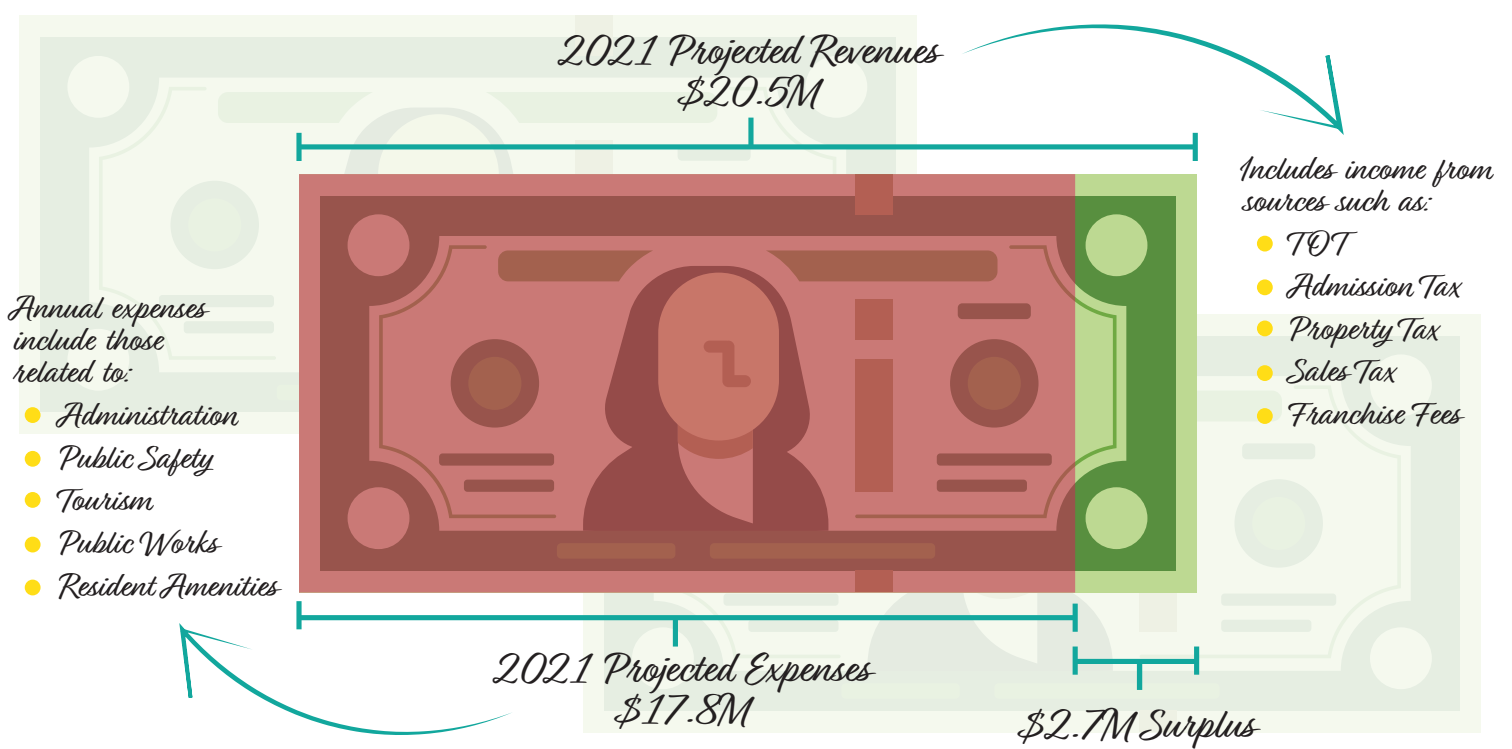
PRIORITIES & OBJECTIVES

 <p>1</p> <p>Improve the City's Long-term Fiscal Position</p> <p>Improve understanding of the City's long-term financial position in order to identify the revenue necessary to maintain the high-quality standards of Indian Wells</p> <p><i>Action Items</i></p> <ul style="list-style-type: none"> Report on key indicators and long-term cash flows 	 <p>2</p> <p>Expand Economic Development</p> <p>Create economic development opportunities to improve the City's fiscal position</p> <p><i>Action Items</i></p> <ul style="list-style-type: none"> Support approved and pending projects Seek new development Expand tourism as economic development and build business opportunities 	 <p>3</p> <p>Golf Resort Strategic Plan</p> <p>Increase revenues at the Indian Wells Golf Resort to cover a portion of the resident subsidy and capital costs within the next 3-5 years</p> <p><i>Action Items</i></p> <ul style="list-style-type: none"> Expand banquet capacity and efficiency to improve financial performance Deliver a more consistent and favorable a la carte guest experience 	 <p>4</p> <p>Palm Tree Safety Program</p> <p>Ensure public safety related to private palm trees throughout the City</p> <p><i>Action Items</i></p> <ul style="list-style-type: none"> Develop an education campaign to inform the public of safety factors related to palm trees
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REVENUES & EXPENSES

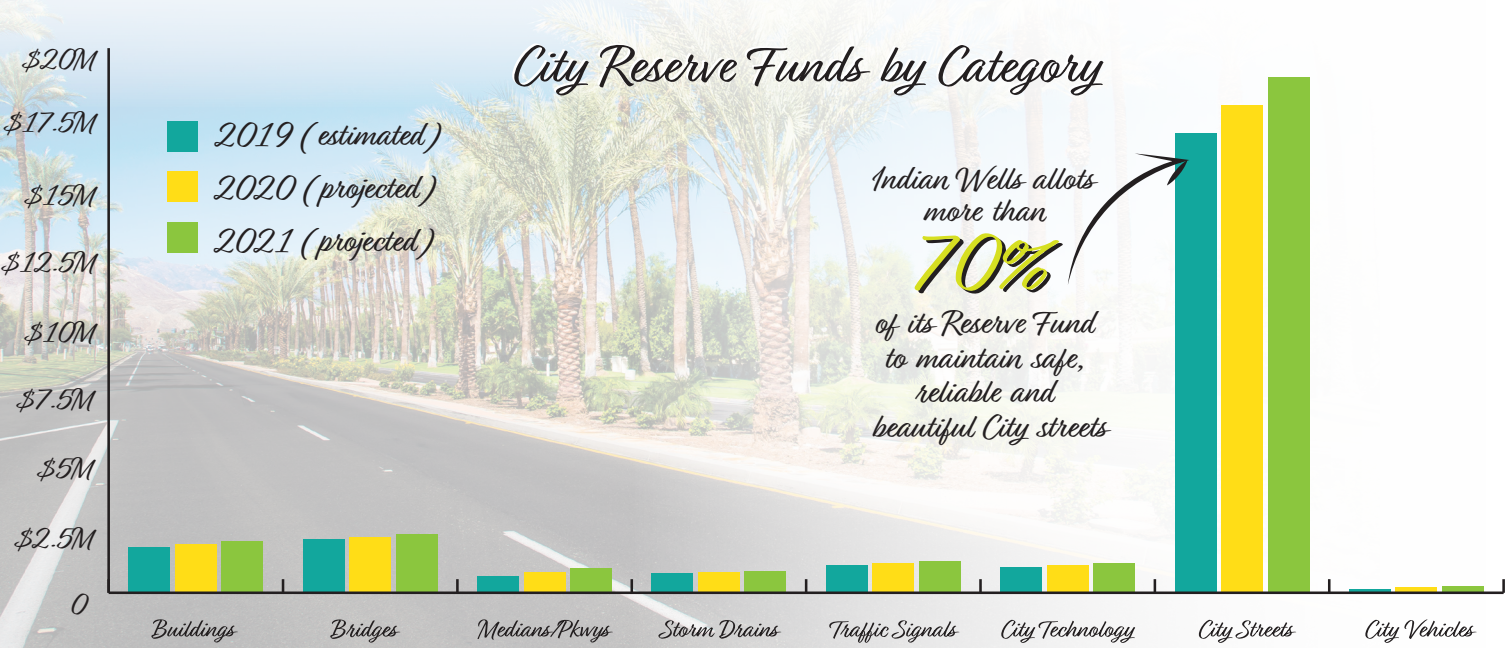
Indian Wells' economy remains strong and the budget projects moderate growth in all of the City's five major General Fund revenue categories—transient occupancy tax (TOT), admissions tax, property tax, sales tax and franchise fees.

Through Fiscal Year 2020/21, revenues are anticipated to increase from \$19.5 million to \$20.5 million due to improvements in the national economy that will enhance transient occupancy and admissions tax collections, sales tax revenues and home values. Over the next five-year period, staff expects to see operating costs increase by approximately 3.8% per year based on historical inflation trends.



The General Fund Emergency Reserve was established in the event of a catastrophic disaster or major economic downturn that would impact the City's major revenue sources, such as transient occupancy tax (TOT). The City Council has reserved \$2.25 million for this purpose.

The City also developed a financial strategy to begin setting aside reserves for future capital replacements. This fund was created to accumulate funding for new infrastructure development and the ongoing rehabilitation of existing buildings, bridges, streets and other City assets. The City reserves \$1.6 million for this purpose annually. This amount is based on a formula that is derived from the Council's capital reserve policy. The primary funding source is the City's General Fund. At the conclusion of fiscal year 2018/19, reserves totaled \$24.3 million.

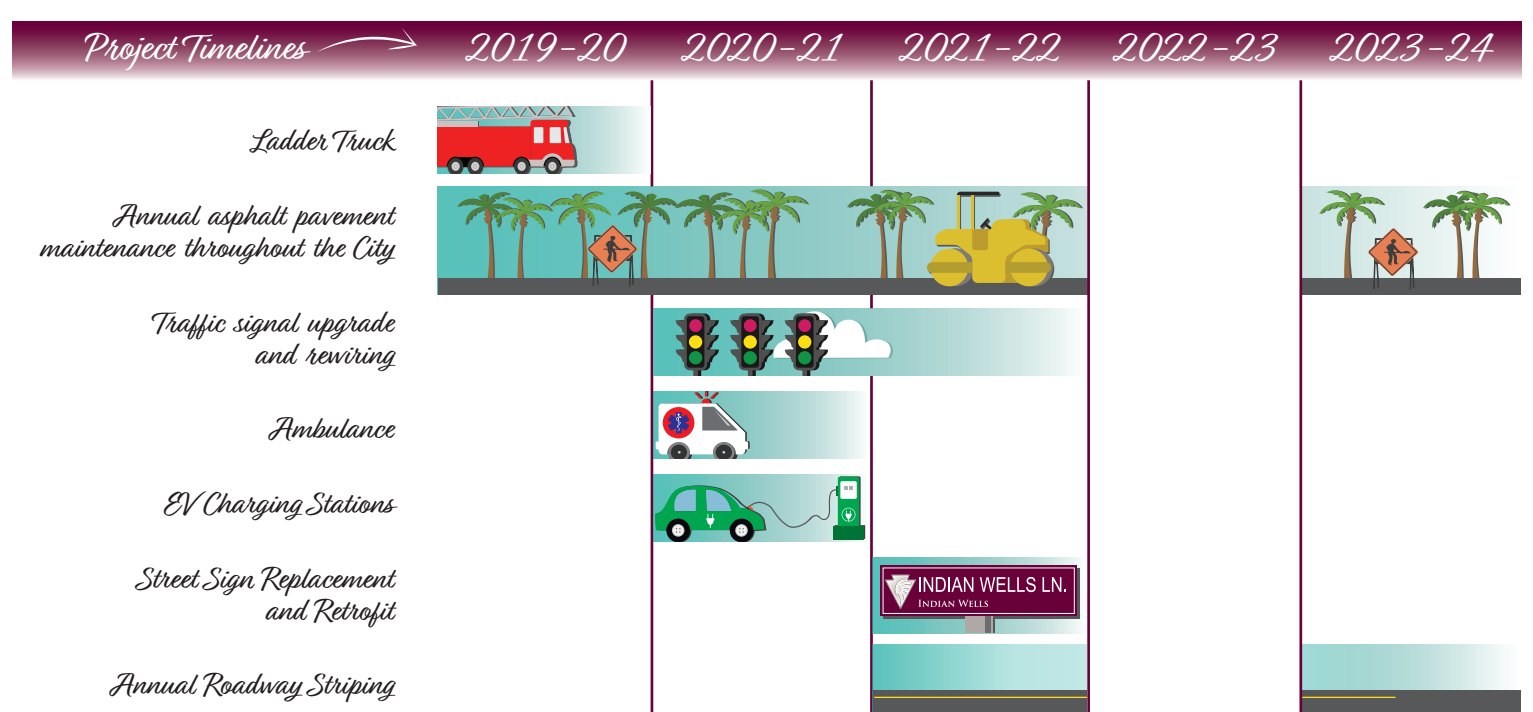


RESERVES

INVESTING IN THE FUTURE

The City works aggressively to invest in community projects that enhance the quality of life for Indian Wells residents. By promoting fiscal responsibility and long-term visioning, the City is able to implement improvement projects that are consistent with the City's long-term goals.

The budget outlines a five-year capital improvement plan, which includes 31 capital projects budgeted at \$9.9 million. Approximately \$6.7 million are General Fund expenditures and \$3.2 million come from grants and other sources. To the extent possible, the City uses grant funding from State and Federal agencies to fund capital projects.

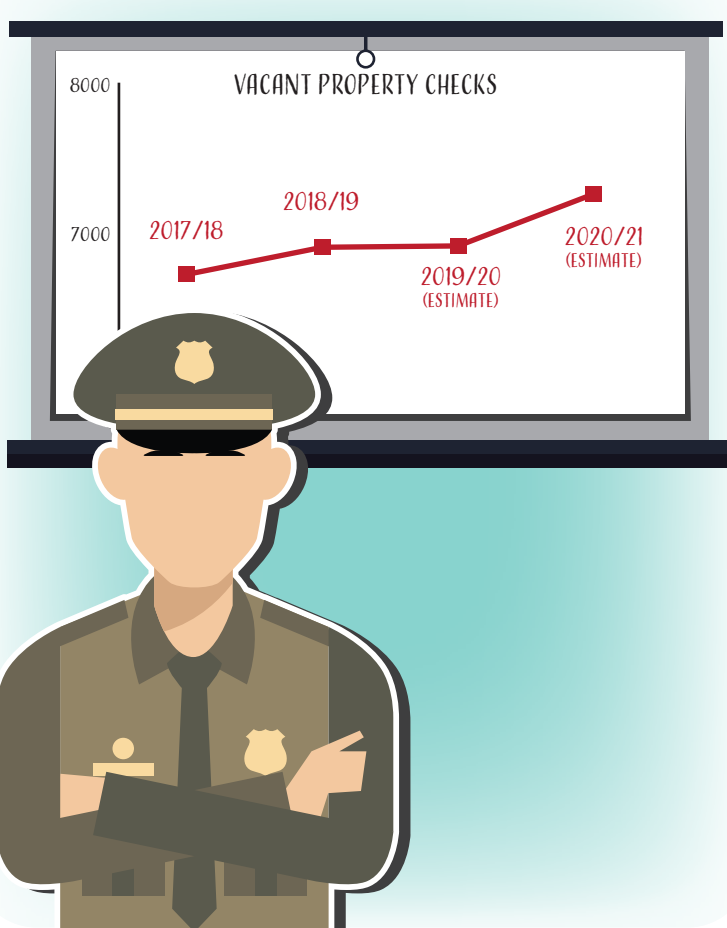


PUBLIC SAFETY

Public safety remains the top priority for the City and is reflected in the City budget, where 43% of General and Emergency Services Fund expenditures are dedicated to fire and police services. The City makes substantial investments in public safety (more than \$9.4 million annually) and Indian Wells boasts some of the lowest crime rates in Riverside County. Yet, no city is free of criminal activity and our community must remain vigilant.

Indian Wells deputies are dedicated to protecting our community 24 hours per day. The City allocates additional resources with the use of budgeted overtime. In response to spikes in crime, coverage by patrol officers is increased to provide additional burglary suppression and expand patrol, as needed.

The City believes that community outreach and a strong partnership between residents and the Sheriff's Department will yield increased public safety for our community. Deputies seek engagement by hosting Coffee with a Cop events, station tours for interested residents, crime prevention training courses and informational briefs. Deputies also assist in establishing neighborhood watch and crime prevention programs and partner with HOAs throughout the City to provide updated crime tips and prevention tactics. Pertinent safety information is shared via our social media sites and City newsletters. Each resident of the City can play a part in being a partner with our public safety teams to protect our neighbors. Please join the effort.



While addressing much-needed equipment upgrades at the VUE Grille & Bar, the City took advantage of the restaurant's closure last summer to address a full range of upgrades to the kitchen and restaurant. The remodel included:

Kitchen

After withstanding the normal wear and tear of a commercial kitchen since 2008, the kitchen equipment at the VUE was due to be replaced. The remodel included an improved kitchen layout to better facilitate food preparation for large-scale gatherings and ease in expediting food.

Dining Room

Improvements to the dining room included enclosing part of the space to offer more private function areas that generate increased revenue.

Bar

A new, larger bar provides extra seating and improved ambiance within the dining room.

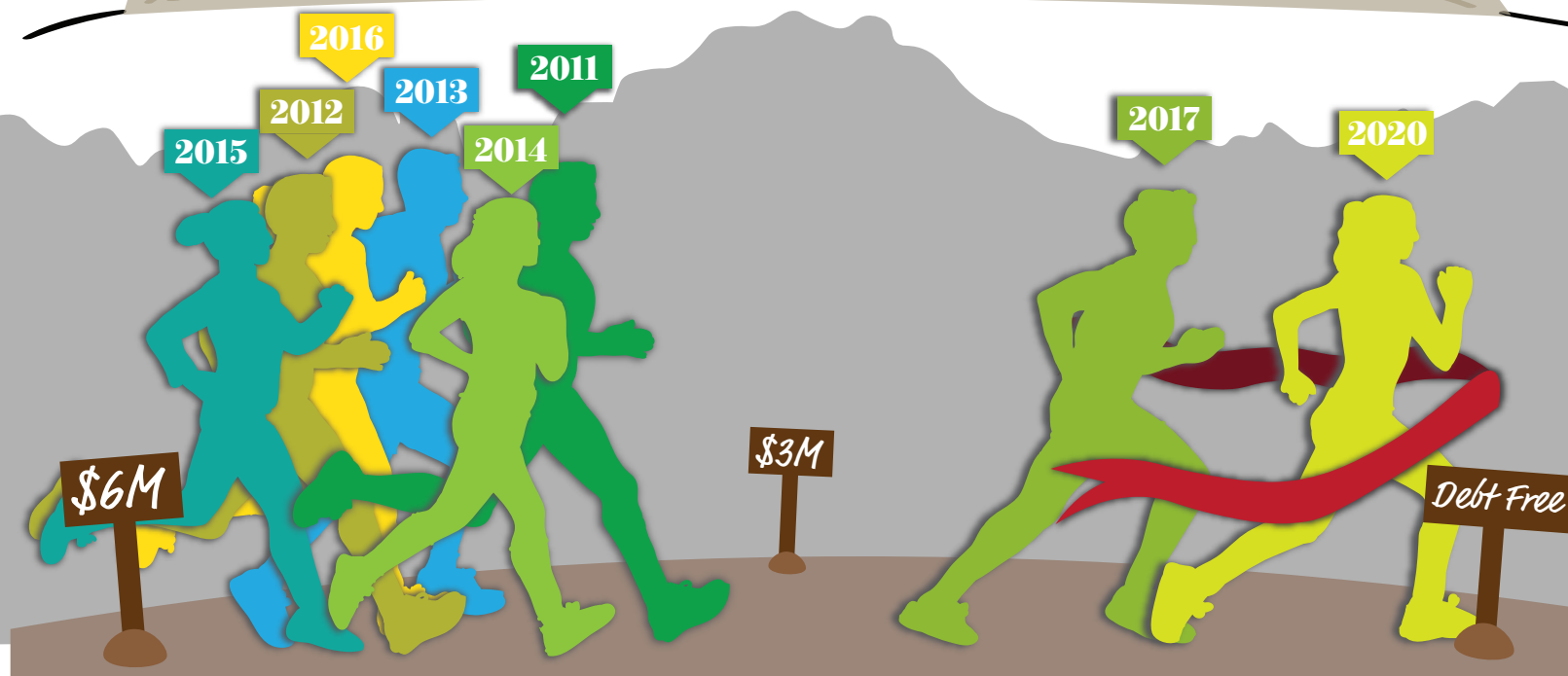
By completing all three projects at once, renovations were more cost effective and will eliminate the need for future closures in the coming years.



A NUE VUE

The City's strong financial footing allowed the City to pay off its unfunded pension liability in 2017, which has dramatically reduced City pension costs. While it is difficult to predict future market changes for the Public Employee Retirement System, the City Council has made addressing pension liabilities, and saving taxpayers millions of dollars, a top priority.

The Race to \$0 Tackling Unfunded Pension Liability in Indian Wells



PENSION COSTS

The budget not only provides a fiscal blueprint for the coming years but also provides an opportunity to reflect on what has been accomplished. The City is proud to present a sampling of achievements from the past year:



Co-sponsored the IRONMAN 70.3 event with the City of La Quinta and the Greater Palm Springs Convention & Visitors Bureau for three years

Provided \$200,000 in housing funds to address homelessness in the Coachella Valley



Hosted the resident celebration of the 50th anniversary of Indian Wells Golf Resort

Funded Highway 111 and Cook Street Date Grove improvements including sidewalk repairs, City Indian Head logo mosaic, the connection of irrigation to Mid-Valley pipeline and installation of LED programmable color palm tree lighting



Completed remodel of Fire Station 55 (including seismic retrofits) to increase public safety in the event of an earthquake

Received Mobile Source Air Pollution Reduction Review Committee grant of \$50,000 for electric vehicle charging stations at City Hall and Indian Wells Golf Resort parking lots



Funded \$130,000 for 29 local events and nonprofits through the Grants-in-Aid Committee

Reduced operating General Fund expenditures by \$1 million

ACCOMPLISHMENTS

Indian Wells City Council

- Ted J. Mertens, Mayor
- Ty Peabody, Mayor Pro Tem
- Dana Reed, Council Member
- Richard Balocco, Council Member
- Kimberly Muzik, Council Member

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