
Updated Financial
Forecast

Today's Topics:

- The Economic Forecast
- Displacing Tourism Vulnerability
- The Updated Financial Forecast
  - Looking at the cash flows
- Council Discussion
  - Council Fiscal Policies currently in Action!
  - Where do we move next?

Economic Forecast

- Ongoing travel concerns relating to the pandemic
- Inflation
- Plausible consumption of pent-up demand
- Escalating fuel prices
- *Fed tightening*



Economic Forecast

- The chances that the Federal Reserve can tame inflation without inducing a recession are narrow, especially with an inverted yield curve.

- Inverted since July 2022 – *but not a lot*

Why does Indian Wells care about the national economy?

Economic Forecast

- Tourism!







Economic Forecast

- During the fiscal year 2022, tourism revenues (transient occupancy tax, admissions tax, and sales tax) accounted for approximately 70.0% of all General Fund revenues.

- When the economy is in a recession, people travel less
  - Except for the Tennis Tournament

- So, what are our tourism partners saying about 2023?

Economic Forecast

So, how have we prepared?

Strong Cash Reserves

To compensate for vulnerability in the tourism marketplace, the City maintains large cash reserves.

Cash Available to the General Fund (as of June 30, 2022)	
General Fund	12,086,056
Golf Resort Operations	1,774,370
Internal Service Funds	1,611,211
Disaster Recovery Fund	142,129
Capital Fund	8,773,144
Capital Reserves	25,490,376
Total	**49,877,286**

Update on General Fund Loans

City has received $3.6 million – approval for another $2.6 million

Successor Agency Loan Repayments (as of June 30, 2022)

Fiscal Year	Payments	Status	Original Loan Amount - General Fund Receivable
			17,739,192
2022	1,339,192	Paid	16,400,000
2023	2,212,774	Paid	14,187,226
2024	2,587,226	Approved	11,600,000
2025	2,750,000	Estimated	8,850,000
2026	2,850,000	Estimated	6,000,000
2027	3,000,000	Estimated	3,000,000
2028	3,000,000	Estimated	-
Total	**17,739,192**		

Revenue Diversity
Use of Developer Impact Fees

- Council adopted two new impact fees:
  - Recreation Fees – dedicated to funding future capital improvements at the Indian Wells Golf Resort
  - Storm Drain Fees – dedicated to funding future capital funding for future storm drains and improvements to the Whitewater channel created by future development.

Revenue Diversity
Community Facilities Districts (CFDs)

- New Indian Wells Public Safety CFD
  - Requires new developers to pay their fair share of public safety costs without burdening existing property owners.
- Capital CFDs with Developers
  - Forming new capital CFDs to offset public development costs

Opportunities to Develop New Revenues

- Diversify Revenue
- Offset increased Police Service costs

New Revenue Opportunities			
Revenue Description	Recommended Action	Annual Financial Benefit	Comments
Sales Tax Measure	Propose a 1% Sales Tax Measure	1,500,000	This has been a common practice since the dissolution of Redevelopment. Five other Valley Cites have passed similar Measures with success.
General Parcel Tax	Propose a $25 per month General Parcel Tax	1,500,000	As a General Tax - the Ballot Measure would need 50% plus one vote to pass
Special Police Services Tax	Propose a $25 per month Special Police Services Tax	1,500,000	As a Special Tax - the Ballot Measure would need 66% to pass. However, because it is a special Tax, the City could set the annual increase of the Tax to equal the yearly percentage of Police Service increase.

Indian Wells Financial Analysis

ACCOUNT TYPE	2023B	2024F	2025F	2031F	2032F	TOTAL
General Fund	498,032	1,272,705	1,214,944	530,651	344,198	8,543,368
Golf Resort						
Golf Resort (Includes Capital)	**0**	**0**	**0**	**0**	**0**	**0**
Fire Services	1,104,604	953,925	896,767	370,395	245,202	6,907,839
Net change in Fund Balance	**1,602,636**	**2,226,630**	**2,111,710**	**901,046**	**589,400**	**15,451,207**

Indian Wells Financial Analysis

INDIAN WELLS VILLAS

	2023B	2024F	2025F	2031F	2032F
Beginning Cash Balance	1,925,110	925,110	925,110	925,110	925,110
Revenues					
Investment Earnings	48,128	23,128	23,128	23,128	23,128
Rental Income - Sr Housing	859,372	876,560	894,091	1,006,892	1,027,030
Total Revenues	**907,500**	**899,688**	**917,219**	**1,030,020**	**1,050,157**
Expenditures					
Operating Cost	665,242	695,178	726,461	946,041	988,613
Capital Repairs & Maint	242,258	204,510	190,758	83,979	61,545
Total Expenditures	**907,500**	**899,688**	**917,219**	**1,030,020**	**1,050,157**
Net Surplus / (loss)	-	-	-	-	-
Transfer out	1,000,000				
Ending Cash Balance	925,110	925,110	925,110	925,110	925,110

Indian Wells Financial Analysis

MOUNTAIN VIEW VILLAS

	2023F	2024F	2025F	2031F	2032F
Beginning Cash Balance	3,341,146	941,146	941,146	941,146	941,146
Revenues					
Investment Earnings	83,529	23,529	23,529	23,529	23,529
Rental Income - Sr Housing	1,288,418	1,314,186	1,340,470	1,509,587	1,539,779
Total Revenues	**1,371,947**	**1,337,715**	**1,363,999**	**1,533,116**	**1,563,307**
Expenditures					
Operating Cost	925,975	967,644	1,011,188	1,316,830	1,376,087
Capital Repairs & Maint	445,972	370,071	352,811	216,286	187,221
Total Expenditures	**1,371,947**	**1,337,715**	**1,363,999**	**1,533,116**	**1,563,307**
Net Surplus / (loss)	-	-	-	-	-
Transfer out	2,400,000				
Ending Cash Balance	941,146	941,146	941,146	941,146	941,146

Indian Wells Financial Analysis

HOUSING AUTHORITY

	2023B	2024F	2028F	2029F
Beginning Cash Balance	14,026,463	2,446,460	577,789	183,783
Revenues				
Investment Earnings	350,662	61,161	14,445	4,595
ROPS - City Loan 20% Contribution	442,555	517,445	600,000	-
Total Revenues	**793,216**	**578,607**	**614,445**	**4,595**
Expenditures				
Administration	883,220	856,723	758,451	25,000
Land Acquisition	12,140,000			
Channel Lining Improvements	2,500,000			
Homelessness Contributions	250,000	250,000	250,000	20,000
Total Expenditures	**15,773,220**	**1,106,723**	**1,008,451**	**45,000**
Net Surplus / (loss)	(14,980,004)	(528,117)	(394,006)	(40,405)
Transfer in	3,400,000			
Ending Cash Balance	2,446,460	1,918,343	183,783	143,377

City Council Fiscal Policy Discussion and Direction

- Continue the Council Policy of reserving $2 million annually for long-term capital replacements.
- Continue the Council Policy of maintaining a fully funded pension program.
- Continued progress on Public Safety and Capital Community Facilities Districts.