

December 31, 2020

Community Update

By Tami Scott, Administrative Services Director

Within six months of the close of each fiscal year (June 30th), state law requires the City of Cathedral City to publish a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles of the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Prepared by the Finance Department according to Municipal Code, Section 2.12.040, this report is referred to as the City's Comprehensive Annual Financial Report (CAFR). The CAFR consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests

with the management of the City. To provide a reasonable basis for making those representations, City management has established a comprehensive internal control framework designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP.

Lance, Soll, & Lunghard, LLP, a statewide firm of licensed certified public accountants, is the independent auditor of the City's finances. Each year, the goal of the independent audit is to provide assurance the financial statements are free of misstatement. The audit involves examining evidence supporting the amounts and disclosures in the financial statements for 50+ funds the City manages; assessing the accounting principles used, the legal and appropriate checks and balances that are in place to minimize risk; and, evaluating the overall presentation of the financial statements. Based upon the annual audit that was conducted this fall, the independent auditors have concluded there is a basis for rendering a favorable opinion of the City's financial statements as of and for the year ended June 30, 2019.

With the March 19, 2020 State of California statewide Executive Order and Public Health Order to Stay-At-Home, there was a significant impact on the City's final revenues – most notably with Cannabis Tax, Sales Tax and Transactions and Use Tax, and Transient Occupancy Tax.



CANNABIS TAX The City of Cathedral City has a young and burgeoning newer business cluster with the cannabis industry. During the first 4 years, more than 200 applications were received for cannabis businesses including dispensary, cultivation, manufacturing, distribution, transportation and laboratory testing. As of the end of this fiscal year (2019/2020), the City has 160 licensed cannabis businesses with 85 operating sites, 58 of those generating tax revenues, including 14 dispensaries, 26 cultivators, and 18 manufacturers resulting in roughly \$4.3 million in tax revenue versus the \$4.6 million in tax revenue in fiscal year 2018/2019. The projected budget for cannabis revenue for fiscal year (2019/2020) was \$6,250,000, thus almost \$2.0M short. In the upcoming fiscal year (2020/2021), we anticipate additional cultivation sites opening within our city limits resulting in revenues increasing to an estimated \$5.0 million in annual revenues. The original adopted (2020/2021) budget reflected a projection of \$7.5M in total cannabis revenues; however, the major source of that projection was a reflection of the anticipated 300,000 +/-square foot Ramon Rd cultivation facility, which is likely not to open for another year or so. As a result, cannabis revenue projections will be \$2.5M short of the projected adopted budget.

SALES TAX AND TRANSACTIONS & USE TAX Sales Tax and Use Tax is the City's lifeblood. In fiscal year 2019/2020, it accounted for almost 41.5% of the City's tax revenues and almost 31.5% of the City's traditional General Fund (Fund 100) revenues. For fiscal year 2019/2020, sales tax and transactions and use tax was \$16.0 million versus the \$17.4 million 2019/2020 adopted budget projection (and the \$17.7 million revenue in fiscal year 2018/2019), thus reflecting a \$1.4 million revenue shortage this year. Since the 2007-2009 recession, sales tax has shown steady increases as the national and local economies demonstrate continued improvement. Coming out of the Great Recession in fiscal year 2010/11 to fiscal year 2019/20, sales tax and use tax has increased almost \$6.1 million, more than 77%. Today, although not reflected in the stock market performance, the expected economic recovery to pre-COVID-19 levels is predicted to be similar to the recovery of the Great Recession.

TRANSIENT OCCUPANCY TAX (TOT) With the various City events and Coachella Valley activities throughout the year, Cathedral City continues to attract more visitors to our city. Prior to the impact of COVID-19 and the State's Stay-at-Home order, the City's TOT (hotel tax) had increased significantly from the prior fiscal year (2018/2019). The City was meeting this increased demand of visitors through the following means: (1) continued success for the Staybridge Suites Cathedral City Golf Resort at 30th Avenue near Landau Boulevard, (2) the transformed DoubleTree Golf Resort Palm Springs at Vista Chino and Landau Boulevard, and (3) the opening of a brand new Best Western Plus Desert Inn & Suites at Bob Hope and I-10. By the end of the fiscal year (2019/2020), the City's TOT had decreased approximately \$850,000 from the amount received in fiscal year (2018/2019).

As discussed early this year, we had projected COVID-19 impacts of a \$2.4M deficit. With the initial events in early March 2020 (a week prior to the March 19, 2020 State of California statewide Executive Order and Public Health Order to Stay-At-Home), cost saving measures were initiated by the City Manager's Office and Department Heads for immediate implementation to address this projected deficit:

- Effective March 12, 2020 personnel vacancies and recruiting actions were frozen – except for dispatch personnel.
- Operating related expenses deemed non-essential, e.g., travel/training, were also frozen. As a result of these measures, savings totaled almost \$1.0 million from mid-March 2020 through the end of the fiscal year ending June 30, 2020.

Although we had a better year end position than planned from the COVID-19 impacts, we must keep in mind COVID-19 started in March 2020, so the impacts were only felt in the 4th quarter of the fiscal year. COVID-19, unfortunately, has continued to impact our economy and there is concern for the ability of keeping businesses afloat, as well as, families and employees safe, while resulting in hardships for many aspects of our daily lives. Thus, we still must manage our

expenditures carefully and thoughtfully. If there is a continued downturn in the economy (especially COVID-19 impacts on the auto and tourist industry) combined with increased operating costs, there will be an adverse effect on our reserves. It is vital we keep a basic principal in mind, i.e., before we increase our baseline operational expenditures, revenues must rebound to pre-COVID-19 levels, e.g., development growth within our community.

COVID-19 INFORMATION

COVID-19 Info

Get the latest on Coronavirus Disease 2019



Business Support

Cathedral City Economic Development



By the Numbers:

As of December 31, 2020, Cathedral City had a total of 4,507 confirmed COVID-19 cases (+1,057 since December 17th) and 55 reported deaths (+10 since December 17th). Other Coachella Valley cities are reporting the following:

Coachella 5,419 cases (+1,044), 46 deaths (+7)

Desert Hot Springs 2,558 cases (+564), 38 deaths (+6)

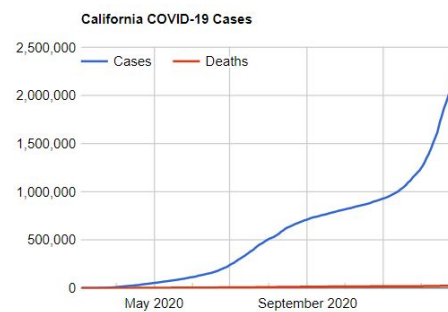
Indian Wells 127 cases (+20), 5 deaths (+1)

Indio 7,928 cases (+1,590), 116 deaths (+13)

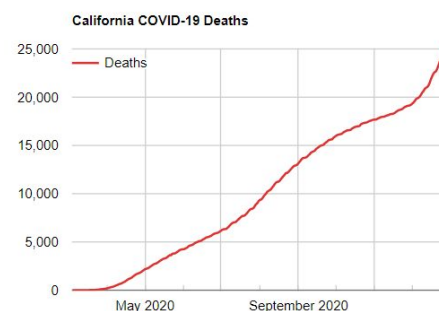
La Quinta 2,070 cases (+546), 24 deaths (+1)

Palm Desert 2,443 cases (+559), 69 deaths (+2)

Palm Springs 2,359 cases (+529), 74 deaths (+6)



Larger



Rancho Mirage 604 cases (+143), 25 deaths

Riverside County has reported 180,553 COVID-19 cases (+47,735), 1,985 deaths (+277), and 118,836 recovered cases (+47,297).

NEWS



Cathedral City Voters to Decide on STVRs Measure B - March 2

Measure B, the Cathedral City Short-Term Vacation Rental Regulation Measure, will appear on a March 2, 2021 Special Election ballot. It will be the only item on the March 2, 2021 Special Election ballot. If approved by Cathedral City voters, Measure B would uphold the City's adopted Short-Term Vacation Rental regulations and restrictions, which were developed after a year of ... [Read more.](#)

S.C.R.A.P. Gallery Launches Stay Home Virtual Family Film Fest

S.C.R.A.P. Gallery is hosting its first film festival, the Stay Home Virtual Family Film



Fest, which encourages kids and families to sit back, relax and watch. The film fest offers a variety of feature, short and super short films that can be watched for free – no television subscriptions are necessary. In addition to the films, a variety of creative ... [Read more.](#)



Stay Home for New Year's Eve and Be Healthy for 2021

Feel free to be casual or put on the Ritz, but health experts urge everyone to stay home this New Year's Eve and celebrate virtually as the coronavirus is surging at record levels. Yesterday, San Diego County reported a confirmed case of the new variant of COVID-19 that is highly contagious and first reported in the United Kingdom. It is ... [Read more.](#)

Over \$3 Million Available for Utility Assistance for Riverside County Households

From Supervisor V. Manuel Perez's Office: RIVERSIDE COUNTY – A Riverside County agency, the Community Action Partnership of Riverside County (CAP Riverside), has funding available to assist low-income households who are behind on bills for essential services. CAP Riverside's Low-Income Home Energy Assistance Program (LIHEAP) can help with payments for heating and cooling bills. Additionally, through expanded federal ... [Read more.](#)

Do you need help with your utility bills? CAP can help!

The Covid-19 pandemic has created hardships for people across Riverside County. Community Action Partnership is here to assist those in need during these trying times.

UTILITY ASSISTANCE PROGRAMS

REQUIRED DOCUMENTS FOR ELIGIBILITY

- Current utility bills (electric, gas, propane)
- Proof of household income (last 4 weeks)
- Photo ID and social security card
- Birth certificate, US passport, or proof of legal residency

CONTACT AND APPLY TO COMMUNITY ACTION PARTNERSHIP PROGRAMS

P.O. Box 5760
Riverside, CA 92517
 www.calheapparty.com
www.capriverside.org
 951-955-4900



Governor Extends Stay-at-Home Orders for Southern California Region

With ICU Hospital Bed Capacity for the Southern California Region (made up of Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, San

Luis Obispo, Santa Barbara, and Ventura counties) at 0% capacity, Governor Newsom extended the December 6th Stay-at-Home Order until ICU capacity rebounds to at least 15% or higher. Most hospitals in the Southern California Region ... [Read more.](#)

COVID-19 Vaccines in Progress along with Updated Vaccination Chart

Riverside County Public Health has released its latest vaccination chart showing the order of groups in which the county will proceed. As doses of the various vaccines become available, the county will vaccinate hospital workers, first responders, and pharmacy staff in Phase 1a – Tier 1, then they will move to Phase 1a – Tier 2 which includes home healthcare ... [Read more.](#)

COVID-19 Vaccine Schedule		
Together we can end the pandemic		
PHASE 1a: Persons at risk of exposure to SARS-CoV-2 through their work		
In-person work in shared spaces, close or prolonged close settings		
Vaccinating NOW	Vaccinating NEXT	Vaccinating NEXT
Tier 1	Tier 2	Tier 3
<ul style="list-style-type: none"> Health Care Public Safety Personnel and Associated Support Personnel (including emergency services) First Responders (Fire/EMS/Police) Correctional Facilities Daycare Centers Domestic Health Care Workers Pharmaceutical Manufacturing Workers Pharmaceutical Distribution Workers 	<ul style="list-style-type: none"> International Travelers Home Health and Hospice Public Health Workers Community Health Workers Domestic Care & Community Care Logistics (e.g., food distribution) 	<ul style="list-style-type: none"> Healthcare Workers Laboratory Workers Correctional Health Care Pharmaceutical Manufacturing Workers Pharmaceutical Distribution Workers
PHASE 1b: Persons age 17 years and older		
Persons age 18-64 years with medical conditions that increase the risk for severe COVID-19		
<ul style="list-style-type: none"> Healthcare Personnel and Associated Support Personnel (including emergency services) First Responders (Fire/EMS/Police) Correctional Facilities Daycare Centers Domestic Health Care Workers Pharmaceutical Manufacturing Workers Pharmaceutical Distribution Workers 	<ul style="list-style-type: none"> Healthcare Workers Laboratory Workers Correctional Health Care Pharmaceutical Manufacturing Workers Pharmaceutical Distribution Workers 	<ul style="list-style-type: none"> Healthcare Workers Laboratory Workers Correctional Health Care Pharmaceutical Manufacturing Workers Pharmaceutical Distribution Workers



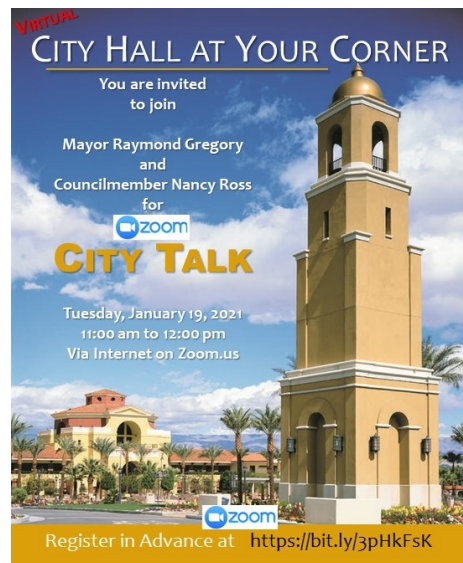
Cathedral City Police Department and Councilmember Rita Lamb Hand-out Holiday Gift Bags to Seniors

On the morning of Christmas Eve, five teams made up of the Cathedral City Police Department, Councilmember Rita Lamb, and several volunteers converged at the Cathedral Palms Senior Apartments in Cathedral City to hand-out Holiday Gift Bags. Each reusable shopping bag contained a blanket, kitchen cleaning supplies, toiletries, hand sanitizer, facial shield, crossword puzzle book, and snack cakes. Additionally, the ... [Read more.](#)

EVENTS

“City Hall at Your Corner” Happens January 19th – Register Now

Register now for January’s virtual “City Hall at Your Corner” as Mayor Raymond Gregory and Councilmember Nancy Ross host the event for an informal discussion of issues in Cathedral City. This virtual event will take place on Tuesday, January 19, 2021 from 11:00 am to 12:00 pm on Zoom.us. You must register for the event in advance at <https://bit.ly/3pHkFsK>. ... [Read more.](#)



A promotional graphic for LifeStream Blood Bank. It features two photos of women: one holding a sign that says "WE'RE IN THIS TOGETHER" and another holding a sign that says "THANK YOU, DONORS". The background is red with white text that reads "HELP SAVE LIVES", "SCHEDULE YOUR APPOINTMENT TO GIVE BLOOD!", and "SUPPORT OUR COMMUNITY BLOOD SUPPLY AND LOCAL PATIENTS". At the bottom, it says "LSTREAM.ORG/CCBD" and "LifeStream Blood Bank 800.879.4484 | LSTREAM.ORG".

Give the Gift of Life

To schedule an appointment, click below, call 800-879-4484 or download the LifeStream mobile app! Patients need your help. We are taking extra steps to keep donors safe.

“Click on the following link for a list Blood Drives in Cathedral City and to schedule an appointment. You may also call 800-879-4484 or download the LifeStream mobile app! Patients need your help. LifeStream is taking extra steps to keep donors safe.”

<https://www.lstream.org/ccbd/>



Cathedral City Postpones Special Events Until Further Notice

On March 19, 2020, Governor Newsom signed an [Executive Order \(PDF\)](#) and [Public Health Order \(PDF\)](#) directed all Californians to stay home except to go to an essential job or to shop for essential needs.

The City of Cathedral City will suspend all special events until further notice.



For Questions or Comments, Contact Chris Parman, Communications and Events Manager
cparman@cathedralcity.gov

