

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: February 26, 2026

PREPARED BY: Thomas Soule, Public Affairs Manager

SUBJECT: APPROVE A FISCAL YEAR 2025/26 EL PASEO PARKING AND BUSINESS IMPROVEMENT DISTRICT MID-YEAR BUDGET ADJUSTMENT AND AMEND THE FG CREATIVE MARKETING SERVICES CONTRACT.

RECOMMENDATION:

1. Appropriate \$50,000 to El Paseo Business Improvement District Account No. 2714491-4321500 as part of the FY 2025-26 Midyear Review.
2. Approve Amendment No. 7 to Contract No. C43370 with FG Creative to increase the FY 2025-26 not-to-exceed contract amount from \$250,000 to \$325,000.
3. Authorize the City Manager to execute Amendment No. 7 and make any necessary non-monetary changes to the agreement.

BACKGROUND/ANALYSIS:

The El Paseo Parking and Business Improvement District (EPPBID) was established in 1984 pursuant to the California Streets and Highways Code. The District is funded through annual business assessments levied on El Paseo merchants based on gross sales. Assessment revenues are restricted for qualified activities that benefit the district, including marketing and promotional efforts.

Because assessment revenues fluctuate annually based on reported sales, the District's budget varies from year to year and cannot be projected with precision at the time of budget adoption. Historically, the EPPBID Advisory Board adopts a baseline annual budget and then evaluates revenues and available fund balance mid-year to determine whether additional marketing expenditures are appropriate. When mid-year adjustments are approved, corresponding amendments to the marketing services contract are required to align contract authority with the Board-approved budget.

The City entered into a three-year agreement with FG Creative effective July 1, 2022, with two one-year extension options. Amendments to the agreement have historically been administrative in nature and tied to annual baseline budget adjustments and mid-year Board-approved increases. These amendments reflect pass-through advertising, media buying, and production costs funded by BID assessments and have not increased the agency's compensation.

For FY 2025-26, the following actions have occurred:

- Amendment No. 6 approved the first one-year contract extension at the original contract amount of \$250,000.

City of Palm Desert
FY 25/26 EPPBID Mid-year Budget Adjustment

- The City Council adopted the FY 2025-26 budget, which included \$275,000 for EPPBID marketing services.
- At its November 20, 2025 meeting, the EPPBID Board approved \$40,000 in additional advertising expenditures.
- At its December 18, 2025 meeting, the Board approved an additional \$10,000 for print advertising and social media content production.

Together, the Board’s actions constitute a \$50,000 mid-year budget adjustment. City Council approval is required to appropriate these funds and to amend the contract accordingly.

Amendment No. 7 will:

- Align the contract authority with the City Council-adopted FY 2025-26 baseline budget; and
- Incorporate the \$50,000 mid-year budget adjustment approved by the EPPBID Board.

Approval of Amendment No. 7 will increase the FY 2025-26 not-to-exceed contract amount to \$325,000. The additional authority reflects Board-approved marketing expenditures funded by BID revenues and does not increase the agency’s compensation.

Legal Review:

This report has been reviewed by the City Attorney’s Office.

FINANCIAL IMPACT:

Approval of this action will incorporate a \$50,000 adjustment into the FY 2025-26 EPPBID operating budget. Revenues are available in Fund Balance for this purpose. The adjustment will accommodate the Board approved services to be included as part of Contract Amendment No. 7 with FG Creative.

Description	Sources	Uses	Balance
FY 2025-26 EPPBID Budget	\$275,000		
2.26.26 Appropriation (This Request)	\$50,000		
Contract C43370		\$250,000	
*Amendment No. 7 (This Request)		\$75,000	
Total	\$325,000	\$325,000	\$0

**FG Creative has a multi-year contract. Amendment No. 7 is the only amendment in FY 2025-26.*

There is no fiscal impact to the General Fund with this action.

ATTACHMENTS:

1. Contract No. C43370 with FG Creative
2. Amendment No. 1 to Contract No. C43370
3. Amendment No. 2 to Contract No. C43370
4. Amendment No. 3 to Contract No. C43370
5. Amendment No. 4 to Contract No. C43370
6. Amendment No. 5 to Contract No. C43370

7. Amendment No. 6 to Contract No. C43370
8. Draft Amendment No. 7 to Contract No. C43370

CONFLICT OF INTEREST AWARENESS CHECKLIST:

Site-Specific Property Interest – Councilmembers should check if they own or lease real property within 1,000 feet of the project site (Gov. Code § 87103(b); FPPC Reg. 18702.2).

SB 1439 Applicability (Campaign Contributions) – Applies to licenses, permits, or other entitlements for use, and to contracts or franchise agreements other than competitively bid, labor, or personal employment contracts.

Applicant(s)/Appellant(s): FG Creative

Councilmembers should review any campaign contributions received within the last 12 months from parties or participants to the proceeding and must not accept contributions over \$500 from those parties for 12 months following the final decision (Gov. Code § 84308).

Note: These indicators are informational and do not constitute a legal determination. Each Councilmember is responsible for identifying and disclosing any disqualifying interests in accordance with the Political Reform Act and FPPC regulations.