

CITY OF FOSTER CITY
ESTERO MUNICIPAL IMPROVEMENT DISTRICT

FIVE YEAR FINANCIAL PLAN

For the Five Years ended June 30, 2014



CITY COUNCIL/DISTRICT BOARD

John Kiramis, Mayor / President
Rick Wykoff, Vice-Mayor / Vice-President
Pam Frisella
Art Kiesel
Linda Koelling

SUBMITTED BY THE CITY/DISTRICT MANAGER

James C. Hardy

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FOSTER CITY COMMUNITY PROFILE

Location

Foster City is located midway between San Francisco and San Jose on the western shoreline of the San Francisco Bay, east of U.S. 101, which provides convenient access to the San Francisco Airport and San Francisco to the north and Santa Clara County to the south. The City is bisected by State Route 92 (the J. Arthur Younger Freeway), which runs between Half Moon Bay to the west and Highway 880 to the east via the San Mateo-Hayward Bridge. The City encompasses 12,345 acres, of which 9,726 acres are part of San Francisco Bay and Belmont Slough, and 2,619 acres are land area.

History

Foster City had its beginning as reclaimed marshlands devoted to dairy farming and evaporation ponds. At the turn of the 20th century, the approximately 2,600 acres of tidal marshes now occupied by Foster City were owned by Frank Brewer, and the land was called Brewer Island. Brewer eventually sold his land to the Leslie Salt Company and Schilling Estate Company.

During the late 1950's, T. Jack Foster, in association with Bay Area developer Richard Grant, purchased an option to acquire Brewer Island for the development of a complete community. In 1960, the California Legislature created the Estero Municipal Improvement District (EMID), the state's first such public agency. The District was granted most of the governing powers associated with an incorporated municipality, except the powers to zone and approve development and certain

police powers. A board of three directors representing the two landowners governed the District.

Because San Mateo County retained the authority to approve development permits, T. Jack Foster prepared a master plan for the development of Brewer Island (Foster City) and submitted it to the County in 1961. The plan envisioned a self-contained community with a variety of housing types, waterfront lots and parks, an internal lagoon for drainage and public recreation, marinas, offices, stores, industry, and public services. The ultimate "buildout" was to include 11,000 housing units and a population of approximately 35,000. The Town Center, to be focused on an interior lake, was to include a combination of community and regional commercial services, offices, government agencies, entertainment establishments, and parks.



One of the more difficult aspects of the plan for the City was how to handle drainage in an area that was basically flat and at sea level. The engineering firm of Wilsey and Ham developed a plan to raise the surface level of the island four to five feet and to dig a central drainage basin area that also would serve as a runoff storage area. This drainage basin is now the Foster City Lagoon.

The County Board of Supervisors approved the Foster City plan in 1961, and groundbreaking for the first reclamation and development projects took place in August. Due to the extensive fill, compaction, and construction of facilities that had to precede any building, three years passed before the first homes were completed.

The Estero Municipal Improvement District was authorized to issue \$82,130,000 in bonds in order to finance the improvements necessary for development of Brewer Island (of which \$78,437,000 was issued). The bonds provided enough funding to build the lagoon, water system, sewer system, roads, bridges, and other necessary improvements.

By the end of 1964, 200 families had moved into Foster City. By 1966 the community had grown to 5,000 residents. The first public buildings constructed included the Corporation Yard in the early 1960's and the Public Safety Building (the former Fire Station) in 1965.

As the City developed, residents came to realize that their lack of representation on the EMID Board made it difficult to affect Board decisions on development and taxation issues. In early 1967 residents reached a compromise with T. Jack Foster and Sons to introduce legislation increasing the Board's size from three to five. Foster City residents would elect the two new directors. The legislation also contained a provision for

eventual transition of the Board to full citizen representation by 1970, a year prior to the statutory deadline. At that time, the EMID Board began incorporation proceedings.

Foster City was incorporated in April 1971, with the newly elected City Council assuming the powers of the EMID Board. Nearly seven years after the first families moved to Foster City, residents gained full control over municipal governance.

In 1972 the City opened a new City Hall. In 1974, the Recreation Center opened in Central Park (now Leo J. Ryan Park) on the shores of the Lagoon. In 1976 the fourth and last of the bridges crossing the Foster City lagoon system was completed and it was named the Bicentennial Bridge. The Foster City Community Development Agency was formed in 1981 to assist the growth of the City. A new Police Station located at 1030 East Hillsdale Boulevard was dedicated in March 1985. The Recreation Center was remodeled and expanded in 1997. A new Library/Community Center building was also completed in 1997. The new Government Center with Fire Station, City Hall, and an addition to the Police Station was completed December 2002. The new Council Chambers was completed November 2003.

Government Services

The Estero Municipal Improvement District, the City of Foster City, and the Foster City Community Development Agency provide governmental services to the citizens of Foster City. The members of the City Council serve as the policy-making body for all three governmental agencies. City voters elect Council members to staggered terms of four years each. The City Council meets regularly on the first and third Mondays of each month at 7:30 p.m. in the Council Chambers at 620 Foster City Boulevard and may call additional special

meetings. These meetings are televised on the City's government access station, FCTV Comcast Channel 27 or ATT Channel 99. All meetings of the City Council, Planning Commission and any committees are open to the public except when certain personnel matters and legal items are discussed.



Figure 2: Foster City Government Center

The City Council has appointed one commission and nine committees to advise it on matters of special interest:

- Ad Hoc Environmental Sustainability Task Force
- Ad Hoc Transportation Committee
- Arts and Culture Committee
- Audit Committee
- Education Committee
- Information Technology Advisory Committee
- Noise Abatement Committee
- Parks and Recreation Committee
- Planning Commission
- Senior Citizen Advisory Committee
- Traffic Review Committee
- Youth Advisory Committee

For additional information regarding each advisory committee or commission, please refer to the Foster City Roster, available from the City Clerk's Office, (650) 286-3253.

City of Foster City

Foster City is a general law city (rather than a charter city) as established by the California Government Code, Section 34102, and uses the Council-Manager form of government. A City Manager is appointed by and responsible to the City Council to serve as Chief Administrative Officer overseeing personnel, developing the budget, proposing policy objectives, and implementing policies and programs adopted by the City Council. Nine departments report to the City Manager, which include:

- Five line departments, so-called because they provide direct services to the public: Community Development, Fire, Parks and Recreation, Police, Public Works; and
- Four support departments, which primarily serve to support the efforts of the line departments: Administrative Services, City Clerk, Financial Services and Human Resources.

The City's administrative offices are located at 610 Foster City Boulevard, and can be reached by phone at (650) 286-3200 or from the City's web site at www.fostercity.org.

Estero Municipal Improvement District

As described in the History section, the Estero Municipal Improvement District (EMID) was created in 1960 and granted most of the governing powers associated with an incorporated municipality. EMID sold bonds to finance the major improvements needed for development of the City. EMID provides water and sewer service to Foster City and water service to Mariner's Island and is a separate legal entity with

the City Council serving as its Board of Directors. The last of the EMID bonds was paid off on August 1, 2007.

Community Development Agency

While Foster City has historically been a bedroom community, the City has made an effort to broaden its tax base and provide a more balanced mix of uses. A substantial amount of commercial and light industrial development has taken place in recent years, although residential growth has also continued. This commercial growth has been assisted by the creation of the Community Development Agency (CDA) and the adoption in 1981 of a redevelopment plan and program, called the "Community Development Project Area." The City Council serves as the Agency's Board of Directors.

Construction was completed in 2002 on two new project areas that were added in 1999: the Marlin Cove and Hillsdale/Gull Redevelopment Project Areas. These redevelopment projects alleviated blighted conditions as well as provided 439 units of needed housing.

The Community Development Agency receives its funding from a "tax increment" portion of the property tax. Pursuant to California Redevelopment Law, the tax increment is the increase in property taxes after the "base year" – the year the Project Area was established. The tax increment is distributed to the Community Development Agency and other agencies, subject to negotiated agreements. The Agency is also obligated to spend a minimum of 20% of the tax increment funds it receives on affordable housing. The original Project Area had a tax increment cap of \$170 million, which is expected to be reached in FY 2010-11. After the cap is reached, the CDA will no longer receive tax increment from the original Project Area, but will continue to receive tax

increment from the Marlin Cove and Hillsdale/Gull project areas.

Cultural

Foster City's Arts and Culture Committee provides a range of activities such as workshops, contests, concerts, and monthly showings in the Museum Gallery located in the Foster City Recreation Center, 650 Shell Boulevard. The Parks and Recreation Department sponsors a very popular annual Summer Concerts in the Park series.

The Foster City Library, a branch of the San Mateo County Library, is located in the Civic Center complex at 1000 East Hillsdale Boulevard. This new library building was completed in 1997 and includes 18,500 sq. ft. of library space and a 9,000 sq. ft. Community Center.

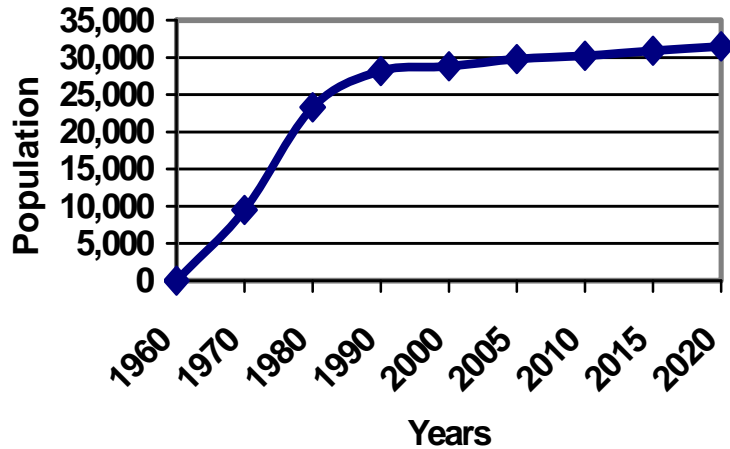
The City is one of the sponsors of two annual community events: the Fourth of July Celebration and the Art and Wine Festival. The Fourth of July Celebration is an all-day event co-sponsored by the Lions Club that includes fireworks, family games, food, demonstrations, and other activities. The Art and Wine Festival is held the first weekend after Memorial Day and is co-sponsored by the Foster City Chamber of Commerce and the Rotary Club. The Festival includes carnival, midway games, demonstrations, arts and crafts, a talent show and other events.

Population

Foster City was virtually undeveloped in 1961 but experienced major growth in the 1970's and grew at a slower pace during the 1980's and 1990's. The City's population was estimated to

be 30,308 as of January 1, 2008 by the California Department of Finance.

Population Growth



The original Master Plan estimated a population at buildout of 35,000. The City's population for the year 2005 was projected to be 31,470 according to the Foster City Land Use and Circulation Element (1993). Projections 2007 published by the Association of Bay Area Governments projects a population of 30,200 in 2010 and 31,500 in 2020.

In 2008-09 no new housing units were completed. Additional housing units are called for in the Housing Element in order to provide the City's share of the region's housing needs. This is estimated to result in a population close to the 31,470 projected in the 1993 General Plan.

Housing

In late 2002, the 439 new multi-family units included as part of the redevelopment of Marlin Cove and Hillsdale/Gull (Miramar Apartments) were completed. As of 2005, Phase III of Promontory Point (East Hillsdale Blvd./Promontory Lane) was completed and added 31 housing units bringing the total number of units in the City to 12,480. Remaining housing growth will come through redevelopment of existing sites with new housing. The Pilgrim-Triton Master Plan was approved in 2008 to include up to 730 new housing units. The City adopted a revised Housing Element of the General Plan in December 2001 that identifies potential housing sites for further evaluation in order to meet the state requirements to plan for meeting the City's share of the region's housing needs. The City is working on a revision of the Housing Element for the planning period of 2007-2014, to be adopted in 2009.

Housing Unit Growth

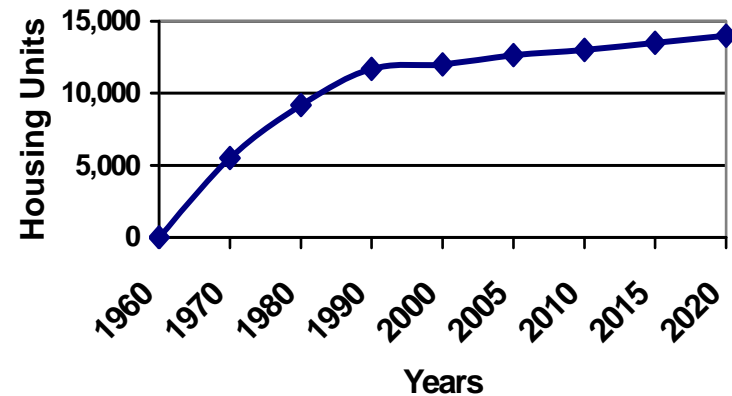




Figure 3: Miramar Apartments (Port O'Call)



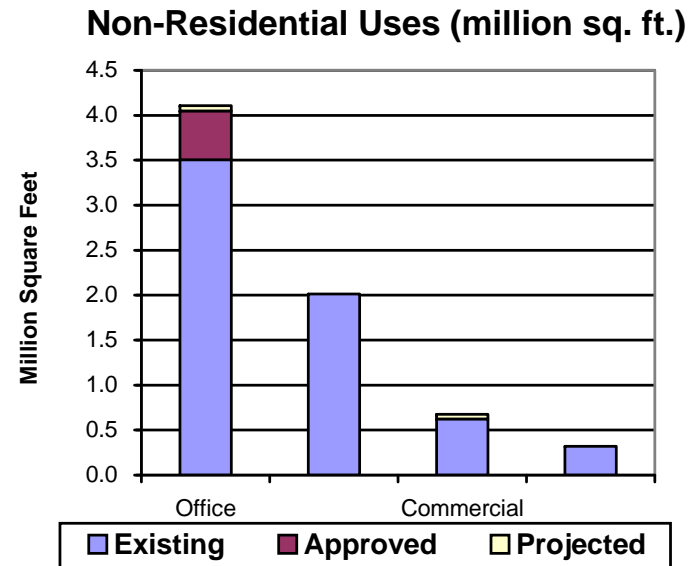
Figure 4: Marlin Cove Apartments

Land Use

The benefits of providing a balance of land uses that serve a wide range of community needs have been recognized since the first Foster City Master Plan. Although construction during the early years of Foster City was largely residential, the City has actively pursued commercial and light industrial

development over the past fifteen years to achieve a more balanced mix of uses. Commercial, office, and industrial development provide a healthy and stable tax base as well as job opportunities within the City.

Existing non-residential building stock includes 3.3 million sq. ft. of office, 2.0 million sq. ft. of industrial/research and development, 0.6 million sq. ft. of commercial and 509 hotel rooms.



The amount of office development is expected to increase over the next several years as older properties are redeveloped and the few remaining vacant sites are developed. The Pilgrim-Triton Master Plan was approved in 2008 that will, in phases, demolish about 296,000 sq. ft. of existing buildings on a 20-acre site and construct 296,000 sq. ft. of new office/commercial space and up to 720 housing units. Gilead Sciences purchased 30 vacant acres from

Electronics for Imaging (EFI) in 2009 and is expected to build out this property.



Figure 5: EFI Model of Proposed Development on East Third Avenue

Also planned are new semi-public buildings as part of the North Peninsula Jewish Center (140,000 sq. ft.). The North Peninsula Jewish Center’s Use Permit was approved in June 2000 and construction on Phase I buildings was completed in May 2004. The City is evaluating certain key development proposals: expansion of the 40-acre Gilead campus to add about 542,000 net new square feet of offices and labs, the Chess-Hatch Office Project that would demolish about 190,000 sq. ft. of office/warehouse and replace it with up to 800,000 sq. ft. of office, and the Mirabella/Parkview Plaza project to develop 11 acres of the 15-acre Civic Center site, including senior housing and retail.



Figure 6: North Peninsula Jewish Campus

Shopping

After the redevelopment of the old Port O’ Call Shopping Center with the Miramar Apartments, Foster City now has six

retail shopping areas: four neighborhood commercial centers (Edgewater Place, Marlin Cove, Charter Square and Beach Park Plaza) and two more regional-serving areas: The Marketplace along East Hillsdale Boulevard and the area along Metro Center Boulevard that includes Costco Wholesale and Orchard Supply Hardware.

A small amount of additional retail (17,000 sq. ft.) has been provided on the first floor of the Parkside Towers development at the corner of Shell and East Hillsdale Boulevards. Additional retail will be included in the Pilgrim-Triton Project and is also being considered on the 15-acre site as part of the Mirabella San Francisco/Parkview Plaza Project.

Jobs

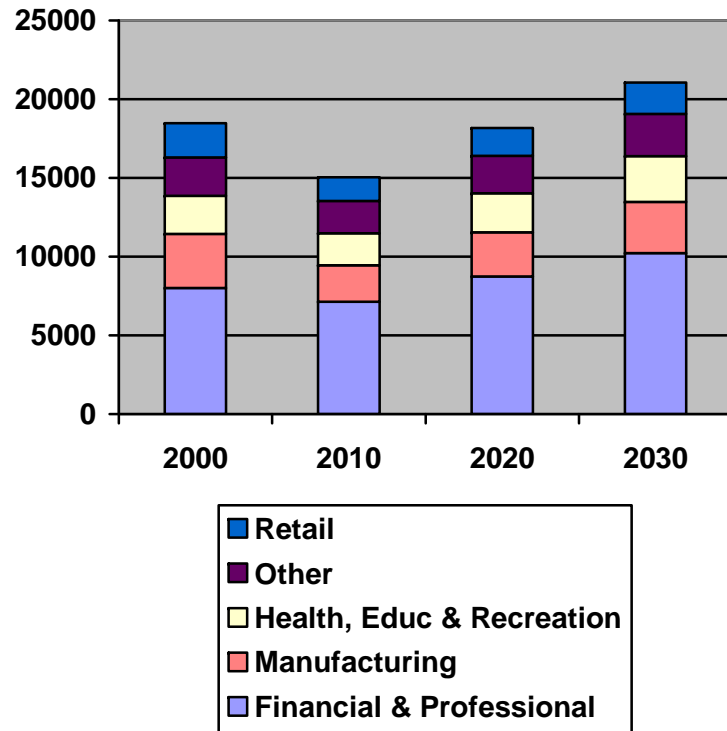
During the initial stages of Foster City’s development, new growth was mainly residential or residential-serving in nature. Since 1980, several major commercial and industrial developments have been completed, adding a substantial daytime work force population to the City and providing employment opportunities to Foster City residents. The largest employers as of April 2009 are indicated in the accompanying table.

<u>Largest Employers</u>	<u>No. of Employees</u>
VISA	3,400
Gilead Sciences	2,700
Electronics for Imaging	1,800
Applied Biosystems	1,655
San Mateo-Foster City School District	1,000

Projections 2007 by the Association of Bay Area Governments noted a decrease in jobs between 2000 and 2005 and then

projects increases in the number of jobs, from 14,230 in 2005 to 15,040 in 2010 and 18,270 in 2020.

Projected Jobs



Source: Projections 2007, Association of Bay Area Governments

Education

The community is served by various private and public educational facilities. From a public education perspective, Foster City is served by the San Mateo-Foster City School District (elementary), the San Mateo Union High School District (high school), and the San Mateo Community College

District (community college). There are six private preschools, three public and three private elementary schools, one private and one public middle (junior high) school in the city limits. High school students have the opportunity to attend one of the six public high schools in the District, as well as a variety of private high school institutions in the nearby area from which to choose. The elementary schools and high schools serving Foster City youth continue to rank in the top quartile in educational achievement statewide. Finally, there are a variety of public and private colleges and universities within 40 miles of Foster City.

Recreation

Foster City prides itself on the wealth of recreational amenities and activities provided to the community. Foster City has one of the highest ratios of park acreage to population in the nation, boasting more than 100 acres of park and open space land including bike paths, dog exercise areas, a lighted softball field, numerous soccer and youth baseball fields, tennis courts, basketball courts, picnic facilities, par-courses, and a wildlife refuge. Leo J. Ryan Park, encompassing eight acres overlooking Central Lake, is home to the gazebo, amphitheater, stage area, and the William J. Walker Recreation Center. The City completed a major renovation of the Leo J. Ryan. Park in 2005, which consists of a new boardwalk, amphitheater and other improvements. The boardwalk and the amphitheater were completed early 2004.

The City's lagoon system offers more than 200 acres of surface area, winding five miles throughout the City, for sailboat and windsurfing enthusiasts.

Through the City's Parks and Recreation Department, a wide variety of classes are offered year-round – from morning

preschool programs to creative arts, sports, and fitness programs for children, teens, adults and seniors alike. The Senior Center offers a variety of programs geared specifically for the seniors in the community. “The Vibe” Teen Center hosts activities for the youth, including a skateboard park. Finally, two bocce ball courts round out the amenities provided at the Recreation Center campus.

Active sports enthusiasts can join any number of organized team sports, including basketball, softball, soccer and volleyball.

Finally, the City offers over 25,000 square feet of meeting space at its Recreation Center and Community Center that is available for lease to the public.

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FIVE-YEAR FINANCIAL FORECAST (FY 2009-2010 to 2013-2014)

The City has prided itself in managing its financial resources effectively throughout its history. The City's successful and well-planned growth has allowed the City to maintain the level and quality of the services provided to the community through FY 2008-2009. This tradition of conservative and prudent financial forecasting has placed the City in a strong position financially to weather perhaps one of the most significant financial recessions this region, state and nation have faced in modern history.

The nation's unemployment rate as of March 2009 was 8.5%, the highest rate since 1983, and it continues to grow. California's unemployment rate for that same period was 11.2%, the highest rate in modern records.

The State of California struggled to pass a budget for FY 2008-2009 in September of 2008. No more than three months later, legislators found themselves dealing with a \$41.6 billion budget deficit through FY 2009-2010, and had to make significant cuts and implement higher taxes in order to cure that budget deficit, some of which was cured by borrowing against future revenue streams. As of March 2009, the State now forecasts an additional \$25 billion deficit for that same period, and may find themselves back in session attempting to stave off bankruptcy. Education and social services were hit hard during the last round of budget cuts, and cities are bracing themselves for the potential raid of city revenues.

Beyond the State's difficulties, significant revenue streams have declined or curbed their expected growth in the past 12 months:

- Property Taxes: The subprime mortgage meltdown of 2008, which triggered this recession, has negatively impacted home prices, which have declined nearly 15% from 2007 levels. The number of home sales in Foster City have nearly been cut in half, and a few properties in town have been subject to foreclosure notices and/or short sales. Property tax appeals have been filed by residential and commercial property owners that place nearly \$89 million in assessed value at risk. All told, however, Foster City has not seen the decline in property values nor foreclosures that other areas in the Sacramento Valley or North Bay have experienced.
- Sales and Use Tax: Sales taxes have declined 25%, or nearly \$1 million, from original projections.
- Transient Occupancy Taxes: Transient occupancy tax have remained steady, due primarily to contracts with airlines signed by the Crowne Plaza. Declining business travel and tourism may potentially impact this revenue stream in the near future.
- Building and Planning Permits: Permitting revenues are also down about 25% as construction and home improvement activity has slowed.
- Investment Earnings – The economic recession has taken its toll on the confidence of investors, who have moved money out of the stock market towards fixed securities, which has seen significant declines in interest rates. Investment returns in the LAIF portfolio have declined from 3.5% to nearly 1.5%, dropping interest earnings to half of their projected levels.

The expenditure side of the ledger has been relatively stable, however future trends may have the impact of placing significant pressures on the City's reserves.

- Personnel Costs: Monies paid to City employees accounts for over 82% of total General Fund expenditures. Salary increases based upon market conditions have been above 4% on average over the life of past contracts.
- Retirement Costs: Public employee retirement funds have taken a beating in this investment market. PERS' investment portfolio is expected to lose nearly 35% of its value by the end of fiscal year 2009. The "rate stabilization" plan instituted by PERS, which hoped to reduce fluctuation in employer costs, did not consider such a significant decline in portfolio value. While current contribution rates are relatively stable from the last two years, the rate increases in 2011-2012 are expected to be 6 to 11% depending upon market performance through the next 6-12 months. In addition, starting in FY 2009-2010, the City Council has established a "pay as you go" policy for funding its other post employment benefit ("OPEB") liabilities.
- Services, Supplies, and Internal Service Charges: These expenditure categories have seen relatively little growth in the past 3 years, increasing less than 3% per year over that time.

Beyond these difficult financial times, the City's General Fund is expected to finish FY 2008-2009 with over \$18.8 million in reserves, well above the Council's policy of a minimum reserve threshold of \$10 million. Now more than ever, prudent fiscal management will be required to ensure that the City stays financially healthy and can weather this financial storm.

The City's policy of creating a five-year financial forecast allows it the opportunity to understand the fiscal impact of decisions being made today, and gives it the chance to take corrective

steps to maintain its fiscal health as it has over the past 3 decades. The forecast is affected based upon the City's short- and long-term goals as it relates to the City's overall General Plan, the nature and extent of services and facilities provided to the community, and its capital improvement plans. These are represented in the form of the City's Policy Calendar, which is created by the City Council each year as its priorities for the future. (See the "Introduction" section of this budget for more information on the City's priority projects.)

In this economic environment, however, greater impact on the City's future rests outside of its direct control: property values and the rate of turnover provide continued growth in the property tax revenue base over the long-term; local, regional, national, and worldwide economies affect the City's financial stability; the State government's financial situation will play into Foster City's revenue projections if the State were to find other means of tapping into local revenues, even after the passage of Proposition 1A; the economy has impacted employment trends, and may affect the City's compensation philosophy of its employees. These trends have been considered in the preparation of the "Summary of Key Assumptions Used in Preparation of the Five-Year Financial Plan", located within this section of the budget.

The next 5 years will be critical in the City's effective management of its financial resources. The City will need to pay close attention to the following trends over the next several years:

- The economic recession is expected to continue until the end of 2010, with several economists predicting a slow recovery thereafter.
- Development is expected to be slow over the next five years, with the exception of the Pilgrim-Triton and Gilead Sciences Campus projects, which developers have indicated the desire and demonstrated financial ability to proceed. The Pilgrim-Triton project in particular has the

ability to generate Park-In-Lieu fees, which would help to fund park improvements in the City that otherwise might not be funded.

- Most significant is the development on the City's 15-acre site currently on hold due to the lack of available financing. Should that project proceed, current business terms indicate significant one-time revenues to the City General Fund, and over \$2 million in ongoing lease revenues for the use of City property.
- The rates paid by the City to fund employee retirement plans through CalPERS are expected to increase significantly in 2011-2012 due to investment losses in 2008-2009.
- The City will need to fund other post-employment benefit costs associated with the minimum medical plan contributions that are required by PERS after employees retire from service with the City. Such costs on a "pay as you go" basis are expected to be \$87,000 per year.
- Water and Wastewater operations will continue to be self-funded, with significant rate increases in the costs of obtaining water from San Francisco Public Utilities Commission due to the nature, extent and timing of their major capital improvement programs to improve the reliability of the Hetch Hetchy Water System.
- The five-year projections of the City's General Fund at current service levels find General Fund reserves above the \$10 million reserve by the fifth year. However, there could likely exist a structural deficit in the fifth year of close to \$1.5 million. The City would need to either reduce expenditures or increase revenues to address this structural deficit starting in FY 2011-2012.
- Beyond the five-year forecast, the City will need to pay close attention to aging infrastructure costs and a plan to fund those costs in future years.
- Significant decisions regarding land use planning and redevelopment opportunities will be made by the City

Council in the coming years that will have a direct impact on the City's long-term financial health and the types and levels of services that the community will enjoy.

- On a positive note, the City / District / CDA will be debt free from all bonded indebtedness by the end of FY 2009-2010 and will be entirely debt free by the end of FY 2010-2011.

The City has the ability to maintain current service levels through the use of its reserves to get through this time of economic uncertainty. City leaders have made prudent financial decisions throughout the City's history that have served it well. The City will need to carefully review its land use decisions based upon the service requirements to the community and the financial resources those service levels require, wisely manage its personnel costs, and look at improving existing revenues and/or new revenue streams in order to maintain existing service levels and the City's sound financial health. In summary, short of an economic recovery, the City will need to find ways to cure its structural deficit to maintain service levels in the future.

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City of Foster City

Summary of Key Assumptions Used in Preparation of the Five-Year Financial Plan for the Five Years Ended June 30, 2014

The attached City of Foster City Five-Year Financial Plan covers the five year period ending June 30, 2014. The analysis makes key assumptions that, based on historical trends and current information received from various sources, are considered most likely to be incurred. The key assumptions made in the preparation of the Plan are listed here. Several sources were used in preparing these assumptions:

- Budget information from the State Department of Finance
- Consumer price index adjustments and unemployment rate trends from the Bureau of Labor Statistics
- Residential property value trends from the National Association of Realtors, California Association of Realtors, and MLS Listings.
- Consumer spending and interest rate trends as compiled by the Federal Reserve Bank
- Property assessment valuations from the County Assessor's office
- Anticipated commercial and residential developments in the City through the Community Development Department
- Unemployment rates from the Bureau of Labor Statistics and the California Employment Development Department
- Market rates realized on existing investments and securities
- Availability of Federal and State Grants
- Pending and current legislation affecting local government revenues and costs
- Known one-time revenues and expenditures

Overall Economic Forecast

The United States and California are in the midst of a recession the likes of which have not been seen since the 1920's. Most revenue streams are trending downwards, and unemployment is at a 25 year high. The overriding assumption used in this forecast is that the economy will continue to decline through the end of 2010. Economic recovery will begin in FY 2011-2012, however the recovery will be modest in nature. In short, we will not see revenues reaching their 2007-2008 levels until the end of the 5th year other than new development anticipated in the forecast.

Revenue Assumptions

Assumptions made in determining significant revenue amounts are listed below:

Property Taxes

- Foster City has largely been exempt from the foreclosure and short-sale trends seen throughout the country, and the East Bay and Sacramento Valley specifically. Nevertheless, home sales volume has declined in the past 24 months, with significant declines in the last 6-9 months, and median home prices have fallen by approximately 10% in the past year. There is nearly \$85 million in assessed value at risk based on AV appeals with the County Assessor's Office. Historically, property taxes have grown annually at 5-10%. Given the state of the market, increases of 2% in FY 2009-2010 and 4% increases thereafter through FY 2013-2014 based on projected actual property tax collections in FY 2008-2009

are estimated. As the Community Development Agency reaches its cap in FY 2010-2011, an infusion of \$3.7 million of additional property tax revenue is expected in that year, and a total of \$4.8 million additional property tax revenues per year starting in FY 2011-2012. Additional property tax increment associated with development of the Pilgrim-Triton and Gilead Sciences projects, as discussed below, are also incorporated into the five-year forecast.

Sales & Use Tax

- The recent economic downturn has seen a reduction of nearly \$800,000 (or 20%) in sales tax revenues. Sales & use tax revenue is expected to decline an additional 10% in 2009-2010 based on projected actual receipts in FY 2008-2009. No growth is assumed for FY 2010-2011, and a 3% growth factor is expected in FY 2011-2012 and thereafter.

Transient Occupancy Tax

- Current tax rate of 8% is assessed to people staying in the City's two hotels -- Crowne Plaza and Marriott Courtyard. New and renewed airline contracts with the Crowne Plaza and refurbishment of the Courtyard have helped TOT revenues hit their targets for FY 2008-2009. Nevertheless, decline in business and consumer travel due to the economy is expected to decrease TOT revenues by 10% in FY 2009-2010, no growth in FY 2010-2011, and 3% growth in FY 2011-2012 and thereafter.

Investment Earnings

- Return on investments rate of just under 2% is anticipated over the next five years. Most of the City's investments are in fixed securities. The market has seen significant declines in return rates as funds have pulled

out of the stock market and into fixed income securities, driving down interest rates. A one-time influx of cash at the end of FY 2009-2010 from the CDA Loan Repayment will increase investment returns. Otherwise, no additional growth is anticipated in the five year period as potential increases in return rates will be offset by deficit spending.

Loan Repayments from CDA

- The Loan balance outstanding owed to the City by the Community Development Agency is \$8.15 million as of July 1, 2009. The CDA cash flow analysis indicates \$9.08 million in principal and interest repayments through FY 2010-2011 (\$7.85 million in FY 2009-2010 and \$1.23 million in FY 2010-2011).

Development and Park-in-Lieu Fees

- Based upon financial information received from the developers of the Pilgrim-Triton Development, as well as the active pursuit of all land use approvals, design review, and plan submittal towards a building permit, it is assumed that construction of Phase I will occur in FY 2010-2011, with Phases II and III commencing in FY 2012-2013 and 2013-2014, respectively. The related property tax, permit fees, and Park in Lieu fees that would be assessed as part of this development are incorporated based on the timing and construction values estimated as part of the project.
- With respect to the financial information received from the developers of the Gilead Sciences Campus development, as well as the active pursuit of all land use approvals, design review, and plan submittal towards a building permit, it is assumed that construction of Phase I will occur in FY 2011-2012. The related property tax and permit fees that would be assessed as part of this

development are incorporated based on the timing and construction values estimated as part of the project.

- The developer of the Mirabella / Parkview Project on the vacant 15-acre site has indicated that their project is on hold until financing can be obtained to proceed with this development. As a conservative measure, the five-year forecast assumes that this project will not commence until after FY 2013-2014. Accordingly, no revenues related to this project are incorporated in this five-year forecast.

Water and Sewer Revenues

- Water Rates -- The City currently serves approximately 8,400 utility customers. Due to planned water rate increases charged by the SFPUC, water rates assume a 9% revenue increase in FY 2009-2010 and 10% revenue increases annually through FY 2013-2014. These costs are expected to cover increased costs associated with the Hetch Hetchy Water System improvements and local infrastructure improvement projects.
- Sewer Rates – Sewer rates assume 7% annual revenue increase from FY 2009-2010 through FY 2011-2012, and a 6% annual revenue increases thereafter, to cover increased costs associated with the WWTP plant operations as well as lift station rehabilitation projects and other capital improvement programs.

Federal and State Funding

- The City has applied for grants available under the American Recovery and Reinvestment Act of 2009 (aka, the Federal Stimulus Package). A grant in the amount of \$440,000 is anticipated to cover the construction of roadway improvements to City streets in FY 2009-2010.

- Given the State of California's fiscal condition, several key assumptions have been made with respect to funding from the State. All existing State funding that impacts cities is expected to remain unchanged with the following exceptions:
 - *Proposition 42 Transportation Funding* – The State has committed to funding transportation initiatives passed by the voters under Proposition 42. Funding of approximately \$300,000 per year is expected through the 5-year forecast.
 - *Proposition 1B Funding* – The anticipated allocation of Proposition 1B funding passed by voters in 2006 is not expected to be received until FY 2012-2013. Foster City's allocation is estimated to be \$459,000.
 - *Booking Fees* – The State's funding to counties in support of booking suspects at county jails was eliminated in FY 2008-2009. Counties are allowed under State law to pass along those funding decreases to law enforcement agencies that they serve. The reduction in funding will require Foster City to spend an additional \$20,000 per year.
 - *Borrowing of Local Property Taxes under Proposition 1A (2004)* – The State is also considering borrowing over \$1.2 million of local property tax revenues in the form of a loan that the State would need to repay with interest within three (3) years.

Expenditure Assumptions

Assumptions made in determining significant expenditures are listed below:

Service Levels and Capital Improvement Projects Maintained

- No material service level changes are anticipated in the 5-year forecast. Proposed Capital Improvement Projects are incorporated into the Plan.

Employee Services

- Much of the City's workforce falls under collective bargaining agreements. Negotiated agreements with Police and Fire bargaining units for FY 2009-2010 and 2010-2011 have been incorporated into the budget. Unrepresented Management employees and employees represented by AFSCME are in the final year of multi-year agreements that calls for a CPI adjustment of 0.3%. A 3% increase is included for FY 2010-2011 and thereafter.
- CalPERS investment return (loss) estimates for FY 2008-2009 are projected to be a loss of 35% of the portfolio value. This return rate is not only significantly less than the actuarial assumption of a 7-3/4% gain, but will actually require the City / District to make up for a portion of those losses to return the portfolio to at least 80% of the unfunded projected benefit obligation. The rate-smoothing policy implemented by the CalPERS board in FY 2006-2007 will help keep the underlying employer contribution rates relatively smooth. Nevertheless, it is expected that the employer costs for pension benefits will increase by 3% (net of an 8% savings gained by reamortizing the unfunded actuarial liability over 30 years) for Public Safety Employees and 6.5% for Miscellaneous Employees in FY 2011-2012.

Supplies and Services, Capital Outlay, Internal Service Charges, and Reallocations

- An estimate of 3% increase in annual expenditures was used based on CPI trends and actual increased expenditures the past three fiscal years.

Anticipated Budgetary Savings (General Fund Only)

- Historical analysis of the General Fund shows that the City has annual budgetary savings (actual expenditures less than budgeted expenditures) averaging 7% per year over the past 10 years, with smaller percentages in the recent years due to conscious trimming of expenditures. The lowest savings rate during that period was 4.6% in FY 2006-2007. An estimate of 4% budgetary savings per year is used in the financial projections, with no anticipated expenditure savings in FY 2009-2010 as another conservative measure. This is only used in the General Fund analysis.

City of Foster City, California
 Summary -- All Funds
 Five Year Financial Plan for the Years Ended June 30, 2014

Revenues by Source:	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Governmental Fund Type Revenues						
Property taxes	\$ 11,275,000	\$ 11,544,000	\$ 15,533,000	\$ 17,171,700	\$ 17,932,100	\$ 18,794,500
Other taxes	\$ 8,956,000	\$ 7,360,000	\$ 7,395,000	\$ 7,602,000	\$ 7,814,000	\$ 8,029,000
Licenses and permits	\$ 1,204,000	\$ 1,030,000	\$ 2,413,000	\$ 1,541,400	\$ 1,921,000	\$ 2,310,100
Intergovernmental	\$ 2,877,000	\$ 3,386,000	\$ 2,974,000	\$ 2,974,000	\$ 3,433,000	\$ 2,974,000
Charges for current services	\$ 1,587,000	\$ 1,496,000	\$ 1,520,000	\$ 1,553,000	\$ 1,586,000	\$ 1,620,000
Special assessments	\$ 190,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	\$ 3,123,000	\$ 2,345,000	\$ 1,777,000	\$ 1,752,000	\$ 1,845,000	\$ 1,877,000
Other	\$ 491,000	\$ 565,400	\$ 607,400	\$ 4,159,900	\$ 704,400	\$ 956,800
Proprietary Fund Type Revenues						
Sales & service charges	\$ 13,446,000	\$ 14,540,000	\$ 15,806,000	\$ 17,186,000	\$ 18,619,000	\$ 20,178,000
Connection fees	\$ 77,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Vehicle, equipment rental and other user charges	\$ 5,898,501	\$ 6,148,010	\$ 6,244,000	\$ 6,416,000	\$ 6,595,000	\$ 6,778,000
Interest and rentals	\$ 1,696,000	\$ 790,000	\$ 860,000	\$ 887,000	\$ 786,000	\$ 798,000
Other	\$ 173,600	\$ 174,100	\$ 184,800	\$ 189,650	\$ 194,650	\$ 199,800
Total Revenues	\$ 50,994,101	\$ 49,383,510	\$ 55,319,200	\$ 61,437,650	\$ 61,435,150	\$ 64,515,200
Expenditures (see attached)	\$ 53,471,108	\$ 58,435,141	\$ 55,008,793	\$ 59,268,647	\$ 61,999,263	\$ 64,490,926
Net revenues over (under) expenditures before transfers	\$ (2,477,007)	\$ (9,051,631)	\$ 310,407	\$ 2,169,003	\$ (564,113)	\$ 24,274
Loan Principal Payment from CDA	\$ 3,662,643	\$ 7,034,538	\$ 1,127,000	\$ -	\$ -	\$ -
Net Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fund Balance	\$ 1,185,636	\$ (2,017,093)	\$ 1,437,407	\$ 2,169,003	\$ (564,113)	\$ 24,274
Opening Fund Balance	\$ 55,112,855	\$ 56,298,491	\$ 54,281,398	\$ 55,718,805	\$ 57,887,808	\$ 57,323,695
Ending Fund Balance	\$ 56,298,491	\$ 54,281,398	\$ 55,718,805	\$ 57,887,808	\$ 57,323,695	\$ 57,347,969

City of Foster City, California
 Expenditure Summary -- All Funds
 Five Year Financial Plan for the Years Ended June 30, 2014

Total By Expenditure	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 30,119,480	\$ 30,714,539	\$ 31,652,498	\$ 33,906,574	\$ 34,865,585	\$ 35,930,802
<i>Supplies and other</i>	\$ 14,297,233	\$ 15,395,217	\$ 16,111,995	\$ 17,412,174	\$ 19,134,791	\$ 20,578,519
<i>Capital Outlay</i>	\$ 4,084,267	\$ 7,110,496	\$ 3,350,261	\$ 3,811,219	\$ 3,803,406	\$ 3,676,859
Total department expenses	\$ 48,500,980	\$ 53,220,252	\$ 51,114,754	\$ 55,129,967	\$ 57,803,782	\$ 60,186,180
Interdepartmental charges (credits)	\$ 5,792,574	\$ 6,042,071	\$ 6,073,369	\$ 6,155,300	\$ 6,290,160	\$ 6,479,065
Reallocations	\$ (822,446)	\$ (827,182)	\$ (874,330)	\$ (617,620)	\$ (653,679)	\$ (690,319)
Total	\$ 53,471,108	\$ 58,435,141	\$ 56,313,793	\$ 60,667,647	\$ 63,440,263	\$ 65,974,926
Anticipated Expenditure Savings	\$ -	\$ -	\$ (1,305,000)	\$ (1,399,000)	\$ (1,441,000)	\$ (1,484,000)
Net Expenditures	\$ 53,471,108	\$ 58,435,141	\$ 55,008,793	\$ 59,268,647	\$ 61,999,263	\$ 64,490,926

City of Foster City, California
General Fund
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Property taxes	\$ 11,275,000	\$ 11,544,000	\$ 15,533,000	\$ 17,171,700	\$ 17,932,100	\$ 18,794,500
Other taxes	\$ 7,787,000	\$ 6,297,000	\$ 6,330,000	\$ 6,522,000	\$ 6,719,000	\$ 6,919,000
Licenses and permits	\$ 1,204,000	\$ 1,030,000	\$ 2,413,000	\$ 1,541,400	\$ 1,921,000	\$ 2,310,100
Intergovernmental	\$ 2,557,000	\$ 2,550,000	\$ 2,550,000	\$ 2,550,000	\$ 2,550,000	\$ 2,550,000
Charges for current services	\$ 1,453,000	\$ 1,393,000	\$ 1,415,000	\$ 1,446,000	\$ 1,477,000	\$ 1,509,000
Interest and rentals	\$ 2,715,000	\$ 2,111,000	\$ 1,535,000	\$ 1,436,000	\$ 1,455,000	\$ 1,474,000
Other	\$ 453,000	\$ 557,400	\$ 561,400	\$ 646,400	\$ 658,400	\$ 671,400
Total Revenues	\$ 27,444,000	\$ 25,482,400	\$ 30,337,400	\$ 31,313,500	\$ 32,712,500	\$ 34,228,000
Expenditures (see attached)	\$ 30,875,184	\$ 31,632,365	\$ 31,326,336	\$ 33,580,194	\$ 34,586,070	\$ 35,622,383
Net revenues over (under) expenditures before transfers	\$ (3,431,184)	\$ (6,149,965)	\$ (988,936)	\$ (2,266,694)	\$ (1,873,570)	\$ (1,394,383)
Loan Principal Payment from CDA	\$ 3,662,643	\$ 7,034,538	\$ 1,127,000	\$ -	\$ -	\$ -
Net Transfers In (Out)	\$ (100,000)	\$ (156,500)	\$ (161,200)	\$ (166,050)	\$ (171,050)	\$ (176,200)
Net Increase (Decrease) in Fund Balance	\$ 131,459	\$ 728,073	\$ (23,136)	\$ (2,432,744)	\$ (2,044,620)	\$ (1,570,583)
Opening Fund Balance	\$ 18,707,041	\$ 18,838,500	\$ 19,566,573	\$ 19,543,437	\$ 17,110,693	\$ 15,066,073
Ending Fund Balance	\$ 18,838,500	\$ 19,566,573	\$ 19,543,437	\$ 17,110,693	\$ 15,066,073	\$ 13,495,490

City of Foster City, California
 General Fund Expenditures Detail
 Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 25,572,920	\$ 25,981,029	\$ 26,760,460	\$ 28,633,692	\$ 29,492,703	\$ 30,377,484
<i>Supplies and other</i>	\$ 4,450,064	\$ 4,553,874	\$ 4,740,490	\$ 4,881,205	\$ 5,026,141	\$ 5,175,425
<i>Capital Outlay</i>	\$ 21,200	\$ 9,200	\$ 9,476	\$ 9,760	\$ 10,053	\$ 10,355
Total department expenses	\$ 30,044,184	\$ 30,544,103	\$ 31,510,426	\$ 33,524,657	\$ 34,528,897	\$ 35,563,264
Interdepartmental charges (credits)	\$ 3,865,640	\$ 4,074,990	\$ 4,197,240	\$ 4,323,157	\$ 4,452,852	\$ 4,586,438
Reallocation	\$ (3,034,640)	\$ (2,986,728)	\$ (3,076,330)	\$ (2,868,620)	\$ (2,954,679)	\$ (3,043,319)
Total	\$ 30,875,184	\$ 31,632,365	\$ 32,631,336	\$ 34,979,194	\$ 36,027,070	\$ 37,106,383
Anticipated Expenditure Savings (4.0%)	\$ -	\$ -	\$ (1,305,000)	\$ (1,399,000)	\$ (1,441,000)	\$ (1,484,000)
Net Expenditures	\$ 30,875,184	\$ 31,632,365	\$ 31,326,336	\$ 33,580,194	\$ 34,586,070	\$ 35,622,383

City of Foster City, California
Special Revenue Funds
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	\$ 1,169,000	\$ 1,063,000	\$ 1,065,000	\$ 1,080,000	\$ 1,095,000	\$ 1,110,000
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 290,000	\$ 826,000	\$ 414,000	\$ 414,000	\$ 873,000	\$ 414,000
Charges for current services	\$ 134,000	\$ 103,000	\$ 105,000	\$ 107,000	\$ 109,000	\$ 111,000
Interest and rentals	\$ 96,000	\$ 49,000	\$ 57,000	\$ 131,000	\$ 205,000	\$ 218,000
Other	\$ 38,000	\$ 8,000	\$ 46,000	\$ 3,513,500	\$ 46,000	\$ 285,400
Total Revenues	\$ 1,727,000	\$ 2,049,000	\$ 1,687,000	\$ 5,245,500	\$ 2,328,000	\$ 2,138,400
Expenditures (see attached)	\$ 1,621,713	\$ 2,104,056	\$ 1,668,320	\$ 1,728,357	\$ 1,766,944	\$ 1,827,238
Net revenues over (under) expenditures before transfers	\$ 105,287	\$ (55,056)	\$ 18,680	\$ 3,517,143	\$ 561,056	\$ 311,162
Net Transfers In (Out)	\$ (38,000)	\$ -	\$ (38,000)	\$ (2,248,000)	\$ (38,000)	\$ -
Net Increase (Decrease) in Fund Balance	\$ 67,287	\$ (55,056)	\$ (19,320)	\$ 1,269,143	\$ 523,056	\$ 311,162
Opening Fund Balance	\$ 2,443,613	\$ 2,510,900	\$ 2,455,844	\$ 2,436,524	\$ 3,705,667	\$ 4,228,723
Ending Fund Balance	\$ 2,510,900	\$ 2,455,844	\$ 2,436,524	\$ 3,705,667	\$ 4,228,723	\$ 4,539,885

City of Foster City, California
Special Revenue Fund Expenditures Detail
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 79,100	\$ 144,200	\$ 149,968	\$ 166,464	\$ 166,464	\$ 173,123
<i>Supplies and other</i>	\$ 42,500	\$ 27,500	\$ 28,325	\$ 29,175	\$ 30,050	\$ 30,952
<i>Capital Outlay</i>	\$ 750,000	\$ 1,265,000	\$ 825,000	\$ 865,000	\$ 900,000	\$ 950,000
Total department expenses	\$ 871,600	\$ 1,436,700	\$ 1,003,293	\$ 1,060,639	\$ 1,096,514	\$ 1,154,075
Interdepartmental charges (credits)	\$ 9,113	\$ 22,356	\$ 23,027	\$ 23,718	\$ 24,430	\$ 25,163
Reallocation	\$ 741,000	\$ 645,000	\$ 642,000	\$ 644,000	\$ 646,000	\$ 648,000
Total	\$ 1,621,713	\$ 2,104,056	\$ 1,668,320	\$ 1,728,357	\$ 1,766,944	\$ 1,827,238
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 1,621,713	\$ 2,104,056	\$ 1,668,320	\$ 1,728,357	\$ 1,766,944	\$ 1,827,238

City of Foster City, California
 Debt Service Funds
 Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for current services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	\$ 190,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 202,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures (see attached)	\$ 439,103	\$ 447,491	\$ -	\$ -	\$ -	\$ -
Net revenues over (under) expenditures before transfers	\$ (237,103)	\$ (447,491)	\$ -	\$ -	\$ -	\$ -
Net Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fund Balance	\$ (237,103)	\$ (447,491)	\$ -	\$ -	\$ -	\$ -
Opening Fund Balance	\$ 684,594	\$ 447,491	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 447,491	\$ -	\$ -	\$ -	\$ -	\$ -

City of Foster City, California
 Debt Service Fund Expenditures Detail
 Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Debt Service Payments</i>	\$ 439,103	\$ 447,491	\$ -	\$ -	\$ -	\$ -
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total department expenses	\$ 439,103	\$ 447,491	\$ -	\$ -	\$ -	\$ -
Interdepartmental charges (credits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reallocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 439,103	\$ 447,491	\$ -	\$ -	\$ -	\$ -
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 439,103	\$ 447,491	\$ -	\$ -	\$ -	\$ -

City of Foster City, California
 Capital Improvements (City) Fund
 Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 30,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Charges for current services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	\$ 300,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 330,000	\$ 195,000	\$ 195,000	\$ 195,000	\$ 195,000	\$ 195,000
Expenditures (see attached)	\$ 370,000	\$ 910,000	\$ 805,000	\$ 885,000	\$ 120,000	\$ 230,000
Net revenues over (under) expenditures before transfers	\$ (40,000)	\$ (715,000)	\$ (610,000)	\$ (690,000)	\$ 75,000	\$ (35,000)
Net Transfers In (Out)	\$ 38,000	\$ -	\$ 38,000	\$ 2,248,000	\$ 38,000	
Net Increase (Decrease) in Fund Balance	\$ (2,000)	\$ (715,000)	\$ (572,000)	\$ 1,558,000	\$ 113,000	\$ (35,000)
Opening Fund Balance (Deficit)	\$ 5,630,400	\$ 5,628,400	\$ 4,913,400	\$ 4,341,400	\$ 5,899,400	\$ 6,012,400
Ending Fund Balance (Deficit)	\$ 5,628,400	\$ 4,913,400	\$ 4,341,400	\$ 5,899,400	\$ 6,012,400	\$ 5,977,400

City of Foster City, California
 Capital Improvement (City) Fund Expenditures Detail
 Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Supplies and other</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Capital Outlay</i>	\$ 370,000	\$ 910,000	\$ 805,000	\$ 885,000	\$ 120,000	\$ 230,000
Total department expenses	\$ 370,000	\$ 910,000	\$ 805,000	\$ 885,000	\$ 120,000	\$ 230,000
Interdepartmental charges (credits)						
Information Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fleet Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total interdepartmental charges (credits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Reallocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 370,000	\$ 910,000	\$ 805,000	\$ 885,000	\$ 120,000	\$ 230,000
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 370,000	\$ 910,000	\$ 805,000	\$ 885,000	\$ 120,000	\$ 230,000

City of Foster City, California

Water Funds

Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Sales & service charges	\$ 7,609,000	\$ 8,294,000	\$ 9,123,000	\$ 10,035,000	\$ 11,039,000	\$ 12,143,000
Connection fees	\$ 33,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Vehicle, equipment rental and other user charge:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	\$ 357,000	\$ 148,000	\$ 151,000	\$ 158,000	\$ 170,000	\$ 164,000
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 7,999,000	\$ 8,447,000	\$ 9,279,000	\$ 10,198,000	\$ 11,214,000	\$ 12,307,000
Expenditures (see attached)	\$ 7,741,791	\$ 8,492,819	\$ 9,053,768	\$ 9,783,612	\$ 11,448,306	\$ 12,204,332
Net revenues over (under) expenditures before transfers	\$ 257,209	\$ (45,819)	\$ 225,232	\$ 414,388	\$ (234,306)	\$ 102,668
Net Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fund Balance	\$ 257,209	\$ (45,819)	\$ 225,232	\$ 414,388	\$ (234,306)	\$ 102,668
Opening Fund Balance	\$ 4,818,791	\$ 5,076,000	\$ 5,030,181	\$ 5,255,413	\$ 5,669,801	\$ 5,435,495
Ending Fund Balance	\$ 5,076,000	\$ 5,030,181	\$ 5,255,413	\$ 5,669,801	\$ 5,435,495	\$ 5,538,163

City of Foster City, California

Water Funds Expenditure Detail

Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 1,465,500	\$ 1,541,560	\$ 1,588,000	\$ 1,683,000	\$ 1,733,000	\$ 1,785,000
<i>Supplies and other</i>	\$ 4,319,642	\$ 4,900,278	\$ 5,617,768	\$ 6,502,612	\$ 7,789,306	\$ 8,775,332
<i>Capital Outlay</i>	\$ 205,000	\$ 305,000	\$ 200,000	\$ -	\$ 330,000	\$ -
Total department expenses	\$ 5,990,142	\$ 6,746,838	\$ 7,405,768	\$ 8,185,612	\$ 9,852,306	\$ 10,560,332
Interdepartmental charges (credits)	\$ 980,002	\$ 950,431	\$ 829,000	\$ 754,000	\$ 727,000	\$ 749,000
Reallocation	\$ 771,647	\$ 795,550	\$ 819,000	\$ 844,000	\$ 869,000	\$ 895,000
Total	\$ 7,741,791	\$ 8,492,819	\$ 9,053,768	\$ 9,783,612	\$ 11,448,306	\$ 12,204,332
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 7,741,791	\$ 8,492,819	\$ 9,053,768	\$ 9,783,612	\$ 11,448,306	\$ 12,204,332

City of Foster City, California
Wastewater Collection System Funds
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Sales & service charges	\$ 5,837,000	\$ 6,246,000	\$ 6,683,000	\$ 7,151,000	\$ 7,580,000	\$ 8,035,000
Connection fees	\$ 44,000	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle, equipment rental and other user charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and rentals	\$ 564,000	\$ 240,000	\$ 247,000	\$ 254,000	\$ 127,000	\$ 131,000
Other	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Total Revenues	\$ 6,448,600	\$ 6,489,600	\$ 6,933,600	\$ 7,408,600	\$ 7,710,600	\$ 8,169,600
Expenditures (see attached)	\$ 6,303,660	\$ 9,343,525	\$ 6,470,000	\$ 7,308,000	\$ 7,968,000	\$ 8,296,000
Net revenues over (under) expenditures before transfers	\$ 144,940	\$ (2,853,925)	\$ 463,600	\$ 100,600	\$ (257,400)	\$ (126,400)
Net Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fund Balance	\$ 144,940	\$ (2,853,925)	\$ 463,600	\$ 100,600	\$ (257,400)	\$ (126,400)
Opening Fund Balance	\$ 6,514,960	\$ 6,659,900	\$ 3,805,975	\$ 4,269,575	\$ 4,370,175	\$ 4,112,775
Ending Fund Balance	\$ 6,659,900	\$ 3,805,975	\$ 4,269,575	\$ 4,370,175	\$ 4,112,775	\$ 3,986,375

City of Foster City, California

Wastewater Collection System Funds Expenditure Detail

Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 1,490,800	\$ 1,514,990	\$ 1,560,000	\$ 1,654,000	\$ 1,704,000	\$ 1,755,000
<i>Supplies and other</i>	\$ 2,735,000	\$ 2,950,150	\$ 3,134,000	\$ 3,330,000	\$ 3,540,000	\$ 3,765,000
<i>Capital Outlay</i>	\$ 563,323	\$ 3,305,000	\$ 155,000	\$ 655,000	\$ 1,005,000	\$ 1,005,000
Total department expenses	\$ 4,789,123	\$ 7,770,140	\$ 4,849,000	\$ 5,639,000	\$ 6,249,000	\$ 6,525,000
Interdepartmental charges (credits)	\$ 814,990	\$ 854,389	\$ 880,000	\$ 906,000	\$ 933,000	\$ 961,000
Reallocation	\$ 699,547	\$ 718,996	\$ 741,000	\$ 763,000	\$ 786,000	\$ 810,000
Total	\$ 6,303,660	\$ 9,343,525	\$ 6,470,000	\$ 7,308,000	\$ 7,968,000	\$ 8,296,000
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 6,303,660	\$ 9,343,525	\$ 6,470,000	\$ 7,308,000	\$ 7,968,000	\$ 8,296,000

City of Foster City, California
Shuttle Funds
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Sales & service charges	\$ -					
Connection fees	\$ -					
Vehicle, equipment rental and other user charges	\$ -					
Interest and rentals	\$ -					
Property Taxes	\$ -					
Other	\$ 100,000	\$ 156,500	\$ 161,200	\$ 166,050	\$ 171,050	\$ 176,200
Total Revenues	\$ 100,000	\$ 156,500	\$ 161,200	\$ 166,050	\$ 171,050	\$ 176,200
Expenditures (see attached)	\$ 200,000	\$ 313,000	\$ 322,400	\$ 332,100	\$ 342,100	\$ 352,400
Net revenues over (under) expenditures before transfers	\$ (100,000)	\$ (156,500)	\$ (161,200)	\$ (166,050)	\$ (171,050)	\$ (176,200)
Net Transfers In (Out)	\$ 100,000	\$ 156,500	\$ 161,200	\$ 166,050	\$ 171,050	\$ 176,200
Net Increase (Decrease) in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Opening Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Foster City, California

Shuttle Funds Expenditure Detail

Five Year Financial Plan for the Years Ended June 30, 2014

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Supplies and other</i>	\$ 200,000	\$ 313,000	\$ 322,400	\$ 332,100	\$ 342,100	\$ 352,400
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total department expenses	\$ 200,000	\$ 313,000	\$ 322,400	\$ 332,100	\$ 342,100	\$ 352,400
Interdepartmental charges (credits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reallocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 200,000	\$ 313,000	\$ 322,400	\$ 332,100	\$ 342,100	\$ 352,400
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 200,000	\$ 313,000	\$ 322,400	\$ 332,100	\$ 342,100	\$ 352,400

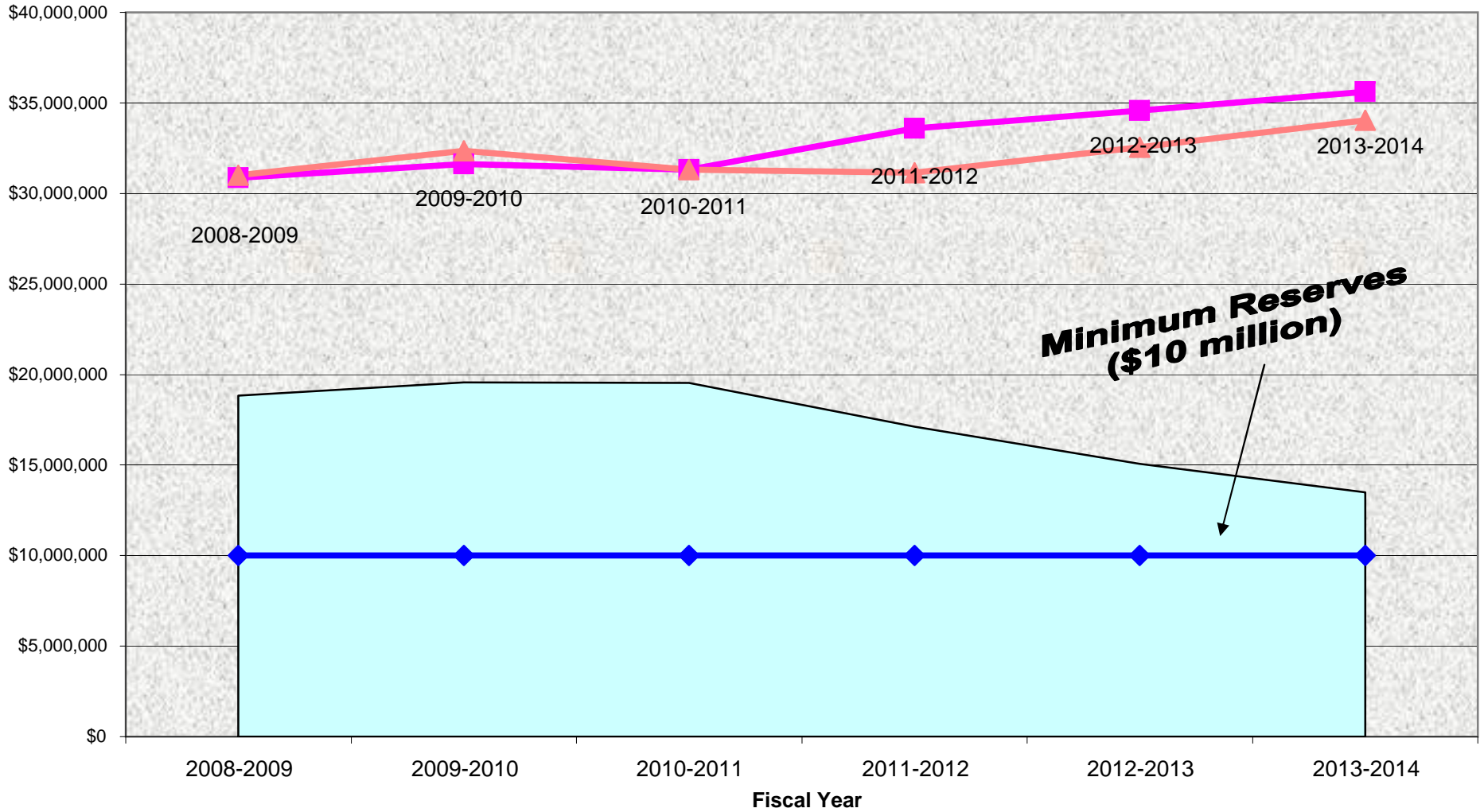
City of Foster City, California
Internal Service Funds
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Revenues by Source:						
Sales & service charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle, equipment rental and other user charge:	\$ 5,898,501	\$ 6,148,010	\$ 6,244,000	\$ 6,416,000	\$ 6,595,000	\$ 6,778,000
Interest and rentals	\$ 775,000	\$ 402,000	\$ 462,000	\$ 475,000	\$ 489,000	\$ 503,000
Other	\$ 70,000	\$ 14,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Revenues	\$ 6,743,501	\$ 6,564,010	\$ 6,726,000	\$ 6,911,000	\$ 7,104,000	\$ 7,301,000
Expenditures (see attached)	\$ 5,919,657	\$ 5,191,885	\$ 5,362,969	\$ 5,651,384	\$ 5,767,843	\$ 5,958,573
Net revenues over (under) expenditures before transfers	\$ 823,844	\$ 1,372,125	\$ 1,363,031	\$ 1,259,616	\$ 1,336,157	\$ 1,342,427
Net Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fund Balance	\$ 823,844	\$ 1,372,125	\$ 1,363,031	\$ 1,259,616	\$ 1,336,157	\$ 1,342,427
Opening Fund Balance	\$ 16,313,456	\$ 17,137,300	\$ 18,509,425	\$ 19,872,456	\$ 21,132,072	\$ 22,468,229
Ending Fund Balance	\$ 17,137,300	\$ 18,509,425	\$ 19,872,456	\$ 21,132,072	\$ 22,468,229	\$ 23,810,656

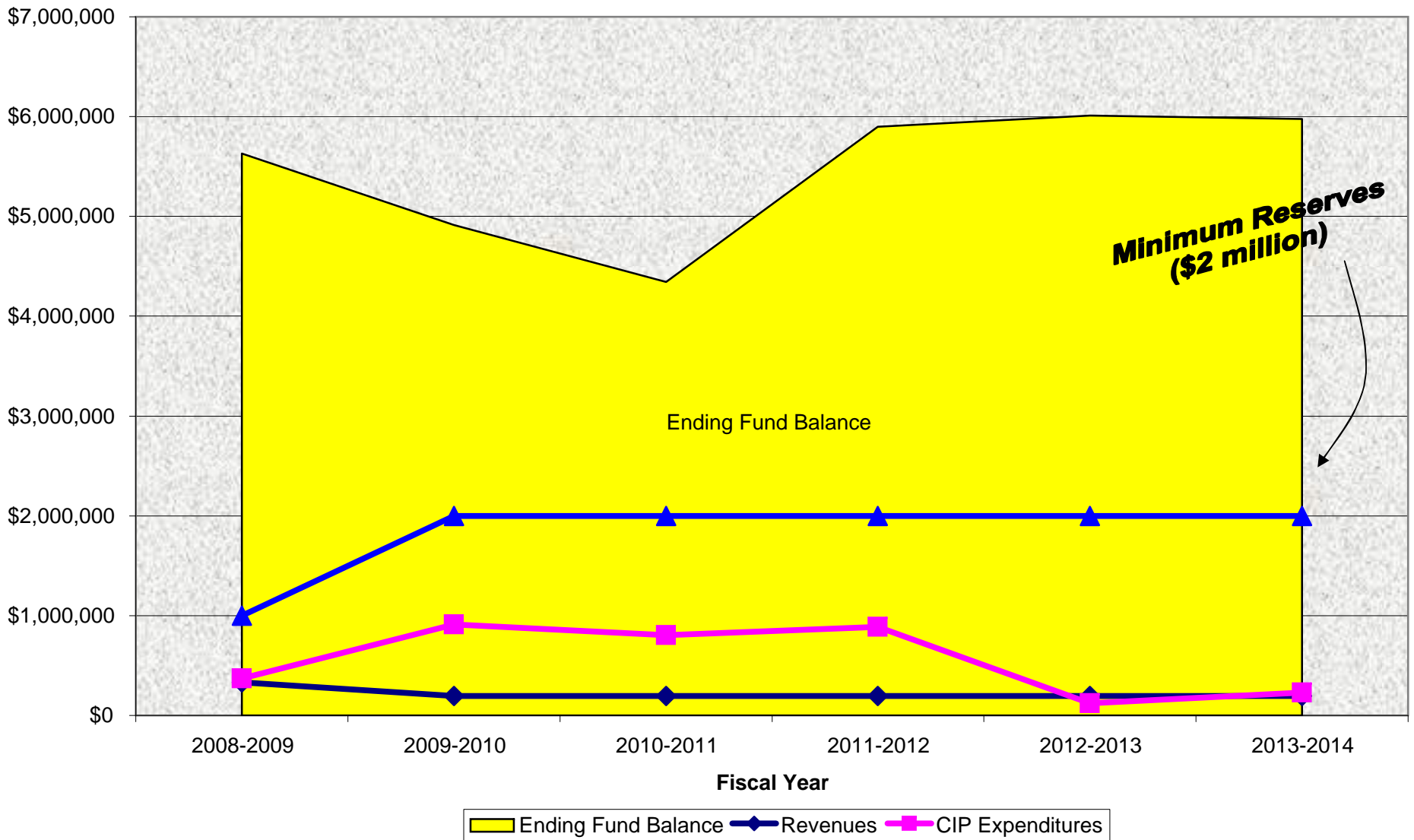
City of Foster City, California
Internal Service Funds Expenditures Detail
Five Year Financial Plan for the Years Ended June 30, 2014

	Approved	Five Year Financial Plan				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Department Expenses						
<i>Employee Services</i>	\$ 1,511,160	\$ 1,532,760	\$ 1,594,070	\$ 1,769,418	\$ 1,769,418	\$ 1,840,195
<i>Supplies and other</i>	\$ 2,110,924	\$ 2,202,924	\$ 2,269,012	\$ 2,337,082	\$ 2,407,194	\$ 2,479,410
<i>Capital Outlay</i>	\$ 2,174,744	\$ 1,316,296	\$ 1,355,785	\$ 1,396,459	\$ 1,438,353	\$ 1,481,504
Total department expenses	\$ 5,796,828	\$ 5,051,980	\$ 5,218,867	\$ 5,502,959	\$ 5,614,965	\$ 5,801,109
Interdepartmental charges (credits)						
Reallocation	\$ 122,829	\$ 139,905	\$ 144,102	\$ 148,425	\$ 152,878	\$ 157,464
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Anticipated Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Expenditures	\$ 5,919,657	\$ 5,191,885	\$ 5,362,969	\$ 5,651,384	\$ 5,767,843	\$ 5,958,573

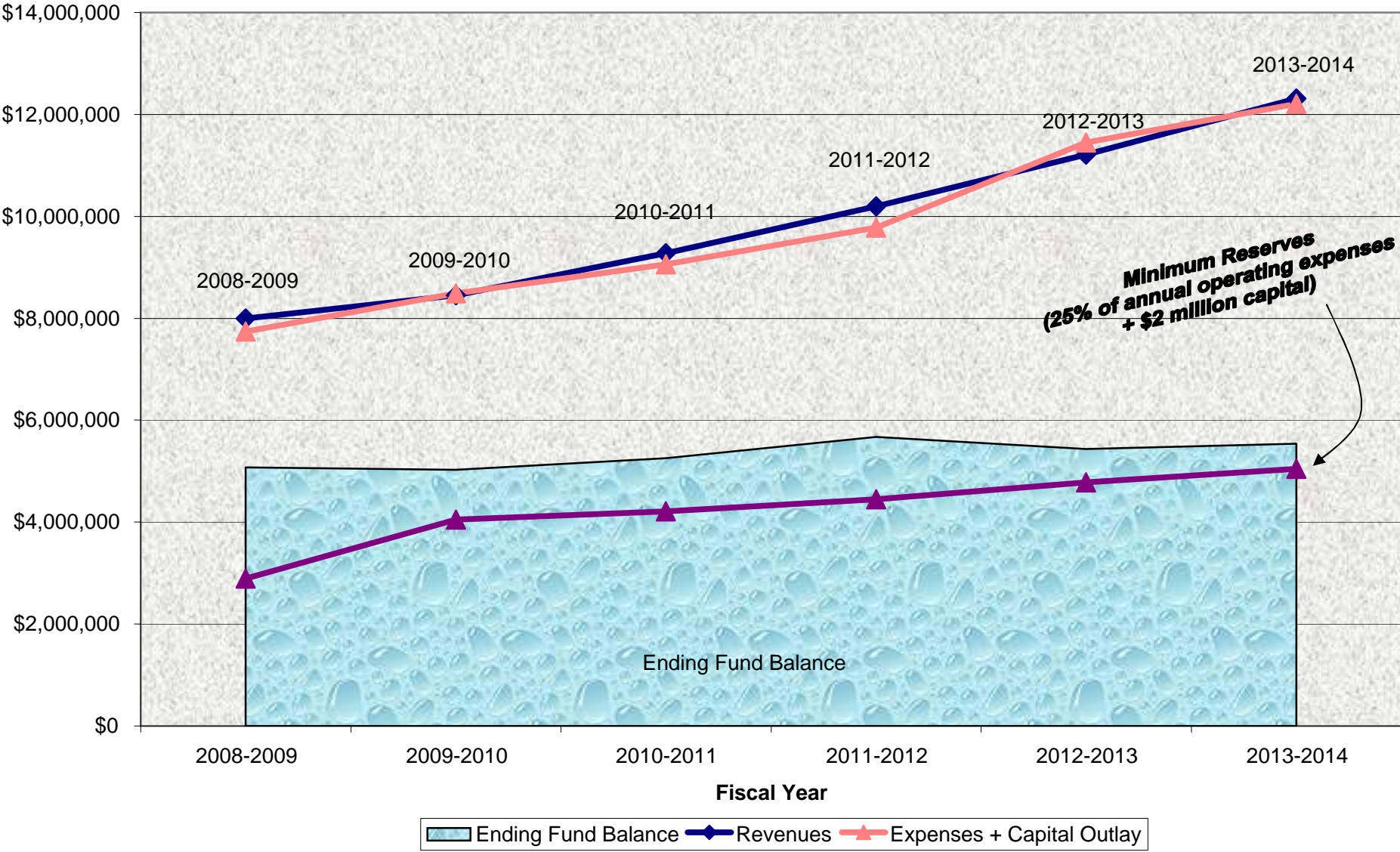
City of Foster City General Fund (Forecast Based on Budgeted Revenues / Expenditures)



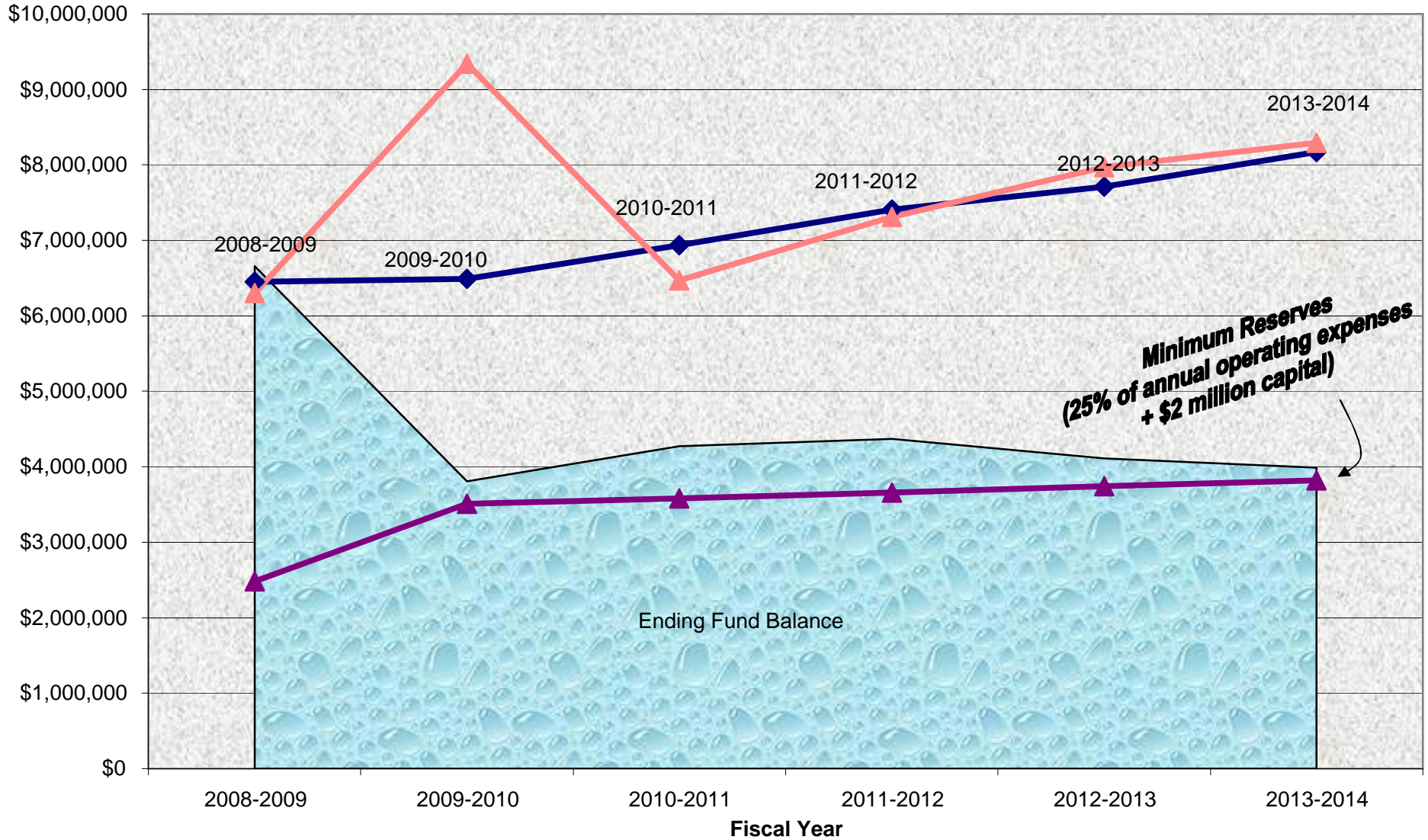
City of Foster City Capital Improvements Fund



City of Foster City Water Funds



City of Foster City Wastewater Funds



Ending Fund Balance Revenues Expenses + Capital Outlay