



Foster City Financial Update FY 16/17 Q1

City of Foster City
Financial Services Dept.

Live, Work & Play
in Foster City

Economic conditions during the 1st quarter remain positive and the City's General Fund is on track to meet both revenue and expenditure budgets by end year, resulting in a projected surplus of \$3.1 million.

During the 1st quarter, economic conditions were positive and financial results were generally in line with expectations. Total General Fund Revenues were \$2.8 million or \$175,000 higher than the same quarter last year. There were year-over-year gains in Transient Occupancy Tax receipts and Recreation Division program revenues of \$73,000 and \$101,000 respectively. It is important to note that the City's revenues are non-linear and do not flow evenly to the City over the course of the fiscal year. As an example, most property tax revenues are paid by the County to the City in December and April. Since property taxes account for over 50% of the City's General Fund revenues, total General Fund revenues in the 1st quarter are normally low, as was the case for the current fiscal year. The City also received \$200,000 from the City of Half Moon Bay in exchange for our Rule 20A funds. Based on City Council's direction, these funds have been set aside for a Solar Rebate Program and staff has segregated these monies accordingly.

At the outset of FY 16/17, the City established and budgeted new Special Revenue Funds, including General Plan Maintenance, Construction and Demolition Recycling, Technology Maintenance, SB 1186, SMIP Fee, CRV Grant, Curbside Recycling, and Green Building Fund to account for revenues previously included in the General Fund as Committed Balances to better account for these restricted revenues.

Water Enterprise Fund operating revenues totaled \$2.3 million, which was \$477,000 higher than the previously year as base water consumption rates and fixed meter charges increased by 9.8% and 9.6% respectively effective 7/1/2016.

Wastewater Enterprise Fund operating revenues totaled \$1.3 million or \$173,000 higher than the same period in the prior year as base rates were

increased by 11% effective July 1, 2016 to fund costs associated with the Wastewater Treatment Plant Master Plan Improvements Project. This 10-year \$113 million project is one of several very important projects for the community. Another is the Levee Protection Planning and Improvements Project which will raise the levee to meet new FEMA flood protection requirements. Lastly, city staff is developing a Recreation Center Master Plan to address our aging Recreation Center.

In September 2016, the City Council approved a new 3-year MOU with the Foster City Police Officers Association. Negotiations with the Fire bargaining unit are nearing completion and those for the AFSCME unit and the unrepresented unit are scheduled to begin in early 2017.

Staff expects that General Fund expenditures for the full year will be within the appropriation level as approved by the City Council. In summary, the City's outlook for the full year remains good and the City is well positioned to meet or exceed its adopted budget targets with a projected General Fund surplus of \$3.1 million.