



# Foster City Financial Update FY 17/18 Q3

City of Foster City  
Financial Services Dept.

Live, Work & Play  
in Foster City

## The City's General Fund is projected to end the year with a small surplus of \$290,000, increasing its Reserves Balance to \$43.7 million

The City's General Fund Reserves (Funds 001-003) began the fiscal year at \$43.4 million and is projected to finish FY 17/18 at 43.7 million.

City staff is projecting the City's General Fund (Funds 001-003) will finish the current fiscal year with total revenues of \$43.9 million and total expenditures of \$43.6 million inclusive of the transfers of \$1.9 million to the City CIP Fund, \$300,000 for the Recreation Center Master Plan, \$60,000 for the Employee Home Rental Assistance Program. The \$2 million budgeted for the Employee Home Loan Assistance Program has been deferred and may be re-considered by the City Council in FY 18/19. At such time, a new appropriation would be required. At an estimated \$43.7 million in Reserves, the City's General Fund (Funds 001-003) remains healthy. However, as the City prepares its FY 18/19 budget and 5-year financial plan, multi-year structural deficits are anticipated.

Significant General Fund revenues are discussed below.

**Property Taxes:** based on fiscal year to date receipts of property taxes from the County, staff is projecting property tax revenues will reach \$25.4 million compared to the budgeted amount of \$24.5 million as assessed values growth and the resulting property tax apportionment to Foster City exceed expectations and the County's refund of excess ERAF will be \$1.69 million or \$300,000 higher than budgeted.

**Transient Occupancy tax (TOT):** Transient Occupancy Tax revenues have been revised downwards by \$74,000 as the opening of Town Place Suites occurred at the end of August 2017 and not at the very beginning of the fiscal year.

**Sales tax revenues:** City staff meets quarterly with its sales tax consultant and expectations are that current budgeted revenues of \$3.08 million will be realized.

**Property Tax In-Lieu of Vehicle License Fees:** Full year results are projected to \$178,000 higher than the budgeted amount of \$3.48 million as annual increases are in proportion to the growth of prop-

erty assessed valuations of the City.

**Other Revenues:** Franchise Fees, Real Property Transfer Tax, License and Permits, Charges for Current Services are expected to reach budgeted levels.

Recreation fees are anticipated to exceed budgeted estimates by \$255,000 in FY 17/18 as a result of fee increases that took effect at the beginning of the fiscal year.

**General Fund Expenditures:** The City negotiated new 3-year labor agreements with both the Police and Fire bargaining units in July 1, 2016 and 2-year agreements with AFSCME and the management unit effective July 1, 2017. City staff expects full year personnel and service and supplies expenditures will be within the City's adopted operating budget.

In addition to the City's General Fund, the City's other non-Enterprise Funds are generally meeting expectations through the first nine months of the fiscal year.

**Water Enterprise Fund** revenues totaled \$9.9 million and are right at the 75% mark while expenditures totaled 9.4 million and at 73% of projections. The system's water loss has been gradually increasing since the replacement of SFPUC's supply meters and will require regular monitoring by Public Works personnel.

**Wastewater Enterprise Fund** revenues totaled \$7.4 million and are also at the 75% mark while expenditures were \$3.3 million or 40.6% of the estimated annual expenditures. These expenditures do not include all of the apportioned operating charges from the City of San Mateo for the jointly owned Wastewater Treatment Plant as they are billed to the Wastewater Enterprise in arrears.

In March, the City Council provided direction to place a general obligation bond ballot measure (Measure P) on the June 5 election to provide funding for the City's \$90 million Levee Protection Planning and Improvements Project (CIP 301-657). City staff anticipates that initial debt financing for the District's \$155 million Wastewater Treatment Plant CIP project will occur in the final quarter of this calendar year.