



Foster City Financial Update FY 15/16 Q3

City of Foster City
Financial Services Dept.

Live, Work & Play
in Foster City

Projected current fiscal year surplus of \$2.3 million will increase the General Fund Reserve to \$32.5 million by year end.

The City's General Fund is projected to finish the current fiscal year with revenues of \$39.5 million or \$1.2 million above the \$38.3 million budgeted estimate due primarily to higher property tax collections by \$107,000 and a larger than conservatively budgeted ERAF refund by \$821,000. Transient occupancy tax and real property transfer tax are also expected to exceed projections at year-end by \$177,400 and \$115,000 respectively as the hospitality industry and real estate sectors have remained strong. The General Fund will end the fiscal year with a projected surplus of \$2.3 million, resulting in a Reserve balance of approximately \$32.5 million. This reserve amount represents 91.4% of the current year's budgeted operating expenditures and is comfortably above the City Council's minimum reserve policy level of 33 1/3%.

As reported in the Mid-Year financial update back in February, the City will receive a \$1.85 million community benefits payment from Biomed Realty for development of the Lincoln Centre Life Sciences Research Campus Project to be occupied by Illumina in the current fiscal year. Based on City Council's direction, these monies will be segregated and are not included as part of the \$32.5 million estimated General Fund Reserve. Staff will bring forth a staff report to seek direction from City Council on the usage of the community benefit monies at a later date.

Significant changes to General Fund revenues are discussed below.

Property Taxes: Based on fiscal year to date receipts of property taxes from the County, staff is estimating that unsecured and supplemental property taxes will exceed the adopted budget by \$45,000 and \$62,000 respectively. In January, the City received its Educational Revenue Augmentation Fund (ERAF) refund from the County. The amount received was \$1,392,000 or \$821,000 higher than our budgeted amount of \$571,000.

Transient Occupancy tax (TOT): revenues are ex-

pected to exceed the budget by \$ 177,400 and end the year at \$2,880,900 despite the delay in the completion and opening of the extended stay hotel.

Sales tax revenues: staff has reviewed current sales tax data provided by our consultants and revenues have been adjusted downwards by \$418,000 due primarily to the expiration of the sales tax triple flip, the exclusion of one-time construction related use tax from the prior year, and variability of business to business sales/use tax.

Other Revenues: Real Property Transfer Tax and Motor Vehicle License Fees are expected to surpass budgeted amounts by \$115,000 and \$200,000 respectively based on receipts through March of this year. Grants and reimbursements have been scaled up by \$25,000 based on mandated cost reimbursements received. As mentioned earlier, the City will receive a one-time \$1.85 million community benefits payment from Biomed Realty in this fiscal year as part of the provisions of a Development Agreement finalized this past October. These moneys will be set aside to be used for any purpose as directed by the City Council.

In addition to the City's General Fund, the City's other funds are generally meeting expectations in the first nine months of the fiscal year.

Revenues and expenditures budgeted for the Daytime Shuttle Special Revenue Fund are not expected to materialize as the City Council suspended this program after having explored various options to pursue the operation of a daytime shuttle service.

Water Enterprise Fund revenues totaled \$7.5 million, or 55.9% of the annual budget. Although water rates were increased at the beginning of the fiscal year, consumption has also declined. The year-over-year decline was 16% for the six month period ending December 31.

Wastewater Enterprise Fund revenues totaled \$5.7 million through the nine month period and are at 70.6% of budget.