



Foster City Financial Update FY 15/16 Q2

City of Foster City
Financial Services Dept.

Live, Work & Play
in Foster City

Additional revenues in the current fiscal year is expected to result in an upgrade in the General Fund surplus from \$1.3 million to \$4.0 million by June 30, 2016

The financial position for the City's General Fund continues to improve with expected increases primarily in property tax revenues and a one-time revenues of \$1.85 million from Biomed Realty for development of the Lincoln Centre Life Sciences Research Campus Project to be occupied by Illumina.

Based on the recently completed Comprehensive Annual Financial Report (CAFR), the City's available General Fund reserves began the fiscal year with \$30.3 million. The City's latest projections indicate that the General Fund is likely to finish FY 2015-2016 with \$34.3 million in reserves as revenues are estimated to exceed the budget by nearly \$2.7 million. Combine this amount with the budgeted surplus of 1.3 million, the General Fund is projected to end the fiscal year with a surplus of \$4.0 million. 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 County provided information to the City on the Educational Revenue Augmentation Fund (ERAF) refund. The amount will be \$1,392,000 or \$821,000 higher than our budgeted amount of \$571,000.

Transient Occupancy tax (TOT): revenues are expected meet budget at \$2,703,500 despite the delay in the completion and opening of the extended stay hotel.

Sales tax revenues: staff met with our sales tax consultants in January and based on updated information from them, revenues have been adjusted downwards by \$318,000 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 \$100,000 respectively based on receipts for the 1st half of the year. Grants and reimbursement have been elevated by \$25,000 based on mandated cost reimbursements received earlier this year. As mentioned earlier, the City will receive a one-time \$1.85 million community benefits payment from Biomed Realty this fiscal year as part of the provisions of a Development Agreement finalized this past October. These moneys can 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 six months of the fiscal year.

Water Enterprise Fund revenues totaled \$5.9 million, or 43.9% of the annual budget. Although water rates were increased at the beginning of the fiscal year, consumption has also declined approximately 16% year-over-year for the six month period ending December 31.

Wastewater Enterprise Fund revenues totaled \$4.2 million through the 1st six month period and are meeting expectations at 52.1% of budget.

The City's financial position and long term (5-year) outlook remains solid. These positive trends bode well for the City's long-term financial forecasts as we commence the FY 2016-2017 budget cycle.