



DATE: May 20, 2024

TO: Mayor and Members of the City Council President and Members of the Estero Municipal Improvement District (EMID) Board of Directors

FROM: Stefan Chatwin, City/District Manager  
Waqas Hassan, Assistant Finance Director  
Mimi Lam, Financial Services Manager

DEPARTMENT: City Manager, Finance

SUBJECT: REVIEW OF PRELIMINARY BUDGET FOR FISCAL YEAR 2024-25 AND FIVE-YEAR FINANCIAL PLAN FOR FY 2024-25 TO FY 2028-29

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### RECOMMENDATION

It is recommended that the City Council review and provide direction, by Minute Order, on the information provided in the FY 2024-25 Preliminary Budget and the FY 2024-25 to FY 2028-29 Five-Year Financial Plan.

### EXECUTIVE SUMMARY

The purpose of this study session is for the City Council to review and provide policy direction on the Preliminary Budget for FY 2024-25 and the FY 2024-25 to FY 2028-29 Five-Year Financial Plan. On June 3, 2024, the City Council will hold a public hearing on the FY 2024-25 Budget where they will discuss the Preliminary Budget, non-profit funding awards, and provide any further policy direction to be incorporated into the final budget document. Formal adoption of the budget is scheduled for June 17, 2024, with duplication and distribution by June 30, 2024.

### BACKGROUND

The City Council has held two budget study sessions to-date (February 26, 2024 and March 25, 2024) and this budget study session is the third of four planned budget meetings prior to the scheduled adoption on June 17, 2024. Its purpose is to review the

Preliminary Budget for FY 2024-25 and the Five-Year Financial Plan for FY 2024-25 to FY 2028-29. City staff seeks policy direction from the City Council regarding the budget documents so that a final budget can be prepared for City Council adoption.

## ANALYSIS

At tonight's budget study session, the Preliminary Budget for FY 2024-25 and Five-Year Financial Plan for FY 2024-25 to FY 2028-29 will be reviewed. Please refer to the City Manager's Budget Message, the Budget Guide, the Five-Year Financial Plan and the Financial and Personnel Summaries sections for the overview and summaries of this year's budget document. The other sections of the budget document contain the individual department or fund summary and budget detail. With the challenging labor market marked by the great resignation, hybrid work expectations, and higher personnel cost as well as initiatives for next fiscal year, the FY 2024-25 and 5-year financial plan indicates ongoing General Fund structural deficits (Attachment 1). The City Manager's Office and staff will continue to monitor and develop strategies to counter the structural deficits. These strategies may include additional or updated revenue opportunities, cost recovery measures, and operational efficiencies. The Preliminary Budget for FY 2024-25 has been posted on the City website here: <https://www.fostercity.org/finance/page/annual-budget>.

## CALIFORNIA ENVIRONMENTAL QUALITY ACT

Not Applicable

## FISCAL IMPACT

Based on policy direction provided at tonight's Budget Study Session, City staff will proceed to prepare the FY 2024-25 Budget and Five-Year Financial Plan for FY 2024-25 to FY 2028-29 for a June 3 public hearing followed by final adoption on June 17, 2024. Upon final adoption, the FY 2024-25 Budget will become effective July 1, 2024.

## CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Staff Empowerment and Operational Excellence

## ATTACHMENTS:

Attachment 1 - General Fund (Funds 001 to 003) Five Year Financial Plan for FY 2024-25 to FY 2028-29