



DATE: June 2, 2025

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

VIA: Stefan Chatwin, City/District Manager

FROM: Nate Cruz, Finance Director/Treasurer

SUBJECT: 3RD QUARTER FY 2024-25 FINANCIAL UPDATE

RECOMMENDATION

It is recommended that the City Council, by Minute Order, receive and accept the report on the 3rd Quarter FY 2024-25 Financial Update.

EXECUTIVE SUMMARY

City staff has prepared the attached Third Quarter FY 2024-25 Financial Update report (Attachment 1). General Fund revenues (Funds 001 to 003) for the nine-month period were \$45.6 million.

Amended revenue and expenditure projections for the full year are \$67.1 million and \$61.7 million respectively, excluding the \$5.75 million transfer to capital projects (Fund 301). Property Tax revenues, including ERAF refunds, are projected to reach \$39.1 million. FY 2024-25 property tax in lieu of vehicle license fees (VLF) is anticipated to be \$4.6 million, which includes an unbudgeted payment of \$1.4 million to Foster City representing the shortfall from FY 2022-23. San Mateo County continues to work with the State for a permanent solution for VLF shortfalls. Transient Occupancy Tax (TOT) is anticipated to be at \$4.3 million, approximately \$400,000 lower than the budgeted amount. The City's investment income is expected to exceed budget assumptions of \$1.6 million and is projected to earn \$2.1 million.

At the 9-month mark, General Fund (Funds 001 to 003) operating expenditures were 73.9% of its amended budget or \$46.5 million and included the full year funding to San Mateo Consolidated Fire Department for the City's shared costs for fire protection and

prevention services. The FY 2024-25 budget assumed full staffing for the entire year; however, the City's normal vacancy rates are expected to continue until year end, resulting in lower than budgeted personnel costs.

Overall, staff projects a \$307,000 General Fund deficit at year end as opposed to the originally budgeted deficit of \$5.6 million. This updated projection includes approximately \$1.2 million in unspent personnel cost at the 9-months mark, as well as the \$5.75 million transfer to capital projects.

Expenditures for the City's other Governmental Funds, Internal Service Funds, and the District's Water and Wastewater Funds are performing generally as expected.

BACKGROUND/ANALYSIS

The City Council and City staff have committed to providing quarterly financial updates at City Council meetings to review quarterly financial performance and identify general economic trends and specific issues that may affect, positively and negatively, the City's financial condition.

The report is intended to provide high-level financial information for the City Council, City Departments, and the community as a whole. Supplemental revenue and expenditure analyses are also provided for those readers desiring more detailed financial information.

FISCAL IMPACT

There is no fiscal impact associated with this report.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Sustainability

ATTACHMENTS:

Attachment 1 – Foster City Financial Update FY 2024-25 Q3 (for the nine months ended March 31, 2025)

Attachment 2 – Change in Fund Balances (for the nine months ended March 31, 2025)

Attachment 3 – Comparison of Budget vs. Actual and Prior Year's Revenues (for the nine months ended March 31, 2025)

Attachment 4 – Comparison of Budget vs. Actual and Prior Year's Expenditures (for the nine months ended March 31, 2025)