



DATE: June 2, 2025

TO: Mayor and Members of the City Council

VIA: Stefan Chatwin, City Manager

FROM: Nate Cruz, Finance Director
Waqas Hassan, Assistant Finance Director

DEPARTMENT: Finance

SUBJECT: ESTABLISHING THE PROPERTY TAX RATE FOR GENERAL
OBLIGATION BONDS FOR FISCAL YEAR 2025-26

RECOMMENDATION

It is recommended that the City Council approve the attached resolution establishing the property tax rate for General Obligation Bonds for Fiscal Year ("FY") 2025-26.

EXECUTIVE SUMMARY

In August 2020, the City issued General Obligation Bonds, Series 2020 (Levee Protection Planning and Improvements Project) "Bonds" in the aggregate principal amount of \$85 million. In July 2023, due to the subsequent increase in the total cost of the Project, the City issued a second tranche of \$5 million Bonds for a total of \$90 million.

The City Council is required annually to levy a property tax sufficient to pay the principal and interest on the Bonds. City staff has determined that a combined tax rate of \$0.0285 per \$100 of assessed value (equates to \$28.50 per \$100,000 of assessed value) upon taxable properties in the City is necessary to pay for the Bond debt service (principal and interest) of \$4,253,012 that is due and payable on February 1, 2026 and August 1, 2026.

BACKGROUND/ANALYSIS

In June 2018, Foster City voters approved a ballot measure authorizing the issuance of up to \$90 million in General Obligation Bonds for the Levee Protection Planning and Improvements Project. In August 2020, the City Council authorized the issuance of the first tranche of the General Obligation Bonds in the aggregate principal amount of \$85 million. In July 2023, due to the subsequent increase in the total cost of the Project, the City issued a second tranche for \$5 million Bonds of the total approved amount of \$90 million. In order to pay the debt service of \$4,253,012 including principal and interest that is due and payable on February 1, 2026 and August 1, 2026, City staff has determined that a combined property tax rate of \$0.0285 per \$100 of assessed value (equates to \$28.50 per \$100,000 of assessed value) is appropriate in FY 2025-26¹.

This combined rate corresponds to a separate tax rate of \$0.0264 per \$100 of assessed value (equates to \$26.40 per \$100,000 of assessed value) for the 2020 General Obligation Bonds and \$0.0021 per \$100 of assessed value (equates to \$2.10 per \$100,000 of assessed value) for the 2023 General Obligation Bonds. The County requires a City Council resolution providing the County with the authority to add this levy to their tax roll.

California Environmental Quality Act

Not Applicable

FISCAL IMPACT

The recommended General Obligation Bonds tax levy provides funds needed in the City's Debt Service Fund for principal and interest payments for the bond year ending August 1, 2026. There is no impact to the General Fund.

CITY COUNCIL VISION, MISSION, AND VALUE/PRIORITY AREA

Staff Empowerment and Operational Excellence
Facilities and Infrastructure

ATTACHMENTS:

Attachment 1 - Resolution

¹ Notably, the tax levy proposed in this staff report applies to FY2025-26 even though the second debt service payment date of August 1, 2026 is in the following fiscal year. This allows sufficient time to collect property tax payments (which typically are received by the City mainly in December and April) prior to the debt service due date.