

**CITY OF FOSTER CITY/  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

**SPECIAL MEETING OF AUGUST 14, 2024**

**MINUTES**

**CALL TO ORDER OF CITY COUNCIL/EMID BOARD OF DIRECTORS**

The duly called and noticed special meeting of the City Council of the City of Foster City (City), sitting as said Council and as ex officio the Board of Directors of the Estero Municipal Improvement District (EMID) of August 14, 2024, was called to order at 6:32 p.m. by Mayor/President Sullivan.

This meeting was held as a hybrid meeting.

**ROLL CALL**

The Communications Director/City Clerk/Recording Secretary called the roll:

**PRESENT:** Councilmembers/ex officio Directors Jon Froomin, Sam Hindi, Stacy Jimenez, Art Kiesel, and Mayor/President Patrick Sullivan.

**ABSENT:** None.

**STAFF PRESENT:** Stefan Chatwin, City/District Manager; Denise Bazzano, Assistant City Attorney/District Legal Counsel; Marlene Subhashini, Assistant City/District Manager; Sofia Mangalam, Community Development Director; Diane Pitman, Administrative Services Director; Andrew Brozyna, Public Works Director; Cory Call, Police Captain; Rob Lasky, IT Manager; Laura Galli, Engineering Manager; Frank Fanara, Parks Manager; Kevin Ortiz, Management Analyst; Katherine Mendoza, Deputy City Clerk; Shuli Chen, Video Technician; and Priscilla Schaus, Communications Director/City Clerk.

**PUBLIC**

Richard E. Needham and Khalaf Hirmina addressed the City Council via email.

Evan Adams and Ajay Godbole addressed the City Council via teleconference.

Jim Hardy addressed the City Council in person.

**STUDY SESSION**

Mayor/President Sullivan recessed the meeting into Study Session.

## BUDGET STUDY SESSION. MINUTE ORDER NO. 1982.

City/District Manager Chatwin presented the staff report.

Discussion ensued.

Vice Mayor Jimenez stated that the issue that needs to be addressed is putting a plan in place for the next two years to prevent the City from going below the 50% reserve level. The Business License Tax measure on November 2024 ballot can help the City with increasing revenue but is dependent on the voters passing the measure. She would like a detailed discussion in January 2025 regarding which Capital Improvement Projects the City is saving for and why. She would like to consider increasing the sales tax to replace the Recreation Center Rebuild Project funds from the CARR Fund. She also noted that the lagoon health and the City's aging infrastructure are priorities that the City needs to address.

Councilmember Kiesel stated he would like to explore how to lessen or eliminate the volatility on revenue and expenditures. From 2012 to 2015, the City's expenditures were in the -4% range and wanted to know what was done those years to keep the margin small. When the budget is presented, he would like to see a subsection for ERAF and VLF due to the volatility of the revenue streams. He asked City Manager Chatwin about the unfilled vacancies and how that has impacted service levels, as he is concerned with burnout of employees. In January 2025, he would like a discussion regarding the life cycles of the unallocated General Fund 5-Year CIPs that need to be replaced. He also asked about exploring a potential vacancy tax.

Councilmember Hindi stated that the City uses taxes to provide revenue but it's not enough to balance the budget in the long term. The cost of doing business has increased over the years and will continue to increase as personnel costs are 80% of the City's budget. He noted that it costs money to hire qualified candidates who can deliver the services that are provided to the community. The City also needs to consider the major infrastructure that needs to be replaced. Personnel costs and aging infrastructure are the two things that will continue to put pressure on the budget in the coming future. He would like the current or future Council to discuss future development and leveraging EMID/City-owned property as future revenue options for the City. He stated addressing the unfunded pension liability is critical as well as finding ways to attract and retain businesses and residents.

Councilmember Froomin stated that he would like staff to analyze the 15-year CIP plan to find a more realistic cost of the projects on the list. He requested to see Gull, Marlin, and Boothbay parks redone and noted that the City should continue to maintain the amenities instead of adding amenities. He stated that the Pump Station on 3rd Ave should also be a priority and the importance of adding CIPs on the 15-year CIP list, which would allow the City to have more time to save for the projects before the end of the infrastructure life cycle. He noted that the City should work with lobbying groups to create

legislation to ensure the state pays the City their VLF money. City Manager Chatwin stated a task force, made up of City Managers and County employees, has been created to work on the issue. He also stated that with a potential Vacancy Tax, the goal would be to recover lost revenue from empty businesses and encourage the property owners to fill vacant spaces.

Mayor Sullivan stated that the City needs to have an economic development plan and healthy reserves to balance the City budget and lessen the impact of a deficit as revenues from taxes are not enough to balance the budget. He requested staff to hire someone with economic development expertise to help guide the City and to see the Phase 1 report regarding the golf course.

Motion by Councilmember/Director Hindi seconded by Councilmember/Director Froomin, and carried unanimously, 5-0-0, adopting Minute Order No. 1982, and providing policy direction, as discussed by Council, as follows:

1. Schedule discussions in January 2025 for a detailed review of CIP projects;
2. Examine preemptive measures to adopt within the next two years before the General Fund Reserve balance is expected to fall below 50% of annual operating expenditures;
3. Consider a quarter cent sales tax increase to potentially fund CIP projects, maintain aging infrastructure, and preserve the health of the lagoon;
4. For future presentations of the budget, create subsections for volatile revenue items, such as excess ERAF (Educational Revenue Augmentation Funds) and VLF (Vehicle License Fee), to better measure revenue trends;
5. Closely examine projects in the City's 15-year Capital Improvement Program to refine cost estimates, especially for Gull Park, Marlin Park, and Boothbay Park, and focus on maintaining, rather than adding, to public amenities;
6. Explore a vacancy tax as a possible future revenue option;
7. Explore collaborating with other cities to legislate VLF funding from the State;
8. Discuss future developments and leveraging EMID/City-owned property as potential future revenue options; and
9. Explore engaging with property owners to consider redevelopment possibilities.

Meeting recessed into study session at 6:43 p.m. and reconvened at 8:33 p.m.

## **ADJOURNMENT**

Hearing no objection from the City Council/EMID Board, Mayor/President Sullivan adjourned the meeting. Meeting adjourned at 8:33 p.m.