CITY OF
Fremont
California

Fiscal Year 2010/2011 Adopted Operating Budget

CITY OF
Fremont
California

City Council

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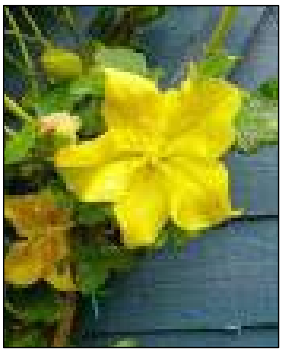

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The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2009.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. This is the thirteenth consecutive year the City has earned the award. We believe our current budget continues to conform to program requirements.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Fremont

California

For the Fiscal Year Beginning

July 1, 2009

President

Executive Director

Acknowledgments

Putting together a budget requires a great deal of effort from many people. The City Manager and Budget Team would like to thank the Accounting Services Staff, Department Budget Coordinators, and others for their invaluable assistance:

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Guide to the Document

The budget is both a spending plan for the City's available financial resources and the legal authority for City departments to spend the resources for public purposes. Through these resources, services are provided to meet the needs of Fremont residents. The City Council and City staff respond to the community's needs in part through the budget. It balances not only revenues and costs, but also community priorities and interests.

Document Organization

Budget Overview

The City Manager's Budget Overview sets the context for budget decisions by describing community and economic conditions affecting the budget. It outlines major initiatives underway and opportunities and challenges for the coming year.

Summary Information

This section of the document presents an overall picture of the City and the budget. It includes an organization chart, a description of the community, summary financial tables, a summary of citywide staffing changes associated with the budget, and documentation of the City's compliance with State statutes and City policies regarding total expenditures and debt. The section also presents a summary of departmental special projects in a table that shows projects' alignment with citywide goals.

General Fund

Local government budgets are organized by funds in order to segregate and account for restricted resources. Each fund is a separate accounting entity. The General Fund provides the majority of resources for most of the services cities typically provide, including the public safety, maintenance, and general government functions required to support direct services to the community. This section provides an analytical overview of the General Fund for the budget year. This section also places the budget in context with the financial forecast and provides a five-year historical review of General Fund sources and uses.

Other Funds

The Other Funds section contains information regarding non-General Fund sources of revenue. These funds are grouped into Cost Centers and Internal Service, Special Revenue, Redevelopment Agency, and Capital categories. Internal Service funds are cost allocation mechanisims and, along with Cost Center funds, are proprietary in nature. Special Revenue funds and Capital funds are grouped in the literature with the General Fund and debt service funds and are described as "governmental funds." The distinction between how the budgeted resources are accounted for

in proprietary funds as compared to governmental funds is discussed in the "Basis of Budgetary Accounting" located in the Policies and Practices section of the document. A description and financial summary is provided for each category of Other Funds within the budget.

Capital Budget Summary

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2009/10 through 2013/14. Selected excerpts from the CIP are included with the operating budget to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. This section contains a description of the CIP funds, a summary of approved expenditures by program category, and highlights of key projects for the current fiscal year.

Department Budgets

The majority of the budget document presents information on departmental budgets. Each departmental section provides the following information:

- **Department Mission Statement**
- **Description of Responsibilities and Services** - The purpose of this information is to give the reader an understanding of the scope and breadth of each service area's ongoing functions and responsibilities.
- **Accomplishments** - A list that highlights a few of the department's most noteworthy accomplishments.
- **Special Projects** - A list of significant departmental projects aligned with the City Council's goals.
- **Sources of Funding** - This information is in graphic form and illustrates the funds from which departments receive financial resources. Interfund transfers (to the General Fund) cover administrative department costs that are provided by the General Fund. This contribution is shown on the charts as "overhead charges to other funds."
- **Expenditure Summary** - This table provides the salary and benefits, operating, and capital costs associated with the department for the fiscal year. It also provides historical information and trends of previous funding levels.
- **Major Budget Changes** - A description of the major budget changes is included that compares the previous year's budget with that for the current year.
- **Staffing** - A historical staffing graph shows the level of staffing for each area. In addition, an organization chart displays individual positions and titles.

Departments comprised of multiple, discrete service areas also present a table summarizing their activities by those major service areas.

Staffing

This section contains a summary of authorized positions by department and provides perspective on workforce trends.

Policies & Glossary

This section details the City's budget and financial policies, and includes a glossary of budget terminology.

Resolutions

This section contains resolutions approving and adopting the City budget, the Redevelopment Agency budget, and the appropriation limit for the fiscal year.

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Budget Overview

Honorable Mayor and Members of the City Council:

Executive Summary

These continue to be unsettled times for the City of Fremont. The prolonged and unusually deep recession gripping the country has reduced both our current revenues and our projected revenues dramatically. California's state budget remains in crisis, and the State's economic recovery is expected to lag the nation. The recent closure of the New United Motor Manufacturing, Inc. (NUMMI) plant will have repercussions that have yet to be quantified as does the recent announcement that Tesla Motors and Toyota Motor Corporation intend to cooperate on the development of electric vehicles at the former NUMMI facility. In spite of these significant challenges, City staff has prepared a balanced budget for the City Council's consideration.

The nation continues to struggle in the midst of a severe recession and unprecedented high levels of unemployment. Virtually every major industry has suffered losses. The broadest measure of productivity in the United States, gross domestic product, contracted for four consecutive quarters between the third quarter of 2008 and the second quarter of 2009. Such shrinkage in gross domestic product has not occurred since the late 1970s. But reason for cautious optimism at the national level is starting to emerge. The past three quarters, through the first quarter of 2010, have seen growth ranging from 2.2% to 5.6%. Much of this growth has come from a rebuilding of inventories, and personal consumption of goods and services. As it often does, California led the way into this economic abyss, and recovery here may be slower than in other parts of the country. Unemployment continues to be at an all-time high – and significantly higher than the national unemployment rate. The local situation is exacerbated by the closure of the NUMMI automobile plant on April 1, 2010, which resulted in the loss of 4,700 jobs locally, and 15,000 jobs in the region. These grim economic shocks have rocked the local economy and, not unexpectedly, they are affecting the City's budget.

Declines in construction and consumer spending have yet again thwarted the State of California's attempt to fashion a sustainable business model. The State is facing yet another budget shortfall due to fundamental problems with the State's budget system. Like many cities in California, Fremont continues to face a volatile and uncertain economic future and remains cautious because of concerns about economic performance and the possibility of more State takeaways of local revenue. There is also a lack of consensus among economists as to whether the recession has ended. According to the UCLA Anderson Forecast a year ago, "2009 is still rather gloomy for the East Bay economy, with the expectation of turnaround at year's end." This year, the UCLA Anderson Forecast states, "Our anticipation of the recovery taking hold and net job gain by the end of the first quarter [of 2010] has not materialized and the East Bay economy, while not stalled, is not moving noticeably either."

At the State level, the UCLA Anderson Forecast notes that, "California's unemployment rate continues to rise, while local governments continue to shed jobs. The outlook for the balance of 2010 is for little or no growth in the State, with the economy picking up speed slightly by the beginning of next year. More normal growth rates for California should be in place by the middle of 2011." In comparison, the State Department of Finance's outlook for the California economy is for modest growth in 2010, followed by moderate growth in 2011 and good growth in 2012. These

economic forecasts do not bode well for the revenues of California governments for the coming fiscal year, but do provide a note of very cautious optimism for the following fiscal year.

City finances, and the community services that depend on those resources, are severely strained both by the current recession and by years of State takeaways of traditionally local revenues. The revenue takeaways started in the early 1990s with ongoing shifts of local property taxes to the Education Revenue Augmentation Fund (ERAF). Since then, Fremont has lost over $157.7 million to ERAF, and this amount continues to grow by roughly $13.7 million a year. These losses are partially offset by increased Proposition 172 sales tax and COPS funding for law enforcement, resulting in a net annual loss for Fremont of $12 million and a net cumulative loss for Fremont of $133.7 million.

The City met previous difficult times by reducing spending throughout the organization and by focusing on attracting and retaining retail businesses to increase revenue. Staff has been vigilant and disciplined over the past several years, reducing staffing to a point of marginal service delivery. Because we were proactive, the City has been able to face yet another economic downturn and the prospect of still more State takeaways with effective options, rather than being forced to merely react. In December 2007, we began a belt-tightening strategy that helped soften the impact of the more significant reductions we had to make in FY 2009/10. A dollar saved today is one we won't have to cut in the future, and the organization has taken that to heart. Even so, some very difficult cuts and service reductions have been necessary to make sure we continue to live within our means.

Total budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of $134.6 million, so the budget is considered to be balanced. The FY 2010/11 budget also maintains the City Council's long-standing funding priorities by allocating over three-quarters of the budget to direct costs for public safety and maintenance. The share of General Fund resources budgeted for these purposes is actually 92% when overhead costs required to support these functions are allocated. The FY 2010/11 budget continues most of the service reductions implemented since FY 2002/03, and the further reductions made in the FY 2009/10 budget. The FY 2010/11 budget is 0.8% less than last year's adopted budget.

Property tax and sales tax are the City's most significant revenue sources. Despite the decline in other major revenues since the peak year of FY 2000/01, property tax revenues have only recently begun to decline. The City's FY 2010/11 property tax revenues are based on assessed property values as of January 1, 2010. The extremely vigorous real estate market sales activity of the past few years has slowed dramatically in Fremont, resulting in lower property transfer tax revenue. In addition to falling sales prices in FY 2009/10, the County Assessor also experienced significantly increased valuation appeals activity. The focus for appeals for FY 2009/10 was on residential property, while the focus in FY 2010/11 is on non-residential property. The impacts of the NUMMI plant closure likely will not be reflected on the property tax rolls until FY 2011/12, and the effects of the recent announcement that Tesla Motors and Toyota Motor Corporation intend to cooperate on the development of electric vehicles at the former NUMMI facility cannot be quantified at this time. Finally, for the first time since the passage of Proposition 13 in 1978, the inflationary adjustment to assessed values permitted by Proposition 13 was a negative 0.27%. Therefore, property tax revenues are projected to decline in FY 2010/11 by 0.9%, to $61.2 million.

In contrast to the generally consistent property tax trend, sales tax trends are emblematic of the City's broader revenue volatility. After reaching a high point of $33.2 million in FY 2000/01, sales tax revenues endured a multi-year decline to a low point of $26.8 million in FY 2003/04. The steep drop was caused by the collapse of the Silicon Valley technology market and Fremont's reliance on sales tax from high-tech manufacturers. Since that time, sales tax from the high-tech and biotech sectors now appears to be stabilizing, and City efforts to diversify and strengthen our sales tax base by increasing the consumer retail sales and auto sales tax bases also have been a big help.

Unfortunately, the consumer spending collapse, fueled by rising unemployment, foreclosed homes, and a sense of consumer panic following the financial market melt-down that occurred in September and October 2008, continues to take a toll on our sales tax revenues. As a result, we expect to see an 18.2% decline in our sales tax revenue in FY 2009/10, followed by a 7.4% increase in FY 2010/11, to $27.8 million. The wide swings in sales tax are attributable to the "triple flip" portion of our sales tax. In FY 2009/10, the State determined that all cities had received more "triple flip" property tax replacement in the past than they should have, and this overpayment was corrected in FY 2009/10. As a result, both the FY 2009/10 sales tax decline and the FY 2010/11 sales tax increase are overstated. When the "triple flip" portion is omitted from total sales tax, actual sales tax revenue is expected to decrease by 9.4% in FY 2009/10, and increase by 3% in FY 2010/11.

In FY 2009/10, the City is expecting to use $8.4 million from the Budget Uncertainty Reserve (up from the $3.6 million anticipated at the time the FY 2009/10 budget was adopted in June 2009). In FY 2010/11, the remaining $7.7 million of the Budget Uncertainty Reserve will be needed to balance the budget, completely depleting this reserve.

Based on all the data we have at this time and economic forecasts from a range of sources, we are making the following key assumptions for the FY 2010/11 budget:

1. Because we continue to see mixed signals about the timing of economic recovery, a combination of one-time budget reductions and deferrals is proposed as a bridging strategy in FY 2010/11, resulting in a budget that is only 1.9% more than estimated actual expenditures the year before. When compared to the FY 2009/10 adopted budget, there is actually an expenditure decrease of 0.8%.

2. The local economy will generally hold steady during FY 2010/11, resulting in total General Fund resources (revenues and transfers in) increasing by 2.4% over estimated actual resources in FY 2009/10. This is in contrast to the more typical growth experienced in prior years of at least 4%.

3. After a review of capital projects, $2.3 million was identified for projects that can be deferred to a later date. This amount will be transferred to the Budget Uncertainty Reserve, bringing the balance of this reserve to $7.7 million, and all of it is anticipated to be used to balance the FY 2010/11 budget.

4. The costs of the FY 2010/11 budget will exceed projected resources, requiring the use of the remainder of the City's Budget Uncertainty Reserve to balance the budget.

5. Recent economic reports have been erratic and contradictory, and the unresolved State budget situation continues to be a threat, which means that this budget may be considered "provisional" in nature, with additional modifications perhaps needed during FY 2010/11.

6. No specific provision is made for future State takeaways in the proposed budget. However, the City will be ready to respond to any such occurrences confirmed by State legislative action when the amount and timing are known, and we will return to Council as needed.

7. Total expenditures in the FY 2010/11 budget include a savings assumption of $1.5 million (approximately 1% of total budgeted expenditures and transfers out in FY 2010/11) to compensate for the historical tendency to under-spend total resources allocated.

8. The FY 2010/11 budget does not include any prefunding of the City's other post-employment benefit (OPEB) liabilities, nor does it include any contribution to capital projects. Funding for these items will not be included in the budget until such time as the economic situation has stabilized and sufficient resources are once again available.

9. The General Fund's primary reserves, which total 12.5% of total expenditures and transfers out, will remain intact for FY 2010/11. However, $7.7 million from the Budget Uncertainty Reserve will be spent, with the result that this reserve will be totally depleted at the end of FY 2010/11.

Impact of State's Financial Condition

The instability of the State budget continues to be a real threat to local governments, including Fremont. Proposition 1A of 2004 provides that the State can borrow 8% of local property taxes no more frequently than twice every 10 years, and the second time only if the first borrowing has been repaid. Each borrowing must be repaid within three years, with interest. The 8% amount is actually measured at the county level, and may be distributed among local agencies in any manner, so long as the total 8% at the countywide level is remitted to the State. That allocation methodology is determined at the time of each borrowing. As a result, Fremont's share could actually be more or less than 8%.

In FY 2009/10, the State declared "significant financial hardship" and borrowed 8% of property tax revenues from cities, counties and special districts. For Fremont, the amount of this loan was $5.6 million, to be repaid with 2% simple interest by no later than June 30, 2013. In October 2009, the City Council approved Fremont's participation in the Property Tax Securitization Program offered by the California Statewide Communities Development Authority (CSCDA). As part of this program, the City signed over its property tax receivable to CSCDA, which in turn used those receivables from a number of local agencies to secure bonds it sold in November 2009. The proceeds of the bonds were disbursed to participating local agencies to coincide with property tax payment dates by the counties. By no later than June 30, 2013, the State will repay its loans to CSCDA, rather than to the local agencies participating in the securitization program, for disbursement to the bondholders. The State cannot invoke the provisions of Proposition 1A again until FY 2013/14.

In late February 2009, the State adopted a revised FY 2008/09 budget and a budget for FY 2009/10. The relative value of the package of solutions for the 18-month period ending June 30, 2010, is as follows:

Tax increases and other revenues	$12.7 billion
Spending reductions and fund shifts	22.6 billion
Borrowing	5.4 billion
Value of total package	$40.7 billion

Among the tax increases are a 1% increase in sales tax through FY 2011/12, an increase in the vehicle license fee (VLF) to 1% through FY 2011/12, and a further increase in the VLF of 0.15% for local public safety programs through FY 2010/11.

Even with the adoption of the FY 2009/10 budget package, the State still faces roughly $20 billion in annual budget shortfalls in the coming years, for a number of reasons. First, the State's economic recovery from the recession is expected to be relatively slow. In addition, many of the solutions adopted as part of the FY 2009/10 budget are short-term in nature – meaning they will not help balance the budget in future years. Consequently, based on current projections, the State will need to adopt billions of dollars in additional spending reductions, tax increases, or other solutions in the coming years. Any budget proposal requires a two-thirds vote of both houses of the State Legislature and the Governor's signature in order to take effect.

On May 14, 2010, the Governor issued his revised budget proposal (often referred to as the "May Revise"). Because of continuing revenue shortfalls and expenditure savings that have not materialized, the State expects to have a $19.1 billion deficit to resolve. The "May Revise" includes $19.1 billion of solutions. Program spending reductions make up two-thirds of the solutions proposed by the Governor, including significant reductions in social services programs. The balance is made up of federal assistance, borrowing and funding shifts, and new revenues. The Legislature's initial reaction to this proposal has not been positive.

One worrisome possibility is that of additional "takes" from redevelopment agencies. Although the initial attempt, as part of the State's FY 2008/09 budget, was ruled unconstitutional by the courts, the Legislature was not deterred and made another attempt in FY 2009/10, with changes intended to correct the constitutional flaws in the first attempt.

The California Redevelopment Association (CRA) again challenged the State's attempt to take revenues from redevelopment agencies in FY 2009/10. However, this time the ruling was in the State's favor. Although an appeal has been filed, the FY 2009/10 payment must be made. The Fremont Redevelopment Agency made its $10.9 million payment on time and under protest, pending the outcome of the appeal. A second payment of $2.3 million will be due in FY 2010/11. Given the State's initial survival of the legal challenge of this budget-balancing tactic, cities and redevelopment agencies are justifiably concerned that additional "takes" may be on the horizon. We concur with CRA Executive Director John Shirey's comment that "siphoning redevelopment funds away in this tough economy is short-sighted and bad policy. Redevelopment stimulates billions of dollars in economic activity and supports thousands of jobs, which is exactly what we need right now to boost California's sagging economy."

State constitutional provisions and State laws approved by the voters limit the State's budget flexibility in solving structural deficits. Voters have "locked in" an increasing share of budgeted expenditures without increasing revenues. Such voter-approved funding commitments are often contradictory but, even worse, they reduce the State's flexibility needed to deal with changing budget circumstances. All of these factors, combined with the need for a two-thirds vote in each house of the Legislature to approve a budget, make it especially difficult for the Governor and the Legislature to reach agreement on the State's budget.

Operational Impacts and Challenges

As the depth and nature of the current crisis have become clearer, the City began the process of significantly re-evaluating the services provided to the community. City services are provided by employees, and financial instability impacts City staff. Several years ago, the City cut costs by more than 25% and reduced staff by more than 220 positions (144.78 full-time equivalent positions [FTEs] held by 165 people, plus 59 temporary workers). These severe reductions in FY 2002/03 created critical public safety and maintenance issues and have hampered our ability to provide optimal administrative support to frontline operations.

The prolonged recession and continuing concern about how the State will deal with its own budget gap mean that we do not have the resources to staff all of our remaining authorized positions throughout the City. Eleven vacant positions in several departments were frozen in FY 2007/08, and those positions were subsequently eliminated in the FY 2009/10 budget. In addition, all departments were directed to reduce their budgets by 1% in December 2007, and that savings target was carried forward and made permanent in the FY 2009/10 operating budget.

As the global financial crisis unfolded in FY 2008/09, it became increasingly apparent that more drastic budget reductions would be needed in order to live within our means. To that end, public safety departments were asked to reduce their budgets by 5% and all other departments were asked to make 10% reductions. Because of declining development activity, Community Development took a reduction of 20% in costs funded by developer fees.

These budget reductions resulted in additional staffing reductions in FY 2009/10. The total authorized staffing citywide decreased from 919.975 FTEs in FY 2008/09 to 846.000 FTEs in FY 2009/10, a decrease of 73.975 FTEs (8%), in addition to the elimination of 29 temporary workers. These position reductions affected all City departments. Regular staffing is down 18% since FY 2002/03, and temporary staffing has been reduced significantly as well. Although these actions were necessary to help balance the budget, staffing levels for the most basic services – public safety and maintenance – are at their lowest level in almost 20 years when viewed in relation to Fremont's population. The total City workforce now consists of 3.9 FTEs per 1,000 residents, one of the lowest staffing levels in Alameda County.

We believe the reductions made in FY 2009/10 have shrunk the organization to a sustainable level. However, because of the erratic and often contradictory economic news, it now appears that some additional reductions are necessary for FY 2010/11. We are proposing a balanced combination of a variety of one-time bridging strategies for the fiscal year.

In addition to the staffing reductions already implemented, we will freeze and not fund five additional positions, resulting in $700,000 of anticipated savings. General Fund contributions to the Development and Recreation cost centers will be reduced by $300,000 each, and fund balance in the amount of $300,000 each will be transferred in from the Information Technology Services fund and the Vehicle Replacement fund. A review of capital projects resulted in the identification of $2.3 million in projects that can be deferred to a future date, and this money will be transferred into the Budget Uncertainty Reserve, for use in balancing the FY 2010/11 budget. Finally, there is $1.8 million in budget balancing strategies that have not yet been identified. This will be a priority, as we head into FY 2010/11, to identify and implement these additional strategies. All of these items take a toll on the organization and our ability to provide services internally and to the community. However, they also result in a balanced budget for FY 2010/11.

This level of budget reductions will continue to have a noticeable impact on the community. There are some services we simply will not be able to provide. During FY 2009/10, the organization increased its focus on "resetting" services and service levels, rather than trying to hold on until such time as services can be restored. Local government everywhere is faced with a new reality in the face of shrunken resources. We are no longer doing more with less; we are doing less with less! It is essential that we reset our expectations about types of services we will provide, service levels, and priorities. This will be an ongoing effort for the foreseeable future.

Even as we struggle to provide services to the community, we face another challenge in the increasing cost of maintaining Fremont's infrastructure. This is primarily due to three factors. First, as Fremont ages, so does its public infrastructure. The majority of Fremont's public infrastructure was constructed many years ago and now requires either an increased level or frequency of repairs, compounded by not having had adequate resources to spend on street maintenance in the past. Second, as Fremont continues to grow, additional infrastructure is added that must be maintained, further stretching the City's limited maintenance resources. Finally, new requirements result in increased costs. Some of these requirements are voluntary, such as the City's continued move toward greater sustainability. Although sustainability programs such as improved energy efficiency will eventually save money and reduce greenhouse gas emissions, in the near term there are increased transitional costs. Other maintenance requirements, which are regulatory in nature, have increased dramatically over the last few years, and have added significant costs to City operations.

Major City Initiatives

Although the City's current economic climate is grim, affecting the breadth and depth of services offered to the community, there are many important initiatives currently underway. These initiatives are important investments in the community's future and position the City well for long-term growth and stability. Notwithstanding the impacts of budget reductions, City staff must continue to proactively move these important initiatives forward.

Development: There are a number of significant development projects and initiatives underway. These are all important elements of our sales tax diversification strategy.

NUMMI Site Reuse and Revitalization: The closure of the NUMMI automobile plant has presented challenges and created opportunities for both Fremont and the region. In order to develop a strategy for the NUMMI site and surrounding areas, the City applied for and received a $333,000 grant from the United States Economic Development Administration (EDA). These grant funds will be used to complete a series of four studies to develop a strategic plan for the reuse and revitalization of the NUMMI site. These studies are expected to be conducted in FY 2010/11, although the scope of work may be modified in light of the recent announcement by Toyota and Tesla.

The studies will focus on the Warm Springs/South Fremont area of over 850 acres that surrounds the future Warm Springs BART station and includes the NUMMI site. In addition to these studies, the City has applied for a Priority Development Area designation from the Association of Bay Area Governments. The strategic location of this area with convenient Interstate freeway access, rail access, and public transit (via the future Warm Springs BART station and bus service) present an unparalleled opportunity for economic development and new jobs in the Bay Area. The studies are expected to be complete in early 2011, and the results will be integrated into a Specific or Community Plan, as well as the new General Plan.

Midtown/Capitol Avenue: The Midtown/Capitol Avenue project is a "Main Street" style pedestrian-oriented mixed-use development focused in the area bounded by Fremont Boulevard, Mowry Avenue, Paseo Padre Parkway, and Walnut Avenue. In August 2008, the City entered into a Memorandum of Understanding (MOU) with TMG Partners for planning and development. Staff is currently working with TMG Partners on the development of a Specific Plan/Precise Plan for the Midtown District and associated environmental review. When completed, these documents will provide certainty for developers as to the type of project that can be developed and will help expedite the approval process, saving both time and money.

Retail Centers: Pacific Commons is an 880,000 square-foot retail center located at I-880 and Auto Mall Parkway. It is anticipated that re-tenanting of existing vacant spaces and a potential proposal to expand the center with a new "big box" anchor and a 16-screen movie theater will be the focus of attention in FY 2010/11. In addition to efforts at Pacific Commons, the City will continue its efforts to find tenants for existing retail vacancies throughout Fremont.

Emerging Technology: Fremont's emerging "clean and green" technology cluster is expanding, most notably with the new construction of the Solyndra manufacturing plant. Currently, over 300,000 square feet of new specialized manufacturing space is being developed, and a second phase is planned to begin construction next fiscal year. Other solar and clean technology firms have been leasing space in Fremont and planning expansions. Fremont's biotech and medical device industry cluster has been stable, with firms continuing to make investments in their facilities. Staff seeks opportunities and continues to meet with potential businesses and market local sites. The establishment of these various technology clusters promotes business-to-business opportunities, helping employment and the City's sales tax revenues.

Local Business Stimulus Package: The City will continue to market the measures included in the March 2009 Local Business Stimulus Package designed to help existing Fremont businesses and provide incentives to attract new businesses to Fremont during these difficult economic times.

The measures in the Local Business Stimulus Package include the following:

- Reduce Development Impact Fees citywide by 10% until December 31, 2011, by collecting 90% of the fee during this time.
- Reduce Development Impact Fees by 25% within the Central Business District (CBD) until December 31, 2011, by collecting 75% of the fee during this time.
- Change the current practice of collecting Development Impact Fees at time of building permit issuance to collecting fees prior to final inspection or granting of Certificate of Occupancy.
- Exempt clean technology firms from the Business License Tax for up to five years.
- Increase the local business purchasing preference from 2.5% to 5% until December 31, 2010.
- Authorize the City to participate in the Statewide Community Infrastructure Program in order to offer developers an alternative financing program to pay Development Impact Fees.
- Assist qualifying local businesses with creating a Foreign Trade Zone.

In addition, there are a number of other ongoing Economic Development, Redevelopment Agency, and Planning Division activities that will be retooled and/or introduced in the upcoming year as part of the City's concerted effort to provide additional assistance for local businesses. These activities include the following:

- The City's "Shop Fremont" campaign.
- The Redevelopment Agency's Commercial Rehabilitation Loan Program.
- Partnering with local educational institutions and employment agencies to promote small business workshops, job training and employment resources.
- Providing additional promotion of Employment Training Panel funds and Industrial Development Bonds for qualifying businesses.
- Updating the Sign Ordinance to allow more leeway and flexibility for business promotion.

City staff was recognized on March 26, 2010, by the Fremont Chamber of Commerce for being "business friendly" based on efficiency improvements and local stimulus programs that have assisted development during this economic downturn.

Federal Economic Stimulus: President Barack Obama signed the $787 billion American Recovery and Reinvestment Act (ARRA) of 2009 into law on February 17, 2009. The American Recovery and Reinvestment Act of 2009 is also commonly known as the Federal Stimulus Package. The main objectives of the Federal Stimulus Package are to create jobs and stabilize the economy. ARRA funding is targeted to programs in the areas of health care, energy, infrastructure, education, public safety, transportation, environment, affordable housing, and economic development.

Significant ARRA funding awards to date include the following:

- Fremont has received $4.01 million in new funding plus an additional $1.9 million through a fund exchange agreement with the Alameda County Congestion Management Agency for street overlays, and $770,000 for pavement rehabilitation on Osgood Road.
- As part of a coordinated County-wide effort, the City is actively implementing a $1.2 million Homeless Prevention and Rapid Rehousing program designed to help families facing housing crises and those who have recently become homeless. The program is funded through ARRA, with matching Temporary Assistance for Needy Families (TANF) funds through the Alameda County Social Services Agency. Services are being delivered at the Family Resource Center, in partnership with Abode Services, a local non-profit agency.
- Approximately $330,000 in CDBG-R funds is being used to make renovations at the Family Resource Center and reconstruct the parking lot to meet ADA standards, thus providing jobs for workers in the construction industry. The City also partnered with Alameda County and other local jurisdictions to successfully receive approximately $13 million in Neighborhood Stabilization Program (I and II) funds to be used to purchase and renovate foreclosed homes and turn them into affordable housing units.
- The City received an allocation of $4,456,000 in Recovery Zone Facility Bonds (RZFB) for areas the City designates as "recovery zones." This financing tool allows smaller businesses to finance projects that create jobs and investment within communities. After a formal application and review process, the expansion project for Dale Hardware, a long-time local business, was selected to receive Fremont's allocation to finance the construction of a 56,000 square foot expansion of its existing hardware and building supply facility.
- Fremont received $1.89 million for energy efficiency and conservation. The funds are being used for several different projects, including installation of a new "cool" roof at the Fremont Main Library (the building is owned by the City), and a pilot program for installing high-efficiency streetlights. Preliminary work took place in FY 2009/10, and the bulk of construction/installation will occur in FY 2010/11.

General Plan Update: State law requires cities to adopt a comprehensive General Plan, which serves as the "constitution" for all future development decisions in the community. In FY 2007/08, the City began working on an update to its General Plan, which was last comprehensively rewritten in 1991. As part of that effort, staff sought extensive community input, completed several technical studies, and held a series of study sessions with the City Council and the Planning Commission

on land use policy issues. In FY 2009/10, the Planning Commission and City Council continued to provide policy direction and establish the vision for the City's future, and staff is using that information in drafting the General Plan, for consideration and final adoption by the City Council in FY 2010/11.

Photo courtesy of Khanh Vo

Redevelopment: Several exciting redevelopment projects are underway. All of these projects will help to revitalize the Redevelopment Project Areas and bring new revenue into Fremont.

Centerville: One of the largest projects underway in the Centerville district is the Agency-owned Centerville Unified Site, located on a 6.6-acre site along Fremont Boulevard near Thornton Avenue. The Agency has selected a developer for the site, is negotiating a disposition and development agreement, and anticipates commencing the entitlement process for a new development. This development will be a public/private partnership between the selected developer and the Redevelopment Agency, focused on creating a mix of uses and featuring architectural design consistent with the character of Centerville.

Irvington: The Bay Street Streetscape and Parking Project is one of the cornerstones for Irvington's revitalization. The project was initiated to transform the street environment for this three-block stretch of Bay Street to support existing, and create new, commercial and residential mixed uses, as well as to encourage other public and private investments in and around the Five Corners area in Irvington. Construction of the parking lot was completed in spring 2008 and undergrounding of the overhead utilities was completed in 2009. The streetscape work is now underway and scheduled to be completed in fall 2010.

The Grimmer Greenbelt Gateway project will create a meandering landscaped pedestrian and bicycle path from Fremont Boulevard across Paseo Padre Parkway to Central Park. The first phase of this project, reconstruction of the Paseo Padre Parkway/Grimmer Boulevard intersection, is underway and should be completed this summer. Development of the preliminary design and cost estimates for the next phase will occur in FY 2010/11.

Niles: In conjunction with the redevelopment of the former Union Pacific (UP) property and its environs, the Redevelopment Agency will continue the design and development of a pedestrian link connecting the former UP property and Niles historic commercial core to the more visible

Niles Canyon Railway passenger boarding/disembarkation platform and Mission Boulevard. The first step in this project is to identify the optimal location and type (e.g., pedestrian bridge, at-grade railroad crossing) of connection and determine the cost of construction. The next phase of work is to complete environmental remediation of the remaining portion of the UP site in preparation for future redevelopment.

Capital Projects: Despite the challenges in the City's General Fund, we continue to work on a variety of major capital projects. These projects can proceed because, for the most part, they do not rely on the City's General Fund. Rather, their funding comes from such sources as redevelopment tax increment, traffic impact fees, State and regional sources, and the Fire Safety Bond (Measure R) approved by Fremont voters in 2002.

Pavement Overlay Project: Last summer, the City of Fremont used $4.01 million of American Recovery and Reinvestment Act (ARRA) funds, supplemented with an additional $1.9 million of ARRA funds through a fund exchange agreement with the Alameda County Congestion Management Agency (CMA), to rehabilitate 13 street segments of arterials and collectors, for a total length of 4.3 road miles.

This year, the City will rehabilitate 11 street segments of arterials and collectors, for a total length of four road miles. Segments will include portions of Paseo Padre Parkway, Stevenson Boulevard, Mowry Avenue, and Thornton Avenue. This $5.2 million project will be funded through Proposition 1B and other local funds, and construction is expected to start this summer and be completed this fall.

Osgood Road Widening: This summer, the City will widen and repave Osgood Road between Washington Boulevard and Auto Mall Parkway, using $770,000 of ARRA funds, $1.4 million of federal transportation funds, and traffic impact fees.

Fire Safety Bond Projects: In November 2002, Fremont voters approved Measure R by 74.4%, thereby authorizing the City to issue $51 million in general obligation bonds, to be repaid by a property tax levy. Proceeds from these bonds are to be used to replace three fire stations, build public safety training facilities, and make remodeling and seismic improvements to seven existing fire stations. To date, all $51 million in bonds has been issued, and new Station 8 in North Fremont, Station 6 in Centerville, and Station 2 in Niles have been completed.

Of the stations being remodeled, six are complete (Station 1 in the Central Business District, Station 4 at Pine Street and Paseo Padre Parkway, Station 5 in Warm Springs, Station 7 at Grimmer Boulevard and Auto Mall Parkway, Station 9 at Stevenson Place, and Station 10 in Ardenwood). The remodel of Station 3 in Irvington, which is the last fire station project, began construction this

spring. The separate public safety training facilities consist of a Police firing range and training room, Fire training classrooms, and a Fire tactical training facility. The Fire training classrooms, which were part of the Building A Fire Administration project (funded with non-fire bond money), were completed in April 2009. The Fire tactical training facility began construction in May 2009 and will be completed in June 2010. The Police firing range began construction in April 2009 and is scheduled to be complete in mid-2010.

Parks and Recreation: Several projects are underway or about to begin that enhance the lives of our citizens, increase safety and park usability, and reduce maintenance costs.

Playgrounds: As part of a multi-year effort to bring City playgrounds into compliance with current playground safety standards and minimize maintenance costs, 12 playgrounds are currently being reconstructed. In FY 2010/11, the remaining six playgrounds will be completed. The sand or fibar surfaces at these playgrounds are being replaced with poured-in-place rubber, which is projected to reduce the number of hours necessary to maintain these playgrounds by 800 per year.

Conclusion

Fremont has long prided itself on being a lean organization, making the most of the resources entrusted to us. The prolonged recession has forced us to make hard choices about which services we will provide to the community, and how we will provide them. Fiscal discipline and wise stewardship over many years have made it possible for us to take a balanced approach as we strategically reset our service levels. I would like to thank both the City Council and City staff for the strong partnership that has enabled us to effectively meet the challenges we face.

Fred Diaz
City Manager

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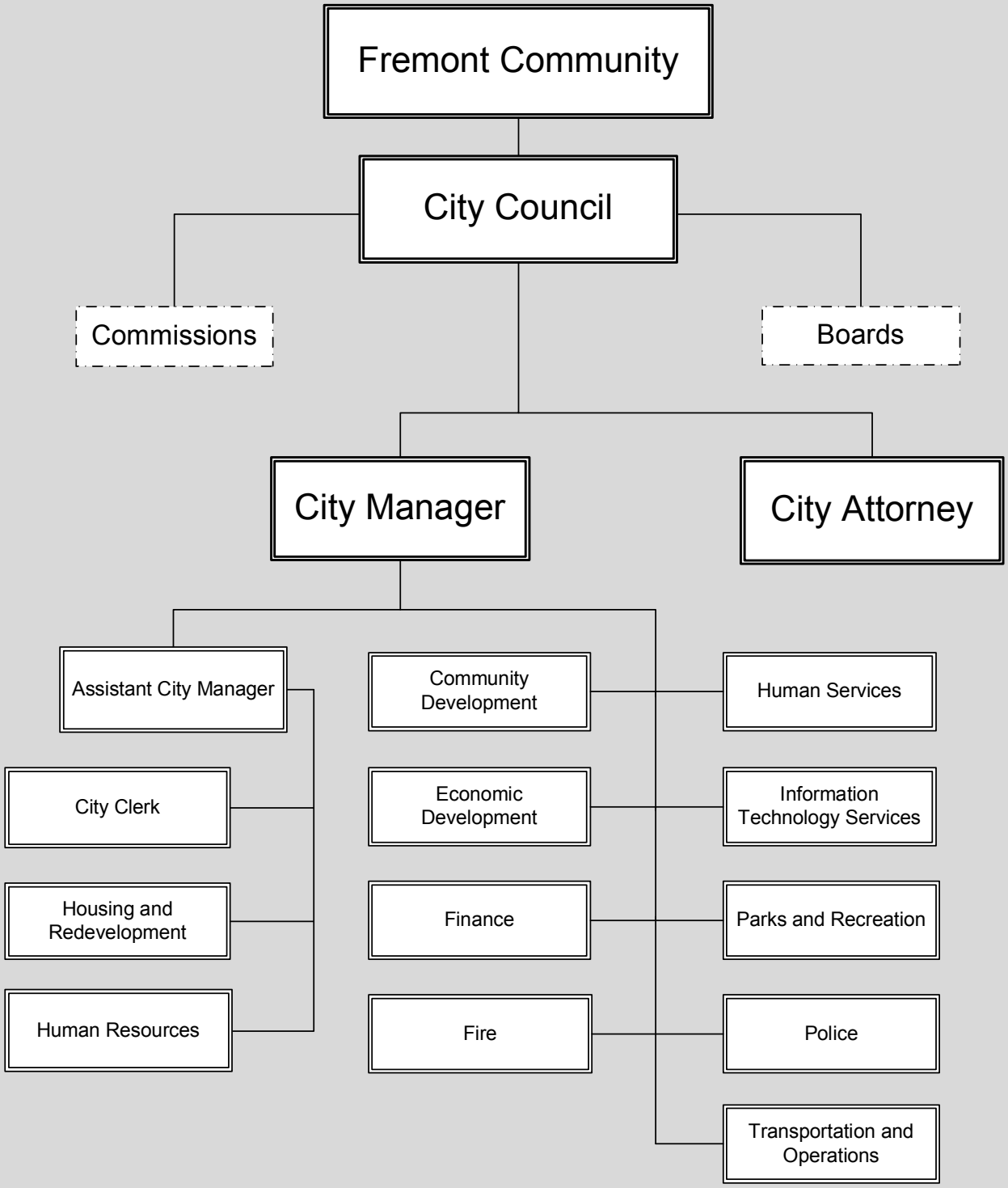
City of Fremont Organization Chart
Fiscal Year 2010/11



City of Fremont, California
Regional View

City of Fremont Profile

History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location, and excellent climate have continued to attract newcomers to this area. In the mid-1840s, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.

Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of 218,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 51 other parks, five community centers, and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate, and a quality of life that is considered to be one of the best in the United States. For example, Fremont was rated as the best place in which to raise healthy children in the nation, and Men's Health magazine rated Fremont #1 in the nation for men's health. Fremont residents enjoy a highly rated public education system, low crime rates, and a vast array of recreation, park, and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont is easily accessible to three international airports, several major educational institutions, the Bay Area Rapid Transit (BART) system, and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

Population: 218,128 Elevation: 56 feet

Government

Incorporated January 23, 1956

Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.

Number of Directly-Elected Mayors (since 1978): 6

Number of City Managers since Incorporation: 7

Full-time Employees FY 2010/11[1]	
Community Development	98.335
Economic Development	3.650
Fire	152.500
General Government	75.320
Housing & Redevelopment	12.100
Human Services	54.500
Parks & Recreation	61.850
Police	287.000
Transportation & Operations	103.230
Total	**848.485**

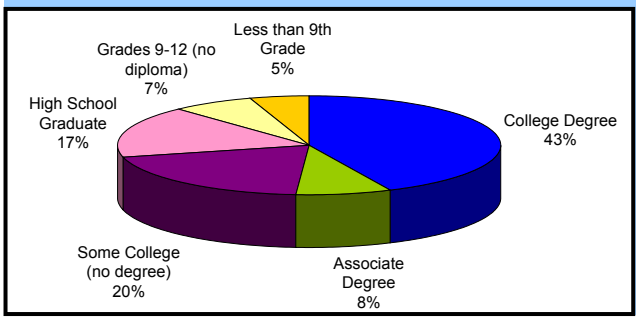
Demographics

Population	
1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2009	218,128

Land Area: 92 square miles

Climate[3]
Average Temperature: 60°F (15.6°C)
Avg. Annual Precipitation: 14.85”

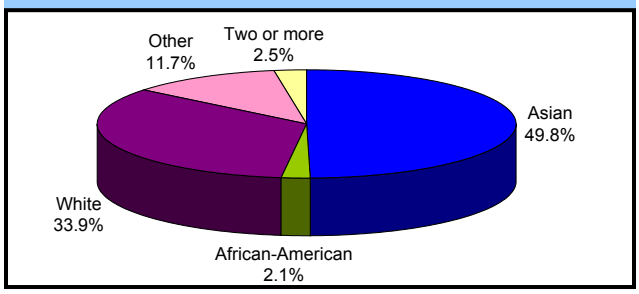
Level of Educational Attainment (of people 25 years and older)[4]



Median Age[4]: 35

Mean Household Income (2009 projection)[5]: $118,810

Racial Composition[4]
(Hispanic/Latino may be of any race)

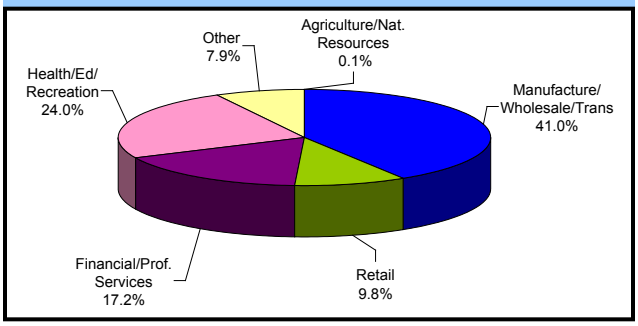


Business

Major Employers (listed in order of number of employees)[5]

Fremont Unified School District (FUSD)
Washington Hospital
Boston Scientific/Target
Western Digital
Seagate
AXT Incorporated
Lam Research Corporation
Oplink Communications
City of Fremont
Solyndra
Sysco Food Services
Synnex
Kaiser Permanente Medical Group
Palto Alto Medical Foundation
Quanta Computer
ESS Technology
Mattson Techology, Inc.
Sanmina – SCI
3 Par Data
Office Depot

Distribution of Jobs by Major Employment Sectors (2009 projection)[6]
Total Jobs = 94,440



Community Services

City Resources	
Family Resource Center	1
Parks	52
Senior Center	1
Community Centers	5
Fire Stations	11

Education

Fremont Unified School District (FUSD) has:
29 elementary schools
5 junior high schools
6 high schools
8 other programs/schools

FUSD Average SAT I Score[7]: 1743
Percentage of FUSD graduates attending[8]:
University of California: 19.1%
California State University: 16.1%

Ohlone College is a public, two-year, open-admission community college with an average enrollment of 19,000 students per year[9].

Services by Other Governmental Units

Education:	Fremont Unified School District and Fremont-Newark Community College District
Flood:	Alameda County Flood Control and Water Conservation District
Parks:	East Bay Regional Park District
Public Transportation:	Bay Area Rapid Transit District, Alameda-Contra Costa Transit District, ACE Train, and Capitol Corridor Train
Sewer:	Union Sanitary District
Gas and Electricity:	Pacific Gas and Electric
Water:	Alameda County Water District

Notes

[1] FY 2010/11 Adopted Operating Budget, City of Fremont

[2] California State Department of Finance

[3] The Weather Channel

[4] U.S. Census 2000

[5] City of Fremont, Economic Development Department

[6] Association of Bay Area Governments (ABAG)

[7] California Department of Education

[8] California Postsecondary Education Commission

[9] Ohlone College, Office of College Relations

All City Funds Schedule

The Summary of All Funds schedule on the following page groups the City's funds into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment (RDA)
- Capital

The first three categories include the City's operating funds, and the last two are special purpose fund categories. Funding for most of the City's operations and most of its services comes from the first three fund categories.

The Fremont Redevelopment Agency's budget is adopted separately by the City Council when it sits as the governing board of the Redevelopment Agency. The budget for Capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program (CIP).

The Summary of All Funds schedule consolidates all funds citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, "transfers in," and "transfers out." This consolidation is achieved by eliminating all transfers between funds that are within the same fund category and all internal service fund charge transfers. Such eliminations are similar to those made to produce the City's government-wide financial statements, as mandated by Governmental Accounting Standards Board (GASB) Statement 34. These eliminations avoid the double counting that would otherwise occur if these proposed transactions were shown as either additional transfers or as additional revenues and expenditures. Therefore, the "Total Revenues" and "Total Expenditures" lines for all funds present the true budgeted revenues and expenditures expected to be received and spent by the entire organization.

Please refer to the General Fund section and the Other Funds section of this document for more information.

Summary of All Funds

(Thousands of Dollars)	Total General Fund	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Funds
Revenues						
Intergovernmental:						
Property Taxes	$ 46,016	$ -	$ -	$ 37,706	$ -	$ 83,722
Property Taxes (VLF Replacement)	15,217	-	-	-	-	15,217
Triple Flip - Sales Tax Replacement	6,657	-	-	-	-	6,657
Sales and Use Taxes	21,115	-	779	-	-	21,894
Vehicle License Fees	408	-	-	-	-	408
Other Intergovernmental	241	-	8,358	-	7,668	16,267
Business License Taxes	7,410	-	-	-	-	7,410
Hotel/Motel Taxes	2,861	-	-	-	-	2,861
Property Transfer Taxes	961	-	-	-	-	961
Franchise Fees	7,825	-	-	-	-	7,825
Charges for Services	4,585	22,466	7,801	-	-	34,852
Fines	3,137	-	-	-	-	3,137
Investment Earnings	1,600	467	17	1,128	2,244	5,456
Paramedic Fees	1,104	-	-	-	-	1,104
Other Revenues	1,308	750	1,329	50	3,531	6,968
Total Revenues	**120,445**	**23,683**	**18,284**	**38,884**	**13,443**	**214,739**
Total Transfers In	8,634	4,545	4,125	-	8,098	25,402
Resources Available: (Revenues plus Total Transfers In)	**129,079**	**28,228**	**22,409**	**38,884**	**21,541**	**240,141**
Expenditures						
General Government	10,579	-	-	-	-	10,579
Police	53,844	-	1,527	-	-	55,371
Fire	31,673	-	640	-	-	32,313
Transportation and Operations	15,134	2,000	6,698	-	1,200	25,032
Community Development:						
Planning	-	3,829	-	-	-	3,829
Building and Safety	-	4,844	-	-	-	4,844
Engineering	-	6,756	-	-	-	6,756
Community Preservation	741	-	88	-	-	829
Housing and Redevelopment	-	-	601	28,331	-	28,932
Human Services	3,515	660	11,697	-	-	15,872
Parks and Recreation	4,667	7,127	182	-	-	11,976
Non-departmental	3,150	(146)	425	-	10,424	13,853
Less: Citywide Savings	(1,500)		-			(1,500)
Debt Costs	-	-	825	-	7,573	8,398
Total Expenditures	**118,288**	**25,070**	**22,683**	**28,331**	**19,197**	**213,569**
Total Transfers Out	16,290	3,635	1,649	272	3,556	25,402
Resources Used: (Expenditures plus Operating Transfers Out)	**134,578**	**28,705**	**24,332**	**28,603**	**22,753**	**238,971**
Net Results of Operations: (Resources Available less Resources Used)	**(5,499)**	**(477)**	**(1,923)**	**10,281**	**(1,212)**	**1,170**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**23,761**	**12,618**	**12,443**	**13,204**	**16,085**	**78,111**
Fund Balance - 6/30/11 (est.)	**$ 18,262**	**$ 12,141**	**$ 10,520**	**$ 23,485**	**$ 14,873**	**$ 79,281**

Citywide Position Changes Overview

The total authorized regular staffing level of 848.485 for FY 2010/11 is increasing by 2.485 full time equivalent (FTE) (0.3%) positions from the FY 2009/10 level of 846.00. The increase in net FTE positions is primarily attributable to conversion of temporary staffing to regular and increases in the Human Services Department due to increased grant funding. Many departments are operating at their lowest staffing level in over 16 years. Staffing levels for the most basic services – Police, Fire, and Maintenance – will be at their lowest level in over 19 years when Fremont's population growth during the same period is taken into account.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
PUBLIC SAFETY						
Fire	153.00	153.00	161.00	161.000	152.000	**152.500**
Police	294.00	294.00	302.00	302.000	287.000	**287.000**
TOTAL	447.00	447.00	463.00	463.000	439.000	**439.500**
OTHER COMMUNITY SERVICES						
Community Development	105.10	106.42	108.30	113.500	99.275	**98.335**
Economic Development	4.64	4.64	4.69	4.675	4.575	**3.650**
Human Services	43.97	43.97	52.32	52.800	51.800	**54.500**
Transportation and Operations	113.40	112.90	116.15	116.025	103.105	**103.230**
Parks and Recreation	67.35	67.35	67.35	69.350	61.850	**61.850**
Housing and Redevelopment	14.54	13.99	12.91	13.725	11.925	**12.100**
TOTAL	349.00	349.27	361.72	370.075	332.530	**333.665**
ADMINISTRATIVE SYSTEMS						
City Manager's Office	3.00	2.40	3.00	2.750	1.750	**1.750**
Administrative Systems Office	5.30	5.30	4.70	4.700	3.500	**4.400**
City Attorney	10.75	10.75	10.75	10.500	9.420	**9.420**
City Clerk	6.40	6.30	5.30	5.300	4.250	**4.200**
Finance	25.75	25.75	24.75	24.750	21.650	**21.650**
Information Technology Services	20.40	20.40	21.90	21.900	19.900	**19.900**
Human Resources	17.00	17.00	17.00	17.000	14.000	**14.000**
TOTAL	88.60	87.90	87.40	86.900	74.470	**75.320**
CITYWIDE TOTAL	**884.60**	**884.17**	**912.12**	**919.975**	**846.000**	**848.485**

The Fire Department staffing level is 0.5 FTE higher than the FY 2009/10 level due to conversion of one half-time temporary position to regular and combining it with an existing 0.5 FTE Senior Office Specialist position.

The Community Development Department staffing level is 0.94 FTE less than the FY 2009/10 level due to changes in positions that were part of the departmental reorganization subsequent to the FY 2009/10 reductions. The reduction is the net result of the reduction of 2.0 FTE Building Inspector Specialist(s), the conversion of 1.0 FTE Landscape Architect/Designer II from temporary to regular, and an increase of 0.06 FTE Real Property Agent.

The Transportaton and Operations Department staffing level for FY 2010/11 is 0.125 FTE more than the FY 2009/10 level due to the increase of 0.125 FTE Environmental Specialist I to an existing 0.875 FTE position.

The City Manager's Office staffing level for FY 2010/11 is 0.9 FTE higher than the FY 2009/10 level. This is due to transferring 1.0 FTE Communications Coordinator from the Economic Development department to the City Manager's Office to coordinate marketing and communication efforts. The remaining 0.1 FTE reduction is due to transferring a portion of the Assistant City Manager's time to the Office of Housing and Redevelopment budget to reflect time spent overseeing the Redevelopment Agency.

The Office of Housing and Redevelopment staffing level for FY 2010/11 is 0.175 FTE more than the FY 2009/10 level. The increase to the Office of Housing and Redevelopment staffing is due to the increase of 0.15 FTE of the Assistant City Manager's time and 0.025 FTE of the Economic Development Director's time spent on Redevelopment activities.

The City Clerk's Office staffing level for FY 2010/11 is 0.05 FTE less than the FY 2009/10 level. The reduction is due to transferring 0.05 FTE of the Assistant City Manager's time to the Office of Housing and Redevelopment budget to reflect time spent overseeing the Redevelopment Agency.

The Human Services Department staffing level for FY 2010/11 is 2.7 FTEs higher than the FY 2009/10 level. The increase in Human Services is the result of adding 1.1 FTEs Case Manager positions due to increased grant funding, and adding 1.6 FTEs Counselor positions (including 1.0 FTE temporary to regular conversion), due to increased grant funding.

The Economic Development Department staffing level for FY 2010/11 is 0.925 FTE lower than the FY 2009/10 level due to the transfer of 1.0 FTE Communications Coordinator to the City Manager's Office, an increase of 0.10 FTE to reflect the Economic Development Director position increase to full time, and allocating an additional 0.025 FTE of the Economic Development Director to the Office of Housing and Redevelopment.

City Debt Summary

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy displayed in the Policies & Glossary section of this document. Current and future planned debt payments affecting the operating budget are detailed on the "transfers summary" located in the General Fund section of this budget.

The following charts summarize the City's existing long-term debt and future debt obligations related to that existing debt.

Debt Outstanding - Fiscal Years Ending 2009 and 2010		
	2009	2010
Redevelopment Agency		
Bonds, Series 2004 (refi of 2000)	$26,070,000	
Total Tax Allocation Bonds	**$26,070,000**	**$ -**
General Obligation Bonds		
General Obligation Bonds, Election of 2002 Series A	9,000,000	8,770,000
General Obligation Bonds, Election of 2002 Series B	25,000,000	24,490,000
General Obligation Bonds, Election of 2002 Series C	16,000,000	16,000,000
Total General Obligation Bonds	**$50,000,000**	**$49,260,000**
City's Certificates of Participation - General Fund		
1998 Public Financing Authority	15,340,000	14,720,000
2001 Public Financing Authority	30,540,000	29,705,000
2001B Public Financing Authority	8,000,000	7,600,000
2008 Public Financing Authority (refi of 1990, 1991, 2002, 2003 COPs)	76,360,000	75,115,000
Subtotal	**$130,240,000**	**$127,140,000**
1998 Public Financing Authority (Fremont Family Resource Center)	**$10,270,000**	**$9,965,000**
Total Certificates of Participation	**$140,510,000**	**$137,105,000**
Total Tax Allocation Bonds, General Obligation Bonds, and Certificates of Participation	**$216,580,000**	**$186,365,000**

Annual Debt Service Requirements

	City's Certificates of Participation - Source of Payment General Fund	City's Certificates of Participation - Source of Payment Family Resource Center	General Obligation Bonds Election of 2002 Series A	General Obligation Bonds Election of 2002 Series B	General Obligation Bonds Election of 2002 Series C
FY 2010/11	$ 7,582,018	$ 627,331	$ 597,968	$ 1,659,185	$ 1,030,075
FY 2011/12	8,161,163	637,151	596,118	1,669,760	1,028,125
FY 2012/13	8,185,106	645,132	598,208	1,679,285	1,025,275
FY 2013/14	8,198,651	653,681	599,593	1,692,276	1,027,925
FY 2014/15	8,205,488	661,200	600,378	1,707,941	1,036,375
Thereafter	158,111,130	10,044,709	10,732,792	33,506,549	24,751,957
Total Principal & Interest	198,443,556	13,269,204	13,725,057	41,914,996	29,899,732
Less Interest	(71,303,556)	(3,304,204)	(4,955,057)	(17,424,996)	(13,899,732)
Total Principal	$ 127,140,000	$ 9,965,000	$ 8,770,000	$ 24,490,000	$ 16,000,000

Legal Debt Margin

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit. With only $49,260,000 of outstanding debt subject to the legal debt limit and a legal debt limit of $4,659,335,969, the City is not at risk of exceeding its legal debt limit.

Computation of Legal Debt Margin as of June 30, 2009

Assessed Valuation (Net)[1]	$31,390,639,792
Debt Limit: 15% of Assessed Value	4,708,595,969
Less Outstanding Debt (Subject to Legal Debt Limit)	49,260,000
Legal Debt Margin	$4,659,335,969

[1]Source: Alameda County-Controller's Office Certification.

Compliance with Long-Term Capital Debt Policy

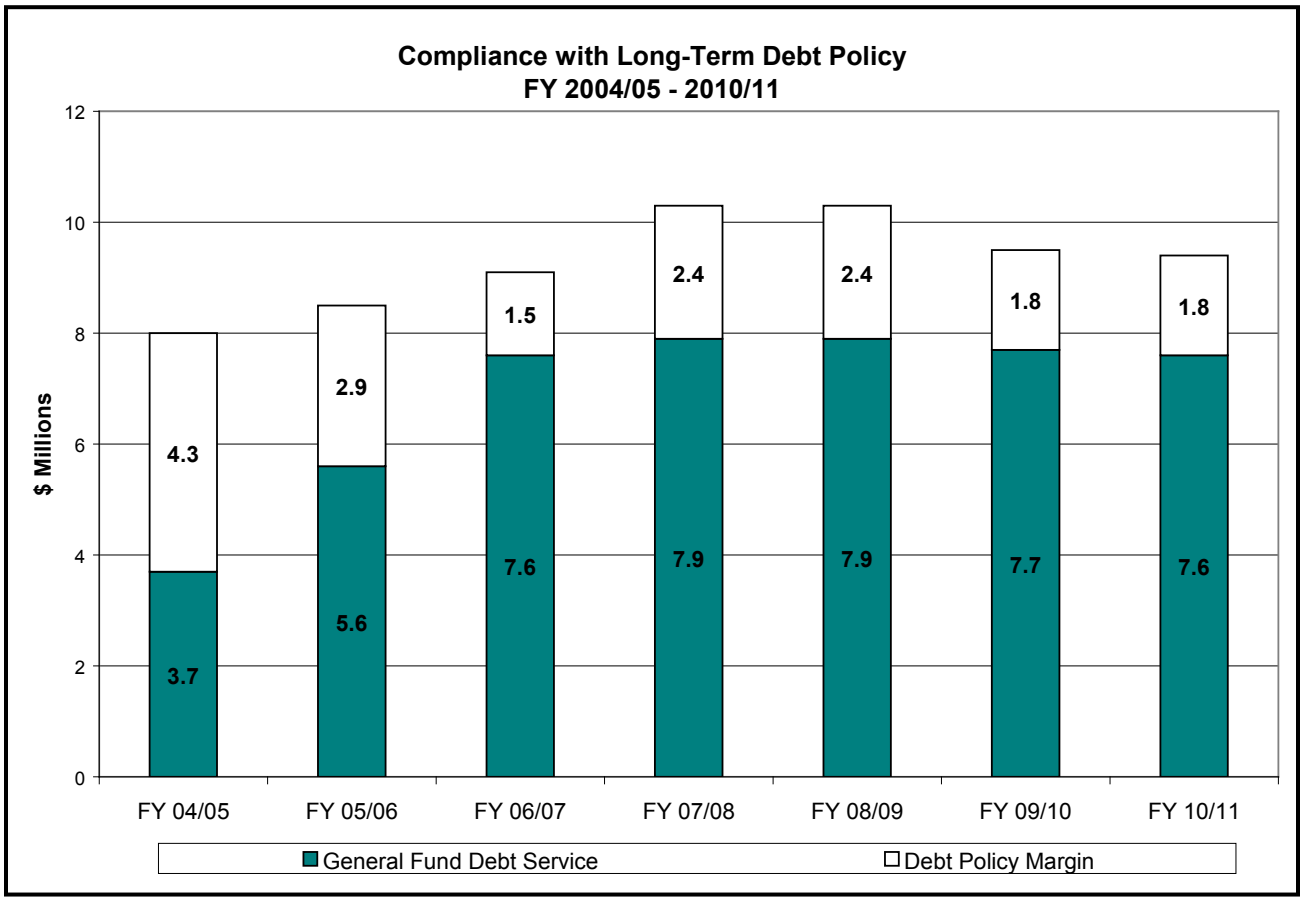
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2010/11 General Fund supported debt service of $7,582,018, and a debt level limit of $9,420,460, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	$134,578,000
Policy Debt Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	9,420,460
Less General Fund Supported Debt Service	7,582,018
Policy Debt Margin	$1,838,442

Compliance with Long-Term Capital Debt Policy

The City's Long-Term Capital Debt Policy limits General Fund-supported debt to a maximum of 7% of total General Fund budgeted expenditures and transfers out. The City has been in compliance with this policy since it was adopted by the City Council in 1996. The forecast for long-term debt indicates that the City will remain in compliance and will not exceed 7% of total General Fund budgeted expenditures and transfers out. For FY 2010/11, the General Fund-supported debt will be $7.6 million. The FY 2009/10-FY 2013/14 CIP includes additional debt-funded projects. Because of the timing of the issuance of debt and the timing of commencement of debt service payments, staff expects the City will continue to be in compliance with the Council's Long-Term Debt Policy.



Gann Limit

Article XIIIB of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990 and implemented by California Government Code sections 7900, and following) provides the basis for the Gann appropriation limitation. In brief, the City's appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

The formula to be used in calculating the growth rate is:

$$\frac{\text{\% change in population} + 100}{100}$$

times

either

$$\frac{\text{\% change in per capita income} + 100}{100}$$

or

$$\frac{\text{\% change in non-residential assessed value} + 100}{100}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. Reports that present changes in new, non-residential assessed value are provided by the County of Alameda. These numbers provide the basis for the factor to be used in the City's calculation of the Gann Limit. Of the two methods above, the City is using the "per capita personal income" factor because it results in the higher appropriations limit.

On May 1, 2010, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits. The percentage change in per capita income is 0.9851%. The calculation as applied to the City of Fremont for FY 2010/11 is:

> The population on January 1 of the previous year (215,787) compared to the population on January 1, 2010 (218,128), is 2,341, or a 1.08% increase.
>
> The change in per capita personal income is <2.54%>.
>
> The factor for determining the year-to-year increase is computed as:

$$\frac{1.08 + 100}{100} \quad X \quad \frac{<2.54> + 100}{100} = 0.9851$$

Applying this year's factor of 0.9851 to last year's limit of $498,945,662, the Gann Limit for FY 2010/11 yields $491,511,372.

Based on an operating budget of $134,578,000, Fremont is not at risk of exceeding the Gann Limit. The Gann Limit is adopted by the City Council concurrently with the adoption of the FY 2010/11 operating budget.

Citywide Goals and Objectives

In 2002, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving the vision. The Plan has three main purposes. First, it communicates the City's vision for the future to residents, businesses, and City employees. Second, it provides guidance so that decisions are good for today's challenges and good for the City in the future. Making decisions in the context of a shared vision developed through collaboration ensures broad commitment to the success of the plan. Finally, the Strategic Plan provides a sound framework for long-term departmental planning.

For budgeting purposes, the long-term desired outcomes and values outlined in the plan have been adapted as citywide goals that support the City Council's vision. The goals are used as a framework for ensuring alignment of department special projects with the City Council's vision. This section of the budget document presents the City Council's vision and goals from the 2002 Strategic Plan and a new goal #12 which was added in 2008. It also includes a matrix that illustrates the alignment of departmental special projects with citywide goals. Special projects presented here may be abbreviated for format purposes. The full narrative text for each special project is displayed in the Departmental Budgets section of this document.

City Council's Vision

Fremont will be a globally-connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Citywide Goals

1. **Strong community leadership**

   City Council, Boards, and Commissions work with the community to create the long-term vision for Fremont and provide policy direction and guidance to the City organization. The City Manager and staff carry out the long-term vision on a daily basis through a variety of services and activities.

2. **A safe community**

   People value a feeling of safety and security within their community. In Fremont, residents work together and with City staff to prevent crime and solve problems in their neighborhoods.

3. **A vibrant local economy**

   The local economy is comprised of a strong, diversified commercial and industrial base, providing high-quality employment for the region. It is balanced with a strong retail sector and healthy neighborhood commercial districts.

4. **Thoughtful, orderly use of land and protection of environmental resources**

   The City values a harmonious blend of natural and physical environments, with particular priority for preservation of open space, such as the hillface and bay wetlands. Thoughtful land use and conservation also protect people's social and financial investments in the community.

5. **Safe and effective transportation systems**

   Quality of life is highly dependent on high quality transportation systems, which enable people to get around easily. Alternatives to automobile transportation, such as walking, cycling, and public transit are also valued.

6. **Public facilities and programs for recreation**

   Public facilities provide individual and family entertainment, relaxation, and education. Fremont's public amenities include parks, community centers, historic estates, a golf course, and related programming.

7. **Historic character**

   Preservation of historic properties, neighborhoods, and commercial districts enables the community to adapt to change and embrace a progressive future while remaining true to its heritage and historic character.

8. **Building a caring community**

   Fremont is a community where members care for each other and value services that help families and individuals to live self-sufficiently with a respectable quality of life. The community values a range of housing opportunities balanced with employment opportunities to ensure that people who work in Fremont may also live here.

9. **Strong families and healthy children**

   Fremont is proud of its identity as an excellent place for families and children. The City partners with the school district and other agencies and groups to foster growth in families and provide opportunities for youth development and community involvement.

10. **Involvement of a diverse population**

    Fremont is an inclusive community that welcomes people of all ages, ethnicity, income, and background. The City believes that all segments of the population must be engaged and involved in making community decisions in order to ensure a high quality of life and effective democracy.

11. **Effective and efficient city government**

    The Fremont community wants honest, responsive city government serving the community's interests with progressive, equitable, and fiscally responsible service delivery.

12. Creating an aging friendly community

The City of Fremont will work to create an aging friendly community that is safe and welcoming. The City will promote an environment which values senior participation; a place where information and services are easily available for all seniors; where seniors can be mobile and actively involved; where meaningful exchanges between cultures and generations exist; and, where people come together in support of one another regardless of age.

Special Projects Summary

- Strong community leadership
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COMMUNITY DEVELOPMENT DEPARTMENT:

1 Complete the update to the City's General Plan by spring 2011.
2 Continue process improvements and enhance customer service by reducing the number of review cycles from five to three.
3 Prepare a Climate Action Plan that lays out strategies for achieving greenhouse gas reduction targets adopted by the City Council.
4 Complete energy conservation projects in City buildings using federal stimulus funds.
5 Develop the Midtown District Community Plan and Design Guidelines by March 2011.
6 Complete the update of the City's Wireless Telecommunications Ordinance by early 2011.
7 Complete the multi-family design guidelines for residential development projects by fall 2010.
8 Complete construction of the Police Indoor Firing Range by summer 2010.
9 Complete the seismic retrofit of the Police Department Building by fall 2011.
10 Repair four miles of distressed City streets with overlay and perform preventative maintenance on City streets to improve road conditions.
11 Construct improvements to Osgood Road between Washington Boulevard and Grimmer Boulevard by October 2010.
12 Design and bid future phases of the Grimmer Gateway project by June 2011.

ECONOMIC DEVELOPMENT DEPARTMENT:

1 Manage efforts to conduct studies related to the reuse and revitalization of the NUMMI site.
2 Develop a new signage program for the Auto Mall area to assist in the promotion/visibility of the auto mall.
3 Develop a Specific Plan for the Midtown/Capitol Avenue area of Fremont by December 2010.

FIRE DEPARTMENT:

1 Complete the Measure "R" Fire Bond projects, including Fire Station 3 and the Fire Tactical Training Center.
2 Purchase and implement "tablet" computers for use in the field by Fire Prevention Inspectors to improve efficiency.
3 Update management and monitoring of controlled substances for compliance with new statewide regulations for ALS service providers.

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

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FIRE DEPARTMENT (continue):

4 Adopt the 2010 California Fire Code and begin implementation of the California Environmental Reporting System program.
5 Develop a pediatric simulation assessment lab, and research grant or purchase opportunities for a Sim-Baby training device.
6 Develop an implementation plan for the new Tactical Training Center to establish a facility use policy and fee schedule.
7 Implement a coordinated disaster response program for citizens of Fremont in the event of a catastrophic incident.
8 Establish a succession plan for Fire Department employees with a performance assessment system and career development plan.

HOUSING AND REDEVELOPMENT DEPARTMENT:

1 Complete environmental remediation of the former Union Pacific site in Niles.
2 Complete construction of the Bay Street Streetscape project by fall 2010.
3 Execute a Disposition and Development Agreement for the Centerville Unified site.
4 Complete a feasibility study for a pedestrian crossing over the Union Pacific right-of-way to connect to the Niles Town Plaza.
5 Design and secure funding for a pedestrian and bicycle-friendly greenbelt pathway along Grimmer Boulevard.
6 If authorized by Council, complete analysis and feasibility study for the creation of a new redevelopment project area for the de-commissioned NUMMI plant.

HUMAN SERVICES DEPARTMENT:

1 Continue to collaborate with FUSD and Alameda County Health Care Services Agency on the Fremont Adolescent Student Health Initiative.
2 Celebrate the 30th anniversary of the Fremont multi-service Senior Center.
3 Through the FRC, provide Housing Stabilization Services to assist families to become or remain stably housed.
4 Through the FRC, serve as a Food Stamp Outreach site to increase the number of eligible families enrolled in Alameda County.

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PARKS AND RECREATION DEPARTMENT:

1 Complete the multi-year effort to bring all City playgrounds in compliance with current playground safety standards.
2 Continue the multi-year effort to replace a portion of the trash receptacles in City parks to minimize trash pickup.
3 Begin the community process and develop the design drawings for the new Skateboard Park in Central Park.
4 Complete the turf replacement at Nordvik and Centerville Park's Softball Fields with all-weather turf to reduce maintenance costs.
5 Construct a new patio area at the Teen Center to create an attractive outdoor space and enhance rental opportunities.

POLICE DEPARTMENT:

1 Begin the Police Building Retrofit Project in August 2010, anticipated completion in 18 months.
2 Complete the Police Indoor Firing Range and manage use of the classroom portion as a temporary Dispatch Center during retrofit.
3 Implement the NIXLE Community Information Service to enhance communication to citizens during critical or special events.
4 Continue to monitor, address, and participate in the issues associated with accelerated offender early release.
5 Evaluate acceptance of sentenced prisoners in Fremont's detention facility as a method of generating revenue and offsetting staffing costs.
6 Participate in an IRS Task Force allowing use of currency violations to impact criminal offenders.
7 Evaluate task force operations to ensure that department staff and regional personnel are working on identified priorities.
8 Evaluate the potential for the creation of a second Street Crimes Unit using existing staff.
9 Evaluate possible expansion of the CARE program to facilitate improved interaction with victims of non-violent crime.

TRANSPORTATION AND OPERATIONS DEPARTMENT:

1 Complete the update of the Citywide travel demand model for the years 2030 to 2035 as part of the City's General Plan update.
2 Upgrade and complete installation of building energy management systems at City facilities to increase energy conservation.
3 Continue cost effective energy conservation practices through roof and HVAC replacement projects at City facilities.

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TRANSPORTATION AND OPERATIONS DEPARTMENT (continue):

4 Complete selection and implementation of an automated chemical inventory and MSDS management system to enhance efficiency.
5 Implement an enhanced litter abatement program to comply with the expanded NPDES storm water permit requirements.
6 Continue to manage the City's fleet to reduce fuel consumption and the emission of greenhouse gases and diesel particulate matter.
7 Upgrade the security card access system at various park buildings to enhance security and improve maintenance efficiencies.
8 Evaluate current solid waste collection methods and implement changes to maximize recycling and minimize disposal of waste in the landfill.
9 Beginning July 1, 2010, transition delivery of solid waste to the Altamont Landfill to improve efficiency and receive Measure D funding.

ADMINISTRATIVE DEPARTMENTS:

1 Develop a strategic plan for reuse and revitalization of NUMMI/Warm Springs area.
2 Redesign the City's Intranet with the coordination of all City departments.
3 Create a vibrant central business district in Fremont that includes a mix of commercial, retail, residences, and restaurants.
4 Continue to work with the Community Development and Economic Development departments on updates to the City's sign ordinance.
5 Assist staff in the City's efforts surrounding the reuse and revitalization of the NUMMI site.
6 Continue to coordinate purchase of a software service to manage streaming content for City Council and Commission meetings.
7 Complete Phase III of the Automated Agenda Process Project, which will automate the Council Agenda process to improve staff efficiency.
8 Complete Phase IV of the Automated Agenda Process Project, which will involve post-implementation evaluation and adjustments.
9 Complete the recodification of the Fremont Municipal Code to systematically organize the City's ordinances for fast referencing.
10 Administer the November 2010 General Municipal Election, which includes election of two Council seats.
11 Implement improvements to financial systems and controls based upon analyses of risks and potential benefits.
12 Issue debt financing for the Police Seismic Retrofit project and other projects approved for implementation by the City Council.
13 Implement an improvement to the City's purchasing process by including an online bidding option to enhance access by bidders.

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

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ADMINISTRATIVE DEPARTMENTS (continue):

14 Implement new software to improve staff access to financial transaction information through the City's financial system.

15 Implement improvements to the City's existing financial system by making use of the Budgeting Software module to increase productivity.

16 Implement an integrated cashiering system to reduce errors, automate routine tasks, and enhance efficiency.

17 Finalize revisions to and implement new Citywide personnel rules.

18 Maximize use of PeopleSoft and NeoGov functionality and compatibility to enhance ease of use and online accessibility by staff.

19 Develop clear and concise Citywide leave procedures.

20 Reduce the Department's environmental impact by making more environmentally friendly business choices.

21 Introduce additional benefits to employees available through the City's life insurance provider without additional costs.

22 Develop procedures for using information available online during the recruitment and selection process.

23 Implement various new modules in the City's financial application by June 2011.

24 Complete tasks identified in the Payment Card Industry assessment to ensure compliance with Data Security Standards that protect cardholder account data.

25 Upgrade the City's desktop operating system from Microsoft Windows XP to Microsoft Windows 7.

26 Redesign the City's Intranet site by February 2011 so that employees can be more efficient and effective at their jobs.

27 Begin implementation of a disaster recovery plan to provide reliable and accurate backup and faster recovery of the City's data asset.

28 Develop a GIS strategic plan by June 2011 to provide a vision and guide for GIS activities over a three to five year period.

29 Work with the Community Development Dept. and the Southern Alameda County GIS Authority to develop a universal set of digital drawing submittal requirements by June 2011.

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

General Fund

General Fund Summary

The General Fund is the City's primary operating fund. It accounts for the majority of financial resources and outlays for basic services such as police, fire, and maintenance, as well as the administrative systems required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, vehicle license fees, franchise fees, and business license tax). As a rule, General Fund resources are used only to fund operations that do not have other dedicated (restricted) funding sources. Operations that rely heavily on non-General Fund resources, such as land development and recreation, are accounted for in other funds. Information on these operations may be found in the Other Funds section of this document.

Since mid-2001, the City's budgeting environment has been characterized by tremendous uncertainty. The recession in the high-tech sector of the economy and State resource takeaways caused a 10% decline in General Fund revenues between FY 2000/01 and FY 2003/04. Meanwhile, the demand for City services and the costs of providing them continued to increase. Because city governments can only spend available resources, these factors combined to prompt budget and staffing reductions of more than 20% since FY 2002/03. Budget reductions of this magnitude necessarily resulted in service reductions in all areas. In FY 2007/08, it looked as though revenues were beginning to recover, and some much-needed public safety positions were added. Those revenue recoveries, however, were short-lived, and the local, State, and national economies continue to feel the effects of the national mortgage and financial crises. The City's sales taxes and property transfer taxes have seen significant drops over the past three years, reflecting the sharp downturn in the housing market and the fallout of the subprime mortgage crisis. Now the effects of the economic downturn are likely to result in downward reassessments of Fremont's commercial property tax base. As it often does, California led the way into this economic abyss, and recovery here may be slower than in other parts of the country. Unemployment continues to be at an all-time high – and significantly higher than the national unemployment rate. The Budget Overview section of this document provides more information on the recent challenges facing not only Fremont, but the nation as a whole. This section provides information on the FY 2010/11 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2010/11 budget displayed in the table on the next page demonstrates the City's transition during these challenging economic times. In light of the ongoing financial decline, the cost of providing services is projected to continue to exceed ongoing revenues in FY 2010/11. The prolonged recession and the State's continued inability to balance its own budget pose significant challenges to this outlook.

Revenues are estimated to decline by 6.77% in FY 2009/10 (as compared to FY 2008/09). In anticipation of this revenue decline, the City eliminated 74 full time equivalents (FTEs) to implement the necessary FY 2009/10 budget reductions. Although these measures have greatly reduced the City's ongoing costs, the continuing effects of the recession are still posing significant challenges, particularly because actual revenue receipts have come in even lower than those reduced revenue projections. The City is again relying on use of the Budget Uncertainty Reserve to balance the FY 2010/11 budget.

General Fund

(Thousands of Dollars)	General Fund	Contingency Reserve	Program Investment Reserve	Budget Uncertainty Reserve	Eliminating Internal Transfers	**Total General Fund**
Revenues:						
Intergovernmental:						
Property Taxes	$ 46,016	$ -	$ -	$ -	$ -	$ 46,016
Property Taxes (VLF Replacement)	15,217	-	-	-	-	15,217
Triple Flip - Sales Tax Replacement	6,657	-	-	-	-	6,657
Sales and Use Taxes	21,115	-	-	-	-	21,115
Vehicle License Fees	408	-	-	-	-	408
Other Intergovernmental	241	-	-	-	-	241
Business License Taxes	7,410	-	-	-	-	7,410
Hotel/Motel Taxes	2,861	-	-	-	-	2,861
Property Transfer Taxes	961	-	-	-	-	961
Franchise Fees	7,825	-	-	-	-	7,825
Charges for Services	4,585	-	-	-	-	4,585
Fines	3,137	-	-	-	-	3,137
Investment Earnings	1,600	-	-	-	-	1,600
Paramedic Fees	1,104	-	-	-	-	1,104
Other Revenues	1,308	-	-	-	-	1,308
Total Revenues	**120,445**	**-**	**-**	**-**	**-**	**120,445**
Total Transfers In	6,334	-	-	2,300		8,634
Resources Available: (Revenues plus Total Transfers In)	**126,779**	**-**	**-**	**2,300**	**-**	**129,079**
Expenditures						-
General Government	10,579	-	-	-	-	10,579
Police	53,844	-	-	-	-	53,844
Fire	31,673	-	-	-	-	31,673
Transportation and Operations	15,134	-	-	-	-	15,134
Community Development:						-
Planning	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Community Preservation	741	-	-	-	-	741
Housing and Redevelopment	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Parks and Recreation	4,667	-	-	-	-	4,667
Non-departmental	3,150	-	-	-	-	3,150
Less: Citywide Savings	(1,500)	-	-	-	-	(1,500)
TRANs Debt Costs	-	-	-	-	-	-
Total Expenditures	**118,288**	**-**	**-**	**-**	**-**	**118,288**
Total Transfers Out	16,290	-	-	-		16,290
Resources Used: (Expenditures plus Operating Transfers Out)	**134,578**	**-**	**-**	**-**	**-**	**134,578**
Net Results of Operations: (Resources Available less Resources Used)	**(7,799)**	**-**	**-**	**2,300**	**-**	**(5,499)**
Use of Budget Uncertainty Reserve	**7,799**	**-**	**-**	**(7,799)**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**-**	**14,602**	**3,660**	**5,499**	**n/a**	**23,761**
Fund Balance - 6/30/11 (est.)	**$ -**	**$ 14,602**	**$ 3,660**	**$ -**	**n/a**	**$ 18,262**

NOTE: 1) The only General Fund costs displayed in this chart for Community Development are for Community Preservation. Other department costs are displayed in the Other Funds section of this document. 2) Recreation activities are funded in the Recreation Cost Center with a combination of General Fund and fee revenues. Department costs can be found in the Cost Center/Internal Service section of this document. 3) The amounts represented under General Fund for Transportation & Operations and Parks & Recreation are for the Maintenance Division's General Fund expenditures only.

Budget Assumptions

In addition to the general assumptions of continuing volatility, slow recovery and State budget instability, the FY 2010/11 budget is premised upon the following specific assumptions:

1. **Because we continue to see mixed signals about the timing of economic recovery, a combination of one-time budget reductions and deferrals is proposed as a bridging strategy in FY 2010/11, resulting in a budget that is only 1.9% more than estimated actual expenditures the year before. When compared to the FY 2009/10 adopted budget, there is actually an expenditure decrease of 0.8%.**

   There is a lack of consensus among leading economists as to whether the recession has ended, and many economists have pushed their recovery forecasts out a year. For the State as a whole, the outlook for the balance of 2010 is for little or no growth, with the economy picking up speed slightly by the beginning of next year, and more normal growth rates expected by the middle of 2011. The significant reductions made in FY 2009/10 were intended to bring the organization to a sustainable level. The FY 2010/11 budget is balanced with a variety of one-time strategies, including deferral of certain projects in the Capital Improvement Program, thus enabling a transfer in to the Budget Uncertainty Reserve of $2.3 million, holding five positions vacant and unfunded (a savings of $700,000), reducing General Fund contributions to the Community Development and Recreation Cost Centers by $600,000, and transferring $600,000 in fund balance from the replacement funds for vehicles and computers into the General Fund.

2. **The local economy will generally hold steady during FY 2010/11, resulting in total General Fund resources (revenues and transfers in) increasing by 2.4%, in contrast to the more typical growth experienced in prior years of at least 4%.**

   Ongoing resources reflect the revenue "base" that continues from year to year, excluding one-time resources and losses. The small increase is attributable primarily to an increase in sales tax revenues. Partially offsetting that increase is a projected decline in property tax revenue related to the projected decline in commercial property values in the next one to two years. All other categories of revenue are projected to have modest increases or remain flat. By comparison, the FY 2010/11 anticipated revenues are 1.47% more than the revenue estimates for FY 2009/10. The additional increase in General Fund resources is attributable to increased transfers in from other funds, primarily for recovery of General Fund overhead.

3. **After a review of capital projects, several projects have been identified that can be deferred until a future date, thus enabling a transfer into the Budget Uncertainty Reserve of $2.3 million.**

   Because of an influx of federal stimulus funding and State funding for intrastructure, combined with challenges in managing the planned quantity of capital projects because of decreased staffing levels, projects totalling $2.3 million were identified for deferral.

This amount will be transferred from the General Capital Projects Fund (Fund 501) to the Budget Uncertainty Reserve, where all of it is anticipated to be used to balance the FY 2010/11 General Fund operating budget.

4. **The costs of the FY 2010/11 budget will exceed projected revenues, requiring the use of the remainder of the City's Budget Uncertainty Reserve to balance the budget.**

   Instead of spending all of the revenue received during the "boom" years of the late 1990s, the City set aside a portion of annual revenues in its General Fund fund balance for use in future years. Since the City began cutting the budget in FY 2002/03, it has metered in fund balance annually as a resource to smooth the transition to a lower revenue base. That fund balance was exhausted at the end of FY 2008/09. In spite of cost-cutting measures in FY 2009/10, the City still expects to have a budget gap of $11.4 million, which will be funded, in part, by the remainder of the Budget Uncertainty Reserve. The use of the Budget Uncertainty Reserve allows the City to bridge the gap during these challenging times until the economy begins to turn around again, which, according to many economists, is anticipated to occur in late 2010 or early 2011.

5. **Recent economic reports have been erratic and contradictory, and the unresolved State budget situation continues to be a threat, which means that this budget may be considered "provisional" in nature, with additional modifications perhaps needed during FY 2010/11.**

   In spite of all the uncertainty surrounding the State budget and the economic outlook, the City's budget needs to be in place when the new fiscal year starts on July 1. Because it is unlikely that the State's budget issues will be resolved quickly, staff views this budget proposal as a "provisional" budget, which reflects the budget strategies discussed above. When more information about State actions or changing economic conditions is available, staff will bring that information to the Council and modify the FY 2010/11 budget accordingly.

6. **The budget contains no provision for future State resource takeaways. The City will respond to takeaways when the amount and timing of any takeaways are confirmed by State legislative action.**

   In 2004, voters approved Proposition 1A, which provides some protection for local revenues. In reality, however, it only clarifies the rules by which the State may take local revenues. For example, the State is no longer allowed to take local revenues unless it has paid back funds previously taken. To balance the State's FY 2009/10 budget, the Governor invoked the provisions of Proposition 1A and borrowed 8% of local property taxes in FY 2009/10. Fremont's share was $5.6 million. Fortunately, the legislation for this borrowing included a provision allowing local agencies to securitize their receivable and be repaid for the borrowing in FY 2009/10, rather than waiting for the State to repay its loan in June 2013. Fremont, along with most other cities, participated in the program and, as a result, saw no decrease in property tax revenues as a result of this State action.

Further takeaways will be catastrophic for public safety, public facilities, and other services. The State's structural budget gap remains, and local governments remain vulnerable to additional State takeaways. Although the Governor has suggested certain actions for resolving the State's budget deficit, it is likely that any reductions to City revenues will not be known until after the City's budget is adopted. Because it is difficult to predict when, and if, the State will take additional local government revenues, the budget does not assume a specific amount of revenue that will be lost to the State, thereby minimizing the risks associated with cutting services too far in anticipation of State cuts that may not materialize. However, staff will be ready to respond with recommendations for the City Council to consider once any such takeaways are confirmed by State legislative action and the amount and timing are known.

7. **Total expenditures in the FY 2010/11 include a savings assumption of $1.5 million (approximately 1% of total budgeted expenditures and transfers out in FY 2010/11) to compensate for the historical tendency to under-spend total resources allocated.**

   Despite consecutive years of budget reductions, managers continue to hold positions vacant and restrain operational costs wherever possible. The City's variable rate debt costs also are often less than the budgeted amount (which is calculated in accordance with debt covenants). Consequently, the City's actual expenditure totals each year are consistently at least $1.5 million less than budgeted. Building an assumption for savings into the budget helps to ensure that projections for year-end results are more accurate from the outset than they might otherwise be.

8. **The FY 2010/11 budget does not include any prefunding of the City's other post-employment benefit (OPEB) liabilities, nor does it include any contribution to capital projects.**

   As part of the savings strategy implemented in December 2007, the City Council approved not proceeding with the transfer to begin prefunding the City's OPEB liability. The adopted FY 2009/10 through FY 2013/14 Capital Improvement Program does not include any transfers (historically $1 million per year) for general capital projects for FY 2010/11. As economic conditions begin to improve, consideration will again be given to funding these two items.

9. **The General Fund's primary reserves will remain at the FY 2009/10 level of 12.5% of total expenditures and transfers out.**

   The City maintains two General Fund reserves whose funding is linked to total budgeted expenditures and transfers out: the Contingency Reserve and the Program Investment Reserve. Balances and potential use of the Contingency Reserve and the Program Investment Reserve are governed by City Council policies adopted with the FY 1996/97 budget and modified with the FY 2009/10 budget. The Contingency Reserve is intended to mitigate the effects of natural disasters or other severe unforeseen events, as well as providing back-up liquidity to the Risk Management Fund, and is to be maintained at 10% of total operating expenditures and transfers out. The Program Investment Reserve is available to provide seed funding for new initiatives that will generate ongoing external revenues; it is to be maintained at 2.5% of total operating expenditures and transfers out.

Resources

General Fund resources include revenues, transfers into the General Fund from other funds, and undesignated fund balance. Total budgeted resources will be adequate to support total budgeted expenditures of $134.6 million, so the budget is considered balanced. However, when one-time sources (i.e., fund balance and reserves) are excluded, the sum of ongoing revenues, highlighted in Table #1, plus recurring transfers in from other funds, falls short of covering the service costs by $7.8 million. Bridging the gap will require spending $7.8 million of the Budget Uncertainty Reserve.

Property taxes are projected to remain the City's largest revenue source in FY 2010/11. Residential property values comprise two-thirds of Fremont's property tax base, and they have historically provided a measure of stability to Fremont's property tax revenue. However, in FY 2007/08, the fallout of the sub-prime mortgage crisis began to be felt on a larger scale and affected Fremont with respect to countywide delinquencies and fewer sales transactions. In FY 2009/10, assessed values fell because of plummeting declines in property values and the County Assessor's review of residential sales since 2004 to make sure market values were not overstated. In FY 2010/11, it appears that residential property values will stabilize, and the next round of downward reassessments will affect non-residential properties. Even so, Fremont has not been affected by these downward reassessments nearly as severely as some other Alameda County cities. As a result, property tax revenue in FY 2010/11 is estimated to decrease by 1.0% compared to the prior year. Property tax revenue the City will receive in FY 2010/11 is based on property assessed valuation as of January 1, 2010, and reflects the continued slowdown in the market as well as the anticipated decline in commercial property values. This will also be the first time since the inception of Proposition 13 that there will be a statutory decrease in the property assessed valuation due to the 0.27% decrease in the California Consumer Price Index. This declining trend is expected to continue through FY 2011/12, at least. Therefore, property tax revenues are projected to decline in FY 2010/11, to $61.2 million. Staff will continue to monitor the real estate market.

Table #1: Change in General Fund Resources
FY 2009/10 to FY 2010/11 ($ millions)

Revenues	FY 2009/10 Estimate	FY 2010/11 Budget	Difference
Property taxes	$46.5	$46.0	$(0.5)
Property taxes – VLF replacement	15.3	15.2	(0.1)
Sales and use taxes	20.5	21.1	0.6
"Triple flip" sales tax replacement	5.4	6.7	1.3
Vehicle license fees (VLF)	0.4	0.4	0.0
Business license taxes	7.3	7.4	0.1
Franchise fees	7.8	7.8	0.0
Hotel/motel taxes	2.7	2.9	0.2
Investment earnings	1.6	1.6	0.0
Other revenues	11.2	11.3	0.1
Ongoing revenues subtotal	**118.7**	**120.4**	**1.7**
Recurring transfers in	5.1	5.7	0.6
One-time transfers in	0.0	0.6	0.6
Total Budgeted Resources	**$123.8**	**$126.8**	**$(2.9)**

Table #1 includes a line for "other revenues," which contains charges for services, law enforcement fines, paramedic tax, property transfer tax, and State reimbursements for mandated services. There is a modest assumption of growth for these various items in FY 2010/11. State reimbursements for mandated services are anticipated to remain at a low level, at least for the next fiscal year. The State reimburses cities for these costs as it has money to do so. As a result, even though the City has a receivable due from the State for these costs of $1 million, it is very difficult to predict when or if that reimbursement will be received.

Sales tax revenues in FY 2009/10 continue to fluctuate due to the significant number of lost jobs and high levels of prolonged unemployment. Although the holiday sales tax quarter (ending December 2009) showed continuing declines in sales tax revenues, it is projected to be the lowest quarter in the recessionary decline, with slow but steady improvement beginning in 2010.

The City's sales tax revenue now comes to the City in two parts: 75% from the traditional share of the sales tax paid on consumer purchases, and 25% from the "triple flip" property tax replacement revenue. The "triple flip" refers to the State's mechanism for financing its 2004 Economic Recovery Bonds, whereby the State receives 25% of cities' sales tax revenue in exchange for an equal amount of additional property tax. The amount of property tax replacement revenue is equal to 25% of "regular" sales tax revenue generated in the prior fiscal year.

Hotel/motel tax revenues were rocked by the Silicon Valley recession, then again by the current recession. While not the City's largest revenue source, hotel/motel taxes declined by the largest percentage, a staggering 60%, between FY 2000/01 and FY 2003/04. This decline is the most striking, and perhaps most symbolic, example of revenue volatility stemming from the downturn in

the economy during the "dot-com" bust. Although the hotel market seemed to have stabilized early in 2008, the recession manifested itself in a marked decline in both room rates and occupancy rates. A bright spot in this revenue source was anticipated when the voters passed Measure MM, increasing the City's transient occupancy tax rate from 8% to 10%, effective January 1, 2009. Although the increase in the rate approved in the November 2008 election will make a positive difference in future revenues, the decreases caused by the current recession translated into a reduction in the FY 2008/09 collections of almost 10%. The FY 2009/10 projection is for an additional decline of almost 5%. The FY 2010/11 projection is for 5% growth, which would contribute to a total yield of $2.9 million in revenue.

Business license taxes remain relatively stable, with variations up or down each year based on the economic climate, business activity, and the results of staff's collection efforts. Business license taxes are projected to yield $7.3 million in FY 2009/10, and $7.4 million in FY 2010/11. This reflects the expected recovery in the economy that is similar to the projected increase in sales tax revenues.

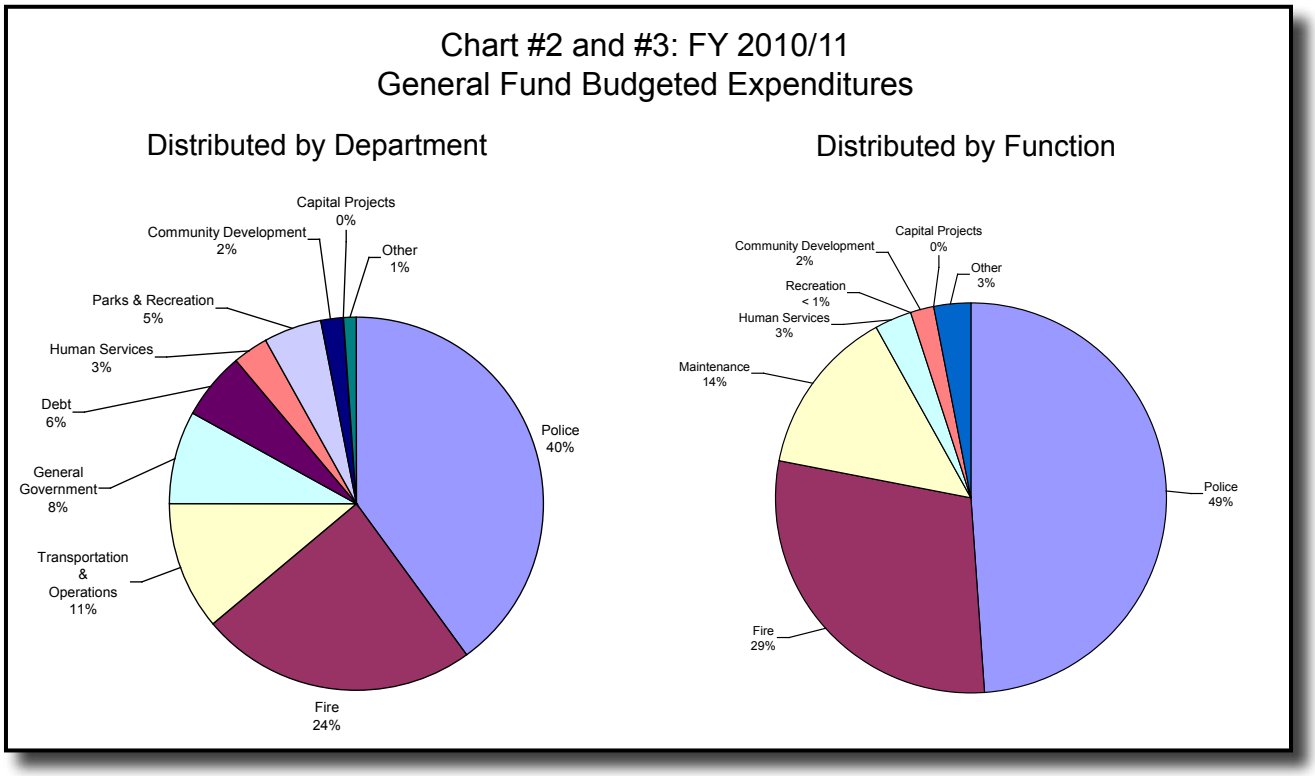
The City levies franchise fees on providers of electricity, natural gas, residential garbage and cable television services. Franchise fee revenues are based on franchisee gross revenues, which are largely a function of rates and customer usage. Electricity and gas franchise fees are the most volatile, and have the largest effects on City revenues, as evidenced by the decrease in collections for energy usage in FY 2009/10. The decrease in natural gas franchise revenues was the result of decreases in both natural gas prices and usage. In recent years, garbage fee revenues have begun to show some volatility as endeavors to increase recycling efforts have reduced the amount of garbage collected, resulting in lower revenues. This volatility is expected to continue with further efforts to increase recycling and reduce waste in the future. Overall, relative stability for the coming year in customer rates and growth in number of customers for most franchise fee revenue sources results in a revenue projection of $7.8 million for FY 2010/11.

The General Fund receives transfers from other funds for general government services (such as human resources, finance, and legal assistance) provided to operations funded outside the General Fund (such as development services and recreation services). In FY 2009/10, transfers in from other funds are projected to be $5.1 million. Based on budgeted expenditures, transfers in are expected to total $5.7 million in FY 2010/11. In addition, one-time transfers in of $600,000 will come from two sources: a $300,000 transfer in from the vehicle replacement fund, and a $300,000 transfer in from the information technology replacement fund. These two transfers are one-time in nature and are part of the overall budget balancing strategy for FY 2010/11.

In FY 2009/10, the City will need to use $8.4 million of the Budget Uncertainty Reserve to cover the gap between ongoing revenues and ongoing expenditures. In FY 2010/11, the use of the $7.8 million remaining in this reserve will be necessary to achieve a balanced budget.

Expenditures

FY 2010/11 budgeted expenditures and transfers to other funds total $134.6 million. As displayed in Chart #2 below, the budget maintains the City Council's long-time funding priorities by allocating 77% of the budget to direct costs for public safety and maintenance. As Chart #3 shows, the share of General Fund resources budgeted for these purposes is actually 92% when overhead costs required to support these functions are allocated. The FY 2010/11 budget increases the staffing levels from FY 2009/10 with the addition of 2.485 regular full time equivalent (FTE) positions. Most of these position increases are the result of increased funding from non-General Fund revenue sources.



The $134.6 million budgeted for expenditures and transfers out in FY 2010/11 is 0.9% lower than the FY 2009/10 adopted budget. The budget reflects reductions of 2.3% in all department costs, as well as savings from freezing and unfunding 5.0 FTE positions for FY 2010/11.

Basic City services, such as police, fire, and maintenance, are labor-intensive. Therefore, the City's budget is largely driven by labor-related costs, including salaries, health benefits, and retirement system contributions. These costs comprise 76% of the FY 2010/11 budgeted expenditures (excluding transfers out to other funds), or $91.2 million.

There is a slight increase for risk management costs, specifically workers' compensation and general liability claims, in FY 2010/11. There is no assumed increase for vehicle replacement and a modest decrease for information technology services. The budget for materials, supplies, and other non-staffing items is not increasing from the FY 2009/10 amount.

Transfers Out to Other Funds

In addition to direct expenditures, the General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities range from capital projects and debt service, to cost center operations, special revenue funds, and reserve accounts with specific purposes.

Transfers to cost centers, which are enterprise-like mechanisms for funding the Community Development, Recreation, and Senior Center functions, are decreasing by 11.7%, to $4.5 million. Specifically, the transfers out to the Community Development and Recreation Cost Centers are decreasing by $300,000 each for FY 2010/11. These two cost centers have fund balances upon which they can draw if their costs exceed their FY 2010/11 revenues. The $300,000 reduction to each cost center is intended to be one-time in nature, with the funding restored in FY 2011/12, as the General Fund is able. The transfer out to the Senior Center Cost Center is unchanged from the FY 2009/10 level. These transfers fund activities in the cost centers that cannot be supported by fees or charges for services.

The transfer for debt service on the City's outstanding capital debt is increasing by $2.3 million. This increase is not related to additional debt service payments, but to unusually low interest rates on the City's variable rate certificates of participation (COPs) in FY 2009/10. These variable rate COPs have interest rates that reset weekly, and for the past year the weekly reset rates have been significantly less than 1%. Typically, the reset rates are closer to 2%. These very low interest rates were very helpful in offsetting revenue shortfalls in FY 2009/10, however, they are not expected to continue into FY 2010/11.

The General Fund contains three reserves that may be funded with annual transfers from the General Fund:

- the Contingency Reserve, which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;
- the Program Investment Reserve, which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources; and
- the Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

Table #2 summarizes the FY 2010/11 projected funding levels for each reserve. Funding levels for the Contingency Reserve and the Program Investment Reserve are based on the amount of total expenditures and transfers out budgeted each year (10% and 2.5%, respectively). Based on the adopted budget for expenditures and transfers out, no transfer to these reserves will be necessary in FY 2010/11. As the table on the next page illustrates, the two primary General Fund reserves (Contingency Reserve and Program Investment Reserve) total $18.3 million. The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2010/11 and, in fact, this reserve will be completely drawn down to help balance the budget in FY 2010/11.

Table #2: General Fund Reserves

	FY 2009/10 est. balance ($ millions)	**FY 2010/11 transfer** ($ millions)	FY 2010/11 projected use ($ millions)	FY 2010/11 balance ($ millions)
Contingency Reserve	$14.6	$0.0	$0.0	$14.6
Program Investment Reserve	3.7	0.0	0.0	3.7
Budget Uncertainty Reserve	5.5	2.3	(7.8)	0.0
Total General Fund Reserves	$23.8	$2.3	($7.8)	$18.3

Financial Forecast

The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer-term consequences of budget decisions. While not perfect, the forecast tools have been instrumental in modeling the effects of such recent budget issues as rising retirement system costs, the short- and long-term consequences of issuing variable rate debt, and potential scenarios of future revenue performance. The ability to model cost and revenue trends beyond the next budget year helps the City make proactive budget decisions early in an economic cycle, such as the most recent economic downturn.

The forecast is not a plan, but a model based on cost and revenue assumptions that are updated regularly as new information becomes available. Of these components, future cost projections, based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. Economic forecasts in financial markets and the media swing from optimistic to pessimistic on a seemingly daily basis, demonstrate the perils of committing to a particular prediction of the future. For this reason, the forecast is updated regularly, and is the subject of periodic City Council discussion.

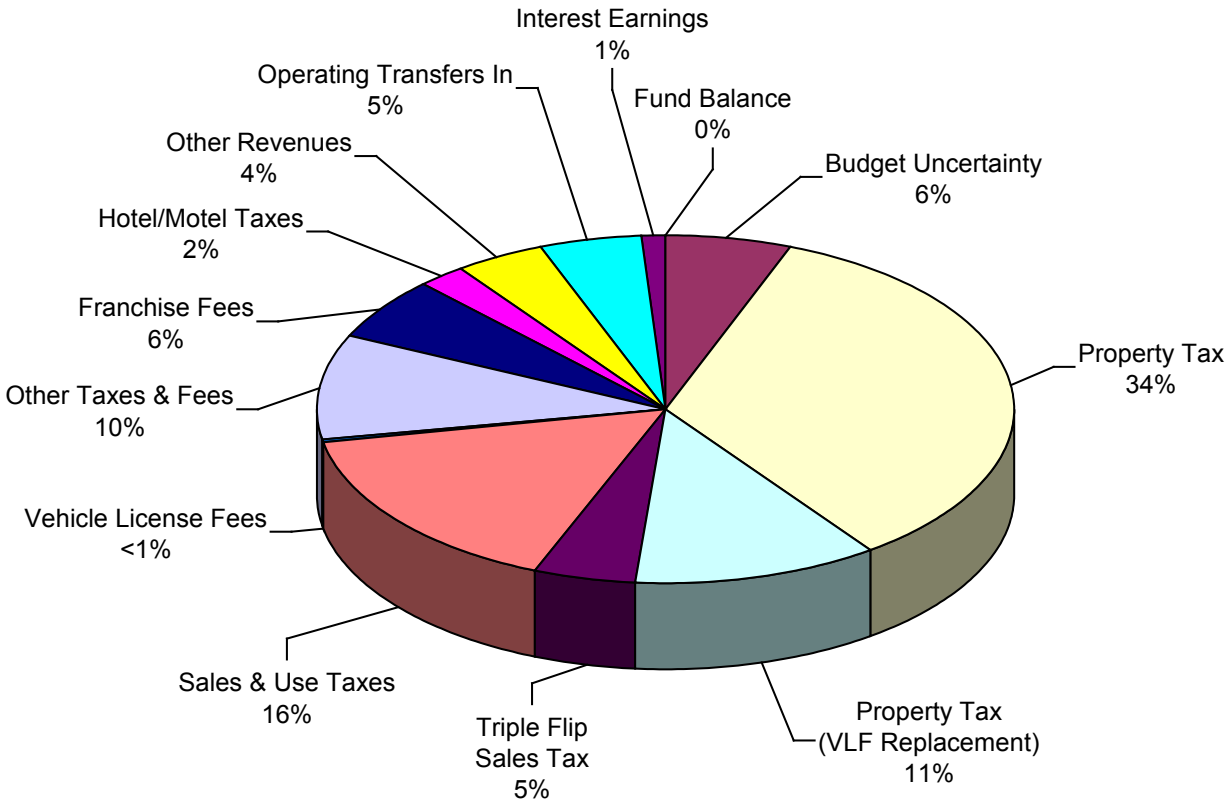
Key forecast assumptions are as follows:

- Potential State revenue takeaways are not predictable enough to warrant modeling, and are not included in the forecast.
- Most of the service reductions and corresponding budget reductions implemented in prior years remain in place for the forecast period, including the 5% sustainable ongoing budget reductions for Police and Fire, and 10% sustainable ongoing budget reductions for all other departments, which began in FY 2009/10. Vacancy management and control continues to be an important strategy in managing through the current economic uncertainty. For FY 2010/11, five positions will be frozen and unfunded. These include two positions in the Police Department, two positions in the Fire Department, and one position in the City Manager's Office. These frozen/unfunded positions represent approximately $700,000 of salary and benefit costs that will not be included in the budget for FY 2010/11.

- Commitments for fund transfers contained in the proposed FY 2009/10 – FY 2013/14 CIP are included. However, there are no transfers for capital projects in FY 2009/10 or FY 2010/11.
- Commitments for all known and anticipated debt service costs are included.

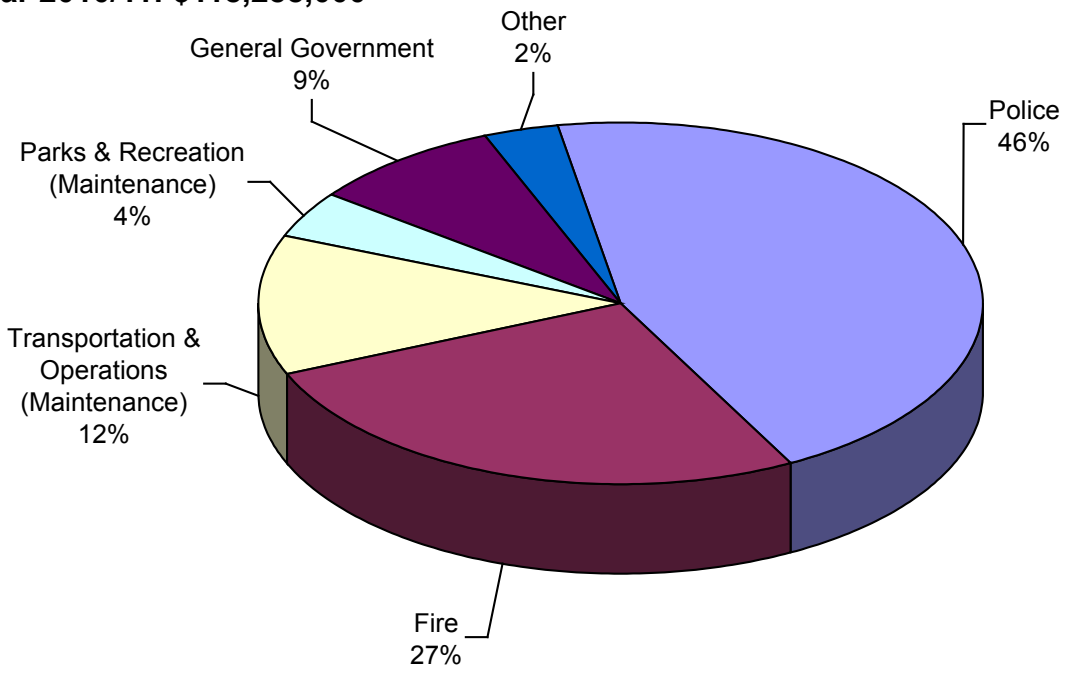
The financial forecast is located on page 69 of the budget document. Projected costs exceed projected resources (excluding fund balance and reserves) in FY 2010/11. Because the economy is so volatile, this year the forecast does not go beyond FY 2010/11. Staff will monitor budget performance, including the effects of any proposed State actions closely, and will return to Council with budget modifications as warranted.

General Fund Available Resources
Fiscal Year 2010/11: $134,578,000

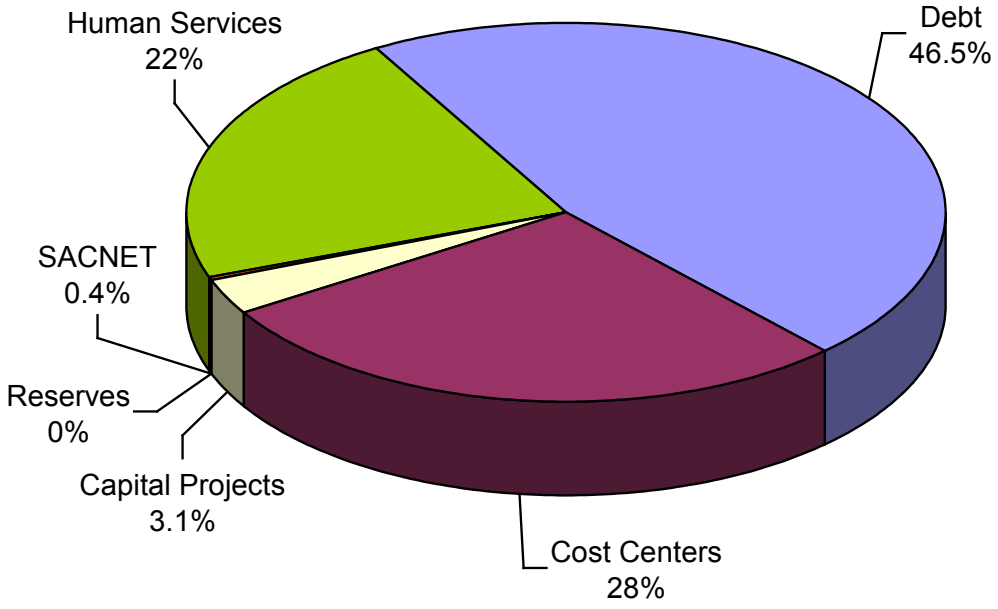


General Fund Allocation of Resources

General Fund Expenditures
Fiscal Year 2010/11: $118,288,000



General Fund Transfers Out
Fiscal Year 2010/11: $16,290,000



Non-Departmental Budget

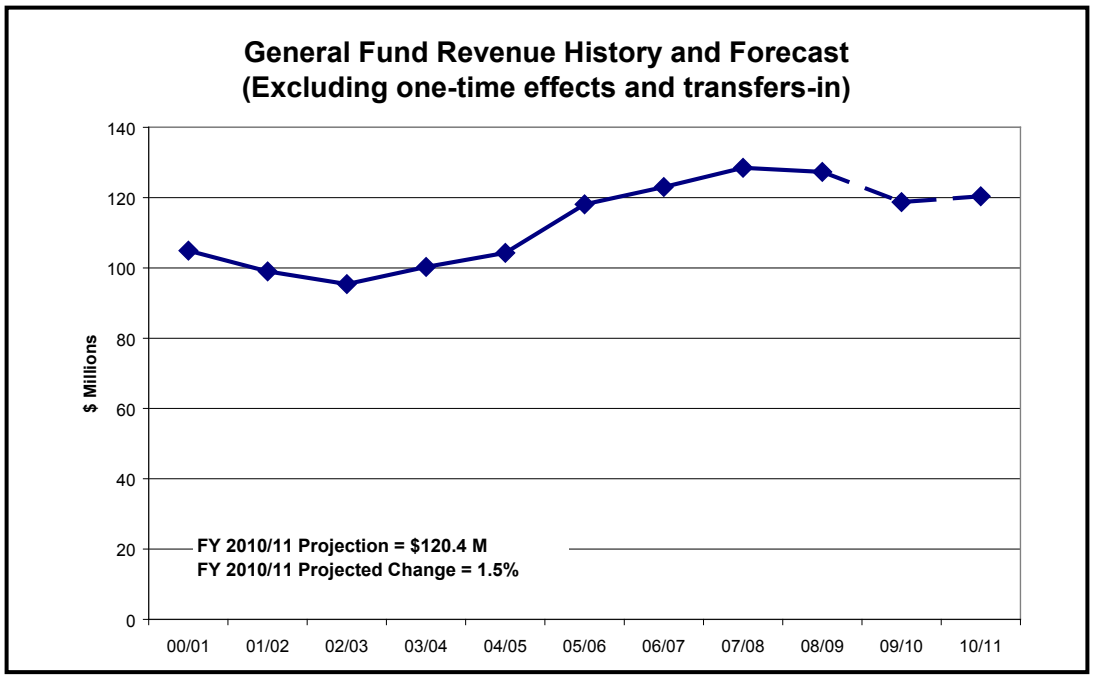
General Fund appropriations not directly associated with specific departments are classified as "non-departmental." Expenditures and certain types of anticipated general savings that are not identified with or allocated to individual departments are included in the non-departmental budget. This includes expenditures such as debt service fees and administrative costs paid to the County.

Budgeted Expenditures	
• Annual Operating Contingency Account	$ 1,000,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	600,000
• Miscellaneous and Debt Services Fees	425,000
• Elections	100,000
• Other Non-Departmental	25,000
Non-Departmental Budget	**$3,150,000**

General Fund Revenues Overview

Total FY 2010/11 General Fund estimated revenues (excluding transfers from other funds, fund balance, and reserves) are $120.4 million, which is $1.8 million, or 1.54%, more than total estimated revenues for FY 2009/10, and 5.1% ($6.4 million) less than anticipated when the FY 2009/10 budget was adopted. Seventy-five percent of the City's revenue is controlled by the State, including property tax, sales tax, and vehicle license fees, all of which the State has manipulated in recent years.

After steep declines in City revenues between FY 2000/01 and FY 2002/03, the City's revenue base and its local economy began to show signs of revival in FY 2005/06. However, the continued concerns caused by both the unpredictable economy and the housing downturn, and the State's continuing budget problems, came to fruition in FY 2007/08. The brief signs of improvement were quickly followed with another period of slowing growth. Then, in the fall of FY 2008/09, the global economy imploded. As a result of these downturns and ongoing turbulence, the City was required to reduce service levels significantly in FY 2009/10. These reduced service levels mean the City must "reset" its operations in order to live within its means.



The City, the State, and the nation have all felt the significant effects of the global financial crisis. The State is currently anticipating a budget shortfall for FY 2010/11 of $20 billion – and this number could grow if revenues do not begin to recover in the near future. State constitutional provisions and State laws approved by the voters limit the State's budget flexibility in solving structural deficits. Voters have "locked in" an increasing share of budgeted expenditures without increasing revenues. Such voter-approved funding commitments are often contradictory but, even worse, they reduce

the State's flexibility to deal with changing budget circumstances. All of these factors, combined with the need for a two-thirds vote in each house of the Legislature to approve a budget, make it especially difficult for the Governor and the Legislature to reach agreement on the State's budget.

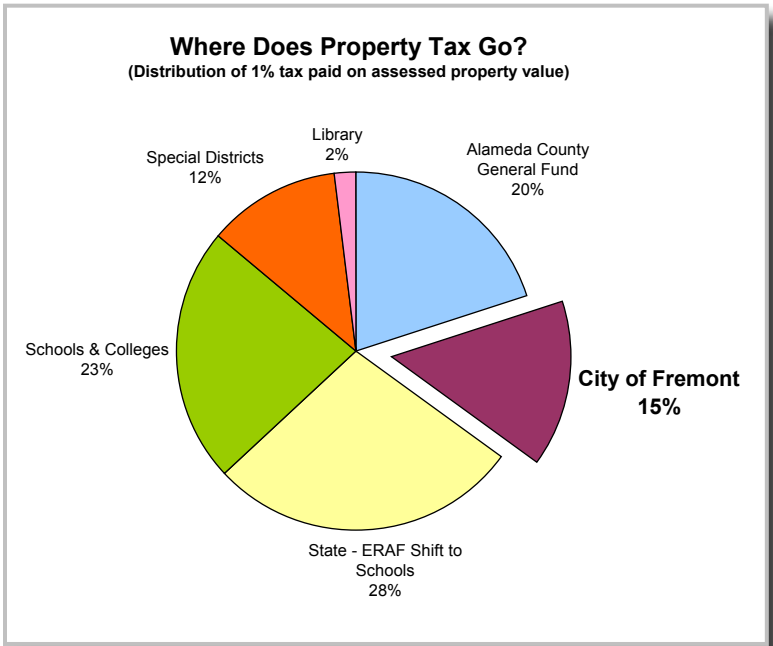
As for the economy, economists generally believe that a long, slow recovery has begun, however, are equally concerned that the recovery may be "W"-shaped, with the possible second economic decline still to come in the future months. Nevertheless, recovery continues to be expected to begin to occur sometime in FY 2010/11. The economic crisis has spread far and wide, and although Fremont was prepared to weather the economic storm for a couple of years, the downturn has become so pronounced and prolonged that we are no longer immune to the impacts.

This section provides additional background and forecast information for the following key General Fund revenues:

- Property Taxes – including VLF replacement revenue
- Sales and Use Taxes – including "triple flip" revenues
- Franchise Fees
- Hotel/Motel Occupancy Taxes
- Business License Taxes

Property Taxes

Description: Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property owners pay the tax based on their real property's adjusted assessed full value. Proposition 13 set the FY 1975/76 assessed values as the base year from which future annual inflationary assessed value increases would grow (not to exceed 2% for any given year). The County Assessor also re-appraises each real property parcel when there are purchases, construction, or other statutorily defined "changes in ownership." Proposition 13 limits the property tax rate to 1% of each property's full value plus overriding rates to pay voters' specifically approved indebtedness. Property taxes are the City's single largest revenue source, comprising approximately 51% of total FY 2010/11 projected revenues, or $61.2 million.

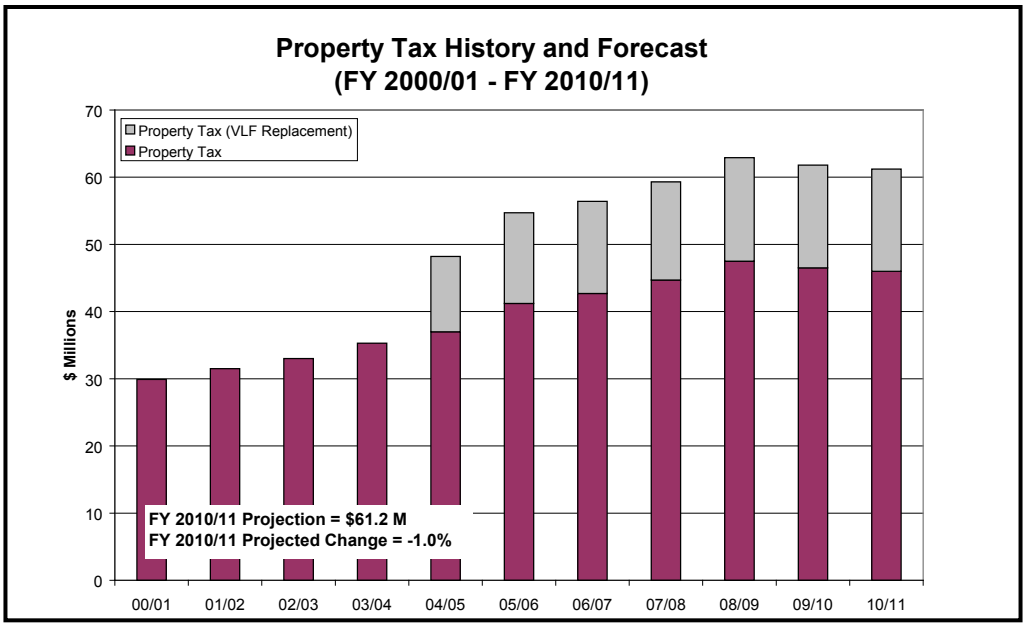


The City of Fremont receives 15 cents of every dollar of property tax paid (see chart on previous page). Alameda County and the schools, including Fremont Unified School District, receive most of the revenue from property taxes assessed on real property located in the City.

Proposition 13 (Section 1. Article XIIIA of the State Constitution) transferred control and accountability for property tax rates from city and county government to the State government. It allows the State legislature to apportion the property tax collections among the various cities, counties, and special districts "according to law." In the late 1970s, the State Legislature settled on an allocation method under which each local government's percentage share of property taxes was the same as that government's prorated share of the entire county's property taxes in the mid-1970s. Beginning in 1992, the legislature reduced city allocations through the ERAF I and ERAF II legislation so that tens of millions of dollars in City property taxes were transferred to the schools. This shift costs the City of Fremont approximately $13.7 million annually. More recently, in FY 2003/04, to deal with the State's fiscal crises, the legislature adopted ERAF III, which resulted in another allocation change that caused the City of Fremont to lose an additional $5.4 million between FY 2004/05 and FY 2005/06. The City's Redevelopment Agency lost $4.6 million in property tax increment during this same period, for an additional total impact on the City and the Redevelopment Agency combined of $10 million.

California voters passed Proposition 1A on November 4, 2004, giving California cities some relief from future State tinkering with traditionally local revenues. The State Legislature can only change city property tax allocations in emergencies and by a two-thirds vote in both legislative houses, and then for only two years before the revenue has to be repaid with interest. While not perfect, these provisions helped reduce the City's revenue uncertainty somewhat through FY 2007/08 because the State could not avail itself of these provisions until FY 2008/09. In FY 2009/10, the State invoked the provisions of Proposition 1A and borrowed 8% of property tax from cities, counties and special districts. For Fremont, this amounted to $5.6 million, to be repaid by June 2013 with 2% simple interest. Fortunately, the legislation for this borrowing included a provision allowing local agencies to securitize their receivable and be repaid for the borrowing in FY 2009/10, rather than waiting for the State to repay its loan in June 2013. Fremont, along with most other cities, participated in this program and, as a result, saw no decrease in property tax revenues as a result of this State action.

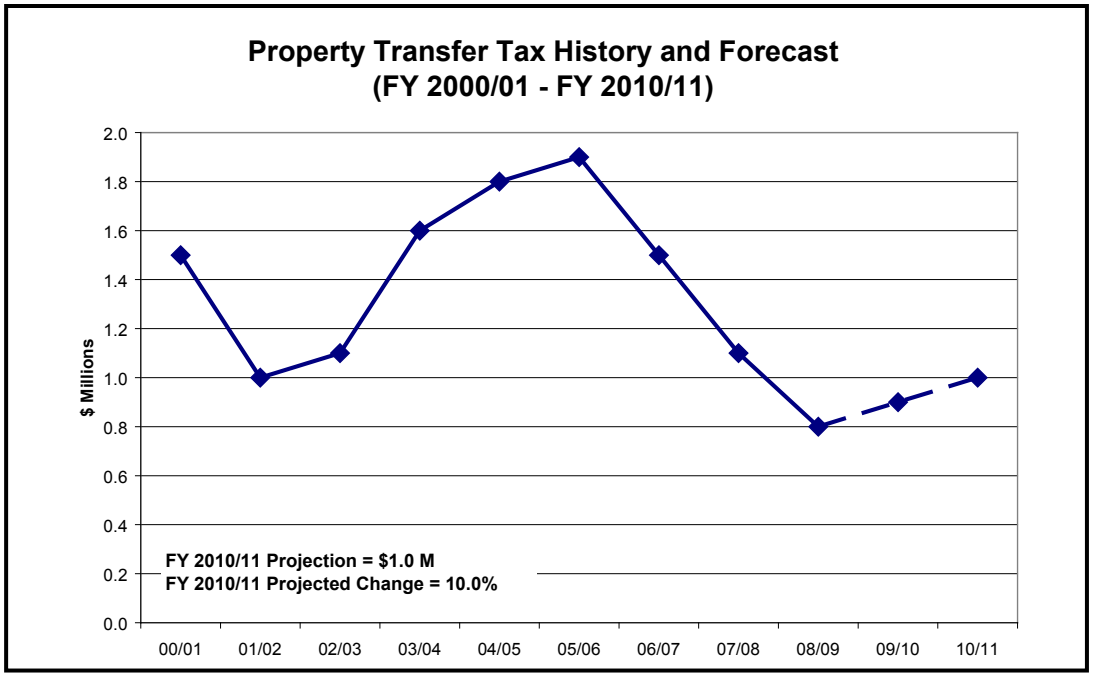
Forecast: Property tax revenues are estimated to total $61.8 million in FY 2009/10. Staff projects property tax revenues for FY 2010/11 will decrease to $61.2 million. The real estate sales volume that began slowing in early 2006 has continued into 2009, and is expected to continue through 2011. Although volume is beginning to show improvement, values are still down. In addition, the inflationary adjustment provided for by Proposition 13 is a negative 0.27%–the first negative adjustment since Proposition 13 has been in existence. Finally, although assessed valuations for residential property have stabilized somewhat, the County Assessor has warned that the next wave of downward assessments will affect non-residential property. The assessed valuation for secured property is based on the value as of January 1, 2010. Due to anticipated reductions for appeals and the statutory decrease in the adjustment effective January 1, 2010, combined with the projected decreases in commercial property values, FY 2010/11 property tax revenues are anticipated to decline by 1.0%.



Key Factors in the Forecast: The most significant property tax revenue indicator is the change in property assessed full values. Properties are re-appraised upon most ownership changes and new construction. Strength in Fremont's real estate market drove the assessed value and City revenue growth in the second half of the 1990s, and again in the middle 2000s. Property tax collections, although impacted by delinquencies countywide, have continued to come in as expected in FY 2009/10. For FY 2010/11, however, the 2% statutory increase will not be met. Instead, a decrease of 0.27% due to the decline in the California Consumer Price Index will be applied. The taxes for FY 2010/11 were assessed effective January 1, 2010, so price changes that might be caused by interest rate hikes and other market influences since that date will not change these values. Many economists continue to predict that the housing market will stabilize and begin to improve in FY 2010/11; however, they are also predicting a significant decline in commercial real estate values.

The high-tech industry recovery is encouraging, but still fragile in light of the overall national economic conditions. Although they were not a significant factor through 2009, vacant commercial, research and/or industrial properties increase the risks of property valuation appeals (lower re-appraised values can reduce assessments and revenues) and of property tax payment delinquencies. Commercial and industrial properties comprise about one-third of Fremont's property tax base. The latest word is that commercial property valuation declines are now occurring, and will continue to decline for the next one to two years.

The property transfer tax trend is also considered in estimating property tax revenues. The City experienced decreases in property transfer tax from FY 2006/07 through FY 2008/09. In FY 2009/10, the transaction volume began to increase over the previous year; however, median sales prices remained flat. Generally, real property transactions that generate property transfer taxes also trigger re-assessment under Proposition 13.



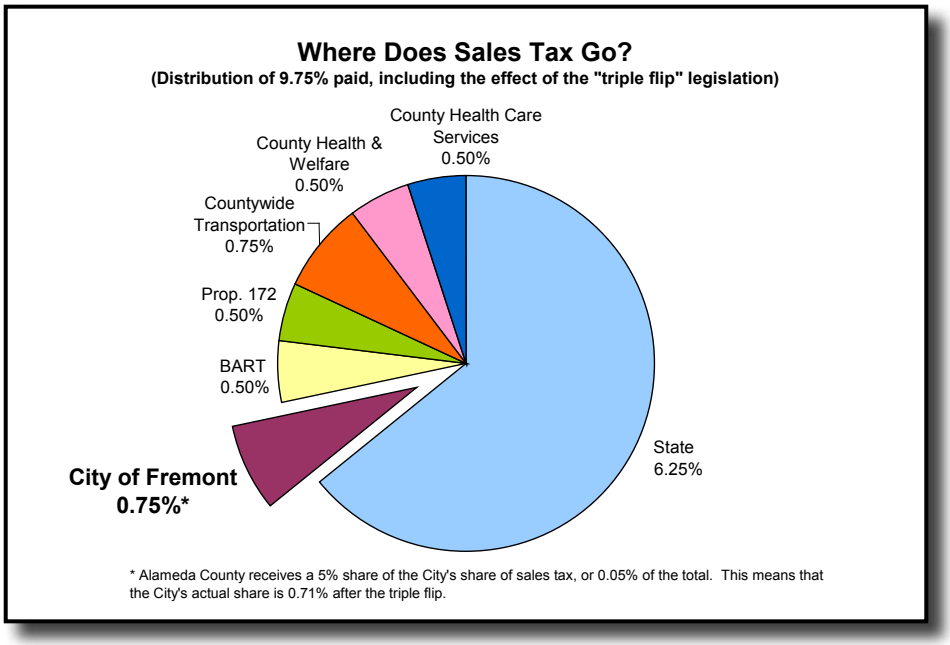
Sales and Use Taxes

Description: The local sales and use tax rate through March 31, 2009, was 8.75%. Sales tax is collected on the sale of taxable goods within Fremont. Use tax is the corresponding tax on transactions involving taxable goods purchased out of state for use or storage in Fremont. Sales and use taxes are collected by the State, which then pays local government its respective share. Sales and use taxes (collectively, "Sales Taxes" in the budget) are the City's second-largest revenue source and comprise about 23% of FY 2010/11 General Fund revenues. As part of the State's resolution of budget deficits, the State Legislature enacted a temporary 1% increase to the State sales tax rate (effective April 1, 2009), resulting in a sales and use tax rate in Alameda County of 9.75%. This rate will be in effect through FY 2011/12.

In March 2004, California voters passed Proposition 57, approving the sale of State Economic Recovery Bonds. The bond proceeds were used to fund the State's cash flow deficit and avert an operational financial crisis. To issue the bonds, the State needed a steady revenue source it could pledge to secure its payments – like sales taxes. To solve its problem, the State implemented the "triple flip." Under the "triple flip," the State's bonds are secured by a quarter-cent increase in the State's share of sales tax with a corresponding decrease in local government's share of sales tax (there was no sales tax rate change). To compensate for the loss, local governments receive additional real property taxes that would otherwise go to the schools (which will receive State General Fund payments), until the State's Economic Recovery Bonds are repaid. The additional property taxes are to replace the lost sales taxes on a dollar for dollar basis.

Before FY 2004/05, the sales tax rate in Fremont was 8.25%. The City received 12.1% of the tax paid, which was approximately 1% of the price paid for the good. In March 2004, Alameda County

voters passed Measure A, which raised the sales tax rate by 0.5%, to 8.75%, to fund County Health Care Services. This reduced the City's share of tax paid to 11.4% (still approximately 1% of the price paid for the good). As shown below, the City now receives 0.75% of each taxable sale, which equates to 8.6% of total sales tax revenues collected by all jurisdictions, down from the 12.1% we used to receive. The remaining 0.25% of each taxable sale now comes to the City as property tax because of the "triple flip."



During the time the additional 1% sales tax increase is in effect, the City will receive 7.7% of total sales tax revenues collected by all jurisdictions.

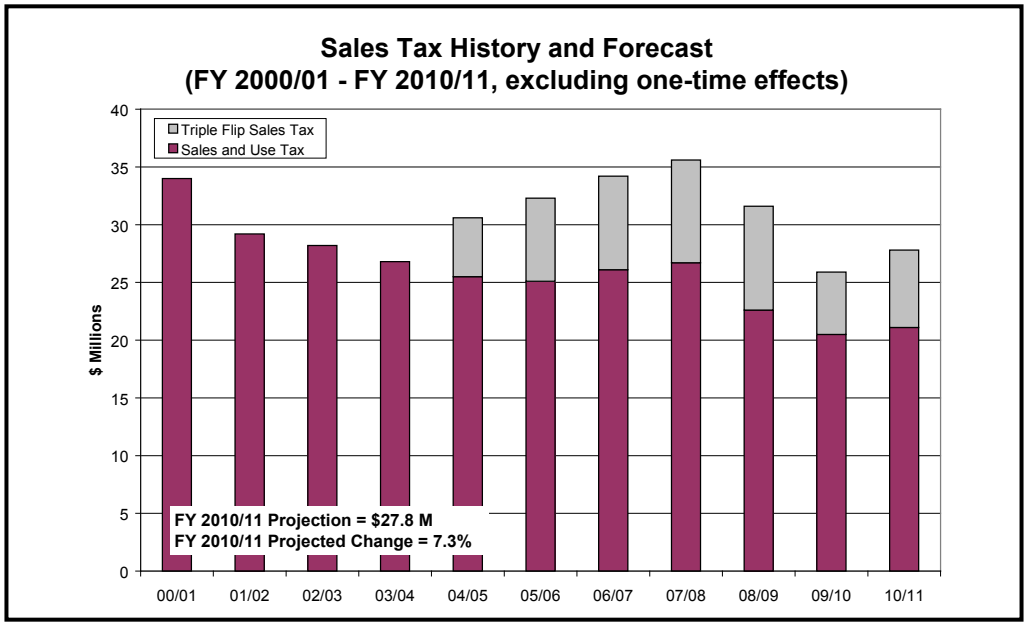
Forecast: FY 2009/10 sales tax revenues, including the "triple flip" replacement, are projected to be $25.9 million. The FY 2010/11 budgeted amount is $27.8 million, or $1.9 million more than FY 2009/10. For projection purposes, sales tax has three components: the local retail economic base, the property tax replacement related to the triple flip, and Proposition 172 sales tax revenue, which is dedicated to funding public safety activities. The following table relates the component projections to the total.

Projection Component	FY 2009/10 Estimated	FY 2010/11 Projected	Difference
"Regular" retail sales tax	$19.6 million	$20.2 million	$0.6 million
"Triple flip" property tax replacement	5.4 million	6.7 million	1.3 million
Proposition 172 sales taxes	0.9 million	0.9 million	0
Total	$25.9 million	$27.8 million	$1.9 million

The local retail economic base is generally considered "regular" sales tax. It is the 0.75% of the price paid for taxable goods, referenced above, that is received by the City. Of the $1.9 million projected increase, 32% of it is attributable to the modest recovery in the retail base in FY 2010/11, in contrast to the significant contraction that occurred in FY 2008/09 and FY 2009/10.

The "triple flip" property tax replacement revenue is projected to increase by $1.3 million in FY 2010/11. The amount of replacement revenue the City receives is based on the growth in "regular sales tax" revenue from the prior year. However, in FY 2009/10, the State determined that the "triple flip" payments to cities had been overstated, and that overpayment was recovered in FY 2009/10. The result was an abnormal decrease in "triple flip" property tax replacement revenue. Such a correction is not anticipated to recur in FY 2010/11, which means that this portion of the sales tax should return to its more normal behavior.

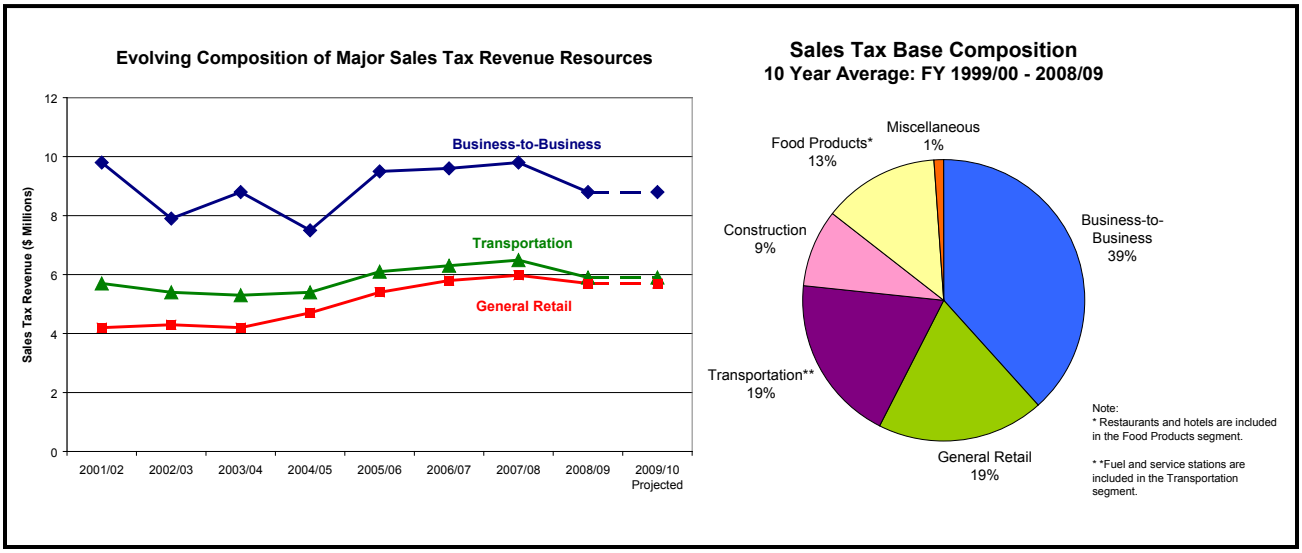
Proposition 172 sales taxes are the City's share of the one-half cent sales tax for public safety services approved by California voters in 1993. In FY 2009/10, the City's share is expected to be $0.9 million. Unlike "regular" sales tax revenues, which are based on retail activity in Fremont, Proposition 172 sales tax is collected and allocated on a statewide basis, so annual changes more closely resemble the statewide retail economy. For FY 2010/11, the Proposition 172 component of the City's sales tax revenues is projected to remain steady at $0.9 million.



The graph above displays the sales tax forecast. In FY 2004/05, the City began to receive the "triple flip" property tax payments. The darker bars on the graph represent traditional sales tax dollars and the gray portion of the bars represent property tax dollars the City is receiving in lieu of sales taxes under the "triple flip."

Key Factors in the Forecast: The business-to-business segment remains the largest segment of the sales tax pie. This segment grew from 30% of the tax base in FY 1990/91 to 41% in FY 2000/01. The high-tech sector recession that began in 2001 dampened business-to-business sales levels for a number of years, although it began to show signs of improvement in FY 2007/08. For FY 2009/10, the business-to-business segment will constitute about 34% of the sales tax base. This City revenue remains vulnerable to any weakness of the Silicon Valley economy. The largest of the City's sales tax segments are highlighted in the following graph.

Sales tax is vulnerable to downturns in several segments of the economy. The general retail sales tax base has become a larger piece of the pie, with increases in retail such as the Pacific Commons development. After the "dot-com" bust, efforts to diversify the City's sales tax base were successful, with the result being a more balanced mix of sales tax segments and reduced reliance on any single sector.



Sales tax declines in the City are not as severe as those experienced in other parts of the Bay Area and the State. Particular segments that are showing declines are those related to declines in the housing market, including sales of construction materials and home furnishings. Sales of new automobiles declined during FY 2009/10, leading to the closure of two car dealerships, although new dealerships have opened in recent months as well. As mortgage rates fell, many people used the equity in their homes to make major purchases. Now that the mortgage market has tightened and lenders have frozen some of these equity lines of credit, retail sales of major items, such as vehicles, have declined significantly.

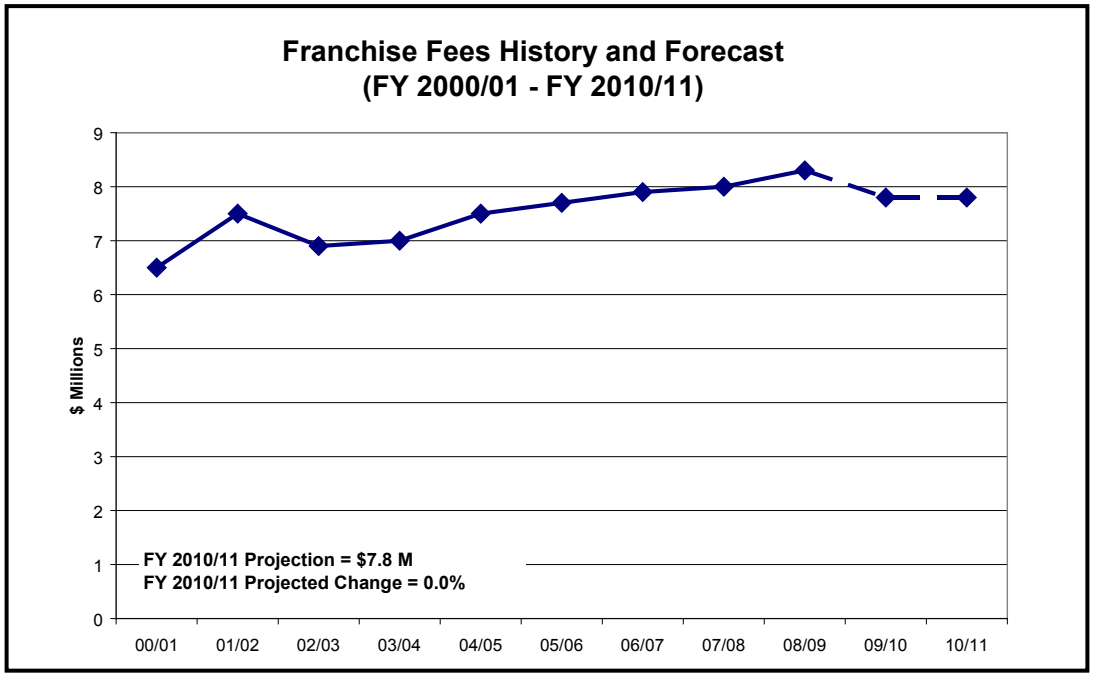
Since the peak year of FY 2000/01, revenue from the Business and Industry sector has decreased by one-third, or approximately $4 million. Most other retail categories have been stable or have increased modestly. The FY 2010/11 budget assumes that the economy will grow slowly, and that inflation will remain low.

Franchise Fees

Description: State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, local cable companies, and certain other entities for their privilege of using the public right-of-way within the City. The dominant franchise fees are calculated as a percentage of the respective franchisee's gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

The maximum gas and electric franchise rate is the greater of 1% on gas and electric adjusted gross revenues or 2% of the asset investment base within the City, as set by California law. PG&E pays its electric and gas utility franchise fee annually in April based on its revenues for the preceding calendar year. FY 2010/11 gas and electric utility franchise revenues will be computed as 1% of PG&E's adjusted gross revenues (the 1% of revenues method generally results in a greater fee than the 2% of invested assets method) for calendar year 2010 and will be received by the City in April 2011.

The solid waste collection franchise fees are negotiated between the City and the refuse collector. The cable franchise rate, formerly established by City ordinance, is now determined in accordance with AB 2987, the Digital Infrastructure Video Competition Act (DIVCA). The franchise fee rate of 5% of the cable company's "gross revenues" is unchanged, but cable providers now operate under a State franchise, rather than a local franchise. The solid waste collection franchise fee is paid monthly and the cable franchise fee is paid quarterly (both in arrears) throughout the fiscal year.



Forecast: Combined estimated FY 2009/10 franchise revenues decreased 6%, to $7.8 million. In FY 2010/11, they are projected to hold steady at $7.8 million.

Key Factors in the Forecast: Combined estimated FY 2009/10 franchise revenues decreased to $7.8 million. In FY 2010/11, they are projected to remain flat at $7.8 million.

- Electricity franchise: PG&E franchise revenues change because of changes to the cost of natural gas and other resources used to generate electricity, consumer power demands (which are affected by the economy), interstate energy contract pricing, and State and federal regulatory changes. PG&E projects a modest revenue increase for 2010, so the City likewise expects a corresponding increase in its FY 2010/11 electric franchise revenues. Decreased demand (a factor of weather and price) or significant interstate cost decreases are factors that might negatively affect this revenue.

- Gas franchise: Gas franchise revenues comprise only about 9% of total franchise revenues.

- Cable franchise: Comcast raised prices modestly in October 2008, and continues to expand its Fremont customer base at a modest pace. Telephone (telecommunication) companies like AT&T have entered the video/television business to compete with cable providers, with the result that a small portion of the City's cable franchise revenues now come from AT&T. AB 2987 was signed into California law and became effective January 1, 2007. This legislation transferred the essential franchising functions to the State and set a fixed franchise fee of 5%.

- Solid waste collection franchise: Solid waste collection franchise revenues are expected to remain relatively constant, and are not currently subject to extraordinary risks. Solid waste franchise fee rate increases typically occur every other year, in even years. The last increase occurred in January 2010. With an increased focus on recycling (which is not subject to franchise fees), the revenue from solid waste collection is decreasing somewhat. The effect on City revenues means that the rate increase may not offset the decreased revenues from less solid waste collection. This trend is expected to continue. Therefore, solid waste franchise fee revenues may remain stagnant, with new revenue growth coming primarily from new development adding to the customer base.

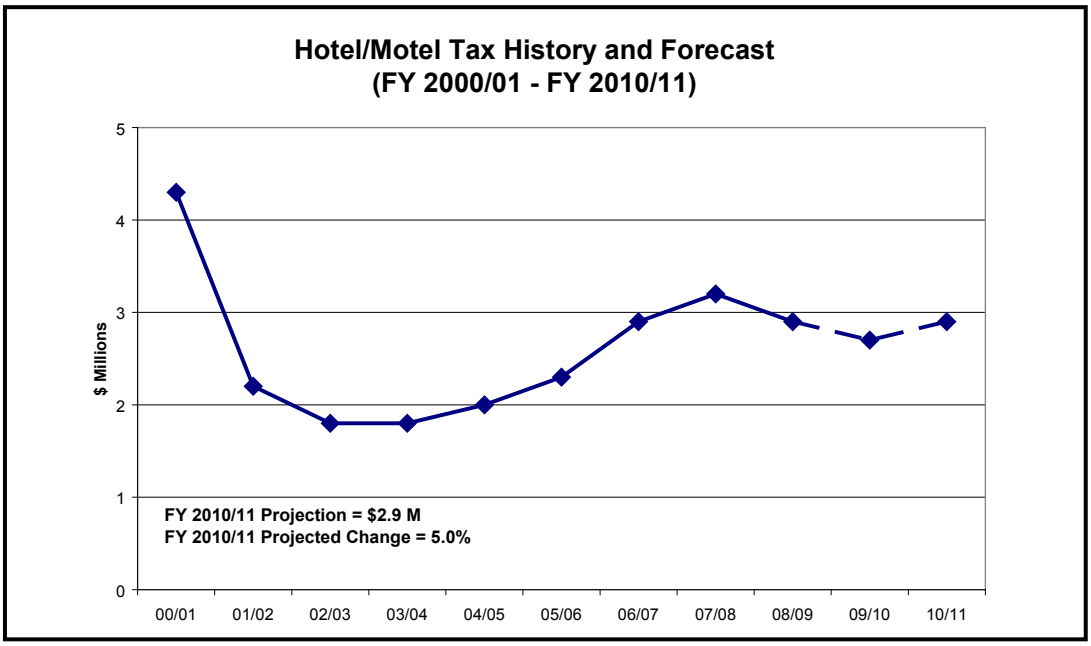
Hotel/Motel Occupancy Taxes

Description: The hotel/motel occupancy tax is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate so that Fremont visitors may contribute to the cost of the public services they enjoy during their stay. In recent years, Fremont's 8% room tax rate was substantially less than the 10%-12% tax rates charged by most neighboring cities. The voters passed a measure in November 2008 (Measure MM) to increase the rate to 10% effective January 1, 2009, making Fremont comparable to its neighboring cities.

Forecast: The budget estimates FY 2009/10 revenues will decline 4.9% to $2.7 million, with a 10% increase in FY 2010/11 to $2.9 million. Despite the rate increase, discounted local room rates and higher vacancy rates reflect the overall impacts of the recession. With the expected economic

recovery, this revenue source is expected to grow at a rate more reflective of the 10-year historic growth rate, or 10%.

Key Factors in the Forecast: The volatile economy remains the greatest risk for hotel/motel tax revenues. Continuing economic recovery and the rate increase will continue to provide steady growth in this revenue source.



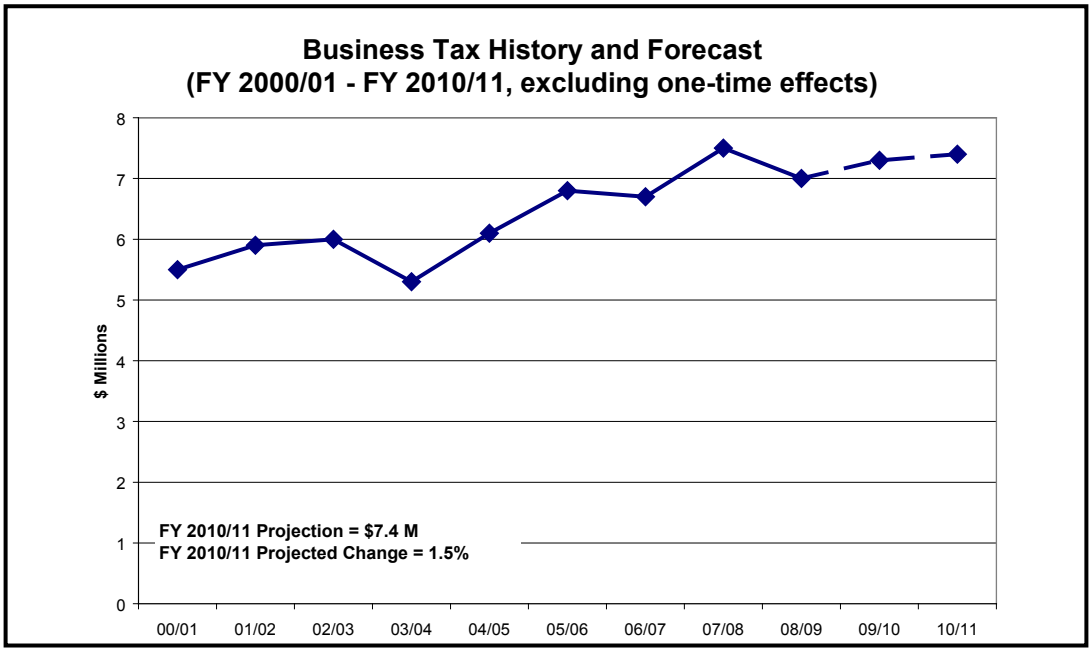
Business License Taxes

Description: Business license taxes are paid by individuals and entities for the privilege of conducting business in Fremont and to help pay for public services that contribute to a favorable business environment. The tax rate depends upon the type and size of the business. Some businesses pay a flat rate, but most pay based either on their gross receipts or payroll. Business license tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes.

Forecast: FY 2009/10 business license tax revenues are projected to increase to $7.3 million (up from $7.0 million in FY 2008/09), and then increase 1.5% in FY 2010/11, to $7.4 million. Increased revenues in FY 2009/10 are the result of a significant increase in enforcement through focused enforcement projects. The slight increase in FY 2010/11 is projected due to the normal growth and decline patterns in this revenue source.

Key Factors in the Forecast: Since the onset of the high-tech recession in FY 2000/01, business license tax revenues have grown slowly and have even declined in some years. In FY 2003/04, business license taxes decreased to $5.6 million because of a decline in the City's manufacturing base. The flat rate portion of this revenue modulates severe swings, but business license taxes tend to rise and fall in a pattern similar to that of sales taxes. Due to ongoing collection efforts, coupled

with the anticipated improvement in the economy, business license taxes are expected to increase slightly for the next year.



General Fund Estimated Actual and Adopted Budget Through 2010/11		
(Thousands of Dollars)	FY 09/10 Estimated Actual	Adopted FY 10/11
Revenues:		
Intergovernmental:		
Property Taxes	$ 46,481	$ 46,016
Property Taxes (VLF Replacement)	15,327	15,217
Triple Flip - Sales Tax Replacement	5,369	6,657
Sales and Use Taxes	20,500	21,115
Vehicle License Fees	400	408
Other Intergovernmental	255	241
Business License Taxes	7,300	7,410
Hotel/Motel Taxes	2,725	2,861
Property Transfer Taxes	874	961
Franchise Fees	7,825	7,825
Charges for Services	4,600	4,585
Fines	3,060	3,137
Investment Earnings	1,600	1,600
Paramedic Fees	1,104	1,104
Other Revenues	1,275	1,308
Total Revenues	**118,695**	**120,445**
Total Operating Transfers In	5,063	6,334
Resources Available: (Revenues plus Operating Transfers In)	**123,758**	**126,779**
Expenditures:		
General Government	10,397	10,579
Police	53,983	53,844
Fire	31,300	31,673
Community Preservation	730	741
Human Services	3,795	-
Transportation Operations Maintenance	14,058	15,134
Park Maintenance	4,754	4,667
Other Non-Departmental	1,597	3,150
Less: Citywide Savings	-	(1,500)
TRANs (debt) Costs	500	-
Total Expenditures	**121,114**	**118,288**
Operating Transfers Out:		
CIP Projects	-	-
Downtown Plan	500	500
General Fund Transfer for Human Services	-	3,622
Debt	5,305	7,573
Cost Center Allocations	5,140	4,545
Other	50	50
Transfers to Reserves	-	-
Total Operating Transfers Out	**10,995**	**16,290**
Resources Used: (Expenditures plus Operating Transfers Out)	**132,109**	**134,578**
Net Results of Operations: (Resources Available less Resources Used)	**(8,351)**	**(7,799)**
Use of Budget Uncertainty Reserve	**8,351**	**7,799**
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	**-**	**-**
Ending Fund Balance	**$ -**	**$ -**

Transfers In (Thousands of Dollars)	Actual FY 08/09	Estimated Actual FY 09/10	Adopted FY 10/11
Overhead Transfers In From Other Funds:			
Overhead charges to Development (Funds 011, 012, 013)	$1,876	$1,711	$1,886
Overhead charges to Environmental (Fund 115,123)	394	416	435
Overhead charges to Paratransit (Fund 178)	19	19	19
Overhead charges to Human Services Grants	113	170	182
Overhead charges to Recreation (Fund 189)	761	741	792
Overhead charges to Human Services Special Revenue (Fund 053)	-	-	305
Overhead charges to ITS (Fund 620)	474	542	632
Overhead charges to LLMD's (Fund 460)	7	6	6
Overhead charges to Multifamily Housing/HOME (Fund 191 & 103)	3	4	4
Overhead charges to Low & Moderate Housing (Fund 911)	87	95	89
Overhead charges to RDA (Fund 950)	159	158	183
Sub-total Recurring Transfers In from Other Funds	**$3,893**	**$3,862**	**$4,533**
Miscellaneous Recurring Transfers In:			
Impact fee reimbursement	950	950	950
From FRC for Maintenance	246	251	251
Sub-total Misc. Recurring Transfers In	**$1,196**	**$1,201**	**$1,201**
Miscellaneous Non-recurring Transfers In:			
One Time Transfers	1,673	-	600
Transfer From Budget Uncertainty Reserve	3,475	8,351	7,799
Sub-total Misc. Non-recurring Transfers In	**$5,148**	**$8,351**	**$8,399**
TOTAL OPERATING TRANSFERS IN	**$10,237**	**$13,414**	**$14,133**

Transfers Out (Thousands of Dollars)	Actual FY 08/09	Estimated Actual FY 09/10	Adopted FY 10/11
Transfers to the CIP:			
Contribution to Other CIP Projects	$1,000	**$-**	**$-**
Downtown Plan	-	500	500
Sub-total - Transfers for the ICAP	**$1,000**	**$500**	**$500**
Transfers for Debt Service:			
1990 COP 39550 Liberty Street & Fire Vehicles	440	-	-
1991 COP Fire	241	-	-
1998 COP Police Building	1,318	1,318	1,312
2001 COP Liberty/Capitol, Fire Land, City Hall	1,098	836	2,034
2001 COP (B) Liberty/Capitol, Fire Trucks	451	402	710
2002 COP Corporation Yard & Fire Station #11	2,256	-	-
2003 COP Refunding	1,477	-	-
2008 Fixed COP	438	1,703	1,790
2008 Variable COP	124	1,046	1,727
Sub-total - Debt Service & Future Bond Issues	**$7,843**	**$5,305**	**$7,573**
Cost Center Allocations:			
Community Development Cost Center	2,529	2,281	1,981
Recreation Cost Center	2,709	2,438	2,138
Senior Center Cost Center	473	426	426
Sub-total - Cost Center Allocations	**$5,711**	**$5,145**	**$4,545**
Other Transfers from the GF:			
Human Services Special Revenue Fund	-	-	3,622
Other transfers (SACNET $50k)	496	50	50
Sub-total - Other transfers	**$496**	**$50**	**$3,672**
Transfers from the GF to Reserves:			
Transfer to Contingency Reserve	501	-	-
Transfer to Program Equity Investment Reserve	100	-	-
Total Reserves	**$601**	**$-**	**$-**
Total Operating Transfers Out	**$15,651**	**$11,000**	**$16,290**

General Fund Historical and Recommended Budget 2010/11						
(Thousands of Dollars)	FY 05/06 Actual	FY 06/07 Actual	FY 07/08 Actual	FY 08/09 Actual	FY 09/10 Estimated Actual	FY 10/11 Adopted Budget
Revenues:						
Intergovernmental:						
Property Taxes	$ 41,238	$ 42,733	$ 44,681	$ 47,455	$ 46,481	$ 46,016
State ERAF III Revenue loss	(2,743)	-	-	-		
Property Taxes (VLF Replacement)	13,487	13,699	14,625	15,378	15,327	15,217
Triple Flip - Sales Tax Replacement	7,154	8,137	8,885	9,010	5,369	6,657
Sales and Use Taxes	25,123	26,054	26,699	22,622	20,500	21,115
Vehicle License Fees	1,367	1,220	939	727	400	408
Other Intergovernmental	757	1,473	787	270	255	241
Business License Taxes	6,771	6,738	7,508	7,010	7,300	7,410
Hotel/Motel Taxes	2,342	2,885	3,181	2,864	2,725	2,861
Property Transfer Taxes	1,948	1,505	1,092	840	874	961
Franchise Fees	7,666	7,903	7,954	8,329	7,825	7,825
Charges for Services	3,319	3,600	4,444	4,961	4,600	4,585
Fines	2,647	2,849	2,773	3,063	3,060	3,137
Investment Earnings	2,233	2,174	2,584	2,326	1,600	1,600
Paramedic Fees	1,055	1,070	1,104	1,159	1,104	1,104
Other Revenues	958	920	1,185	1,300	1,275	1,308
VLF Loan	-	-	-	-	-	-
Total Revenues	**115,322**	**122,960**	**128,441**	**127,314**	**118,695**	**120,445**
Total Operating Transfers In	**7,226**	**7,471**	**7,238**	**6,762**	**5,063**	**6,334**
Resources Available: (Revenues plus Operating Transfers In)	**122,548**	**130,431**	**135,679**	**134,076**	**123,758**	**126,779**
Expenditures:						
General Government	11,035	11,144	11,496	11,459	10,397	10,579
Police	45,904	49,377	52,473	54,440	53,983	53,844
Fire	26,130	27,369	30,164	32,768	31,300	31,673
Community Preservation	588	639	723	703	730	741
Human Services	2,874	3,099	3,588	3,636	3,795	-
Transportation Operations Maintenance	-	-	-	15,302	14,058	15,134
Park Maintenance	-	-	-	5,013	4,754	4,667
Other Non-Departmental	1,108	1,071	1,639	855	1,597	3,150
Less: Citywide savings	-	-	-	-	-	(1,500)
TRANs (debt) Costs	187	496	-	673	500	-
Total Expenditures	**87,826**	**93,195**	**100,083**	**124,849**	**121,114**	**118,288**
Total Operating Transfers Out	**36,381**	**36,658**	**39,599**	**15,651**	**10,995**	**16,290**
Resources Used: (Expenditures plus Operating Transfers Out)	**124,207**	**129,853**	**139,682**	**140,500**	**132,109**	**134,578**
Net Results of Operations: (Resources Available less Resources Used)	**(1,659)**	**578**	**(4,003)**	**(6,424)**	**(8,351)**	**(7,799)**
Change in Encumbrance Reserve	(250)	179	255	(183)	-	-
Adjustment for Fair Market Value	550	-	-	-	-	-
Use of Budget Uncertainty Reserve	-	**-**	**-**	**3,475**	**8,351**	**7,799**
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	**7,482**	**6,123**	**6,880**	**3,132**	**-**	**-**
Ending Fund Balance	**$ 6,123**	**$ 6,880**	**$ 3,132**	**$ -**	**$ -**	**$ -**

Other Funds

Other Funds

For budget purposes, the City's funds are grouped into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment
- Capital Funds

The first three categories constitute the City's primary operating funds, and the last two are special classes of funds used mostly for capital investments. Funding for most City operations comes from the first three categories. The following section provides an overview of the City's Cost Centers, Internal Service funds, Special Revenue funds, Redevelopment funds, and Capital funds. Detailed information about the General Fund is available in the General Fund section of this document.

Summary of All Other Funds

(Thousands of Dollars)	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Other Funds
Revenues					
Intergovernmental:					
Property Taxes	$ -	$ -	$ 37,706	$ -	$ 37,706
Property Taxes (VLF Replacement)	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-
Sales and Use Taxes	-	779	-	-	779
Vehicle License Fees	-	-	-	-	-
Other Intergovernmental	-	8,358	-	7,668	16,026
Business License Taxes	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Charges for Services	22,466	7,801	-	-	30,267
Fines	-	-	-	-	-
Investment Earnings	467	17	1,128	2,244	3,856
Paramedic Fees	-	-	-	-	-
Other Revenues	750	1,329	50	3,531	5,660
Total Revenues	**23,683**	**18,284**	**38,884**	**13,443**	**94,294**
Total Transfers In	4,545	4,125	-	8,098	16,768
Resources Available: (Revenues plus Total Transfers In)	**28,228**	**22,409**	**38,884**	**21,541**	**111,062**
Expenditures					
General Government	-	-	-	-	-
Police	-	1,527	-	-	1,527
Fire	-	640	-	-	640
Transportation and Operations	2,000	6,698	-	1,200	9,898
Community Development:					
Planning	3,829	-	-	-	3,829
Building and Safety	4,844	-	-	-	4,844
Engineering	6,756	-	-	-	6,756
Community Preservation	-	88	-	-	88
Housing and Redevelopment	-	601	28,331	-	28,932
Human Services	660	11,697	-	-	12,357
Parks and Recreation	7,127	182	-	-	7,309
Non-departmental	(146)	425	-	10,424	10,703
Less: Citywide Savings		-			-
Debt Costs	-	825	-	7,573	8,398
Total Expenditures	**25,070**	**22,683**	**28,331**	**19,197**	**95,281**
Total Transfers Out	3,635	1,649	272	3,556	9,112
Resources Used: (Expenditures plus Operating Transfers Out)	**28,705**	**24,332**	**28,603**	**22,753**	**104,393**
Net Results of Operations: (Resources Available less Resources Used)	**(477)**	**(1,923)**	**10,281**	**(1,212)**	**6,669**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**12,618**	**12,443**	**13,204**	**16,085**	**54,350**
Fund Balance - 6/30/11 (est.)	**$ 12,141**	**$ 10,520**	**$ 23,485**	**$ 14,873**	**$ 61,019**

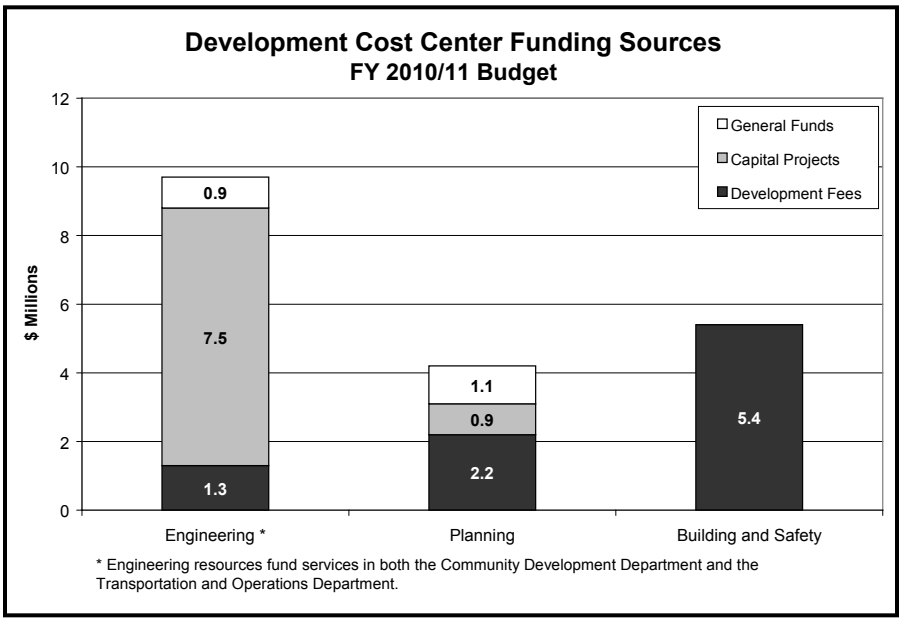
Cost Centers & Internal Service Funds

The City uses cost centers to account for City activities that are predominantly fee-based. These funds receive revenues from external users in the form of fees for services and transfers from other funds for work on City projects. The cost centers are intended to maintain their fund balances from year to year to provide flexibility to respond to revenue decreases or unexpected costs. The City uses internal service funds to account for certain information technology and risk management services, and retiree medical reimbursement provided to the City's operating departments on a full-cost recovery basis.

Development Cost Center

The Development Cost Center budget relies on a combination of development fees, charges to City capital projects, and charges to the General Fund (made in the form of a transfer) for work benefiting the community in general. Each functional area relies on a different mixture of these revenue inflows, so each has fared differently under the recent economic conditions.

During the mid-1990s, development activity in Fremont was thriving. As a hedge against the cyclical nature of the economy, the Development Cost Center accumulated a fund balance intended to pay for technology and capital needs, and to preserve staffing continuity through downturns. Maintaining a base level of staff enables the City to respond effectively when development activity returns. Although the cost center has been effective in prior years in responding to the ebbs and flows of the economy, the current recession has created an unprecedented drop in fee activity and related revenue. In order to respond to the sharp decline in revenues, the Cost Center eliminated most of its temporary staffing in the spring of 2009, and reduced full time staffing in July 2009 to the level needed to support the reduced level of development activity. The Cost Center used $1.0 million of fund balance in FY 2008/09, which included a portion of its Contingency Reserve. At the end of FY 2009/10, the fund balance is projected to be $2.7 million, which is $700,000 more than the FY 2008/09 fund balance, and will help replenish the Contingency Reserve.



The Planning, Engineering, and Transportation Engineering Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2010/11, the General Fund will transfer almost $2.0 million to the Cost Center, to be spread across Planning, Engineering, and Transportation Engineering for their work programs. This transfer is 13.2% (or $300,000) less than the FY 2009/10 transfer. This reduction is a one-time savings measure for the General Fund. As a result of this one-time reduction, the Cost Center will need to use fund balance to maintain services and offset the revenue loss. Because this is a one-time occurrence, the Cost Center is not proposing any further service reductions above and beyond those implemented during FY 2009/10. The work funded by the General Fund allocation generally includes updating and maintaining the City's General Plan, responding to traffic service requests, managing the City's real property, providing general customer service not associated with a particular project, and responding to City Council referrals. The General Fund allocation is decreasing this year, although the Cost Center has not seen a decrease in General Fund work program elements to correspond with the decrease in its General Fund allocation. As a result, some work program items may be delayed.

Recreation Cost Center

The Recreation Cost Center provides services to the public using both General Fund contributions and user fees. Using an enterprise business model in which programs are funded only if they are able to pay for themselves through fees, the Recreation Division successfully delivers programs and activities each year to citizens of all ages. In FY 2010/11, the Recreation Cost Center expects to receive 71% of its $7.99 million in total available resources from program and user fees, 27% from General Fund support, and 1% from interest on the cost center fund balance. The remaining 1% comes from other revenues.

Careful management of the enterprise model for delivering recreation services since the early 1990s has enabled the Cost Center to accumulate a fund balance, projected to be $3.98 million at the end of FY 2009/10. Increased participation in fee classes, interest on the fund balance, and salary savings have been the primary contributors to the growth in the fund balance in recent years. Most of the fund balance serves as an economic contingency reserve to buffer operations from a fluctuating economy, program revenue shortfalls, and unforeseen major interruption of services. The remainder of the fund balance is the Operating Improvement Reserve, which serves as a funding source to launch new revenue generating programs.

In FY 2010/11, the General Fund will transfer $2.1 million to the Cost Center. This transfer is 12.3% (or $300,000) less than the FY 2009/10 transfer. This reduction is a one-time savings measure for the General Fund. As a result of this one-time reduction, the Cost Center will need to use fund balance to maintain services and offset the revenue loss. Because this is a one-time occurrence, the Cost Center is not proposing any further service reductions above and beyond those implemented during FY 2009/10.

General Fund support enables the Recreation Cost Center to provide low to no-cost services such as Central Park operations, some teen services, the Olive Hyde Art Gallery, and community center operations.

Senior Center Cost Center

This Cost Center accounts for revenues and expenditures for programs administered by the Aging and Family Services (AFS) Division of the Human Services Department for the Senior Center and for senior programs serving frail elders. Cost Center resources are comprised of fees for service, restricted grants, MediCal service reimbursements, private donations, and the General Fund.

Unlike other cost centers, the Senior Center Cost Center relies on General Fund support for the majority of its funding. In FY 2010/11, the amount of General Fund support for the Cost Center will remain at $426,000, the same as FY 2009/10. The General Fund allocation was reduced by 10% in FY 2009/10, and those resultant service reductions remain in place.

Staff has responded to funding challenges over the last five years with a combination of fee increases, service reductions, fundraising, and use of reserves. In FY 2005/06, staff secured approximately $10,000 in grant funding from Alameda County for the Senior Center, which will continue for several years. Staff will continue to analyze Senior Center operations for opportunities to increase ongoing non-General Fund revenues and reduce operating costs to minimize long-term sustainability risks.

Risk Management Internal Service Fund

This fund accounts for the City's retained self-insured risks of loss from vehicle and property damage, earthquakes and floods, workers' compensation claims, general liability claims, and unemployment claims. Administrative costs, including insurance coverage through the City's membership in the California Joint Powers Risk Management Authority, are also accounted for in this fund. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total costs allocated to departments are $7.15 million in FY 2010/11. Increases in FY 2010/11 are generally the result of increases in workers' compensation claim costs.

Information Technology Services Internal Service Fund

This fund accounts for the City's information systems support and technology services. It funds Information Technology Services operations and equipment replacement. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total allocation charges to departments are $5.5 million in FY 2010/11.

The expenditure budget for this fund is increasing by $850,555, or 16.5%, from the adopted FY 2009/10 budget. This increase is primarily due to increased capital replacement purchases in FY 2010/11. The departmental allocations are not increasing, because there is sufficient fund balance to make these and future purchases without increasing department allocations this fiscal year.

Other Post-Employment Benefits (OPEB) Internal Service Fund

This fund was created in FY 2007/08 to account for the costs of the City's retiree medical benefits. Governmental Accounting Standards Board (GASB) Statement 45 requires that other post-employment benefits (OPEB), such as retiree medical costs, be accounted for in a manner similar to retirement benefits. The City, like most cities in the country, has historically accounted for this cost on a pay-as-you-go basis within all of its various funds. The actuarial valuation performed as part of the City's efforts to manage these costs quantified the unfunded liability as of June 30, 2006. This fund will now account for all the costs of the City's retiree medical benefits. Although the FY 2007/08 budget anticipated beginning to prefund this liability, that plan was changed in reaction to slowing revenue growth. However, prefunding continues to be a goal for effectively managing this liability, and staff is evaluating a variety of plan design and funding options for future consideration. Until such time as economic recovery becomes more apparent, prefunding will be very difficult and, as such, is not included in the FY 2010/11 budget.

Cost Centers/Internal Service

(Thousands of Dollars)	Development Cost Center	Recreation Cost Center	Senior Center	Internal Service: Risk Management	Internal Service: Information Technology	Internal Service: OPEB	Internal Service Reclass*	Total
Revenues								
Intergovernmental:								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-
Sales and Use Taxes	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	16,392	5,933	141	7,149	5,500	2,179	(14,828)	22,466
Fines	-	-	-	-	-	-	-	-
Investment Earnings	129	100	-	170	65	3	-	467
Paramedic Fees	-	-	-	-	-	-	-	-
Other Revenues	512	71	87	60	20	-	-	750
Total Revenues	**17,033**	**6,104**	**228**	**7,379**	**5,585**	**2,182**	**(14,828)**	**23,683**
Total Transfers In	1,981	2,138	426	-	-	-	-	4,545
Resources Available: (Revenues plus Total Transfers In)	**19,014**	**8,242**	**654**	**7,379**	**5,585**	**2,182**	**(14,828)**	**28,228**
Expenditures								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Transportation and Operations	2,000	-	-	-	-	-	-	2,000
Community Development:								
Planning	3,829	-	-	-	-	-	-	3,829
Building and Safety	4,844	-	-	-	-	-	-	4,844
Engineering	6,756	-	-	-	-	-	-	6,756
Community Preservation	-	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-	-
Human Services	-	-	660	-	-	-	-	660
Parks and Recreation	-	7,127	-	-	-	-	-	7,127
Non-departmental	-	-	-	7,140	5,363	2,179	(14,828)	(146)
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-	-
Total Expenditures	**17,429**	**7,127**	**660**	**7,140**	**5,363**	**2,179**	**(14,828)**	**25,070**
Total Transfers Out	1,911	792	-	-	932	-	-	3,635
Resources Used: (Expenditures plus Operating Transfers Out)	**19,340**	**7,919**	**660**	**7,140**	**6,295**	**2,179**	**(14,828)**	**28,705**
Net Results of Operations: (Resources Available less Resources Used)	**(326)**	**323**	**(6)**	**239**	**(710)**	**3**	**-**	**(477)**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**2,727**	**3,982**	**180**	**1,984**	**3,674**	**71**	**n/a**	**12,618**
Fund Balance - 6/30/11 (est.)	**$ 2,401**	**$ 4,305**	**$ 174**	**$ 2,223**	**$ 2,964**	**$ 74**	**n/a**	**$ 12,141**

*** NOTE:** The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management and Information Technology Funds have been reclassed and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets.

Cost Centers/Internal Service

(Thousands of Dollars)	Budget 08/09	Budget 09/10	Budget 10/11
Beginning Fund Balance	**$ 11,081**	**$ 11,097**	**$ 12,618**
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue Loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	-	-	-
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	23,620	21,877	22,466
Fines	-	-	-
Investment Earnings	999	712	467
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	586	496	750
Total Revenues	**25,205**	**23,085**	**23,683**
Operating Transfers In	5,716	5,145	4,545
Total Available Resources	**42,002**	**39,327**	**40,846**
Expenditures	-	-	-
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	1,941	1,952	2,000
Community Development:			
Planning	4,715	4,016	3,829
Building and Safety	5,864	4,950	4,844
Engineering	7,114	6,405	6,756
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	652	636	660
Parks and Recreation	7,411	7,244	7,127
Non-departmental	(421)	(673)	(146)
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	**27,276**	**24,530**	**25,070**
Operating Transfers Out	3,651	3,462	3,635
Transfers to Reserves	-	-	-
Total Use of Resources	**30,927**	**27,992**	**28,705**
Ending Fund Balance	**$ 11,075**	**$ 11,335**	**$ 12,141**

Special Revenue Funds

Special revenue funds account for activities (other than major capital projects) funded by special-purpose revenues. Such revenues are typically legally restricted for specific purposes and may not be spent as part of the General Fund for general public safety or maintenance activities. Most of the federal, State, and County grants the City receives are accounted for in special revenue funds. Such grant revenues typically must be spent and accounted for according to the specific grant requirements.

Human Services

The Human Services Department relies on General Fund support, grants, charges for service, and rents from the Family Resource Center (FRC) to provide a wide range of services to families and seniors. The non-General Fund sources featured in this special revenues subsection comprise 68% and 70% of the department's total funding sources in FY 2009/10 and FY 2010/11, respectively. The table on page 86 shows the special revenue funding sources for Human Services. For information on the total Human Services budget, including the use of General Fund resources, please see the Department Budgets section of this document.

In FY 2010/11, the General Fund portion of the Human Services budget will be transitioned to a new fund, and will receive a cost allocation that represents the General Fund's support for funding the Human Services programs. In FY 2010/11, the General Fund will transfer $3.6 million to the Human Services Special Revenue Fund, which represents 29% of the Department's total operating budget. The remainder of the Human Services expenditure budget is supported by grants, charges for services, and rents from the FRC.

Grants and Other Special Purpose Funding

The City receives grants and special purpose funding for Human Services activities from a number of different sources:

1. **Alameda County:** Probation Department funds for Youth and Family Counseling; funds to divert at-risk youth from the criminal justice system.
2. **Alameda County:** Department of Behavioral Health funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center.
3. **Alameda County and Union City:** Funds to provide services to elders in Fremont and the Tri-City area.
4. **Mobile Mental Health Grant:** Funding from Proposition 63 for mental health services to home-bound clients in order to improve their ability to live safely in the community.
5. **Proposition 10** (tobacco taxes)**:** Funds allocated by the County to support early childhood programs in Youth and Family Services.

6. **Robert Wood Johnson Foundation:** Funding for planning senior services for a growing senior population.
7. **State Department on Aging:** Funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at assisting frail elders to remain in their homes.
8. **State Medi-Cal Reimbursement:** Funds received through reimbursement for counseling and support services provided to youth and seniors.

Outside Special Revenue funding sources are projected to increase from $2.6 million in FY 2009/10 to $2.7 million for FY 2010/11. This increase is primarily attributable to new federal stimulus funding for the Homeless Prevention and Rapid Rehousing Program (HPRP). The remaining increase is due to the receipt of additional funding for the Our Kids Program, a school-based health and mental health service program.

Paratransit

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program. Funding for paratransit services is projected to decrease slightly in FY 2010/11, from $751,000 to $741,000.

Family Resource Center Fund

This fund accounts for the revenues and costs associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC staff and operating and capital expenditures at the facility. This fund also includes grants from private foundations to support programs at the FRC. For FY 2010/11, revenue is expected to increase slightly. FY 2010/11 expenditures are budgeted to increase by $10,000, primarily due to increased health benefit allowance costs.

CDBG

This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U.S. Department of Housing and Urban Development for the purpose of developing viable urban communities. Through the CDBG Program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant must directly benefit low and moderate-income households, with each community tailoring its program to address specific local needs.

The CDBG entitlement is $1.8 million for FY 2010/11, which is $200,000 more than the FY 2009/10 amount. The $1.7 million in estimated actual expenditures for FY 2009/10 will be 42% below the budgeted amount, primarily because certain capital projects will be postponed and carried forward to FY 2010/11. Any carryover is incorporated into the FY 2010/11 budget. Sub-recipients of the program are on a two-year funding cycle and, therefore, have two years to fulfill their obligations.

HOME

This fund accounts for monies received under the HOME Investment Partnership (HOME) Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing. For FY 2009/10, the estimated actual expenditures for the HOME grant are expected to be $594,566. The FY 2010/11 budget is $570,000.

Multi-Family Housing

This fund accounts for tax-exempt multi-family housing bond-monitoring fees paid to the City, which have been decreasing for the past several years. These funds only support consulting and office supply expenditures in the Office of Housing and Redevelopment. Revenue and expenditures in FY 2010/11 are projected to remain the same as in FY 2009/10.

Public Safety Grants

1. **AB3229 - Community Oriented Policing Services (COPS) Front Line Enforcement:** this fund accounts for monies from the State which are distributed by the County to be spent on front line law enforcement activities.
2. **Abandoned Vehicle Abatement:** this fund accounts for monies received by the City under California Vehicle Code (CVC) sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.
3. **COPS Technology Grant:** this fund accounts for monies received from the U.S. Department of Justice to continue development of technologies and automated systems to assist law enforcement agencies in investigating, responding to, and preventing crime.
4. **Justice Assistance Grant (JAG) Program:** this fund accounts for monies received from the federal government and expended for criminal justice, crime or substance abuse prevention and treatment programs.
5. **Southern Alameda County Narcotics Enforcement Team (SACNET):** this fund accounts for the proceeds from assets forfeited as the result of drug activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution comes from the General Fund and is displayed as a "Transfer Out" on page 71.
6. **Staffing for Adequate Fire and Emergency Response (SAFER) Grant:** this fund accounts for monies received from the U.S. Department of Homeland Security to increase fire staffing and improve safety and response times.

7. **State Office of Traffic Safety Grant:** this fund accounts for monies received from the State to provide funding for innovative traffic enforcement programs and public relations for a countywide campaign against drinking drivers.

Grant revenues related to public safety services are projected to decrease by 10% from the level budgeted in FY 2009/10 due to decreases in the levels of funding for the Fire Department SAFER grant and the Police Department COPS Technology grant. In FY 2009/10, there were carry-over grant monies unspent from prior years; these grant funds and carry-overs will be spent in FY 2010/11.

Environmental Services

1. **Integrated Waste Management:** this fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of carrying out recycling, and household hazardous waste and solid waste management programs. The current fund balance serves two purposes: (1) to support rate stabilization, and (2) to cover transition costs associated with landfill closure.
2. **Urban Runoff Clean Water Program:** this fund accounts for monies received to comply with the federal Clean Water Act of 1987, which requires that stormwater discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.
3. **Measure D:** this fund accounts for monies received by the City from the Measure D surcharge imposed on unincorporated Alameda County landfills. The City becomes eligible to receive its per capita share of the Measure D surcharge beginning July 1, 2010, once it transitions to the Altamont Landfill for landfill disposal services. These funds are restricted to expenditures incurred for waste diversion and recycling activities that are designed to reduce the amount of waste transferred to the landfill.

Expenditures are budgeted to decrease by 5.1% from $7.8 million in FY 2009/10 to $7.4 million in FY 2010/11. The decrease is mainly attributable to a change in the way the contribution for specialized Integrated Waste Management vehicle replacement is treated. Beginning in FY 2010/11, rather than a transfer out to the Maintenance division for vehicle replacement, the equivalent amount of that contribution will now remain in the Integrated Waste Management Fund, and included in the Integrated Waste Management Vehicle Replacement Reserve, for future vehicle purchases, rather than the former method which reflected an annual vehicle replacement expense.

Federal Economic Stimulus Grants

Both the FY 2009/10 and FY 2010/11 budgets include funding from the American Recovery and Reinvestment Act of 2009 (ARRA), which is also commonly known as the Federal Stimulus Package. The main objectives of the Federal Stimulus funding are to create jobs and stabilize the

economy. ARRA funding is targeted to programs in the areas of health care, energy, infrastructure, education, public safety, transportation, environment, affordable housing, and economic development. The City of Fremont has been awarded stimulus funding in various forms. Some of these projects and programs are noted here, including over $4.0 million for street overlays and pavement rehabilitation; $1.2 million to implement a Homeless Prevention and Rapid Rehousing program, in partnership with a local non-profit agency; $330,000 in CDBG-R funding to make renovations at the Family Resource Center and reconstruction of the parking lot; and almost $2.0 mllion for various energy efficiency and conservation projects, including a "cool" roof at the Main Library. These stimulus funds are accounted for in the American Recovery and Reinvestment Act Fund, to comply with federal requirements.

Special Revenue Funds

(Thousands of Dollars)	Human Services: Grants	Human Services: Paratransit	Human Services: FRC	Human Services: CDBG	Human Services: Human Services	HOME	Multi-Family Housing	Public Safety Grants	Environmental Services Funds	Total Special Revenues
Revenues										
Intergovernmental:										
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-	-	-
Sales and Use Taxes	-	779	-	-	-	-	-	-	-	779
Vehicle License Fees	-	-	-	-	-	-	-	-	-	-
Other Intergovernmental	2,693	29	377	2,707	17	570	-	1,705	260	8,358
Business License Taxes	-	-	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-
Charges for Services	785	23	133	-	176	-	-	-	6,684	7,801
Fines	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	17	-	17
Paramedic Fees	-	-	-	-	-	-	-	-	-	-
Other Revenues	171	-	1,123	-	5	-	30	-	-	1,329
Total Revenues	**3,649**	**831**	**1,633**	**2,707**	**198**	**570**	**30**	**1,722**	**6,944**	**18,284**
Total Transfers In	-	-	138	-	3,937	-	-	50	-	4,125
Resources Available: (Revenues plus Total Transfers In)	**3,649**	**831**	**1,771**	**2,707**	**4,135**	**570**	**30**	**1,772**	**6,944**	**22,409**
Expenditures										
General Government	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	1,527	-	1,527
Fire	-	-	-	-	-	-	-	640	-	640
Transportation and Operations	-	-	-	-	-	-	-	-	6,698	6,698
Community Development:										
Planning	-	-	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-	88	88
Housing and Redevelopment	-	-	-	-	-	570	31	-	-	601
Human Services	3,682	847	960	2,693	3,515	-	-	-	-	11,697
Parks and Recreation	-	-	-	-	-	-	-	-	182	182
Non-departmental	-	-	-	-	-	-	-	-	425	425
Less: Citywide Savings	-	-		-	-	-	-	-	-	-
Debt Costs	-	-	825	-	-	-	-	-	-	825
Total Expenditures	**3,682**	**847**	**1,785**	**2,693**	**3,515**	**570**	**31**	**2,167**	**7,393**	**22,683**
Total Transfers Out	457	19	415	14	305	-	4	-	435	1,649
Resources Used: (Expenditures plus Operating Transfers Out)	**4,139**	**866**	**2,200**	**2,707**	**3,820**	**570**	**35**	**2,167**	**7,828**	**24,332**
Net Results of Operations: (Resources Available less Resources Used)	**(490)**	**(35)**	**(429)**	**-**	**315**	**-**	**(5)**	**(395)**	**(884)**	**(1,923)**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**1,401**	**55**	**4,015**	**-**	**-**	**-**	**65**	**1,005**	**5,902**	**12,443**
Fund Balance - 6/30/11 (est.)	**$ 911**	**$ 20**	**$ 3,586**	**$ -**	**$ 315**	**$ -**	**$ 60**	**$ 610**	**$ 5,018**	**$ 10,520**

Special Revenue Funds

(Thousands of Dollars)	Budget 08/09	Budget 09/10	Budget 10/11
Beginning Fund Balance	**$ 14,451**	**$ 13,520**	**$ 12,443**
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue Loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	931	736	779
Vehicle License Fees	-	-	-
Other Intergovernmental	7,612	7,955	8,358
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	6,624	6,865	7,801
Fines	30	-	-
Investment Earnings	33	42	17
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	1,422	1,349	1,329
Total Revenues	**16,652**	**16,947**	**18,284**
Operating Transfers In	202	188	4,125
Total Available Resources	**31,305**	**30,655**	**34,852**
Expenditures			-
General Government	-	-	-
Police	1,201	1,396	1,527
Fire	628	752	640
Transportation and Operations	6,636	6,909	6,698
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	85	85	88
Housing and Redevelopment	-	560	601
Human Services	8,398	7,578	11,697
Parks and Recreation	26	191	182
Non-departmental	750	600	425
Less: Citywide Savings	-	-	-
Debt Costs	868	825	825
Total Expenditures	**18,592**	**18,896**	**22,683**
Operating Transfers Out	917	946	1,649
Transfers to Reserves	-	-	-
Total Use of Resources	**19,509**	**19,842**	**24,332**
Ending Fund Balance	**$ 11,796**	**$ 10,813**	**$ 10,520**

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Redevelopment Agency Funds

The Fremont Redevelopment Agency is a separate legal entity from the City of Fremont (the City Council serves as the Board of the Redevelopment Agency). The Agency is responsible for implementing the adopted Redevelopment Plans in the Centerville, Irvington, Niles, and Industrial redevelopment project areas. The City Manager also serves as the Executive Director of the Redevelopment Agency, and the Office of Housing and Redevelopment is the staff division responsible for managing the implementation of the Redevelopment Plans.

Sources of Revenue

The Redevelopment Agency receives property tax increment revenues to fund its programs and projects. Property tax increment generally consists of the incremental property tax revenues that are generated by increasing property values in each of the project areas since the Redevelopment Plans were established. Twenty percent of the Redevelopment Agency's property tax increment revenues (Housing Set-Aside Revenues) are set aside to be used exclusively on affordable housing activities. The projection of FY 2010/11 revenue is cautious, anticipating possible impacts from assessed valuation appeals in the Industrial redevelopment project area and modest property value increases in historic districts, as well as a lower amount of investment earnings due to declining interest rates.

Uses of Revenue

Redevelopment Agency funds can only be used for eligible activities as outlined in California Redevelopment Law (CRL) in two primary categories: Affordable Housing activities and Redevelopment activities. The FY 2010/11 Redevelopment Agency budget reflects proposed expenditures in the following funds.

Affordable Housing Fund

This is the FY 2010/11 budget authority for the use of Housing Set-Aside revenues. There are four funds for the Agency's affordable housing activities. Key elements of the Affordable Housing Operating Budget include administrative expenses and projected capital expenditures on affordable housing projects. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

Redevelopment Operating Fund

This is the FY 2010/11 budget authority for the use of redevelopment (non-housing) revenues. Other key elements of the Redevelopment Operating budget include pass-through and ERAF payments to taxing agencies ($17.64 million), administrative expenses, and anticipated expenditures on redevelopment projects.

Debt Service Funds

This is the FY 2010/11 budget authority for the payment of Redevelopment debt. Property tax increment revenues are received in the Debt Service Funds to support debt service payments on outstanding bonds. All remaining outstanding bonds were repaid in FY 2009/10. Tax increment revenues are also transferred to the Redevelopment Operating Fund, the Redevelopment Capital Fund, and the Affordable Housing Fund to support expenditures on projects and programs.

Capital Projects Fund

This is the FY 2010/11 projected capital Redevelopment (non-housing) expenditure authority of the Agency. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

Redevelopment Funds (RDA)

(Thousands of Dollars)	Operating	Debt Service	Capital	Affordable Housing	Eliminating Internal Transfers	Total RDA
Revenues						
Intergovernmental:						
Property Taxes	$ -	$ 30,165	$ -	$ 7,541	$ -	$ 37,706
Property Taxes (VLF Replacement)	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-
Sales and Use Taxes	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Investment Earnings	-	1,000	-	128	-	1,128
Paramedic Fees	-	-	-	-	-	-
Other Revenues	-	-	-	50	-	50
Total Revenues	**-**	**31,165**	**-**	**7,719**	**-**	**38,884**
Total Transfers In	20,000	-	-	-	(20,000)	-
Resources Available: (Revenues plus Total Transfers In)	**20,000**	**31,165**	**-**	**7,719**	**(20,000)**	**38,884**
Expenditures						
General Government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Transportation and Operations	-	-	-	-	-	-
Community Development:						
Planning	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-
Housing and Redevelopment	17,428	-	4,525	6,378	-	28,331
Human Services	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Less: Citywide Savings	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-
Total Expenditures	**17,428**	**-**	**4,525**	**6,378**	**-**	**28,331**
Total Transfers Out	183	20,000	-	89	(20,000)	272
Resources Used: (Expenditures plus Operating Transfers Out)	**17,611**	**20,000**	**4,525**	**6,467**	**(20,000)**	**28,603**
Net Results of Operations: (Resources Available less Resources Used)	**2,389**	**11,165**	**(4,525)**	**1,252**	**-**	**10,281**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**384**	**1,835**	**4,772**	**6,213**	**-**	**13,204**
Fund Balance - 6/30/11 (est.)	**$ 2,773**	**$ 13,000**	**$ 247**	**$ 7,465**	**$ -**	**$ 23,485**

Redevelopment Funds (RDA)

(Thousands of Dollars)	Budget 08/09	Budget 09/10	Budget 10/11
Beginning Fund Balance	**$ 28,289**	**$ 19,321**	**$ 13,204**
Revenues			
Intergovernmental:			
Property Taxes	34,390	36,328	37,706
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	-	-	-
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	-
Fines	-	-	-
Investment Earnings	3,384	1,937	1,128
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	-	50	50
Total Revenues	**37,774**	**38,315**	**38,884**
Operating Transfers In	-	-	-
Total Available Resources	**66,063**	**57,636**	**52,088**
Expenditures			
General Government	-	-	-
Police			
Fire	-	-	-
Transportation and Operations	-	-	-
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	28,694	26,070	28,331
Human Services	-	-	-
Parks and Recreation	-	-	-
Non-departmental	-	-	-
Less: Citywide Savings		-	-
Debt Costs	7,499	4,878	-
Total Expenditures	**36,193**	**30,948**	**28,331**
Operating Transfers Out	322	269	272
Transfers to Reserves	-	-	-
Total Use of Resources	**36,515**	**31,217**	**28,603**
Ending Fund Balance	**$ 29,548**	**$ 26,419**	**$ 23,485**

Capital Funds

The five-year Capital Improvement Program (CIP) was adopted on June 9, 2009, and includes appropriations for projects for FY 2009/10 through FY 2013/14. These funds are included with the City's operating budget in summary format to present a comprehensive picture of all the City's funds. Additional CIP summary information can be found in the Capital Budget Summary section and the Housing and Redevelopment Department section of this document. The complete capital plan can be found in the City's CIP.

General Fund Group

These funds are transferred from the General Fund and may be used for projects designated by the City Council. The debt service budget for assets acquired using certificates of participation (COPs) is also displayed here.

Vehicle Replacement

Vehicle replacement resources are collected through annual charges to City departments based on their actual vehicle fleet. The charges are intended to provide funding for anticipated vehicle replacement needs in the budget year. Funds not used in one year are retained in the fund for future years, thereby potentially reducing departmental charges in the future.

Gas Tax Funds

Revenue in this fund comes from State gas tax and other sources, such as Measure B sales tax distributions, and can only be used for street maintenance and other traffic improvement projects.

Park Impact Fee Funds

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation chapter of the General Plan contains the City's policies, standards, and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Parks and Recreation Master Plan. The FY 2009/10-FY 2013/14 Capital Improvement Program projects the use of the accumulated fund balance in these funds over the next five years.

Traffic Impact Fee Funds

Traffic impact fees are collected from development projects for streets, intersection improvements, and other infrastructure necessary to mitigate the transportation impacts of new development. These funds come from fees levied on all new development in the City.

Restricted Capital Funds

These funds are included by reference only; the amounts noted show the funds received from various grants that can be used for a specific capital project. All other projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the "restricted funds group" detail in the CIP document.

Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Vehicle Replacement	Gas Tax	Park Facilities	Traffic Impact	Restricted Group	Expenditure Reclass*	Total Projects
Revenues								
Intergovernmental:								
Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-
Sales and Use Taxes	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	7,668	-	-	-	-	7,668
Business License Taxes	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	-	1,120	-	-	-	-	(1,120)	-
Fines	-	-	-	-	-	-	-	-
Investment Earnings	850	100	332	612	350	-	-	2,244
Paramedic Fees	-	-	-	-	-	-	-	-
Other Revenues	385	50	-	950	1,190	956	-	3,531
Total Revenues	**1,235**	**1,270**	**8,000**	**1,562**	**1,540**	**956**	**(1,120)**	**13,443**
Total Transfers In	8,098	-	-	-	-	-	-	8,098
Resources Available: (Revenues plus Total Transfers In)	**9,333**	**1,270**	**8,000**	**1,562**	**1,540**	**956**	**(1,120)**	**21,541**
Expenditures								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Transportation and Operations	-	-	1,200	-	-	-	-	1,200
Community Development:								
Planning	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Non-departmental	2,710	1,510	6,730	6,960	968	-	(8,454)	10,424
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	7,573	-	-	-	-	-	-	7,573
Total Expenditures	**10,283**	**1,510**	**7,930**	**6,960**	**968**	**-**	**(8,454)**	**19,197**
Total Transfers Out	2,300	300	-	-	-	956	-	3,556
Resources Used: (Expenditures plus Operating Transfers Out)	**12,583**	**1,810**	**7,930**	**6,960**	**968**	**956**	**(8,454)**	**22,753**
Net Results of Operations: (Resources Available less Resources Used)	**(3,250)**	**(540)**	**70**	**(5,398)**	**572**	**-**	**7,334**	**(1,212)**
Use of Budget Uncertainty Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Beginning Fund Balance - 6/30/10 (est.)	**3,660**	**3,765**	**714**	**6,666**	**1,280**	**-**	**n/a**	**16,085**
Fund Balance - 6/30/11 (est.)	**$ 410**	**$ 3,225**	**$ 784**	**$ 1,268**	**$ 1,852**	**$ -**	**n/a**	**$ 14,873**

***NOTE:** A portion of Capital Improvement Funds' expenditures are reclassed because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP.

Capital Improvement Funds

(Thousands of Dollars)	Budget 08/09	Budget 09/10	Budget 10/11
Beginning Fund Balance	**$ 18,138**	**$ 17,113**	**$ 16,085**
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	8,160	7,046	7,668
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	-
Fines	-	-	-
Investment Earnings	2,320	2,441	2,244
Paramedic Fees	-	-	-
Other Revenues	3,843	3,515	3,531
Total Revenues	**14,323**	**13,002**	**13,443**
Operating Transfers In	10,773	8,480	8,098
Total Available Resources	**43,234**	**38,595**	**37,626**
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	1,200	1,200	1,200
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	-	-	-
Parks and Recreation	-	-	-
Non-departmental	16,684	7,772	10,424
Less: Citywide Savings	-	-	-
Debt Costs	9,698	7,730	7,573
Total Expenditures	**27,582**	**16,702**	**19,197**
Operating Transfers Out	1,955	955	3,556
Transfers to Reserves	-	-	-
Total Use of Resources	**29,537**	**17,657**	**22,753**
Ending Fund Balance	**$ 13,697**	**$ 20,938**	**$ 14,873**

Capital Budget Summary

Capital Budget Summary

The un-italicized text that follows is excerpted from the FY 2009/10-FY 2013/14 Adopted Capital Improvement Program (CIP) dated June 9, 2009. The City Council adopted document is a five-year program/plan. A few minor edits have been made to the text for the purpose of incorporating this information into the Operating Budget. No substantive changes have been made.

The Capital Improvement Program (CIP) budget is developed every two years. This year's CIP forecasts and allocates the resources the City will use to build and maintain its infrastructure between FY 2009/10 and FY 2013/14. The plan appropriates money for capital projects and the maintenance of existing infrastructure for five years, and it is reviewed and updated every two years, with project funding appropriated annually on July 1. The CIP is a budget, but it is also a tool to facilitate strategic thought and comprehensive capital planning. The structure of this process provides the opportunity to finance capital infrastructure and maintenance, to balance the City's needs and priorities for a five-year period, and to develop a plan that is strategic, comprehensive, and flexible. This summary introduces the FY 2009/10-FY 2013/14 CIP, provides the context of the plan development, highlights several projects, and explains key components of the plan.

The investment in and maintenance of the City's physical infrastructure continues to be a priority of the City. The development of the FY 2009/10-FY 2013/14 CIP reflects the decrease in some City revenues from property taxes and retail sales related to the economic crisis. Decreased development activity has also resulted in lower development impact fee revenues. Given these shrinking resources, this capital plan is largely limited to and focused on basic preservation and maintenance of the City's capital assets.

The fact remains that the City's basic capital needs far exceed available resources and the City still faces a shortfall in funding for maintenance of its infrastructure. The State continues to challenge the City's ability to effectively plan for the maintenance of its assets by continuing to manipulate funding sources such as sales tax and property tax revenues (e.g., the "triple flip"). This capital plan does not sufficiently fund core maintenance needs, including street overlays, despite allocating more resources to it than in previous CIPs, and does not leave enough funds available to fully respond to City infrastructure needs, such as widening Fremont Boulevard.

City staff and the City Council have had to meet the challenge of maintaining the City's asset base in this current fiscal environment given the growth of this base over the past 16 years. As the City continues to develop and as these assets age, the challenge will be to fund ongoing maintenance of these assets. Given projections of declining revenues, this capital plan presents serious challenges with respect to simply maintaining the status quo. For example, this capital plan proposes $14.3 million over five years for street overlays. While this amount is an improvement over previous capital plans, the pavement budget would need to be funded at over $15 million each year to adequately ensure that the City's road maintenance standard is maintained over time.

In addition to the ongoing maintenance of the City's physical infrastructure, the list of unfunded capital needs continues to grow. The funding challenges reflected in this plan have forced the City to continue to hold off on developing projects such as a second senior/community center, various

street improvement projects, and other community amenities. The primary emphasis of this CIP is maintaining the City's existing assets.

Given the current recession and the ongoing threat of State takeaways, the City must carefully and prudently target capital spending. In spite of these challenges, the City will move forward with a significant capital work program, focused primarily on major maintenance items, drawing from a variety of restricted capital funding sources, including gas tax, development impact fees, and other sources. The FY 2009/10–2013/14 CIP programs approximately $147 million of funds for capital projects over the next five years and Fremont residents will benefit from the maintenance of and improvements to parks, roads, and public buildings proposed in this document.

CIP Funding Sources

CIP programs are funded from a variety of sources: the Capital Improvement Fund, Gas Tax funds, Park funds, Traffic Impact Fee funds, and a variety of restricted capital funds. The CIP reflects the City's investment in capital assets.

Capital Improvement Fund: This CIP fund, formerly identified as General Fund 501, is unrestricted and can be used for any capital project designated by the City Council. This portion of the CIP budget draws funding from a variety of sources, including the City's General Fund, interest earnings, unappropriated fund balance, fund transfers, and proceeds from unexpended funds from project closeouts. Staff estimates that this fund will have approximately $19 million available over the next five-years for capital projects. This includes $4.9 million in beginning fund balance, much of which is comprised of Local Improvement District surplus funds from prior years, interest earnings, and previous close-outs of CIP projects back to fund balance, $2.8 million in Local Improvement District surplus funds over the five year period, $7.5 million in transfers in from the General Fund, and $3.45 million in interest earnings. Of the City's contribution from the General Fund, $4.5 million is programmed over the five years of the plan toward the development of the City's Midtown/Capitol Avenue project. *The $1 million contribution to the Midtown/Capitol Avenue project in FY 2010/11 has been reduced to $500,000.* Outside of $1.0 million for the Midtown/Capitol Avenue project, no General Fund contributions are proposed in the first two years of the CIP.

Gas Tax Fund Group: Revenues in this fund group come from the City's share of the State-collected gasoline taxes and funds from the Measure B half-cent sales tax for transportation-related expenditures. The City can only use these funds for street maintenance and other transportation improvement projects. Staff estimates that this fund group will have approximately $38.7 million available over the next five years for capital projects. This includes over $37.3 million in new revenues and $1.4 million in interest earnings. The total funds available in the gas tax group have declined by approximately $7 million compared to the last CIP cycle and do not adequately meet Fremont's roads and infrastructure needs. Additionally, because gas taxes are not indexed to inflation, and have not seen a rate increase since 1991, the ability of these revenues to keep up with annual project and operating cost increases is severely hampered.

Traffic Impact Fee (TIF): This fund group accounts for monies received from developers to mitigate impacts on the City's transportation networks resulting from new development. The fees

reflect new development's share of the cost of street improvements, interchanges, and other traffic infrastructure improvements. The City Council sets the fee amounts to be charged on all new development within the City on a dollar per dwelling unit or dollar per square foot basis. Over the next five years, staff estimates that the total available resources for this fund group will be $9.9 million. Staff based this estimate on projected residential and non-residential construction activity and interest earnings over the next five years. Year to year, the traffic impact fee fund amount available is variable based on development activity.

Bike & Pedestrian Fund Group: This fund group accounts for Alameda County Measure B revenues dedicated solely to bicycle and pedestrian projects. The City can only use these funds for transportation improvement projects that positively impact the flow of bicycle and pedestrian traffic throughout the City. Staff estimates that this fund group will have approximately $2.8 million available over the next five years for capital projects. This includes $2.45 million in new revenues, $204,000 in estimated beginning fund balance, and $150,000 in interest earnings.

Park Development Impact Fees: This fund group accounts for monies received from developers to mitigate impacts on the parks system resulting from new development and population growth. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. According to State law, these funds can only be used to expand existing parks or to develop newly acquired parkland. This fund group is expected to have approximately $14.6 million available over the five-year CIP period. The funds available include $7.6 million in beginning fund balance, $4.7 million in fee revenues, and $2.3 million in interest earnings. Staff based these revenue estimates on projected residential construction activity and interest earnings over the next five years.

Park Dedication In Lieu Fees: This fund group accounts for monies received from developers to acquire additional parkland within the City. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. Based on staff estimates, this fund will have approximately $24.5 million available over the five-year CIP period to acquire parkland. Beginning fund balance comprises $17.7 million of this amount while new fees and interest earnings are projected to generate $5.3 million and $1.5 million, respectively. Staff based these revenue estimates on projected residential construction activity and interest earnings over the next five years. This plan does not include appropriations for acquisition of any specific projects or potential park sites during the next five years. The City will hold the funds in an account until an appropriate site for acquisition is found. Whenever desirable sites are available for acquisition, staff will return to the City Council for consideration and appropriation authority.

Redevelopment Agency Fund Group: This fund group includes revenue available from the City's Redevelopment Agency to pay for its capital projects. The major sources of revenues in this fund group are from property tax increment and proceeds from tax allocation bonds issued by the Redevelopment Agency. Staff estimates this fund group will have approximately $32.1 million in available capital resources over the five-year CIP period.

Committed/Restricted Fund Group: This fund group accounts for funds the City projects to receive from State, federal, and other agencies to fully or partially fund specific capital projects. It also includes internal restricted City funds available for specified purposes within the plan. The

estimate of the total available funding included in this group is $7.3 million. Some of the funds available in this group include the Urban Runoff Clean Water funds for water quality improvement projects and funds from the Family Resource Center for significant maintenance projects. These outside funding sources help to relieve the pressure on other available CIP funding sources.

Debt Fund Group: This fund group accounts for debt proceeds for construction of various capital facilities and major equipment purchases approved as a part of the CIP. Debt in the amount of $12 million is proposed to be issued for the seismic retrofit of the Police Building. The issuance of debt will be in accordance with the Council-adopted long-term capital debt policy. Repayment of the debt will be funded by the General Fund, with debt issued to reimburse the capital costs in accordance with Internal Revenue Service regulations, but in no event later than 18 months after the capital costs are incurred.

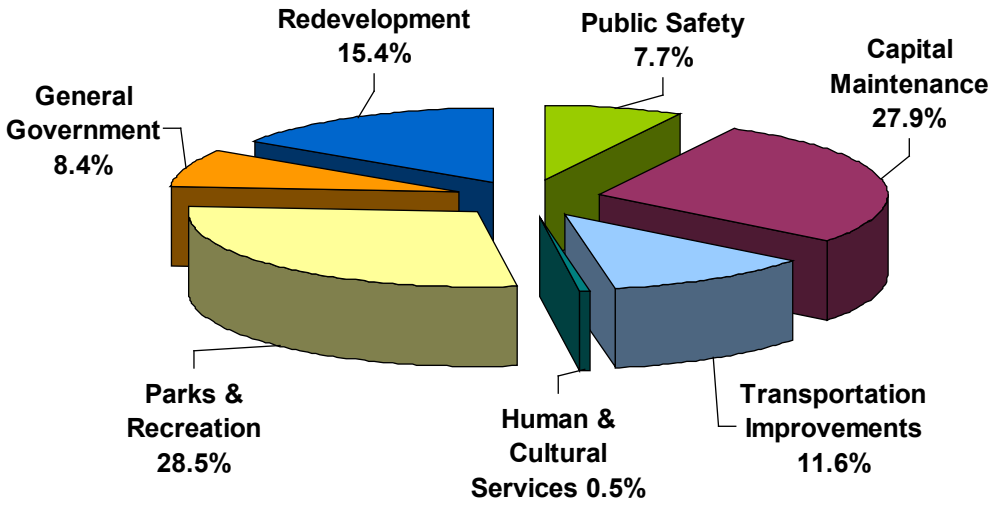
The City of Fremont will continue to face challenges in finding the resources to build and maintain its capital infrastructure at a level that is acceptable to those who live and work in the City. The City's capital planning has been adjusted to adapt to an unstable economic environment. This plan is reviewed and updated every two years. The process to update this plan biannually provides the City Council with a regular opportunity to consider the challenges the City faces, and to consider options for addressing them. Despite the funding limitations associated with this plan, the City will proceed with its significant capital work program for the benefit of the Fremont community.

Capital Improvement Project Highlights

Within the CIP, projects are categorized by major funding sources and among seven programs: Public Safety, Capital Maintenance, Transportation Improvements, Parks and Recreation, Redevelopment, Human and Cultural Services, and General Government. The chart below shows that the largest share of the CIP budget, 28.5%, supports Parks and Recreation related infrastructure.

The following section provides an excerpt of key projects within each program category. Information about CIP funds summarized in the operating budget can be found in the Other Funds section of this document. A comprehensive list of projects is available in the adopted CIP for fiscal years 2009/10 through 2013/14.

CIP FY 2009/10 - 2013/14
Distribution of Funding by Program Category
Total: $155,631,479



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Public Safety

1. Title: **Police Building Seismic Retrofit**

Subprogram: Police

Project Description: Seismic retrofit/renovations of police building to meet current design standards.

Funding Source: Issuance of debt

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$12,000,000	$0	$0	$0	$0	$12,000,000

Operational Impact: Because welding standards have been significantly expanded since the construction of this building, the facility's steel joints do not meet current design standards and are susceptible to failure. This retrofit work will insure that a critical City building is upgraded to maintain continuity of service in the event of an earthquake.

Police Building Seismic Retrofit

Capital Maintenance

1. Title: **Building Fire Alarm System Replacement**

Subprogram: Buildings

Project Description: Replace fire alarm detection, alerting, and transmission equipment.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$50,000	$50,000	$50,000	$50,000	$50,000	$250,000

Operational Impact: Replacement and maintenance of fire alarm equipment insures that City property is protected adequately, and is a positive preventative measure in eliminating costlier replacements if buildings and/or City property were destroyed by fire.

2. Title: **Building Security System Replacement**

Subprogram: Buildings

Project Description: Replace intrusion alarm equipment in selected City buildings, install access control and closed-circuit television (CCTV) equipment in selected buildings and modify buildings as necessary to meet security needs.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$20,000	$20,000	$20,000	$20,000	$20,000	$100,000

Operational Impact: Continued maintenance of building security systems has a positive operational impact by protecting City property that would be much more costly to replace without proper security systems in place. This project will also minimize the need for Police Department responses, as well as reduce costs for re-keying building locks.

3. Title: **Fremont Main Library Roof and HVAC Screen Replacement**

Subprogram: Buildings

Project Description: Fremont Main Library tar and gravel roof replacement and HVAC screen removal and replacement in a new location.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$200,000	$0	$1,100,000	$0	$0	$1,300,000

Operational Impact: This project anticipates including a "green roof" that will save energy costs for heating and cooling the building. Staff is currently undertaking a building audit to quantify potential thermal emittance and reflection savings as well as greenhouse gas reductions, which supports the City's "green" policies.

Fremont Main Library

4. Title: **Public Buildings–Capital Replacements and Major Maintenance Repair**

Subprogram: Buildings

Project Description: Annual project to fund major maintenance repair and replacement work on City buildings such as roof restorations or replacements, HVAC systems, floor coverings, boiler replacements, and painting.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$600,000	$600,000	$600,000	$600,000	$600,000	$3,000,000

Operational Impact: Routine repair and maintenance has a positive impact by preventing the need for more expensive repairs in the future that would be required if maintenance was deferred.

5. Title: **Concrete Repair Program**

Subprogram: Streets/Infrastructure

Project Description: Annual project for reconstruction of curbs, gutters, sidewalks, and driveways.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$0	$200,000	$720,000	$720,000	$720,000	$2,360,000

Operational Impact: This project has a positive impact by eliminating damaged concrete in the public right-of-way and positively contributes to ADA compliance.

Reconstruction of Sidewalk

Sidewalk Repair

6. Title: **Cape Sealing**

Subprogram: Streets/Infrastructure

Project Description: Apply asphalt emulsions to street surfaces to seal the surface.

Funding Source: Prop. 42 Traffic Congestion Relief

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$1,350,000	$0	$750,000	$750,000	$750,000	$3,600,000

Operational Impact: Cape sealing is a cost-effective street treatment option, generally costing four times less than overlay per square foot. This project is part of the City's ongoing preventative pavement maintenance program. This type of preventative maintenance extends the pavement life and decreases the need to perform the more expensive overlay.

7. Title: **Street Overlays**

Subprogram: Street/Infrastructure

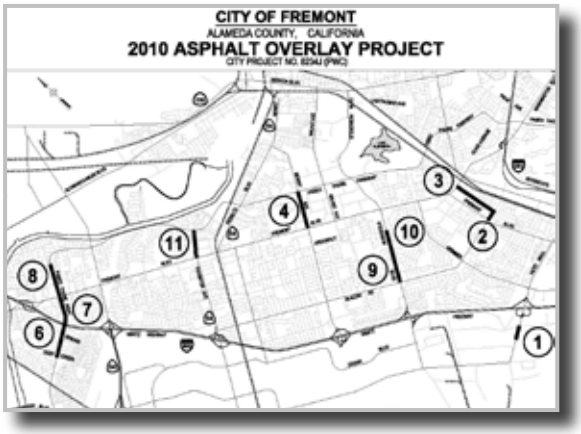
Project Description: Apply asphalt overlay on selected streets throughout the City.

Funding Source: State Gas Tax 2106
State Gas Tax 2105
ACTIA Measure B Local Street
Prop. 42 Traffic Congestion Relief

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$2,850,000	$2,850,000	$2,850,000	$2,850,000	$2,850,000	$14,250,000

Operational Impact: This project has a positive maintenance impact. Street overlay projects prevent street failures and decrease the need to perform the more expensive street reconstruction, which can cost three times the amount of a street overlay project.



2010 Asphalt Overlay Project Map

Street Overlay on Kato Road

8. Title: **Slurry Sealing**

Subprogram: Streets/Infrastructure
Project Description: Seal selected street surfaces with an asphalt/sand mixture.
Funding Source: Prop. 42 Traffic Congestion Relief
Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$0	$1,350,000	$600,000	$600,000	$600,000	$3,150,000

Operational Impact: This project has a positive maintenance impact and is part of the City's ongoing preventative pavement management program. Slurry seal is the most cost-effective street treatment option, costing about 10% of the cost of overlays. Slurry seal extends the pavement life and decreases the need to perform more expensive overlay projects.

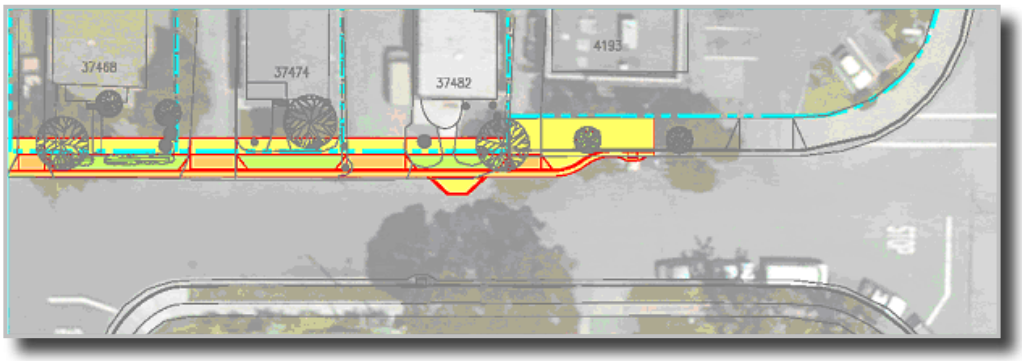
Transportation Improvement

1. Title: **Joseph Street Improvements**

Subprogram: Street Improvements
Project Description: Install curb, gutter, sidewalk(s), and speed bumps on Joseph Street.
Funding Source: Redevelopment
Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$1,100,000	$850,000	$0	$0	$0	$1,950,000

Operational Impact: This project will increase the sidewalk inventory for concrete repair; however, it will also improve the safety of the neighborhood and eliminate the need for road shoulder maintenance work.



Joseph Street Improvements Plan

2. Title: **Warm Springs Widening, Corporate Way to south of Brown Road**

Subprogram: Street Improvements

Project Description: Widen Warm Springs Boulevard to four lanes, divided from Corporate Way to south of Brown Road. Right-of-way is required on the east side of the street.

Funding Source: Traffic Impact Fee

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$100,000	$300,000	$1,000,000	$1,700,000	$1,840,000	$4,940,000

Operational Impact: The completion of this widening project will improve vehicular access to the future Warm Springs BART Station. Upon completion, there will be an increase to the City's street inventory; however, the maintenance impacts will be small in relation to the City's overall inventory as well as the lower cost of maintenance of newer inventory.

Parks and Recreation

1. Title: **Centerville Community Park – Convert Baseball Field to All-weather Turf**

Subprogram: Other Parks

Project Description: This project will convert the baseball field at Centerville Community Park from turf to all-weather turf.

Funding Source: Park Facility Impact Fee

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$500,000	$1,510,000	$0	$0	$0	$2,010,000

Operational Impact: The elimination of water usage, mowing, weed control, fertilization, and repair give this type of turf more rental availability due to its all-weather durability and lack of maintenance downtime. This conversion to all-weather turf is expected to expand the use of the field by the public by 400% and reduce maintenance costs by 75%.

Irvington Community Park – New All-weather Turf

2. Title: **Citywide Playground Equipment Replacement**

Subprogram: Other Parks

Project Description: This project replaces playground equipment in citywide playgrounds.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$200,000	$200,000	$200,000	$200,000	$200,000	$1,000,000

Operational Impact: This project will address hazardous conditions and/or non-compliance with current safety standards, and create a safer and more inviting playground environment for children and adults in the community. In the near term, overall maintenance will decrease with these new equipment installations. In the long term, these replacements will not create any significant maintenance increases as these do not include any addition to the playground inventory.

3. Title: **Central Park: Permanent Skate Park**

Subprogram: Central Park

Project Description: Construct a permanent skate park in Central Park.

Funding Source: Park Facility Impact Fee

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$500,000	$1,242,000	$0	$0	$0	$1,742,000

Operational Impact: This project will replace the temporary skate park, and will provide a positive maintenance impact by reducing the need for ongoing repairs that were required for the temporary skate park.

Skate Park

Redevelopment

1. Title: **Centerville Unified Site**

Subprogram: Redevelopment

Project Description: The Centerville Unified Site is Revelopment Agency-owned and one of the largest project undertakings in the Centerville district, located on a 6.6-acre site along Fremont Boulevard near Thornton Avenue. The development will be a public/private partnership focusing on creating a mix of uses and featuring architectural design consistent with the character of Centerville.

Funding Source: Redevelopment

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$0	$3,600,000	$3,600,000	$0	$0	$7,200,000

Operational Impact: Although it is currently too early to quantify specific operational impacts, this development is likely to enhance sales tax revenues. However, City service demands will also likely increase based on new development.

2. Title: **Niles Town Plaza**

Subprogram: Niles

Project Description: A two-acre plaza on Niles Boulevard between I and H Streets.

Funding Source: Redevelopment

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$700,000	$0	$0	$0	$0	$700,000

Operational Impact: The new plaza will provide a civic space that will help bring the community together, enhancing a sense of the community, and spur future economic development in Niles. The plaza buildings, fountain, and landscaping will slightly increase the City's overall maintenance responsibilities; however, it is also likely to be a new gathering space that can potentially encourage shopping in downtown Niles, thus enhancing sales tax revenues.

Niles Town Plaza

General Government

1. Title: **Midtown/Capitol Avenue Project**

Subprogram: General Government

Project Description: Implementation of the Central Business District (CBD) Concept Plan, including streetscape, parking, and signage improvements in the CBD, development of retail attraction program, and physical improvements to link the CBD with the existing BART station.

Funding Source: Capital Improvement Fund

Project Cost:

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
$500,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$4,500,000

Operational Impact: This project envisions creating a lively, pedestrian-oriented downtown which will contribute to the City's economic growth. This development will likely enhance sales tax revenues; however, City service demands will also likely increase based on new development.

Midtown/Capitol Avenue Project

Department Budgets

City Council

Vision:

Fremont will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Long-term Outcomes for the City of Fremont

1. Dynamic local economy: A diverse, strong, and adaptable economy where businesses can be successful in the global economy and where residents and visitors can enjoy high-quality commercial amenities.
2. An engaged and connected multicultural community: Strong relationships among people of all cultures and backgrounds to foster democratic community leadership and commitment to a flourishing Fremont.
3. Thriving neighborhoods: Safe and distinctive commercial and residential areas where people know each other, are engaged in their community, and take pride in their neighborhoods. Make Fremont a great place to raise children.
4. Live and work in Fremont: A range of housing to match the variety of jobs in Fremont enabling people to live and work locally throughout their lives.
5. Interesting places and things to do: Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.
6. Effective transportation systems: A variety of transportation networks that make travel easy throughout Fremont.

City Council
Historical Expenditures/Budget, by Category

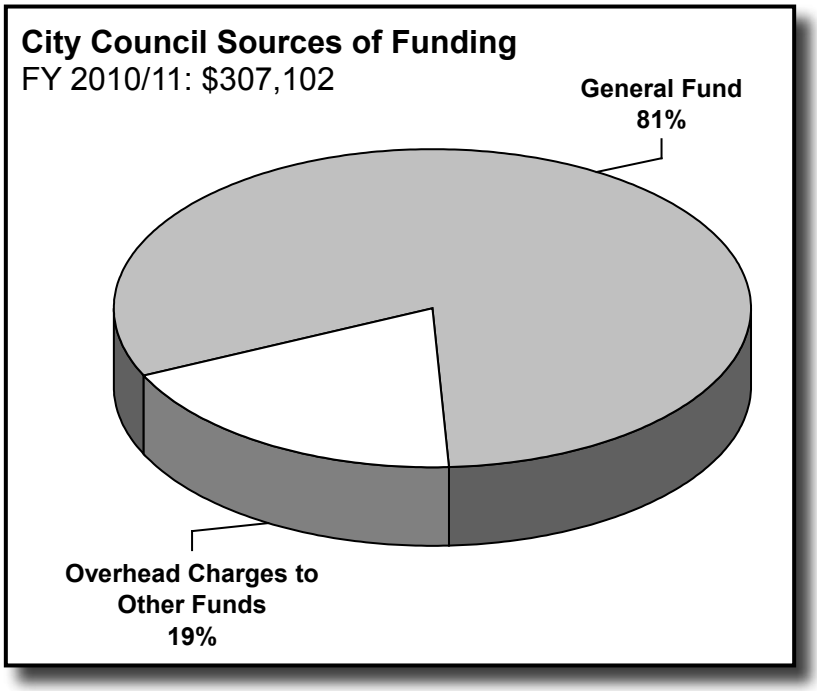
	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 125,853	$ 126,122	$ 122,670	$ 135,036	$ 135,036	$ 135,036
Operating Expenditures	154,748	162,200	135,386	172,066	172,066	172,066
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
Totals	**$ 280,601**	**$ 288,322**	**$ 258,056**	**$ 307,102**	**$ 307,102**	**$ 307,102**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	0.0%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Key City Priorities

1. Warm Springs: Develop a strategic plan for reuse and revitalization of the NUMMI/Warm Springs area.
2. Significant Capital Projects: Successfully undertake a variety of important capital projects throughout the City, including completion of Bay Street and the Fire Bond projects.
3. General Plan Update: Complete an update to the General Plan (adopted 1991), including revisions and updates to all required elements, plus the addition of new elements, including one on community character and another on sustainable development.
4. BART to San Jose: Assist BART as necessary to facilitate the construction of the extension to Warm Springs.
5. Economic Development: Recruit new retail and restaurants to Fremont; work to retain and expand current businesses.



Major Changes for FY 2010/11

The FY 2010/11 City Council proposed budget is unchanged from the FY 2009/10 adopted budget. City Council salaries are set by local ordinance (FMC Section 2-1103) and are remaining the same for FY 2010/11.

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Community Development

Mission:

To complement and enhance Fremont's natural, historic, and social environment by promoting and constructing high-quality aesthetically pleasing, sustainable private and public projects that are developed in a timely and efficient manner that demonstrates the department's commitment to the community.

Description of Responsibilities and Services

The Community Development Department provides community planning; engineering design and construction management, development review, property management, and inspection of public roadways and facilities; community preservation; building permit issuance and construction inspection; and design and construction of public buildings. Together with the community, the department works to implement the goals of the City as referenced through the General Plan, area concept plans, and City Council direction. The department further assists the community in meeting all development requirements. The department's activities reflect the community's desire to preserve its open space and hillsides, design and develop parks, design and develop public buildings, maintain the community's historic centers and character, and build high-quality residential and commercial development in targeted areas throughout the City. In keeping with the Sustainability Policy adopted by the City Council in 2006, the department continually seeks opportunities to encourage sustainable development and "green building" construction measures.

Community Development
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Planning	$ 4,702,416	$ 4,439,357	$ 3,820,669	$ 4,455,290	$ 4,439,746	$ 4,236,040
Building and Safety	5,757,938	5,672,818	4,683,532	5,482,698	5,472,743	5,359,813
Engineering	7,293,208	7,555,310	7,076,068	7,140,511	7,114,323	7,496,931
Community Preservation	722,687	703,235	730,244	745,939	745,939	740,785
Total Community Development	**$ 18,476,249**	**$ 18,370,720**	**$ 16,310,513**	**$ 17,824,438**	**$ 17,772,751**	**$ 17,833,569**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

While the economic downturn has impacted the City and the department by leading to reduced staff levels, the department has proactively developed measures to maintain its levels of service to the community. The department has made sustainable changes by streamlining the development application review process, making it more efficient for the City and cost effective for customers,

implementing measures to help the development community, and aggressively pursuing outside agency funding for City projects. Among the initiatives promoted by the department are programs that reduced and allowed deferment of, impact fees, which were specifically designed to stimulate the local economy.

Accomplishments FY 2009/10

- Streamlined the development application review process, making it more efficient for the City and cost effective for the customer, by implementing a Team Based Approach to review all project applications. A permanent project coordinating team was established that meets daily to discuss all project applications. The team assigns project team leaders and other team members from relevant departments and divisions throughout the City. This process establishes project responsibility and eliminates lag time during the project review cycle.

- Adopted measures to help the development community and stimulate local development through the impact fee program: 1) established temporary reductions of impact fees – 10% citywide and 25% in the Central Business District; 2) established a fee deferral program which allows customers to postpone paying impact fees until Certificate of Occupancy, up to a maximum of 18 months; and 3) created an option for developers to pay an "in-lieu" affordable housing fee in order for the City/RDA to produce more low, very low and extremely low housing units.

- Supplemented City funds for road network pavement condition improvements by successfully securing over $6 million in federal stimulus funding. Applied overlay to 13 sections of key City arterials and slurry seal treatments to 102 sections of City roadways.

- Adopted the Housing Element of the General Plan and received certification by the State Housing and Community Development Department, making Fremont the first jurisdiction in Alameda County and one of the first in the Bay Area with a certified Housing Element.

- Prepared a successful application for $1.8 million in federal stimulus funds for energy efficiency and began implementation of several projects, including installation of a new cool roof and solar panels at the Fremont Main Library.

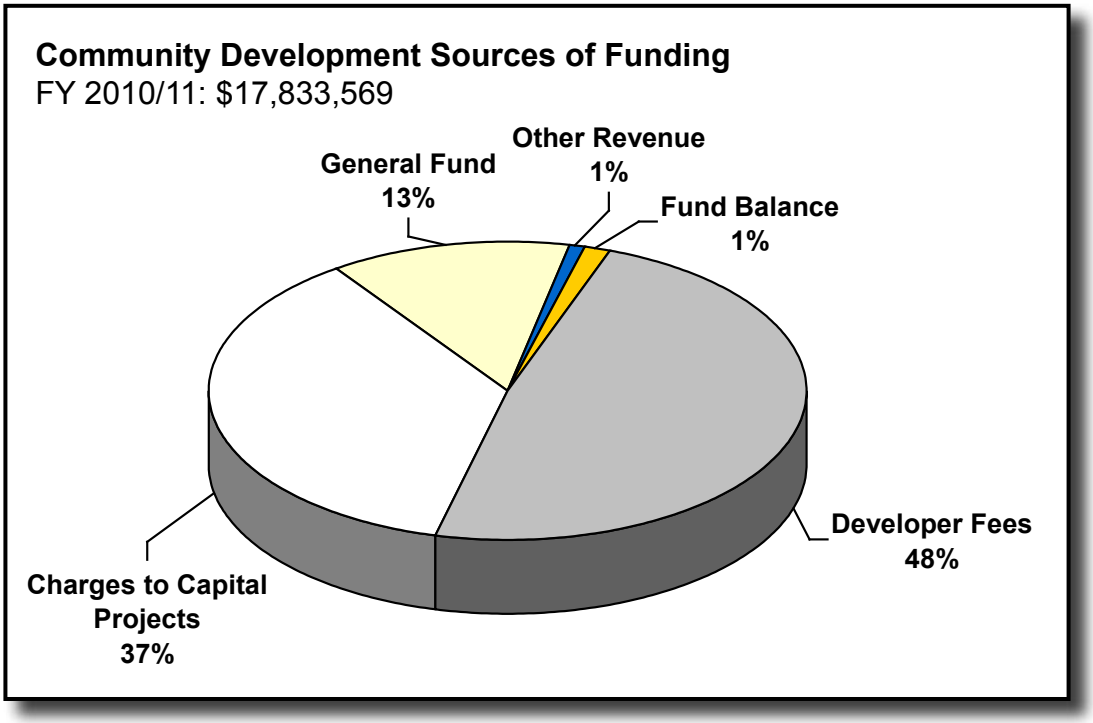
- Partnered with a non-profit to bring the California Youth Energy Services program to Fremont, which provides "green" jobs training to local youth and free energy and water audits to residents.

- Completed a draft of the updated General Plan and began the Environmental Impact Report and a new round of community outreach.

- Joined CaliforniaFIRST, making it possible for Fremont property owners to finance solar and energy efficiency improvements through a voluntary property assessment.

- Completed General Plan 2030 Visioning with the City Council and developed a "Vision Book" as an outreach tool for public review of the Draft General Plan.

- Adopted Interim Design Guidelines for second story additions and new two-story homes in the Mission Ranch and Glenmoor neighborhoods and began the testing period prior to adoption of final Guidelines and Standards.
- Updated the City's Commercial Condominium Ordinances, providing criteria for conversion of existing buildings and development of new commercial condominiums including standards for condominiums in Transit Oriented Development areas.
- Completed construction of Fire Station No. 2 in Niles.
- Completed construction of the Fire Classroom Training Center and Administration Offices at City Hall.
- Completed the Niles Town Plaza project, including moving and renovating the Niles Town Plaza Passenger Depot and Freight Building.
- Completed construction of the Fire Tactical Training Center, located at the west end of Stevenson Boulevard.
- Completed construction of Fire Station No. 11 in the Industrial Area west of Interstate-880.
- Completed Phase I of the Grimmer Gateway project by constructing a new intersection at Paseo Padre Parkway.
- Designed, bid, and awarded the construction contract for the seismic retrofit of the Police Department building.



- Designed, bid, and awarded the construction contract for Fire Station No. 3 in Irvington.

FY 2010/11 Special Projects

1. Complete the update to the City's General Plan by spring 2011 reflecting extensive community input, technical studies, and direction from the Planning Commission and City Council.

2. Continue to implement process improvements and enhance customer service by reducing the average number of review cycles from five to three.

3. In connection with the General Plan adoption, adopt a Climate Action Plan that lays out specific steps for meeting the City's greenhouse gas emission reduction target.

4. Complete energy conservation projects in City buildings, in particular installation of a new "cool" roof at the Fremont Main Library, using federal stimulus funds.

5. Develop the Midtown District Community Plan and Design Guidelines in coordination with HOK and TMG Partners by March 2011.

6. Complete the update of the City's Wireless Telecommunications Ordinance consistent with the provisions of the Hill Area Initiative and current State regulations, by early 2011.

7. Complete the multi-family design guidelines for residential development projects by fall 2010 to ensure that new multi-family development is compatible with existing development and is an asset to the overall community.

8. Complete construction of the Police Indoor Firing Range by summer 2010.

9. Complete the seismic retrofit of the Police Building by fall 2011.

10. Repair four miles of distressed streets with a $5 million overlay project, and perform preventative maintenance on selected street surfaces with a $1.3 million cape seal project, in summer 2010.

11. Construct improvements to Osgood Road between Washington Boulevard and Grimmer Boulevard by October 2010, providing two traffic lanes and a bike lane in each direction, curbs, sidewalk improvements, and a two-way left turn striped median.

12. Design and bid future phases of the Grimmer Gateway project by June 2011 to include a new entrance into Aqua Adventure at Central Park and a separated bicycle and pedestrian pathway along Grimmer Boulevard to Fremont Boulevard.

Community Development
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 14,003,848	$ 14,403,693	$ 12,598,874	$ 13,667,407	$ 13,615,720	$ 14,042,358
Operating Expenditures	1,181,592	625,557	523,178	774,527	774,527	723,337
Capital Expenditures	41,689	19,903	4,543	43,600	43,600	43,600
Indirect Expense Allocation**	3,249,120	3,321,567	3,183,918	3,338,904	3,338,904	3,307,228
Budget Balancing Strategies	-	-	-	-	-	*(282,954)*
Totals	**$ 18,476,249**	**$ 18,370,720**	**$ 16,310,513**	**$ 17,824,438**	**$ 17,772,751**	**$ 17,833,569**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	0.3%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

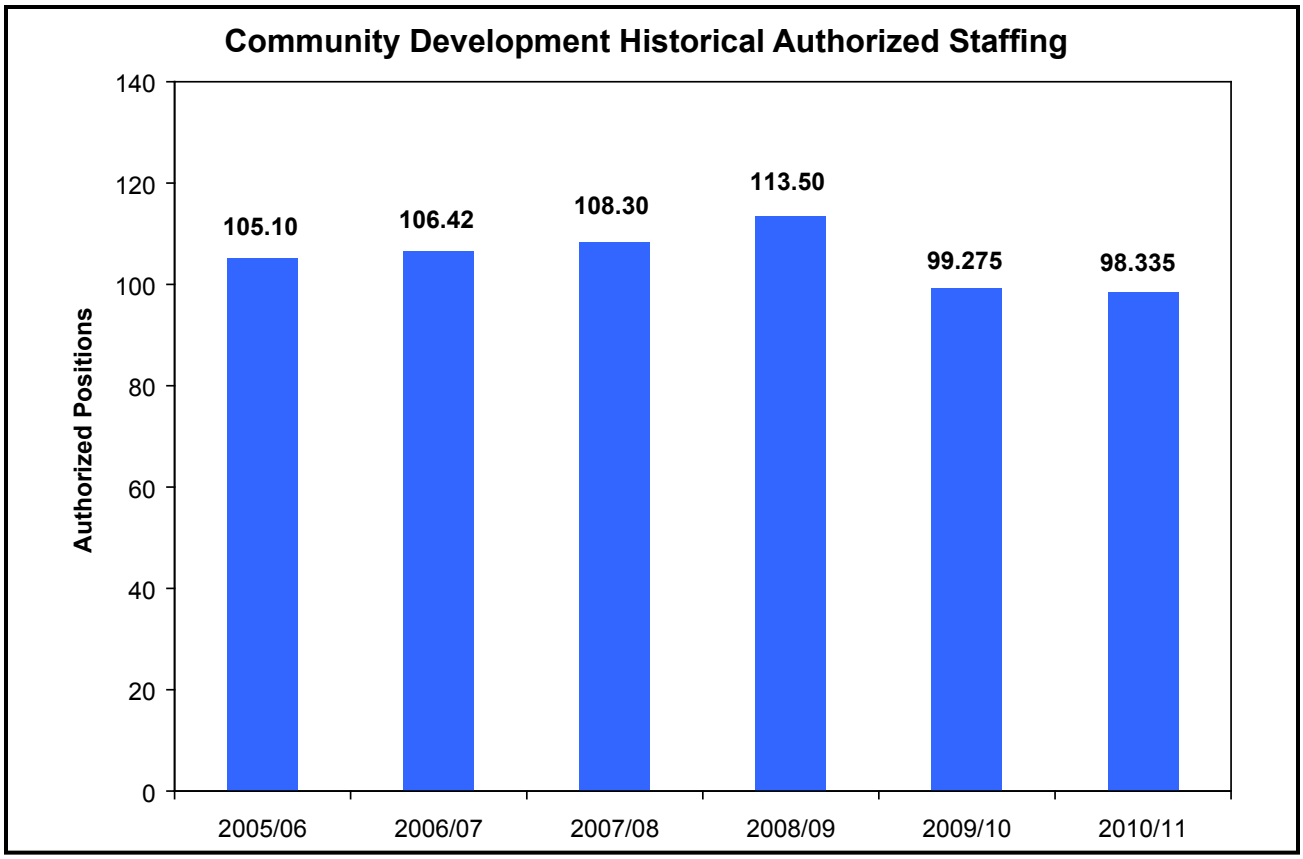
The FY 2010/11 Community Development proposed budget is $60,818 (or 0.3%) more than the FY 2009/10 adopted buget. The number of authorized positions is being reduced from 99.275 to 98.335. This level is 0.94 FTE less than the FY 2009/10 level due to changes in positions that were part of the departmental reorganization subsequent to the FY 2009/10 reductions. The 0.94 FTE decrease is the net result of the reduction of 2.0 FTE Building Inspector Specialist(s), the conversion of 1.0 FTE Landscape Architect/Designer II from temporary to regular, and an increase of 0.06 FTE Real Property Agent.

Salaries and benefits are increasing by 3.1% due to increases in health benefit allowances.

Operating expenditures are decreasing by 6.6% as a result of completion of work on the A's project in FY 2009/10, resulting in reduced expenditures for legal and consultant services in FY 2010/11.

Indirect expenses are decreasing by 0.9% as a result of reductions in the department's share of citywide overhead costs.

The entry labeled *"Budget Balancing Strategies"* represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.


Community Development Historical Authorized Staffing
Authorized Positions
140
120
100
80
60
40
20
0
105.10
106.42
108.30
113.50
99.275
98.335
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11

Staffing by Function FY 2010/11
98.335 Regular Full-Time Equivalents

Community Development

Building & Safety

Community Development Director	0.25
Building Official	1.00
Plan Check and Permit Center Manager	1.00
Business Manager	0.50
Supervising Building Inspector	2.00
Plan Check Engineer	5.00
Management Analyst II	0.166
Development Services Supervisor	1.00
Fire & Life Safety Plans Examiner	1.00
Building Inspector Specialist	3.00
Building Inspector	8.00
Senior Executive Assistant	0.60
Senior Development Services Technician	1.00
Development Services Technician II	2.00
Senior Office Specialist	1.00
Office Specialist II	1.00

Community Preservation

Community Preservation Manager	1.00
Code Enforcement Officer II	5.00

Engineering

Community Development Director	0.17
City Engineer	1.00
Senior Civil Engineer	2.00
Senior Landscape Architect	1.00
Real Property Manager	1.00
Business Manager	0.17
Real Property Agent	1.96
Associate Civil Engineer	4.75
Supervising Construction Coordinator	2.00
Management Analyst II	0.087
Civil Engineer II	4.875
Assoc. Landscape Architect	3.00
Senior Engineering Specialist	1.00
Senior Construction Inspector	4.00
Chief of Party	1.00
Construction Inspector	2.00
Landscape Architect/Designer II	2.00
Survey Instrument Operator	1.00
Senior Executive Assistant	0.20
Office Specialist II	2.60

Civic Facilities

Community Development Director	0.08
Business Manager	0.08
Management Analyst II	0.08
Office Specialist II	0.40
Dev & Construction Services Manager	1.00
Facilities Design/Construction Project Supervisor III	1.00
Facilities Design/Construction Project Supervisor II	1.00
Planner II	1.00

Planning

Community Development Director	0.25
Planning Director	1.00
Community Dev Special Project Manager	0.50
Senior Planner	3.00
Business Manager	0.25
Information Systems Appl Specialist III	1.00
Management Analyst II	0.167
Senior Executive Assistant	0.20
Development Services Supervisor	1.00
Associate Planner	7.00
Planner II	1.00
Executive Assistant	1.00
Senior Development Services Technician	1.00
Zoning Technician	2.00
Senior Office Specialist	2.00
Accounting Specialist II	1.00
Development Services Technician I	1.00

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Economic Development

Mission:

To improve the community's economic base and quality of life for businesses and residents by helping to create a dynamic local economy, develop interesting places to go and things to do, provide the ability to live and work in Fremont, retain and attract businesses, and strengthen sales tax revenues.

Description of Responsibilities and Services

The Office of Economic Development proactively works with the business community, real estate brokers, developers, and property owners to create the type of retail, office, and industrial or technology-based development desired by the City. The department creates and implements an overall marketing strategy for the City as a quality place in which to do business, and proactively communicates with the business community to promote Fremont as a location of choice. Furthermore, it serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. The department also works with regional development organizations to strengthen Fremont's position within the local, regional, and global economies, supports the City Council's leadership position in economic development efforts; and assists the Redevelopment Agency in the revitalization of Fremont's historic commercial districts.

Ongoing services include continuing efforts to attract retail and restaurants to the City to increase sales tax revenues and promote local opportunities for goods and services, as well as places where people can gather and enjoy activities. The department also works to promote the expansion of the City's biotech, life science, and technology industrial base and increase quality employment opportunities.

The department provides services and resources to local small businesses, including workshops to promote entrepreneurial development and business growth, as well as individual business consulting in partnership with the Alameda Small Business Development Center (SBDC) to ensure that Fremont small businesses have access to a range of business development resources. These workshops, formerly held monthly, will be held on a bi-monthly basis in a cost saving effort.

The department works with the business community to communicate issues to the City Council through Economic Development Advisory Commission meetings and corporate site visits, provides business attraction, site selection, permitting and marketing assistance by supporting the new website www.ThinkFremont.com and www.fremont.gov, participates in key retail, clean technology, life science and industry events, and works to ensure increased participation by manufacturing firms in State programs such as the Employment Training Panel (which provides funds to increase competitiveness).

Finally, the department conducts land use and zoning improvement analyses to increase economic growth for the City's commercial and industrial areas, and facilitates development activities in the historic redevelopment and downtown areas to encourage revitalization and increase business activities and revenues.

Accomplishments FY 2009/10

- Introduced and implemented a Local Business Stimulus Plan in an effort to assist local businesses during this difficult economic period. These efforts included a temporary reduction of Development Impact Fees by 10% citywide and 25% in the Central Business District; development of a temporary Clean Technology Business License Tax Exemption; a temporary increase to the Local Business Purchasing Preference: and participation in the Statewide Community Infrastructure Program (SCIP). In addition, a "Recovery Zone" was designated to enable the City to allocate Recovery Zone Facility Bonds to expanding businesses.

- Assisted in Statewide efforts to retain NUMMI through participation in the "Governor's Red Team." Following the closure announcement, staff worked closely with federal, State, and regional agencies and officials to develop comprehensive strategies to address the needs of the NUMMI workforce.

- Applied for and was awarded a $333,000 grant from the U.S. Economic Development Administration to conduct studies to address the reuse and revitalization of the NUMMI site.

- Created new communications and marketing efforts, including the newly designed website, full range of marketing materials, and a new property search feature for prospective businesses.

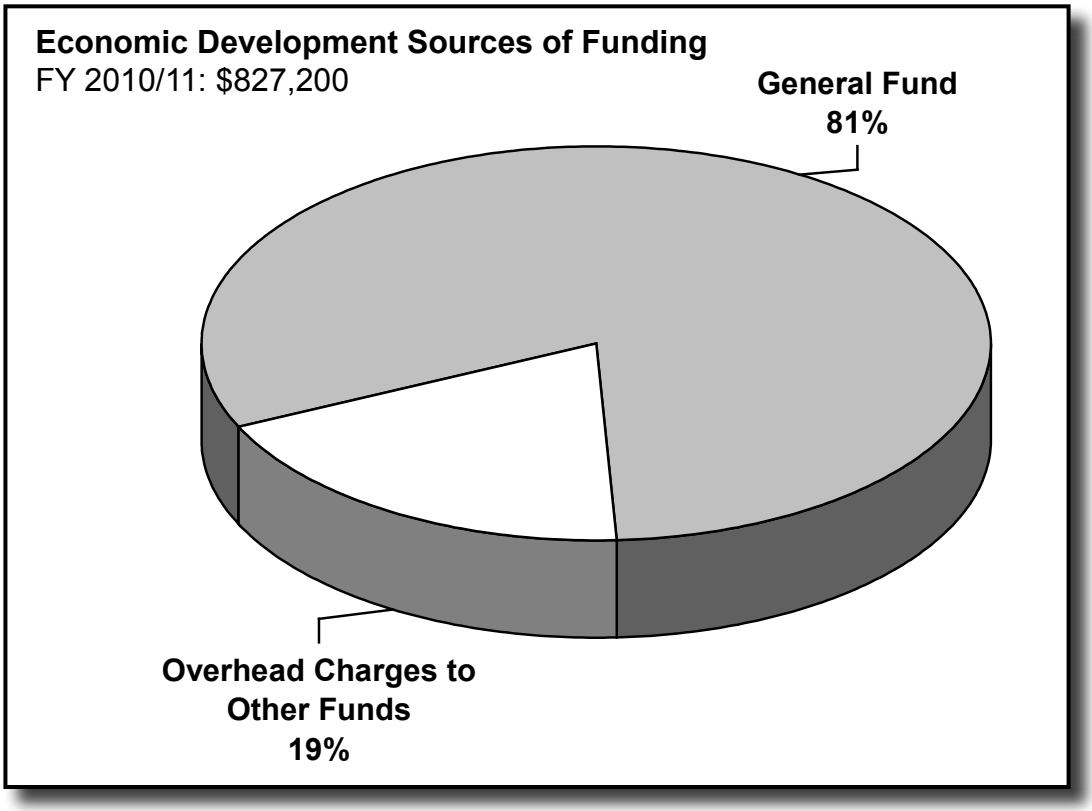
- Redesigned the City's website, www. fremont.gov, with coordination from all City departments.

FY 2010/11 Special Projects

1. Manage efforts to conduct studies related to the reuse and revitalization of the NUMMI site, including: Economic and Market Analysis Strategic Plan, Land Use Alternatives Study, Infrastructure and Cost Analysis, and Fiscal Assessment.

2. Develop a new signage program for the Auto Mall area to assist in the promotion/visibility of the Auto Mall.

3. Develop a Specific Plan/Precise Plan for the Midtown/Capitol Avenue area of Fremont by December 2010 in order to spur creation of a transit and pedestrian-oriented mixed use project.



Economic Development
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 696,490	$ 724,430	$ 625,580	$ 760,285	$ 744,016	$ 570,549
Operating Expenditures	238,142	221,861	181,420	296,644	248,411	182,018
Capital Expenditures	-	-	-	541	541	541
Indirect Expense Allocation**	24,054	136,047	136,047	136,047	136,047	85,028
Budget Balancing Strategies	-	-	-	-	-	*(10,936)*
Totals	**$ 958,686**	**$ 1,082,338**	**$ 943,047**	**$ 1,193,517**	**$ 1,129,015**	**$ 827,200**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-26.7%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

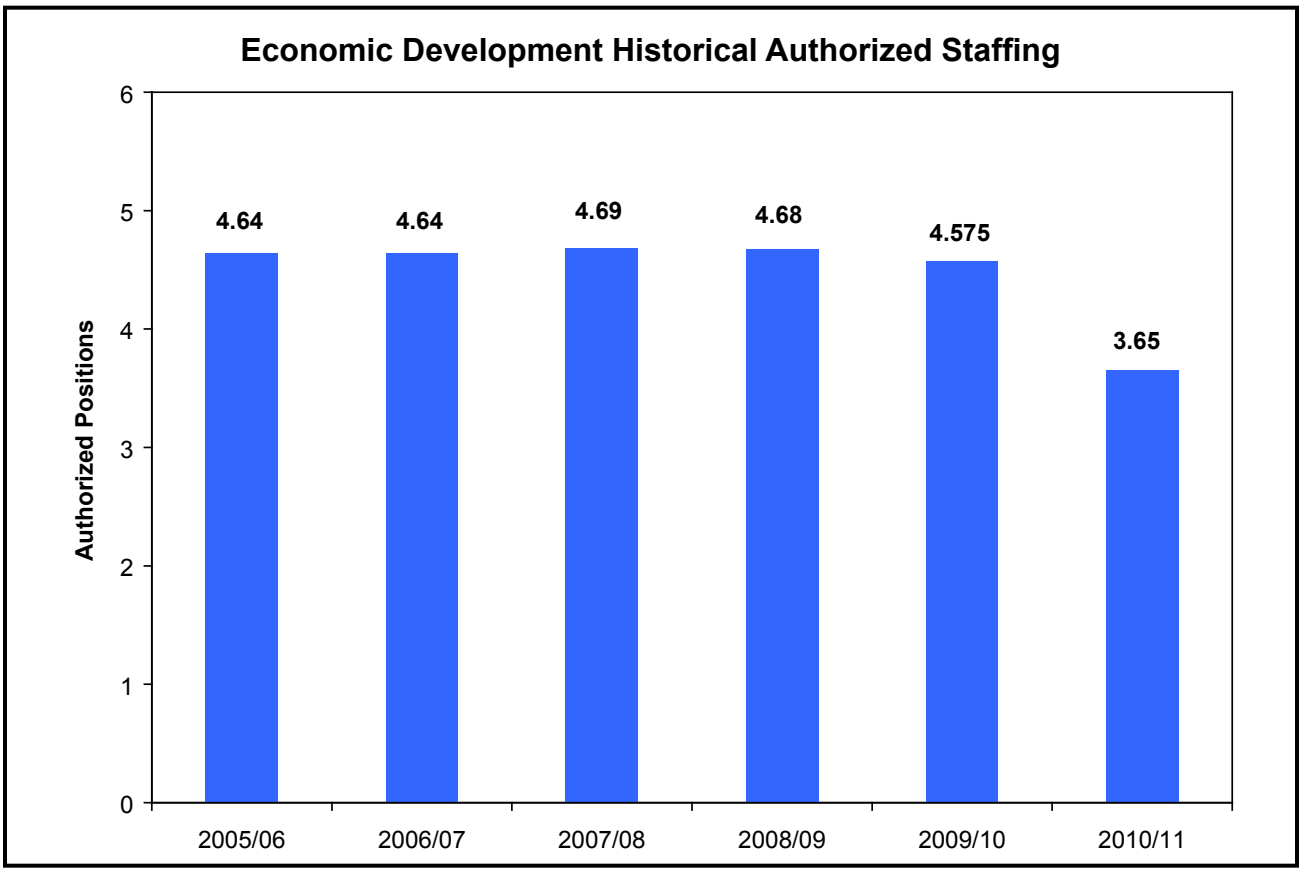
The FY 2010/11 Economic Development proposed budget is $301,815 (or 26.7%) less than the FY 2009/10 adopted budget. The authorized staffing level is 0.925 FTE less than the FY 2009/10 staffing level due to the transfer of 1.0 position to the City Manager's Office, the increase of 0.1 FTE to increase the Economic Development Director position to full time, and allocating an additional 0.025 FTE of the Economic Development Director to the Office of Housing and Redevelopment.

Salaries and benefits are decreasing by 23.3% as a result of transferring 1.0 FTE Communications Coordinator position to the City Manager's Office. This 1.0 FTE change is reflected in the authorized staffing charts.

Operating expenditures are decreasing by 26.7% to reflect the transfer of operating costs related to the Communications Coordinator position that is being transferred to the City Manager's Office.

The indirect expense allocation is decreasing by 37.5% to reflect the transfer of a portion of these costs related to the transfer of the Communications Coordinator position to the City Manager's Office, as well as reductions in information technology costs.

The entry labeled *"Budget Balancing Strategies"* represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.



Staffing by Function FY 2010/11
3.65 Regular Full-Time Equivalents

Economic Development

Economic Development Director	0.75*
Economic Development Manager	0.90*
Economic Development Coordinator	1.00
Executive Assistant	1.00

**The balance of this position is budgeted in the Office of Housing & Redevelopment.*

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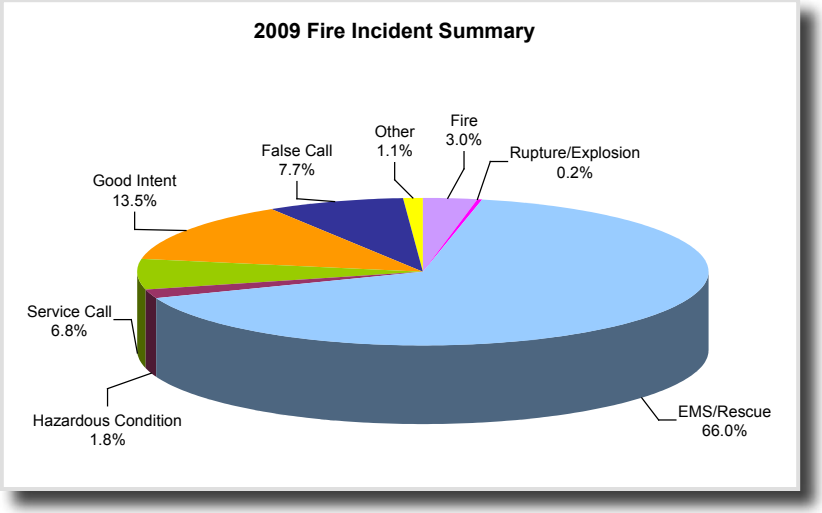
Fire

Mission:

To prevent and minimize the loss of life and property threatened by the hazards of fire, medical and rescue emergencies, hazardous materials incidents, and disaster situations within the community.

Description of Responsibilities and Services

The Fire Department is responsible for providing the rapid delivery of fire, medical, rescue, and life safety emergency services within Fremont. Emergency services are delivered through thirteen in-service fire companies from eleven strategically located fire stations in the City with the primary goals of reducing casualties and the loss of life, improving patient outcomes, reducing property loss and damage, affecting successful extrications of trapped victims, and protecting the environment from the effects of a hazardous materials release. In calendar year 2009, the Fire Department responded to 13,208 calls for service. These calls generated 16,225 engine and truck company runs.



The Fire Department also provides the following programs and services that are nationally recognized for their excellence: an innovative and cutting edge paramedic program; community disaster preparedness training through its Community Emergency Response Team (CERT) program; a State-certified rescue team at the "heavy" level; fire and life safety code inspection services for nearly 6,000 businesses; hazardous materials management services for over 1,000 facilities; Urban Search and Rescue (USAR) services with California Task Force 4; and enhanced emergency triage and pre-hospital treatment plans and capabilities for victims of a mass casualty event or public health emergency as one of 124 Metropolitan Medical Response System (MMRS) cities nationwide. Departmental efforts to involve the community in its activities include maintaining its relationship with the Fremont Citizens Corps Council (CCC) and performing public relations/education activities as requested.

Ongoing department objectives include continuing departmental staff training in order to maintain and enhance skills, receive the most current information and education on industry standards and practices, and provide career development programs to enhance job performance and safety as well as preparation for advancement opportunities. The department anticipates a higher than average turnover for the next five years based on the age of the workforce. Thus, entry-level and promotional planning and training will be critical. This effort will apply to certain administrative functions as well. Since the department does not expect administrative staffing levels to be restored, some administrative work is being reassigned to field units, which will require additional training and skills.

One of the department's highest continuing priorities is to improve response times, in order to increase the likelihood of preserving life and property, as part of the department's continuous efforts to achieve emergency response performance goals including: arrival on the scene of emergencies within six minutes, forty seconds (6:40), 90% of the time; rescue and extraction of trapped individuals in 30 minutes or less from time of arrival, 90% of the time; and arrival on the scene of fires before flashover with confinement of structure fires to room of origin, 90% of the time. For fiscal year 2010/11, however, response times will be adversely impacted because the department is browning out one engine company per day to meet its five percent budget reduction target.

The department is instrumental in providing ongoing preparedness training to other City staff to respond to human-caused and natural disaster events. On an annual basis, the department conducts three CERT courses, fifteen Personal Emergency Preparedness (PEP) courses, and holds and participates in local and regional disaster exercises. Finally, the department inspects high risk facilities, completes standard program inspections to maintain a one to three-year inspection cycle, identifies and recruits new businesses into the inspection program, and requires eligible businesses to obtain California Fire Code permits and enroll in associated CUPA (Certified Uniform Program Agencies)/Hazardous Materials programs.

Fire
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Operations/Emergency Medical Service	$ 24,699,153	$ 26,502,456	$ 25,471,805	$ 25,373,648	$ 25,359,154	$ 25,291,459
Administration	4,302,903	5,024,602	4,454,616	4,496,277	4,452,796	5,044,310
Prevention	1,161,489	1,241,111	1,300,288	1,356,784	1,338,221	1,337,555
Disaster Preparedness	611,875	768,142	842,523	842,523	752,000	640,421
Total Fire	**$ 30,775,420**	**$ 33,536,311**	**$ 32,069,232**	**$ 32,069,232**	**$ 31,902,171**	**$ 32,313,745**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishments FY 2009/10

- Achieved several milestones with the Measure "R" Fire Bond program, including: completed construction and began service from the new Fire Station No. 2 (Niles) in January 2010; finalized the design, demolished the area of the station to be rebuilt, and received bids for Fire Station No. 3 (Irvington); and continued construction on the Fire Department Tactical Training Center.
- Completed the construction of Fire Station No. 11 in the Baylands district (Industrial Area).
- Completed the acquisition and replacement of approximately two-thirds of the needed stock of VHF and UHF portable radios using an Assistance to Firefighters Grant and CIP funding. This project upgrades the radios to digital technology to enhance inter- and intra-agency interoperable voice communication.
- Procured Emergency Medical Services (EMS) training manikins utilizing the existing EMS budget to improve and update EMS training and quality assurance requirements.
- Developed and implemented a sustainable plan to provide CPR education, training and refresher courses to designated City employees in the use of automated external defibrillators (AEDs).
- Inspected all of Fremont Unified School District's grades K-12 public schools and reviewed over 2,000 businesses for placement within ongoing fire and life safety code inspection programs in the department's records management system.
- Adopted the California State Fire Marshal's Solar Photovoltaic Installation Guideline, which establishes statewide uniform installation standards for solar panels and provides a balance between customer and fire service needs.
- Integrated the California Environmental Protection Agency's (CalEPA) Aboveground Petroleum Storage Program into the City's existing CUPA administration, inspection, and enforcement efforts.
- Implemented a departmental reorganization plan in preparation for establishing a coordinated emergency management response program for citizens of Fremont. Changes included Community Emergency Response Team (CERT) oversight being tasked to a battalion chief with help from other line personnel.
- Drafted a performance assessment system and career development plan to help create a comprehensive succession plan for Fire Department employees.

FY 2010/11 Special Projects

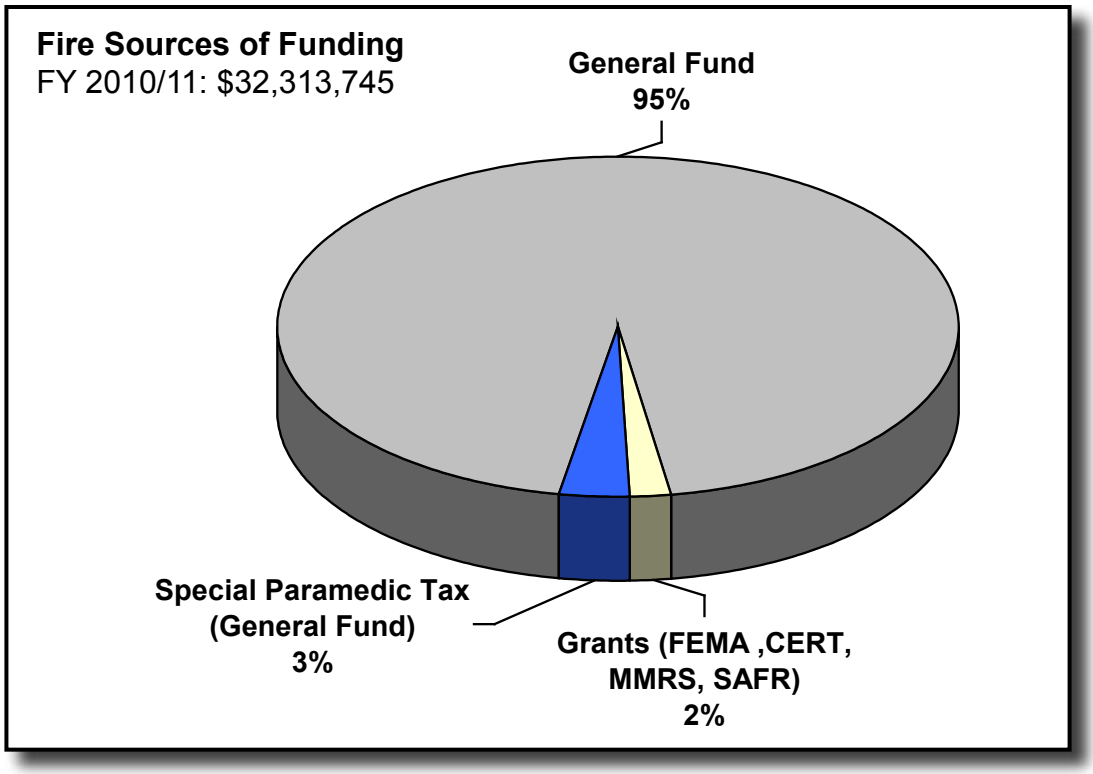
1. Complete the implementation of the final Measure "R" Fire Bond projects, including completion of construction of Fire Station No. 3 (Irvington) and the Fire Tactical Training Center.

2. Purchase and implement "tablet" computers for use in the field by Fire Prevention inspectors to improve efficiency of the records management system with direct data input. Funding will come from the City's share of state-instituted fines and settlement revenues, any grant funding that may become available, and the existing budget.

3. Continue to update management and monitoring of controlled substances for compliance with new statewide regulations regarding Advanced Life Support (ALS) service providers by providing increased training for employees, and enhancing current narcotic tracking procedures.

4. Adopt the 2010 California Fire Code and begin implementation of the California Environmental Reporting System program, which mandates electronic data submission via the internet by 2013.

5. Develop a pediatric simulation assessment lab, and research grant or purchase opportunities for a Sim-Baby training device.



Fire
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 26,612,302	$ 28,520,275	$ 27,342,110	$ 27,465,836	$ 27,417,800	$ 27,934,070
Operating Expenditures	1,325,181	1,588,015	1,960,423	1,813,188	1,694,164	1,759,484
Capital Expenditures	312,214	857,981	150,926	174,435	174,435	174,435
Indirect Expense Allocation**	2,525,723	2,570,040	2,615,773	2,615,773	2,615,772	2,929,517
Budget Balancing Strategies	-	-	-	-	-	*(483,761)*
Totals	**$ 30,775,420**	**$ 33,536,311**	**$ 32,069,232**	**$ 32,069,232**	**$ 31,902,171**	**$ 32,313,745**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	1.3%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

6. Develop an implementation plan for the new Tactical Training Center to establish a facility use policy, including use, maintenance, and safety precautions and procedures for complex training props and the "burn room." Refine the previously drafted business plan to solicit public and private partnerships, and establish a fee schedule.

7. Implement a coordinated disaster response program for citizens of Fremont in the event of a catastrophic incident, including an update to the CERT supply caches and volunteer organization, and by conducting annual exercises.

8. Establish a comprehensive succession plan for Fire Department employees by means of a performance assessment system and career development plan to educate employees on the program and prepare the department for anticipated higher than average turnover at all ranks.

Major Changes for FY 2010/11

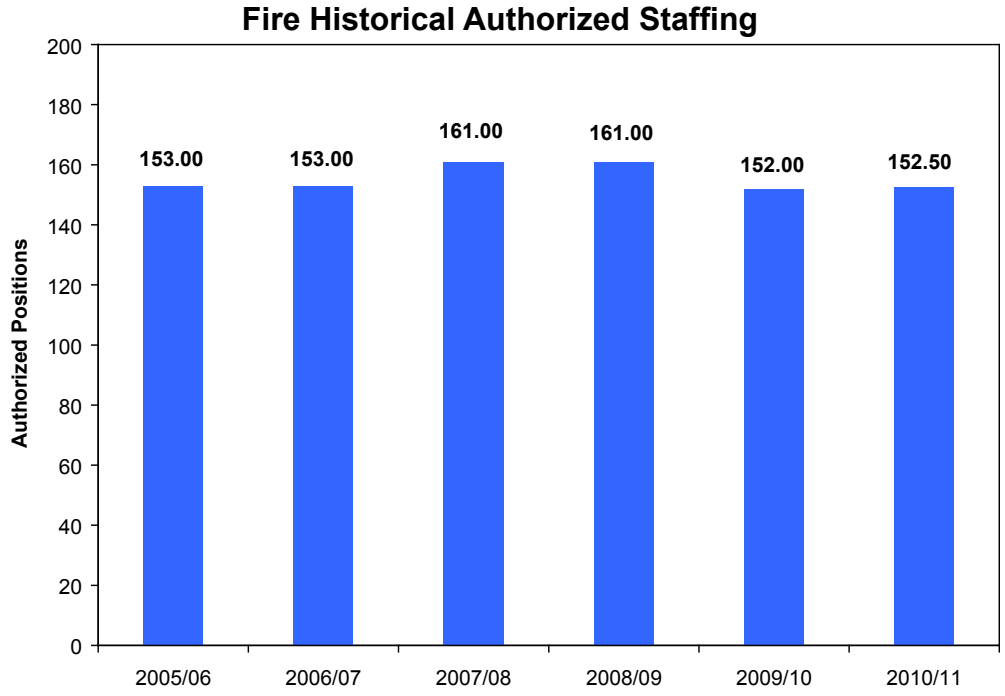
The FY 2010/11 Fire Department proposed budget is $411,574 (or 1.3%) more than the FY 2009/10 adopted budget. The authorized staffing level is increasing by 0.5 FTE due to converting one half-time position to regular and combining it with an existing half-time position.

Salaries and benefits are increasing by 1.9%, which is lower than the average health benefit allowance increase, due to freezing and unfunding 2.0 FTE positions as part of the City's one-year budget balancing strategy.

Operating expenditures are increasing by 3.9% over the FY 09/10 adopted budget, which is primarily the result of increased costs of the fire dispatch contract.

The indirect expense allocation is increasing by 12% due to increases in information technology costs and workers' compensation costs.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.



Staffing by Function FY 2010/11
152.50 Regular Full-Time Equivalents

Fire

Fire Chief's Office

Fire Chief	1.00
Emergency Services Coordinator	1.00

Operations

Deputy Fire Chief	1.00
Battalion Chief	6.00
Fire Captain	41.00
Fire Engineer	40.00
Firefighter	42.00

Fire Prevention

Fire Marshal	1.00
Deputy Fire Marshal	1.00
Haz Mat Technician	3.00
Senior Code Enforcement Officer	1.00
Code Enforcement Officer	2.00

Emergency Medical Services/Training

Deputy Fire Chief	1.00
Fire Captain	3.00
Clinical Nurse Educator	1.00

Administration/Personnel

Business Manager	1.00
Senior Executive Assistant	1.00
Senior Accounting Specialist	1.00
Senior Office Specialist	2.50
Office Specialist II	1.00
Office Specialist I	1.00

Housing & Redevelopment

Mission:

To foster economic growth through revitalization of commercial corridors, preservation of historic integrity, and construction of infrastructure improvements in the Centerville, Irvington, Niles, and Industrial Project Areas of the Fremont Redevelopment Agency, and to promote the development of quality, affordable housing.

Description of Responsibilities and Services

The Office of Housing and Redevelopment and the Fremont Redevelopment Agency are dedicated to building community stability over the long term by investing in key mixed-use development projects that serve as economic catalysts for revitalizing the redevelopment project areas; strengthening neighborhoods by supporting quality housing developments and programs; and increasing the supply of affordable housing throughout the City by continuing its Affordable Housing Strategy. The Agency's current Five-Year Implementation Plan focuses Agency efforts on stimulating investment in the Centerville, Irvington, and Niles Project Areas; facilitating major infrastructure construction in the Industrial Project Area; and improving, preserving, and supporting the development of quality affordable housing.

Ongoing affordable housing services include facilitating First Time Homebuyer workshops; monitoring and certification of units to ensure homes continue to be occupied by first-time homebuyers; screening and qualifying income eligible households under the City's Inclusionary Housing Ordinance; counseling services for low-income individuals seeking housing referrals; and housing rehabilitation programs (which provide low-income loans for single family owner-occupied homes), including design assistance and monitoring of rehabilitation work. The Agency continues to fund Project Independence to provide rental subsidies to young adults aged out of the foster care system during their enrollment in a vocational training program, and rent reduction to eligible Housing Scholarship Program participants while they are training and working toward self-sufficiency.

Furthermore, the Agency is continuing a number of initiatives already underway, including implementation of the Irvington Concept Plan, development of the Centerville Unified Site, environmental remediation of land formerly owned by Union Pacific in downtown Niles, and implementation of the newly restructured Commercial Rehabilitation Loan program to provide greater incentives for private investment and enhance the appearance of the commercial corridors of the Historic Districts.

Housing & Redevelopment
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Non Housing Redevelopment	$ 32,886,378	$ 34,244,637	$ 58,202,452	$ 58,202,452	$ 24,909,836	$ 22,136,071
Affordable Housing	1,846,949	21,980,289	6,342,286	6,342,286	6,342,286	6,502,407
Total Housing & Redevelopment	**$ 34,733,327**	**$ 56,224,926**	**$ 64,544,738**	**$ 64,544,738**	**$ 31,252,122**	**$ 28,638,478**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishments FY 2009/10

- Completed the Plan Amendment process to extend the Agency's ability to collect revenue from its Industrial Area. As part of the Plan Amendment, the limit on the revenue collection will be raised from the current $400 million cap to the new $1.5 billion cap.

- Completed development of the new Niles Town Plaza on a two-acre site previously occupied by a Union Pacific Railyard.

- Achieved significant progress on the Bay Street Streetscape project, including completion of the undergrounding of overhead utilities (electrical, cable, and phone), and commenced construction on the streetscape portion of the project.

- Developed an in-depth analysis of two concepts for reuse of the Center Theater in Centerville in the context of cultural plans for the entire Fremont community, and presented a detailed report to the Redevelopment Agency Board.

- Installed new curbs, gutters, sidewalks, street trees, and landscaping along G, I, and J Streets in the Niles Project Area, providing better accessibility for pedestrians, enhanced drainage, and a more attractive streetscape for the area.

- Administered over $200,000 of federal HOME funds in FY 2009/10 for the Project Independence Program to assist 15 young adults exiting the foster care system with rental subsidies.

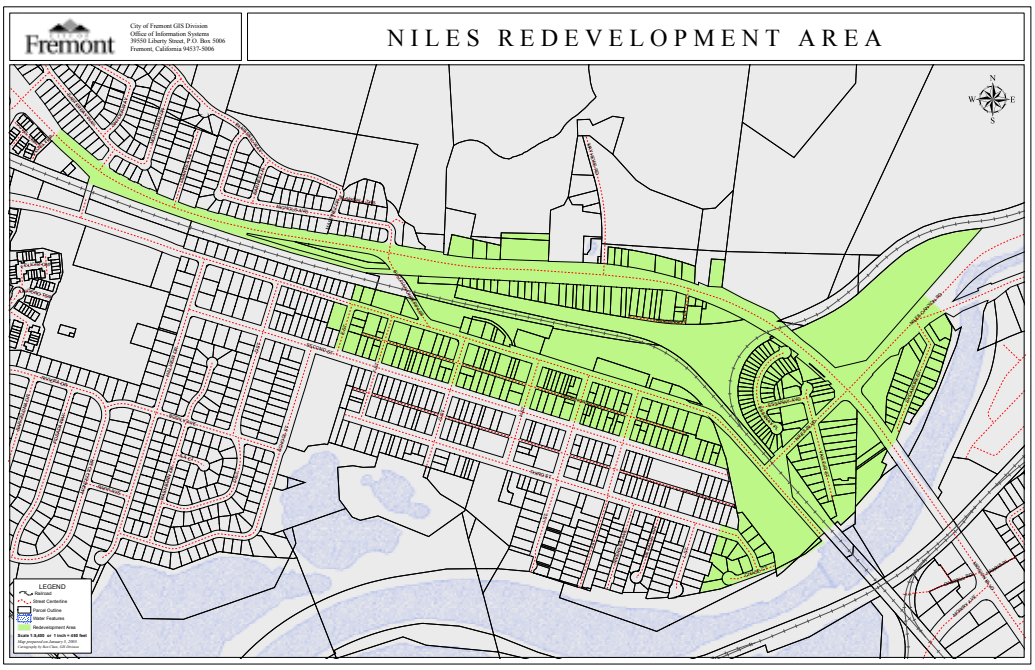
- Entered into an Exclusive Negotiating Rights Agreement for the development of the Centerville Unified site, and reviewed the developer's preliminary proposal for a mixed-use residential and retail project.

- Completed the Centerville Framework Plan, a strategic plan identifying likely development over time in the commercial core of Centerville. The Plan assessed the combined effects of anticipated development on pedestrian and vehicular traffic in the Centerville Project area and analyzed proposed future improvements to Fremont Boulevard. Short- and mid-term strategies for enhancing the District's unique identity were proposed for Council consideration.

- Started construction on a 98-unit affordable senior rental housing community in the Centerville Project Area sponsored by Eden Housing; the Redevelopment Agency and the City contributed $12.7 million to the project's $42 million cost.
- Started construction on Allied Housing's Main Street Village, a 64-unit supportive housing development planned for the Irvington Project Area; the Redevelopment Agency and the City provided $7 million in financing for the $29 million project.
- Screened and sold 88 below market priced homes citywide and screened an additional 188 households for upcoming below market rate homes under construction.
- Assisted 28 income-eligible buyers with the purchase of their first home as part of the First Time Homebuyer Program.
- Facilitated four homebuyer workshops attended by more than 300 individuals and 20 realtors specializing in working with first time homebuyer households.
- Completed one project and started construction on seven additional projects under the Neighborhood Home Improvement Program, which provides low interest loans and grants to homeowners to help improve residential properties in or near redevelopment project areas.
- Completed a residential nexus study and proposed revisions to the City's Inclusionary Housing Ordinance in order to provide greater flexibility for developers and a source of affordable housing funding for the City, pending recent court rulings.
- Partnered with the Human Services Department to develop, plan, and distribute over $600,000 in federally funded stimulus dollars allocated to the Homeless Prevention and Rapid Re-housing Program.

FY 2010/11 Special Projects

1. Complete environmental remediation of the former Union Pacific site in Niles.
2. Complete construction of the Bay Street Streetscape project by fall 2010.
3. Execute a Disposition and Development Agreement for the Centerville Unified site.
4. Complete a feasibility study for a pedestrian crossing over the Union Pacific right-of-way that will connect the future Niles Canyon Railroad Depot to the Niles Town Plaza and the Niles commercial district.



5. Design and secure funding for a pedestrian and bicycle-friendly greenbelt pathway along Grimmer Boulevard from Fremont Boulevard to Paseo Padre Parkway and across to Central Park.
6. If authorized by the City Council, complete a blight analysis and feasibility study for the creation of a new redevelopment project area for the de-commissioned New United Motor Manufacturing, Inc. (NUMMI) plant in the Warm Springs district.

Project Work Program

The summary appropriations for redevelopment and affordable housing for FY 2010/11 of $4,525,000, and $5,530,000, respectively, include funding requests for the Redevelopment Agency's work program. The Project Work Program summaries for each subcategory are included within the specific sections of this summary, and list projects for which the Redevelopment Agency is requesting new project appropriations for FY 2010/11. These are not complete lists of all previously funded Agency projects, and some previously funded projects, such as Phase 1B of the I-880/ Mission Boulevard Interchange, may still be underway. The Agency Board reappropriates unused prior year budget amounts in each new fiscal year.

Non-Housing

For FY 2010/11, the Project Work Program includes $4.5 million of new, non-housing project appropriations. The Agency does not anticipate any new appropriations for regional transportation projects and intends to invest the entire amount of FY 2010/11 non-housing appropriations in the historic districts of Centerville, Irvington, and Niles. In response to the unfavorable real estate market conditions resulting from the recent economic recession and a delayed economic recovery, the Agency will focus its non-housing investments on supporting enhanced business performance in the historic districts and on public infrastructure improvements across the redevelopment project areas.

While the Agency has completed the Plan Amendment process for raising the Industrial Area revenue cap, the Plan Amendment does not take effect until mid June 2010. As a result, many of the Agency's proposed expenditures are limited to the completion of existing projects rather than undertaking new initiatives. However, Agency staff may seek additional mid-year appropriations once the new $1.5 billion cap goes into effect.

Housing

This year's Project Work Program includes $5.5 million of new appropriations for housing. Of this amount, approximately $2.5 million will be committed to various ongoing programs and projects, including the First Time Homebuyer Program, the Neighborhood Home Improvement Program, and the Apartment Acquisition and Rehabilitation Program, as well as funding for preservation

of existing affordable housing. In addition, $1.5 million is included to repay the HELP Loan to the State, which comes due in FY 2010/11. The remaining $1.5 million will be set aside for creating new affordable housing opportunities and for the funding of unanticipated contingencies.

Project Name	FY 2009/10 Appropriations	Estimated Actual 6/30/2010	Adopted FY 2010/11 Appropriations
	(dollars in thousands)		
Apartment Acquisition and Rehabilitation	$200	$200	$240
First Time Home Buyer Program	1,000	1,000	1,200
Neighborhood Home Improvement Program	250	250	480
Preservation of Affordable Housing	100	100	120
Implementation of Inclusionary Housing Ordinance	200	200	240
Below Market Housing Programs	0	0	250
New Construction of Affordable Housing	2,500	2,500	0
HELP Loan Repayment	0	0	1,500
Opportunity Fund/Contingency	1,000	1,000	1,500
TOTAL	**$5,250**	**$5,250**	**$5,530**

Redevelopment Agency Project Highlights

The Agency's established order of funding priorities is debt service, affordable housing, completion of regional transportation projects, and strategic investments in the historic districts. The proposed Project Work Program was developed in alignment with the Agency's adopted Five-year Implementation Plan for the period of July 1, 2008 - June 30, 2013. The Five-year Implementation Plan, which was amended and restated in March 2010, calls for investments in programs that attract new businesses and support performance of existing businesses in the project areas, enhance the appearance and function of private properties in project areas, invest in public infrastructure, and eliminate blight. A brief summary of the Work Program highlights follows.

Regional Transportation

No new appropriations are requested for existing regional transportation projects. In fact, the $111 million Washington Boulevard/Paseo Padre Parkway Grade Separation Project was completed in May 2010, ahead of schedule and under budget. This largest public works project in the City's history improves traffic flow through the Irvington project area, facilitates the extension of BART to Warm Springs and San Jose, and supports the revitalization of the commercial and retail areas in the Irvington district.

Strategic Investments in the Historic Districts

Centerville

The primary focus in the Centerville Area in recent years has been the development of the six-acre Centerville Unified Site through a public/private partnership focused on creating a mix of residential and commercial uses and architectural design consistent with the character of Centerville. The Agency has appropriated nearly $16.9 million to assemble, remediate, and pay for public improvements associated with the site. The Agency entered into an Exclusive Right to Negotiate Agreement (ERNA) with a development team that expires in January 2011. Over the course of FY 2010/11, the Agency and the developer will continue to work on this project by negotiating a disposition and development agreement, recommending a development plan to the Agency Board, and commencing the entitlement process for the new development.

Project Name	FY 2009/10 Appropriations	Estimated Actual 6/30/2010	Adopted FY 2010/11 Appropriations
	(dollars in thousands)		
Pre-development Opportunities	$0	$0	$100
TOTAL	**$0**	**$0**	**$100**

New appropriations in the Centerville Area include $100,000 to complete designated projects outlined in the Centerville Framework Plan, if directed by the City Council/Agency Board.

Irvington

New appropriations in the Irvington Area for FY 2010/11 total $350,000. The Bay Street Streetscape and Parking Project remains one of the cornerstones of Irvington's revitalization. Utility undergrounding was completed in 2009, and streetscape improvements are slated to be completed in FY 2010/11. This project will transform a three-block stretch of Bay Street into a revitalized commercial and residential mixed use area and encourage investment in and around the Five Corners area. An additional $100,000 appropriation will provide funding for the enhanced median improvements along Osgood Road. An additional appropriation of $250,000 for the Grimmer Greenbelt Gateway project, which will create a meandering landscaped pedestrian and bicycle path from Fremont Boulevard across Paseo Padre Parkway and into Central Park, is required to develop the preliminary design, cost estimates, and a construction phasing plan.

Project Name	FY 2009/10 Appropriations	Estimated Actual 6/30/2010	Adopted FY 2010/11 Appropriations
	(dollars in thousands)		
Osgood Road Median Improvements	$0	$0	$100
Greenbelt Gateway along Grimmer Boulevard	330	300	250
TOTAL	**$330**	**$300**	**$350**

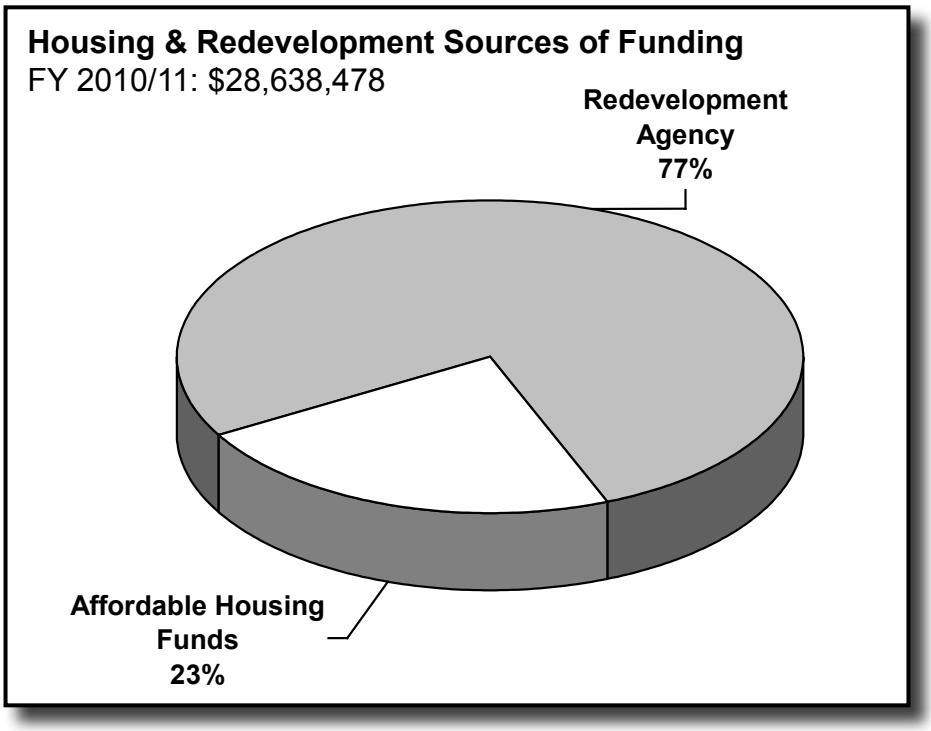
Niles

Now that the development of the 2.2-acre Niles Town Plaza on a portion of the former Union Pacific (UP) property is complete, the Agency is focusing its efforts on the redevelopment of the remaining portion of the former UP railyard. The single largest appropriation of $2.5 million for the Niles area will provide initial funding for remediation of the approximately 5-acre remainder of the UP railyard site. Although the development of a mixed use/retail project is currently on hold pending the recovery of the local economy, the Agency will move forward with the environmental cleanup of the site in order to prepare for the future development of any use the Agency may decide to pursue. The additional $1,000,000 in new appropriations for H Street will fund physical improvements to the roadway and streetscape of H Street between Niles Boulevard and Second Street. The Agency also plans to contribute $110,000 for roadway and sidewalk improvements of Niles Boulevard between the Sullivan underpass and Nursery Avenue, and an additional $100,000 for the continuation of the Commercial Revitalization and Transit Enhancement Program in the district.

Project Name	FY 2009/10 Appropriations	Estimated Actual 6/30/2010	Adopted FY 2010/11 Appropriations
	(dollars in thousands)		
Niles Town Plaza Site Design, Development and Construction	$700	$700	$300
Phase 2: UP Site Redevelopment	3,500	3,500	2,500
Streetscape Improvements: H Street	150	150	1,000
Quarry Lakes/Niles Beach	60	60	65
Niles Boulevard Roadway Improvements	44	44	110
Niles Commercial Revitalization and Transit Enhancement Program	0	0	100
TOTAL	**$4,454**	**$4,454**	**$4,075**

Funding Sources and Resource Uses

Redevelopment programs and projects do not use General Fund resources. The Agency receives funding from its share of property taxes on the incremental increases in assessed valuation of properties located within the boundaries of the redevelopment project areas. Under the California Redevelopment Law, 20 percent of the tax increment revenues must be set-aside in a separate fund for affordable housing development. The Agency also receives grant funds from Alameda County (HOME funds), the State (HELP Loan & Workforce Housing Grant) and federal sources (Community Development Block Grant) to supplement its emphasis on enhancing affordable housing opportunities in the project areas. The pie chart on the next page shows the relative funding of general redevelopment activities as contrasted with affordable housing funds.



Housing & Redevelopment
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 1,617,200	$ 1,827,582	$ 1,989,139	$ 1,989,139	$ 1,956,523	$ 2,049,701
Operating Expenditures	11,175,222	13,795,692	21,792,087	21,792,087	10,617,088	16,094,087
Capital Expenditures	21,529,256	40,191,695	40,326,041	40,326,041	18,241,041	10,100,000
Indirect Expense Allocation**	411,649	409,957	437,471	437,471	437,470	435,166
Budget Balancing Strategies	-	-	-	-	-	*(40,476)*
Totals	**$ 34,733,327**	**$ 56,224,926**	**$ 64,544,738**	**$ 64,544,738**	**$ 31,252,122**	**$ 28,638,478**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-8.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Housing and Redevelopment proposed budget is $2,613,644 (or 8.4%) less than the FY 2009/10 adopted budget, primarily due to decreases in project funding.

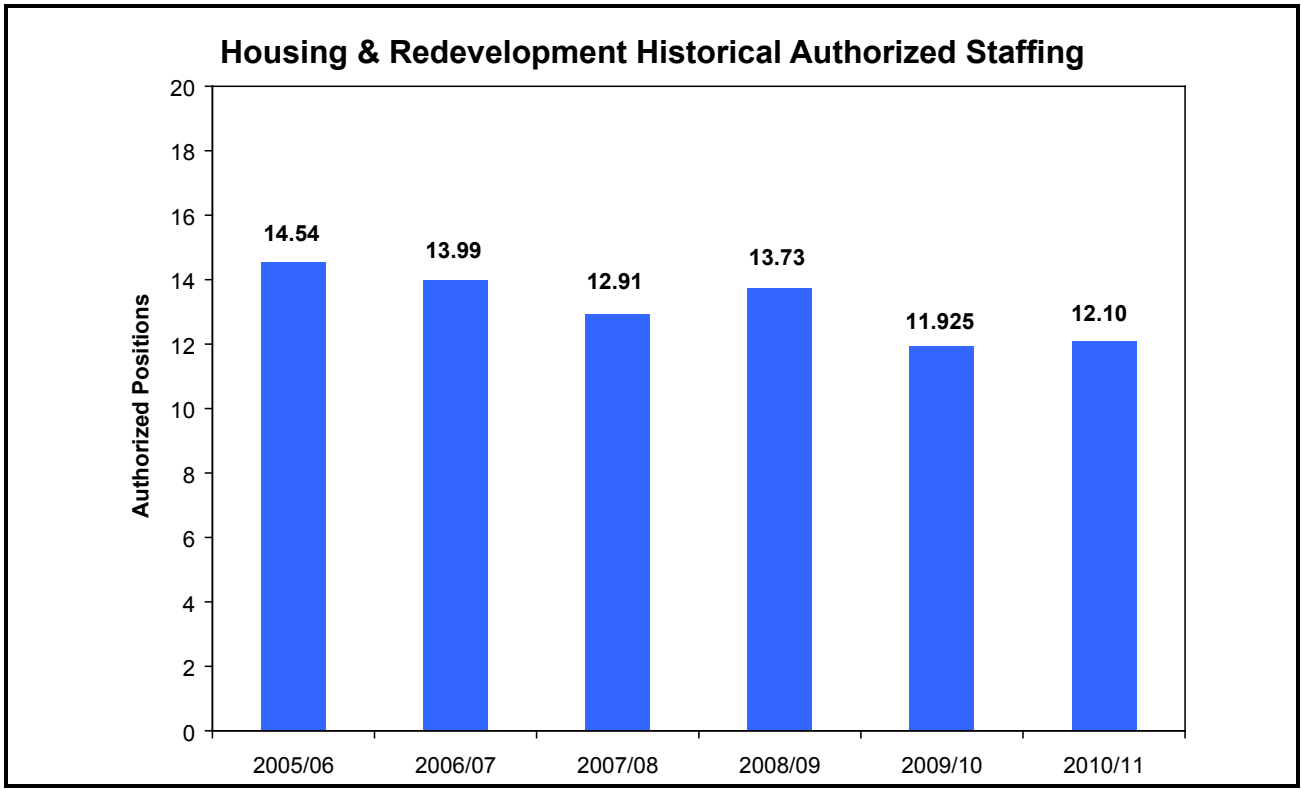
Salaries and benefits have increased by 4.8% compared to FY 2009/10, which is primarily due to revising staff charges to and from various other City departments that support the Agency.

Operating expenditures are increasing by 51.6% compared to FY 2009/10, due to planned payments to the State ERAF fund related to the FY 2009/10 State budget.

Capital expenditures are decreasing by 44.6% compared to FY 2009/10, due to the Agency's focus on completing existing projects rather than new initiatives.

The indirect expense allocation is decreasing by 0.5% as a result of decreases in department wide expenditures.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.



Staffing by Function FY 2010/11
12.100 Regular Full-Time Equivalents

Housing and Redevelopment

Redevelopment	
City Manager	0.25
City Attorney	0.25
Community Development Director	0.25
Finance Director	0.10
Assistant City Manager	0.40
Economic Development Director	0.25
Redevelopment Agency Director	1.00
Community Dev Special Project Manager	0.375
Redevelopment & Housing Project Manager	2.00
Economic Development Manager	0.10
Business Manager	0.75
Management Analyst I	1.00
Executive Assistant	0.75
Accounting Specialist II	0.50

Affordable Housing	
Community Dev Special Project Manager	0.125
Redevelopment & Housing Project Manager	2.00
Business Manager	0.25
Housing Counselor	1.00
Executive Assistant	0.25
Accounting Specialist II	0.50

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Human Services

Mission:

Human Services works to support a vibrant community through services that empower individuals, strengthen families, encourage self-sufficiency, enhance neighborhoods, and foster a high quality of life.

Description of Responsibilities and Services

Fremont's Human Services Department is nationally and internationally recognized for its innovative and effective programs. The department works to sustain the City's social service infrastructure which promotes a healthy and safe environment for all residents. The department also directly offers services to residents throughout their life course from infants to elders. Services offered to families are designed to help them become or remain self-sufficient. Programs for youth stimulate growth and healthy lifestyle choices and services for older adults focus on helping them maintain independence and involvement in the community. Offering culturally appropriate services and service accessibility to Fremont's diverse population is a departmental goal.

Demand for the department's services has increased dramatically in the wake of the current economic recession, and each of the department's divisions is struggling to deal with this increase in service demand while honoring the City's overall Budget Reduction Strategy and cuts in General Fund support. In some cases, the department has been able to use new external funding, including federal American Recovery and Reinvestment Act (Stimulus) funds and Medi-Cal reimbursement, specifically designated to sustain critical support services for residents adversely affected by the economic crisis. In other cases, the department has reset division goals to ensure budget sustainability.

The department's Fremont Family Resource Center (FRC) is a welcoming place where families and individuals are nurtured, encouraged, and provided quality services to build on their own strengths to help themselves and others. The FRC co-locates more than 27 State, County, City, and nonprofit organizations for one-stop service access and offers free drop-in child care for all FRC clients.

The FRC hosts Alameda County's most successful Volunteer Income Tax Assistance (VITA) program with the support of over 125 trained volunteers, who speak more than 26 languages. This program annually helps over 1,400 low-income families e-file their tax returns and receive almost

$2 million in refunds. The FRC also provides financial literacy services for low-income families, credit repair counseling, access to matched savings accounts, and integrated service coordination and family support for those facing multiple barriers to self-sufficiency.

With the support of stimulus funds, the FRC, a partner in the county-wide Priority Homes Partnership (PHP), has become one of eight Housing Resource Centers that provides financial assistance and wrap-around support services to local families facing homelessness due to the economic crisis. With more than 250 families referred to the program in its first eight weeks of operation, in order to help the City take advantage of the stimulus funding, the FRC Core team reset its work priorities away from providing in-depth case management services for families in favor of handling more clients for a shorter period of time, with an emphasis on allocating stimulus funds to help families stay housed and avoid homelessness. The FRC is forging new partnerships designed to meet strenuous federal program requirements, while at the same time meeting the urgent and immediate financial needs of those requesting service.

The department's Youth and Family Services (YFS) Division promotes the social-emotional well-being of children and their caregivers by providing counseling services to improve family relationships during times of stress or crisis, with special emphasis on early delinquency intervention and prevention, school problems and truancy, and specialized mental health services for families with children zero to five years of age. Activities include one-time parent workshops and multi-week courses like Parent Project. School-site services include individual and group counseling for students at 22 Fremont schools. YFS also coordinates with the Fremont Police Department, Fremont Unified School District (FUSD), and other service providers to reduce violence and gang-related problems on school campuses.

As the recession deepened, more families have come to rely on Medi-Cal for health benefits. The number of Medi-Cal covered children served by YFS, a subset of all children they serve, increased 24 percent in FY 2008/09 and the volume of Medi-Cal referrals remained high in FY 2009/10. To meet this population shift of growing Medi-Cal clients, Alameda County increased funding available to serve full-scope Medi-Cal clients. As the City's General Fund contribution decreases, to sustain services, YFS has adjusted its service priorities to align with County funding sources. YFS now has reduced capacity to serve families whose incomes do not qualify them for Medi-Cal, but have no health insurance to cover the cost of needed mental health services. As a result, low and moderate income families with counseling needs, who previously used the sliding fee scale, with some City subsidy, now have few or no counseling options. YFS has also secured ongoing support for the Infant Toddler Program (early childhood mental health) with grants from First 5 Alameda County and the AT&T Foundation. With its outstanding reputation, YFS annually attracts over 25 volunteer counseling interns, which helps sustain services at little cost to the City.

Human Services is a national leader in municipal senior programs. In 2008, the Fremont City Council adopted a goal to create an aging-friendly community that is safe and welcoming. The department is committed to meeting the needs of a growing senior population and providing a continuum of services to help elders remain independent, safe, and in their own homes. To that end, the department promotes an environment which values senior participation, a place where information and services are easily available for all seniors, where seniors can be mobile and

actively involved, where meaningful exchanges between cultures and generations exist, and where people come together in support of one another regardless of age.

Services for well seniors include a meal program, adult education and activities, and health screening at the Senior Center. For frail seniors, the department offers personalized service coordination including information and referral, home visits and on-going care plans, senior peer counseling, mental health counseling and medication management, support services for caregivers, and extensive local paratransit services. In partnership with the Tri-City Elder Coalition, the department has developed Pathways to Positive Aging, a community-driven initiative to strengthen the service network for seniors. It also launched the Community Ambassador Program, which increases ethnic and faith-based communities' access to services. Both efforts were initiated with private funding from the Robert Wood Johnson Foundation.

As funding for some of these important initiatives such as Robert Wood Johnson ends, the department continues to explore outside funding opportunities, including opportunities that will position the department to receive ongoing federal program dollars focused on the baby boomers. Due to reduced resources, the Paratransit program reduced the number of trips available to seniors and reduced outreach staffing hours.

The department administers the City's social service grant and federal Community Development Block Grant (CDBG) funds, which help sustain the vitality of the City's social service safety net, as well as facilities serving low and moderate income residents. The majority of these funds are awarded to non-profit agencies that leverage other sources of funding to serve the City's residents. It also administers the Homeless Outreach for People Empowerment (HOPE) project and staffs the Human Relations Commission, Senior Citizens Commission, Paratransit Advisory Committee, and Community Development Block Grant Citizens Advisory Committee. The department is also administering two ARRA programs: CDBG-R and Housing Prevention and Rapid Re-housing.

Human Services
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Family Resource Center	$ 2,039,316	$ 1,824,862	$ 2,182,262	$ 3,615,610	$ 2,401,075	$ 2,844,622
Youth and Family Services	1,761,256	1,901,396	2,096,230	2,240,920	2,161,513	2,395,947
Aging and Family Services	2,727,129	2,741,952	2,925,911	3,196,333	2,987,223	2,876,102
CDBG/HOME/SHP	2,443,885	2,669,867	2,019,919	3,393,793	2,906,159	2,976,661
Paratransit	840,441	844,363	795,440	884,590	815,522	866,659
Administration	1,374,063	1,305,574	1,309,504	1,310,251	1,292,317	1,602,045
Social Services Grants	550,823	513,577	513,598	513,598	513,598	513,598
Total Human Services	**$ 11,736,913**	**$ 11,801,591**	**$ 11,842,864**	**$ 15,155,095**	**$ 13,077,407**	**$ 14,075,634**

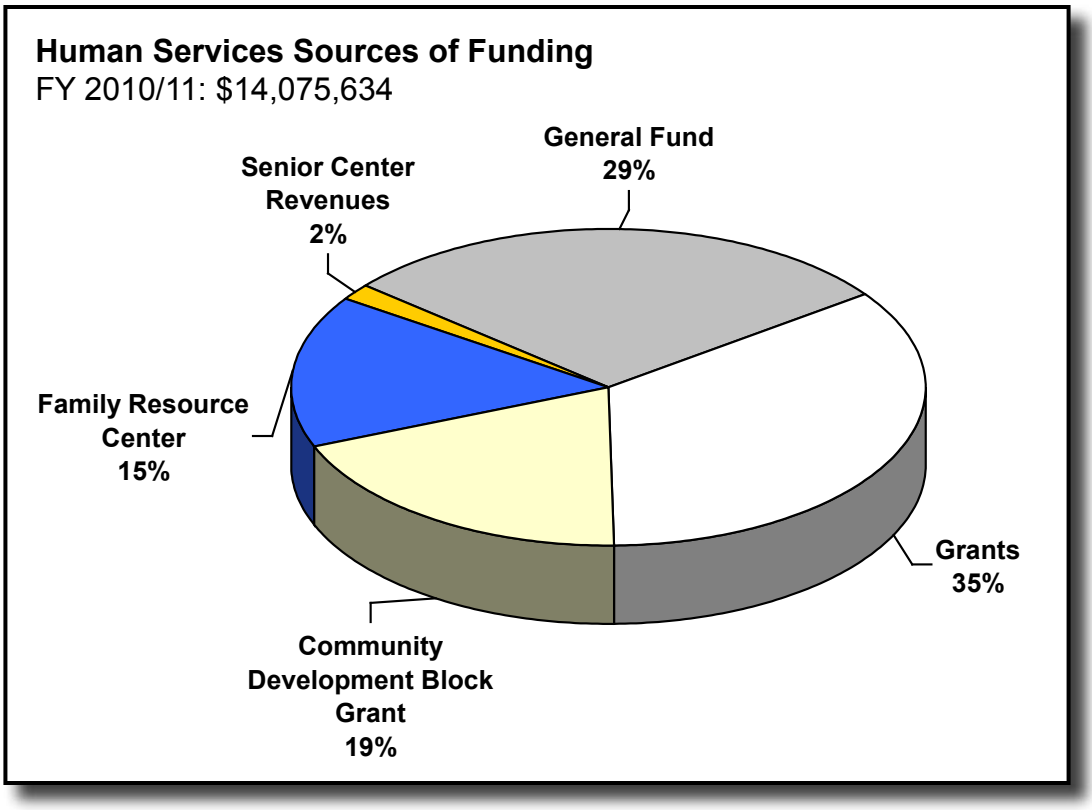
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishments FY 2009/10

- Celebrated the 10-year anniversary of the Fremont Family Resource Center.
- Successfully applied for and received over $1 million in ARRA funds for the Priority Home Partnership program, which was launched on November 2, 2009. In the first eight weeks of the program, the FRC helped prevent 22 families from becoming homeless.
- Successfully applied for and received over $400,000 in CDBG-R funding, also provided through ARRA, from the U.S. Department of Housing and Urban Development (HUD). Funds support construction work at the FRC, including roof soffit and fascia replacement, Americas with Disabilities Act (ADA) compliance, and parking lot improvements. These projects also provide jobs as intended by ARRA.
- Served over 1,470 families as part of the Earn It! Keep It! Save It! Volunteer Income Tax Assistance (VITA) Program.
- Received the American Society on Aging's national Award for Excellence in Multicultural Aging for its Community Ambassador Program for seniors. The City currently has 88 trained Ambassadors who serve seniors in their own languages.
- Over 1,000 children and families received mental health services through YFS.
- Completed a needs assessment and formulated recommendations for implementing Alameda County's plan to increase early identification and treatment of children ages 0 to 6 with developmental or social/emotional concerns in the Tri-City area of Fremont, Newark, and Union City. The project will result in better planning for future services that meet the FRC's geographic area needs and help ensure that resources are directed to southern Alameda County.
- Received $150,000 in one time federal earmarked funds from the U.S. Department of Health and Human Services to continue the Pathways to Positive Aging Initiative for an additional year.

FY 2010/11 Special Projects

1. Continue to collaborate with Fremont Unified School District and Alameda County Health Care Services Agency on the Fremont Student Health Initiative (FSHI) to increase school-linked health care services with access to health education and mental health services.
2. Celebrate the 30th anniversary of the Fremont multi-service Senior Center.
3. Through the FRC, serve as the south county Housing Resource Center and provide Housing Stabilization Services to assist homeless and families at risk of homelessness to become or remain stably housed.
4. Through the FRC, serve as a site for Food Stamp Outreach to increase the number of eligible families in Alameda County by assisting them in enrolling in this federal nutrition program.



Human Services
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 5,939,684	$ 6,259,853	$ 6,712,916	$ 7,361,833	$ 6,848,224	$ 7,016,541
Operating Expenditures	5,054,897	4,840,224	4,327,760	6,925,775	5,446,320	6,025,680
Capital Expenditures	38,746	18,628	22,451	63,500	58,500	25,960
Indirect Expense Allocation**	703,586	682,887	779,737	803,987	724,363	1,131,239
Budget Balancing Strategies	-	-	-	-	-	(123,786)
Totals	**$ 11,736,913**	**$ 11,801,592**	**$ 11,842,864**	**$ 15,155,095**	**$ 13,077,407**	**$ 14,075,634**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	7.6%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Human Services budget is $998,227 (or 7.6%) more than the FY 2009/10 adopted budget. The number of authorized positions is increasing by 2.7 FTEs, from 51.8 to 54.5, due to adding 1.1 FTEs Case Manager and 1.6 FTEs Counselor (including 1.0 FTE temporary to regular conversion), due to increased grant funding.

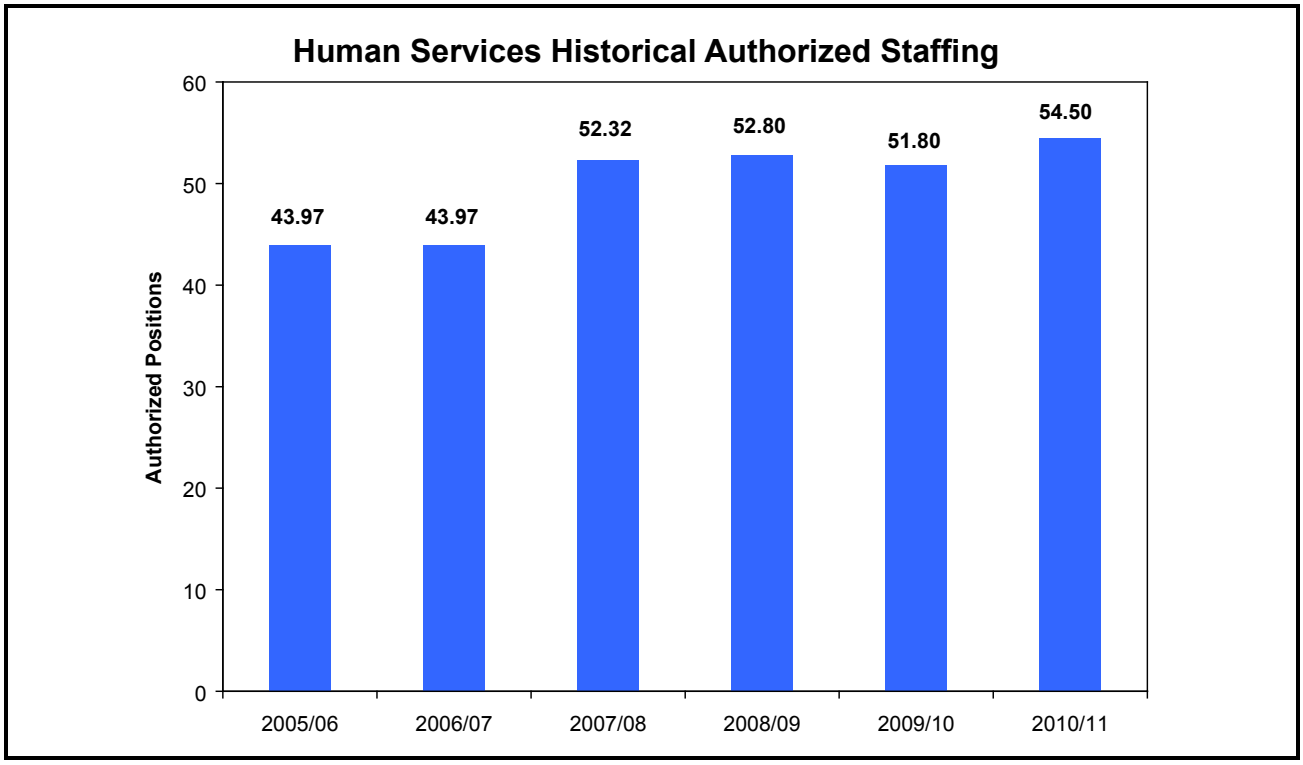
Salaries and benefits are increasing by 2.5% as a result of new program staff that are supported by new grant funding sources.

Operating expenditures are increasing by 10.6% compared to FY 2009/10 due to increases in contract services that are offset by increased grant revenues.

Capital expenditures are decreasing by 55.6% compared to FY 2009/10, because the one-time increase to purchase office furniture in FY 2009/10 will not be needed in FY 2010/11.

The indirect expense allocation is increasing by 56.2%, primarily due to a change to the Human Services Department funding in FY 2010/11 that will now be accounted for as its own Special Revenue Fund. The General Fund will now make an annual General Fund allocation to the Human Services Special Revenue Fund, and the Human Services Special Revenue Fund will pay overhead to the General Fund. Additional increases are due to increases in overall department costs due to increased staffing, as well as increases in information technology support costs.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.



Staffing by Function FY 2010/11
54.50 Regular Full-Time Equivalents

Human Services

Human Services Director	1.00
Deputy Human Services Director	1.00
Executive Assistant	1.00
Office Specialist II	1.00

Youth and Family Services

Family Services Administrator	1.00
Clinical Supervisor	2.00
Senior Program Coordinator	1.00
Counselor	9.95
Administrative Assistant	1.00
Senior Accounting Specialist	1.00
*Counseling Interns**	

Family Resource Center

Family Services Administrator	1.00
Case Manager	3.70
Clinical Supervisor	1.00
Senior Office Specialist	1.00
Program Coordinator	2.00
Counselor	1.00
*Public Service Assistant**	

CDBG Services

CDBG Administrator	1.00
Management Analyst II	1.00
Senior Accounting Specialist	1.00

Paratransit

Management Analyst II	1.00
Senior Office Specialist	1.00
*Outreach Workers**	

Senior Services

Family Services Administrator	1.00

Senior Supportive Services

Clinical Supervisor	2.00
Case Manager	6.05
Senior Program Coordinator	1.80
Counselor	2.20
Administrative Assistant	1.00
Senior Office Specialist	1.00
*Outreach Workers**	

Senior Center

Senior Center Manager	1.00
Program Coordinator	1.00
Chef/Food Services Manager	1.00
Assistant Chef	0.80
Senior Office Specialist	1.00
*Public Service Assistants**	

**Temporary positions not counted in full-time equivalents*

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Parks and Recreation

Mission:

To ensure the citizens of Fremont receive excellent customer services through its management of recreation facilities, the provision of quality recreation programs, park planning, and maintenance of City parks.

Description of Responsibilities and Services

The Parks and Recreation Department provides leisure activities and facilities that enhance the lives of residents and visitors. The department manages public use of recreation facilities, and plans, maintains, and oversees the City's park system. It carries out capital and park planning and development projects, implements the Parks and Recreation Master Plan, and maintains the City's parks. The recreation activities, carried out primarily through the Recreation Enterprise Operation, include performing and visual arts, academic enrichment, sports, teen and early childhood development programs, park visitors' services, as well as management of the community centers, special facilities, and historic sites. Staff provides support to the Recreation Commission and other boards and commissions that advise the City Council.

As result of reduced resources available for Park Maintenance, the Parks and Recreation department closed the temporary Skate Park, reduced lawn edging and leaf blowing from every week to every third week in all City parks, reduced trash pick up in Neighborhood and Mini parks from twice to once per week, and eliminated turf aeration with the exception of the Sports Park.

Parks and Recreation
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Recreation	$ 6,853,564	$ 7,676,839	$ 7,518,553	$ 8,057,139	$ 8,040,684	$ 7,919,235
Park Maintenance	5,350,694	5,013,431	4,754,480	4,754,480	4,710,445	4,667,210
Total Parks & Recreation	**$ 12,204,258**	**$ 12,690,270**	**$ 12,273,033**	**$ 12,811,619**	**$ 12,751,129**	**$ 12,586,445**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishments FY 2009/10

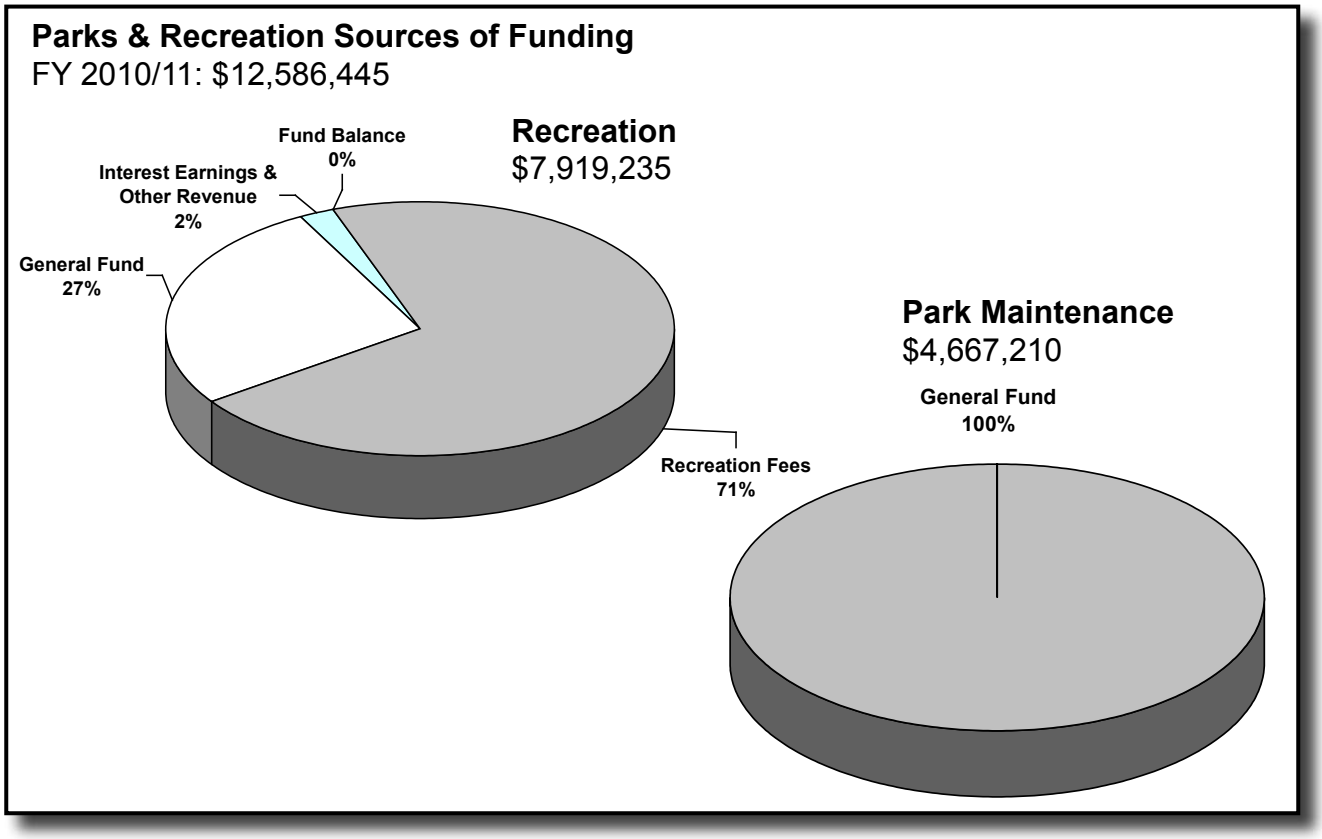
- Completed the first season of the operation of "Aqua Adventure" waterpark in Central Park, which drew 70,000 visitors. The novelty of the park combined with the public demand for a family water play facility is proving to be a catalyst for growth in programming and facility use throughout Central Park. Park Picnic Areas and Boat Rentals have substantially increased compared to prior years.
- Completed reconstruction of six playgrounds to comply with current playground safety standards.
- Completed construction of the new Basketball Courts and Dog Park in Central Park. The Dog Park features artificial "doggie turf" that requires significantly less maintenance than the lawn in the Dog Park being replaced.
- Continued to convert high maintenance small turf and dirt areas to low maintenance materials. In FY 2009/10, the turf bubble at the Waterpark entrance was converted to artificial turf, turf in front of the Centerville Library was sheet mulched, and the dirt path access in Irvington Park was replaced with decomposed granite and concrete.
- Successfully launched the Fremont Children's Theatre program, which presented three productions during the year.
- Patterson House tours increased its attendance to 19,000, an increase of 30 percent over the prior year, due to increased identity and promotion as a City-owned attraction.
- Completed construction and celebrated the opening of the Always Dream Play Park, a playground designed for children with physical and developmental disabilities. Kristi Yamaguchi's Always Dream Foundation, in partnership with the City of Fremont, and with the help of The Pioneer Fund, Fremont Bank, and other generous donors, raised enough money to build the Always Dream Play Park without using tax dollars.

FY 2010/11 Special Projects

1. Complete the remainder of the multi-year effort to bring City playgrounds into compliance with current playground safety standards and minimize maintenance costs. The sand or fibar surfaces of six additional playgrounds will be replaced with poured-in-place rubber, which is projected to reduce the collective number of hours necessary to maintain these six playgrounds by 800.
2. Continue the multi-year effort to replace a portion of the trash receptacles in City parks. Annually, four to six solar-powered trash compacters will be purchased to minimize the necessary trash pickup.
3. Begin the community process and develop the design drawings for the new Skateboard Park which will be located adjacent to the Waterpark.

4. Complete the turf replacement at Nordvik and Centerville Park's Softball Fields with all-weather turf to reduce maintenance costs and quadruple field availability. Nordvik will be able to accommodate a full size soccer field and is anticipated to be almost 100% booked in prime-time by the end of the first year of operation.

5. Construct a new patio area at the Teen Center to create an attractive outdoor space and potentially enhance rental revenue at this facility as a result of this added feature.



Parks & Recreation
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 7,497,996	$ 7,964,148	$ 7,656,086	$ 7,772,764	$ 7,717,464	$ 7,951,969
Operating Expenditures	2,489,781	2,666,109	2,533,819	2,932,287	2,951,626	2,802,871
Capital Expenditures	22,128	36,355	66,860	32,660	8,000	89,660
Indirect Expense Allocation**	2,194,353	2,023,658	2,016,268	2,073,908	2,074,039	1,868,017
Budget Balancing Strategies	-	-	-	-	-	*(126,072)*
Totals	**$ 12,204,258**	**$ 12,690,270**	**$ 12,273,033**	**$ 12,811,619**	**$ 12,751,129**	**$ 12,586,445**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-1.3%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Parks and Recreation proposed budget is $164,684 (or 1.3%) less than the FY 2009/10 adopted budget.

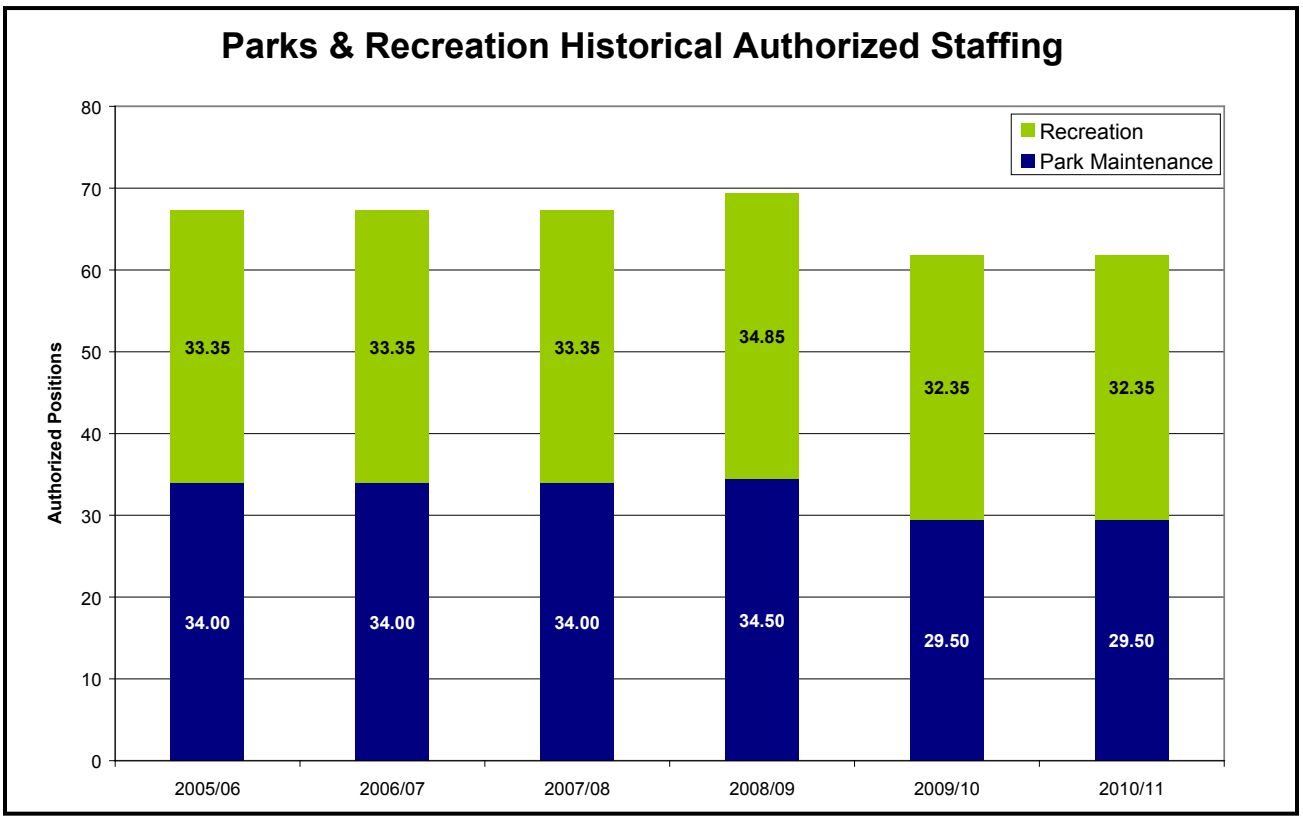
Salaries and benefits will increase by 3.0% due to increases in health benefit allowances.

Operating expenditures are decreasing by 5.0% compared to the FY 2009/10 adopted budget due to the division's efforts to consolidate operations of various programs and services. In addition, reductions in costs for Water Park supplies reflect the lower costs in the second year of operations than were needed for startup costs in FY 2009/10.

Capital expenditures are increasing by $81,660, primarily due to the need to replace aging equipment related to recreation programs and facility rentals.

The indirect expense allocation will decrease by 9.9% related to decreases in the department's overall costs as a portion of all department costs, as well as decreases in information technology costs and worker's compensation costs.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.


Parks & Recreation Historical Authorized Staffing
Authorized Positions
80
70
60
50
40
30
20
10
0
Recreation
Park Maintenance
33.35
33.35
33.35
34.85
32.35
32.35
34.00
34.00
34.00
34.50
29.50
29.50
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11

Staffing by Function FY 2010/11
61.85 Regular Full-Time Equivalents

Parks & Recreation

Parks & Recreation Director	1.00
Executive Assistant	1.00

Park Maintenance

Park Superintendent	1.00
Central Park	
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	5.00
North End Parks	
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	3.00
South End Parks	
Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	4.00
Construction/Irrigation	
Park Field Supervisor	1.00

Construction

Park Maintenance Worker II	1.00
Park Maintenance Worker I	2.00

Irrigation

Park Maintenance Worker II	1.00
Park Maintenance Worker I	1.00

Recreation

Administrative & Support Services	
Recreation Superintendent II	3.00
Management Analyst II	1.00
Accounting Specialist II	0.50
Office Specialist II	3.00
Facility & Supply Worker	1.00
Park Visitor Services	
Recreation Supervisor II	1.00
Park Ranger	4.75
Office Specialist II	1.00
Recreation Services	
Water Park Manager	1.00
Water Park Revenue & Sales Mgr	1.00
Recreation Supervisor II	5.00
Recreation Supervisor I	5.00
Tennis Operations Supervisor	1.00
Tiny Tot Specialist	2.60
*Program Staff - approx. 325**	

*Temporary positions not counted in full-time equivalents.

Police

Mission:

Public safety through professional law enforcement.

Description of Responsibilities and Services

In FY 2010/11, the Police Department will continue to have a heightened emphasis on violent crimes, gang issues and parolees.

The major work units – Community Policing Patrol Teams, Traffic Unit, Investigative Services, and Animal Services – are charged with carrying out the department's core responsibilities. In Fremont, the reality of policing in the current economic environment impacts overall organizational effectiveness. As some responsibilities have been consolidated in fewer employees, and other work has been reprioritized and, at times, may not get done, the cumulative affect is that less time is devoted to specific criminal acts and quality of life issues in our neighborhoods. For example, certain offenses, such as identity theft, small loss burglaries, auto theft, grand theft, and other crimes, generally may not be investigated. Specific crime trends that were previously addressed with overtime now must be addressed differently, if at all. In short, the department's ability to identify and implement service programs at the same level as in the past has been significantly diminished by the economic challenges the City faces. These circumstances are a departure from the department's long history of proactive policing and problem-solving.

The department mission, "Public Safety through Professional Law Enforcement," is carried out through an operational plan that is based upon the realities of staffing and budgetary challenges. As such, the patrol Watch Commanders have the authority to reduce levels of field response based on staffing conditions, volume of calls for service, and daily needs of the community. Community members are often provided with alternatives when service reductions are implemented (e.g., online reporting or calling back at a later time).

Community Policing Patrol Teams have a key role as first responders to calls for police assistance. The division strives to maintain order, apprehend suspected law violators, and seek long-term solutions to some of the problems and issues important to the community. Also working out of the Patrol Division is a five-person Street Crimes Unit (SCU) that responds to contemporary community issues through the use of traditional and non-traditional enforcement methods. Although assigned to the Patrol Division, the SCU is a resource for the entire organization.

The various types of calls for service are continually evaluated on each shift to ensure the appropriate level of response and use of staff time. Examples of calls that may not receive a response include minor disturbances, neighborhood traffic complaints, complaints of loud noise, and minor non-injury accidents. Depending on the call volume and types of activities, the department is often only able to respond to violent crime or crime in progress calls for service, while all other calls are held until officers are available. It is common that officers on one shift might respond to a certain type of call, while the next shift will not respond to exactly the same type of call based on variables the department cannot control.

The Traffic Unit investigates serious collisions and, when time permits, enforces the vehicle code in an effort to proactively control violations that result in collisions. Investigative Services has the primary responsibility for investigations involving felony crimes, such as homicides, robberies, sex crimes, child abuse, kidnappings, some burglaries, assaults, and other criminal offenses. The unit actively investigates these crimes and also coordinates resources involving in-depth, multi-jurisdictional investigations.

The Tri-City Animal Shelter is located in Fremont and, through agreements with Newark, Union City, and San Leandro, provides limited, high-quality services to animals and to the community. The Animal Shelter is responsible for animal-related calls for service, adoption outreach and support, a spay/neuter clinic, pet licensing, and rabies control.

Several other work units, including the Office of the Chief of Police, which includes the Office of Professional Standards, Intelligence Unit, Press Information, Records Unit, and Information Systems Unit, support the Police Department's core services. Other support units include Business Services, the Police Communications Center, Forensic Services, the Property and Evidence Unit, the Police Personnel and Training Unit, the Fremont Detention Facility, and the Community Engagement Unit, which is charged with maintaining Neighborhood Watch and Business Watch crime prevention efforts.

Members of the Fremont Police Department actively participate in a limited number of regional task force groups, including the Federal Joint Terrorism Task Force, Southern Alameda County Narcotics Enforcement Team (SACNET), the High Tech Task Force, IRS Task Force, and the Southern Alameda County Violence Suppression Task Team.

The Crime Analysis Unit is responsible for the research and analysis of criminal activity in order to provide recommendations for responses to or for the prevention of crime within Fremont. The unit is also responsible for preparing technical and analytical reports regarding crime trends in order to identify potential hotspots and provide recommendations for staffing allocations.

Ongoing departmental objectives include prioritizing and providing services at the highest level possible with available resources, continuing implementation of the radio replacement project to work towards interoperability with local, State, and federal agencies, as well as researching and updating technology to maximize organizational performance and enhance proactive law enforcement.

On an annual basis, the department continues to employ innovative recruitment and retention strategies to ensure future service continuity, as well as holding ongoing staff development and leadership training to prepare staff for future advancement opportunities. The department is also committed to continuing development of contingency plans and identifying regional resources to ensure operational integrity, including appropriate responses to terrorist events or natural disasters, along with strengthening the community network.

Accomplishments FY 2009/10

- Continued success of the Crime Free Program administered by the Street Crimes Unit (SCU), which includes 26 fully certified properties consisting of 4,045 residential units. The certifications have resulted in significant reductions in calls for service, crime reports, and number of arrests associated with these rental properties.
- Completed a Patrol Operational Staffing Survey by the Police Watch Commanders. The survey included site visits to nine California municipal law enforcement agencies of similar or larger size in order to identify operational changes that could be used in Fremont to maximize services while limiting the use of overtime. Several staffing changes were made as a result of the survey, which has led to a reduction in patrol overtime.
- Completed 50% of the Police Indoor Firing Range, including all underground utility work, identification and selection of range equipment, including targeting, ventilation, ballistic, and safety systems, and selection of equipment for the classroom portion, which will include a virtual targeting system to allow scenario-based training.
- Implemented the "CrimeReports" application on the Fremont Police Department website, which allows for up-to-date crime information for department employees and community members, as well as giving individuals the opportunity to request crime alert notifications about criminal activity in their neighborhoods.
- Implemented comprehensive technology systems designed to protect financial institutions and other commercial entities from armed robberies.
- Transitioned the department to a more efficient automated paperless booking and prisoner management system, resulting in a savings of patrol officers' time during the booking of prisoners, as well as improved electronic storage of booking information.
- Developed a comprehensive system and protocol for addressing parolees and other serious offenders in response to changes in prisoner release criteria at the county and State levels.
- Overhauled juvenile detention procedures and practices to comply with new State mandates.
- Improved and streamlined the hiring process, resulting in significant acceleration of employee selection and employment.

FY 2010/11 Special Projects

1. The Police Building Retrofit Project, managed by the Community Development Department but impacting Police operations, is scheduled to start in August 2010 and is anticipated to take 18 months to complete.

2. Completion of the Police Indoor Firing Range and potential use of the classroom portion as a temporary Dispatch Center during police building retrofit hours of operation.

3. Implementation of the NIXLE Community Information Service through the internet to enhance communication during critical or special events, in conjunction with the Fremont Code Red Alert System. The system also allows for special bulletins regarding missing persons, missing children, and notification of violent crimes, with the ability to attach photographs.

4. Continue to monitor, address, and participate in the issues associated with accelerated offender early release (parolees released from prison early to help balance the State budget).

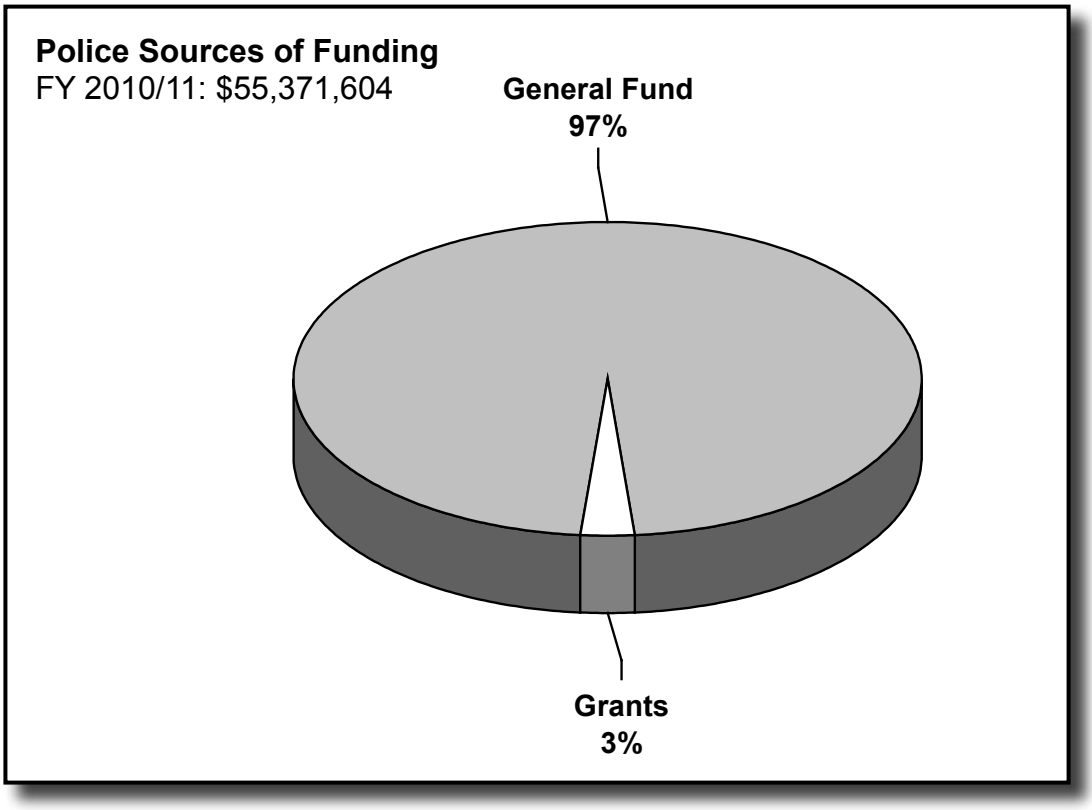
5. Evaluate acceptance of sentenced prisoners in Fremont's detention facility as a method of generating revenue and offsetting staffing costs.

6. Participate in an IRS Task Force allowing use of currency violations as a means of impacting criminal offenders not readily disrupted by traditional investigative methods.

7. Evaluate task force operations to ensure that department staff and regional personnel are working on identified priorities.

8. Evaluate the potential for the creation of a second Street Crimes Unit using existing staff, which would allow for a Street Crimes Unit to be assigned to every shift every day.

9. Evaluate possible expansion of the Connect Assist Respond Engage (CARE) program to facilitate improved interaction with victims of non-violent crime.



Police
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 44,129,800	$ 45,647,933	$ 45,402,187	$ 45,259,663	$ 45,555,825	$ 46,055,165
Operating Expenditures	3,533,867	3,231,916	3,336,741	3,487,549	2,933,633	3,287,529
Capital Expenditures	-	272,412	622,516	627,516	487,040	45,262
Indirect Expense Allocation**	5,846,314	6,175,135	6,233,185	6,233,185	6,233,185	6,764,876
Budget Balancing Strategies	-	-	-	-	-	*(781,228)*
Totals	**$ 53,509,981**	**$ 55,327,396**	**$ 55,594,629**	**$ 55,607,913**	**$ 55,209,683**	**$ 55,371,604**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	0.3%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

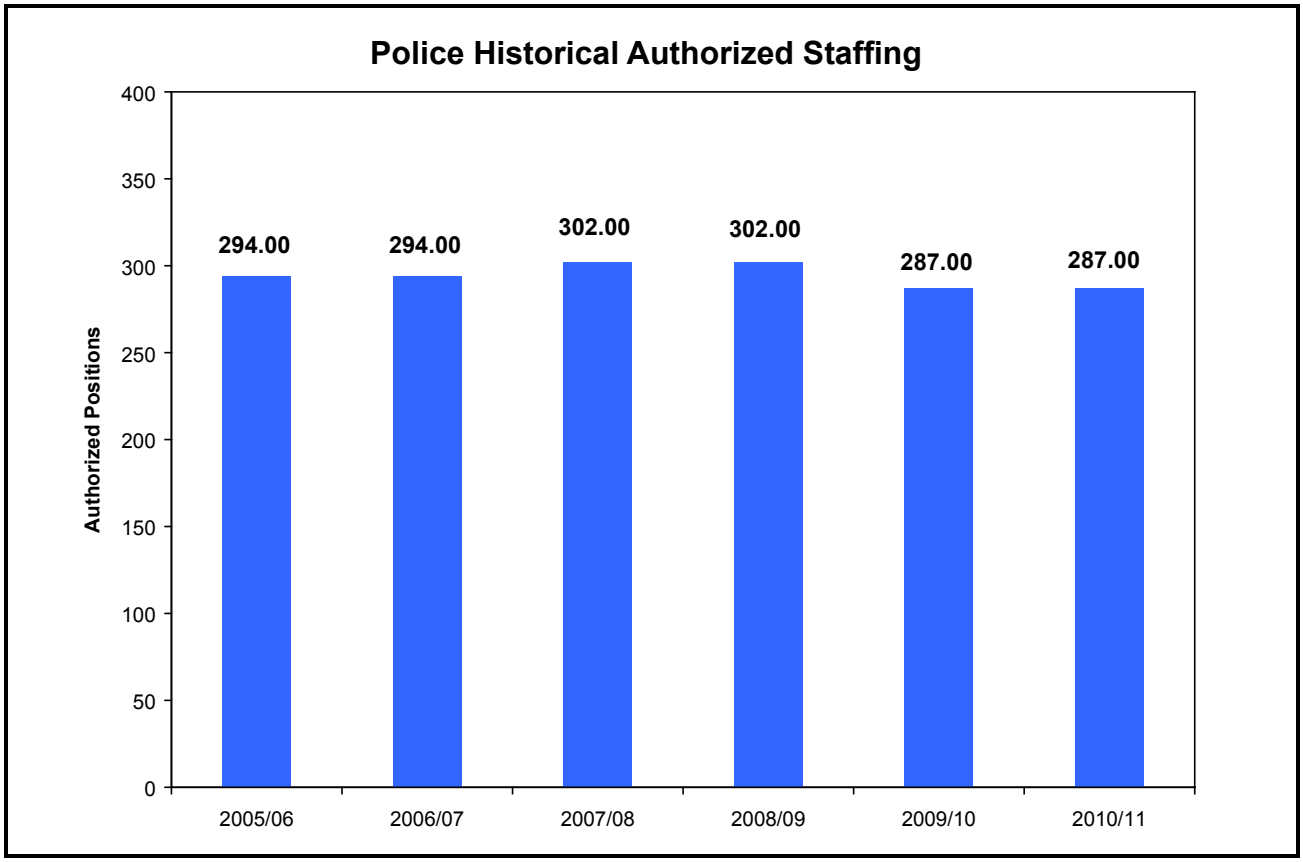
The Police Department FY 2010/11 proposed budget is $55,371,604, which is $161,921 or (0.3%), more than FY 2009/10 adopted budget.

Salaries and benefits are increasing by 1.1%, which is lower than the average health benefit allowance increase, due to freezing and unfunding 2.0 FTE positions as part of the City's one-year budget balancing strategy.

Operating expenditures are increasing by 12.1%, due to expenditure increases that are suppported by a new federal stimulus JAG grant for purchasing equipment and providing technical training to staff. This increase is partially offset by a decrease in capital expenditures of 90.7% due to the decrease in one-time funding from the COPS Technology Grant for field equipment purchases.

The indirect expense allocation is increasing by 8.5% due to increases in information technology and worker's compensation costs.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.



Staffing by Function FY 2010/11
287.00 Regular Full-Time Equivalents

Police

Chief's Office

Police Chief	1.00
Executive Assistant	1.00

Business Services

Business Manager	1.00
Accounting Technician	1.00
Senior Accounting Specialist	2.00
Senior Office Specialist	1.00
*Public Service Assistant 19.0**	
(Equipment Room)	

Information Systems

Public Safety IT Manager	1.00
Computer Specialist	2.00

Community Policing Services

Police Captain	1.00
Police Lieutenant	5.00
Police Sergeant	19.00
Police Officer	100.00
Chief Forensic Specialist	1.00
Dispatch Supervisor	4.00
Dispatcher	20.00
Administrative Assistant	1.30
Dispatch Technician	1.00
Community Service Officer	8.00
Property Officers	3.00
Records Specialist	1.00
*Reserve Officer 7.00**	

Office of Professional Standards & Accountability

Police Sergeant	2.00

Special Investigator to the Chief

Police Officer	2.00

Records Unit

Police Records Administrator	1.00
Records Supervisor	3.00
Records Specialist	7.00
Records Assistant	3.00

Investigative & Special Operations Services

Police Captain	1.00
Police Lieutenant	2.00
Police Sergeant	10.00
Police Officer[1]	42.00
Community Service Officer	5.00
Crime Intel & Analysis Manager	1.00
Management Analyst II	1.00
Community Engagement Specialist	2.00
Animal Services Supervisor	1.00
Crime Analyst	1.00
Detention Supervisor	4.00
Senior Office Specialist	2.00
Detention Technician	12.00
Administrative Assistant	1.70
Records Specialist [2]	3.00
Animal Services Officer	4.00
Office Specialist II	2.00

*Public Service Assistant 13.00**
(Animal Services)

*PT Police Officer & Public Service Assistant 4.00**
(Personnel, Red Light, and Court Liaison)

[1]Six School Resource Officers funded 50:50 by Fremont Unified School District and City of Fremont

[2] One Records Specialist assigned to SACMCTF (Southern Alameda County Major Crimes Tasks Force)

**Temporary positions not counted in full-time equivalents.*

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Transportation & Operations

Mission:

To enhance the community by providing quality public services such as maintenance of the City's infrastructure, an efficient transportation system, and responsible environmental programs.

Description of Responsibilities and Services

The Transportation and Operations Department provides traffic and transportation engineering, maintenance, and environmental services. The department's Transportation Engineering Division is responsible for maintaining and enhancing traffic flow and managing a safe and efficient transportation network through coordination with regional and State transportation organizations, transportation planning, capital street improvement projects, and an effective traffic signal system. The Maintenance Division maintains City-owned infrastructure by providing both proactive and reactive maintenance that enhances capital preservation, maintains and improves safety, and, whenever practical, provides aesthetic enhancements. These functions are carried out through the maintenance of City streets, medians, trees, public buildings, and vehicles. The Environmental Services Division is responsible for environmentally sound and cost-effective methods for the disposal of garbage and household hazardous waste, recovery of recyclables, waste prevention, and the flow of clean storm water into streams and the San Francisco Bay.

In order to meet the challenges associated with reduced resources, in FY 2009/10 the department implemented budget reduction strategies that resulted in the elimination of the street tree maintenance service and the reorganization of the delivery of Fleet Maintenance Services. Street tree maintenance services were previously provided based on available funds and adequate staffing levels. However, the current economy has resulted in the need to reduce such services and has required that the City align its practices with State law, which historically provides that property owners are responsible for maintaining the public easement on their property. City staff will continue to address street trees that are diseased, dead, dying, or present a safety hazard to the public in the City right-of-ways.

Fleet Maintenance Services is being reorganized to implement an On-Site Fleet Parts and Inventory Program that will enhance Fleet Maintenance's efficiency and also generate ongoing savings. The On-Site Fleet Parts and Inventory Provider will handle all aspects of parts inventory management, therefore allowing Fleet Maintenance staff to focus on its primary line of business, which is maintenance and repair. By reorganizing in this manner, City staff resources will be able to focus on customer service, maintenance, and repair work, thereby increasing productivity and fleet availability so that essential City services can be conducted in a safe and timely manner.

Ongoing services, when resources permit, include a proactive sign maintenance program; replacing high maintenance landscaping materials with low maintenance, drought tolerant materials; replacing antiquated equipment systems with more efficient and technologically advanced equipment; and improvements to traffic signal timing and signal coordination to improve air quality and reduce travel delays and fuel consumption. The department will continue to partner with regional transportation agencies to ensure Fremont's interests are considered relative to regional transportation projects such as the BART extension to Warm Springs and Santa Clara County, the Route 84 (East-West Connector) Project, the Mission Boulevard/Interstate-880 Interchange Project, the Dumbarton Rail Corridor Project, and the Interstate-680 Smart Lane Project.

Transportation & Operations
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Environmental Services	6,187,376	7,101,824	7,455,121	7,835,129	7,603,725	7,404,064
Hazardous Materials	320,168	347,796	395,678	453,386	383,633	383,834
Streets, Medians & Urban Forestry	8,490,651	5,782,228	5,026,467	5,389,925	5,364,867	5,929,059
Public Buildings	6,012,484	5,574,575	5,240,604	5,909,374	5,809,701	5,836,487
Fleet Maintenance	3,296,472	2,798,748	2,603,058	2,810,440	2,798,952	2,533,988
Transportation Engineering	1,972,164	2,137,610	2,110,670	2,181,563	2,169,333	2,221,531
Administration	2,364,609	1,998,354	1,992,500	2,030,465	2,028,190	1,650,450
Total Transportation & Operations	**$ 28,643,924**	**$ 25,741,135**	**$ 24,824,098**	**$ 26,610,282**	**$ 26,158,401**	**$ 25,959,413**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Note: Prior to FY 2006/07, the budget for Transportation Engineering was displayed as part of the "Engineering" budget in the Community Development Department.

Accomplishments FY 2009/10

- Completed energy conservation roof replacement projects at several public facilities, including the Warm Springs Community Center, Durham House, Niles Tiny Tots Center, and the Teen Center.
- Completed the Washington Boulevard/Paseo Padre Parkway Grade Separation Project. The Grade Separation Project was the largest municipal public works project in City of Fremont history, and was successfully finished ten months ahead of schedule and over $4 million under budget. The grade separations will improve safety and traffic delays by eliminating car and pedestrian traffic from railroad crossings and will help facilitate the BART extension to Warm Springs.

- Increased energy conservation at City facilities by installing energy management systems at Fire Stations No. 2 and 11.
- Installed security card access systems at various Fire Stations, the Niles Depot, and the Police Department. These installations are consistent with the platform used throughout the City and will enhance security, as well as allow for maintenance efficiencies at these facilities.
- Retrofitted 10 City vehicles with diesel particulate traps to comply with the California Air Resources Board's requirement to reduce diesel particulate matter produced by public fleets.
- Reduced the City's fleet by 10 percent with no impact to City operations. This reduction will save the City nearly $3 million in future vehicle maintenance and replacement costs by implementing new work practices and policies, as well as improved vehicle utilization methods.
- Established solid waste collection rates for calendar years 2010 and 2011, which provides stable funding to maintain popular Household Hazardous Waste drop-off services while keeping competitive rates that are below the countywide average in virtually all rate categories.

FY 2010/11 Special Projects

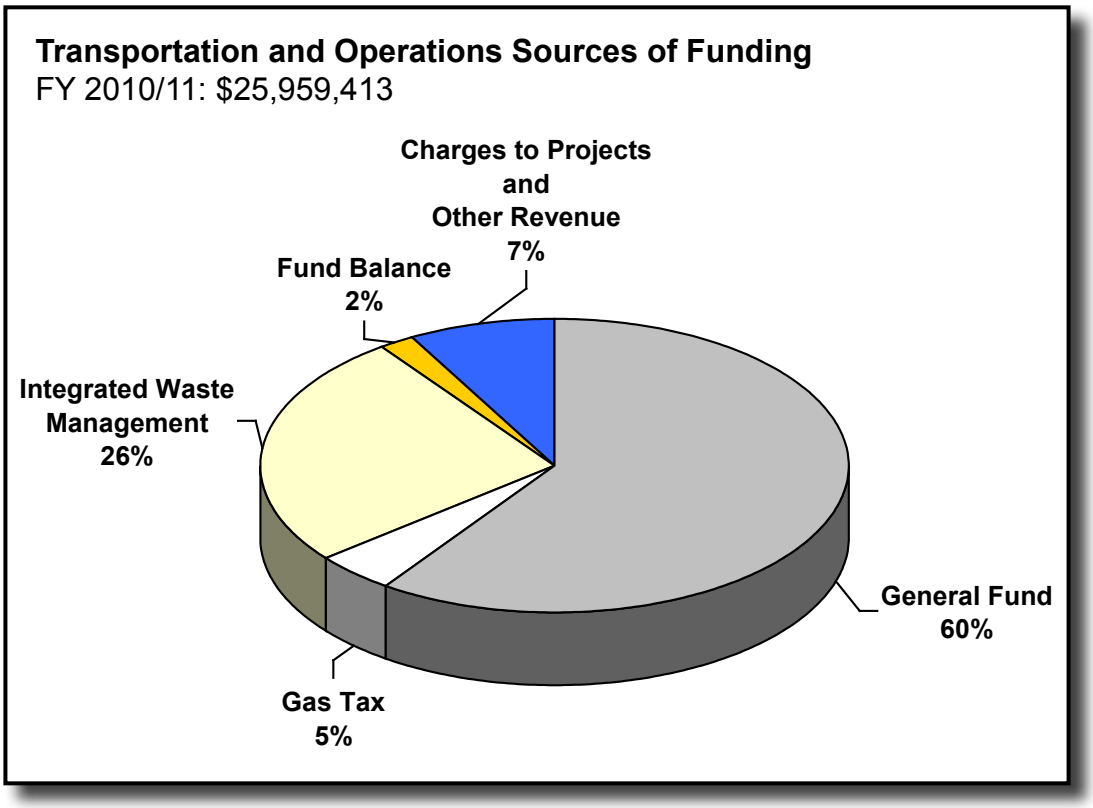
1. Complete the baseline update of the citywide travel demand model for the years 2030 to 2035, which will be used for updating the Transportation Chapter of the City's General Plan. The Transportation Chapter of the General Plan describes Fremont's current transportation system, presents projections and assumptions about its transportation future, and also discusses how the City will address its future transportation needs.
2. Upgrade or complete new installations of building energy management systems for increased energy conservation at City facilities. In FY 2010/11, the new Fire Tactical Training Center and the Police Department Indoor Firing Range will come online, and the remodel of Fire Station No. 3 will be completed, at which time new or upgraded energy management systems will be installed at these facilities.
3. Continue cost effective energy conservation practices through roof and HVAC replacement projects at facilities such as the Animal Shelter, the Irvington Community Center, and the Fremont Community Center.
4. Complete selection and implementation of an automated chemical inventory and Material Safety Data Sheet management system for City staff to efficiently meet regulatory responsibilities, enable employees to readily access information about substances used in the workplace via the Intranet, and facilitate extensive record keeping requirements.
5. Implement an enhanced litter abatement program to comply with the expanded National Pollutant Discharge Elimination System storm water permit requirements.

6. Continue to manage the City's fleet in a manner that reduces fuel consumption and the emission of greenhouse gases and diesel particulate matter by purchasing vehicles that are less harmful to the environment.

7. Upgrade the security card access systems at various park buildings to a platform that is consistent with the card access system that is used throughout the City to enhance security and improve maintenance support efficiencies.

8. Evaluate current solid waste collection methods within the City and implement changes to maximize the recycling potential of waste material collected, better utilize the processing capability of the Fremont Transfer Station, and minimize waste volumes disposed at the landfill.

9. Beginning July 1, 2010, transition delivery of solid waste to the Altamont Landfill, which will greatly streamline and improve efficiency and allow the City to receive Measure D funding for its solid waste programs.



Transportation & Operations
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 11,700,045	$ 9,970,047	$ 9,357,038	$ 10,014,556	$ 9,965,061	$ 10,540,563
Operating Expenditures	12,078,411	12,924,642	12,448,702	13,555,061	13,173,745	13,045,537
Capital Expenditures	50,371	36,399	55,996	70,370	49,300	55,700
Indirect Expense Allocation**	4,815,097	2,810,047	2,962,362	2,970,295	2,970,295	2,546,548
Budget Balancing Strategies	-	-	-	-	-	*(228,935)*
Totals	**$ 28,643,924**	**$ 25,741,135**	**$ 24,824,098**	**$ 26,610,282**	**$ 26,158,401**	**$ 25,959,413**
					% increase/(decrease), including all funds, from 2009/10 Adopted Budget	-0.8%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The Transportation and Operations Department budget for FY 2010/11 is $25,959,413, which is $198,988 (or 0.8%) less than the FY 2009/10 adopted budget. The staffing level is increasing by 0.125 FTE due to increasing one existing 0.875 FTE position in the Environmental Services division to full-time.

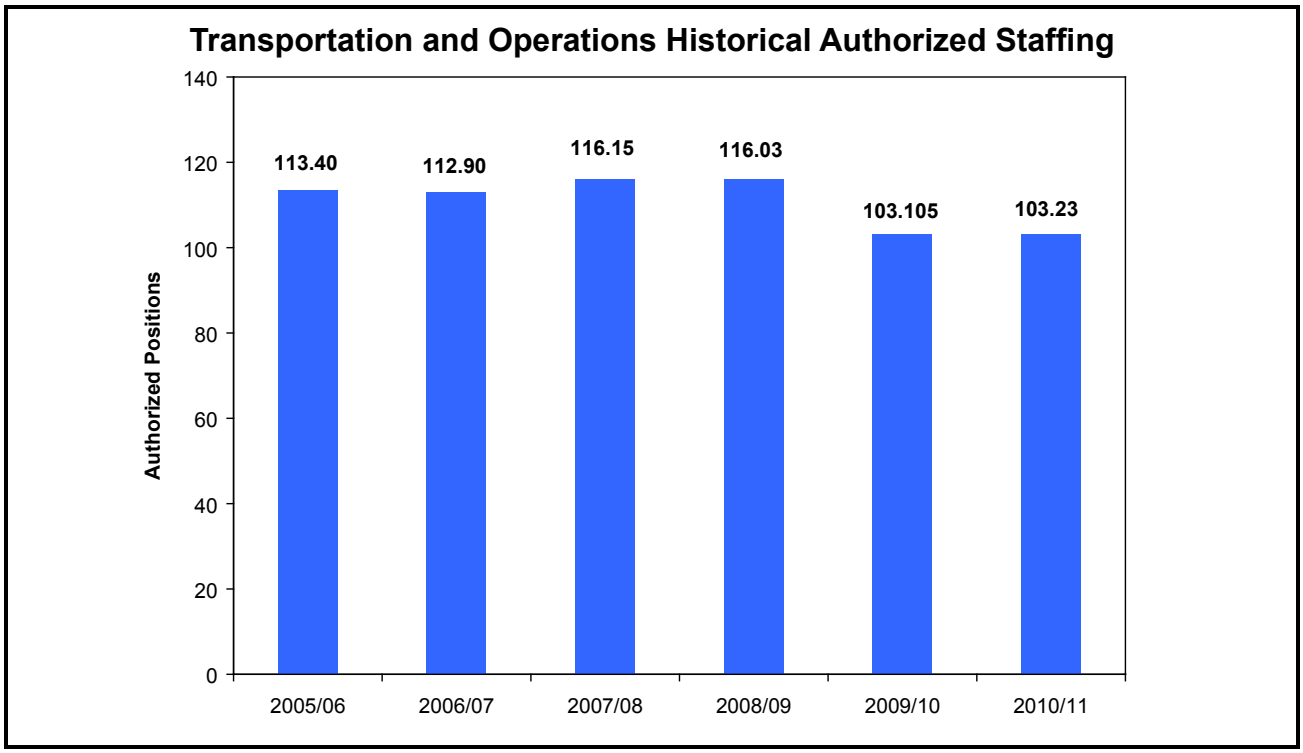
Salaries and benefits are increasing by 5.8% as a result of increases in health benefit allowances, as well as the increase of 0.125 FTE in the Environmental Services division, which is funded by non-General Fund Integrated Waste Management funding.

Operating expenditures are decreasing by 1.0%, due to a change in the way the contribution for specialized Integrated Waste Management vehicle replacement is being treated. Beginning in FY 2010/11, rather than an expense to the Integrated Waste Management Fund for the replacement of specific vehicles in Maintenance, the equivalent amount of that contribution will now remain in the Integrated Waste Management Fund, and included in the Integrated Waste Management Vehicle Replacement Reserve, for future vehicle purchases.

Capital expenditures are increasing by 13% compared to FY 2009/10, due to typical year to year fluctuations in purchases of small capital equipment needs in the Maintenance division.

The indirect expense allocation is decreasing by 14.3% and is related primarily to the decrease in vehicle replacement charges for Integrated Waste Management vehicles, which will now be funded in the Integrated Waste Management Fund, through the new Integrated Waste Management Vehicle Replacement Reserve.

The entry labeled "Budget Balancing Strategies" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.


Transportation and Operations Historical Authorized Staffing
Authorized Positions
140
120
100
80
60
40
20
0
113.40
112.90
116.15
116.03
103.105
103.23
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11

Staffing by Function FY 2010/11
103.23 Regular Full-Time Equivalents

Transportation and Operations

Environmental Services

City Attorney	0.08
Transportation & Operations Director	0.20
Environmental Services Manager	0.90
Business Manager	0.125
Solid Waste Administrator	1.00
Environmental Specialist II	3.75
Environmental Specialist I	3.00
Executive Assistant	0.20
Office Specialist II	1.00

Transportation Engineering

Transportation & Operations Director	0.50
Senior Transporation Engineer	2.00
Business Manager	0.125
Associate Transportation Engineer	3.00
Management Analyst II	0.25
Transportation Engineer II	3.00
Executive Assistant	0.50
Engineering Technician I	1.00
Office Specialist II	1.00

Maintenance Services

Administration

Transportation & Operations Director	0.30
Deputy Director, Maintenance Operations	1.00
Business Manager	0.75
Management Analyst II	0.25
Executive Assistant	0.30
Administrative Assistant	1.00
Office Specialist II	3.00

Public Buildings

Building Maintenance Supervisor	1.00
Building Maint. Field Supervisor	3.00
Management Analyst I	1.00
Building Maintenance Worker III	1.00
Building Maintenance Coordinator	1.00
Building Maintenance Worker II	11.00
Building Maintenance Worker I	1.00
Office Specialist II	1.00

Environmental Compliance

Management Analyst II	1.00

Fleet Maintenance

Equipment Maintenance Supervisor	1.00
Fleet Mechanic II	2.00
Heavy Equipment Mechanic	3.00
Auto Equipment Mechanic	1.00
Equipment Support Coordinator	1.00
Mechanic Assistant	3.00

Street Maintenance

Pavement Maintenance

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	5.00

Street Sanitation

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	6.00
Street Maintenance Worker I	1.00

Traffic Safety

Street Maintenance Supervisor	0.30
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	2.00

Urban Landscaping

Tree Crews

Park Maintenance Supervisor	0.40
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	2.00

Median Crews

Park Maintenance Supervisor	0.60
Park Field Supervisor	2.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	6.00

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Administrative Departments

Description of Responsibilities and Services

The Administrative Departments include the City Manager's Office, City Attorney's Office, City Clerk's Office, Finance, Human Resources, and Information Technology Services. These departments work together to provide the organization infrastructure that makes services to the community possible. Because they work collaboratively to support the organization, administrative departments' special projects are presented collectively. Other department budget information is displayed on subsequent pages.

FY 2010/11 Special Projects

City Manager's Office

1. Develop a strategic plan for reuse and revitalization of NUMMI/Warm Springs area.
2. Redesign the City's Intranet with the coordination of all City departments.
3. Create a vibrant central business district in Fremont that includes a mix of commercial, retail, residences, and restaurants

City Attorney's Office

4. Continue to work with the Community Development and Economic Development departments on updates to the City's sign ordinance.
5. Assist staff in the City's efforts surrounding the reuse and revitalization of the NUMMI site.

City Clerk's Office

6. Continue to coordinate purchase of a software service to efficiently organize and manage streaming content for City Council and Planning Commission meetings to enhance accessibility to these materials.
7. Complete Phase III of the Automated Agenda Process Project, which will include design review, customization, document development, training, and implementation. Completion of this project will fully automate the agenda workflow process in FY 2010/11.
8. Complete Phase IV of the Automated Agenda Process Project, which will involve post-implementation evaluation and adjustments required to best meet the City's needs.
9. Complete the recodification of the Fremont Municipal Code by systematically organizing the City's ordinances into titles, chapters, and sections by subject matter with a table of contents and index for fast referencing.

10. Administer the November 2010 General Municipal Election, which includes election to fill two Council seats.

Finance Department

11. Implement improvements to financial systems and controls based upon analyses of risks and potential benefits associated with the improvements.

12. Issue debt financing for the Police Seismic Retrofit project and other projects approved for implementation by the City Council.

13. Implement an improvement to the City's purchasing process by including an online bidding option which allows bidders access to all bid information online, and offers automated bid result analysis for staff.

14. Implement new software to improve staff access to financial transaction information through the City's financial system, making source documentation available online, and reducing staff resources required to research documents currently stored in manual files.

15. Implement improvements to the City's existing financial system software made possible by the previous upgrade, to make use of the system Budgeting Software module, which will increase productivity for both Finance and department budget coordinators with budget development by using the software internal to the program.

16. Implement an integrated cashiering system to reduce errors and time lost because of duplicate entry of receipt information, to improve cash handling processes and controls, to provide greater management information regarding cash receipts, and to automate routine repetitive tasks so that valuable human resources can be re-allocated away from clerical tasks to revenue-generating and other higher priority tasks.

Human Resources Department

17. Finalize revisions to and implement new citywide personnel rules.

18. Maximize use of PeopleSoft and NeoGov functionality and compatibility, develop PeopleSoft self service module so employees can access their benefit information easily and conveniently, and convert to an online Position Request Form available in NeoGov.

19. Develop clear and concise citywide leave procedures.

20. Reduce the department's environmental impact by leasing a direct scanning copier, purchasing recycled products whenever possible, and providing electronic copies of benefits statements, W2s, and performance evaluations.

21. Introduce additional benefits available through the City's life insurance provider which are provided free of charge to employees.

22. Develop procedures for using information available online during the recruitment and selection process.

Information Technology Services

23. Implement new modules in the City's financial application including expanded use of the budgeting module, documents online, workflow, and streamlining the internal procurement process by June 2011.

24. Complete tasks identified in the Payment Card Industry (PCI) assessment during the fiscal year to ensure compliance with Data Security Standards (DSS) that protect cardholder account data, including network segmentation to narrow the scope of the PCI requirements, creating improved policies and procedures, and implementing ongoing employee training on security policies and procedures.

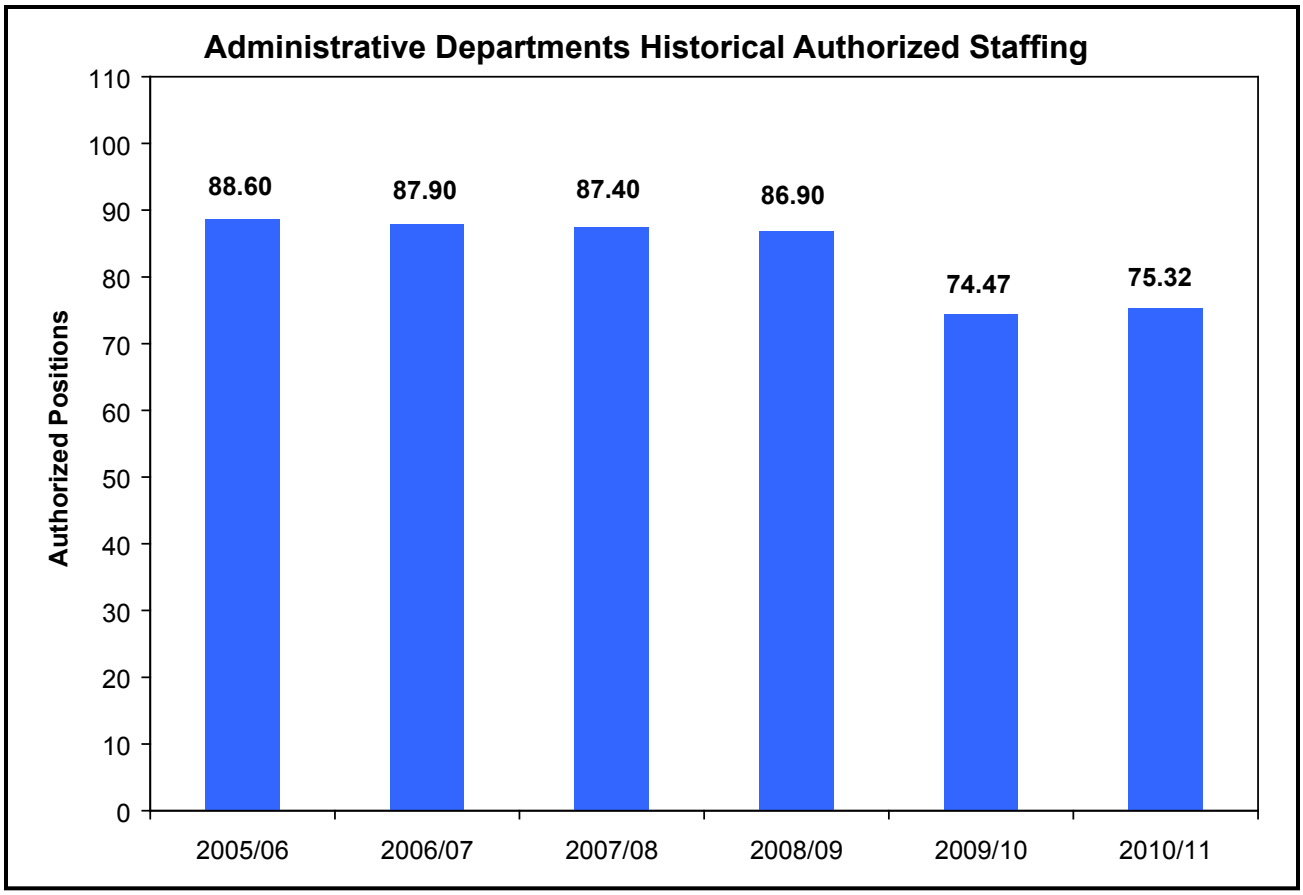
25. Upgrade the City's desktop operating system from Microsoft Windows XP to Microsoft Windows 7 to ensure that the City continues to receive prompt software support and to stay current with mainstream technology so that City staff can more effectively utilize the most current applications for delivering quality services to the public.

26. Redesign the City's Intranet site by February 2011 so that employees have easier access to work tools and current information in order to be more efficient and effective in performing their jobs.

27. Begin implementation of a disaster recovery plan that includes the purchase of hardware and software to provide reliable and accurate backup and faster recovery of the City's data assets to ensure business continuity.

28. Develop a Geographic Information Systems (GIS) strategic plan to provide a vision and guide for GIS activities over a three to five year period by June 2011.

29. Work with the Community Development Department and the Southern Alameda County GIS Authority to develop a universal set of digital drawing submittal requirements by June 2011, which will alleviate the need for developers to supply five different sets and types of information and will allow for the quick integration of this data into GIS mapping databases.


Administrative Departments Historical Authorized Staffing
Authorized Positions
110
100
90
80
70
60
50
40
30
20
10
0
88.60
87.90
87.40
86.90
74.47
75.32
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11

City Manager

Mission:

To provide supportive leadership, creating an environment in which all employees, the City Council, and the community, working together, can use their abilities to the fullest extent to provide valued services to the community, giving shape and action to the City Council's policies and goals.

Description of Responsibilities and Services

The City Manager's Office is responsible for providing support and advice to the City Council, offering leadership and policy support for departments, fostering community partnerships and interagency collaboration, providing legislative policy support, and championing efforts to increase organizational development and resiliency by continuing the organizational development program focusing on leadership and management training.

The City Manager's Office supports the City Council's efforts to engage in legislative advocacy to advance the City's interests.

City Manager's Office
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
City Manager's Office	$ 562,641	$ 491,115	$ 432,906	$ 584,772	$ 584,769	$ 546,239
Administrative Systems Office	709,052	671,802	649,548	695,253	673,368	552,236
Communications and Marketing	-	-	-	-	-	218,613
Total City Manager's Office	**$ 1,271,693**	**$ 1,162,917**	**$ 1,082,454**	**$ 1,280,025**	**$ 1,258,137**	**$ 1,317,088**

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

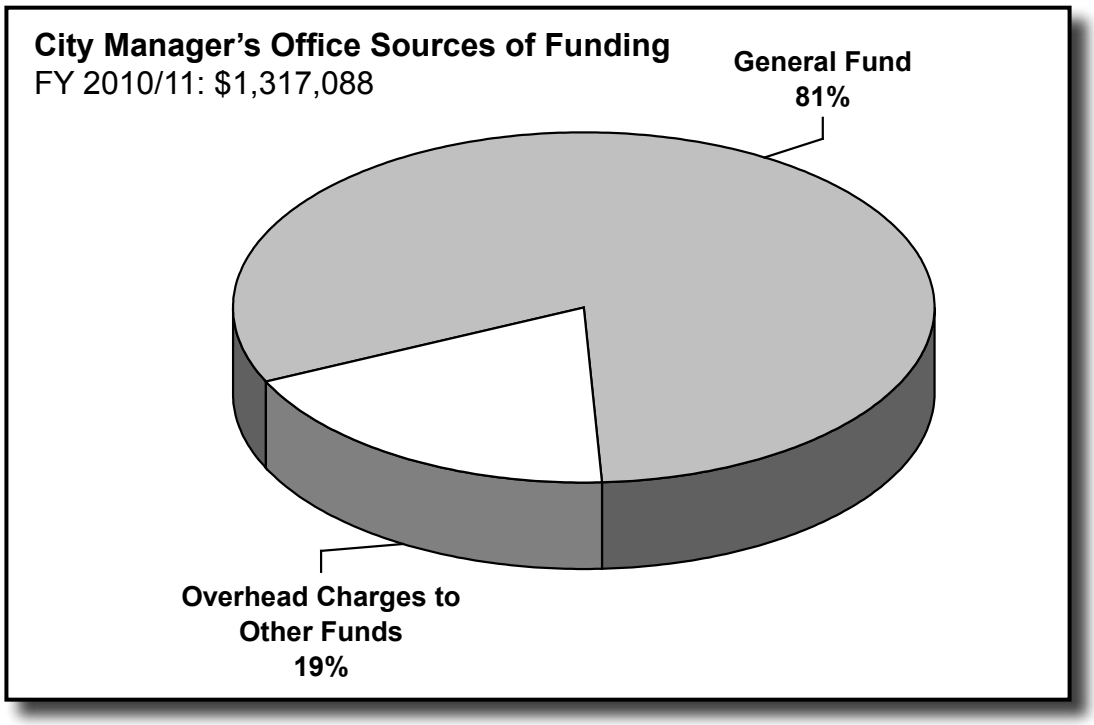
Accomplishments FY 2009/10

- Developed a balanced budget for FY 2010/11, with a strategic combination of one-time resources and ongoing sustainable reductions.
- Coordinated the applications for federal stimulus funding citywide in the amount of approximately $9.4 million.
- Provided valuable organizational development programs focusing on leadership and management training.

- Conducted citywide outreach program for the 2010 Census, in order to ensure the City receives its appropriate share of federal population-based funding in future years.
- Coordinated staff response to inquiries by Major League Baseball regarding the feasibility of locating a ballpark in Fremont.

FY 2010/11 Special Projects

1. Develop a strategic plan for reuse and revitalization of NUMMI/Warm Springs area.
2. Redesign the City's Intranet with the coordination of all City departments.
3. Create a vibrant central business district in Fremont that includes a mix of commercial, retail, residences, and restaurants.



City Manager's Office
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 964,976	$ 883,116	$ 746,242	$ 917,740	$ 917,740	$ 959,489
Operating Expenditures	147,042	153,202	199,255	225,328	203,440	269,833
Capital Expenditures	-	-	7,836	7,836	7,836	7,836
Indirect Expense Allocation**	159,675	126,599	129,121	129,121	129,121	97,360
Budget Balancing Strategies	-	-	-	-	-	*(17,430)*
Totals	**$ 1,271,693**	**$ 1,162,917**	**$ 1,082,454**	**$ 1,280,025**	**$ 1,258,137**	**$ 1,317,088**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	4.7%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 City Manager's Office proposed budget is $58,951 (or 4.7%) more than the FY 2009/10 adopted budget. The number of authorized positions is being increased from 5.25 FTEs to 6.15 FTEs, an increase of 0.9 FTE, due to transferring 1.0 FTE Communications Coordinator position from the Economic Development Department, and transferring 0.1 FTE of the Assistant City Manager's time to reflect time spent overseeing the Redevelopment Agency.

Salaries and benefits are increasing by 4.5% as the net effect of the increase from transferring the Communications Coordinator position from the Economic Development Department, which is partially offset by freezing and unfunding 1.0 FTE position as part of the City's one-year budget balancing strategy.

Operating expenditures are increasing by 32.6% to reflect the transfer of operating costs related to the Communications Coordinator position that is being transferred from the Economic Development Department.

The indirect expense allocation is decreasing by 24.6%, primarily due to changes in the information technology cost allocation methodology.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

Staffing by Function FY 2010/11
6.15 Regular Full-Time Equivalents

City Manager's Office

City Manager	0.75*
Executive Assistant to the City Manager	1.00

Administrative Systems Office

Assistant City Manager	0.40 **
Communications Coordinator	1.00
Management Analyst II	1.00
Executive Assistant	1.00
Senior Office Specialist	1.00

** The balance of this position is budgeted in the Office of Housing and Redevelopment.*
*** The balance of this position is budgeted in the City Clerk's Office and the Office of Housing and Redevelopment.*

City Attorney

Mission:

To effectively utilize available resources to provide excellent legal and risk management services, consistent with the highest professional and ethical standards, to the Mayor and City Council, City departments, boards and commissions, and the Redevelopment Agency, with the goal of protecting and advancing the City's interests.

Description of Responsibilities and Services

The City Attorney's Office provides a full range of day-to-day legal services to the City. The office supports the City by rendering legal advice and opinions, and drafting and reviewing contracts, ordinances, resolutions and other documents needed to accomplish the City's goals and policies. Staff attorneys advise the City Council, commissions, boards and staff on legal matters such as land use and environmental regulations, special development projects, potential liability for City actions, and compliance with federal and State laws. The office assists the City in negotiating complex agreements, including labor and multi-jurisdictional agreements, public/private partnerships, and redevelopment agreements. The office also represents the City's legal interests before judicial and administrative agencies, and prosecutes code enforcement matters. The office provides risk management services to the City through its Risk Management division, including tort claims administration and defense, workers' compensation administration, and employee safety training.

During the past fiscal year, citywide sustainable budget reduction strategies were implemented to align programs and service delivery with the reality of reduced resources. Along with other departments, the City Attorney's Office budget was reduced. In response, the office is taking on more litigation in-house, and is refocusing its efforts to work with staff on a strategic basis to manage future legal costs.

City Attorney's Office
Historical Expenditures/Budget, by Major Service Area

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
City Attorney	$ 1,650,595	$ 1,623,441	$ 1,499,988	$ 1,510,905	$ 1,501,879	$ 1,501,095
Risk Management	6,783,505	7,293,958	5,992,100	7,345,579	7,338,958	7,140,319
Total City Attorney's Office	**$ 8,434,100**	**$ 8,917,399**	**$ 7,492,088**	**$ 8,856,484**	**$ 8,840,837**	**$ 8,641,414**

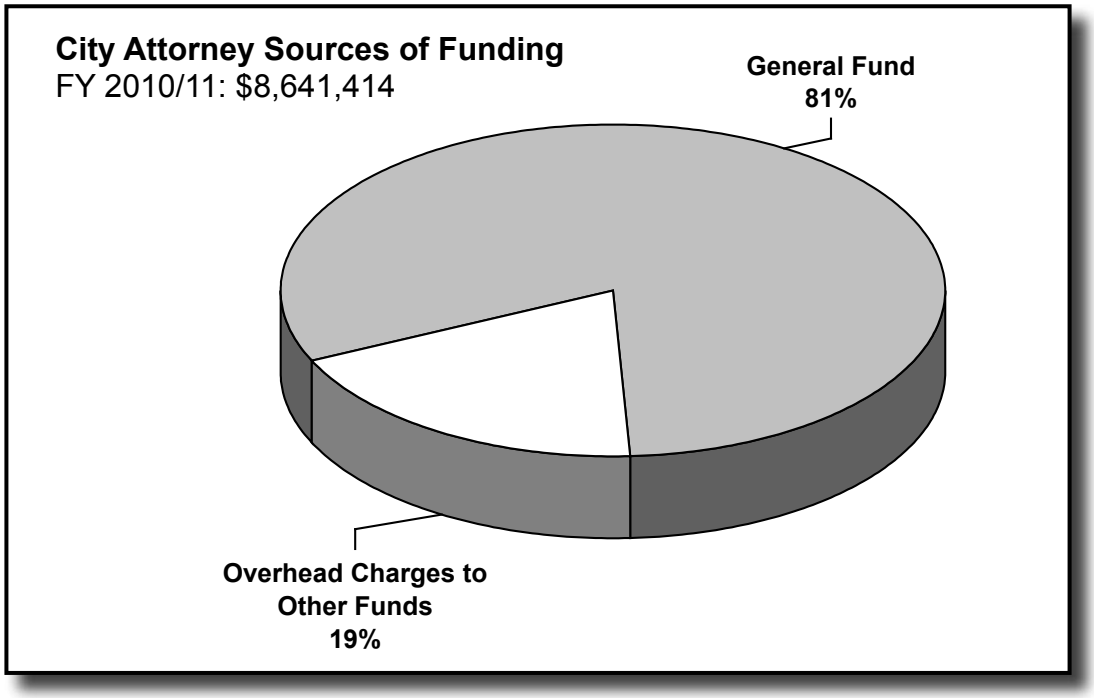
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Accomplishments FY 2009/10

- Worked with staff to support the City's local economic stimulus efforts, including drafting legislation and policy documents for impact fee deferral and reduction programs, rules that allow applicants to request longer extension periods for unexpired building permits and applications, standards for giving preference to local businesses for City purchases, and documents related to the City's participation in the Statewide Community Infrastructure Program.
- Assisted staff in on-going efforts to promote "green" programs and goals, including drafting legislation for a clean-technology business tax exemption and resolutions supporting residential and commercial energy programs, and providing advice on compliance with State and federal environmental mandates.
- Updated the purchasing ordinance in collaboration with the Finance department.
- In collaboration with the Community Development and Transportation and Operations departments, revised street trees and sidewalk maintenance policies and ordinances.

FY 2010/11 Special Projects

1. Continue to work with the Community Development and Economic Development departments on updates to the City's sign ordinance.
2. Assist staff in the City's efforts surrounding the reuse and revitalization of the NUMMI site.



City Attorney's Office (includes Risk Management Division)
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 1,711,023	$ 1,747,434	$ 1,754,987	$ 1,768,065	$ 1,752,418	$ 1,781,684
Operating Expenditures	6,602,600	7,085,332	5,651,070	7,002,388	7,002,388	6,806,458
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	120,477	84,633	86,031	86,031	86,031	88,889
Budget Balancing Strategies	-	-	-	-	-	*(35,617)*
Totals	**$ 8,434,100**	**$ 8,917,399**	**$ 7,492,088**	**$ 8,856,484**	**$ 8,840,837**	**$ 8,641,414**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-2.3%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 City Attorney's Office proposed budget is $199,423 (or 2.3%) less than the FY 2009/10 adopted budget.

Salaries and benefits are increasing by 1.7% due to increases in health benefit allowances.

Operating expenditures are decreasing by 2.8% primarily due to lower costs of general liability insurance premiums.

The indirect expense allocation is increasing by 3.3% due to increases in the department's share of information technology costs.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

Staffing by Function FY 2010/11
9.42 Regular Full-Time Equivalents

City Attorney's Office

City Attorney	0.61*
Assistant City Attorney	0.92
Senior Deputy City Attorney	2.00
Deputy City Attorney	1.00
Law Office Supervisor	1.00
Paralegal	0.75

Risk Management

City Attorney	0.06*
Assistant City Attorney	0.08
Risk Manager	1.00
Risk Management Technician	1.00
Safety Coordinator	1.00

** The balance of this position is budgeted in the Environmental Services Division of the Transportation and Operations Department and the Office of Housing and Redevelopment.*

City Clerk

Mission:

Ensure citizens' trust in government by administering the City's democratic processes such as open and free elections, safeguarding and providing access to City records, and ensuring that all legislative actions are transparent and known to the public; and providing information and services to support the City Council, staff, and the public.

Description of Responsibilities and Services

The Office of the City Clerk oversees the preparation of the City Council agenda, records the City Council's actions in official minutes, maintains a computerized legislative history, and is responsible for safeguarding official documents. The City Clerk is the elections officer for the City and is responsible for the administration of all general and special municipal elections. The City Clerk is the administrator and filing officer for the Fair Political Practices Commission and City of Fremont Conflict of Interest Regulations. The Office of the City Clerk oversees a records management system that provides for the electronic research and storage of City records, responds to public requests for information, distributes mail to City facilities, and administers the contract for off-site print services.

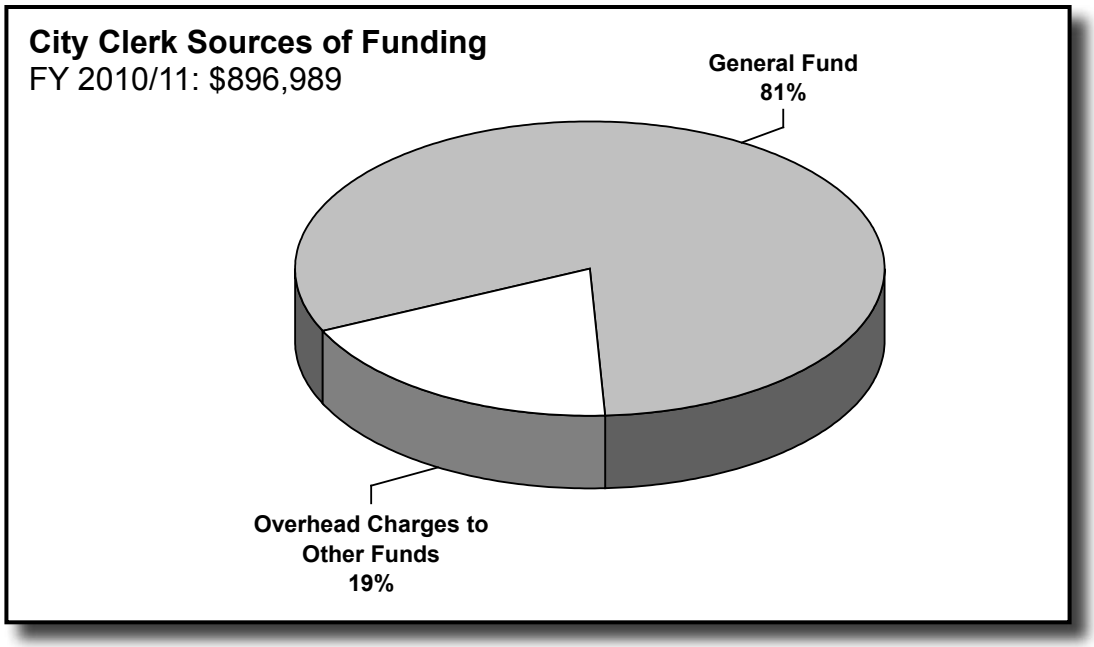
During the past fiscal year, the City implemented sustainable budget reduction strategies to align programs and streamline service delivery with the reality of reduced resources. Along with other departments, the City Clerk's Office budget was reduced. In response, the City Clerk's Office is working with an internal stakeholders group to implement a fully automated (paperless) electronic web based agenda automation software system that will improve staff efficiency.

Accomplishments FY 2009/10

- Successfully conducted two internal training sessions on the Council Agenda Procedure and Process for City Council and Redevelopment Agency meetings.
- Completed Phase I of the Automated Agenda Process Project, which included formation of an interdepartmental project team, initial research, demonstrations, and comparisons with comparable cities.
- Completed Phase II of the Automated Agenda Process Project, which included release of a Request for Proposals to vendors, evaluation of the proposals received, and vendor selection.

FY 2010/11 Special Projects

1. Continue to coordinate purchase of a software service to efficiently organize and manage streaming content for City Council and Planning Commission meetings to enhance accessibility to these materials.
2. Complete Phase III of the Automated Agenda Process Project, which will include design review, customization, document development, training, and implementation. Completion of this project will fully automate the agenda workflow process in FY 2010/11.
3. Complete Phase IV of the Automated Agenda Process Project, which will involve post-implementation evaluation and adjustments required to best meet the City's needs.
4. Complete the recodification of the Fremont Municipal Code by systematically organizing the City's ordinances into titles, chapters, and sections by subject matter with a table of contents and index for fast referencing.
5. Administer the November 2010 General Municipal Election, which includes election to fill two Council seats.



Major Changes for FY 2010/11

The FY 2010/11 City Clerk proposed budget is $93,770 (or 9.5%) less than the FY 2009/10 adopted budget.

Salaries and benefits are decreasing by 0.6%, primarily due to transferring a portion of the Assistant City Manager's time to the Redevelopment Agency to reflect time spent on oversight of the Agency.

The indirect expense allocation is decreasing by 54.5%, primarily due to changes in the information technology cost allocation methodology.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

City Clerk
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 541,581	$ 571,758	$ 497,332	$ 516,125	$ 513,848	$ 510,811
Operating Expenditures	235,287	281,720	295,008	327,553	327,553	327,553
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	182,577	147,954	149,358	149,358	149,358	67,966
Budget Balancing Strategies	-	-	-	-	-	*(9,341)*
Totals	**$ 959,445**	**$ 1,001,432**	**$ 941,698**	**$ 993,036**	**$ 990,759**	**$ 896,989**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-9.5%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Staffing by Function FY 2010/11
4.20 Regular Full-Time Equivalents

City Clerk

Assistant City Manager	0.20
City Clerk	1.00
Deputy City Clerk	1.00
Office Specialist I	2.00

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Finance

Mission:

To assist the City Council, City Manager, and operating departments in prudently managing financial resources and assets by providing accurate information and high-quality business and financial planning and management advisory services, including budgeting, debt management, accounting, purchasing, revenue collection and management, and payables processing.

Description of Responsibilities and Services

The Finance Department is responsible for providing financial information, policy analyses, and recommendations that help the City Council and all City departments make decisions about how to best allocate the City's resources. The department supports the organization's immediate as well as long-range resource allocation decisions, and responds to both economic fluctuations and changes in the State's fiscal outlook. Finance Department staff facilitate efforts to evaluate the effects of budget changes on service levels, assist departments with business planning, support citywide economic development projects, and provide recommendations on proposals with a financial impact.

The department's core responsibilities include accounting for the City's resources and disclosing the financial condition of the City and results of its operations in the year-end comprehensive annual financial report; monitoring local business and economic trends for effects on the City's revenue sources; preparing and monitoring the annual operating budget; providing accounts payable, accounts receivable, and purchasing services; collecting and auditing all locally-controlled revenues, including taxes, charges, and fines; and managing the City's investment, debt financing, and banking functions.

The department has "reset" itself by reorganizing and redistributing reporting relationships including Revenue, Treasury and Accounting under one manager, and Budgeting and Operations (including Purchasing and Accounts Payable) under one manager. The department is also working to implement technology improvements to enable improved use of resources with existing staff and enable continuity of services to the public and City departments.

Accomplishments FY 2009/10

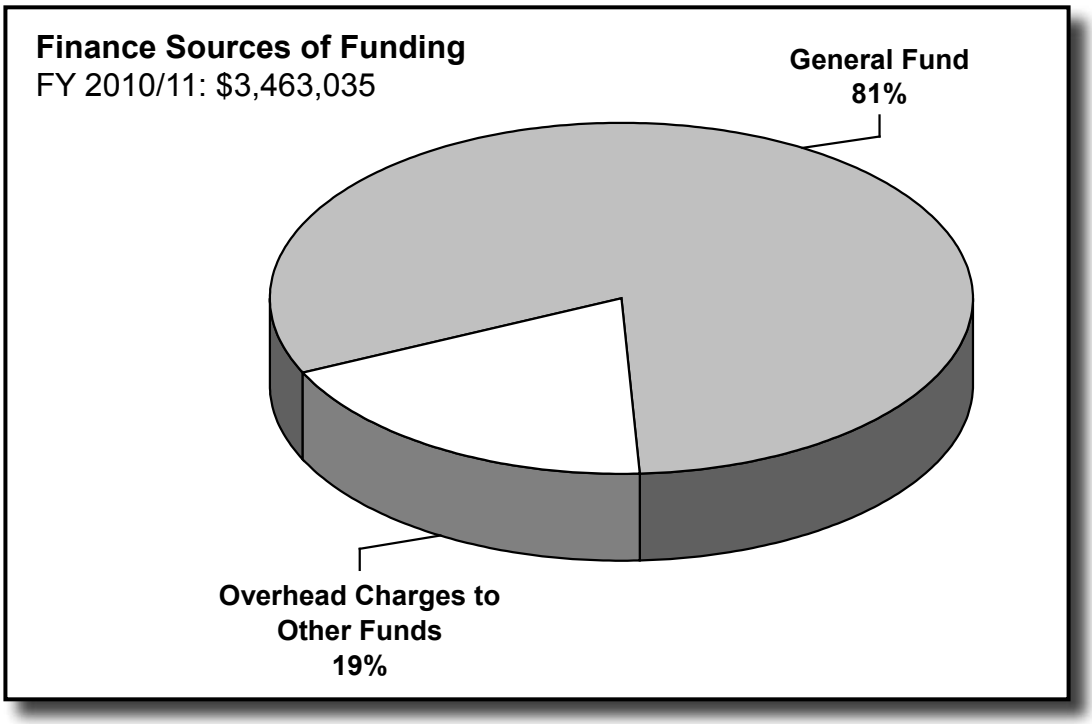
- Received awards for Excellence in Financial Reporting for the 25th year in a row and Excellence in Budgeting for the 13th year in a row from the Government Finance Officers Association.

- Implemented a banking services option to pay certain vendors using the bank's e-payables program to better time cash flows and enhance investment earnings.
- Participated with the City's Emergency Operations Center Working Team to begin updating the Emergency Operations Plan and preparing the City's Emergency Operations Center at the Maintenance Center.
- Implemented improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts, which reduces City costs by making use of economies of scale.
- Participated on the City's Purchasing and Procurement Team to evaluate the City's approach to purchasing and procurement, and recommend improvements based on best practices and internal input.
- Worked with departments to improve the process when purchasing goods under $25,000 to ensure the City is procuring items in the most cost effective manner.
- Reviewed over 25 grant applications, for referral to the City's Administrative Services Group, in order to identify impacts on operating departments citywide.
- Led the Fleet Review Team's efforts to reduce the size of the City's Fleet in order to maintain optimal vehicle usage by departments as well as reduce future replacement costs.
- Adjusted bank account reconciliation processes to improve timeliness and process integrity.

FY 2010/11 Special Projects

1. Implement improvements to financial systems and controls based upon analyses of risks and potential benefits associated with the improvements.
2. Issue debt financing for the Police Seismic Retrofit project and other projects approved for implementation by the City Council.
3. Implement an improvement to the City's purchasing process by including an online bidding option which allows bidders access to all bid information online, and offers automated bid result analysis for staff.
4. Implement new software to improve staff access to financial transaction information through the City's financial system, making source documentation available online, and reducing staff resources required to research documents currently stored in manual files.
5. Implement improvements to the City's existing financial system software made possible by the previous upgrade, to make use of the system Budgeting Software module, which will increase productivity for both Finance and department budget coordinators with budget development by using the software internal to the program.

6. Implement an integrated cashiering system to reduce errors and time lost because of duplicate entry of receipt information, to improve cash handling processes and controls, to provide greater management information regarding cash receipts, and to automate routine repetitive tasks so that valuable human resources can be re-allocated away from clerical tasks to revenue-generating and other higher priority tasks.



Finance
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 2,936,212	$ 3,106,177	$ 2,775,792	$ 2,815,792	$ 2,789,031	$ 2,861,607
Operating Expenditures	488,440	346,618	398,536	398,536	386,571	386,571
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	450,062	520,114	524,386	524,386	524,386	269,179
Budget Balancing Strategies	-	-	-	-	-	*(54,322)*
Totals	**$ 3,874,714**	**$ 3,972,909**	**$ 3,698,714**	**$ 3,738,714**	**$ 3,699,988**	**$ 3,463,035**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-6.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Finance proposed budget is $236,953 (or 6.4%) less than the FY 2009/10 adopted budget.

Salaries and benefits are increasing by 2.6% due to increases in health benefit allowances.

The indirect expense allocation is decreasing by 48.7%, primarily due to changes in the information technology cost allocation methodology, as well as reductions in the department computer inventory due to FY 2009/10 staff reductions.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

Staffing by Function FY 2010/11
21.65 Regular Full-Time Equivalents

Finance

Finance Director	0.90*
Executive Assistant	1.00

Budget and Operations

Budget & Operations Manager	1.00

Budget

Management Analyst II	1.00

Purchasing/Accounts Payable

Business Manager	1.00
Accounting Specialist II	4.00

Revenue, Treasury & Accounting

Revenue, Treasury & Accounting Manager	1.00

Revenue

Operations Supervisor	1.00
Revenue Collector/Auditor	1.00
Accounting Specialist II	3.75

Treasury

Accounting Technician	1.00

Accounting Services

Senior Accountant	2.00
Accountant	2.00
Accounting Technician	1.00

** The balance of this position is budgeted in the Office of Housing and Redevelopment.*

Human Resources

Mission:

Partner with City departments to build and support an innovative, high performance organization.

Description of Responsibilities and Services

Human Resources staff provides specialized assistance to all employees in the following areas: employee and labor relations; citywide policy development; employee and organizational development and training; recruitment, examination, classification and compensation; and benefits and payroll administration. The department also conducts new employee orientations, assists employees with benefit enrollments and questions, and ensures compliance with federal and State employment and income tax laws.

The department successfully "reset" and restructured to meet current staffing and resource levels with little interruption in service delivery by restructuring work flow and assignments.

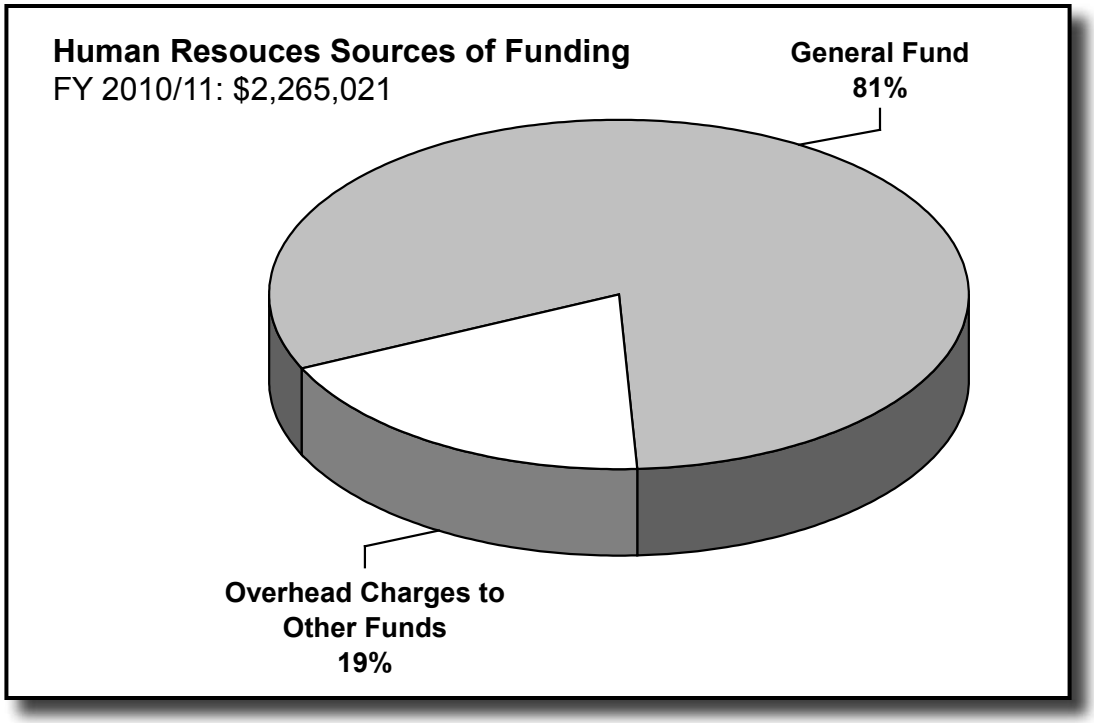
Accomplishments FY 2009/10

- Completed negotiations for new two-year Memoranda of Understanding with eight bargaining units, meeting citywide budget reduction goals.
- Implemented negotiated changes to the City's flexible benefit programs, resulting in improved customer service, consolidated citywide benefit plans, and added long term disability for all employees, with a reduction in overall expenditures.
- In collaboration with Risk Management, implemented improved protocols for the Department of Transportation drug and alcohol testing program.
- In collaboration with ITS department, instituted EPay – electronic notification of paycheck advices through PeopleSoft self-service (eliminating the need to print and stuff envelopes with 26,000 paycheck advices annually for employees with direct deposit).
- Provided effective Human Resources support during departmental reorganizations due to budget reductions for FY 2009/10.
- Developed a recruiting strategy with local military bases to widen the pool of candidates to match recruiting strategies with needs of entry level police and fire personnel.

- Contracted with a third party administrator to handle the City's COBRA responsibilities, providing savings of both money and staff time.

FY 2010/11 Special Projects

1. Finalize revisions to and implement new citywide personnel rules.
2. Maximize use of PeopleSoft and NeoGov functionality and compatibility, develop PeopleSoft self service module so employees can access their benefit information easily and conveniently, and convert to an online Position Request Form available in NeoGov.
3. Develop clear and concise citywide leave procedures.
4. Reduce the department's environmental impact by leasing a direct scanning copier, purchasing recycled products whenever possible, and providing electronic copies of benefits statements, W2s, and performance evaluations.
5. Introduce additional benefits available through the City's life insurance provider which are provided free of charge to employees.
6. Develop procedures for using information available online during the recruitment and selection process.



Human Resources
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 2,053,870	$ 1,890,661	$ 1,535,031	$ 1,856,438	$ 1,849,553	$ 1,900,488
Operating Expenditures	265,948	259,676	257,294	291,222	243,655	243,655
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	178,937	177,675	180,792	180,792	180,792	157,729
Budget Balancing Strategies	-	-	-	-	-	*(36,851)*
Totals	**$ 2,498,755**	**$ 2,328,012**	**$ 1,973,117**	**$ 2,328,452**	**$ 2,274,000**	**$ 2,265,021**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	-0.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Human Resources proposed budget is $8,979 (or 0.4%) less than the FY 2009/10 adopted budget.

Salaries and benefits are increasing by 2.8% as a result of increases in health benefit allowances.

The indirect expense allocation is decreasing by 12.8%, primarily due to changes in the information technology cost allocation methodology.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

Staffing by Function FY 2010/11
14.00 Regular Full-Time Equivalents

Human Resources

Administration

Human Resources Director	1.00
Executive Assistant	1.00

Recruitment/Classification/Compensation/Benefits

Human Resources Manager	1.00
Human Resources Analyst II	1.00
Human Resources Technician II	4.00

Labor Relations/Payroll

Human Resources Manager	1.00
Labor Relations Analyst III	1.00
Human Resources Analyst II	1.00
Human Resources Technician II	3.00

Information Technology Services

Mission:

To support the computer, data, and telecommunications resources of the organization by providing employees and the public with enhanced access and tools to information and technology. The ITS Department is committed to utilizing innovative and collaborative solutions, as well as the best proven technology available, to provide excellent service that meets customer expectations.

Description of Responsibilities and Services

The Information Technology Services (ITS) Department supports and enhances computer, telecommunications, business and mapping systems for the City. The Infrastructure Services Division is responsible for providing and maintaining computer, telecommunications, data network, and security services so that user departments may deliver services to their customers. The Business Systems Division supports the City's core business processes and applications through development, modification, and enhancement to meet users' needs. The Geographic Information Systems (GIS) Division is responsible for acquiring, updating and providing City, County, State, and federal parcel, assessor and general map data, and for maintaining websites that offer access to this information via a single interactive mapping interface to City employees and the public. The ITS Department is also responsible for planning, selecting, and implementing appropriate technologies to ensure these systems fulfill each department's mission and integrate, wherever possible, with the other parts of the organization for cost-effective and efficient operations.

Ongoing services include routine maintenance for systems, on-site and over-the-phone technical assistance, periodic upgrades to systems for enhanced functionality, custom mapping, data requests, and street name approval and address assignments. The Department also assists the end-user departments in meeting City, State, and federal reporting requirements and continuously improves network security mandated by State and federal laws. The ITS Department provides additional services such as consulting and advice on computing systems, telecommunications and business applications, employee technology-related training, and project management of technology initiatives for high priority functions.

The impact of budget reductions and the concept of "resetting" services in the ITS Department have resulted in the consideration of more hosted solutions rather than in-house applications where economically feasible, less in-depth cross-training among ITS staff members, and prioritization of requests for services and new technology initiatives.

Accomplishments FY 2009/10

- Implemented the City's Community Alert System, CodeRED®, which went live in November 2009. The CodeRED® system is a high-speed notification system that gives City officials the ability to deliver emergency alerts and non-emergency notifications to targeted geographic areas or the entire City.
- Completed the first phase of compliance with the Payment Card Industry (PCI) Data Security Standards (DSS) consisting of internal and external network scans and external review of policies and procedures regarding credit card information. These standards include requirements for security management, policies, procedures, network architecture, software design, and other critical protective measures to help organizations proactively protect customer account data.
- Implemented an online business license renewal module to provide an option for taxpayers to renew their business licenses online, resulting in more timely and accurate payments as well as utilizing Finance Department staffing resources more efficiently.
- Replaced the mobile and portable radios used by the Fremont Police Department with new equipment that is compliant with the Federal Communications Commission (FCC) P-25 standard that was mandated in 2006 and with the new digital radio system that is expected to be operational in FY 2012/13.
- Installed over 15 wireless access points in the City's conference and training rooms, enabling staff to securely connect to the network for file sharing and Internet access and allowing vendors and contractors to access the Internet for demonstrations and presentations.
- Installed a network intrusion detection and prevention system appliance that monitors and protects the City's valuable data assets residing on servers from malicious hackers on the Internet. In addition to the City's existing firewall, this appliance adds a second layer of security to protect network resources.
- Completed all of the data and telecommunication network facilities for the City's fire station retrofits and brand new fire stations constructed during the fiscal year, reducing construction costs as a result of City staff completing the work.

FY2010/11 Special Projects

1. Implement new modules in the City's financial application including expanded use of the budgeting module, documents online, workflow, and streamlining the internal procurement process by June 2011.
2. Complete tasks identified in the Payment Card Industry (PCI) assessment during the fiscal year to ensure compliance with Data Security Standards (DSS) that protect cardholder account data, including network segmentation to narrow the scope of the PCI requirements, creating improved policies and procedures, and implementing ongoing employee training on security policies and procedures.

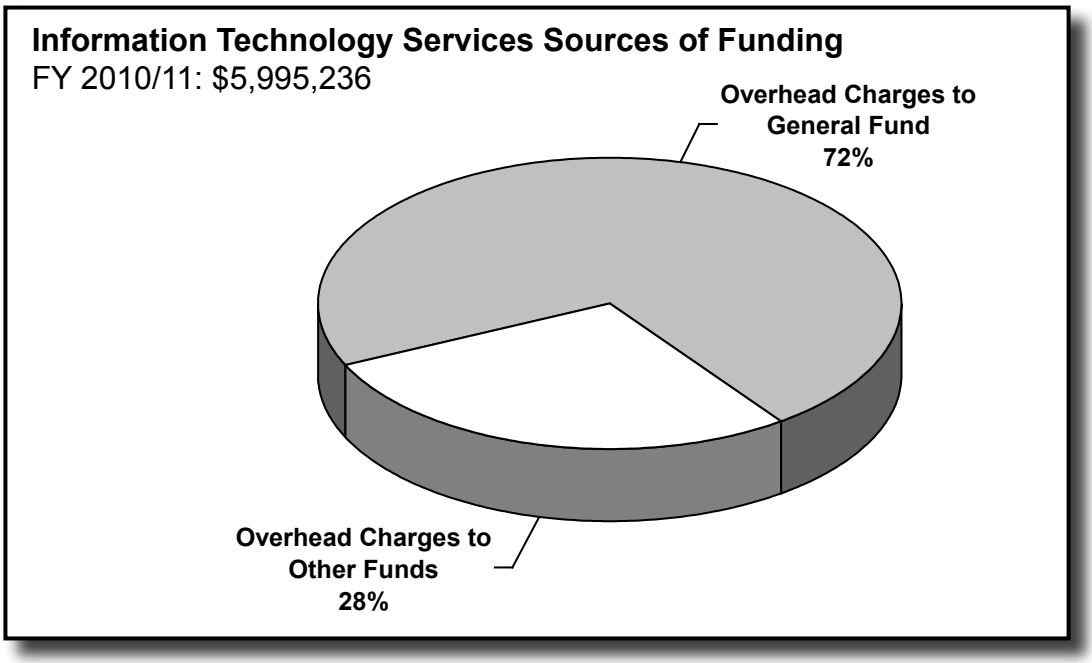
3. Upgrade the City's desktop operating system from Microsoft Windows XP to Microsoft Windows 7 to ensure that the City continues to receive prompt software support and to stay current with mainstream technology so that City staff can more effectively utilize the most current applications for delivering quality services to the public.

4. Redesign the City's Intranet site by February 2011 so that employees have easier access to work tools and current information in order to be more efficient and effective in performing their jobs.

5. Begin implementation of a disaster recovery plan that includes the purchase of hardware and software to provide reliable and accurate backup and faster recovery of the City's data assets to ensure business continuity.

6. Develop a Geographic Information Systems (GIS) strategic plan to provide a vision and guide for GIS activities over a three to five year period by June 2011.

7. Work with the Community Development Department and the Southern Alameda County GIS Authority to develop a universal set of digital drawing submittal requirements by June 2011, which will alleviate the need for developers to supply five different sets and types of information and will allow for the quick integration of this data into GIS mapping databases.



Information Technology Services
Historical Expenditures/Budget, by Category

	2007/08 Actual	2008/09 Actual	2009/10 Estimated Actual	2009/10* Adjusted Budget	2009/10 Adopted Budget	2010/11 Adopted Budget
Salaries & Benefits	$ 2,756,347	$ 2,835,238	$ 2,730,734	$ 2,822,362	$ 2,778,590	$ 2,820,659
Operating Expenditures	1,042,467	943,301	1,373,811	1,512,849	1,303,082	1,237,657
Capital Expenditures	276,851	222,908	449,656	449,656	432,339	1,265,395
Indirect Expense Allocation**	639,420	558,848	630,670	630,670	630,670	727,424
Budget Balancing Strategies	-	-	-	-	-	*(55,899)*
Totals	**$ 4,715,085**	**$ 4,560,295**	**$ 5,184,871**	**$ 5,415,537**	**$ 5,144,681**	**$ 5,995,236**
					% increase/(decrease), including all funds, from FY 2009/10 Adopted Budget	16.5%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, general liability insurance, and retiree medical benefits.

Major Changes for FY 2010/11

The FY 2010/11 Information Technology Services proposed budget is $850,555 (or 16.5%) more than the FY 2009/10 adopted budget.

Salaries and benefits are increasing by 1.5% as a result of increases in health benefit allowances.

Operating expenditures are decreasing by 5.0% due to reductions in some contract and maintenance services.

Capital expenditures are increasing by $833,056 due to computer hardware and software replacements in FY 2010/11 that are part of the annual fluctuations in equipment replacement needs from year to year.

Indirect expenses are increasing by 15.3% due to the overall increase in department expenditures.

The entry labeled "*Budget Balancing Strategies*" represents the share of budget reductions necessary to balance the budget. Specific reductions will be determined in the coming months.

Staffing by Function FY 2010/11
19.90 Regular Full-Time Equivalents

Information Technology Services

Administration

Information Technology Services Director	1.00
Systems Analyst/Programmer	0.04
Accounting Specialist II	0.90

Business Systems

Business Systems Manager	1.00
Systems Analyst/Programmer	4.86

Geographic Information Systems

GIS Manager	0.90
Info Systems Application Specialist III	2.00
Computer Specialist	1.00

Infrastructure Services

Infrastructure Services Manager	1.00
Systems Analyst/Programmer	0.10
Data Processing/Telecom. Technician	1.00
Network Administrator	2.00
Computer Specialist	4.00
Accounting Specialist II	0.10

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Staffing

Regular Position Summary

Overview

The total authorized regular staffing level of 848.485 for FY 2010/11 is increasing by 2.485 full time equivalent (FTE) (0.3%) positions from the FY 2009/10 level of 846.00. The increase in net FTE positions is primarily attributable to conversion of temporary staffing to regular and increases in the Human Services Department due to increased grant funding. Many departments are operating at their lowest staffing levels in over 16 years. Staffing levels for the most basic services – Police, Fire, and Maintenance – will be at their lowest level in over 19 years when Fremont's population growth for the same period is taken into account.

The Fire Department staffing level is 0.5 FTE higher than the FY 2009/10 level due to conversion of one half-time temporary position to regular and combining it with an existing 0.5 FTE Senior Office Specialist.

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
PUBLIC SAFETY								
Fire	157.60	153.00	153.00	153.00	161.00	161.000	152.000	**152.500**
Police	292.90	299.10	294.00	294.00	302.00	302.000	287.000	**287.000**
TOTAL	450.50	452.10	447.00	447.00	463.00	463.000	439.000	**439.500**
OTHER COMMUNITY SERVICES								
Community Development	103.32	102.90	105.10	106.42	108.30	113.500	99.275	**98.335**
Economic Development	3.64	4.75	4.64	4.64	4.69	4.675	4.575	**3.650**
Human Services	40.57	40.67	43.97	43.97	52.32	52.800	51.800	**54.500**
Transportation and Operations	115.60	116.15	113.40	112.90	116.15	116.025	103.105	**103.230**
Parks and Recreation	70.10	68.85	67.35	67.35	67.35	69.350	61.850	**61.850**
Housing and Redevelopment	13.04	14.68	14.54	13.99	12.91	13.725	11.925	**12.100**
TOTAL	346.27	348.00	349.00	349.27	361.72	370.075	332.530	**333.665**
ADMINISTRATIVE SYSTEMS								
City Manager's Office	3.00	3.00	3.00	2.40	3.00	2.750	1.750	**1.750**
Administrative Systems Office	5.50	6.50	5.30	5.30	4.70	4.700	3.500	**4.400**
City Attorney	12.00	11.00	10.75	10.75	10.75	10.500	9.420	**9.420**
City Clerk	7.50	7.40	6.40	6.30	5.30	5.300	4.250	**4.200**
Finance	25.40	26.40	25.75	25.75	24.75	24.750	21.650	**21.650**
Information Technology Services	20.40	20.40	20.40	20.40	21.90	21.900	19.900	**19.900**
Human Resources	17.00	17.50	17.00	17.00	17.00	17.000	14.000	**14.000**
TOTAL	90.80	92.20	88.60	87.90	87.40	86.900	74.470	**75.320**
CITYWIDE TOTAL	**887.57**	**892.30**	**884.60**	**884.17**	**912.12**	**919.975**	**846.000**	**848.485**

The Community Development Department staffing level is 0.94 FTE less than the FY 2009/10 level due to changes in positions that were part of the departmental reorganization subsequent to the FY 2009/10 reductions. The reduction is the net result of the reduction of 2.0 FTE Building Inspector Specialist(s), the conversion of 1.0 FTE Landscape Architect/Designer II from temporary to regular, and an increase of 0.06 FTE Real Property Agent.

The Transportation and Operations Department staffing level for FY 2010/11 is 0.125 FTE more than the FY 2009/10 level due to the increase of 0.125 FTE Environmental Specialist I to an existing 0.875 FTE position.

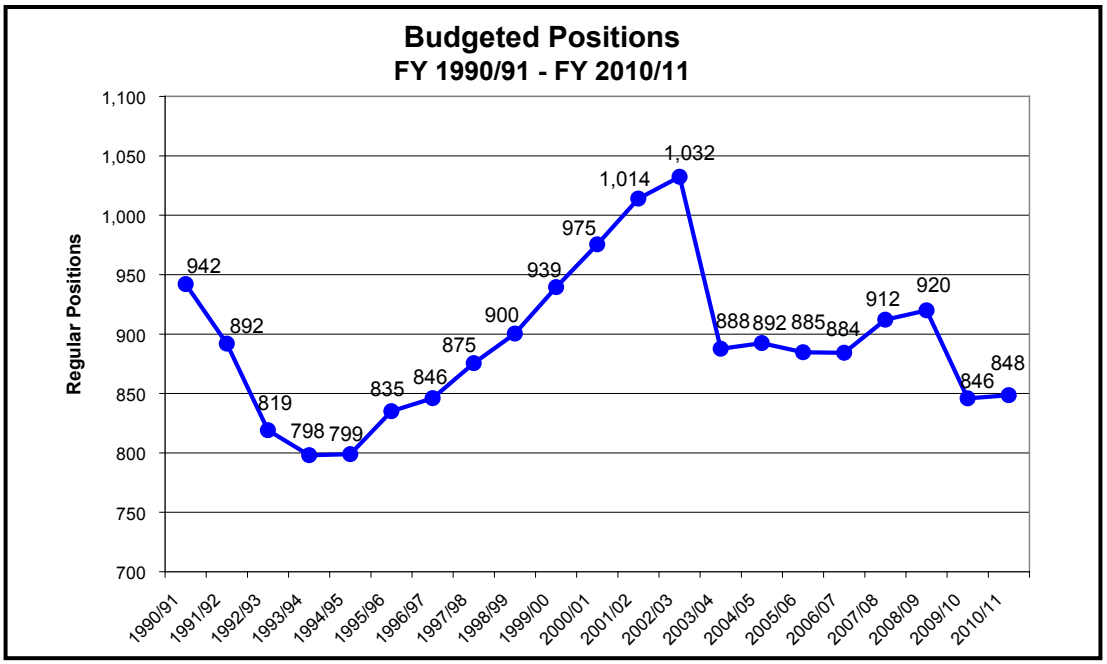
The City Manager's Office staffing level for FY 2010/11 is 0.9 FTE higher than the FY 2009/10 level. This is due to transferring 1.0 FTE Communications Coordinator from the Economic Development department to the City Manager's Office to coordinate marketing and communication efforts. The remaining 0.1 FTE reduction is due to transferring a portion of the Assistant City Manager's time to the Office of Housing and Redevelopment budget to reflect time spent overseeing the Redevelopment Agency.

The Office of Housing and Redevelopment staffing level for FY 2010/11 is 0.175 FTE more than the FY 2009/10 level. The increase to the Office of Housing and Redevelopment staffing is due to the increase of 0.15 FTE of the Assistant City Manager's time and 0.025 FTE of the Economic Development Director's time spent on Redevelopment activities.

The City's Clerk's Office staffing level for FY 2010/11 is 0.05 FTE less than the FY 2009/10 level. The reduction is due to transferring 0.05 FTE of the Assistant City Manager's time to the Office of Housing and Redevelopment budget to reflect time spent overseeing the Redevelopment Agency.

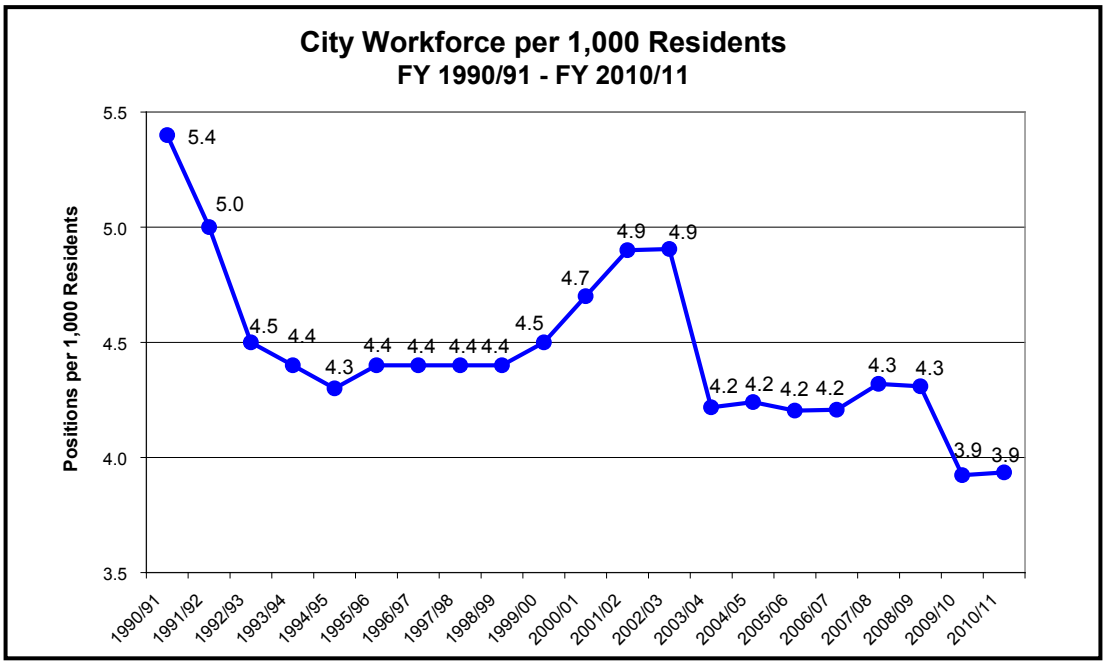
The Human Services Department staffing level for FY 2010/11 is 2.7 FTEs higher than the FY 2009/10 level. The increase in Human Services is the result of adding 1.1 FTEs Case Manager positions due to increased grant funding, and adding 1.6 FTEs Counselor positions (including 1.0 FTE temporary to regular conversion) due to increased grant funding.

The Economic Development Department staffing level for FY 2010/11 is 0.925 FTE lower than the FY 2009/10 level due to the transfer of 1.0 FTE Communications Coordinator to the City Manager's Office, an increase of 0.10 FTE to reflect the Economic Development Director position increase to full time, and allocating an additional 0.025 FTE of the Economic Development Director to the Office of Housing and Redevelopment.



Historical Perspective

City staffing has remained relatively constant over the past 17 years despite population growth of approximately 36,000 residents, or nearly 21%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2010/11 budget authorizes 94 fewer positions than authorized by the City Council for FY 1990/91. The chart below shows that since the high point achieved in FY 1990/91, Fremont has reduced its workforce during economic recession, and has been disciplined when adding back staff during economic recovery.



During the FY 1990/91 – FY 1993/94 recession, the City eliminated 144 positions. In the subsequent nine years, as Fremont's population grew and the economy expanded, the City added 234 positions, mostly in police, fire, and maintenance services. In 2003, the City eliminated 224 positions (168 budgeted and 56 part-time or temporary) as a step toward balancing the FY 2003/04 budget as a result of the high-tech recession. The FY 2003/04 authorized staffing level was 14% lower than the FY 2002/03 adopted budget level, and marked the City's lowest regular staffing level since FY 1997/98. Since FY 2003/04, the City's regular authorized staffing levels have remained relatively constant, with only minor changes from year to year. The only exception was in FY 2007/08, when critical public safety needs were addressed somewhat by adding some police and fire sworn positions; however, no other General Fund positions have been added. This budget continues the City's historically low staffing and related service levels. The FY 2010/11 staffing level reflects an increase of 2.485 FTE positions compared to FY 2009/10.

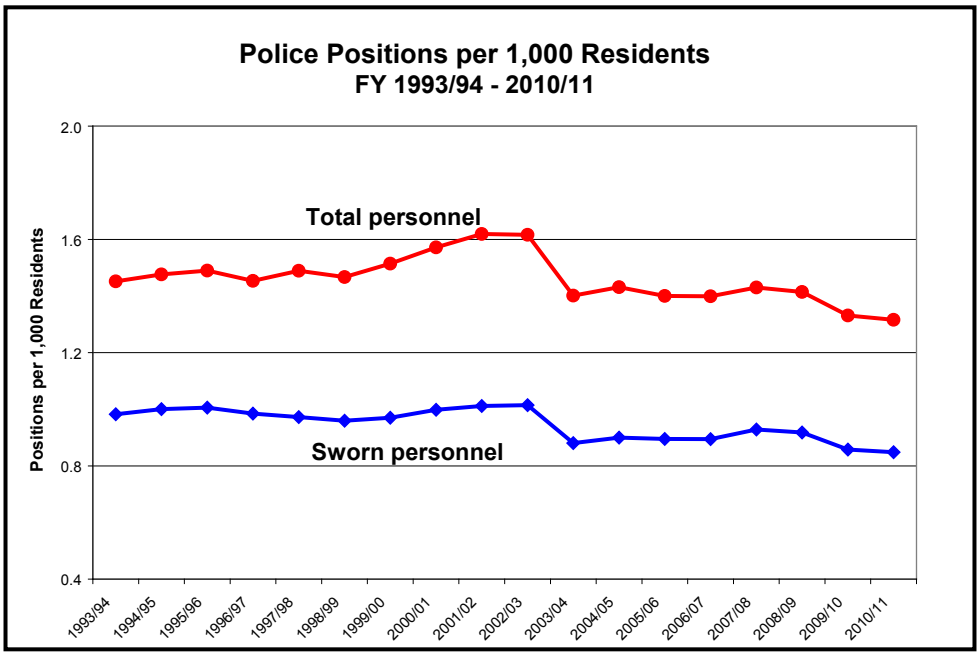
Staffing levels are even steadier when population growth over time is considered. Between FY 1990/91 and FY 1994/95, the City reduced its authorized position count from 5.4 to 4.3 positions per 1,000 residents. Between FY 1994/95 and FY 1998/99, per capita staffing stayed constant before the economic expansion later in the decade, which allowed the City to restore some of the services lost because of the early 1990s recession. The 2001/02 economic recession again forced reduction in the City's per capita staffing to its lowest levels ever – 4.2 FTE per 1,000 residents, until FY 2009/10, when authorized staffing levels fell to the new low of 3.9 FTEs per 1,000 residents. Authorized staffing will remain at 3.9 FTE per 1,000 residents level in FY 2010/11, the same level as FY 2009/10.

The City of Fremont maintains an extremely low ratio of budgeted positions to residents. Fremont's low staffing ratio is driven by resource limitations, and due to the severity of the recession, will continue its service reductions to the community. Fremont has less per capita revenue to pay for basic public safety and maintenance services than other larger California cities, its neighboring cities, and other cities known for their high quality of life. Through FY 2007/08, Fremont's workforce was the lowest per capita staffing in the area. Because many neighboring cities are also reducing their workforce and services, it is difficult to know how Fremont compares to other cities for FY 2010/11. However, with an 8% reduction in staff last fiscal year, it is likely that Fremont's staff level has not improved in comparison to neighboring communities.

Police

Police Department staffing remains unchanged from FY 2009/10. However, this level is 50.75 fewer FTE positions than budgeted in FY 2002/03 and continues the all-time low per capita staffing of 0.86 sworn officers per 1,000 residents for the eighth consecutive year. This represents 10% less police officer coverage than the one officer per thousand residents available in each of the five years prior to FY 2003/04. This continuing low service level is illustrated by the graph on the next page.

The Police Department continues to staff most shifts at safety minimums rather than service minimums. The community will continue to experience delays in responses to less critical crimes such as theft or drug- and alcohol-related crimes.

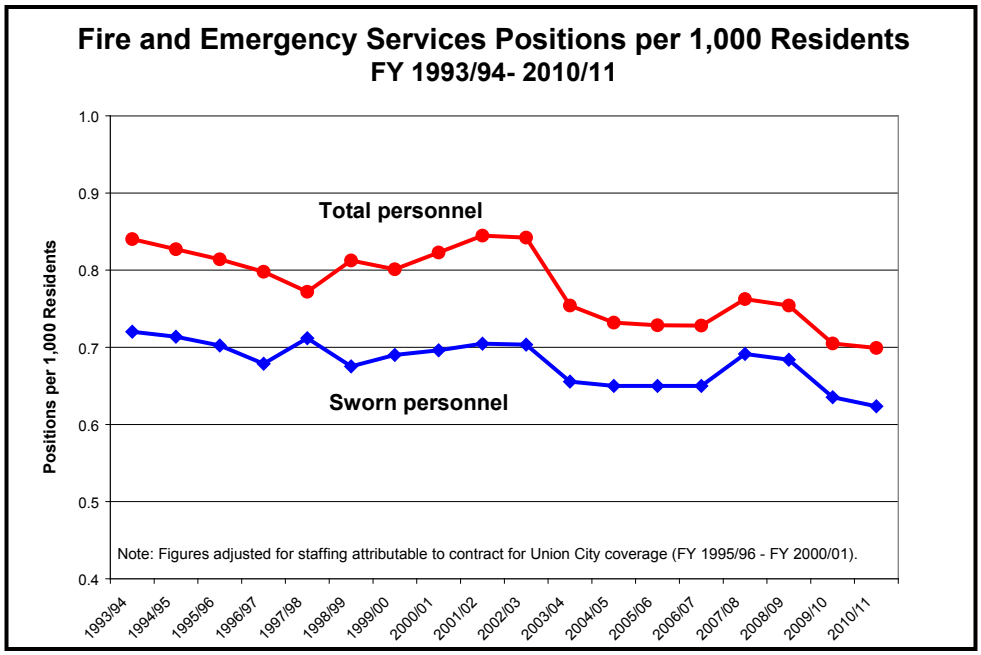


Fire

Fire Department FY 2010/11 staffing will be increased by 0.5 FTE positions from the FY 2009/10 level due to converting one half-time temporary position to regular and combining it with an existing half-time position. The number of sworn positions will remain at 0.6 firefighters per 1,000 residents. As illustrated by the graph on the next page, this represents a 23% decline from the per capita staffing level of 0.9 positions per 1,000 residents in FY 1991/92.

In FY 2009/10, the Department scheduled rotating fire station closures, otherwise known as "brownouts", which will continue in FY 2010/11. The station closures could increase response times for fire and emergency medical calls, resulting in the possibility of larger fires and poor outcomes on medical aid calls.

In FY 2010/11, Fremont continues to budget one of the lowest sworn fire employees ratio per 1,000 residents than any city located in either Alameda or Santa Clara Counties. Another service efficiency measure is the average number of square miles served by each fire station. Fremont's Fire Department serves 92 square miles with 11 fire stations, an average of one fire station per eight square miles. By comparison, Oakland averages one fire station for every two square miles, San Jose averages one station for every six square miles, and Hayward averages one station for every seven square miles.



Maintenance

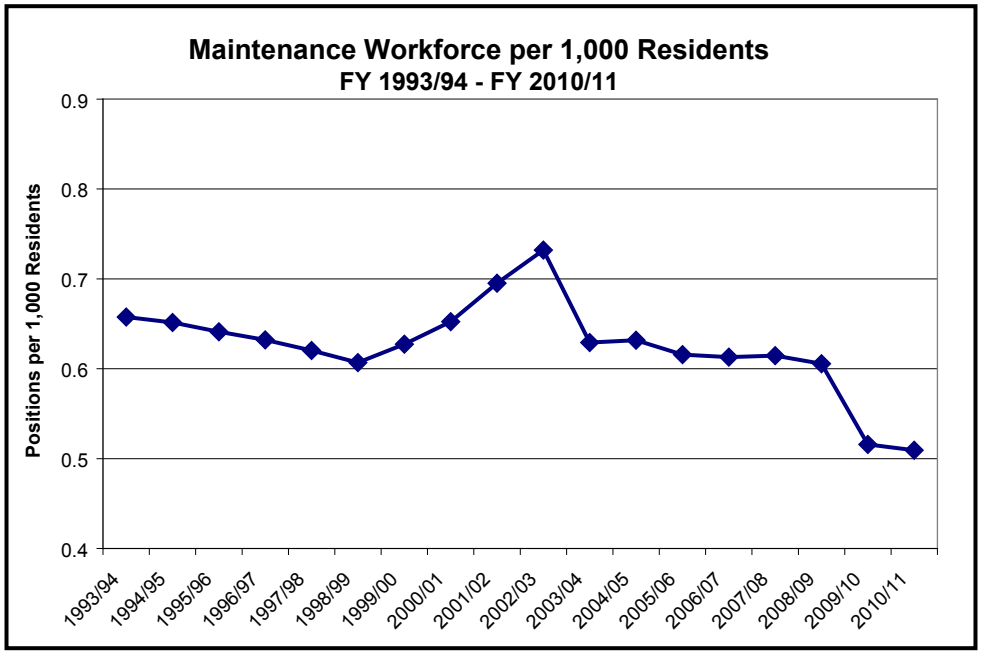
For FY 2010/11, maintenance staffing remains unchanged from the level in FY 2009/10. Low staffing continues to hinder City efforts to maintain its parks, urban forestry, streets, and public buildings.

Maintenance staffing relative to population has decreased over time. However, maintenance demands related to public buildings, streets, street trees, and parks have grown tremendously. The following table illustrates this growth.

FY 2010/11 Maintenance Statistics			
Asset	**FY 1993/94**	**FY 2010/11**	**Percent Change**
Public Buildings	581,500 sq. ft.	938,810 sq. ft.	61%
Streets	778 lane miles	1,100 lane miles	41%
Trees Along Streets	35,000 trees	46,000 trees	31%
Park Land	810 acres	1,067 acres	32%

As with Police and Fire staffing, the 0.5 maintenance workers per 1,000 residents proposed for FY 2010/11 matches the lowest ratio for these services in the City's history.

Maintenance service capacity will continue to be diminished for the foreseeable future. The community will continue to experience further deterioration in its road conditions, sidewalks, and reductions in sign repairs, lane striping, legend painting, and other services.


Maintenance Workforce per 1,000 Residents
FY 1993/94 - FY 2010/11
Positions per 1,000 Residents
0.9
0.8
0.7
0.6
0.5
0.4
1993/94
1994/95
1995/96
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
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Policies and Practices

The City of Fremont budget and financial policies are subject to California State law, generally accepted accounting principles (GAAP), and the City Council. The standards set by these authorities establish budget calendar dates, provide for budget control, describe the budget amendment process after budget adoption, and identify appropriate methods for budgeting, accounting, and reporting. The City's resources and appropriations policies are extensions of the laws established by the State of California through the City Council and follow GAAP for local governments and budgeting practices.

Budget practices and policies are reviewed to ensure that current financial practices are in place. Areas for future policy development and updates may include post-retirement benefits and a periodic review and update of the City's existing reserve policies.

Budget Practices

Budget Process and Calendar

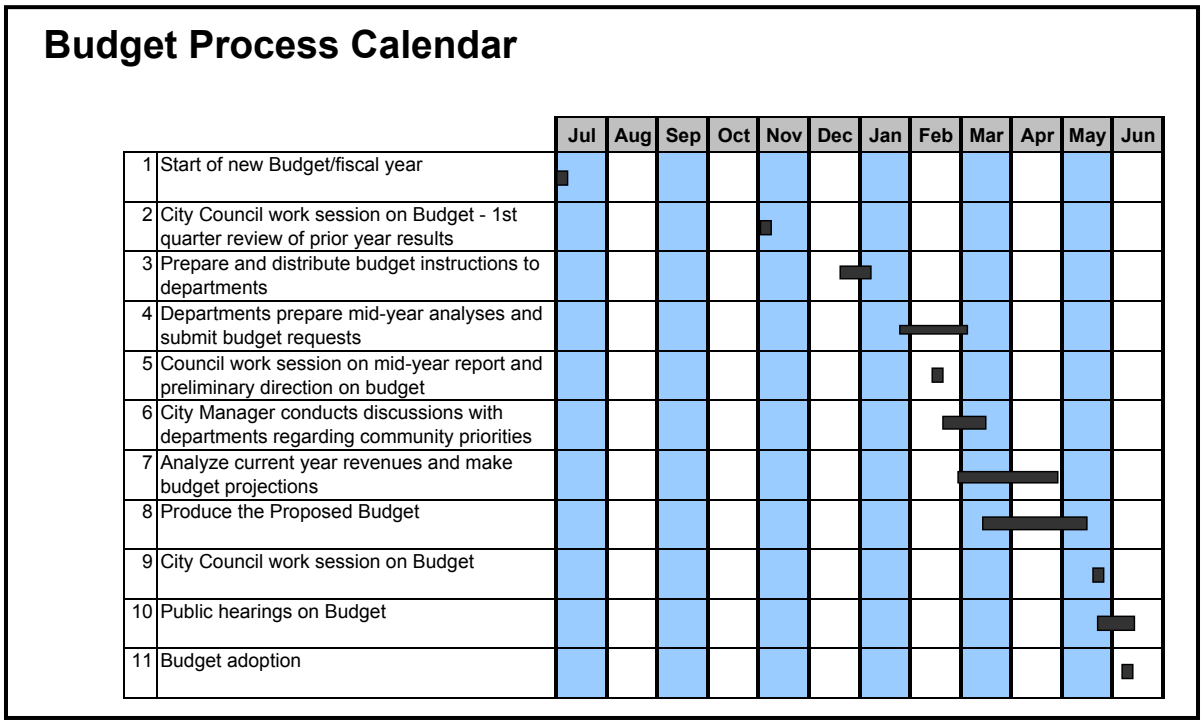
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 each year. Although the City Council first reviews the budget in May, the City Manager's Office, the Finance Department, and other departments begin to prepare it at least six months prior. Throughout the year, staff provides quarterly revenue projections and updates on the City's financial performance, and continues to assess City needs. In producing the budget, the Budget Team receives input from the public, City Council, and staff.

In November, the City Manager provides an update to the City Council on the current year's budget and outlines policy issues facing the City. Together, they establish objectives for the upcoming year. At the mid-year budget review in February, the City Council provides feedback and direction regarding proposed priorities for the future programming of General Fund resources. With this direction and the Finance Department's revenue projections, each department prepares a proposed budget. The Budget Team works closely with department managers to ensure that budgets reflect the City Council's interests, priorities, and goals.

Several weeks before the budget is adopted, the City Manager presents the budget for the coming year to the City Council along with information on current year accomplishments and future year goals. Copies of the proposed budget documents are available to the public at public hearings, and they are also available in the City Clerk's Office, at public libraries, and on the City's website. The City Manager presents the budget to the City Council in a televised public forum. Included in the City Manager's presentation are an update of the City's financial position and long-range plan; a review of the national, State, and local economies; a discussion of financial policies; and an update on department activities. After reviewing the proposed budget and receiving public comment at public hearings, the City Council may direct staff to revise the proposed budget. On or before

June 30, the City Council votes to adopt the budget, including any revisions to the proposed budget. At any time after the adoption of the budget, the City Council may amend or supplement the budget.

Upon final adoption by the City Council, the budget becomes the legal authorization for the various departments to expend resources, subject to conditions established by the City Manager and City Council. Through a resolution adopted by the City Council, the City Manager is authorized to transfer appropriations as needed from any account in the budget to any other accounts within the same fund to meet overall budget requirements. This resolution further authorizes the City Manager to transfer funds designated as "Transfers" in appropriate increments and intervals. The City Council has adopted several financial and budgetary policies, which address debt, reserves, and spending authorizations, and which help guide long-term planning. These policies are outlined in further detail throughout this section.



Citizen Participation

Citizens of Fremont participate in the budget planning process in various ways, such as participating on Council-appointed boards and commissions, attending budget study sessions and public hearings, or meeting with City staff. Quarterly study sessions to review the City's budget and discuss relevant policy issues are held as public meetings.

Public hearings for the budget adoption typically occur at the end of May and the beginning of June. Citizens have the opportunity to speak about budget issues at these hearings and at any City Council meeting during the year. All Council meetings and budget study sessions are televised on the local cable access channel.

The City Council heard a presentation of the City Manager's proposed FY 2010/11 budget at a televised work session on May 18, 2010. Televised public hearings were held on June 1 and June 8, 2010. The Redevelopment Agency's budget and the City budget were adopted on June 8, 2010.

Other Major Planning Processes

The budget is one of three major citywide planning tools. The General Plan, which governs land use and development, and the Capital Improvement Program (CIP) are the other two. Each planning process informs the others, and together they enable coordinated planning for operating City services, maintaining the City's investment in public infrastructure, and developing land consistently with community interests.

The City began the process of updating its General Plan in the spring of 2006. A current General Plan can improve the City's fiscal health and enable more accurate revenue forecasting by clarifying the City's goals for land use development. The Plan thereby provides the framework for City revenue potential and service planning. The process of updating the General Plan will include many opportunities for public participation, including visioning and review of Plan elements as they develop. Each component will be informed by financial implications of alternative decisions, and will thereby influence budget discussions in each year of the process.

The CIP planning process takes place every two years. The product is a funded five-year plan for building and maintaining City infrastructure. While the CIP keeps a five-year planning horizon, it appropriates funds for a two-year period. The current CIP was adopted on June 9, 2009, and appropriated the funds for projects and maintenance activities for FY 2009/10 and FY 2010/11. Therefore, the capital funding information is included in the adopted budget when it is published, and includes information from the FY 2009/10 – FY 2013/14 CIP.

Including maintenance in the capital budgeting process is intended to overtly balance the planning for capital improvements with funding needs to maintain existing infrastructure. The amount of General Fund to be transferred to the CIP is determined in the annual Operating Budget process, and may vary annually from the amount projected as revenue in the CIP. However, the CIP expenditure appropriation does not change without specific City Council action. The process for adopting the FY 2009/10 – FY 2013/14 CIP began during the summer of 2008. Appropriations reflect any changes in other City funding capabilities. Conversely, the capital projects adopted in the FY 2009/10 – FY 2013/14 CIP will inform the FY 2010/11 Operating Budget.

Basis of Budgeting

The City uses a multi-year financial forecast model to ensure that current budget decisions consider future financial implications. The basis for the multi-year forecast projections is current year estimated revenues and expenditures.

Revenues: The City receives revenues from a variety of sources. Property tax, sales tax, and vehicle license fees comprise 74% of the General Fund, but are controlled by the State Legislature. The City receives the balance of its revenues from local taxes, fees, charges for services, and transfers from other funds for General Fund services. Revenue projections for the coming budget year are comprised of the estimated actual revenue projected for the current year, multiplied by the factor by which the revenue is projected to grow or decline, based on current economic information.

The City has a long-standing practice of dedicating one-time revenues to fund a variety of one-time projects. Increases in the General Fund associated with one-time revenues are not programmed for ongoing operations in the multi-year forecast. This ensures that future revenues and expenditures are reasonably projected.

Fees & Charges: The City charges for some services at rates that, where possible, match the cost of providing the service. Several departments charge for services such as hazardous materials checks, animal vaccinations and sterilization services, and counseling.

Expenditures: The City budgets at the governmental fund level, and funds are grouped for budget presentation. Major fund groups include the General Fund, Cost Center/Internal Service funds, Special Revenue funds, Redevelopment Agency funds, and Capital funds.

While all funds budgeted are included in the operating budget, this document focuses on the General Fund, which contains the majority of the City's discretionary resources for basic services such as police, fire, and maintenance. Departmental base budgets for a given budget year are determined by the following process:

1. starting with the adopted budget for the prior year,
2. reducing the adopted prior year budget for any one-time appropriations the department received,
3. multiplying the adjusted budget by percentage factors for cost increases associated with negotiated bargaining unit agreements and inflation, and
4. implementing any necessary service reductions or enhancements determined by the City Manager.

City funds are budgeted on the modified accrual basis of accounting. This method recognizes revenues when they become measurable and available to finance expenditures of the period. Expenditures are recorded when the related fund liability is incurred with the exception of principal and interest on long-term debt, which are recorded when due.

Basis of Budgetary Accounting

The basis of budgetary accounting that follows describes how the City presents the estimated revenues, budgeted expenditures and expenses, and capital asset purchases in this budget. This description can help the reader understand the differences and similarities in the budget presentation of such financial elements compared to how they are presented in other City publications, such as the City's CIP or its annual Comprehensive Annual Financial Report (CAFR).

The City uses a "fixed budget" presentation which establishes a spending cap at the fund level, with departmental budgetary guidelines. Department budgets cannot be exceeded without special authorization (see Budget Practices at page 217). This operating budget is adopted for the 2010/11 fiscal year, in contrast to the CIP, which was adopted on June 9, 2009, and covers two fiscal years. The fiscal years before FY 2010/11 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2010/11.

The budget is generally prepared on the same basis of accounting used by the City in its CAFR. Definitions for several of the following terms may be found in the Glossary. This terminology comes from the accounting standards used for governments which are established by the Governmental Accounting Standards Board (GASB). These standards constitute generally accepted accounting principles (GAAP) for local governments.

Although legally separate entities from the City, the Redevelopment Agency, the Fremont Public Financing Authority (PFA), and the Fremont Social Services Joint Powers Authority (JPA) are component units of the City under GAAP. These entities are considered component units because of the degree of control exercised by the City (the City Council and City staff serve as the governing boards and staff, respectively, for these entities) and their financial dependence on the City. The JPA's budget is included in the Human Services department budget. The payment obligations of the PFA are set by the debt instruments underlying the obligations so they are not included in the budget.

In the Required Supplementary Information section of the CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. These comparisons, made for the General Fund, the Redevelopment Operations Fund, the Development Cost Center Fund, and the Recreation Services Fund, show the City's compliance with the expenditure caps at the legal level of control. A copy of the City's CAFR for the fiscal year ended June 30, 2009, may be obtained on the City's website at www.fremont.gov, or by contacting the City's Finance Department.

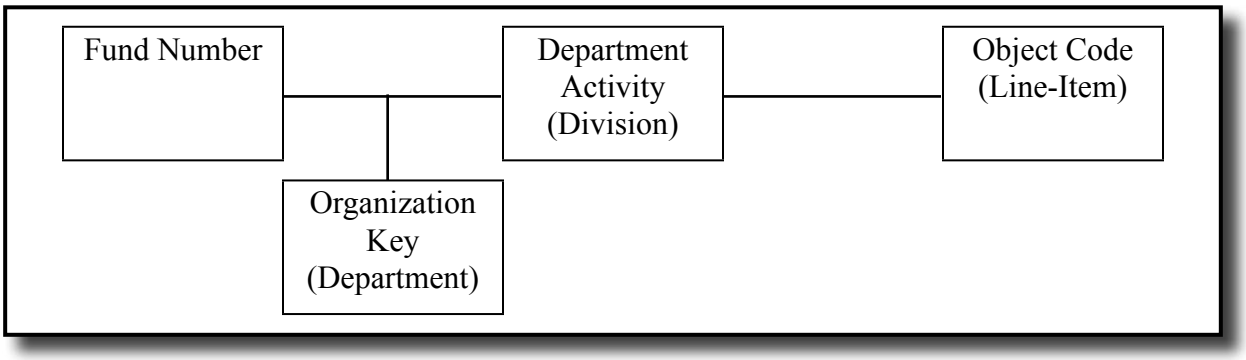
Expenditures are budgeted in the governmental funds on the modified accrual basis of accounting and expenses are budgeted in proprietary funds on the full accrual basis of accounting. The primary difference between the two bases of accounting is that "expenditures" emphasize the reporting of financial resource outflows (cash and cash-like resources) in the period in which they are disbursed, while "expenses" emphasize the matching of the obligation to disburse economic resources (cash and all other assets causing a change in fund net assets) to the period in which the obligation was incurred by the City.

Capital asset acquisitions are shown somewhat differently in the budget than in the CAFR. "Capital Assets" are used in the City's operations, have an estimated useful life of more than one fiscal year, and cost $5,000 or more. These long-lived assets include land and buildings and their improvements, vehicles, machinery and equipment, and streets and sidewalks. The City's planned capital asset purchases are shown in two places in the Budget: (1) in the departmental capital outlay for capital assets to be purchased from annual operating appropriations during the budgeted fiscal year, and (2) in the Capital Budget Summary (CIP) for capital assets to be acquired over

several years or which involve particular financing plans. In the CAFR Fund Financial Statements, all capital asset acquisitions are reported in the governmental funds acquiring them as "Capital Outlay" on their operating statements, and in the proprietary funds, the acquiring funds report their acquisition as uses of cash on their statements of cash flow (the assets are also capitalized on their balance sheets).

Budget Account Structure

Budget transactions occur under an established account code structure organized by funding source (fund/fund number). An account code is comprised of eleven numbers, which represent the fund, department/division activity code, and object code. A combined fund number and department activity code result in a department account number called an organization key (org. key). Object codes describe the transaction type within the fund and department. The account code structure can be best summarized in the following diagram:



Operating/Capital Expenditure Accountability

The annual budget sets appropriations by fund or with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Cost Center and Recreation Cost Center when quarterly fee revenue in those funds exceeds the amount estimated at the time of budget adoption because of increased activity. It also authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council after the first fiscal quarter, at mid-year, and during the budget process for the next fiscal year. The City's five-year capital plan is updated every two years.

Long-Term Financial Planning

The City Council continues to focus on the long-term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Central Business District. Significant resources have been invested in the City's estimated share of freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by the County, the State, and the federal government. This investment and final interchange structure will complete the upgrades to I-880 through Fremont. Construction was completed on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of the Bay Area Rapid Transit District commuter rail system south to the City's Warm Springs district and, eventually, to San Jose.

Previous years allowed the City to accumulate balances in the development impact fee funds intended for infrastructure and improved amenities in the community. The park development impact fee funds also accumulated adequate funding for a significant park improvement program. Upon stabilization of the State budget situation, the City Council will develop plans to balance the impacts of maintenance and operational costs of acquiring or developing parkland. These plans will be consistent with standards in the City's park master plan.

Cash Management

Cash temporarily idle during the year is invested in obligations of the U.S. Treasury and agencies of the federal government, commercial paper, corporate bonds, banker's acceptances, qualifying mutual funds, time deposits, money market accounts, and the State Treasurer's investment pool. Investment income includes appreciation/depreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City plans to hold to maturity. Because it is the City's practice to hold investments to maturity, unrealized investment gains and losses are not included in the budget until such time as they actually occur. Pursuant to State law, the City's investment policy is adopted by the City Council annually.

Risk Management

The City of Fremont uses a risk management program to reduce its workers' compensation and general liability claim costs. The City employs a professional risk manager, a safety coordinator, and staff, supplemented by professional claim administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage, one for general liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities covers claims in excess of $500,000 for both general liability and workers' compensation claims.

Pension and Post-employment Benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels negotiated by the City with its employee units and for which it has executed contract amendments. The plans also include some benefit levels approved by the State Legislature without contract amendment and funding mechanisms approved by the CalPERS Board of Administration. The City also provides post-retirement benefits in the form of limited contributions toward health insurance costs for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement.

Reserve or Stabilization Accounts

Reserves accumulated during years when revenues exceeded expenditures cushion the City's transition to a lower revenue base and allow the City to adjust spending in response to economic downturns and State revenue takeaways. The General Fund maintains three reserves: the Contingency Reserve, the Program Investment Reserve, and the Budget Uncertainty Reserve. The City also maintains reserves for fee-based cost center operations and certain other special revenue funds, including the following:

- Development Cost Center Contingency Reserve
- Development Cost Center Technology and System Improvement Reserve
- Integrated Waste Management Disposal Differential Reserve
- Integrated Waste Management Vehicle Replacement Reserve
- Urban Runoff Clean Water Program Contingency Reserve
- Recreation Cost Center Contingency Reserve
- Recreation Cost Center Operating Improvement Reserve

General Fund Contingency Reserve

Contingency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if this need were to arise. The Contingency Reserve is funded at a level at least equal to 10% of annual operating expenditures and transfers out. All uses of the Contingency Reserve must be approved by the City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. (Adopted by the City Council on June 9, 2009)

General Fund Program Investment Reserve

The Program Investment Reserve provides a source of working capital for the following:

a. New programs or undertakings that have the potential for receiving significant funding from outside sources.

b. Organization retooling, process improvement, and strategic entrepreneurial opportunities.

The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996)

General Fund Budget Uncertainty Reserve

The General Fund Budget Uncertainty Reserve is targeted to offset quantifiable revenue uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause shortfalls. Transitional funding is also necessary to respond to reductions in major revenues due to local, regional, and national economic downturns (estimated to take one to three years).

2. State budget risks: There is a strong possibility that the State may implement budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues). These include property taxes, sales taxes, vehicle license fees, gas taxes, grants, and reimbursements.

3. Uncontrollable costs: The City requires a source of supplemental funding for further increases in CalPERS retirement rates that result from CalPERS investment performance that falls short of actuarial assumptions. In addition, there may be other cost increases that are beyond the City's control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Adopted by the City Council on June 4, 2002, and modified on June 10, 2003)

Development Cost Center Contingency Reserve

The Development Cost Center maintains a contingency reserve for operations to help mitigate the effects of economic downturns and errors in financial forecasting. The contingency reserve is funded at a level at least equal to 15% of the annual operating expenditures for engineering, planning, and building and safety. All uses of the contingency reserve must be approved by the City Manager. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

Development Cost Center Technology and System Improvement Reserve

The City Council may appropriate an annual contribution from the Development Cost Center to a Development Cost Center technology and system improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Technology investment
- System improvement

The technology and system improvement reserve was funded initially at a level of $1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager recommends annually an amount to be contributed to such a reserve. All uses of the reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Development Cost Center Unallocated Fund Balance

When annual fee revenues exceed expenditures and amounts needed to maintain the Development Cost Center reserves at planned levels, the Community Development Department will evaluate the development fee structure during the subsequent fiscal year. The evaluation will take into account equity to fee payers, changes in fee structures to encourage compliance with safety codes, economic forecasts for development and maintenance of responsive, and high-quality customer services. The purpose of this evaluation will be to develop recommendations regarding possible reductions in fee levels that would be funded through use of the unallocated fund balance for the budget year that begins twelve months after the end of the fiscal year that results in an unallocated fund balance. (Adopted by the City Council on June 3, 1997)

Integrated Waste Management Disposal Differential Reserve

The Integrated Waste Management Disposal Differential Reserve represents the difference between disposal fees collected through the solid waste rates and actual landfill disposal or material processing expenses paid. This balance occurs because of the difference between actual solid waste volumes and those used in the rate setting process or, changes in disposal regulatory fees or requirements that occur within the rate period. The use of the disposal differential reserve for

specific rate years will be determined by the City Council with the setting of biennial solid waste collection rates. (Adopted by the City Council on July 11, 2006)

Integrated Waste Management Unallocated Fund Balance

The Integrated Waste Management unallocated fund balance will be maintained to fund unexpected costs associated with providing solid waste services that occur between rate setting periods, including post-disaster debris management costs. Unexpected costs associated with providing solid waste services can result from such causes as (including, but not limited to) changes in law, extraordinary circumstances (as defined in the various solid waste contracts), and implementation of new or expanded solid waste programs or environmental initiatives (e.g., the Sustainability Element of the General Plan). In the event of a natural disaster, this fund balance will provide a source of funds for disaster response and clean up efforts with the objective of recycling, reusing, or otherwise diverting disaster debris from the landfill to the greatest extent possible. The unallocated fund balance will be maintained at a level between 8% and 15% of the annual revenue of the solid waste collection contract. This unallocated fund balance will serve as a mechanism for managing and stabilizing rates over time by eliminating the need to fund unexpected costs with immediate solid waste rate changes. The fund balance will be evaluated with the setting of biennial solid waste collection rates during even years to determine whether adjustments in fee levels may be warranted. (Adopted by the City Council on July 11, 2006, and revised on June 8, 2010)

Integrated Waste Management Vehicle Replacement Reserve

City Council policy is to maintain an Integrated Waste Management Vehicle Replacement Reserve to replace equipment dedicated to solid waste activities performed by the City's maintenance division, consistent with the City's vehicle replacement schedule. A sufficient reserve balance will be maintained to provide for the acquisition of Integrated Waste Management vehicles according to the City's replacement schedule based on projected replacement costs. (Adopted by the City Council on June 8, 2010)

Urban Runoff Clean Water Program Contingency Reserve

City Council policy is to maintain a $300,000 contingency reserve to respond to unfunded events such as changes in law, new initiatives, fluctuating program costs, and changing program requirements. The contingency fund balance will be evaluated on a biennial basis to determine if the level is appropriate. (Adopted by the City Council on June 1, 1999)

Urban Runoff Clean Water Program Unallocated Fund Balance

Unallocated Urban Runoff Clean Water Program funds will be used to support a multi-year focused watershed management program to enhance the Regional Water Quality Control Board's storm water quality standards. Program components may include erosion control, community education, and storm water management techniques to improve the quality of water through the watershed. The

unallocated fund balance will be evaluated on a biennial basis as to the levels necessary to support project objectives. (Adopted by the City Council on June 1, 1999)

Recreation Cost Center Contingency Reserve

City Council policy is to maintain a Recreation Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and natural disasters, to maintain full-time staffing levels during temporary loss of program facilities, and to deliver prepaid recreation services. The contingency reserve will be funded at a level at least equal to 25% of the Recreation Division's annual operating expenditures. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

Recreation Cost Center Operating Improvement Reserve

City Council may appropriate an annual contribution from the Recreation Cost Center to the Recreation Cost Center operating improvement reserve to provide a source of capital for:

- Ongoing hardware and software acquisition
- Capital and/or technology investment
- Process improvement and organizational retooling
- Entrepreneurial program opportunities that have the potential to generate revenues to cover expenditures within a three-year period.

The operating improvement reserve was funded initially at a level of $1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager will recommend annually an amount to be contributed to such a reserve. All uses of the reserve will be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Cost Center Spending Authorizations

Recreation Cost Center Spending Authorization

When revenue estimates for the Recreation Cost Center exceed the amount identified in the budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Adopted by the City Council on June 3, 1997)

Development Cost Center Spending Authorization

When revenue estimates for the Development Cost Center exceed the amount identified in the budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Included in the annual resolution in prior years and adopted by the City Council on June 3, 1997)

Development Cost Recovery

The multiplier rate was established in the 1992/93 fiscal year to recover all department costs associated with an employee's direct chargeable hours on a project. The multiplier concept replaced the flat rate charging system that applied an average departmental charge for all employees. The two principal components of the multiplier rate are the direct chargeable hours and the departmental budget. Direct chargeable hours are specifically attributed to a particular project and exclude hours that are not associated with a project. Chargeable hours are determined based on an estimated percentage of employee-dedicated hours to a chargeable area. The multiplier used to calculate billing rates for planning and engineering services provided by the Development Cost Center is 2.7.

Debt Capacity, Issuance & Management

Short-Term Operating Debt

Current revenues will cover the expenses associated with the day-to-day operations of the City. However, because the City receives the majority of its property tax revenues twice during the year, and sales tax revenues may fluctuate during the year, the City may experience temporary cash shortfalls. In order to finance these possible cash shortfalls, the City may incur short-term operating debt [typically, Tax and Revenue Anticipation Notes (TRANs)]. The amount of short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and State regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible. (Adopted by the City Council on February 26, 1996, and reaffirmed on July 7, 1998)

Interfund Loans

The City Council delegates the authority to the City Manager to approve short-term loans of one year or less and long-term advances of five years or less between City funds under the following terms and conditions:

The City Manager is authorized to approve loans of one year or less and advances of five years or less between City funds; provided, that such loans and advances comply with the interfund borrowing policy and that the City Manager and Finance Director concur that such loans and advances are in the financial best interests of the City under then existing circumstances.

Each loan or advance approved by the City Manager will be documented in a writing signed by the City Manager and the Finance Director that states all of the following:

1. the purpose for which the loan or advance is being made;

2. the identification of both the lending and borrowing fund, or funds;

3. the dollar amount of the loan or advance;

4. the maturity date on which all principal together with all accrued and unpaid interest will be due and payable;

5. the scheduled dates and amounts of all principal and interest installment payments;

6. the applicable nominal interest rate or discount rate;

7. the borrowing fund's right to make full prepayment at any time without penalty;

8. the source or sources from which the borrowing fund or funds is expected to repay the loan or advance.

All loans and advances will be repaid by the borrowing funds. Because each loan or advance is expected to be free from risk of default, the Finance Director will establish the nominal interest rate or discount rate to be applied to each transaction using then prevailing interest rates on indebtedness of a comparable term issued by the Treasury Department of the United States of America.

No individual loan or advance approved by the City Manager will exceed the sum of forty million dollars ($40,000,000), and the total of all loans and advances so approved and outstanding at any one time will not exceed the sum of one hundred million dollars ($100,000,000).

Although the loans and advances will be unsecured, an adequate source of repayment or refunding (including future external debt issuance) is to be identified. Under all circumstances, repayment of the loans will be subordinate to claims and encumbrances established by covenants related to any debt, regardless of issue date, issued into the external financial markets by the City of Fremont, the Fremont Public Financing Authority, the Fremont Redevelopment Agency, or any of them (collectively, the City and/or its affiliated agencies).

No loans or advances will be made from a City fund that is reasonably likely during the contemplated term of the loan or advance to need the same cash to pay for projects or activities for which the lending fund originally received the cash . No loan or advance will be made that

will either violate any law, or cause the City and/or its affiliated agencies to breach any restrictive covenant, contractual provision, or grant term. Any loan of developer impact fees will be reported in accordance with California Government Code Section 66006(G).

No loan or advance will be made involving any of the following: any funds holding State Gas Tax proceeds (including, without limitation, the Special Gas Tax Street Improvement Fund), any funds holding federal streets and highway monies, any funds holding revenues collected pursuant to voter-approved measures (including, without limitation, Proposition 1B funds and general obligation bond funds), trust funds, or any of the Fremont Redevelopment Agency funds. (Adopted by City Council Resolution on June 9, 2009)

Long-Term Capital Debt

The long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. In addition to this policy, there is a separate policy for land-based financings (typically, Mello-Roos community facility districts and local improvement districts) and debt issued by the Redevelopment Agency. The following provisions guide the City's consideration of issuing long-term debt:

1. City uses debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:

    a. When the project is included in the City's five-year capital improvement program and is in conformance with the City's General Plan.

    b. When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated immediately by State or federal requirements.

    c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.

    d. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.

    e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

2. The project priority process used in developing the City's five-year capital improvement program, including criteria used in evaluating projects and project viability, is reviewed by the City Council as part of the biennial update of the five-year capital improvement program.

3. The following criteria is used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:

a. Factors which favor pay-as-you-go:

   i. Current revenues and adequate fund balances are available.

   ii. Project phasing is feasible.

   iii. Debt levels would adversely affect the City's credit rating.

   iv. Market conditions are unstable or present difficulties in marketing.

b. Factors which favor long-term financing:

   i. Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating.

   ii. The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.

   iii. Market conditions present favorable interest rates and demand for municipal financings.

   iv. A project is mandated by State or federal requirements and current revenues and fund balances are insufficient to pay project costs.

   v. A project is immediately required to meet or relieve capacity needs.

   vi. The life of the project or asset financed is five years or longer.

4. The following is considered in evaluating appropriate debt levels:

   a. General Fund supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out.

   b. The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue (i.e., not land-based or redevelopment agency financings), but only if the General Fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:

      i. Volatility and collectability of the revenue source identified for repayment of the debt.

      ii. The likelihood the General Fund would be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor. If the City Council determines the risk of loss of assets or impairment of liquidity to the General Fund to be relatively minimal, self-supported debt service for debt that relies on the General Fund as a back-up guarantor will not exceed 7% of General Fund budgeted expenditures and transfers out. This limitation is separate from and in addition to the debt limitation for general fund supported debt service described in Section 4.a., above.

5. The costs of developing and maintaining a land-based long-term debt policy will be borne by the development community, which uses this type of financing.

6. The costs of developing and maintaining a redevelopment agency long-term debt policy will be borne by the redevelopment agency and will be developed in conjunction with amendments to existing redevelopment project area plans and/or new proposals to issue debt by the redevelopment agency.

7. The City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation, and disclosure.

8. The adoption of resolutions of intent will be considered whenever bond issuance is contemplated to increase the flexibility related to funding costs related to the project (e.g., project development costs, architectural costs, studies, etc.).

9. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriters' discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.

10. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.

11. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations. Any instances of non-compliance will be reported to the City Council.

12. The City will seek to maintain its current bond rating and will ordinarily not consider long-term debt that, through its issuance, would cause the City's bond rating to be lowered.

13. The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus (Official Statement).

14. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.

15. The City will select a financial advisor and/or investment banker and bond counsel on a competitive basis; these advisors will be retained for at least four years to provide continuity and allow them to develop an understanding of the City's needs. Other outside service providers may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.

16. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.

17. The term of the long-term debt instrument will not exceed the legal life of the asset or thirty years, whichever is less.

18. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.

19. In choosing the appropriate long-term debt instrument, cost, economic equity, political acceptability, and flexibility will be considered. Refunds will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered, as appropriate.

Financing Instruments

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:

1. General Obligation Bonds - Bonds backed by the full faith and credit of the City. The taxing power may be an unlimited ad valorem tax, subject to State law, or a limited tax, usually on real estate and personal property. A special rate is incorporated in the property tax bill annually to pay for debt service. A two-thirds voter approval is required for authorization. Because it is secured by a tax levy, this structure has strong marketability and lower interest costs.

2. Revenue Bonds - Bonds are secured by revenues generated by the facility that is financed or by dedicated user fees. Voter approval may or may not be required. Planning is more complex because costs and revenues affect each other. Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.

3. Certificates of Participation - The City enters into a lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period of time at a prearranged annual payment. Voter approval is generally not required. Lease payments are made primarily from general fund revenues. Current law requires the lessee to make lease payments only if the facility has beneficial use. The legislative body has to appropriate annual debt service payments. For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid. Interest during project construction must be capitalized. An “asset transfer” structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.

4. Tax Allocation Bonds - Bonds are secured by property tax increment (property taxes generated on assessed value in excess of the frozen property tax base) in a redevelopment project area. These bonds are issued to promote economic development. Voter approval is not required.

5. Assessment Bonds - Bonds are issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. Voter approval is not required. Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue. The issuer’s recourse for non-payment is foreclosure. This type of bond is normally not rated. The bonds may be issued under the provisions of the 1911, 1915 or Mello-Roos Bond Act, whichever is most appropriate.

6. Master Lease Agreements - The City enters into a lease agreement with a provider to lease equipment or facilities whose useful life is too short to finance with long-term debt. Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement. Interest can be fixed or tied to an index. Financing costs are normally minimal, but the interest cost may be higher than with other instruments.

7. Vendor-Financed Leases - A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease. The motivating factor to the vendor is usually to encourage future sales of its product.

8. Marks-Roos Bonds - Bonds are issued by a joint powers authority to buy other bond issues. By pooling bond issues, marketability can be improved and administration costs are reduced.

9. Bond Anticipation Notes - Notes are issued to provide temporary financing, to be repaid by long-term financing. The bridge financing has a maximum maturity of three years. (Adopted by the City Council on May 7, 1996, revised and readopted by Council on July 8, 1998)

Glossary of Budget Terms

Adopted Budget

The adopted budget is the annual City budget approved by the City Council for the fiscal year.

Agency Fund

Agency Funds are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of results of operations. Agency funds are not included in the annual operating budget, but are included in the comprehensive annual financial report.

Annual Operating Contingency

An account, used at the discretion of the City Manager, to fund emergency or extraordinary items.

Appropriation

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation

A dollar value placed on real estate or other property by Alameda County as a basis for levying property taxes.

Audit

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

Balanced Budget

The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unallocated fund balance from previous years meet or exceed total budgeted use of resources, including expenditures and transfers out to other funds.

Base Budget

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts may be added to or subtracted from the base budget.

Beginning Balance

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

Bond

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

Budget

A fiscal plan of financial operation listing an estimate of proposed applications or expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

California Public Employees' Retirement System (CalPERS)

The retirement system, administered by the State of California, to which all permanent City employees belong.

Capital Asset/Capital Outlay

Land, infrastructure, and equipment used in operations that have initial useful lives greater than one year. The City has set the capitalization threshold for reporting infrastructure capital assets at $25,000, and for all other capital assets at $5,000. Expenditures made for Capital Assets are commonly referred to as "Capital Outlay," and are shown in either the CIP (see next page) or the department budgets depending on whether the capital asset to be acquired is part of the City's long-term capital management program or needed for daily departmental operations.

Capital Budget

A plan of proposed capital outlays and the means of financing them for the current fiscal year period. For a five-year capital budget, the second through fifth year of the Capital Improvement Program is adopted-in-concept.

Capital Improvement Program (CIP)

The five-year financial plan for improving assets and integrating debt service and capital assets maintenance, adopted in a separate budget document and updated every two years.

Certificates of Participation (COPs)

A lending agreement secured by a lease on the acquired asset or other assets of the City.

Consumer Price Index (CPI)

An indicator of inflation, used in some salary-increase or other calculations.

Cost Center

Cost centers are funds established to account for the transactions and activities related to specific City services, and the fees collected in the cost center are used for the benefit of the fee payers. The Development Cost Center, for example, is a fund that accounts for services related to planning, engineering, and inspection of public and private development construction projects.

Debt Service

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

Deficit

An excess of expenditures over revenues (resources).

Department

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Designated Fund Balance

The portion of fund balance segregated to reflect the City Council's intended use of resources.

Encumbrances

A legal obligation to pay funds for expenditures yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. They cease to be encumbrances when the obligations are paid or terminated.

Enterprise Fund

A type of fund established for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprise. These programs are entirely or predominantly self-supporting. The City has a number of enterprises such as the Development Cost Center, the Recreation Services Cost Center, and the Senior Center Cost Center. Also referred to as Proprietary Funds.

Expenditure

The actual spending of governmental funds.

Fiscal Year

A twelve-month period of time to which a budget applies. In Fremont, the fiscal year is July 1 through June 30.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance

The difference between fund assets and fund liabilities.

Gann Limit

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

General Fund

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

GASB

Governmental Accounting Standards Board. This is the organization that establishes generally accepted accounting principles (GAAP) for state and local governments.

General Obligation Bond

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City. General obligation bonds require a two-thirds vote of registered voters casting ballots.

Grant

Contributions or gifts of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant provided by the federal government.

Hotel/Motel Occupancy Tax

A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Transient Occupancy Tax.

Infrastructure

Facilities on which the continuance and growth of the community depend on, such as roads, sidewalks, parks, public buildings, etc.

Interfund Transfers

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

Internal Service Fund

An Internal Service Fund provides services to other City departments and bills the various other funds for services rendered, just as would private business. Internal Service Funds are self-supporting and only the expense by an Internal Service Fund is counted in budget totals. Examples of Internal Service Funds are Information Technology Services (ITS), and Risk Management. These funds account for the Risk Management and Information Technology services provided to other City departments on a cost reimbursement basis.

Internal Services Funds

These funds provide services to City departments and recover their costs through user charges.

Local Improvement District (LID) Bonds

Bonds paid for by special assessments on benefiting property owners for specific capital improvements.

Materials, Supplies and Services

Expenditures for items that are ordinarily consumed within a fiscal year.

Memoranda of Understanding (MOUs)

The documented agreements resulting from labor negotiations between the City of Fremont and its various bargaining units.

Multi-year Forecast

The Finance Department's five-year forecast of revenues and expenditures. The Finance Department updates the forecast three times a year.

Non-departmental

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

Object Code

The line item describing a revenue or expenditure.

Objectives

The expected results or achievements of a budget activity.

Operating Budget

Annual appropriation of funds for ongoing program costs, including salaries and benefits, services and supplies. This is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled. Reserves and contingencies are also components of Fremont's annual budget.

Operating Transfer

Amounts transferred between funds; not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Ordinance

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

Other Post-employment Benefits (OPEB)

Post-employment benefits are those benefits other than pension benefits, including post-employment healthcare (retiree medical) and other non-pension benefits.

Overhead

Charges to various funds to cover the cost of administrative services, rent, custodial services, etc.

Proposed Budget

The proposed budget is the budget that is sent to the City Council by the City Manager. The proposed budget, including changes made by the City Council during their review, is approved and then becomes the adopted budget.

Proprietary Funds

City of Fremont activities that operate as public enterprises. Revenues derive from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

Redevelopment Agency Fund

The RDA fund accounts for activities of the Redevelopment Agency (RDA). The RDA is a separate legal entity charged with the responsibility for elimination of blight through the process of redevelopment. The fund receives incremental property taxes and disburses those proceeds for payment of the principal and interest on the redevelopment tax increment bonds issued to finance improvements in the Irvington, Centerville, Niles and Industrial project areas. In addition, California Government Code section 33487, pertaining to redevelopment agencies, requires the Agency to set aside 20% of its tax allocations for improving the community's low and moderate income housing stock. These restricted allocations are accounted for in this fund.

Reserved Fund Balance

Accounts used to record a portion of the fund balance as legally segregated for a specific use or not available for appropriation.

Resolution

A special order of the City Council, with a lower legal standing than an ordinance.

Revenues

Revenues include compensation received for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues).

Salaries and Benefits

A budget category that generally accounts for salaries of full-time and temporary employees, overtime, and employee benefits, such as medical, dental, and retirement, with the exception of other post-employment benefits, such as retiree medical premium reimbursement.

Special Revenue Fund

This fund type is used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government.

Transfers In and Transfers Out

Movement of revenue out of one fund and into another. The recipient fund uses the money to cover the cost of services provided (such as when the General Fund transfers money to the Recreation Cost Center) or to cover the cost of a contract between two funds (such as when the General Fund transfers money to the Development Cost Center).

Undesignated Fund Balance

Accounts used to record a portion of the fund balance not legally segregated for a specific use and, therefore, available for appropriation.

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RESOLUTION NO. 2010-38

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2010 THROUGH JUNE 30, 2011

WHEREAS, the City Manager has prepared a municipal budget for the FY ending June 30, 2011, entitled "City of Fremont, FY 2010/11 Proposed Operating Budget" ("Proposed Budget"), a copy of which is on file in the office of the City Clerk; and

WHEREAS, the City Council has examined the Proposed Budget, has conferred with the City Manager and appropriate staff in public study sessions, and has deliberated and considered the Proposed Budget during public hearings.

NOW, THEREFORE, THE CITY COUNCIL. OF THE CITY OF FREMONT HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Manager is hereby directed to prepare the final budget, in substantial conformance with the Proposed Budget, and as directed by the City Council, for the FY July 1, 2010 through June 30, 2011. The final budget shall be the "City of Fremont, FY 2010/11 Adopted Operating Budget." The final budget may be referred to as "the Budget." and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved.

SECTION 2. The City Manager is hereby authorized to implement the Budget as set forth in this resolution. The City Manager may delegate the authority to implement this resolution to the Finance Director, or other designated City employees.

SECTION 3. The City Manager is authorized to transfer appropriations as needed from savings available in any account in the Budget to any other accounts within the same fund to meet overall Budget requirements.

SECT/ON 4. The City Manager is authorized to transfer among various funds amounts designated as "Transfers" in the Budget in increments and at intervals determined by the City Manager.

SECTION 5. The City Manager is authorized to reduce appropriations in the amounts included in the capital projects identified on Enclosure A, and transfer the total of those appropriations from the reduced -Ending to the Budget Uncertainty Reserve.

SECTION 6. The City Manager is authorized to increase appropriations for FY 2010/11 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from FY 2009/10, The actual amount of the increased appropriation due to encumbrances will be reported to the City Council, as part of the results of the annual financial audit for FY 2009/10.

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SECTION 7. When revenue estimates for the Development Services cost center exceed the amount identified in the Budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for FY 2010/11 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for FY 2010/11. The multiplier used to calculate billing rates for planning services and engineering services provided by the Development Services cost center will remain 2.7.

SECTION 8. When revenue estimates for the Recreation cost center exceed the amount identified in the Budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for FY 2010/11 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for FY 2010/11.

SECTION 9. When revenue estimates exceed the amount identified in the Budget due to increases in grant revenues as verified by the Finance Director, the City Manager is authorized to increase appropriations for FY 2010/11 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for FY 2010/11.

SECTION 10. When higher than anticipated revenue activity in the General Fund results in increased costs to directly support that activity (e.g., automated traffic enforcement), the City Manager is authorized to increase appropriations for FY 2010/11 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for FY 2010/11.

SECTION 11. The City Manager is instructed to use restricted funding sources in accordance with the requirements of the funding sources prior to using funds with unrestricted resources in order to allow the City the greatest flexibility in meeting its financial obligations.

SECTION 12. Each Councilmember is authorized $5,600, and the Mayor is authorized $10,000, for Council travel and expense reimbursement, to be utilized in accordance with the Council Travel Budget and Expense Reimbursement Policy.

SECTION 13. The City Manager is instructed to implement all policies contained in the “Policies” section of the Budget.

SECTION 14. This resolution shall take effect immediately upon its adoption.

ADOPTED June 8, 2010, by the City Council of the City of Fremont, by the following vote, to wit:

AYES: Mayor Wasserman, Councilmembers Natarajan, Harrison and Chan

NOES: None

ABSENT: Vice Mayor Wieckowski

ABSTAIN: None

Bob Wasserman
Mayor

ATTEST:

APPROVED AS TO FORM:

City Clerk

Assistant City Attorney

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RESOLUTION NO. 2010-39

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2010/11 FOR THE CITY OF FREMONT

WHEREAS, Article XIIIB of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code Sections 7900, and following), specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the FY 2010/11 appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT HEREBY RESOLVES AS FOLLOWS:

Pursuant to the appropriations limit formula set forth by Government Code Sections 7900- 7913, does hereby establish the appropriations limit for FY 2010/11 for the City of Fremont as $491,511,372, as documented in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth.

BE IT FURTHER RESOLVED, the City Council of the City of Fremont adopts as the adjustment factors for use in determining the FY 2010/11 appropriations limit the following:

Population Factor: The percentage change in the City's population from January 1 of the preceding calendar year to January 1 of the current calendar year as provided in the State of California Department of Finance "Price and Population Information" publication, dated May 2010.

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Inflation Factor: Use the change in per capita personal income for fiscal year 2009/10, the last complete year for which information is available.

ADOPTED June 8, 2010, by the City Council of the City of Fremont by the following vote, to wit:

AYES: Mayor Wasserman, Councilmembers Natarajan, Harrison and Chan

NOES: None

ABSENT: Vice Mayor Wieckowski

ABSTAIN: None

Bob Wasserman
Mayor

ATTEST:

Dawn G. Abrahamson
City Clerk

APPROVED AS TO FORM:

Tom Boy
Assistant City Attorney

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RESOLUTION NO. 2010-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT REVISING THE INTEGRATED WASTE MANAGEMENT FUND BALANCE AND RESERVE POLICIES

WHEREAS, the City Council established the Integrated Waste Management Fee in 1991 as a component of the Municipal Solid Waste Rate Structure for the purpose of program planning and implementation, solid waste contract management and general waste management programs; and

WHEREAS, Integrated Waste Management fees that are not spent on operational items accumulate in the Integrated Waste Management fund balance; and

WHEREAS, in June 1999, the City Council adopted three Integrated Waste Management ("IWM") fund balance policies to guide the expenditure of the IWM fund balance: the IWM Contingency Reserve Policy, the Solid Waste Rate Stabilization Policy and the IWM Unallocated Fund Balance Policy; and

WHEREAS, in July 2006, the City Council revised and replaced the original fund balance policies in FY 2006/07 to include the IWM Disposal Differential Reserve Policy, the IWM Post-Disaster Debris Removal Reserve Policy, and the IWM Unallocated Fund Balance Policy; and

WHEREAS, it is necessary to update and revise the IWM fund balance and reserve policies to better reflect authorized uses of the funds and to adjust recommended minimum reserve fund amounts to appropriate levels; and

WHEREAS, it is also necessary to create a new reserve policy, called the IWM Vehicle Replacement Reserve Policy, for the purpose of setting aside funding for future IWM-related vehicle replacement purchases;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT HEREBY RESOLVES AS FOLLOWS:

The three existing IWM fund balance and reserve polices are hereby replaced in their entirety and superseded by the two revised IWM fund balance policies and a new IWM Vehicle Replacement Reserve Policy, all as set forth in Attachment A to this Resolution. The IWM fund balance and reserve policies set forth in Attachment A are hereby adopted and shall

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be effective and implemented in the FY 2010/11, concurrent with adoption of the FY 2010/11 Proposed Operating Budget, and shall remain in effect until amended by action of the City Council.

ADOPTED June 8, 2010, by the City Council of the City of Fremont, by the following vote, to wit:

AYES: Mayor Wasserman, Councilmembers Natarajan, Harrison and Chan

NOES: None

ABSENT: Vice Mayor Wieckowski

ABSTAIN: None

Bob Wasserman
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Assistant City Attorney

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RDA RESOLUTION NO. 416

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2010 THROUGH JUNE 30, 2011, APPROVING APPROPRIATIONS FOR CAPITAL PROJECTS, REFLECTING FINDINGS MADE REGARDING PUBLIC IMPROVEMENTS, MAKING FINDINGS REGARDING PLANNING AND ADMINISTRATIVE EXPENDITURES FUNDED WITH AFFORDABLE HOUSING MONIES; AND APPROVING THE AGENCY WORK PROGRAM

WHEREAS, the Executive Director has prepared an Agency budget for the fiscal year ending June 30, 2011, entitled "Redevelopment Agency Proposed Operating Budget and Work Program FY 2010/11," attached hereto as Exhibit 1; and

WHEREAS, the Agency Board has conferred with the Executive Director and appropriate staff in public meetings, and has deliberated and considered the proposed budget during public hearings; and

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council has adopted and the Redevelopment Agency of the City of Fremont (the "Agency") is responsible for implementing: (1) the Amended and Restated Redevelopment Plan for the Niles Redevelopment Project (the "Niles Plan"), as amended and restated pursuant to Ordinance No. 2295 dated July 7, 1998, pertaining to the Niles redevelopment project area as described therein (the "Niles Project Area"); (2) the Amended and Restated Redevelopment Plan for the Irvington Redevelopment Project (the "Irvington Plan"), as amended and restated pursuant to Ordinance No. 2294 dated July 7, 1998, pertaining to the Irvington redevelopment project area as described therein (the "Irvington Project Area"); (3) the Amended and Restated Redevelopment Plan for the Centerville Redevelopment Project (the "Centerville Plan"), as amended and restated pursuant to Ordinance No. 2296 dated July 7, 1998, pertaining to the Centerville redevelopment project area as described therein (the "Centerville Project Area"); and (4) the Amended and Restated Redevelopment Plan for the Fremont Industrial Redevelopment Project (the "Industrial Area Plan"), as amended and restated pursuant to Ordinance No. 2297 dated July 7, 1998, pertaining to the Industrial redevelopment project area as described therein (the "Industrial Project Area"). The Niles Plan, the Irvington Plan, the Centerville Plan, and the Industrial Area Plan are sometimes collectively referred to as the "Redevelopment Plans;" and

WHEREAS, pursuant to the above cited ordinances and Section 33485 et seq. of the Redevelopment Law, the City merged the Niles Project Area, the Irvington Project Area, the Centerville Project Area, and the Industrial Project Area to form the Fremont Merged Redevelopment Project Area (the "Merged Project Area"); and

WHEREAS, by Ordinance No. 5-2010 dated March 16, 2010 (the "Amended Project Ordinance"), the City Council has adopted an Amended and Restated Redevelopment Plan for

the Fremont Merged Redevelopment Project (the "Amended Plan") which amends, restates, and combines the Redevelopment Plans into a single redevelopment plan for the Merged Project Area; and

WHEREAS, the Amended Plan is anticipated to become effective on June 14, 2010; and

WHEREAS, to assist in implementing the Redevelopment Plans, the Agency by resolution of June 10, 2008, has adopted a five-year implementation plan for the fiscal years 2008/09 through 2012/13 (the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law; and

WHEREAS, concurrently with adoption of the Amended Plan, the Agency adopted an Amended and Restated Implementation Plan for the Fremont Merged Redevelopment Project (the "Amended Implementation Plan"); and

WHEREAS, in furtherance of the Redevelopment Plans, the Implementation Plan, the Amended Plan, and the Amended Implementation Plan, the Agency desires to provide financial assistance for the public improvements generally listed and described in the Work Program, which is attached to this Resolution and incorporated herein by this reference (collectively, the "Public Improvements"); and

WHEREAS, all of the Public Improvements will be located within the Merged Project Area and are subject to the requirements of Section 33445 of the Redevelopment Law; and

WHEREAS, in considering approval of this Resolution, the Agency and the City Council have complied with the requirements of the California Environmental Quality Act ("CEQA") in the manner found and determined below; and

WHEREAS, the following additional materials (collectively, the "Supporting Documents") have been presented to and considered by the Agency in support of the findings and approvals set forth in this Resolution: (1) the staff report of June 8, 2010, accompanying this Resolution; and (2) the Amended Plan SEIR and the Amended Plan SEIR Resolution (both as defined below). The Supporting Documents are hereby incorporated by reference in this Resolution and, together with the above recitals (the "Recitals"), form the evidentiary basis and establish the analytical route for reaching the ultimate findings and conclusions contained in this Resolution; and

WHEREAS, pursuant to Section 2(p) of the Amended Plan Ordinance, the City Council made the findings required by Section 33445 of the Redevelopment Law with respect to the Public Improvements.

NOW, THEREFORE, BE IT RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont that the above Recitals are true and correct and have served, together with the Supporting Documents, as the basis for the findings and approvals set forth below.

BE IT FURTHER RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont as follows:

The Executive Director is hereby directed to incorporate any amendments to the proposed budget, as made by the Agency Board during the meeting of June 8, 2010 (as described in Exhibit 1, attached hereto and incorporated herein by reference) for the fiscal year July 1, 2010 through June 30, 2011, into a document entitled "Redevelopment Agency Adopted Budget and Work Program FY 2010/11." The adopted budget may be referred to as "the Budget," and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved; and

The Executive Director is authorized to implement this resolution, and may delegate authority to implement this resolution to the Finance Director, or other designated Agency representative; and

The Agency Board does hereby adopt City of Fremont budget policies, as identified in the City's FY 2010/11 Adopted Operating Budget, for use by the Agency, to the extent the policies are relevant and allowable by law; and

The Executive Director is authorized to transfer appropriations as needed from savings available in any object account in the Agency's budget (other than the accounts of Affordable Housing) to other accounts to meet overall budget requirements. Likewise, the Executive Director is authorized to transfer appropriations as needed from savings available in any other account in the Agency's Affordable Housing budget to other accounts in the Agency's Affordable Housing budget to meet overall budget requirements; and

The Executive Director is hereby authorized to transfer among Redevelopment funds amounts designated as "Fund Transfers" in the budget, said transfers to be made in increments and at intervals determined by the Executive Director. The Executive Director is hereby authorized to cause Redevelopment funds to be restructured as needed to meet accounting requirements and provide financial reports as efficiently as possible; and

The Executive Director is hereby authorized to display expenditures of the Agency as "Fund Transfers" in financial statements, when needed to provide clarity and consistency for financial reporting; and

In accordance with Section 33606 of the Redevelopment Law, the Agency Board does hereby find and determine as follows:

(1) The proposed expenditures and anticipated revenues are shown in Exhibit 1;

(2) The Agency proposes no new additional issuance of bonded indebtedness during FY 2010/11 at this time;

(3) The Agency proposes to continue existing indebtedness, such as the bonds issued in 2000 and 2003, and the Agency's responsibility to contribute funding toward interchange construction projects;

(4) The Agency's work program and goals for next year and achievements for the current year are included in Exhibit 1; and

(5) In accordance with Section 33334.3(d) of the Redevelopment Law, the Agency Board does hereby find that the planning and administrative expenses of the Affordable Housing Fund are necessary for the production, improvement, or preservation of low and moderate-income housing. The total salaries, benefits, and operating expenditures of the proposed annual operating budget for the Affordable Housing Fund, including administrative support costs, are $0.89 million, which is approximately 13.8% of the $6.47 million total proposed expenditures for operations, capital projects and programs. The Agency administers an affordable housing program involving approximately 1,500 current units, with plans to assist approximately 500 additional units over the next five years. This low level of planning and administrative expenses in relation to the high number of assisted units supports the conclusion that the expenditures are necessary.

BE IT FURTHER RESOLVED that the Agency hereby finds for the following reasons, and based on the provision of Public Resources Code Section 21090, that the Amended Plan SEIR (as defined below) has served as the environmental documentation pursuant to CEQA for approval of this Resolution. "Amended Plan SEIR" means the Subsequent Environmental Impact Report for the Amended and Restated Redevelopment Plan for the Fremont Merged Redevelopment Project (State Clearinghouse Number 2008012048) certified by the City Council and Agency pursuant to Resolutions 2010-13 and 411, respectively, on March 2, 2010 (together, the "Amended Plan SEIR Resolution"). Specifically, the Agency finds that the Amended Plan SEIR was prepared as a "program" EIR, and that the design and development of the Public Improvements is within the scope of the program evaluated in the Amended Plan SEIR. The Agency further specifically finds that there have not been any of the following occurrences since the certification of the Amended Plan SEIR that would require a subsequent or supplemental environmental document in connection with approval of this Resolution:

(1) There have not been substantial changes in the Public Improvements that are the subject of this Resolution which would require major revisions in the Amended Plan SEIR; and

(2) There have not been substantial changes with respect to the circumstances under which the Public Improvements are being implemented pursuant to the Resolution which would require major revisions in the Amended Plan SEIR; and

(3) There has not been the appearance of new information which was not known and could not have been known as of the date of certification and approval of the Amended Plan SEIR which is relevant to the certification and approval of the Amended Plan SEIR as it relates to the Public Improvements.

BE IT FURTHER RESOLVED that the Agency hereby finds and directs that the applicable mitigation measures and monitoring program set forth in the Amended Plan SEIR Resolution shall be incorporated into and implemented in connection with the design and development of the Public Improvements.

BE IT FURTHER RESOLVED that, based on the foregoing CEQA considerations, the Agency Executive Director is authorized to file the appropriate notice of determination documents pursuant to CEQA in connection with the actions and approvals set forth in the Resolution.

BE IT FURTHER RESOLVED that, as the design specifications of the various Public Improvements are finalized, the City and/or the Agency, as appropriate, shall conduct any further appropriate environmental review in connection with the development of the various Public Improvements to the extent, in the manner, and at the times required under the terms of CEQA and the Amended Plan SEIR.

BE IT FURTHER RESOLVED that, based on the information and analysis contained in the Recitals and the Supporting Documents, and in accordance with Section 33445 of the Redevelopment Law, the Agency finds in accordance with Section 33445 of the Redevelopment Law:

(1) Such acquisition of the land or the installation or construction (collectively, "Development") of the Public Improvements is provided for in the Redevelopment Plans and the Amended Plan;

(2) Such Development of the Public Improvements is of benefit to and benefits the Merged Project Area by helping to eliminate blight within the Merged Project Area or by providing and directly assisting in the provision of housing for low- or moderate-income persons;

(3) No other reasonable means of financing the Development of the Public Improvements are available to the community, including, but not limited to, general obligation bonds, revenue bonds, special assessment bonds, or bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code); and

(4) Such payment of funds for the Development of the Public Improvements is consistent with the Implementation Plan and the Amended Implementation Plan adopted pursuant to Sections 33352(c), 33451.5(c)(7) and 33490 of the Redevelopment Law.

BE IT FURTHER RESOLVED, the Agency Board approves the project appropriations as shown for FY 2010/11 in the Budget as approved by this Resolution. Said appropriations are made as of July 1, 2010. The Agency Board authorizes re-appropriation and carry-forward of unspent appropriations for Redevelopment Agency projects and programs to later fiscal years consistent with the purposes of Redevelopment, as determined by the Finance Director. The Agency Board authorizes the Executive Director to determine when unspent appropriations are no longer needed in order to complete specific projects or programs and authorizes the Executive Director to release those unspent funds to unallocated fund balance of the fund from which the appropriations were originally made. The Agency Board does hereby adopt, and the Finance Director is instructed to implement, City of Fremont Capital Improvement Program (CIP) budget policies for use by the Agency to the extent the policies are applicable and allowable by law.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its passage and adoption.

ADOPTED June 8, 2010, by the Redevelopment Agency of the City of Fremont by the following vote, to wit:

AYES: Chairman Wasserman, Agency Members Natarajan, Harrison and Chan

NOES: None

ABSENT: Vice Chairman Wieckowski

ABSTAIN: None

Bob Wasserman
Agency Chairman

ATTEST:

Dawn G. Abrahamson
Agency Secretary

APPROVED AS TO FORM:

Harry G. Lee
Agency Counsel

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