



Fiscal Year 2015/16 Adopted Operating Budget



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Budget Team

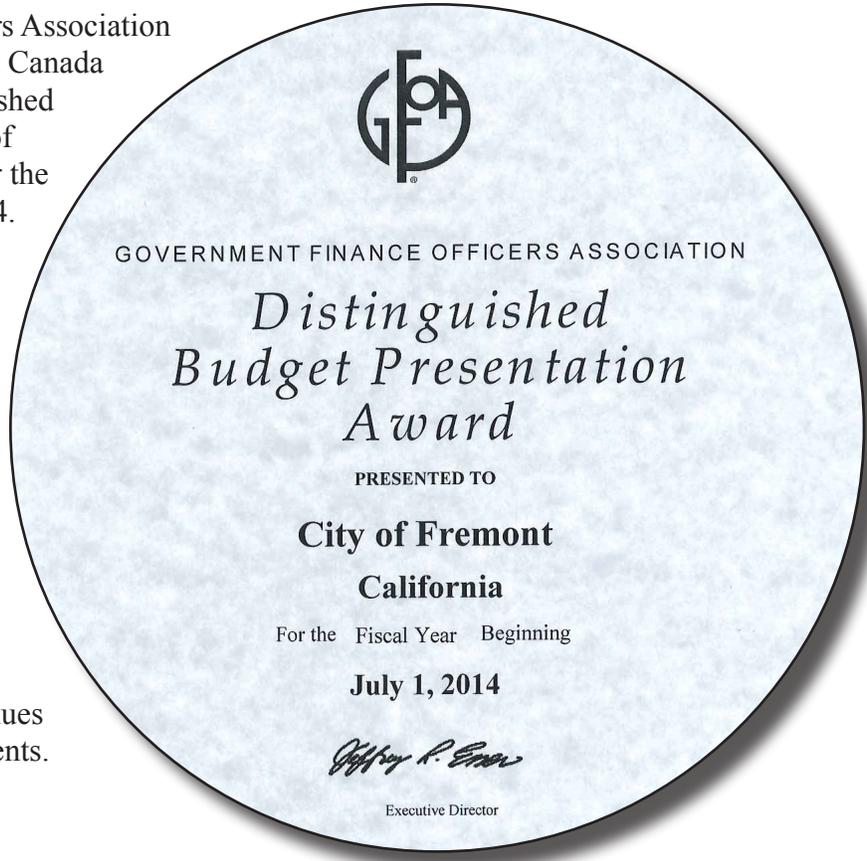
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The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2014.

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 eighteenth consecutive year the City has earned the award. We believe our current budget continues to conform to program requirements.



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:

Accounting Services, Revenue & Treasury Staff

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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 the City’s budget principles, a summary of departmental performance measures, and a summary of departmental objectives in a table that shows the alignment of objectives 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 deliver, 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, and Capital categories. Internal Service funds are cost allocation mechanisms and, along with Cost Center funds, are proprietary in nature. Special Revenue funds and Capital funds are grouped 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.

Guide to the Document

Capital Budget Summary

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2015/16 through 2016/17. 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**
- **Department Major Services** - The purpose of this information is to give the reader an understanding of the scope of each department's major service areas.
- **Department Overview** - A summary of each department's ongoing day-to-day core services and responsibilities.
- **Accomplishment Highlights** - A list that highlights a few of the department's most noteworthy accomplishments.
- **Objectives** - A list of significant departmental objectives or one-time projects aligned with the City Council's goals that help to achieve departmental goals outside the day-to-day services provided by the department.
- **Performance Measurement** - Information on performance measures and targets.
- **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 for services that are provided by the General Fund. This contribution is shown on the charts as "overhead charges to other funds."
- **Expenditure Summary** - This table shows 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. The major changes narrative includes any changes in salaries, benefits, and staffing. In addition, it describes operating, capital, and indirect expense allocation changes, but only if they vary by 5% up or down from the previous year.
- **Staffing** - A historical staffing graph shows the level of staffing for each department. 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 appropriation limit for the fiscal year, and other resolutions approved as part of the budget adoption process.

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Budget Overview

Honorable Mayor and Members of the City Council:

As a result of prudent policy decisions, support from City employees and the community, and a growing economy, the City continues to improve its financial condition. With cautious optimism, I present the Fiscal Year 2015/16 Budget.

Total General Fund budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of \$174.3 million, resulting in a balanced budget. The FY 2015/16 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 85% when overhead costs required to support these functions are allocated. The FY 2015/16 budget is 7.4% greater than last year's estimated actual use of resources.

Over the next few years, the City will continue to see modest increases in its General Fund net resources. While we still have significant challenges ahead, this proposed budget provides a sensible combination of funding for maintaining and, in some cases, improving on the current level of services, while investing strategically for the City's future. I look forward to working with the Council, the organization, and the community on this future.

In this message, I will highlight the following:

- FY 2015/16 Fiscal Outlook
- The Current Economic Update
- Key Budget Assumptions
- Discussion of Unmet Needs
- Major City Initiatives

FY 2015/16 Fiscal Outlook

Looking ahead to FY 2015/16, staff anticipates that the national economy will continue to grow at its current, moderate pace. The local economy is showing significant improvement, and that is translating into higher general revenues. At the same time, we are making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. That means that, although we are able to maintain and, in some cases, improve on the current level of services while making strategic investments for the City's future, we still have unfunded needs.

Property tax and sales tax are the City's most significant revenue sources. Property tax revenues are estimated to total \$75.7 million in FY 2014/15, and staff projects those revenues will increase to \$80.3 million in FY 2015/16, an increase of 6.1%. The City's FY 2015/16 property tax revenues are based on assessed property values as of January 1, 2015. Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2015/16 tax roll is an increase of 1.998%. Two additional factors are contributing to the projected growth in

Budget Overview

property tax: first, the local real estate market performed remarkably well in 2014, with strong sales activity and prices climbing to levels not seen in recent years; second, the County Assessor is continuing the process of restoring some of the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall housing market.

Sales tax revenues are estimated to total \$40.2 million in FY 2014/15 growing to \$47.3 million in FY 2015/16, an increase of 17.6%. Approximately \$3.1 million of that increase, however, is one-time revenue attributable to the restoration of the City's full 1% sales tax during FY 2015/16 and the end of the annual "triple flip" advances and adjustments from the State. Additionally, the FY 2014/15 estimate reflects a one-time reduction of approximately \$1.0 million to redistribute sales tax revenues that the State erroneously paid the City in prior years. Without those distortions, sales tax revenues would be estimated to grow approximately 7.3% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with the restaurants and hotels sector and building and construction sector also performing well.

There has been no use of the Budget Uncertainty Reserve since FY 2010/11, and none is anticipated for the foreseeable future. This reserve has a balance of \$3.7 million which, when added to the City's "core" reserves of \$25.9 million, results in a total reserve level of 17.1% for FY 2015/16. The Government Finance Officers Association of the United States and Canada has a recommended practice that local governments maintain reserves of at least 16.7% (two months of revenues or expenditures). The City's reserve level is consistent with this recommended practice. In addition, the FY 2015/16 budget anticipates ending the fiscal year with \$1.8 million in fund balance. In the event of another downturn, our reserves should allow us time to adjust service levels to match our resources without major disruptions.

Economic Update

The key national economic indicators are mixed. After strong performance in the second and third quarters of 2014 (annual rates of 4.6% and 5.0%), growth in Gross Domestic Product (GDP) slowed to 2.2% in the last quarter of 2014 and an advance estimate of 0.2% for the first quarter of 2015. The seasonally-adjusted unemployment rate for April 2015 fell to 5.4%, the lowest level since before the recession. Ambivalence in the economic data appears to be causing some concern among consumers. According to Lynn Franco, Director of The Conference Board Consumer Research Center, "Consumer confidence, which had rebounded in March, gave back all of the gain and more in April... This month's retreat was prompted by a softening in current conditions, likely sparked by the recent lackluster performance of the labor market, and apprehension about the short-term outlook... Coupled with waning expectations, there is little to suggest that economic momentum will pick up in the months ahead."

The press release from the most recent meeting of the Federal Reserve Open Market Committee on April 29, 2015, notes that "although growth in output and employment slowed during the first quarter, the Committee continues to expect that economic activity will expand at a moderate pace... Inflation is anticipated to remain near its recent low level in the near term, but the Committee expects inflation to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of declines in energy and import prices dissipate." According to Beacon Economics, GDP is expected to grow in the 3% range during the forecast period, with the

unemployment rate improving just slightly from its current level. The determinants of inflation – employment, industrial capacity utilization, and energy prices – are all projected to remain relatively low during the forecast period. Inflation is expected to remain within the 2% range targeted by the Federal Reserve.

Key Budget Assumptions

Based on 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 2015/16 budget:

1. The local economy will continue to improve during FY 2015/16, resulting in total General Fund resources (revenues and transfers in) increasing by 8.2% over estimated actual resources in FY 2014/15.
2. Total General Fund use of resources (expenditures and transfers out) is 7.4% more than the estimated actual amounts for FY 2014/15.
3. The costs of the FY 2015/16 budget will be covered by projected resources, without requiring the use of reserves to balance the budget.
4. The State-mandated dissolution of the City's Redevelopment Agency means that property tax increment that had been committed to the former Redevelopment Agency is now distributed to all taxing jurisdictions in the same manner as regular property taxes.
5. As the City is currently engaged in a collective bargaining process with its labor groups, the FY 2015/16 budget includes a placeholder salary adjustment of 2.5%.
6. Total expenditures in the FY 2015/16 budget include a savings assumption of \$7.1 million (approximately 4.1% of total budgeted expenditures and transfers out in FY 2015/16) to reflect the City's historical experience of under-spending total allocated resources, primarily due to salary savings from vacant positions. In addition, there is also a savings assumption of \$512,000 to offset the additional appropriations required with respect to the City's variable rate debt, in accordance with debt covenants.
7. The FY 2015/16 budget provides funding for three additional police officers and prefunding the City's other post-employment benefit (OPEB) liabilities, as well as enhanced funding for street maintenance and a \$1.0 million annual contribution to deferred maintenance on capital facilities.
8. The General Fund's primary reserves will be maintained at 15% of total expenditures and transfers out and, when the Budget Uncertainty Reserve is included, the City's reserve level will be 17.1%. This exceeds both the Council's 15% policy level and the 16.7% level recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Budget Overview

Unmet Needs

Even as we struggle to maintain the current level of 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 increased frequency of repairs, compounded by not having had adequate resources to spend on 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 environmental 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.

Although the inability to adequately fund maintenance of the City's infrastructure is a major concern, the City is working to address pressing needs in other areas of the organization and the community as well. Below is a partial listing:

UNMET NEED	ADDITIONAL FUNDING NEEDED
<p><i>Street Maintenance</i> – To maintain the current condition of our streets, we need to spend roughly \$19 million annually (the FY 2015/16 Proposed Budget recommends funding for \$10.5 million). To increase the PCI to an optimal level of 83, close to \$275 million over five years would be needed.</p>	<p>\$8.5 million annually</p>
<p><i>Deferred Maintenance of Existing Capital Assets (other than streets)</i> – This need has not been quantified. The General Fund is currently contributing \$1 million annually to the Capital Improvement Program (CIP), all of which is programmed for maintenance projects.</p>	<p>\$1.0 million (at least) annually</p>
<p><i>Add Three Police Officers</i> – Public safety was not spared from budget reductions during the economic downturn. These positions were removed from the budget because it was unclear whether they would ever be able to be filled. To deal with issues associated with a growing population, positions lost to balance the budget should be restored. In September 2012, Council added four Police Officer positions to the staff complement, and an additional three positions were added in FY 2014/15. Three remaining additional positions are included in the FY 2015/16 Adopted Budget.</p>	<p>\$500,000 annually</p>
<p><i>Other Post-Employment Benefits (OPEB)</i> – The City has made a commitment to its retirees to provide a medical benefit. However, unlike most cities, Fremont’s benefit consists of a more modest capped reimbursement of medical premiums (rather than providing full medical coverage). The City’s current pay-as-you-go expense is \$3.2 million a year. The unfunded liability associated with this benefit is estimated at \$74.5 million, as of June 30, 2015.</p> <p>The City Council has directed staff to begin paying down the unfunded liability in FY 2015/16. Because the City is already paying a significant portion of the ARC as pay-as-you-go benefits to retirees and healthcare premium payments for active employees, the net cost for FY 2015/16 will come from a combination of the \$2.2 million included in the FY 2015/16 unmet needs forecast for OPEB and \$1.5 million of the OPEB unmet needs amounts set aside in FY 2013/14 and FY 2014/15.</p>	<p>\$3.7 million annually</p>

Budget Overview

This is only a partial list, but serves as a reminder that additional resources generated by the General Fund in the coming years are not really surpluses. Instead, they provide a means to begin to chip away at the list of unmet needs and deferred maintenance that has developed over the years. Indeed, beginning in FY 2013/14, the City has been able to devote resources to address its unmet needs and, as a result, a number of the needs that appeared on the original list have now been incorporated into the FY 2015/16 Adopted Budget as ongoing expenditures. These include:

UNMET NEED	ONGOING FUNDING
<i>Downtown Plan</i> – The General Fund is contributing \$1 million annually to provide “seed” money for this catalyst project.	\$1.0 million annually
<i>Warm Springs/South Fremont</i> – In conjunction with the opening of this BART station in 2015, there is a need for infrastructure to support the envisioned transit-oriented mixed use development of this area. The total need has not yet been quantified, but is anticipated to be significant. The City is currently providing \$250,000 annually for this purpose.	\$250,000 annually
<i>Open Fire Station 11</i> – This station is west of I-880 in the Industrial area. As increased development has occurred in this area, the need for an operating fire station has become more critical. Fire Station 11 was opened in January 2015.	\$506,000 annually
<i>Additional Library Hours</i> – The City funded Sunday library hours at the Fremont Main Library until FY 2003/04, at which time that funding was eliminated as the City dealt with the budget challenges of the “dot-com” bust. The Fremont Main Library is the most heavily used branch in the Alameda County Library System, and the Library Commission has expressed a strong interest in having funding once again available for Sunday hours. Beginning in FY 2013/14, the City is providing annual funding to restore Sunday library hours.	\$264,000 annually
<i>Affordable Housing</i> – The elimination of redevelopment removed a major source of funding for affordable housing activities. Beginning in FY 2013/14, the General Fund is contributing an annual amount equivalent to 20% of the City’s former redevelopment project area property tax revenue, which amounts to \$1.3 million in the FY 2015/16 Adopted Budget.	\$1.3 million annually

Major City Initiatives

Although City's current fiscal situation is challenging, 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.

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

Warm Springs/South Fremont: The Warm Springs/South Fremont area is critically important to the City because of a unique convergence of forces. The Warm Springs BART station, located just northeast of the Tesla Factory, is scheduled to open in 2015. The station will enhance intermodal access to local bike routes and bus lines that serve the entire Bay Area (VTA and AC Transit) and provide critical connectivity to the City's existing employment centers in the general Warm Springs area. This connectivity serves as an employee retention and attraction tool for our business community and will serve as a catalyst for future growth and success of the area. By 2018, BART will extend an additional ten miles to San Jose, connecting Fremont to the rest of Silicon Valley for the first time.



The purchase of the former NUMMI plant by electric car manufacturer Tesla Motors has allowed its operations to stay in Northern California. Tesla is producing both its Model S sedan and its new Model X sport utility vehicle in Fremont.

The City produced a Jobs Recovery Strategy for the Warm Springs area, funded by a U.S. Economic Development Administration (EDA) grant, in 2011. This strategy included a series of technical studies and outlines a plan for revitalization of an 850-acre area anchored by Tesla Motors. The studies included market/economic analyses, land use alternatives, infrastructure and cost analyses, and a financial assessment. Three land use scenarios were studied and show employment growth in the Warm Springs area ranging from 9,700 to 12,300 jobs, and housing development ranging from 0 to 3,900 units. The findings revealed that all scenarios are financially feasible. The City Council accepted these studies in February 2012.

Building on this strategy, the City initiated outreach efforts to share the findings, generate support, and encourage a sense of urgency for implementation. In April 2012, an interactive focus group with major Warm Springs stakeholders was held that included updated research about employment growth opportunities for the study area. This focus group was followed by a legislative briefing and tour in May, positioning the area to contend for key infrastructure funding. Concurrently, the Urban Land Institute (ULI) performed an analysis regarding the phasing, design, and public realm investments needed to transform Warm Springs into a regional, transit-oriented jobs center.

Budget Overview

With the EDA-funded visionary and feasibility studies complete, a Warm Springs Community Plan was adopted in July 2014 which incorporates this analysis, an environmental review of the area, and results of the City’s stakeholder engagement into a land use plan and accompanying development and design standards for the area. In addition, major infrastructure projects that will serve as catalysts for development within the Warm Springs area have been identified. A Feasibility Study for the Warm Springs West Access Bridge, which will connect the existing and proposed workforce to the new BART station, and conceptual bridge design, was approved by City Council in October 2014. A partnership with BART is also being defined and solidified through a Memorandum of Understanding that will define the roles and responsibilities of both the City and BART in relation to the design, construction and on-going operation and maintenance, and ownership of the bridge.

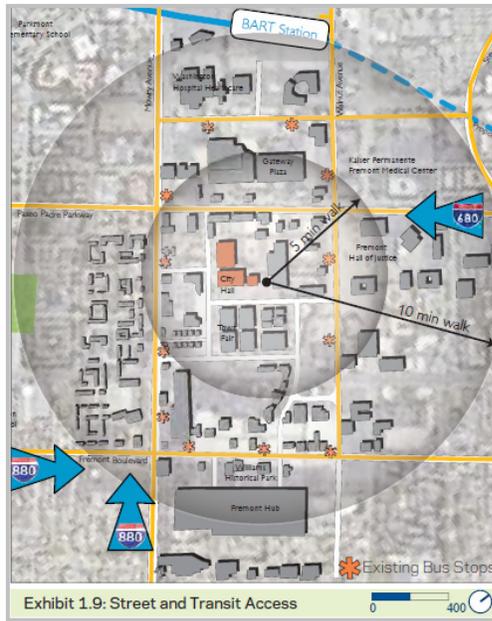


On March 17, 2015, the City Council approved a Master Plan for the Lennar Homes development proposal on 111 acres of land within the Warm Springs Innovation District. The proposal includes 1.4 million square feet of Office R&D space, up to 2,200 residential units including 286 affordable rental units, a five acre elementary school site, and four acre public park. Lennar closed on the property with Union Pacific Rail Road on May 1, 2015. Construction of the mixed use project is scheduled to begin in fall 2015.

Downtown/Capitol Avenue: With its ideal Silicon Valley location, Downtown Fremont is poised to become a vibrant, urban mixed-use district that will serve as a destination for the city and the region. This 110-acre, centrally located commercial district is bounded by Fremont Boulevard, Mowry Avenue, Paseo Padre Parkway, and Walnut Avenue. Incentives are in place for new development that will help create an exciting new district in Fremont, in keeping with the City’s general plan goal of becoming “strategically urban.”

The Downtown “retail spine” will be along Capitol Avenue, connecting two major north/south thoroughfares along a well-designed, pedestrian-oriented, mixed-use corridor. This will provide a focal point and community gathering space – a more sustainable, pedestrian-friendly public realm activated with street-level commercial, retail, and civic uses, and public open spaces that stimulate economic activity and attract high-quality, high-intensity development to the district. Development projects will take advantage of the close proximity and connections to the Fremont BART station. The proposed building development patterns will change the district’s character from today’s low-density, vehicular-oriented suburban development fronting surface parking lots to a mid-density, transit-oriented development directly fronting, and integrating with, streets and sidewalks.

The ultimate plan calls for development to expand from 1.25 million square feet to 5.2 million square feet, much of which will be additional office (including new, consolidated City offices) and residential uses. Other uses will include retail, entertainment, open space, and cultural arts organized around a main street, Capitol Avenue, which must first be extended to Fremont Boulevard.



Some elements of the overall plan have been completed; for example, Urban Housing celebrated its grand opening in July 2013 of a 300-unit apartment project, and TMG Partners/Sares Regis have entitiled the Downtown's first mixed use project which entails 145 ownership housing units including condos, stacked flats, and rowhomes. In addition, the project includes critical ground floor retail space that will set the tone for the vibrant pedestrian environment the vision supports. Another highlight is the soon to be completed extension of Capitol Avenue between State Street and Fremont Boulevard scheduled to open in late summer 2015. Construction is scheduled to begin during that same time for the remainder of Capitol Avenue improvements. In addition, the City has begun to explore the development of the Civic Center, including identifying preliminary plaza and place-making components that can be underway shortly after the construction of the Capitol Avenue extension. The City is prioritizing the disposition of key land assets in order to finance the public infrastructure portions of Downtown improvements as well as seeking other grant funding opportunities.

Economic Development: Economic development efforts are in full swing based on a mature program, a recovering economy, and strategic focus on Downtown and Warm Springs. Diversification of our sales tax base continues in several key areas outlined below.

Budget Overview

Retail Activity: Pacific Commons is now one of the largest power centers in the country at over 1 million square feet, with the addition of The Block, which continues to expand with additional pad buildings under construction. Much of the 120,000 square feet of new shop space has been leased, and over the last year, new openings included Dick's Sporting Goods, Buffalo Wild Wings, The Kabob Shop, Blaze Pizza, Sleep Number, and Dress Barn. The combination of all of these new spaces has created a nighttime destination for Fremont. In addition, a recent change in management has led to new investment in the center, creating more 'place making' elements and driving renewed leasing interest across all of Pacific Commons. An early example of this momentum is the recent opening of Dish 'N Dash, a Silicon Valley favorite with huge followings at its Sunnyvale and Milpitas locations.



In the Downtown, new retailers like Whole Foods, The Counter, and Pieology continue to experience strong performance, validating their investments in this area. With the pending construction start of TMG's State Street project, the project's leasing team is actively marketing this retail opportunity and preliminary indication is that interest is strong.

Carmax plans to begin construction of their new facility right off of Auto Mall Parkway by the end of 2015. With this addition, Fremont's thriving Auto Mall is completely full. The City is also realizing an increase in auto-related sales tax receipts from the continued success Tesla's Model S, which they sell from the Fremont factory showroom.

Emerging Technology and Business Investment: Fremont is the second largest city in Silicon Valley, with a vibrant and diversified globally connected economy and dozens of innovative firms. Fremont continues to have one of the nation's largest percentages of its workforce employed in the manufacturing sector at 23%. It is home to a growing cluster of nearly 40 clean-tech companies, such as electric car builder Tesla Motors, Imergy Power Systems, and Soraa. Over the past year, we also welcomed others such as GenZe and Cogenra. To enhance this activity, the City has continued to partner with organizations like Cleantech Open and CalCharge to host cleantech-focused events in Fremont, providing the City an opportunity to showcase this strength to a broad audience.

In addition, major companies in other advanced industries continue to thrive in Fremont, including Lam Research, Seagate Technologies, Western Digital, Boehringer Ingelheim and Thermo Fisher Scientific. With large anchor companies like these comes an equally strong network of suppliers, which continues to expand, providing significant economic impact to our community.

Fremont has received further recognition as a great place to live and work:

- 2nd best-run City to Raise Children by Mylife
- 3rd best paying City for Women in Tech by Smart Asset
- 4th best City for Working Parents by NerdWallet
- 5th best City for Job Seekers by Wallethub

Fremont's retention-oriented economic development strategy continues yield results with the following projects either under way or completed this past year:

- LAM Research (\$87 million / 137,000 square foot expansion of existing campus)
- Delta Products (200,000 square foot LEED Platinum new U.S. Headquarters)
- ThermoFisher (250,000 square foot expansion, new construction)
- Seagate (purchase and retrofit of Solyndra building)
- Solar City/Silveo's lease of a former Solyndra building

Retention efforts have been bolstered by an aggressive business appreciation program, with 83 visits occurring last year covering eleven different industries and small businesses. New companies have also come to the city including Sportsvision, ProExhibits, and South Bay Solutions, just to name a few.

New developments in the industrial sector were also evident, and show how advanced manufacturing is helping to revive our local economy. Overton Moore has completed three buildings totaling over 700,000 square feet at Dixon Landing Road with Apple, Pivot Interiors, and Living Spaces named as tenants. Note that the completion of this project also includes the long-awaited extension of Fremont Blvd. to Dixon Landing Road, considered a major Silicon Valley commute connector. Similarly, Prologis will break ground this year on another 600,000 square foot "spec" industrial development. In addition, Panattoni and Westcore Properties both have similar products under construction and it was announced that Tesla will lease all 300,000 square feet of Westcore's project, as they expand. This wave of industrial development has totaled nearly two million square feet, reflecting strong market demand for "Class A" industrial space that can accommodate a variety of uses in the manufacturing ecosystem. In addition to accommodating real estate demand, the City continues to support the manufacturing sector by connecting it to resources through the Silicon Valley Manufacturing Roundtable, East Bay Biomedical Manufacturing Network, and other regional initiatives. These efforts help make workforce connections and build supply chain bridges to help these businesses thrive in our community.

Efforts to build the Fremont Innovation District (FID) brand have continued. The City commissioned the conceptual design of wayfinding signage to implement throughout the District and will begin to move forward with construction design documents in late 2015. With the creation of this new branding, businesses can identify with being a part of this area that will foster innovation through industry events, education resources, incubation support, and co-location synergy.

Underlying all of these efforts is an aggressive marketing campaign aimed at making Fremont's opportunities better known to the business community. We continue to leverage the business website platform, "ThinkSiliconValley.com," with a robust social media presence, a bi-weekly blog, and

Budget Overview

active feedback mechanisms. We have integrated Innovation District tools (logo files, maps) onto the site and featured a custom infographic, which tells Fremont's manufacturing story. Over the past year, we have also redesigned our Economic Development marketing collateral to match the brand established by ThinkSiliconValley.com.

Capital Projects: Despite the challenges in the City's General Fund, the City continues to pursue 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 traffic impact fees, competitive grants, and State and regional sources. The most significant of these projects continues to be the coordination with BART and VTA on the Warm Springs and Silicon Valley BART extension projects in Fremont to ensure the City's and community's interests are taken into account during the design and construction of these important transportation projects.

Roadway maintenance continues to be a heightened focus, and each year the program is expanding to touch more roadways through innovative treatments. The Capitol Avenue construction effort to connect City Hall and Downtown to Fremont Boulevard, along with the design of the pedestrian access bridge on the west side of the new Warm Springs BART station, are two major projects that will serve to move and connect people as we become a more strategically urban community.

Legislative Advocacy: The City has continued to become more proactive with its legislative advocacy efforts and has forged ahead with building partnerships at the federal, state, and regional levels to ensure the interests of Fremont and the region are preserved. This is evident in the Council's annual review and approval of the City's Legislative Guiding Principles and Priorities which serve as a foundation for pursuing the City's major initiatives.

Conclusion

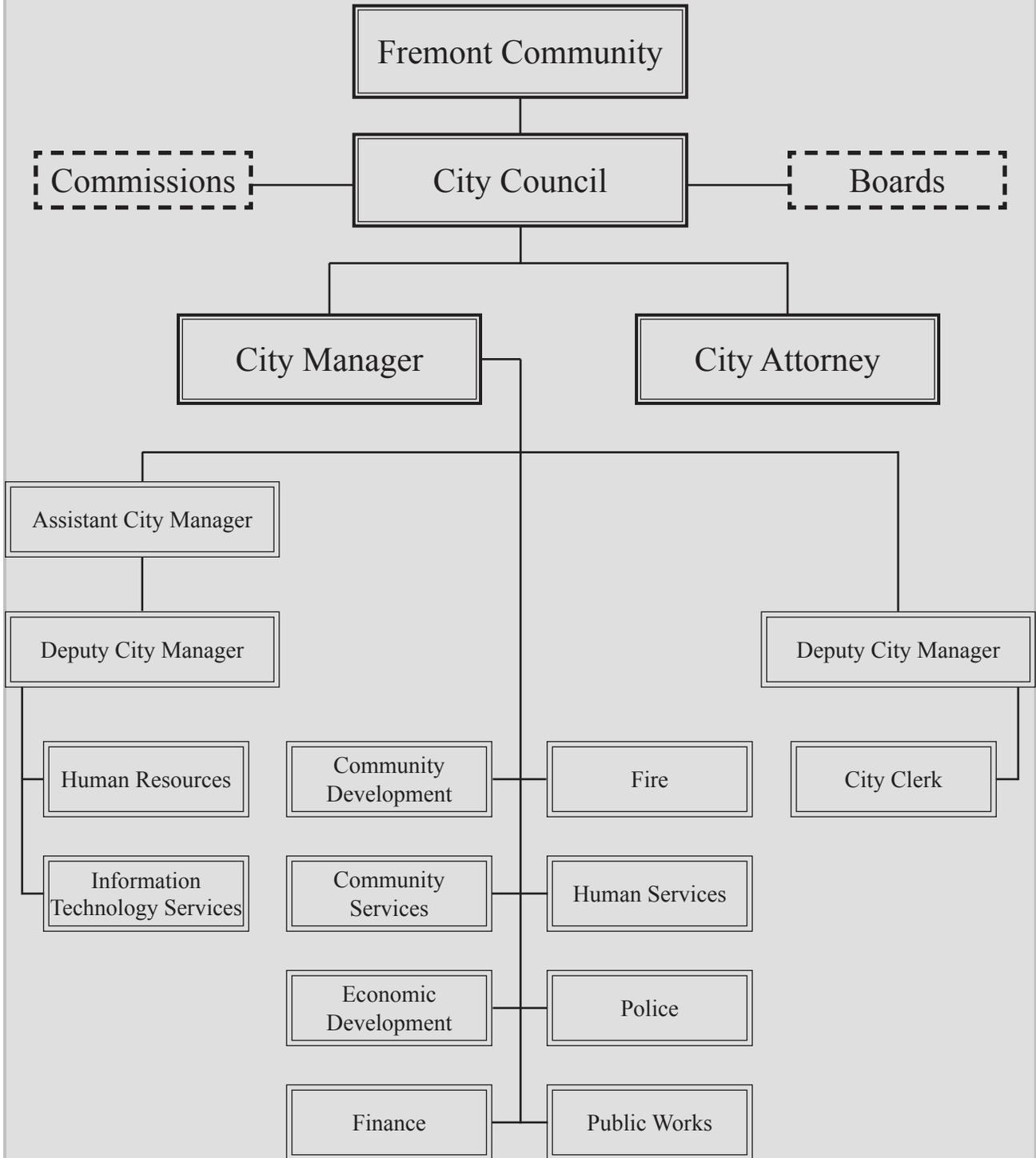
Fremont has long prided itself on being a lean organization, making the most of the resources entrusted to us. The prolonged recession forced us to make hard choices about which services we will provide to the community, and how we will provide them. Fiscal discipline and wise stewardship over many years have made it possible for us to take a balanced approach as we strategically begin to restore 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, and the opportunities as we move forward.



Fred Diaz
City Manager

Summary Information

City of Fremont Organization Chart Fiscal Year 2015/16



City of Fremont, California Regional View



City of Fremont Profile

History

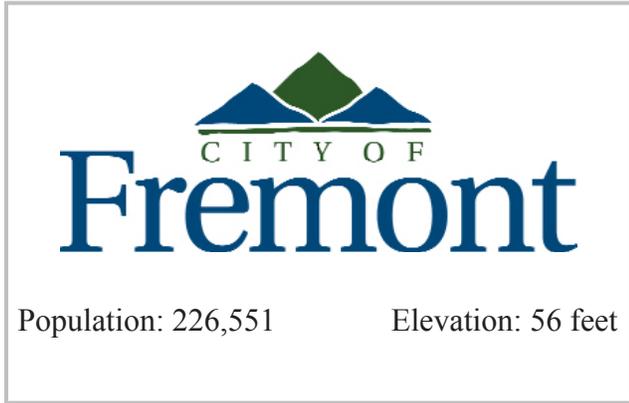
Fremont’s rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont’s rich soil, central location, and excellent climate have continued to attract newcomers to 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 226,551, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 95th 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 57 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 has easy access 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.



Demographics

Population ²	
1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2010	214,089
2015	226,551

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): 7

Number of City Managers since Incorporation: 7

Full-time Employees FY 2015/16 ¹	
Community Development	62.050
Community Services	90.760
Economic Development	4.000
Fire	158.000
General Government	84.920
Human Services	60.175
Police	302.500
Public Works	119.613
Total	882.018

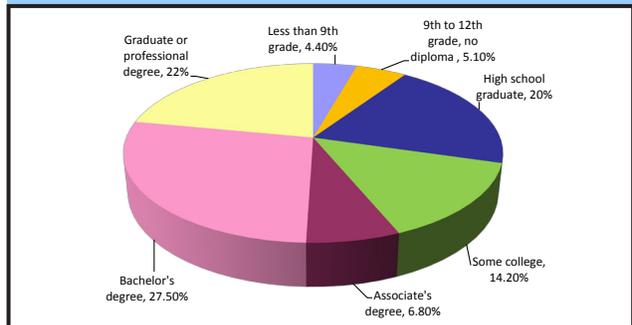
Land Area: 92 square miles

Climate³

Average Temperature: 60°F (15.6°C)

Average Annual Precipitation: 15.19"

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

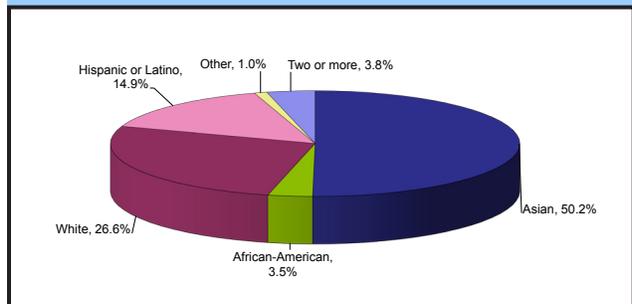


Median Age⁴: 37.2

Mean Household Income (2013 projection)⁴: \$115,471

Racial Composition⁴

(Hispanic/Latino may be of any race)



Business

Major Employers (listed by alphabetical order)⁵

- Asteel Flash
- Boehringer Ingelheim
- Boston Scientific
- City of Fremont
- Fremont Unified School District
- Kaiser Permanente
- Lam Research
- Mattson Technology
- Mentor Graphics
- Office Depot
- Palo Alto Medical Foundation
- Quanta Computer
- Sanmina-SCI
- Seagate
- Synnex
- Sysco Food Services
- Tesla Motors
- Thermo Fisher Scientific
- Washington Hospital
- Western Digital

Community Services

City Resources	
Family Resource Center	1
Parks	58
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

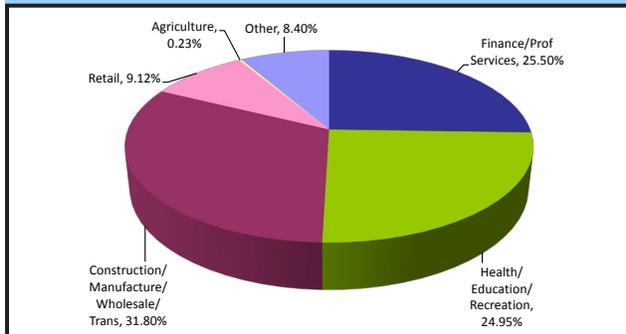
FUSD Average SAT I Score⁶: 1775

Percentage of FUSD graduates attending⁷:

- University of California: 23.1%
- California State University: 12.5%

Ohlone College is a public, two-year, open-admission community college with an average enrollment of almost 18,000 students per year⁸.

Distribution of Jobs by Major Employment Sectors (2012 projection)⁴
Total Jobs = 103,484



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 Amtrak Capitol Corridor Train
Sewer:	Union Sanitary District
Gas and Electricity:	Pacific Gas and Electric
Water:	Alameda County Water District

Notes:

¹ FY 2015/16 Adopted Operating Budget, City of Fremont

² California State Department of Finance

³ The Weather Channel

⁴ U.S. Census Bureau, 2008-2012 American Community Survey

⁵ City of Fremont, Economic Development Department

⁶ California Department of Education

⁷ Fremont Unified School District

⁸ 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 four categories:

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

The first three categories include the City's operating funds, and the last one is a special purpose fund used for capital investments. Funding for most of the City's operations and most of its services comes from the first three fund categories.

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 Information | All City Funds Schedule

Summary of All Funds

(Thousands of Dollars)	Total General Fund	Cost Center/ Internal Service Funds	Special Revenue Funds	Capital Funds	Total All Funds
Revenues					
Taxes:					
Property Tax	\$ 80,312	\$ -	\$ -	\$ -	\$ 80,312
Sales Tax	47,337	-	1,812	-	49,149
Business Tax	9,888	-	-	-	9,888
Hotel/Motel Tax	7,729	-	-	-	7,729
Property Transfer Taxes	1,705	-	-	-	1,705
Paramedic Taxes	1,159	-	-	-	1,159
Franchise Fees	9,420	-	-	-	9,420
Charges for Services	5,850	29,618	8,734	300	44,502
Fines	2,963	-	-	-	2,963
Use of Money and Property	1,129	270	205	555	2,159
Intergovernmental	398	-	7,320	11,227	18,945
Other Revenues	852	1,203	4,049	18,034	24,138
Total Revenues	168,742	31,091	22,120	30,116	252,069
Total Transfers In	5,607	7,263	5,054	8,473	26,397
Resources Available: (Revenues plus Total Transfers In)	174,349	38,354	27,174	38,589	278,466
Expenditures					
General Government	13,918	-	-	-	13,918
Police	68,602	-	949	-	69,551
Fire	44,390	1,400	153	-	45,943
Public Works:					
Engineering	-	9,769	-	-	9,769
Maintenance	14,425	-	-	1,200	15,625
Community Development:					
Planning	-	3,685	-	-	3,685
Building and Safety	-	6,337	-	-	6,337
Community Preservation	1,329	-	126	-	1,455
Housing	-	-	1,080	-	1,080
Human Services	-	763	12,996	-	13,759
Community Services:					
Recreation	-	8,582	26	-	8,608
Maintenance	7,747	-	-	-	7,747
Landscape	-	1,349	-	-	1,349
Environmental Services	-	-	7,558	-	7,558
Non-departmental	2,815	4,707	-	46,602	54,124
Less: Citywide Savings	(7,100)	-	-	-	(7,100)
Debt Costs	-	-	690	-	690
Total Expenditures	153,082	36,592	23,578	48,047	261,299
Total Transfers Out	19,541	4,643	1,303	910	26,397
Resources Used: (Expenditures plus Operating Transfers Out)	172,623	41,235	24,881	48,957	287,696
Net Results of Operations: (Resources Available less Resources Used)	1,726	(2,881)	2,293	(10,368)	(9,230)
Beginning Fund Balance - 6/30/15 (est.)	29,604	21,220	30,981	22,990	104,795
Fund Balance - 6/30/16 (est.)	\$ 31,330	\$ 18,339	\$ 33,274	\$ 12,622	\$ 95,565

Citywide Position Changes Overview

The total authorized regular staffing level of 882.02 for FY15/16 has increased by 15.00 full time equivalents (FTEs) from the FY 2014/15 level. While there is an overall increase in staffing, many departments continue to operate at a low level when compared to historical staffing ratios.

The overall staffing level has increased and is attributed to a variety of factors. The City has taken steps to address its Public Safety unmet needs including adding 3 Police Officers. Efforts are also being undertaken to complete the consolidation of Police dispatch between the City of Fremont and the City of Union City. Staffing in the Development Center has been enhanced to match a steady increase in activity levels and growing demands.

The Community Development Department staffing level for FY2015/16 is 1.75 FTEs more than the FY2014/15 level. The increase is attributed to the increased activity at the Development Center, the addition of 1.0 FTE Supervising Building Inspector and 1.0 FTE Office Specialist in the Building Division and a re-organization within the department.

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15*</u>	<u>2015/16</u>
<u>PUBLIC SAFETY</u>						
Fire	152.500	152.500	153.000	154.000	157.000	158.000
Police	287.000	287.000	282.000	287.500	296.500	302.500
TOTAL	439.500	439.500	435.000	441.500	453.500	460.500
<u>OTHER COMMUNITY SERVICES</u>						
Community Development	98.335	60.750	61.000	57.300	60.300	62.050
Economic Development	3.650	3.650	4.000	4.000	4.000	4.000
Human Services	54.500	54.500	56.500	58.150	59.925	60.175
Public Works	103.230	109.235	110.235	111.610	117.610	119.613
Community Services	61.850	93.430	94.410	88.510	90.010	90.760
Housing and Redevelopment	12.100	12.100	0.000	0.000	0.000	0.000
TOTAL	333.665	333.665	326.145	319.570	331.845	336.598
<u>ADMINISTRATIVE SYSTEMS</u>						
City Manager's Office	6.150	6.250	6.800	8.800	9.300	9.800
City Attorney	9.420	9.420	9.670	9.920	9.920	9.920
City Clerk	4.200	4.200	4.200	4.200	4.200	3.950
Finance	21.650	21.550	21.750	22.750	22.750	24.000
Information Technology Services	19.900	19.900	22.000	22.000	22.000	23.000
Human Resources	14.000	14.000	14.000	14.000	13.500	14.250
TOTAL	75.320	75.320	78.420	81.670	81.670	84.920
CITYWIDE TOTAL	848.485	848.485	839.565	842.740	867.015	882.018
* Total number of positions anticipated at the end of June 2015.						

Summary Information | Citywide Position Changes

The Community Services Department staffing level is 1.00 FTE more than the FY2015/16 level. This change is due to the increase in recreation activity and the addition of 1.0 FTE Recreation Superintendent.

The Human Services Department staffing level for FY2015/16 is 0.25 FTE more than the FY2014/15 level. This increase is the net result of a re-organization within the department.

The Fire Department staffing level for FY2015/16 is 1.00 FTEs more than the FY2014/15 level. The increase is the net result of a re-organization and the addition of 1.0 FTE Division Chief.

The Police Department staffing level for FY2015/16 is 6.00 FTEs more than the FY2014/15 level. This increase is due to the addition of 3.0 FTEs in Police Officers, 2.0 FTEs in Public Safety Dispatchers as part of the consolidated Police dispatch system between the City of Fremont and the City of Union City, and an addition of a 1.0 FTE Police Captain.

The Public Works Department staffing level for FY2015/16 is 2.03 FTEs more than the FY2014/15 level. The change is attributed to the overall increase in development activity in the City and the passage of Measure BB, resulting in additional project funding.

The administrative departments staffing level for FY2015/16 is 3.25 FTEs more than the FY2014/15 level. This change is attributed to an overall increase in support required for line departments.

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 2014 and 2015		
	<u>2014</u>	<u>2015</u>
General Obligation Bonds		
General Obligation Bonds, Election of 2002 Series C	\$14,810,000	\$14,475,000
General Obligation Bonds, 2012 refunding of Election of 2002 Series A	7,750,000	7,430,000
General Obligation Bonds, 2013 refunding of Election of 2002 Series B	<u>22,005,000</u>	<u>21,305,000</u>
Total General Obligation Bonds	<u>44,565,000</u>	<u>43,210,000</u>
Certificates of Participation - General Fund		
2008 Public Financing Authority (refi of 1990, 1991, 2002, 2003 COPs)	69,305,000	67,705,000
2010 Public Financing Authority	15,000,000	14,545,000
2012A Public Financing Authority (refi of 1998 COPs)	11,355,000	10,560,000
2012B Public Financing Authority (refi of 2001A and 2001B COPs)	<u>29,190,000</u>	<u>27,690,000</u>
Sub-total	<u>124,850,000</u>	<u>120,500,000</u>
1998 Public Financing Authority (Fremont Family Resource Center)	<u>8,565,000</u>	<u>8,165,000</u>
Total Certificates of Participation	<u>133,415,000</u>	<u>128,665,000</u>
Total General Obligation Bonds and Certificates of Participation	<u><u>\$177,980,000</u></u>	<u><u>\$171,875,000</u></u>

Summary Information | City Debt Summary

Annual Debt Service Requirements*

	<u>City's Certificates of Participation - Source of Payment</u>	<u>City's Certificates of Participation - Source of Payment</u>	<u>General Obligation Bonds Election of 2002</u>	<u>General Obligation Bonds Election of 2002</u>	<u>General Obligation Bonds Election of 2002</u>
	<u>General Fund</u>	<u>Family Resource Center</u>	<u>2009</u>	<u>2012</u>	<u>2013</u>
FY 2015/16	\$ 6,955,649	\$ 512,218	\$ 1,044,150	\$ 544,225	\$ 1,591,138
FY 2016/17	7,822,698	607,102	1,049,756	542,675	1,596,438
FY 2017/18	9,003,108	722,355	1,055,113	542,750	1,595,438
FY 2018/19	8,494,402	694,939	1,051,988	538,625	1,592,488
FY 2019/20	8,478,042	704,249	1,045,788	538,125	1,589,088
Thereafter	128,381,003	6,548,404	19,506,663	6,993,869	23,270,494
Total Principal and Interest	169,134,901	9,789,268	24,753,456	9,700,269	31,235,081
Less Interest	48,634,901	1,624,268	10,278,456	2,270,269	9,930,081
Total Principal	\$120,500,000	\$ 8,165,000	\$ 14,475,000	\$ 7,430,000	\$ 21,305,000

* The assumed interest rate for the City's variable rate debt is 0.50% for FY 2015/16, 1.50% for FY 2016/17 and 3.00% thereafter. For FY 2015/16, 2016/17 and 2017/18 only, interest also includes trustee, credit enhancement, remarketing, rating and rebate-related expenses.

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 \$43,210,000 of outstanding debt subject to the legal debt limit and a legal debt limit of \$5,678,677,805, the City is not at risk of exceeding its legal debt limit.

Computation of Legal Debt Margin as of June 30, 2015

Assessed Valuation (Net) ¹	<u>\$37,857,852,035</u>
Debt Limit: 15% of Assessed Value	\$5,678,677,805
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>43,210,000</u>
Legal Debt Margin	<u>\$5,635,467,805</u>

¹Source: Alameda County-Controller’s Office Certificate of Assessed Value, FY2014/15.

Compliance with Long-Term Capital Debt Service Policy

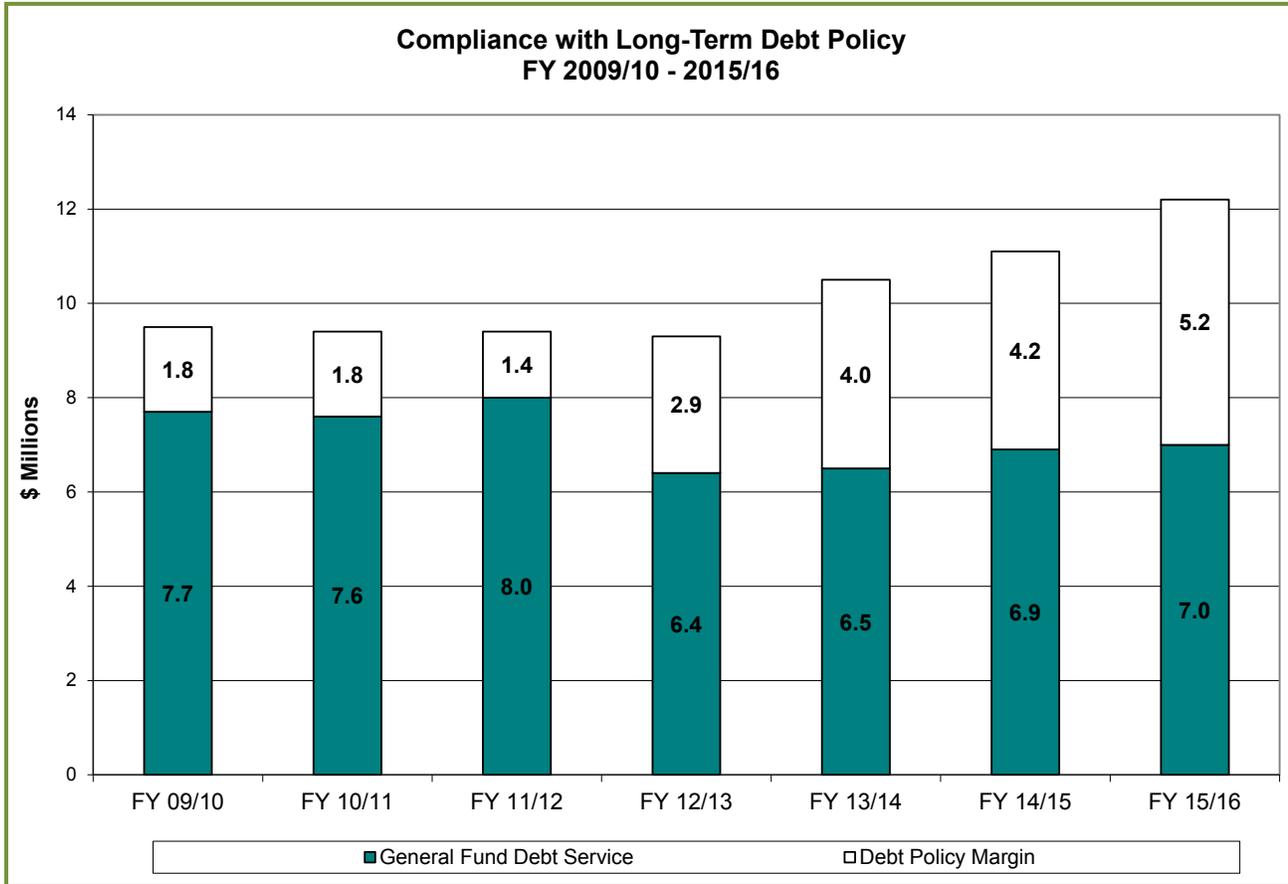
The City of Fremont’s Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2015/16 General Fund supported debt service of \$6,955,649, and a debt level limit of \$12,204,430, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$174,349,000</u>
Policy Debt Service Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	\$12,204,430
Less General Fund Supported Debt Service	<u>6,955,649</u>
Policy Debt Margin	<u>\$5,248,781</u>

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 first 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 2015/16, the payments on General Fund-supported debt will be \$7.0 million.



Gann Limit

Article XIII B 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

$$\frac{\% \text{ change in assessment roll due to non-residential construction} + 100}{100}$$

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

Both the California per capita personal income price factor and the population percentage change factor are provided by the State Department of Finance to local jurisdictions each year. The population percentage change factor estimates the change 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, 2015, the State Department of Finance notified each city of the population change factor and the per capita personal income factor to be used in determining the appropriations limit. The percentage change in per capita income is 3.82%. The calculation as applied to the City of Fremont for FY 2015/16 is as follows:

The population change on January 1 of the previous year (224,116) compared to the population on January 1, 2015 (226,551) is 2,435, or a 1.09% increase.

The change in per capita personal income is 3.82%.

The factor for determining the year-to-year increase is computed as:

$$\frac{1.09 + 100}{100} \quad \times \quad \frac{3.82 + 100}{100} \quad = \quad 1.0495$$

Summary Information | Gann Limit

Applying this year's factor of 1.0495 to last year's limit of \$579,113,453, the Gann Limit for FY 2015/16 yields \$607,779,569.

Based on an operating budget of \$174,349,000, 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 2015/16 operating budget.

As part of the FY 2012/13 budget, the City Council adopted budget principles to help guide decisions having financial implications. In addition, the City began including performance measurements as part of departmental operating budgets. The first phase of performance measurement occurred with the development of the FY 2012/13 operating budget, and included the Community Services, Fire, Human Resources, Information Technology Services, and Public Works Departments. The rest of the City's department performance measurements were developed as part of the FY 2013/14 budget planning process. A list of budget principles and a summary of department performance measures are presented on the following pages.

Budget Principles

There are a number of principles noted below that have been used to guide the development of the operating budget. These principles fall into three primary categories: General Fund Preservation, Reduce the Cost of Doing Business, and Revenue Generation.

General Fund Preservation

- Maintain a structurally balanced budget
- Spend restricted or non-General Fund resources first
- Do not commit one-time resources to ongoing costs or programs
- Do not issue long-term debt to fund ongoing operating costs
- Maintain adequate reserves – review and update as needed
- Adopt policies that support sustainability
- Regularly monitor financial performance
- Fully recover costs of providing services
- Analyze and adjust fees regularly and incrementally

Reduce the Cost of Doing Business

- Understand what the City is required to do versus what it has chosen to do
- Maximize use of grant funding to offset General Fund costs, based on Council priorities
- Streamline and automate processes for efficiency
- Consider alternative service delivery options
- Consider total compensation when bargaining
- CIP projects may proceed only if there is sufficient funding for ongoing operating and maintenance costs
- Invest reserves/one-time revenues in capital outlay items that will reduce long-term operating costs and increase efficiency

Revenue Generation

- Continue to pursue new economic development opportunities
- Pursue opportunities to maximize revenues
- Maximize administrative and operational efficiencies before pursuing new revenues

Performance Measurement

For FY 2012/13, the City launched the first phase of performance measurement, which included the following departments: Community Services, Fire, Human Resources, Information Technology Services, and Public Works. Performance Measurements for the remaining departments were developed as part of the FY 2013/14 budget planning process. Phase II included the City Attorney’s Office, City Clerk, City Manager’s Office, Community Development, Economic Development, Finance, Human Services, and Police.

City Attorney

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of standard contracts reviewed within 5 business days of receipt	80%	90%	88.37%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	100%	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	100%	100%	100%	100%

City Clerk

Measure	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	N/A	91%	90%	90%
Number of complaints received regarding Public Records Requests (PRR)	N/A	3	2	0

Summary Information | Performance Measurement

City Manager

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of residents that agree that Fremont is a “good” or “excellent” place to live	84% ¹	84% ¹	84%	85% ²
Percent of employees that feel “prepared” and “trained” to do their jobs	TBD	86%	85% ³	NA
Percent of increase of citizens communicating with the City on average via new engagement tools ⁴	43%	5.2% (65,000)	103%	40%

¹ Baseline Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured biennially via the Community Survey.

² The next Community Survey is anticipated to take place in fall 2015.

³ Based on survey results from the 2014 Employee Survey. Baseline was 86% of Employees surveyed who “agreed” or “strongly agreed” that they were prepared and trained to do their job at work. This Performance Measure is measured via the Employee Survey.

⁴ Citizen engagement is defined as the number of followers and subscribers on the City’s social media sites as well as views of videos posted on all City of Fremont YouTube channels.

Community Development

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	90%	80%	90%	90%
Achieve entitlement processing schedules	80%	80%	90%	90%
Achieve building permit processing schedules	90%	80%	90%	90%

Community Services

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Estimated	FY 2015/16 Target
Increase Recreation program and services registrants by 2% from previous year	33,448	29,376	34,200	34,900
Increase solid waste diversion rate	75%	75%	75%	76%
Increase number of creek clean-up participants	441	550	585	600
Increase volume of waste material collected during creek clean-up	4,500 lbs	N/A*	N/A*	N/A*
* Note this performance measure will no longer be reported.				

Economic Development

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ⁵	66%	68%	N/A*	68%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ⁶	100%	90%	Survey underway	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	38 Businesses	36 Businesses	40 Businesses	38 Businesses
⁵ Baseline survey result from the 2012 community survey was 56%. ⁶ Based on a 2014 survey sent to major stakeholders of the Economic Development Department during FY 2013/14. *No Community Survey conducted during FY 2014/15.				

Summary Information | Performance Measurement

Finance

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Estimate	FY 2015/16 Target
Percent of bids reissued	6%	4%	1%	1%
Percent of Business Tax renewals online	19.8%	20%	19%	20%

Summary Information | Performance Measurement

Fire

Measure	FY 2012/13 Actual	FY 2014/15 Target*	FY 2014/15 Estimated Actual*	FY 2015/16 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	N/A	90%	82%	90%
Percent of time all units arrive at emergency scene (structural fire) eleven minutes, twenty seconds (11:20) from 9-1-1 call	N/A	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	N/A	20 hours per person per month	32.5 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	N/A	Required licenses and certifications 100% compliance	Met this measure with 100% compliance	Required licenses and certifications 100% compliance
Percent of inspections of State Fire Marshal (SFM) regulated occupancies	N/A	Complete inspections of 50% of SFM regulated occupancies in a given year	Met this measure with 100% compliance	Complete inspections of 85% of SFM regulated occupancies in a given year
Percent of inspections of permitted Hazardous Materials (Haz Mat) facilities	N/A	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year

* Data tracked on a calendar basis.

Summary Information | Performance Measurement

Human Resources

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	75%	NA	NA	80%
% of employees who have received a formal evaluation in the last 12 months	44%	NA	NA	65%
% of employees who report receiving timely performance feedback	54%	NA	NA	65%
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	70/74%	75/70%	42/36%	75/70%

Human Services

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ⁷ .	75%	65%	75%	75%
Percent of senior clients that improve their understanding of how to take their medication ⁸ .	92%	75%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services ⁹ .	N/A	N/A	75%	75%
<p>⁷ Long-term SparkPoint clients will improve in one of four SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%.</p> <p>⁸ As measured by a pre and post test administered by a public health nurse.</p> <p>⁹ Measured by clinicians using the Family Development Matrix, an assessment tool that tracks client change over time.</p>				

Information Technology Services

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	98%	99%	99%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	76%	80%	75%	80%
Percent of requests for addressing completed within agreed-upon time frames	85%	85%	85%	85%

Summary Information | Performance Measurement

Police

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Continue to apply the strategies, tactics, and methods used to sustain or further reduce the incidence of burglaries* <i>*figures reported by UCR calendar year</i>	944 (all burglaries) 574 (single/multiple residences only)	≤944	899 (all burglaries) 573 (single/multiple residences only)	Sustain or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. <i>*figures reported by UCR calendar year</i>	686	<686	756 ¹⁰	Reduction from previous year
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed.	TBD	TBD	95% ¹¹	100%
Implement a process for the regular evaluation and review of all current and future training needs. This includes all current and future training classes, mandates and positions. In addition, establish a procedure for identifying and memorializing all training needs for the department.	N/A	N/A	N/A	Assess degree of completion
<p>¹⁰ Average Daily Traffic (ADT) data is due to be collected prior to the end of FY 2014/15. This data will impact injury collision rate outcomes. Over the past three years, the city has experienced over 5% increase in traffic volume.</p> <p>¹¹ This percentage references the first phase of the project that was 95% completed during FY 2014/15. The second phase of the project with new objectives will occur in FY 2015/16</p>				

Public Works

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	PCI of 66	PCI of 66	PCI of 69	PCI of 69
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	79%	85%	68%	85%
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profance) / one business week for Priority 2 graffiti for all other types	74% / 50%	85% / 70%	81% / 82%	85% / 75%

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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 adopted as citywide goals that support the City Council's vision. The goals are used as a framework for ensuring alignment of department objectives 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 objectives with citywide goals. Department objectives presented here may be abbreviated for format purposes. The full narrative text for each objective 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.

Summary Information | Citywide Goals and Objectives

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 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, ethnicities, incomes, and backgrounds. 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 will work to create an aging friendly community that is safe and welcoming. To that end, 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.

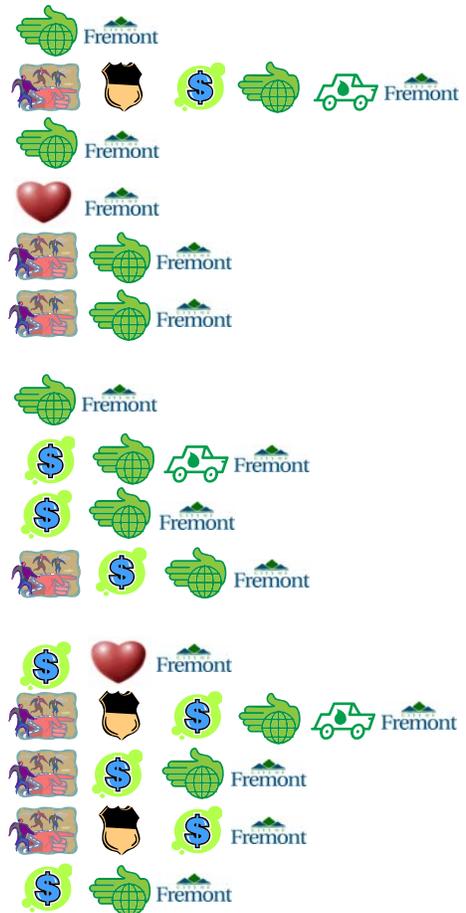
Summary Information | Citywide Goals and Objectives

Objectives Summary

- | | |
|---|---|
|  Strong community leadership |  Historic character |
|  A safe community |  Building a caring community |
|  Vibrant local economy |  Strong families and healthy children |
|  Thoughtful, orderly use of land and protection of environmental resources |  Involvement of a diverse population |
|  Safe and effective transportation systems |  Effective and efficient city government |
|  Public facilities and programs for recreation |  Creating an aging friendly community |

COMMUNITY DEVELOPMENT DEPARTMENT:

- 1 In partnership with the ITS Department, replace the current permitting software system with a robust land use/permitting system.
- 2 Continue to update the Zoning Code to be consistent with the General Plan.
- 3 Update Wireless Telecommunications Ordinance.
- 4 Update the Zoning Ordinance to address E-cigarette regulations.
- 5 Continue implementation of the Climate Action Plan to meet the City's greenhouse gas emission reduction target.
- 6 Spearhead community efforts to reduce energy consumption, strengthening the City's chances of advancing in the Georgetown University Energy Prize competition.
- 7 Complete installation and begin utilizing solar energy from solar carport structures at four municipal facilities.
- 8 Manage the installation of eight new publicly-accessible electric vehicle charging stations obtained using State funding.
- 9 Execute and implement an Energy Services Contract to replace City streetlights with LEDs, as well as other efficiency upgrades.
- 10 Execute loan documents with non-profit affordable/non-profit developers through the Notice of Funding Availability process, and work with the developers to identify and leverage additional outside funding.
- 11 Evaluate and analyze an affordable housing commercial linkage fee and provide recommendations to the City Council.
- 12 Increase collaboration with other jurisdictions for uniform enforcement of local regulations.
- 13 Continue to collaborate with other departments to provide thorough and comprehensive development review services to the public.
- 14 Update emergency plans and operations, including disaster safety assessment program.
- 15 Continue efforts to reduce paper and increase digital reviews and archiving.



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.

Objectives Summary

-  Strong community leadership
-  Historic character
-  A safe community
-  Building a caring community
-  Vibrant local economy
-  Strong families and healthy children
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-  Involvement of a diverse population
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-  Effective and efficient city government
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COMMUNITY SERVICES DEPARTMENT:

- 1 Complete construction of the Field 9 & 10 Soccer/Cricket Turf Conversion Project at Central Park.   
- 2 Complete construction of the Northgate Community Park Cricket Batting Cages.   
- 3 Complete construction of the Turf and Poplar Tree Renovation Project at Central Park (north of the Boat House).   
- 4 Renovate Crandall Creek Park Play Area to bring the site up to current safety and ADA accessibility standards.   
- 5 Expand the number of customers participating in the City's commercial organics program from 120 to 190.   
- 6 Expand the Clean Water Education programs offered at the Nature Learning Center to add a 2nd grade program.   

ECONOMIC DEVELOPMENT DEPARTMENT:

- 1 Leverage significant planning efforts in Warm Springs by marketing the development opportunity, commissioning the design of Fremont Innovation District signage, identifying a location for a Innovation District 'Welcome Center', and implementing new strategies.    
- 2 Enhance and articulate a targeted sector approach in clean technology, life sciences, and advanced manufacturing.    
- 3 Identify and engage local startup community to articulate to broader regional startup community why Fremont is a viable location choice.   
- 4 Pursue new initiatives related to education, recognizing the crucial role that research institutions and educational programs play in an innovation economy.   

FIRE DEPARTMENT:

- 1 Work with Human Resources, recruit, hire, and train firefighters to fill forecasted vacancies.  
- 2 Partner with Human Resources to implement a performance management tool.  
- 3 Fully implement technology upgrades at the Emergency Operation Center (EOC).  
- 4 Improve the Public Hydrant Maintenance Program.  

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.

Summary Information | Citywide Goals and Objectives

Objectives Summary

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FIRE DEPARTMENT (continued):

- | | |
|--|---|
| 5 Re-assess occupancies deemed “target hazards” and develop pre-plans and response levels |  |
| 6 Continue to implement the Lexipol Knowledge Management System. |  |
| 7 Work with Finance and Fleet Maintenance to design, inspect, and procure two aerial ladder trucks to replace existing apparatus. |  |
| 8 Work collaboratively with Fremont Police on coordinated public safety responses to violent incidents. |  |
| 9 Complete the transition to the Edgesoft Data Management software system for the CUPA/HazMat program and interaction with the CERS. |  |
| 10 Transition our California State Fire Marshal mandated inspections to an annual schedule. |  |

HUMAN SERVICES DEPARTMENT:

- | | |
|--|--|
| 1 Continue to explore Medi-Cal and third-party reimbursement for services. |   |
| 2 Continue to coordinate a comprehensive SparkPoint program at the Fremont Family Resource Center (FRC). |   |
| 3 Increase the financial assets of low income families through the FRC’s VITA program. |   |

POLICE DEPARTMENT:

- | | |
|---|--|
| 1 Continue utilizing the strategies designed to reduce residential burglaries and potentially reduce the incidence of other related crimes. |  |
| 2 Continue utilizing the comprehensive strategic plan for the Traffic Unit to reduce injury collisions and enhance roadway safety. |  |
| 3 Continue our efforts to identify future training and core competency needs. |  |
| 4 Continue our partnership with other agencies in Alameda County and Contra Costa counties to complete our move toward joining a comprehensive data sharing platform. |   Fremont |
| 5 Expand the cooperative partnership with the Fremont Fire Department on Unified Command concepts. |  |
| 6 Work towards full implementation of the public safety community cameras. |  |
| 7 In partnership with the Union City Police Department, fully execute the Union City Dispatch Service Agreement by the end of June 2016. |   |

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.

Objectives Summary

- | | | | |
|---|---|---|---|
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POLICE DEPARTMENT (continued):

- | | | |
|---|---|---|
| 8 Updating and expanding our Department Operations Center (DOC). |  |  |
| 9 Create a virtual briefing board platform that will provide real-time critical information to both patrol and investigative personnel. |  |  |
| 10 In cooperation with the HR Dept., migrate the existing paper-based performance evaluation process to a citywide electronic system. |  |  |

PUBLIC WORKS DEPARTMENT:

- | | | | |
|--|---|---|---|
| 1 Award Construction of Phase I Civic Center improvements as defined by the Civic Center Master plan. |  |  |  |
| 2 Award Construction of Warm Springs BART west side access Phase I for relocation of UPRR Spur Track. |  |  |  |
| 3 Prepare and complete the sale of surplus property (Palm Ave). |  |  | |
| 4 Prepare surplus properties (Decoto Road and Isherwood) for sale. |  |  | |
| 5 Complete the Niles Bridge Replacement Project to meet the latest seismic requirements. |  |  |  |
| 6 Complete construction of the street and culvert widening improvements to Fremont Boulevard, from Cushing Parkway to Warren Avenue. |  |  | |
| 7 Construct the streetscape improvements on Capitol Avenue as defined by the Downtown Plan. |  |  |   |
| 8 Construct the bike and pedestrian improvements on Bart Way. |  |  |  |
| 9 Complete the \$4 million Warm Springs Widening Project from Reliance to Mission Boulevard. |  |  | |
| 10 Continue to expand the use of crack sealing as a form of maintenance and preservation of City streets. |  |  |  |
| 11 Continue to contribute to the reduction of the City's carbon footprint. |  |  | |
| 12 Implement contract with ADA consultant for phase I to evaluate Citywide ADA accessibility issues and Initiate Phase 2 contract. |  |  |   |

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.

Summary Information | Citywide Goals and Objectives

Objectives Summary

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ADMINISTRATIVE DEPARTMENTS:

- 1 Pursue legislative efforts and strengthen state and federal partnerships, while implementing the Council's 2015 Legislative Guiding Principles and Priorities. 
- 2 Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the city. 
- 3 Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. 
- 4 Continue to commit time and resources towards the implementation of the Downtown Community Plan. 
- 5 Continue to partner with BART to ensure that Fremont's interests are considered relative to the BART extensions to Warm Springs/South Fremont and Santa Clara County. 
- 6 Attract and retain an appropriate mix of retail, office, and industrial or technology uses to foster a dynamic economy and a stronger tax base. 
- 7 Continue to grow social media and online tools subscriber base and public statement posts. 
- 8 Continue to implement the Strategic Fiscal Sustainability Action Plan and ensure timelines are met. 
- 9 Continue to provide legal support for the Downtown project, Centerville Unified Site development, and Warm Springs/South Fremont developments. 
- 10 Assist the CD Department with the drafting, processing, and adoption of new zoning regulations, and other General Plan implementation measures. 
- 11 Assist staff with the drafting, processing, and adoption of an amendment to the City's stormwater regulations. 
- 12 Assist staff with revisions to the City's massage establishment and therapists ordinance and the City's places of entertainment ordinance. 
- 13 Provide legal support to the Human Resources Department in labor negotiations with the City's bargaining groups. 
- 14 Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations. 
- 15 Continue to manage the electronic distribution of agenda packets. 
- 16 Assist with the transition of newly elected councilmembers. 
- 17 Develop and implement a new online tool for ceremonial resolutions and proclamation requests. 
- 18 Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year. 

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 (continued):

- 19 Continue to work with City departments to review and update each department's Records Retention Schedule. 
- 20 In partnership with the HR and ITS Departments, implement the migration of the City's financial applications by fall 2015. 
- 21 Establish an Other Post-Employment Benefits (OPEB) Trust starting in FY 15/16. 
- 22 Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option.  
- 23 In partnership with other departments, complete a revision to the City's Massage Ordinance by October 2015. 
- 24 In partnership with ITS and CD Department, complete the upgrade to the City's permitting system. 
- 25 Complete implementation of citywide automated employee performance management system. 
- 26 Expand citywide wellness efforts and assign metrics to measure program success. 
- 27 Implement a competency based hiring/training model to enhance the City's succession planning efforts. 
- 28 In partnership with the PD, continue the effort to provide full dispatching and records management services to Union City by July 1, 2016.  
- 29 Work with Community Development Department to implement a new land use and permitting system.   
- 30 Create and make available by July 2016 a new public GIS web application. 
- 31 Implement a business continuity and disaster recovery plan by June 2016.  
- 32 Continue research and investigation to develop a plan to deliver high-speed Internet services to under-served and unserved areas in the City of Fremont. 

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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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, franchise fees, and business 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, recreation, and human services, are accounted for in other funds. Information on these operations can be found in the Other Funds section of this document.

This section provides information on the FY 2015/16 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2015/16 budget displayed in the table on the next page shows that the City's budget is balanced without the use of reserves. Reflecting improvement in the local economy, General Fund resources are estimated to increase by 8.2% in FY 2014/15. Although revenues are increasing, the City is making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. That means that, although we are able to maintain and, in some cases, improve on the current level of services while making strategic investments for the City's future, we still have unfunded needs. Moreover, the City will face increasing budgetary pressure in future years resulting from increases in pension and healthcare costs. The Budget Overview section of this document provides more information on the City's fiscal outlook.

General Fund | General Fund Summary

General Fund Adopted Budget FY 2015/16

(Thousands of Dollars)	General Fund	Contingency Reserve	Program Investment Reserve	Economic Volatility Reserve	Budget Uncertainty Reserve	Eliminating Internal Transfers	Total General Fund
Revenues							
Taxes:							
Property Tax	\$ 80,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,312
Sales Tax	47,337	-	-	-	-	-	47,337
Business Tax	9,888	-	-	-	-	-	9,888
Hotel/Motel Tax	7,729	-	-	-	-	-	7,729
Property Transfer Tax	1,705	-	-	-	-	-	1,705
Paramedic Tax	1,159	-	-	-	-	-	1,159
Franchise Fees	9,420	-	-	-	-	-	9,420
Charges for Services	5,850	-	-	-	-	-	5,850
Fines	2,963	-	-	-	-	-	2,963
Use of Money and Property	1,129	-	-	-	-	-	1,129
Intergovernmental:	398	-	-	-	-	-	398
Other Revenues	852	-	-	-	-	-	852
Total Revenues	168,742	-	-	-	-	-	168,742
Transfers In	5,607	1,150	288	288	-	(1,726)	5,607
Resources Available (Revenues plus Transfers In)	174,349	1,150	288	288	-	(1,726)	174,349
Expenditures							
General Government	13,918	-	-	-	-	-	13,918
Police	68,602	-	-	-	-	-	68,602
Fire	44,390	-	-	-	-	-	44,390
Public Works:							
Engineering	-	-	-	-	-	-	-
Maintenance	14,425	-	-	-	-	-	14,425
Community Development:							
Planning	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-
Community Preservation/Comm Dev Admin	1,329	-	-	-	-	-	1,329
Housing	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Community Services:							
Recreation	-	-	-	-	-	-	-
Maintenance	7,747	-	-	-	-	-	7,747
Landscape	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-
Non-departmental	2,815	-	-	-	-	-	2,815
Less: Citywide Savings	(7,100)	-	-	-	-	-	(7,100)
Debt	7,468	-	-	-	-	-	7,468
Less: Debt Savings	(512)	-	-	-	-	-	(512)
Total Expenditures	153,082	-	-	-	-	-	153,082
Transfers Out	21,267	-	-	-	-	(1,726)	19,541
Resources Used (Expenditures plus Transfers Out)	174,349	-	-	-	-	(1,726)	172,623
Net Results of Operations (Resources Available less Resources Used)	-	1,150	288	288	-	-	1,726
Beginning Fund Balance - 6/30/15 (est.)	1,770	16,112	4,028	4,028	3,666	n/a	29,604
Fund Balance - 6/30/16 (est.)	\$ 1,770	\$ 17,262	\$ 4,316	\$ 4,316	\$ 3,666	n/a	\$ 31,330

NOTES:

- Public Works Engineering activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section.
- Community Development Planning and Building and Safety activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section; the Community Development Housing activities are funded in various housing-related special revenue funds as shown in the Special Revenue Funds section.
- Human Services activities are funded in various human-services special revenue funds as shown in the Special Revenue Funds section.
- Community Services Recreation activities are funded in the Recreation Cost Center from a combination of General Fund and fee revenues as shown in the Cost Centers/Internal Service section; Community Services Landscape activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section; Community Services Environmental Services activities are funded in the Environmental Services special revenue funds as shown in the Special Revenue Funds section.

Budget Assumptions

In addition to the general assumptions of modest growth against a backdrop of continuing economic uncertainty, the FY 2015/16 budget is premised upon the following specific assumptions:

- 1. The local economy will continue to improve during FY 2015/16, resulting in total General Fund resources (revenues and transfers in) increasing by 8.2% over estimated actual resources in FY 2014/15.**

The largest contributors to the increased resources estimate are sales tax (up 17.6%), the hotel/motel occupancy tax (up 11.0%), transfers in (up 7.0%), and property tax (up 5.7%). Although the charges for services category is expected to increase by 13.4% in 2014/15, that increase largely represents payments from Union City for consolidated emergency dispatch services that are fully offset by increased expenditures.

The City's top five revenue categories, property tax, sales tax, business tax, hotel/motel tax, and franchise fees, comprising 88.7% of total General Fund resources, are estimated to increase by 9.3% from the FY 2014/15 level.

- 2. Total General Fund use of resources (expenditures and transfers out) is 7.4% more than the estimated actual amounts for FY 2014/15.**

The local economy is showing significant improvement, and that is translating into higher general revenues. At the same time, we are making up for position reductions and streets and facilities maintenance that was deferred during the economic downturn. This means that, although the FY 2015/16 spending plan maintains and, in some cases, improves on the current level of services while making strategic investments for the City's future, we still have unfunded needs.

- 3. The costs of the FY 2015/16 budget will be covered by projected resources, without requiring the use of reserves to balance the budget.**

As shown in the General Fund Summary table, \$174.3 million of estimated revenues and transfers in are expected to be sufficient to fully offset \$174.3 million of proposed expenditures and transfers out.

- 4. The State-mandated dissolution of the City's Redevelopment Agency means that property tax increment that had been committed to the former Redevelopment Agency is now distributed to all taxing jurisdictions in the same manner as regular property taxes.**

As a result of the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* on December 29, 2011, all California redevelopment agencies were dissolved, effective February 1, 2012, and the unwinding of the affairs of all former redevelopment agencies began. Because property tax increment is no longer distributed to redevelopment agencies, all local taxing jurisdictions (including the City) are receiving their full share of property tax revenue. Effective May 8, 2015, the Department of Finance has acknowledged the end of the existence of the Successor Agency to the former Redevelopment Agency.

5. **As the City is currently engaged in a collective bargaining process with its labor groups, the FY 2015/16 budget includes a placeholder salary adjustment of 2.5%.**

The City is currently engaged in collective bargaining with all of its labor groups. The operating budget will be adjusted to reflect any negotiated agreements.

6. **Total expenditures in the FY 2015/16 budget include a savings assumption of \$7.1 million (approximately 4.1% of total budgeted expenditures and transfers out in FY 2015/16) to reflect the City's historical experience of under-spending total allocated resources, primarily due to salary savings from vacant positions. In addition, there is also a savings assumption of \$512,000 to offset the additional appropriations required with respect to the City's variable rate debt, in accordance with debt covenants.**

Managers continue to contain operational costs wherever possible, and normal turnover within the City's 882-employee labor force creates vacancy savings. The City's variable-rate debt costs also are expected to be less than the budgeted amount (which must be computed in accordance with debt covenants). Consequently, the City's actual expenditure totals each year will fall below the budgeted levels. To ensure the City efficiently uses all of its available resources to provide services, savings assumptions for these expenses are built into the budget.

7. **The FY 2015/16 budget provides funding for three additional police officers and prefunding the City's other post-employment benefit (OPEB) liabilities, as well as enhanced funding for street maintenance and a \$1.0 million annual contribution to deferred maintenance on capital facilities.**

Beginning in FY 2013/14, the City has been able to devote resources to address its unmet needs and, as a result, a number of the needs that appeared on the original list have now been incorporated into the FY 2015/16 adopted budget as ongoing expenditures. These include: \$1.0 million of "seed" money for the Downtown Plan, \$250,000 for Warm Springs/South Fremont infrastructure, the opening of Fire Station 11 in January 2015, continuation of Sunday hours at the Fremont Main Library, and annual contributions for affordable housing equivalent to 20% of the City's former redevelopment project area property tax revenue.

The FY 2015/16 Adopted Budget also provides enhanced funding for the unfunded needs that remain on the list: \$3.6 million for street maintenance, \$1.0 million for facilities maintenance projects in the capital improvement program (CIP), three additional police officers, and prefunding the City's OPEB liability.

8. **The General Fund's primary reserves will be maintained at 15% of total expenditures and transfers out and, when the Budget Uncertainty Reserve is included, the City's reserve level is 17.1%. This exceeds both the Council's 15% policy level and the 16.7% level recommended by the Government Finance Officers Association of the United States and Canada (GFOA).**

The City maintains three General Fund reserves whose funding is linked to total budgeted expenditures and transfers out: the Contingency Reserve, the Program Investment Reserve, and the Economic Volatility Reserve. Balances and potential use of the Contingency Reserve,

Program Investment Reserve and Economic Volatility Reserve are governed by City Council policies adopted with the FY 1996/97 budget and modified with the FY 2009/10 and FY 2013/14 budgets.

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.

The Economic Volatility Reserve is intended to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control; it is also to be maintained at 2.5% of total operating expenditures and transfers out.

A fourth reserve, the Budget Uncertainty Reserve, has no funding target (the current balance is \$3.7 million). It is governed by a Council policy adopted with the FY 2002/03 budget, and it is intended to offset quantifiable revenue uncertainty in the multi-year forecast.

Resources

General Fund resources include revenues and transfers into the General Fund from other funds. Total budgeted resources will be adequate to support total budgeted expenditures of \$174.3 million, so the budget is balanced, with no need to use reserves.

Property taxes are projected to remain the City's largest revenue source in FY 2015/16, making up 46.1% of General Fund resources. Property tax revenues are estimated to total \$75.7 million in FY 2014/15, and staff projects those revenues will increase to \$80.3 million in FY 2015/16, an increase of 6.1%. The City's FY 2015/16 property tax revenues are based on assessed property values as of January 1, 2015. Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2015/16 tax roll is an increase of 1.998%. Two additional factors are contributing to the projected growth in property tax: first, the local real estate market performed remarkably well in 2014, with strong sales activity and prices climbing to levels not seen in recent years; second, the County Assessor is continuing the process of restoring some of the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall housing market.

Sales tax revenues are estimated to total \$40.2 million in FY 2014/15 growing to \$47.3 million in FY 2015/16, an increase of 17.6%. However, approximately \$3.1 million of that increase is one-time revenue attributable to the restoration of the City's full 1% sales tax during FY 2015/16 and the end of the annual "triple flip" advances and adjustments from the State. Additionally, the FY 2014/15 estimate reflects a one-time reduction of approximately \$1.0 million to redistribute sales tax revenues that the State had erroneously paid the City in prior years. Without these distortions, sales tax revenues would be estimated to grow approximately 7.3% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with the

General Fund | General Fund Summary

restaurants and hotels sector and building and construction sector also performing well. Sales tax revenues comprise 27.1% of General Fund resources.

Business taxes are projected to yield \$9.3 million in FY 2014/15, an increase of 18.4% from the prior year. The FY 2015/16 business tax estimate is \$9.9 million, an increase of 6.7% over the ongoing prior year revenue. A portion of the revenue growth in this category can be attributed to improved processes and enhanced collection efforts within the Finance Department revenue division. Business tax makes up 5.7% of General Fund resources.

Hotel/motel occupancy tax revenues are projected to reach \$7.0 million in FY 2014/15, an increase of 14.2% from the prior year. This revenue increase can be attributed to higher room rates. As occupancy rates have now recovered significantly from the recent low point in 2009, future revenue growth will likely be based more on increases in room rates than on occupancy. Accordingly, FY 2015/16 hotel/motel occupancy tax revenues are estimated at \$7.7 million, an increase of 10.0% from the ongoing FY 2014/15 level and constituting 4.4% of General Fund resources.

The City charges franchise fees to 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. The FY 2014/15 projection shows 3.7% increase from the prior year, with another 1.8% growth estimated for FY 2015/16. The estimated FY 2015/16 franchise fees revenue of \$9.4 million represents 5.4% of General Fund resources.

The Change in General Fund Resources table includes a line for “other revenues,” which includes charges for services, law enforcement fines, paramedic tax, property transfer tax, and State reimbursements for mandated services. Most of these items are anticipated to remain relatively flat in FY 2015/16 compared with the prior year, with the exception of charges for services. The charges for services category will be increasing by over \$800,000, primarily representing payments from Union City for consolidated emergency dispatch services.

Change in General Fund Resources FY 2014/15 to FY 2015/16 (\$ millions)			
<u>Revenues</u>	<u>FY 2014/15 Budget</u>	<u>FY 2015/16 Budget</u>	<u>Difference</u>
Property tax	\$74.2	\$80.3	\$6.1
Sales Tax	39.4	47.3	7.9
Business Tax	8.1	9.9	1.8
Franchise fees	9.0	9.4	0.4
Hotel/motel taxes	6.9	7.7	0.8
Use of Money and Property	0.9	1.1	0.2
Other revenues	12.8	13.0	0.2
Ongoing revenues subtotal	151.3	168.7	17.4
Recurring transfers in	6.4	5.6	(0.8)
Total Budgeted Resources	\$157.7	\$174.3	\$16.6

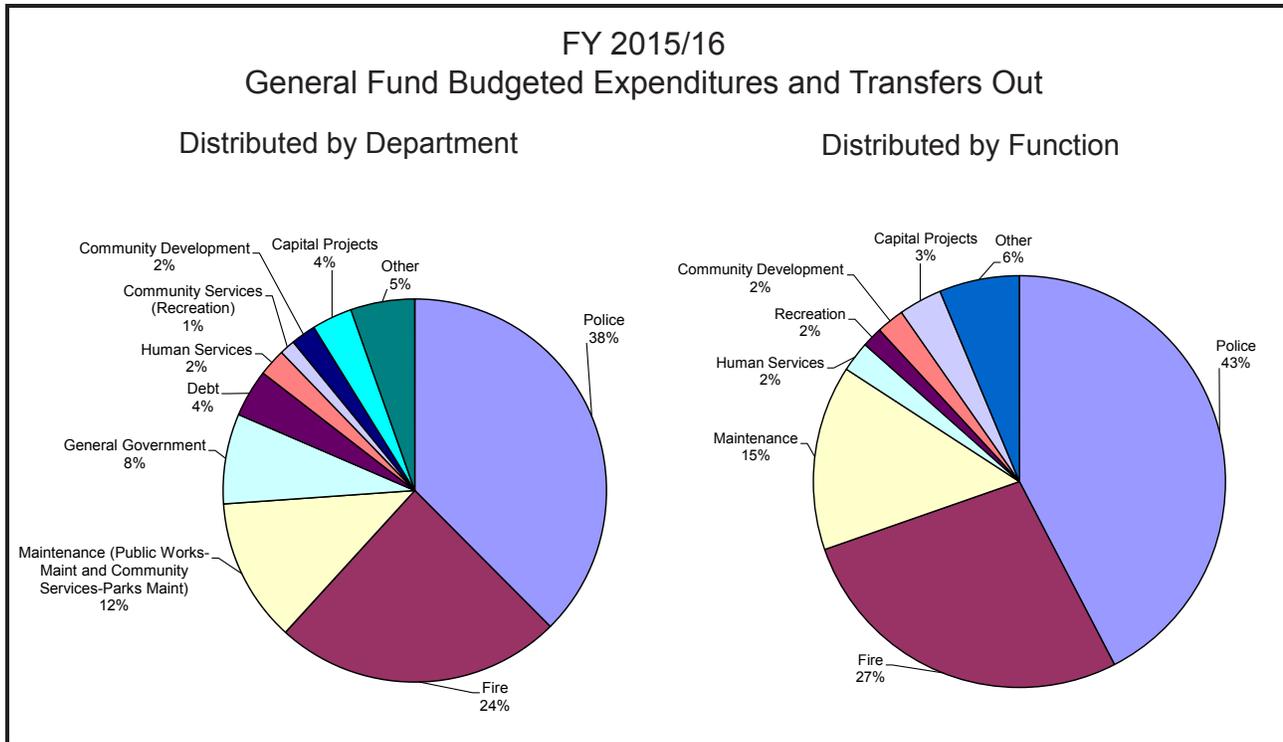
The General Fund receives transfers from other funds for general government services (such as human resources, finance, and legal assistance) provided to operations funded outside the General Fund (such as development services, recreation services and human services). In FY 2014/15, transfers from other funds are expected to total \$6.3 million, and include a \$510,000 transfer

from the Fire Impact Fee Fund to offset a portion of General Fund debt service payments for Fire Department facilities. In FY 2015/16, transfers from other funds are expected to total \$5.6 million, or 3.2% of available resources.

Expenditures

Budgeted expenditures and transfers to other funds for FY 2015/16 total \$174.3 million. As displayed in the Budget by Department chart on the next page, the budget maintains the City Council's long-time funding priorities by allocating 74% of the budget to direct costs for public safety and maintenance. As the Budget by Function chart shows, the share of General Fund resources budgeted for these purposes is actually 85% when overhead costs required to support these functions are allocated. The \$174.3 million budgeted for expenditures and transfers out in FY 2015/16 is 10.6% higher than the FY 2014/15 adopted budget, and 7.4% higher than the estimated actual expenditures for FY 2014/15.

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. The majority of the 10.6% increase from FY 2014/15 is primarily the result of increasing employee costs, healthcare increases, increasing CalPERS contributions and adding public safety positions; including 3 Police Officers, 1 Police Captain, 1 Fire Division Chief, and 2 additional Dispatchers as part of the Police Consolidated Dispatch with the City of Union City.



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 fund activities in the cost centers that cannot be supported by fees or charges for services. The cost centers are enterprise-like mechanisms for funding the Community Development, Recreation, Human Services (special revenue fund), and Senior Center functions, and transfers from the General Fund are increasing by \$278,000.

The expenditure for debt service on the City’s outstanding capital debt increases by \$50,000 for FY 2015/16. The City has variable rate COPs that have interest rates that reset weekly, and for the past few years the weekly reset rates have been significantly less than 1%. Because the debt documents require budgeted appropriations to be set at a specific level that is generally higher than the prior year’s actual experience, the budget includes a savings assumption of \$512,000 to anticipate actual interest savings on this variable rate debt.

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

- the Contingency Reserve (set at 10% of annual operating expenditures and transfers out), which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;

- the Program Investment Reserve (set at 2.5% of annual operating expenditures and transfers out), which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources; and
- the Economic Volatility Reserve (set at 2.5% of annual operating expenditures and transfers out), which is intended to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City’s control;
- the Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

The table below summarizes the FY 2015/16 projected funding levels for each reserve. Funding levels for the Contingency Reserve, the Program Investment Reserve, and the Economic Volatility Reserve are based on the amount of total General Fund expenditures and transfers out budgeted each year (10%, 2.5%, and 2.5%, respectively). Based on the adopted budget for expenditures and transfers out, a transfer to these reserves of \$1,726,000 will be necessary in FY 2015/16. As illustrated below, the three primary General Fund reserves (Contingency Reserve, Program Investment Reserve, and the Economic Volatility Reserve) total \$25.9 million. The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2015/16. The balance of the Budget Uncertainty Reserve remains unchanged at \$3.7 million at the end of FY 2015/16.

General Fund Reserves (\$ millions)*				
	FY 2014/15 est. balance	FY 2015/16 transfer	FY 2015/16 projected use	FY 2015/16 balance
Contingency Reserve	\$16.1	\$1.1	\$0.0	\$17.3
Program Investment Reserve	4.0	0.3	0.0	4.3
Economic Volatility Reserve	4.0	0.3	0.0	4.3
Budget Uncertainty Reserve	3.7	0.0	0.0	3.7
Total General Fund Reserves	\$27.8	\$1.7	\$0.0	\$29.6

Financial Forecast

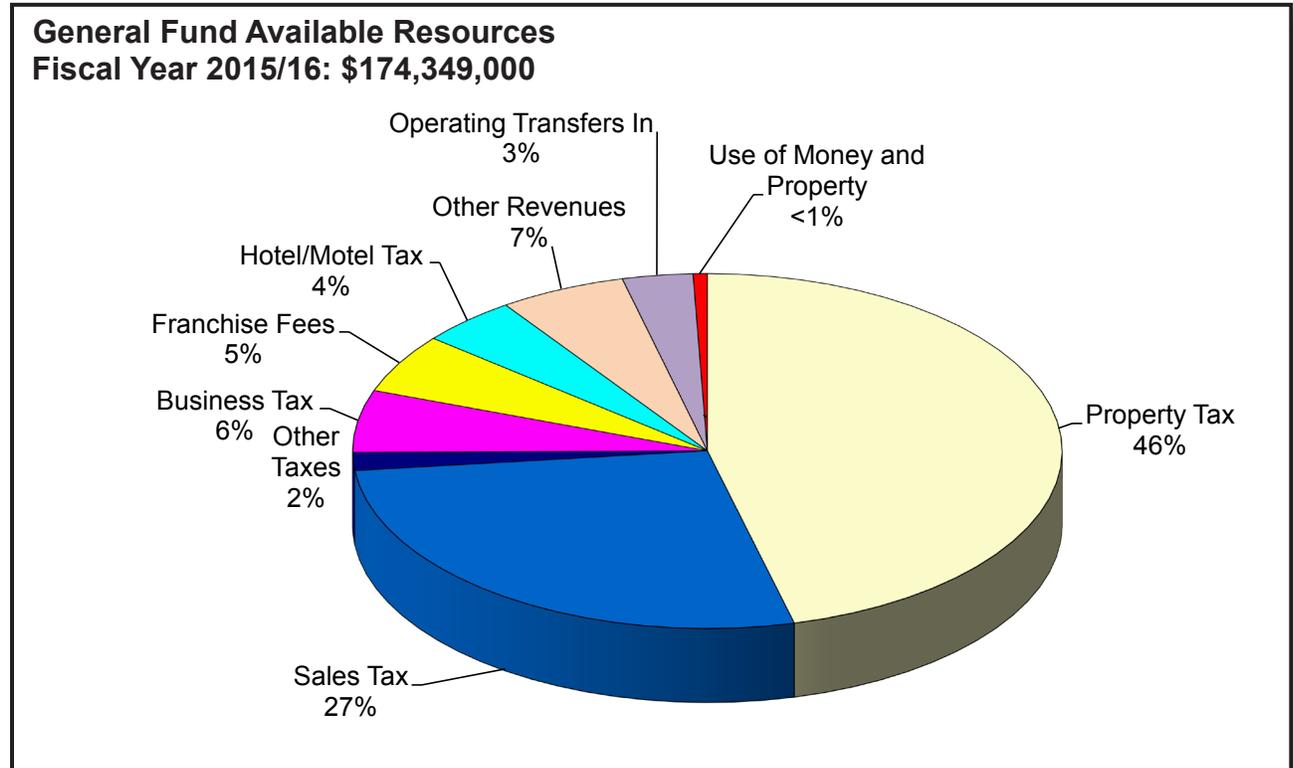
The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer-term consequences of budget decisions. The forecast tools have been instrumental in modeling the effects of such recent budget issues as rising retirement system costs, the short- and long-term consequences of issuing variable rate debt, and potential scenarios for future revenue performance. The ability to model cost and revenue trends beyond the next budget year helps the City identify service levels that can be sustained through all phases of the business cycle.

The forecast is not a plan, but a model based on revenue and cost 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 reported in the media frequently swing from optimistic to pessimistic, and 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.

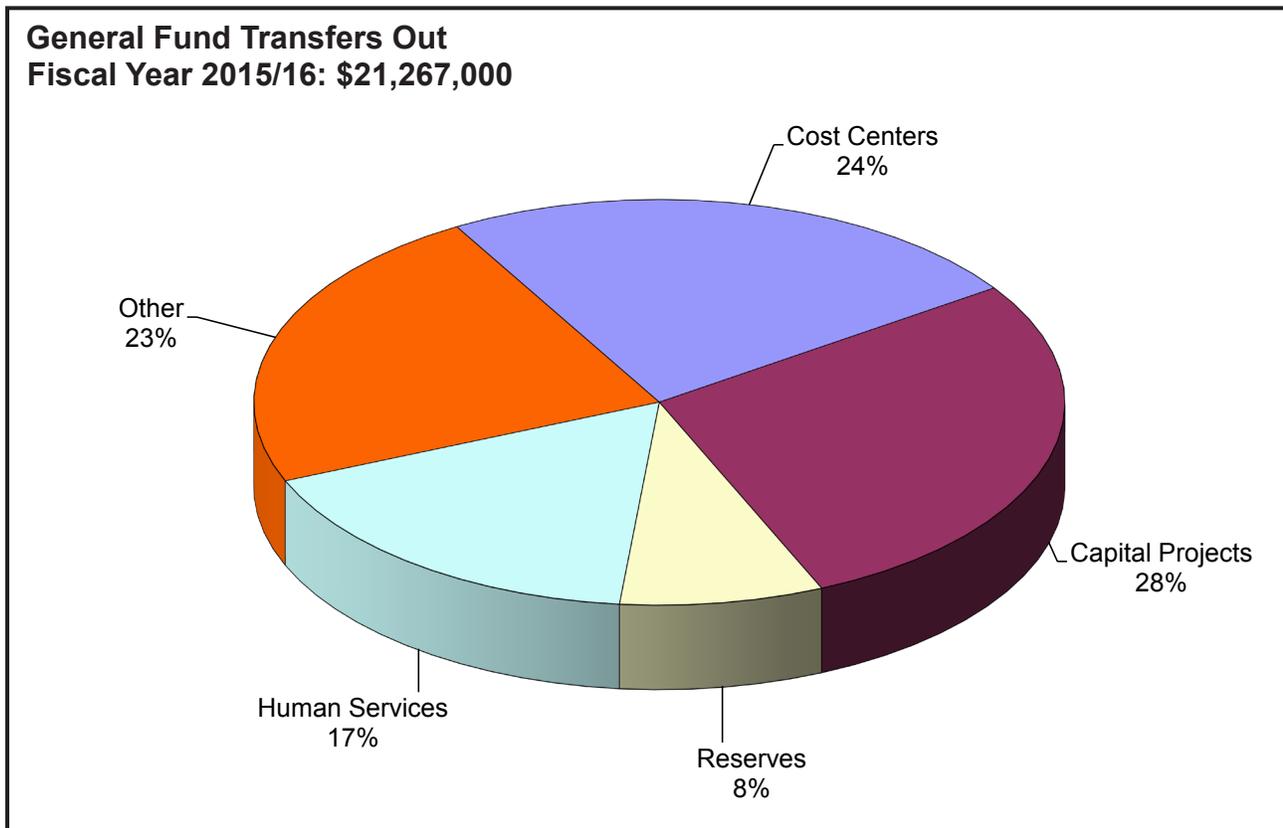
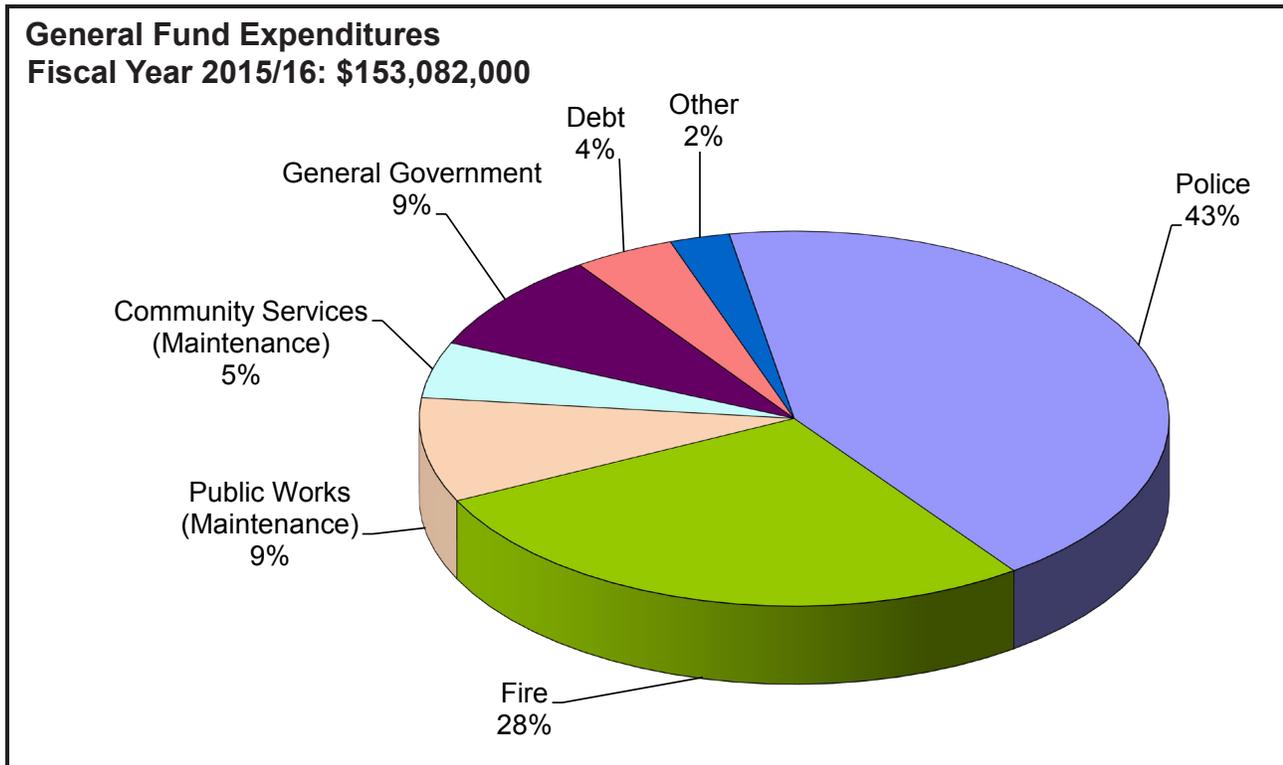
The key forecast assumptions are as follows:

- The California consumer price index (CCPI) will increase by at least 2% during the forecast period, allowing assessed values to increase by 2% for FY 2015/16 through FY 2017/18.
- By FY 2016/17, the County Assessor will have completely restored all property values temporarily reduced under Proposition 8.
- The relatively high post-recession growth in sales tax and hotel/motel tax revenues will slow in FY 2015/16 and FY 2016/17 as the business cycle matures.
- Scheduled increases in consolidated dispatch fee revenue from Union City have been included.
- Interest rates will increase modestly through the forecast period, affecting both interest earnings revenue and variable-rate debt service expenses.
- Estimated pension contribution increases related to changes in actuarial methodology and demographic assumptions have been incorporated based on preliminary information from CalPERS.
- Ongoing funding for three additional police officers has been included in the FY 2015/16 forecast.
- Ongoing funding for two additional emergency dispatchers as part of the dispatch consolidation with Union City has been included in the FY 2015/16 forecast.
- Ongoing additional funding of \$700,000 per year for street maintenance has been included in the FY 2015/16 forecast.
- Commitments for anticipated fund transfers contained in the adopted FY 2013/14 - FY 2017/18 CIP are included.
- Commitments for all known and anticipated debt service costs are included.

The financial forecast is located on page 77 of the budget document. Projected resources will cover projected costs in FY 2015/16 and the two forecast years. Staff will monitor budget performance closely, and will return to Council with budget modifications as warranted.



General Fund Allocation of Resources



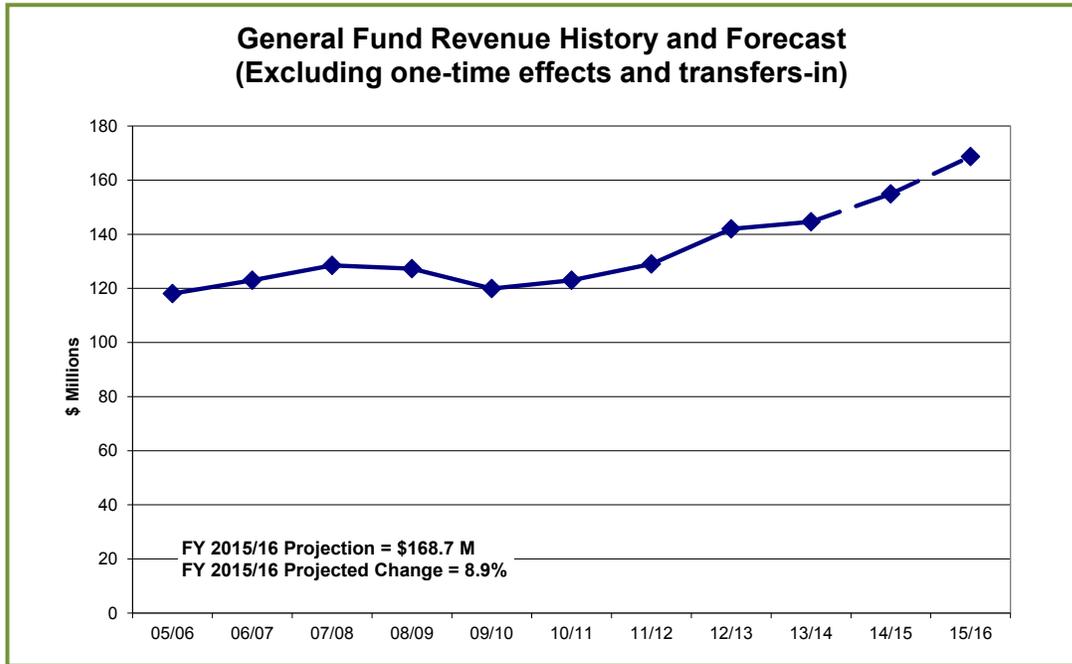
Non-Departmental Budget

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 leave cash-out costs and administrative fees paid to the County, as well as vacancy savings. As details of some of these items become known, the actual costs and related appropriations are transferred to the appropriate department.

Budgeted Expenditures	
• Annual Operating Contingency Account	\$ 1,000,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	500,000
• Fremont Main Library (Sunday Hours)	265,000
• Other Non-Departmental	50,000
	<hr/>
Non-Departmental Budget	\$ 2,815,000
	<hr/> <hr/>

General Fund Revenues Overview

Total FY 2015/16 General Fund revenues (excluding transfers in from other funds) are projected at \$168.7 million, which is \$13.8 million, or 8.9%, more than total estimated revenues for FY 2014/15.



This section provides additional background and forecast information for the following five key General Fund revenue categories that together make up almost 92% of General Fund revenues:

- Property Taxes
- Sales and Use Taxes
- Business Taxes
- Hotel/Motel Occupancy Taxes
- Franchise Fees

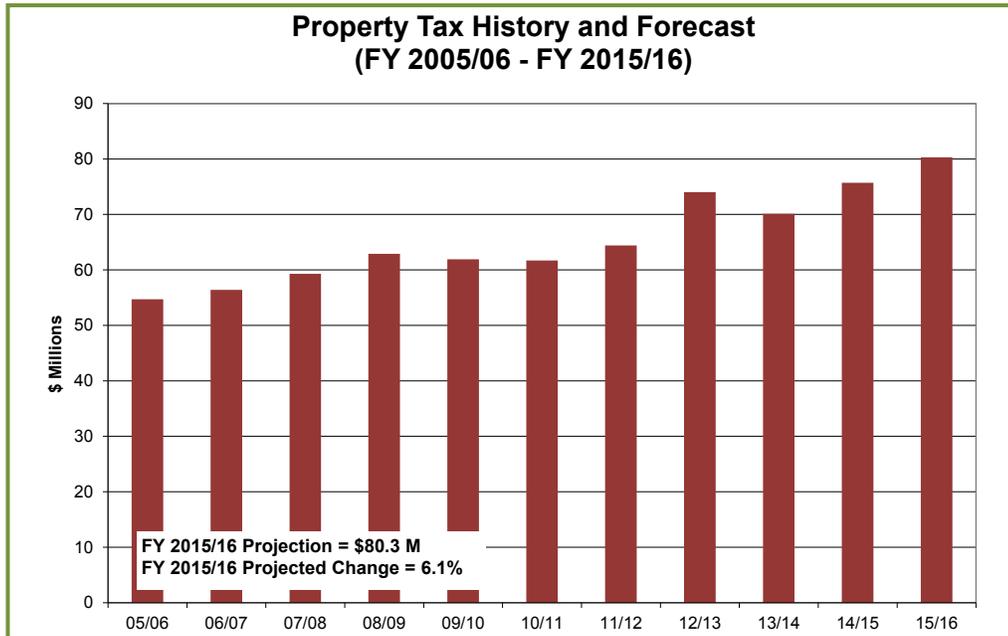
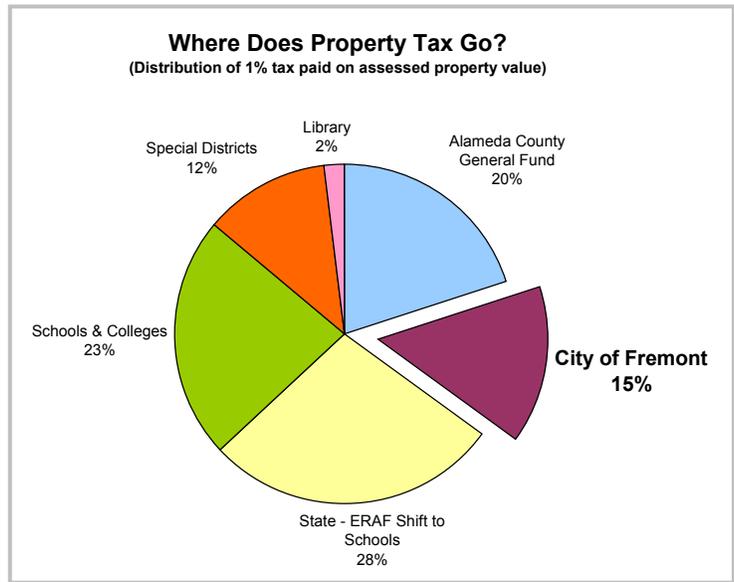
Property Taxes

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 reappraises 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 48% of total FY 2015/16 projected revenues or \$80.3 million.

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

Forecast: Property tax revenues are estimated to total \$75.7 million in FY 2014/15. Staff projects property tax revenues for FY 2015/16 will increase to \$80.3 million. The assessed valuation for secured property is based on the value as of January 1, 2015. The change in total property tax from FY 2014/15 to FY 2015/16 is an increase of 6.1%.



Key Factors in the Forecast: The most significant property tax revenue indicator is the change in property assessed full values, and the primary influences on that change are the annual inflation adjustment provided by Proposition 13, ownership changes and new construction, and temporary “Proposition 8” adjustments by the County Assessor to provide tax relief.

General Fund | General Fund Revenues

Under Proposition 13, assessed values of all real property adjust with the California Consumer Price Index (CCPI), with a 2% limit, unless there is a change in ownership or new construction. The CCPI adjustment for the FY 2015/16 tax roll is an increase of 1.998%.

With properties reassessed upon most ownership changes and new construction, the local real estate market's strong performance in 2014 and a resurgence of new development are significant factors in the projected growth. Since property taxes for FY 2015/16 are assessed based on values as of January 1, 2015, price changes that might be caused by interest rate fluctuations and other market influences since that date will not change these values. Additionally, the County Assessor is continuing the process of restoring the temporary assessed value reductions related to declines in market value that occurred between 2008 and 2012, based on a strengthening of the overall real estate market.

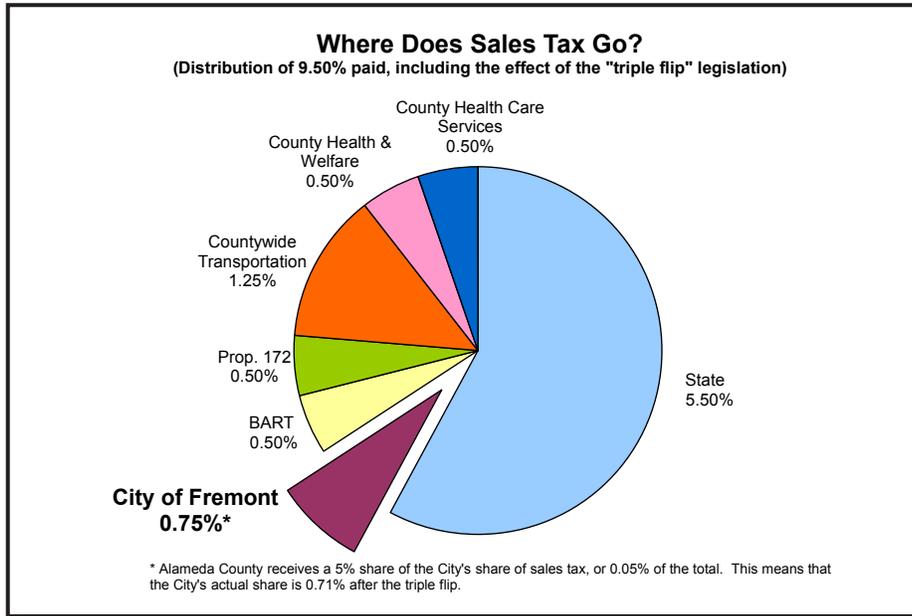
Sales and Use Taxes

Description: 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 28% of FY 2015/16 General Fund revenues.

On November 6, 2012, California voters passed Proposition 30, thereby approving a temporary 0.25% increase in the State sales tax rate (effective January 1, 2013), resulting in a sales and use tax rate in Alameda County of 9%. This temporary 0.25% increase will expire on December 31, 2016. The temporary increase does not affect the City's share of sales tax.

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 then 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.

As shown on the next page, the City now receives 0.75% of each taxable sale, and the remaining 0.25% now comes to the City as property tax because of the "triple flip." The "triple flip" is anticipated to end in FY 2015/16, at which time the City will once again receive its full share of sales tax beginning in January 2016.



Forecast: FY 2014/15 sales tax revenues, including the “triple flip” replacement, are projected to be \$40.2 million. The FY 2015/16 budgeted amount is \$47.3 million, or \$7.1 million (17.6%) more than FY 2014/15. Approximately \$3.1 million of the increase is one-time revenue attributable to the end of the annual “triple flip” and the restoration of the full 1% sales tax. Also, the FY 2014/15 sales tax estimate reflects a one-time reduction of \$1.0 million that the State had erroneously paid the City in prior years. Without the distortions, the estimated sales tax revenue growth would be 7.3%. For projection purposes, sales tax revenue has three components: revenue generated by taxable sales activity occurring during the fiscal year, 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 2014/15 Estimated	FY 2015/16 Projected	Difference
"Regular" Retail Sales Tax	\$29.2 million	37.2 million	+\$8.0 million
"Triple Flip" Property Tax Replacement	9.6 million	8.6 million	-1.0 million
Proposition 172 Sales Taxes	1.4 million	1.5 million	+0.1 million
Total	\$40.2 million	\$47.3 million	+\$7.1 million

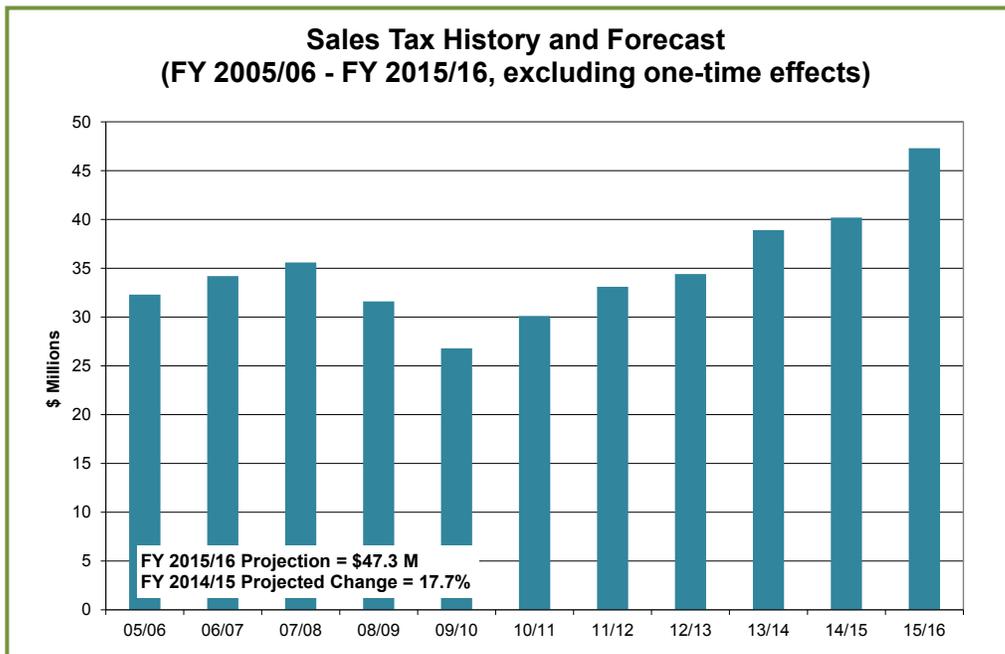
The City receives 0.75% of the sales tax charged on taxable sales. This activity includes general retail sales to consumers, business-to-business transactions, automobile purchases, and fuel sales. The accompanying pie chart illustrates the composition of the City’s sales tax base. Based on the actual collections for the first two quarters of FY 2014/15 (the most current available data), growth in this component of sales tax revenue is estimated to be 9.2% year over year. The largest contributors to sales tax growth are coming from the auto sales and business sectors, with building and construction also performing well. The FY 2015/16 projection assumes growth to slow somewhat, to an annual rate of 5.8%.

General Fund | General Fund Revenues

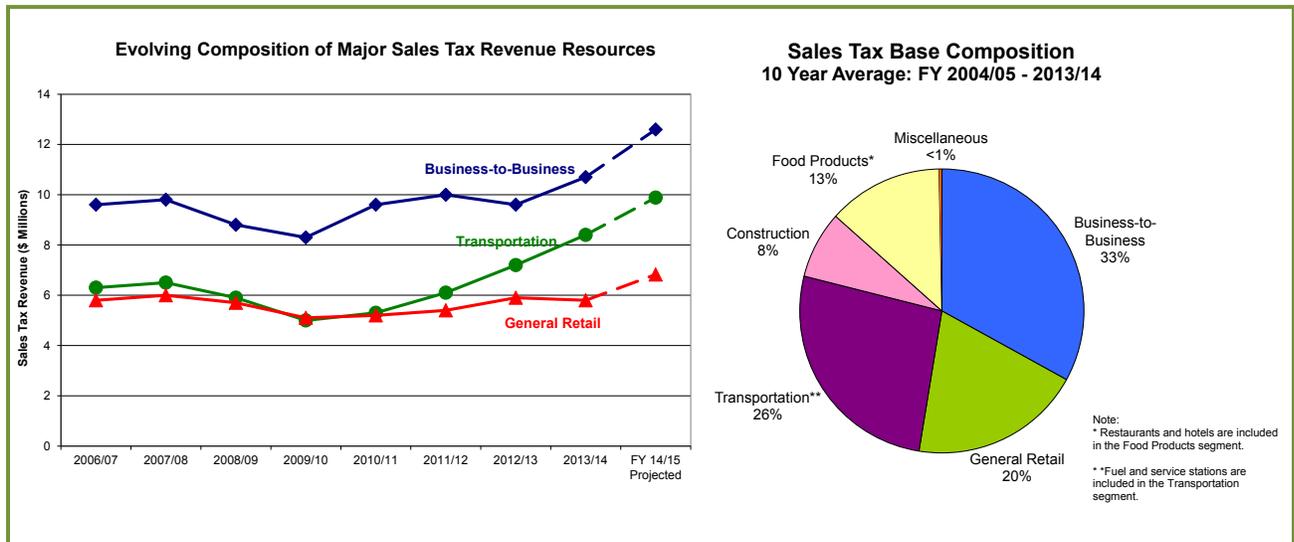
The “triple flip” property tax replacement revenue is not directly tied to current year activity. Instead, the State Board of Equalization produces an estimated value for the 0.25% “triple flip” portion and pays that amount to the City during the year. In the subsequent year, the State “true up” the prior year payment by either adding to or deducting from the current year “triple flip” estimate. The final “triple flip” true-up payment (for FY 2014/15) will be received in FY 2015/16, and result in an estimated one-time revenue of \$3.1 million.

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 2014/15, the City’s share is expected to be \$1.4 million. Unlike the 0.75% component of sales tax revenue, which is 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 2015/16, the Proposition 172 component of the City’s sales tax revenues is projected to increase by 5.7% to \$1.5 million.

The graph below displays the sales tax forecast. In FY 2004/05, the City began to receive the “triple flip” property tax replacement payments.



Key Factors in the Forecast: The City has a well-diversified sales tax base. The business-to-business segment remains the largest component the City’s sales tax revenues, but it is also one of the most volatile and difficult to project as it can be strongly influenced by large, non-recurring transactions. The transportation segment has performed strongly in recent years, due to a significant increase in automobile sales. Continued development in the City’s Auto Mall is expected to sustain a high level of activity over the next few years. The general retail segment has increased steadily, and the addition of new retail opportunities, both in established areas such as “The Block” and city-wide, ought to continue that trend. The largest of the City’s sales tax segments are highlighted in the graph on next page. The estimated growth rate for FY 2014/15 of 3.6% reflects the one-time reduction of \$1.0 million that the State had erroneously paid the City in prior years. The FY 2015/16 growth estimate of 7.3% (adjusted as discussed above) continues to be predicated on healthy growth in taxable consumer and business sales activity.

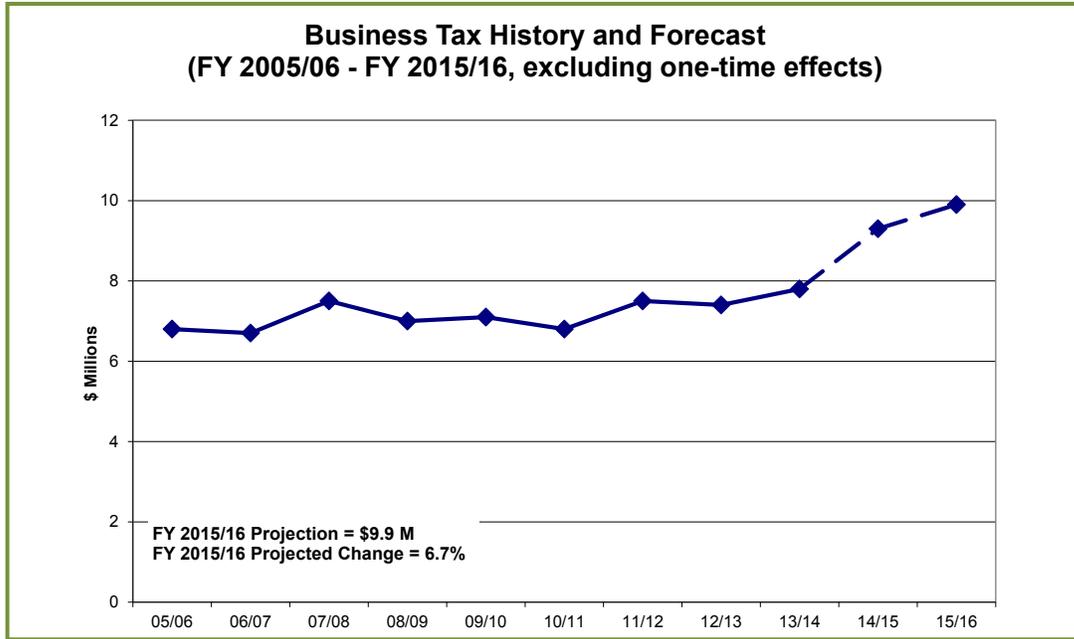


Business Taxes

Description: Business 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 on either their gross receipts or payroll. Business tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes. As part of a local business stimulus endeavor, the City Council adopted limited term exemptions for clean-tech and bio-tech companies on March 20, 2012, in order to attract and retain those businesses, promote the health of the City’s industrial base, and continue the Council’s commitment to long-term sustainable energy and environmental goals. The exemption provides for up to five consecutive years for new businesses moving into the City, and up to two consecutive years for businesses that are already currently established in the City.

Forecast: Business taxes are projected to yield \$9.3 million in FY 2014/15, an increase of 18.4% from the prior year. The FY 2015/16 business tax estimate is \$9.9 million, an increase of 6.7% over the ongoing prior year revenue. Business tax makes up 5.9% of General Fund revenues.

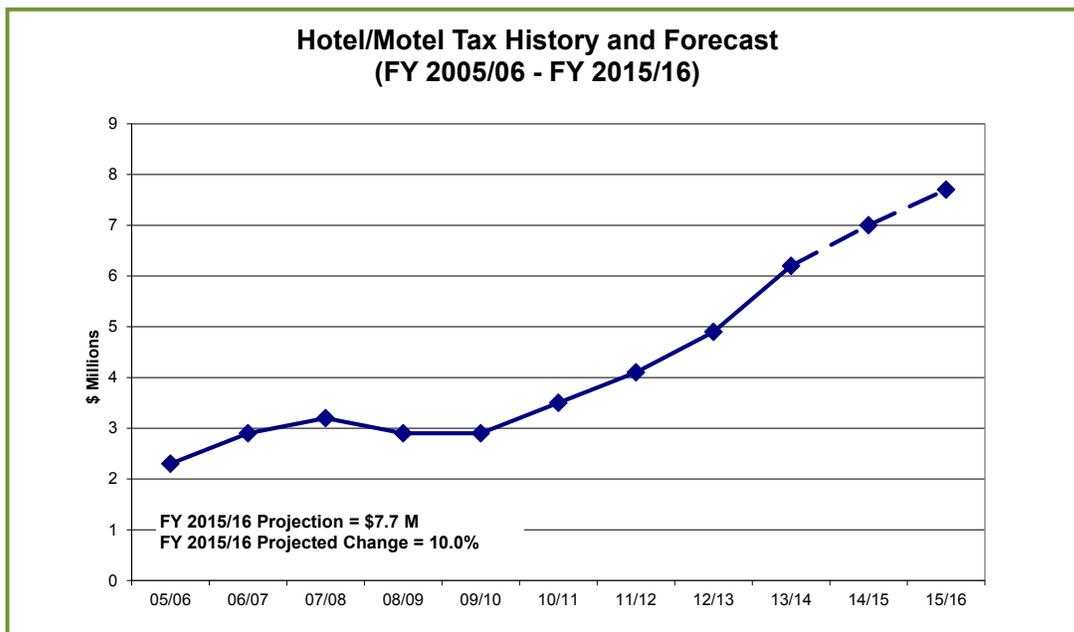
Key Factors in the Forecast: A portion of the strong recent revenue growth in this category can be attributed to improved processes and enhanced collection efforts within the Finance Department revenue division. Although the flat rate portion of this revenue modulates severe swings, business taxes tend to rise and fall in a pattern similar to that of sales taxes.



Hotel/Motel Occupancy Taxes

Description: The hotel/motel occupancy tax rate of 10% 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.

Forecast: Hotel/motel occupancy tax revenues are projected to reach \$7.0 million in FY 2014/15. The FY 2014/15 estimate represents an increase of 14.2% from the prior year. FY 2015/16 hotel/motel occupancy tax revenues are estimated at \$7.7 million, an increase of 10.0% from the ongoing FY 2014/15 level and constituting 4.6% of General Fund revenues.

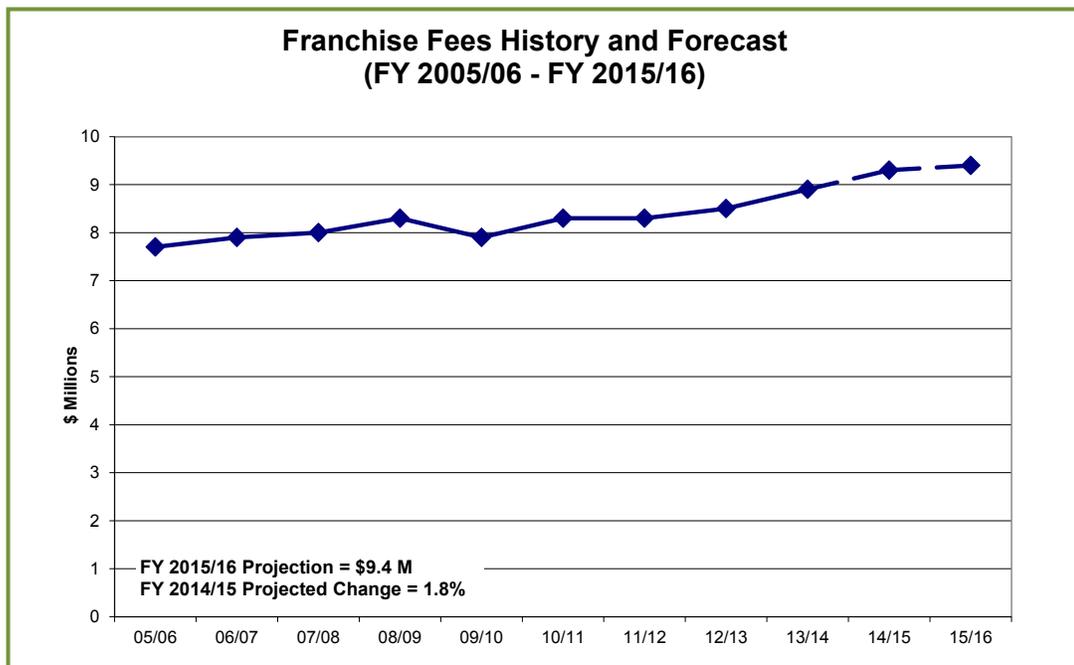


Key Factors in the Forecast: The high pace of revenue increase estimated for FY 2014/15 can be attributed to higher room rates. As occupancy rates have now recovered significantly from the recent low point in 2009, future revenue growth will likely be based more on increases in room rates than on occupancy. The volatile economy remains the greatest risk for hotel/motel tax revenues. Continuing economic recovery will continue to provide steady growth in this revenue source.

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. Gas and electric utility franchise revenues for FY 2015/16 will likely 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 2015, and will be received by the City in April 2016.



General Fund | General Fund Revenues

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: The FY 2014/15 projection shows 3.7% increase from the prior year, with another 1.8% growth estimated for FY 2015/16. The estimated FY 2015/16 franchise fees revenue of \$9.4 million represents 5.6% of General Fund revenues.

Key Factors in the Forecast: Key factors affecting the major franchises are discussed below.

- **Electricity franchise:** PG&E franchise fee 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. The forecast accounts for the PG&E three-year "rate case" adopted by the California Public Utilities Commission (CPUC) that took effect beginning in 2014. The "rate case" includes increases of 6.9% for 2014, 4.6% for 2015, and 5.0% for 2016. 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 fee revenues comprise less than 5% of total franchise fee revenues.
- **Cable franchise:** While Comcast has raised rates, telephone (telecommunication) companies like AT&T have entered the video/television business to compete with cable providers, with the result that a portion of the City's cable franchise fee 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%. Based on collections through April, the FY 2014/15 estimate of \$2.2 million is slightly higher than the prior year amount. With no clearly-defined upward or downward trend in recent historical collections, the FY 2015/16 projection is flat at \$2.2 million.
- **Solid waste collection franchise:** Solid waste collection ("garbage") franchise fee revenues are estimated to increase by 3.1% to \$4.2 million in FY 2014/15, and the projected increase in FY 2015/16 is 0.8%. Solid waste rate increases typically occur every other year, in even years, with the last increase occurring in January 2014. With an increased focus on recycling (which is not subject to franchise fees), new revenue growth will likely be coming primarily from fee increases and new development adding to the customer base.

General Fund Budget and Forecast Through FY 2017/18

(Thousands of Dollars)	Estimated Actual FY 14/15	Adopted FY 15/16	Projected FY 16/17	Projected FY 17/18
Revenues:				
Taxes:				
Property Tax	\$ 75,689	\$ 80,312	\$ 83,998	\$ 87,867
Sales Tax	40,242	47,337	46,445	48,302
Business Tax	9,269	9,888	10,349	10,736
Hotel/Motel Taxes	7,026	7,729	8,115	8,359
Property Transfer Taxes	1,705	1,705	1,705	1,705
Paramedic Taxes	1,159	1,159	1,159	1,159
Franchise Fees	9,257	9,420	9,567	9,567
Charges for Services	5,104	5,850	6,633	6,618
Fines	2,963	2,963	2,963	2,963
Use of Money and Property	810	1,129	1,242	1,354
Intergovernmental	398	398	398	398
Other Revenues	1,244	852	452	452
Total Revenues	154,866	168,742	173,026	179,480
Total Operating Transfers In	6,284	5,607	5,759	5,832
Resources Available: (Revenues plus Operating Transfers In)	161,150	174,349	178,785	185,312
Expenditures:				
General Government	13,338	13,918	14,286	14,479
Police	60,623	68,602	71,310	72,505
Fire	40,194	44,390	45,744	46,525
Community Preservation & CD Admin	1,314	1,329	1,387	1,412
Public Works	13,505	14,425	14,813	14,969
Community Services	7,575	7,747	7,963	8,059
Other Non-Departmental	1,165	2,815	3,003	2,842
Less: Citywide Savings	-	(7,100)	(7,100)	(7,100)
Debt	6,487	7,468	8,316	9,089
Less: Savings on Debt	-	(512)	(493)	(86)
Total Expenditures	144,201	153,082	159,229	162,694
Operating Transfers Out:				
Capital Projects	5,150	5,950	5,850	5,850
Cost Center Allocations	4,932	5,063	5,197	5,197
Human Services	3,488	3,635	3,787	3,787
Other	3,350	4,893	3,918	6,828
Reserve Adjustments	1,157	1,726	804	956
Total Operating Transfers Out	18,077	21,267	19,556	22,618
Resources Used: (Expenditures plus Operating Transfers Out)	162,278	174,349	178,785	185,312
Net Results of Operations: (Resources Available less Resources Used)	(1,128)	-	-	-
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	2,898	1,770	1,770	1,770
Ending Fund Balance	\$ 1,770	\$ 1,770	\$ 1,770	\$ 1,770

General Fund | Transfer Detail

Transfers In	Estimated Actual FY 2014/15	Adopted FY 2015/16	Projected FY 2016/17	Projected FY 2017/18
Overhead Transfers In From Other Funds:				
Overhead Charges from Development (Funds 011, 012, 013)	2,202	2,160	2,214	2,269
Overhead Charges from Environmental (Fund 115,123)	272	259	265	272
Overhead Charges from Paratransit (Fund 178, 517)	82	102	105	108
Overhead Charges from Human Services Grants	398	316	324	332
Overhead Charges from Recreation (Fund 189)	1,061	994	1,019	1,044
Overhead Charges from Human Services (Fund 053)	133	211	216	221
Overhead Charges from Information Techonology (Fund 620)	392	349	358	367
Overhead Charges from Lighting/Landscape Maint Dist (Fund 460)	-	16	16	16
Overhead Charges from Vehicle Replacement (Fund 610)	11	44	45	45
Other (Home Grant, Fund 711, 103)	58	56	57	58
Sub-total Transfers In from Other Funds	\$ 4,609	\$ 4,507	\$ 4,619	\$ 4,732
Miscellaneous Recurring Transfers In:				
Impact Fee Reimbursement	850	850	850	850
From Family Resource Center for Maintenance	250	250	250	250
Sub-total Misc. Recurring Transfers In	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100
Miscellaneous Non-recurring Transfers In:				
One Time Transfers	575	-	40	-
Budget Uncertainty Reserve	-	-	-	-
Sub-total Misc. Non-recurring Transfers In	\$ 575	\$ -	\$ 40	\$ -
TOTAL OPERATING TRANSFERS IN	\$ 6,284	\$ 5,607	\$ 5,759	\$ 5,832

General Fund | Transfer Detail

Transfers Out	Estimated Actual FY 2014/15	Adopted FY 2015/16	Projected FY 2016/17	Projected FY 2017/18
Transfers to the CIP:				
Contribution to Street Maintenance	2,900	3,600	3,600	3,600
Contribution to Other CIP Projects	1,000	1,100	1,000	1,000
Downtown Plan and Warm Springs	1,250	1,250	1,250	1,250
Sub-total - Transfers to the CIP	\$ 5,150	\$ 5,950	\$ 5,850	\$ 5,850
Cost Center Allocations:				
Community Development Cost Center	2,316	2,374	2,433	2,433
Recreation Cost Center	2,181	2,236	2,292	2,292
Senior Center Cost Center	435	453	472	472
Sub-total - Cost Center Allocations	\$ 4,932	\$ 5,063	\$ 5,197	\$ 5,197
Other Transfers from the GF:				
Affordable Housing	1,100	1,260	1,318	1,378
Strategic Investment Opportunity Fund	-	1,383	-	2,500
Human Services Special Revenue Fund	3,488	3,635	3,787	3,787
Other Post-Employment Benefits (OPEB)	2,200	2,200	2,550	2,900
Southern Alameda County Major Crimes Task Force (SACMCTF)	50	50	50	50
Sub-total - Other transfers	\$ 6,838	\$ 8,528	\$ 7,705	\$ 10,615
Transfers from the GF to Reserves:				
Contingency Reserve	771	1,150	536	638
Program Equity Investment Reserve	193	288	134	159
Economic Volatility Reserve	193	288	134	159
Sub-total - Transfers to Reserves	\$ 1,157	\$ 1,726	\$ 804	\$ 956
TOTAL OPERATING TRANSFERS OUT	\$ 18,077	\$ 21,267	\$ 19,556	\$ 22,618

General Fund | Historical Comparison

General Fund Historical and Adopted Budget 2015/16

(Thousands of Dollars)	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Estimated Actual	FY 15/16 Adopted Budget
Revenues:						
Taxes:						
Property Tax	\$ 61,739	\$ 64,432	\$ 74,048	\$ 70,146	\$ 75,689	\$ 80,312
Sales Tax	30,089	33,066	34,404	38,862	40,242	47,337
Business Tax	6,820	7,496	7,368	7,828	9,269	9,888
Hotel/Motel Tax	3,476	4,133	4,872	6,155	7,026	7,729
Property Transfer Taxes	1,031	861	1,202	1,495	1,705	1,705
Paramedic Taxes	1,159	1,156	1,157	1,155	1,159	1,159
Franchise Fees	8,261	8,255	8,471	8,925	9,257	9,420
Charges for Services	4,988	5,003	4,792	4,914	5,104	5,850
Fines	2,590	2,354	2,730	2,922	2,963	2,963
Use of Money and Property	1,197	1,041	1,107	741	810	1,129
Intergovernmental	1,143	468	331	284	398	398
Other Revenues	464	761	1,568	1,214	1,244	852
Total Revenues	122,957	129,025	142,050	144,641	154,866	168,742
Total Operating Transfers In	5,885	5,239	4,945	6,013	6,284	5,607
Resources Available: (Revenues plus Operating Transfers In)	128,842	134,264	146,995	150,654	161,150	174,349
Expenditures:						
General Government	10,149	10,212	11,434	12,090	13,338	13,918
Police	52,953	52,725	52,203	55,805	60,623	68,602
Fire	31,520	32,373	31,814	33,660	40,194	44,390
Community Preservation & CD Admin	663	699	755	1,032	1,314	1,329
Human Services	-	-	-	-	-	-
Public Works	14,354	12,890	12,201	13,225	13,505	14,425
Community Services	4,746	6,438	6,563	6,610	7,575	7,747
Other Non-Departmental	2,968	1,809	2,004	1,232	1,165	2,815
Less: Citywide savings	-	-	-	-	-	(7,100)
Debt	7,150	6,297	6,618	6,204	6,487	7,468
Less: Debt Savings	-	-	-	-	-	(512)
Total Expenditures	124,503	123,443	123,592	129,858	144,201	153,082
Total Operating Transfers Out	7,535	7,872	22,351	21,804	18,077	21,267
Resources Used: (Expenditures plus Operating Transfers Out)	132,038	131,315	145,943	151,662	162,278	174,349
Net Results of Operations: (Resources Available less Resources Used)	(3,196)	2,949	1,052	(1,008)	(1,128)	-
Change in Encumbrance Reserve	(222)	(438)	(101)	444	-	-
Use of Budget Uncertainty Reserve	3,418	-	-	-	-	-
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	-	-	2,511	3,462	2,898	1,770
Ending Fund Balance	\$ -	\$ 2,511	\$ 3,462	\$ 2,898	\$ 1,770	\$ 1,770

Other Funds

Other Funds

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

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

The first three categories constitute the City's primary operating funds, and the last one is a special class of fund used 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, and Capital funds. Detailed information about the General Fund is available in the General Fund section of this document.



Other Funds

Summary of All Other Funds

(Thousands of Dollars)	Cost Center/ Internal Service Funds	Special Revenue Funds	Capital Funds	Total All Other Funds
Revenues				
Taxes:				
Property Tax	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	1,812	-	1,812
Business Tax	-	-	-	-
Hotel/Motel Tax	-	-	-	-
Property Transfer Taxes	-	-	-	-
Paramedic Taxes	-	-	-	-
Franchise Fees	-	-	-	-
Charges for Services	29,618	8,734	300	38,652
Fines	-	-	-	-
Use of Money and Property	270	205	555	1,030
Intergovernmental	-	7,320	11,227	18,547
Other Revenues	1,203	4,049	18,034	23,286
Total Revenues	31,091	22,120	30,116	83,327
Total Transfers In	7,263	5,054	8,473	20,790
Resources Available: (Revenues plus Total Transfers In)	38,354	27,174	38,589	104,117
Expenditures				
General Government	-	-	-	-
Police	-	949	-	949
Fire	1,400	153	-	1,553
Public Works:				
Engineering	9,769	-	-	9,769
Maintenance	-	-	1,200	1,200
Community Development:				
Planning	3,685	-	-	3,685
Building and Safety	6,337	-	-	6,337
Community Preservation	-	126	-	126
Housing	-	1,080	-	1,080
Human Services	763	12,996	-	13,759
Community Services:				
Recreation	8,582	26	-	8,608
Maintenance	-	-	-	-
Landscape	1,349	-	-	1,349
Environmental Services	-	7,558	-	7,558
Non-departmental	4,707	-	46,602	51,309
Debt Costs	-	690	-	690
Total Expenditures	36,592	23,578	48,047	108,217
Total Transfers Out	4,643	1,303	910	6,856
Resources Used: (Expenditures plus Operating Transfers Out)	41,235	24,881	48,957	115,073
Net Results of Operations: (Resources Available less Resources Used)	(2,881)	2,293	(10,368)	(10,956)
Beginning Fund Balance - 6/30/15 (est.)	21,220	30,981	22,990	75,191
Fund Balance - 6/30/16 (est.)	\$ 18,339	\$ 33,274	\$ 12,622	\$ 64,235

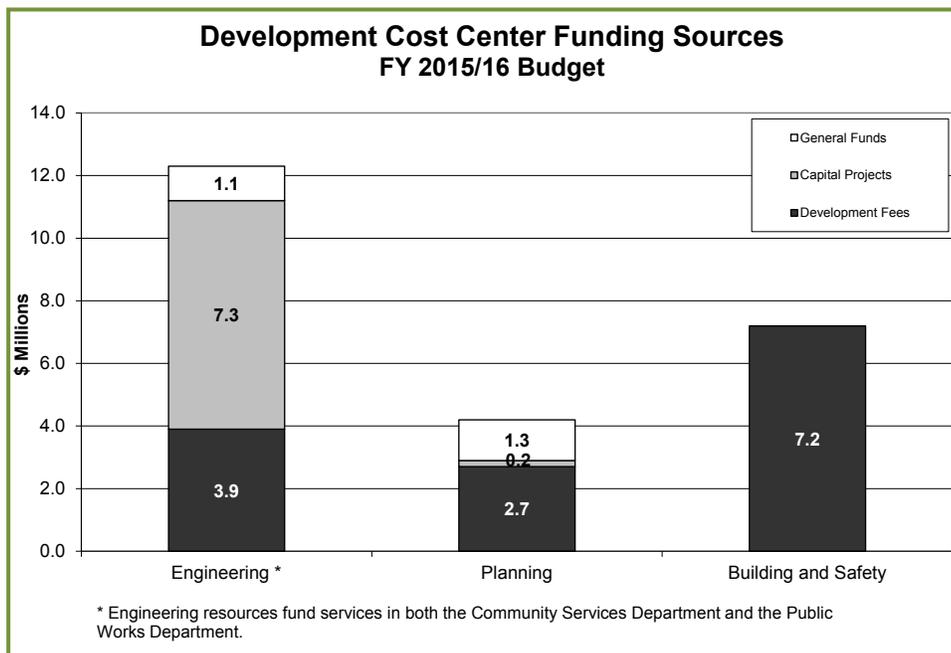
Cost Centers & Internal Service Funds

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. At the end of FY 2015/16, the fund balance is projected to be \$3.8 million, which brings the Development Cost Center reserve balance to 16% of budgeted expenditures, as compared to the current Council adopted reserve policy level of 8%. In FY 2014/15, the Contingency Reserve was reduced from 15% to 8% of expenditures.



Other Funds | Cost Centers & Internal Service Funds

The Planning, Engineering and Landscape Architecture Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2015/16, the General Fund will transfer \$2.4 million to the Cost Center, to be spread across Planning, Engineering, and Landscape Architecture for their work programs. In conjunction with a shift in funding for the Community Development Department, this represents an increase of 2.5% (\$58,000). The work funded by the General Fund allocation generally includes updating and maintaining the City's General Plan and Zoning Ordinance, implementing the Climate Action 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.

Recreation Cost Center

The Recreation Cost Center provides services to the public using both user fees and General Fund contributions. 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 2015/16, the Recreation Cost Center expects to receive 78% of its \$10.1 million in total available resources from program and user fees, with only 22% (\$2.2 million) coming from General Fund support. This transfer is 2.5% (\$55,000) higher than the FY 2014/15 transfer. 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.

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 at \$6.96 million at the end of FY 2014/15. Expanded programming, strong customer service, increased participation due to marketing efforts, interest on the fund balance, and cost savings strategies have been the primary contributors to the growth of the fund balance. 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 Economic Contingency Reserve is 15% of expenditures. The Recreation Cost Center fund balance is anticipated to be \$6.4 million by the end of FY 2015/16, and the level of the Economic Contingency Reserve will be in compliance with the Council adopted policy level of 15%. For FY 2015/16, a transfer to recreation capital projects is budgeted for \$1.1 million. The remainder of the fund balance is in the Operating Improvement Reserve, which serves as a funding source to launch new revenue generating programs.

Senior Services 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, private donations, and transfers in from 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 2015/16, the amount of General Fund support for the Cost Center will be \$453,240, or 4.2% more than the FY 2014/15 amount, after factoring out one-time expenditures.

Staff has responded to funding challenges over the last several years with a combination of fee increases, service reductions, fundraising, and use of reserves. Since FY 2005/06, staff has raised an average of \$44,000 annually in community donations for the Senior Center. 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 will be \$7.0 million in FY 2015/16, which represents an increase of \$200,000 compared to FY 2014/15. The charges to departments will increase for FY 2015/16, leaving a remaining fund balance of \$529,000 at the end of FY 2015/16.

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 \$6.9 million in FY 2015/16 for IT Services operations and various capital replacement purchases and software upgrades. The expenditure budget for this fund is increasing by \$620,000 or 9%, from the adopted FY 2014/15 budget. This increase is primarily due to an additional systems programmer/analyst to support systems, annual adjustments for costs of software maintenance on major enterprise systems and new costs for an upgrade of the HR/Payroll system in FY 2015/16.

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 at \$70.8 million as of June 30, 2014. This fund accounts for the costs of the City's retiree medical benefits. At the City Council's direction, in addition to the pay-as-you-go benefit payments provided in prior years, the City will begin making payments in FY 2015/16 to prefund its unfunded OPEB liabilities through the CalPERS California Employers' Retiree Benefit Trust (CERBT).

Other Funds | Cost Centers & Internal Service Funds

(Thousands of Dollars)	Development	Recreation	Internal Service			OPEB	Fire Capital	Internal	Total
	Cost Center	Cost Center	Senior Center	Risk Management	Information Technology		Replacement	Service Reclass*	
Revenues									
Taxes:									
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-
Charges for Services	20,311	7,714	193	7,000	6,918	3,079	1,400	(16,997)	29,618
Fines	-	-	-	-	-	-	-	-	-
Use of Money and Property	36	50	-	150	30	4	-	-	270
Intergovernmental	-	-	-	-	-	-	-	-	-
Other Revenues	949	132	110	-	12	-	-	-	1,203
Total Revenues	21,296	7,896	303	7,150	6,960	3,083	1,400	(16,997)	31,091
Total Transfers In	2,374	2,236	453	-	-	2,200	-	-	7,263
Resources Available: (Revenues plus Total Transfers In)	23,670	10,132	756	7,150	6,960	5,283	1,400	(16,997)	38,354
Expenditures									
General Government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	1,400	-	1,400
Public Works:									
Engineering	9,769	-	-	-	-	-	-	-	9,769
Maintenance	-	-	-	-	-	-	-	-	-
Community Development:									
Planning	3,685	-	-	-	-	-	-	-	3,685
Building and Safety	6,337	-	-	-	-	-	-	-	6,337
Community Preservation	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Human Services	-	-	763	-	-	-	-	-	763
Community Services:									
Recreation	-	8,582	-	-	-	-	-	-	8,582
Maintenance	-	-	-	-	-	-	-	-	-
Landscape	1,349	-	-	-	-	-	-	-	1,349
Environmental Services	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	7,190	7,190	7,324	-	(16,997)	4,707
Less: Citywide Savings	-	-	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-	-	-
Total Expenditures	21,140	8,582	763	7,190	7,190	7,324	1,400	(16,997)	36,592
Total Transfers Out	2,160	2,134	-	-	349	-	-	-	4,643
Resources Used: (Expenditures plus Operating Transfers Out)	23,300	10,716	763	7,190	7,539	7,324	1,400	(16,997)	41,235
Net Results of Operations: (Resources Available less Resources Used)	370	(584)	(7)	(40)	(579)	(2,041)	-	-	(2,881)
Beginning Fund Balance - 6/30/15 (est.)	3,403	6,960	294	569	6,467	3,527	-	n/a	21,220
Fund Balance - 6/30/16 (est.)	\$ 3,773	\$ 6,376	\$ 287	\$ 529	\$ 5,888	\$ 1,486	\$ -	n/a	\$ 18,339

* NOTE: The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management, Information Technology, and OPEB Funds have been reclassified and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets. The recreation rental revenue is shown in "Use of Money and Property" for facility rentals.

Cost Centers/Internal Service

(Thousands of Dollars)	Budget 2013/14	Budget 2014/15	Adopted Budget 2015/16
Beginning Fund Balance	\$ 16,036	\$ 16,524	\$ 21,220
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	22,845	24,688	29,618
Fines	-	-	-
Use of Money and Property	1,178	1,289	270
Intergovernmental	-	-	-
Other Revenues	46	1,174	1,203
Total Revenues	24,069	27,151	31,091
Operating Transfers In	6,113	7,132	7,263
Total Available Resources	46,218	50,807	59,574
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	1,400
Public Works:			
Engineering	8,222	9,238	9,769
Traffic Engineering	-	-	-
Maintenance	-	-	-
Community Development:			
Planning	3,413	3,369	3,685
Building and Safety	4,647	5,496	6,337
Community Preservation	-	-	-
Housing	-	-	-
Human Services	705	731	763
Community Services:			
Recreation	7,484	8,035	8,582
Maintenance	-	-	-
Landscape	948	1,232	1,349
Environmental Services	-	-	-
Non-departmental	1,217	1,120	4,707
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	26,636	29,221	36,592
Operating Transfers Out	3,690	3,655	4,643
Transfers to Reserves	-	-	-
Total Use of Resources	30,326	32,876	41,235
Ending Fund Balance	\$ 15,892	\$ 17,931	\$ 18,339

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 73% of the department's total funding sources in FY 2015/16. The table on page 93 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.

Beginning in FY 2010/11, the General Fund portion of the Human Services budget was transitioned to a new fund, and receives an allocation that represents the General Fund's support for funding Human Services programs. In FY 2015/16, the General Fund will transfer \$3.63 million to the Human Services Special Revenue Fund, which represents 23% of the Department's total operating budget.

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 to divert at-risk youth from the criminal justice system; Department of Behavioral Health Care Services funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center and alcohol or drug (AOD) intervention services.
2. **Alameda County and Union City:** Funds to provide services to elders in Fremont and the Tri-City area.
3. **Eden Housing:** Funding to provide onsite senior support services to residents at Cottonwood, Redwood, and Sequoia Senior Housing complexes.
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 First 5 Alameda County to support early childhood programs in Youth and Family Services.

6. **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.
7. **State Medi-Cal Reimbursement:** Funds received through reimbursement for counseling and support services provided to youth, seniors, and administrative services.

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 increase by 10% in FY 2015/16, from \$1.4 million to \$1.55 million, because the City of Newark has increased the contract with the City to provide paratransit services to Newark residents. In November, 2014, voters approved Measure BB, which will fund \$521,000 in FY 2015/16 for us on transportation related activities.

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. FRC funding is expected to decrease by \$81,000 in FY 2015/16.

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 (HUD) 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 directly benefit low and moderate-income households, with each community tailoring its program to address specific local needs.

CDBG entitlement funds are received on a project cost-reimbursement basis. The FY 2015/16 budget of \$1,453,000 is \$396,000 less than the FY 2014/15 budget of \$1,849,000.

HOME

This fund is administered by the Human Services Department and accounts for monies received under the HOME Investment Partnership (HOME) Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing. The FY 2015/16 budget is \$255,535, representing a decrease of 61.6% from FY 2014/15. During FY 2014/15, an additional \$387,000 for Laguna Common Home Grant Loan was approved by Council and is expected to be spent mainly during FY 2014/15. The adjusted budget for FY 2014/15 will be \$664,661.

Affordable Housing Ordinance

This fund accounts for all payments by residential developers who choose to fulfill their obligations under the City's Affordable Housing Ordinance by paying a fee. Pursuant to the Ordinance, 85% of funds deposited are to be used for development of new affordable housing; 10% for supportive services; and 5% for administrative costs. In FY 2015/16, \$1,500,000 in revenues is anticipated to be received, to be used to develop affordable housing in the future (this increase is due to anticipated future development revenue).

Low and Moderate Income Housing Asset Fund (Formerly Housing Successor Agency)

This fund accounts for all affordable housing revenues and expenditures except those fees related to the Affordable Housing Ordinance, including all housing assets and all housing-related obligations of the former RDA. Expenditures in FY 2014/15, \$1.7 million, include operational costs related to the management and oversight of the City's affordable housing assets and programs and \$1.3 million to fully fund the Laguna Commons affordable housing project that was approved by Council and partially funded in FY 2012/13. The total expenditures and transfers out budgeted for FY 2015/16 are \$585,267.

City Funded Affordable Housing Fund

This fund was set up to account for funding sources and housing expenditures for the City-funded affordable housing programs. At the end of FY 2014/15, the estimated fund balance was \$4,053,170. For FY 2015/16, \$1,260,000 of funding is budgeted from the General Fund.

Public Safety Grants

The City receives grants for public safety activities from a variety of sources, including the following:

- 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. Southern Alameda County Major Crimes Task Force (SACMCTF):** This fund accounts for the proceeds from assets forfeited as the result of drug and gang activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution of \$50,000 comes from the General Fund and is displayed as a "Transfer Out" on page 77.
- 4. 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.

Environmental Services

The City receives special purpose funding for Environmental Services activities from a number of different sources, including the following:

- 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, 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. 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 and transfers out are budgeted to increase by 4.2%, from \$7.6 million in FY 2014/15 to \$8.0 million in FY 2015/16. The FY 2015/16 budget increased mainly due to an increase in salary and benefits costs, and the costs to install 250 additional trash capture devices to comply with the Federal Clean Water Act in FY 2015/16.

Other Funds | Special Revenue Funds

Special Revenue Funds (Thousands of Dollars)	Human Services						Low/Mod HOME	City Funded Inc Housing	Affordable Housing Ord	Public Safety Grants	Environmental Services Funds	Total Special Revenues
	Grants/ CDBG	Paratransit	FRC	Human Services	CDBG							
Revenues												
Taxes:												
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	1,812	-	-	-	-	-	-	-	-	-	1,812
Business Tax	-	-	-	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	123	124	64	259	-	-	-	-	-	-	8,164	8,734
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Use of Money and Property	34	2	36	20	-	-	95	18	-	-	-	205
Intergovernmental	3,962	250	325	17	1,453	255	-	-	-	968	90	7,320
Other Revenues	109	-	1,237	3	-	-	1,200	-	1,500	-	-	4,049
Total Revenues	4,228	2,188	1,662	299	1,453	255	1,295	18	1,500	968	8,254	22,120
Total Transfers In	-	-	109	3,635	-	-	-	1,260	-	50	-	5,054
Resources Available: (Revenues plus Total Transfers In)	4,228	2,188	1,771	3,934	1,453	255	1,295	1,278	1,500	1,018	8,254	27,174
Expenditures												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	949	-	949
Fire	-	-	-	-	-	-	-	-	-	153	-	153
Public Works:												
Engineering	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Community Development:												
Planning	-	-	-	-	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-	-	-	126	126
Housing	-	-	-	-	-	254	530	161	135	-	-	1,080
Human Services	4,227	1,910	1,237	4,190	1,432	-	-	-	-	-	-	12,996
Community Services:												
Recreation	-	-	-	-	-	-	-	-	-	-	26	26
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Landscape	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-	-	-	-	7,558	7,558
Non-departmental	-	-	-	-	-	-	-	-	-	-	-	-
Less: Citywide Savings	-	-	-	-	-	-	-	-	-	-	-	-
Debt Costs	-	-	690	-	-	-	-	-	-	-	-	690
Total Expenditures	4,227	1,910	1,927	4,190	1,432	254	530	161	135	1,102	7,710	23,578
Total Transfers Out	320	102	334	211	21	1	55	-	-	-	259	1,303
Resources Used: (Expenditures plus Operating Transfers Out)	4,547	2,012	2,261	4,401	1,453	255	585	161	135	1,102	7,969	24,881
Net Results of Operations: (Resources Available less Resources Used)	(319)	176	(490)	(467)	-	-	710	1,117	1,365	(84)	285	2,293
Beginning Fund Balance - 6/30/15 (est.)	2,696	350	2,069	1,079	-	3,685	2,892	4,053	5,650	916	7,591	30,981
Fund Balance - 6/30/16 (est.)	\$ 2,377	\$ 526	\$ 1,579	\$ 612	\$ -	\$ 3,685	\$ 3,602	\$ 5,170	\$ 7,015	\$ 832	\$ 7,876	\$ 33,274

Cost Centers/Internal Service

(Thousands of Dollars)	Budget 2013/14	Budget 2014/15	Adopted Budget 2015/16
Beginning Fund Balance	\$ 16,036	\$ 16,524	\$ 21,220
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	22,845	24,688	29,618
Fines	-	-	-
Use of Money and Property	1,178	1,289	270
Intergovernmental	-	-	-
Other Revenues	46	1,174	1,203
Total Revenues	24,069	27,151	31,091
Operating Transfers In	6,113	7,132	7,263
Total Available Resources	46,218	50,807	59,574
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	1,400
Public Works:			
Engineering	8,222	9,238	9,769
Traffic Engineering	-	-	-
Maintenance	-	-	-
Community Development:			
Planning	3,413	3,369	3,685
Building and Safety	4,647	5,496	6,337
Community Preservation	-	-	-
Housing	-	-	-
Human Services	705	731	763
Community Services:			
Recreation	7,484	8,035	8,582
Maintenance	-	-	-
Landscape	948	1,232	1,349
Environmental Services	-	-	-
Non-departmental	1,217	1,120	4,707
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	26,636	29,221	36,592
Operating Transfers Out	3,690	3,655	4,643
Transfers to Reserves	-	-	-
Total Use of Resources	30,326	32,876	41,235
Ending Fund Balance	\$ 15,892	\$ 17,931	\$ 18,339

Capital Funds

The five-year Capital Improvement Program (CIP) is adopted biannually, and includes appropriations for projects for FY 2015/16 through FY 2019/20. 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. Additional CIP summary information can be found in the Capital Budget Summary 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. In November 2014, voters in Alameda County passed the new 2014 Transportation Expenditure Plan and ballot Measure BB which will provide essential funding for transportation programs and projects throughout Alameda County. The City will receive funding from this new measure for Local Streets and Roads, Bicycle and Pedestrian, and Paratransit programs.

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 2015/16 through FY 2019/20 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 for reference only; the amounts noted show the funds received from various grants that can only be used for a specific capital project. All 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.

Other Funds | Capital Funds

Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Vehicle Replacement	Gas Tax & Meas B	Park Impact Fees	Traffic Impact Fees	Committed /Restricted Expenditure Group	Reclass*	Total Projects
Revenues								
Taxes:								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	-	1,712	-	-	-	300	(1,712)	300
Fines	-	-	-	-	-	-	-	-
Use of Money and Property	100	30	111	164	150	-	-	555
Intergovernmental	-	-	11,227	-	-	-	-	11,227
Other Revenues	-	50	-	4,644	2,400	10,940	-	18,034
Total Revenues	100	1,792	11,338	4,808	2,550	11,240	(1,712)	30,116
Total Transfers In	7,333	-	-	-	-	1,140	-	8,473
Resources Available: (Revenues plus Total Transfers In)	7,433	1,792	11,338	4,808	2,550	12,380	(1,712)	38,589
Expenditures								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public Works:								
Engineering	-	-	-	-	-	-	-	-
Maintenance	-	-	1,200	-	-	-	-	1,200
Community Development:								
Planning	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Community Services:								
Recreation	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-
Landscape	-	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-	-
Non-departmental	8,398	1,707	11,622	14,149	6,739	11,514	(7,527)	46,602
Less: Citywide Savings	-	-	-	-	-	-	-	-
Town Fair Operations	245	-	-	-	-	-	-	245
Debt Costs	-	-	-	-	-	-	-	-
Total Expenditures	8,643	1,707	12,822	14,149	6,739	11,514	(7,527)	48,047
Total Transfers Out	-	44	-	-	-	866	-	910
(Expenditures plus Operating Transfers Out)	8,643	1,751	12,822	14,149	6,739	12,380	(7,527)	48,957
Net Results of Operations: (Resources Available less Resources Used)	(1,210)	41	(1,484)	(9,341)	(4,189)	-	5,815	(10,368)
Beginning Fund Balance - 6/30/15 (est.)	1,599	1,239	1,704	13,891	4,557	-	n/a	22,990
Fund Balance - 6/30/16 (est.)	\$ 389	\$ 1,280	\$ 220	\$ 4,550	\$ 368	\$ -	n/a	\$ 12,622

*NOTE: A portion of Capital Improvement Funds' expenditures are reclassified 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 2013/14	Budget 2014/15	Adopted Budget 2015/16
Beginning Fund Balance	\$ 16,627	\$ 7,937	\$ 22,990
Revenues			
Taxes:			
Property Tax	-	-	-
Business Tax			
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	300
Fines	-	-	-
Use of Money and Property	665	652	555
Intergovernmental	9,423	9,578	11,227
Other Revenues	7,931	4,510	18,034
Total Revenues	18,019	14,740	30,116
Operating Transfers In	14,688	11,748	8,473
Total Available Resources	49,334	34,425	61,579
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Public Works:			
Engineering	-	-	-
Traffic Engineering	-	-	-
Maintenance	1,200	1,200	1,200
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Community Preservation	-	-	-
Housing	-	-	-
Human Services	-	-	-
Community Services:			
Recreation	-	-	-
Maintenance	-	-	-
Landscape	-	-	-
Environmental Services	-	-	-
Non-departmental	26,188	16,246	46,602
Less: Citywide Savings	-	-	-
Town Fair Operations	-	-	245
Debt Costs	6,438	6,598	-
Total Expenditures	33,826	24,044	48,047
Operating Transfers Out	816	1,371	910
Transfers to Reserves	-	-	-
Total Use of Resources	34,642	25,415	48,957
Ending Fund Balance	\$ 14,692	\$ 9,010	\$ 12,622

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Capital Budget Summary

Capital Budget Summary

The unitalicized text that follows is excerpted from the FY 2015/16-FY 2019/20 Adopted Capital Improvement Program (CIP) dated June 9, 2015. 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.

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 2015/16 and FY 2019/20. The plan allocates money for capital projects and the maintenance of existing infrastructure for two years, but it defines a plan that looks forward five years. The CIP is reviewed and updated every two years, with project funding annually appropriated 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, balance the City's needs and priorities for a five-year period, and develop a plan that is strategic, comprehensive, and flexible. This memo introduces the FY 2015/16 - 2019/20 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 this year's CIP reflects an increase in City revenues from property taxes and retail sales related to the moderate rebound in the economy. The passage of Alameda County Transportation Measure BB in November 2014 increased revenues allocated for local streets and roads maintenance and rehabilitation as well as bicycle and pedestrian projects. The rise in development activity has resulted in an increase in development impact fee revenues for this CIP cycle. Despite these increases in revenue, the capital plan remains largely limited to and focused on basic preservation and maintenance of our capital assets and priority projects. During the CIP development cycle, the initial call for projects determined citywide needs, yet for the most part the proposed projects for this CIP cycle are programmed to fund basic ongoing capital maintenance and continuing priority projects. As many projects focus on maintaining the City's existing assets, a portion of the projects support and provide funding for the City vision of becoming strategically urban. Priority projects such as development of infrastructure to support the Warm Springs Community Plan and development of the City's Downtown in this CIP reflect the focus on projects that build community, foster innovation, and provide infrastructure improvements.

This CIP programs approximately \$161 million over the next five years for capital projects. This Executive Summary highlights some of the major projects included in the plan. The plan itself contains more detailed project descriptions and fund group summaries.

In the Capital Improvement Fund 501 group, the primary focus is on maintenance of existing assets and providing contributions for priority projects. Project highlights of this fund group include a \$3.6 million dollar annual transfer from the City's General Fund to fund pavement maintenance and rehabilitation projects. This CIP reflects contributions to the development of the City's downtown, a major undertaking with great potential to enhance the City's economic vitality, programming \$5 million over the five year plan. One time contributions to the

Capital Budget Summary

Warm Springs BART West-Side Access Bridge and ongoing contributions to the Warm Springs Development infrastructure project provide funding for a mixed use transit oriented community and innovative employment center. As California is facing the worst drought on record; funding for the Water Conservation and Median Upgrades project provides for improved irrigation system and plant material upgrades in City medians to reduce watering and maintenance. Preservation and maintenance is a focus of this fund group and allocations to public building maintenance activities, concrete repair, and park capital replacement projects address the continued preservation of City assets.

As with the Capital Improvement Fund group, the emphasis of projects funded by the gas tax fund group is on operations and maintenance of existing assets. The focus of available funding on street maintenance will help slow the decline in the City's pavement condition. However, street maintenance projects remain under-funded and even annual projects had to be prioritized and reduced in size to prioritize funding for the most critical maintenance efforts. Because of the maintenance priority, gas tax funds are not available to contribute to transportation improvements. Funding these key activities becomes more challenging each year as a result of the gas tax funding structure. Gas tax funding is not indexed to inflation and therefore does not keep up with annual increases in the City's maintenance and operation cost. The gas tax funding structure relies heavily on both consumption and gas prices, both of which decreased in 2014/15, resulting in reduced revenues projected for this CIP cycle. The passage of Alameda County Transportation Commission Measure BB will provide much needed revenue as it pertains to local streets and roads projects and will help mitigate the revenue challenges experienced due to the structure of gas tax funding.

The CIP document identifies the Bike and Pedestrian fund group projects separately because the funding comes from restricted Measure B and Measure BB funds that require this funding be dedicated to bicycle and pedestrian projects only. The projects in this group include a variety of sidewalk improvements and installation of pedestrian safety devices. The annual funding of the bike and pedestrian project fund enables the Bike and Pedestrian Committee to prioritize and recommend for emerging requests as necessary.

Transportation projects funded from Traffic Impact Fees (TIF) generated by development activity allow for one time funding towards City priority projects for multimodal and transportation needs as a result of growth in the community. For example, TIF will provide funding for the design of the Warm Springs BART West-Side Access Bridge, and also intersection improvements such as the Mowry Avenue/State Street which will support the growing infrastructure in downtown. Given the rise in development activity the increase in TIF revenues allow staff to match projects with future transportation infrastructure needs. Staff has also identified a portion of TIF funding for the Warm Springs Area Development and Infrastructure project. This funding will allow for necessary improvements as the area is developed. Specific projects will be identified at a later date.

The development of park priorities for the CIP presents challenges because the City must be mindful of its limited ability to maintain existing assets, let alone develop new ones. The Parks program this cycle is buoyed by projections based on upcoming development fees such as \$4.2 million available as part of the Patterson Ranch development agreement contribution. There is a onetime transfer from the Recreation fund balance to support projects that are tied to revenue generating opportunities such as the Central Park Corporate Picnic area and upgrades to the Teen Center kitchen. The use

of Measure WW funds, allows for improvements to support water conservation efforts and reduce maintenance through the Irrigation Upgrades for Neighborhood Parks, trails, and the Historical Parks project. City impact fees, which generate most of the City's funding for park development are highly restrictive and may only be used for the creation of new or expanded parks in compliance with the Park Master Plan. Contributions from Measure WW funds, the onetime transfer from the recreation fund balance, the Patterson Development agreement contribution, and the upswing in development activity (which equates to increased revenues through impact fees) support a strong parks program in this CIP.

Staff and City Council have developed a plan that programs approximately \$15.4 million in capital projects to build and improve the City's transportation network over the next five years. The City is addressing traffic congestion on Fremont thoroughfares through coordination with the Alameda County Transportation Commission on widening projects such as the Auto Mall Parkway/ Osgood Road project. Furthermore, the City is planning ahead for the coming development in the Warm Springs Area by programming TIF funding to the Warm Spring Development/Infrastructure project which will fund necessary infrastructure improvements as the area is developed.

In addition to the physical improvements to streets, the capital plan also provides opportunities for technological improvements to streets and intersections. This CIP continues the signal coordination plan developed by staff to respond to changing traffic patterns and priorities. Annual funding for the traffic improvement program (new signals and interconnects) is available as part of this plan. These enhancements will continue the City's efforts to facilitate the flow of traffic along City streets.

Capital Maintenance

Given the limited resources for all of the City's capital needs, maintenance of the City's assets is the primary focus of the CIP. The FY 2015/16 - 2019/20 CIP provides funding to several important capital maintenance projects. Pavement Maintenance efforts will receive \$28 million and the Pavement Rehabilitation Program will receive \$19 million. Streets funding has increased as compared to recent CIP cycles. The increase is due to the continued contribution from the General Fund and the increases attributed to the passage of Measure BB. Fully funding public facilities maintenance needs continue to be challenging. For this CIP cycle, \$2 million is programmed for maintenance of public buildings compared to approximately \$4 million in the previous CIP. Although not funded to optimum levels, the emphasis will be on facility maintenance that will slow further deterioration of the City's infrastructure. These maintenance projects utilize a majority of the funding available in the capital plan, leaving less funding available for new projects that would enhance the community and respond to citizen interests. Staff evaluated every project in the plan for potential maintenance impacts and has been particularly cautious about funding projects that would result in increased maintenance. As the City continues to acquire assets and as assets age, maintenance funding requirements will increase. The lack of funding for maintenance will continue to present challenges in future capital plans.

Capital Budget Summary

CIP Funding Sources

Capital Improvement Fund 501 - This CIP fund 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 \$31 million available over the next five years for capital projects. This includes \$1.3 million in beginning fund balance, much of which is comprised of surplus funds, interest earnings, and previous closeouts of CIP projects back to fund balance. It also includes direct contributions from the General Fund for \$18 million contribution to street maintenance and rehabilitation, \$5 million programmed over the five years of the plan toward the development of the City's Downtown Project, and a onetime contribution of \$ 850,000 towards the Warm Springs Bridge development project. Remaining funds are focused on maintenance and preservation of City assets.

Gas Tax Fund Group - Revenue in this fund group comes from the City's share of the State collected gasoline taxes, funds from the Measure B half-cent transportation sales tax approved in 2000 with a 20 year life, Measure BB (voter approved November 2014) which augments the Measure B half-cent transportation sales tax by a half-cent and extends it to April 1, 2045 for Local Streets and Roads projects, and the County-wide Vehicle Registration Fee. The City can only use these funds for street operations and maintenance, and street capital improvement projects. Staff estimates that this fund group will have approximately \$52.6 million available over the next five years for capital projects. This includes over \$50.5 million in new revenues, \$1.6 million in beginning balance and approximately \$413,000 in interest earnings. Total funds available in the gas tax fund group are comparable to the 2013/14 - 2017/18 CIP which reflected \$52.4 million available versus the \$52.6 million available for the 2015/16 - 2019/20 CIP. The passage of Measure BB provided over \$6 million in revenue projections over this five year cycle. As a result of the increase in revenue for Local Streets and Road projects from Measure BB, the reduction in state gas tax revenues, which is projected over the next five years, was mitigated. The projected reduction in state gas tax revenue is attributed to reduced fuel consumption and reduced gas prices. The state gas tax funding structure is not indexed for inflation and does not keep up with annual increases in the City's maintenance and operations.

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 funds reflect new development's share of the cost of street improvements, interchanges, and other traffic infrastructure improvements. Over the next five years, staff estimates that the total available resources for this fund group will be \$15.5 million. Staff based these estimates 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 and Measure BB funds and funds from the county-wide Vehicle Registration Fee dedicated only to bicycle and pedestrian projects. The City can only use these funds for transportation improvement projects that encourage utilization and improve safety of bicycle and pedestrian facilities throughout the City. Staff estimates that this fund group will have approximately \$6.4 million available over the next five years for capital projects. This includes \$6.3 million in new revenues, \$29,000 in estimated beginning fund balance, and \$37,500 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. According to State law, these funds can only be used to expand existing parks or to develop newly acquired parkland. Staff based these fee driven revenue estimates on projected residential construction activity and interest earnings over the next five years. In this CIP cycle, this fund group also includes a project funded by Measure WW, and projects funded by a one-time development fee. This fund group is expected to have approximately \$30.3 million available over the five year CIP period. The funds available include \$6.6 million in beginning fund balances, \$23.1 million in revenues, which is buoyed by the one-time development impact fee contribution of \$4.2 million, and \$621,000 in interest earnings.

Park Dedication In Lieu Fees - This fund group accounts for monies received from developers to acquire additional parkland within the City. Based on staff estimates, this fund will have approximately \$43.9 million available over the five-year CIP period to acquire parkland. Beginning fund balance comprises \$22.2 million of this amount while new fees and interest earnings generate \$21.1 million and \$529,000 respectively. 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 approval and appropriation authority.

Committed/Restricted Fund Group -This fund group accounts for funds that the City projects to receive from State, federal and other agencies to fully or partially fund specific capital projects. It also lists internal restricted City funds available for specified purposes within the plan. Estimates of the total funding programmed to projects in this group are \$18.2 million. The funds available in this group include transfers from the recreation fund balance and grants from the Alameda County Transportation Commission, as well as funds from the San Francisco Public Utilities Commission. These outside funding sources help to relieve the pressure on other available CIP funding sources.

Unfunded Needs

The proposed FY 2015/16 - 2019/20 CIP does not represent the full picture of project funding needs. From the beginning of the development of this CIP, staff was aware of the funding challenges and, accordingly, considered a list of projects that balanced the amount of funds available with making a meaningful, but limited, impact on the needed capital improvements and deferred maintenance. For example, the cost of bringing the street pavement condition back to “Good”, as measured by a PCI of 83, would be approximately \$55 million annually, which is clearly beyond the City’s available or projected financial resources. Staff has continued to first focus attention on existing State and local funding sources, which are declining and constrained, and will continue to search for other sources and mechanisms for meeting some of the unfunded needs outlined in this plan. Additionally, many projects shown in this CIP, while receiving funding, are funded at minimal levels versus at their fully funded levels.

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. We have adjusted our capital planning to adapt to an economic environment which is reflective of moderate growth for the national economy and significant improvements in the local economy. This plans for capital projects and the maintenance of existing infrastructure for five years, and it is reviewed

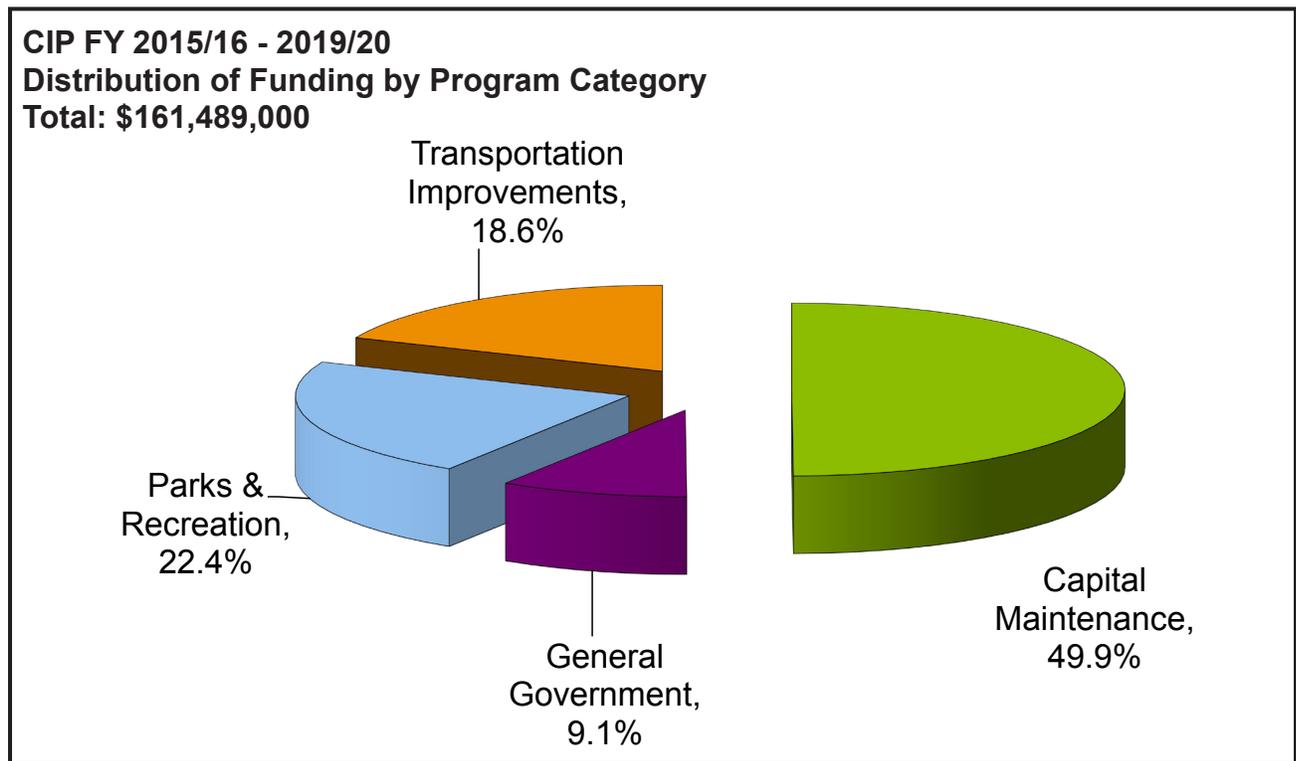
Capital Budget Summary

and updated every two years. The process to update this plan biannually provides the City Council with a regular opportunity to consider these challenges, and to consider options for addressing them. Despite the funding limitations associated with this plan, the City will proceed with the significant capital work program outlined here for the benefit of the Fremont community.

Capital Improvement Project Highlights

Within the CIP, projects are categorized by major funding sources and among four programs: Capital Maintenance, Transportation Improvements, Parks and Recreation, and General Government. The chart below shows that the largest share of the CIP budget, 49.9%, supports Capital Maintenance-related activities.

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 2015/16 through 2019/20.



Capital Budget Summary | Capital Improvement Project Highlights

Capital Maintenance

1. Title: Cityside Energy and Water Efficiency Upgrades

Subprogram: ---

Project Description: Install a range of efficiency upgrades at City facilities.

Funding Source: Outside Debt Finance

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$9,250,000	\$0	\$0	\$0	\$0	\$9,250,000

Operational Impact: Upgrades will result in annual savings of more than \$1 million/year in reduced utility costs and reduced streetlight maintenance costs.

2. Title: Pavement Maintenance

Subprogram: Streets/Infrastructure

Project Description: Pavement rehabilitation efforts combine the formerly separate Cape Seal and Slurry PWC's.

Funding Source: Capital Improvement Fund (501)
State Gas Excise Tax
ACTIA Measure B Local Streets and Roads
New Vehicle Registration Fee SB83 (Measure F)
ACTIA Measure BB (Local Streets and Roads)

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$6,300,000	\$5,600,000	\$5,400,000	\$5,500,000	\$5,600,000	\$28,400,000

Operational Impact: Street maintenance prevents street failures and decrease the need to perform the more expensive street reconstruction, which can cost three times the amount of the overlay project.

Capital Budget Summary | Capital Improvement Project Highlights

3. Title: Pavement Rehabilitation

Subprogram: Streets/Infrastructure

Project Description: Formerly named “street Overlay”. Pavement rehabilitation efforts, including overlay and street reconstruction.

Funding Source: Capital Improvement Fund (501)
 State Gas Exercise Tax
 ACTIA Measure B Local Streets and Roads
 New Vehicle Registration Fee SB83 (Measure F)
 State Gas Tax 2105
 State Gas Tax 2107
 ACTIA Measure BB (Local Streets and Roads)

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$4,200,000	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000	\$19,000,000

Operational Impact: Street repair/maintenance prevents street failures and decreases the need to perform the more expensive street reconstruction.

4. Title: Street Maintenance

Subprogram: Streets/Infrastructure

Project Description: Annual contribution to fund pavement and drainage repair/maintenance by City maintenance staff.

Funding Source: State Gas Tax 2107

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$6,000,000

Operational Impact: Street repair/maintenance prevents street failures and decreases the need to perform the more expensive street reconstruction.



Street maintenance project



Asphalt patching in residential area

Capital Budget Summary | Capital Improvement Project Highlights

Traffic Improvements

1. Title: Warm Springs Bridge Development

Subprogram: Bridges and Overpasses

Project Description: Planning and development of the Warm Springs Area for necessary infrastructure improvements as the area is developed.

Funding Source: Capital Improvement Fund (501)
Traffic Impact Fee

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$5,550,000	\$300,000	\$0	\$0	\$0	\$5,850,000

Operational Impact: In conjunction with the opening of the Warm Springs BART station in 2015, there is a need for infrastructure to support the envisioned transit-oriented mixed use development of this area. This development will likely enhance property tax and sales tax revenues; however, City service demands will also likely increase based on the new development.

2. Title: Warm Springs Area Development/Infrastructure

Subprogram: Other Transportation

Project Description: Planning and development of the Warm Springs Area for necessary infrastructure improvements as the area is developed.

Funding Source: Capital Improvement Fund (501)
Traffic Impact Fee

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$0	\$1,150,000	\$900,000	\$900,000	\$900,000	\$3,850,000

Operational Impact: In conjunction with the opening of the Warm Springs BART station in 2015, there is a need for infrastructure to support the envisioned transit-oriented mixed use development of this area. This development will likely enhance property tax and sales tax revenues; however, City service demands will also likely increase based on the new development.

Capital Budget Summary | Capital Improvement Project Highlights

Parks and Recreation

1. Title: Central Park Corporate Parking Lot Expansion at Stivers Lagoon

Subprogram: Park & Recreation

Project Description: Central Park Corporate Parking Lot expansion at Stivers lagoon by adding a 100 space parking lot.

Funding Source: Park Facility Impact Fee (after July 1995) Fund 540
San Francisco Public Utilities Commission Fund 502

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$25,000	\$0	\$0	\$1,000,000	\$591,300	\$1,616,300

Operational Impact: The project will add parking spaces to meet demand and prepares for future expansion of the Water Park and inclusion of a corporate picnic area. Increase use of the Water Park will increase revenue, maintenance impact will be small.

2. Title: Pacific Commons Sport Park (formerly Municipal Parcel (start-up design))

Subprogram: Other Parks

Project Description: Develop conceptual drawings, and construction documents to 100% for the Municipal Parcel.

Funding Source: Park Facility Impact Fee (after July 1995) Fund 540
Park Improvement Fund 545

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$4,157,496	\$250,000	\$1,000,000	\$2,000,000	\$2,000,000	\$9,407,496

Operational Impact: The project begins the design process of a multi-use sports complex, a new facility for public use with increased revenues. Maintenance impacts will be small with the addition of new revenue.

3. Title: Ballfield Backstop and Fencing Project

Subprogram: Parks & Recreation

Project Description: Replace and repair the existing fencing and backstops at the baseball and softball fields.

Funding Source: Park Dedication Fees – (renovation) Fund 541-R
Park Facility Impact Fee (after July 1995) Fund 533

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$1,400,000	\$0	\$0	\$0	\$0	\$1,400,000

Operational Impact: This project will do the necessary repairs to the existing damaged galvanized fencing Maintenance impacts.

Capital Budget Summary | Capital Improvement Project Highlights

General Government

1. Title: Downtown Project

Subprogram: General Government

Project Description: Implement the CBD Concept Plan (formerly referred to as “Downtown Plan”, through completion of a Midtown Community Plan and design guidelines.

Funding Source: Capital Improvement Fund (501)

Project Cost:

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Five-year total
\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000

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



Downtown - Aerial View

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.



Department Budgets | City Council

City Council Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 134,296	\$ 141,472	\$ 145,103	\$ 145,103	\$ 145,103	\$ 146,702
Operating Expenditures	174,571	169,908	178,763	183,713	183,713	188,713
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
Totals	\$ 308,867	\$ 311,380	\$ 323,866	\$ 328,816	\$ 328,816	\$ 335,415

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 2.0%

* 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.

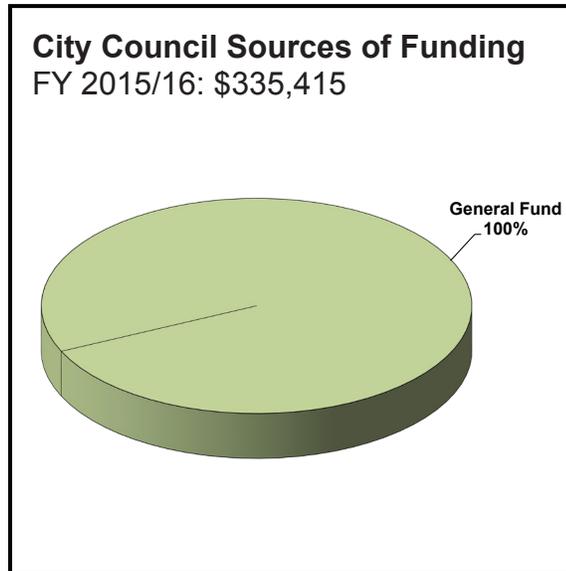
Key City Priorities

1. Warm Springs/South Fremont Development Area: Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development and implementation of the Warm Springs/South Fremont Strategy.
2. Downtown Fremont: Continue to commit time and resources to the Downtown Plan to ensure that the Downtown is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region.



3. BART to San Jose: Continue to partner with BART to ensure that Fremont's interests are considered relative to the BART extensions to Warm Springs/South Fremont and Santa Clara County.
4. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base.

5. Civic Engagement: Continue to implement new methods and tools to facilitate civic engagement and enhance access to open government.
6. Legislative Advocacy: Continue to pursue legislative efforts that are in the best interest of the City through regional, state, and federal partnerships.
7. Strategic Marketing Efforts: Continue to support activities that raise public and private awareness through media and public relations efforts.



Major Changes

- The FY 2015/16 City Council adopted budget is \$6,599 (or 2.0%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 1.1% due to increases in CalPERS retirement benefit costs.

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Community Development

Mission:

The Fremont Community Development Department will be regionally recognized as a model department that both the City and staff can be proud of. Furthermore, the role of the department is to move the community toward the sustainable, strategically urban community envisioned in the General Plan through long-range planning, community preservation activities, and project-by-project actions.

Major Services

Planning

Implement the General Plan to ensure the City moves toward the sustainable, strategically urban community envisioned. Plan for future development, and review development proposals for conformance with the City's adopted policies and ordinances.

Building and Safety

Ensure that the built environment is constructed and maintained in accordance with adopted codes to provide the community with a healthy and safe place to live, work, and enjoy. Review construction documents and applications to ensure compliance with State and local laws. Thoroughly inspect projects and structures to provide our customers with the safety and security that the people of Fremont expect and deserve.

Community Preservation

Respond to citizen complaints and proactively seek out violations of the Fremont Municipal Code to preserve community health and safety. Provide guidance and resolution for those in need. Reduce crime through implementation of the Crime Prevention Through Environmental Design (CPTED) program.

Housing

Work with property owners, developers, affordable housing organizations, and other community members to maintain and expand the range of housing alternatives in Fremont.

Environmental Sustainability

Lead the City's efforts to implement the Climate Action Plan and reduce greenhouse gas emissions in City operations and the community.

Business Ally

Assist businesses to navigate City and outside agency permit processes. Facilitate project reviews and work with internal and external contacts and resources to expedite permit issuance. Coordinate with the City's Office of Economic Development, Fremont Chamber of Commerce, and other business organizations.

Department Overview



The Community Development Department provides planning, development review, community preservation services, building and fire permit issuance, construction and fire safety inspection, housing, and environmental sustainability and business assistance services. Together with the community, the department works to implement the goals of the City as referenced through the General Plan 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, to maintain the community’s historic town centers and character, to build high-quality strategically urban residential and commercial development, and to maintain and increase the range of housing alternatives. The department also plays a lead role in implementation of the Climate Action Plan adopted by the City Council in 2012.

Community Development Historical Expenditures/Budget, by Major Service Area						
	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Planning	\$ 3,400,620	\$ 3,644,639	\$ 3,986,120	\$ 4,051,678	\$ 3,901,361	\$ 4,147,127
Planning Administration	-	114,921	333,835	333,835	330,017	304,466
Building and Safety	4,744,415	5,063,670	6,011,085	6,497,698	5,947,698	6,786,142
Community Preservation	754,981	916,920	979,753	979,753	976,823	1,025,005
Affordable Housing Investment	108,894	362,819	1,670,363	1,765,021	492,690	585,267
City Funded Affordable Housing	-	-	5,100	-	-	160,500
Affordable Housing Ordinance	3,020,929	33,482	60,823	70,611	25,000	135,000
Total Community Development	\$ 12,029,839	\$ 10,136,451	\$ 13,047,079	\$ 13,698,596	\$ 11,673,589	\$ 13,143,507

* 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: Starting FY 2014/15, the City funded Affordable Housing Fund was established.

Accomplishment Highlights FY 2014/15

- Adopted the Warm Springs/South Fremont Community Plan to create a 21st century workplace and transit oriented development around the future Warm Springs/South Fremont BART Station.
- Adopted the 2015-2023 Housing Element Update to address the City’s Regional Housing Needs Allocation (RHNA).
- Adopted a comprehensive update to the City’s Affordable Housing Ordinance.
- Adopted the City Center Precise Plan and Form Based Code to transform the auto-oriented City Center into a multi-modal, mixed-use destination with comfortable, walkable, complete streets, and a strong sense of place.
- Adopted a comprehensive revision to the City’s Permit Processing Procedures.
- Adopted both Multi-family and Citywide Design Guidelines.

Department Budgets | Community Development

- Adopted a comprehensive revision to the City's Commercial, Mixed-Use, Open Space, and Residential Zoning Districts.
- Processed development applications for several projects, the highlights of which include: the State Street Mixed-Use project in Downtown, Laguna Commons, Palmdale Estates, Habitat for Humanity's Central Commons, Mission Hills Swim and Tennis Club, Capitol Villas, and the Niles Mixed-Use project on the former Henkel site.
- Adopted and implemented new development review and building permit fee schedule.
- Relocated Building Inspection and Code Enforcement downstairs in the Development Center so that the Building & Safety Division could be on one floor.
- Enhanced technology by replacing outmoded phones with smart phones for inspectors and code enforcement officers to improve connectivity with office staff and improve efficiency and the ability to serve customer service requests. Installed large video monitors in the Development Services Center to improve public outreach information.
- Adopted an Electric Vehicle and Motorized Bicycle Ordinance.
- Led the effort that resulted in the City being named a semi-finalist for the Georgetown University Energy Prize, a national competition that will award \$5 million to the city with the greatest per-capita reductions in energy use between January 2015 and December 2016.
- As part of the Georgetown Energy Prize competition, worked with community stakeholders to develop a community-wide energy plan, and began implementation of a number of measur.
- Issued building permits for Laguna Commons, a 64-unit affordable housing development serving extremely-low and very-low income individuals and families.
- Obtained a \$1.7 million grant from the California Department of Housing and Community Development to increase the supply of affordable housing in Fremont.
- Issued a Notice of Funding Availability (NOFA) announcing the availability of approximately \$13 million for expanding affordable housing opportunities in Fremont; and provided recommendations to Council regarding the project proposals.
- Executed Power Purchase Agreements with a solar vendor for installation of solar shade structures in parking lots at several City facilities as part of the climate action plan implementation.
- Initiated a pilot community car-sharing program in partnership with Zipcar.
- Secured grant funding and entered contracts for installation of eight publicly-accessible electric vehicle charging stations throughout the City.

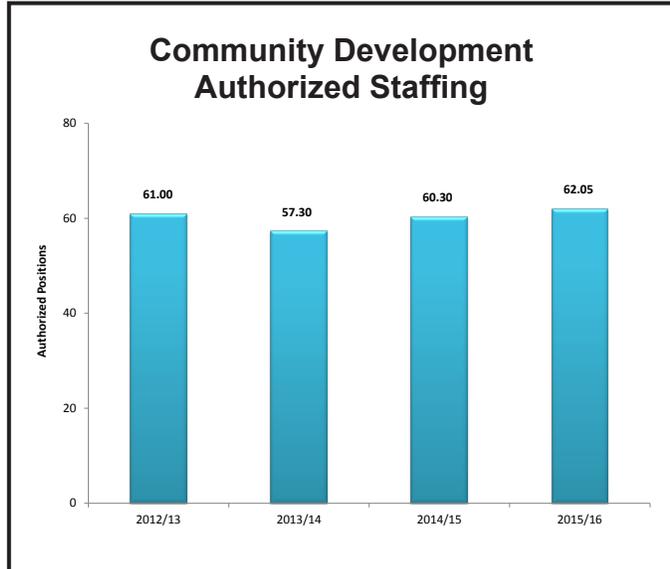
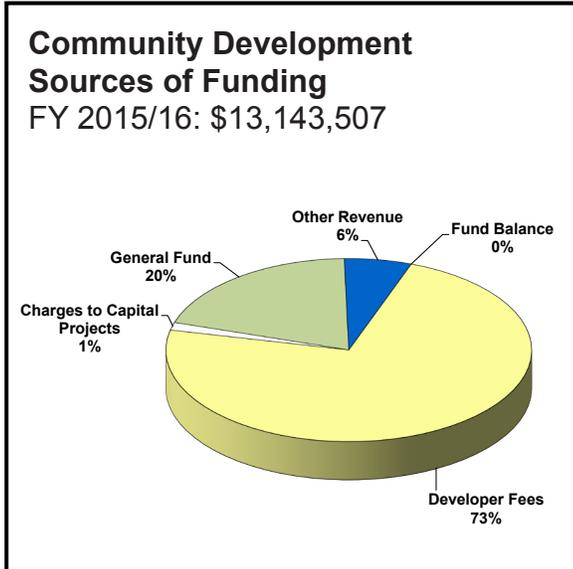
Objectives FY 2015/16

1. In partnership with the Information Technology Services Department, replace the current permitting software system with a robust land use/permitting system to better manage information and workflow.
2. Continue to update the Zoning Ordinance to provide consistency with the General Plan, including adoption of changes to the Industrial District regulations.
3. Update the Wireless Telecommunications Ordinance.
4. Update the Zoning Ordinance to address E-cigarette regulations.
5. Continue implementation of the Climate Action Plan, taking specific actions for meeting the City's greenhouse gas emission reduction target as laid out in the plan.
6. Spearhead community efforts to reduce energy consumption, strengthening the City's chances of advancing in the Georgetown University Energy Prize competition.
7. Complete installation and begin utilizing solar energy from solar carport structures at four municipal facilities
8. Manage the installation of eight new publicly-accessible electric vehicle charging stations obtained using State funding.
9. Execute and implement an Energy Services Contract, resulting in replacement of all City streetlights with LEDs as well as numerous other energy and water efficiency upgrades in City operations.
10. Execute loan documents with non-profit affordable/non-profit developers selected by Council through the Notice of Funding Availability process, and work with the developers to identify and leverage additional outside funding.
11. Evaluate and analyze an affordable housing commercial linkage fee and provide recommendations to the City Council.
12. Increase collaboration with other jurisdictions for uniform enforcement of local regulations.
13. Continue to collaborate with Fire, Police, Environmental Services, Public Works, and Recreation to provide thorough and comprehensive development review services to the public.
14. Update emergency plans and operations, including disaster safety assessment program.
15. Continue efforts to reduce paper and increase digital reviews and archiving.

Department Budgets | Community Development

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	90%	80%	90%	90%
Achieve entitlement processing schedules	80%	80%	90%	90%
Achieve building permit processing schedules	90%	80%	90%	90%



Department Budgets | Community Development

Community Development Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 6,825,561	\$ 7,289,894	\$ 8,325,387	\$ 8,855,265	\$ 8,848,517	\$ 9,449,828
Operating Expenditures	448,008	799,157	2,664,019	2,785,659	792,400	1,497,950
Capital Expenditures	2,949,422	19,534	32,500	32,500	7,500	78,000
Indirect Expense Allocation**	1,806,848	2,027,866	2,025,173	2,025,172	2,025,172	2,117,729
Totals	\$ 12,029,839	\$ 10,136,451	\$ 13,047,079	\$ 13,698,596	\$ 11,673,589	\$ 13,143,507

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 12.6%

* 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

- The FY 2015/16 Community Development Department adopted budget is \$1,469,918 (or 12.6%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 6.8% due an increase of 1.75 FTEs to reflect workload realignment and to reflect increases in development activities.
- Operating expenditures are increasing by \$705,550 (89.0%) due primarily to increased inspection services.
- Capital expenditures are increasing by \$70,500 (940%) due to an increase of capital needs.

Department Budgets | Community Development

Staffing by Function–FY 2015/16

Community Development			
Administration			
	Community Development Director		0.375
	Deputy Director		0.600
	Business Manager		0.350
	Business Ally/Management Analyst III		1.000
	Environmental Specialist II		0.250
	Senior Executive Assistant		0.350
	Senior Office Specialist		0.500
<hr/>			
Building & Safety			
	Community Development Director	0.325	
	Deputy Director	0.100	
	Building Official	0.750	
	Permit Center Manager	1.000	
	Business Manager	0.350	
	Plan Check Professional	5.000	
	Supervising Building Inspector	2.000	
	Fire & Life Safety Plans Examiner	2.000	
	Building Inspector Specialist	5.000	
	Building Inspector	6.000	
	Senior Community Development Technician	1.000	
	Community Development Technician	6.000	
	Senior Executive Assistant	0.350	
	Administrative Assistant	0.750	
	Senior Office Specialist	0.500	
	Office Specialist II	1.600	
	Office Specialist I	1.000	
Housing			
	Community Development Director	0.250	
	Deputy Director	0.250	
	Business Manager	0.250	
	Housing Project Manager	0.800	
	Senior Executive Assistant	0.250	
Planning			
	Planning Manager		1.000
	Assistant Planning Manager		1.000
	Principal Planner		1.000
	Senior Planner		2.000
	Information Systems Appl Specialist III		1.000
	Associate Landscape Architect		1.000
	Associate Planner		7.000
	Planner I		1.000
	Executive Assistant		1.000
	Accounting Specialist II		1.000
	Office Specialist II		0.400
Community Preservation			
	Community Development Director		0.050
	Deputy Director		0.050
	Building Official		0.250
	Community Preservation Manager		1.000
	Business Manager		0.050
	Senior Code Enforcement Officer		1.000
	Code Enforcement Officer II		3.000
	Senior Executive Assistant		0.050
	Administrative Assistant		0.250

Regular Full-Time Equivalents: 62.05

Community Services

Mission:

To enhance the community and ensure the citizens of Fremont receive excellent customer service through its management of recreation facilities, the provision of quality recreation and environmental programs, park planning, and maintenance of City parks, trees, and medians.

Major Services

Recreation

Offer leisure activities, provide park visitors' services, and manage recreation facilities and historic sites.

Parks, Medians, and Urban Landscape

Provide park facilities and services to Fremont residents. Plan, coordinate, organize, and manage maintenance of the City's park land, facilities, and medians.

Environmental Services

Administer garbage, recycling, and stormwater programs for Fremont residents and businesses.

Landscape Architecture

Manage park development, street median landscape, and public plaza projects. Issue tree removal permits and review development projects.

Department Overview

The Community Services Department provides leisure activities, parks and community facilities, parks and street median maintenance, community landscape architecture, and environmental services. The Recreation and Parks Divisions manage public use of recreation facilities and plan, maintain, and oversee the City's park system. The Landscape Architecture Division, carries out capital and park planning and development projects, and implements the Parks and Recreation Master Plan. The recreation activities, carried out primarily through the Recreation Enterprise Division, 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. 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 flow of clean storm water into streams and the San Francisco Bay. Together, these divisions strive to enhance the quality of life for the residents of Fremont and its visitors.

Department Budgets | Community Services

Community Services Historical Expenditures/Budget, by Major Service Area						
	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Recreation	\$ 7,811,456	\$ 8,544,862	\$ 9,011,332	\$ 9,096,148	\$ 9,096,148	\$ 9,575,528
Parks, Medians, & Urban Landscape	6,563,611	6,610,128	7,575,378	7,608,991	7,523,059	7,746,608
Environmental Services	7,581,655	7,615,223	7,345,460	7,678,347	7,645,310	7,968,803
Landscape Architecture	1,004,599	1,095,825	1,341,980	1,361,106	1,361,106	1,489,267
Total Community Services	\$ 22,961,321	\$ 23,866,038	\$ 25,274,150	\$ 25,744,592	\$ 25,625,623	\$ 26,780,206

* 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.

Accomplishment Highlights FY 2014/15

- Completed court resurfacing for the 3 courts at Centerville Community Park to extend the life of the courts and prevent cracks from resurfacing prematurely.
- Completed Phase II of III for Master Planning the California Nursery Historic Park, which includes community outreach and draft concept plans. Started Phase III of III, which includes completion of an Environmental Impact Report and final concept plan for the park.
- Completed the construction of the Synthetic Turf Conversion project and parking lot for Nordvik Community Park. The turf conversion increases use four-fold by allowing more games and less down time due to weather and wear on the turf, as well as provides a new soccer field overlay on the field. To accommodate the anticipated increased use, a new 27-car parking lot was added.
- Completed the rebid and construction of the Central Park Sand Volleyball Court to a multi-use hard court. This project increases use by 2 to 3 times by adding courts designed for younger tennis players, as well as providing a multi-use court available for other sports such as futsal (small hard-court soccer) .
- Installed 200 trash capture devices in the City's storm drain catch basins to intercept litter before it reaches City's creeks and streams, thereby improving water quality in the City's waterways.
- Expanded the number of customers participating in the City's commercial organics program from 70 to 120 to increase the amount of food waste recycled and reduce the volumes disposed of in the landfill.

Objectives FY 2015/16

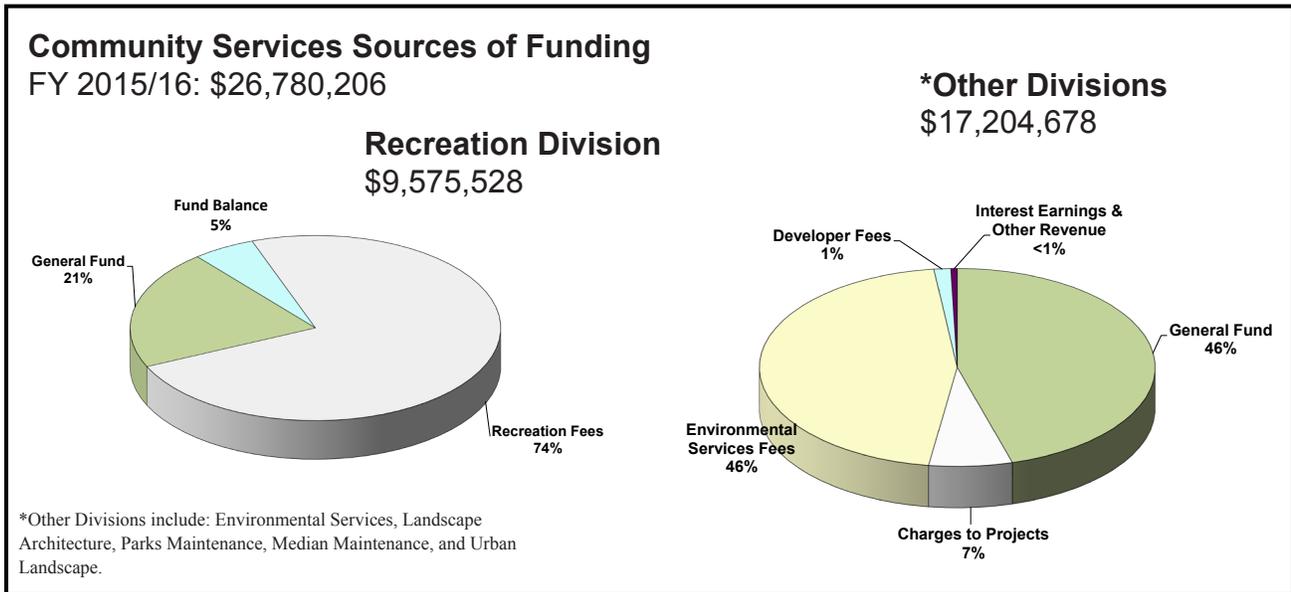
1. Complete construction of the Field 9 & 10 Soccer/Cricket Turf Conversion Project at Central Park. This Project will increase use four fold by allowing more games and less downtime due to weather and wear on the turf, as well as provide the City's first regulation size cricket field.
2. Complete construction of the Northgate Community Park Cricket Batting Cages. Six cages will be built to support the active cricket use at this park. The cages will generate revenue and will be available to baseball/softball users as well.
3. Complete construction of the Turf and Poplar Tree Renovation Project at Central Park (north of the Boat House). This project will renovate soil and turf and replace dying poplar trees with longer lived maple trees.
4. Renovate Crandall Creek Park Play Area to bring the site up to current safety and ADA accessibility standards.
5. Expand the number of customers participating in the City's commercial organics program from 120 to 190 to increase the amount of food waste recycled and reduce the volumes disposed of in the landfill.
6. Expand the Clean Water Education programs offered at the Nature Learning Center to add a 2nd grade program.

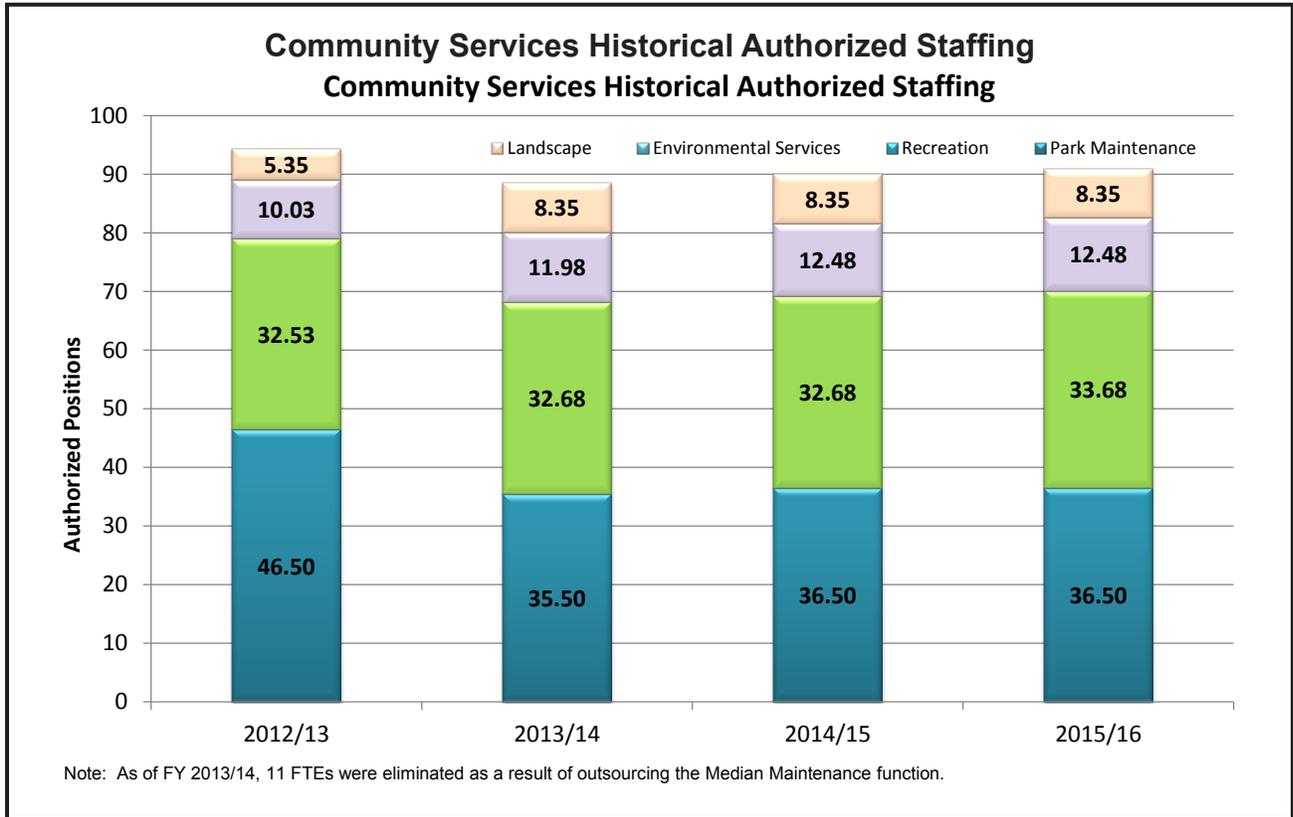
Department Budgets | Community Services

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Estimated	FY 2015/16 Target
Increase Recreation program and services registrants by 2% from previous year	33,448	29,376	34,200	34,900
Increase solid waste diversion rate	75%	75%	75%	76%
Increase number of creek clean-up participants	441	550	585	600
Increase volume of waste material collected during creek clean-up	4,500 lbs	N/A*	N/A*	N/A*

* Note this performance measure will no longer be reported.





Community Services Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 9,862,043	\$ 10,295,931	\$ 11,441,670	\$ 11,804,300	\$ 11,779,998	\$ 12,668,018
Operating Expenditures	10,005,046	10,300,133	10,104,366	10,288,396	10,193,727	10,453,857
Capital Expenditures	62,921	97,829	191,000	114,797	114,797	128,297
Indirect Expense Allocation**	3,031,311	3,172,145	3,537,114	3,537,099	3,537,101	3,530,034
Totals	\$ 22,961,321	\$ 23,866,038	\$ 25,274,150	\$ 25,744,592	\$ 25,625,623	\$ 26,780,206

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 4.5%

* 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.

Department Budgets | Community Services

Major Changes

- The FY 2015/16 Community Services adopted budget is \$1,154,583 (or 4.5%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 7.5% due to staffing changes in the department with the addition of 1.0 FTE Recreation Superintendent I, and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by \$13,500 (11.8%) for increasing capital needs in FY 2015/16.

Staffing by Function–FY 2015/16

Community Services		
Community Services Director		1.00
Executive Assistant		1.00
Park Maintenance		
Deputy Director	0.10	
Park Superintendent	0.80	
Urban Landscape Manager	0.40	
Parks/Landscape Manager	0.40	
<u>Central Park</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	2.00	
Park Maintenance Worker I	5.00	
<u>North End Parks</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	2.00	
Park Maintenance Worker I	3.00	
<u>South End Parks</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	3.00	
Park Maintenance Worker I	4.00	
<u>Construction/Irrigation</u>		
Park Field Supervisor	1.00	
<u>Construction</u>		
Park Maintenance Worker II	1.00	
Park Maintenance Worker I	2.00	
<u>Irrigation</u>		
Park Maintenance Worker II	1.00	
Park Maintenance Worker I	1.00	
Urban Landscape		
<u>Tree</u>		
Park Superintendent	0.20	
Parks/Landscape Manager	0.60	
Park Field Supervisor	1.00	
Park Maintenance Worker II	2.00	
Park Maintenance Worker I	2.00	
<u>Median</u>		
Urban Landscape Manager	0.60	
Recreation		
<u>Administrative & Support Services</u>		
Deputy Director		0.80
Recreation Superintendent II		2.00
Recreation Superintendent I		1.00
Management Analyst II		1.00
Recreation Supervisor II		1.00
Recreation Facility & Supply Worker		1.00
Accounting Specialist II		0.75
Office Specialist II		2.00
<u>Park Visitor Services</u>		
Recreation Supervisor II		1.00
Park Ranger		4.75
Office Specialist II		1.00
<u>Recreation Services</u>		
Recreation Supervisor II		5.00
Recreation Supervisor I		5.00
Water Park Operations Manager		1.00
Water Park Revenue & Sales Mgr		1.00
Tennis Operations Supervisor		1.00
Tiny Tot Specialist		3.08
<i>Program Staff - approx. 325*</i>		
Landscape Architecture		
Senior Landscape Architect		1.00
Assoc. Landscape Architect		3.00
Landscape Architect/Designer II		3.00
Landscape Architect/Designer I		1.00
Office Specialist II		0.35
Environmental Services		
City Attorney		0.08
Deputy Director		0.10
Environmental Services Manager		1.00
Solid Waste Administrator		1.00
Environmental Specialist II		4.50
Code Enforcement Officer II		1.00
Environmental Specialist I		3.00
Park Ranger		0.25
Office Specialist II		1.00

*Temporary positions not counted in full-time equivalents.

Regular Full-Time Equivalents: 90.76

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Economic Development

Mission:

To improve the community's economic base and quality of life by helping to create a dynamic local economy, with vibrant shopping/dining areas, and a diverse mix of industrial and technology uses.

Major Services

Business Development

Promote the expansion of existing businesses and attract new businesses to increase employment opportunities, enhance revenue, promote local opportunities, and create community gathering places.

Marketing

Create and implement an overall marketing strategy for the City as a quality place in which to do business, and proactively communicate with the business community to promote Fremont as a location of choice.

Analysis

Monitor key economic indicators and conduct specific analyses, including market demand, retail profile, demographics, land use, and target industry clusters to increase economic growth for the City's commercial and industrial areas.

Strategic Partnerships

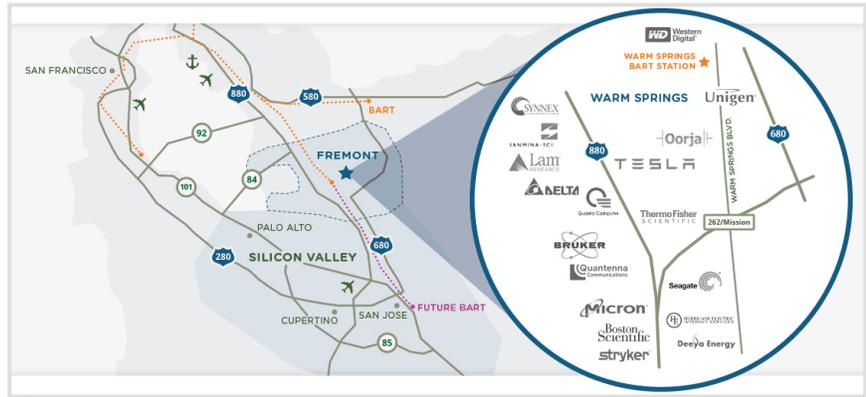
Build relationships on a local and regional level, leverage existing resources, and make strategic connections between the public and private sectors to ensure that significant knowledge and resource transfer is taking place for the benefit of Fremont's business community.

Advance Key Economic Development Initiatives

Leverage significant planning efforts, including Downtown, Warm Springs/South Fremont, Fremont Innovation District to facilitate awareness and development momentum to strengthen the City's economic future.

Department Overview

The Office of Economic Development proactively works with the business community, real estate brokers, developers, and property owners to create a supportive environment for desired retail, office, and technology/industrial development. Much of the work to accomplish this is done through relationship building, leveraging existing



resources, and making strategic connections between the public and private sectors. Specific activities include conducting corporate site visits; trade show/industry event participation; implementing a progressive, multimedia marketing strategy; assistance with site selection, marketing, and permitting; and staffing the City's Economic Development Advisory Commission (EDAC). Furthermore, it serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. The Office also works with regional development organizations to strengthen Fremont's position at the local, regional, and national levels, supporting the City Council's leadership position in economic development efforts.

Accomplishment Highlights FY 2014/15

- Business Attraction / Retention:
 - Visited over 40 businesses in FY 2014/15;
 - Facilitated more than 1.5 million square feet of business expansion activity by some of Fremont's largest corporate tenants, including Tesla Motors, Lam Research, ThermoFisher Scientific, Boehringer Ingelheim, Silevo, and Delta Products.
 - Leveraged strong industrial market conditions by aggressively marketing and coordinating approximately 1.2 million square feet of new speculative industrial development in Fremont facilities
- Advanced initiatives to further the Warm Springs Innovation District Plan objectives:
 - Conducted focus group to establish a series of strategies related to building an innovation economy in Warm Springs;
 - Collaborated with Brookings Institute to recognize Warm Springs as a manufacturing-based Innovation District;
 - Established 'Shuttle Working Group' and developed RFP for program design services.

- Added Innovation District landing page to thinksiliconvalley.com; completed a district signage study; and engaged a Warm Springs property owner to establish a ‘Welcome Center’ in the district.
- Marketing/Branding:
 - Debuted redesigned marketing collateral building on Think Silicon Valley campaign;
 - Hosted two Cleantech Open events, including the Western Regional Showcase, which the City has been asked to host again in the Fall of 2015. This year’s event featured a tour of three Fremont-based clean-tech companies (co-hosted by Sustainable Silicon Valley), and an industry reception at the Fremont Marriott.
 - Increased company participation in National Manufacturing Day by 300%, offering an important opportunity for branding Fremont as a manufacturing hub. Media coverage was bolstered by the creation of a “manufacturing infographic” which was picked up by newspapers across the country, and other media outlets such as Bloomberg News which covered the story in print, and video broadcast.
- Enhanced small business program support by completing four ‘Business District Walks’, offering City teams, in partnership with the Fremont Chamber of Commerce and Business, the opportunity to interact with 241 small businesses in the different districts and to promote City services.
- Pursued programs and initiatives to address business growth impediments identified in Fremont’s 2013 Innovation Scorecard including:
 - Venture Capital (VC) Funding/Awareness
 - i. Hosted event with Wells Fargo Bank at DeVry University focused on late-stage capital
 - Workforce Development
 - i. Worked with Growth Sector on a grant proposal for an engineering training program
 - ii. Participated in multiple regional planning efforts to address workforce development including the “East Bay Workforce Intermediary Taskforce”
 - State and Federal Regulation/Resources Facilitation
 - i. Facilitated Industrial Development Bond for Evolve Manufacturing
 - ii. Broadly marketed key state and federal programs including Employment Training Panel Funds, Manex consulting services, and the new “California Competes” program
 - iii. Provided support, materials, and lobbying support for East Bay Application for a federal “manufacturing hub” designation. Although this effort did not result in selection, the region is well-positioned to apply again.

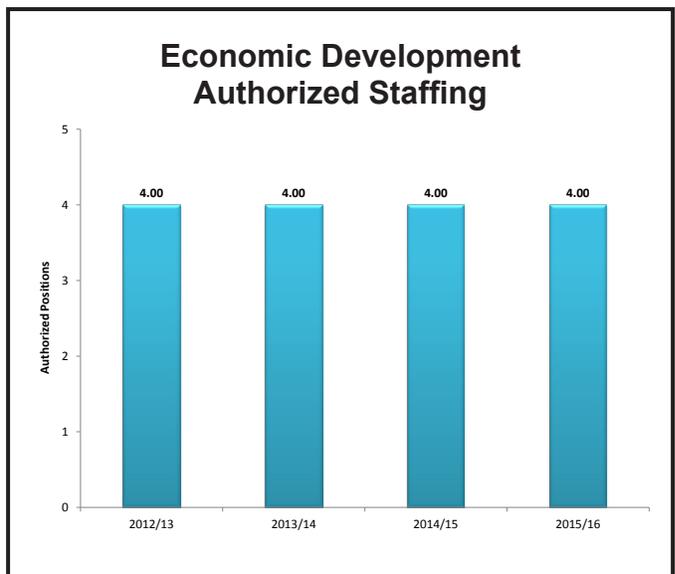
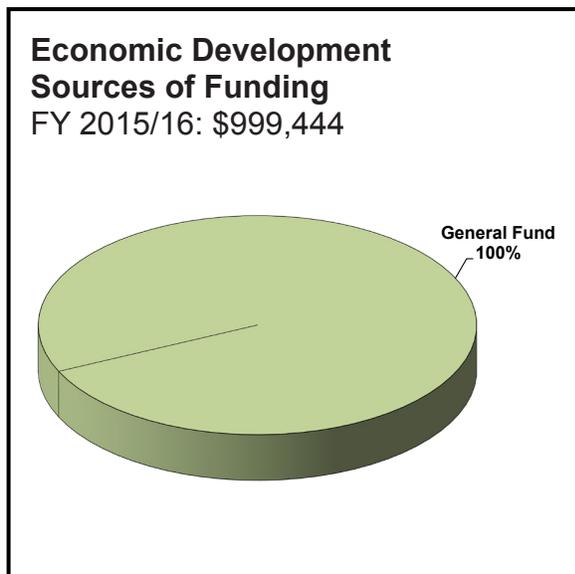
Objectives FY 2015/16

1. Leverage significant planning efforts in Warm Springs by marketing the development opportunity of key sites to development community and targeted industries, commissioning the design of Fremont Innovation District signage, identifying a location for a potential Innovation District ‘Welcome Center’ and events space, and implementing new strategies to create a more visible culture of innovation in Warm Springs.
2. Enhance and articulate a targeted sector approach in clean technology, life sciences, and advanced manufacturing. Specific activities include creation of industry sector value propositions for collateral and website application, development of clean technology demonstration policy, continued growth of retention-focused Business Appreciation Program; and additional industry partnerships with organizations such as the Brookings Institute and the Department of Energy.
3. Identify and engage local startup community in order to articulate to broader regional startup community why Fremont is a viable location choice. This includes developing an inventory of Fremont startups, organizing ‘meet ups’ for startup businesses in Fremont and surrounding area, and meeting with the Bay Area’s incubators and accelerators to discuss the market opportunity for such a facility in Fremont.
4. Pursue new initiatives related to education, recognizing the crucial role that research institutions and educational programs play in an innovation economy. This includes a) identifying and establishing relationships with institutions that may wish to establish a Bay Area presence and b) beginning partnerships with local educational assets to develop training curriculum for hardware enthusiasts (a.k.a. ‘makers’).

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ¹	66%	68%	N/A*	68%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ²	100%	90%	Survey underway	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	38 Businesses	36 Businesses	40 Businesses	38 Businesses

¹ Baseline survey result from the 2012 community survey was 56%.
² Based on a 2014 survey sent to major stakeholders of the Economic Development Department during FY 2013/14.
 *No Community Survey conducted during FY 2014/15.



Department Budgets | Economic Development

Economic Development Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 609,500	\$ 670,619	\$ 703,705	\$ 702,205	\$ 700,713	\$ 722,796
Operating Expenditures	204,435	191,784	410,350	432,223	243,227	203,227
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	77,790	90,861	99,547	99,547	99,547	73,421
Totals	\$ 891,725	\$ 953,264	\$ 1,213,602	\$ 1,233,975	\$ 1,043,487	\$ 999,444

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget -4.2%

* 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

- The FY 2015/16 Economic Development adopted budget is \$44,043 (or 4.2%) less than the FY 2014/15 adopted budget.
- Operating expenditures are decreasing by 16.4% mainly due to one-time expenditures and other department expenses.
- The indirect expense allocation is decreasing by 26.2% due to decreases in the department's share of internal allocations.

Staffing by Function—FY 2015/16

Economic Development

Economic Development Director	1.00
Economic Development Manager	1.00
Economic Development Coordinator	1.00
Economic Development Specialist	1.00

Regular Full-Time Equivalents: 4.00

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.

Major Services

Emergency Response

Provide rapid delivery of emergency services by maintaining rapid response times, to increase the likelihood of preserving life and property.

Emergency Services

Provide an innovative paramedic program, Special Operations Task Force, Urban Search and Rescue services, and enhanced emergency response as part of the Metropolitan Medical Response System.

Fire Prevention and Hazardous Materials Management

Provide fire and life safety code inspection and hazardous materials management services to the community.

Disaster Preparation

Provide ongoing preparedness training to City staff and Fremont residents to respond to human-caused and natural disaster events.

Training

Develop and train a well-qualified and professional workforce to maintain proficiency in high-risk, low frequency operations.

Department Overview

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 13 in-service fire companies from 11 strategically located fire stations in the City. The primary goal of the department is reducing casualties and the loss of life, improving patient outcomes, reducing property loss and damage, effecting successful extrications of trapped victims, and protecting the environment from the effects of hazardous materials release. In calendar year 2014, the Fire Department responded to 13,952 calls for service, generating 17,130 engine and truck company runs.

Department Budgets | Fire

Fire Historical Expenditures/Budget, by Major Service Area

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Operations/Emergency Medical Service	\$ 26,235,073	\$ 27,824,715	\$ 32,697,490	\$ 32,766,431	\$ 30,085,846	\$ 36,918,119
Administration	4,307,116	4,505,184	6,055,009	6,063,068	5,664,685	5,918,545
Prevention	1,271,895	1,330,481	1,441,441	1,441,441	1,417,414	1,553,825
Disaster Preparedness	222,517	488,221	101,036	374,195	184,230	153,486
Total Fire	\$ 32,036,601	\$ 34,148,601	\$ 40,294,976	\$ 40,645,135	\$ 37,352,175	\$ 44,543,975

* 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.

Accomplishment Highlights FY 2014/15

- Re-opened Fire Station 11 to serve the community south of Pacific Commons and west of Interstate 880. Re-opening was six months ahead of planned reopening date.
- Hired and trained 7 Paramedic Firefighters to fill forecasted vacancies. Conducted a four-month Fire Academy for new hires to ensure prospective firefighters meet the department's standard of excellence.
- Hosted the 41st Annual California Fire Explorer Academy dedicated to training youth ages 15-21 in fire suppression, auto extrication, medical aid and rescue.
- Promoted three Division Chiefs to increase capacity and oversight within the Operations and Training Division.
- Began implementation of and transition to new Certified Unified Program Agency (CUPA)/ HazMat program software system.
- Implemented a new Fire Investigations program that provides dedicated personnel and resources to investigate the cause, origin, and circumstances of any fire, explosion, or other hazardous condition.
- Completed an Insurance Service Office (ISO) Classification study, which resulted in the department maintaining its Class 2X classification. The classification by ISO, known as the Public Protection Classification (PPC) program, assesses the fire-protection efforts in a particular community.
- Implemented a new Department-wide asset tracking system.
- Implemented new technology to transmit 12-Lead cardiac monitor readings to Bay Area Hospitals. A 12-lead electrocardiogram (ECG/EKG) is a medical test that is recorded using 12 leads, or nodes, attached to the body. ECGs/EKGs capture the electrical activity of the heart and transfer it to graphed paper. The results can then be analyzed by medical professionals, such as paramedics and cardiologists.



- Updated our Patient Care Reporting System to enhance data collection and Quality Improvement Program.
- Successfully conducted a 17-week Fire Academy for new hires.
- Trained and certified twenty new Hazardous Materials Technicians.
- Equipped all command staff vehicle with Automatic External Defibrillation Devices (AEDs).

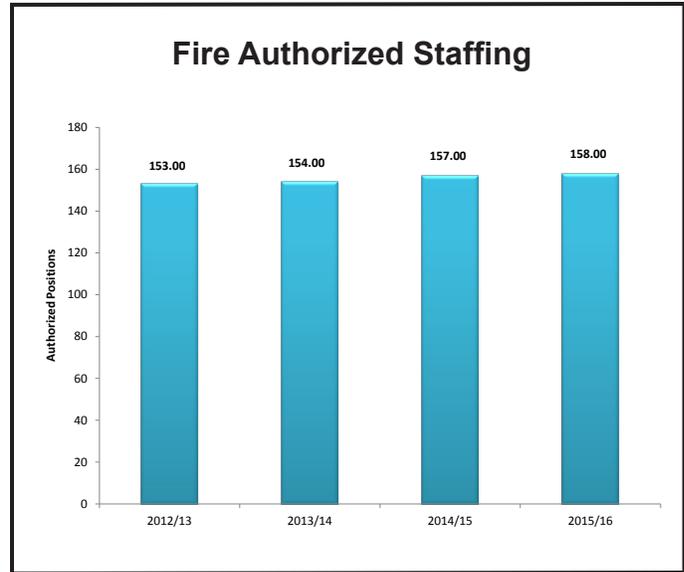
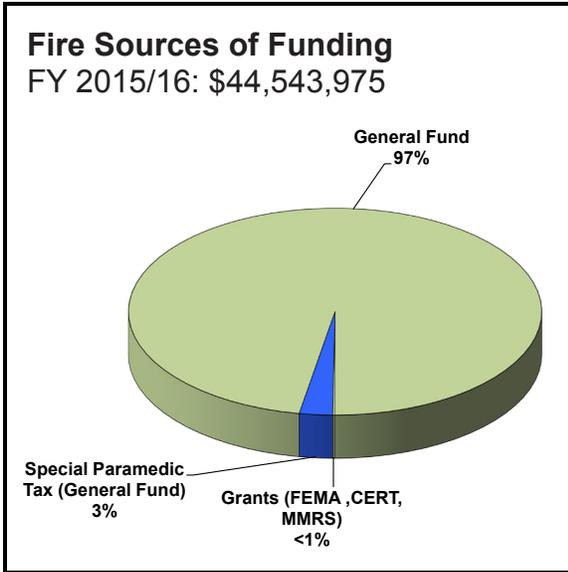
Objectives FY 2015/16

1. Work with Human Resources to recruit, hire, and train twelve Paramedic Firefighters to fill forecasted vacancies.
2. Partner with Human Resources to implement a performance management tool to promote communication between supervisor and employees to improve organizational performance.
3. Fully implement technology upgrades at the Emergency Operation Center (EOC) to enhance the City's ability to respond to and recover from a natural disaster.
4. Improve the Public Hydrant Maintenance Program to ensure fire companies have access to available water supplies.
5. Re-assess occupancies deemed "target hazards" and develop pre-plans and response levels based on Community Risk Reduction strategies.
6. Continue to implement the Lexipol Knowledge Management System which tracks and updates policies for compliance with State and Federal law, court decisions, and recognized best practices.
7. Work with Finance and Fleet Maintenance to design, inspect, and procure two aerial ladder trucks to replace existing apparatus which exceed their useful service life.
8. Work collaboratively with Fremont Police on coordinated public safety responses to violent incidents.
9. Complete the transition to the Edgesoft Data Management software system for the CUPA/ HazMat program and interaction with the California Electronic Reporting System (CERS).
10. Transition our California State Fire Marshal mandated inspections to an annual schedule.

Performance Measurement

Measure	FY 2012/13 Actual	FY 2014/15 Target*	FY 2014/15 Estimated Actual*	FY 2015/16 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	N/A	90%	82%	90%
Percent of time all units arrive at emergency scene (structural fire) eleven minutes, twenty seconds (11:20) from 9-1-1 call	N/A	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	N/A	20 hours per person per month	32.5 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	N/A	Required licenses and certifications 100% compliance	Met this measure with 100% compliance	Required licenses and certifications 100% compliance
Percent of inspections of State Fire Marshal (SFM) regulated occupancies	N/A	Complete inspections of 50% of SFM regulated occupancies in a given year	Met this measure with 100% compliance	Complete inspections of 85% of SFM regulated occupancies in a given year
Percent of inspections of permitted Hazardous Materials (Haz Mat) facilities	N/A	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 33% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year

* Data tracked on a calendar basis.



Fire Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 27,887,453	\$ 29,281,061	\$ 31,289,082	\$ 31,267,082	\$ 31,223,300	\$ 37,414,795
Operating Expenditures	1,200,863	1,409,145	2,113,719	2,401,821	1,850,735	1,878,595
Capital Expenditures	112,216	467,139	3,450,231	3,534,288	836,195	243,105
Indirect Expense Allocation**	2,836,069	2,991,256	3,441,944	3,441,944	3,441,945	5,007,480
Totals	\$ 32,036,601	\$ 34,148,601	\$ 40,294,976	\$ 40,645,135	\$ 37,352,175	\$ 44,543,975

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 19.3%

* 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.

Department Budgets | Fire

Major Changes

- The FY 2015/16 Fire Department adopted budget is \$7,191,800 (or 19.3%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 19.8%, due to the addition of one sworn fire personnel and increases in the CalPERS retirement benefit costs.
- Capital expenses are decreasing by 70.9% due to one-time costs.
- The indirect expense allocation is increasing by 45.5% due to increases in the department's share of internal allocations.

Staffing by Function—FY 2015/16

Fire			
Fire Chief's Office			
Fire Chief	1.00		
Emergency Services Coordinator	1.00		
Operations		Fire Prevention	
Deputy Fire Chief	1.00	Fire Marshal	1.00
Division Chief	2.00	Deputy Fire Marshal	1.00
Battalion Chief	6.00	Haz Mat Technician	3.00
Fire Captain	39.00	Senior Code Enforcement Officer	1.00
Fire Engineer	41.00	Code Enforcement Officer	2.00
Firefighter	44.00		
Emergency Medical Services/Training		Administration/Personnel	
Deputy Fire Chief	1.00	Business Manager	1.00
Division Chief	2.00	Senior Executive Assistant	1.00
Clinical Nurse Educator	1.00	Senior Accounting Specialist	1.00
Fire Captain	2.00	Administrative Assistant	2.00
		Senior Office Specialist	3.00
		Office Specialist I	1.00

Regular Full-Time Equivalents: 158.00

Human Services

Mission:

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

Major Services

Youth and Family Services

Promote healthy children by providing family-focused mental health services that improve social-emotional well-being, strengthen family relationships, reduce delinquency, and increase school achievement.

Family Resource Center

Co-locate 25 State, County, City and non-profit agencies to create a "one-stop," welcoming place where families are provided quality services and encouraged to build on their strengths to help themselves and others.

Aging and Family Services

Promote an aging-friendly community by providing a continuum of services to help elders remain independent, safe, and in their own homes.

Mobility and Transportation Services

Provide mobility and transportation options for seniors and persons with disabilities that improve access to community services and activities, decrease social isolation, and promote independent living.

City and Federal Grant Administration

Administer the City's social service and various federal grant funds, which help sustain the vitality of the City's social service safety net infrastructure.

Department Budgets | Human Services

Department Overview

The Human Services Department delivers and supports services by forging long-term community partnerships; engaging with and building the capacity of the community to do its own problem-solving; and leveraging financial and volunteer resources. The department's nationally and internationally recognized services support thousands of residents throughout their life course, from infants to elders. Its youth services stimulate healthy development and lifestyle choices. Services for families help them navigate crisis situations and become economically successful. Services for older adults and their families help them maintain independence and involvement in the community. City and Federal grants foster collaboration with the non-profit community and strengthen infrastructure and public services for low and moderate income families.

Human Services						
Historical Expenditures/Budget, by Major Service Area						
	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Family Resource Center	\$ 2,544,056	\$ 2,425,423	\$ 2,833,982	\$ 3,229,700	\$ 3,122,940	\$ 3,100,395
Youth and Family Services	1,977,078	2,413,758	2,317,680	2,334,711	2,329,266	2,903,931
Aging and Family Services	2,972,737	3,619,449	2,921,639	3,317,374	3,096,581	3,251,387
CDBG/SHP	1,312,609	2,927,333	1,427,874	2,394,554	2,123,588	1,727,837
Paratransit	893,589	1,215,544	1,638,628	1,596,759	1,596,759	2,013,145
Administration	1,629,075	1,118,781	1,721,099	1,990,491	1,940,491	1,959,987
Social Services Grants	418,470	473,206	482,345	482,345	482,345	482,345
Home Grant	139,281	173,393	540,000	664,661	277,661	255,535
Total Human Services	\$ 11,886,895	\$ 14,366,887	\$ 13,883,247	\$ 16,010,595	\$ 14,969,631	\$ 15,694,562

* 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.

Accomplishment Highlights FY 2014/15

- Through the Human Relations Commission, on October 25, 2014, the City sponsored the most successful Make a Difference Day event to date, with over 2,877 volunteers participating in 100 projects.



- Hosted Her Royal Highness Princess Soamsawali Mahidol of Thailand and her royal entourage at the Senior Center for a festive day of music, dance, and food.
- Operationalized the Homeless Warming Center at the Senior Center, which provided 56 homeless individuals a warm dry place to sleep on cold or rainy nights.
- Held the Four Seasons of Health Expo in Central Park. Over 2,000 visitors had access to over 100 vendors representing health care, government, not-for-profit services, transportation, and private businesses.
- Served approximately 400 low income individuals through SparkPoint Fremont FRC, assisting them to build assets and reach their financial goals. Anticipated 64% of measurable clients made significant progress toward their goals.
- Became a Certified Enrollment Entity with Covered California, the state's Online Health Care Exchange for the Affordable Care Act. Through the use of trained volunteer Certified Enrollment Counselors and minimal staff, the department assisted individuals and families to enroll in a Covered CA plan or in Medi-Cal.
- In partnership with International Institute of the Bay Area and the East Bay Naturalization Collaborative, held two Citizenship Day naturalization events to assist over 110 families to become new citizens.
- Expanded wellness programming by providing 30 different weekly classes at the Senior Center, including a new arthritis and pain management program; and served as a beta site for an Alter G Treadmill at Cottonwood Place. The Senior Center served 28,500 nutritious meals, with lunch being the main meal of the day for many older adults.
- Through the Kaiser Foundation's Community Benefit program, Youth and Family Services (YFS) launched a specialized Chinese parenting education program called Bridges to Behavioral Health for Chinese Youth and Families. The program provided culturally responsive education and resources to over 70 parents at various locations across the city and school district. YFS also launched a multi-media public awareness campaign.
- As part of a \$200,000 innovation grant from Alameda County Behavioral Health Care Services, the department launched a peer coach program to support older adults with mental health challenges.
- YFS partnered with FUSD, South Bay Community Church, City Serve Compassion Network, and the Alameda County Health Care Services Agency to develop the Bridge Builder Mentoring (BBM) Program for at-risk youth. A total of 21 qualified and carefully selected mentors were matched with 19 mentees. BBM provided 75 individual mentoring sessions and three group cohort events.
- Through Community Development Block Grant funds, the City supported a partnership between Alzheimer's Services of the East Bay and the Dominican Sisters of Mission San Jose, to create a new Adult Day Health Center on the Dominican Sisters' campus.

Department Budgets | Human Services

- Via a mobile clinic, the department worked with Abode Services to continue the Homeless Outreach for People Empowerment project, which provided health and case management services to 730 homeless individuals from the mid, south, and east county.

Objectives FY 2015/16

1. Continue to explore Medi-Cal and third-party reimbursement for services. The Department will enter its third year on perpetual time surveying and anticipates continuing to maximize reimbursement opportunities in order to maintain current service levels.
2. Continue to coordinate a comprehensive SparkPoint program at the Fremont Family Resource Center (FRC). SparkPoint commits to working with clients for up to three years to improve their credit, increase their income, and build their assets. The program's FY 2015/16 goal is to serve 350 participants. Of the 350 served, five will complete baseline and follow-up forms that enable tracking of progress over time. Of the 105 longer term clients served, 70% (74) will achieve economic mobility, evidenced by a 30% improvement in one of the following key SparkPoint metrics: credit score, lower debt-to-income ratio, income, or savings.
3. Increase the financial assets of low income families through the FRC's VITA program by helping 3,000 low-income households claim a total of \$1.55 million in Earned Income Tax Credits (EITC) in 2016. Fifteen percent of all VITA customers will participate in at least one additional asset building activity such as opening a savings account, purchasing a savings bond, participating in a Peer Lending Circle, becoming a SparkPoint member, or working with a financial coach.

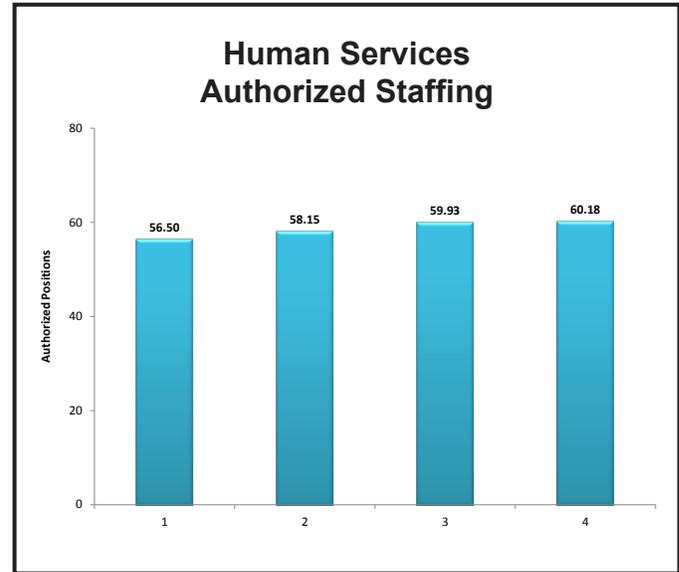
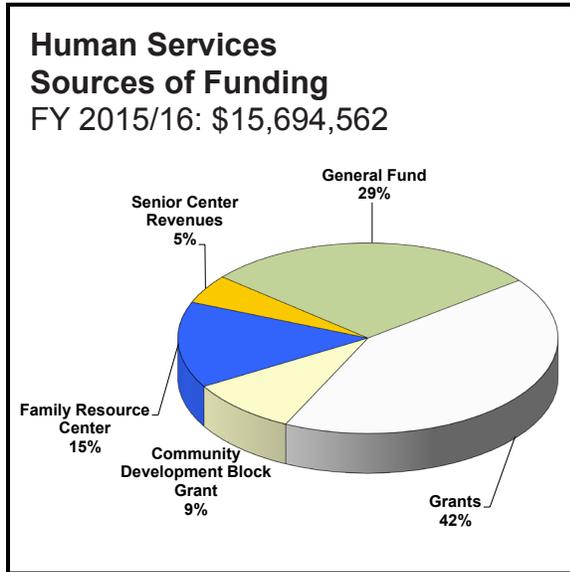
Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ¹	75%	65%	75%	75%
Percent of senior clients that improve their understanding of how to take their medication ²	92%	75%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services ³	N/A	N/A	75%	75%

¹ Long-term SparkPoint clients will improve in one of four SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%.

² As measured by a pre and post test administered by a public health nurse.

³ Measured by clinicians using the Family Development Matrix, an assessment tool that tracks client change over time.



Human Services Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 6,840,233	\$ 7,243,316	\$ 7,337,799	\$ 7,870,522	\$ 7,698,313	\$ 8,725,081
Operating Expenditures	3,159,288	4,974,777	5,187,801	6,573,697	5,710,942	5,576,834
Capital Expenditures	4,484	6,719	6,998	15,000	15,000	11,061
Indirect Expense Allocation**	1,882,890	2,142,075	1,350,649	1,551,376	1,545,376	1,381,586
Totals	\$ 11,886,895	\$ 14,366,887	\$ 13,883,247	\$ 16,010,595	\$ 14,969,631	\$ 15,694,562

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 4.8%

* 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

- The FY 2015/16 Human Services adopted budget is \$724,931 (or 4.8%) more than the FY 2014/15 adopted budget.
- Capital expenditures are decreasing by \$3,939 (or 26.3%) primary due to lower anticipated capital costs at the Family Resources Center.
- The indirect expense allocation is decreasing by 10.6% due to decreases in the department's share of internal allocations.

Department Budgets | Human Services

Staffing by Function—FY 2015/16

Human Services			
Human Services Director	1.00		
Deputy Director	1.00		
Management Analyst II	1.00		
Executive Assistant	1.00		
Office Specialist II	1.00		
Youth and Family Services		Family Resource Center	
Family Services Administrator	1.00	Family Services Administrator	1.00
Clinical Supervisor	2.00	Clinical Supervisor	1.00
Senior Program Coordinator	2.00	Program Coordinator	3.00
Counselor	8.75	Case Manager	3.70
Senior Accounting Specialist	1.00	Counselor	1.00
Administrative Assistant	1.00	Office Specialist II	1.50
Office Specialist II	1.00	Human Services Specialist II	1.00
Accounting Specialist	1.00	<i>Public Service Assistant*</i>	
Human Services Specialist II	1.00		
<i>Counseling Interns*</i>			
CDBG Services		Aging and Family Services	
CDBG Administrator	1.00	Family Services Administrator	1.00
Senior Accounting Specialist	1.00		
Paratransit		Senior Supportive Services	
Management Analyst II	1.00	Clinical Supervisor	2.00
Senior Office Specialist	1.00	Senior Program Coordinator	1.80
<i>Outreach Workers*</i>		Program Coordinator	1.00
		Case Manager	5.425
		Counselor	2.20
		Administrative Assistant	1.00
		Senior Office Specialist	1.00
		<i>Outreach Workers*</i>	
		Senior Center	
		Senior Center Manager	1.00
		Program Coordinator	1.00
		Senior Office Specialist	1.00
		Chef/Food Services Manager	1.00
		Assistant Chef	0.80
		<i>Public Service Assistants*</i>	

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

Regular Full-Time Equivalents: 60.175

Police

Mission:

Public safety through professional law enforcement.

Major Services

Patrol

Respond to calls for police assistance, maintain order, identify and apprehend known and suspected law violators, and seek long-term solutions to problems and issues important to the community.

Investigation

Investigate serious felony crimes such as homicide, robbery, sex crimes, child abuse, kidnapping, burglary, and assault.

Traffic Enforcement

Investigate serious collisions and enforce the vehicle code to control violations known to cause collisions.

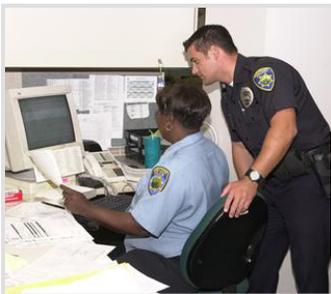
9-1-1 Emergency Services

Communicate with individuals in peril and coordinate first responders to preserve life and property.

Animal Control

Respond to animal-related calls for service in Fremont, operate the Tri-City Animal Shelter, facilitate adoption outreach and support, provide animal spay/neuter services, license pets, and control rabies.

Department Overview



The Police Department is responsible for safeguarding lives and property, and enhancing public safety. Protective services include 9-1-1 response, traffic and law enforcement, crime trend analysis, crime investigation and prevention, and Special Weapons and Tactics (SWAT) operations. Furthermore, the Police Department operates the School Resource Officer program, community engagement, detention facility operations, and animal control/shelter services. Emergency services are provided 24 hours a day, 7 days a week.

Department Budgets | Police

Accomplishment Highlights FY 2014/15

- By the end of FY 2014/15, a 13% decrease in residential burglaries compared to the aggregate average of the last three years is projected.
- FY 2013/14 had a 15.2% increase in the number of injury traffic collisions from data collected 7/1/13 through 2/11/14 (year to date) as compared to the same time period from the previous FY 2012/13. The department continues to focus on this issue. FY 2014/15 data has shown a 1.5% decrease in the number of injury traffic collisions as compared to data collected from the previous fiscal year (FY 2013/14).
- Further developed a training matrix identifying essential training needs throughout the department. We continued our efforts to identify core competencies for each specific job classification, assignment and tenure within the department. Subject matter experts, supervisors, and personnel in specific job classifications and assignments identified core competencies and associated training needs for numerous positions. Software applications necessary to accurately track this continually changing document and evaluate specific courses/training providers were tested and vetted for suitability.
- Data sharing in Alameda County continues to move forward with the City of Fremont having a significant role. When fully complete, the program will improve investigative capacity for Alameda and Contra Costa counties.
- Successfully began executing the Union City Dispatch Services Agreement by providing dispatch services for Union City Police Department between 11:00 PM and 7:00 AM hours daily. We anticipate a shared CAD connection by the end of FY 2014/15.



- Department received funding from the City Council for a public safety community camera project that includes installations at up to 12 exits out of the city. The system is designed to increase our ability to rapidly identify suspects and suspect vehicles involved in criminal activity in our city. Proof of concept testing is currently underway.
- In August 2014, partnered with the Fire Department to create a full scale training exercise to expand our ability to effectively and efficiently respond jointly to extreme acts of violence or other large scale forms of harm. This course provided police patrol officers, dispatch personnel, community service officers and firefighters/paramedics with the fundamentals of responding and managing violent incidents involving mass casualties in a coordinated and cooperative manner. Protocols for the Fire Department and Police Department were drafted. The training exercise produced a greater awareness of capabilities and expectations between both departments. Additional training and discussion is planned for later in FY 2014/15.

- Upgraded the Detention Facility and Police Department Building Security Camera System with new digital cameras, including some Pan-Tilt-Zoom cameras and increased the video retention storage capacities.

Objectives FY 2015/16

1. Continue utilizing the strategies designed to reduce residential burglaries and further refine and expand our efforts to potentially reduce the incidence of other related crimes, such as street robberies and vehicle thefts, in close partnership with the community.
2. Continue and expand utilization of comprehensive strategic planning for the Traffic Unit focused on reducing injury collisions and enhancing roadway safety. These strategies include conducting safety enforcement in high collision areas and school zones, partnering with Patrol personnel as a force multiplier, establishing cooperative relationships with allied agencies for DUI enforcement, and added use of community engagement and social media as a means of public education and information sharing.
3. Continue our efforts to identify future training and core competency needs by convening committees of subject matter experts, supervisors, and personnel in specific job classifications and assignments. These committees will also include evaluation of present and future classes and training methods to ensure the most up-to-date and relevant training occurs into the future. We will also continue to explore, evaluate, purchase and implement software applications necessary to accurately track this continually changing document and evaluate specific courses and training providers.
4. Continue our partnership with other agencies in Alameda and Contra Costa counties to complete our move toward joining a comprehensive data sharing platform. Implementation will facilitate identification of serious offenders.
5. Expand the cooperative partnership with the Fremont Fire Department on Unified Command concepts to include major emergencies (acts of extreme violence) and smaller scale incidents which also require coordinated cooperative efforts. Finalize protocols and/or policies for both departments, acquire the necessary equipment and expand on the foundational training standards and accomplishments established in FY 2014/15.
6. Work towards full implementation of the public safety community cameras. Develop policies and procedures to be used in conjunction with the camera system to reduce criminal activity balanced with privacy interests.
7. In partnership with the Union City Police Department, fully execute the Union City Dispatch Service Agreement by providing full dispatch services 24/7 by the end of June 2016.
8. Updating and expanding our Department Operations Center (DOC) to improve coordination and management during a major, unusual or catastrophic event. Technology improvements will assist and enhance our ability to manage resources during such an event.

Department Budgets | Police

9. Create a virtual briefing board platform that will provide real-time critical information to both patrol and investigative personnel. We will work in conjunction with the Union City Police Department as part of the Dispatch Service Agreement to identify a system that will meet the needs of both departments.
10. In cooperation with the Human Resources Department, migrate the Police Department's existing paper-based performance evaluation process to a citywide electronic performance management system.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Continue to apply the strategies, tactics, and methods used to sustain or further reduce the incidence of burglaries* <i>*figures reported by UCR calendar year</i>	944 (all burglaries) 574 (single/multiple residences only)	≤944	899 (all burglaries) 573 (single/multiple residences only)	Sustain or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. <i>*figures reported by UCR calendar year</i>	686	<686	756 ¹	Reduction from previous year
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed.	TBD	TBD	95% ²	100%
Implement a process for the regular evaluation and review of all current and future training needs. This includes all current and future training classes, mandates and positions. In addition, establish a procedure for identifying and memorializing all training needs for the department.	N/A	N/A	N/A	Assess degree of completion

¹ Average Daily Traffic (ADT) data is due to be collected prior to the end of FY 2014/15. This data will impact injury collision rate outcomes. Over the past three years, the city has experienced over 5% increase in traffic volume.

² This percentage references the first phase of the project that was 95% completed during FY 2014/15. The second phase of the project with new objectives will occur in FY 2015/16

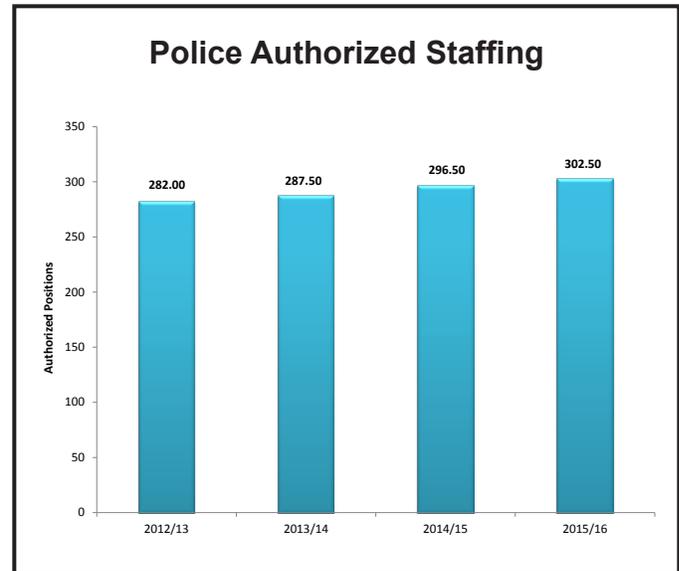
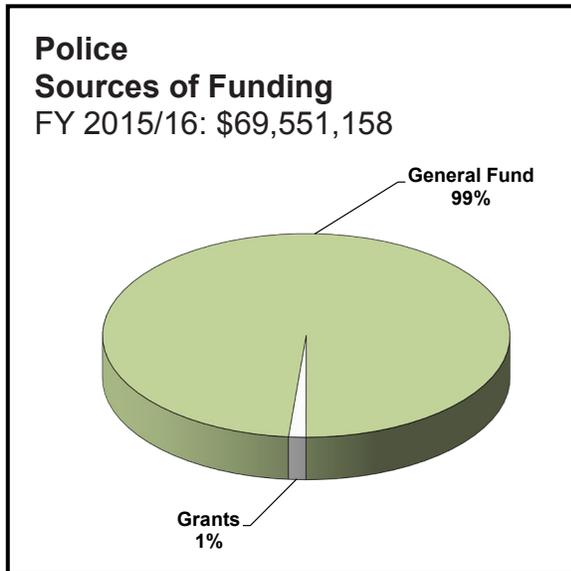
Police
Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 43,212,217	\$ 46,117,365	\$ 49,558,401	\$ 50,635,591	\$ 50,201,253	\$ 57,106,522
Operating Expenditures	3,507,761	3,720,354	4,163,151	4,140,455	3,901,152	4,016,106
Capital Expenditures	315,119	315,596	406,986	430,211	118,500	333,500
Indirect Expense Allocation**	6,389,017	6,774,142	7,603,242	7,603,242	7,603,242	8,095,030
Totals	\$ 53,424,114	\$ 56,927,457	\$ 61,731,780	\$ 62,809,499	\$ 61,824,147	\$ 69,551,158

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 12.5%

* 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

- The FY 2015/16 Police Department adopted budget is \$7,727,011 (or 12.5%) more than the FY 2014/15 adopted budget. Police Department staffing has increased by 6.0 FTE. This is the result of adding 3.0 FTE Police Officer position, 1.0 FTE Police Captain, and 2.0 FTEs Communication Dispatchers.
- Salaries and benefits are increasing by 13.8%. This is due to a combination of adding additional Officers to address the Unmet Needs, increases to the dispatch personnel for the Police Dispatch consolidation and changes in the CalPERS retirement benefit costs.

Department Budgets | Police

- Capital expenditures are increasing by \$215,000 (181.4%). This expenditure category fluctuates depending on equipment purchase needs.
- The indirect expense allocation is increasing by 6.5% due to increases in the department's share of internal allocations.

Staffing by-Function FY 2015/16

Police			
Chief's Office			
Police Chief		1.00	
Police Captain		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		
Special Assistant 1*			
Public Service Assistant (PSA) 16*			
(Equipment Room)			
Office of Professional Standards & Accountability			
Police Sergeant		2.00	
Special Investigator to the Chief			
Police Officer		2.00	
Special Operations Division			
Police Captain	1.00		
Police Lieutenant	3.00		
Police Sergeant	7.00		
Police Officer ¹	33.00		
Animal Services Manager	1.00		
Public Affairs' Manager	1.00		
Chief Forensic Specialist	1.00		
Crime Analyst	1.00		
Crime Intel & Analysis Manager	1.00		
Management Analyst II	1.00		
Police Records Administrator	1.00		
Records Supervisor	2.00		
Forensic Specialist II	1.00		
Property and Evidence Supervisor	1.00		
Community Engagement Specialist	2.00		
Records Specialist ²	12.00		
Detention Supervisor	4.00		
Administrative Assistant	1.00		
Records Assistant	3.00		
Community Service Officer	2.00		
Senior Office Specialist	2.00		
Detention Officer	12.00		
Property Officers	2.00		
Animal Services Officer	5.00		
Office Specialist II	2.00		
Animal Services Veterinarian Technician	0.50		
Detention Officer 1*			
Police Officer 8*			
(Personnel and Court Liaison)			
PSA 18*			
(Alarm Abatement Program, Animal Services, Court Liaison, Records, Street Crimes)			
Special Assistant 4*			
(Red Light Enforcement and SACMCTF)			
Veterinarian Technician 1*			
Patrol Division			
Police Captain		1.00	
Police Lieutenant		5.00	
Police Sergeant		21.00	
Police Officer		115.00	
Communications Manager		1.00	
Communications Dispatch Supervisor		6.00	
Communications Dispatcher		27.00	
Administrative Assistant		2.00	
Community Service Officer		10.00	
Reserve Officer 7*			
Police Officer 1*			
(Armory)			

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

² One Records Specialist assigned to Southern Alameda County Major

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

Regular Full-Time Equivalents: 302.50

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Public Works

Mission:

To create a safe and thriving community by providing the highest quality Public Works Services valued by all.

Major Services

Engineering

Plan, review, design, construct, and provide inspection services for public and private land use and transportation projects to move and connect people and businesses in our community.

Maintenance of City Assets

Preserve, enhance, maintain and improve safety on capital assets, through the maintenance of City streets, public buildings, and vehicles.

Department Overview

The Public Works Department is comprised of Maintenance Services and Engineering. Public Works is responsible for the daily maintenance and upkeep of City infrastructure, design and construction of new or improved public facilities, managing a safe and efficient citywide transportation network, and the expedient review of development projects in accordance with the



Fremont Municipal Code and standards. Department services are integral to the design and construction of the Downtown project and infrastructure planning for the future development of the Warm Springs/South Fremont area. Public Works also partners with regional transportation agencies to ensure Fremont’s interests are considered in major regional projects such as the BART extension to Warm Springs and Silicon Valley/Santa Clara County, the Mission/Warren/Truck Rail project, and the Kato Road Grade Separation project.

Department Budgets | Public Works

Public Works Historical Expenditures/Budget, by Major Service Area

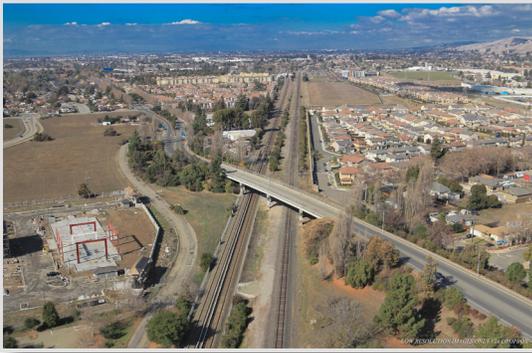
	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Hazardous Materials	\$ 313,219	\$ 365,484	\$ 473,907	\$ 415,065	\$ 361,260	\$ 367,427
Streets	3,547,909	3,861,749	3,568,563	3,910,320	3,886,598	3,974,063
Public Buildings	5,319,274	5,744,884	5,985,878	6,102,498	6,000,844	6,596,240
Fleet Maintenance	3,035,633	3,033,915	3,181,120	3,067,167	3,040,796	3,099,943
Engineering	5,973,008	8,780,933	8,970,665	10,401,736	10,327,749	10,877,308
Transportation Engineering	2,003,155	-	-	-	-	-
Administration	1,184,632	1,419,322	1,495,502	1,483,611	1,447,907	1,586,994
Total Transportation & Operations	\$ 21,376,830	\$ 23,206,287	\$ 23,675,635	\$ 25,380,397	\$ 25,065,154	\$ 26,501,975

* 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: In FY 2013/14, Transportation Engineering was combined with Engineering.

Accomplishment Highlights FY 2014/15

- Awarded and began construction of the \$10 million Niles Bridge Replacement Project to meet the latest seismic requirements. The project is funded through federal and Proposition 1B funds.



- Completed the Capitol Avenue extension project from Fremont Boulevard to State Street. This project was mainly funded through a \$4.4 million Federal One Bay Area Grant and included improvements for motorcyclists, bicyclists, and pedestrians.
- Designed improvements for pedestrian and bicyclist access on Bart Way from the BART station to the Downtown area.
- Bid and awarded the Warm Springs Widening Project between Reliance Way and Mission Boulevard. This \$4 million project will widen the street to accommodate increased traffic demand.
- Completed the conversion of 351 high pressure sodium (HPS) street lights to energy efficient light emitting diode (LED) along Mowry Avenue (from Interstate 880 interchange to Peralta Boulevard) and along Walnut Avenue/Argonaut way (From Mowry Avenue to Mission Boulevard).

- Completed the construction of two federally-funded intersection improvement projects at Fremont Boulevard/Eggers Drive and at Fremont Boulevard/Alder Avenue. These projects improved pedestrian safety through widened sidewalks, shortened pedestrian crossing distances, and included curb ramps and accessible pedestrian signals to accommodate the visual and hearing impaired to meet current ADA guidelines.
- Completed the construction of a federally funded pedestrian and bicycle enhancement project by reducing vehicle lanes on Walnut Avenue/Argonaut Way and installing a roundabout at the Walnut Avenue/Argonaut Way/Parkhurst Drive intersection. This project improved intersection safety by slowing traffic speeds, reducing traffic lanes, and provided enhanced visibility at the crosswalk location, bicycle lanes and vehicle travel lanes.
- Continued to make improvements to public facilities through Heating Ventilation and Air Conditioning (HVAC) programming modifications, system change outs, replacing aged HVAC units at Los Cerritos and Warm Springs Community Centers, the Shinn park archive room, Fremont Main Library, and the Fremont Police jail facility
- Continued to successfully partner with CPower (formerly Converge) to take part in energy rebate programs. This partnership continues to provide cost savings and rebate reimbursements as recognition for successfully energy savings during PG&E demand response days.
- Successfully completed and closed out 15 capital projects, returning over \$690,000 to the capital improvement program accounts and other funds based on project savings.

Objectives FY 2015/16

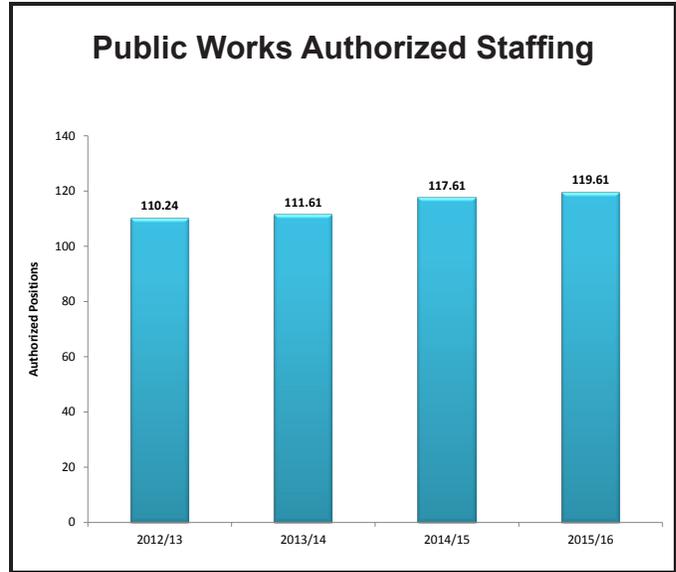
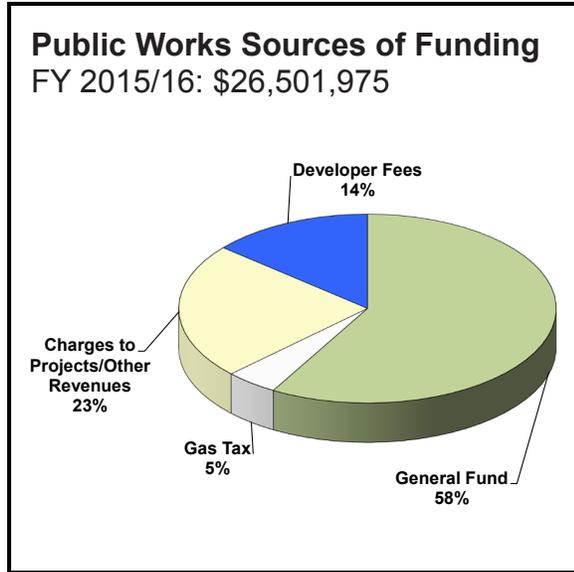
1. Award Construction of Phase I Civic Center improvements as defined by the Civic Center Master plan.
2. Award Construction of Warm Springs BART west side access Phase I for relocation of UPRR Spur Track.
3. Prepare and complete the sale of surplus property (Palm Ave).
4. Prepare surplus properties (Decoto Road and Isherwood) for sale.
5. Complete the Niles Bridge Replacement Project to meet the latest seismic requirements. The project is funded through federal and Proposition 1B funds.
6. Complete construction of the street and culvert widening improvements to Fremont Boulevard, from south of Cushing Parkway to Warren Avenue, to meet traffic demands as a result of the extension of Fremont Boulevard to Milpitas. Complete \$5.9 million of pavement maintenance work (cape and slurry seal) and \$6.6 million of pavement rehabilitation work (repair of damaged pavement) throughout the city.
7. Construct the streetscape improvements on Capitol Avenue from State Street to Paseo Padre Parkway as defined by the Downtown Plan.

Department Budgets | Public Works

8. Construct the bike and pedestrian improvements on Bart Way to improve accessibility to the BART station using a \$1.1 million One Bay Area Grant.
9. Complete the \$4 million Warm Springs Widening Project from Reliance to Mission Boulevard to accommodate the increased traffic demand due to the future Warm Springs/South Fremont BART station.
10. Continue to expand the use of crack sealing as a form of maintenance and preservation of City streets. Crack sealing will minimize pavement deterioration through prevention of water intrusion into asphalt, which will extend pavement life thus improving the Pavement Condition Index (PCI).
11. Continue to contribute to the reduction of the City’s carbon footprint by replacing vehicles that are due for replacement with electric, hybrid, and/or fuel efficient vehicles.
12. Implement contract with ADA consultant for phase I to evaluate Citywide ADA accessibility issues and Initiate Phase 2 ADA transition plan contract.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	PCI of 66	PCI of 66	PCI of 69	PCI of 69
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	79%	85%	68%	85%
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profane) / one business week for Priority 2 graffiti for all other types	74% / 50%	85% / 70%	81% / 82%	85% / 75%



Public Works Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 11,741,815	\$ 12,749,261	\$ 12,854,222	\$ 14,594,793	\$ 14,537,534	\$ 15,144,381
Operating Expenditures	7,136,572	7,732,096	7,748,188	7,772,161	7,514,177	8,214,677
Capital Expenditures	76,585	38,651	93,485	33,703	33,703	33,703
Indirect Expense Allocation**	2,421,858	2,686,279	2,979,740	2,979,740	2,979,740	3,109,214
Totals	\$ 21,376,830	\$ 23,206,287	\$ 23,675,635	\$ 25,380,397	\$ 25,065,154	\$ 26,501,975

% increase/(decrease), including all funds, from 2014/15 Adopted Budget 5.7%

* 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.

Department Budgets | Public Works

Major Changes

- The FY 2015/16 Public Works Department adopted budget is \$1,436,821 (or 5.7%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 4.2%. This is primary due to the staffing changes in the department with the addition of 1.0 FTE of Associate Transportation Engineer, 1.0 FTE of Engineer I, and changes in the CalPERS retirement benefit costs.

Staffing by Function–FY 2015/16

Public Works			
Maintenance Services		Engineering	
Administration		Administration	
Public Works Director	0.30	Public Works Director	0.30
Deputy Director, Maintenance & Business Operations	1.00	City Engineer	0.25
Business Manager	1.00	Management Analyst II	1.00
Executive Assistant	0.20	Executive Assistant	0.80
Administrative Assistant	1.00	Senior Office Specialist	1.00
Office Specialist II	3.00	Office Specialist II	2.65
Environmental Compliance		Design, Development, Transportation and Construction Engineering	
Management Analyst II	1.00	Public Works Director	0.40
		City Engineer	0.75
Fleet Maintenance		Assistant City Engineer	1.00
Fleet Maintenance Manager	1.00	Principal Civil Engineer	3.00
Fleet Mechanic II	2.00	Principal Transportation Engineer	1.00
Heavy Equipment Mechanic	4.00	Real Property Manager	1.00
Equipment Support Coordinator	1.00	Real Property Agent	1.96
Mechanic Assistant	3.00	Land Surveyor	1.00
		Associate Civil Engineer	8.00
Public Buildings		Associate Transportation Engineer	5.00
Building Maintenance Manager	1.00	Facilities Design/Construction Project Supervisor III	1.00
Building Maint. Field Supervisor	3.00	Supervising Construction Coordinator	2.00
Management Analyst II	1.00	Civil Engineer II	3.00
Facilities Design/Construction Project Supervisor II	1.00	Transportation Engineer II	2.00
Building Maintenance Worker II	13.00	Senior Construction Inspector	4.00
Office Specialist II	1.00	Chief of Party	1.00
		Civil Engineer I	2.00
Street Maintenance		Transportation Engineer I	1.00
<u>Pavement Maintenance</u>		Construction Inspector	4.00
Street Maintenance Manager	0.35	Construction Materials Inspector	1.00
Street Field Supervisor	1.00	Survey Instrument Operator	1.00
Street Maintenance Worker II	4.00	Engineering Technician II	2.00
Street Maintenance Worker I	5.00	Engineering Technician I	2.00
<u>Street Sanitation</u>			
Street Maintenance Manager	0.35		
Street Field Supervisor	1.00		
Street Maintenance Worker II	6.00		
Street Maintenance Worker I	1.00		
<u>Traffic Safety</u>			
Street Maintenance Manager	0.30		
Street Field Supervisor	1.00		
Street Maintenance Worker II	4.00		
Street Maintenance Worker I	2.00		

Regular Full-Time Equivalents: 119.61

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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 organizational infrastructure that makes services to the community possible. Because they work collaboratively to support the organization, administrative departments' objectives are presented collectively. Other department budget information is displayed on subsequent pages.

Objectives FY 2015/16

City Manager's Office

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2015 Legislative Guiding Principles and Priorities.
2. Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the city, including building and increasing the audience and website presence for www.thinksiliconvalley.com, the City's business proposition website.
3. Warm Springs/South Fremont Development Area: Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. Continue to collaborate with Alameda County Transportation Commission to identify available local funding to enable infrastructure and transit improvements that have been identified as opportunities and priorities by the City Council. Implement a Last Mile Transit Demand Management Program to coincide with the Warm Springs/South Fremont BART station opening at the end of 2015. Continue to solidify the City's partnership with BART and work on strategic infrastructure improvements. Provide clear direction, support, and guidance to the private sector as proposals are evaluated through the City's entitlement process in order to ensure that the Warm Springs/South Fremont vision is realized.
4. Downtown Fremont: Continue to commit time and resources towards the implementation of the Downtown Community Plan to ensure that the Downtown is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region. Anticipated accomplishments for FY 2015/16 include:
 - a. Continue funding and additional place making activities.
 - b. Final Design for Phase 1 of the Civic Center
 - c. Begin Construction of Phase 1 of the Civic Center
 - d. Identify public/private partnerships to sponsor and/or completely fund ongoing placemaking and marketing efforts

Department Budgets | Administrative Departments

- e. Finish construction/beautification of Capitol Avenue between State Street and Paseo Padre
 - f. Explore Public/Private Development Partnerships for Phase 2 of the Civic Center
 - g. Pursue the acquisition of property contiguous with the City's future Civic Center site in order to construct phase 2 of the Civic Center Master Plan
5. BART to San Jose: Continue to partner with BART and the Valley Transportation Authority (VTA) to ensure that Fremont's interests are considered relative to the BART extension to Warm Springs/South Fremont and Santa Clara County.
 6. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base. We also plan to continue our efforts to nurture the Innovation Economy in Fremont, and help foster growth industries that are driving significant new investment and employment, including advanced manufacturing, clean tech, and life sciences.
 7. Civic Engagement: Continue to grow social media and online tools subscriber base and public statement posts. Implement new methods and tools to facilitate civic engagement and enhance access to open government, such as using Fremont Open City Hall as an effective communication tool.
 8. Continue to implement the Strategic Fiscal Sustainability Action Plan and ensure timelines are met.

City Attorney's Office

9. Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area developments.
10. Assist the Community Development Department with the drafting, processing, and adoption of new zoning regulations, and other General Plan implementation measures.
11. Assist staff with the drafting, processing, and adoption of an amendment to the City's stormwater regulations.
12. Assist staff with the drafting, processing and adoption of revisions to the City's massage establishment and therapists ordinance and the City's places of entertainment ordinance.
13. Provide legal support to the Human Resources Department in labor negotiations with the City's bargaining groups. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

City Clerk's Office

14. Continue to manage the electronic distribution of agenda packets.

15. Assist with the transition of newly elected councilmembers.
16. Develop and implement a new online tool for ceremonial resolutions and proclamation requests.
17. Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.
18. Continue to work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current.

Finance Department

19. In partnership with the Human Resources and Information Technology Services Departments, implement the migration of the City's financial applications to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by fall 2015.
20. Establish an Other Post-Employment Benefits (OPEB) Trust starting in FY 2015/16.
21. Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option in coordination with Economic Development and the City Manager's office, which will make business license renewal easier for customers and allow more efficient use of staff time.
22. In partnership with the City Attorney's Office, Police Department, and Code Enforcement, complete a revision to the City's Massage Ordinance in order to comply with recent changes to State law regulation the massage industry, by October 2015.
23. In partnership with Information Technology Services and Community Development Department, complete the upgrade to the City's permitting system, including the integration with the City's cash receipting system and financial management system.

Human Resources

24. Expand Complete implementation of citywide automated employee performance management system.
25. Expand citywide wellness efforts and assign metrics to measure program success.
26. Implement a competency based hiring/training model to enhance the City's succession planning efforts.

Information Technology Services

27. In partnership with the Police Department, continue the effort to provide full dispatching and records management services to Union City by July 1, 2016, by replacing the hardware systems, upgrading the critical public safety applications to handle multiple agencies, refining the GIS geofile, and completing the network infrastructure with redundancy to maintain maximum system uptime.
28. Work with Community Development Department to implement a new land use and permitting system that will improve processes and communication across multiple lines of business internally (departments, field staff) and externally (citizens, developers, county assessor, etc.). Expected go-live date is Fall 2016.
29. Create and make available by July 2016 a new public GIS web application built upon the new internal web application that is non-browser specific, more user friendly, streamlined, and gives users access to greater geospatial information.
30. Implement a business continuity and disaster recovery plan by June 2016 that includes an off-site location to replicate and store the City's electronic data. The off-site location will provide a redundant site so that critical applications can be restored in a timely manner, based on identified business and operational priorities, in the event of an unplanned outage or major natural disaster.
31. Continue research and investigation to develop a plan to deliver high-speed Internet services to under-served and unserved areas in the City of Fremont. Recommend the type of delivery for the services (i.e., private fiber network, partnership) and a business model to the City Manager by June 2016.

City Manager

Mission:

Provide strategic leadership that supports the Mayor and the City Council in its policy-making role; and effectively motivate and challenge the organization to deliver high quality services that meet the community's needs while ensuring that effective communication tools are used to engage the workforce and community.

Major Services

Public Policy Support

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy and legislative advocacy.

Citywide Service Delivery

Manage and coordinate citywide service delivery efforts by providing strategic direction and oversight.

Communications and Public Education

Lead efforts to promote communication among the City's departments, media, and the public, and to publicize Fremont's innovative programs, services, and best practices.

Organizational Leadership and Development

Provide leadership to departments and City activities, assure accountability of departments and staff on core activities, and champion efforts to increase leadership and management training.

Department Overview



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

Department Budgets | City Manager

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

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
City Manager's Office	\$ 1,466,165	\$ 1,573,887	\$ 2,367,103	\$ 2,427,953	\$ 2,057,230	\$ 2,590,039
Communications and Marketing	198,591	219,078	248,631	291,243	274,597	282,411
Total City Manager's Office	\$ 1,664,756	\$ 1,792,965	\$ 2,615,734	\$ 2,719,196	\$ 2,331,827	\$ 2,872,450

* 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.

Accomplishment Highlights FY 2014/15

- Engaged residents through Fremont Open City Hall, an online civic engagement tool. Fremont Open City Hall garnered responses from the public on important issues in Fremont such as community-based video surveillance cameras, the Housing Element Update, Compassionate Communities charter, Georgetown University Green Energy prize, Downtown logo, and a permanent ban on electronic cigarette retailers, lounges, and vapor bars.
- Warm Springs Community Plan and EIR were adopted by the City Council on July 22nd, 2014. Council approved the Warm Springs Pedestrian Access Bridge and Plaza Conceptual Design and financial study on October 14th, 2014. The City effectively mediated conversations between the School District and the development community to arrive at an agreement that includes the placement, design, and construction of an elementary school that will serve the greater Warm Springs area. In December 2014, the City purchased a 2.5+ acre site in Warm Springs that will provide area for the West-Side Bridge to be constructed and for a plaza design to be realized. On January 13, 2015 the City Council authorized the City to enter into an Agreement with UPRR to relocate a Spur track enabling the Bridge landing site to accommodate multiple structures. In the spring of 2015, the City issued an RFQ/RFP to identify a design firm to develop final designs for the Warm Springs West-Side Bridge and Plaza. A Last Mile program outline was developed and the City is currently seeking funding to design and implement various Transit Demand Management programs to serve the Warm Springs area. Negotiations with BART were initiated in 2015 to develop an ownership, operational, and maintenance agreement for the Warm Springs West-Side Bridge and Plaza. Entitlement work for the Lennar 109+ acre site is underway and includes a Master Plan, Tentative Map, and Development Agreement. Additional private projects are being processed as well, including the Toll Brothers and Valley Oak sites.



- Continued the City of Fremont's Marketing/Public Relations Campaign with the Hoffman Agency, a Public Relations firm, resulting in increased local, national, and international media coverage highlighting the City of Fremont in several major publications and websites. Major accomplishments include securing a piece in the Washington Post on how Fremont has overcome

the NUMMI and Solyndra setbacks, landing a double feature in CNET and a Bloomberg video interview that highlight how Fremont is luring in tech companies with a campaign called “Think Silicon Valley” and locking down a Bloomberg article on Fremont’s Union Pacific land parcel – all in all bringing in more than 140 million media impressions. Additional noteworthy coverage is available on the City’s website at www.Fremont.gov/PressRoom.

- Completed a redesign of the City’s website, www.Fremont.gov, which launched on July 17, 2014.
- Continued to manage and lead key City initiatives, including the Warm Springs/South Fremont development, Downtown Plan, Regional Partnerships, and Organizational Development efforts.
- Expanded the City’s Social Media Program by launching Instagram accounts for the City of Fremont, Fremont Fire Department, and Fremont Police Department as well as developed a Facebook account for The Patterson House.
- Downtown Fremont: The City fully acquired the right-of-way for State Street and Capitol Avenue extension, and City Council approved the addition of the State Street Mixed-Use development in November, adding approximately 145 residential units and 22,000 square feet of retail space near the intersection of State Street and Capitol Avenue. Scheduled completion of Phase 1 of the Capitol Avenue Extension Project is June 2015 with Phase 2 of the OBAG funding for the pedestrian/bike, and wayfinding improvements to be initiated in summer 2015. Began construction on the remainder Capitol Avenue right of way from State Street to Paseo Padre with an estimated completion date of fall 2015. The City is moving forward with the previously adopted surplus property disposition plan and initiated strategy, and will continue to actively seek private investors to assemble land for mixed use development Downtown. Ongoing Downtown place making efforts include the Fremont Underground Social Experience (FUSE) events along Capitol Avenue, launch of a Downtown Farmers Market in March 2015, Fremont Street Eats food truck event, and celebratory events such as the 2014 Capitol Avenue Extension Project Groundbreaking Ceremony and the 2014 Demolition Celebration, and the upcoming Grand Opening of the extension and beautification of Capitol Avenue signifying the importance of catalytic development Downtown. The Civic Center Master Plan was approved by City Council in July 2014. An RFQ was issued in the spring of 2015 commencing the final design work for Phase 1 of the Civic Center.

Objectives FY 2015/16

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council’s 2015 Legislative Guiding Principles and Priorities.
2. Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the city, including building and increasing the audience and website presence for www.thinksiliconvalley.com, the City’s business proposition website.

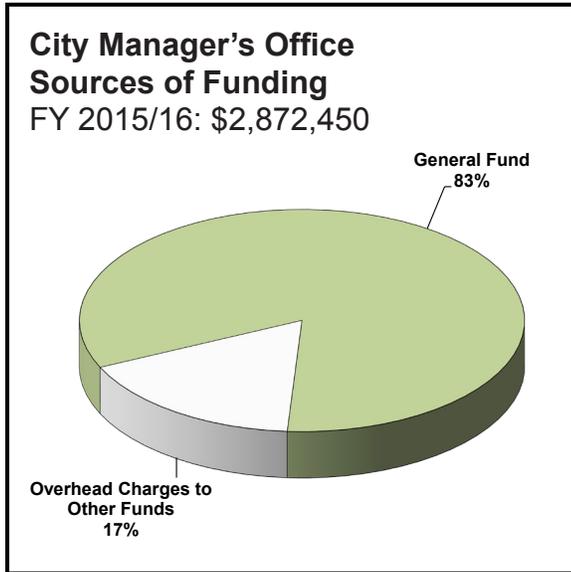
Department Budgets | City Manager

3. Warm Springs/South Fremont Development Area: Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. Continue to collaborate with Alameda County Transportation Commission to identify available local funding to enable infrastructure and transit improvements that have been identified as opportunities and priorities by the City Council. Implement a Last Mile Transit Demand Management Program to coincide with the Warm Springs/South Fremont BART station opening at the end of 2015. Continue to solidify the City's partnership with BART and work on strategic infrastructure improvements. Provide clear direction, support, and guidance to the private sector as proposals are evaluated through the City's entitlement process in order to ensure that the Warm Springs/South Fremont vision is realized.
4. Downtown Fremont: Continue to commit time and resources towards the implementation of the Downtown Community Plan to ensure that the Downtown is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region. Anticipated accomplishments for FY 2015/16 include:
 - a. Continue funding and additional place making activities.
 - b. Final Design for Phase 1 of the Civic Center
 - c. Begin Construction of Phase 1 of the Civic Center
 - d. Identify public/private partnerships to sponsor and/or completely fund ongoing placemaking and marketing efforts
 - e. Finish construction/beautification of Capitol Avenue between State Street and Paseo Padre
 - f. Explore Public/Private Development Partnerships for Phase 2 of the Civic Center
 - g. Pursue the acquisition of property contiguous with the City's future Civic Center site in order to construct phase 2 of the Civic Center Master Plan
5. BART to San Jose: Continue to partner with BART and the Valley Transportation Authority (VTA) to ensure that Fremont's interests are considered relative to the BART extension to Warm Springs/South Fremont and Santa Clara County.
6. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base. We also plan to continue our efforts to nurture the Innovation Economy in Fremont, and help foster growth industries that are driving significant new investment and employment, including advanced manufacturing, clean tech, and life sciences.
7. Civic Engagement: Continue to grow social media and online tools subscriber base and public statement posts. Implement new methods and tools to facilitate civic engagement and enhance access to open government, such as using Fremont Open City Hall as an effective communication tool.
8. Continue to implement the Strategic Fiscal Sustainability Action Plan and ensure timelines are met.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of residents that agree that Fremont is a “good” or “excellent” place to live	84% ¹	84% ¹	84%	85% ²
Percent of employees that feel “prepared” and “trained” to do their jobs	TBD	86%	85% ³	NA
Percent of increase of citizens communicating with the City on average via new engagement tools ⁴	43%	5.2% (65,000)	103%	40%
<p>¹ Baseline Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured biennially via the Community Survey.</p> <p>² The next Community Survey is anticipated to take place in fall 2015.</p> <p>³ Based on survey results from the 2014 Employee Survey. Baseline was 86% of Employees surveyed who “agreed” or “strongly agreed” that they were prepared and trained to do their job at work. This Performance Measure is measured via the Employee Survey.</p> <p>⁴ Citizen engagement is defined as the number of followers and subscribers on the City’s social media sites as well as views of videos posted on all City of Fremont YouTube channels.</p>				

Department Budgets | City Manager



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

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 1,138,562	\$ 1,129,603	\$ 1,688,270	\$ 1,700,720	\$ 1,663,786	\$ 2,067,577
Operating Expenditures	425,576	542,265	796,505	886,518	536,083	657,303
Capital Expenditures	850	1,237	2,000	3,000	3,000	3,000
Indirect Expense Allocation**	99,768	119,860	128,958	128,958	128,958	144,570
Totals	\$ 1,664,756	\$ 1,792,965	\$ 2,615,733	\$ 2,719,196	\$ 2,331,827	\$ 2,872,450

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 23.2%

* 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

- The FY 2015/16 City Manager’s Office adopted budget is \$540,623 (or 23.2%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 24.3% due to staffing realignment, and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$121,220 (or 22.6%), due to increases in contractual services related to the Downtown Plan.
- The indirect expense allocation is increasing by 12.1% due to increases in the department’s share of internal allocations.

Staffing by Function–FY 2015/16

City Manager's Office	
City Manager	1.00
Assistant City Manager	1.00
Deputy City Manager	1.05 *
Management Analyst II	2.00
Executive Assistant to the City Manager	1.00
Executive Assistant	1.00
Office Specialist	0.75
Communications Office	
Communications Manager	1.00
Urban Initiatives	
Urban Initiatives Manager	1.00

** The balance of this position is budgeted in the City Clerk's Office and Human Resources Department.*

Regular Full-Time Equivalents: 9.80

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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, and boards and commissions, with the goal of protecting and advancing the City's interests.

Major Services

City Attorney

Provide legal services and represent the City in civil matters to protect and advance the City's interest.

Risk Management

Provide claims administration and defense, workers' compensation administration, and employee safety training.

Department Overview



The City Attorney's Office provides a full range of day-to-day legal services to the City. The office supports all aspects of the City's mission 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 all City departments 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, as well as employment laws. The office assists in negotiating complex agreements, including labor and multi-jurisdictional agreements, public/private partnerships, and land use and development 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.

Department Budgets | City Attorney

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

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
City Attorney	\$ 1,676,780	\$ 1,825,494	\$ 1,825,201	\$ 1,863,604	\$ 1,851,846	\$ 1,927,268
Risk Management	7,981,192	7,699,278	7,091,679	7,913,585	7,854,547	7,189,734
Total City Attorney's Office	\$ 9,657,972	\$ 9,524,772	\$ 8,916,880	\$ 9,777,189	\$ 9,706,393	\$ 9,117,002

* 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.

Accomplishment Highlights FY 2014/15

- Provided legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area development.
- Assisted the Community Development Department with the drafting, processing and adoption of the Warm Springs/South Fremont Community Plan and Warm Springs Innovation District Zoning Code
- Assisted the Community Development Department with the drafting of new City Center Code, commercial zoning regulations, affordable housing regulations and other General Plan implementation measures.
- Assisted the Community Development Department with the drafting, processing and adoption of a new Housing Element
- Assisted the Human Services Department with implementation of various programs including a rental assistance program using HUD funds for low income housing rentals.

Objectives FY 2015/16

1. Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown project, Centerville Unified site development, and Warm Springs/South Fremont area developments.
2. Assist the Community Development Department with the drafting, processing, and adoption of new zoning regulations, and other General Plan implementation measures.
3. Assist staff with the drafting, processing, and adoption of an amendment to the City’s stormwater regulations.
4. Assist staff with the drafting, processing and adoption of revisions to the City’s massage establishment and therapists ordinance and the City’s places of entertainment ordinance.
5. Provide legal support to the Human Resources Department in labor negotiations with the City’s bargaining groups.
6. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

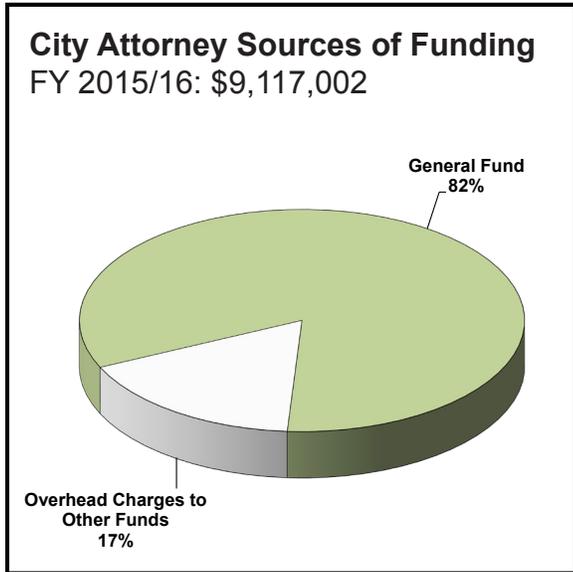
Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of standard contracts reviewed within 5 business days of receipt	80%	90%	88.37%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	100%	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	100%	100%	100%	100%

Not included in the performance measurement:

- 40 contracts received by our office with insufficient insurance/endorsement documentation and
- 14 contracts received with incomplete paperwork.

Department Budgets | City Attorney



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

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 2,134,889	\$ 2,488,187	\$ 2,377,688	\$ 2,424,236	\$ 2,412,478	\$ 2,504,109
Operating Expenditures	7,431,075	6,657,737	6,448,789	7,232,550	7,201,879	6,516,352
Capital Expenditures	-	-	-	30,000	-	-
Indirect Expense Allocation**	92,008	378,848	90,403	90,403	92,036	96,541
Totals	\$ 9,657,972	\$ 9,524,772	\$ 8,916,880	\$ 9,777,189	\$ 9,706,393	\$ 9,117,002

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget -6.1%

* 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

- The FY 2015/16 City Attorney’s Office adopted budget is \$589,391 (or 6.1%) less than the FY 2014/15 adopted budget.
- Operating expenditures are decreasing by 9.5% due to decreases in consulting services.

Staffing by Function–FY 2015/16

City Attorney's Office	
City Attorney	0.86*
Assistant City Attorney	0.92
Senior Deputy City Attorney	2.00
Deputy City Attorney	1.00
Law Office Supervisor	1.00
Paralegal	1.00
Risk Management	
City Attorney	0.06*
Assistant City Attorney	0.08
Risk Manager	1.00
Safety Coordinator	1.00
Risk Management Technician	1.00
* The balance of this position is budgeted in the Environmental Services Division of the Community Services Department.	

Regular Full-Time Equivalents: 9.92

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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.

Major Services

Legislative Process

Facilitate and maximize public and Council access to the City’s legislative processes so that all interested parties have an opportunity to participate.

Elections

Manage and conduct elections to ensure that all Fair Political Practices regulations are properly followed.

Public Records Act and Public Records Retention

Coordinate the City’s Records Management Program and maintain legislative history to ensure accessibility and continuity.

Mail Room

Provide citywide mail services, for both internal routing and external mail, and ensure that mail processing is done efficiently.

Department Overview



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, and distributes mail to City facilities. In an effort to streamline service delivery, the City Clerk’s Office implemented a fully automated (paperless) electronic web-based agenda automation software system to improve staff efficiency.

Accomplishment Highlights FY 2014/15

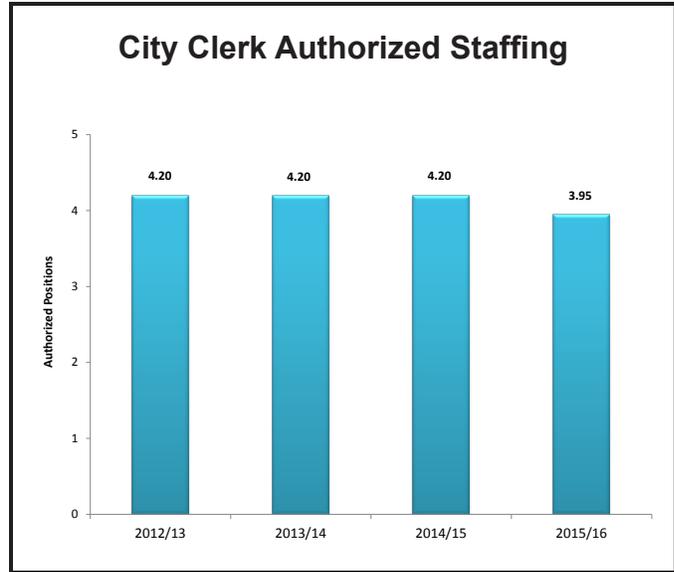
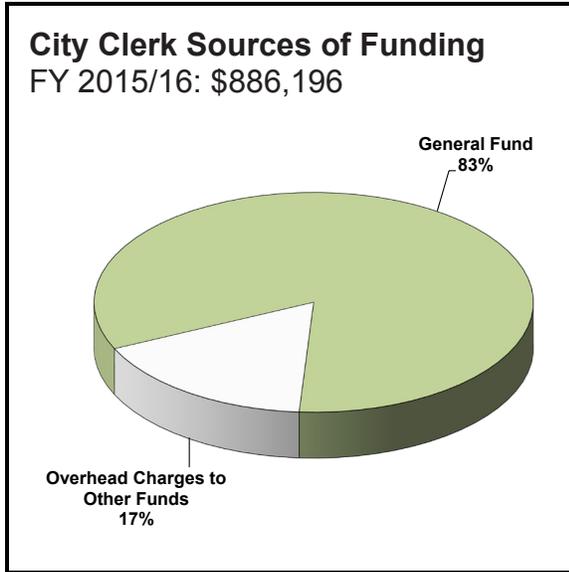
- Successfully administered the November 4, 2014 General Municipal Election.
- Assisted with the transition of elected officials, including the development of Council Orientation Sessions.
- Assisted City departments with review and completed the update of department’s Records Retention Schedules to ensure the schedules are current.
- Managed the Boards and Commissions Vacancy Process, and assisted with the transition of boards and commissions members.
- Successfully hosted the Alameda County Mayors Conference in January 2014.

Objectives FY 2015/16

1. Continue to manage the electronic distribution of agenda packets.
2. Assist with the transition of newly elected councilmembers.
3. Develop and implement a new online tool for ceremonial resolutions and proclamation requests
4. Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.
5. Continue to work with City departments to review and update each department’s Records Retention Schedule to ensure the schedules are current.

Performance Measurement

Measure	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	N/A	91%	90%	90%
Number of complaints received regarding Public Records Requests (PRR)	N/A	3	2	0



City Clerk Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 539,450	\$ 606,085	\$ 690,705	\$ 691,291	\$ 645,465	\$ 583,448
Operating Expenditures	213,487	218,160	240,786	245,250	230,400	230,400
Capital Expenditures	-	3,018	6,000	6,000	6,000	6,000
Indirect Expense Allocation**	64,563	63,534	66,173	66,173	66,173	66,348
Totals	\$ 817,500	\$ 890,797	\$ 1,003,664	\$ 1,008,714	\$ 948,038	\$ 886,196

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget -6.5%

* 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.

Department Budgets | City Clerk

Major Changes

- The FY 2015/16 City Clerk’s Office adopted budget is \$61,842 (or 6.5%) less than the FY 2014/15 adopted budget.
- Salaries and benefits are decreasing by 9.6%, due mainly to the reorganization of positions in the department and to changes in the CalPERS retirement benefit costs.

Staffing by Function–FY 2015/16

City Clerk	
Deputy City Manager	0.70 *
City Clerk	1.00
Office Specialist II	1.25
Office Specialist I	1.00

** The balance of this position is budgeted in the City Manager's Office.*

Regular Full-Time Equivalents: 3.95

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.

Major Services

Accounting

Account for the City's resources and disclose the financial condition of the City and results of its operations in the year-end comprehensive annual financial report.

Budget

Monitor local business and economic trends for effects on the City's revenue sources; prepare and monitor the annual operating budget.

Purchasing/Accounts Payable

Provide accounts payable and purchasing services.

Revenue

Collect and audit all locally-controlled revenues. Complete citywide invoicing and accounts receivable processing.

Treasury

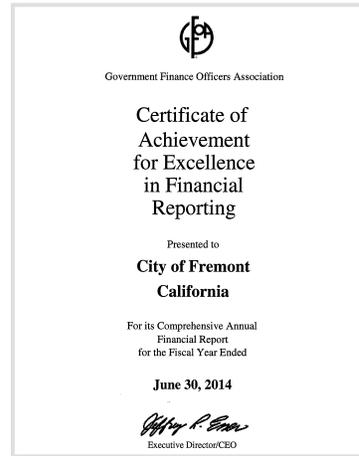
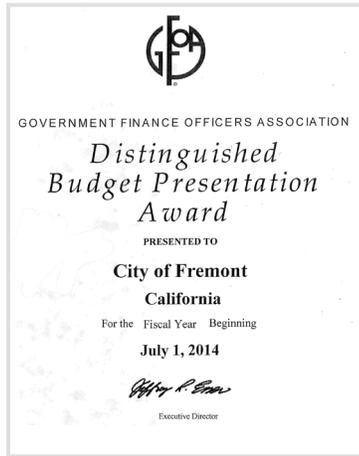
Manage the City's investment, debt financing, and banking functions.

Department Overview

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. Department staff 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.

Accomplishment Highlights FY 2014/15

- Received awards for Excellence in Financial Reporting for the 30th consecutive year and Distinguished Budget Presentation for the 18th consecutive year from the Government Finance Officers Association of the United States and Canada (GFOA).



- Revised and updated a cost allocation plan, including an approved OMB A-87 cost allocation plan, to more accurately quantify indirect and overhead costs applicable to all City departments and functions. Began using the OMB A-87 rate for Federal Grants and completed a true-up for FY 2014/15.
- In partnership with Information Technology Services, completed the first phase of an upgrade to the software for the City's Business Tax (License) on December, 2014. Also, completed an enhancement to add the ability to submit New Business Tax (License) applications online.
- In collaboration with the City Attorney's Office, Community Development, and Public Works, discharged the last remaining responsibilities of the Successor Agency of the former Redevelopment Agency on January 27, 2015, making the Successor Agency eligible for termination. The Department of Finance (DOF) officially recognized the close-out of the Successor Agency in May, 2015.

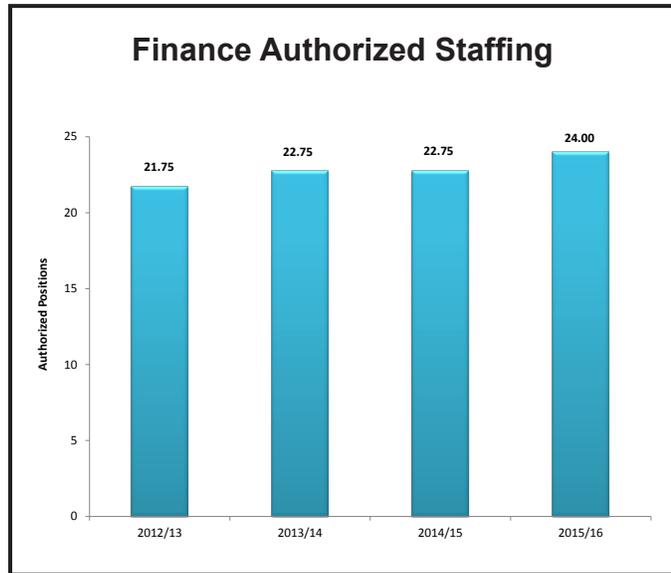
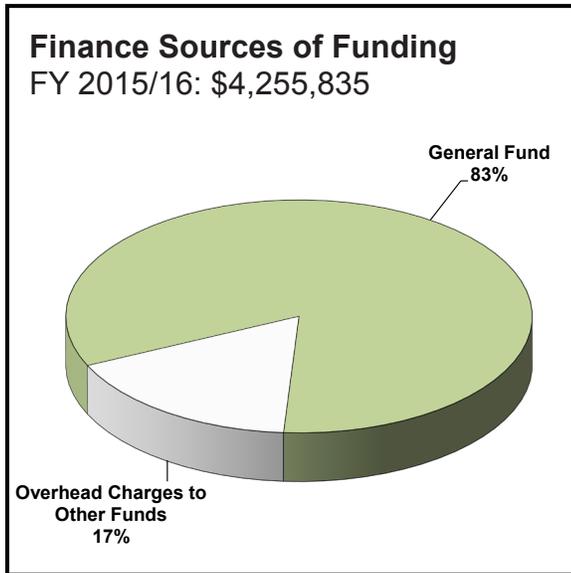
Objectives FY 2015/16

1. In partnership with the Human Resources and Information Technology Services Departments, implement the migration of the City’s financial applications to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by fall 2015.
2. Establish an Other Post-Employment Benefits (OPEB) Trust starting in FY 2015/16.
3. Continue the outreach campaign to encourage more businesses to use the City’s online business license renewal option in coordination with Economic Development and the City Manager’s office, which will make business license renewal easier for customers and allow more efficient use of staff time.
4. In partnership with the City Attorney’s Office, Police Department, and Code Enforcement, complete a revision to the City’s Massage Ordinance in order to comply with recent changes to State law regulation the massage industry, by October 2015.
5. In partnership with Information Technology Services and Community Development Department, complete the upgrade to the City’s permitting system, including the integration with the City’s cash receipting system and financial management system.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Estimate	FY 2015/16 Target
Percent of bids reissued	6%	4%	1%	1%
Percent of Business Tax renewals online	19.8%	20%	19%	20%

Department Budgets | Finance



Finance Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 2,693,277	\$ 2,767,899	\$ 3,022,210	\$ 3,118,411	\$ 3,101,439	\$ 3,453,572
Operating Expenditures	495,574	577,939	455,047	381,057	367,870	467,870
Capital Expenditures	8,115	11,424	-	7,500	7,500	7,500
Indirect Expense Allocation**	272,066	269,153	319,505	319,505	319,505	326,893
Totals	\$ 3,469,032	\$ 3,626,415	\$ 3,796,762	\$ 3,826,473	\$ 3,796,314	\$ 4,255,835

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 12.1%

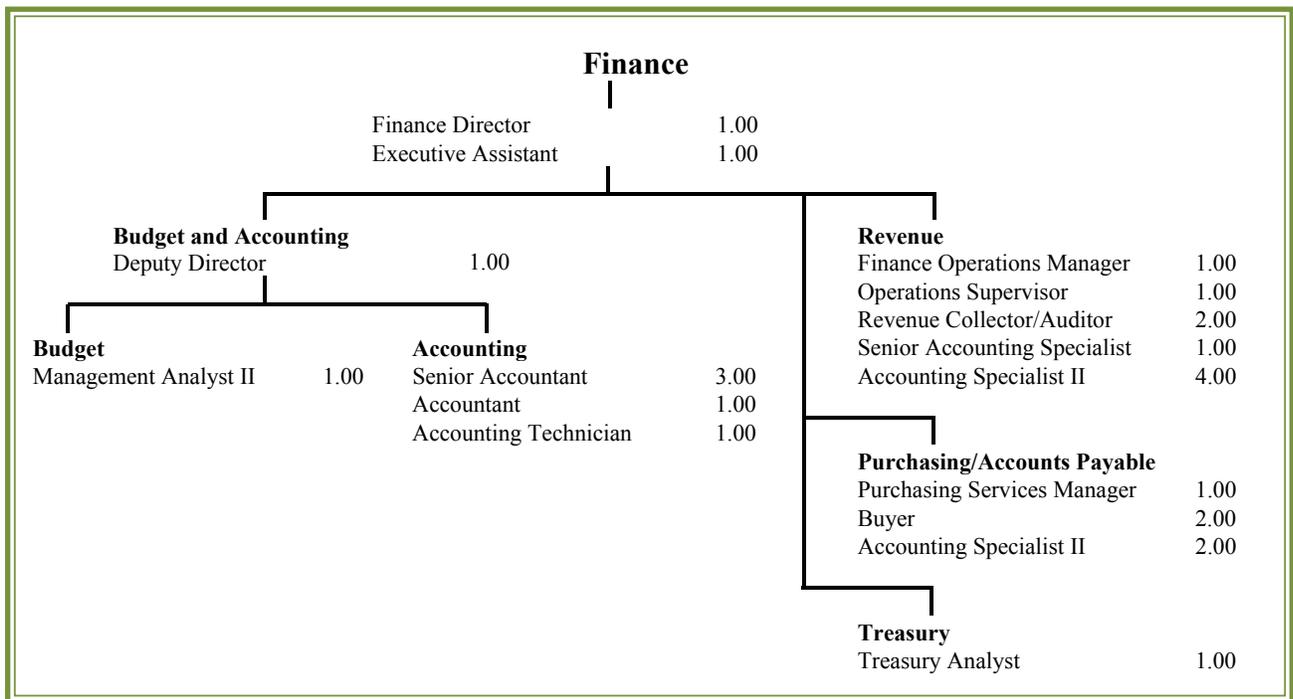
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** 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

- The FY 2015/16 Finance Department adopted budget is \$459,521 (or 12.1%) more than the FY 2014/15 adopted budget.
- Salaries and benefits are increasing by 11.4% due primarily to the addition of a Revenue Collector position and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$100,000 (or 27.2%) for an investment services contract.

Staffing by Function—FY 2015/16



Regular Full-Time Equivalents: 24.00

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Human Resources

Mission:

Partner with City departments to build and support an innovative, high performance organization.

Major Services

Employee and Labor Relations
Maintain solid working relationships among the City, bargaining units, and employees.

Citywide Policy Development
Develop and improve protocols for various citywide administrative and personnel policies.

Employee and Organizational Development and Training
Develop and train a well-qualified and professional workforce and provide organizational development opportunities in an effort to increase resiliency.

Recruitment, Examination, Classification, and Compensation
Attract and screen qualified candidates for the City's workforce, conduct applicant examinations, and develop and review classifications and compensation.

Benefits and Payroll Administration
Administer comprehensive and competitive benefit programs, proactively communicate benefit plan information, and manage the payroll processing for all employees with a high degree of accuracy.

Department Overview

Human Resources staff provide 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.

Department Budgets | Human Resources

Accomplishment Highlights FY 2014/15

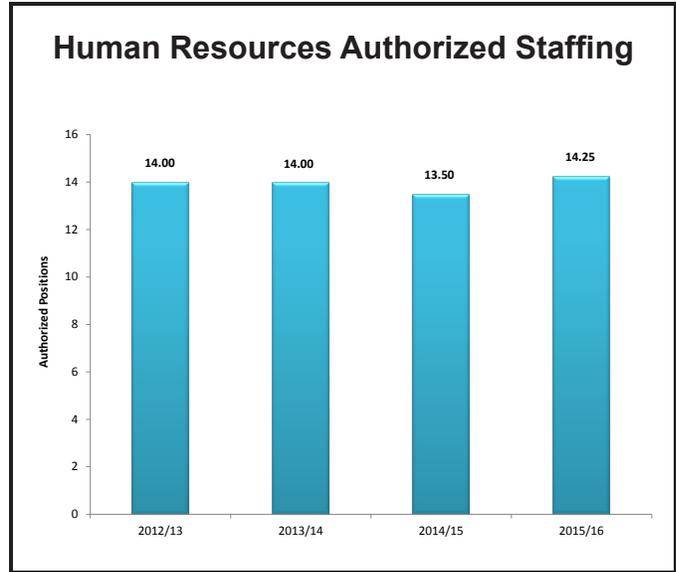
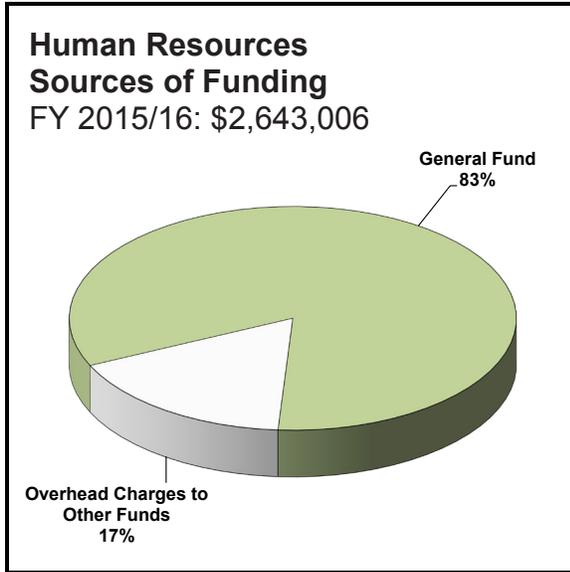
- Conducted citywide employee survey to assess employee satisfaction, engagement and to inform the City’s organizational development activities for the coming years.
- Conducted five day internal leadership and management skills academy (LIFT Academy) as part of the City’s overall succession planning investment.
- Acquired and pilot tested an automated employee performance management system to set and maintain performance standards.
- Implemented a new citywide wellness program designed to engage employees in a healthy lifestyle.
- Successfully completed contract negotiations with nine bargaining units on time and within City Council established parameters.

Objectives FY 2015/16

1. Complete implementation of citywide automated employee performance management system.
2. Expand citywide wellness efforts and assign metrics to measure program success.
3. Implement a competency based hiring/training model to enhance the City’s succession planning efforts.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	75%	NA	NA	80%
% of employees who have received a formal evaluation in the last 12 months	44%	NA	NA	65%
% of employees who report receiving timely performance feedback	54%	NA	NA	65%
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	70/74%	75/70%	42/36%	75/70%



Human Resources Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 1,805,059	\$ 2,054,976	\$ 2,093,524	\$ 2,188,718	\$ 2,166,978	\$ 2,222,342
Operating Expenditures	639,734	462,438	292,140	342,142	299,580	249,580
Capital Expenditures	-	14,197	2,298	2,225	-	-
Indirect Expense Allocation**	160,095	158,483	169,922	169,922	169,922	171,084
Totals	\$ 2,604,888	\$ 2,690,094	\$ 2,557,884	\$ 2,703,007	\$ 2,636,480	\$ 2,643,006

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget 0.2%

* 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.

Department Budgets | Human Resources

Major Changes

- The FY 2015/16 Human Resources adopted budget is \$6,526 (or 0.2%) more than the FY 2014/15 adopted budget.
- Operating expenditures are decreasing by 16.7%, due to decreases attributable to the biannual employee survey and labor negotiations.

Staffing by Function–FY 2015/16

Human Resources				
Administration				
Deputy City Manager		0.25		
Deputy Human Resources Director		1.00		
Executive Assistant		1.00		
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding-right: 10px;"> Classification/Recruitment Human Resources Manager 1.00 Human Resources Analyst II 1.00 Human Resources Technician II 1.00 </td> <td style="width: 50%; padding-left: 10px;"> Labor Relations/Organizational Development Human Resources Manager 1.00 Human Resources Analyst III 1.00 Human Resources Analyst II 1.00 </td> </tr> </table>			Classification/Recruitment Human Resources Manager 1.00 Human Resources Analyst II 1.00 Human Resources Technician II 1.00	Labor Relations/Organizational Development Human Resources Manager 1.00 Human Resources Analyst III 1.00 Human Resources Analyst II 1.00
Classification/Recruitment Human Resources Manager 1.00 Human Resources Analyst II 1.00 Human Resources Technician II 1.00	Labor Relations/Organizational Development Human Resources Manager 1.00 Human Resources Analyst III 1.00 Human Resources Analyst II 1.00			
Benefits and Payroll				
Human Resources Analyst II	1.00			
Human Resources Analyst I	1.00			
Human Resources Technician II	4.00			

Regular Full-Time Equivalents: 14.25

Information Technology Services

Mission:

To deliver the best proven technology and services available for computer, data, telecommunications, mapping, and critical business systems of the organization to employees and the public through excellent customer service, continuous improvement, innovative problem-solving, adherence to standardized information technology best practices, and collaborative solutions.

Major Services

Infrastructure Services

Ensure that the computer, telecommunications, data network, and security systems are available to enable City staff to provide essential services to their customers.

Enterprise Systems

Fulfill the information and service needs of the City by providing leadership in acquiring and deploying high quality, cost-effective, and timely solutions.

Geographic Information Systems (GIS)

Develop and maintain critical geospatial data while delivering simple, interactive mapping tools to enable City employees and citizens to seamlessly access and visualize the information.

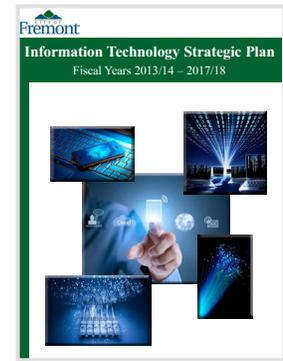
Department Overview



Scan this code on a smartphone to access the City's website.

The Information Technology Services (ITS) Department supports and enhances computer, telecommunications, business, and mapping systems for the City. The ITS Department is committed to providing outstanding customer service by being transparent, adaptive, and responsive in meeting customer needs. The ITS Department, in partnership with its customers, assists in planning, selecting and implementing value-added business solutions that fulfill the City's strategic goals and objectives.

Accomplishment Highlights FY 2014/15



- Implemented technology for the Fremont Police Department dispatch center to provide dispatching services to the Union City Police Department for one night shift beginning on January 20, 2015. Technology included combination of the geofiles of Fremont and Union City that transferred and mapped the Union City data (reporting districts, schools, parks, business/industrial complexes, and other geospatial data) to a single geofile, installation of a fiber link between the two cities for communication purposes, installation of firewalls to secure the network traffic from both agencies, updates to multiple tables within the Fremont computer-aided dispatch system, and installation of two additional workstations in the dispatch center.
- In partnership with the Finance Department, selected a replacement financial management system and signed the contract with Tyler Technologies for its Munis system. Started implementation of Phase 1 (core financial modules) with business process review sessions and created new chart of accounts, which is the foundation budget structure for the new financial system. Developed a communication plan and distributed first newsletter to users in January 2015. Tested proposed system configurations and analyzed interfaces with PeopleSoft HR/ Payroll and Active Network cashiering system. Trained functional users and IT staff members. Completed initial data conversion from the existing SunGard Bi-Tech IFAS system to the new Munis system.
- In partnership with the Community Development Department, completed the procurement process (issued a request for proposals, reviewed submitted proposals, held proof-of-concept sessions, and completed reference checks) and successfully negotiated a contract with a vendor to replace the outdated Tidemark permitting system.
- Worked with the Finance Department Revenue Division to upgrade the HdL business license (tax) system. The new system is fully web-enabled allowing for online applications for new and renewal business tax licenses, efficient data processing across all necessary City departments, and improved communication with the public.
- Incorporated 2014 aerial photography including oblique views from Alameda County giving users (City employees, public, Union Sanitary District, Alameda County Water District, and City of Newark) access to current imagery that can be utilized for geospatial analysis.

Objectives FY 2015/16

1. In partnership with the Police Department, continue the effort to provide full dispatching and records management services to Union City by July 1, 2016, by replacing the hardware systems, upgrading the critical public safety applications to handle multiple agencies, refining the GIS geofile, and completing the network infrastructure with redundancy to maintain maximum system uptime.

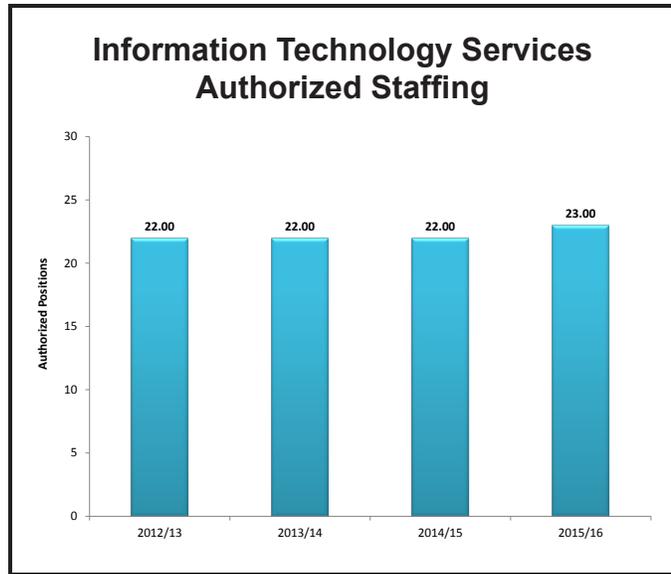
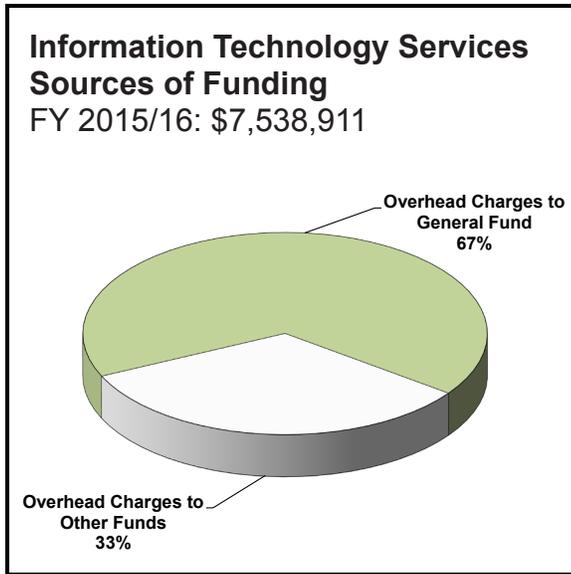
Department Budgets | Information Technology Services

2. Work with Community Development Department to implement a new land use and permitting system that will improve processes and communication across multiple lines of business internally (departments, field staff) and externally (citizens, developers, county assessor, etc.). Expected go-live date is Fall 2016.
3. Create and make available by July 2016 a new public GIS web application built upon the new internal web application that is non-browser specific, more user friendly, streamlined, and gives users access to greater geospatial information.
4. Implement a business continuity and disaster recovery plan by June 2016 that includes an off-site location to replicate and store the City’s electronic data. The off-site location will provide a redundant site so that critical applications can be restored in a timely manner, based on identified business and operational priorities, in the event of an unplanned outage or major natural disaster.
5. Continue research and investigation to develop a plan to deliver high-speed Internet services to under-served and unserved areas in the City of Fremont. Recommend the type of delivery for the services (i.e., private fiber network, partnership) and a business model to the City Manager by June 2016.

Performance Measurement

Measure	FY 2013/14 Actual	FY 2014/15 Target	FY 2014/15 Actual	FY 2015/16 Target
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	98%	99%	99%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	76%	80%	75%	80%
Percent of requests for addressing completed within agreed-upon time frames	85%	85%	85%	85%

Department Budgets | Information Technology Services



Information Technology Services Historical Expenditures/Budget, by Category

	2012/13 Actual	2013/14 Actual	2014/15 Estimated Actual	2014/15* Adjusted Budget	2014/15 Adopted Budget	2015/16 Adopted Budget
Salaries & Benefits	\$ 3,006,472	\$ 2,958,415	\$ 3,077,619	\$ 3,378,952	\$ 3,378,952	\$ 3,631,607
Operating Expenditures	1,624,660	1,929,730	2,230,866	2,733,804	2,345,570	2,497,433
Capital Expenditures	745,505	264,666	725,937	860,696	722,187	955,959
Indirect Expense Allocation**	2,160,606	463,365	472,415	472,415	472,415	453,912
Totals	\$ 7,537,243	\$ 5,616,176	\$ 6,506,837	\$ 7,445,867	\$ 6,919,124	\$ 7,538,911
						9.0%

% increase/(decrease), including all funds, from FY 2014/15 Adopted Budget

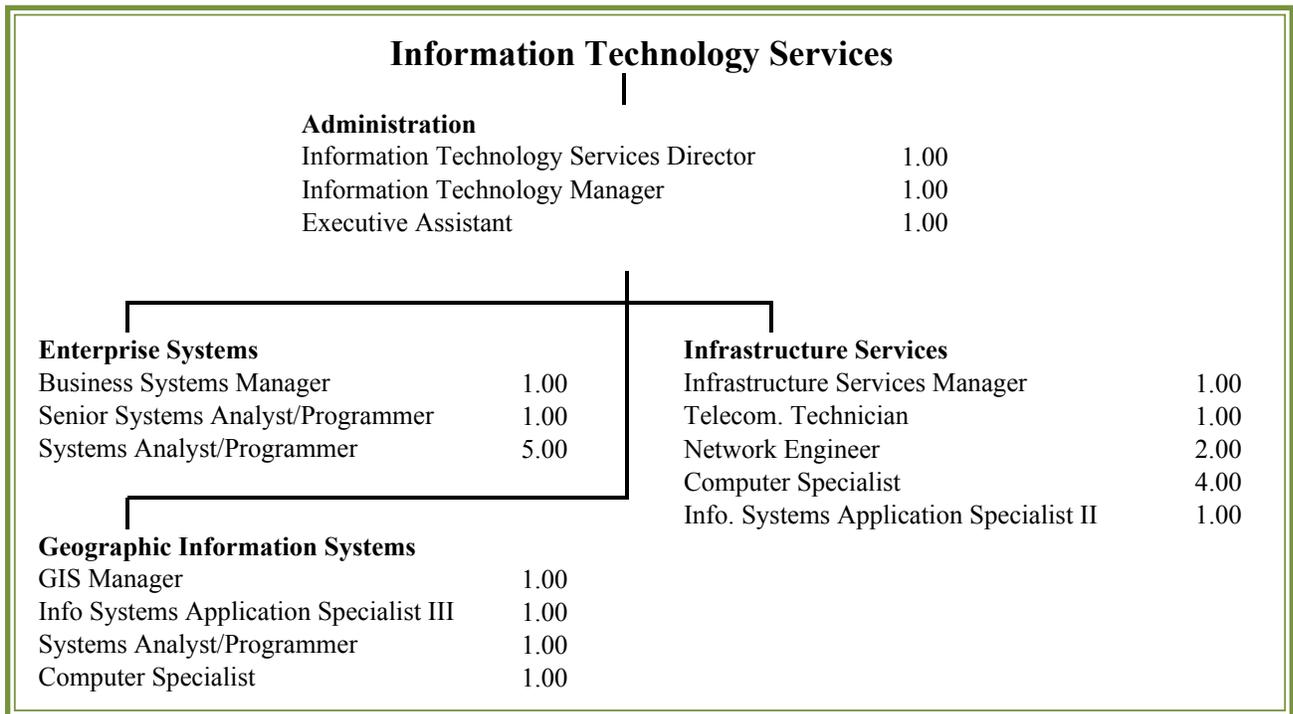
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** 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

- The FY 2015/16 Information Technology Services adopted budget is \$619,787 (or 9%) more than the FY 2014/15 adopted budget.
- Operating expenditures are increasing by 6.5%, due to additional system upgrades needed for FY 2015/16.
- Salaries and benefits are increasing by 7.5% mainly due to the addition of a System Analyst position and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by 32.4%. This expenditure category fluctuates depending on system/equipment purchase needs.

Staffing by Function–FY 2015/16



Regular Full-Time Equivalents: 23.00

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Staffing

Regular Position Summary

Overview

The total authorized regular staffing level of 882.02 for FY15/16 has increased by 15.00 full time equivalents (FTEs) from the FY 2014/15 level. While there is an overall increase in staffing, many departments continue to operate at a low level when compared to historical staffing ratios.

The overall staffing level has increased and is attributed to a variety of factors. The City has taken steps to address its Public Safety unmet needs including adding 3 Police Officers. Efforts are also being undertaken to complete the consolidation of Police dispatch between the City of Fremont and the City of Union City. Staffing in the Development Center has been enhanced to match a steady increase in activity levels and growing demands.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15*</u>	<u>2015/16</u>
<u>PUBLIC SAFETY</u>								
Fire	161.000	152.000	152.500	152.500	153.000	154.000	157.000	158.000
Police	302.000	287.000	287.000	287.000	282.000	287.500	296.500	302.500
TOTAL	463.000	439.000	439.500	439.500	435.000	441.500	453.500	460.500
<u>OTHER COMMUNITY SERVICES</u>								
Community Development	113.500	99.275	98.335	60.750	61.000	57.300	60.300	62.050
Economic Development	4.675	4.575	3.650	3.650	4.000	4.000	4.000	4.000
Human Services	52.800	51.800	54.500	54.500	56.500	58.150	59.925	60.175
Public Works	116.025	103.105	103.230	109.235	110.235	111.610	117.610	119.613
Community Services	69.350	61.850	61.850	93.430	94.410	88.510	90.010	90.760
Housing and Redevelopment	13.725	11.925	12.100	12.100	0.000	0.000	0.000	0.000
TOTAL	370.075	332.530	333.665	333.665	326.145	319.570	331.845	336.598
<u>ADMINISTRATIVE SYSTEMS</u>								
City Manager's Office	7.450	5.250	6.150	6.250	6.800	8.800	9.300	9.800
City Attorney	10.500	9.420	9.420	9.420	9.670	9.920	9.920	9.920
City Clerk	5.300	4.250	4.200	4.200	4.200	4.200	4.200	3.950
Finance	24.750	21.650	21.650	21.550	21.750	22.750	22.750	24.000
Information Technology Services	21.900	19.900	19.900	19.900	22.000	22.000	22.000	23.000
Human Resources	17.000	14.000	14.000	14.000	14.000	14.000	13.500	14.250
TOTAL	86.900	74.470	75.320	75.320	78.420	81.670	81.670	84.920
CITYWIDE TOTAL	919.975	846.000	848.485	848.485	839.565	842.740	867.015	882.018
* Total number of positions anticipated at the end of June 2015.								

Staffing | Regular Position Summary

The Community Development Department staffing level for FY2015/16 is 1.75 FTEs more than the FY2014/15 level. The increase is attributed to the increased activity at the Development Center, the addition of 1.0 FTE Supervising Building Inspector and 1.0 FTE Office Specialist in the Building Division and a re-organization within the department.

The Community Services Department staffing level is 1.00 FTE more than the FY2015/16 level. This change is due to the increase in recreation activity and the addition of 1.0 FTE Recreation Superintendent.

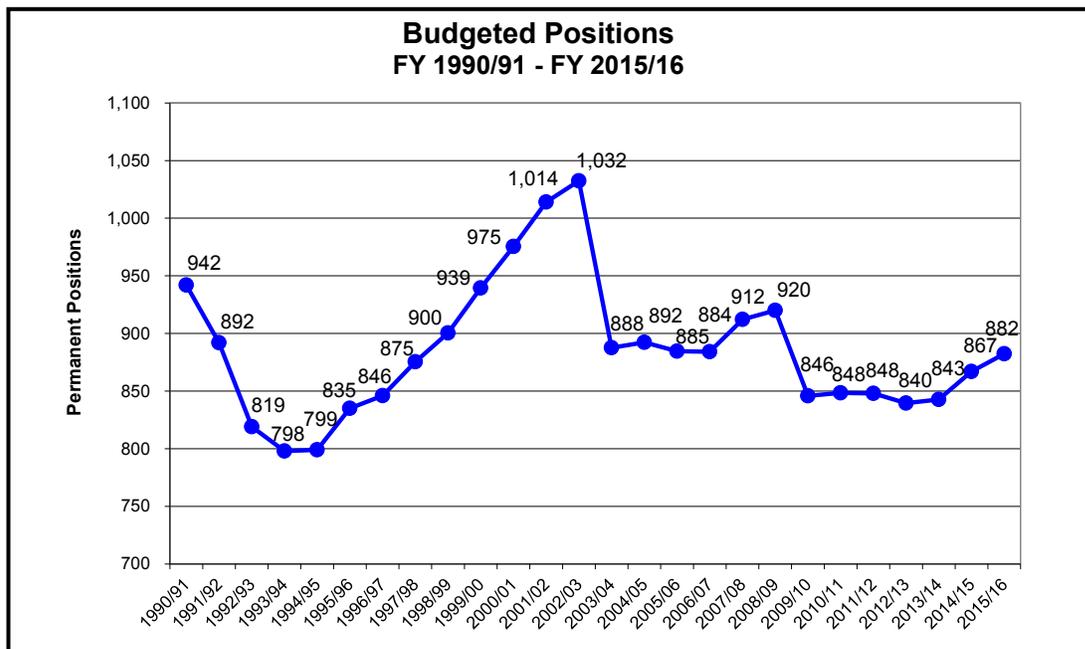
The Human Services Department staffing level for FY2015/16 is 0.25 FTE more than the FY2014/15 level. This increase is the net result of a re-organization within the department.

The Fire Department staffing level for FY2015/16 is 1.00 FTEs more than the FY2014/15 level. The increase is the net result of a re-organization and the addition of 1.0 FTE Division Chief.

The Police Department staffing level for FY2015/16 is 6.00 FTEs more than the FY2014/15 level. This increase is due to the addition of 3.0 FTEs in Police Officers, 2.0 FTEs in Public Safety Dispatchers as part of the consolidated Police dispatch system between the City of Fremont and the City of Union City, and an addition of a 1.0 FTE Police Captain.

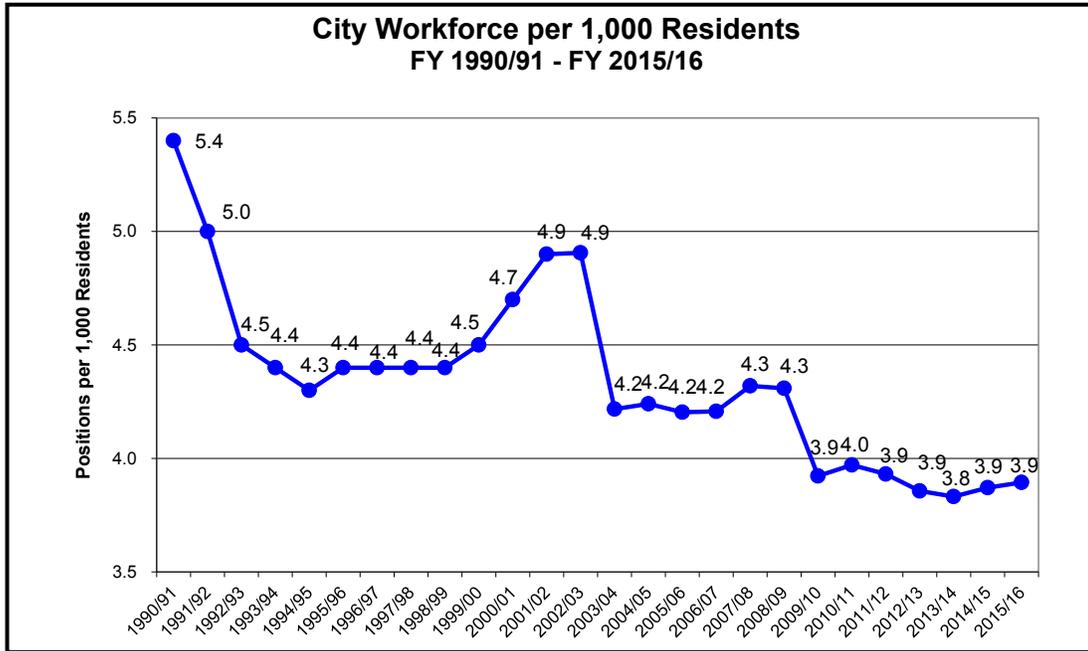
The Public Works Department staffing level for FY2015/16 is 2.03 FTEs more than the FY2014/15 level. The change is attributed to the overall increase in development activity in the City and the passage of Measure BB, resulting in additional project funding.

The administrative departments staffing level for FY2015/16 is 3.25 FTEs more than the FY2014/15 level. This change is attributed to an overall increase in support required for line departments.



Historical Perspective

City staffing has remained relatively constant over the past 20 years despite population growth of approximately 34,000 residents, or 17%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2015/16 budget authorizes 60 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 per 1,000 residents during economic recessions, 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. For FY 2015/16, the City has continued to address some of the items on the Unmet Needs list and added back important public safety needs, such as the addition of 3.0 FTE Police Officer positions. This budget continues the City’s modest staffing and related service levels even though the FY 2015/16 overall staffing level has been increased by 15.25 FTE (1.8%) positions compared to FY2014/15, primarily to match the steady increase in activity levels and growing demands at the City’s Development Center.

Staffing levels have also dropped 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

Staffing | Regular Position Summary

economic expansion later in the decade 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 4.2 FTE per 1,000 residents. The 2008/09 economic recession further reduced the City's per capita staffing. Authorized staffing is still at a modest level of 3.9 FTE per 1,000 residents level in the FY 2015/16, unchanged from FY 2014/15.

Staffing for comparable neighboring cities has declined since the FY 2008/09 economic recession. The Staffing Level Comparison table on the next page reveals that the City maintains an extremely low ratio of budgeted position to residents. Fremont's low staffing ratio is driven by resource limitations, yet continues to work due to prudent planning such as the strategic Fiscal Sustainability Action Plan and because of efficient City operations. 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 2014/15, the City of Fremont continues to have the lowest per capita staffing in the area.

Staffing Levels Relative to Other Communities

Positions per 1,000 Residents FY 2014/15				
City	2014 Population	Citywide Positions	Positions per 1,000 Residents	
Palo Alto	66,682	623	9.34	
Oakland	405,703	3,086	7.61	
Santa Clara	120,942	755	6.24	
Pleasanton	73,028	364	4.98	
San Jose	1,002,274	4,663	4.65	
Sunnyvale	146,724	663	4.52	
Union City	72,109	320	4.43	
Livermore	84,815	352	4.15	
Newark	43,821	173	3.96	
Fremont	224,116	864	3.86	

Source: FY 2014/15 published city budgets, financial reports & California Department of Finance Population Estimates for 2014.

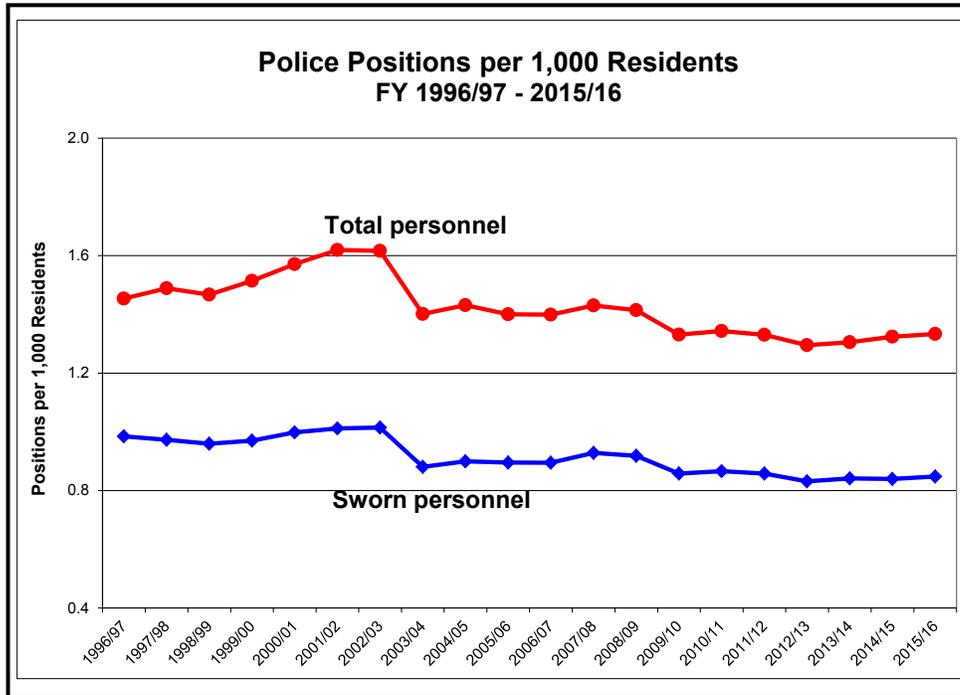
Note: Services provided by each community surveyed, and respective funding arrangements, vary widely among cities. The table reflects staffing levels in various communities, with the following adjustments to improve comparability with Fremont:

- Palo Alto:** total positions reduced by the number of positions supporting utility, wastewater, stormwater, refuse, and library services (not provided by the City of Fremont).
- Oakland:** total positions reduced by the number of positions supporting library services (not provided by the City of Fremont).
- Sunnyvale:** total positions reduced by the number of positions supporting library, water, wastewater, and solid waste services (not provided by the City of Fremont).
- San Jose:** total positions reduced by the number of positions supporting art, airport, library, city auditor, independent police auditor, and retirement services (not provided by the City of Fremont).
- Pleasanton:** total positions reduced by the number of positions supporting library services, water, and sewer storm water (not provided by the City of Fremont).
- Livermore:** total positions reduced by the number of positions supporting library, water, airport, and golf services (not provided by the City of Fremont).
- Newark:** although no adjustment has been made, it is noteworthy that fire protection services for Newark are provided by the Alameda County Fire Department (ACFD); therefore there are no staff budgeted by Newark for this function.
- Union City:** although no adjustment has been made, it is noteworthy that fire protection services for Union City are provided by the Alameda County Fire Department (ACFD); therefore there are no staff budgeted by Union City for this function.

Staffing | Regular Position Summary

Police

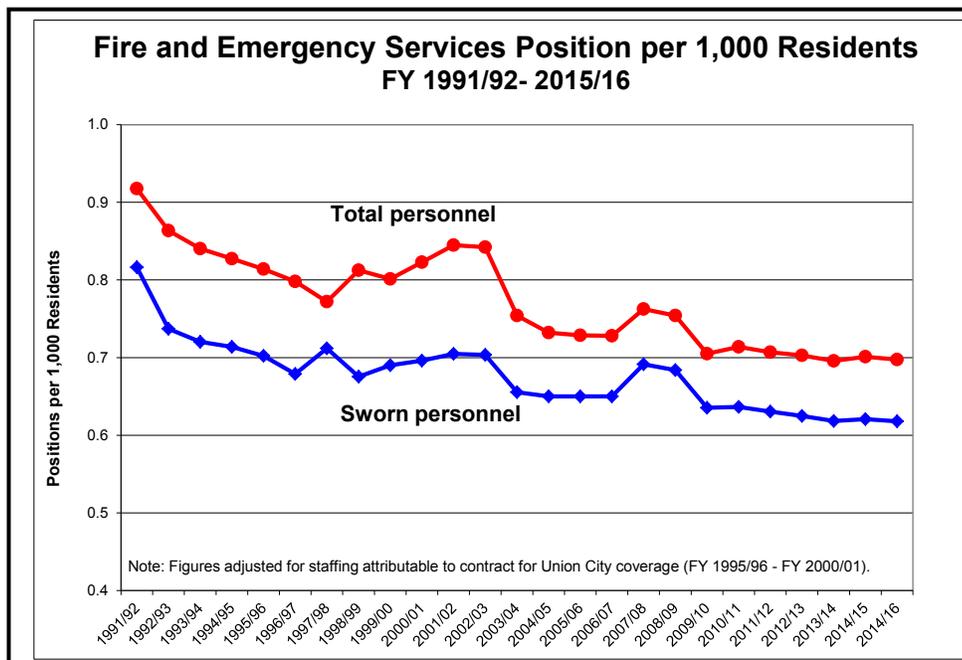
Police Department staffing has increased by 6.0 FTE positions, including 3.0 FTE Police Officer positions. The Consolidated Dispatch Program is now at full staffing with the addition of 2.0 FTE positions. The remaining 1.0 FTE is a Police Captain. The current level remains low, at a per capita staffing of 0.85 sworn officers per 1,000 residents. This represents 15% 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 below.



Fire

Fire Department staffing has increased by 1.0 FTE Fire Division Chief position. The number of sworn positions remains at 0.6 firefighters per 1,000 residents. As illustrated by the graph below, 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 2015/16, Fremont continues to have 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.



Staffing | Regular Position Summary

Maintenance

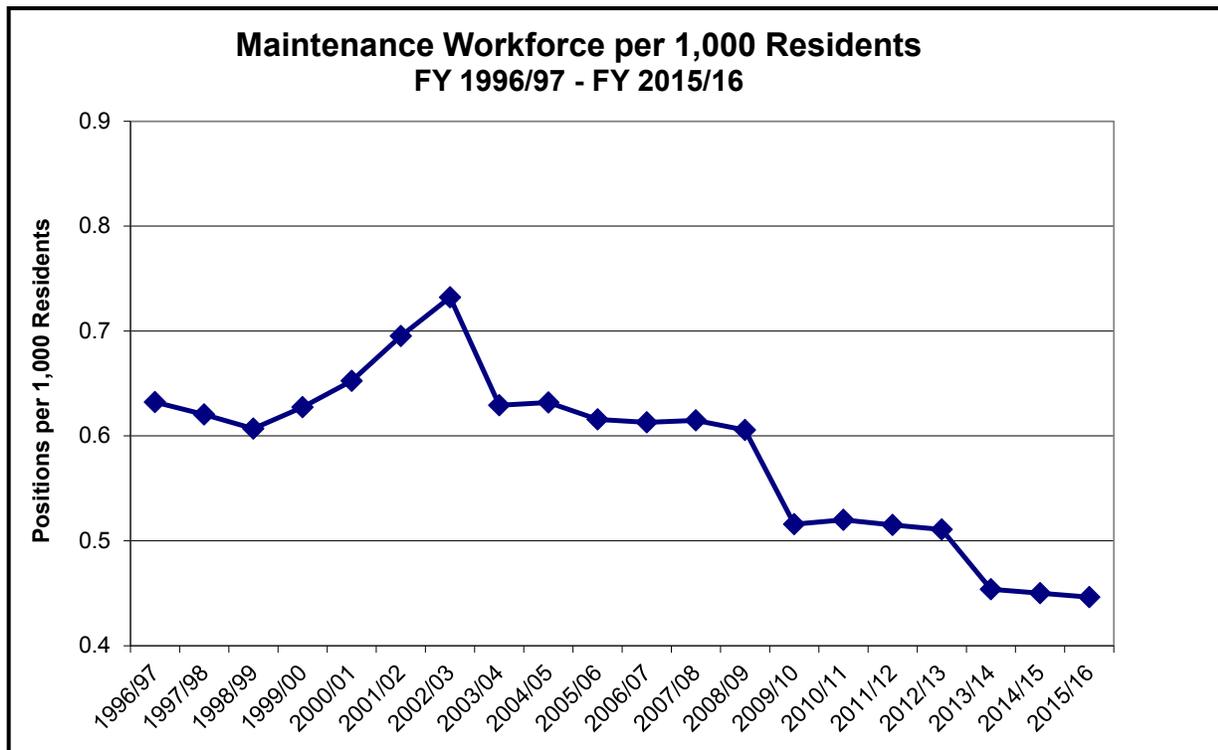
Low staffing remains a hindrance to City efforts to maintain its parks, urban forestry, streets, and public buildings.

Maintenance staffing relative to population has decreased substantially over time. Conversely, maintenance demands related to public buildings, streets, and parks have grown tremendously. The following table illustrates this growth:

FY 2015/16 Maintenance Statistics			
Asset	FY 1993/94	FY 2015/16	Percent Change
Public Buildings	581,500 sq. ft.	953,537 sq. ft.	64%
Streets	778 lane miles	1,100 lane miles	41%
Park Land	810 acres	1,214 acres	50%

The 0.4 maintenance workers per 1,000 residents for FY 2015/16 is the lowest ratio for these services in the City's history.

In FY 2015/16, the City continues to fund some maintenance items on the Unmet Needs list. Maintenance service capacity remains diminished for the foreseeable future due to limited resources. Albeit at a slower pace, the community continues to experience further deterioration in its road conditions, sidewalks, and reductions in sign repairs, lane striping, legend painting, and other services.



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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 actions of 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 financial 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 as well as 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

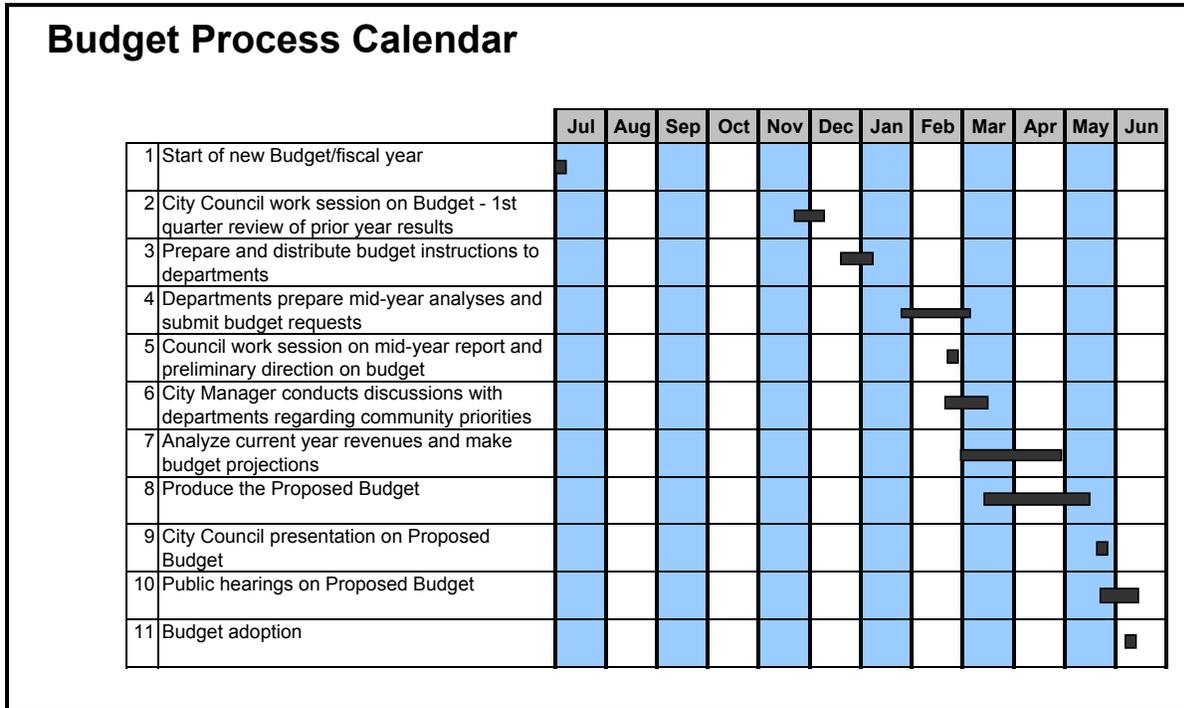
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 each year. Although 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 before that. 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/December, 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 that typically takes place in February or March, 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 document are available to the public at public hearings, and they are also available in the City Clerk's Office, 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.

Policies & Glossary | Policies and Practices

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 presentations and public hearings, or meeting with City staff. Quarterly presentations to review the City’s budget and discuss relevant policy issues are held at regular City Council 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 are televised on the local cable access channel and streamed over the internet.

The City Council heard a presentation of the City Manager’s proposed FY 2015/16 budget at a televised meeting on May 19, 2015. Televised public hearings were held on June 2 and June 9, 2015.

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 Council adopted the latest General Plan update on December 13, 2011. The General Plan can be referred to as a city’s “constitution” for growth and development and the policy foundation upon which all development and land use decisions are based. Each general law city and county in California is required to have a General Plan that addresses specific elements as identified by the State. It contains long-term goals that set the framework for the City’s development and conservation of natural resources, and the implementation actions that will move the City towards achievement of those goals. It is the official adopted policy regarding the future location, character, and quality of physical development, and conservation of the natural environment.

The Fremont General Plan establishes a new twenty-five year vision for the community based on technical and legal requirements, extensive discussions with the community, and policymaker input. The new plan aims for an “even greater” Fremont, including a flourishing downtown, increased jobs to match an increasing resident workforce, a variety of housing types, and thriving, pedestrian-oriented commercial districts. This plan also addresses the overarching vision of Fremont as a “green” city through goals and policies to meet climate change objectives, reduce solid waste, and enhance the pedestrian and cycling network.

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, 2015, and appropriates funds for projects and maintenance activities for FY 2015/16 and FY 2016/17. Therefore, the capital funding information included in the Operating Budget is for display purposes only; the “budget” for capital funds was adopted with the FY 2015/16 - 2019/20 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 2015/16 – FY 2019/20 CIP began during the summer of 2014. Appropriations will reflect any changes in other City funding capabilities. Conversely, the capital projects adopted in the FY 2015/16 – FY 2019/20 CIP will inform the FY 2015/16 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 and sales tax comprise 73% of the General Fund. 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 and 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, 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 changes 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 is intended to 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 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 203). This operating budget for the 2015/16 fiscal year was adopted on June 9, 2015. The fiscal years before FY 2015/16 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2015/16.

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 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.

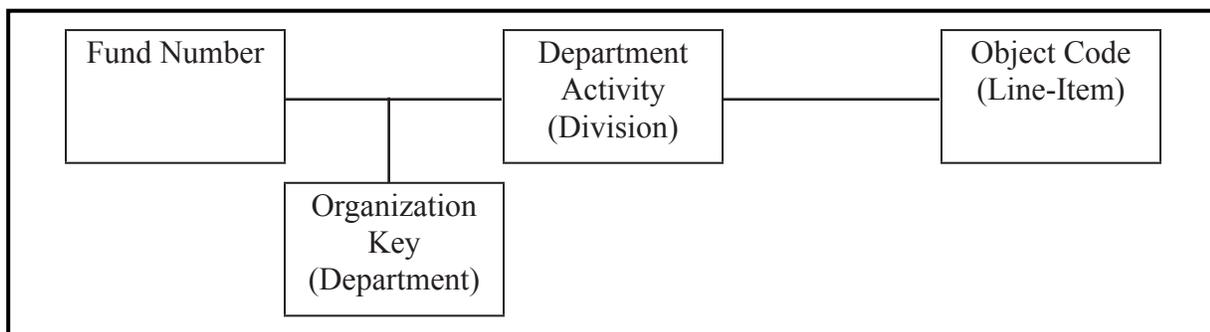
In the Required Supplementary Information section of the CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. These comparisons, made for the General Fund, the 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, 2014, may be obtained on the City's website at www.fremont.gov, or by contacting the City's Finance Department. The CAFR for the fiscal year ending June 30, 2015, will be available no later than December 31, 2015.

Expenditures are budgeted in 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 specific 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 due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. The City Manager may also 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. 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 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 completed the upgrades to I-880 through Fremont years earlier than would have otherwise been the case. 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. The impacts of maintenance and operational costs are balanced with the cost of acquiring or developing parkland, 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, bankers 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 Other 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 other 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 employee's 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 four reserves: the Contingency Reserve, the Program Investment Reserve, the Economic Volatility 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
- Human Services Special Revenue Fund Contingency 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 Economic Volatility Reserve

The City will maintain an Economic Volatility Reserve to offset the effects of future economic downturns and offset unanticipated cost increases beyond the City's control (including increases in fuel and utility prices, and changes to the CalPERS employer rates resulting from possible changes to the discount rate and updated actuarial demographic data assumptions).

The Economic Volatility Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Economic Volatility Reserve must be approved by the City Council. Any such uses are to be repaid to the Economic Volatility 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 11, 2013)

General Fund Budget Uncertainty Reserve

The Budget Uncertainty Reserve is intended 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 deficits. 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, 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 8% 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 10, 2014)

Development Cost Center Technology and System Improvement Reserve

The City Council may appropriate an annual contribution from the Development Cost Center to the 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 is 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)

Human Services Special Revenue Fund Contingency Reserve

City Council policy is to maintain a Human Services Special Revenue Fund Contingency Reserve to help mitigate the effects of economic downturns and natural disasters, and to maintain flexibility in staffing or program levels during times of temporary decreases in grant or contract funding. The contingency reserve will be funded at a level at least equal to 15% of the Human Services Special Revenue Fund annual operating expenditures and transfers out. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the reserve over a period of no more than three years. (Adopted by the City Council on June 12, 2012)

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. 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 15% 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 and revised on June 12, 2012)

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 the following:

- 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 for the fiscal year in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year year-end financial report. (Adopted by the City Council on June 10, 2014)

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 for the fiscal year in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year year-end financial report. (Included in the annual resolution in prior years and adopted by the City Council on June 10, 2014)

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 3.25. It could be subsequently modified.

Debt Capacity, Issuance and Management

Short-Term Operating Debt

Current revenues will cover 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 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:

1. 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.
2. 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:
 - a. The purpose for which the loan or advance is being made.
 - b. The identification of both the lending and borrowing fund, or funds.
 - c. The dollar amount of the loan or advance.
 - d. The maturity date on which all principal together with all accrued and unpaid interest will be due and payable.
 - e. The scheduled dates and amounts of all principal and interest installment payments.
 - f. The applicable nominal interest rate or discount rate.

- g. The borrowing fund's right to make full prepayment at any time without penalty.
 - h. The source or sources from which the borrowing fund or funds is expected to repay the loan or advance.
3. 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.
 4. 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).
 5. 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, or any of them (collectively, the City and/or its affiliated agencies).
 6. 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).
 7. 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) or trust funds.

(Adopted by the City Council 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). The following provisions guide the City's consideration of issuing long-term debt:

1. The City uses debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:

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- 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 are used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
 - a. Factors that 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 that 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 are 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 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 will 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 City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation, and disclosure.
7. 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.).
8. 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.
9. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.
10. 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.
11. 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.
12. 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).
13. 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.
14. 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.

15. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, but 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.
16. The term of the long-term debt instrument will not exceed the useful life of the asset or thirty years, whichever is less.
17. 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.
18. 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. Special Assessment Bonds or Special Tax (Mello-Roos) Bonds – Bonds are issued to construct public facilities and infrastructure, or provide public services, within a special assessment or community facilities district. A majority vote of property owners or residents within the district is required to approve a special assessment or special tax and issue bonds. In the case of a special assessment district, the assessment amount is proportional to the benefit attributable to the property owner. In a community facilities district, the special tax is levied pursuant to a “rate and method of apportionment” that defines the special tax formula for each property type. In the event of a default, bondholders do not have recourse to the City’s General Fund.
5. 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.
6. 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.
7. 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.
8. 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 operating 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 the 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, appropriated in the adopted budget 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 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.

Budget Principles

Principles used by the City Council and staff to guide development of budgets. For the City of Fremont, these principles fall into three primary categories: General Fund Preservation, Reduce the Cost of Doing Business, and Revenue Generation.

California Public Employees' Retirement System (CalPERS)

The retirement system, administered by the State of California, to which all regular 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 department budgets depending on whether the capital asset to be acquired is part of the City's long-term capital improvement 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 third 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 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.

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. Encumbrances cease to exist when the obligations are paid or terminated.

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

A contribution or gift 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 (CDBG) 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, such as roads, sidewalks, parks and public buildings.

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, similar to a private business. These funds recover their costs through user charges. The Information Technology Services (ITS) and Risk Management funds account for the Information Technology services and Risk Management services provided to other City departments on a cost reimbursement basis. An Internal Service Fund is one type of proprietary fund.

Local Improvement District (LID) Bonds

Bonds paid for by special assessments on benefiting property owners for specific capital improvements, generally infrastructure.

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.

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

A four-digit number 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 operating 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 are shown as operating transfers.

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.

Performance Measurement

A process for collecting and reporting information regarding performance. It can involve looking at processes/strategies in place, as well as whether outcomes are in line with the intent of the activity.

Performance Measures

Quantitative measures that provide information about products, services, and the processes that produce them. They are a tool to help understand, manage, and improve the services an organization provides.

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 its review, is approved and then becomes the adopted budget.

Proprietary Funds

City of Fremont activities that operate in a manner similar to private enterprises. Revenues are derived from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

Resolution

A special order of the City Council, with a lower legal standing than an ordinance.

Revenues

Revenues include tax proceeds and 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 regular 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 fee-funded activities provided for the benefit of the general public (such as when the General Fund transfers money to the Development Cost Center).

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Resolutions

RESOLUTION NO. 2015-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2015 THROUGH JUNE 30, 2016

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2016, entitled “City of Fremont, Fiscal Year 2015/16 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 sessions, and has deliberated and considered the Proposed Budget during public hearings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT
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 fiscal year July 1, 2015 through June 30, 2016. The final budget shall be the “City of Fremont, Fiscal Year 2015/ 16 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.

SECTION 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 increase appropriations for fiscal year 2015/16 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2014/15. The actual amount of the increased appropriations due to encumbrances will be reported to the City Council as part of the fiscal year 2014/15 year-end financial report.

SECTION 6. 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 fiscal year 2015/16 expenditures in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year 2015/16 year-end financial report. The multiplier used to calculate billing rates for planning services and engineering services provided by the Development Services cost center will remain at 3.25.

SECTION 7. 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 fiscal year 2015/16 expenditures in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year 2015/16 year-end financial report.

SECTION 8. 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 fiscal year 2015/16 expenditures in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year 2015/16 year-end financial report.

SECTION 9. 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 fiscal year 2015/16 expenditures in an amount not to exceed the amount of increased revenue. Approval of 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 fiscal year 2015/16 year-end financial report.

SECTION 10. The City Manager is authorized to appropriate and transfer funds from the General Fund, or other funds from which personnel costs are budgeted, to the Risk Management Fund in the amounts necessary to maintain adequate funding of the workers' compensation and general liability reserves based on the actuarial valuation reports for these programs as of June 30, 2015, to the extent that the necessary amounts are available as unencumbered ending fund balance.

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 \$7,500, and the Mayor is authorized \$12,500, 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.

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SECTION 14. This resolution shall take effect immediately upon its adoption.

ADOPTED, June 9, 2015, by the City Council of the City of Fremont, by the following vote:

AYES: Mayor Harrison; Vice Mayor Chan, Councilmembers Bacon, Mei and Jones

NOES: None

ABSENT: None

ABSTAIN: None



Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

RESOLUTION NO. 2015-35

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT
ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR
2015/16 FOR THE CITY OF FREMONT**

WHEREAS, Article XIII B 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 fiscal year 2015/16 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 RESOLVES AS FOLLOWS:

SECTION 1. Pursuant to the appropriations limit formula set forth by Government Code Sections 7900-7913, the City Council does hereby establish the appropriations limit for fiscal year 2015/16 for the City of Fremont as \$607,779,569, as documented in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth.

SECTION 2. The City Council of the City of Fremont adopts as the adjustment factors for use in determining the fiscal year 2015/16 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 2015.

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Inflation Factor: The percentage change in California per capita personal income as provided in the State of California Department of Finance “Price and Population Information” publication, dated May 2015.

ADOPTED June 9, 2015, by the City Council of the City of Fremont, by the following vote:

- AYES: Mayor Harrison, Vice Mayor Chan; Councilmembers Bacon, Mei and Jones
- NOES: None
- ABSENT: None
- ABSTAIN: None



Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


Assistant City Attorney

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