CITY OF
Fremont
California

Fiscal Year 2016/17 Adopted Operating Budget

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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, 2015.

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

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City of Fremont

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For the Fiscal Year Beginning

July 1, 2015

Executive Director

Acknowledgments

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

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Guide to the Document

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

Document Organization

Budget Overview

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

Summary Information

This section of the document presents an overall picture of the City and the budget. It includes an organization chart, a description of the community, summary financial tables, a summary of citywide staffing changes associated with the budget, and documentation of the City's compliance with State statutes and City policies regarding total expenditures and debt. This 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.

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 2016/17 Budget.

Total General Fund budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of $183.1 million. The FY 2016/17 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 86% when overhead costs required to support these functions are allocated. The FY 2016/17 budget is 1.2% greater than last year's estimated actual expenditures. When one-time items are factored out, the increase is 4.0%.

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 2016/17 Fiscal Outlook
- The Current Economic Update
- Key Budget Assumptions
- Discussion of Unmet Needs
- Major City Initiatives

FY 2016/17 Fiscal Outlook

Looking ahead to FY 2016/17, staff anticipates that the national economy will continue to grow at a moderate pace. The local economy continues to expand, 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 $80.0 million in FY 2015/16, and staff projects those revenues will increase to $85.1 million in FY 2016/17, an increase of 6.5%. The City's FY 2016/17 property tax revenues are based on assessed property values as of January 1, 2016. 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 2016/17 tax roll is an increase of 1.525%. Three additional factors are contributing to the projected growth in

property tax: first, the local real estate market continued to perform well in 2015, with strong sales activity and prices continuing to climb; second, new construction activity is adding value to the tax roll; and third, 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 $47.9 million in FY 2015/16 declining to $47.1 million in FY 2016/17, a decrease of 1.6%. Approximately $3.0 million of the FY 2015/16 amount, however, is one-time revenue attributable to the restoration of the City's full 1% sales tax and the end of the annual "triple flip" advances and adjustments from the State. Without that distortion, sales tax revenues would be estimated to grow approximately 4.9% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with the building and construction, restaurants and hotels, and general consumer goods sectors 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 $27.2 million, results in a total reserve level of 17.0% of budgeted expenditures and transfers out for FY 2016/17. 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 2016/17 budget anticipates ending the current fiscal year with $2.4 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 suggest that growth may be decelerating. Following strong performance in the second quarter of 2015 (annual rate of 3.9%), growth in Gross Domestic Product (GDP) has slowed over the following three quarters, with an advance estimate of 0.5% for the first quarter of 2016. The seasonally-adjusted unemployment rate for April 2016 remained at 5.0%, having stabilized at approximately that level over the last seven months. The lackluster economic data appears to be reflected in consumer sentiment. According to Lynn Franco, Director of The Conference Board Consumer Research Center, "Consumer confidence continued on its sideways path, posting a slight decline in April, following a modest gain in March… Consumers' assessment of current conditions improved, suggesting no slowing in economic growth. However, their expectations regarding the short-term have moderated, suggesting they do not foresee any pickup in momentum."

The press release from the most recent meeting of the Federal Reserve Open Market Committee on April 27, 2016, notes that "labor market conditions have improved further even as growth in economic activity appears to have slowed.… The Committee currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will continue to strengthen. Inflation is expected to remain low in the near term, in part because of earlier declines in energy prices, but to rise to 2 percent over the medium term as the transitory effects of declines in energy and import prices dissipate and the labor market strengthens further." According to Beacon Economics, GDP is expected to grow in the 2.5% range

during the forecast period, with the unemployment rate improving just slightly from its current level. The determinants of inflation – employment and wage growth, industrial capacity utilization, and energy prices – are all projected to remain relatively low during the forecast period.

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 2016/17 proposed budget:

1. The local economy will continue to expand during FY 2016/17, resulting in total General Fund resources (revenues and transfers in) increasing by 3.2% over estimated actual resources in FY 2015/16. Adjusting for the $3.0 million of one-time sales tax revenue in FY 2015/16, resources would be growing at a rate of 4.9%.

2. The costs of the FY 2016/17 proposed budget will be covered by projected resources, without requiring the use of reserves to balance the budget. The FY 2016/17 budget is 1.2% greater than last year's estimated actual expenditures. When one-time items are factored out, the increase is 4.0%.

3. The proposed budget allocates approximately $1.2 million of the projected $2.4 million FY 2015/16 ending fund balance to address FY 2016/17 one-time expenditures. As part of the FY 2015/16 Year-End Update in Fall 2016, staff will bring forward recommendations for allocating any additional ending fund balance to address one-time priority projects or programs.

4. Total expenditures in the FY 2016/17 proposed budget include a savings assumption of $6.9 million (approximately 3.8% of total budgeted expenditures and transfers out in FY 2016/17) 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 $724,000 to offset the additional appropriations required by debt covenants with respect to the City's variable rate debt.

5. The FY 2016/17 proposed budget includes CIP funding for streets and facilities maintenance, as well as the City's Downtown Plan and Warm Springs/South Fremont Innovation District.

6. 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 17.0%. 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).

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 commitment to improving traffic safety through implementation of the Vision Zero program and its continued move toward greater environmental sustainability. 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. The FY 2016/17 proposed budget includes allocations to increase library hours, as recommended by the Library Commission, and to increase funding for social services grants, as recommended by the Human Relations and Senior Citizens Commissions. In future years, the City's funding needs will include additional public safety staffing, upgrades to maintain compliance with the Americans with Disabilities Act, and technology investments to improve the City's fiber infrastructure, provide greater data access to the public, and ensure emergency communications functionality. **These examples serve 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**.

Major City Initiatives

Although the 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/South Fremont BART station, located just northeast of the Tesla Factory, is scheduled to open in 2016. 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 and future 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. These achievements have been faciliated by City staff prioritizing Tesla's success.

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.

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 and the final design of the bridge and plaza were approved by City Council May 3, 2016.

A partnership with BART is also being defined and was solidified in early 2016 through an Agreement Memorandum of Understanding that will define the roles and responsibilities of both the City and BART in relation to the design, construction, 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, 2,214 residential units including 290 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 2016. In addition, Toll Brothers and Valley Oak have both received recent Council approval for a total of 1,786 additional residential units, including 234 affordable rental units, 330,000 square feet of commercial/class A office space, a hotel, incubator/accelerator space, and live/work units. Construction for these projects is anticipated to begin in late 2016 and early 2017.

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/ SummerHill have entitled the Downtown's first mixed use project which entails 157 ownership housing units including condos, stacked flats, and row homes. In addition, the project includes 21,000 square feet of critical ground floor retail space that will set the tone for the vibrant pedestrian environment the vision supports. Another highlight is the completed extension of Capitol Avenue between State Street and Fremont Boulevard setting the tone for the multi-modal, pedestrian retail spine that will be a catalyst for attracting additional private investment. Construction is underway for the remainder of Capitol Avenue improvements which are scheduled to be completed in early Fall 2016.

In addition, the City has begun to explore the development of the Civic Center, which will be located in the heart of the Downtown and provide a public realm designed to provide a gathering place for governmental and community activities. 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: Fremont's economic development strategy continues to evolve, leveraging areas of industry growth that rely on the City's core economic strengths. Diversification of our sales tax base continues in several key areas outlined below.

Retail Activity: Leasing activity has been robust at Pacific Commons, the City's largest retail center, and one of the largest power centers in the country at over 1 million square feet. New openings included Cream, Dish 'N Dash, Bennigans, Boneheads, Pancheros Mexican Grill, and northern California's first location for Total Wine & More. One additional pad building is under development at The Block, which will complete construction of the project. Meanwhile, the center's management, Vestar Properties, continues to identify opportunities for additional 'placemaking' elements, including outdoor amenities and programmed events.

As development of the Downtown progresses, retail interest is strong. New retailers like Yalla, Boudin, and Mod Pizza were attracted to the city center's strong fundamentals – pedestrian-friendly and population/employment density. With the pending construction start of the State Street mixed-use project, the leasing team is actively marketing this retail opportunity and the preliminary indication is that it will address the pent up demand for new retail space.

Outside of these two core retail nodes, there is additional retail activity that should be mentioned. Centerville's Artistwalk project is under construction, with nearly 28,000 square feet of retail, which is currently for lease. Again, the preliminary indication is that interest is strong and will help strengthen the district's commercial environment on Fremont Boulevard. And in South Fremont, the former CityBeach facility has been purchased by Campo di Bocce, a well-known attraction in both Los Gatos and Livermore. The owner has expressed excitement about locating in Fremont where they can better serve the strong market between their two other facilities in the region.

Finally, auto sales continue to be a major driver of sales tax revenue for the City. Two new dealerships have joined Fremont's successful Auto Mall: Subaru (2016) and Audi (2017). Carmax is currently constructing its new facility on Christy Street, just off I-880. With these additions, the Auto Mall is completely full, suggesting the need for additional appropriately-zoned property.

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 approximately 40 clean-tech companies, such as electric car builder Tesla Motors, NexTracker, and Soraa. Last year, Fremont also welcomed SolarCity, who began operating in their new pilot production facility. 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's retention-oriented economic development strategy continues to 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)
- Seagate (purchase and retrofit of Solyndra building)
- Solar City (completed renovation of a 200,000 square foot former Solyndra building)
- Tesla (leased additional facilities outside the main factory, totaling approximately 1,000,000 square feet)

Retention efforts have been bolstered by an aggressive business appreciation program, with nearly 150 visits occurring last year covering a wide variety of industries and small businesses. New business activity was extremely active over the last year, particularly in Ardenwood, where the spillover from Peninsula markets is having a significant impact. A small sample of new Fremont companies includes TE Connectivity, Bay Materials, Gooch and Housego, and myoscience.

The wave of new "Class A" industrial development is ongoing in Fremont and has totaled nearly two million square feet, reflecting strong market demand for space that can accommodate a variety of uses in the manufacturing ecosystem. Prologis now joins Overton Moore Properties, Westcore, and Panattoni, as they near completion of a new 600,000 square foot project. With the "Internet of Things (IoT)" phenomenon permeating all industries, Fremont's ability and expertise in accommodating hardware users is positioning the City as a leader in this segment of the economy. So much so, that in early 2016, the Brookings Institution selected Fremont as the location for its Silicon Valley symposium on a recently published report about 'Advanced Industries.' In addition to meeting 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 brand the Fremont Innovation District (FID) have made good progress. The conceptual design of wayfinding signage for the District is complete and the 'Innovation District' label is now commonplace in media references to the area. 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 active feedback mechanisms. We have also developed messaging campaigns through the use of infographics. This year, we will launch two new infographics: one on the Bay Area biomedical manufacturing landscape and another one that celebrates the new Warm Springs BART Station.

Capital Projects: Despite the challenges in the City's General Fund, the City continues to pursue a variety of major capital projects that will help address regional traffic congestion, improve safety, and enhance Fremont's economic development opportunities. 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 5-mile extension of BART to South Fremont/Warm Springs is scheduled to open in 2016, and the additional 10-mile extension into San Jose is scheduled for completion in late 2017.
- Measure BB investments are helping to improve local pavement conditions, enhance the City's bike facilities, and build safer walking routes to schools. Additional funds are expected in FY 2016/17 to begin construction of the Warm Springs BART Station West Access Bridge.
- Under the Fremont Vision Zero program, various funding and staff resources were strategically aligned to focus on traffic safety improvements such as pedestrian signals, brighter street lighting, speed lumps for neighborhood traffic calming, traffic safety education, and data driven traffic enforcement.

- Additionally, Downtown Fremont's new "main street" along Capitol Avenue is being extended from State Street to Paseo Padre Parkway with construction completion scheduled for Fall 2016.

Legislative Advocacy: The City has continued to be 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. 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 – remains proven as an effective instrument for garnering broad support, protecting local control, and creating alliances that work to resolve regional challenges.

Conclusion

Fremont prides 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 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

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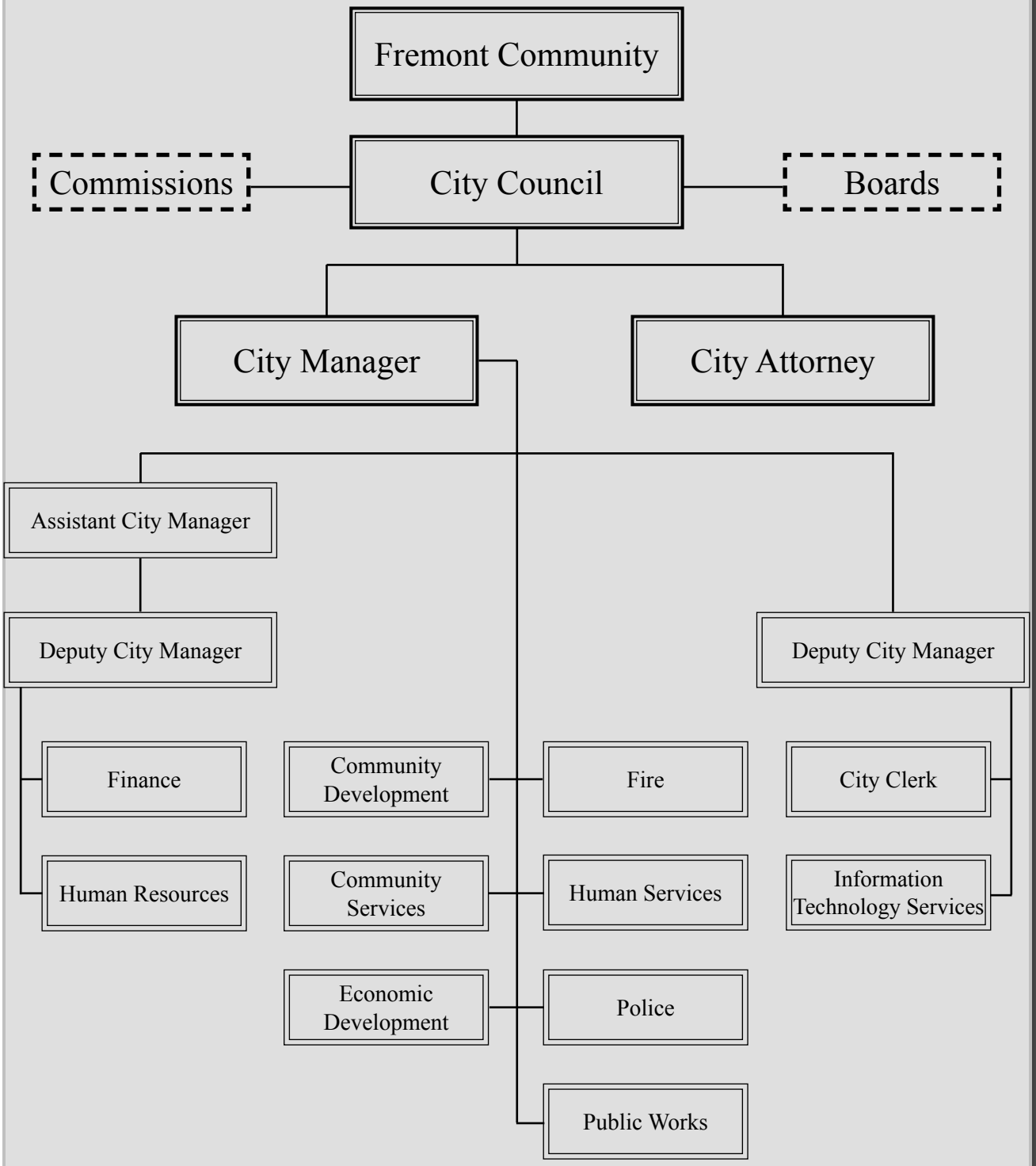
Summary Information

City of Fremont Organization Chart
Fiscal Year 2016/17



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 229,324, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 97th among the most populous cities in the nation according to the US Census Bureau. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 60 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.

CITY OF Fremont

Population: 229,324 Elevation: 56 feet

Government

Incorporated January 23, 1956

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

Number of Directly-Elected Mayors (since 1978): 7

Number of City Managers since Incorporation: 7

Full-time Employees FY 2016/17[1]	
Community Development	70.05
Community Services	90.76
Economic Development	4.00
Fire	159.00
General Government	85.92
Human Services	60.55
Police	306.50
Public Works	124.53
Total	**901.31**

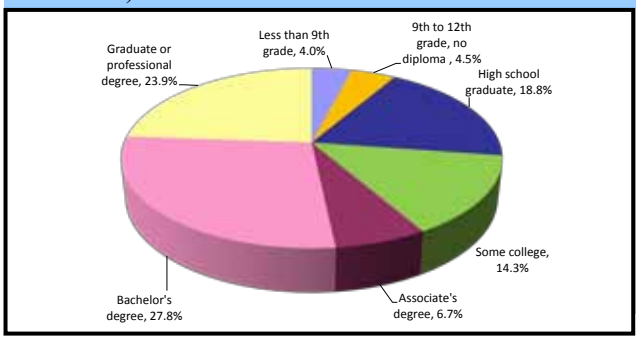
Demographics

Population[2]	
1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2010	214,089
2016	229,324

Land Area: 92 square miles

Climate[3]
Average Temperature: 60°F (15.6°C)
Average Annual Precipitation: 15.19”

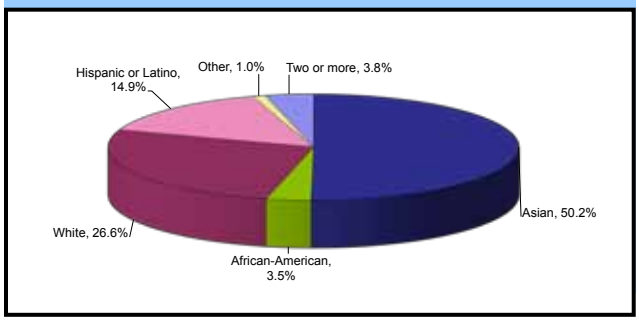
Level of Educational Attainment (of people 25 years and older)[4]



Median Age[4]: 37.4

Mean Household Income (2014 projection)[4]: $122,788

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

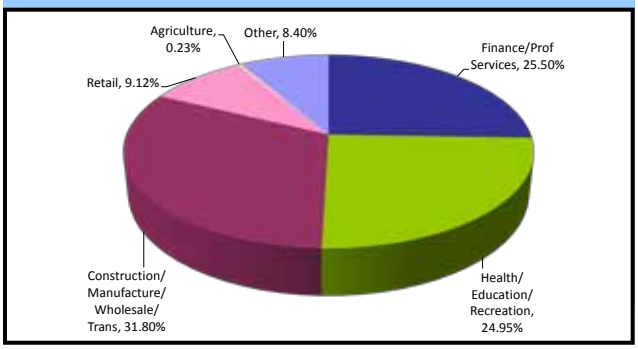


Business

Major Employers (listed by alphabetical order)[5]

Asteelflash
Boehringer Ingelheim
City of Fremont
Electroniss For Imaging (EFI)
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

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



Community Services

City Resources	
Family Resource Center	1
Parks	61
Senior Center	1
Community Centers	5
Fire Stations	11

Education

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

FUSD Average SAT I Score[6]: 1770

Ohlone College is a public, two-year, open-admission community college with an average enrollment of 26,000 students per year[7].

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 2016/17 Adopted Operating Budget, City of Fremont

[2] California State Department of Finance

[3] The Weather Channel

[4] U.S. Census Bureau, 2010-2014 American Community Survey

[5] City of Fremont, Economic Development Department

[6] California Department of Education

[7] 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 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	$ 85,116	$ -	$ -	$ -	$ 85,116
Sales Tax	47,143	-	1,811	-	48,954
Business Tax	9,916	-	-	-	9,916
Hotel/Motel Tax	9,165	-	-	-	9,165
Property Transfer Taxes	1,841	-	-	-	1,841
Paramedic Taxes	1,171	-	-	-	1,171
Franchise Fees	9,978	-	-	-	9,978
Charges for Services	6,636	33,266	10,027	300	50,229
Fines	2,644	-	-	-	2,644
Use of Money and Property	1,208	303	158	679	2,348
Intergovernmental	317	-	6,829	11,152	18,298
Other Revenues	452	1,467	11,385	17,402	30,706
Total Revenues	**175,587**	**35,036**	**30,210**	**29,533**	**270,366**
Total Transfers In	6,334	7,516	5,490	5,968	25,308
Resources Available: (Revenues plus Total Transfers In)	**181,921**	**42,552**	**35,700**	**35,501**	**295,674**
Expenditures					
General Government	14,885	-	-	-	14,885
Police	73,575	-	980	-	74,555
Fire	46,343	1,470	179	-	47,992
Public Works:					
Engineering	-	11,141	-	-	11,141
Maintenance	15,102	-	-	1,200	16,302
Community Development:					
Planning	-	4,205	-	-	4,205
Building and Safety	-	7,726	-	-	7,726
Community Preservation	1,478	-	132	-	1,610
Housing	-	-	15,442	-	15,442
Human Services	-	768	13,333	-	14,101
Community Services:					
Recreation	-	9,358	26	-	9,384
Maintenance	7,942	-	-	-	7,942
Landscape	-	1,440	-	-	1,440
Environmental Services	-	-	9,509	-	9,509
Non-departmental	3,282	1,084	-	20,413	24,779
Less: Citywide Savings	(6,900)	-	-	-	(6,900)
Debt Costs	7,163	-	487	-	7,650
Total Expenditures	**162,870**	**37,192**	**40,088**	**21,713**	**261,863**
Total Transfers Out	18,881	4,133	1,408	886	25,308
Resources Used: (Expenditures plus Operating Transfers Out)	**181,751**	**41,325**	**41,496**	**22,599**	**287,171**
Net Results of Operations: (Resources Available less Resources Used)	**170**	**1,227**	**(5,796)**	**12,902**	**8,503**
Beginning Fund Balance - 6/30/16 (est.)	**31,979**	**26,925**	**38,857**	**25,708**	**123,469**
Fund Balance - 6/30/17 (est.)	**$ 32,149**	**$ 28,152**	**$ 33,061**	**$ 38,610**	**$ 131,972**

Citywide Position Changes Overview

The total authorized regular staffing level of 901.31 for FY 2016/17 has increased by 10.00 full time equivalents (FTEs) from the FY 2015/16 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 due to a variety of factors. The City has taken steps to strategically address its Public Safety needs including adding two Community Services Officers. 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 FY 2016/17 is 2.0 FTEs more than the FY 2015/16 level. The increase is attributed to the increased activity in Housing with the addition of 1.0 FTE Planner I, and increased activity at the Development Center with the addition of 1.0 FTE Office Specialist in the Planning Division.

The Fire Department staffing level for FY 2016/17 is 1.0 FTE more than the FY 2015/16 level. The increase is a result of the addition of 1.0 FTE Senior Hazardous Material Specialist.

	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17
PUBLIC SAFETY						
Fire	152.500	153.000	154.000	157.000	**158.000**	**159.000**
Police	287.000	282.000	287.500	296.500	**303.500**	**306.500**
TOTAL	439.500	435.000	441.500	453.500	**461.500**	**465.500**
OTHER COMMUNITY SERVICES						
Community Development	60.750	61.000	57.300	60.300	**68.050**	**70.050**
Economic Development	3.650	4.000	4.000	4.000	**4.000**	**4.000**
Human Services	54.500	56.500	58.150	59.925	**60.550**	**60.550**
Public Works	109.235	110.235	111.610	117.610	**121.530**	**124.530**
Community Services	93.430	94.410	88.510	90.010	**90.760**	**90.760**
Housing and Redevelopment	12.100	0.000	0.000	0.000	**0.000**	**0.000**
TOTAL	333.665	326.145	319.570	331.845	**344.890**	**349.890**
ADMINISTRATIVE SYSTEMS						
City Manager's Office	6.250	6.800	8.800	9.300	**9.800**	**10.800**
City Attorney	9.420	9.670	9.920	9.920	**9.920**	**9.920**
City Clerk	4.200	4.200	4.200	4.200	**3.950**	**3.950**
Finance	21.550	21.750	22.750	22.750	**24.000**	**24.000**
Information Technology Services	19.900	22.000	22.000	22.000	**23.000**	**23.000**
Human Resources	14.000	14.000	14.000	13.500	**14.250**	**14.250**
TOTAL	75.320	78.420	81.670	81.670	**84.920**	**85.920**
CITYWIDE TOTAL	**848.485**	**839.565**	**842.740**	**867.015**	**891.310**	**901.310**

* Total number of positions anticipated at the end of June 2016.

The Police Department staffing level for FY 2016/17 is 3.0 FTEs more than the FY 2015/16 level. This increase is due to the addition of 2.0 FTEs in Community Services Officers and 1.0 FTE Equipment Room Supervisor.

The Public Works Department staffing level for FY 2016/17 is 3.0 FTEs more than the FY 2015/16 level. The change is attributed to the overall increase in development activity in the City with the addition of 1.0 FTE Engineering Technician, and the increase in Integrated Waste Management with the addition of 2.0 FTE Street Maintenance Workers.

The administrative departments staffing level for FY 2016/17 is 1.0 FTEs more than the FY 2015/16 level. This change is attributed to the 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 2015 and 2016

	2015	2016
General Obligation Bonds		
General Obligation Bonds, Election of 2002 Series C	$14,475,000	$14,125,000
General Obligation Bonds, 2012 refunding of Election of 2002 Series A	7,430,000	7,105,000
General Obligation Bonds, 2013 refunding of Election of 2002 Series B	21,305,000	20,580,000
Total General Obligation Bonds	**43,210,000**	**41,810,000**
Certificates of Participation		
2008A Public Financing Authority (refi of 1990, 1991, 2003 COPs)	24,650,000	24,065,000
2008B Public Financing Authority (refi of 2002 COPs)	43,055,000	41,980,000
2010 Public Financing Authority	14,545,000	14,080,000
2012A Public Financing Authority (refi of 1998 COPs)	10,560,000	9,745,000
2012B Public Financing Authority (refi of 2001A and 2001B COPs)	27,690,000	26,165,000
General Fund Subtotal	**120,500,000**	**116,035,000**
1998 Public Financing Authority (Fremont Family Resource Center)	8,165,000	7,740,000
Total Certificates of Participation	**128,665,000**	**123,775,000**
2016 Energy and Water Efficiency Lease Financing	**-**	**9,100,000**
Total Debt Obligations	**$171,875,000**	**$174,685,000**

Annual Debt Service Requirements*

	City's Certificates of Participation / Lease Financing Source of Payment General Fund	City's Certificates of Participation - Source of Payment Family Resource Center	General Obligation Bonds Election of 2002 2009	General Obligation Bonds Election of 2002 2012	General Obligation Bonds Election of 2002 2013
FY 2016/17	$ 7,161,787	$ 532,404	$ 1,049,756	$ 546,075	$ 1,596,438
FY 2017/18	8,845,801	617,373	1,055,113	539,350	1,595,438
FY 2018/19	9,970,060	734,605	1,055,888	539,150	1,596,638
FY 2019/20	9,926,992	740,978	1,046,288	538,650	1,589,838
FY 2020/21	9,896,760	751,318	1,044,588	537,850	1,587,175
Thereafter 2021/22	129,688,378	5,970,087	18,485,175	6,473,044	21,704,019
Total Principal and Interest	175,489,179	9,346,765	23,736,806	9,174,119	29,670,294
Less Interest & Fees	50,354,179	1,606,765	9,611,806	2,069,119	9,090,294
Total Principal	$125,135,000	$ 7,740,000	$ 14,125,000	$ 7,105,000	$ 20,580,000

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

Legal Debt Margin

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The computation below reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit. With only $41,810,000 of outstanding debt subject to the legal debt limit and a legal debt limit of $1,530,036,709, the City is not at risk of exceeding this limit.

Computation of Legal Debt Margin as of June 30, 2016

Assessed Valuation (Net)[1]	$40,800,978,913
25% of Assessed Valuation	$10,200,244,728
Debt Limit: 15% of Assessed Value	$1,530,036,709
Less Outstanding Debt (Subject to Legal Debt Limit)	41,810,000
Legal Debt Margin	$1,488,226,709

[1]Source: Alameda County-Controller's Office Certificate of Assessed Value, FY2015/16.

Compliance with Long-Term Capital Debt Service Policy

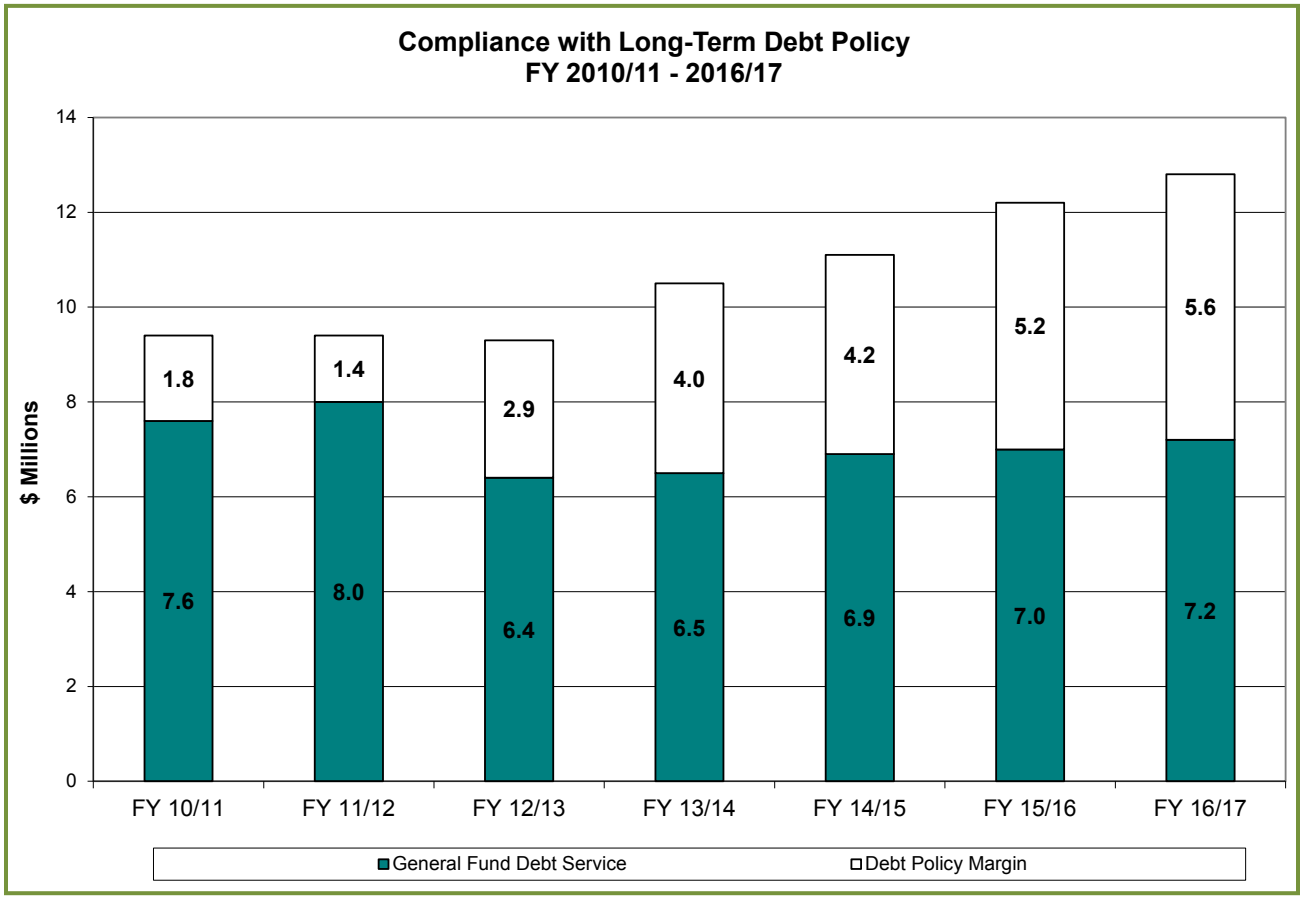
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2016/17 General Fund supported debt service of $7,161,787, and a debt level limit of $12,818,400, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	$183,120,000
Policy Debt Service Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	$12,818,400
Less General Fund Supported Debt Service	7,161,787
Policy Debt Margin	$5,656,613

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 2016/17, the payments on General Fund-supported debt will be $7.2 million.



Gann Limit

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

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

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

times

either

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

or

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

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, 2016, 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 2016/17 is as follows:

The population change on January 1 of the previous year (227,582) compared to the population on January 1, 2016 (229,324) is 1,742, or a 0.77% increase.

The change in per capita personal income is 5.37%.

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

$$\frac{0.77 + 100}{100} \quad X \quad \frac{5.37 + 100}{100} \quad = \quad 1.0618$$

Applying this year's factor of 1.0618 to last year's limit of $607,779,569, the Gann Limit for FY 2016/17 yields $645,340,346.

Based on an operating budget of $183,120,000, 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 2016/17 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 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of standard contracts reviewed within 5 business days of receipt	88.37%	90%	89.4%	89%
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: –70 contracts received by our office with insufficient insurance/endosement documentation and incomplete paperwork.				

City Clerk

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	90%	90%	TBD	90%
Number of complaints received regarding Public Records Requests (PRR)	2	0	TBD	0

City Manager

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of residents that agree that Fremont is a "good" or "excellent" place to live	84%[1]	85%[1]	79%	N/A[2]
Percent of employees that feel "prepared" and "trained" to do their jobs	85%	N/A	N/A[3]	86%
Percent of increase of citizens communicating with the City on average via new engagement tools[4]	103%	40%	534%	40%

[1] Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured via the Community Survey.
[2] The next Community Survey is anticipated to take place in winter 2018.
[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 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	90%	90%	90%	90%
Achieve entitlement processing schedules	90%	90%	85%	90%
Achieve building permit processing schedules	90%	90%	88%	90%

Community Services

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Increase Recreation program and services registrants by 2% from previous year	33,397	34,900	34,900	35,600
Increase solid waste diversion rate	73%	75%	74%	75%
Increase number of creek clean-up paticipants	607	550	600	650

Economic Development

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percentage of community survey respondants satisfied or very satisfied with Economic Development efforts in the City[1]	N/A[5]	68%	72%	70%[6]
Percentage of major stakeholders/ clients that rank their experience with Economic Development as "very good" or "excellent"[2]	Survey underway	90%	100%	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	40	40	50	50

[5] No Community Survey conducted during FY 2014/15.
[5] FY 2015/16 Community Survey: Retaining existing companies and businesses in the City.

Finance

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of bids reissued	3%	1%	2%	2%
Percent of Business Tax renewals online	19.9%	20%	20%	20%

Fire

Measure	FY 2014/15 Estimated Actual*	FY 2015/16 Target*	FY 2015/16 Estimate*	FY 2016/17 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	82%	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	52%	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	32.5 hours per person per month	20 hours per person per month	29 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	Met this measure with 100% compliance	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	Met this measure with 100% compliance	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	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	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 25% of Haz Mat Facility and 100% of Underground Storage Tank (UST) inspections in a given year

* Data tracked on a calendar basis.

Human Resources

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	NA	80%	TBD	80%
% of employees who have received a formal evaluation in the last 12 months	NA	65%	TBD	65%
% of employees who report receiving timely performance feedback	NA	65%	TBD	65%
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	42/36%	75/70%	TBD	75/70%

Human Services

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of Long-term SparkPoint Clients achieving economic mobility[7]	75%	75%	80%	75%
Percent of senior clients that improve their understanding of how to take their medication[8]	100%	80%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services[9]	75%	75%	85%	75%

[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%.
[8] As measured by a pre and post test administered by a public health nurse.
[9] Measured by clinicians using the Family Development Matrix, an assessment tool that tracks client change over time.

Information Technology Services

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
NEW for FY 2016/17: Percent of service desk calls resolved at first point of contact (when call is placed to the ITS Service Desk)	N/A	N/A	N/A	80%
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	99%	99%	99%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	75%	80%	81%	80%
Percent of requests for addressing completed within agreed-upon time frames	85%	85%	77%	80%

Police

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Continue to apply the strategies, tactics, and methods used to sustain present level or further reduce the incidence of residential burglaries* **figures reported by UCR calendar year*	573 (single/multiple residences only) 899 (all burglaries)	Sustain present level or further reduction from previous year	539 (single/multiple residences only) 913 (all burglaries)	Sustain present level or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. **figures reported by UCR calendar year*	756	Reduction from previous year	815[10]	Reduction from previous year
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed.	95%[11]	100%	100%	N/A
Implement a process for reviewing and evaluating current and future training needs of all department personnel. In addition, establish a procedure for memorializing the identified training needs in an ongoing manner.	N/A	Assess degree of completion	In progress	Describe degree of completion

[10] The City has experienced an estimated increase of 22% in traffic volume over the past three years.

[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 occurred in FY 2015/16.

Public Works

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	PCI of 69	PCI of 69	PCI of 72	PCI of 72
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	68%	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	81% / 82%	85% / 75%	61% / 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.

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. <u>Creating an aging friendly community</u>

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.

Objectives Summary

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COMMUNITY DEVELOPMENT DEPARTMENT:

1 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 new General Plan.

3 Update the Wireless Telecommunications Ordinance to reflect recent changes in federal regulations and new technology.

4 Adopt a Historic Context Statement to identify potential mid-century modern resources and streamline the process for evaluating proposed modifications to structures of more than 50 years old.

5 Update the Citywide Design Guidelines to address privacy concerns from new two-story homes and second story additions.

6 Seek funding to prepare an Irvington BART Station Area Plan to implement the City's vision.

7 Continue implementation of the Climate Action Plan, taking specific actions for meeting the City's greenhouse gas emission target.

8 Spearhead community efforts to reduce energy consumption.

9 Manage the installation of nine new publicly-accessible electric vehicle charging stations on Capitol Avenue.

10 Execute and implement an Energy Services Contract, resulting in replacement of all City streetlights with LEDs and other upgrades.

11 Evaluate the results of an 18-month pilot carshare program.

12 Assist MidPen Housing and Eden Housing as necessary to secure financing and begin construction on the Stevenson Family Apts and the Parc55 Senior Apts. projects.

13 Work with homebuilders and their affordable housing partners to aid their efforts to develop affordable housing in the S Fremont/Warm Springs Area.

14 Evaluate and analyze an affordable housing commercial linkage fee and provide recommendations to the City Council.

15 Adopted a Junior Secondary Unit ordinance to make it easier/cheaper for homeowners to convert existing bedrooms into rentable space.

16 Continue to collaborate with Fire, Police, Environmental Services, Public Works, and Recreation to provide thorough and comprehensive development review services to the public.

17 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.

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COMMUNITY DEVELOPMENT DEPARTMENT (continued):

18 In collaboration with the Fire Department, adopt the new 2016 California Building Codes.

19 Enhance the public's understanding of updated building regulations through improved handout literature and interface with customers.

20 Increase Code Enforcement staff presence at community meetings and events to further market our services to the public and business community, promote a positive image, and achieve more voluntary compliance.

21 Utilize handheld devices for building inspectors and code enforcement officers for inspections and investigations to gain efficiency.

22 Work collaboratively with the City Manager's office to finalize Fremont's Local Hazard Mitigation Plan.

23 Continue to comprehensively address substandard building conditions.

24 Develop an inspection guideline/handbook to explain the required inspections needed for residential and commercial projects.

25 Initiate development of on-line permitting for minor permits.

26 Pursue and secure Citywide Insurance Service Office (ISO) Class One rating to reduce property owner insurance rates.

COMMUNITY SERVICES DEPARTMENT:

1 Complete the design of a new large group picnic area adjacent to Aqua Adventure Waterpark.

2 Replace two restrooms and one classroom, near the Always Dream Picnic Area and at Warm Springs Community Park, to meet new building code and ADA standards.

3 Identify high priority medians within the City to implement water conservation standards.

4 Complete Phase III for Master Planning the California Nursery Historic Park.

5 Complete concept planning for the new 40 acre regional sports facility located at the end of Auto Mall Parkway.

6 Implement a multifamily organics collection program.

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ECONOMIC DEVELOPMENT DEPARTMENT:

1 Promote and facilitate development activity on key sites in Warm Springs, Ardenwood, and south of Pacific Commons.
2 Leverage Startup Grind-Fremont growth and expand access to startup community through data analysis and establishing relationships with startup support services.
3 Begin a refresh of the design and functionality of the City's Business website, ThinkSiliconValley.com.
4 Develop new partnerships within the advanced industry and hardware communities to broaden the potential for Fremont to be recognized as a choice location for various business sectors.

FIRE DEPARTMENT:

1 Work with Human Resources to recruit, hire, and train Paramedic Firefighters to fill forecasted vacancies.
2 Continue implementing infrastructure and technology upgrades at the Emergency Operation Center (EOC).
3 Develop a 5-year Apparatus Replacement Schedule in collaboration with Finance and Fleet Maintenance.
4 Work with ITS to improve network speed and reliability at Fire Stations.
5 Work to Increase coordination with Fremont Police on response to terrorist and violent incidents to include one combined, large-scale training.
6 Put on an Acting Battalion Chiefs Academy.
7 Conduct BART Tunnel training for all Fremont Fire Personnel.
8 Complete operational training on and place in service two new Ladder Trucks.
9 Complete the transition to the Edgesoft Data Management software system for the CUPA/HazMat program.
10 Complete transition of our California State Fire Marshal mandated inspections to an annual schedule.
11 Amend and adopt 2016 California Fire, Building and other allied Codes.

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HUMAN SERVICES DEPARTMENT:

1 Continue to develop Medi-Cal reimbursement, third-party insurance reimbursement and other fee for services revenues streams.
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 by helping 2,700 low-income households claim a total of $1.35 million in Earned Income Tax Credits (EITC) in 2017.
4 With federal HOME funds, will assist 6 families to remain in their homes and return to financial stability.
5 Participate in Alameda County's Older Adult Planning effort, to increase support for community services and advance the World Health Organization's Aging Friendly Communities priorities.

POLICE DEPARTMENT:

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.
2 Continue and expand utilization of comprehensive strategic planning for the Traffic Unit, focused on reducing injury collisions and enhancing roadway safety.
3 Continue our efforts to identify future training and core competency needs.
4 Continue our partnership with other agencies in Alameda and Contra Costa counties to complete our move toward joining a comprehensive data sharing platform.
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 Fully execute the Union City Dispatch Service Agreement by providing full dispatch service.
8 Updating and expanding our Department Operations Center (DOC) to improve coordination and management during a major, unusual or catastrophic event.
9 Create a virtual briefing board platform that will provide real-time critical information to both patrol and investigative personnel.
10 Migrate the Police Department's existing paper-based performance evaluation process to a citywide electronic performance management system.

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PUBLIC WORKS DEPARTMENT:

1. Complete $2.0 million of pavement maintenance work and $4.5 million of pavement rehabilitation work throughout the city.
2. Complete the the $9 million Niles Bridge Replacement Project to meet the latest seismic requirements.
3. Complete the surface preparation for 5 million square feet of pavement for the annual cape and slurry project.
4. Complete the Phase 2 of the widening improvements on Fremont Boulevard from South of Cushing.
5. Continue to expand the use of crack sealing as a form of maintenance and preservation of City streets.
6. Continue to contribute to the reduction of the City's carbon footprint.
7. In support of the Civic Center project in Downtown, complete the sale of remaining surplus properties, acquire property for the Civic Center project, implement business relocation plan, and complete the design of Civic Center phase I.
8. Complete updates to the Bicycle and Pedestrian Master Plan.
9. Improve uncontrolled pedestrian crossings with safety improvements at identified locations.
10. Install Pedestrian Countdown Signals at 129 traffic signals citywide.

ADMINISTRATIVE DEPARTMENTS:

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2016 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 various local and regional partner and agencies in order to ensure that the Warm Springs/South Fremont vision is realized.
4. Continue to commit time and resources towards the implementation of the Downtown Community Plan.
5. Continue to partner with BART and the Valley Transportation Authority to ensure that Fremont's interests are considered relative to the BART extension to Warm Springs/South Fremont and Santa Clara County.
6. 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.

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ADMINISTRATIVE DEPARTMENTS (continued):

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 negotiations, acquisitions, development, and approvals needed for the Downtown projects, Civic Center 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 revisions to the Building and Safety Division policies.

12 Assist staff with updates to the standard public works contract documents.

13 Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

14 Successfully administer the 2016 November election.

15 Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets.

16 Assist with the transition of the newly elected councilmember(s).

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.

19 Continue to work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current.

20 Implement the second phase of the migration of the City's financial management system.

21 Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option.

22 Complete the upgrade to the City's permitting system by fall 2016.

23 Conduct citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities.

24 Conduct and complete contract bargaining with the City's nine bargaining units.

25 Complete an update of the City's Personnel Rules.

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):

26 Upgrade the City's core network infrastructure to a faster (10 gigabits per second) backbone by June 30, 2017.
27 Begin the upgrade to the PeopleSoft HR/payroll system to version 9.2 by June 30, 2018.
28 Implement the new Accela Automation land management (permitting) system by fall 2016.
29 Implement GIS parcel and address editing workflow tools to allow for regular and consistent updates by June 30, 2017.

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

General Fund

General Fund Summary

The General Fund is the City's primary operating fund. It accounts for the majority of financial resources and outlays for basic services such as police, fire, and maintenance, as well as the administrative systems required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, 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 2016/17 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2016/17 budget displayed in the table on the next page shows that total General Fund budgeted resources will be adequate to support total budgeted expenditures of $183.1 million. Reflecting improvement in the local economy, General Fund resources are estimated to increase by 3.2% in FY 2016/17. 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 Adopted Budget FY 2016/17

(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	$ 85,116	$ -	$ -	$ -	$ -	$ -	$ 85,116
Sales Tax	47,143	-	-	-	-	-	47,143
Business Tax	9,916	-	-	-	-	-	9,916
Hotel/Motel Tax	9,165	-	-	-	-	-	9,165
Property Transfer Tax	1,841	-	-	-	-	-	1,841
Paramedic Tax	1,171						1,171
Franchise Fees	9,978	-	-	-	-	-	9,978
Charges for Services	6,636	-	-	-	-	-	6,636
Fines	2,644	-	-	-	-	-	2,644
Use of Money and Property	1,208	-	-	-	-	-	1,208
Intergovernmental:	317	-	-	-	-	-	317
Other Revenues	452	-	-	-	-	-	452
Total Revenues	**175,587**	**-**	**-**	**-**	**-**	**-**	**175,587**
Transfers In	6,334	913	228	228	-	(1,369)	6,334
Resources Available (Revenues plus Transfers In)	**181,921**	**913**	**228**	**228**	**-**	**(1,369)**	**181,921**
Expenditures							
General Government	14,885	-	-	-	-	-	14,885
Police	73,575	-	-	-	-	-	73,575
Fire	46,343	-	-	-	-	-	46,343
Public Works:							
Engineering	-	-	-	-	-	-	-
Maintenance	15,102	-	-	-	-	-	15,102
Community Development:							
Planning	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-
Community Preservation/Comm Dev Admin	1,478	-	-	-	-	-	1,478
Housing	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Community Services:							-
Recreation	-	-	-	-	-	-	-
Maintenance	7,942	-	-	-	-	-	7,942
Landscape	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-
Non-departmental	3,282	-	-	-	-	-	3,282
Less: Citywide Savings	(6,900)	-	-	-	-	-	(6,900)
Debt	7,887	-	-	-	-	-	7,887
Less: Debt Savings	(724)	-	-	-	-	-	(724)
Total Expenditures	**162,870**	**-**	**-**	**-**	**-**	**-**	**162,870**
Transfers Out	20,250	-	-	-	-	(1,369)	18,881
Resources Used (Expenditures plus Transfers Out)	**183,120**	**-**	**-**	**-**	**-**	**(1,369)**	**181,751**
Net Results of Operations (Resources Available less Resources Used)	**(1,199)**	**913**	**228**	**228**	**-**	**-**	**170**
Encumbrance Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Available Fund Balance	**2,419**	**-**	**-**	**-**	**-**	**-**	**2,419**
Beginning Fund Balance - 6/30/16 (est.)	**2,419**	**17,262**	**4,316**	**4,316**	**3,666**	**n/a**	**31,979**
Fund Balance - 6/30/17 (est.)	**$ 1,220**	**$ 18,175**	**$ 4,544**	**$ 4,544**	**$ 3,666**	**n/a**	**$ 32,149**

NOTES:

1) Public Works Engineering aciviies are funded in the Development Cost Center as shown in the Cost Centers/Internal Service section.

2) Comunity 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 activites are funded in various housing-related special revenue funds as shown in the Special Revneu Funds section.

3) Human Services activites are funded in various human-services special revenue funds as shown in the Special Revenue Funds section.

4) Community Services Recreation activities are funded in the Recreation Cost Cener 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 2016/17 budget is premised upon the following specific assumptions:

1. **The local economy will continue to expand during FY 2016/17, resulting in total General Fund resources (revenues and transfers in) increasing by 3.2% over estimated actual resources in FY 2015/16. Adjusting for the $3.0 million of one-time sales tax revenue in FY 2015/16, resources would be growing at a rate of 4.9%.**

   The largest contributors to the increased resources estimate are property tax (up 6.5%), the hotel/motel tax (up 10.0%), and transfers in (up 13.9%). Although the charges for services category is expected to increase by 16.0% in 2016/17, 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 3.4% from the FY 2015/16 level.

2. **The costs of the FY 2016/17 proposed budget will be covered by projected resources, without requiring the use of reserves to balance the budget. The FY 2016/17 budget is 1.2% greater than last year's estimated actual expenditures. When one-time items are factored out, the increase is 4.0%**

   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 2016/17 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 proposed budget allocates approximately $1.2 million of the projected $2.4 million FY 2015/16 ending fund balance to address FY 2016/17 one-time expenditures.**

   As part of the FY 2015/16 Year-End Update in Fall 2016, staff will bring forward recommendations for allocating any additional ending fund balance to address one-time priority projects or programs.

4. **Total expenditures in the FY 2016/17 proposed budget include a savings assumption of $6.9 million (approximately 3.8% of total budgeted expenditures and transfers out in FY 2016/17) 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 $724,000 to offset the additional appropriations required by debt covenants with respect to the City's variable rate debt.**

   Managers continue to contain operational costs wherever possible, and normal turnover within the City's 901-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.

5. **The FY 2016/17 proposed budget includes CIP funding for streets and facilities maintenance, as well as the City's Downtown Plan and Warm Springs/South Fremont Innovation District.**

   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. The FY 2016/17 proposed budget includes allocations to increase library hours, as recommended by the Library Commission, and to increase funding for social services grants, as recommended by the Human Relations and Senior Citizens Commissions.

6. **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 17.0%. 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, including a portion of the estimated ending fund balance from FY 2015/16, will be adequate to support total budgeted expenditures of $183.1 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 2016/17, making up 46.8% of General Fund resources. Property tax and sales tax are the City's most significant revenue sources. Property tax revenues are estimated to total $80.0 million in FY 2015/16, and staff projects those revenues will increase to $85.1 million in FY 2016/17, an increase of 6.4%. The City's FY 2016/17 property tax revenues are based on assessed property values as of January 1, 2016. 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 2016/17 tax roll is an increase of 1.525%. Three additional factors are contributing to the projected growth in property tax: first, the local real estate market continued to perform well in 2015, with strong sales activity and prices continuing to climb; second, new construction activity is adding value to the tax roll; and third, 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 $47.9 million in FY 2015/16 declining to $47.1 million in FY 2016/17, a decrease of 1.7%. Approximately $3.0 million of the FY 2015/16 amount, however, is one-time revenue attributable to the restoration of the City's full 1% sales tax and the end of the annual "triple flip" advances and adjustments from the State. Without that distortion, sales tax revenues would be estimated to grow approximately 4.9% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with the building and construction, restaurants and hotels, and general consumer goods sectors also performing well. Sales tax revenues comprise 25.9% of General Fund resources.

Business taxes are projected to yield $10.2 million in FY 2015/16, an increase of 8.6% from the prior year. The FY 2016/17 business tax estimate is $9.9 million, a decrease of 3.1% from the prior year revenue. The projected decline is attributable to an unusually high level of construction business tax activity in FY 2015/16 which is not expected to continue; excluding that component, FY 2016/17 business tax would be estimated to increase 5.0% from the prior year. Business tax makes up 5.5% of General Fund resources.

Hotel/motel occupancy tax revenues are projected to reach $8.3 million in FY 2015/16, an increase of 16.0% from the prior year. This revenue increase can be attributed to a combination of higher occupancy levels and 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 2016/17 hotel/motel occupancy tax revenues are estimated at $9.2 million, an increase of 10.0% from the FY 2015/16 level and constituting 5.0% 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 2015/16 estimate shows a 3.3% increase from the prior year, with another 3.9% growth estimated for FY 2016/17. The estimated FY 2016/17 franchise fees revenue of $10.0 million represents 5.5% 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 2016/17 compared with the prior year, with the exception of charges for services. The charges for services category will be increasing by almost $900,000, primarily representing payments from Union City for consolidated emergency dispatch services.

Change in General Fund Resources
FY 2015/16 to FY 2016/17 ($ millions)

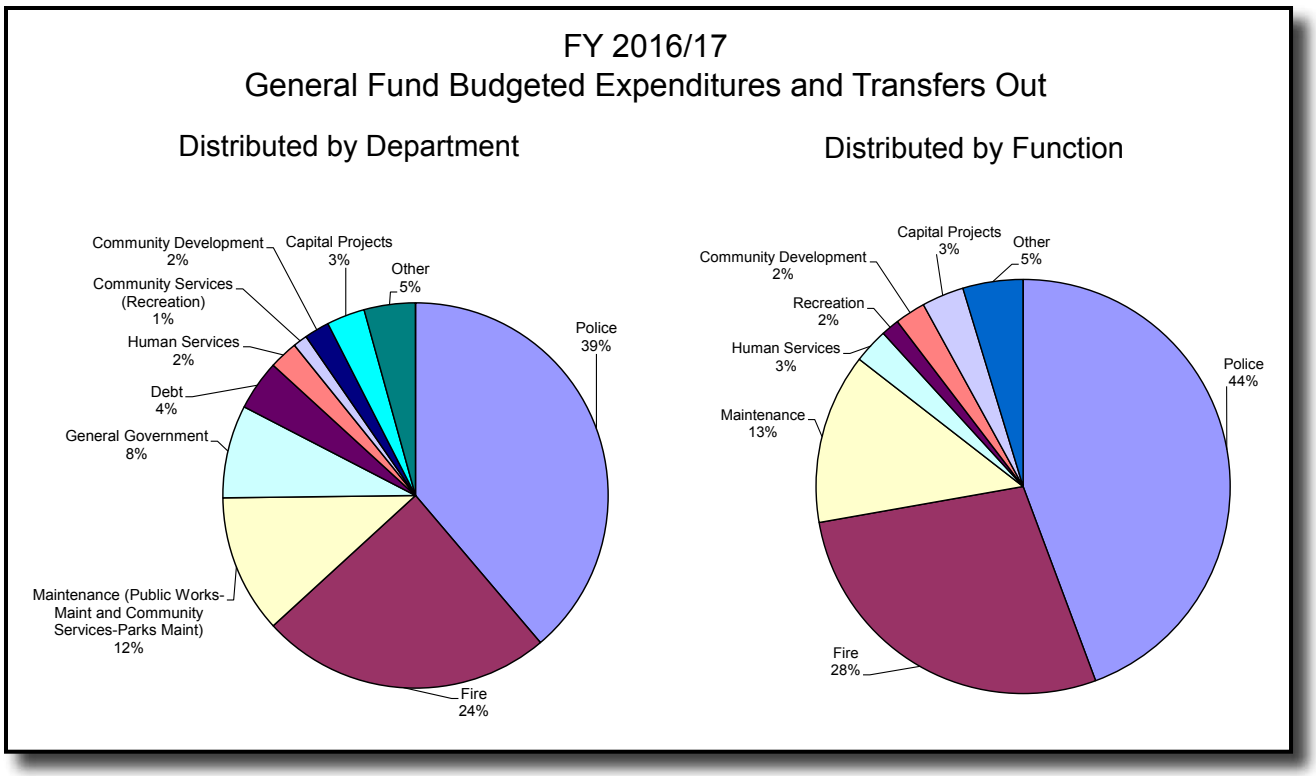
Revenues	FY 2015/16 Budget	FY 2016/17 Budget	Difference
Property tax	$80.3	$85.1	4.8
Sales Tax	47.3	47.1	(0.2)
Business Tax	9.9	9.9	0.0
Franchise fees	9.4	10.0	0.6
Hotel/motel taxes	7.7	9.2	1.5
Use of Money and Property	1.1	1.2	0.1
Other revenues	13.0	13.1	0.1
Ongoing revenues subtotal	168.7	175.6	6.9
Recurring transfers in	5.6	6.3	0.7
Total Budgeted Resources	**174.3**	**181.9**	**$ 7.6**

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 2015/16, transfers from other funds are expected to total $5.6 million, including an $850,000 transfer from the Public Facilities Impact Fee Fund to offset a portion of General Fund debt service payments for public facilities Citywide. In FY 2015/16, transfers from other funds are expected to total $6.3 million, or 3.5% of available resources.

Expenditures

Budgeted expenditures and transfers to other funds for FY 2016/17 total $183.1 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 75% 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 $183.1 million budgeted for expenditures and transfers out in FY 2016/17 is 5.0% higher than the FY 2015/16 adopted budget, and 1.2% higher than the estimated actual expenditures for FY 2015/16.

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 5.0% increase from FY 2015/16 is primarily the result of increasing employee costs, healthcare increases, increasing CalPERS contributions, and adding public safety positions; including two Community Services Officers and one Senior Hazardous Materials Inspector.



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. Adjusting for one-time supplemental transfers in FY 2015/16, transfers from the General Fund are increasing by $583,000.

The transfer for debt service on the City's outstanding debt increases by $206,000 for FY 2016/17. Of this increase, $135,000 reflects the first interest payment on the 2016 Energy and Water Efficiency Lease Financing. The improvements being financed are expected to provide significant savings in energy and maintenance costs, and a reduction corresponding to the debt service amount has been incorporated into the utility and maintenance budgets. The City also has variable rate certificates of participation that have interest rates that reset weekly. Because the borrowing agreements 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 $724,000 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 2016/17 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 proposed budget for expenditures and transfers out, a transfer to these reserves of $1,369,000 will be necessary in FY 2016/17. As illustrated below, the three primary General Fund reserves (Contingency Reserve, Program Investment Reserve, and the Economic Volatility Reserve) total $27.2 million. The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2016/17. The balance of the Budget Uncertainty Reserve remains unchanged at $3.7 million at the end of FY 2016/17.

General Fund Reserves ($ millions)*

	FY 2015/16 est. balance	**FY 2016/17 transfer**	FY 2016/17 projected use	FY 2016/17 balance
Contingency Reserve	$17.3	$0.9	$0.0	$18.2
Program Investment Reserve	4.3	0.2	0.0	4.5
Economic Volatility Reserve	4.3	0.2	0.0	4.5
Budget Uncertainty Reserve	3.7	0.0	0.0	3.7
Total General Fund Reserves	$29.6	$1.3	0.0	$30.9

General Fund Forecast

The General Fund 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.

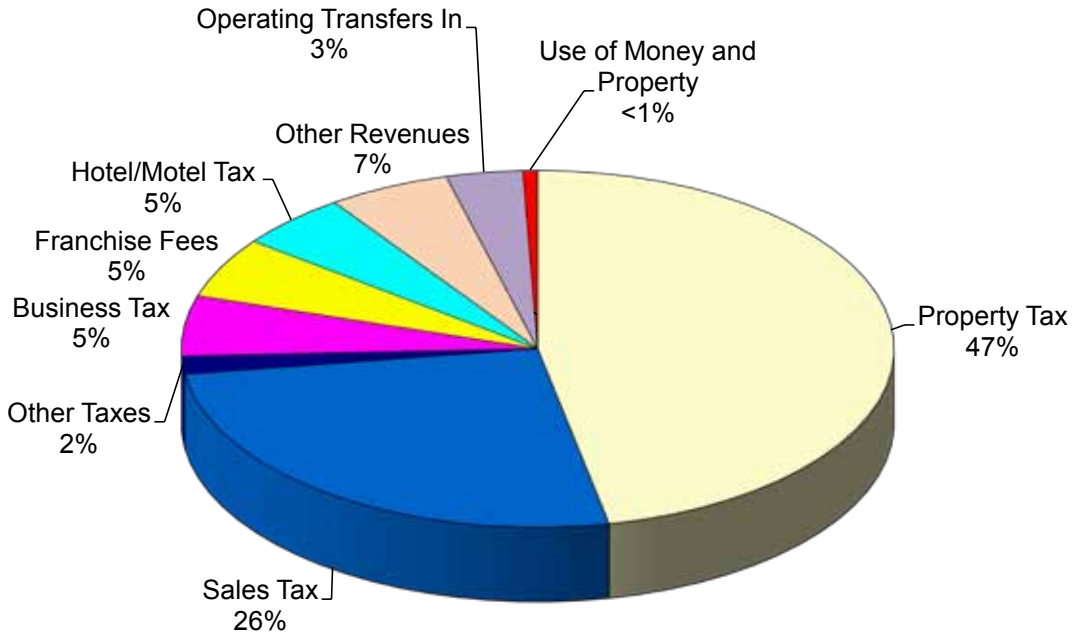
The forecast is not a plan, but a model based on revenue and cost assumptions that are updated regularly as new information becomes available. Of these components, future cost projections, based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related 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 2017/18 through FY 2018/19.
- 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 2017/18 and FY 2018/19 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 enhanced services incorporated into the FY 2016/17 proposed budget has been included in the FY 2016/17 forecast.
- Commitments for anticipated fund transfers contained in the adopted FY 2015/16 - FY 2019/20 CIP are included.
- Commitments for all known and anticipated debt service costs are included.

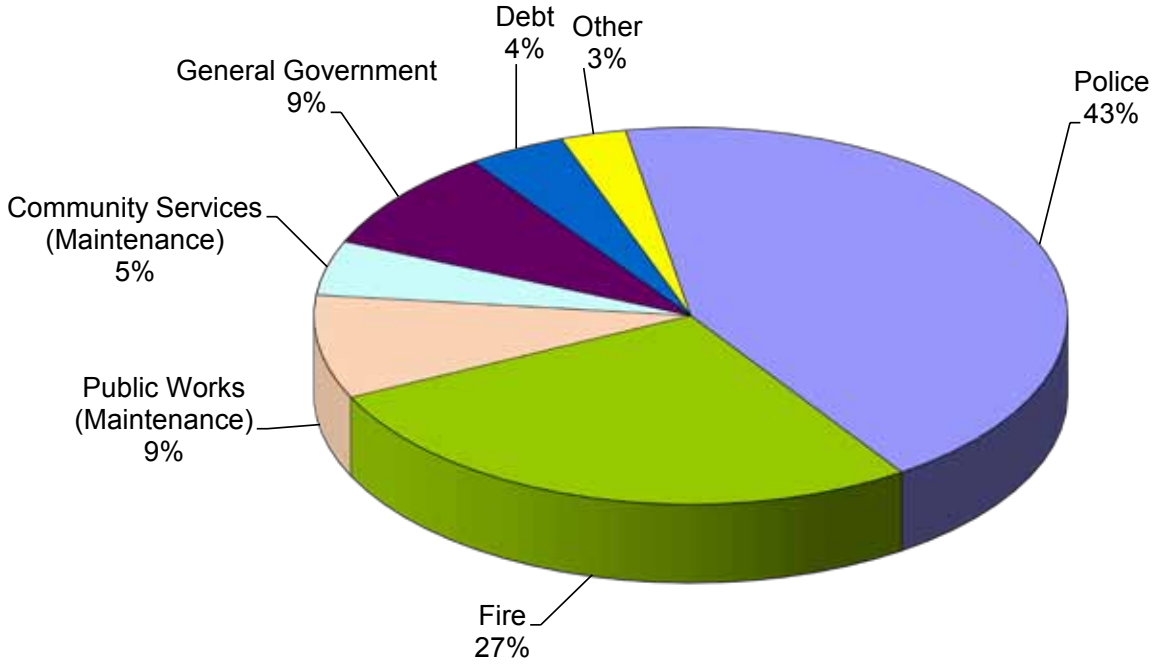
The General Fund forecast is located on page 77 of the budget document. Projected resources will cover projected costs in FY 2016/17 and the two forecast years. Staff will monitor budget performance closely, and will return to Council with budget modifications as warranted.

General Fund Available Resources
Fiscal Year 2016/17: $181,921,000

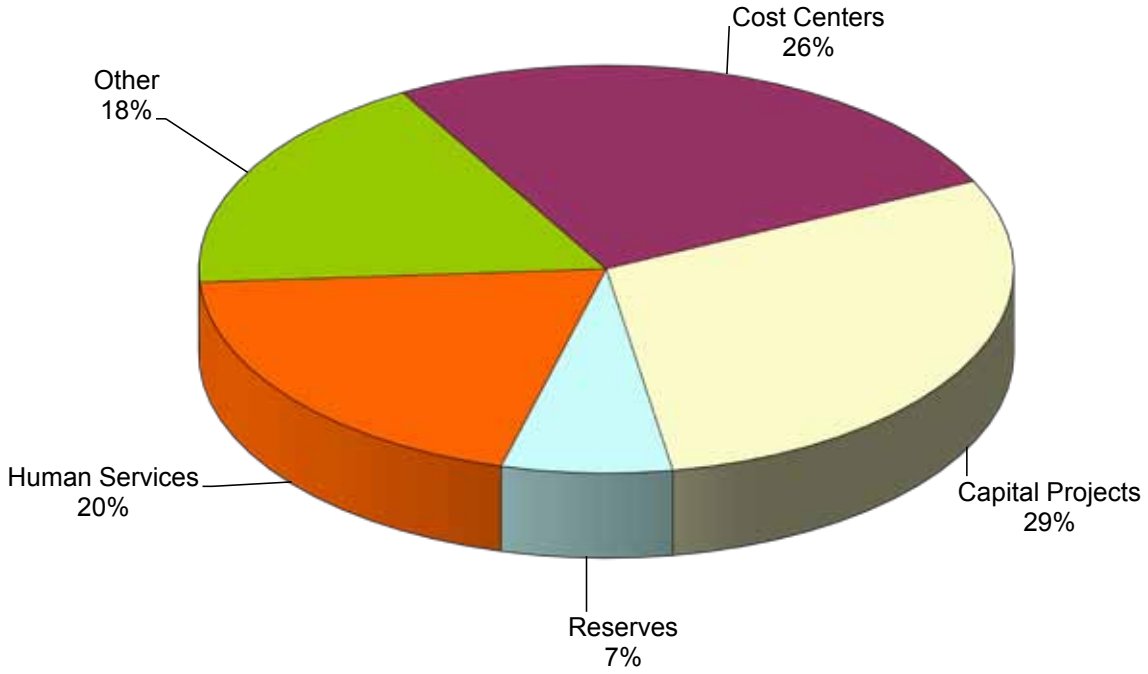


General Fund Allocation of Resources

General Fund Expenditures
Fiscal Year 2016/17: $162,870,000



General Fund Transfers Out
Fiscal Year 2016/17: $20,250,000



Non-Departmental Budget

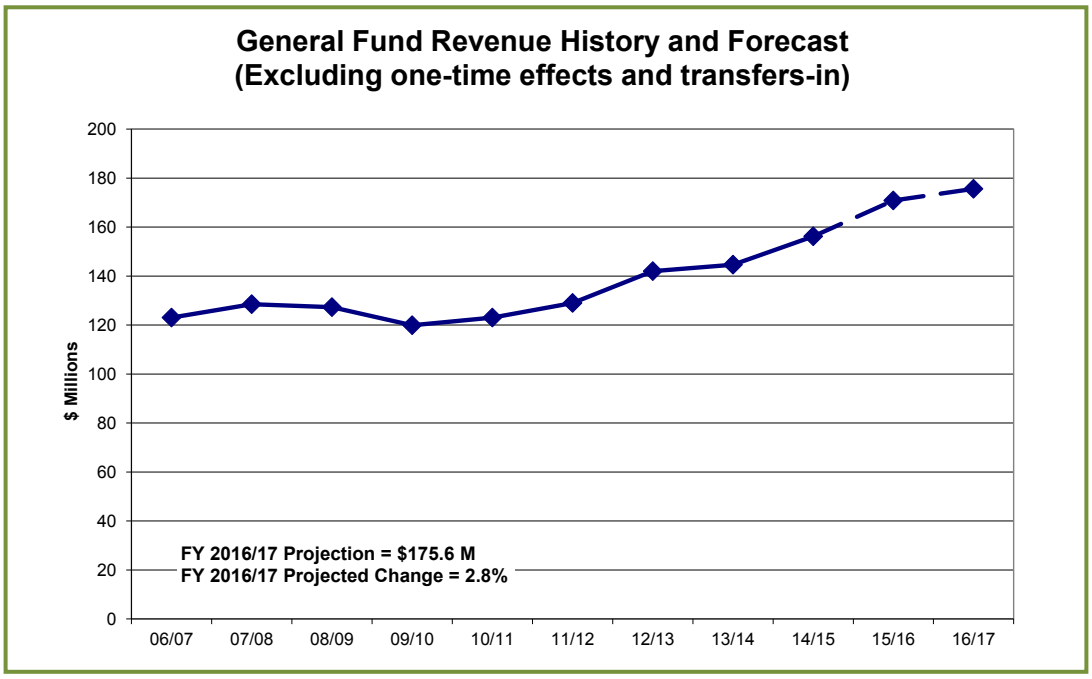
General Fund appropriations not directly associated with specific departments are classified as "non-departmental." Expenditures and certain types of anticipated general savings that are not identified with or allocated to individual departments are included in the non-departmental budget. This includes expenditures such as 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	900,000
• Property Tax Administration Fee and Revenue Audit Fees	500,000
• Fremont Main Library (Sunday Hours)	277,830
• Fremont LIbrary Additional Hours	200,480
• Elections	175,000
• Other Non-Departmental	128,752
Non-Departmental Budget	**$ 3,182,062**

General Fund Revenues Overview

Total FY 2016/17 General Fund revenues (excluding transfers in from other funds) are projected at $175.6 million, which is $4.8 million, or 2.8%, more than total estimated revenues for FY 2015/16.



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:

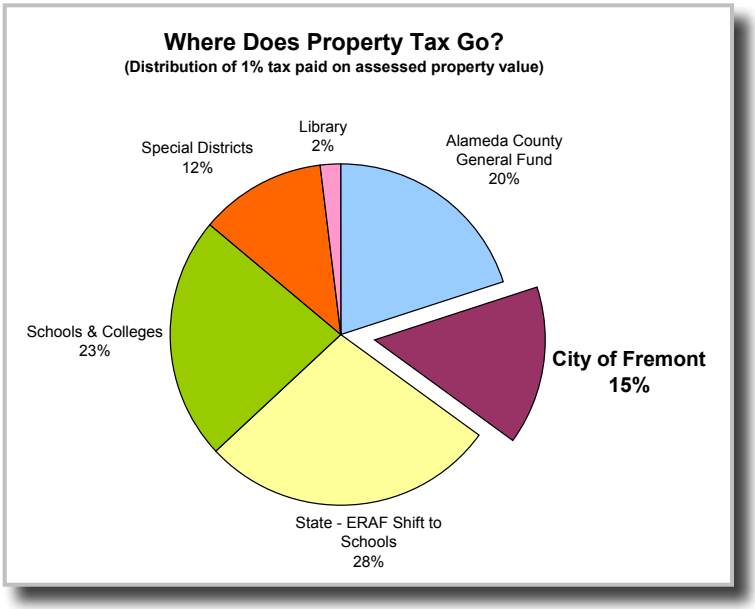
- Property Taxes
- Sales and Use Taxes
- Business Taxes
- Hotel/Motel Occupancy Taxes
- Franchise Fees

Property Taxes

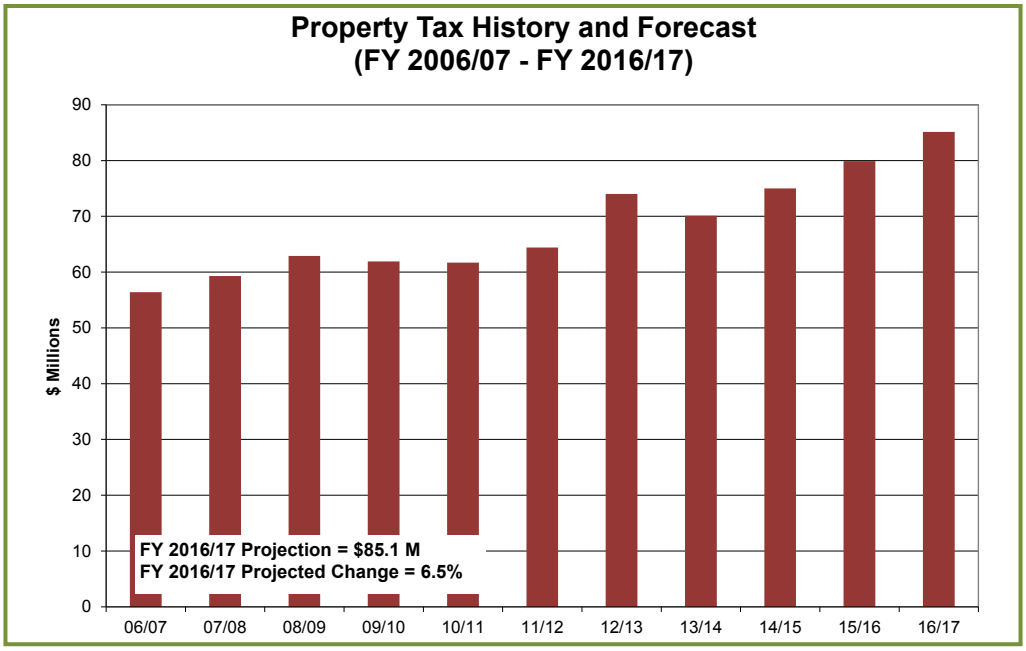
Description: Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and 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 47% of total FY 2016/17 projected revenues, or $85.1 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 $80.0 million in FY 2015/16. Staff projects property tax revenues for FY 2016/17 will increase to $85.1 million. The assessed valuation for secured property is based on the value as of January 1, 2016. The change in total property tax from FY 2015/16 to FY 2016/17 is an increase of 6.5%.



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.

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 2016/17 tax roll is an increase of 1.525%.

With properties reassessed upon most ownership changes and new construction, the local real estate market's strong performance in 2015 and a resurgence of new development are significant factors in the projected growth. Since property taxes for FY 2016/17 are assessed based on values as of January 1, 2016, 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.

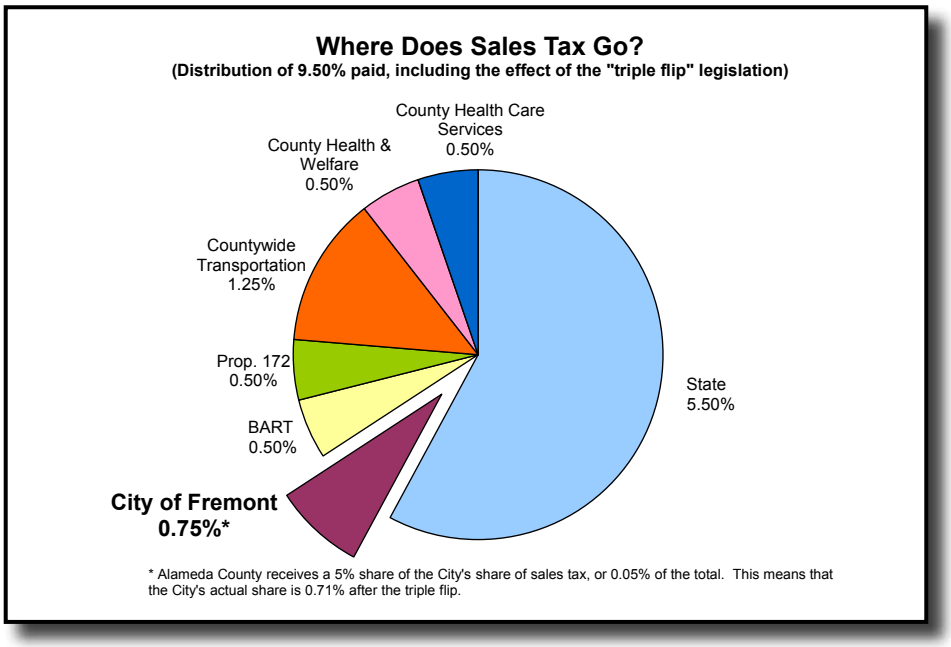
Sales and Use Taxes

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 26% of FY 2016/17 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 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.

The "triple flip" ended in mid-FY 2015/16, and the City is once again receiving its full share of sales tax. As shown on the next page, for the first half of FY 2015/16 the City received 0.75% of each taxable sale, and the remaining 0.25% came to the City as property tax because of the "triple flip."



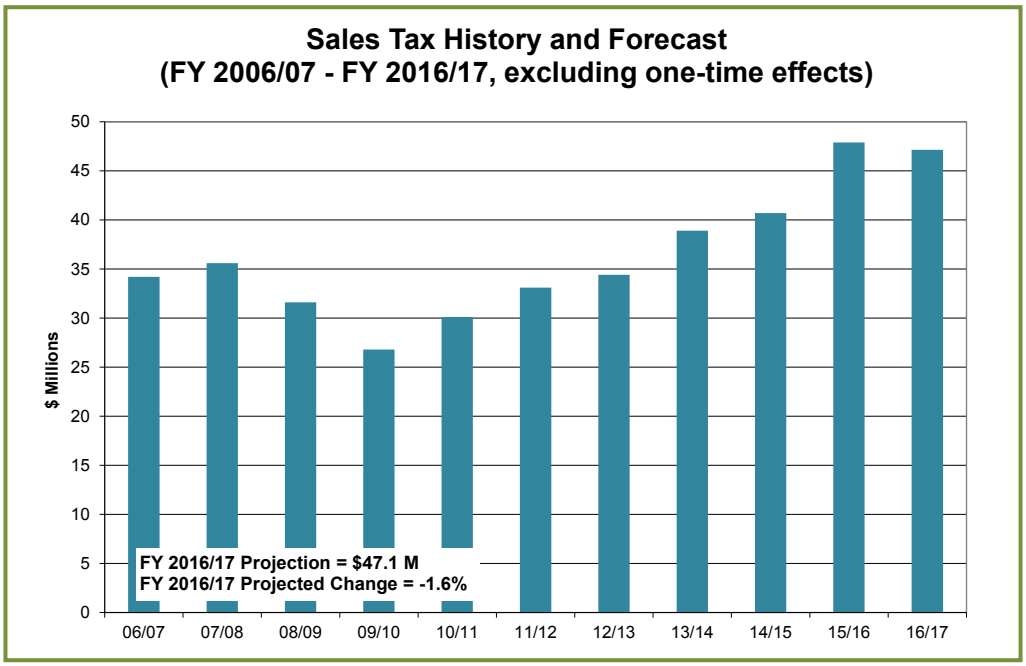
Forecast: FY 2015/16 sales tax revenues, including the "triple flip" replacement, are projected to be $47.9 million. The FY 2016/17 budgeted amount is $47.1 million, or $0.8 million (1.6%) less than FY 2015/16. Approximately $3.0 million of the FY 2015/16 amount, however, is one-time revenue attributable to the end of the annual "triple flip" advances and adjustments from the State. Without that distortion, the estimated sales tax growth would be 4.9%. For projection purposes, sales tax revenue has two components: revenue generated by taxable sales activity occurring during the fiscal year and Proposition 172 sales tax revenue, which is dedicated to funding public safety activities. The following table relates the component projections to the total, including the "triple flip" component for FY 2015/16.

Projection Component	FY 2015/16 Estimated	FY 2016/17 Projected	Difference
"Regular" Retail Sales Tax	$37.9 million	45.6 million	+$7.7 million
"Triple Flip" Property Tax Replacement	8.5 million	0.0 million	-8.5 million
Proposition 172 Sales Taxes	1.5 million	1.5 million	0.0 million
Total	$47.9 million	$47.1 million	-$0.8 million

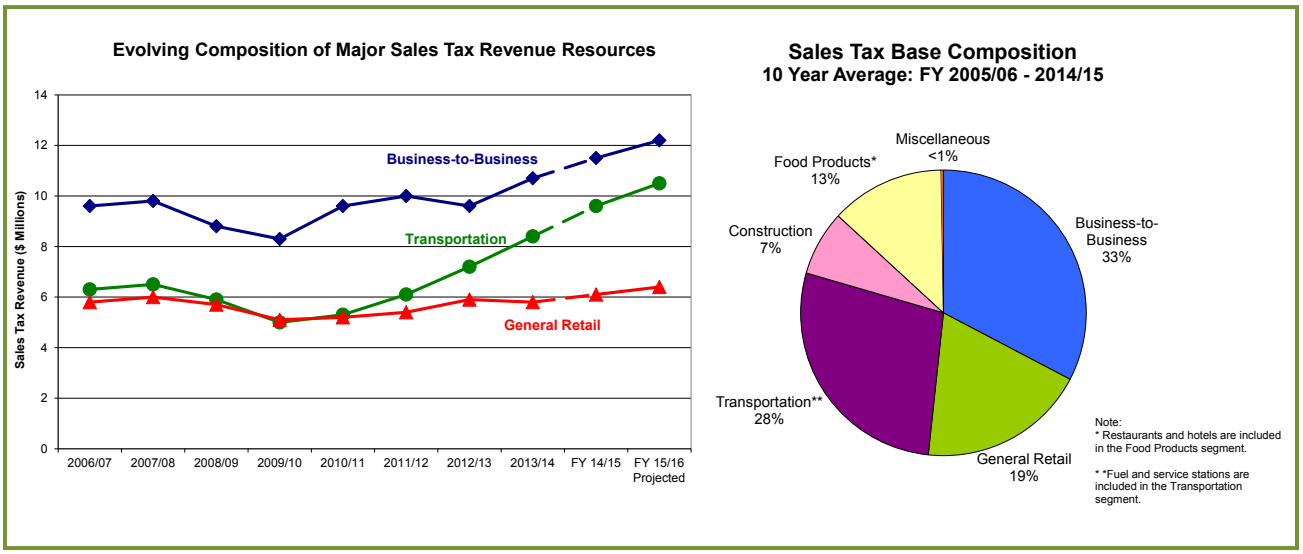
The City receives 1% of the sales tax charged on taxable sales. This activity includes general retail sales to consumers, business-to-business transactions, automobile purchases, and fuel sales. The accompanying pie chart illustrates the composition of the City's sales tax base. Based on the actual collections for the first two quarters of FY 2015/16 (the most current available data), growth in this component of sales tax revenue is estimated to be 7.6% year over year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with building and construction, restaurants and hotels, and the general consumer goods sectors also performing well. The FY 2016/17 projection assumes growth to slow somewhat, to an annual rate of 5.0%.

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 2015/16, the City's share is expected to be $1.5 million. Unlike the 1% 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 2016/17, the Proposition 172 component of the City's sales tax revenues is projected to increase by 1.5%, remaining at about $1.5 million.

The graph below displays the sales tax forecast. To clarify the long-term trend, the amounts for FY 2014/15 and FY 2015/16 have been adjusted to remove significant one-time increases or decreases.



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 following graph. The FY 2016/17 growth estimate of 4.9% (adjusted as discussed above) continues to be predicated on healthy growth in taxable consumer and business sales activity.

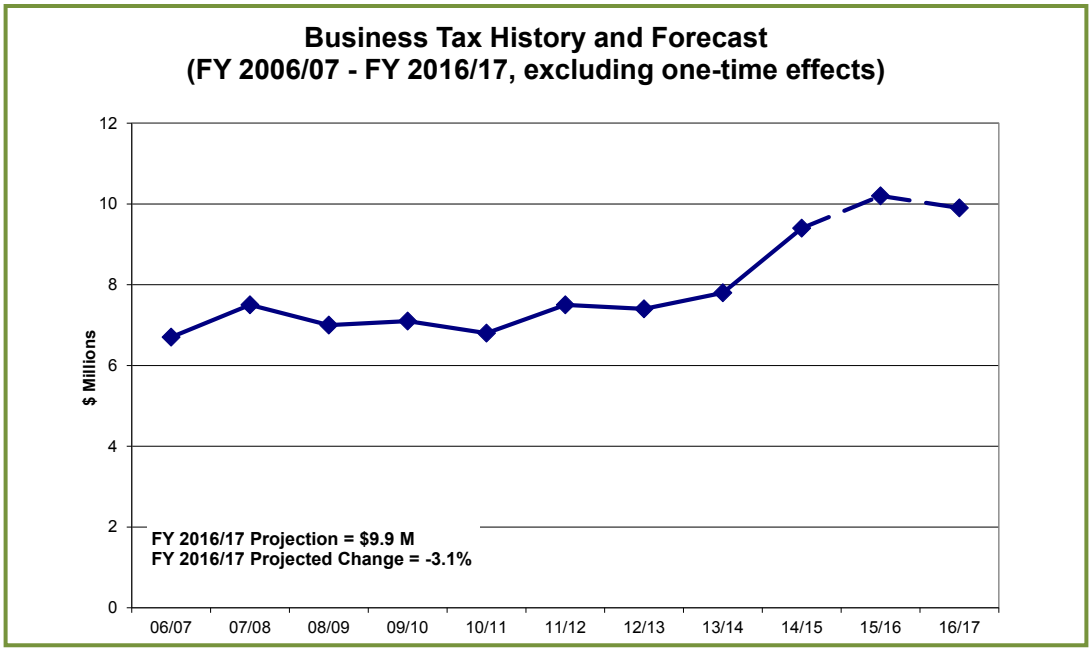


Business Taxes

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 $10.2 million in FY 2015/16, an increase of 8.6% from the prior year. The FY 2016/17 business tax estimate is $9.9 million, a decrease of 3.1% from the prior year revenue. Business tax makes up 5.5% of General Fund revenues.

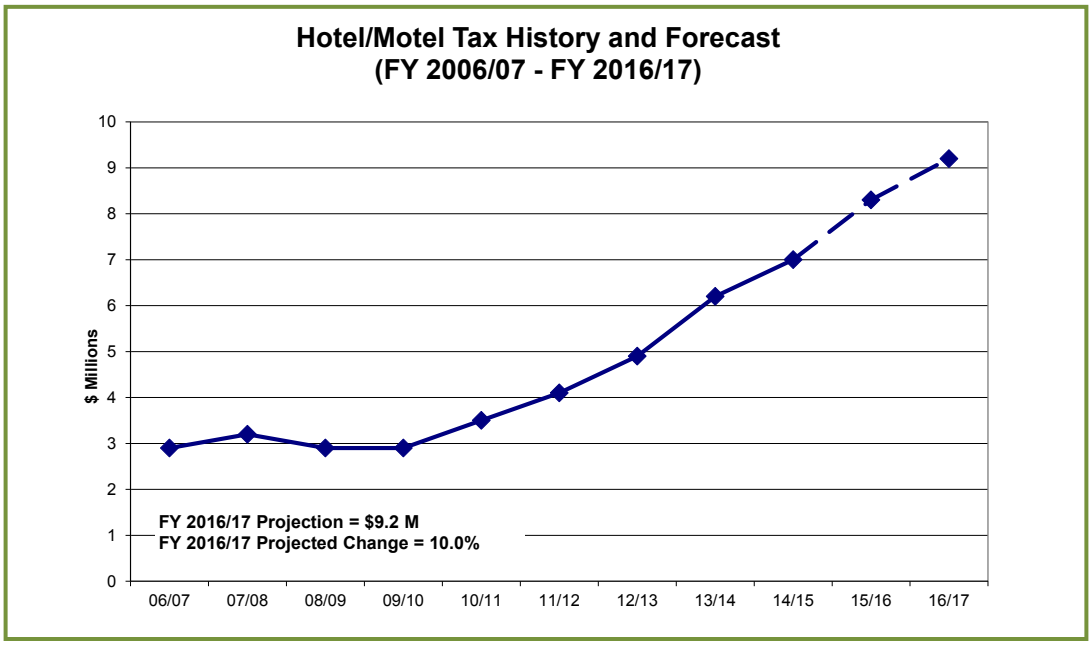
Key Factors in the Forecast: The projected decline is attributable to an unusually high level of construction business tax activity in FY 2015/16 which is not expected to continue; excluding that component, FY 2016/17 business tax would be estimated to increase 5.0% from the prior year. Although the 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 $8.3 million in FY 2015/16. The FY 2015/16 estimate represents an increase of 16.0% from the prior year. FY 2016/17 hotel/motel occupancy tax revenues are estimated at $9.2 million, an increase of 10.0% from the FY 2015/16 level and constituting 5.0% of General Fund revenues.

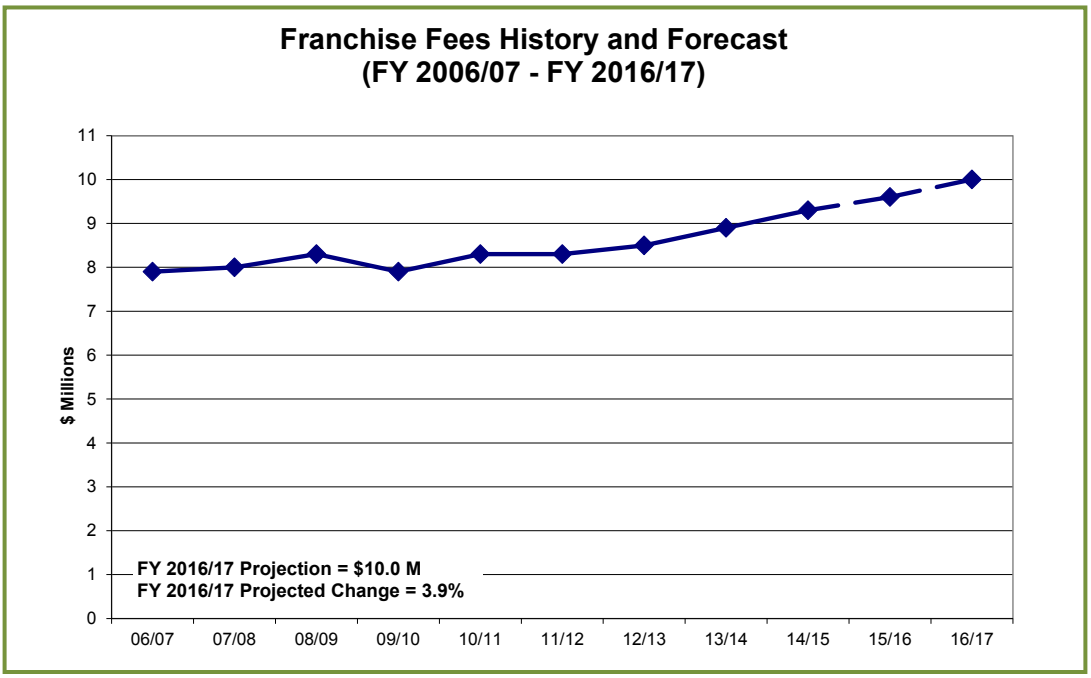


Key Factors in the Forecast: The high pace of revenue increase estimated for FY 2015/16 can be attributed to a combination of higher occupancy levels and higher room rates. As occupancy rates have now recovered significantly from the recent low point in 2009, future revenue growth will likely be based 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 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 2016/17 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 2016, and will be received by the City in April 2017.



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 2015/16 projection shows a 3.3% increase from the prior year, with another 3.9% growth estimated for FY 2016/17. The estimated FY 2016/17 franchise fees revenue of $10.0 million represents 5.5% 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. PG&E has submitted a three-year "rate case" to the California Public Utilities Commission (CPUC) that would take effect on January 1, 2017. Although the "rate case" requests a 5.8% increase in each of the first two years and a 4.4% increase in the final year, the forecast assumes only one-half of these increases as the CPUC hearing process tends to result in reductions to the requested level. 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: 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 2015/16 estimate is $2.2 million. The estimate reflects 2.1% growth from the prior year. The FY 2016/17 projection of $2.3 million assumes growth of 3%, the approximate average over the last ten years.

- Solid waste collection franchise: Solid waste collection ("garbage") franchise fee revenues are estimated to increase by 1.2% to $4.3 million in FY 2015/16, and the projected increase in FY 2016/17 is 5%. Solid waste rate increases typically occur every other year, in even years, with the last increase occurring in January 2016. 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 2018/19

(Thousands of Dollars)	Estimated Actual FY 15/16	Adopted FY 16/17	Projected FY 17/18	Projected FY 18/19
Revenues:				
Taxes:				
Property Tax	$ 79,935	$ 85,116	$ 89,391	$ 93,897
Sales Tax	47,896	47,143	48,991	50,913
Business Tax	10,228	9,916	10,287	10,674
Hotel/Motel Taxes	8,331	9,165	9,852	10,345
Property Transfer Taxes	1,788	1,841	1,897	1,953
Paramedic Taxes	1,171	1,171	1,171	1,171
Franchise Fees	9,608	9,978	10,228	10,462
Charges for Services	5,723	6,636	6,650	6,662
Fines	2,644	2,644	2,644	2,644
Use of Money and Property	957	1,208	1,320	1,433
Intergovernmental	543	317	317	317
Other Revenues	1,950	452	452	352
Total Revenues	**170,774**	**175,587**	**183,200**	**190,823**
Total Operating Transfers In	5,563	6,334	6,411	6,491
Resources Available: (Revenues plus Operating Transfers In)	**176,337**	**181,921**	**189,611**	**197,314**
Expenditures:				
General Government	13,815	14,885	15,039	15,252
Police	65,909	73,575	75,473	77,173
Fire	44,326	46,343	47,015	48,095
Community Preservation & CD Admin	1,401	1,478	1,507	1,523
Public Works	14,366	15,102	14,415	14,607
Community Services	7,882	7,942	7,961	8,072
Other Non-Departmental	942	3,282	3,071	3,286
Less: Citywide Savings		(6,900)	(6,900)	(6,900)
Debt	6,559	7,887	8,846	9,971
Less: Savings on Debt	-	(724)	-	-
Total Expenditures	**155,200**	**162,870**	**166,427**	**171,079**
Operating Transfers Out:				
Capital Projects	9,754	5,968	5,850	5,850
Cost Center Allocations	5,778	5,316	5,316	5,316
Human Services	3,635	4,012	4,012	4,012
Other	4,893	3,585	6,980	9,920
Reserve Adjustments	1,726	1,369	1,026	1,137
Total Operating Transfers Out	**25,786**	**20,250**	**23,184**	**26,235**
Resources Used: (Expenditures plus Operating Transfers Out)	**180,986**	**183,120**	**189,611**	**197,314**
Net Results of Operations: (Resources Available less Resources Used)	**(4,649)**	**(1,199)**	**-**	**-**
Encumbrance Reserve	**1,834**	**-**	**-**	**-**
Available Fund Balance	**5,234**	**2,419**	**-**	**-**
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	**7,068**	**2,419**	**1,220**	**1,220**
Ending Fund Balance	**$ 2,419**	**$ 1,220**	**$ 1,220**	**$ 1,220**

Transfers In	Estimated Actual FY 2015/16	Adopted FY 2016/17	Projected FY 2017/18	Projected FY 2018/19
Overhead Transfers In From Other Funds:				
Overhead Charges from Development (Funds 011, 012, 013)	2,160	2,483	2,520	2,558
Overhead Charges from Environmental (Fund 115,123)	259	267	271	275
Overhead Charges from Paratransit (Fund 178, 517)	95	97	98	100
Overhead Charges from Human Services Grants	305	370	376	382
Overhead Charges from Recreation (Fund 189)	994	1,233	1,251	1,270
Overhead Charges from Human Services (Fund 053)	184	273	277	281
Overhead Charges from Information Techonology (Fund 620)	349	417	423	-
Overhead Charges from Lighting/Landscape Maint Dist (Fund 460)	16	18	18	429
Overhead Charges from Vehicle Replacement (Fund 610)	44	18	18	18
Other (Home Grant, Fund 711, 103)	57	58	59	60
Sub-total Transfers In from Other Funds	**$ 4,463**	**$ 5,234**	**$ 5,311**	**$ 5,391**
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	-	-	-	-
Budget Uncertainty Reserve	-	-	-	-
Sub-total Misc. Non-recurring Transfers In	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL OPERATING TRANSFERS IN	**$ 5,563**	**$ 6,334**	**$ 6,411**	**$ 6,491**

Transfers Out	Estimated Actual FY 2015/16	Adopted FY 2016/17	Projected FY 2017/18	Projected FY 2018/19
Transfers to the CIP:				
Contribution to Street Maintenance	3,600	3,600	3,600	3,600
Contribution to Other CIP Projects	1,600	1,118	1,000	1,000
Additional CIP contribution	3,304	-		
Downtown Plan and Warm Springs	1,250	1,250	1,250	1,250
Sub-total - Transfers to the CIP	**$ 9,754**	**$ 5,968**	**$ 5,850**	**$ 5,850**
Cost Center Allocations:				
Community Development Cost Center	3,076	2,493	2,493	2,493
Recreation Cost Center	2,246	2,347	2,347	2,347
Senior Center Cost Center	456	476	476	476
Sub-total - Cost Center Allocations	**$ 5,778**	**$ 5,316**	**$ 5,316**	**$ 5,316**
Other Transfers from the GF:				
Affordable Housing	1,260	1,335	1,335	1,335
Strategic Investment Opportunity Fund	1,383	-	2,745	5,035
Human Services Special Revenue Fund	3,635	4,012	4,012	4,012
Other Post-Employment Benefits (OPEB)	2,200	2,200	2,850	3,500
Southern Alameda County Major Crimes Task Force (SACMCTF)	50	50	50	50
Sub-total - Other transfers	**$ 8,528**	**$ 7,597**	**$ 10,992**	**$ 13,932**
Transfers from the GF to Reserves:				
Contingency Reserve	1,150	913	684	759
Program Equity Investment Reserve	288	228	171	189
Economic Volatility Reserve	288	228	171	189
Sub-total - Transfers to Reserves	**$ 1,726**	**$ 1,369**	**$ 1,026**	**$ 1,137**
TOTAL OPERATING TRANSFERS OUT	**$ 25,786**	**$ 20,250**	**$ 23,184**	**$ 26,235**

General Fund Historical and Adopted Budget 2016/17

(Thousands of Dollars)	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Estimated Actual	FY 16/17 Adopted Budget
Revenues:						
Taxes:						
Property Tax	$ 64,432	$ 74,048	$ 70,146	$ 75,028	$ 79,935	$ 85,116
Sales Tax	33,066	34,404	38,862	40,744	47,896	47,143
Business Tax	7,496	7,368	7,828	9,421	10,228	9,916
Hotel/Motel Tax	4,133	4,872	6,155	7,181	8,331	9,165
Property Transfer Taxes	861	1,202	1,495	1,758	1,788	1,841
Paramedic Taxes	1,156	1,157	1,155	1,163	1,171	1,171
Franchise Fees	8,255	8,471	8,925	9,299	9,608	9,978
Charges for Services	5,003	4,792	4,914	5,177	5,723	6,636
Fines	2,354	2,730	2,922	3,024	2,644	2,644
Use of Money and Property	1,041	1,107	741	777	957	1,208
Intergovernmental	468	331	284	1,138	543	317
Other Revenues	761	1,568	1,214	1,457	1,950	452
Total Revenues	**129,025**	**142,050**	**144,641**	**156,167**	**170,774**	**175,587**
Total Operating Transfers In	**5,239**	**4,945**	**6,013**	**7,390**	**5,563**	**6,334**
Resources Available: (Revenues plus Operating Transfers In)	**134,264**	**146,995**	**150,654**	**163,557**	**176,337**	**181,921**
Expenditures:						
General Government	10,212	11,434	12,090	12,694	13,815	14,885
Police	52,725	52,203	55,805	60,599	65,909	73,575
Fire	32,373	31,814	33,660	39,450	44,326	46,343
Community Preservation & CD Admin	699	755	1,032	1,238	1,401	1,478
Human Services	-	-	-	-	-	-
Public Works	12,890	12,201	13,225	13,343	14,366	15,102
Community Services	6,438	6,563	6,610	7,076	7,882	7,942
Other Non-Departmental	1,809	2,004	1,232	1,395	942	3,282
Less: Citywide savings	-	-	-	-	-	(6,900)
Debt	6,297	6,618	6,204	6,526	6,559	7,887
Less: Debt Savings	-	-	-	-	-	(724)
Total Expenditures	**123,443**	**123,592**	**129,858**	**142,321**	**155,200**	**162,870**
Total Operating Transfers Out	**7,872**	**22,351**	**21,804**	**18,077**	**25,786**	**20,250**
Resources Used: (Expenditures plus Operating Transfers Out)	**131,315**	**145,943**	**151,662**	**160,398**	**180,986**	**183,120**
Net Results of Operations: (Resources Available less Resources Used)	**2,949**	**1,052**	**(1,008)**	**3,159**	**(4,649)**	**(1,199)**
Encumbrance Reserve	916	1,364	1,455	1,011	1,834	-
Available Fund Balance		**2,511**	**3,462**	**2,898**	**5,234**	**2,419**
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	**916**	**3,865**	**4,917**	**3,909**	**7,068**	**2,419**
Ending Fund Balance	**$ 3,865**	**$ 4,917**	**$ 3,909**	**$ 7,068**	**$ 2,419**	**$ 1,220**

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.

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	-	1,811	-	1,811
Business Tax	-	-	-	-
Hotel/Motel Tax	-	-	-	-
Property Transfer Taxes	-	-	-	-
Paramedic Taxes	-	-	-	-
Franchise Fees	-	-	-	-
Charges for Services	33,266	10,027	300	43,593
Fines	-	-	-	-
Use of Money and Property	303	158	679	1,140
Intergovernmental	-	6,829	11,152	17,981
Other Revenues	1,467	11,385	17,402	30,254
Total Revenues	**35,036**	**30,210**	**29,533**	**94,779**
Total Transfers In	7,516	5,490	5,968	18,974
Resources Available: (Revenues plus Total Transfers In)	**42,552**	**35,700**	**35,501**	**113,753**
Expenditures				
General Government	-	-	-	-
Police	-	980	-	980
Fire	1,470	179	-	1,649
Public Works:				
Engineering	11,141	-	-	11,141
Maintenance	-	-	1,200	1,200
Community Development:				
Planning	4,205	-	-	4,205
Building and Safety	7,726	-	-	7,726
Community Preservation	-	132	-	132
Housing	-	15,442	-	15,442
Human Services	768	13,333	-	14,101
Community Services:				
Recreation	9,358	26	-	9,384
Maintenance	-	-	-	-
Landscape	1,440	-	-	1,440
Environmental Services	-	9,509	-	9,509
Non-departmental	1,084	-	20,413	21,497
Debt Costs	-	487	-	487
Total Expenditures	**37,192**	**40,088**	**21,713**	**98,993**
Total Transfers Out	4,133	1,408	886	6,427
Resources Used: (Expenditures plus Operating Transfers Out)	**41,325**	**41,496**	**22,599**	**105,420**
Net Results of Operations: (Resources Available less Resources Used)	**1,227**	**(5,796)**	**12,902**	**8,333**
Beginning Fund Balance - 6/30/16 (est.)	**26,925**	**38,857**	**25,708**	**91,490**
Fund Balance - 6/30/17 (est.)	**$ 28,152**	**$ 33,061**	**$ 38,610**	**$ 99,823**

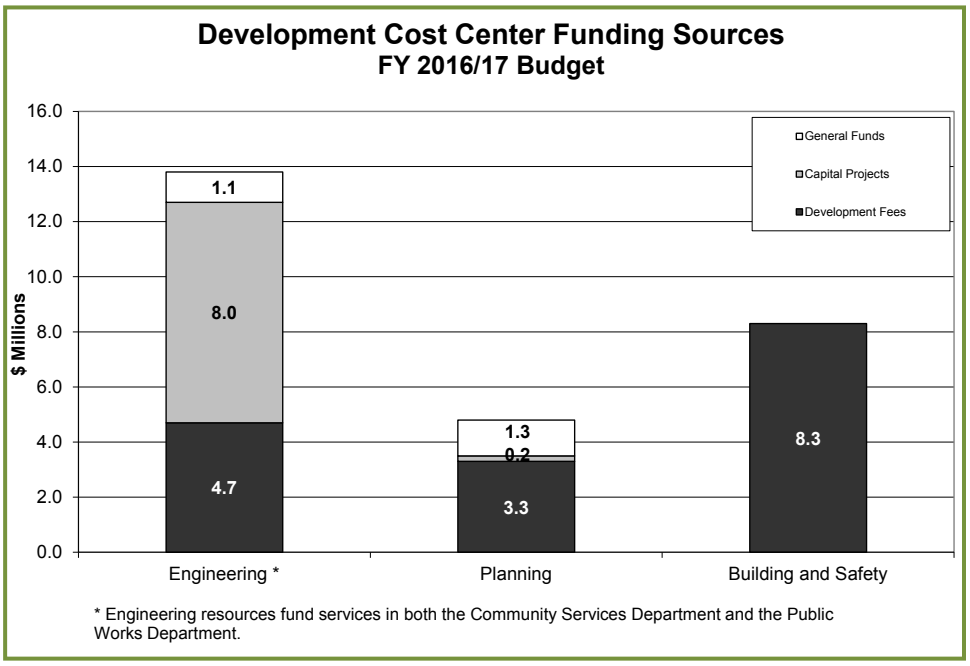
Cost Centers & Internal Service Funds

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 2016/17, the fund balance is projected to be $6.7 million, which brings the Development Cost Center reserve balance to 25% of budgeted expenditures, as compared to the current Council adopted reserve policy level of 8%.



The Planning, Engineering and Landscape Architecture Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2016/17, the General Fund will transfer $2.5 million to the Cost Center, to be spread across Planning, Engineering, and Landscape Architecture for their work programs. 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 2016/17, the Recreation Cost Center expects to receive 79% of its $10.9 million in total available resources from program and user fees, with only 21% ($2.3 million) coming from General Fund support. This transfer is 4.5% ($100,000) higher than the FY 2015/16 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 $6.78 million at the end of FY 2015/16. 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 $7.1 million by the end of FY 2016/17, and the level of the Economic Contingency Reserve will be in compliance with the Council adopted policy level of 15%.

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 2016/17, the amount of General Fund support for the Cost Center will be $476,000, or 4.5% more than the FY 2015/16 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 2016/17, unchanged from FY 2015/16. The charges to departments will remain the same for FY 2016/17, leaving a remaining fund balance of $518,000 at the end of FY 2016/17.

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 $7.9 million in FY 2016/17 for IT Services operations and various capital replacement purchases and software upgrades. The expenditure budget for this fund is increasing by $1.1 million or 16%, from the adopted FY 2015/16 budget. This increase is primarily due to an additional investment in the security of systems to ensure availability in the event of a major disaster, annual adjustments for costs of software maintenance on major enterprise systems and new costs for an upgrade of the HR/Payroll system in FY 2016/17.

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 began making payments in FY 2015/16 to prefund its unfunded OPEB liabilities through the CalPERS California Employers' Retiree Benefit Trust (CERBT).

Cost Centers/Internal Service

(Thousands of Dollars)	Development Cost Center	Recreation Cost Center	Senior Center	Internal Service: Risk Management	Internal Service: Information Technology	Internal Service: OPEB	Fire Capital Replacement	Internal Service Reclass*	Total
Revenues									
Taxes:									
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Tax	-	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-
Charges for Services	23,200	8,396	200	7,000	7,915	3,526	1,470	(18,441)	33,266
Fines	-	-	-	-	-	-	-	-	-
Use of Money and Property	69	50	-	150	30	4	-	-	303
Intergovernmental	-	-	-	-	-	-	-	-	-
Other Revenues	1,201	133	120	-	13	-	-	-	1,467
Total Revenues	**24,470**	**8,579**	**320**	**7,150**	**7,958**	**3,530**	**1,470**	**(18,441)**	**35,036**
Total Transfers In	2,493	2,347	476	-	-	2,200	-	-	7,516
Resources Available: (Revenues plus Total Transfers In)	**26,963**	**10,926**	**796**	**7,150**	**7,958**	**5,730**	**1,470**	**(18,441)**	**42,552**
Expenditures									
General Government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	1,470	-	1,470
Public Works:									-
Engineering	11,141	-	-	-	-	-	-	-	11,141
Maintenance	-	-	-	-	-	-	-	-	-
Community Development:									
Planning	4,205	-	-	-	-	-	-	-	4,205
Building and Safety	7,726	-	-	-	-	-	-	-	7,726
Community Preservation	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Human Services	-	-	768	-	-	-	-	-	768
Community Services:									
Recreation	-	9,358	-	-	-	-	-	-	9,358
Maintenance	-	-	-	-	-	-	-	-	-
Landscape	1,440	-	-	-	-	-	-	-	1,440
Environmental Services	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	7,671	8,328	3,526	-	(18,441)	1,084
Less: Citywide Savings	-	-	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-	-	-
Total Expenditures	**24,512**	**9,358**	**768**	**7,671**	**8,328**	**3,526**	**1,470**	**(18,441)**	**37,192**
Total Transfers Out	2,483	1,233	-	-	417	-	-	-	4,133
Resources Used: (Expenditures plus Operating Transfers Out)	**26,995**	**10,591**	**768**	**7,671**	**8,745**	**3,526**	**1,470**	**(18,441)**	**41,325**
Net Results of Operations: (Resources Available less Resources Used)	**(32)**	**335**	**28**	**(521)**	**(787)**	**2,204**	**-**	**-**	**1,227**
Beginning Fund Balance - 6/30/16 (est.)	**6,691**	**6,781**	**383**	**1,039**	**6,300**	**5,731**	**-**	**n/a**	**26,925**
Fund Balance - 6/30/17 (est.)	**$ 6,659**	**$ 7,116**	**$ 411**	**$ 518**	**$ 5,513**	**$ 7,935**	**$ -**	**n/a**	**$ 28,152**

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

Cost Centers/Internal Service

(Thousands of Dollars)	Budget 2014/15	Budget 2015/16	Adopted Budget 2016/17
Beginning Fund Balance	**$ 16,524**	**$ 21,220**	**$ 26,925**
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	24,688	29,618	33,266
Fines	-	-	-
Use of Money and Property	1,289	270	303
Intergovernmental	-	-	-
Other Revenues	1,174	1,203	1,467
Total Revenues	**27,151**	**31,091**	**35,036**
Operating Transfers In	7,132	7,263	7,516
Total Available Resources	**50,807**	**59,574**	**69,477**
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	1,400	1,470
Public Works:			
Engineering	9,238	9,769	11,141
Traffic Engineering	-	-	-
Maintenance	-	-	-
Community Development:			
Planning	3,369	3,685	4,205
Building and Safety	5,496	6,337	7,726
Community Preservation	-	-	-
Housing	-	-	-
Human Services	731	763	768
Community Services:			
Recreation	8,035	8,582	9,358
Maintenance	-	-	-
Landscape	1,232	1,349	1,440
Environmental Services	-	-	-
Non-departmental	1,120	4,707	1,084
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	**29,221**	**36,592**	**37,192**
Operating Transfers Out	3,655	4,643	4,133
Transfers to Reserves	-	-	-
Total Use of Resources	**32,876**	**41,235**	**41,325**
Ending Fund Balance	**$ 17,931**	**$ 18,339**	**$ 28,152**

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 71% of the department's total funding sources in FY 2016/17. The table on page 92 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 2016/17, the General Fund will transfer $4.01 million to the Human Services Special Revenue Fund, which represents 27% 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 transportation services for seniors and people with disabilities. The City receives Measure B and Measure BB sales tax revenue from the Alameda County Transportation Commission for use on transportation-related activities such as the paratransit services, mobility management, travel training, taxi vouchers and volunteer driver programs. The Measure B and BB direct local distribution funding for paratransit services is estimated at $1.391 million for FY 2016/17. The City has also applied for $425,000 in Measure B/BB grant funding to support supplemental transportation services for elderly and disabled Tri-City residents in FY 2016/17. The City is also expected to receive $250,000 from the City of Newark under its agreement to provide paratransit services to Newark residents.

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 $262,000 in FY 2016/17.

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 2016/17 budget of $1,549,000 is $96,000 more than the FY 2015/16 budget of $1,453,000.

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 2016/17 budget is $283,000, representing an increase of 11.0% from FY 2015/16.

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 2016/17, $6,904,000 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. Estimated expenditures are $493,000, in FY 2015/16, for operational costs related to the management and oversight of the City's affordable housing assets and programs. The total expenditures budgeted for FY 2016/17 are $4,118,000.

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. Therefore, all other funds received will be recorded in this City Funded Affordable Housing Fund. At the end of FY 2015/16, the estimated fund balance was $5,260,000. For FY 2016/17, $1,335,000 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 79.
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 are budgeted to increase by 24.7%, from $8.0 million in FY 2015/16 to $9.9 million in FY 2016/17. The FY 2016/17 budget increased mainly due to an increase in salary and benefits costs, and the costs to purchase two sweeper vehicles scheduled for replacement in FY 2016/17, funding for two additional positions to support the solid waste removal services, and increases in the solid waste processing costs.

Special Revenue Funds

(Thousands of Dollars)	Human Services: Grants	Human Services: Paratransit	Human Services: FRC	Human Services: Human Services	Human Services: CDBG	HOME	Low/Mod Inc Housing	City Funded Aff Housing	Affordable Housing Ord	Public Safety Grants	Environmental Services Funds	Total Special Revenues
Revenues												
Taxes:												
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Tax	-	1,811	-	-	-	-	-	-	-	-	-	1,811
Business Tax	-	-	-	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	87	100	82	353	-	-	-	-	-	-	9,405	10,027
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Use of Money and Property	30	2	31	20	-	-	60	15	-	-	-	158
Intergovernmental	4,000	240	-	17	1,549	283	-	-	-	625	115	6,829
Other Revenues	219	-	1,303	21	-	-	1,200	1,738	6,904	-	-	11,385
Total Revenues	**4,336**	**2,153**	**1,416**	**411**	**1,549**	**283**	**1,260**	**1,753**	**6,904**	**625**	**9,520**	**30,210**
Total Transfers In	-	-	93	4,012	-	-	-	1,335	-	50	-	5,490
Resources Available: (Revenues plus Total Transfers In)	**4,336**	**2,153**	**1,509**	**4,423**	**1,549**	**283**	**1,260**	**3,088**	**6,904**	**675**	**9,520**	**35,700**
Expenditures												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	980	-	980
Fire	-	-	-	-	-	-	-	-	-	179	-	179
Public Works:												
Engineering	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Community Development:												
Planning	-	-	-	-	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-	-	-	132	132
Housing	-	-	-	-	-	282	4,061	4,547	6,552	-	-	15,442
Human Services	4,331	1,835	1,021	4,605	1,541	-	-	-	-	-	-	13,333
Community Services:												
Recreation	-	-	-	-	-	-	-	-	-	-	26	26
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Landscape	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Services	-	-	-	-	-	-	-	-	-	-	9,509	9,509
Non-departmental	-	-	-	-	-	-	-	-	-	-	-	-
Less: Citywide Savings	-	-		-	-	-	-	-	-	-	-	-
Debt Costs	-	-	487	-	-	-	-	-	-	-	-	487
Total Expenditures	**4,331**	**1,835**	**1,508**	**4,605**	**1,541**	**282**	**4,061**	**4,547**	**6,552**	**1,159**	**9,667**	**40,088**
Total Transfers Out	386	97	319	273	8	1	57	-	-	-	267	1,408
Resources Used: (Expenditures plus Operating Transfers Out)	**4,717**	**1,932**	**1,827**	**4,878**	**1,549**	**283**	**4,118**	**4,547**	**6,552**	**1,159**	**9,934**	**41,496**
Net Results of Operations: (Resources Available less Resources Used)	**(381)**	**221**	**(318)**	**(455)**	**-**	**-**	**(2,858)**	**(1,459)**	**352**	**(484)**	**(414)**	**(5,796)**
Beginning Fund Balance - 6/30/16 (est.)	**1,950**	**725**	**2,199**	**1,026**	**-**	**3,685**	**4,545**	**5,260**	**9,219**	**1,258**	**8,990**	**38,857**
Fund Balance - 6/30/17 (est.)	**$ 1,569**	**$ 946**	**$ 1,881**	**$ 571**	**$ -**	**$ 3,685**	**$ 1,687**	**$ 3,801**	**$ 9,571**	**$ 774**	**$ 8,576**	**$ 33,061**

Special Revenue Funds

(Thousands of Dollars)	Budget 2014/15	Budget 2015/16	Adopted Budget 2016/17
Beginning Fund Balance	**$ 21,320**	**$ 30,981**	**$ 38,857**
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	1,199	1,812	1,811
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	9,135	8,734	10,027
Fines	-	-	-
Use of Money and Property	157	205	158
Intergovernmental	6,558	7,320	6,829
Other Revenues	1,986	4,049	11,385
Total Revenues	**19,035**	**22,120**	**30,210**
Operating Transfers In	4,638	5,054	5,490
Total Available Resources	**44,993**	**58,155**	**74,557**
Expenditures			
General Government	-	-	-
Police	751	949	980
Fire	184	153	179
Public Works:	-	-	-
Engineering	-	-	-
Traffic Engineering	-	-	-
Maintenance	-	-	-
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Community Preservation	90	126	132
Housing	738	1,080	15,442
Human Services	12,282	12,996	13,333
Community Services:			
Recreation	25	26	26
Maintenance	-	-	-
Landscape	-	-	-
Environmental Services	7,259	7,558	9,509
Non-departmental	-	-	-
Less: Citywide Savings	-	-	-
Debt Costs	618	690	487
Total Expenditures	**21,947**	**23,578**	**40,088**
Operating Transfers Out	1,390	1,303	1,408
Transfers to Reserves	-	-	-
Total Use of Resources	**23,337**	**24,881**	**41,496**
Ending Fund Balance	**$ 21,656**	**$ 33,274**	**$ 33,061**

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.

Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Vehicle Replacement	Gas Tax & Meas B	Park Impact Fees	Traffic Impact Fees	Committed /Restricted Group	Expenditure Reclass*	Total Projects
Revenues								
Taxes:								
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales Tax	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Paramedic Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	-	1,805	-	-	-	300	(1,805)	300
Fines	-	-	-	-	-	-	-	-
Use of Money and Property	75	16	111	313	150	14	-	679
Intergovernmental	-	-	11,152	-	-	-	-	11,152
Other Revenues	-	50	-	9,489	2,400	5,463	-	17,402
Total Revenues	**75**	**1,871**	**11,263**	**9,802**	**2,550**	**5,777**	**(1,805)**	**29,533**
Total Transfers In	5,968	-	-	-	-	-		5,968
Resources Available: (Revenues plus Total Transfers In)	**6,043**	**1,871**	**11,263**	**9,802**	**2,550**	**5,777**	**(1,805)**	**35,501**
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	6,353	1,339	10,094	4,860	2,161	3,797	(8,191)	20,413
Less: Citywide Savings	-	-	-	-	-	-	-	-
Town Fair Operations	100	-	-	-	-	-	-	100
Debt Costs	-	-	-	-	-	-	-	-
Total Expenditures	**6,453**	**1,339**	**11,294**	**4,860**	**2,161**	**3,797**	**(8,191)**	**21,713**
Total Transfers Out	-	18	-	-	-	868	-	886
(Expenditures plus Operating Transfers Out)	**6,453**	**1,357**	**11,294**	**4,860**	**2,161**	**4,665**	**(8,191)**	**22,599**
Net Results of Operations: (Resources Available less Resources Used)	**(410)**	**514**	**(31)**	**4,942**	**389**	**1,112**	**6,386**	**12,902**
Beginning Fund Balance - 6/30/16 (est.)	**489**	**1,548**	**220**	**22,982**	**369**	**100**	**n/a**	**25,708**
Fund Balance - 6/30/17 (est.)	**$ 79**	**$ 2,062**	**$ 189**	**$ 27,924**	**$ 758**	**$ 1,212**	**n/a**	**$ 38,610**

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

Capital Improvement Funds

(Thousands of Dollars)	Budget 2014/15	Budget 2015/16	Adopted Budget 2016/17
Beginning Fund Balance	**$ 7,937**	**$ 22,990**	**$ 25,708**
Revenues			
Taxes:			
Property Tax	-	-	-
Business Tax			
Hotel/Motel Tax	-	-	-
Property Transfer Taxes	-	-	-
Paramedic Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	300	300
Fines	-	-	-
Use of Money and Property	652	555	679
Intergovernmental	9,578	11,227	11,152
Other Revenues	4,510	18,034	17,402
Total Revenues	**14,740**	**30,116**	**29,533**
Operating Transfers In	11,748	8,473	5,968
Total Available Resources	**34,425**	**61,579**	**61,209**
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	16,246	46,602	20,413
Less: Citywide Savings	-	-	-
Town Fair Operations	-	245	100
Debt Costs	6,598	-	-
Total Expenditures	**24,044**	**48,047**	**21,713**
Operating Transfers Out	1,371	910	886
Transfers to Reserves	-	-	-
Total Use of Resources	**25,415**	**48,957**	**22,599**
Ending Fund Balance	**$ 9,010**	**$ 12,622**	**$ 38,610**

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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

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 ding 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.

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

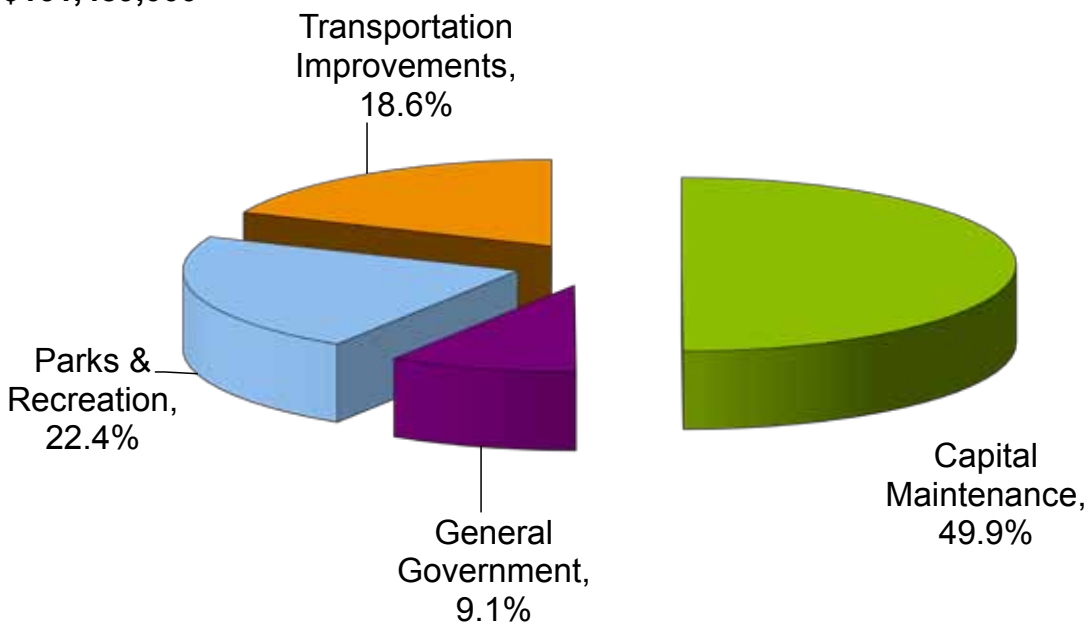
and updated every two years. The process to update this plan biannually provides the City Council with a regular opportunity to consider these challenges, and to consider options for addressing them. Despite the funding limitations associated with this plan, the City will proceed with the significant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

CIP FY 2015/16 - 2019/20
Distribution of Funding by Program Category
Total: $161,489,000



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.

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

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.

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	$1,4000,000

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

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 rrange of housing to match the variety of jobs in Fremont, enabling people to live and work locally throughout their lives.

5. **Interesting places and things to do**: Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.

6. **Effective transportation systems**: A variety of transportation networks that make travel easy throughout Fremont.

City Council
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 141,472	$ 166,636	$ 190,000	$ 200,773	$ 146,702	$ 202,811
Operating Expenditures	169,908	186,765	195,435	200,955	188,713	188,713
Capital Expenditures	-	903	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
Totals	**$ 311,380**	**$ 354,304**	**$ 385,435**	**$ 401,728**	**$ 335,415**	**$ 391,524**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	16.7%

* 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.

** 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.

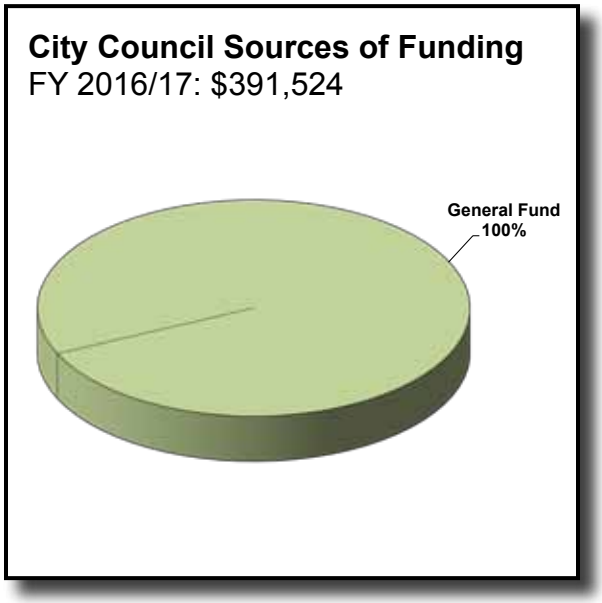
3. BART to San Jose: Continue to partner with BART to ensure that Fremont's interests are considered relative to the BART extensions to Warm Springs/South Fremont and Santa Clara County.

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 2016/17 City Council budget is $56,109 (or 16.7%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 38.2% due to increases in salary and 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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Planning	$ 3,644,639	$ 3,663,209	$ 4,637,279	$ 4,704,099	$ 4,147,127	$ 4,778,146
Planning Administration	114,921	342,082	370,820	370,820	304,466	425,081
Building and Safety	5,063,670	5,449,221	8,799,574	8,321,467	6,786,142	8,331,889
Community Preservation	916,920	895,618	1,029,887	1,029,887	1,025,005	1,052,834
Affordable Housing Investment	362,819	1,688,679	492,374	4,040,115	585,267	4,117,757
City Funded Affortable Housing	-	1,550	80,500	4,557,319	160,500	4,547,319
Affordable Housing Ordinance	33,482	34,747	4,471,265	11,111,400	135,000	6,552,237
Total Community Development	**$ 10,136,451**	**$ 12,075,106**	**$ 19,881,699**	**$ 34,135,107**	**$ 13,143,507**	**$ 29,805,263**

* 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 2011/12, the budgets for Affordable Housing Investment and Affordable Housing Ordinance are included.

Accomplishment Highlights FY 2015/16

- Adopted the City Center Community Plan and Form Based Code to transform the City Center from a primarily auto-oriented area of large blocks, wide streets and little pedestrian charm into an urban center.
- Completed a comprehensive update to the Residential, Open Space and Commercial zoning districts to provide consistency with the General Plan.
- Adopted an ordinance prohibiting the establishment of all new retail tobacco stores and regulating retail sales of tobacco products, including electronic cigarettes.
- Updated the Density Bonus Ordinance for consistency with state law.

- Processed development applications for several projects, including: Lennar Warm Springs Master Plan, Toll Brothers Warm Springs Master Plan, Valley Oak Warm Springs Master Plan, Parc 55 Senior Residential Community, Stevenson Family Apartments, Silevo, Chick Fil A (Auto Mall), Living Spaces, Tesla Kato Road, Silicon Logistics, Artist Walk Tentative Tract Map, and Granite Ridge Residential.

- Continued the weekly one-stop joint plan review meetings with Tesla to expedite their permit applications (six applications per week average). Completed the Tesla North Paint project at the main facility, the North Paint expansion/addition, and plan review for additional activities at the 901 Page site.

- Completed expedited reviews and inspections for major renovation and conversion of research and development facility for Silevo/Solar City.

- Completed multiple reviews for tenant improvements to Seagate and LAM facilities.

- Completed plan review and/or inspections for a total of 1,294 new residential units.

- Maintained level of service during a time of a record number of inspection requests.

- Standardized all work unit code enforcement forms and notice templates, and stored them on a central network drive to help ensure consistency in communications.

- Developed and implemented first phase of comprehensive program to address expired building permits.

- Developed operating procedures and trained code enforcement officers re: the new mandates of California Senate Bill 655 (mold in housing).

- Assisted Human Services Department with homeless programs and with the establishment of a winter warming center at the Senior Center.

- Adopted code revisions to streamline permitting and inspection processes for small rooftop solar projects and installation of electric vehicle chargers.

- Implemented the SunShares program, a group solar purchase program that helped 47 Fremont residents purchase solar for their homes at discounted prices.

- Completed installation of eight grant-funded dual port electric vehicle charging stations at three locations, and obtained grant funding for nine additional stations on Capitol Avenue to be installed in FY 2016/17.

- Launched a Microgrid Demonstration Project in partnership with Fremont-based firm Gridscape Solutions to install solar electric carport systems paired with energy storage units at three Fire Stations.

- Completed construction and began operations of three solar carport systems at the Irvington Community Center, Aqua Adventure Water Park, and the Fremont Police Building complex, resulting in an anticipated $2.5 million in utility costs over the life of the systems and a more than 5% reduction in greenhouse gas emissions from City operations.

- Continued wide-ranging efforts to reduce community energy usage in connection with the Georgetown Energy Prize competition, a national competition that will award $5 million to the city with the greatest per capita reduction in energy use between January 2015 and December 2016.
- Celebrated opening of Laguna Commons, a 65-unit supportive services project on Fremont Boulevard in Irvington serving extremely-low and very-low income individuals and families.
- Executed loan documents with MidPen Housing for the Stevenson Family Apartments project (80 units) and with Eden Housing for the Parc55 Senior Affordable Apartments (93 units).
- Worked with affordable developers (St. Anton and Bridge) on proposed projects in Warm Springs that will result in over 400 very-low and low-income affordable units.
- Secured a $460,000 grant through the State Housing Related Parks Program.

Objectives FY 2016/17

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 to reflect recent changes in federal regulations and new technology.

4. Adopt a Historic Context Statement to identify potential mid-century modern resources and streamline the process for evaluating proposed modifications to structures more than 50 years old.

5. Update the Citywide Design Guidelines to address privacy concerns from new two-story homes and second story additions in single-family neighborhoods.

6. Seek funding to prepare an Irvington BART Station Area Plan to implement the City's vision for transforming the area around the future station into a vibrant, pedestrian-friendly, transit-oriented neighborhood and ensure integration between the station, new development and existing land uses.

7. 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.

8. Spearhead community efforts to reduce energy consumption, strengthening the City's chances of advancing in the Georgetown University Energy Prize competition.

9. Manage the installation of nine new publicly-accessible electric vehicle charging stations on Capitol Avenue obtained using grant funding from the Bay Area Air Quality Management District.

10. 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.

11. Evaluate the results of an 18-month pilot carshare program, and if an ongoing program is warranted, solicit bids and select a vendor.

12. Assist MidPen Housing and Eden Housing as necessary to secure financing and begin construction on the 80-unit Stevenson Family Apartments project (MidPen) and the 93-unit Parc55 Senior Apartments (Eden).

13. Work with homebuilders Lennar and Toll Brothers and their affordable housing partners to aid their efforts to develop affordable housing in the South Fremont/Warm Springs Area.

14. Evaluate and analyze an affordable housing commercial linkage fee and provide recommendations to the City Council.

15. Adopt a Junior Secondary Unit ordinance to make it easier/cheaper for homeowners to convert existing bedrooms into rentable space, thereby creating additional housing in existing structures.

16. Continue to collaborate with Fire, Police, Environmental Services, Public Works, and Recreation to provide thorough and comprehensive development review services to the public.

17. Continue efforts to reduce paper and increase digital reviews and archiving.

18. In collaboration with the Fire Department, adopt the new 2016 California Building Codes, which will include new green building code features.

19. Enhance the public's understanding of updated building regulations, including green building and disabled access regulations, through improved handout literature and interface with customers.

20. Increase Code Enforcement staff presence at community meetings and events to further market our services to the public and business community, promote a positive image, and achieve more voluntary compliance.

21. Utilize handheld devices for building inspectors and code enforcement officers for inspections and investigations to gain efficiency and save paper.

22. Work collaboratively with the City Manager's office to finalize Fremont's Local Hazard Mitigation Plan.

23. Continue to comprehensively address substandard building conditions with the goals of improving occupant and public safety, increasing the value of the buildings, and helping satisfy tenant expectations.

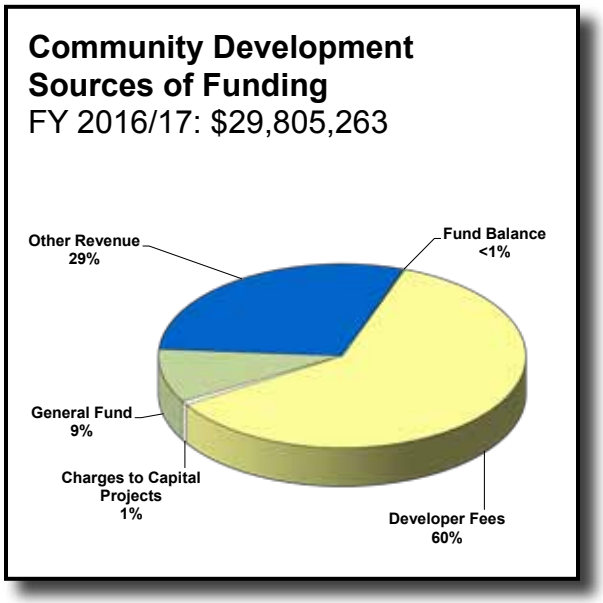
24. Develop an inspection guideline/handbook to explain the required inspections needed for residential and commercial projects to enhance public education and staff training.

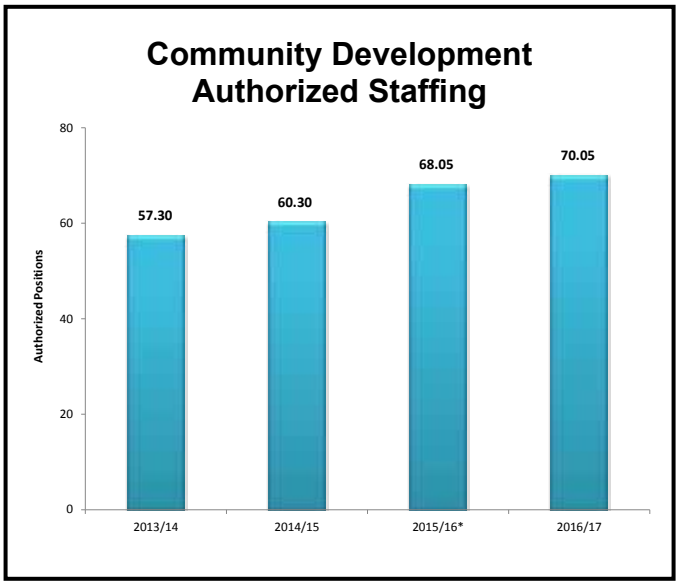
25. Initiate development of on-line permitting for minor permits.

26. Pursue and secure Citywide Insurance Service Office (ISO) Class One rating to reduce property owner insurance rates.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Reduce waits for public counter assistance to a minimum of 15 minutes	90%	90%	90%	90%
Achieve entitlement processing schedules	90%	90%	85%	90%
Achieve building permit processing schedules	90%	90%	88%	90%





Community Development
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 7,289,894	$ 7,856,330	$ 10,504,530	$ 10,424,164	$ 9,449,828	$ 10,992,201
Operating Expenditures	799,157	2,089,272	6,410,454	21,374,726	1,497,950	16,276,135
Capital Expenditures	19,534	104,332	218,250	217,750	78,000	51,000
Indirect Expense Allocation**	2,027,866	2,025,172	2,148,465	2,118,467	2,117,729	2,485,927
Totals	**$ 10,136,451**	**$ 12,075,106**	**$ 19,281,699**	**$ 34,135,107**	**$ 13,143,507**	**$ 29,805,263**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	126.8%

* 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 2016/17 Community Development Department budget is $16,661,756 (or 126.8%) more than the FY 2015/16 adopted budget, primarily due to the carryover of $14.4 million appropriated in FY 2015/16 to develop affordable housing to FY 2016/17
- Salaries and benefits are increasing by 16.3% due an increase of 2.0 FTEs to reflect workload realignment and to reflect increases in development activities.
- Operating expenditures are increasing by $14,778,185 (987%) due primarily to appropriations to support development of affordable housing.
- Capital expenditures are decreasing by $27,000 (34.6%) due to a decrease of capital needs.

Staffing by Function–FY 2016/17

Community Development

Administration

Community Development Director	0.575
Deputy Director	0.600
Business Manager	0.350
Environmental Specialist II	0.250
Management Analyst I	0.250
Senior Executive Assistant	0.350
Senior Office Specialist	0.500

Building & Safety

Community Development Director	0.325
Deputy Director	0.100
Building Official	0.750
Business Manager	0.350
Plan Check Manager	1.000
Supervising Building Inspector	2.000
Permit Center Manager/Business Ally	1.000
Plan Check Professional	6.000
Fire & Life Safety Plans Examiner	2.000
Building Inspector Specialist	5.000
Building Inspector	8.000
Management Analyst I	0.750
Senior Community Development Technician	1.000
Community Development Technician	7.000
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	0.050
Deputy Director	0.250
Housing Project Manager	0.800
Business Manager	0.250
Senior Executive Assistant	0.250
Planner I	1.000

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	6.000
Landscape Arch/Designer II	1.000
Planner I	2.000
Executive Assistant	1.000
Accounting Specialist II	1.000
Office Specialist II	1.400

Community Preservation

Community Development Director	0.050
Deputy Director	0.050
Building Official	0.250
Business Manager	0.050
Community Preservation Manager	1.000
Senior Code Enforcement Officier	1.000
Code Enforcement Officer II	3.000
Senior Executive Assistant	0.050
Administrative Assistant	0.250

Regular Full-Time Equivalents: 70.05

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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.

Community Services
Historical Expenditures/Budget, by Major Service Area

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Recreation	$ 8,544,862	$ 9,013,111	$ 10,949,341	$ 10,762,476	$ 9,575,528	$ 10,592,100
Parks, Medians, & Urban Landscape	6,610,128	7,075,577	7,882,104	7,931,291	7,746,608	7,942,330
Environmental Services**	7,615,223	7,032,478	8,051,078	8,267,076	7,968,803	9,934,199
Landscape Architecture***	1,095,825	1,367,465	1,498,296	1,495,296	1,489,267	1,573,308
Total Community Services	**$ 23,866,038**	**$ 24,488,631**	**$ 28,380,819**	**$ 28,456,139**	**$ 26,780,206**	**$ 30,041,937**

* 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.

**Previously budgeted in the Transportation & Operations Department, which is now the Public Works Department.

***Previously budgeted in the Engineering Division of the Community Development Department.

Accomplishment Highlights FY 2015/16

- Completed 90% construction of the Field 9 & 10 Cricket/Soccer Turf Conversion Project at Central Park. This Project increases use four fold by allowing more games and less downtime due to weather and wear on the turf, as provides the City's first regulation size cricket field.
- Completed 95% construction of the Northgate Community Park Cricket Batting Cages. Five cages were built to support the active cricket use at this park. The cages will generate revenue and are available to baseball/softball users as well.

- Completed construction of the Turf and Poplar Tree Renovation Project at Central Park (north of the Boat House). This project renovated soil and turf and replaced dying poplar trees with longer living maple trees.
- Renovated Crandall Creek Park Play Area to current safety and ADA accessibility standards.
- Expanded the free Clean Water Education programs at the Nature Learning Center to include both a 2nd and 3rd grade program.
- Completed court resurfacing for the 3 courts at Warm Springs Community Park to extend the life of the courts and prevent cracks from resurfacing prematurely.

- Replaced 27,886 sq ft of turf in medians with wood chips and installed water efficient bubblers to irrigate the trees.

- Expanded the number of customers participating in the City's commercial organics program from 120 to 165 to increase the amount of food waste recycled and reduce the volumes disposed of in the landfill.

Objectives FY 2016/17

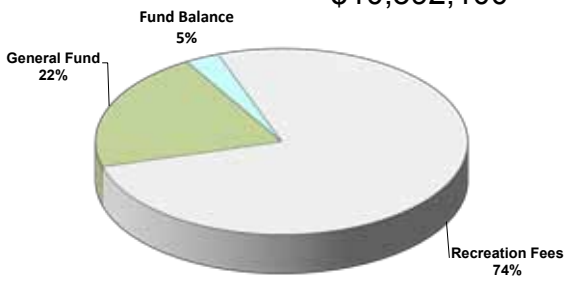
1. Complete the design of a new large group picnic area adjacent to Aqua Adventure Waterpark, which will support groups over 400 people. The area will include picnic pavilions, sand volleyball courts, a group games area, and kitchen facilities for catering.
2. Replace two restrooms and one classroom to meet new building code and ADA standards. One restroom is near the Always Dream Picnic Area. The other restroom and classroom will be at Warm Springs Community Park.
3. Identify high priority medians within the City to implement water conservation standards.
4. Complete Phase III for Master Planning the California Nursery Historic Park, which includes the final concept plan for the park.
5. Complete concept planning for the new 40 acre regional sports facility located at the end of Auto Mall Parkway.
6. Implement a multifamily organics collection program to increase the amount of food waste recycled and reduce the volume of food waste disposed in the landfill.
7. Provide technical assistance and outreach to all businesses subject to the County Mandatory Recycling ordinance enforcement action in order to improve compliance and reduce the number of business receiving citations for non-compliance.
8. Install 500 trash capture devices within the City storm drain system to treat 200 acres of watershed and reduce the quantity of trash entering the City's creeks, streams, and the San Francisco Bay.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Increase Recreation program and services registrants by 2% from previous year	33,397	34,900	34,900	35,600
Increase solid waste diversion rate	73%	75%	74%	75%
Increase number of creek clean-up paticipants	607	550	600	650

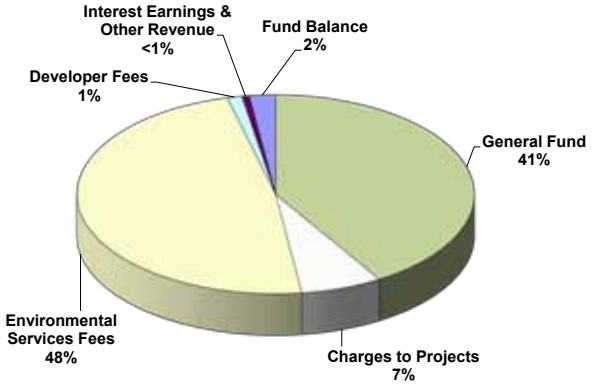
Community Services Sources of Funding
FY 2016/17: $30,041,938

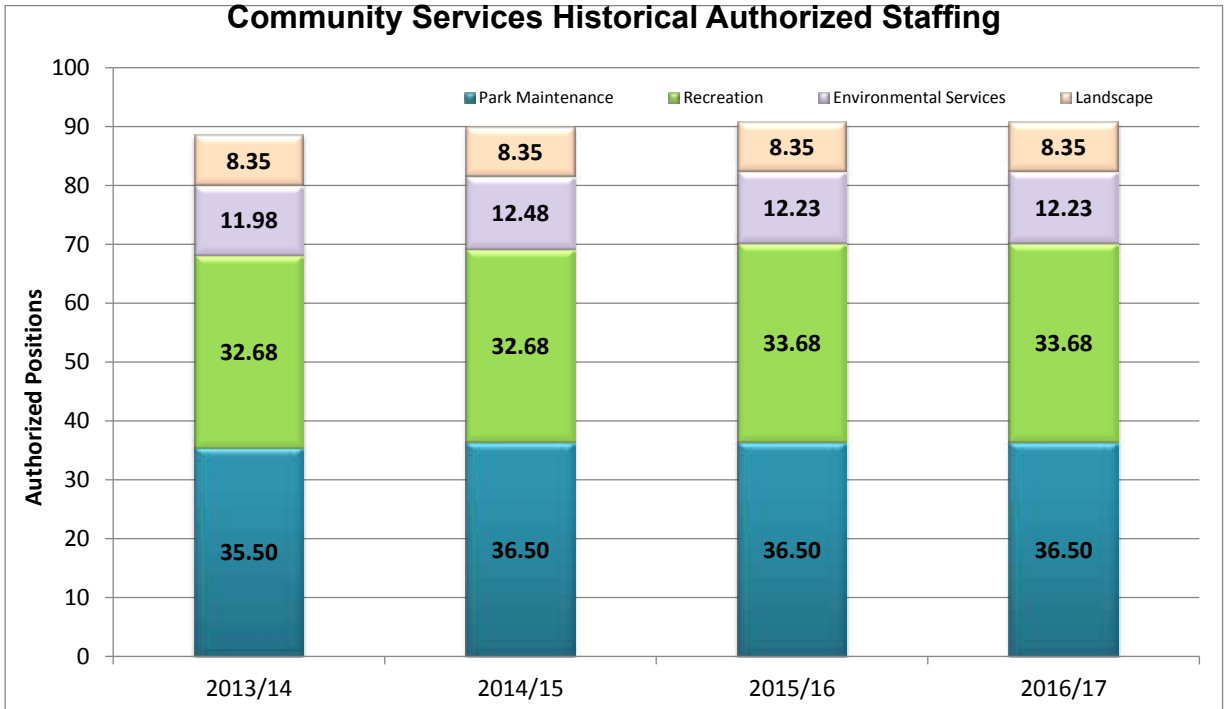
Recreation Division
$10,592,100



*Other Divisions include: Environmental Services, Landscape Architecture, Parks Maintenance, Median Maintenance, and Urban Landscape.

***Other Divisions**
$19,449,838





Note: Environmental Services, Median Maintenance, and Urban Landscape were previously budgeted in the Transportation & Operations Department, which is now the Public Works Department. Landscape Architecture was previously budgeted in the Engineering Division of the Community Development Department. Seventeen positions (11.6 FTEs in Median Maintenance and 5.4 FTEs in Tree Maintenance) were budgeted in the Transportation & Operations Department prior to FY 2011/12, now included under Park Maintenance. As of FY 2013/14, 11 FTEs were eliminated as a result of outsourcing the Median Maintenance function.

Community Services
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 10,295,931	$ 11,271,842	$ 12,611,273	$ 12,723,932	$ 12,668,018	$ 13,260,582
Operating Expenditures	10,300,133	9,516,962	10,655,363	10,650,750	10,453,857	11,556,285
Capital Expenditures	97,829	162,727	443,849	411,123	128,297	1,388,581
Indirect Expense Allocation**	3,172,145	3,537,100	4,670,334	4,670,334	3,530,034	3,836,489
Totals	**$ 23,866,038**	**$ 24,488,631**	**$ 28,380,819**	**$ 28,456,139**	**$ 26,780,206**	**$ 30,041,937**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	12.2%

* 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 2016/17 Community Services budget is $3,261,731 (or 12.2%) more than the FY 2015/16 adopted budget.
- Operating expenditures are increasing by $1,102,428 (10.5%) primarily due to increased integrated waste management services.
- Capital expenditures are increasing by $1,260,284 (982.3%) primarily due to additional equipment and vehicle purchases.

Staffing by Function–FY 2016/17

Community Services

Community Services Director	1.00
Executive Assistant	1.00

Park Maintenance

Deputy Director	0.10
Park Superintendent	0.80
Parks/Urban Landcape Manager	0.20
Parks/Urban Landcape Manager	0.60
Central Park	
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	5.00
North End Parks	
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	3.00
South End Parks	
Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	4.00
Construction/Irrigation	
Park Field Supervisor	1.00

Construction

Park Maintenance Worker II	1.00
Park Maintenance Worker I	2.00

Irrigation

Park Maintenance Worker II	1.00
Park Maintenance Worker I	1.00

Urban Landscape

Tree

Park Superintendent	0.20
Parks/Urban Landcape Manager	0.40
Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	2.00

Median

Parks/Urban Landcape Manager	0.80

Recreation

Administrative & Support Services

Deputy Director	0.80
Recreation Superintendent I	3.00
Management Analyst II	1.00
Assistant Recreation Supervisor	1.00
Recreation Facility & Supply Worker	1.00
Accounting Specialist II	0.75
Office Specialist II	2.00

Park Visitor Services

Recreation Supervisor II	1.00
Park Ranger	4.75
Office Specialist II	1.00

Recreation Services

Recreation Supervisor II	3.00
Recreation Supervisor I	7.00
Water Park Operations Manager	1.00
Water Park Revenue & Sales Mgr	1.00
Assistant Recreation Supervisor	1.00
Tiny Tot Specialist	3.08
*Program Staff - approx. 325**	

Landscape Architecture

Senior Landscape Architect	2.00
Assoc. Landscape Architect	2.00
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 Officier 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, innovation, and target industry clusters to increase economic growth for the City's commercial and industrial areas.

Strategic Partnerships
Build local and regional relationships, 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 Economic Development Department (EDD) 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; assisting with site selection, marketing, and permitting; and staffing the City's Economic Development Advisory Commission (EDAC). Furthermore, EDD serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. EDD 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 2015/16

- Business Development:
  - Visited over 50 businesses in FY 2015/16, an increase of 20% from FY 2014/15.
  - Facilitated significant development activity. Examples include:
    - i. Company Expansions: Tesla, Lam Research, Delta Products, Boehringer Ingelheim, Silevo/Solar City, Verseon, Imergy;
    - ii. New Businesses: UL, TE Connectivity, Altair, Bay Materials, Gooch & Housego, myoscience, Bay Wire, Nutek;
    - iii. New Real Estate Development: Overton Moore, Prologis, Westcore, Seefried Properties.
  - Enhanced small business program support by completing 4 '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.
  - Collaborated with Finance Department on an analysis of the City's Business License Tax to ensure regional competitiveness and to identify opportunities for improved practices.

- Advanced Key Economic Development Initiatives/Partnerships to Support Warm Springs Development:
  - Collaborated with Brookings Institute on a full-day Advanced Industries workshop with business leaders in manufacturing, venture capital, cloud computing, and Academia to share knowledge on Fremont's role in the reshoring of manufacturing and expanding awareness of the convergence of manufacturing and cloud computing for sustainable long-term growth.
  - Helped administer a last-mile shuttle feasibility study to analyze shuttle routes, costs, and private sector participation in a public-private shuttle service linking employees and employers to the new Warm Springs BART station.
  - Supported launch of StartupGrind's Fremont Chapter, a monthly networking group where entrepreneurs gather to hear stories from other startup success stories and investors.
  - Completed Fremont Innovation District Wayfinding Signage and district branding study.
  - Participated in various regional partnerships focused on advanced manufacturing and industrial economies.
  - Facilitated multiple tours of Fremont's largest manufacturers for state/regional leaders and other influencers in order to promote the City's business opportunities and investment profile.
  - Launched an initiative with the Fremont Unified School District on 'Maker Education' to help increase students access and opportunities to these types of programs.

- Marketing:
  - Partnered with the Silicon Valley Business Journal to host the "Business of Fremont" at ThermoFisher's new manufacturing facility, which drew a business and real estate audience of over 200.
  - Created a special print supplement in the Silicon Valley Business Journal (SVBJ) focused on Fremont's industry cluster advantage and urban initiatives. The publication was distributed to all SVBJ subscribers.
  - Organized and hosted industry events including: 2015 Cleantech Open Western Region Showcase, National Manufacturing Day 2015 (200 attendees visiting 14 companies), ICSC Alliance 2016, Brookings Institution Advanced Industries Symposium.
  - Completed sector-based marketing materials, including a clean technology marketing plan and an infographic about the regional biomedical industry.
  - Created a focused infographic about the new Warm Springs BART station in conjunction with the station's grand opening.
  - Redesigned marketing brochure for Warm Spring/Innovation District, updated Fremont's Investment Profile, and created new brochure to market opportunities in Ardenwood.
  - Attended industry conferences including, but not limited to BIO2016, SME 98/Design 2 Parts conference, BioMed Device, Arpa-e, Cleantech Open, and ULI to stay current on industry needs and promote Fremont directly to industry stakeholders.
  - Posted 300+ blogs in June 2016 on Takes From Silicon Valley, continuing with daily tweets with 900+ followers, and 600+ likes on @Fremont4Biz.

Objectives FY 2016/17

1. Promote and facilitate development activity on key sites in Warm Springs, Ardenwood, and south of Pacific Commons.

2. Leverage Startup Grind-Fremont growth and expand access to startup community through data analysis and establishing relationships with startup support services, including incubators/ accelerators and university entrepreneurship programs.

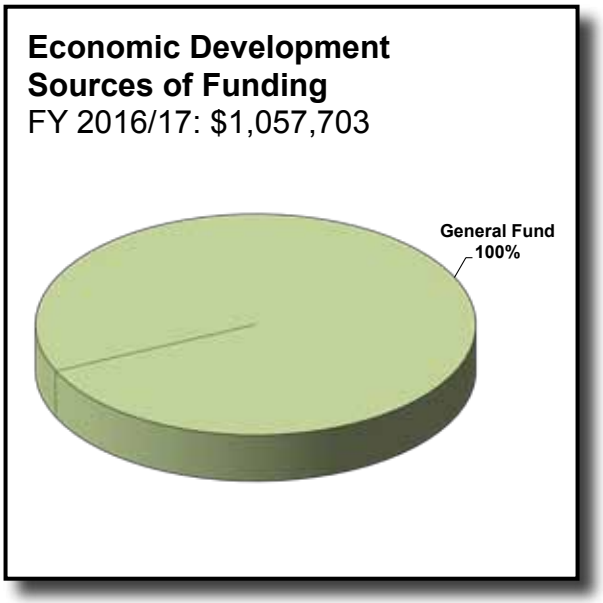
3. Begin a refresh of the design and functionality of the City's Business website, ThinkSiliconValley.com to adapt to evolving software and mobile technologies and maintain the website's contemporary nature and relevance.

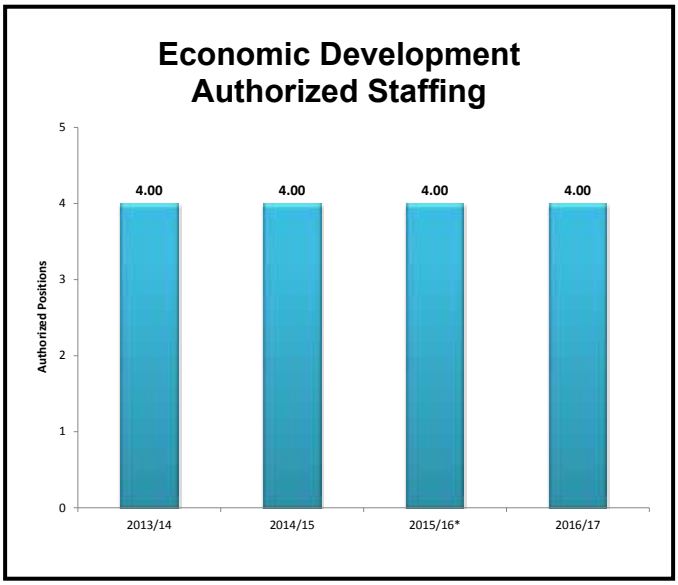
4. Develop new partnerships within the advanced industry and hardware communities to broaden the potential for Fremont to be recognized as a choice location for advanced manufacturing, 'Internet of Things' (IoT), and specific sectors, including clean technology and biomedical.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percentage of community survey respondants satisfied or very satisfied with Economic Development efforts in the City[1]	N/A[1]	68%	72%	70%[2]
Percentage of major stakeholders/ clients that rank their experience with Economic Development as "very good" or "excellent"[2]	Survey underway	90%	100%	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	40	40	50	50

[1] No Community Survey conducted during FY 2014/15.
[2] FY 2015/16 Community Survey: Retaining existing companies and businesses in the City.





Economic Development
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 670,619	$ 695,985	$ 739,130	$ 736,660	$ 722,796	$ 779,175
Operating Expenditures	191,784	267,412	283,330	315,659	203,227	203,227
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	90,861	99,547	73,421	73,421	73,421	75,301
Totals	**$ 953,264**	**$ 1,062,944**	**$ 1,095,881**	**$ 1,125,740**	**$ 999,444**	**$ 1,057,703**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	5.8%

* 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 2016/17 Economic Development budget is $58,259 (or 5.8%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 7.8% due to a reclassification and increases in CalPERS retirement costs.

Staffing by Function–FY 2016/17

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 2015, the Fire Department responded to 14,686 calls for service, generating 17,665 engine and truck company runs.

Fire
Historical Expenditures/Budget, by Major Service Area

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Operations/Emergency Medical Service	$ 27,824,715	$ 33,082,249	$ 36,579,176	$ 38,366,845	$ 36,918,119	$ 38,234,782
Administration	4,505,184	5,082,301	6,289,938	6,211,420	5,918,545	6,287,225
Prevention	1,330,481	1,285,399	1,456,478	1,578,873	1,553,825	1,821,207
Disaster Preparedness	488,221	198,584	248,569	332,935	153,486	179,486
Total Fire	**$ 34,148,601**	**$ 39,648,533**	**$ 44,574,161**	**$ 46,490,073**	**$ 44,543,975**	**$ 46,522,700**

* 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 2015/16

- Hired and trained 11 entry level Paramedic Firefighters and 3 lateral Paramedic Firefighters to fill forecasted vacancies. Conducted a four-month Fire Academy for new firefighters, and a three week academy for Lateral Firefighters to ensure they meet the department's standard of excellence.

- Promoted two employees to Deputy Fire Chief, to lead the Operations and Training Division.
- Inspected and performed non-mechanical maintenance on 5,161 public fire hydrants to ensure fire companies have access to available water supplies.
- Improved Emergency Operation Center (EOC) infrastructure and technology to enhance the City's ability to respond to and recover from a natural disaster.
- Worked with Finance and Fleet Maintenance to design, inspect, and procure two aerial ladder trucks to replace existing apparatus which exceeded their useful service life (June 2016 delivery).
- Promoted one Division Chief to regain capacity and oversight within the EMS Division.
- Ran Tesla specific automobile extrication training for Fremont personnel and five surrounding jurisdictions.
- Implemented new State Fire Marshal training standards for Firefighter I and II as well as Driver Operator.
- Ran Unified Command and Response to Violent Incident training with Fremont PD.

- Continued the implementation of and transition to new Certified Unified Program Agency (CUPA)/HazMat program software system. “Beta” tested mobile HazMat CUPA inspection program
- Developed SOPs and recruitment mechanisms for our Fire Investigations program to maintain dedicated personnel and resources to investigate the cause, origin, and circumstances of any fire, explosion, or other hazardous condition.
- Partnered with Human Resources to implement a performance management tool department-wide to promote communication between supervisors and employees to improve organizational performance.
- Re-assessed occupancies deemed “target hazards” and developed pre-plans and response levels based on Community Risk Reduction strategies.

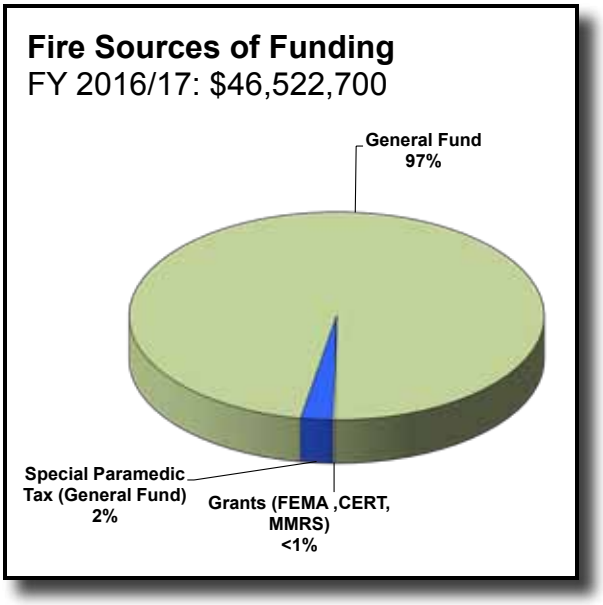
Objectives FY 2016/17

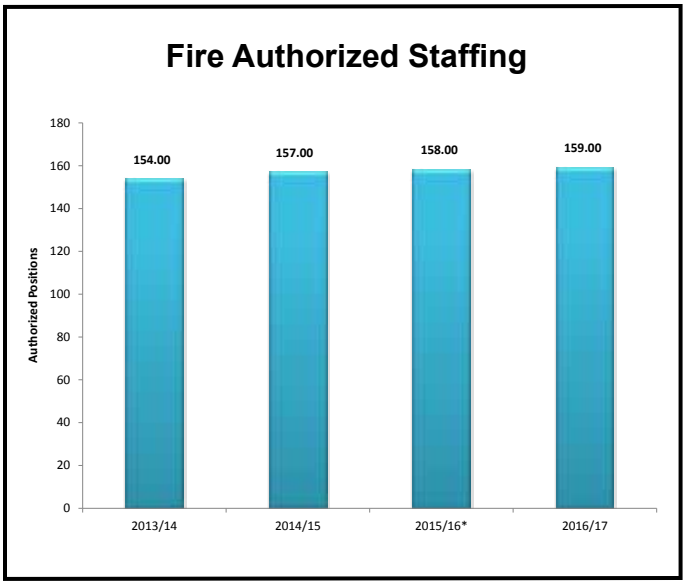
1. Work with Human Resources to recruit, hire, and train Firefighter/Paramedic and Firefighter/EMT’s to fill forecasted vacancies.
2. Continue implementing infrastructure and technology upgrades at the Emergency Operation Center (EOC).
3. Develop a 5-year Apparatus Replacement Schedule in collaboration with Finance and Fleet Maintenance.
4. Work with ITS to improve network speed and reliability at Fire Stations with a goal of harnessing mobile technology to augment the delivery of training and communication.
5. Work to Increase coordination with Fremont Police on response to terrorist and violent incidents to include one combined, large-scale training.
6. Conduct an Acting Battalion Chiefs Academy.
7. Conduct BART Tunnel training for all Fremont Fire Personnel.
8. Complete operational training on and place in service two new Ladder Trucks
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. Complete transition of our California State Fire Marshal mandated inspections to an annual schedule.
11. Amend and adopt 2016 California Fire, Building, and other allied Codes.

Performance Measurement

Measure	FY 2014/15 Estimated Actual*	FY 2015/16 Target*	FY 2015/16 Estimate*	FY 2016/17 Target*
Percent of time first unit arrives at emergency scene six minutes, forty seconds (6:40) from 9-1-1 call	82%	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	52%	90%	52%	90%
Provide sufficient amount of quality training to maintain operational readiness	32.5 hours per person per month	20 hours per person per month	29 hours per person per month	20 hours per person per month
Provide sufficient amount of quality training to maintain required licenses and certifications	Met this measure with 100% compliance	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	Met this measure with 100% compliance	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	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	Completed 25% of Haz Mat Facility and 100% Underground Storage Tank (UST) inspections	Complete 25% 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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 29,281,061	$ 32,163,745	$ 36,282,094	$ 38,113,640	$ 37,414,795	$ 38,681,085
Operating Expenditures	1,409,145	1,412,185	2,045,211	2,250,025	1,878,595	2,070,688
Capital Expenditures	467,139	2,630,658	1,239,376	1,118,928	243,105	214,588
Indirect Expense Allocation**	2,991,256	3,441,945	5,007,480	5,007,480	5,007,480	5,556,339
Totals	**$ 34,148,601**	**$ 39,648,533**	**$ 44,574,161**	**$ 46,490,073**	**$ 44,543,975**	**$ 46,522,700**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	4.4%

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

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

Major Changes

- The FY 2016/17 Fire Department budget is $1,978,725 (or 4.4%) more than the FY 2015/16 adopted budget.
- Operating expenditures are increasing by 10.2% mainly due to one-time expenditures and increased dispatch costs.
- Capital expenses are decreasing by 11.7% due to one-time costs.
- The indirect expense allocation is increasing by 11.0% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

Fire

Fire Chief's Office

Fire Chief	1.00
Emergency Services Coordinator	1.00

Operations

Deputy Fire Chief	1.00
Division Chief	2.00
Battalion Chief	6.00
Fire Captain	39.00
Fire Engineer	41.00
Firefighter	44.00

Fire Prevention

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

Emergency Medical Services/Training

Deputy Fire Chief	1.00
Division Chief	2.00
Clinical Nurse Educator	1.00
Fire Captain	2.00

Administration/Personnel

Business Manager	1.00
Senior Executive Assistant	1.00
Senior Accounting Specialist	1.00
Administrative Assistant	2.00
Senior Office Specialist	3.00
Office Specialist I	1.00

Regular Full-Time Equivalents: 159.00

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 (YFS)
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 Resouce Center (FRC)
Co-locate 24 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 (AFS)
Promote an aging-friendly community by providing a continuum of services to help elders remain independent, safe, and in their own homes.

Transportation and Mobility 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 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 programs 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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Family Resource Center	$ 2,425,423	$ 2,407,498	$ 2,746,196	$ 3,115,249	$ 3,100,395	$ 3,066,543
Youth and Family Services	2,413,758	2,434,158	2,500,994	2,911,023	2,903,931	2,809,254
Aging and Family Services	3,619,449	3,814,148	3,247,240	3,289,706	3,251,387	3,482,135
CDBG/SHP	2,927,333	1,268,075	1,775,023	2,074,998	1,727,837	1,549,376
Paratransit	1,215,544	1,524,347	1,888,972	1,565,098	2,013,145	1,933,318
Administration	1,118,781	1,094,615	1,911,665	2,008,369	1,959,987	2,137,734
Social Services Grants	473,206	482,343	482,345	482,345	482,345	694,897
Home Grant	173,393	560,245	592,527	795,992	255,535	282,667
Total Human Services	**$ 14,366,887**	**$ 13,585,429**	**$ 15,144,962**	**$ 16,242,780**	**$ 15,694,562**	**$ 15,955,924**

* 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: The HOME grant is included the Human Services Department, in the prior years, it is displayed in the former Redevelopment Agency's budget.

Accomplishment Highlights FY 2015/16

- Through the Human Relations Commission, on October 24, 2015, the City sponsored the most successful Make a Difference Day event to date, with over 3,000 volunteers participating in 106 projects.
- Operationalized the Homeless Warming Center at the Senior Center, which provided 170 homeless individuals a warm dry place to sleep on cold or rainy nights, as well as hot dinner and breakfast.
- 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 424 low income individuals through SparkPoint Fremont, assisting them to build assets and reach their financial goals. 75% of measurable clients made significant progress toward their goals. In partnership with Mission Asset Fund, coordinated six peer lending circles involving 50 loans for the purpose of establishing or building credit. On average, participants increased their credit scores by 38 points.

- In partnership with International Institute of the Bay Area and the East Bay Naturalization Collaborative, held two Citizenship Day naturalization events attended by 192 individuals resulting in 117 applications for families to become new citizens.
- Responded to over 1,500 Senior Help Line phone calls from community members seeking advice and support for themselves or an older family member.
- Expanded wellness programming at the Senior Center by providing 30 different weekly programs, including health monitorings by a nurse and a new family caregiver support program. The Senior Center served 28,500 nutritious meals, with lunch being the main meal of the day for many older adults.
- With funding from FUSD, expanded counseling services from 19 to 23 schools, as well as Adolescent Substance Use Intervention services to FUSD's continuation high school. This expansion increased YFS' on-campus service capacity to over 500 students and their families.
- Entered into a contract with Beacon Healthcare Services to provide expanded MediCal services for low income clients with mild-to-moderate mental health needs, adding new revenue stream.
- YFS partnered with FUSD, the Alameda County Probation Department, Alameda County Health Care Services, Union City / La Familia Highway to Work program, and other community partners for the 3rd annual Fremont Youth Empowerment Academy. Enrolled 18 youth in the 8-week summer program who received educational credit toward high school graduation and work experience / readiness skills.
- 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, and developed a training manual so it could be replicated in Alameda County.
- Through Community Development Block Grant funds, and in partnership with Alzheimer's Services of the East Bay and the Dominican Sisters of Mission San Jose, the City supported the creation of a new Adult Day Health Center on the Dominican Sisters' campus, which opened in March 2016.
- 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.
- With federal HOME and CDBG funds, as well as City's housing funds, assisted in the development of Laguna Commons, a 64-unit affordable supportive housing in the Irvington district.
- With federal HOME funds, assisted 16 families to remain in their homes with the help of short term rental assistance and SparkPoint services to enable them to return to financial stability.
- Transportation and Mobility Services provide 16,819 one-way rides, 1,199 clipper cards, and 170 travel trainings to seniors
- Entered into a contractual relationship with HIP Housing to develop a home-share program for persons living and/or working with Fremont.

Objectives FY 2016/17

1. Continue to develop Medi-Cal reimbursement, third-party insurance reimbursement and other fee for services revenues streams. The Department will enter its fourth year of Medi-Cal perpetual time surveying and anticipates continuing to maximize reimbursement opportunities in order to maintain current service levels. It will enter its 5th year of Drug-Medi-Cal reimbursement for Adolescent Alcohol and Drug intervention services, and its second year of expanded service delivery to FUSD.

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 2016/17 goal is to serve 350 participants. Of the 350 served, 145 will complete baseline and follow-up forms that enable tracking of progress over time. Of these measurable clients served, 75% 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 2,700 low-income households claim a total of $1.35 million in Earned Income Tax Credits (EITC) in 2017. 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.

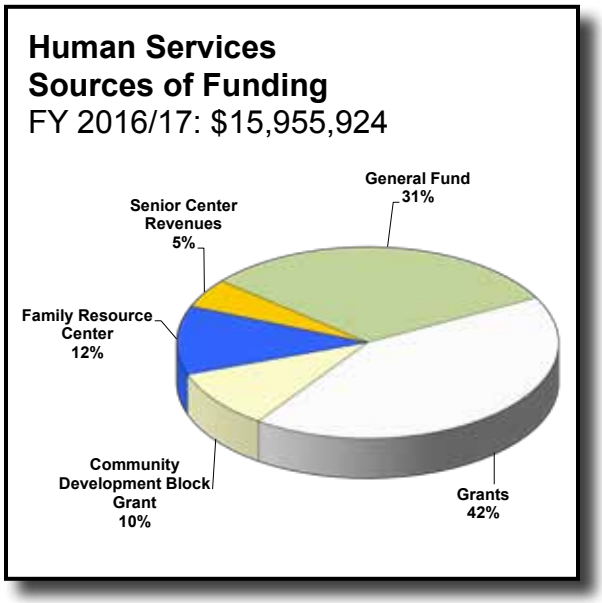
4. With federal HOME funds, will assist 6 families to remain in their homes with the help of short term rental assistance and SparkPoint services to enable them to return to financial stability.

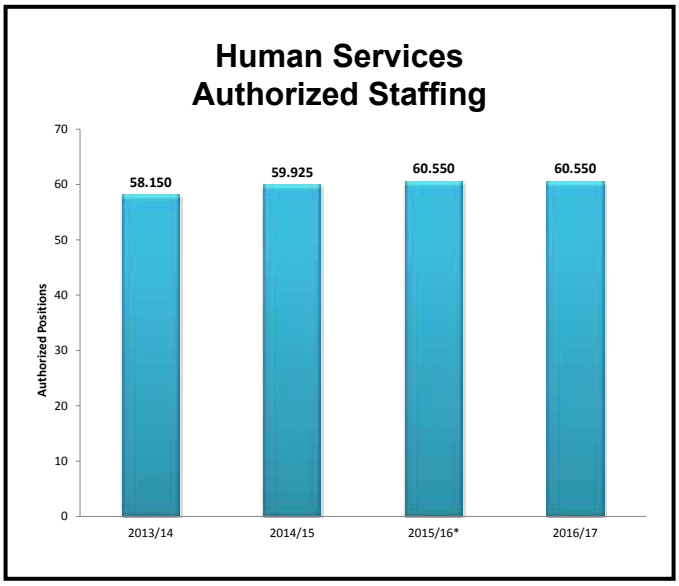
5. Participate in Alameda County's Older Adult Planning effort, to increase support for community services and advance the World Health Organization's Aging Friendly Communities priorities.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of Long-term SparkPoint Clients achieving economic mobility[7]	75%	75%	80%	75%
Percent of senior clients that improve their understanding of how to take their medication[8]	100%	80%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services[9]	75%	75%	85%	75%

[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%.
[8] As measured by a pre and post test administered by a public health nurse.
[9] Measured by clinicians using the Family Development Matrix, an assessment tool that tracks client change over time.





Human Services
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 7,243,316	$ 7,353,107	$ 8,093,286	$ 8,641,996	$ 8,725,081	$ 9,048,518
Operating Expenditures	4,974,777	4,952,346	5,726,141	6,207,321	5,576,834	5,325,864
Capital Expenditures	6,719	8,229	7,301	11,061	11,061	37,561
Indirect Expense Allocation**	2,142,075	1,271,747	1,318,234	1,382,402	1,381,586	1,543,981
Totals	**$ 14,366,887**	**$ 13,585,429**	**$ 15,144,962**	**$ 16,242,780**	**$ 15,694,562**	**$ 15,955,924**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	1.7%

* 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.

Note: The HOME grant is included the Human Services Department, in the prior years, it is displayed in the former Redevelopment Agency's budget.

Major Changes

- The FY 2016/17 Human Services budget is $261,362 (or 1.7%) more than the FY 2015/16 adopted budget.
- Capital expenditures are increasing by $26,500 (or 239.6%) due to increased capital costs.
- The indirect expense allocation is increasing by 11.8% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

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 Services Administrator	1.00
Clinical Supervisor	2.00
Senior Program Coordinator	2.00
Counselor	8.35
Senior Accounting Specialist	1.00
Administrative Assistant	1.00
Human Services Specialist II	1.00
Office Specialist II	0.50
Accounting Specialist I	1.00
*Counseling Interns**	

CDBG Services

CDBG Administrator	1.00
Senior Accounting Specialist	1.00

Paratransit

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

Family Resource Center

Family Services Administrator	1.00
Clinical Supervisor	1.00
Program Coordinator	3.00
Case Manager	3.70
Counselor	1.00
Human Services Specialist II	1.00
Office Specialist II	2.50
*Public Service Assistant**	

Aging and Family Services

Family Services Administrator	1.00

Senior Supportive Services

Clinical Supervisor	2.00
Senior Program Coordinator	1.80
Program Coordinator	1.00
Case Manager	6.90
Counselor	1.00
Senior Office Specialist	1.00
Administrative Assistant	1.00
*Outreach Workers**	

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
*Public Service Assistants**	

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

Regular Full-Time Equivalents: 60.55

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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.

Accomplishment Highlights FY 2015/16

- FY 2015/16 had a 6.3% decrease in residential burglaries when compared to FY 2014/15. Intelligence Led Policing strategies expanded to other impactful chronic crimes throughout the city. Evidence based policing efforts assisted with the apprehension of a very active group of residential burglars that was responsible for multiple crimes in a large area within the city. These efforts also disrupted a criminal street gang that was responsible for hundreds of auto burglaries at major shopping complexes throughout the city and the Bay Area.

- Contributed to limiting the year-over-year percentage increase of injury collisions to 7%, despite an estimated 22% increase in traffic volume over past three years. Conducted over 300 traffic saturation patrols at schools across the city to focus on school traffic safety and over 700 traffic enforcement deployments in other areas intended to produce greatest traffic safety. Supported Traffic Engineering on the implementation of Vision Zero. Implemented monthly Traffic Safety Campaign on social media focused on public education. Conducted visits to local alcohol-serving establishments related to safe business practices. Developed a warning notice as an intermediary consequence for poor driving behavior.

- Expanded our foundational level Core Competency Training program to include Investigations and Major Crimes Task Force detectives. Additionally, created a training protocol which assigns newly trained police officers to the Investigations Unit to learn more about complex investigations.

- Continued expanding dispatch services for Union City by increasing Union City dispatch hours to 12 hours per day in January 2016. Anticipate providing 24-hour service by July, 2016. Continuing the joint Union City/Fremont CAD-RMS upgrade.

- Finalized an agreement with a vendor to implement the public safety Community Camera Program including conducting site visits and beginning work on encroachment permits. Anticipate installation of all 10 cameras and training personnel by July, 2016.

- Configured and completed the police department's major incident management center and provided formal training on its operation. Training was provided by experts in emergency management and included supervisors from the Police Department, Fire Department, and Public Works. Unified Command and training with the Fire Department on Rescue Task Force and ICS concepts will continue to enhance joint response to catastrophic events. In coordination with the City's EOC, the testing and evaluation of a disaster management software program began.

- Successfully created and implemented a virtual briefing board platform (Crime Forum) that has directly supported crime suppression efforts and enhanced the department's ability to accurately share information with various groups in an efficient manner. The Crime Forum is utilized to share information related to criminal investigations, crime trends, and prioritizing policing efforts.

- In partnership with our Human Resources department, nearing completion of an electronic performance management program, with anticipated implementation during FY 2016/17.
- Enhanced the department's ability to prepare and respond to special events. Police Special Event Managers received additional training on how to manage events, maintain command and control, and work cooperatively with various city departments and event promoters. Refined a unified approach to preparing, planning and deploying resources to special events. These changes are in conjunction with the creation of a cost sharing protocol with event organizers.
- Accepted delivery of trained trailing dogs and completed handler training. Trailing dog teams will be used for conducting missing person searches. Outfitted and deployed specialized vehicles dedicated for use by the trailing dog handlers.

Blaze

Tynne

- Fremont Police had two K9s pass this year. The Fremont Police family and our entire community will miss these warriors who worked tirelessly to help keep Fremont safe.

Warco joined our FPD team on June 26, 2014, and was just shy of his third birthday when he passed. K9 Warco was certified in patrol, narcotics and SWAT. Warco served in the K9 patrol capacity for over a year and a half. He was utilized on more than 100 incidents to assist patrol, Street Crimes, SWAT, and the Major Crimes Unit.

Kalimero joined our department in 2013 and was an exceptional working dog and companion to Officer Layfield. Kalimero was just over 4-years old at the time of his passing.

"A dog is so much more than a pet…they enrich our lives and touch our hearts." - Unknown author

Objectives FY 2016/17

1. Continue current efforts and strategies focused on reducing residential burglaries utilizing Intelligence Led Policing concepts. Apply effective evidenced based policing strategies to other chronic crime issues throughout the city. Further enhance relationships with businesses and the community focusing on crime reduction strategies.

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 identified areas and school zones, develop procedures and protocols that will enhance our ability to collect and analyze DUI data, and expand 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 in the future. We will implement software applications necessary to accurately track training and help evaluate specific courses and training providers.

4. Anticipate completion of comprehensive data sharing platform with other agencies in Alameda and Contra Costa counties. Implementation will facilitate identification of serious offenders.

5. Continue our training efforts with all police department personnel on emergency management during major, unusual or catastrophic events.

6. Complete full implementation of the public safety Community Camera Program at 10 locations.

7. In partnership with the Union City Police Department, fully execute the Union City Dispatch Service Agreement. Continue hiring and training the appropriate number of dispatchers to reach full staffing.

8. Begin research on replacing our patrol vehicle computers to comprehensively incorporate body-worn video cameras, in-car video cameras, and a digital evidence management system.

9. Ascertain the feasibility of hosting a community safety fair for the purpose of promoting positive police/community interactions, educating the public on various crime prevention and personal safety strategies and familiarizing the community with available services at the police department.

10. Research and purchase new Automated External Defibrillators (AED) to replace the seven currently located throughout the police campus. Expand the program by purchasing 35-45 additional units for deployment in patrol vehicles to be used in providing life-saving medical care to members of the community.

11. Complete planned structural improvements to the Tri-City Animal Shelter, enhancing the care of the animals and improving the shelter's overall environment for our employees and members of the community.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Continue to apply the strategies, tactics, and methods used to sustain present level or further reduce the incidence of residential burglaries* **figures reported by UCR calendar year*	573 (single/multiple residences only) 899 (all burglaries)	Sustain present level or further reduction from previous year	539 (single/multiple residences only) 913 (all burglaries)	Sustain present level or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. **figures reported by UCR calendar year*	756	Reduction from previous year	815[1]	Reduction from previous year
Percent of Police Department for which a comprehensive core competency training matrix is developed and an assessment is performed.	95%[2]	100%	100%	N/A
Implement a process for reviewing and evaluating current and future training needs of all department personnel. In addition, establish a procedure for memorializing the identified training needs in an ongoing manner.	N/A	Assess degree of completion	In progress	Describe degree of completion

[1] The City has experienced an estimated increase of 22% in traffic volume over the past three years.

[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.

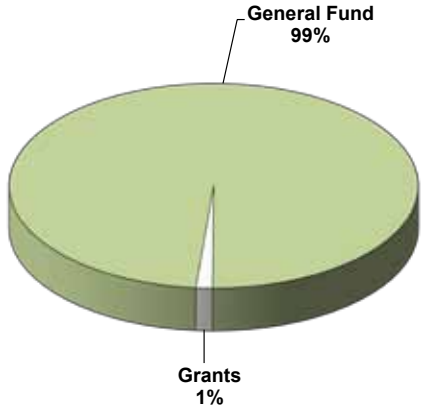
Police
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 46,117,365	$ 49,554,811	$ 54,216,110	$ 58,561,513	$ 57,106,522	$ 61,208,917
Operating Expenditures	3,720,354	4,007,177	4,188,273	4,114,699	4,016,106	4,395,370
Capital Expenditures	315,596	312,886	281,021	413,689	333,500	206,000
Indirect Expense Allocation**	6,774,142	7,603,242	8,095,030	8,095,030	8,095,030	8,736,821
Totals	**$ 56,927,457**	**$ 61,478,116**	**$ 66,780,434**	**$ 71,184,931**	**$ 69,551,158**	**$ 74,547,108**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	7.2%

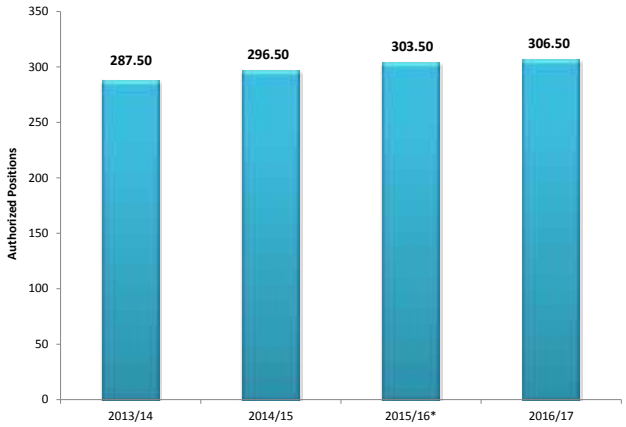
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** 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.

Police
Sources of Funding
FY 2016/17: $74,547,108



Police Authorized Staffing



Major Changes

- The FY 2016/17 Police Department budget is $5,095,950 (or 7.2%) more than the FY 2015/16 adopted budget. Police Department staffing has increased by 3.0 FTE. This is the result of adding 2.0 FTE Community Services Officer positions, and 1.0 FTE Equipment Room Supervisor.
- Salaries and benefits are increasing by 7.4%. This is due to a combination of adding additional Community Services Officers and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by $127,500 (38.2%). This expenditure category fluctuates depending on equipment purchase needs.
- The indirect expense allocation is increasing by 7.9% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

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
Crime Intel & Analysis Manager	1.00
Police Officer[1]	33.00
Animal Services Manager	1.00
Public Affairs' Manager	1.00
Chief Forensic Specialist	1.00
Management Analyst II	1.00
Police Records Administrator	1.00
Forensic Specialist II	1.00
Crime Analyst	1.00
Community Engagement Specialist	2.00
Detention Supervisor	4.00
Property and Evidence Supervisor	1.00
Traffic Enforcement Project Sepcialist	1.00
Records Supervisor	2.00
Equipment Room Supervisor	1.00
Administrative Assistant	1.00
Detention Officer	12.00
Property Officers	2.00
Community Service Officer	2.00
Senior Office Specialist	2.00
Animal Services Officer	5.00
Records Specialist [2]	12.00
Office Specialist II	2.00
Records Assistant	3.00
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
Communications Manager	1.00
Police Officer	115.00
Communications Dispatch Supervisor	6.00
Communications Dispatcher	27.00
Administrative Assistant	2.00
Community Service Officer	12.00
*Reserve Officer 7**	
*Police Officer 1**	
(Armory)	

[1]Six 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: 306.50

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 and improving the condition, safety, and efficiency, of the 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 design and planning for 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 Warm Springs West Side Access Bridge, planning for Irvington BART, and the I880 and 680 Express Lanes. The department actively pursues funding grants that correspond to City Council priorities.

Public Works
Historical Expenditures/Budget, by Major Service Area

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Hazardous Materials	$ 365,484	$ 407,739	$ 467,039	$ 418,695	$ 367,427	$ 393,572
Streets	3,861,749	3,644,138	4,097,128	4,070,976	3,974,063	4,102,822
Public Buildings	5,744,884	5,891,696	6,330,272	6,719,376	6,596,240	6,822,211
Fleet Maintenance	3,033,915	3,045,115	3,052,554	3,122,925	3,099,943	3,291,983
Engineering	8,780,933	9,134,050	10,389,886	11,196,894	10,877,308	12,311,992
Administration	1,419,322	1,553,997	1,619,316	1,603,954	1,586,994	1,691,572
Total Transportation & Operations	**$ 23,206,287**	**$ 23,676,735**	**$ 25,956,195**	**$ 27,132,820**	**$ 26,501,975**	**$ 28,614,152**

* 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 2015/16

- Completed the first phase of the Capitol Avenue extension project from Fremont Boulevard to State Street, which includes preparing for a mixed use, pedestrian friendly, and transit oriented downtown. This project was mainly funded through a $4.4 million Federal One Bay Area Grant and included improvements for motorcyclists, bicyclists, and pedestrians.

- Awarded and began construction of improvements for pedestrian and bicyclist access on Bart Way from the BART station to the Downtown area. This project was mainly funded through a $1.3 million Federal One Bay Area Grant.

- Awarded and began construction of the UPRR Spur Relocation as needed for the upcoming Warm Springs, West Side Access Bridge and Plaza.

- Completed the Warm Springs Widening Project between Reliance Way and Mission Boulevard. This $4 million project widened the street to accommodate increased traffic demand due to the new Warm Springs/South Fremont BART station.

- Developed a Storm Map App in anticipation of El Nino weather conditions. The app allows staff to log Maintenance calls on a map, designate a priority type, illustrate open and pending incidents. The app will store data for future analysis.

- Successfully completed and closed out 26 capital projects, returning over $3 million to the capital improvement program accounts and other funds based on project savings.

- Continued to successfully partner with CPower (formerly Comverge) 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.
- Completed the construction of new sidewalks along the frontage of two elementary schools for safer routes to school and completed the upgrade of two traffic signal systems and intersection improvements adjacent to two high schools in support of safer pedestrian crossings.
- Completed Phase I of the widening improvements on 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.
- Completed $4.1 million of pavement maintenance work (cape and slurry seal) and $2.1 million of pavement rehabilitation work (repair of damaged pavement) throughout the city. Provided 6 million SF of pavement which includes crack sealing, skin patching, pavement repairs and minor overlays. Through continuous City Council support and innovative maintenance practices the Pavement Condition Index (PCI) has risen to 72.

- Managed and inspected the construction of many private development projects such as Patterson Ranch and public utilities work like the replacement of the 36” high pressure gas transmission main through the City.
- Facilitated the review and approval of major residential and non-residential developments that included the Patterson Ranch Development (Phase 2), Palmdale Estates on Mission Boulevard (Phase 1), Artist Walk, Carmax Auto dealership on Christy Street, Crossings @ 880, Silicon Valley Logistics, and Westcore development.
- Completed the expansion and renovation for the restrooms of the Senior Center. This project remodeled existing restrooms and added new accessible restroom facilities serving seniors and community members.
- Completed the sale of surplus lands with net revenue of $24 million.
- Selected Studios Architecture firm and negotiated professional services agreement for design of the Civic Center project.
- Adopted the Vision Zero plan as a street safety policy that strives to eliminate traffic fatalities for all transportation modes by 2020.
- Completed the installation of 250 standard curb ramps to improve ADA access and restriped nearly 13 miles of City streets with narrower vehicle lanes and buffered bike lanes to increase bicyclist safety and comfort and to reduce vehicle speeds. Reducing the width of vehicle lanes decreases travel speeds on major arterial streets which is one of the safety goals of the Vision Zero Plan.

- Completed a comprehensive traffic signal system communications upgrade to replace and reconfigure communication devices within the signal cabinet and update signal controller firmware to enable advanced communication capabilities between the City's Traffic Management Center and traffic signals citywide.

Objectives FY 2016/17

1. Complete $2.0 million of pavement maintenance work (cape and slurry seal) and $4.5 million of pavement rehabilitation work (repair of damaged pavement) throughout the city.

2. Complete the $9 million Niles Bridge Replacement Project to meet the latest seismic requirements. The project is funded through federal and Proposition 1B funds.

3. Complete the surface preparation for 5 million SF of pavement for the annual cape and slurry project. Preparation to include skin patching, pavement repairs, and minor overlays

4. Complete the Phase 2 of the widening improvements on Fremont Boulevard from South of Cushing.

5. 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).

6. 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.

7. In support of the Civic Center project in Downtown, complete the sale of remaining surplus properties to fund downtown projects. Acquire property for the Civic Center project and implement relocation plan for businesses. Complete the design of Civic Center phase I.

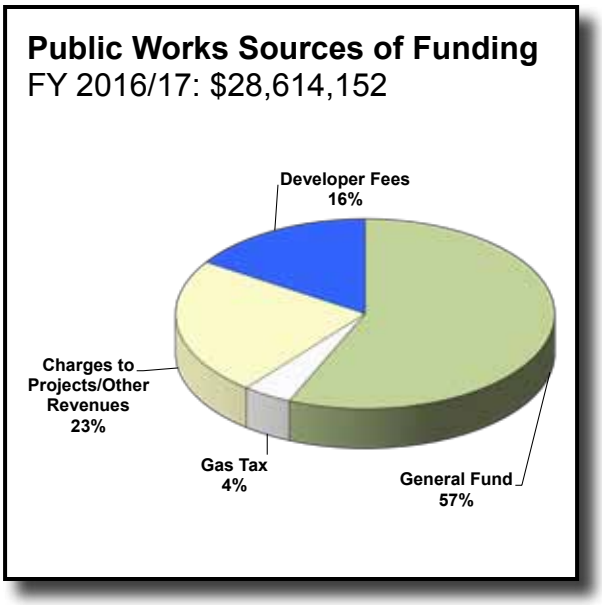
8. Complete updates to the Bicycle and Pedestrian Master Plan that will provide new design guidelines and identify potential projects that will help to complete our network of safe and accessible bicycle and pedestrian facilities.

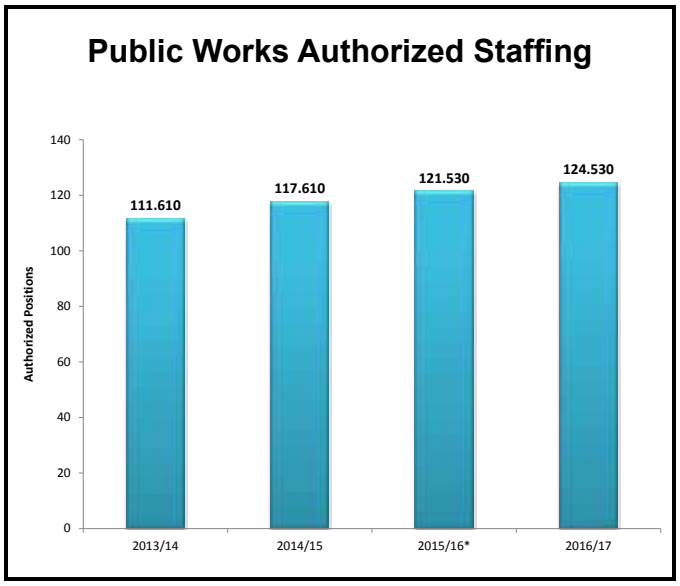
9. Improve uncontrolled pedestrian crossings with safety improvements for the following identified locations, Warren/Bradley, Mowry/Waterside, Walnut/BART, and Fremont/Bonde.

10. Install Pedestrian Countdown Signals at 129 traffic signals citywide in support of Fremont's Vision Zero goals to reduce traffic fatalities to zero by 2020. Pedestrian countdown signals reduce pedestrian collisions by providing real-time and accurate pedestrian walk interval information.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Average Pavement Condition Index (PCI) of the entire streets and roads network	PCI of 69	PCI of 69	PCI of 72	PCI of 72
Percent of preventative maintenance repairs performed on-schedule (e.g., completed within two weeks of scheduled service)	68%	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	81% / 82%	85% / 75%	61% / 82%	85% / 75%





Public Works
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 12,749,261	$ 12,775,075	$ 14,392,646	$ 15,475,792	$ 15,144,381	$ 16,812,731
Operating Expenditures	7,732,096	7,889,960	8,388,003	8,514,111	8,214,677	8,484,258
Capital Expenditures	38,651	31,960	66,332	33,703	33,703	38,252
Indirect Expense Allocation**	2,686,279	2,979,740	3,109,214	3,109,214	3,109,214	3,278,911
Totals	**$ 23,206,287**	**$ 23,676,735**	**$ 25,956,195**	**$ 27,132,820**	**$ 26,501,975**	**$ 28,614,152**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	8.0%

* 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, 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 2016/17 Public Works Department budget is $2,112,177 (or 8.0%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 11%. This is primary due to the staffing changes in the department with the addition of 1.0 FTE of Engineering Technicians, 2.0 FTE of Street Maintenance Workers.
- Capital expenditures are increasing by $4,549 (13.5%). This expenditure category flucuates depending on equpment purchase needs.
- The indirect expense allocation is increasing by 5.5% due to increases in the department's share of internal allocatoins.

Staffing by Function–FY 2016/17

Public Works

Maintenance Services

Administration

Public Works Director	0.30
Deputy Director, Maintenance & Business Operations	1.00
Business Manager	1.00
Executive Assistant	0.30
Administrative Assistant	1.00
Office Specialist II	3.00

Environmental Compliance

Management Analyst II	1.00

Fleet Maintenance

Fleet Maintenance Manager	1.00
Fleet Mechanic II	2.00
Heavy Equipment Mechanic	4.00
Equipment Support Coordinator	1.00
Mechanic Assistant	3.00

Public Buildings

Building Maintenance Manager	1.00
Management Analyst II	1.00
Facilities Design/Construction Project Supervisor II	1.00
Building Maint. Field Supervisor	3.00
Building Maintenance Worker II	13.00
Office Specialist II	1.00

Street Maintenance

Pavement Maintenance

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

Street Sanitation

Street Maintenance Manager	0.30
Street Field Supervisor	1.00
Street Maintenance Worker II	7.00
Street Maintenance Worker I	2.00

Traffic Safety

Street Maintenance Manager	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	2.00

Engineering

Administration

Public Works Director	0.30
City Engineer	0.25
Management Analyst II	1.00
Executive Assistant	0.70
Senior Office Specialist	1.00
Office Specialist II	2.65

Design, Development, Transportation and Construction Engineering

Public Works Director	0.40
City Engineer	0.75
Assistant City Engineer	1.00
Principal Civil Engineer	3.00
Principal Transportation Engineer	1.00
Facility & Real Property Manager	1.00
Senior Civil Engineer	3.00
Senior Transportation Engineer	1.00
Real Property Agent	2.00
Land Surveyor	1.00
Associate Civil Engineer	6.88
Associate Transportation Engineer	4.00
Facilities Design/Construction Project Supervisor III	1.00
Supervising Construction Coordinator	2.00
Civil Engineer II	3.00
Senior Construction Inspector	3.00
Chief of Party	1.00
Civil Engineer I	1.00
Transportation Engineer I	3.00
Construction Inspector	5.00
Construction Materials Inspector	1.00
Survey Instrument Operator	1.00
Engineering Technician II	4.00
Engineering Technician I	2.00

Regular Full-Time Equivalents: 124.53

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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 2016/17

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 2016 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. Explore innovative programming for transportation alternatives using the Warm Springs Area as a demonstration area and pursue Federal, State, and regional funds that support development. Seek funding or private/public partnerships to implement a Last Mile Transit Demand Management Program to support the Warm Springs/South Fremont BART station. 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. Identify place making opportunities and seek funding to implement, establish, and support the Innovation District ecosystem.

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 2016/17 include:

    a. Continue funding and identifying/establishing additional place making activities

    b. Final Design for Phase 1 of the Civic Center

c. Identify public/private partnerships to sponsor and/or completely fund ongoing placemaking and marketing efforts

d. Finish construction/beautification of Capitol Avenue between State Street and Paseo Padre

e. Pursue the acquisition of property contiguous with the City's future Civic Center site in order to construct the Civic Center

f. Establish work plan for temporary art installations Downtown through the management of the art fund as per the Downtown Community 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.

City Attorney's Office

8. Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects, Civic Center site development, and Warm Springs/South Fremont area developments.

9. Assist the Community Development Department with the drafting, processing, and adoption of new zoning regulations, and other General Plan implementation measures.

10. Assist staff with revisions to the Building and Safety Division policies.

11. Assist staff with updates to the standard public works contract documents.

12. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

City Clerk's Office

13. Successfully administer the 2016 November election.

14. Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets.

15. Assist with the transition of the newly elected councilmember(s).

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 second phase of the migration of the City's financial management system to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by winter 2016.

20. 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.

21. In partnership with the Information Technology Services and Community Development Departments, complete the upgrade to the City's permitting system, including the integration with the City's cash receipting system and financial management system by fall 2016.

Human Resources

22. Conduct citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities.

23. Conduct and complete contract bargaining with the City's nine bargaining units.

24. Complete an update of the City's Personnel Rules.

Information Technology Services

25. Upgrade the City's core network infrastructure to a faster (10 gigabits per second) backbone to allow users' workstations to access and process information faster and to support the increased demand for video and bandwidth-intensive applications. Estimated target completion date is June 30, 2017.

26. In partnership with the Human Resources Department, begin the upgrade to the PeopleSoft HR/payroll system to version 9.2 with enhancements in all modules, a user-friendly interface, new iPad and mobile features, and more process automation. Upgrade will be completed in FY 2017/18.

27. Continue the partnership with the Community Development Department to implement the new Accela Automation land management (permitting) system that will improve the processes and communications across multiple lines of business internally (between departments, field staff) and externally (citizens, developers, County assessor, etc.). Go-live date in fall 2016.

28. Implement GIS parcel and address editing workflow tools to allow for regular and consistent updates that will provide data to other critical systems including Police Department computer-aided dispatch and Accela land management (permitting) systems. These workflow tools will significantly reduce the update process time while assuring data quality. Implementation will be completed by June 30, 2017.

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.

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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
City Manager's Office	$ 1,573,887	$ 2,014,297	$ 2,601,557	$ 2,841,679	$ 2,590,039	$ 2,755,671
Communications and Marketing	219,078	240,067	241,213	293,026	282,411	291,011
Total City Manager's Office	**$ 1,792,965**	**$ 2,254,364**	**$ 2,842,770**	**$ 3,134,705**	**$ 2,872,450**	**$ 3,046,682**

* 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 2015/16

- Conducted the 2016 Community Survey in late-February/early-March. Notable findings from the survey include:
  - Four in five residents rate the quality of life in the City as "good" or "excellent." They see it as a great community for families, seniors, and newcomers.
  - The majority of residents feel safe strolling the streets of Fremont, and general concerns about crime have decreased.
  - Most residents feel positive about development in Fremont overall, with more than three-fourths in support of the City's move toward transit-oriented development.
  - Residents are particularly happy with parks and city cleanliness.
  - Satisfaction levels civic and community engagement services, as well as, social services, have remained positive and steady.

- 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 independent retailers and restaurants for Downtown's first mixed-use development and designs for our utility boxes program called **box*ART***!.
- 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 solidified in 2016 with an ownership, operational, and maintenance agreement for the Warm Springs West-Side Bridge and Plaza. The City Council approved the final agreement on February 2, 2016 and reviewed conceptual designs for the plaza surrounding the West Access Bridge on February 2, 2016. Final design for both the Bridge and the Plaza were approved by Council in May 2016. Council approved the Master Plan, Tentative Map, and Development Agreement for

the Lennar 109+ acre on March 17, 2015 and the Toll Brothers Master Plan and Tentative Map in June 2015. Additional private projects are being processed as well, including the Valley Oak site and a Master Plan for the Tesla Factory. In addition, a Joint-Use Agreement between the City and the Fremont Unified School District for a 4 acre Urban Park in Warm Springs was approved by the School Board in November 2015 and will be before the City Council in May 2016 for final approval.

- 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 about Fremont's Innovation District in Fortune, placing an article about Fremont's public transportation initiatives in Nex City, publishing an article on the importance of solar initiatives in Nex City, and landing an article on Fremont's transit-oriented development in Route Fifty – in total bringing in more than 12.1 million media impressions. Additional noteworthy coverage is available on the City's website at www.Fremont.gov/PressRoom.

- 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 an Instagram account for the Aqua Adventure Waterpark, a Twitter account for the Police Department's recruitment efforts, and a Pinterest account for the Police Department.

- 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. Completion of Phase 1 of the Capitol Avenue Extension Project was completed in October 2015 with Phase 2 of the OBAG funding for the pedestrian/bike, and wayfinding improvements to be initiated in spring 2017. Began construction on the remainder Capitol Avenue right of way from State Street to Paseo Padre with an estimated completion date of fall 2016. 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 events along Capitol Avenue, Fremont Street Eats food truck event, and celebratory events such as the 2015 Capitol Avenue Extension Project Grand Opening Ceremony and the City's 60th Anniversary Celebration , the viewing of Vince Lombardi Trophies at a Fremont Street Eats and Downtown Movie Night event along with a Halloween trick or treat event sponsored by the Community Services Department.

- In partnership with the Community Development Department, produced a special 12-page newsletter titled "Bringing the Fremont Vision to Life" and mailed it to all Fremont households. The newsletter outlines the current and future planned development activity; the rationale behind the City's General Plan and its consistency with both state and regional plans; a generic development review process timeline for major projects; how the City is doing on major initiatives; frequently asked questions; and how the public can stay informed and involved. The newsletter is posted on the City's website at www.Fremont.gov/VisionNewsletter.

Objectives FY 2016/17

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council's 2016 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. Explore innovative programming for transportation alternatives using the Warm Springs Area as a demonstration area and pursue Federal, State, and regional funds that support development. Seek funding or private/public partnerships to implement a Last Mile Transit Demand Management Program to support the Warm Springs/South Fremont BART station. 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. Identify place making opportunities and seek funding to implement, establish, and support the Innovation District ecosystem.

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 2016/17 include:

    a. Continue funding and identifying/establishing additional place making activities
    b. Final Design for Phase 1 of the Civic Center
    c. Identify public/private partnerships to sponsor and/or completely fund ongoing placemaking and marketing efforts
    d. Finish construction/beautification of Capitol Avenue between State Street and Paseo Padre
    e. Pursue the acquisition of property contiguous with the City's future Civic Center site in order to construct the Civic Center

f. Establish work plan for temporary art installations Downtown through the management of the art fund as per the Downtown Community 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.

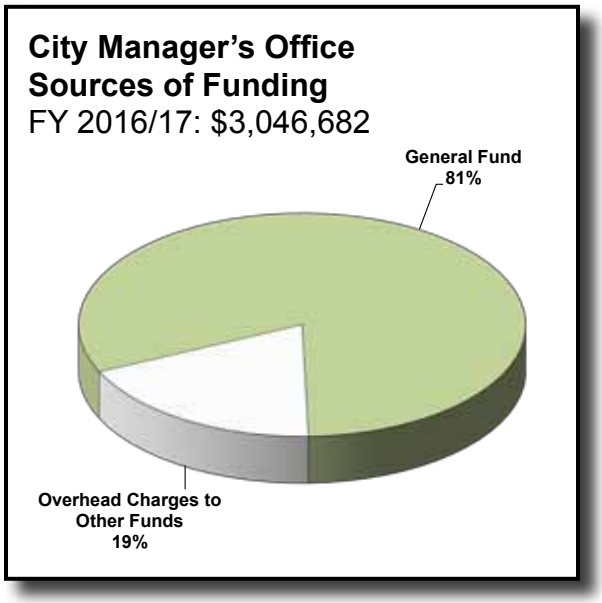
6. Economic Development: Attract and retain an appropriate mix of retail, office, and industrial or technology uses, in order to foster a dynamic economy and a stronger tax base. We also plan to continue our efforts to nurture the Innovation Economy in Fremont, and help foster growth industries that 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.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of residents that agree that Fremont is a "good" or "excellent" place to live	84%[1]	85%[1]	79%	N/A[2]
Percent of employees that feel "prepared" and "trained" to do their jobs	85%	N/A	N/A[3]	86%
Percent of increase of citizens communicating with the City on average via new engagement tools[4]	103%	40%	534%	40%

[1] Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured via the Community Survey.
[2] The next Community Survey is anticipated to take place in winter 2018.
[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.



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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 1,129,603	$ 1,629,386	$ 2,019,255	$ 2,091,984	$ 2,067,577	$ 2,266,446
Operating Expenditures	542,265	495,311	677,945	895,151	657,303	612,803
Capital Expenditures	1,237	709	1,000	3,000	3,000	3,000
Indirect Expense Allocation**	119,860	128,958	144,570	144,570	144,570	164,433
Totals	**$ 1,792,965**	**$ 2,254,364**	**$ 2,842,770**	**$ 3,134,705**	**$ 2,872,450**	**$ 3,046,682**
					% increase/(decrease), including all funds, from FY 2015/16 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 2016/17 City Manager's Office budget is $174,232 (or 6.1%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 9.6% due to the additional 1.0 FTE of Management Analyst I, and changes in the CalPERS retirement benefit costs.
- Operating expenditures are decreasing by $44,500 (or 6.8%), due to decreases in contractual services related to the off year of the community survey.
- The indirect expense allocation is increasing by 13.7% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

City Manager's Office

City Manager	1.00
Assistant City Manager	1.00
Deputy City Manager	1.05 *
Management Analyst II	2.00
Management Analyst I	1.00
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

** Portions of these positions are also budgeted in the City Clerk's Office and Human Resources Department.*

Regular Full-Time Equivalents: 10.80

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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.

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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
City Attorney	$ 1,825,494	$ 1,772,995	$ 1,876,425	$ 1,923,915	$ 1,927,268	$ 1,976,590
Risk Management	7,699,278	6,413,402	7,367,864	7,202,093	7,189,734	7,670,799
Total City Attorney's Office	**$ 9,524,772**	**$ 8,186,397**	**$ 9,244,289**	**$ 9,126,008**	**$ 9,117,002**	**$ 9,647,389**

* 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 2015/16

- Provided legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects (including the City Center Multi-Modal Improvement Projects providing bike and pedestrian access from Downtown to BART), Centerville Unified site development, and Warm Springs/South Fremont area development (including negotiations and drafting contracts with Union Pacific Railroad and BART for the West Side Access Bridge and Plaza projects).
- Assisted the Community Development Department with the drafting, processing and adoption of various amendments to the Fremont Municipal Code including the City's Affordable Housing Ordinance, updates to the Commercial, Mixed-Use , Open Space and Residential Districts, and medical marijuana cultivation and delivery regulations.
- Assisted staff with the drafting, processing and adoption of amendments to the Fremont Municipal Code including the massage establishment and therapists ordinance, the City's places of entertainment ordinance, the smoking ordinance, the permit parking ordinance.
- Provided legal support to the Human Resources Department in labor negotiations with the City's bargaining groups.
- Represented the City in several administrative hearings including dangerous dogs and substandard buildings.
- Assisted staff with a comprehensive update to the City's development impact fees.
- Revised standard forms for Code Enforcement Division.
- Assisted staff with the sale of surplus property.
- Assisted with drafting of new Public Records Act administrative policy and amended Electronic Communications and Internet administrative policy.
- Provided Brown Act and Public Records Act training to City boards, commissions and employees.

Objectives FY 2016/17

1. Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects, Civic Center 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 revisions to the Building and Safety Division policies.
4. Assist staff with updates to the standard public works contract documents.
5. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.

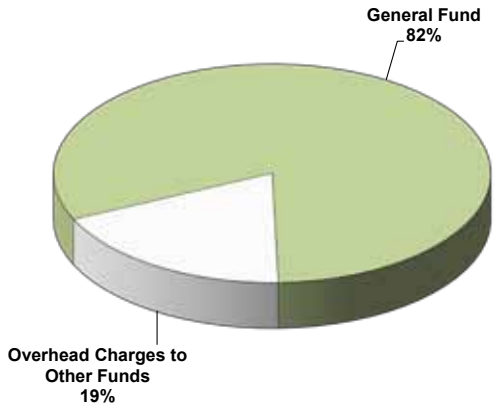
Performance Measurment

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of standard contracts reviewed within 5 business days of receipt	88.37%	90%	89.4%	89%
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%

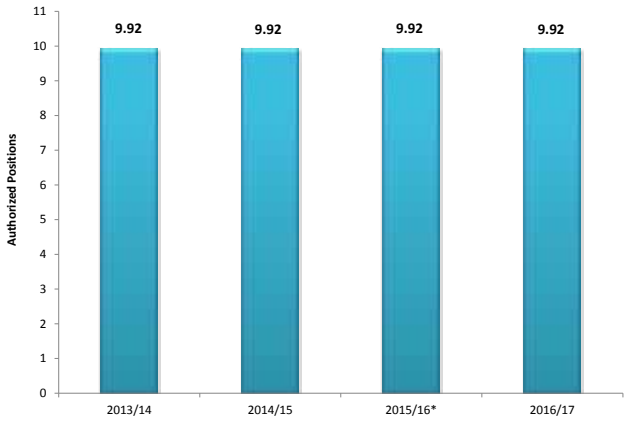
Not included in the performance measurement:

– 70 contracts received by our office with insufficient insurance/endorsement documentation and incomplete paperwork.

City Attorney Sources of Funding
FY 2016/17: $9,647,389



City Attorney Authorized Staffing



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

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 2,488,187	$ 2,404,818	$ 2,510,006	$ 2,503,215	$ 2,504,109	$ 2,586,567
Operating Expenditures	6,657,737	5,691,176	6,637,742	6,526,252	6,516,352	6,961,652
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	378,848	90,403	96,541	96,541	96,541	99,170
Totals	**$ 9,524,772**	**$ 8,186,397**	**$ 9,244,289**	**$ 9,126,008**	**$ 9,117,002**	**$ 9,647,389**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	5.8%

* 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 2016/17 City Attorney's Office budget is $530,387 (or 5.8%) more than the FY 2015/16 adopted budget.
- Operating expenditures are increasing by 6.8% due to increases in insurance premiums.

Staffing by Function–FY 2016/17

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 2015/16

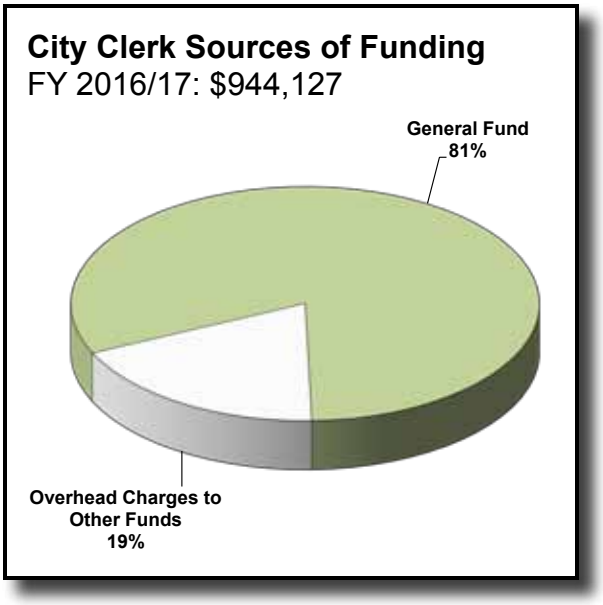
- Assisted with the transition of elected officials, including the development of Council Orientation Sessions.
- Assisted City departments with review and completed the update of department's Records Retention Schedules to ensure the schedules are current.
- Managed the Boards and Commissions Vacancy Process, and assisted with the transition of boards and commissions members.
- Successfully hosted the Alameda County Mayors Conference in January 2015.
- Developed and conducted training on the Agenda Report Process.
- Partnered with the City Attorney's Office on the update of the Administrative Regulation for the Public Records Requests Procedures and delivery of the training.

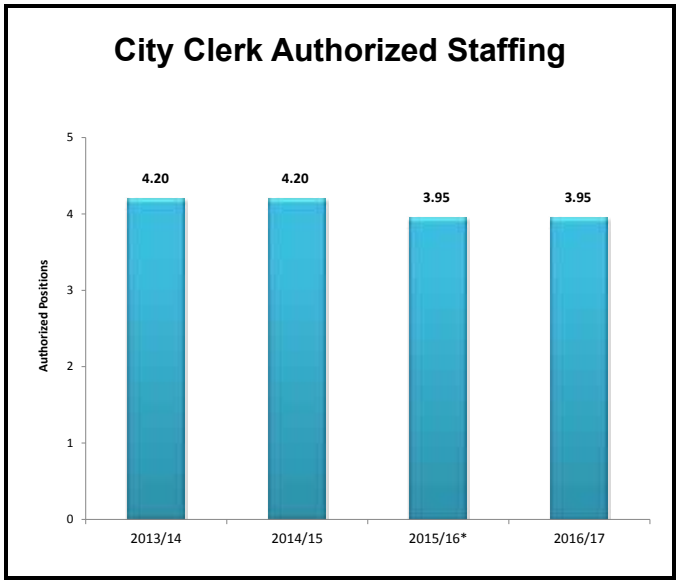
Objectives FY 2016/17

1. Successfully administer the 2016 November election.
2. Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets.
3. Assist with the transition of the newly elected councilmember(s).
4. Develop and implement a new online tool for ceremonial resolutions and proclamation requests
5. Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.
6. 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 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	90%	90%	TBD	90%
Number of complaints received regarding Public Records Requests (PRR)	2	0	TBD	0





City Clerk
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 606,085	$ 683,219	$ 582,062	$ 595,239	$ 583,448	$ 644,984
Operating Expenditures	218,160	190,972	221,422	238,050	230,400	230,400
Capital Expenditures	3,018	-	-	6,000	6,000	6,000
Indirect Expense Allocation**	63,534	66,173	66,348	66,348	66,348	62,743
Totals	**$ 890,797**	**$ 940,364**	**$ 869,832**	**$ 905,637**	**$ 886,196**	**$ 944,127**
					% increase/(decrease), including all funds, from FY 2015/16 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.

Major Changes

- The FY 2016/17 City Clerk's Office budget is $57,931 (or 6.5%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 10.5%, due mainly to the reorganization of positions in the department and to changes in the CalPERS retirement benefit costs.
- The indirect expense allocation is decreasing by 5.4% due to decreases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

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 2015/16

- Received awards for Excellence in Financial Reporting for the 31st consecutive year and Distinguished Budget Presentation for the 19th consecutive year from the Government Finance Officers Association of the United States and Canada (GFOA).

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

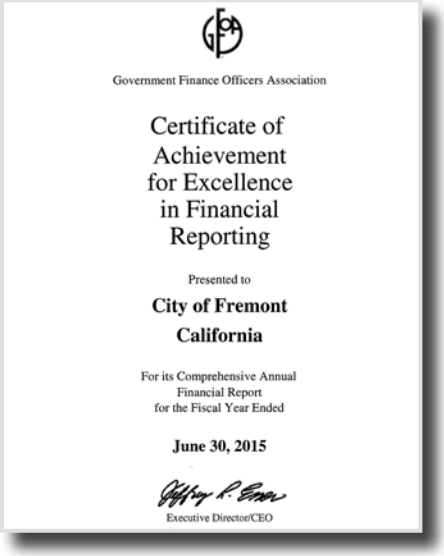
PRESENTED TO

City of Fremont
California

For the Fiscal Year Beginning

July 1, 2015

Executive Director


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fremont
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

- In partnership with the Human Resources and Information Technology Services Departments, implemented the first phase of the migration of the City's financial management system to improve functionality, reliability, and integration with other City systems. First phase implementation anticipated to be completed June 2016.
- Established an Other Post-Employment Benefits (OPEB) Trust and began fully funding the annual contribution effective July 2015.
- Issued $79,700,000 of special tax bonds for the Pacific Commons community facilities district. The bond proceeds were used to refinance outstanding debt at lower interest rates and to reimburse the developer for the cost of public facilities and improvements.
- In partnership with the City Attorney's Office, Police Department, and Code Enforcement, completed a revision in October 2015 to the City's Massage Ordinance to comply with recent changes to State law regulating the massage industry.
- Established an account with the California Asset Management Program (CAMP) to provide an additional investment option for the liquid portion of the City's cash portfolio.

Objectives FY 2016/17

1. In partnership with the Human Resources and Information Technology Services Departments, implement the second phase of the migration of the City's financial management system to improve functionality, reliability, and integration with other City systems. Implementation is anticipated to be complete by winter 2016.

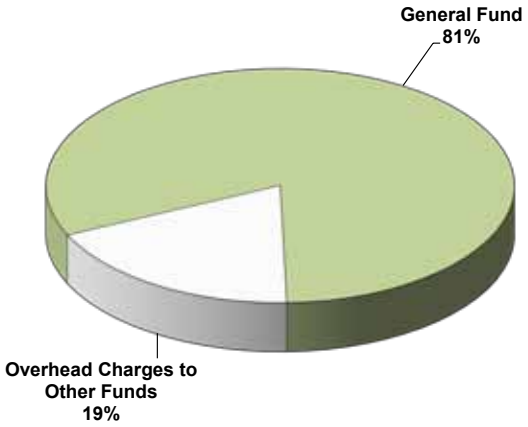
2. Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option in coordination with Economic Development and the City Manager's office, which will make business license renewal easier for customers and allow more efficient use of staff time.

3. In partnership with the Information Technology Services and Community Development Departments, complete the upgrade to the City's permitting system, including the integration with the City's cash receipting system and financial management system by fall 2016.

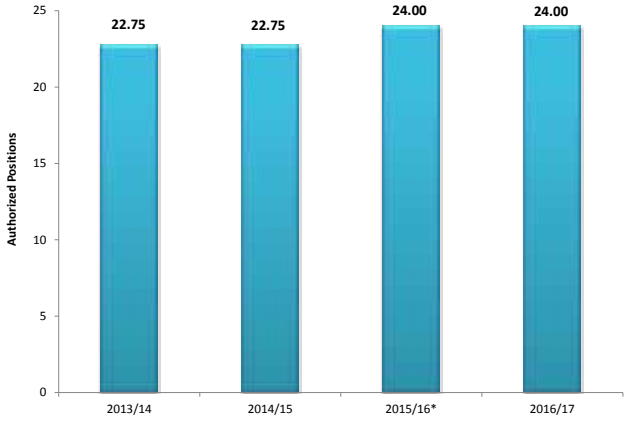
Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
Percent of bids reissued	3%	1%	2%	2%
Percent of Business Tax renewals online	19.9%	20%	20%	20%

Finance Sources of Funding
FY 2016/17: $4,588,166



Finance Authorized Staffing



Finance
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 2,767,899	$ 3,016,878	$ 3,322,831	$ 3,512,639	$ 3,453,572	$ 3,628,779
Operating Expenditures	577,939	520,407	534,084	526,037	467,870	627,494
Capital Expenditures	11,424	1,225	2,383	7,500	7,500	5,000
Indirect Expense Allocation**	269,153	319,505	326,893	326,893	326,893	326,893
Totals	**$ 3,626,415**	**$ 3,858,015**	**$ 4,186,191**	**$ 4,373,069**	**$ 4,255,835**	**$ 4,588,166**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	7.8%

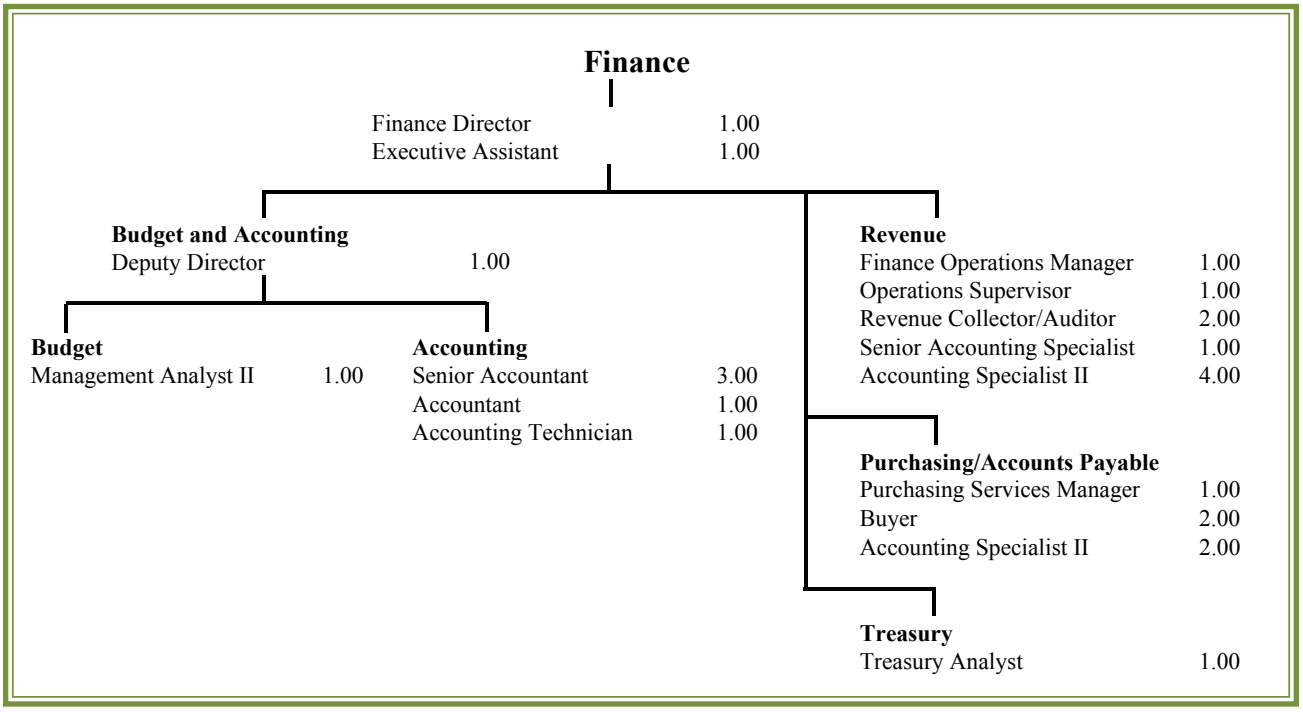
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** 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 2016/17 Finance Department budget is $332,231 (or 7.8%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 5.1% due to changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by $159,624 (or 34.1%) for professional service contracts.
- Capital expenditures are decreasing by $2,500 (33.3%). This expenditure category flucturates depending on equpment purchase needs.

Staffing by Function–FY 2016/17



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 by providing organizational development opportunities and supporting healthy lifestyle choices 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; wellness, 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.

Accomplishment Highlights FY 2015/16

- Completed implementation of citywide automated employee performance management system.
- Expanded and formalized citywide employee wellness program.

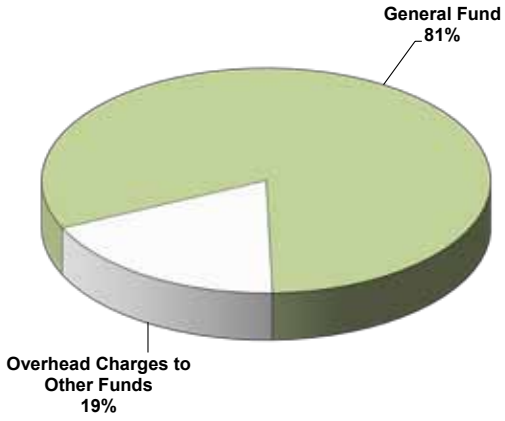
Objectives FY 2016/17

1. Conduct citywide employee survey to assess employee satisfaction, engagement and to inform the City's organizational development activities.
2. Conduct and complete contract bargaining with the City's nine bargaining units.
3. Complete an update of the City's Personnel Rules.

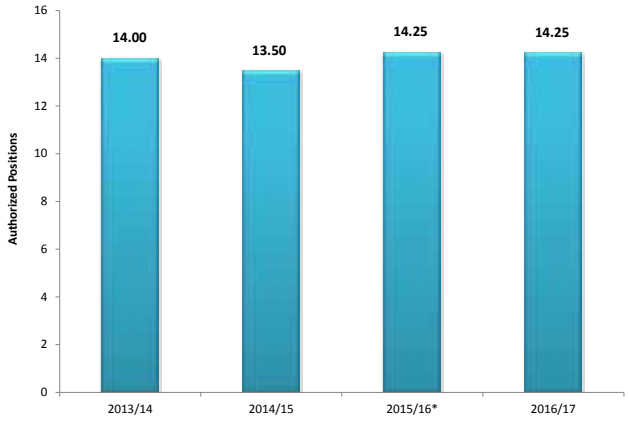
Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	NA	80%	TBD	80%
% of employees who have received a formal evaluation in the last 12 months	NA	65%	TBD	65%
% of employees who report receiving timely performance feedback	NA	65%	TBD	65%
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	42/36%	75/70%	TBD	75/70%

Human Resources Sources of Funding
FY 2016/17: $2,878,900



Human Resources Authorized Staffing



Human Resources
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 2,054,976	$ 2,083,318	$ 2,303,624	$ 2,260,060	$ 2,222,342	$ 2,396,365
Operating Expenditures	462,438	192,834	248,580	255,152	249,580	307,080
Capital Expenditures	14,197	5,624	2,229	-	-	
Indirect Expense Allocation**	158,483	169,922	171,084	171,084	171,084	175,455
Totals	**$ 2,690,094**	**$ 2,451,698**	**$ 2,725,517**	**$ 2,686,296**	**$ 2,643,006**	**$ 2,878,900**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	8.9%

* 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 2016/17 Human Resources budget is $235,894 (or 8.9%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 7.8% due to changes in the CalPERS retirement benefits costs.
- Operating expenditures are increasing by 23.0%, due to increases attributable to the biannual employee survey, labor negotiations, and wellness initiatives.

Staffing by Function–FY 2016/17

Human Resources

Administration

Deputy City Manager	0.25
Deputy Human Resources Director	1.00
Executive Assistant	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

Customer Support Services
Provide and deliver professional, helpful, responsive, high quality services to meet the customers' needs by resolving their problems or completing their requests for service or product as efficiently as possible.

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

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.

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

Accomplishment Highlights FY 2015/16

- In partnership with the Fremont and Union City Police Departments, delivered full dispatching and records management services to Union City by replacing all of the hardware systems with a virtual server environment, upgrading the computer-aided dispatch and records management applications, refining the GIS geofile to include Union City geospatial and address points data, and increasing the redundancy tier for the network infrastructure.

- Partnered with various City departments on several projects including the Fire Department's CUPA system that integrates regulated businesses, the State of California's CalEPA requirements, invoicing, and tracks the work by the Fire Department; implemented strict password and authentication requirements for the Police Department to be compliant with the Department of Justice/California Law Enforcement Telecommunications System; designed the views and integration points to join a large data sharing warehouse with Alameda County that will allow advanced crime analysis for the Police Department; increased the online convenience to apply for a new business license with the upgrade of the HdL business license system for the Finance Department; and upgraded and redesigned the PsychConsult patient tracking system to improve efficiencies throughout all modules for the Human Services Department and to meet the International Statistical Classification of Disease and Related Health Problems requirements by the World Health Organization.

- Implemented an offsite disaster recovery solution to ensure that the City can continue to provide critical services in the event that the systems at the City's main server rooms are unavailable.

- In partnership with the Fire Department and Maintenance Division, created simple and effective mobile GIS applications for the Fire Department to perform a fire hydrant inventory and for the Maintenance Division to dispatch emergency maintenance response to El Niño generated hazards.

- Published a new public GIS web application that is non-browser specific, more user friendly and streamlined, and gives users access to greater geospatial information. In addition, created the City's first open data portal enabling public users to download the GIS data directly into their own applications.

Objectives FY 2016/17

1. Upgrade the City's core network infrastructure to a faster (10 gigabits per second) backbone to allow users' workstations to access and process information faster and to support the increased demand for video and bandwidth-intensive applications. Estimated target completion date is June 30, 2017.

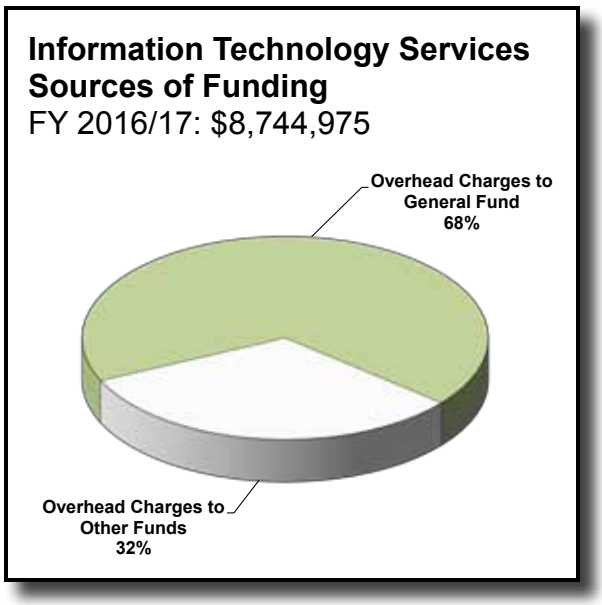
2. In partnership with the Human Resources Department, begin the upgrade to the PeopleSoft HR/payroll system to version 9.2 with enhancements in all modules, a user-friendly interface, new iPad and mobile features, and more process automation. Upgrade will be completed in FY 2017/18.

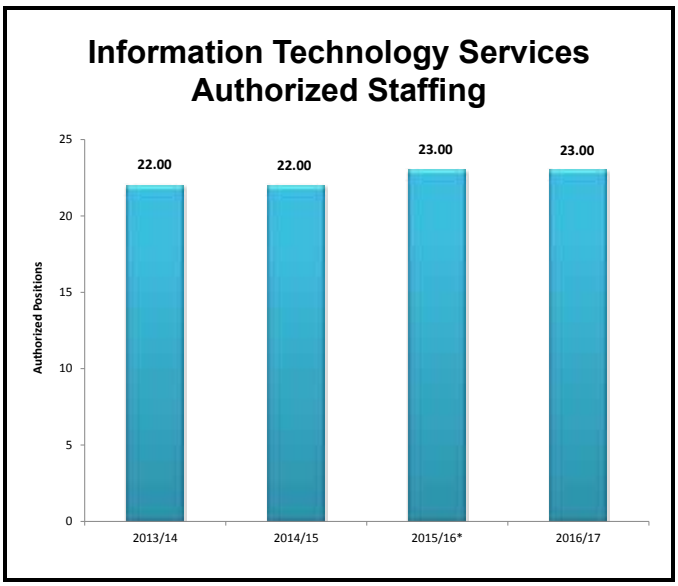
3. Continue the partnership with the Community Development Department to implement the new Accela Automation land management (permitting) system that will improve the processes and communications across multiple lines of business internally (between departments, field staff) and externally (citizens, developers, County assessor, etc.). Go-live date in fall 2016.

4. Implement GIS parcel and address editing workflow tools to allow for regular and consistent updates that will provide data to other critical systems including Police Department computer-aided dispatch and Accela land management (permitting) systems. These workflow tools will significantly reduce the update process time while assuring data quality. Implementation will be completed by June 30, 2017.

Performance Measurement

Measure	FY 2014/15 Actual	FY 2015/16 Target	FY 2015/16 Estimate	FY 2016/17 Target
NEW for FY 2016/17: Percent of service desk calls resolved at first point of contact (when call is placed to the ITS Service Desk)	N/A	N/A	N/A	80%
Percent of network availability as measured using a monitoring tool uptime algorithm	99%	99%	99%	99%
Percent of service tickets resolved within the stated service level agreements (SLAs) for the type and criticality of each request	75%	80%	81%	80%
Percent of requests for addressing completed within agreed-upon time frames	85%	85%	77%	80%





Information Technology Services
Historical Expenditures/Budget, by Category

	2013/14 Actual	2014/15 Actual	2015/16 Estimated Actual	2015/16* Adjusted Budget	2015/16 Adopted Budget	2016/17 Adopted Budget
Salaries & Benefits	$ 2,958,415	$ 2,953,674	$ 3,478,768	$ 4,202,632	$ 3,631,607	$ 3,932,973
Operating Expenditures	1,929,730	2,363,667	2,594,812	2,330,787	2,497,433	2,401,992
Capital Expenditures	264,666	317,534	972,861	955,981	955,959	1,888,272
Indirect Expense Allocation**	463,365	472,415	453,912	453,912	453,912	521,738
Totals	**$ 5,616,176**	**$ 6,107,290**	**$ 7,500,353**	**$ 7,943,312**	**$ 7,538,911**	**$ 8,744,975**
					% increase/(decrease), including all funds, from FY 2015/16 Adopted Budget	16.0%

* 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, 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 2016/17 Information Technology Services budget is $1,206,064 (or 16.0%) more than the FY 2015/16 adopted budget.
- Salaries and benefits are increasing by 8.3% mainly due to position adjustments and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by 97.5%, primarily due to the change in classification of software purchases to capital expenditures.
- The indirect expense allocation is increasing by 14.9% due to increases in the department's share of internal allocations.

Staffing by Function–FY 2016/17

Information Technology Services

Administration

Information Technology Services Director	1.00
Telecom Technician	1.00
Executive Assistant	1.00

Customer Support Services

Information Technology Manager	1.00
Application Specialist II	1.00
Computer Specialist	4.00

Enterprise Systems

Enterprise Systems Manager	1.00
Senior Systems Analyst/Programmer	1.00
Systems Analyst/Programmer	5.00

Geographic Information Systems

GIS Manager	1.00
Systems Analyst/Programmer	1.00
Application Specialist III	1.00
Computer Specialist	1.00

Infrastructure Services

Infrastructure Services Manager	1.00
Network Engineer	2.00

Regular Full-Time Equivalents: 23.00

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Staffing

Regular Position Summary

Overview

The total authorized regular staffing level of 901.31 for FY 2016/17 has increased by 10.00 full time equivalents (FTEs) from the FY 2015/16 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 strategically address its Public Safety needs including adding 2 Community Services Officers. 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 FY 2016/17 is 2.0 FTEs more than the FY 2015/16 level. The increase is attributed to the increased activity in Housing with the addition of 1.0 FTE Planner I and increased activity at the Development Center with the addition of 1.0 FTE Office Specialist in the Planning Division.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17
PUBLIC SAFETY								
Fire	152.000	152.500	152.500	153.000	154.000	157.000	158.000	159.000
Police	287.000	287.000	287.000	282.000	287.500	296.500	303.500	306.500
TOTAL	**439.000**	**439.500**	**439.500**	**435.000**	**441.500**	**453.500**	**461.500**	**465.500**
OTHER COMMUNITY SERVICES								
Community Development	99.275	98.335	60.750	61.000	57.300	60.300	68.050	70.050
Economic Development	4.575	3.650	3.650	4.000	4.000	4.000	4.000	4.000
Human Services	51.800	54.500	54.500	56.500	58.150	59.925	60.550	60.550
Public Works	103.105	103.230	109.235	110.235	111.610	117.610	121.530	124.530
Community Services	61.850	61.850	93.430	94.410	88.510	90.010	90.760	90.760
Housing and Redevelopment	11.925	12.100	12.100	0.000	0.000	0.000	0.000	0.000
TOTAL	**332.530**	**333.665**	**333.665**	**326.145**	**319.570**	**331.845**	**344.890**	**349.890**
ADMINISTRATIVE SYSTEMS								
City Manager's Office	5.250	6.150	6.250	6.800	8.800	9.300	9.800	10.800
City Attorney	9.420	9.420	9.420	9.670	9.920	9.920	9.920	9.920
City Clerk	4.250	4.200	4.200	4.200	4.200	4.200	3.950	3.950
Finance	21.650	21.650	21.550	21.750	22.750	22.750	24.000	24.000
Information Technology Services	19.900	19.900	19.900	22.000	22.000	22.000	23.000	23.000
Human Resources	14.000	14.000	14.000	14.000	14.000	13.500	14.250	14.250
TOTAL	**74.470**	**75.320**	**75.320**	**78.420**	**81.670**	**81.670**	**84.920**	**85.920**
CITYWIDE TOTAL	**846.000**	**848.485**	**848.485**	**839.565**	**842.740**	**867.015**	**891.310**	**901.310**

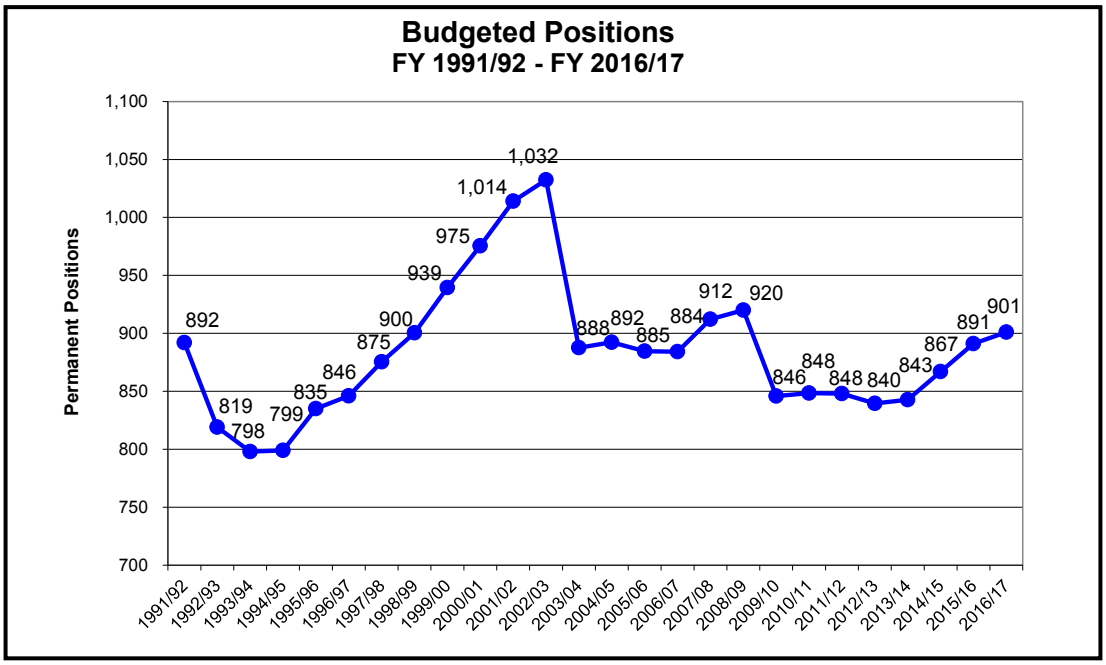
* Total number of positions anticipated at the end of June 2016.

The Fire Department staffing level for FY 2016/17 is 1.0 FTE more than the FY 2015/16 level. The increase is a result of the addition of 1.0 FTE Senior Hazardous Material Specialist.

The Police Department staffing level for FY 2016/17 is 3.0 FTEs more than the FY 2015/16 level. This increase is due to the addition of 2.0 FTEs in Community Services Officers and 1.0 FTE Equipment Room Supervisor.

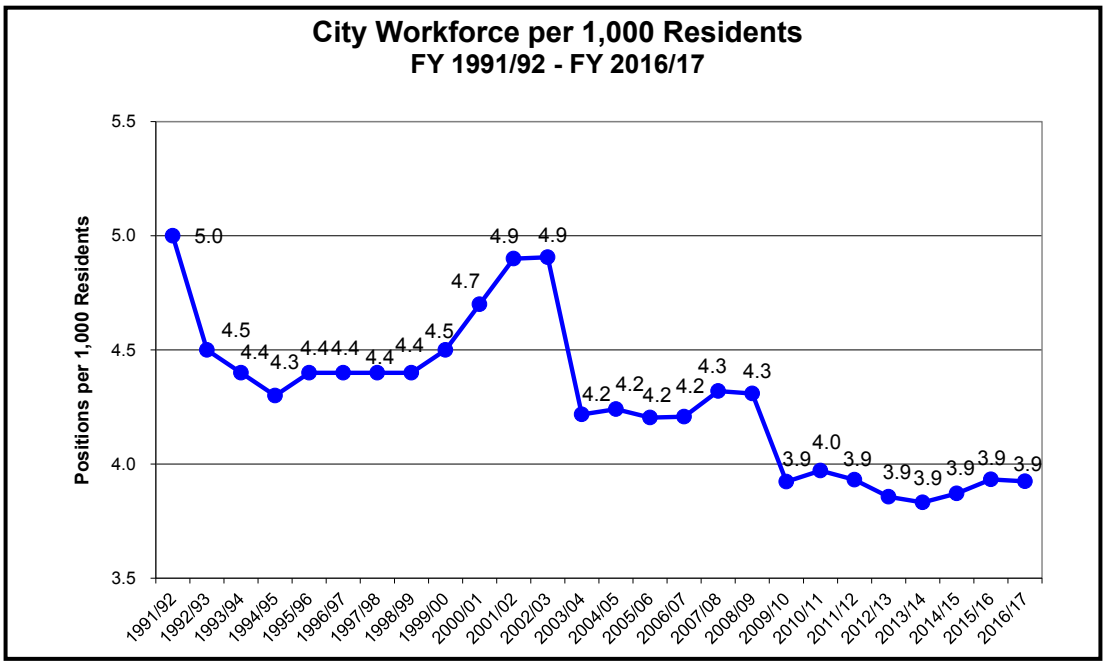
The Public Works Department staffing level for FY 2016/17 is 3.0 FTEs more than the FY 2015/16 level. The change is attributed to the overall increase in development activity in the City with the addition of 1.0 FTE Engineering Technician and the increase in integrated waste management with the addition of 2.0 FTE Street Maintenance Workers.

The administrative departments staffing level for FY 2016/17 is 1.0 FTEs more than the FY 2015/16 level. This change is attributed to the overall increase in support required for line departments.



Historical Perspective

City staffing has remained relatively constant over the past 13 years despite population growth of approximately 20,000 residents, or 10%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2016/17 budget authorizes 41 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. The FY 2016/17 budget continues the City's modest staffing and related service levels even though the FY 2016/17 overall staffing level has been increased by 10.0 FTE (1.1%) positions compared to FY2015/16, primarily to match the steady increase in activity levels and growing demands at the City's Development Center.

Staffing levels are steady when population growth over time is considered. Between FY 1990/91 and FY 1994/95, the City reduced its authorized position count from 5.4 to 4.3 positions per 1,000 residents. Between FY 1994/95 and FY 1998/99, per capita staffing stayed constant before the economic expansion later in the decade 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 2016/17, virtually unchanged from FY 2009/10.

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 2015/16, 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 2015/16

City	2015 Population	Citywide Positions	Positions per 1,000 Residents
Palo Alto	66,029	632	9.57
Oakland	410,603	3,208	7.81
Santa Clara	120,973	756	6.25
San Jose	1,016,000	5,585	5.50
Sunnyvale	148,028	809	5.47
Pleasanton	73,028	367	5.03
Union City	72,744	327	4.49
Newark	43,821	181	4.13
Livermore	85,990	354	4.11
Fremont	227,582	882	3.88

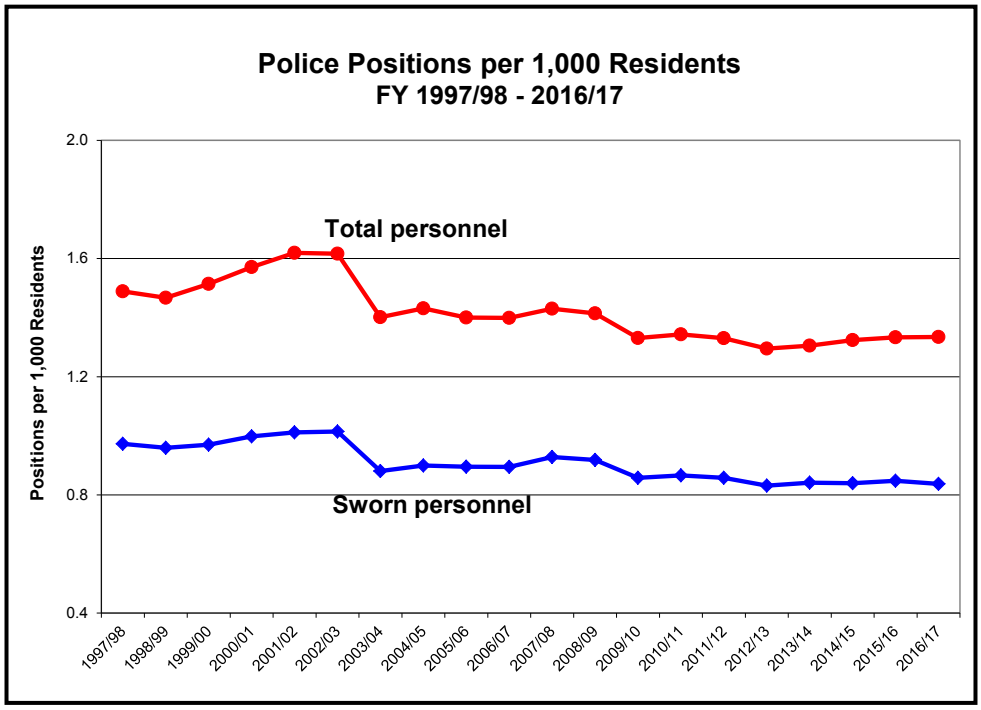
Source: FY 2015/16 published city budgets, financial reports & California Department of Finance Population Estimates for 2015.

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:

1. **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).
2. **Oakland:** total positions reduced by the number of positions supporting library services (not provided by the City of Fremont).
3. **Sunnyvale:** total positions reduced by the number of positions supporting library, water, wastewater, and solid waste services (not provided by the City of Fremont).
4. **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).
5. **Pleasanton:** total positions reduced by the number of positions supporting library services, water, and sewer storm water (not provided by the City of Fremont).
6. **Livermore**: total positions reduced by the number of positions supporting library, water, airport, and golf services (not provided by the City of Fremont).
7. **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.
8. **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.

Police

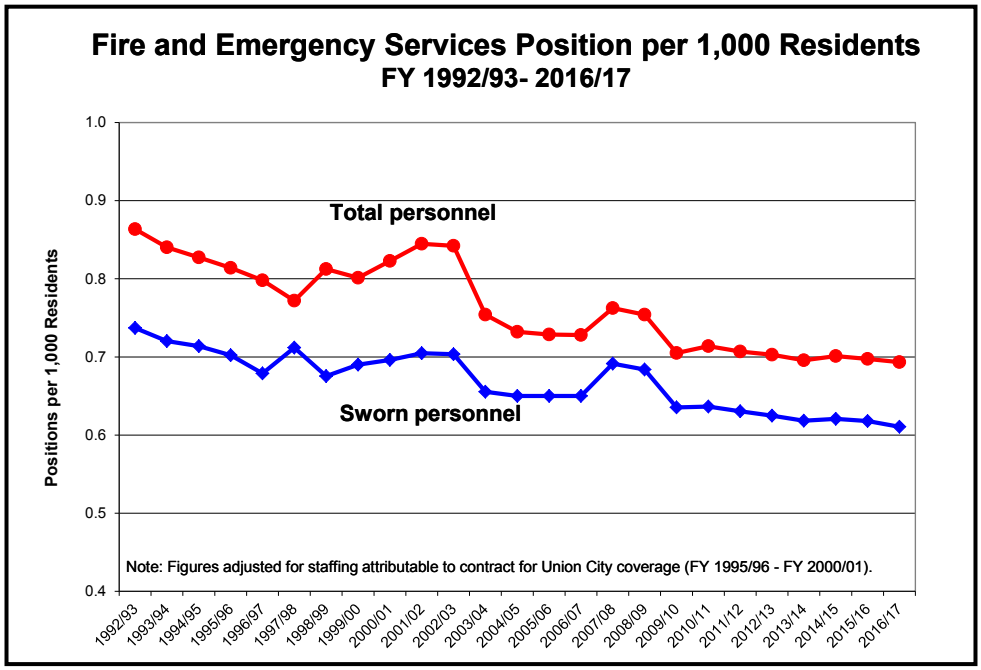
Police Department staffing has increased by 3.0 FTE positions, including 2.0 FTE Community Services Officer positions and 1.0 FTE Equipment Room Supervisor. The current level remains low, at a per capita staffing of 0.84 sworn officers per 1,000 residents. This represents 16% less police officer coverage 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 Senior Hazardous Materials Specialist. 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 2016/17, 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.



Maintenance

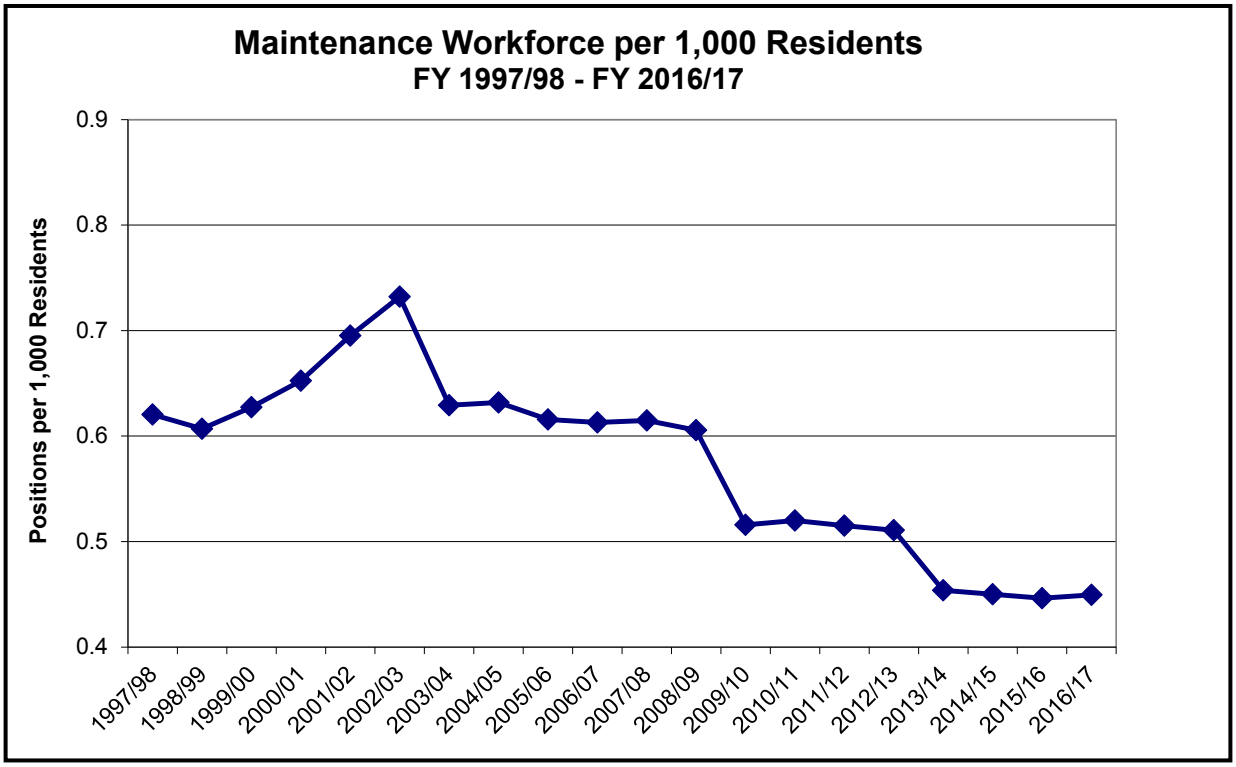
Low staffing remains a hindrance to City efforts to maintain its parks, urban forestry, streets, and public buildings.

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 2016/17 Maintenance Statistics			
Asset	**FY 1993/94**	**FY 2016/17**	**Percent Change**
Public Buildings	581,500 sq. ft.	934,470 sq. ft.	61%
Streets	778 lane miles	1,100 lane miles	41%
Park Land	810 acres	1,215 acres	50%

The 0.4 maintenance workers per 1,000 residents for FY 2016/17 has remained constantly low since FY 2013/14.

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

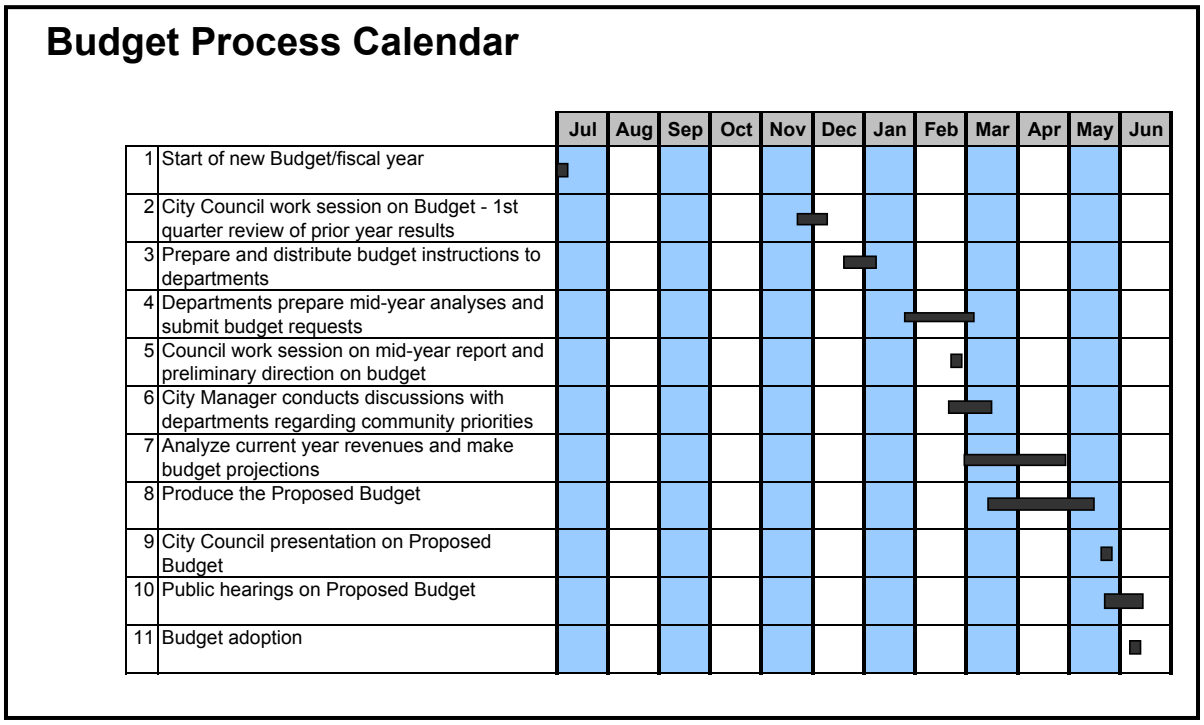
Budget Process and Calendar

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.

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 2016/17 budget at a televised meeting on May 17, 2016. Televised public hearings were held on June 14 and June 21, 2016.

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 2016/17 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 75% 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 217). This operating budget for the 2016/17 fiscal year was adopted on June 7, 2016. The fiscal years before FY 2016/17 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2016/17.

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.

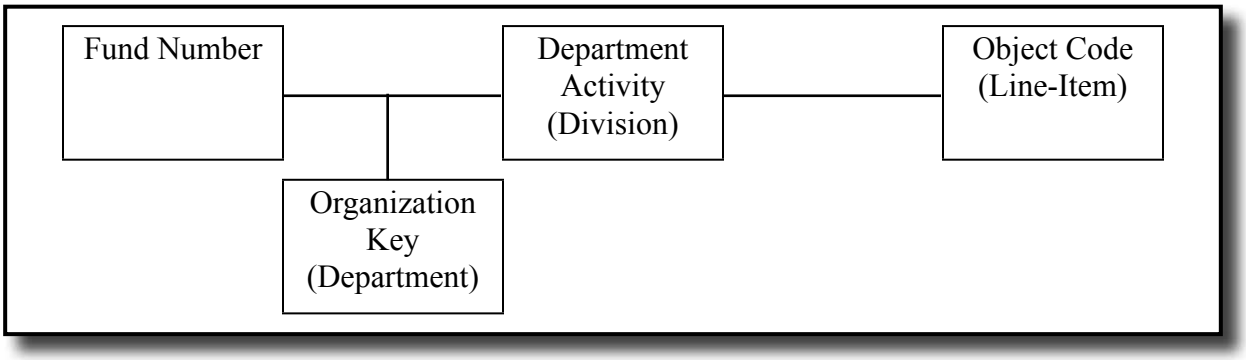
In the Required Supplementary Information section of the CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. 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, 2015, 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, 2016, will be available no later than December 31, 2016.

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 twelve 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:

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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RESOLUTION NO. 2016-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2016 THROUGH JUNE 30, 2017

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2017, entitled "City of Fremont, Fiscal Year 2016/17 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, 2016 through June 30, 2017. The final budget shall be the "City of Fremont, Fiscal Year 2016/17 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 2016/17 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2015/16. The actual amount of the increased appropriation due to encumbrances will be reported to the City Council as part of the fiscal year 2015/16 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 2016/17 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 2016/17 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 be 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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, 2016, 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 21, 2016, by the City Council of the City of Fremont, by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

Bill Harrison
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

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RESOLUTION NO. 2016-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016/17 FOR THE CITY OF FREMONT

WHEREAS, Article XIIIB of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code Sections 7900, and following), specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the fiscal year 2016/17 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 2016/17 for the City of Fremont as $645,340,346, 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 2016/17 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 2016.

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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 2016.

ADOPTED June 21, 2016, by the City Council of the City of Fremont, by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

Bill Harrison
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

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EXHIBIT A to RESOLUTION NO. 2016-36

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

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. Reports that present the assessed value of new, non-residential construction are provided by the County of Alameda.

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

$$\frac{\text{\% change in population} + 100}{100} \quad \textit{times either} \quad \frac{\text{\% change in per capita income} + 100}{100}$$

or

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

The resultant rate times the previous appropriations limit equals the new appropriation 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, 2016, 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.

Percentage change in City of Fremont population: 0.77%

Percentage change in California per capita income: 5.37%

The calculation as applied to the City of Fremont for FY 2016/17 is as follows:

$$\frac{0.77 + 100}{100} \times \frac{5.37 + 100}{100} = 1.0618$$

Applying this year's factor of 1.0618 to last year's limit of $607,779,569 yields the Gann Limit for FY 2016/17 of $645,340,346.

Based on an operating budget of $183,120,000, 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 2016/17 operating budget.

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