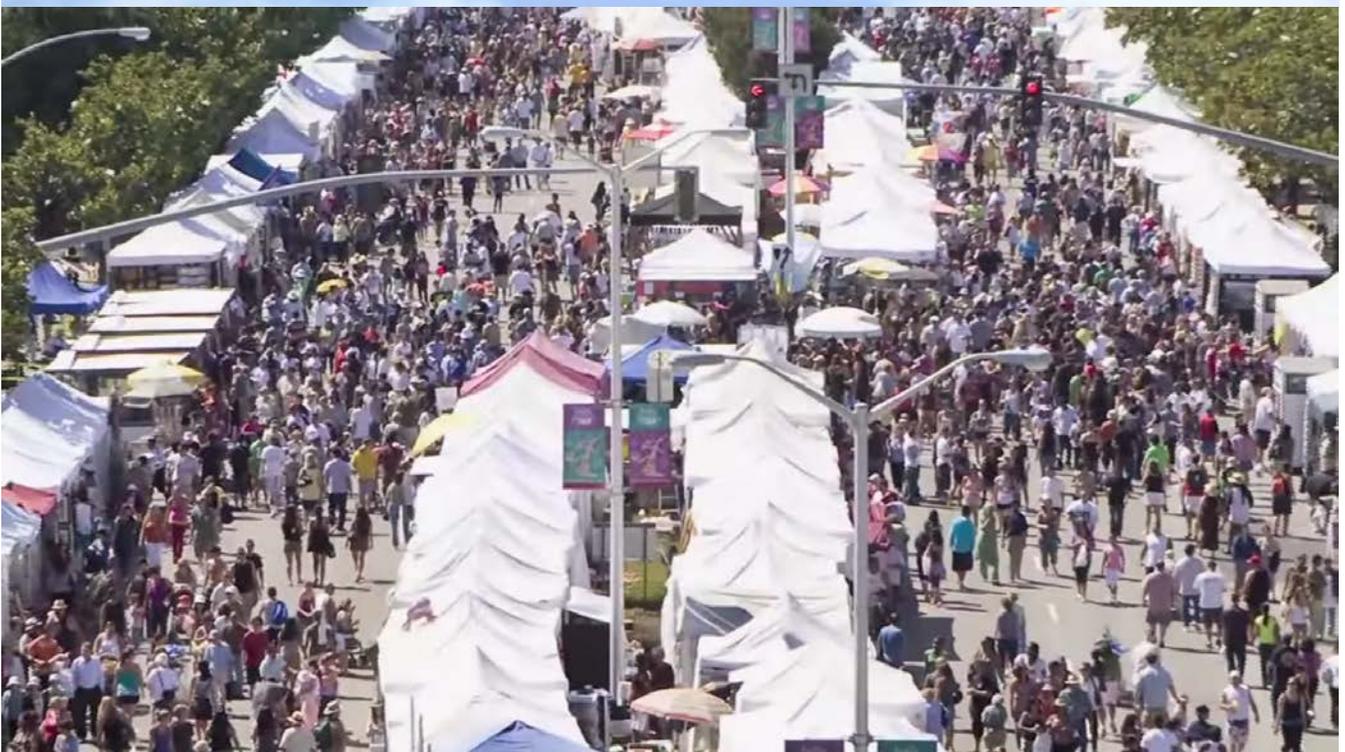




Fiscal Year 2017/18 Adopted Operating Budget





City Council

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Budget Team

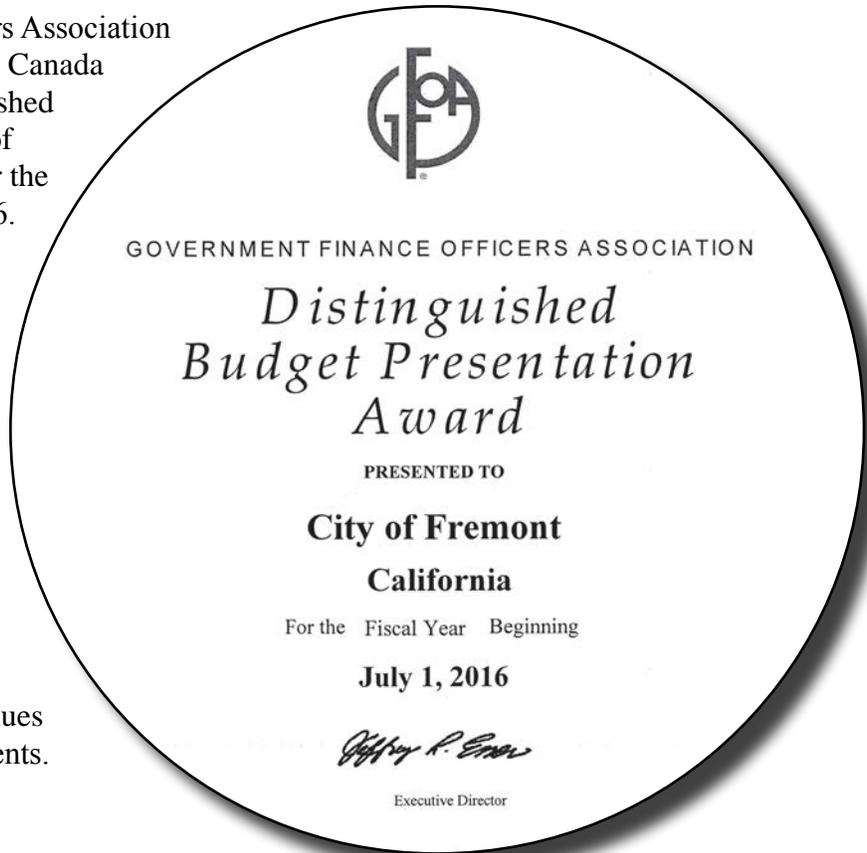
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The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2016.

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



Acknowledgments

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

Accounting Services & Treasury Staff

Julie Battershell
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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.

Guide to the Document

Capital Budget Summary

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2017/18 through 2018/19. 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's financial condition remains stable. With cautious optimism and the theme of fiscal discipline, I present the Fiscal Year 2017/18 Adopted Operating Budget.

Total General Fund budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of \$190.8 million. The FY 2017/18 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 87% when overhead costs required to support these functions are allocated. The FY 2017/18 budget is 4.2% higher than the FY 2016/17 adopted budget and 3.4% greater than last year's estimated actual expenditures.

Over the next few years, the City will continue to see modest increases in its General Fund net resources. At the same time, we anticipate significant growth in employee pension contributions. While we have significant challenges ahead, this proposed budget provides a sensible and sustainable combination of funding for maintaining and, in a modest way, improving on the current level of services, while investing strategically for the City's future.

Consistent with the theme of fiscal discipline, the majority of service level enhancements included in the proposed budget are devoted to the most pressing issues facing our community: public safety, traffic congestion, and housing. I look forward to working with the Council, the organization, and the community to meet the fiscal challenges that lie ahead.

In this message, I will highlight the following:

- FY 2017/18 Fiscal Outlook
- The Current Economic Update
- Key Budget Assumptions
- Discussion of Unmet Needs
- Major City Initiatives

FY 2017/18 Fiscal Outlook

Looking ahead to FY 2017/18, staff anticipates that the national economy will continue to grow at a moderate pace. Although we anticipate our revenue growth will continue through the next several years, we project increasing budgetary pressure as the California Public Employees Retirement System (PERS) phases in significantly higher required pension contributions. Based on preliminary information from PERS, in five years our annual pension contribution will have grown by 70%-80%; an increase of about \$26 million.

Consistent with our City's sustainable budgeting principles, we will be limiting any proposed service enhancements or staffing increases for FY 2017/18 to levels that can be supported on an ongoing

Budget Overview

basis. We will also recommend setting aside additional reserves in future years to help maintain services to the community as we adjust to the changes in our cost structure.

Although we continue to make up for position reductions and streets and facilities maintenance that was deferred during the economic downturn, our ability to improve on the current level of services and invest in the City's future will depend on continued revenue growth and sustained fiscal discipline by the City's collective leadership.

Property tax and sales tax are the City's most significant revenue sources. Property tax revenues are estimated to total \$87.0 million in FY 2016/17, and staff projects those revenues will increase to \$91.3 million in FY 2017/18, an increase of 4.9%. The City's FY 2017/18 property tax revenues are based on assessed property values as of January 1, 2017. 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 2017/18 tax roll is an increase of 2.0%. Two additional factors are contributing to the projected growth in property tax: first, the local real estate market continued to perform well in 2016, with strong sales activity and prices continuing to climb; and second, new construction activity is adding value to the tax roll.

Sales tax revenues are estimated to total \$47.6 million in FY 2016/17 increasing to \$50.7 million in FY 2017/18, an increase of 6.6%. The FY 2016/17 estimate, however, includes a one-time reduction of \$1.2 million to recover amounts that the state had erroneously paid the City in prior years. Without that distortion, sales tax revenues would be estimated to grow approximately 4.0% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with significant additional growth coming from online sales transactions allocated through the county sales tax pool.

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 \$28.6 million, results in a total reserve level of 16.9% of budgeted expenditures and transfers out for FY 2017/18. 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 2017/18 budget anticipates ending the current fiscal year with \$2.8 million in fund balance.

The current reserve levels are not sufficient to address the rising pension costs that will begin to impact the City in FY 2018/19. Additional reserve set-asides will help maintain services to the community as we adjust to the changes in our cost structure. These increased reserve funds will be used to offset or prevent more drastic budget reduction measures in future years.

Economic Update

The key national economic indicators are mixed. Following strong performance in the third quarter of 2016 (3.5% increase from the previous quarter), growth in Gross Domestic Product (GDP) slowed over the following two quarters, with an advance estimate of 0.7% for the first quarter of 2017. Conversely, the seasonally-adjusted unemployment rate has remained under 5.0% throughout

the past year; declining slightly in April 2017 to 4.4%. The strong labor market seems to be fueling positive consumer sentiment even as the economy cools. According to Lynn Franco, Director of The Conference Board Consumer Research Center, “Consumer confidence declined in April after increasing sharply over the last two months, but still remains at strong levels... Despite April’s decline, consumers remain confident that the economy will continue to expand in the months ahead.”

The press release from the most recent meeting of the Federal Reserve Open Market Committee on May 3, 2017, notes that “the labor market has continued to strengthen even as growth in economic activity slowed.... The Committee views the slowing in growth during the first quarter as likely to be transitory and continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace, labor market conditions will strengthen somewhat further, and inflation will stabilize around 2 percent over the medium term.” According to Beacon Economics, GDP is expected to grow in the 2.5% range through the end of 2017, and the State Department of Finance sees 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 2017/18 proposed budget:

1. The local economy will continue to expand during FY 2017/18, resulting in total General Fund resources (revenues and transfers in) increasing by 4.3% over estimated actual resources in FY 2016/17.
2. Total General Fund use of resources (expenditures and transfers out) is proposed to be 3.4% more than the estimated actual amounts for FY 2016/17.
3. The costs of the FY 2017/18 proposed budget will be covered by projected resources, without requiring the use of reserves to balance the budget.
4. As the City is currently engaged in a collective bargaining process with its labor groups, the FY 2017/18 proposed budget includes a placeholder salary adjustment of 2.0%.
5. Total expenditures in the FY 2017/18 proposed budget include a savings assumption of \$5.7 million (approximately 3.0% of total budgeted expenditures and transfers out in FY 2017/18) 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 \$1.0 million to offset the additional appropriations needed to ensure sufficient expenditure authority for the City’s variable rate debt.
6. The FY 2017/18 proposed budget includes CIP funding for streets, sidewalks, and facilities maintenance, parks and street medians capital replacement, and the City’s Downtown Plan and Warm Springs/South Fremont Innovation District.

Budget Overview

7. 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 16.9%. 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).
8. Reflecting the increased budgetary pressure from escalating pension contributions, the General Fund forecast for FY 2019/20 includes a \$3.0 million reduction in the transfer to capital projects and a corresponding increase to reserves.
9. As part of the FY 2016/17 Year-End Update in fall 2017, staff will bring forward recommendations for allocating any available General Fund unreserved ending fund balance to address one-time priority projects, programs, or reserve augmentation.

Unmet Needs

As we begin to face the fiscal challenge of rapidly rising pension costs, we continue to grapple with increasing needs for public safety staffing and the growing cost of maintaining Fremont's 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. Moreover, 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 ongoing 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 2017/18 adopted budget includes allocations to increase public safety staffing (police patrol and fire prevention inspection), address traffic congestion, and partner with the County and local non-profits to establish a housing resource center for our homeless population. 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 any 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.**

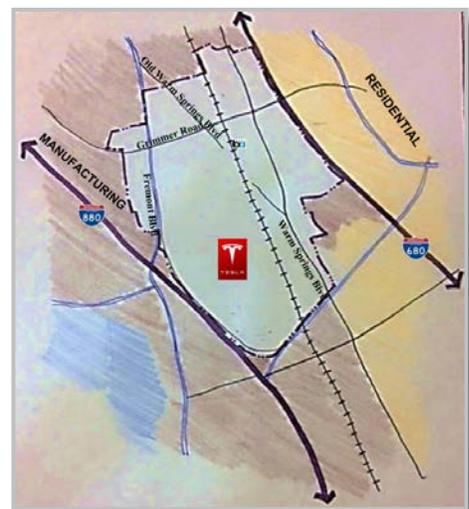
Major City Initiatives

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 elements of our sales tax diversification strategy and investments in the community’s future positioning 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, opened for service on March 25, 2017. The station enhances intermodal access to local bike routes and bus lines that serve the entire Bay Area (VTA and AC Transit) and provides 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. BART is currently extending its service an additional ten miles south to San Jose, connecting Fremont to the rest of Silicon Valley for the first time. It is anticipated that service to San Jose could begin in 2018.

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 2012, 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. Major infrastructure projects that serve as catalysts for development within the Warm Springs area were identified. In addition, the final design of

Budget Overview

the Warm Springs West Access Bridge project, which will improve multimodal access to the new BART Station by connecting the existing and proposed workforce west of the station, was approved by the City Council on May 3, 2016. Construction of the project is funded by Alameda County Measure BB. The project is anticipated to be completed by the beginning of 2019.

The Warm Springs Innovation District is actively undergoing a significant transition with large-scale mixed-use development projects, significant public infrastructure improvements, and planned expansions of innovative companies. Between 2015 and 2016, the City Council approved development master plans for Lennar, Toll Brothers, and Valley Oak Partners' projects. These projects collectively will provide extensive public infrastructure, including complete streets, a new elementary school, an urban park and plazas, 4,000 residential units of which 524 are affordable rental units and 1.7 million square feet of new commercial space. These master-planned projects are at various stages of permitting and construction. Construction of the first buildings, including the new school, park facilities, and affordable housing units, are anticipated to begin this summer and be completed by 2018.



Other projects adding additional job growth include a 584,000 square foot class A office and 110,000 square feet advanced manufacturing development by Sobrato currently in the planning and entitlement stages. Tesla has also ramped up efforts to produce 500,000 vehicles in 2018 by retooling their factory in preparation of mass producing the more affordable Model 3. On December 6, 2016, the City Council approved Tesla's master plan allowing for a 4.5 million square foot expansion. Tesla will continue to produce both their Model S sedan and Model X sport utility vehicle at this location in Fremont.

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 Downtown for Fremont.

Downtown's main street extension and multimodal improvements along Capitol Avenue have been completed to serve as the district's "retail spine," 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, vibrant development to the district.

In addition, construction of connectivity and aesthetic improvements starting in summer 2017 will continue through Gateway Plaza and along Bart Way, making walking and bicycling inviting

and safe between Downtown and the Fremont BART Station. This will be accomplished with wider sidewalks, pedestrian-scaled lighting, new way-finding signage, improved bike lanes, and additional landscaping. Development projects will be able to take advantage of the close proximity and enhanced 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 the main street, Capitol Avenue.

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 construction of Downtown's first public-private partnership mixed use project between the City, TMG Partners, Sares Regis and SummerHill has commenced. The project entails 157 ownership housing units, including condos, stacked flats, and row homes, and 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 aforementioned completed extension of Capitol Avenue between State Street and Fremont Boulevard setting the tone for the multimodal, pedestrian retail spine that will be a catalyst for attracting additional private investment.

In addition, the City has been planning the development of the Civic Center, which will be located in the heart of the Downtown and provide a public realm designed to include a gathering place for governmental and community activities. The City is prioritizing the disposition of key land assets and exploring alternative funding and design solutions in order to finance the public infrastructure portions of Downtown improvements as well as seeking other grant funding opportunities.

Economic Development: Fremont's Advanced Industry profile continues to deepen and mature. Diversification of our sales tax base continues in several key areas outlined below.

Biotechnology, particularly medical devices and equipment, remains the largest sector. The fact that most of Fremont's biomedical companies also manufacture, is of particular importance given the ripple effects in the larger economy – encompassing job creation and a growing supply chain network. This was documented in a highly publicized infographic this year in conjunction with the international BIO conference in San Francisco.

Budget Overview

Cleantech has grown in the number of companies and jobs, thanks in large part to the transportation sector, with Tesla in a starring role. Our partnerships with organizations such as the Cleantech Open and the California Clean Energy Fund remain stronger than ever as we all work toward advancing sustainable technologies.

The emergence of the **Internet of Things**, or “IoT”, as a primary Silicon Valley focal point, can’t be ignored. With companies like Littelfuse opening IoT centers in Fremont, there is no doubt that Fremont sits at the intersection of hardware and software.

Advanced manufacturing has never been so promising. Thanks to a growing national emphasis on local production, and Fremont’s thought leadership and action in this space, years of dedicated effort are paying off. Industrial manufacturing space has become the darling of the real estate industry, and educational resources are aligning to meet the robust hiring needs.

Regionally, our Mayors have come together to support an **“Urban Manufacturing Initiative”**. A survey of the Bay Area’s four largest cities (including Fremont) showed that local manufacturing is a major contributor to Bay Area prosperity. Of the 26,000 manufacturing employees in Fremont, 45% are in the middle-wage category. The survey also confirmed that Fremont is best positioned for manufacturing growth with strong city policies that protect industrial land for industrial uses.

It’s safe to say that Fremont has solidified its status as an **EV capital**. In addition to Tesla’s continued growth and **GenZe** scooters and e-bikes popping up all over, last year we welcomed **Lucid Motors**, when they launched the ‘luxury jet-like’ Lucid Air at their Fremont Design Center in December. The launch drew a who’s who guest list and caused an accompanying media blitz. That same week, Chevrolet decided to deliver its very first **all-electric Bolts** to its Fremont dealership because of its status as the number one selling Volt dealership.

And then there’s **Tesla**. It was another staggering year for the company with the launch of Model 3, opening of their Nevada Gigafactory, and acquisition of SolarCity...just to name a few announcements. As the largest manufacturer in the state of California (and largest employer in Fremont) **Tesla** is an economic engine unto itself. At the end of last year, the City approved **Tesla’s Master Plan**, which will allow it to grow as needed and meet customer demand for the new Model 3. It also lays out how these plans align with City’s goals in Warm Springs.



New business growth has been robust in Fremont and last year, we celebrated some exciting additions to our economy. Renowned French coding university, **Ecole 42**, selected Fremont as the location for its U.S. campus in the former DeVry building in Ardenwood. This free, progressive educational model is drawing high praise from technology heavyweights like Facebook, Twitter, and Snapchat.

The **Fremont Innovation District** is steadily adding new technology players, and helping others grow. For example, Chicago-based **Littelfuse**, a leader in circuit protection technology, opened a Silicon Valley Tech Center to better access many of their clients who are most of the Valley's biggest names. We also welcomed technology contract manufacturer **SMTC**, who opened a state of the art facility. They join established companies such as **Lam Research** – a finalist in the East Bay Innovation Awards in the Advanced Manufacturing Category.

Simultaneously, new **infrastructure** is underway that will support the Bay Area's only "Mid-Bay" employment-focused transit hub that is emerging around the future Warm Springs BART station. Office and R & D space is coming forward as part of the Sobrato, Lennar, and Valley Oak Master Plans. And while the West Access Bridge project gets ready to break ground, the City will be reaching out to large audience of "**innovation cultivators**" to be a part of this project.

Nurturing future innovators is an increasingly important part of our economic development program, whether convening startups at the Startup Grind Fremont Chapter, providing tools to makers and small scale manufacturers, or establishing new educational partnerships to inspire the next generation of makers before they make college choices. A few notable accomplishments –

Startup Grind Fremont is a year-and-a-half old, and has earned broad recognition for attracting top-notch speakers on topics of local interest.

A town hall discussion on the "**Maker Movement**" facilitated by Recast City brought together 60 manufacturers, real estate professionals, and community leaders together to learn how to create vibrant "connection centers". Fremont's own makers, including ZeeFoods, DasBrew, SchmartBoard and Designer Carole Wang provided input into a Fremont specific report and infographic detailing opportunities for Fremont in this area.

And finally, the City of Fremont and the Fremont Union School District are entering into an agreement with "FUSE Corps" for a one-year fellowship focused on building a sustainable program to integrate STEAM and **Maker Education** efforts that will lead to local advanced manufacturing jobs.

This builds on a successful **Manufacturing Day** program that connects education and industry. For four years in a row, Fremont has actively promoted this opportunity, and in 2016, over 200 students and teachers from FUSD, Ohlone College, and the public at-large toured 11 manufacturing facilities in Fremont (more than any other Bay Area city.) The event generated over 400,000 media impressions, and most importantly, changed perceptions.

Fremont has one of the most successful **Auto Malls** in the Bay Area. Not only is this a great amenity for our community, but it's a critical part of our tax base and the City's economic health. Visits to auto dealerships reveal that business is very good, with many of them claiming top rankings among like-branded dealerships nationally. This includes the brand new **Subaru** dealership and we

Budget Overview

expect the same will for the new **Audi** dealership currently under construction, which should open at the end of the year. Additionally, **Carmax**, which opened last November, is a hub store for the region and will support much of the service for other local Carmax stores.

In other Retail news, there are several great new additions in Fremont for the community to enjoy. **Campo di Bocce** purchased the former CityBeach building and has renovated the restaurant and added its famous bocce courts, while still keeping the rock climbing features. **Living Spaces** has had great success in Fremont leading them to expand their distribution space. At Pacific Commons, keep your eye out for lines out the door at **Gen Korean BBQ**, opening soon. Retail tenants are also following the momentum in downtown. **Inchin's Bamboo Garden** has brought it's Indian/Chinese fusion cuisine and a sophisticated ambiance to Downtown and highly sought-after **Philz Coffee** will open later this year in front of the Raley's shopping center on Paseo Padre Pkwy.

Some of the most important work we do is **supporting small business** in partnership with the Fremont Chamber of Commerce. In the last year, we collaborated to offer the following:

- **Five Small Business Workshops** responding to topics deemed most important from a small business survey. Material covered how to write research grants, a discussion with local Makers, advanced website and marketing techniques, and small business tax tips.
- **Business District Association Interaction**, including meetings to cross-promote events, and Business District Walkabouts expanding to special areas such as the Fremont Auto Mall.
- An updated **2017 Enjoy Fremont Guide** that adds retail to hotel and restaurant listings. And,
- Continued city sponsorship of the **Festival of the Arts**.

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.

- Significant regional transportation capacity projects will be completed in the near-term: the 10-mile extension of BART into San Jose (Warm Springs to Berryessa) is scheduled to open at the end of 2017; and the widening of northbound I-680 through Fremont will start construction in late 2017 and be complete in late 2019.
- In Warm Springs, a new \$25 million bridge and plaza will begin construction this Fall to connect the west side of the Warm Springs BART station to a newly developing urban community and the expanding Tesla factory. A Measure BB grant was received in April to plan and design a new bicycle and pedestrian bridge over I-880 to continue the East Bay Greenway Trail from Tesla to the Bayside Business District and to the Bay Trail.
- The multimodal streetscapes around Downtown Fremont will continue to be enhanced with grant funding targeted toward projects on BART Way, Walnut Avenue and Fremont

Boulevard. Additionally, the segment of Fremont Boulevard in the Centerville area is funded for streetscape improvements by a Measure BB grant and with construction planned to start in 2019.

- The City's aging transportation infrastructure is continuing to be rehabilitated and modernized through a combination of Measure BB and new State gas tax funds targeted towards pavement maintenance, sidewalk repairs, ADA curb ramps, traffic safety improvements, and traffic signal upgrades. A significant \$10 million project funded by Measure BB, will modernize the traffic signals along Fremont Boulevard to be a showcase for advanced traffic signal technologies allowing for improved traffic flow and safety, priority for transit buses and emergency vehicles, and electronic communications between signals, cars, pedestrians and bikes.

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 have strategically restored service levels. Those same traits will serve us well as we begin to address the new set of fiscal challenges. I would like to thank both the City Council and City staff for the strong partnership that has us well positioned to move forward with confidence.

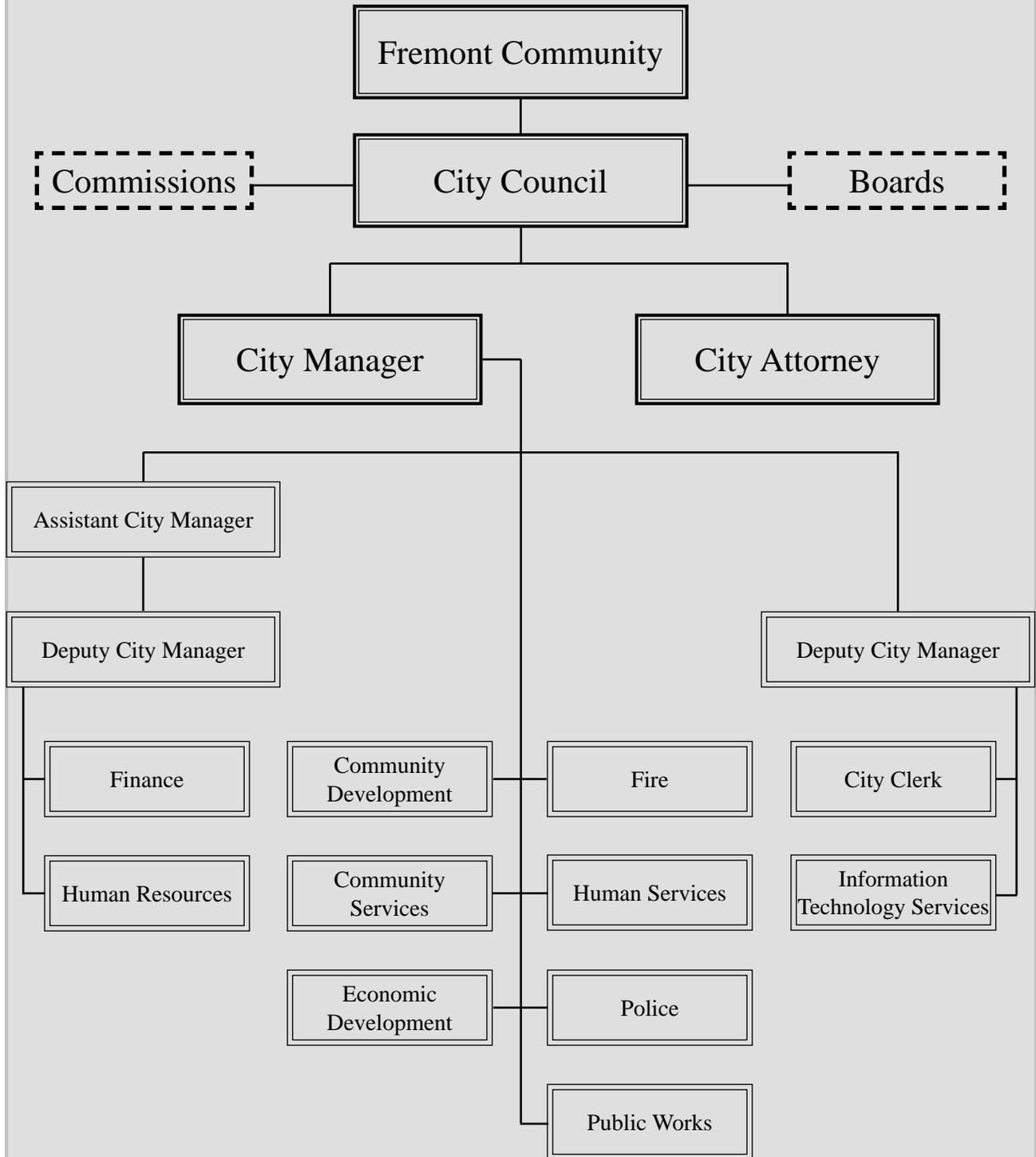


Fred Diaz
City Manager

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Summary Information

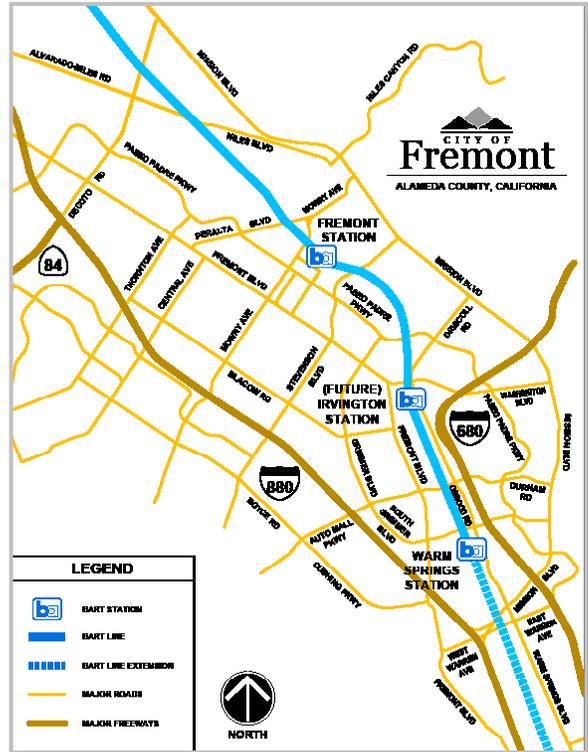
City of Fremont Organization Chart Fiscal Year 2017/18



City of Fremont Profile

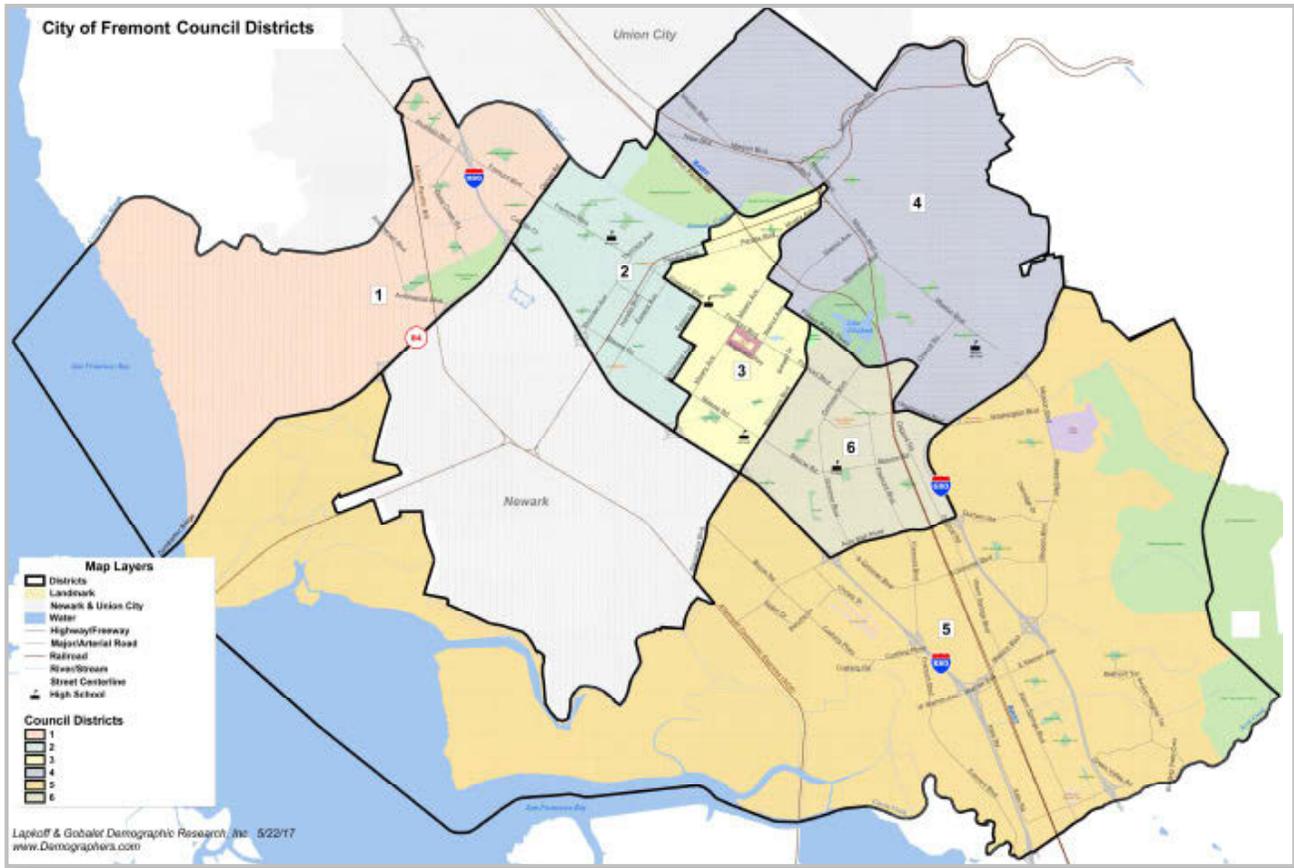
History

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.



On June 13, 2017, the City Council adopted an ordinance establishing six council districts and a by-district election process for six Councilmembers, with the Mayor continuing to be separately elected to a four-year term by a citywide vote. The district boundaries are shown on the map located at www.Fremont.gov/DistrictElectionsMap. Current Councilmembers will continue in office until the expiration of the full term to which they were elected. At the end of the term of each Councilmember, that Councilmember’s successor will be elected on a by-district basis.

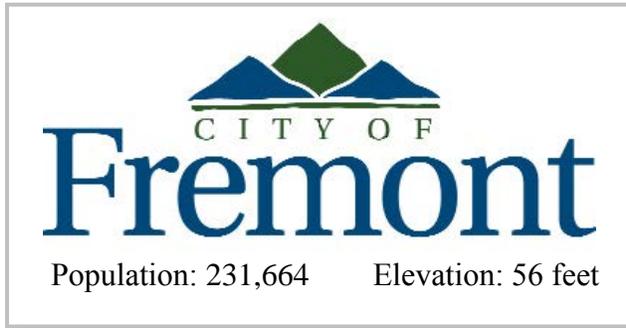
The election to be held in November 2018 will include District 1 (Northwest portion of the city), District 2 (Central north portion), District 3 (Central portion), and District 4 (Eastern portion), with a two-year term for the Councilmember elected to Council District 1. Then, in the November 2020 election, voters in District 1, District 5 (South portion) and District 6 (Central south portion) will each elect a City Councilmember, and all voters will vote for Mayor.



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 231,664, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the 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.



Demographics

Population ²	
1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2010	214,089
2017	231,664

Government

Incorporated January 23, 1956

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

Beginning in November 2018, Fremont will transition to district based elections, with 6 council districts and a mayor still elected at large.

Number of Directly-Elected Mayors (since 1978): 8

Number of City Managers since Incorporation: 7

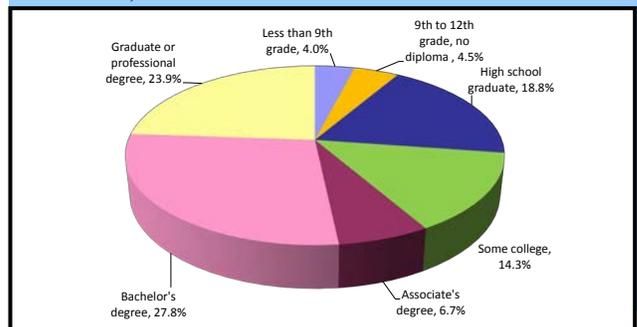
Land Area: 92 square miles

Climate³

Average Temperature: 60°F (15.6°C)

Average Annual Precipitation: 15.19”

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



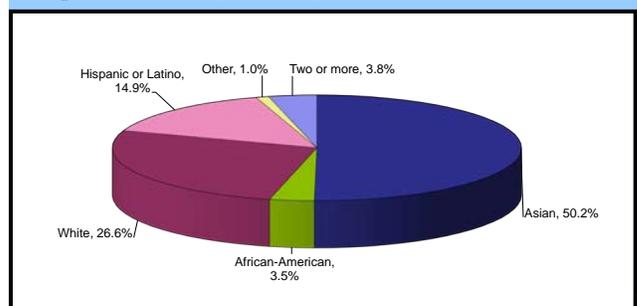
Full-time Employees FY 2017/18 ¹	
Community Development	72.05
Community Services	92.01
Economic Development	4.00
Fire	160.00
General Government	86.92
Human Services	63.55
Police	309.50
Public Works	127.53
Total	915.38

Median Age⁴: 37.6

Mean Household Income (2014 projection)⁴: \$125,386

Racial Composition⁴

(Hispanic/Latino may be of any race)



Summary Information | City of Fremont Profile

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

Community Services

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

Education

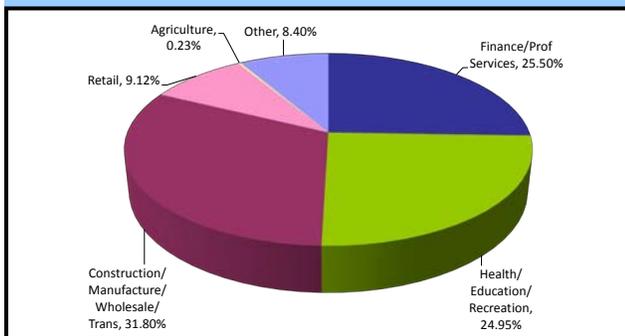
Fremont Unified School District (FUSD) has:

- 28 elementary schools
- 5 junior high schools
- 6 high schools
- 7 other programs/schools

FUSD Average SAT I Score⁶: 1273

Ohlone College is a public, two-year, open-admission community college with an average enrollment of 16,000 students per year⁷.

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



Services by Other Governmental Units

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

Notes:

- ¹ FY 2017/18 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

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All City Funds Schedule

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

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

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

The budget for Capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program (CIP).

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

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

Summary Information | All City Funds Schedule

Summary of All Funds

(Thousands of Dollars)

	General Fund	Cost Center/ Internal Services Funds	Special Revenue Funds	Capital Funds	Total
Sources					
Beginning Unreserved Fund Balance	\$ 2,766	\$ 26,436	\$ 56,066	\$ 39,877	\$ 125,145
Revenues					
Taxes:					
Property Tax	91,318	-	-	-	91,318
Sales Tax	50,717	-	1,564	-	52,281
Business Tax	11,081	-	-	-	11,081
Hotel/Motel Tax	8,502	-	-	-	8,502
Property Transfer Tax	2,272	-	-	-	2,272
Paramedic Tax	1,176	-	-	-	1,176
Franchise Fees	10,200	-	-	-	10,200
Charges for Services	6,222	34,982	11,373	300	52,877
Fines	2,775	-	-	-	2,775
Use of Money and Property	738	399	218	1,661	3,016
Intergovernmental	328	-	6,809	13,110	20,247
Other Revenues	352	1,410	23,661	16,564	41,987
Total Revenues	185,681	36,791	43,625	31,635	297,732
Transfers In	6,477	5,423	2,191	8,350	22,441
Total Sources	194,924	68,650	101,882	79,862	445,318
Uses					
Expenditures					
General Government	15,743	-	-	-	15,743
Police	77,619	-	1,231	-	78,850
Fire	49,767	1,670	162	-	51,599
Maintenance (Streets/Facilities)	14,767	-	-	1,510	16,277
Maintenance (Parks/Street Medians)	8,335	-	2,322	-	10,657
Human Services	3,562	776	10,372	-	14,710
Code Enforcement/Community Development Admin	1,681	-	138	-	1,819
Housing	-	-	22,791	-	22,791
Environmental Services	-	-	7,595	-	7,595
Engineering	-	11,534	-	-	11,534
Planning	-	4,397	-	-	4,397
Building and Safety	-	7,949	-	-	7,949
Recreation	-	9,717	-	-	9,717
Landscape	-	1,652	-	-	1,652
Non-departmental	3,320	848	-	-	4,168
Capital	-	1,402	-	34,823	36,225
Less: Citywide Savings	(5,730)	-	-	-	(5,730)
Debt Service	9,279	-	551	-	9,830
Less: Debt Service Savings	(1,029)	-	-	-	(1,029)
Total Expenditures	177,314	39,945	45,162	36,333	298,754
Transfers Out	13,464	7,007	1,105	865	22,441
Total Uses	190,778	46,952	46,267	37,198	321,195
Ending Fund Balance					
Reserved Fund Balance	32,283	12,920	4,269	-	49,472
Unreserved Fund Balance	2,792	16,379	56,012	33,844	109,028
Total Ending Fund Balance	\$ 35,075	\$ 29,299	\$ 60,281	\$ 33,844	\$ 158,499

Citywide Position Changes Overview

The total authorized regular staffing level of 915.38 for FY 2017/18 has increased by 11.00 full time equivalents (FTEs) from the FY 2016/17 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 Police Officers and 1 Police Sergeant. 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 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is attributed to the increased activity in the Development Center with the addition of 1.0 FTE Office Specialist in the Plans and Permits Division.

The Community Services Department staffing level for FY 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is attributed to the increased compliance activities related to Stormwater permits with the addition of 1.0 FTE Environmental Specialist in the Environmental Services Division.

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17*</u>	<u>2017/18</u>
<u>PUBLIC SAFETY</u>						
Fire	153.000	154.000	157.000	158.000	159.000	160.000
Police	282.000	287.500	296.500	303.500	306.500	309.500
TOTAL	435.000	441.500	453.500	461.500	465.500	469.500
<u>OTHER COMMUNITY SERVICES</u>						
Community Development	61.000	57.300	60.300	68.050	71.050	72.050
Economic Development	4.000	4.000	4.000	4.000	4.000	4.000
Human Services	56.500	58.150	59.925	60.550	61.550	63.550
Public Works	110.235	111.610	117.610	121.530	124.530	127.350
Community Services	94.410	88.510	90.010	90.760	91.010	92.010
Housing and Redevelopment	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	326.145	319.570	331.845	344.890	351.960	358.960
<u>ADMINISTRATIVE SYSTEMS</u>						
City Manager's Office	6.800	8.800	9.300	9.800	10.800	10.800
City Attorney	9.670	9.920	9.920	9.920	9.920	9.920
City Clerk	4.200	4.200	4.200	3.950	3.950	3.950
Finance	21.750	22.750	22.750	24.000	24.000	24.000
Information Technology Services	22.000	22.000	22.000	23.000	23.000	23.000
Human Resources	14.000	14.000	13.500	14.250	15.250	15.250
TOTAL	78.420	81.670	81.670	84.920	86.920	86.920
CITYWIDE TOTAL	839.565	842.740	867.015	891.310	904.380	915.380
* Total number of positions anticipated at the end of June 2017.						

Summary Information | Citywide Position Changes

The Fire Department staffing level for FY 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is a result of the addition of 1.0 FTE Fire Prevention Inspector.

The Human Services Department staffing level for FY 2017/18 is 2.0 FTEs more than the FY 2016/17 level. The increase is attributed to addressing housing problems and behavioral health with the addition of 2.0 FTEs Human Services Specialist.

The Police Department staffing level for FY 2017/18 is 3.0 FTEs more than the FY 2016/17 level. This increase is due to the addition of a new Mobile Evaluation Team of 2.0 FTEs in Police Officers and 1.0 FTE Police Sergeant.

The Public Works Department staffing level for FY 2017/18 is 3.0 FTEs more than the FY 2016/17 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 1.0 FTE Senior Construction Inspector, and addressing traffic congestion with the addition of 1.0 FTE Senior Transportation Engineer.

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 2016 and 2017		
	<u>2016</u>	<u>2017</u>
General Obligation Bonds		
2009 General Obligation Bonds (Election of 2002 Series C)	\$ 14,125,000	\$ 13,760,000
2012 General Obligation Bonds (refunding of Election of 2002 Series A)	7,105,000	6,775,000
2013 General Obligation Bonds (refunding of Election of 2002 Series B)	20,580,000	19,820,000
Total General Obligation Bonds	<u>41,810,000</u>	<u>40,355,000</u>
General Fund Lease Obligations		
2008A Certificates of Participation (2008 Refinancing Project)	24,065,000	23,455,000
2008B Certificates of Participation (2008 Financing Project)	41,980,000	-
2010 Certificates of Participation (2010 Financing Project)	14,080,000	-
2012A Certificates of Participation (2012 Refinancing Project, Series A)	9,745,000	8,905,000
2012B Certificates of Participation (2012 Refinancing Project, Series B)	26,165,000	-
2016 Energy and Water Efficiency Lease Financing	9,100,000	9,100,000
2017A Lease Revenue Bonds (2017 Variable Rate Refinancing Project)	-	79,120,000
Total General Fund Lease Obligations	<u>125,135,000</u>	<u>120,580,000</u>
Family Resource Center Lease Obligations		
1998 Certificates of Participation (1998 Family Resource Center Financing Project)	7,740,000	-
2017A Lease Revenue Bonds (2017 Variable Rate Refinancing Project)	-	6,085,000
Total Family Resource Center Lease Obligations	<u>7,740,000</u>	<u>6,085,000</u>
Total Debt Obligations	<u>\$ 174,685,000</u>	<u>\$ 167,020,000</u>

Summary Information | City Debt Summary

Annual Debt Service Requirements*

Fiscal Year	General Obligation Bonds	General Fund Lease Obligations	Family Resource Center Lease Obligations
FY 2017/18	\$3,189,900	\$8,250,136	\$472,888
FY 2018/19	3,188,275	8,968,424	543,300
FY 2019/20	3,174,775	9,332,824	578,875
FY 2020/21	3,170,363	9,329,693	591,431
FY 2021/22	3,159,150	9,331,243	603,300
Thereafter	43,486,088	115,752,413	4,239,444
Total Principal and Interest	\$59,368,550	\$160,964,732	\$7,029,238
Less Interest and Fees	19,013,550	40,384,732	944,238
Total Principal	\$40,355,000	\$120,580,000	\$6,085,000

* The assumed interest rate for the City's variable rate lease revenue bonds is 1.75% for FY 2017/18, 2.25% for FY 2018/19, and 2.75% thereafter. Fees include trustee 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 \$40,355,000 of outstanding debt subject to the legal debt limit and a legal debt limit of \$1,666,235,384, the City is not at risk of exceeding this limit.

Computation of Legal Debt Margin as of June 30, 2017

Assessed Valuation (Net) ¹	<u>\$44,432,943,578</u>
25% of Assessed Valuation	\$11,108,235,895
Debt Limit: 15% of Assessed Value	\$1,666,235,384
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>\$40,355,000</u>
Legal Debt Margin	<u>\$1,625,880,384</u>

¹Source: Alameda County-Controller's Office Certificate of Assessed Value, FY2016/17.

Compliance with Long-Term Capital Debt Service Policy

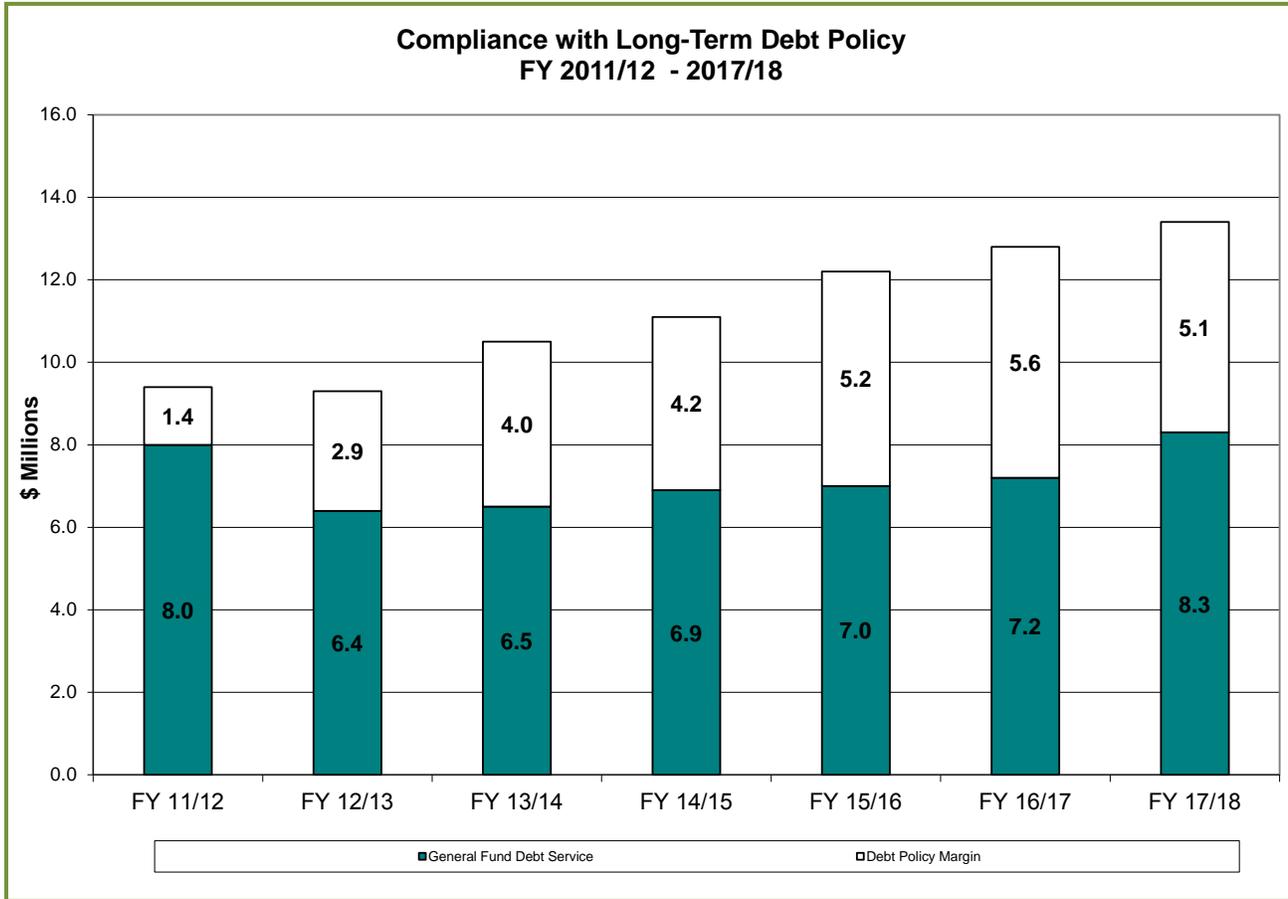
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2017/18 General Fund supported debt service of \$8,250,136, and a debt level limit of \$13,354,460, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$190,778,000</u>
Policy Debt Service Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	\$13,354,460
Less General Fund Supported Debt Service	<u>\$8,250,136</u>
Policy Debt Margin	<u>\$5,104,324</u>

Compliance with Long-Term Capital Debt Policy

The City’s Long-Term Capital Debt Policy limits General Fund-supported debt to a maximum of 7% of total General Fund budgeted expenditures and transfers out. The City has been in compliance with this policy since it was first adopted by the City Council in 1996. The forecast for long-term debt indicates that the City will remain in compliance and will not exceed 7% of total General Fund budgeted expenditures and transfers out. For FY 2017/18, the payments on General Fund-supported debt will be \$8.3 million.



Gann Limit

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

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

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

times

either

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

or

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

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

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

On May 1, 2017, 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 3.69%. The calculation as applied to the City of Fremont for FY 2017/18 is as follows:

The population change on January 1 of the previous year (229,504) compared to the population on January 1, 2017 (231,664) is 2,160, or a 0.94% increase.

The change in per capita personal income is 3.69%.

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

$$\frac{0.94 + 100}{100} \quad \times \quad \frac{3.69 + 100}{100} \quad = \quad 1.0466$$

Summary Information | Gann Limit

Applying this year's factor of 1.0466 to last year's limit of \$645,340,346, the Gann Limit for FY 2017/18 yields \$675,413,206.

Based on an operating budget of \$190,778,000, 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 2017/18 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 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of standard contracts reviewed within 5 business days of receipt	89.4%	89%	93%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	100%	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	100%	100%	100%	100%

City Clerk

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	85%	90%	TBD	90%
Number of complaints received regarding Public Records Requests (PRR)	10	0	TBD	0

Summary Information | Performance Measurement

City Manager

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of residents that agree that Fremont is a “good” or “excellent” place to live	79% ¹	N/A ²	N/A ²	N/A ²
Percent of employees that feel “prepared” and “trained” to do their jobs	N/A ³	86%	87%	N/A ⁴
Percent of increase of citizens communicating with the City on average via new engagement tools ⁵	459%	40%	-28% ⁶	20%

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 Employee Survey conducted in 2014 and 2017. Baseline was established in 2014 as 86% of Employees surveyed who “agreed” or “strongly agreed” that they were prepared and trained to do their job at work.

⁴ The next Employee Survey is anticipated to take place in winter 2019.

⁵ 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. Engagement does not include the number of posts made by the City or actual engagement through likes, comments, retweets, shares, etc.

⁶ The estimated decline in FY 16/17 can be attributed to fewer videos being posted to the various social media accounts than in previous fiscal years. There are 62,859 more followers on Facebook, Twitter, Youtube, Google, LinkedIn and Instagram since FY14/15, an increase of over 208%.

Community Development

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 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%	85%	90%

Community Services

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Increase Recreation program registrants over prior year	33,035	34,000	34,000	35,000
Increase solid waste diversion rate	72%	75%	73%	74%
Increase number of creek clean-up volunteers	612	650	650	675

Economic Development

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ⁷	N/A	70%	72%	70%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ⁸	90%	90%	(survey underway)	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	40	50	48	40

⁷Based on 2015/16 Community Survey: retaining existing companies and businesses in the city.

⁸Based on a 2017 survey sent to major stakeholders of the Economic Development Department during FY 2016/17.

Summary Information | Performance Measurement

Finance

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of bids reissued	2%	2%	8%	2%
Percent of Business Tax renewals online	25.8%	20%	35%	35%

Fire

Measure	FY 2015/16 Actual*	FY 2016/17 Target*	FY 2016/17 Estimate*	FY 2017/18 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%	67.74%	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 50% compliance	Complete inspections of 85% of SFM regulated occupancies in a given year	Met this measure with 30% 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% of 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% of 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.

Summary Information | Performance Measurement

Human Resources

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	80%	72%	80%	NA
% of employees who have received a formal evaluation in the last 12 months	65%	60%	65%	NA
% of employees who report receiving timely performance feedback	65%	61%	65%	NA
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	75/70%	50/33%	75/70%	TBD

Human Services

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ⁹	75%	75%	75%	75%
Percent of senior clients that improve their understanding of how to take their medication ¹⁰	100%	80%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services ¹¹	75%	75%	75%	75%
<p>⁹ Long-term SparkPoint clients will improve in one of four SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%.</p> <p>¹⁰ As measured by a pre and post test administered by a public health nurse.</p> <p>¹¹ Measured by clinicians using the Child and Adolescent Needs and Strengths Assessment, an evidenced based instrument that measures client change over time.</p>				

Information Technology Services

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of service desk calls resolved at first point of contact (when call is placed to the ITS Service Desk)	N/A	80%	80%	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	79%	80%	80%	80%
Percent of requests for addressing completed within agreed-upon time frames	82%	80%	85%	80%

Summary Information | Performance Measurement

Police

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Continue to apply the strategies, tactics, and methods used to sustain present level or further reduce the incidence of residential burglaries* <i>*figures reported by UCR calendar year</i>	539 (single/multiple residences only) 913 (all burglaries)	Sustain present level or further reduction from previous year	513 (single/multiple residences only) 921 (all burglaries)	Sustain present level or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. <i>*figures reported by UCR calendar year</i>	789 ¹²	Reduction from previous year	744	Reduction from previous year
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.	In progress	Describe degree of completion	100	Repeat annual review and deliver most essential training
¹² The City has experienced an estimated increase of 22% in traffic volume over the past three years.				

Public Works

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Average Pavement Condition Index (PCI) for the entire 500-mile street network. Percent of streets in “poor” condition (below PCI 50)	PCI of 72	PCI of 72 16%	PCI of 72 16%	PCI of 72 14%
Percent of preventative maintenance repairs Fleet services performed on-schedule (e.g., completed within two weeks of scheduled service)	70%	85%	66%	85%
Number of persons severely or fatally injured in traffic crashes	39 in 2015 (8 fatalities)	Zero fatalities by 2020	24 in 2016 (4 fatalities)	Zero fatalities by 2020
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profane) / one business week for Priority 2 graffiti for all other types	68% / 92%	85% / 75%	60% / 96%	65% / 85%

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Citywide Goals and Objectives

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. 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. Creating an aging friendly community

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

Summary Information | Citywide Goals and Objectives

Objectives Summary

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

COMMUNITY DEVELOPMENT DEPARTMENT:

- 1 Continue to update the Zoning Ordinance to provide consistency with the General Plan and changes in state legislation. 
- 2 Implement the Historic Context Statement and streamline the process for evaluating proposed modifications to structures over 50 years old. 
- 3 Prepare a Station Area Plan for the future Irvington BART Station to implement the City's vision. 
- 4 Implement Senate Bill (SB) 743, including updating to the City's CEQA Environmental Checklist to address changes in methodology for evaluating transportation impacts. 
- 5 Evaluate the growing trend in short-term rentals and their benefits and impact on the community and determine appropriate actions to address any negative impacts. 
- 6 Continue the one-stop weekly joint meetings with Tesla to accommodate production of the Model 3. 
- 7 Continue implementation of the Climate Action Plan, taking specific actions for meeting the City's greenhouse gas emission reduction target. 
- 8 Spearhead community efforts to reduce energy consumption. 
- 9 Update Climate Action Plan to reflect GHG reductions accomplished since 2005 and to look beyond year 2020 to establish deeper reductions. 
- 10 Solicit bids and select a vendor to pursue a long-term car share program. 
- 11 Continue to collaborate with Fire, Police, Community Services, and Public Works to provide thorough and comprehensive development review services to the public. 
- 12 Continue efforts to reduce paper and increase digital reviews and archiving. 
- 13 Enhance the public's understanding of updated building regulations, including green building and accessibility regulations, through the Development Digest, improved webpages and printed materials. 
- 14 Increase Code Enforcement staff presence at community meetings and events to further clarify services we provide and assist the public in connecting with services and resources provided by others. 
- 15 Utilize handheld devices for building inspectors and code enforcement officers for inspections and investigations to gain efficiency and improve timeliness of actions. 
- 16 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. 

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

Objectives Summary

- | | |
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COMMUNITY DEVELOPMENT DEPARTMENT:

- | | |
|--|--|
| 17 Develop an inspection guideline/handbook to explain the required inspections needed for residential and commercial projects to enhance public education and staff training. |  Fremont |
| 18 Pursue and secure Citywide Insurance Service Office (ISO) Class One rating to reduce property owner insurance rates. |  Fremont |

COMMUNITY SERVICES DEPARTMENT:

- | | |
|---|--|
| 1 Construction of a new large group picnic area adjacent to Aqua Adventure Waterpark, which will support groups over 400 people. |   |
| 2 Replace two restrooms and one classroom to meet new building code and ADA standard at Always Dream Picnic Area and at Warm Springs Community Park. |  Fremont |
| 3 Complete pathway upgrades in six City parks improving access and usability of the parks. |    Fremont |
| 4 Complete construction of a new play area at Northgate Trail Park to improve safety and accessibility. |    Fremont |
| 5 Conduct process to procure solid waste collection services for Fremont customers after current contract term expires on June 30, 2019. |   Fremont |
| 6 Develop and implement a program to improve the quality of commercial recycling material and reduce contamination to below 15% of collected volumes. |  Fremont |
| 7 Develop a homeless encampment debris abatement program to mitigate the negative environmental impacts of improperly disposed material and meet storm water permit compliance obligations. |  Fremont |

ECONOMIC DEVELOPMENT DEPARTMENT:

- | | |
|---|--|
| 1 Begin a refresh of the design and functionality of the City's Business website, ThinkSiliconValley.com. |    Fremont |
| 2 Cultivate advanced manufacturing R&D development activity in Ardenwood, Warm Springs and Pacific Commons industrial land. |    |
| 3 Identify partnerships with higher education institutions and the Incubator/Accelerator community to support key sectors in Fremont. |     Fremont |
| 4 Support retail interest in downtown and other retail nodes of the City. |    |
| 5 Nurture and grow the emerging maker community in Fremont and ensure local zoning allows for their placement. |     |

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Summary Information | Citywide Goals and Objectives

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FIRE DEPARTMENT:

- | | | |
|---|--|---|
| 1 Work with Human Resources to recruit, hire, and train Firefighter/Paramedic and Firefighter/EMT's to fill forecasted vacancies. |  |  |
| 2 Provide training for each reporting section of the EOC with an emphasis on Mass Care and Shelter, Disaster Finance, Disaster Service Workers, and Incident Command. |  |  |
| 3 Exercise the 5-year Apparatus Replacement Schedule in collaboration with Finance and Fleet Maintenance. |  |   |
| 4 Work with ITS to provide network connectivity at Fire Stations and implement mobile technology. |  |  |
| 5 Continue to implement a comprehensive Unmanned Aerial System (UAS) with an emphasis on maintaining individual privacy rights. |  |  |
| 6 Conduct an Engineer Academy and promotional exam. |  |  |
| 7 Complete the transition to the Edgesoft Data Management software system for the CUPA/Hazardous Materials program and interaction with the California Electronic Reporting System (CERS). |  |  |
| 8 Provide training for the two new Fire Prevention Inspectors and Senior Hazardous Materials Inspector to assist in meeting our California State Fire Marshal mandates and CalEPA CUPA Program obligations. |  |  |
| 9 Continue coordination with Fremont Police on response to terrorist and violent incidents to include one combined large-scale training. |  |  |
| 10 Conduct Driver Operator Training for new Personnel. |  |  |
| 11 Complete Operational Training and place in service new Fire Engines and Wildland Patrols. |  |  |

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. |  |  |
| 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 2018. |  |   |
| 4 With federal HOME funds, assist 8-10 families to remain in their homes and enable them to return to financial stability. |  |   |
| 5 Participate in the new Alameda County's Council for Age-Friendly Communities, to increase support for community services and advance the World Health Organization's Aging Friendly Communities priorities. |  |   |

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POLICE DEPARTMENT:

- | | |
|--|---|
| 1 Continue current efforts and strategies focused on reducing residential burglaries utilizing Intelligence Led Policing concepts. |   |
| 2 Continue and expand utilization of comprehensive strategic planning for the Traffic Unit focused on reducing injury collisions and enhancing roadway safety. |   |
| 3 Conduct second annual training needs assessment and correlate yearly ongoing training |   |
| 4 Implement and train personnel on new in-car/body-worn cameras, digital evidence management system and new patrol vehicle computers. |   |
| 5 Host the second community safety fair for the purpose of promoting positive police/community interactions, educating the public on crime prevention and personal safety strategies and familiarizing the community with services at the police department. |    |
| 6 Continue the planned structural improvements to the Tri-City Animal Shelter. |    |
| 7 Full staffing and roll-out new Mobile Evaluation Team where officers are paired with clinicians from Alameda County Behavioral Health Services. |     |
| 8 Purchase and deploy an upgraded 9-1-1 system and call logger in our Communications Center |   |
| 9 Implementation of a citizen academy focused on the youth of Fremont. |    |
| 10 Adapt newly configured Public Affairs Specialist positions towards the future structure of the unit. |   |
| 11 Hire six new dispatchers and 10 new officers |   |

PUBLIC WORKS DEPARTMENT:

- | | |
|---|---|
| 1 Continued implementation of Vision Zero traffic safety program |       |
| 2 Construction of BART Way improvement project and enhanced pedestrian connections between BART Station and Capitol Avenue. |     |
| 3 Construction of Warm Springs BART Station West Access Bridge and Plaza. |     |
| 4 Preparation of a rigorous Transportation Demand Management program for the Warm Springs/Innovation District area and procurement of a bike share service for the Downtown and Warm Springs areas. |    |
| 5 Continue efforts to modernize the Citywide to traffic signal system for improved traffic flow and reliability. |    |

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Summary Information | Citywide Goals and Objectives

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PUBLIC WORKS DEPARTMENT:

- | | |
|---|--|
| 6 Enhance street pavement and sidewalk conditions, including a 50/50 cost sharing program with property owners to add sidewalk repairs to existing program for street tree replacement. |     |
| 7 Continue to facilitate implementation of approved private development projects and their infrastructure improvements |     |
| 8 Implement a comprehensive sign reflectivity program, focused of having all street and traffic signs updated to the most current federal guidelines. |     |
| 9 Strategically use the City's resources for building maintenance, with a focus on roof replacements. |    |
| 10 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. |    |

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 2017 Legislative Guiding Principles and Priorities. |        |
| 2 Continue working on marketing and public relations efforts to promote the City of Fremont and attract businesses to the city. |      |
| 3 Continue to work with local and regional partners, as well as State and Federal Legislators, to ensure the strategic development of the Warm Springs/South Fremont area. |       |
| 4 Continue to commit time and resources towards the implementation of the Downtown Community Plan. |        |
| 5 Continue to partner with BART and the Santa Clara Valley Transportation Authority to ensure that Fremont's interests are considered relative to the BART extension to 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. |      |
| 7 Continue to grow social media and online tools subscriber base and public statement posts. |    |
| 8 Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects, Civic Center site development, Warm Springs/South Fremont area developments, and other priority 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. |       |

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Objectives Summary

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

ADMINISTRATIVE DEPARTMENTS:

- 11 Assist staff with updates to the standard public works contract documents. 
- 12 Assist staff with updates to the City's CDBG Agreements related to HUD regulations. 
- 13 Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations. 
- 14 Provide legal support to the Human Resources Department in labor negotiations with the City's bargaining groups. 
- 15 Assist staff with preparation and adoption of rules and procedures for the Planning Commission. 
- 16 Assist staff with adoption of Community Facilities Districts for Warm Springs Development (Lennar).  
- 17 Assist staff with adoption and implementation of transition to district-based election system for election of councilmembers.  
- 18 Assist staff code enforcement efforts by obtaining inspection warrants and having the court appoint a receiver for substandard houses.  
- 19 Begin preparation for the November 6, 2018 Municipal Election. 
- 20 Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets. 
- 21 Develop and implement a new online tool for ceremonial resolutions and proclamation requests 
- 22 Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year. 
- 23 Continue to work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current. 
- 24 Continue the outreach campaign to encourage more businesses to use the City's online business license renewal option. 
- 25 Complete the upgrade to the City's permitting system by July 2017. 
- 26 Complete an update of the City's Personnel Rules. 
- 27 Revise and improve the City's new employee on-boarding process. 
- 28 Replace the existing mobile data computers and in-car video camera systems in the vehicles as well as provide body-worn cameras for Police personnel by the end of December 2017. 
- 29 Upgrade the current McLaren Cimage and Fusion document management software to the latest version by June 2018. 
- 30 Replace the existing CLASS registration system with a new system by June 2018. 
- 31 Replace the existing cashiering system that provides a centralized cash receiving process by June 2018. 

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

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General Fund

General Fund Summary

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

This section provides information on the FY 2017/18 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2017/18 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 \$190.8 million. Reflecting continued improvement in the local economy, General Fund resources are estimated to increase by 4.3% in FY 2017/18. 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 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 primarily from significant increases in pension costs. The Budget Overview section of this document provides more information on the City's fiscal outlook.

General Fund | General Fund Summary

General Fund Adopted Budget FY 2017/18

(Thousands of Dollars)

	Adopted FY 16/17	Est Actual FY 16/17	Adopted FY 17/18
Sources			
Beginning Unreserved Fund Balance	\$ 2,419	\$ 4,381	\$ 2,766
Revenues			
Taxes:			
Property Tax	85,116	87,015	91,318
Sales Tax	47,143	47,576	50,717
Business Tax	9,916	11,286	11,081
Hotel/Motel Tax	9,165	8,254	8,502
Property Transfer Tax	1,841	2,085	2,272
Paramedic Tax	1,171	1,176	1,176
Franchise Fees	9,978	9,996	10,200
Charges for Services	6,636	6,525	6,222
Fines	2,644	2,770	2,775
Use of Money and Property	1,208	679	738
Intergovernmental	317	206	328
Other Revenues	452	368	352
Total Revenues	175,587	177,936	185,681
Transfers In	6,334	6,276	6,477
Total Sources	184,340	188,593	194,924
Uses			
Expenditures			
General Government	14,885	14,838	15,743
Police	73,575	70,758	77,619
Fire	46,343	43,902	49,767
Maintenance (Streets/Facilities)	15,102	14,748	14,767
Maintenance (Parks/Street Medians)	7,942	7,752	8,335
Human Services	-	-	3,562
Code Enforcement/Community Development Admin	1,478	1,336	1,681
Non-departmental	3,282	1,347	3,320
Less: Citywide Savings	(6,900)	-	(5,730)
Debt Service	7,887	7,196	9,279
Less: Debt Service Savings	(724)	-	(1,029)
Total Expenditures	162,870	161,877	177,314
Transfers Out	20,250	22,581	13,464
Total Uses	183,120	184,458	190,778
Ending Fund Balance			
Reserved Fund Balance	30,929	30,929	32,283
Unreserved Fund Balance	1,220	2,766	2,792
Total Ending Fund Balance	\$ 32,149	\$ 33,695	\$ 35,075

Notes:

Reserved Fund Balance includes the Contingency Reserve, Program Investment Reserve, and Economic Volatility Reserve, maintained in aggregate at 15% of budgeted expenditures and transfers out, as well as the Budget Uncertainty Reserve.

Beginning in FY 2016/17, General Fund reserves are no longer separate funds and are now part of the General Fund. All prior fiscal years data were restated to reflect this movement.

Beginning in FY 2017/18, a portion of the Human Services budget was moved to the General Fund and the transfer to the Human Services Special Revenues Fund was eliminated.

Budget Assumptions

In addition to the general assumptions of modest growth against a backdrop of continuing economic uncertainty, the FY 2017/18 budget is premised upon the following specific assumptions:

- 1. The local economy will continue to expand during FY 2017/18, resulting in total General Fund resources (revenues and transfers in) increasing by 4.3% over estimated actual resources in FY 2016/17.**

The largest contributors to the increased resources estimate are property tax (up 4.9%), and sales tax (up 6.6%).

The City's top five revenue categories, property tax, sales tax, business tax, hotel/motel tax, and franchise fees, comprising 89.4% of total General Fund resources, are estimated to increase by 4.7% from the FY 2016/17 level.

- 2. The costs of the FY 2017/18 adopted budget will be covered by projected resources, without requiring the use of reserves to balance the budget. The FY 2017/18 budget is 4.2% higher than the FY 2016/17 adopted budget and 3.4% higher than last year's estimated actual expenditures.**

Consistent with our City's sustainable budgeting principles, we will be limiting any proposed service enhancements or staffing increases for FY 2017/18 to levels that can be supported on an ongoing basis. This means that, although the FY 2017/18 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. As the City is currently engaged in a collective bargaining process with its labor groups, the FY 2017/18 adopted budget includes a placeholder salary adjustment of 2.0%.**

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

- 4. Total expenditures in the FY 2017/18 adopted budget include a savings assumption of \$5.7 million (approximately 3.0% of total budgeted expenditures and transfers out in FY 2017/18) 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 \$1.0 million to offset the additional appropriations needed to ensure sufficient expenditure authority for the City's variable rate debt.**

Managers continue to contain operational costs wherever possible, and normal turnover within the City's 911-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 appropriated at a level sufficient to cover unlikely but possible spikes in interest rates). 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 2017/18 adopted budget includes CIP funding for streets, sidewalks, and facilities maintenance, parks and street medians capital replacement, and the City's Downtown Plan and Warm Springs/South Fremont Innovation District.

Although the inability to adequately fund ongoing 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 2017/18 proposed budget includes allocations to increase public safety staffing (police patrol and fire prevention inspection), address traffic congestion, and partner with the County and local non-profits to establish a housing resource center for our homeless population.

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 16.9%. 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.

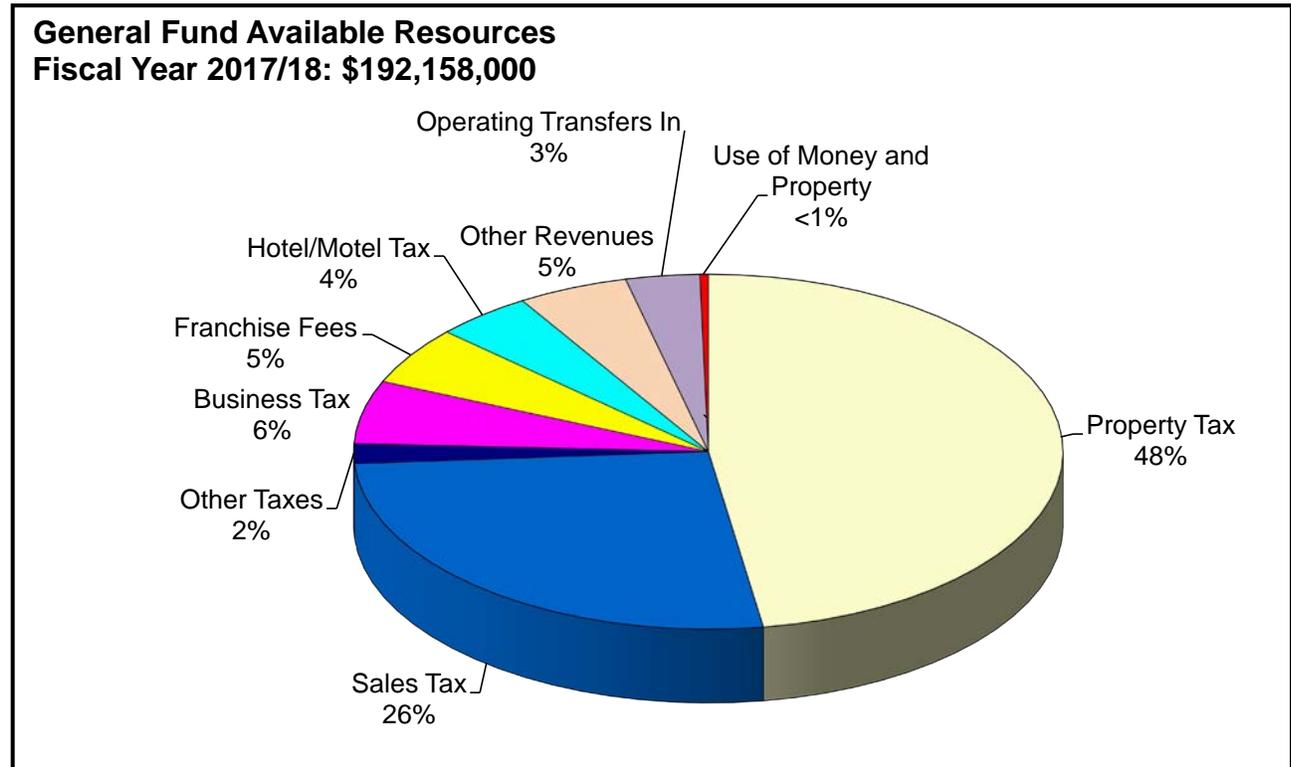
The Economic Volatility Reserve is intended to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control; it is also to be maintained at 2.5% of total operating expenditures and transfers out.

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.

Reflecting the increased budgetary pressure from escalating pension contributions, the General Fund forecast for FY 2019/20 includes a \$3.0 million reduction in the transfer to capital projects and a corresponding increase to the Budget Uncertainty Reserve. Additional reserve set-asides will help maintain services to the community as we adjust to the changes in our cost structure. These increased reserve funds will be used to offset or prevent more drastic budget reduction measures in future years.

7. The proposed budget estimates approximately \$2.8 million of FY 2016/17 ending unreserved fund balance.

As part of the FY 2016/17 Year-End Update in Fall 2017, staff will bring forward recommendations for allocating any available ending unreserved fund balance to address one-time priority projects, programs, or reserve enhancements.



Resources

General Fund resources include revenues and transfers into the General Fund from other funds. Total budgeted resources will be adequate to support total budgeted expenditures of \$190.8 million, so the budget is balanced, with no need to use reserves.

Property tax and sales tax are the City’s most significant revenue sources. Property taxes are projected to remain the City’s largest revenue source in FY 2017/18, making up 47.5% of General Fund resources. Property tax revenues are estimated to total \$87.0 million in FY 2016/17, and staff projects those revenues will increase to \$91.3 million in FY 2017/18, an increase of 4.9%. The City’s FY 2017/18 property tax revenues are based on assessed property values as of January 1, 2017. 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 2017/18 tax roll is an increase of 2.0%. Two additional factors are contributing to the projected growth in property tax: first, the local real estate market continued to perform well in 2016, with strong sales activity and prices continuing to climb; and second, new construction activity is adding value to the tax roll.

General Fund | General Fund Summary

Sales tax revenues are estimated to total \$47.6 million in FY 2016/17 increasing to \$50.7 million in FY 2017/18, an increase of 6.6%. The FY 2016/17 estimate, however, includes a one-time reduction of \$1.2 million to recover amounts that the state had erroneously paid the City in prior years. Without that distortion, sales tax revenues would be estimated to grow approximately 4.0% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with significant additional growth coming from online sales transactions allocated through the county sales tax pool. Sales tax revenues comprise 26.4% of General Fund resources.

Business taxes are projected to yield \$11.3 million in FY 2016/17, decreasing by 1.8% to \$11.1 million in FY 2017/18. The projected decline is attributable to an unusually high level of construction business tax activity in FY 2016/17 which is not expected to continue; excluding that component, FY 2017/18 business tax would be estimated to increase 5.0% from the prior year. Business tax makes up 5.8% of General Fund resources.

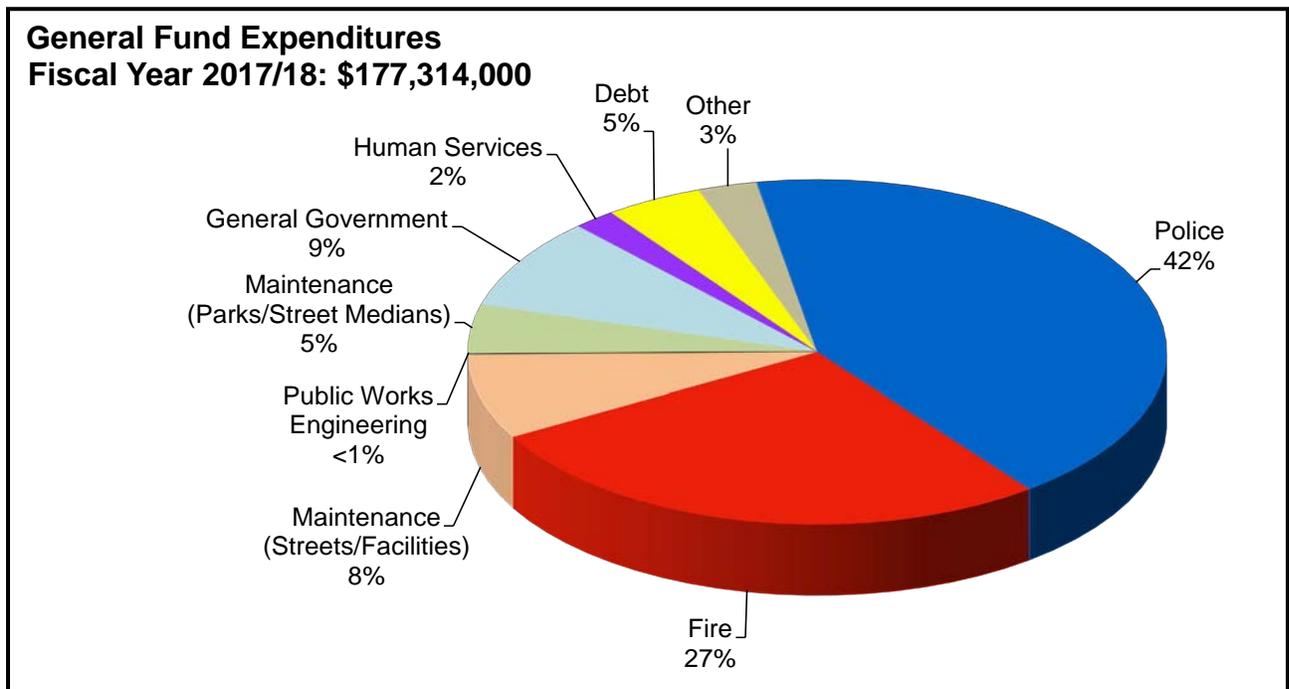
Hotel/motel occupancy tax revenues are projected to reach \$8.3 million in FY 2016/17, an increase of 2.1% from the prior year. Following several years of double-digit growth, the more restrained FY 2016/17 performance can be attributed to both occupancy levels and room rates reaching a plateau. As occupancy 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 2017/18 hotel/motel occupancy tax revenues are estimated at \$8.5 million, an increase of 3.0% from the FY 2016/17 level and constituting 4.4% of General Fund resources.

The City charges franchise fees to providers of electricity, natural gas, residential garbage, and cable television services. Franchise fee revenues are based on franchisee gross revenues, which are largely a function of rates and customer usage. The FY 2016/17 estimate shows a 4.1% increase from the prior year, with another 2.0% growth estimated for FY 2017/18. The estimated FY 2017/18 franchise fees revenue of \$10.2 million represents 5.3% of General Fund resources.

<u>Revenues</u>	<u>FY 2016/17 Budget</u>	<u>FY 2017/18 Budget</u>	<u>Difference</u>
Property tax	\$ 85.1	\$ 91.4	\$ 6.3
Sales Tax	47.1	50.7	3.6
Business Tax	9.9	11.1	1.2
Franchise fees	10.0	10.2	0.2
Hotel/motel taxes	9.2	8.5	(0.7)
Use of Money and Property	1.2	0.8	(0.3)
Other revenues	13.1	13.0	(0.1)
Ongoing revenues subtotal	175.6	185.7	10.1
Recurring transfers in	6.3	6.5	0.2
Total Budgeted Resources	\$ 181.9	\$ 192.2	\$ 10.3

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 2017/18 compared with the prior year, with the exception of charges for services. The charges for services category will be decreasing, primarily due to the County ending its \$600,000 of annual support for the City’s first responder advanced life support services (FRALS) program.

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 2016/17, transfers from other funds are expected to total \$6.3 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 2017/18, transfers from other funds are expected to increase to \$6.5 million, or 3.4% of available resources.



Expenditures

Budgeted expenditures and transfers to other funds for FY 2017/18 total \$190.8 million. As displayed in the Budget by Department chart on page 64, the budget maintains the City Council’s long-time funding priorities by allocating 77% of the budget to direct costs for public safety and maintenance. As the Budget by Function chart shows, the share of General Fund resources budgeted for these purposes is actually 87% when overhead costs required to support these functions are allocated. The \$190.8 million budgeted for expenditures and transfers out in FY 2017/18 is 4.2% higher than the FY 2016/17 adopted budget, and 3.4% higher than the estimated actual expenditures for FY 2016/17.

General Fund | General Fund Summary

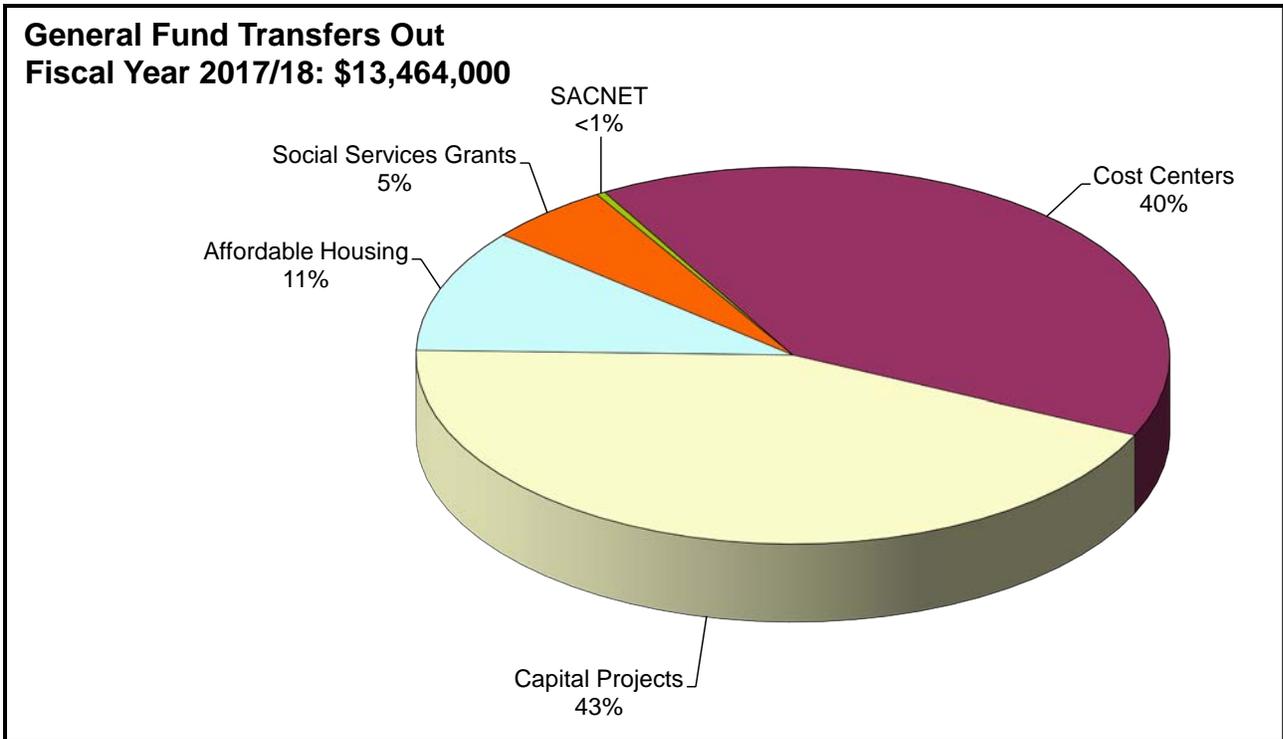
Basic City services, such as police, fire, and maintenance, are labor-intensive. Therefore, the City's budget is largely driven by labor-related costs, including salaries, health benefits, and retirement system contributions. The majority of the 4.2% increase from FY 2016/17 is primarily the result of increasing employee costs, healthcare increases, increasing CalPERS contributions and additional staffing including two Police Officers, one Police Sergeant, one Fire Prevention Inspector, and one Senior Transportation Engineer.

Debt service expenditures in the General Fund are increasing by \$1.1 million for FY 2017/18. Of this increase, \$1.0 million reflects the principal and interest payments on the 2016 Energy and Water Efficiency Lease Financing. Because the improvements being financed are expected to provide significant savings in energy and maintenance costs, a reduction corresponding to the debt service amount has been incorporated into the utility and maintenance budgets. The proposed budget also includes a savings assumption of \$1.0 million to offset the additional appropriations needed to ensure sufficient expenditure authority for the City's variable rate debt.

Non-Departmental Budget

General appropriations not directly associated with specific departments are classified as "non-departmental." Expenditures and certain types of 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 assumed vacancy savings. As details of some of these items become known, the actual costs and related appropriations are transferred to the appropriate department.

Budgeted Expenditures	
• Annual Operating Contingency Account	\$ 1,000,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	600,000
• Fremont Main Library (Sunday Hours)	291,724
• Fremont Library Additional Hours	200,000
• Mobility Task Force	150,000
• Other Non-Departmental	<u>78,752</u>
Non-Departmental Budget	\$ <u>3,320,476</u>

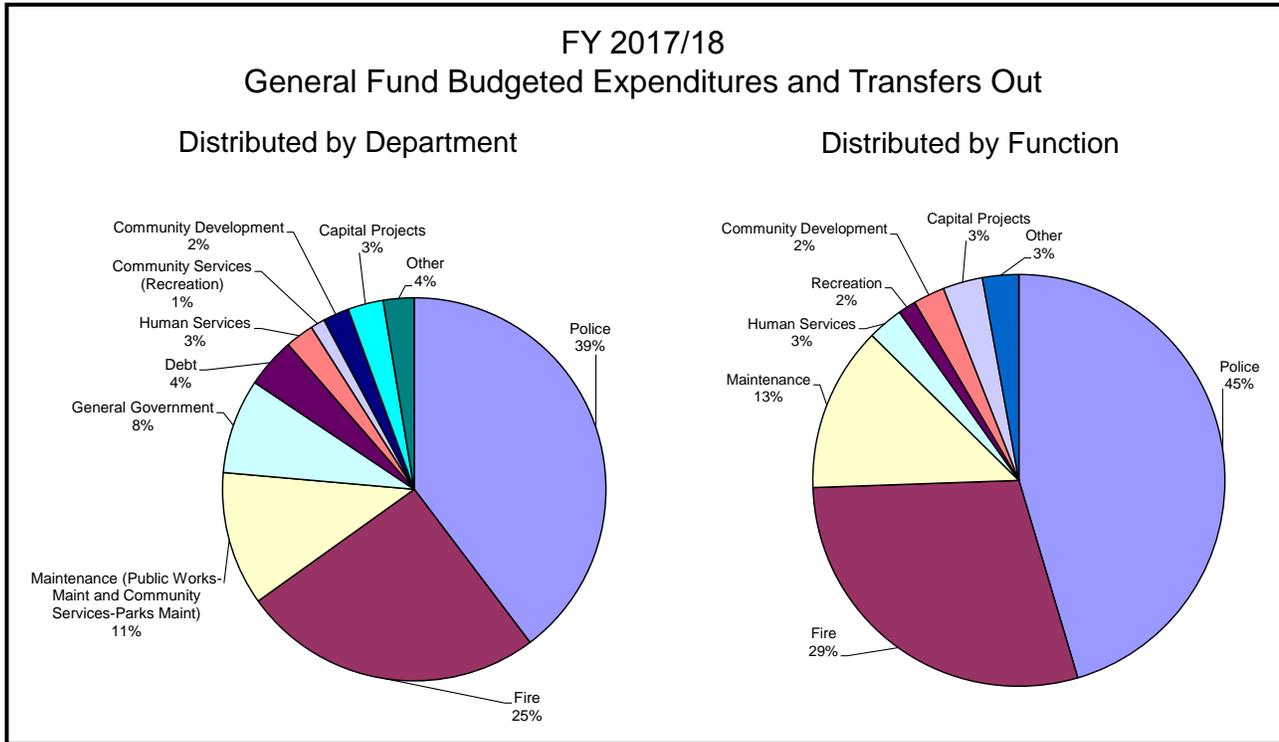


Transfers Out to Other Funds

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 include capital projects, cost center operations, affordable housing, and social service grants.

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, and senior center functions. In FY 2017/18, the human services activities supported by the General Fund are being budgeted as departmental expenditures in the General Fund, rather than as a transfer to the Humans Services Special Revenue Fund, as has been the past practice.

Adjusting for one-time supplemental transfers in FY 2016/17, transfers from the General Fund are increasing by \$121,000.



General Fund Reserves

The General Fund contains four reserves:

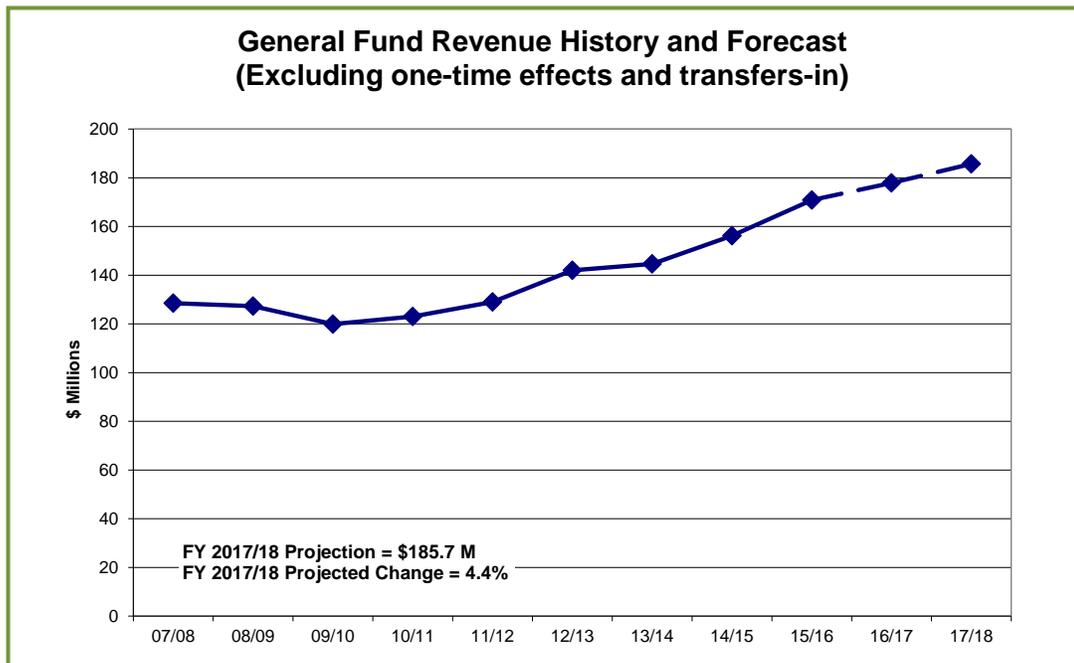
- Contingency Reserve (set at 10% of annual operating expenditures and transfers out), which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;
- Program Investment Reserve (set at 2.5% of annual operating expenditures and transfers out), which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources; and
- 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;
- Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

The table on next page summarizes the FY 2017/18 projected funding levels for each reserve. The three primary General Fund reserves (Contingency Reserve, Program Investment Reserve, and the Economic Volatility Reserve) total \$28.5 million. The Budget Uncertainty Reserve does not have a targeted funding level, and remains unchanged at \$3.7 million for FY 2017/18.

	FY 2016/17 balance	FY 2017/18 increase	FY 2017/18 projected use	FY 2017/18 balance
Contingency Reserve	\$18.2	\$0.9	\$0.0	\$19.1
Program Investment Reserve	4.5	0.2	0.0	4.7
Economic Volatility Reserve	4.5	0.2	0.0	4.7
Budget Uncertainty Reserve	3.7	0.0	0.0	3.7
Total General Fund Reserves	\$30.9	\$1.3	\$0.0	\$32.2

General Fund Revenues Overview

Total FY 2017/18 General Fund revenues (excluding transfers in from other funds) are projected at \$185.7 million, which is \$7.8 million, or 4.4%, more than total estimated revenues for FY 2016/17.



General Fund | General Fund Revenues

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

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

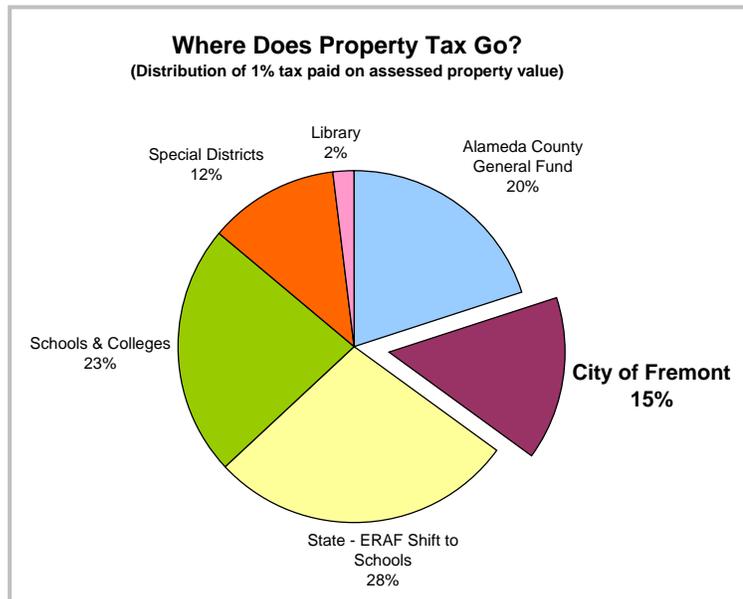
Property Taxes

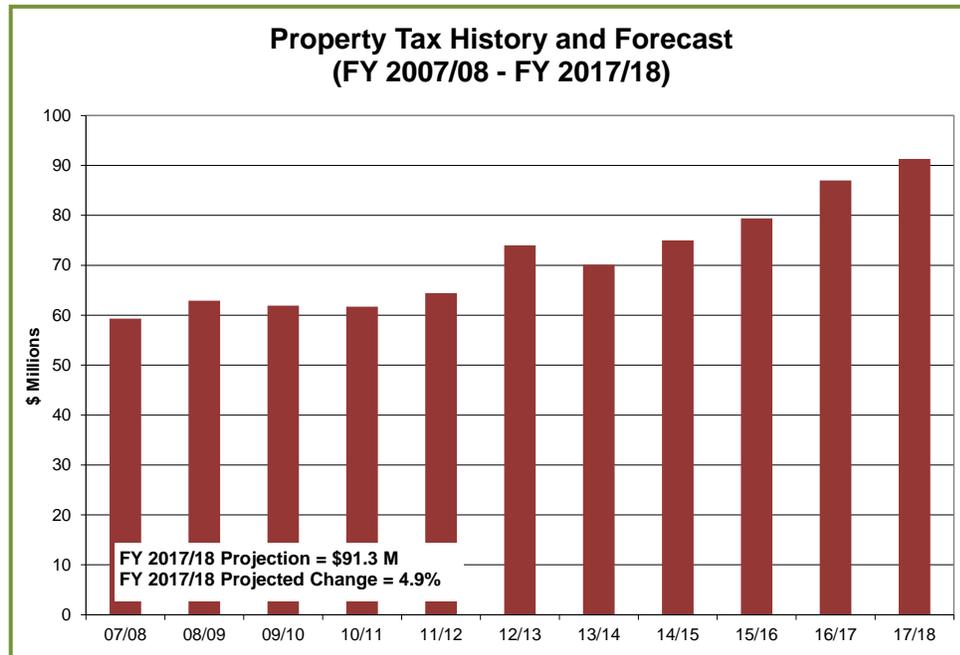
Description: Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and 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 49% of total FY 2017/18 projected revenues, or \$91.3 million.

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

Forecast: Property tax revenues are estimated to total \$87.0 million in FY 2016/17. Staff projects property tax revenues for FY 2017/18 will increase to \$91.3 million. The assessed valuation for secured property is based on the value as of January 1, 2017. The change in total property tax from FY 2016/17 to FY 2017/18 is an increase of 4.9%.

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.





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 2017/18 tax roll is an increase of 2.0%.

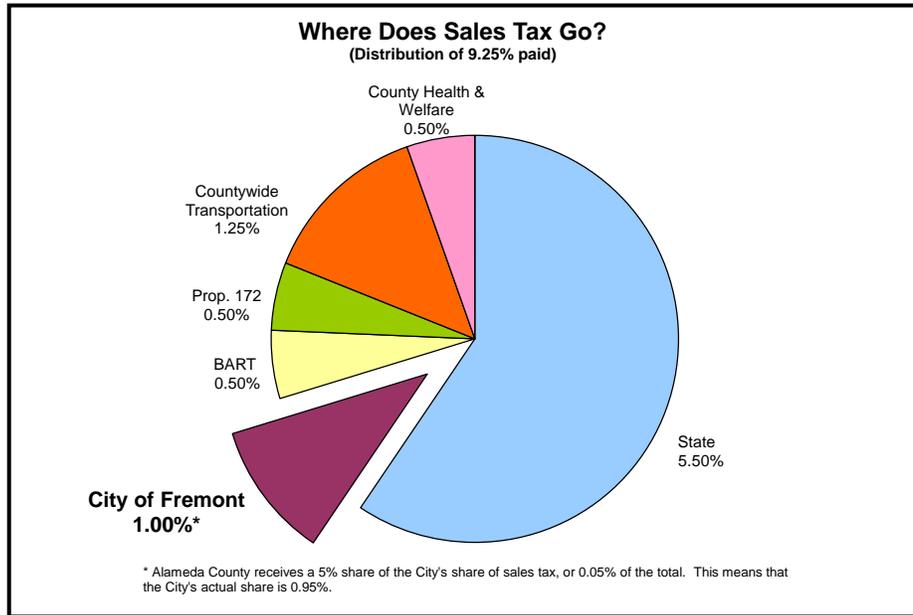
With properties reassessed upon most ownership changes and new construction, the local real estate market’s strong performance in 2016 and a resurgence of new development are significant factors in the projected growth. Since property taxes for FY 2017/18 are assessed based on values as of January 1, 2017, price changes that might be caused by interest rate fluctuations and other market influences since that date will not change these values.

Over the past several years, as the real estate market has improved, the County Assessor has restored temporary “Proposition 8” assessed value reductions related to declines in market value that occurred between 2008 and 2012. Based on recent information provided by the County Assessor, the majority of those temporary reductions have been restored and no additional significant contributions to the City’s property tax roll should be anticipated from that source.

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 27% of FY 2017/18 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 expired on December 31, 2016. The temporary increase did not affect the City’s share of sales tax.



Forecast: FY 2016/17 sales tax revenues are projected to be \$47.6 million. The FY 2017/18 budgeted amount is \$50.7 million, or \$3.1 million (6.6%) higher than FY 2016/17. The FY 2016/17 estimate, however, includes a one-time reduction of \$1.2 million to recover amounts that the state had erroneously paid the City in prior years. Without that distortion, sales tax revenues would be estimated to grow approximately 4.0% from the prior year. 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.

Projection Component	FY 2016/17 Estimated	FY 2017/18 Projected	Difference
Sales and Use Tax	\$46.0 million	\$49.1 million	\$3.1 million
Proposition 172 Sales Taxes	1.6 million	1.6 million	0.0 million
Total	\$47.6 million	\$50.7 million	\$3.1 million

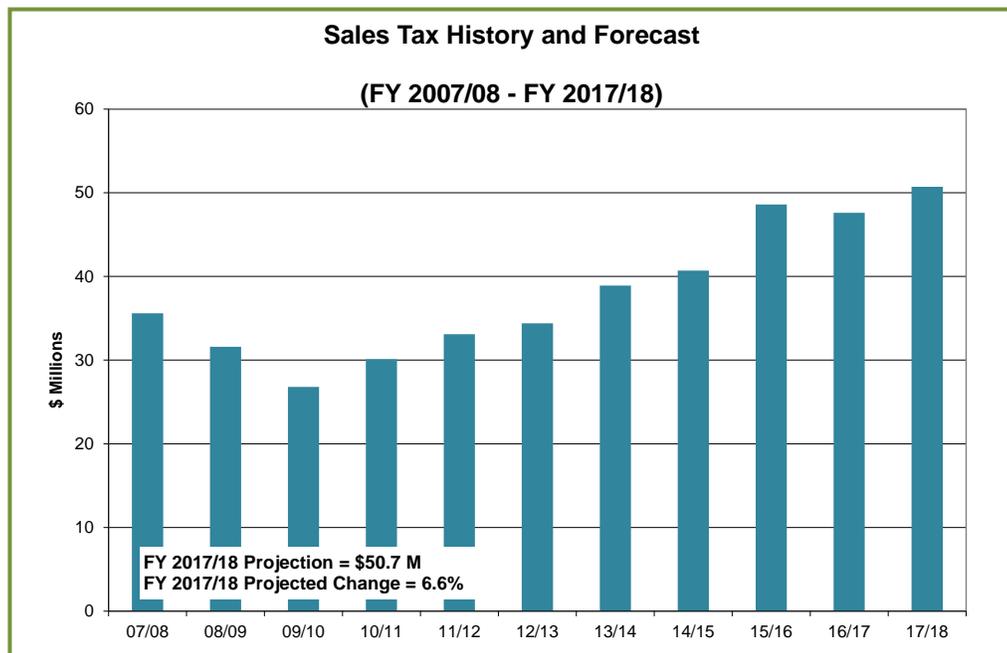
The FY 2016/17 estimate, however, includes a one-time reduction of \$1.2 million that the state had erroneously paid the City in prior years. Without that distortion, sales tax revenues would be estimated to grow approximately 4.0% from the prior year. The largest contributors to sales tax growth are coming from the business and auto sales sectors, with significant additional growth coming from online sales transactions allocated through the county sales tax pool. Sales tax revenues comprise 26.4% of General Fund resources.

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. The largest

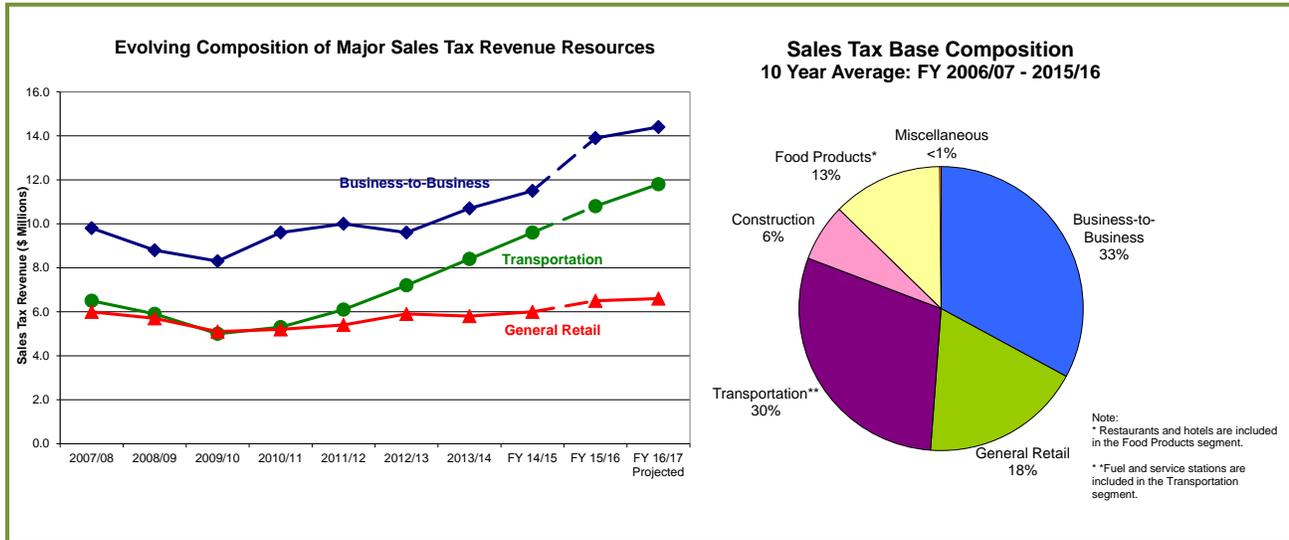
contributors to sales tax growth are coming from the business and auto sales sectors, with significant additional growth coming from online sales transactions allocated through the county sales tax pool.

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 2016/17, the City’s share is expected to be \$1.6 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 2017/18, the Proposition 172 component of the City’s sales tax revenues is projected to increase by 4.0%, remaining at about \$1.6 million.

The graph below displays the sales tax forecast. To clarify the long-term trend, the amounts for FY 2014/15, FY 2015/16, and FY 2016/17 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. Although automobile sales growth is projected to slow nationally, continued development in the City’s Auto Mall should support increased 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 2017/18 growth estimate of 4.0% (adjusted as discussed above) continues to be predicated on healthy growth in taxable consumer and business sales activity.

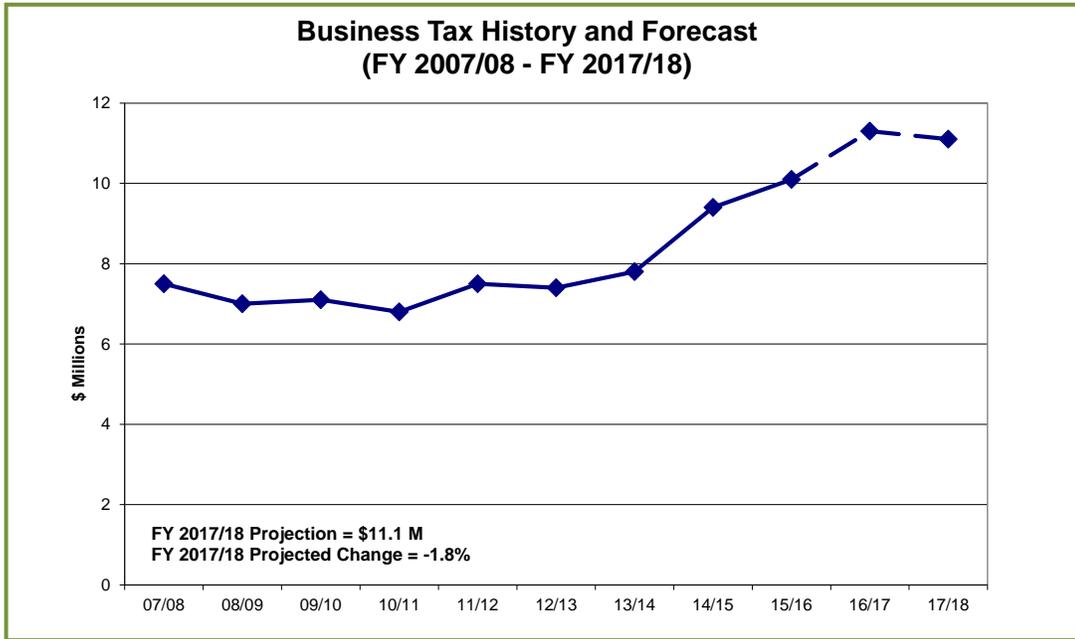


Business Taxes

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 in 2009, the City Council adopted limited term exemptions for clean-tech and bio-tech companies 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 applies 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. The original exemption was renewed for five years by the City Council in 2012 and again in 2016, with the current exemption expiring on December 31, 2021.

Forecast: Business taxes are projected to yield \$11.3 million in FY 2016/17, an increase of 11.4% from the prior year. The FY 2017/18 business tax estimate is \$11.1 million, a decrease of 1.8% from the prior year revenue. Business tax makes up 5.8% of General Fund revenues.

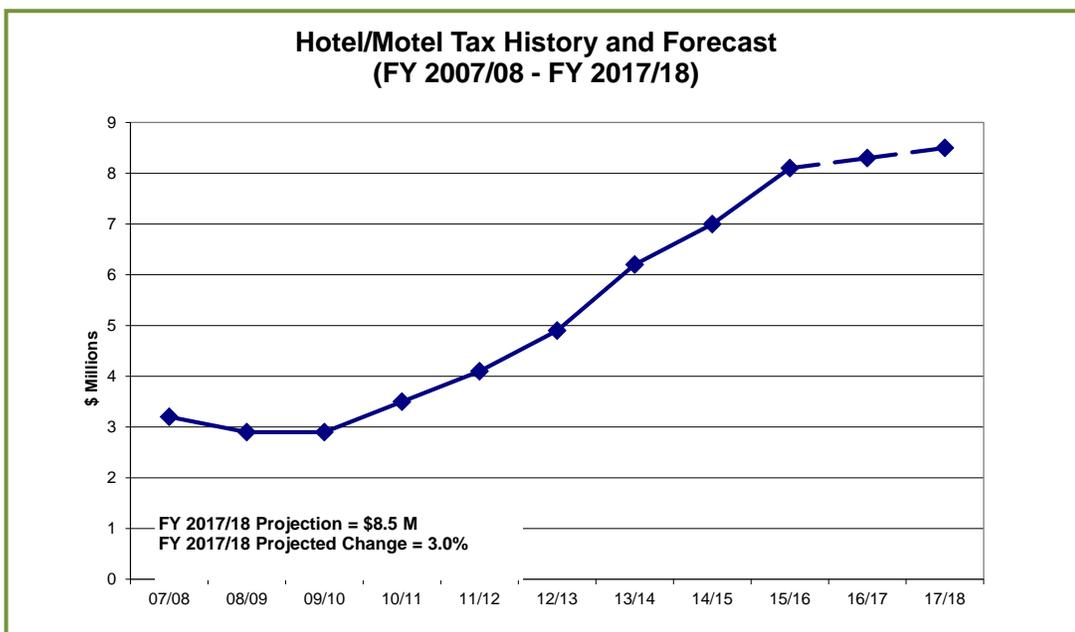
Key Factors in the Forecast: The projected decline is attributable to an unusually high level of construction business tax activity in FY 2016/17 which is not expected to continue; excluding that component, FY 2017/18 business tax would be estimated to increase 5.0% from the prior year. Although the 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 2016/17. The FY 2016/17 estimate represents an increase of 2.1% from the prior year. FY 2017/18 hotel/motel occupancy tax revenues are estimated at \$8.5 million, an increase of 3.0% from the FY 2016/17 level and constituting 4.4% of General Fund revenues.



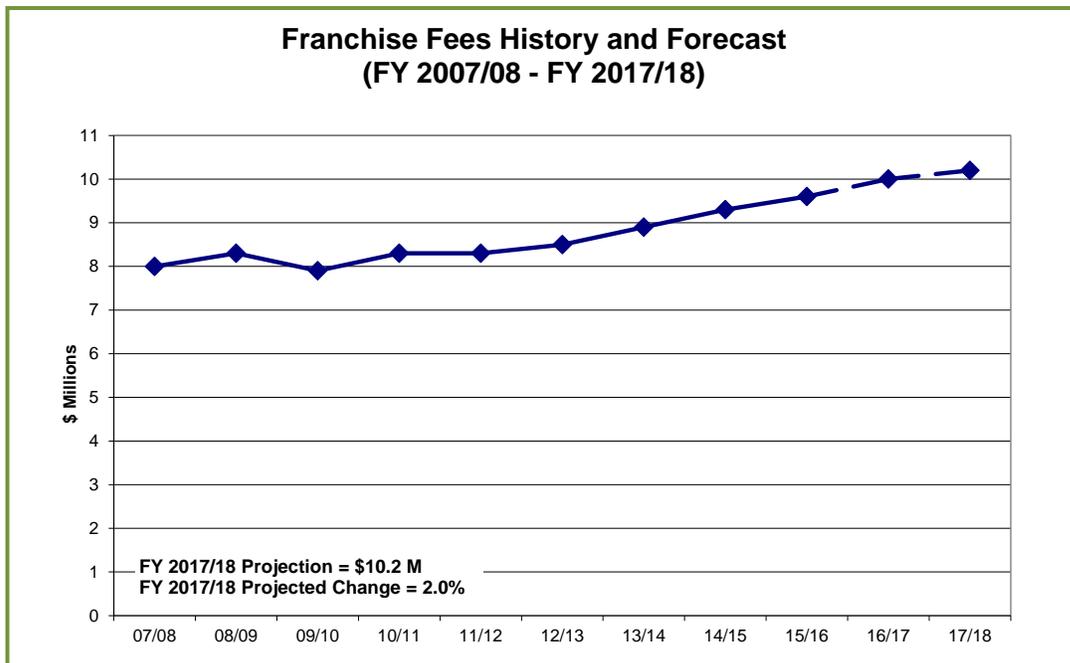
General Fund | General Fund Revenues

Key Factors in the Forecast: Following several years of double-digit growth, the more restrained FY 2016/17 performance can be attributed to both occupancy levels and room rates reaching a plateau. 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.

Franchise Fees

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

The maximum gas and electric franchise rate is the greater of 1% on gas and electric adjusted gross revenues or 2% of the asset investment base within the City, as set by California law. PG&E pays its electric and gas utility franchise fee annually in April based on its revenues for the preceding calendar year. Gas and electric utility franchise revenues for FY 2017/18 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 2017, and will be received by the City in April 2018.



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 2016/17 projection shows a 4.1% increase from the prior year, with another 2.0% growth estimated for FY 2017/18. The estimated FY 2017/18 franchise fees revenue of \$10.2 million represents 5.3% 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. In August 2016, PG&E filed a settlement agreement with the California Public Utilities Commission (CPUC) for its three-year “rate case” that took effect on January 1, 2017. The settlement agreement provides for a 1.1% revenue increase in the first year, a 5.5% revenue increase in the second year, and a 4.2% revenue increase in the third year. The forecast assumes that the City’s electricity franchise fees will increase at these rates. 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 franchising functions to the State and set a fixed franchise fee of 5%. Based on collections through April, the FY 2016/17 estimate is \$2.2 million. The estimate reflects no change from the prior year. The FY 2017/18 projection of \$2.2 million also assumes no change. Cable franchise revenue has averaged under 2% annual growth over the last five years, and has essentially remained flat for the last two years. The lack of growth in this category may be the result of consumer shifts toward television access technologies which are not subject to the franchise fee.
- **Solid waste collection franchise:** Solid waste collection (“garbage”) franchise fee revenues are estimated to increase by 5.1% to \$4.6 million in FY 2016/17, and the projected increase in FY 2017/18 is 3.7%. 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 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 2018/19 through FY 2019/20.
- 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, business tax, and hotel/motel tax revenues will slow in FY 2018/19 and FY 2019/20 as the business cycle matures.
- 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 investment earnings assumptions have been incorporated based on preliminary information from CalPERS.
- Ongoing funding for additional staff and enhanced services incorporated into the FY 2017/18 proposed budget has been included in the forecast.
- Commitments for anticipated fund transfers contained in the adopted FY 2017/18-2021/22 CIP are included.
- Commitments for all known and anticipated debt service costs are included.
- The placeholder salary adjustment of 2.0% included in the FY 2017/18 adopted budget is assumed to be part of a two-year agreement. Accordingly, an additional 2.0% adjustment is included in the forecast for FY 2018/19. However, no compensation increase is included for FY 2019/20.
- Reflecting the increased budgetary pressure from escalating pension contributions, the General Fund forecast for FY 2019/20 includes a \$3.0 million reduction in the transfer to capital projects and a corresponding increase to the Budget Uncertainty Reserve.

The General Fund forecast is located on page 75 of the budget document. Projected resources will cover projected costs in FY 2017/18 and the two forecast years. Staff will monitor budget performance closely, and will return to Council with budget modifications as warranted.

General Fund Adopted Budget and Forecast Through FY 2019/20

(Thousands of Dollars)

	Est Actual FY 16/17	Adopted FY 17/18	Projected FY 18/19	Projected FY 19/20
Sources				
Beginning Unreserved Fund Balance	\$ 4,381	\$ 2,766	\$ 2,792	\$ 2,467
Revenues				
Taxes:				
Property Tax	87,015	91,318	95,967	100,886
Sales Tax	47,576	50,717	52,745	54,855
Business Tax	11,286	11,081	11,468	11,770
Hotel/Motel Tax	8,254	8,502	8,757	9,020
Property Transfer Tax	2,085	2,272	2,432	2,553
Paramedic Tax	1,176	1,176	1,176	1,176
Franchise Fees	9,996	10,200	10,552	10,876
Charges for Services	6,525	6,222	6,237	6,174
Fines	2,770	2,775	2,775	2,775
Use of Money and Property	679	738	811	959
Intergovernmental	206	328	328	328
Other Revenues	368	352	252	150
Total Revenues	177,936	185,681	193,500	201,522
Transfers In	6,276	6,477	6,678	6,810
Total Sources	188,593	194,924	202,970	210,799
Uses				
Expenditures				
General Government	14,838	15,743	16,091	16,522
Police	70,758	77,619	80,580	82,674
Fire	43,902	49,767	51,638	53,125
Maintenance (Streets/Facilities)	14,748	14,767	15,067	15,348
Maintenance (Parks/Street Medians)	7,752	8,335	8,329	8,485
Human Services	-	3,562	3,687	3,788
Code Enforcement/Community Development Admin	1,336	1,681	1,695	1,742
Non-departmental	1,347	3,320	3,581	3,221
Less: Citywide Savings	-	(5,730)	(5,730)	(5,730)
Debt Service	7,196	9,279	10,638	11,281
Less: Debt Service Savings	-	(1,029)	-	-
Total Expenditures	161,877	177,314	185,576	190,456
Transfers Out				
Capital Projects	9,668	5,850	5,850	2,925
Cost Center Allocations	5,316	5,423	5,531	5,531
Human Services/Social Services Grants	4,012	709	723	723
Other	4,954	1,482	1,555	1,632
Total Transfers Out	22,581	13,464	13,659	10,811
Total Uses	184,458	190,778	199,235	201,267
Ending Fund Balance				
Reserved Fund Balance	30,929	32,283	33,551	36,781
Unreserved Fund Balance	2,766	2,792	2,467	6,302
Total Ending Fund Balance	\$ 33,695	\$ 35,075	\$ 36,018	\$ 43,083

Notes:

Reserved Fund Balance includes the Contingency Reserve, Program Investment Reserve, and Economic Volatility Reserve, maintained in aggregate at 15% of budgeted expenditures and transfers out, as well as the Budget Uncertainty Reserve.

Beginning in FY 2016/17, General Fund reserves are no longer displayed as separate funds. All prior fiscal years data were restated to reflect this change

Beginning in FY 2017/18, a portion of the Human Services budget was moved to the General Fund and the transfer to the Human Services Special Revenues Fund was eliminated.

General Fund | Transfer Detail

Transfers In	Estimated Actual FY 2016/17	Adopted FY 2017/18	Projected FY 2018/19	Projected FY 2019/20
Overhead Transfers In From Other Funds:				
Overhead Charges from Development (Funds 391, 392, 393)	2,483	2,719	2,821	2,887
Overhead Charges from Environmental (Fund 115,123)	267	315	327	335
Overhead Charges from Paratransit (Fund 178, 517)	96	129	134	137
Overhead Charges from Human Services Grants	337	341	354	362
Overhead Charges from Recreation (Fund 189)	1,233	1,194	1,239	1,268
Overhead Charges from Human Services (Fund 102)	249	11	11	11
Overhead Charges from Information Techonology (Fund 620)	417	534	554	567
Overhead Charges from Lighting/Landscape Maint Dist (Fund 160)	18	15	16	16
Overhead Charges from Vehicle Replacement (Fund 610)	18	60	62	63
Other (Home Grant, Fund 711, 103)	58	59	61	62
Sub-total Transfers In from Other Funds	\$ 5,176	\$ 5,377	\$ 5,579	\$ 5,708
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	\$ 6,276	\$ 6,477	\$ 6,679	\$ 6,808

Transfers Out	Estimated Actual FY 2016/17	Adopted FY 2017/18	Projected FY 2018/19	Projected FY 2019/20
Transfers to the CIP:				
Contribution to Street and Sidewalk Maintenance	3,600	2,600	2,600	1,300
Contribution to Parks and Median Capital Replacement	-	1,000	1,000	500
Contribution to Facilities Maintenance	1,000	1,000	1,000	500
Additional CIP contribution	3,818	-	-	-
Downtown Plan and Warm Springs	1,250	1,250	1,250	625
Sub-total - Transfers to the CIP	\$ 9,668	\$ 5,850	\$ 5,850	\$ 2,925
Cost Center Allocations:				
Community Development Cost Center	2,493	2,543	2,594	2,594
Recreation Cost Center	2,347	2,394	2,442	2,442
Senior Center Cost Center	476	486	495	495
Sub-total - Cost Center Allocations	\$ 5,316	\$ 5,423	\$ 5,531	\$ 5,531
Other Transfers from the GF:				
Affordable Housing	1,335	1,432	1,505	1,582
Retiree Medical Benefits (OPEB)	2,200	-	-	-
Human Services Special Revenue Fund	3,317	-	-	-
Social Service Grants	695	709	723	723
Southern Alameda County Major Crimes Task Force (SACMCTF)	50	50	50	50
Sub-total - Other transfers	\$ 7,597	\$ 2,191	\$ 2,278	\$ 2,355
TOTAL OPERATING TRANSFERS OUT	\$ 22,581	\$ 13,464	\$ 13,659	\$ 10,811

General Fund | Historical Comparison

General Fund Historical and Adopted Budget 2017/18

(Thousands of Dollars)

	FY 12/13 Actual	FY 13/14 Actual	FY 14/15 Actual	FY 15/16 Actual	FY 16/17 Estimated Actual	FY 17/18 Adopted Budget
Sources						
Beginning Unreserved Fund Balance	\$ 3,865	\$ 4,917	\$ 3,909	\$ 7,068	\$ 4,381	\$ 2,766
Revenues						
Taxes:						
Property Tax	74,048	70,146	75,028	79,388	87,015	91,318
Sales Tax	34,404	38,862	40,744	48,580	47,576	50,717
Business Tax	7,368	7,828	9,421	10,126	11,286	11,081
Hotel/Motel Tax	4,872	6,155	7,181	8,087	8,254	8,502
Property Transfer Tax	1,202	1,495	1,758	1,801	2,085	2,272
Paramedic Tax	1,157	1,155	1,163	1,161	1,176	1,176
Franchise Fees	8,471	8,925	9,299	9,606	9,996	10,200
Charges for Services	4,792	4,914	5,177	5,803	6,525	6,222
Fines	2,730	2,922	3,024	2,694	2,770	2,775
Use of Money and Property	1,107	741	777	1,247	679	738
Intergovernmental	331	284	1,138	565	206	328
Other Revenues	1,568	1,214	1,457	1,765	368	352
Total Revenues	142,050	144,641	156,167	170,823	177,936	185,681
Transfers In	4,945	6,013	7,390	5,549	6,276	6,477
Total Sources	150,860	155,571	167,466	183,440	188,593	194,924
Uses						
Expenditures						
General Government	11,434	12,090	12,694	13,784	14,838	15,743
Police	52,203	55,805	60,599	65,917	70,758	77,619
Fire	31,814	33,660	39,450	43,725	43,902	49,767
Maintenance (Streets/Facilities)	12,201	13,225	13,343	13,791	14,748	14,767
Maintenance (Parks/Street Medians)	6,563	6,610	7,076	7,259	7,752	8,335
Human Services	-	-	-	-	-	3,562
Code Enforcement/Community Development Admin	755	1,032	1,238	1,322	1,336	1,681
Non-departmental	2,004	1,232	1,395	917	1,347	3,320
Less: Citywide Savings	-	-	-	-	-	(5,730)
Debt Service	6,618	6,204	6,526	6,558	7,196	9,279
Less: Debt Service Savings	-	-	-	-	-	(1,029)
Total Expenditures	123,592	129,858	142,321	153,273	161,877	177,314
Transfers Out	22,351	21,251	17,262	24,060	22,581	13,464
Total Uses	145,943	151,109	159,583	177,333	184,458	190,778
Ending Fund Balance						
Reserved Fund Balance	25,724	25,723	26,677	29,560	30,929	32,283
Unreserved Fund Balance	4,917	3,909	7,068	4,381	2,766	2,792
Total Ending Fund Balance	\$ 30,641	\$ 29,632	\$ 33,745	\$ 33,941	\$ 33,695	\$ 35,075

Notes:

Public Works Engineering activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Services section.

Community Development Planning and Building and Safety activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Services section. The Community Development Housing activities are funded in various housing-related special revenue funds as shown in the Special Revenue Funds section.

Community Services Recreation activities are funded in the Recreation Cost Center from a combination of General Fund and fee revenues as shown in the Cost Centers/Internal Services section. Community Services Landscape activities are funded in the Development Cost Center as shown in the Cost Centers/Internal Services section. Community Services Environmental Services activities are funded in the Environmental Services special revenue funds as shown in the Special Revenue Funds section.

Reserved Fund Balance includes the Contingency Reserve, Program Investment Reserve, and Economic Volatility Reserve, maintained in aggregate at 15% of budgeted expenditures and transfers out, as well as the Budget Uncertainty Reserve.

Beginning in FY 2016/17, General Fund reserves are no longer separate funds and are now part of the General Fund. All prior fiscal years data were restated to reflect this movement.

Beginning in FY 2017/18, a portion of the Human Services budget was moved to the General Fund and the transfer to the Human Services Special Revenues Fund was eliminated.

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Other Funds

Other Funds

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

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

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



Other Funds

Summary of All Other Funds

(Thousands of Dollars)

	Cost Center/ Internal Services Funds	Special Revenue Funds	Capital Funds	Total
Sources				
Beginning Unreserved Fund Balance	\$ 26,436	\$ 56,066	\$ 39,877	\$ 122,379
Revenues				
Taxes:				
Property Tax	-	-	-	-
Sales Tax	-	1,564	-	1,564
Business Tax	-	-	-	-
Hotel/Motel Tax	-	-	-	-
Property Transfer Tax	-	-	-	-
Paramedic Tax	-	-	-	-
Franchise Fees	-	-	-	-
Charges for Services	34,982	11,373	300	46,655
Fines	-	-	-	-
Use of Money and Property	399	218	1,661	2,278
Intergovernmental	-	6,809	13,110	19,919
Other Revenues	1,410	23,661	16,564	41,635
Total Revenues	36,791	43,625	31,635	112,051
Transfers In	5,423	2,191	8,350	15,964
Total Sources	68,650	101,882	79,862	250,394
Uses				
Expenditures				
General Government	-	-	-	-
Police	-	1,231	-	1,231
Fire	1,670	162	-	1,832
Maintenance (Streets/Facilities)	-	-	1,510	1,510
Maintenance (Parks/Street Medians)	-	2,322	-	2,322
Code Enforcement/Community Development Admin	-	138	-	138
Housing	-	22,791	-	22,791
Environmental Services	-	7,595	-	7,595
Engineering	11,534	-	-	11,534
Planning	4,397	-	-	4,397
Building and Safety	7,949	-	-	7,949
Human Services	776	10,372	-	11,148
Recreation	9,717	-	-	9,717
Landscape	1,652	-	-	1,652
Non-departmental	848	-	-	848
Capital	1,402	-	34,823	36,225
Less: Citywide Savings	-	-	-	-
Debt Service	-	551	-	551
Less: Debt Service Savings	-	-	-	-
Total Expenditures	39,945	45,162	36,333	121,440
Transfers Out	7,007	1,105	865	8,977
Total Uses	46,952	46,267	37,198	130,417
Ending Fund Balance				
Reserved Fund Balance	12,920	4,269	-	17,189
Unreserved Fund Balance	16,379	56,012	33,844	106,235
Total Ending Fund Balance	\$ 29,299	\$ 60,281	\$ 33,844	\$ 123,424

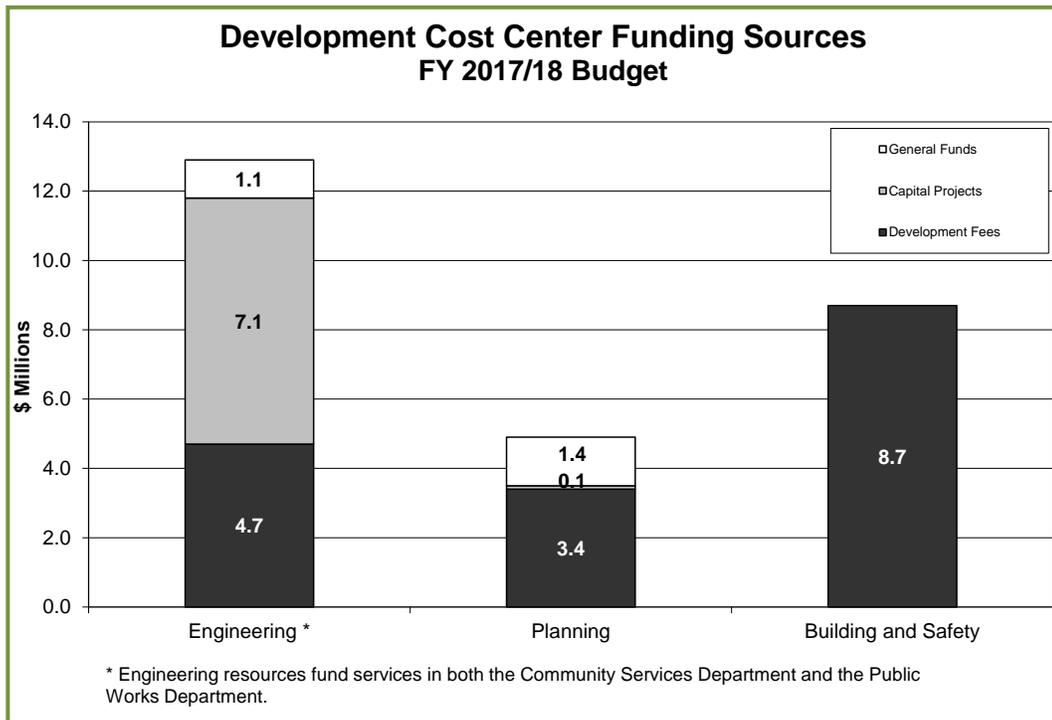
Cost Centers & Internal Service Funds

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 City-wide support services, such as risk management, information technology, and employee benefits, that operate on a cost-reimbursement basis, and to accumulate funds for vehicle, fire apparatus, and technology infrastructure capital replacement.

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. In FY 2017/18, the General Fund will transfer \$2.5 million to the Development Cost Center, to be allocated among the Planning, Engineering, and Landscape Architecture Divisions to support 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.



Other Funds | Cost Centers & Internal Service Funds

The City Council has established a Development Cost Center operational contingency reserve to help maintain service levels during temporary slowdowns in development activity, as well as a technology and system improvement reserve to provide funding for investments in permitting technology. In June 2014, Council reduced the operational contingency reserve policy requirement from 15% to 8% of annual operating expenditures. At that time, expanding development activity and inadequate funding for a permitting software system replacement both supported the reduced contingency reserve level.

Anticipating a slowdown in development activity and significantly increasing pension contributions, staff is proposing an increase in the contingency reserve requirement to 25% of annual operating expenditures. Also, to ensure sufficient funding for the next permitting software system replacement, staff is recommending an increase in the technology and system improvement reserve level from \$1 million to \$4 million. At the end of FY 2016/17, the fund balance is projected to be \$12.8 million.

Recreation Cost Center

The Recreation Cost Center provides services to the public through user fees and General Fund contributions. Employing an enterprise business model in which new 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. Expanded programming, strong customer service, increased participation due to marketing efforts, and cost savings strategies have enabled the City to build a diverse and self-supporting portfolio of recreational offerings.

In FY 2017/18, the Recreation Cost Center expects to receive 79% of its \$11.2 million in total available resources from program and user fees, with only 21% (\$2.4 million) coming from General Fund support. This transfer is 2.0% (\$47,000) higher than the FY 2016/17 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.

The City Council has established a Recreation Cost Center contingency reserve to help maintain service levels during economic downturns or address revenue shortfalls. The contingency reserve requirement is set at 15% of annual operating expenditures. The Recreation Cost Center fund balance is anticipated to reach \$8.1 million by the end of FY 2017/18.

Senior Center Cost Center

This cost center accounts for revenues and expenditures for programs administered by the Aging and Family Services (AFS) Division of the Human Services Department for the Senior Center and for senior programs serving frail elders. Senior Center 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 2017/18, the amount of General Fund support for the Senior Center Cost Center will be \$485,950, or 2% more than the FY 2016/17 amount.

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

over of \$40,000 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 ensure long-term sustainability.

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 \$7.1 million in FY 2017/18.

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 will be \$8.6 million in FY 2017/18 for information technology services operations and various capital replacement purchases and software upgrades. The expenditure budget for this fund is increasing by \$1 million, or 11.9%, from the adopted FY 2016/17 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.

Employee Benefits Internal Service Fund

In fiscal year 2015/16, the City began prefunding its obligations for other post-employment healthcare benefits by annually prepaying the actuarially determined contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT). This internal service fund accumulates contributions from each of the City's operating funds, and accounts for the payments to the CERBT, benefit payments to retirees, and reimbursements from the CERBT for those benefit payments. In FY 2017/18, the budgeted contribution to the CERBT for retiree healthcare is \$8.2 million.

Fire Capital Replacement Internal Service Fund

The Fire Department maintains a fleet of fire apparatus (engines, aerial ladder trucks, and other specialized auxiliary apparatus) as well as a complement of personal protection and life-saving capital equipment (self-contained breathing apparatus, turnout (thermal protection) suits, cardiac monitors, and automated CPR devices). To facilitate timely replacement of these critical capital assets, this fund accumulates annual contributions from the General Fund and accounts for the associated capital expenditures. The FY 2017/18 contribution from the General Fund is budgeted at \$1.7 million.

Other Funds | Cost Centers & Internal Service Funds

Vehicle Replacement Internal Service Fund

The City maintains a fleet of over 500 police and civilian vehicles including automobiles, vans, trucks, motorcycles, and specialized maintenance and construction equipment. This fund accumulates annual contributions from each of the City's operating funds based on assigned vehicles, and accounts for the associated vehicle replacement purchases. Vehicle replacement contributions from all funds for FY 2017/18 are budgeted to total \$1.8 million.

Cost Centers/Internal Service Funds FY 2017/18

(Thousands of Dollars)

	Internal Services									Total
	Development Cost Center	Recreation Cost Center	Senior Center	Risk Management	Information Technology	Employee Benefits	Vehicle Replacement	Fire Capital Replacement	Internal Services Reclass*	
Sources										
Beginning Unreserved Fund Balance	\$ 9,624	\$ 5,152	\$ 366	\$ 854	\$ 7,195	\$ 511	\$ 2,734	\$ -	n/a	\$ 26,436
Revenues										
Taxes:										
Property Tax	-	-	-	-	-	-	-	-	-	-
Sales Tax	-	-	-	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-
Property Transfer Tax	-	-	-	-	-	-	-	-	-	-
Paramedic Tax	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-
Charges for Services	24,501	8,626	185	7,100	8,603	8,228	1,805	1,670	(25,736)	34,982
Fines	-	-	-	-	-	-	-	-	-	-
Use of Money and Property	107	65	-	200	2	-	25	-	-	399
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Other Revenues	1,100	122	124	-	14	-	50	-	-	1,410
Total Revenues	25,708	8,813	309	7,300	8,619	8,228	1,880	1,670	(25,736)	36,791
Transfers In	2,543	2,394	486	-	-	-	-	-	-	5,423
Total Sources	37,875	16,359	1,161	8,154	15,814	8,739	4,614	1,670	(25,736)	68,650
Uses										
Expenditures										
General Government	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	1,670	-	1,670
Engineering	11,534	-	-	-	-	-	-	-	-	11,534
Planning	4,397	-	-	-	-	-	-	-	-	4,397
Building and Safety	7,949	-	-	-	-	-	-	-	-	7,949
Human Services	-	-	776	-	-	-	-	-	-	776
Recreation	-	9,717	-	-	-	-	-	-	-	9,717
Landscape	1,652	-	-	-	-	-	-	-	-	1,652
Non-departmental	-	-	-	7,299	9,252	8,228	-	-	(23,931)	848
Capital	-	-	-	-	-	-	1,402	-	-	1,402
Less: Citywide Savings	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Less: Debt Service Savings	-	-	-	-	-	-	-	-	-	-
Total Expenditures	25,532	9,717	776	7,299	9,252	8,228	1,402	1,670	(23,931)	39,945
Transfers Out	5,219	1,194	-	-	534	-	60	-	-	7,007
Total Uses	30,751	10,911	776	7,299	9,786	8,228	1,462	1,670	(23,931)	46,952
Ending Fund Balance										
Reserved Fund Balance	10,284	2,637	-	-	-	-	-	-	n/a	12,920
Unreserved Fund Balance	-	5,448	385	855	6,028	511	3,152	-	n/a	16,379
Total Ending Fund Balance	\$ 10,284	\$ 8,085	\$ 385	\$ 855	\$ 6,028	\$ 511	\$ 3,152	\$ -	n/a	\$ 29,299

Notes:

* For the purpose of displaying in the all funds table, the "Change for Services" and Non Departmental Expenditures" in the Risk Management, Information Technology, Employee Benefits, Vehicle Replacement, and Fire Capital Replacement Funds have been reclassified and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets. The recreation rental revenue is shown in "Use of Money and Property" for facility rentals.

Cost Centers/Internal Service Funds

(Thousands of Dollars)

	Budget 2015/16	Budget 2016/17	Adopted 2017/18
Sources			
Beginning Unreserved Fund Balance	\$ 16,988	\$ 22,724	\$ 26,436
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	29,618	33,266	34,982
Fines	-	-	-
Use of Money and Property	300	319	399
Intergovernmental	-	-	-
Other Revenues	1,253	1,517	1,410
Total Revenues	31,171	35,102	36,791
Transfers In	7,263	7,516	5,423
Total Sources	55,422	65,342	68,650
Uses			
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	1,400	1,470	1,670
Engineering	9,769	11,141	11,534
Planning	3,685	4,205	4,397
Building and Safety	6,337	7,726	7,949
Human Services	763	768	776
Recreation	8,582	9,358	9,717
Landscape	1,349	1,440	1,652
Non-departmental	4,707	1,084	848
Capital	1,707	1,339	1,402
Less: Citywide Savings	-	-	-
Debt Service	-	-	-
Less: Debt Service Savings	-	-	-
Total Expenditures	38,299	38,531	39,945
Transfers Out	4,687	4,151	7,007
Total Uses	42,986	42,682	46,952
Ending Fund Balance			
Reserved Fund Balance	5,471	5,749	12,920
Unreserved Fund Balance	12,436	22,660	16,379
Total Ending Fund Balance	\$ 17,907	\$ 28,409	\$ 29,299

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 72% of the department's total funding sources in FY 2017/18. The table on page 90 shows the special revenue funding sources for Human Services. For information on the total Human Services budget, including the use of General Fund resources, please see the Department Budgets section of this document.

In FY 2017/18, the human services activities supported by the General Fund are being budgeted as departmental expenditures in the General Fund, rather than as a transfer to the Human Services Special Revenue Fund, as has been the past practice. In FY 2017/18, the General Fund will transfer \$709,000 to the Human Services Special Revenue Fund for the social service grants. Together the General Fund portion and the social service grants represent 28% 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 and Health Care Service Agency 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. **State Medi-Cal Reimbursement:** 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.

6. **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. In FY17/18 Paratransit is expecting to receive total of \$1.564 from Measure B and Measure BB funding which includes direct local distribution funding of \$1.415 million and \$148,730 grant funding to support supplemental transportation services for elderly and disabled Tri-City residents. The City is also expected to receive \$275,000 from the City of Newark and City of Union City under their 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 increase by \$162,000 in FY 2017/18.

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 2017/18 budget of \$2.0 million is \$432,000 more than the FY 2016/17 budget of \$1.6 million.

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 2017/18 budget is \$260,000, representing a decrease of 8.1% from FY 2016/17.

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 2017/18, \$19.0 million, 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 \$552,000, in FY 2016/17, for operational costs related to the management and oversight of the City's affordable housing assets and programs. The total expenditures budgeted for FY 2017/18 are \$4.1 million.

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 2016/17, the estimated fund balance was \$5.0 million. For FY 2017/18, \$1.4 million of funding is budgeted from the General Fund.

Public Safety Grants

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

- 1. AB3229 - Community Oriented Policing Services (COPS) Front Line Enforcement:** This fund accounts for monies from the State which are distributed by the County to be spent on front line law enforcement activities.
- 2. Abandoned Vehicle Abatement:** This fund accounts for monies received by the City under California Vehicle Code (CVC) sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.
- 3. Southern Alameda County Major Crimes Task Force (SACMCTF):** This fund accounts for the proceeds from assets forfeited as the result of drug and gang activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution of \$50,000 comes from the General Fund and is displayed as a "Transfer Out" on page 77.
- 4. State Office of Traffic Safety Grant:** This fund accounts for monies received from the State to provide funding for innovative traffic enforcement programs and public relations for a countywide campaign against drinking drivers.

Environmental Services

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

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

Expenditures are budgeted to increase by 4.4%, from \$9.9 million in FY 2016/17 to \$10.4 million in FY 2017/18. The FY 2017/18 budget increased mainly due to an increase in salary and benefits costs, and the costs to purchase two sweeper vehicles and one dump truck scheduled for replacement in FY 2017/18, and funding for one additional Environmental Specialist position to support the recycling services.

Other Funds | Special Revenue Funds

Special Revenue Funds FY 2017/18 (Thousands of Dollars)

	Human Services											Total
	Grants	Paratransit	FRC	Human Services	CDBG	HOME	Low/Mod Inc Housing	City Funded Aff Housing	Affordable Housing Ord	Public Safety Grant	Environmental Services Funds	
Sources												
Beginning Unreserved Fund Balance	\$ 2,436	\$ 1,302	\$ 2,070	\$ 290	\$ -	\$ 4	\$ 5,423	\$ 4,997	\$ 33,544	\$ 1,141	\$ 4,859	\$ 56,066
Revenues												
Taxes:												
Property Tax	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax	-	1,564	-	-	-	-	-	-	-	-	-	1,564
Business Tax	-	-	-	-	-	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-	-	-	-	-	-
Property Transfer Tax	-	-	-	-	-	-	-	-	-	-	-	-
Paramedic Tax	-	-	-	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	979	94	219	276	-	-	-	-	-	-	9,805	11,373
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Use of Money and Property	3	15	32	22	-	-	60	15	-	-	71	218
Intergovernmental	3,182	275	-	-	1,981	260	-	-	-	992	119	6,809
Other Revenues	252	-	1,420	3	-	-	1,200	1,800	18,986	-	-	23,661
Total Revenues	4,416	1,948	1,671	301	1,981	260	1,260	1,815	18,986	992	9,995	43,625
Transfers In	-	-	-	709	-	-	-	1,432	-	50	-	2,191
Total Sources	6,852	3,250	3,741	1,300	1,981	264	6,683	8,244	52,530	2,183	14,854	101,882
Uses												
Expenditures												
General Government	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	1,231	-	1,231
Fire	-	-	-	-	-	-	-	-	-	162	-	162
Maintenance (Parks/Street Medians)	-	-	-	-	-	-	-	-	-	-	2,322	2,322
Code Enforcement/Community Development Admin	-	-	-	-	-	-	-	-	-	-	138	138
Housing	-	-	-	-	-	259	4,091	4,549	13,892	-	-	22,791
Environmental Services	-	-	-	-	-	-	-	-	-	-	7,595	7,595
Human Services	4,168	1,753	1,131	1,347	1,973	-	-	-	-	-	-	10,372
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-	-	-	-
Less: Citywide Savings	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	551	-	-	-	-	-	-	-	-	551
Less: Debt Service Savings	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	4,168	1,753	1,682	1,347	1,973	259	4,091	4,549	13,892	1,393	10,055	45,162
Transfers Out	259	129	324	11	8	1	58	-	-	-	315	1,105
Total Uses	4,427	1,882	2,006	1,358	1,981	260	4,149	4,549	13,892	1,393	10,370	46,267
Ending Fund Balance												
Reserved Fund Balance	-	-	-	204	-	-	-	-	-	-	4,065	4,269
Unreserved Fund Balance	2,425	1,368	1,735	410	-	4	2,534	3,695	38,638	790	4,413	56,012
Total Ending Fund Balance	\$ 2,425	\$ 1,368	\$ 1,735	\$ 614	\$ -	\$ 4	\$ 2,534	\$ 3,695	\$ 38,638	\$ 790	\$ 8,478	\$ 60,281

Notes:

In FY 2017/18, the human services activities supported by the General Fund are being budgeted as departmental expenditures in the General Fund, rather than as a transfer to the Human Services Special Revenue Fund, as has been the past practice.

Special Revenue Funds

(Thousands of Dollars)

	Budget 2015/16	Budget 2016/17	Adopted 2017/18
Sources			
Beginning Unreserved Fund Balance	\$ 30,981	\$ 38,857	\$ 56,066
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	1,812	1,811	1,564
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	8,734	10,027	11,373
Fines	-	-	-
Use of Money and Property	205	158	218
Intergovernmental	7,320	6,829	6,809
Other Revenues	4,049	11,385	23,661
Total Revenues	22,120	30,210	43,625
Transfers In	5,054	5,490	2,191
Total Sources	58,155	74,557	101,882
Uses			
Expenditures			
General Government	-	-	-
Police	949	980	1,231
Fire	153	179	162
Maintenance (Parks/Street Medians)	26	26	2,322
Code Enforcement/Community Development Admin	126	132	138
Housing	1,080	15,442	22,791
Environmental Services	7,558	9,509	7,595
Human Services	12,996	13,333	10,372
Recreation	-	-	-
Non-departmental	-	-	-
Less: Citywide Savings	-	-	-
Debt Service	690	487	551
Less: Debt Service Savings	-	-	-
Total Expenditures	23,578	40,088	45,162
Transfers Out	1,303	1,408	1,105
Total Uses	24,881	41,496	46,267
Ending Fund Balance			
Reserved Fund Balance	4,208	4,726	4,269
Unreserved Fund Balance	29,066	28,335	56,012
Total Ending Fund Balance	\$ 33,274	\$ 33,061	\$ 60,281

Notes:

In FY 2017/18, the human services activities supported by the General Fund are being budgeted as departmental expenditures in the General Fund, rather than as a transfer to the Human Services Special Revenue Fund, as has been the past practice.

Capital Funds

The five-year Capital Improvement Program (CIP) is adopted biannually, and includes appropriations for projects for FY 2017/18 through FY 2021/22. 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.

Gas Tax Funds & Measure B, BB

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 2017/18 through FY 2021/22 Capital Improvement Program projects the use of the accumulated fund balance in these funds over the next five years.

Traffic Impact Fee Funds

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

Restricted Capital Funds

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

Other Funds | Capital Funds

Capital Improvement Funds FY 2017/18

(Thousands of Dollars)

	General Fund Group	Gas Tax & Meas B	Park & Acq Impact Fees	Traffic Impact Fees	Committed/Restricted Group	Expenditure Reclass*	Total
Sources							
Beginning Unreserved Fund Balance	\$ 5,396	\$ (326)	\$ 30,634	\$ 1,505	\$ 2,668	n/a	\$ 39,877
Revenues							
Taxes:							
Property Tax	-	-	-	-	-	-	-
Sales Tax	-	-	-	-	-	-	-
Business Tax	-	-	-	-	-	-	-
Hotel/Motel Tax	-	-	-	-	-	-	-
Property Transfer Tax	-	-	-	-	-	-	-
Paramedic Tax	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	300	-	300
Fines	-	-	-	-	-	-	-
Use of Money and Property	960	123	414	150	14	-	1,661
Intergovernmental	-	13,110	-	-	-	-	13,110
Other Revenues	-	-	7,000	2,000	7,564	-	16,564
Total Revenues	960	13,233	7,414	2,150	7,878	-	31,635
Transfers In	5,850	-	-	-	2,500	-	8,350
Total Sources	12,206	12,907	38,048	3,655	13,046	-	79,862
Uses							
Expenditures							
General Government	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Maintenance (Streets/Facilities)	100	1,410	-	-	-	-	1,510
Planning	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Capital	9,633	11,060	13,048	3,205	6,697	(8,820)	34,823
Less: Citywide Savings	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Less: Debt Service Savings	-	-	-	-	-	-	-
Total Expenditures	9,733	12,470	13,048	3,205	6,697	(8,820)	36,333
Transfers Out	-	-	-	-	865	-	865
Total Uses	9,733	12,470	13,048	3,205	7,562	(8,820)	37,198
Ending Fund Balance							
Reserved Fund Balance	-	-	-	-	-	-	-
Unreserved Fund Balance	2,473	437	25,000	450	5,484	n/a	33,844
Total Ending Fund Balance	\$ 2,473	\$ 437	\$ 25,000	\$ 450	\$ 5,484	\$ -	\$ 33,844

Notes:

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

Capital Improvement Funds FY 2017/18

(Thousands of Dollars)

	Budget 2015/16	Budget 2016/17	Adopted 2017/18
Sources			
Beginning Unreserved Fund Balance	\$ 21,751	\$ 24,160	\$ 39,877
Revenues			
Taxes:			
Property Tax	-	-	-
Sales Tax	-	-	-
Business Tax	-	-	-
Hotel/Motel Tax	-	-	-
Property Transfer Tax	-	-	-
Paramedic Tax	-	-	-
Franchise Fees	-	-	-
Charges for Services	300	300	300
Fines	-	-	-
Use of Money and Property	525	663	1,661
Intergovernmental	11,227	11,152	13,110
Other Revenues	17,984	17,352	16,564
Total Revenues	30,036	29,467	31,635
Transfers In	8,473	5,968	8,350
Total Sources	60,260	59,595	79,862
Uses			
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Maintenance (Streets/Facilities)	1,445	1,300	1,510
Planning	-	-	-
Building and Safety	-	-	-
Human Services	-	-	-
Recreation	-	-	-
Capital	44,895	19,074	34,823
Less: Citywide Savings	-	-	-
Debt Service	-	-	-
Less: Debt Service Savings	-	-	-
Total Expenditures	46,340	20,374	36,333
Transfers Out	866	868	865
Total Uses	47,206	21,242	37,198
Ending Fund Balance			
Reserved Fund Balance	-	-	-
Unreserved Fund Balance	13,054	38,353	33,844
Total Ending Fund Balance	\$ 13,054	\$ 38,353	\$ 33,844

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Capital Budget Summary

Capital Budget Summary

The unitalicized text that follows is excerpted from the FY 2017/18 - FY 2021/22 Adopted Capital Improvement Program (CIP) dated June 13, 2017. 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 2017/18 and FY 2021/22. 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, with project funding appropriated for two years. The latest CIP appropriates funding for FY 2017/18 and FY 2018/19. 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.

The investment in and maintenance of the City's physical infrastructure continues to be a priority of the City. Although staff anticipates the national economy will continue to grow, increased pressure on the City's budget is reflected in this CIP due to increasing costs associated with California Public Employees Retirement System (PERS) phase in of higher required pension contributions. The reduced transfer from the General Fund to fund projects in the last years of this CIP cycle is reflective of this concern.

Although constraints on the budget are reflected in the program, the passage of the Road Repair and Accountability Act of 2017 (SB1 Beall) is projected to provide additional revenue in the gas tax fund group for local streets and roads projects. Revenues from this source will not be realized until at least the second half of FY 2017/18, thus staff carefully programmed projects accordingly. Through regional coordination of both City and regional transportation initiatives, increased revenues are realized from the Alameda County Transportation Commission Measure BB in the CIP program. Also, the rise in development activity has resulted in an increase in Park, Capital Facilities, and Fire Impact fees for this CIP cycle.

Despite increases in revenue for impact fees, gas tax and ACTC Measure BB contributions, the capital plan remains largely limited to and focused on preservation and maintenance of our capital assets, transportation infrastructure, and operations.

Process

Every two years, staff embarks on a significant effort to produce the CIP. The CIP development process involves a comprehensive internal project planning effort and multiple opportunities for the City Council to review the progress of the CIP development and to provide direction to staff. At the February 21, 2017 City Council work session, staff presented an overview of the CIP process, initial CIP expenditure projections, and information on types of projects to proceed in the CIP process for further costing and scoping. Staff provided a status report for all ongoing City capital projects at the

Capital Budget Summary

March 14, 2017 Council meeting. Following the March meeting, staff refined revenue projections, project costs estimates, and project funding level recommendations.

At the May 16, 2017 meeting, the City Council received the final proposed project listing, along with the funding timeline for each project. On May 25, 2017, the Planning Commission reviewed the CIP for the purpose of evaluating and ensuring project compliance with the General Plan, as required by State law.

The first public hearing was held on June 6, 2017 and on June 13, 2017 the second public hearing was held for final comments on the FY 2017/18 -2021/22 CIP.

Executive Summary

This CIP programs approximately \$191 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 Group, the primary focus is on maintenance of existing assets and providing contributions for priority projects. The funding transfer of \$5.8 million in program years one and two will support ongoing CIP projects identified as Council priorities. Such projects include pavement maintenance, building maintenance, and projects that support the downtown plan and development of the Warm Springs area infrastructure. Council allocated \$3.8 million from prior year end fund balance to support one-time projects that include the Police Vehicle Evidence Storage Building and the Warming Center Fire Compliance project. Preservation and maintenance is a focus of this fund group and allocation to public building maintenance activities, street tree and sidewalk programs, 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. Increased revenues in this fund group are attributed to the passage of the Road Repair and Accountability Act of 2017 (SB1- Beall) and the passage of the Alameda County Transportation Commission Measure BB in November 2014. Both sources will provide funding for projects focused on street capital improvement, street operations, and traffic and transportation projects throughout the City.

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 Technical Advisory Committee to prioritize and recommend funding for emerging requests, as necessary

Transportation projects funded from Traffic Impact Fees (TIF) generated by development activity allow for one-time funding towards transportation needs as a result of growth in the community. Community feedback indicates that Fremont residents are most concerned with traffic congestion management and traffic safety improvements; hence projects funded in this group address that concern through traffic signal modernization projects.

Parks

Staff and the Recreation Commission developed a list of park projects for inclusion in the plan. The Commission has recommended several park projects proceed in this CIP cycle due to the projected availability of funds. The Parks program developed in this CIP provides and continues the practice of looking forward with the funding of long-term projects for the Palm Avenue Community Park, the Pacific Commons Sport Park and the California Nursery Master Plan. Central Park has new improvements planned, including a new large picnic area, pathway upgrades, a new shade area at the Skate Park, and parking lot expansion to accommodate a growing community. Neighborhood parks and facilities will also receive substantive funding. For example, Dusterberry Neighborhood Park receives the final funding for design and development of this new park. This program also supports capital renovation and enhancements to existing facilities such as replacing the Warm Springs Community Park arbor, replacing fishing docks in Niles Community Park, and repairing turf and fencing throughout the City's sports fields.

The development of park priorities for the CIP presents challenges because the City must be mindful of its current ability to maintain existing assets, let alone develop new ones. The Parks program in this cycle is buoyed by projections based on upcoming development fees such as \$4.3 million available as the second part of the Patterson Ranch development agreement contribution. There is a one-time transfer from both the Integrated Waste Management Unallocated Fund Balance and the Integrated Waste Management Open Space fund to support projects that are eligible for these specific funding sources. Such projects include the Sabercat Historical Park Sign Program and upgrades to the Senior Center Trash Enclosure. The use of Measure WW funds allows for improvements to support capital maintenance efforts and reduce maintenance through the President's House repairs and new irrigation well for California Nursery Historical Park. 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 Integrated Waste Management 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.

Transportation

Transportation is inextricably linked with quality of life, economic vitality, and growth. Planning and construction of high quality infrastructure - roads, bridges, medians, street improvements, and sidewalks - have long been a hallmark of Fremont's high quality environment. However, rapid economic growth and the effects of the housing market on commute patterns have resulted in unprecedented traffic congestion on regional highways and local streets. The extraordinary costs of improvements, the challenges of inter-agency project management at the local, state, and federal levels, and the time required to develop and construct major transportation improvements all complicate the City's ability to effectively address traffic problems.

To address transportation needs systematically, the City is pursuing regional, multi-modal solutions that help reduce vehicle miles traveled, while maintaining and improving existing infrastructure. Major regional projects include widening northbound I-680 through the Sunol Grade, extending BART to San Jose, and increasing ACE train service.

Capital Budget Summary

Staff and City Council have developed a plan that programs approximately \$56 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 modernization of the traffic signal system by updating the system to the latest in industry standards and optimizing traffic signal timing to move traffic more efficiently.

Capital Maintenance

Maintenance of the City's assets is the primary focus of the CIP. The FY 2017/18-2021/22 CIP provides funding to several important capital maintenance projects. Pavement Maintenance efforts will receive \$28.4 million and the Pavement Rehabilitation Program will receive \$15.2 million. Streets funding has increased as compared to recent CIP cycles. The increase is due to the contribution from the General Fund in the first two years of the program, along with increases attributed to the passage of afore mentioned Road Repair and Accountability Act of 2017 (SB1) and contributions from Alameda County Transportation Commission Measure BB. Fully funding public facilities maintenance needs continue to be challenging. For this CIP cycle, \$3.5 million is programmed for maintenance of public buildings with \$1 million programmed for FY 2017-18 and FY 2018-19, with the remaining three years reflecting a 50% drop in funding. Maintenance projects utilize a majority of the funding available in the capital plan. The additional appropriation of \$3.8 million allocated by Council from prior year fund balance allows for funding important one-time capital maintenance projects. 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. The pressure on General Fund is evident in this program group and is reflected in reductions to important Capital Maintenance projects in years three through five of the plan. The lack of funding for maintenance will continue to present challenges in future capital plans.

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 \$28 million available over the next five years for capital projects. This includes \$5.2 million in beginning fund balance, much of which is comprised of the \$3.8 million allocated from prior year budget. The Capital improvement fund also includes direct contributions to projects which include streets sidewalk, building facilities, parks and City-wide initiatives, such as projects in the Downtown and Warm Springs area. Also included in this group are one-time capital maintenance projects. Revenue projections along with proposed projects are provided for the first two years of the CIP but are decreased in the remaining three years of the program due to pressure on the General Fund.

Gas Tax Fund Group - Revenue in this fund group comes from the City's share of the State collected gasoline taxes, including the new Road Repair and Accountability Act of 2017 (SB1 Beall), Measure B and Measure BB transportation sales tax, and the County-wide Vehicle Registration Fee. The City can only use these funds for street capital improvement, street operations, and transportation projects throughout the City. Staff estimates that this fund group will have approximately \$71.2 million available over the next five years for capital projects.

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 \$11.9 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, which is 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 \$6.6 million available over the next five years for capital projects.

Parkland and Park Facilities Fund Group - This fund group accounts for two distinctive impact fees relating to Parks. The Parkland fee is levied on all new residential development to pay for new development's share of the cost of acquiring land for parks. The Park Facilities fee is levied on all new residential development to pay for its share of the cost of developing park facilities. Staff is recommending funding of approximately \$31 million for Parks projects over the five year CIP Cycle. Park funds are restricted to projects that are new park facilities, or renovation park projects that respond to impact on the park facilities related to increased population and demand. The majority of Park acquisition/renovation funds are not allocated to projects, so the City can respond to opportunities to acquire parkland if and when those opportunities present themselves. The Recreation Commission and City Council will consider park land acquisition on a case by case basis outside the Capital Improvement Program budgeting process.

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 is \$46.2 million. The funds available in this group include transfers from the Development Cost Center reserve to fund facility improvements and buoyed by a number of grants for transportation and capital maintenance projects from the Alameda County Transportation Commission.

Unfunded Needs

The proposed FY 2017/18 – 2021/22 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 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. As presented to the City Council, projects on the unfunded needs list include fiber optic infrastructure upgrades, Police Administration center expansion, storage warehouse at the Maintenance Center, maintenance management system replacement, and a business intelligence system. Additionally, the City has deferred maintenance needs related to pavement and building maintenance.

Capital Budget Summary

Debt Management Policy

Proceeds from long-term capital debt may fund certain major capital projects in the CIP. Debt funding, within limits, is a very effective tool to fund major capital projects. Therefore, one of the fundamental elements of the CIP is the city's debt management policy, which currently limits debt service expenditures to 7% of General Fund expenditures and transfers out. The City Council first formally adopted this policy on February 26, 1996 and last reaffirmed the policy on June 13, 2017 as part of the last CIP update. The Debt Policy section includes the full text of the policy.

Capital Project Reserve Policy

As part of the FY2001/02 - 2005/06 CIP update, the City Council adopted a formal policy to reserve funds in support of project cost overruns or projects approved by the City Council outside of the CIP cycle. Prior to the adoption of that CIP, staff had to request fund transfers from other projects or fill in the funding gaps with unappropriated fund balance. As a result, each CIP now includes three types of project reserves to account for project overruns and projects approved after the CIP adoption. Because of funding uncertainties in this CIP, some fund groups will maintain larger reserves than required by this policy.

Project Contingency Reserve - Each capital project cost, with the exception of land acquisition, includes a contingency amount determined by the project manager. For projects with only preliminary cost estimates, the contingency is typically 20 percent. The contingency is available if the project costs exceed the initial budget estimate. This generally results from increased scope with additional project definition during the final design or from unexpected project conditions during construction. Multi-year projects also include an escalation to account for the effects of inflation. If a project does not use its project contingency reserve, the funds are returned to fund balance upon completion of the project.

Fund Group Contingency Reserve - For each capital project fund group, the City maintains a contingency reserve in a designated project. The City Manager has the authority to approve use of this reserve in increments of up to \$50,000. Amounts above \$50,000 require City Council approval. This contingency is available to projects if the project budget exhausts its project contingency reserve. Any unused portion of the reserve is used to fund this reserve in future CIP updates.

Emerging Project Reserve - For each capital project fund group, the City maintains an emerging projects reserve. The City Manager has the authority to approve use of this reserve in increments of up to \$50,000. Amounts above \$50,000 require City Council approval. This reserve funds new projects approved by the City Council outside of the CIP adoption process. Any unused portion of the reserve is used to fund this reserve in future CIP updates.

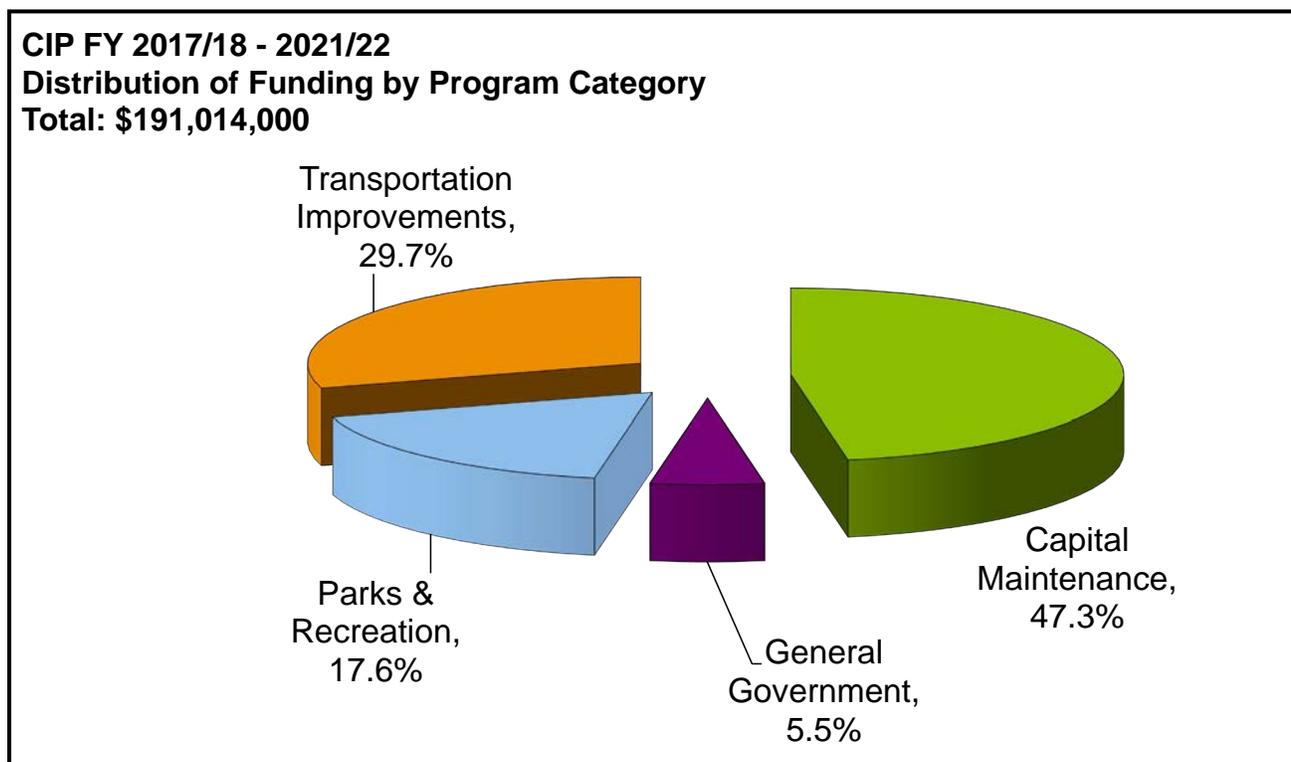
Looking Beyond the Five Year (2017/18-2021/22) CIP

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 recognize constraints placed on the City's General Fund due to increasing PERS costs. This CIP 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, 47.3%, 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 2017/18 through 2021/22.



Capital Maintenance

1. Title: Pavement Maintenance

Project Description: This project combines the formerly separate Cape Seal and Slurry PWCs. Funding both street maintenance programs in one project will allow for greater flexibility.

Funding Source: Capital Improvement Fund (501)
 ACTIA Measure B Local Streets and Roads
 ACTIA Measure BB (Local Streets and Roads)
 New Vehicle Registration Fee SB83 (Measure F)
 State Gas Excise Tax
 State Gas Tax 2105
 State Gas Tax 2017 Sec 2030

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$3,475,000	\$5,225,000	\$5,800,000	\$6,300,000	\$7,100,000	\$27,900,000

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.

2. Title: Pavement Rehabilitation

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

Funding Source: ACTC Regional Transportation Improvement Program (RTIP)
 Project Grant
 ACTIA Measure B Local Streets and Roads
 ACTIA Measure BB (Local Streets and Roads)
 New Vehicle Registration Fee SB83 (Measure F)
 State Gas Exercise Tax
 State Gas Tax 2105
 State Gas Tax 2107
 State Gas Tax 2017 Sec 2030

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$1,000,000	\$5,259,500	\$3,000,000	\$3,000,000	\$3,000,000	\$15,259,500

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

Capital Budget Summary | Capital Improvement Project Highlights

3. Title: Street Maintenance

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

Funding Source: State Gas Tax 2106
State Gas Tax 2107

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$1,410,000	\$1,410,000	\$1,410,000	\$1,410,000	\$1,410,000	\$7,050,000

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: Fremont Safe and Smart Corridors

Project Description: Fremont Blvd Safe and Smart Corridor / Signal Timing Optimization (Centerville to Warm Springs). The Safe and Smart Corridor project will demonstrate complete streets design concepts, sensor-based infrastructure, communication systems, smart lighting, adaptive signal control, and connected vehicles/ infrastructure/devices.

Funding Source: Alameda County Transportation Commission
Traffic Impact Fee
Transportation Fund for Clean Air Grant

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$1,149,000	\$1,903,000	\$8,100,000	\$0	\$0	\$11,152,000

Operational Impact: Current Advancements in technology have the greatest opportunity to significantly reduce traffic crash injuries and fatalities. New technologies can help people operate vehicles more safely and prevent crashes altogether. In 2015, fifty percent of fatalities occurred on segments of Fremont Blvd.

2. Title: Walnut Ave Protective Bikeway

Project Description: Project will install Class IV median island separated bikeway facilities and protected intersections between Mission Blvd and Paseo Padre Parkway.

Funding Source: Alameda County Transportation Commission
Sate Gas Tax 2017 Sec 2030

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$700,000	\$5,000,000	\$0	\$0	\$0	\$5,700,000

Operational Impact: Implementation of this project will promote bicycling as a safe and sustainable alternative mode of transportation in one of our key bicycle corridors that provides a connection to a major transit hub and high- dense urban land uses. Maintenance impact will be small.

Capital Budget Summary | Capital Improvement Project Highlights

Parks and Recreation

1. Title: Pacific Commons Sport Park

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:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$4,229,860	\$1,000,000	\$500,000	\$500,000	\$1,500,000	\$7,729,860

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.

2. Title: California Nursery Master Plan Implementation

Project Description: Implement projects consistent with adopted Master Plan for the California Nursery Historical Park. Begin preliminary opportunity projects to enhance revenue, preserve historic resources, and promote the site history to the community.

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

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$500,000	\$1,000,000	\$1,500,000	\$1,000,000	\$1,000,000	\$5,000,000

Operational Impact: Maintenance impacts will be small with enhanced revenue.

3. Title: Palm Avenue Community Park

Project Description: 12.1 acres of new community park.

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

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$3,750,000

Operational Impact: City service demands will also likely increase based on the new development.

General Government

1. Title: Downtown Project

Project Description: Further public investment in infrastructure and place making elements including the design and construction of a new Civic Center and programming of the future Civic Plaza. Combined these efforts are designed to promote private investment that will help Downtown become “strategically urban”.

Funding Source: Capital Improvement Fund (501)

Project Cost:

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	Five-year total
\$1,000,000	\$1,000,000	\$500,000	\$500,000	\$500,000	\$3,500,000

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

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Department Budgets

City Council

Vision:

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

Long-term Outcomes for the City of Fremont

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



Department Budgets | City Council

**City Council
Historical Expenditures/Budget, by Category**

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 166,636	\$ 189,079	\$ 202,811	\$ 202,811	\$ 202,811	213,963
Operating Expenditures	186,765	160,747	188,713	188,713	188,713	194,963
Capital Expenditures	903	-	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
Totals	\$ 354,304	\$ 349,826	\$ 391,524	\$ 391,524	\$ 391,524	\$ 408,926

% increase/(decrease), including all funds, from FY 2016/17 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.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

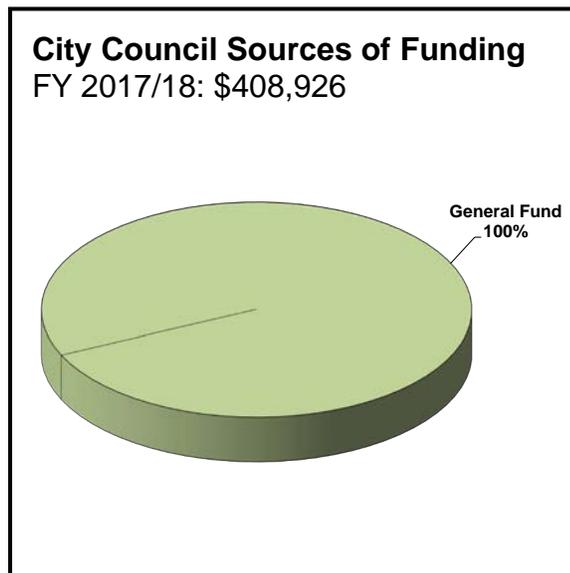
Key City Priorities

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 2017/18 City Council budget is \$17,402 (or 4.4%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 5.5% due to increases in salaries and changes in the 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, code enforcement 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.

Code Enforcement

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.

Sustainability

Implement the City’s Climate Action Plan by promoting sustainable practices in City operations and in the community that reduce greenhouse gas emissions.

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, code enforcement 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 set forth in the General Plan, Fremont Municipal Code, 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 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						
	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Planning	\$ 3,663,209	\$ 4,200,361	\$ 4,984,822	\$ 5,031,463	\$ 4,778,146	\$ 4,896,936
Planning Administration	342,082	372,515	425,081	425,081	425,081	525,816
Building and Safety	5,449,221	6,552,501	8,922,996	9,065,239	8,331,889	8,673,069
Code Enforcement	895,618	949,594	910,669	1,052,834	1,052,834	1,155,240
Affordable Housing Investment	1,688,679	454,917	551,838	4,117,757	4,117,757	4,147,975
City Funded Affordable Housing	1,550	97,026	4,542,979	4,547,319	4,547,319	4,548,819
Affordable Housing Ordinance	34,747	4,973,003	943,266	6,552,237	6,552,237	13,922,478
Total Community Development	\$ 12,075,106	\$ 17,599,917	\$ 21,281,651	\$ 30,791,930	\$ 29,805,263	\$ 37,870,333

* 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 2016/17

- In partnership with the Information Technology Services Department, replaced the current permitting software system with a robust land use/permitting system to better manage information and workflow and improve citizen access to permit information and status.
- Launched OpenCounter and ZoningCheck to provide web-based research tools for the public to better understand permitting requirements when opening a new business in Fremont.
- Launched Civic Insight to enable the public to research development permit activity within the City.
- Adopted a comprehensive update to the Industrial zoning districts to provide consistency with the General Plan and adopted other Zoning Ordinance clean up items.

- Provided background information and options to support Council’s consideration for rent stabilization and just cause eviction protections.
- In collaboration with the Fire Department, adopted 2016 California Building Codes, including establishing “reach” codes to promote LED outdoor lighting and to increase mandatory requirements for electric vehicle readiness in new construction.
- Adopted requirements for solar in new residential construction.
- Completed update of greenhouse gas (GHG) emissions inventory for year 2015.
- Joined East Bay Community Energy Joint Powers Authority (JPA) to form the Alameda County community choice energy program.
- Evaluated solar access rights for building and adopted an ordinance to protect solar access rights citywide (except downtown, city center, Warm Springs innovation district).
- Launch East Bay Community Energy JPA community choice energy program to enroll Fremont rate payers to purchase renewal energy at a lower cost than PG&E.
- Executed and implemented 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.



- Completed installation of 17 publically accessible dual port electric vehicle charging stations at City buildings and on Capitol Avenue.
- Launched the Development Digest Newsletter providing information about department activities, including development updates, sustainability and housing news and grew the subscriber list from 886 to 1,789.
- Overhauled departmental webpages to provide better access to information.
- Worked collaboratively with the City Manager’s office to finalize Fremont’s Local Hazard Mitigation Plan.

Objectives FY 2017/18

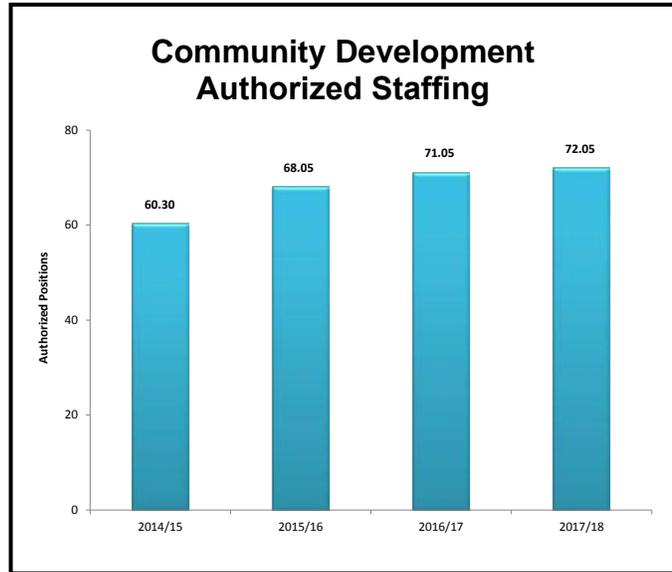
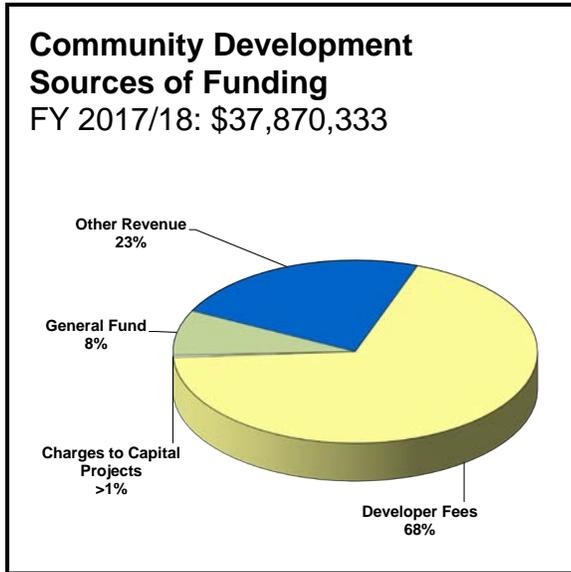
1. Continue to update the Zoning Ordinance to provide consistency with the General Plan and changes in state legislation, including additional clean up items.
2. Implement the Historic Context Statement and streamline the process for evaluating proposed modifications to structures more than 50 years old.
3. Prepare a Station Area Plan for the future Irvington BART Station 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.
4. Implement Senate Bill (SB) 743, including updating to the City's CEQA Environmental Checklist to address changes in methodology for evaluating transportation impacts.
5. Evaluate the growing trend in short-term rentals and their benefits and impact on the community and determine appropriate actions to address any negative impacts.
6. Continue the one-stop weekly joint meetings with Tesla to accommodate production of the Model 3.
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.
9. Update Climate Action Plan to reflect GHG reductions accomplished since 2005 and to look beyond year 2020 to establish deeper GHG emission reductions.
10. Solicit bids and select a vendor to pursue a long-term car share program.
11. Continue to collaborate with Fire, Police, Community Services, and Public Works to provide thorough and comprehensive development review services to the public.
12. Continue efforts to reduce paper and increase digital reviews and archiving.
13. Enhance the public's understanding of updated building regulations, including green building and accessibility regulations, through the Development Digest, improved webpages and printed materials.
14. Increase Code Enforcement staff presence at community meetings and events to further clarify services we provide and assist the public in connecting with services and resources provided by others.
15. Utilize handheld devices for building inspectors and code enforcement officers for inspections and investigations to gain efficiency and improve timeliness of actions.

- 16. 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.
- 17. Develop an inspection guideline/handbook to explain the required inspections needed for residential and commercial projects to enhance public education and staff training.
- 18. Pursue and secure Citywide Insurance Service Office (ISO) Class One rating to reduce property owner insurance rates.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 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%	85%	90%

Department Budgets | Community Development



Community Development Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 7,856,330	\$ 8,883,718	\$ 11,041,722	\$ 11,252,201	\$ 10,992,201	\$ 11,572,691
Operating Expenditures	2,089,272	6,406,987	7,645,070	16,960,302	16,276,135	23,720,816
Capital Expenditures	104,332	190,768	92,006	93,500	51,000	20,000
Indirect Expense Allocation**	2,025,172	2,118,444	2,502,853	2,485,927	2,485,927	2,556,826
Totals	\$ 12,075,106	\$ 17,599,917	\$ 21,281,651	\$ 30,791,930	\$ 29,805,263	\$ 37,870,333

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 27.1%

* 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Community Development budget is \$8,065,070 (or 27.1%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 5.3% mainly due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$7,444,681 (or 45.7%) mainly due to carry forward of unspent appropriations made by City Council in FY 2016/17 for two affordable housing development projects.
- Capital expenditures are decreasing by \$31,000 (or 60.8%) mainly due to decrease of one-time capital purchases included in the FY 2016/17 budget.

Staffing by Function–FY 2017/18

Community Development		
Administration		
Community Development Director	0.575	
Deputy Director	0.600	
Business Manager	0.350	
Management Analyst 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	
Supervising Building Inspector	2.000	
Plan Check Manager	1.000	
Permit Center Manager/Business Ally	1.000	
Plan Check Professional	6.000	
Building Inspector Specialist	5.000	
Building Inspector II	4.000	
Fire & Life Safety Plans Examiner	2.000	
Building Inspector I	4.000	
Management Analyst I	0.750	
Senior Community Development Technician	2.000	
Community Development Technician	6.000	
Senior Executive Assistant	0.350	
Administrative Assistant	0.750	
Senior Office Specialist	0.500	
Office Specialist II	1.600	
Office Specialist I	2.000	
Housing		
Community Development Director	0.050	
Deputy Director	0.250	
Housing Project Manager	0.800	
Business Manager	0.250	
Planner I	1.000	
Senior Executive Assistant	0.250	
Planning		
Planning Manager	1.000	
Assistant Planning Manager	1.000	
Principal Planner	1.000	
Senior Planner	2.000	
Information Systems Appl Specialist III	1.000	
Associate Landscape Architect	1.000	
Associate Planner	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	
Code Enforcement		
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 Officer	1.000	
Code Enforcement Officer II	4.000	
Senior Executive Assistant	0.050	
Administrative Assistant	0.250	

Regular Full-Time Equivalents: 72.05

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Community Services

Mission:

The City of Fremont Community Services Department creates community through people, parks and programs by supporting residents and businesses in conserving of resources, being active outdoors and providing diverse recreation experiences for all ages that help create a healthy lifestyle. Our residents receive quality 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 indoor and outdoor activities for all ages, 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 recreation activities, parks and community facilities, street median and park 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



Department Budgets | Community Services

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						
	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Recreation	\$ 9,013,111	\$ 10,551,502	\$ 10,457,912	\$ 10,605,844	\$ 10,592,100	\$ 10,911,325
Parks, Medians, & Urban Landscape	7,075,577	7,259,071	7,751,591	7,956,783	7,942,330	8,334,611
Environmental Services	7,032,478	7,988,331	9,873,011	10,021,851	9,934,199	10,370,275
Landscape Architecture	1,367,465	1,523,320	1,819,603	1,573,308	1,573,308	1,802,007
Total Community Services	\$ 24,488,631	\$ 27,322,224	\$ 29,902,117	\$ 30,157,786	\$ 30,041,937	\$ 31,418,218

* 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 2016/17

- Completed Phase 1 of the Master Plan and EIR for the California Nursery Historic Park.
- Implemented a multifamily organics collection program to increase the amount of food waste recycled and reduce the volume of food waste disposed in the landfill.
- Completed construction and opened the Central Park Cricket/Soccer Facility and the Northgate Batting Cages.
- Completed renovations on Field 1 & 2 at Central Park.



- Completed the renovation of Crandall Creek play area to improve safety and accessibility.
- Installed 33 new bike racks at Central Park, Northgate Community Park, Mission San Jose Community Park, Arroyo Agua Caliente Park, Lone Tree Park, and Niles Community Park

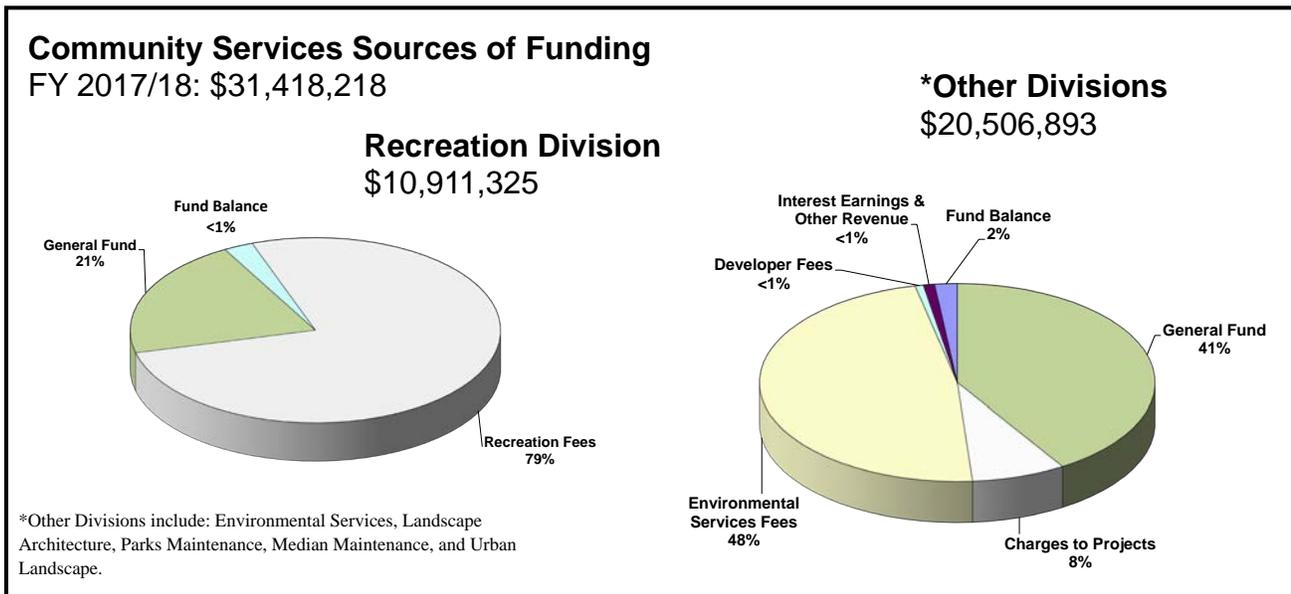
- Replaced 27,886 sq. ft. of turf in medians with wood chips, and installed water efficient bubblers to irrigate the trees.
- Converted three Fire Stations to drought tolerant landscaping.
- Planted 87 trees city-wide with both staff and volunteers in an effort to support the Tree City USA application and in celebration of Arbor Day.
- Provided 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.
- Installed 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.

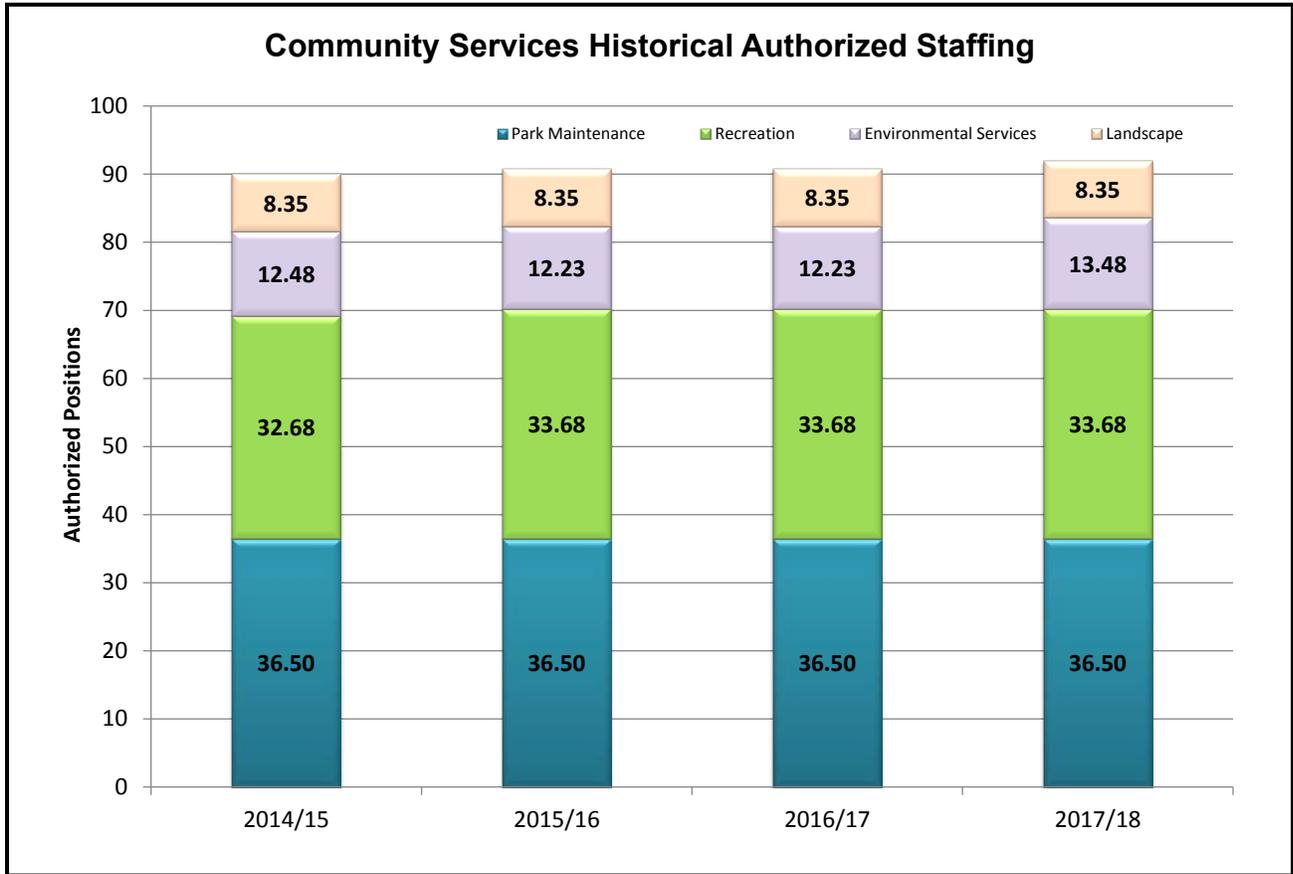
Objectives FY 2017/18

1. Construction 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. Complete pathway upgrades in six City parks, improving access and usability of the parks.
4. Complete construction of a new play area at Northgate Trail Park to improve safety and accessibility.
5. Conduct process to procure solid waste collection services for Fremont customers after current contract term expires on June 30, 2019.
6. Develop and implement a program to improve the quality of commercial recycling material and reduce contamination to below 15% of collected volumes.
7. Develop a homeless encampment debris abatement program to mitigate the negative environmental impacts of improperly disposed material and meet storm water permit compliance obligations.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Increase Recreation program registrants over prior year	33,035	34,000	34,000	35,000
Increase solid waste diversion rate	72%	75%	73%	74%
Increase number of creek clean-up volunteers	612	650	650	675





**Community Services
Historical Expenditures/Budget, by Category**

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 11,271,842	\$ 12,152,923	\$ 13,042,485	\$ 13,261,560	\$ 13,260,582	\$ 14,612,705
Operating Expenditures	9,516,962	10,147,465	11,592,038	11,671,156	11,556,285	11,848,274
Capital Expenditures	162,727	351,389	1,431,095	1,388,581	1,388,581	1,304,180
Indirect Expense Allocation**	3,537,100	4,670,447	3,836,499	3,836,489	3,836,489	3,653,059
Totals	\$ 24,488,631	\$ 27,322,224	\$ 29,902,117	\$ 30,157,786	\$ 30,041,937	\$ 31,418,218

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 4.6%

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

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Community Services Department budget is \$1,376,281 (or 4.6%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 10.2% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Capital expenditures are decreasing by \$84,401 (or 6.1%) mainly due to the decrease of one-time costs.

Staffing by Function–FY 2017/18

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	
<u>Central Park</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	2.00	
Park Maintenance Worker I	5.00	
<u>North End Parks</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	2.00	
Park Maintenance Worker I	3.00	
<u>South End Parks</u>		
Park Field Supervisor	1.00	
Park Maintenance Worker II	3.00	
Park Maintenance Worker I	4.00	
<u>Construction/Irrigation</u>		
Park Field Supervisor	1.00	
<u>Construction</u>		
Park Maintenance Worker II	1.00	
Park Maintenance Worker I	2.00	
<u>Irrigation</u>		
Park Maintenance Worker II	1.00	
Park Maintenance Worker I	1.00	
<u>Urban Landscape</u>		
<u>Tree</u>		
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	
<u>Median</u>		
Parks/Urban Landcape Manager	0.80	
Recreation		
<u>Administrative & Support Services</u>		
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
<u>Park Visitor Services</u>		
Recreation Supervisor II		1.00
Park Ranger		4.75
Office Specialist II		1.00
<u>Recreation Services</u>		
Recreation Supervisor II		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
<i>Program Staff - approx. 325*</i>		
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
Management Analyst II		0.75
Environmental Specialist II		5.00
Code Enforcement Officer II		1.00
Environmental Specialist I		3.00
Park Ranger		0.25
Office Specialist II		1.00

*Temporary positions not counted in full-time equivalents.

Regular Full-Time Equivalents: 92.01

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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, 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; 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 and supportive 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 2016/17

- **Business Development:**
 - Visited 36 businesses in FY 2016/17.
 - Facilitated development activity including:
 - i. Existing Company Expansion: Tesla, Lam Research, Asus Computer;
 - ii. New Businesses: Lucid Motors, Mass Precision, SMTC, Littelfuse, Uniformity Labs, Ecole 42, Carmax, Subaru, Inchin Bamboo Garden, Campo di Bocce, Gen Korean BBQ;
 - iii. New Real Estate Development: Prologis, Conor Commerical, Audi Auto Dealership.
 - Coordinated with Planning Department to rezone Ardenwood business park, positioning the district to better attract corporate anchor development opportunities.
 - Supported small business development through enhanced workshop curriculum, continued 'Business District Walk-Abouts', and supporting the launch of Fremont's online OpenCounter business portal.

• **Advanced Key Economic Development Initiatives/Partnerships to Support the Fremont Innovation District:**

- Fremont became a founding partner of the Urban Manufacturing Initiative, a regional collaboration of the four largest cities and SF Made, to support the growth of Bay Area Manufacturing. Survey research was published in a report, ‘State of Bay Area Urban Manufacturing’ and celebrated at a signature event in November 2016.
- Completed analysis and corresponding symposium on the ‘Real Estate Opportunities for Makers and Small-scale Manufacturers’ in Fremont facilitated by ReCast City. A group of 60 manufacturers, real estate professionals, and community leaders discussed the national maker movement and related vehicles for creating vibrant “connection centers.”
- Celebrated the one-year anniversary of Fremont’s Startup Grind chapter, which has convened the local startup community to learn best practices from seasoned entrepreneurs and investors, many of whom are also from Fremont.



• **Marketing:**

- Developed two new infographics.
 - i. Bay Area Biomedical Ecosystem – an overview of the biomedical sub-sectors across the region. The piece reveals Fremont’s leading position as a home to biomedical manufacturing companies and Internet of Things (IoT) technology.
 - ii. The Role of Makers in Fremont – a call-to-action that articulates the importance of accommodating makers in urban districts and a step by step guide of how to do it.
- Completed a Fremont cleantech marketing strategy with Green Bear Group to develop key messages for the city’s cleantech audience.
- Organized industry events including: 2016 Cleantech Open Western Region Showcase, National Manufacturing Day 2016, and a Biomedical industry mixer.
- Produced updated ‘Enjoy Fremont Restaurant and Retail Guide’, with retail as a new addition.
- Held speaker roles at a variety of conferences demonstrating thought leadership on a variety of topics ranging from real estate to manufacturing and IoT to economic development strategy. Host organizations include, but not limited to, Hoge Fenton Law Firm, CityAge, BOMA, and Silicon Valley Business Journal.

Department Budgets | Economic Development

- Participated in/contributed to industry conferences including Bio International, East Bay Manufacturing Summit, Urban Manufacturing Summit, SME Design 2 Parts Conference, BioMed Device, Cleantech Open, ICSC, and ULI to stay current on industry needs and promote Fremont directly to industry stakeholders.
- Produced 97 blogs on Takes From Silicon Valley East featuring thought leadership from the City and strategic partners on targeted business topics. Additionally, amplified messaging with daily tweets to 1100 followers on @Fremont4Biz, and generating 700 likes.

Objectives FY 2017/18

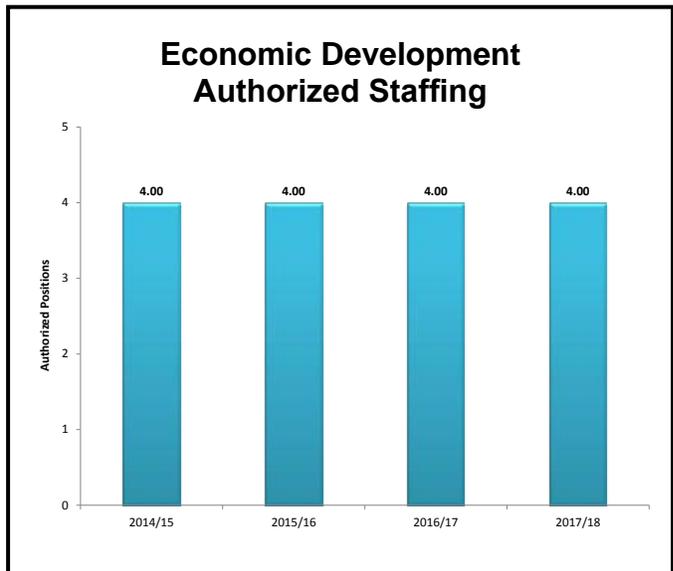
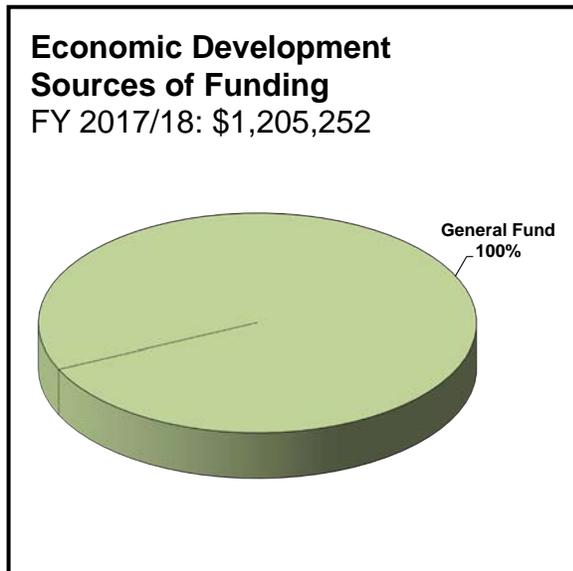
1. Begin a refresh of the design and functionality of the City's Business website, ThinkSiliconValley.com to adapt to evolving software and mobile technologies and maintain the website's contemporary nature and relevance.
2. Cultivate advanced manufacturing R&D development activity in Ardenwood, Warm Springs and Pacific Commons industrial land.
3. Identify partnerships with higher education institutions and the Incubator/Accelerator community to support key sectors in Fremont.
4. Support retail interest in downtown and other retail nodes of the City.
5. Nurture and grow the emerging maker community in Fremont and ensure local zoning allows for their placement. Identify makers through small business workshop training events and community outreach.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percentage of community survey respondents satisfied or very satisfied with Economic Development efforts in the City ¹	N/A	70%	72%	70%
Percentage of major stakeholders/clients that rank their experience with Economic Development as “very good” or “excellent” ²	90%	90%	(survey underway)	90%
Number of business appreciation visits and establishment of baseline for percentage of visits that lead to subsequent follow-up/interaction with City	40	50	48	40

¹ Based on 2015/16 Community Survey: retaining existing companies and businesses in the city.

² Based on a 2017 survey sent to major stakeholders of the Economic Development Department during FY 2016/17.



Department Budgets | Economic Development

Economic Development Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 695,985	\$ 746,943	\$ 772,125	\$ 781,596	\$ 779,175	\$ 826,668
Operating Expenditures	267,412	227,762	308,127	302,986	203,227	298,227
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	99,547	73,416	75,301	75,301	75,301	80,357
Totals	\$ 1,062,944	\$ 1,048,121	\$ 1,155,553	\$ 1,159,883	\$ 1,057,703	\$ 1,205,252

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 13.9%

* 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Economic Development budget is \$147,549 (or 13.9%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 6.1% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$95,000 (or 46.7%) mainly due to an increase in contractual services related to a joint project with Fremont Unified School District for the FUSE corps fellowship program.
- The indirect expense allocation is increasing by 6.7% due to increasing Information Technology costs.

Staffing by Function—FY 2017/18

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, Tactical Emergency Medical Services, and a San Francisco Bay and Inland Water Rescue Program

Fire Prevention and Hazardous Materials Management

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

Emergency Management

Provide coordinated preparedness, response and recover programs aimed at reducing vulnerability to natural and manmade hazards while increasing community resilience.

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 2016, the Fire Department responded to 15,515 calls for service, generating 17,950 Engine and Truck Company runs.

Department Budgets | Fire

Fire Historical Expenditures/Budget, by Major Service Area

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Operations/Emergency Medical Service	\$ 33,082,249	\$ 36,752,699	\$ 36,057,949	\$ 40,416,833	\$ 38,234,782	\$ 41,421,894
Administration	5,082,301	5,713,706	6,174,883	6,324,822	6,287,225	6,381,287
Prevention	1,285,399	1,372,253	1,669,144	1,821,207	1,821,207	1,963,763
Disaster Preparedness	198,584	78,372	38,400	179,487	179,486	161,807
Total Fire	\$ 39,648,533	\$ 43,917,030	\$ 43,940,376	\$ 48,742,349	\$ 46,522,700	\$ 49,928,751

* 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 2016/17

- Hired and trained 11 entry level Firefighters and 5 lateral Firefighters to fill forecasted vacancies. Conducted a nineteen week Fire Academy for new firefighters, and a five week academy for Lateral Firefighters to ensure they meet the department's standard of excellence.



- Hired a fulltime Emergency Services Manager to coordinate emergency preparedness, response and recovery programs.
- 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 Patrols (4 Wheel Drive Wildland Vehicle) to replace existing apparatus which exceeded their useful service life (July 2017 delivery).
- Filled the vacant Nurse Educator position to maintain capacity and oversight within the EMS Division.
- Conducted Acting Battalion Chiefs Academy.
- Participated in the Bay Area UASI Urban Shield Exercise which tests the Fire Department ability to mitigate large scale incident with a focus on hazardous materials releases.
- Implemented new State Fire Marshal training standards for Firefighter I and II, as well as Driver Operator and state testing in academies administered.

- Hired a consultant to provide diversity and inclusion training to all members of the Department.
- Re-assessed occupancies deemed “hazardous” and developed pre-plans and response levels based on Community Risk Reduction strategies.
- Continued our transition to California’s Electronic Reporting System (CERS) and implementation of our local Edgesoft Data Management Program. Administrative, field inspection, and reporting feature testing is ongoing.
- Hired two (2) Fire Prevention Inspectors to fill existing vacancies to assist with SFM mandated inspections and promoted one (1) employee to Senior Hazardous Materials Inspector to assist with Hazardous Material/ CUPA program implementation and coordination throughout Fremont.
- Adopted and have begun implementation of the 2016 California Fire and Building Codes with their respective local amendments.
- Recertification of all Department Emergency Medical Technicians.
- Conducted Annual BART Tunnel Exercise for Fremont Fire Personnel.
- Completed operational training on and placed in service two new Ladder Trucks.
- Hired an Administrative Assistant to support Operations and Emergency Services.



Objectives FY 2017/18

1. Work with Human Resources to recruit, hire, and train Firefighter/Paramedic and Firefighter/ EMT’s to fill forecasted vacancies.
2. Provide training for each reporting section of the EOC with an emphasis on Mass Care and Shelter, Disaster Finance, Disaster Service Workers and Incident Command.
3. Exercise the 5-year Apparatus Replacement Schedule in collaboration with Finance and Fleet Maintenance.
4. Work with Information Technology Services to provide network connectivity at Fire Stations and implement mobile technology to enhance communications, training, conference room technical upgrades, and service delivery.
5. Work with Fremont Police to continue to implement a comprehensive Unmanned Aerial System (UAS) with an emphasis on maintaining individual privacy rights.
6. Conduct an Engineer Academy and promotional exam.

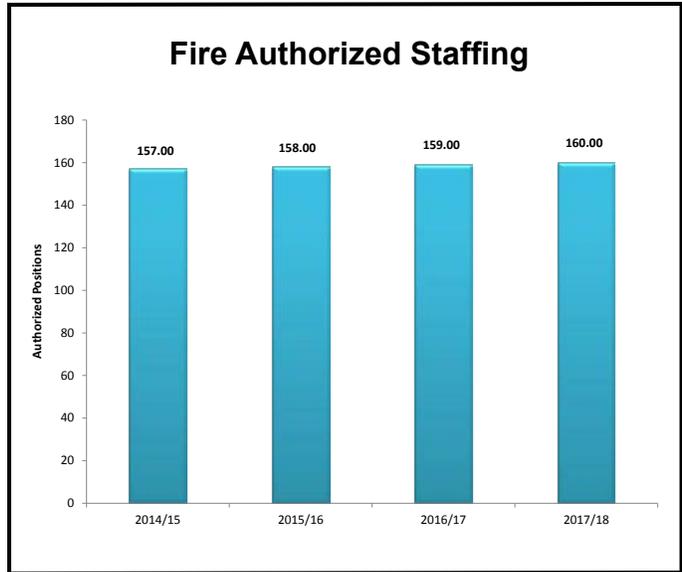
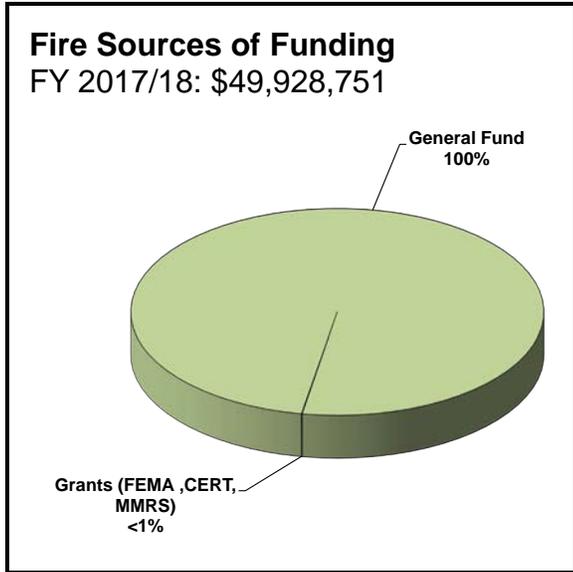
Department Budgets | Fire

7. Complete the transition to the Edgesoft Data Management software system for the CUPA/ Hazardous Materials program and interaction with the California Electronic Reporting System (CERS).
8. Provide training for the two (2) new Fire Prevention Inspectors and Senior Hazardous Materials Inspector to assist in meeting our California State Fire Marshal mandates and CalEPA CUPA Program obligations respectively.
9. Continue coordination with Fremont Police on response to terrorist and violent incidents to include one combined large-scale training.
10. Conduct Driver Operator Training for new Personnel.
11. Complete Operational Training and place in service (2) new Fire Engines and (2) Wildland Patrols.

Performance Measurement

Measure	FY 2015/16 Actual*	FY 2016/17 Target*	FY 2016/17 Estimate*	FY 2017/18 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%	67.74%	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 50% compliance	Complete inspections of 85% of SFM regulated occupancies in a given year	Met this measure with 30% 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.				

Department Budgets | Fire



Fire Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 32,163,745	\$ 35,544,580	\$ 35,965,066	\$ 38,681,085	\$ 38,681,085	\$ 42,446,187
Operating Expenditures	1,412,185	1,825,752	1,989,587	2,108,673	2,070,688	2,083,260
Capital Expenditures	2,630,658	1,539,222	429,384	2,396,252	214,588	422,405
Indirect Expense Allocation**	3,441,945	5,007,476	5,556,339	5,556,339	5,556,339	4,976,899
Totals	\$ 39,648,533	\$ 43,917,030	\$ 43,940,376	\$ 48,742,349	\$ 46,522,700	\$ 49,928,751

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 7.3%

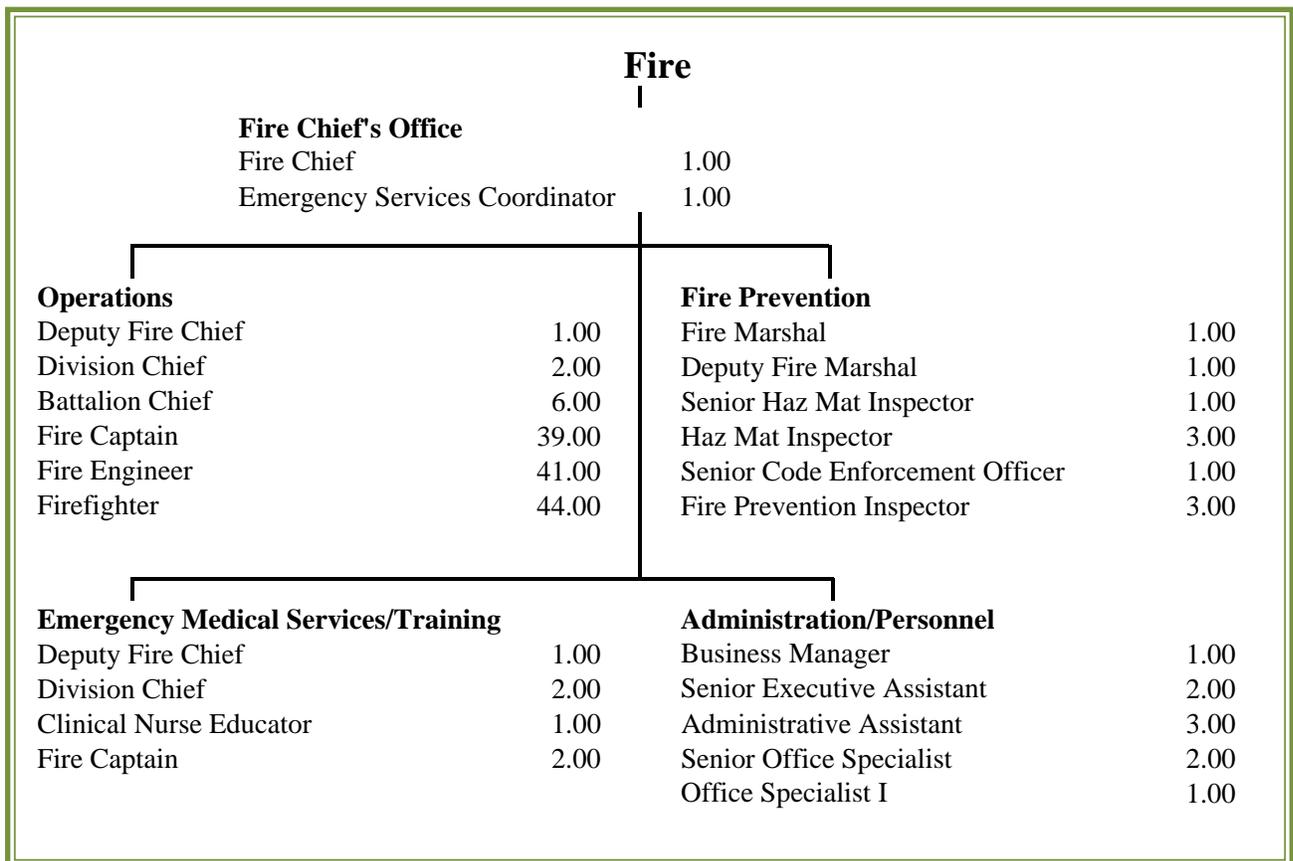
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Fire Department budget is \$3,406,051 (or 7.3%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 9.7% mainly due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by \$207,817 (or 96.8%) mainly due to the additions of water rescue vessels and extractors for cleaning Personal Protective Equipments.
- The indirect expense allocation is decreasing by 10.4% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18



Regular Full-Time Equivalents: 160.00

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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 Resource 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 actively engaged, 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.

In FY 2017/18, in response to Human Relations Commission recommendations, the City will move 19.475 FTE positions, and associated risk management and information systems costs, from the Human Services Department’s Special Revenue Fund 102 to the City’s General Fund 001. Going forward, this change allows the City to clearly quantify the core infrastructure staff supported by the General Fund, and replaces the current practice of transferring-in General Fund support to Fund 102.

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Family Resource Center	\$ 2,407,498	\$ 2,557,978	\$ 2,984,037	\$ 3,205,583	\$ 3,066,543	\$ 3,150,068
Youth and Family Services	2,434,158	2,701,065	2,536,863	2,813,498	2,809,254	2,978,238
Aging and Family Services	3,814,148	4,101,247	3,251,908	3,544,030	3,482,135	3,705,848
CDBG/SHP	1,268,075	1,510,398	1,228,572	1,848,004	1,549,376	1,981,119
Paratransit	1,524,347	1,525,557	1,718,018	1,933,318	1,933,318	1,882,615
Administration	1,094,615	1,235,624	1,920,000	2,156,308	2,137,734	1,586,089
Social Services Grants	482,343	494,102	694,897	694,897	694,897	708,795
Home Grant	560,245	144,561	217,267	338,031	282,667	259,664
Total Human Services	\$ 13,585,429	\$ 14,270,532	\$ 14,551,562	\$ 16,533,669	\$ 15,955,924	\$ 16,252,436

* 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 2016/17

- Through the Human Relations Commission, on October 22, 2016, the City sponsored Make a Difference Day, with over 1,500 volunteers participating in over 100 projects.
- Through the Senior Citizens Commission, applied and was accepted into the World Health Organization’s Global Age-Friendly Initiative; a multi-year, resident driven initiative to prepare for the growing number of older adults in Fremont.
- Operationalized the Homeless Warming Center at the Senior Center, which provided over 250 homeless individuals and families, ranging in age from 6 months to 81 years of age, a warm dry place to sleep on cold or rainy nights, as well as hot dinner and a “to go” breakfast. The program hired and trained monitors to oversee nightly operations and partnered with City Serve Compassion Network, which mobilized 100 + volunteers to assist with feeding and center

operation. Contracted medical services were offered and other resources were offered through Abode services.

- 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 549 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 five peer lending circles involving 44 loans for the purpose of establishing or building credit. On average, participants increased their credit scores by 37 points if improving scores, and by 640 points if establishing credit.



- Participated in the steering committee and development of a new Council for Age-Friendly Communities for Alameda County.
- Responded to over 1,500 Senior Help Line phone calls from community members seeking advice and support for themselves or an older family member.
- In partnership with International Institute of the Bay Area and the East Bay Naturalization Collaborative, held two Citizenship Day naturalization events, assisting 233 individuals to become new citizens.
- 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 ACBHCS and FUSD, provided mental health counseling services to 250 youth in 11 schools, as well as Adolescent Substance Use Intervention services to FUSD's continuation high school. In partnership with Alameda County Probation Department and Fremont Police Department, YFS and FRC provided diversion counseling, mental health and case management services to 261 youth at-risk, truant or on formal Probation.

Department Budgets | Human Services

- YFS provided mental health, crisis intervention and family support services to over 1000 youth and families to address serious symptoms of anxiety, depression, stress and family relationship challenges.
- 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 4th annual Fremont Youth Empowerment Academy. Enrolled 12 youth in the 7-week summer program who received educational credit toward high school graduation and work experience / readiness skills.
- As part of program expansion through Alameda County Behavioral Health Care Services, the department launched a peer coach program to support LGBT older adults with mental health challenges who are often isolated.
- 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 August 2016. The program has enrolled 13 clients since it opened.
- With federal HOME funds, assisted 11 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 provided 16,819 one-way rides, 1,199 clipper cards, and 170 travel trainings to seniors
- Worked in partnership with HIP Housing to provide a home-share program for persons living and/or working with Fremont. The program has matched 38 people either looking for extra rental income or looking for somewhere affordable to live.
- As part of the Human Relations Commission effort to support racial equity, held a Community Police dialogue focused on building trust, exploring potential concerns, and finding common ground.

Objectives FY 2017/18

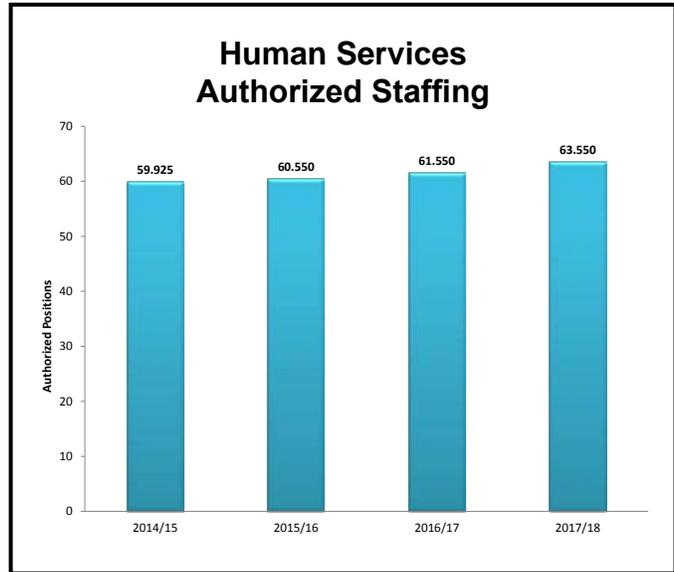
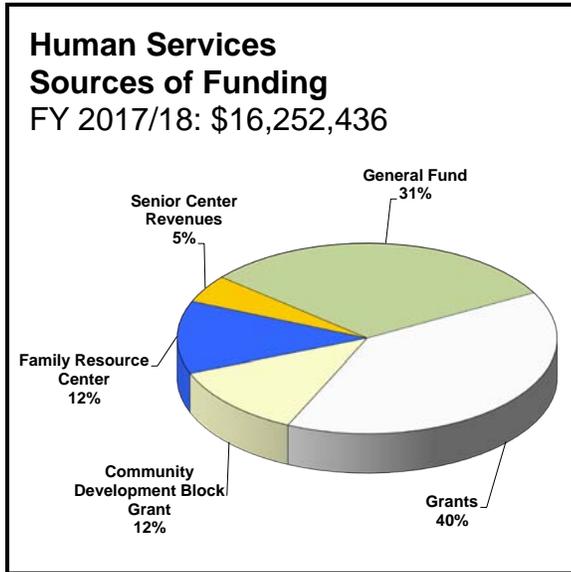
1. Continue to develop Medi-Cal reimbursement, third-party insurance reimbursement, and other fee for services revenues streams. The Department will enter its fifth year of Medi-Cal perpetual time surveying and anticipates continuing to maximize reimbursement opportunities in order to maintain current service levels. It will also enter its 6th year of Drug-Medi-Cal reimbursement for Adolescent Alcohol and Drug intervention services.
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 2017/18 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 2018. 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 8-10 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 the new Alameda County’s Council for Age-Friendly Communities, to increase support for community services and advance the World Health Organization’s Aging Friendly Communities priorities.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of Long-term SparkPoint Clients achieving economic mobility ¹	75%	75%	75%	75%
Percent of senior clients that improve their understanding of how to take their medication ²	100%	80%	100%	80%
Percent of youth who improved in their social emotional health and were observed as stable after receiving counseling services ³	75%	75%	75%	75%
¹ Long-term SparkPoint clients will improve in one of four SparkPoint metrics (Higher Credit Score, Lower Debt to Income Ratio, Higher Income or Higher Savings) by at least 5%. ² As measured by a pre and post test administered by a public health nurse. ³ Measured by clinicians using the Child and Adolescent Needs and Strengths Assessment, an evidenced based instrument that measures client change over time.				

Department Budgets | Human Services



Human Services Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 7,353,107	\$ 8,077,669	\$ 8,311,775	\$ 9,192,536	\$ 9,048,518	\$ 9,472,382
Operating Expenditures	4,952,346	4,805,483	4,747,041	5,746,952	5,325,864	5,533,210
Capital Expenditures	8,229	83,544	6,024	37,561	37,561	21,061
Indirect Expense Allocation**	1,271,747	1,303,836	1,486,722	1,556,620	1,543,981	1,225,783
Totals	\$ 13,585,429	\$ 14,270,532	\$ 14,551,562	\$ 16,533,669	\$ 15,955,924	\$ 16,252,436

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 1.9%

* 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Human Services budget is \$296,512 (or 1.9%) more than the FY 2016/17 adopted budget.
- Capital expenditures are decreasing by \$16,500 (or 43.9%) mainly due to the decrease of one-time technological costs.
- The indirect expense allocation is decreasing by 20.6% due to retiree medical benefits being shifted to salary and benefits.

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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 2016/17

- The City of Fremont continues to experience a decline in residential burglaries. Last year (2016), there was a 5% decrease in the residential burglary rate. We have experienced an approximate 40% reduction in the residential burglary rate since the 2012 implementation of the strategic crime reduction plan.
- Emphasized enforcement in areas of importance focusing on speed violations, DUIs, and pedestrian safety. The Traffic Unit and patrol personnel continued to focus on school zones for education and enforcement purposes. The Traffic Unit partnered with the Community Engagement Unit to create a monthly traffic safety campaign utilizing traditional media and various social media platforms to help educate and communicate with community members. The Traffic Unit also partnered with Traffic Engineering on the Vision Zero initiative and management of increased traffic flow. We experienced a reduction in fatal collisions by 50% and a lower rate of severe injury collisions.



- Completed implementation of the public safety Community Camera Program at nine locations. Cameras have been utilized in solving a number of significant cases.
- We began full time dispatching for Union City 24 hours per day. Two recruits are nearing the end of their training cycle and three more began in January 2017.
- Committee formed in August of 2016 to 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. Research included tradeshow, site visits and meetings with vendors. Committee members also tested and evaluated a new tablet computer for Patrol vehicles. In conjunction with the Information Technology Services Department, we issued a Request for Proposal for in-car and body-worn cameras, and a digital evidence management system.



- On June 11, 2016, the Fremont Police Department held its first Annual Community Safety Fair. More than 3,000 community members attended the five hour event that featured safety booths, activities for kids, giveaways, crime prevention seminars, child safety seat inspections, and a public safety vehicle display. In addition, participants were able to have casual conversations with police command staff, sit and take pictures on police motorcycles, and meet our K9 trailing dogs. Several agencies partnered with us including: Fremont Fire, BART Police, CHP, and Washington Hospital. Five food trucks participated and donated a portion of their proceeds to Special Olympics Northern California.



- Accepted delivery of the Automated External Defibrillators (AEDs) and installed all the carriers and software into Patrol vehicles. A comprehensive training plan was designed and rolled out in March 2017 to police personnel. Full implementation of the Patrol AED Program will be completed before the end of the fiscal year.
- The Tri-Valley Animal Shelter received a new roof, heat and air conditioning system along with new security cameras. Animal Services officers also completed a multi-class course in Behavior Assessments of Shelter dog taught by a recognized behaviorist.
- Created a Mobile Evaluation Team (MET) in collaboration with Alameda County Behavioral Health Care Services (BHCS). The goals of the new unit will be to provide a more holistic field response to calls for service involving subjects experiencing a mental health crisis and will conduct follow up with subjects identified as in need of long-term mental health care services.
- Completed training for all patrol personnel on Fair and Equitable Policing, as well as training on how to understand and overcome implicit bias.
- Trained eight new Officers, four new Community Service Officers, and two new Detention Officers.

Objectives FY 2017/18

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 use of community engagement and social media as a means of public education and information sharing.
3. Conduct second annual training needs assessment and correlate yearly ongoing training.
4. Implement and train personnel on new in-car/body-worn cameras, digital evidence management system, and new patrol vehicle computers.
5. Host the second 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.
6. Continue the planned structural improvements to the Tri-City Animal Shelter, enhancing the care of the animals and improving the shelter's overall environment.
7. Full staffing and roll-out of new Mobile Evaluation Team (MET) where officers are paired with clinicians from Alameda County Behavioral Health Services. These teams will be utilized to provide field response to subjects experiencing a mental health crisis. As time allows, these teams will also provide follow up to subjects and their families in order to connect them with mental health services.
8. Purchase and deploy an upgraded 9-1-1 system and call logger in our Communications Center.
9. Implementation of a citizen academy focused on the youth of Fremont. The purpose of the Fremont Police Department Youth Academy is to provide juveniles age 14-17 with an enhanced understanding of policing, develop life skills, help educate youth on the consequences associated with criminal behavior, and build police/community relations.
10. Adapt newly configured Public Affairs Specialist positions towards the future structure of the unit.
11. Hire six new dispatchers and 10 new officers.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Continue to apply the strategies, tactics, and methods used to sustain present level or further reduce the incidence of residential burglaries* <i>*figures reported by UCR calendar year</i>	539 (single/multiple residences only) 913 (all burglaries)	Sustain present level or further reduction from previous year	513 (single/multiple residences only) 921 (all burglaries)	Sustain present level or further reduction from previous year
Minimize the number of injury collisions as compared to the previous year. <i>*figures reported by UCR calendar year</i>	789 ¹	Reduction from previous year	744	Reduction from previous year
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.	In progress	Describe degree of completion	100	Repeat annual review and deliver most essential training
¹ The City has experienced an estimated increase of 22% in traffic volume over the past three years.				

Department Budgets | Police

Police Historical Expenditures/Budget, by Category

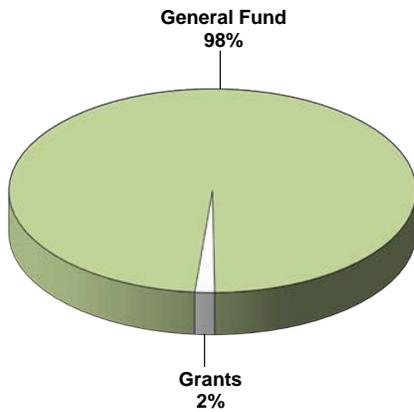
	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 49,554,811	\$ 53,943,654	\$ 57,447,125	\$ 60,937,035	\$ 61,208,917	\$ 66,238,649
Operating Expenditures	4,007,177	3,691,861	3,820,666	3,861,102	4,395,370	4,601,772
Capital Expenditures	312,886	185,981	200,939	261,518	206,000	442,190
Indirect Expense Allocation**	7,603,242	8,095,044	8,736,821	8,736,821	8,736,821	7,567,472
Totals	\$ 61,478,116	\$ 65,916,540	\$ 70,205,551	\$ 73,796,476	\$ 74,547,108	\$ 78,850,083

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 5.8%

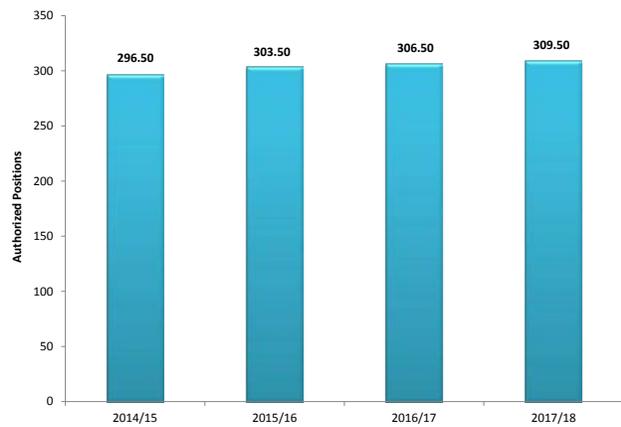
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Police Sources of Funding FY 2017/18: \$78,850,083



Police Authorized Staffing



Major Changes

- The FY 2017/18 Police Department budget is \$4,302,975 (or 5.8%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 8.2% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Capital expenditures are increasing by \$236,190 (or 114.7%) mainly due to the addition of two new vehicles and animal shelter building work.
- The indirect expense allocation is decreasing by 13.4% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18

Police		
Chief's Office		
Police Chief		1.00
Executive Assistant		1.00
Business Services		
Business Manager	1.00	
Accounting Technician	1.00	
Senior Accounting Specialist	2.00	
Senior Office Specialist	1.00	
Equipment Room Specialist	1.00	
<i>Public Service Assistant 14*</i> <i>(Equipment Room)</i>		
		Office of Professional Standards & Accountability
		Police Sergeant 2.00
		Special Investigator to the Chief
		Police Officer 1.00
Patrol Division		Special Operations Division
Police Captain 1.00		Police Captain 1.00
Police Lieutenant 5.00		Police Lieutenant 1.00
Police Sergeant 22.00		Police Sergeant 5.00
Police Officer 113.00		Police Officer ¹ 36.00
Public Safety Communications Manag 1.00		Crime Intel & Analysis Manager 1.00
Police Communications Dispatch Supv 6.00		Crime and Intelligence Analyst 1.00
Police Communications Dispatcher 26.00		Public Affairs Manager 1.00
Police Communications Call-Taker 1.00		Management Analyst II 1.00
Community Service Officer 12.00		Public Affairs Specialist 2.00
Traffic Enforcement Specialist 1.00		Community Service Officer 2.00
Administrative Assistant 1.00		Police Records Specialist ² 3.00
<i>Reserve Officer 6*</i>		Administrative Assistant 1.00
<i>Special Assistant 4* (Dispatch)</i>		<i>Public Service Assistant 2*</i>
<i>Public Service Assistant 2*</i> <i>(Red Light, Court Liaison)</i>		<i>(Alarm Abatement, Street Crimes)</i>
		Administrative Operations Division
		Police Captain 1.00
		Police Lieutenant 2.00
		Police Sergeant 2.00
		Police Officer 2.00
		Police Records Administrator 1.00
		Police Record Supervisor 2.00
		Police Records Specialist 9.00
		Police Records Assistant 3.00
		Animal Services Manager 1.00
		Animal Services Supervisor 1.00
		Animal Services Officer 4.00
		Animal Services Vet Technician 0.50
		Office Specialist II 2.00
		Chief Forensic Specialist 1.00
		Forensic Specialist I 1.00
		Detention Supervisor 4.00
		Detention Officer 12.00
		Property and Evidence Supervisor 1.00
		Property Officer 2.00
		Administrative Assistant 1.00
		Senior Office Specialist 2.00
		<i>Special Assistant 5* (Personnel, Livescan)</i>
		<i>Public Service Assistant 11* (Animal Services)</i>

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 Crimes Task Force (SACMCTF)

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

Regular Full-Time Equivalents: 309.50

Public Works

Mission:

To enhance the community by providing the highest quality public works services through the engineering and maintenance of safe and effective transportation systems and public infrastructure that support a desirable quality of life for residents, businesses, and visitors, and to support the City organization with efficient and effective maintenance services for City buildings and fleet vehicles.

Major Services

<p>Engineering - Transportation <i>Plan, provide and operate a multimodal transportation system with viable choices for walking, bicycling, driving and using transit, through local actions and in coordination with regional and State transportation agencies.</i></p>
<p>Engineering - Project Delivery <i>Plan, review, design, survey, acquire property, construct, and provide inspection services to deliver public infrastructure projects, including streets, storm drainage and City buildings, as part of the City's capital improvement program (CIP) and private development activities.</i></p>
<p>Maintenance - Streets <i>Maintain the City's 500 mile street system with services related to pavement repair, traffic signs and markings, street lighting, storm drainage and street sweeping.</i></p>
<p>Maintenance - Buildings <i>Provide maintenance services, operational support, and management of systems to enhance and maintain the City's buildings consisting of approximately 160 structures and nearly one million square feet of space, and including police facilities, fire stations, community centers, libraries, administrative offices and historic structures.</i></p>
<p>Maintenance - Fleet <i>Provide maintenance, procurement, and administrative support for over 500 vehicles and related equipment, including providing vehicle service and repair for the City's police, fire, maintenance, inspection, and other administrative functions.</i></p>

Department Overview

The Public Works Department provides services related to the engineering and maintenance of the City’s public infrastructure. 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 safety, condition, and efficiency of the Citywide transportation network, and the expedient review of development projects in accordance with the Fremont General Plan, Municipal Code, and technical standards. Public Works also partners with regional transportation



agencies, including the Alameda County Transportation Commission (ACTC), Caltrans, and BART, to ensure Fremont’s interests are considered in major regional projects. The Department actively pursues funding grants that correspond to City Council priorities.

Overall Department work activity and demands are increasing due to the following three factors: 1) the robust Bay Area economy has created strong private development interest in Fremont and there are currently over 100 active projects (up 15% from 2016) in various stages of planning, design or construction; 2) new revenues for transportation planning and project delivery from Measure BB (approved in 2014) provides funding for local project with a focus on pavement maintenance and improved facilities for walking and bicycling, and 3) the City’s aging public buildings has created increased demand for repairs related to roof, heating and ventilation systems. To address increased work activity, Public Works has been judicious in adding new permanent staff positions and has primarily focused on temporary positions and the procuring of “on call” professional services from the private sector. Public Works currently manages 31 “on call” service contracts.

Public Works Historical Expenditures/Budget, by Major Service Area						
	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Hazardous Materials	\$ 407,739	\$ 389,723	\$ 406,493	\$ 393,572	\$ 393,572	\$ 390,400
Streets	3,644,138	4,044,253	3,969,275	4,116,139	4,102,822	3,621,573
Public Buildings	5,891,696	6,016,476	6,740,554	6,836,871	6,822,211	6,928,264
Fleet Maintenance	3,045,115	2,909,774	3,167,524	3,291,983	3,291,983	3,450,827
Engineering	9,134,050	10,952,500	11,791,572	12,352,344	12,311,992	13,089,954
Administration	1,553,997	1,630,818	1,664,291	1,691,572	1,691,572	1,575,881
Total Transportation & Operations	\$ 23,676,735	\$ 25,943,544	\$ 27,739,709	\$ 28,682,481	\$ 28,614,152	\$ 29,056,899

* 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 2016/17

- In support of Fremont’s **Vision Zero** traffic safety policy, numerous projects and programs were delivered and contributed to a 38% reduction in severe injury traffic crashes and a 50% reduction in fatalities, from 2015 to 2016. The positive traffic safety outcomes are due to the strategic and coordinated deployment of the City’s enforcement, education and engineering resources. Key safety projects included: improved street lighting, adding pedestrian countdown traffic signals, speed limit reductions, enhanced pedestrian crossings, improved bikeways, a new traffic signal at Fremont Blvd/ Old Warm Springs Rd, a safety barrier at Grimmer Road curve, and neighborhood traffic calming (primarily “speed lumps”).



- Complementing the new **Warm Springs** BART Station, Public Works secured a \$25 million grant from ACTC to construct the West Access Bridge and Plaza project, creating a direct pedestrian connection between the BART station and Innovation Way. The project includes an urban plaza as a central gathering place for the developing Warm Springs community. Following completion of the bridge design and relocation of Union Pacific railroad tracks, the project is scheduled to start construction in fall 2017 with a completion goal of early 2019. On the east side of the BART station, construction was completed to improve Warm Springs Boulevard from Reliance Way to Mission Boulevard by removing roadway bottlenecks, and providing continuous sidewalks, bike lanes, and new landscaped median islands.
- Progress continued on enhancing **Downtown Fremont** as the City’s civic gathering place. The Capitol Avenue Phase 2 project was completed from State Street to Paseo Padre Parkway featuring wider sidewalks, pedestrian lights, landscaping, and street furniture and creating an attractive, pedestrian-friendly, new main street for Downtown. The “Town Fair 2” property was acquired and together with the adjoining Town Fair 1 building, 20 business tenants were relocated and plans have been developed for building demolition, in preparation for the upcoming creation of an interim Civic Plaza for community events. Additionally, Public Works maintenance staff provided traffic control set up for numerous special events citywide with many events occurring in the Downtown area including the Festival of the Arts, Fourth of July Parade, and Festival of India.
- Traffic congestion is a top concern for the Fremont community and one of the most cost effective investments to improve traffic flow is to upgrade and retime the operations of Fremont’s

Department Budgets | Public Works

220 traffic signals. **Traffic signal modernization** projects delivered in 2016/17 included installation of an adaptive traffic signal control system along Fremont Blvd in the Centerville area between Tamayo Street and Country Drive. New funding grants in the amount of \$9.3 million were secured to install adaptive signal technology throughout the Fremont Blvd corridor. The adaptive traffic signals will have the ability to make real-time traffic signal timing changes depending on the current traffic conditions. Additionally, minor traffic signals upgrades and corridor retiming projects were completed at 24 locations and included segments of Fremont Boulevard, Mowry Avenue, and Stevenson Boulevard.

- Fremont's General Plan 2030 places an emphasis on increasing **walking and bicycling** as a travel mode and in 2016/17, comprehensive updates to the City's master plans were prepared, with the new Pedestrian Master Plan approved in December 2016 and the Bicycle Master Plan proposed for completion in Summer 2017. More bike lanes with safety buffers were completed bringing the Citywide total to 20 miles and new green pavement markings within bike lanes were installed at five intersections. Fremont's Safe Routes to Schools program is active in 21 local schools and programs to encourage increased walking and biking to school are expanding. Funding has been secured to prepare current school site traffic safety assessments for all 40 Fremont public schools by Spring 2018. New funding allocations from the Measure BB program includes over \$20 million for pedestrian and bicycle facility improvements in the areas of Centerville (Fremont Blvd), Downtown (Walnut Avenue) and Warm Springs (new I-880 overcrossing).



- Annual projects continue to be delivered to **fix aging streets, sidewalks, and bridges**. The annual allocation of \$3.6 million from the general fund and over \$6 million from State gas tax and Alameda County Measure BB for pavement maintenance has allowed approximately 48 miles of streets to be maintained each year. The overall Pavement Condition Index (PCI) for Fremont streets is rated as "good" (PCI 72) and has improved steadily since 2012 when pavement conditions were rated as "fair" (PCI 63). Achieving the goal of PCI 80 will require increased funding. In April 2017, the State approved gas and vehicle tax increases which are estimated to provide new State funding in the amount of \$4.3 million annually for Fremont beginning in 2018. Concrete repairs and modifications completed in 2016/17 include 430 sidewalk and curb locations, many of which have been damaged by street tree roots, and 265 new curb ramps are being installed to improve sidewalk access for persons with disabilities. Additionally, the \$10 million Niles Boulevard Bridge Overpass Replacement project at the Union Pacific and BART tracks will be finished in Summer 2017. The project is primarily funded by Federal and State grants targeted to replace old bridges in order to meet current seismic design standards.

- Highlights of **basic street system maintenance** activities in 2016/17 included repairs to over 2,000 potholes, clearing of 2,600 linear feet of storm lines, abating 500 reported incidences of graffiti, and grinding and patching over 120 sections of sidewalk. The severe winter storms in early 2017 required special efforts to address numerous mudslides occurring on Morrison Canyon Road and Mill Creek Road.
- Public Works assisted with the delivery of various **environmental sustainability** projects helping to reduce energy consumption, save water, and improve water quality. Approximately 14,000 street lights were retrofitted with LED fixtures Citywide, resulting in improved lighting quality decreased future maintenance, and energy savings. Within 20 City buildings interior and exterior lighting were upgraded to energy efficient alternatives, including LED lighting and over 600 plumbing fixtures were retrofitted to save energy and water. New solar power facilities were installed at the Maintenance Center. Additionally, 800 new trash capture devices were installed in storm water catch basins, bringing the total number of such devices to approximately 1,200 Citywide, to help further reduce trash from contaminating the Bay.
- In support of approved **private development projects** providing new jobs, housing and retail services, Public Works is working with design consultants and construction contractors to build required public infrastructure improvements consisting of streets and storm water drainage systems. A total of over 100 projects are in various stages of implementation. Major projects beginning construction in 2016/17 include State Street Mixed-Use (Downtown), Warm Springs TOD Village (Toll Bros), Lennar Homes at Warm Springs, Patterson Ranch Development (Phase 3), and the new Audi auto dealership (Fremont Auto Mall).
- Staff from the Public Works Building Maintenance and Facilities Engineering teams provide ongoing **building maintenance and improvement** services to support the functional needs of the City building occupants. Approximately 4,000 service requests are completed annually related to the building systems related to building security, heating, ventilation, plumbing, electrical, and roofing systems. This year, 14 buildings had issues with roof leaks that were addressed with temporary repairs. Several major building improvements completed this year included: Senior Center floor replacement (kitchen and dining areas), Senior Center ADA restroom upgrades, Animal Shelter HVAC and roof replacement, and Police Department roofing repair and waterproofing project.
- The Public Works **Fleet Maintenance** section provides scheduled maintenance services to ensure reliable performance and to maximize the life cycle of the City's approximately 500 vehicles and related equipment, including 260 vehicles for police and fire services. About 2,200 service activities are completed annually ranging from oil changes, tune ups, tire rotations/replacements to testing and troubleshooting advanced public safety communication systems. Additionally, 28 new vehicles were procured to meet needs for vehicle replacement and service enhancement, including vehicles for street sweeping, storm drain cleaning, police services, and fire services.
- The improvement of **regional transportation systems** serving the Fremont community is an ongoing and high priority activity for Public Works, which involves policy advocacy and technical support. A significant milestone was achieved with the opening of the Warm Springs BART station in March 2017. Other major projects under construction and their completion dates include: BART Extension to Milpitas and Berryessa (2018) and I-880 Express Lanes (2019). The I-680 Northbound Express Lane project is planned to start construction in late 2017

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and be complete in 2019. The Altamont Commuter Express (ACE) is planned to increase service from 4 to 6 trains during the commute periods by 2020.

- In coordination with Union Pacific Railroad, the California Public Utilities Commission, and Caltrans, various safety improvements are being implemented to allow for a railroad “quiet zone” at the Nursery Avenue crossing in the Niles District (completion in 2018). Fremont secured \$2.7 million from the Measure BB program to update the planning and environmental clearance for the new Irvington BART Station. Planning work to upgrade State Route 262/Mission Boulevard is underway in partnership with ACTC, Caltrans and Fremont.

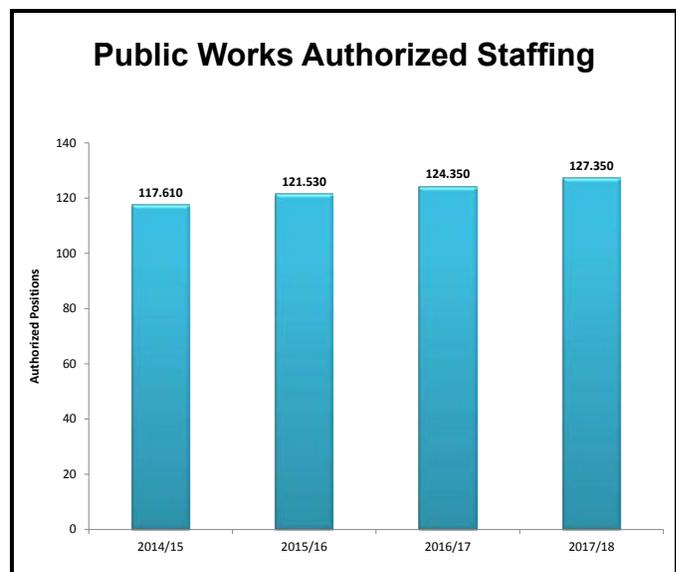
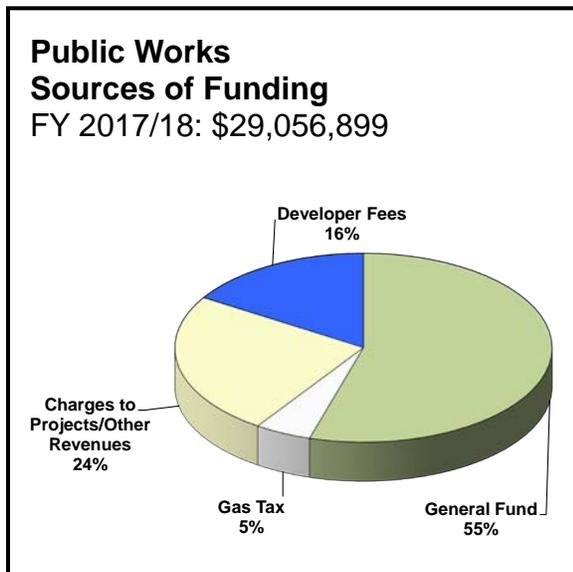
Objectives FY 2017/18

The core work objective for the Public Works Department in 2017/18 will be to continue delivering high quality engineering and maintenance services to support the City’s public infrastructure, as funded by the General Fund, the City’s capital program, private development, and regional agencies. Among the numerous projects and work activities, the following are notable for 2017/18:

1. Continued implementation of Vision Zero traffic safety program;
2. Construction of BART Way improvement project and enhanced pedestrian connections between BART Station and Capitol Avenue;
3. Construction of Warm Springs BART Station West Access Bridge and Plaza;
4. Preparation of a rigorous Transportation Demand Management (TDM) program for the Warm Springs/Innovation District area and procurement of a bike share service for the Downtown and Warm Springs areas;
5. Continue efforts to modernize the Citywide to traffic signal system for improved traffic flow and reliability,
6. Enhance street pavement and sidewalk conditions, including a 50/50 cost sharing program with property owners to add sidewalk repairs to existing program for street tree replacement;
7. Continue to facilitate implementation of approved private development projects and their infrastructure improvements;
8. Implement a comprehensive sign reflectivity program with the focus of having all street and traffic signs updated to the most current federal guidelines.
9. Strategically use the City’s resources for building maintenance, with a focus on roof replacements;
10. 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.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Average Pavement Condition Index (PCI) for the entire 500-mile street network. Percent of streets in “poor” condition (below PCI 50)	PCI of 72	PCI of 72 16%	PCI of 72 16%	PCI of 72 14%
Percent of preventative maintenance repairs Fleet services performed on-schedule (e.g., completed within two weeks of scheduled service)	70%	85%	66%	85%
Number of persons severely or fatally injured in traffic crashes	39 in 2015 (8 fatalities)	Zero fatalities by 2020	24 in 2016 (4 fatalities)	Zero fatalities by 2020
Percent of graffiti removal calls responded to within one business day for Priority 1 graffiti (gang-related or profane) / one business week for Priority 2 graffiti for all other types	68% / 92%	85% / 75%	60% / 96%	65% / 85%



Department Budgets | Public Works

Public Works Historical Expenditures/Budget, by Category						
	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 12,775,075	\$ 14,707,206	\$ 16,188,562	\$ 16,812,731	\$ 16,812,731	\$ 18,255,358
Operating Expenditures	7,889,960	7,953,961	8,160,475	8,539,270	8,484,258	7,677,274
Capital Expenditures	31,960	173,141	111,761	51,569	38,252	69,648
Indirect Expense Allocation**	2,979,740	3,109,236	3,278,911	3,278,911	3,278,911	3,054,619
Totals	\$ 23,676,735	\$ 25,943,544	\$ 27,739,709	\$ 28,682,481	\$ 28,614,152	\$ 29,056,899
% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget						1.5%
<p>* 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.</p> <p>** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.</p>						

Major Changes

- The FY 2017/18 Public Works budget is \$442,747 (or 1.5%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 8.6% mainly due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are decreasing by \$806,984 (or 9.5%) mainly due to anticipated decreases in utility charges.
- Capital expenditures are increasing by \$31,396 (or 82.1%) mainly due to the purchase of a vehicle.
- The indirect expense allocation is decreasing by 6.8% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18

Public Works	
<p>Maintenance Services</p> <p>Administration</p> <p>Public Works Director 0.30</p> <p>Deputy Director, Maintenance & Business Operations 1.00</p> <p>Business Manager 1.00</p> <p>Executive Assistant 0.30</p> <p>Administrative Assistant 1.00</p> <p>Office Specialist II 3.00</p> <p>↓</p> <p>Environmental Compliance</p> <p>Management Analyst II 1.00</p> <p>↓</p> <p>Fleet Maintenance</p> <p>Fleet Maintenance Manager 1.00</p> <p>Fleet Mechanic II 1.00</p> <p>Fleet Supervisor 1.00</p> <p>Heavy Equipment Mechanic 4.00</p> <p>Equipment Support Coordinator 1.00</p> <p>Mechanic Assistant 3.00</p> <p>↓</p> <p>Public Buildings</p> <p>Building Maintenance Manager 1.00</p> <p>Management Analyst II 1.00</p> <p>Facilities Design/Construction Project Supervisor II 1.00</p> <p>Building Maintenance Coordinator 1.00</p> <p>Building Maint. Field Supervisor 3.00</p> <p>Building Maintenance Worker II 12.00</p> <p>Office Specialist II 1.00</p> <p>↓</p> <p>Street Maintenance</p> <p><u>Pavement Maintenance</u></p> <p>Street Maintenance Manager 0.35</p> <p>Street Field Supervisor 1.00</p> <p>Street Maintenance Worker II 4.00</p> <p>Street Maintenance Worker I 5.00</p> <p> </p> <p><u>Street Sanitation</u></p> <p>Street Maintenance Manager 0.30</p> <p>Street Field Supervisor 1.00</p> <p>Street Maintenance Worker II 7.00</p> <p>Street Maintenance Worker I 2.00</p> <p> </p> <p><u>Traffic Safety</u></p> <p>Street Maintenance Manager 0.35</p> <p>Street Field Supervisor 1.00</p> <p>Street Maintenance Worker II 4.00</p> <p>Street Maintenance Worker I 2.00</p>	<p>Engineering</p> <p>Administration</p> <p>Public Works Director 0.30</p> <p>City Engineer 0.25</p> <p>Management Analyst II 1.00</p> <p>Executive Assistant 0.70</p> <p>Senior Office Specialist 1.00</p> <p>Office Specialist II 2.65</p> <p>↓</p> <p>Design, Development, Transportation and Construction Engineering</p> <p>Public Works Director 0.40</p> <p>City Engineer 0.75</p> <p>Assistant City Engineer 1.00</p> <p>Principal Civil Engineer 3.00</p> <p>Principal Transportation Engineer 1.00</p> <p>Facility & Real Property Manager 1.00</p> <p>Senior Civil Engineer 5.00</p> <p>Senior Transportation Engineer 2.00</p> <p>Real Property Agent 2.00</p> <p>Land Surveyor 1.00</p> <p>Associate Civil Engineer 4.85</p> <p>Associate Transportation Engineer 3.85</p> <p>Facilities Design/Construction Project Supervisor III 1.00</p> <p>Supervising Construction Coordinator 2.00</p> <p>Civil Engineer II 3.00</p> <p>Senior Construction Inspector 4.00</p> <p>Chief of Party 1.00</p> <p>Civil Engineer I 1.00</p> <p>Transportation Engineer I 3.00</p> <p>Construction Inspector 5.00</p> <p>Construction Materials Inspector 1.00</p> <p>Survey Instrument Operator 1.00</p> <p>Engineering Technician II 5.00</p> <p>Engineering Technician I 2.00</p>

Regular Full-Time Equivalents: 127.35

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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 2017/18

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 2017 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 and a digital property refresh of the 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. Anticipated accomplishments for FY 2017/18 include:
 - a. Continue to collaborate with Alameda County Transportation Commission to utilize available local funding from Measure BB to enable infrastructure and transit improvements that have been identified as opportunities and priorities by the City Council.
 - b. 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.
 - c. Seek funding or private/public partnerships to implement a Last Mile Transit Demand Management Program to support the Warm Springs/South Fremont BART station.
 - d. Continue to solidify the City's partnership with BART and work on strategic infrastructure improvements.
 - e. 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.
 - f. Identify place making opportunities and seek funding to implement, establish, and support the Innovation District ecosystem.

11. Assist staff with updates to the standard public works contract documents.
12. Assist staff with updates to the City's CDBG Agreements related to HUD regulations.
13. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.
14. Provide legal support to the Human Resources Department in labor negotiations with the City's bargaining groups.
15. Assist staff with preparation and adoption of rules and procedures for the Planning Commission.
16. Assist staff with adoption of Community Facilities Districts for Warm Springs Development (Lennar).
17. Assist staff with adoption and implementation of transition to district-based election system for election of councilmembers.
18. Assist staff code enforcement efforts by obtaining inspection warrants and having the court appoint a receiver for substandard houses.

City Clerk's Office

19. Begin preparation for the November 6, 2018 Municipal Election.
20. Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets.
21. Develop and implement a new online tool for ceremonial resolutions and proclamation requests
22. Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.
23. Continue to work with City departments to review and update each department's Records Retention Schedule to ensure the schedules are current.

Finance Department

24. 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.
25. 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 July 2017.

Human Resources

26. Complete an update of the City's Personnel Rules.
27. Revise and improve the City's new employee on-boarding process.

Information Technology Services

28. In partnership with the Police Department, replace the existing mobile data computers and in-car video camera systems in the vehicles as well as provide body-worn cameras for PD personnel. Project includes the replacement of the digital evidence management system for the video collected from the camera systems. The new systems will be installed by the end of December 2017.
29. Upgrade the current McLaren Cimage and Fusion document management software to the latest version. The upgrade will include a series of enhancements such as single sign-on, improved searching capabilities, self-service "how to" help, and a new evidence logging interface to the Police Department's digital evidence management system. Upgrade will be completed by June 2018.
30. In partnership with the Community Services Department, Recreation Division, replace the existing CLASS registration system with a new system that has robust facilities reservation capabilities for the public to reserve parks and building facilities online and a state-of-the-art mobile-friendly registration system for Fremont residents to easily register for the City's camps, classes, and recreation programs. New system will be implemented by June 2018.
31. In partnership with the Human Resources Department, upgrade the PeopleSoft HR/payroll system to Version 9.2 with enhanced functionality in all modules, a user-friendly interface, and new iPad and mobile features (Phase 1). The upgrade will include the addition of an absence management module to automate the leave request manual paper-based process (Phase 2). Phase 1 of the upgrade will be completed in FY 2017/18; phase 2 will be completed in FY 2018/19.

City Manager

Mission:

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

Major Services

Public Policy Support

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

Citywide Service Delivery

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

Communications and Public Education

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

Organizational Leadership and Development

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

Department Overview



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

Department Budgets | City Manager

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

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
City Manager's Office	\$ 2,014,297	\$ 2,281,956	\$ 2,802,221	\$ 2,837,804	\$ 2,755,671	\$ 2,928,096
Communications and Marketing	240,067	248,953	295,978	295,978	291,011	305,273
Total City Manager's Office	\$ 2,254,364	\$ 2,530,909	\$ 3,098,199	\$ 3,133,782	\$ 3,046,682	\$ 3,233,369

* 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.

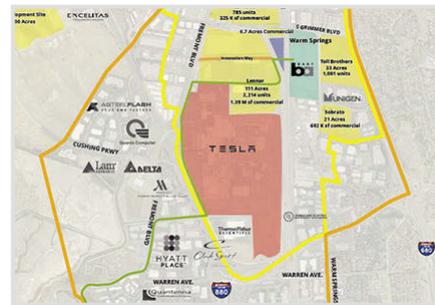
Accomplishment Highlights FY 2016/17

- Conducted the 2017 Employee Survey in mid-January/early-February. Overall 87 percent of employees feel “prepared” and “trained” to do their jobs.
- The Organizational Development Team oversaw a new consultant that conducted the annual LIFT academy (Leadership Investment in Fremont for Tomorrow). Participants who completed the academy in May received training in leadership and addressed future workforce needs, which assists in the organization’s succession planning efforts.
- Warm Springs/South Fremont: Construction is underway on mixed-use development projects, public infrastructure improvement and housing in Warm Springs. An agreement between BART and the City along with the West Access Bridge and Plaza designs were approved by City Council. The West Access Bridge will provide connectivity to master planned projects by Lennar, Toll Brothers, and Valley Oak Partners. These projects are at various stages of permitting and construction. At full build out, the Warm Springs Innovation District will include a new elementary school, an urban park and plazas, 4,000 residential units, including 524 affordable units, and 1.7 million square feet of commercial space. On December 8, 2016, City Council approved Tesla’s master plan which could include up to 4.6 million square feet of new structures and 3,100 new jobs.
- 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 articles in prominent regional and trade publications like Silicon Valley Business Journal and Industry Week regarding manufacturing initiatives in Fremont. Fremont was also covered in Tech Republic on ways the City is becoming a smarter City. Through the first half of the fiscal year, there have been more than 21.9 million media impressions. Additional noteworthy coverage is available on the City’s website at www.Fremont.gov/PressRoom.
- Downtown Fremont: Locale @ State Street, a mixed-use development broke ground in Summer 2016 and will add approximately 157 residential units and 22,000 square feet of retail space at the intersection of State Street and Capitol Avenue. On October 21, 2016, the City celebrated the grand opening of Capitol Avenue Phase II. Capitol Avenue now forms the retail spine of Downtown Fremont with access from Fremont Boulevard to Paseo Padre Parkway. Pedestrian/

bike and wayfinding improvements are expected to begin in spring 2017. Ongoing Downtown place making efforts include Burger and Brew Fest, Fremont Street Eats , Downtown Movie Night, and Trick or Treat on Downtown Street. The City Council approved a Rotational Art Program Downtown with the intent to contribute to the vitality of Downtown by displaying exciting works of arts for a two (2) year rotating basis. “Heartfulness” was the original rotating art installation that was in place from 2015 until early 2017 at the corner of Capitol Avenue and Fremont Boulevard. The second installation, “Space Glow” by Patricia Vader and Joe Bologna replaced “Heartfulness” in Spring 2017. “Space Glow” is a 12 foot tall piece that appears as a flower bouquet during the day, with LED lights of different colors emitting from the flowers at night giving the image of outer space.

Objectives FY 2017/18

1. Pursue legislative efforts and strengthen state and federal partnerships to promote the best interests of the City, while implementing the Council’s 2017 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 and a digital property refresh of the 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. Anticipated accomplishments for FY 2017/18 include:



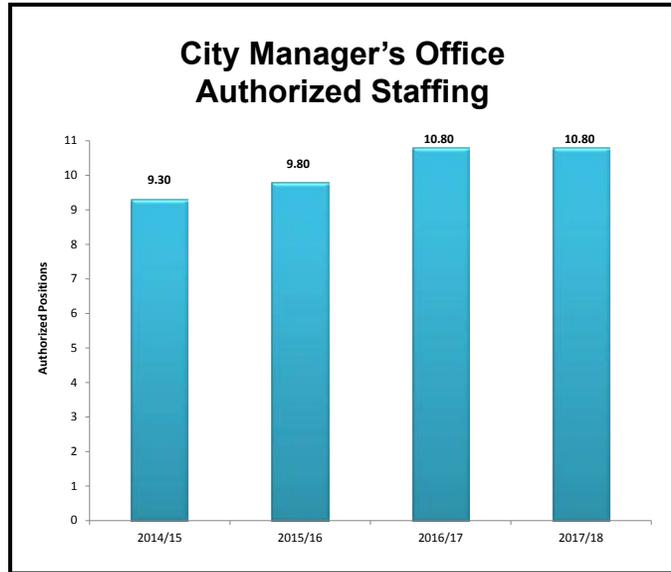
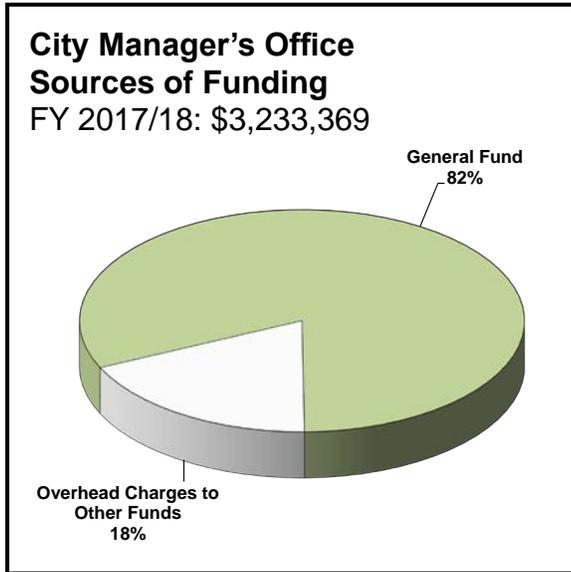
- a. Continue to collaborate with Alameda County Transportation Commission to utilize available local funding from Measure BB to enable infrastructure and transit improvements that have been identified as opportunities and priorities by the City Council.
- b. Explore innovative programming for transportation alternatives using the Warm Springs Area as a demonstration area and pursue Federal, State, and regional funds that support development.
- c. Seek funding or private/public partnerships to implement a Last Mile Transit Demand Management Program to support the Warm Springs/South Fremont BART station.
- d. Continue to solidify the City’s partnership with BART and work on strategic infrastructure improvements.

- e. 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.
 - f. Identify place making opportunities and seek funding to implement, establish, and support the Innovation District ecosystem.
 - g. Study the feasibility of utilizing a half-acre City-owned parcel immediately adjacent to the new Warm Springs/South Fremont BART Station to add uses that complement innovation activity occurring broadly across the Innovation District.
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 mixed use district within the City Center that will serve as a destination for the city and region. Anticipated accomplishments for FY 2017/18 include:
- a. Continue funding and identifying/establishing additional place making activities.
 - b. Set an attainable and sustainable course of action to refine Civic Center plans.
 - c. Identify public/private partnerships to sponsor and/or completely fund ongoing placemaking and marketing efforts.
 - d. Implement Phase III of the Capitol Avenue Extension Project. Improvements will include enhanced connections from Downtown, through Gateway Plaza and along Bart Way to the Fremont BART station.
 - e. Maintain and expand temporary art installations in 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 Santa Clara Valley Transportation Authority (VTA) to ensure that Fremont's interests are considered relative to the BART extension to 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. Further information about Economic Development's objectives can be found in the Economic Development Department section in the budget document.
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 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of residents that agree that Fremont is a “good” or “excellent” place to live	79% ¹	N/A ²	N/A ²	N/A ²
Percent of employees that feel “prepared” and “trained” to do their jobs	N/A ³	86%	87%	N/A ⁴
Percent of increase of citizens communicating with the City on average via new engagement tools ⁵	459%	40%	-28% ⁶	20%
<p>¹ Baseline survey results from the 2013 Community Survey was 84%. This Performance Measure will be measured via the Community Survey.</p> <p>² The next Community Survey is anticipated to take place in winter 2018.</p> <p>³ Employee Survey conducted in 2014 and 2017. Baseline was established in 2014 as 86% of Employees surveyed who “agreed” or “strongly agreed” that they were prepared and trained to do their job at work.</p> <p>⁴ The next Employee Survey is anticipated to take place in winter 2019.</p> <p>⁵ 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. Engagement does not include the number of posts made by the City or actual engagement through likes, comments, retweets, shares, etc.</p> <p>⁶The estimated decline in FY 16/17 can be attributed to fewer videos being posted to the various social media accounts than in previous fiscal years. There are 62,859 more followers on Facebook, Twitter, Youtube, Google, LinkedIn and Instagram since FY14/15, an increase of over 208%.</p>				

Department Budgets | City Manager



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

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 1,629,386	\$ 1,822,649	\$ 2,322,713	\$ 2,284,400	\$ 2,266,446	\$ 2,412,691
Operating Expenditures	495,311	562,049	608,053	681,949	612,803	662,303
Capital Expenditures	709	1,659	3,000	3,000	3,000	3,000
Indirect Expense Allocation**	128,958	144,552	164,433	164,433	164,433	155,375
Totals	\$ 2,254,364	\$ 2,530,909	\$ 3,098,199	\$ 3,133,782	\$ 3,046,682	\$ 3,233,369

% increase/(decrease), including all funds, from FY 2016/17 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 City Manager's Budget is \$186,687 (or 6.1%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 6.5% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$49,500 (or 8.1%) mainly due to increase in contractual services related to the community survey.
- The indirect expense allocation is decreasing by 5.5% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18

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 II		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.

Department Budgets | City Attorney

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

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
City Attorney	\$ 1,772,995	\$ 2,014,472	\$ 1,960,483	\$ 1,997,462	\$ 1,976,590	\$ 2,026,753
Risk Management	6,413,402	7,328,576	7,589,085	7,670,799	7,670,799	7,298,711
Total City Attorney's Office	\$ 8,186,397	\$ 9,343,048	\$ 9,549,568	\$ 9,668,261	\$ 9,647,389	\$ 9,325,464

* 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 2016/17

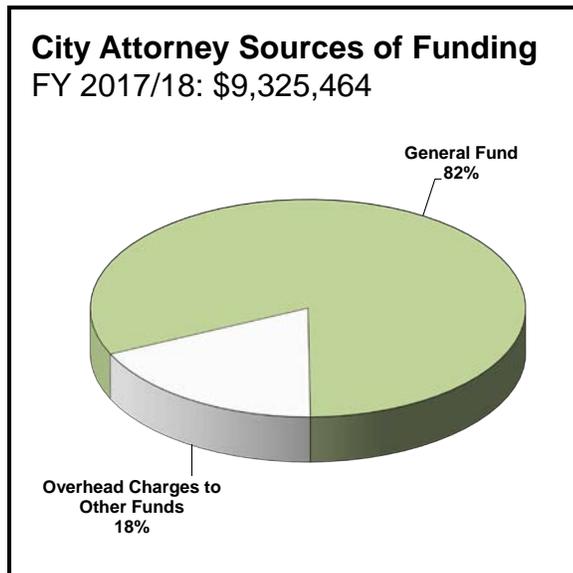
- Provided legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects and Warm Springs/South Fremont area developments (including negotiations and drafting contracts with Union Pacific Railroad and BART for the West Side Access Bridge and Plaza projects).
- Assisted the Community Development Department with the drafting, processing and adoption of various amendments to the Fremont Municipal Code including the City's Spring Zoning Ordinance Update, updates to the Density Bonus Ordinance, Wireless Telecommunications Ordinance, Building Code, Fire Code, Energy Code and marijuana cultivation and delivery regulations.
- Represented the City in several administrative hearings including dangerous dogs and substandard buildings.
- Assisted staff with the sale of surplus property.
- Provided Brown Act and Public Records Act training to City boards, commissions and employees.
- Completed public works construction bid package.
- Assisted staff with implementation of several affordable housing projects (Habitat for Humanity, Innovia, Eden Housing, Stevenson Place).
- Assisted staff with multiple bond refinancings.
- Assisted Code Enforcement and Human Services staff in obtaining receivership to clean up a hoarder house.
- Obtained several inspection warrants to aid code enforcement efforts.
- Provided deposition training to all police officers.

Objectives FY 2017/18

1. Continue to provide legal support for negotiations, acquisitions, development, and approvals needed for the Downtown projects, Civic Center site development, Warm Springs/South Fremont area developments and other priority 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. Assist staff with updates to the City's CDBG Agreements related to HUD regulations.
6. Evaluate cases for initiation of misdemeanor prosecution of appropriate Municipal Code violations.
7. Provide legal support to the Human Resources Department in labor negotiations with the City's bargaining groups.
8. Assist staff with preparation and adoption of rules and procedures for the Planning Commission.
9. Assist staff with adoption of Community Facilities Districts for Warm Springs Development (Lennar).
10. Assist staff with adoption and implementation of transition to district-based election system for election of councilmembers.
11. Assist staff code enforcement efforts by obtaining inspection warrants and having the court appoint a receiver for substandard houses.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of standard contracts reviewed within 5 business days of receipt	89.4%	89%	93%	90%
Percent of liability (damage) claims reviewed and insufficiency noted within 14 days of receipt	100%	90%	100%	90%
Percent of all serious work-related injuries reported to Cal OSHA within 8 hours of being informed of injury	100%	100%	100%	100%



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

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 2,404,818	\$ 2,542,504	\$ 2,588,966	\$ 2,607,439	\$ 2,586,567	\$ 2,672,921
Operating Expenditures	5,691,176	6,703,992	6,861,432	6,961,652	6,961,652	6,539,076
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	90,403	96,552	99,170	99,170	99,170	113,467
Totals	\$ 8,186,397	\$ 9,343,048	\$ 9,549,568	\$ 9,668,261	\$ 9,647,389	\$ 9,325,464
	% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget					-3.3%

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

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 City Attorney's budget is \$321,925 (or 3.3%) less than the FY 2016/17 adopted budget.
- Operating expenditures are decreasing by \$422,576 (or 6.1%) mainly due to a decrease to the level of adjustment for reserves in Risk Management.
- The indirect expense allocation is increasing by 14.4% due to increases in Information Technology costs.

Staffing by Function–FY 2017/18

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
<p><i>* The balance of this position is budgeted in the Environmental Services Division of the Community Services Department.</i></p>		

Regular Full-Time Equivalents: 9.92

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 Commission 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 2016/17

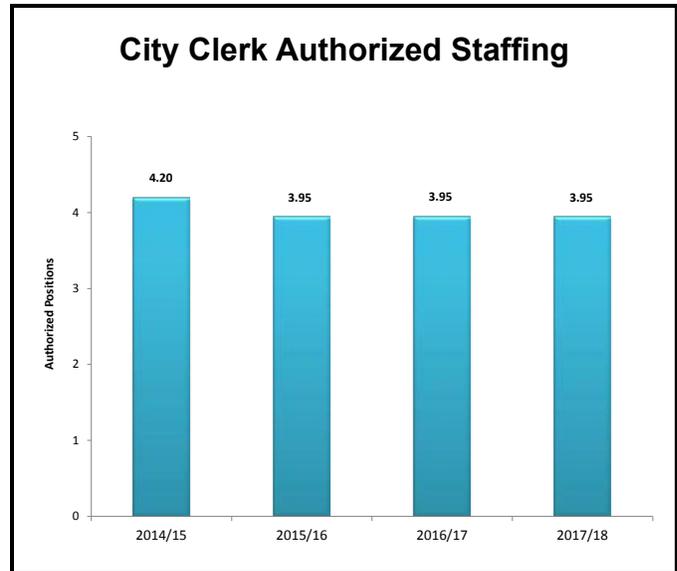
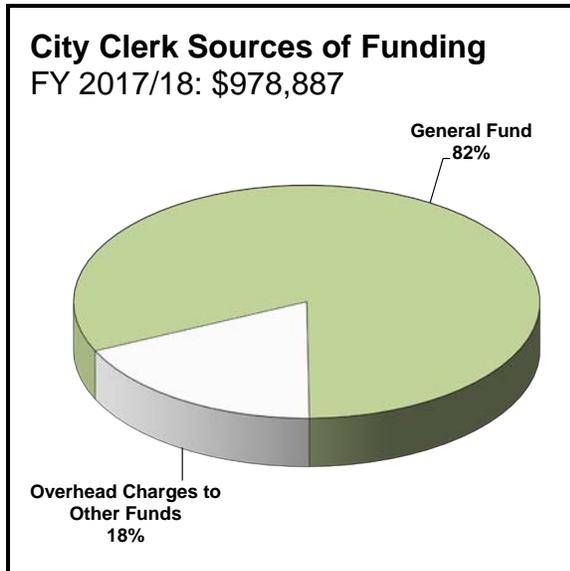
- Assisted with the transition of elected officials, including the development of Council Orientation Sessions. Coordinated the City Council Goal Setting Session in March 2017.
- Assisted City departments with review and completed the update of department’s Records Retention Schedules to ensure the schedules are current.
- Managed the Boards and Commissions Vacancy Process, and assisted with the transition of boards and commissions members.
- Developed and conducted training on the Agenda Report Process.
- Administered the November 8, 2016 Municipal Election.
- Facilitated materials for the Councilmember Vacancy appointment process.

Objectives FY 2017/18

1. Begin preparation for the November 6, 2018 Municipal Election.
2. Continue to efficiently and accurately manage the electronic preparation and distribution of agenda packets.
3. Develop and implement a new online tool for ceremonial resolutions and proclamation requests
4. Monitor the changing postal service environment and accommodate changes as needed to the mail room during the fiscal year.
5. Continue to work with City departments to review and update each department’s Records Retention Schedule to ensure the schedules are current.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of time the Agenda packet is posted and distributed no later than 4 days prior to each City Council meeting	85%	90%	TBD	90%
Number of complaints received regarding Public Records Requests (PRR)	10	0	TBD	0



City Clerk Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 683,219	\$ 696,167	\$ 651,349	\$ 652,160	\$ 644,984	\$ 689,042
Operating Expenditures	190,972	219,331	219,217	230,400	230,400	230,400
Capital Expenditures	-	-	6,000	6,000	6,000	6,000
Indirect Expense Allocation**	66,173	66,348	62,743	62,743	62,743	53,445
Totals	\$ 940,364	\$ 981,846	\$ 939,309	\$ 951,303	\$ 944,127	\$ 978,887

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 3.7%

* 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 City Clerk's budget is \$34,760 (or 3.7%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 6.8% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- The indirect expense allocation is decreasing by 14.8% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18

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

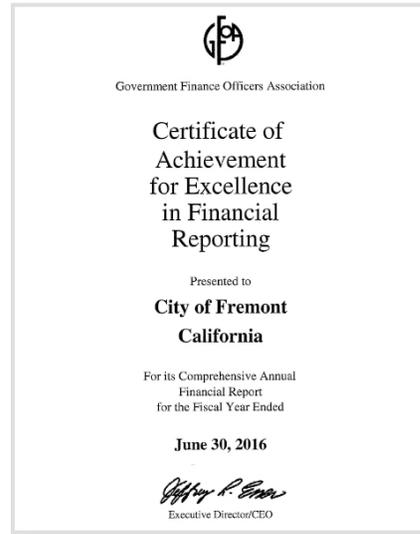
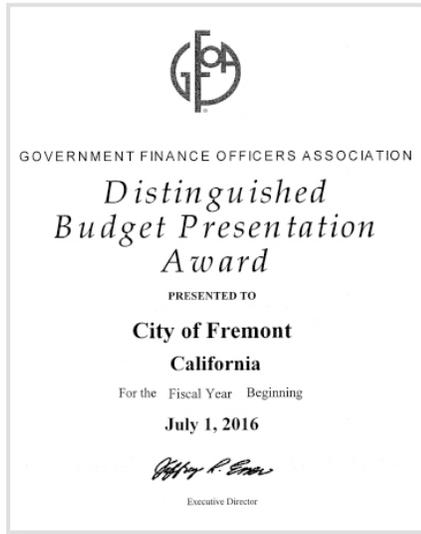
Manage the City's investment, debt financing, and banking functions.

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 2016/17

- Received awards for Excellence in Financial Reporting for the 32nd consecutive year and Distinguished Budget Presentation for the 20th consecutive year from the Government Finance Officers Association of the United States and Canada (GFOA).



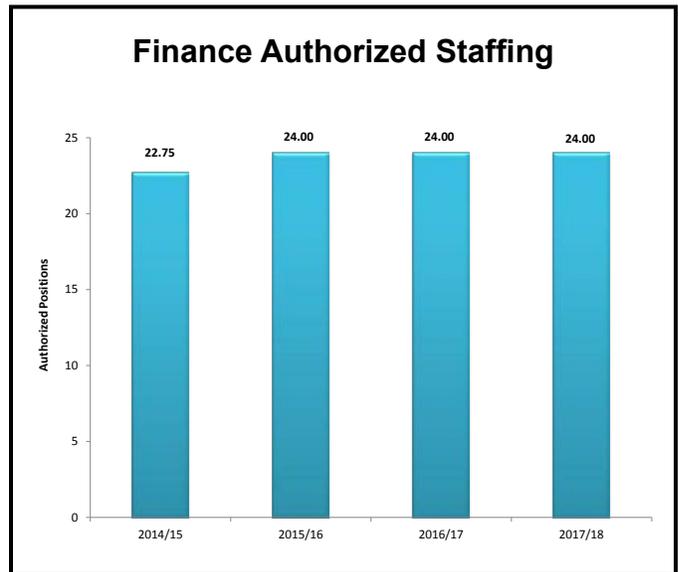
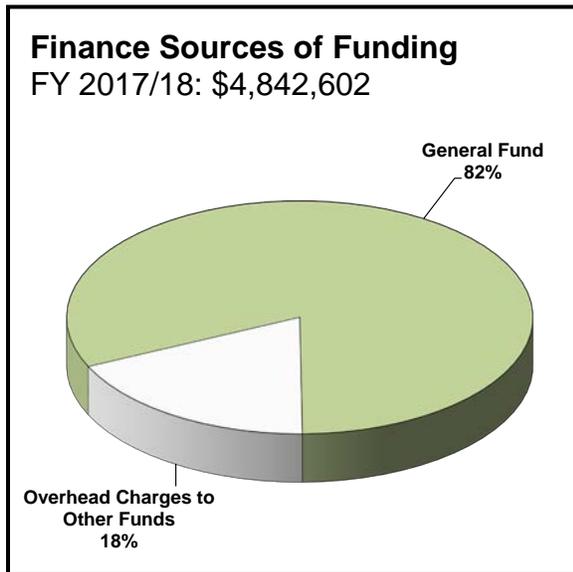
- In partnership with the Human Resources and Information Technology Services Departments, implemented the second phase of the migration of the City's financial management system to improve functionality, reliability, and integration with other City systems.
- Consolidated variable rate debt, resulting in future interest cost savings.

Objectives FY 2017/18

1. 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.
2. 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 July 2017.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of bids reissued	2%	2%	8%	2%
Percent of Business Tax renewals online	25.8%	20%	35%	35%



Finance
Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 3,016,878	\$ 3,359,733	\$ 3,563,861	\$ 3,657,504	\$ 3,628,779	\$ 3,868,247
Operating Expenditures	520,407	539,378	636,340	656,974	627,494	676,048
Capital Expenditures	1,225	3,274	2,467	5,000	5,000	5,000
Indirect Expense Allocation**	319,505	326,893	326,893	326,893	326,893	293,307
Totals	\$ 3,858,015	\$ 4,229,278	\$ 4,529,561	\$ 4,646,371	\$ 4,588,166	\$ 4,842,602

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 5.5%

* 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.

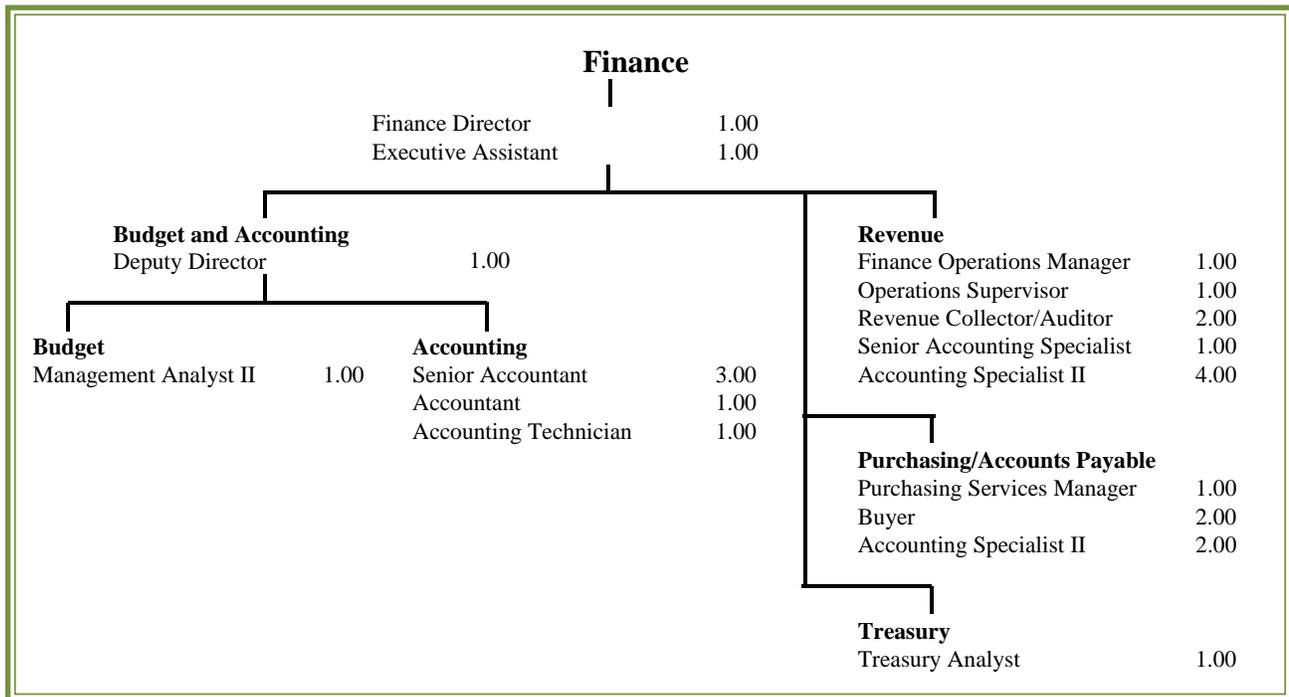
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Department Budgets | Finance

Major Changes

- The FY 2017/18 Finance Department budget is \$254,436 (or 5.5%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 6.6% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$48,554 (or 7.7%) mainly due to increase in contractual services.
- The indirect expense allocation is decreasing by 10.3% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18



Regular Full-Time Equivalents: 24.00

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 2016/17

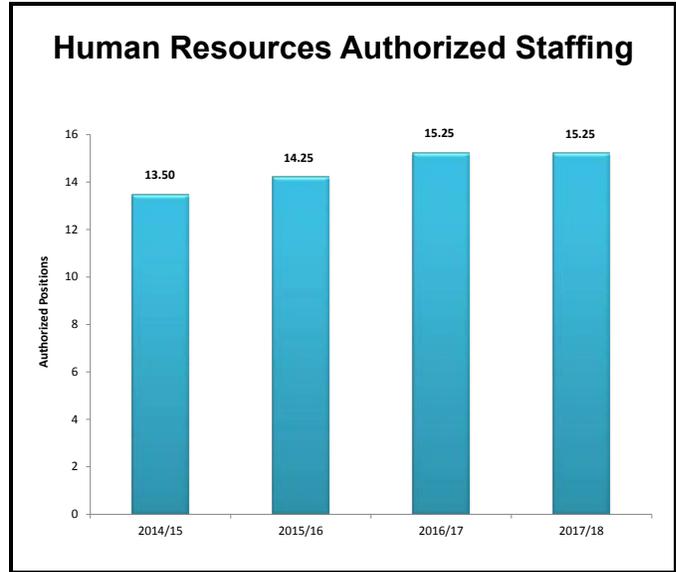
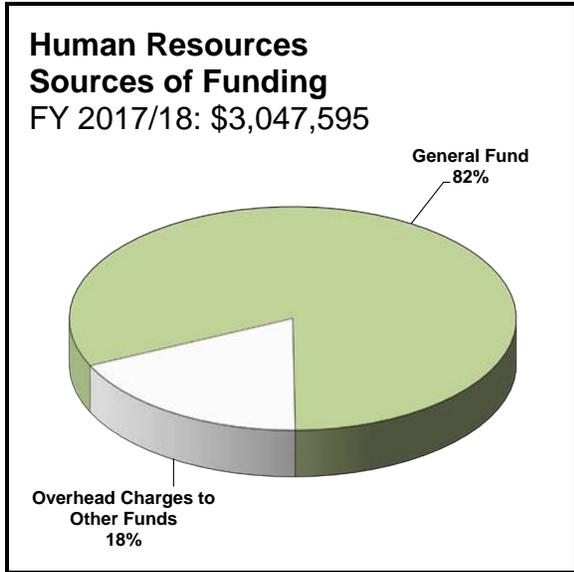
- Conducted and completed contract bargaining with the City’s nine bargaining units.

Objectives FY 2017/18

1. Complete an update of the City’s Personnel Rules.
2. Revise and improve the City’s new employee on-boarding process.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
% of City of Fremont Employee Survey participants aware of the Flexible Spending Account Program	80%	72%	80%	NA
% of employees who have received a formal evaluation in the last 12 months	65%	60%	65%	NA
% of employees who report receiving timely performance feedback	65%	61%	65%	NA
% of non-sworn positions filled within 90 days / sworn positions filled within 120 days	75/70%	50/33%	75/70%	TBD



Human Resources Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 2,083,318	\$ 2,261,421	\$ 2,247,723	\$ 2,417,305	\$ 2,396,365	\$ 2,641,671
Operating Expenditures	192,834	190,610	340,380	342,080	307,080	257,080
Capital Expenditures	5,624	6,109	-	-	-	-
Indirect Expense Allocation**	169,922	171,084	175,455	175,455	175,455	148,844
Totals	\$ 2,451,698	\$ 2,629,224	\$ 2,763,558	\$ 2,934,840	\$ 2,878,900	\$ 3,047,595

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 5.9%

* 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, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Department Budgets | Human Resources

Major Changes

- The FY 2017/18 Human Resources budget is \$168,695 (or 5.9%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 10.2% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are decreasing by \$50,000 (or 16.3%) mainly due to decreases in contractual services related to the off year for labor negotiations and employee survey.
- The indirect expense allocation is decreasing by 15.2% due to retiree medical benefits being shifted to salary and benefits.

Staffing by Function–FY 2017/18

Human Resources										
Administration										
Deputy City Manager		0.25								
Deputy Human Resources Director		1.00								
Executive Assistant		1.00								
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Classification/Recruitment</td> <td style="width: 50%; border: none;">Labor Relations/Organizational Development</td> </tr> <tr> <td style="border: none;">Human Resources Manager</td> <td style="border: none;">Human Resources Manager</td> </tr> <tr> <td style="border: none;">Human Resources Analyst II</td> <td style="border: none;">Human Resources Analyst III</td> </tr> <tr> <td style="border: none;">Human Resources Technician II</td> <td style="border: none;">Human Resources Analyst II</td> </tr> </table>			Classification/Recruitment	Labor Relations/Organizational Development	Human Resources Manager	Human Resources Manager	Human Resources Analyst II	Human Resources Analyst III	Human Resources Technician II	Human Resources Analyst II
Classification/Recruitment	Labor Relations/Organizational Development									
Human Resources Manager	Human Resources Manager									
Human Resources Analyst II	Human Resources Analyst III									
Human Resources Technician II	Human Resources Analyst II									
Benefits and Payroll										
Human Resources Analyst II	1.00									
Human Resources Analyst I	1.00									
Human Resources Technician II	5.00									

Regular Full-Time Equivalents: 15.25

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 2016/17

- Deployed a virtual private network (VPN) that offers the flexibility for authorized City employees to securely access systems such as the PeopleSoft time and reporting system and other Intranet websites on the City's network while away from the office using a mobile device or personal computer.
- In partnership with the Transportation Engineering Division, redesigned the traffic network that allows the Transportation Engineers to manage the signal lights in order to move vehicles throughout Fremont more efficiently. ITS also assisted with the installation of new servers that run software utilizing "adaptive" traffic technology that dynamically monitors and controls traffic signals to help with traffic congestion at any time of day.



- Designed and completed the City's Emergency Operations Center (EOC) network with mobility and redundancy to support wireless laptops, iPads and iPhones. The EOC network consists of Internet redundancy using cellular LTE as well as satellite so that the City can continue communications in the event that the primary Internet connection is unavailable.
- In partnership with the Community Development Department, deployed a new land management and permitting system that replaces a legacy system. The new system enables citizens and developers to submit and review plans, apply and pay for permits, and schedule inspections online; provides real-time updates to customers and internal staff; improves the customer experience; and is integrated with the City's eGIS online application for location-intelligent searching of permits and inspections by geographical data such as latitude and longitude.
- Implemented GIS parcel and address editing workflow tools to allow for regular and consistent updates that provide data to other critical systems including computer-aided dispatch used by the Police and Fire Departments and land management (permitting) used by the Development Services Center. These workflow tools reduce the amount of time required for staff to distribute current and accurate geospatial and parcel data.

Objectives FY 2017/18

1. In partnership with the Police Department, replace the existing mobile data computers and in-car video camera systems in the vehicles as well as provide body-worn cameras for PD personnel. Project includes the replacement of the digital evidence management system for the video collected from the camera systems. The new systems will be installed by the end of December 2017.

2. Upgrade the current McLaren Cimage and Fusion document management software to the latest version. The upgrade will include a series of enhancements such as single sign-on, improved searching capabilities, self-service “how to” help, and a new evidence logging interface to the Police Department’s digital evidence management system. Upgrade will be completed by June 2018.

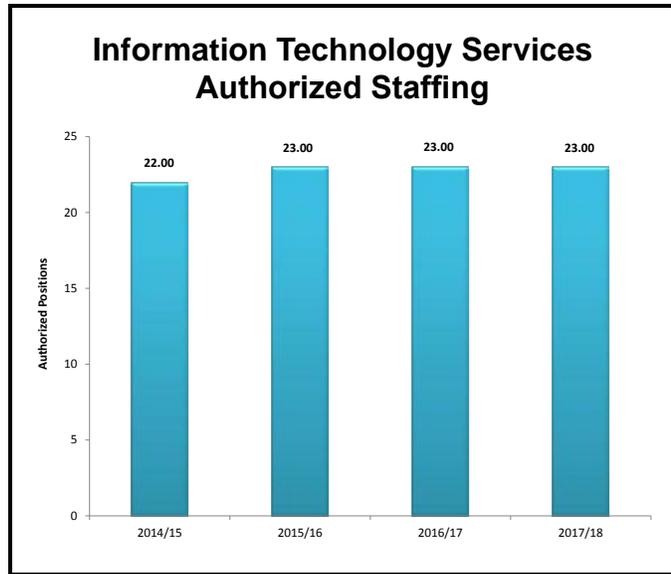
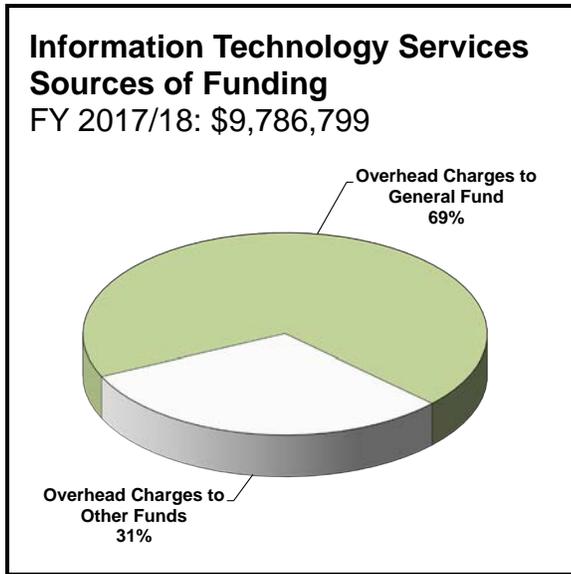
3. In partnership with the Community Services Department, Recreation Division, replace the existing CLASS registration system with a new system that has robust facilities reservation capabilities for the public to reserve parks and building facilities online and a state-of-the-art mobile-friendly registration system for Fremont residents to easily register for the City’s camps, classes, and recreation programs. New system will be implemented by June 2018.

4. In partnership with the Human Resources Department, upgrade the PeopleSoft HR/payroll system to Version 9.2 with enhanced functionality in all modules, a user-friendly interface, and new iPad and mobile features (Phase 1). The upgrade will include the addition of an absence management module to automate the leave request manual paper-based process (Phase 2). Phase 1 of the upgrade will be completed in FY 2017/18; phase 2 will be completed in FY 2018/19.

Performance Measurement

Measure	FY 2015/16 Actual	FY 2016/17 Target	FY 2016/17 Estimate	FY 2017/18 Target
Percent of service desk calls resolved at first point of contact (when call is placed to the ITS Service Desk)	N/A	80%	80%	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	79%	80%	80%	80%
Percent of requests for addressing completed within agreed-upon time frames	82%	80%	85%	80%

Department Budgets | Information Technology Services



Information Technology Services Historical Expenditures/Budget, by Category

	2014/15 Actual	2015/16 Actual	2016/17 Estimated Actual	2016/17* Adjusted Budget	2016/17 Adopted Budget	2017/18 Adopted Budget
Salaries & Benefits	\$ 2,953,674	\$ 3,503,742	\$ 3,764,937	\$ 3,932,973	\$ 3,932,973	\$ 4,268,460
Operating Expenditures	2,363,667	2,640,115	2,558,926	2,675,603	2,401,992	2,598,369
Capital Expenditures	317,534	77,527	1,425,000	2,067,861	1,888,272	2,318,933
Indirect Expense Allocation**	472,415	453,924	521,738	521,738	521,738	601,037
Totals	\$ 6,107,290	\$ 6,675,308	\$ 8,270,601	\$ 9,198,175	\$ 8,744,975	\$ 9,786,799

% increase/(decrease), including all funds, from FY 2016/17 Adopted Budget 11.9%

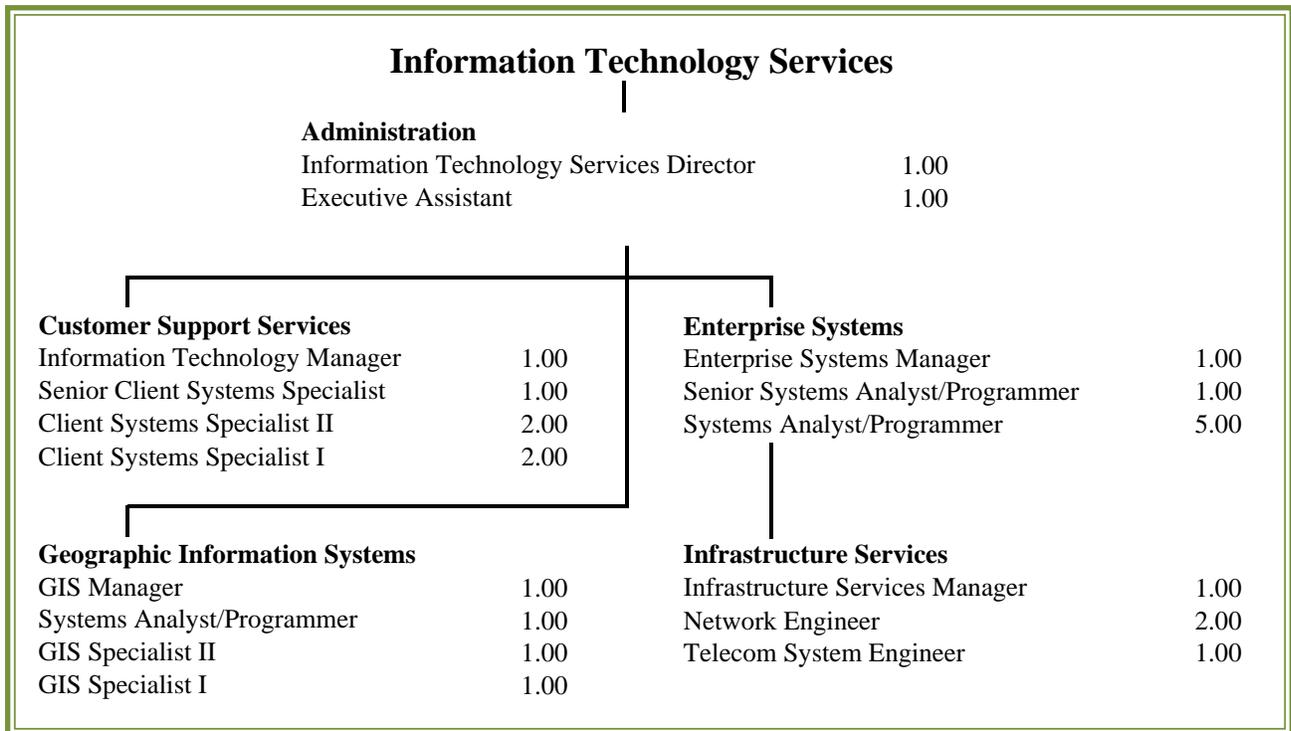
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for vehicle replacement, workers' compensation costs, and general liability insurance. Starting FY 17/18, retiree medical benefits are included in salaries & benefits.

Major Changes

- The FY 2017/18 Information Technology Services budget is \$1,041,824 (or 11.9%) more than the FY 2016/17 adopted budget.
- Salary and benefits are increasing by 8.5% due to retiree medical benefits being shifted from indirect expense allocation and changes in the CalPERS retirement benefit costs.
- Operating expenditures are increasing by \$196,377 (or 8.2%) mainly due to increases in contractual services.
- Capital expenditures are increasing by \$430,661 (or 22.8%). This expenditures category fluctuates depending on system/equipment purchase needs.
- The indirect expense allocation is increasing by 15.2% due to changes in cost allocation.

Staffing by Function–FY 2017/18



Regular Full-Time Equivalents: 23.00

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Staffing

Regular Position Summary

Overview

The total authorized regular staffing level of 915.38 for FY 2017/18 has increased by 11.00 full time equivalents (FTEs) from the FY 2016/17 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 Police Officers and 1 Police Sergeant. 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 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is attributed to the increased activity in the Development Center with the addition of 1.0 FTE Office Specialist in the Plans and Permits Division.

The Community Services Department staffing level for FY 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is attributed to the increased compliance activities related to Stormwater permits with the addition of 1.0 FTE Environmental Specialist in the Environmental Services Division.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18
<u>PUBLIC SAFETY</u>								
Fire	152.500	152.500	153.000	154.000	157.000	158.000	159.000	160.000
Police	287.000	287.000	282.000	287.500	296.500	303.500	306.500	309.500
TOTAL	439.500	439.500	435.000	441.500	453.500	461.500	465.500	469.500
<u>OTHER COMMUNITY SERVICES</u>								
Community Development	98.335	60.750	61.000	57.300	60.300	68.050	71.050	72.050
Economic Development	3.650	3.650	4.000	4.000	4.000	4.000	4.000	4.000
Human Services	54.500	54.500	56.500	58.150	59.925	60.550	61.550	63.550
Public Works	103.230	109.235	110.235	111.610	117.610	121.530	124.350	127.350
Community Services	61.850	93.430	94.410	88.510	90.010	90.760	91.010	92.010
Housing and Redevelopment	12.100	12.100	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	333.665	333.665	326.145	319.570	331.845	344.890	351.960	358.960
<u>ADMINISTRATIVE SYSTEMS</u>								
City Manager's Office	6.150	6.250	6.800	8.800	9.300	9.800	10.800	10.800
City Attorney	9.420	9.420	9.670	9.920	9.920	9.920	9.920	9.920
City Clerk	4.200	4.200	4.200	4.200	4.200	3.950	3.950	3.950
Finance	21.650	21.550	21.750	22.750	22.750	24.000	24.000	24.000
Information Technology Services	19.900	19.900	22.000	22.000	22.000	23.000	23.000	23.000
Human Resources	14.000	14.000	14.000	14.000	13.500	14.250	15.250	15.250
TOTAL	75.320	75.320	78.420	81.670	81.670	84.920	86.920	86.920
CITYWIDE TOTAL	848.485	848.485	839.565	842.740	867.015	891.310	904.380	915.380

* Total number of positions anticipated at the end of June 2017.

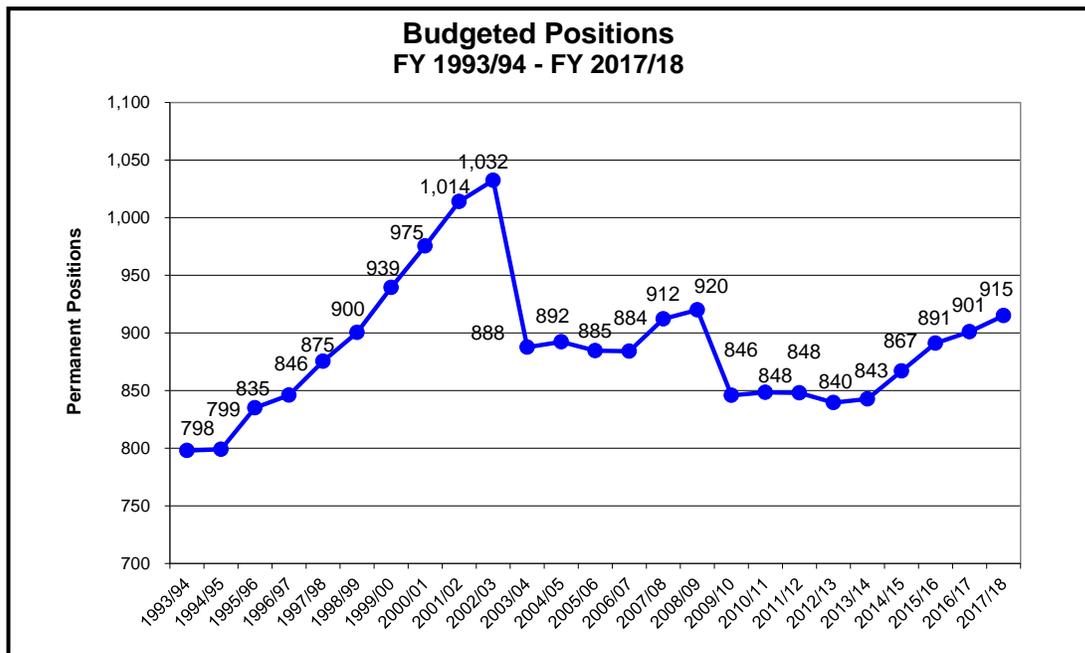
Staffing | Regular Position Summary

The Fire Department staffing level for FY 2017/18 is 1.0 FTE more than the FY 2016/17 level. The increase is a result of the addition of 1.0 FTE Fire Prevention Inspector.

The Human Services Department staffing level for FY 2017/18 is 2.0 FTEs more than the FY 2016/17 level. The increase is attributed to addressing housing problems and behavioral health with the addition of 2.0 FTEs Human Services Specialist.

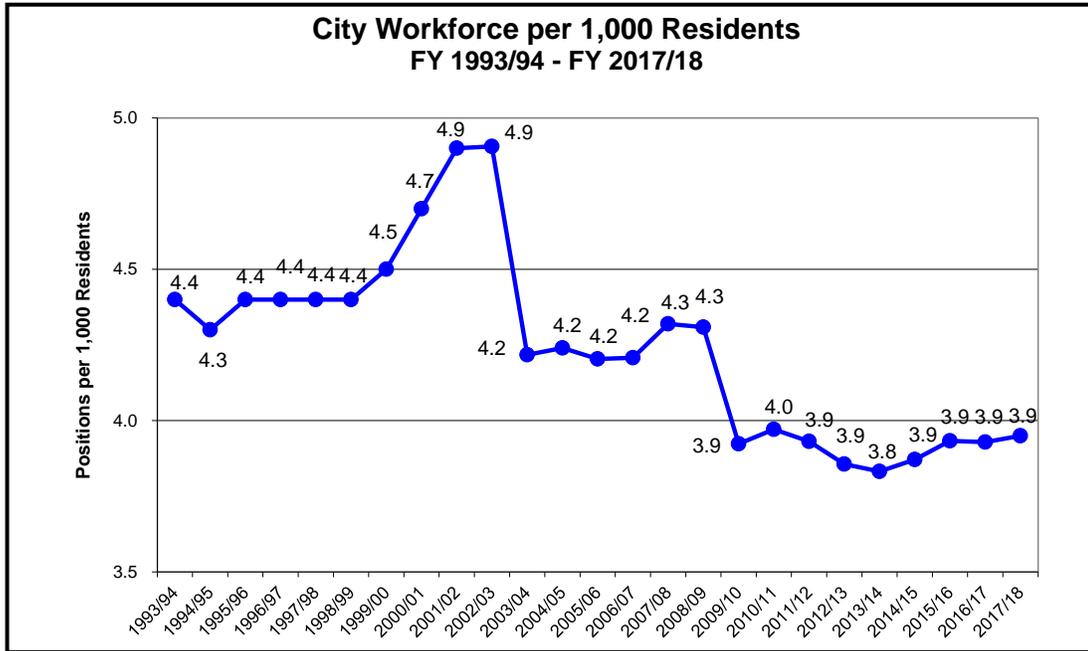
The Police Department staffing level for FY 2017/18 is 3.0 FTEs more than the FY 2016/17 level. This increase is due to the addition of a new Mobile Evaluation Team of 2.0 FTEs in Police Officers and 1.0 FTE Police Sergeant.

The Public Works Department staffing level for FY 2017/18 is 3.0 FTEs more than the FY 2016/17 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 1.0 FTE Senior Construction Inspector and addressing traffic congestion with the addition of 1.0 FTE Senior Transportation Engineer.



Historical Perspective

City staffing has remained relatively constant over the past 14 years despite population growth of approximately 23,000 residents, or 11%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2017/18 budget authorizes 117 fewer positions than authorized by the City Council for FY 2002/03. The chart below shows that since the high point achieved in FY 2002/03, Fremont has reduced its workforce per 1,000 residents during economic recessions, and has been disciplined when adding back staff during economic recovery.



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 2017/18 budget continues the City’s modest staffing and related service levels even though the FY 2017/18 overall staffing level has been increased by 11.0 FTE (1.2%) positions compared to FY2016/17, 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 2017/18, virtually unchanged from FY 2009/10.

Staffing | Regular Position Summary

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 2016/17, 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 2016/17				
City	2016 Population	Citywide Positions	Positions per 1,000 Residents	
Palo Alto	66,968	641	9.57	
Oakland	422,856	3,304	7.81	
Santa Clara	123,752	772	6.24	
Union City	72,952	423	5.80	
Sunnyvale	148,372	830	5.59	
San Jose	1,042,000	5,816	5.58	
Pleasanton	74,982	374	4.99	
Newark	44,733	183	4.09	
Livermore	88,138	354	4.02	
Fremont	229,504	901	3.93	

Source: FY 2016/17 published city budgets, financial reports & California Department of Finance Population Estimates for 2015.

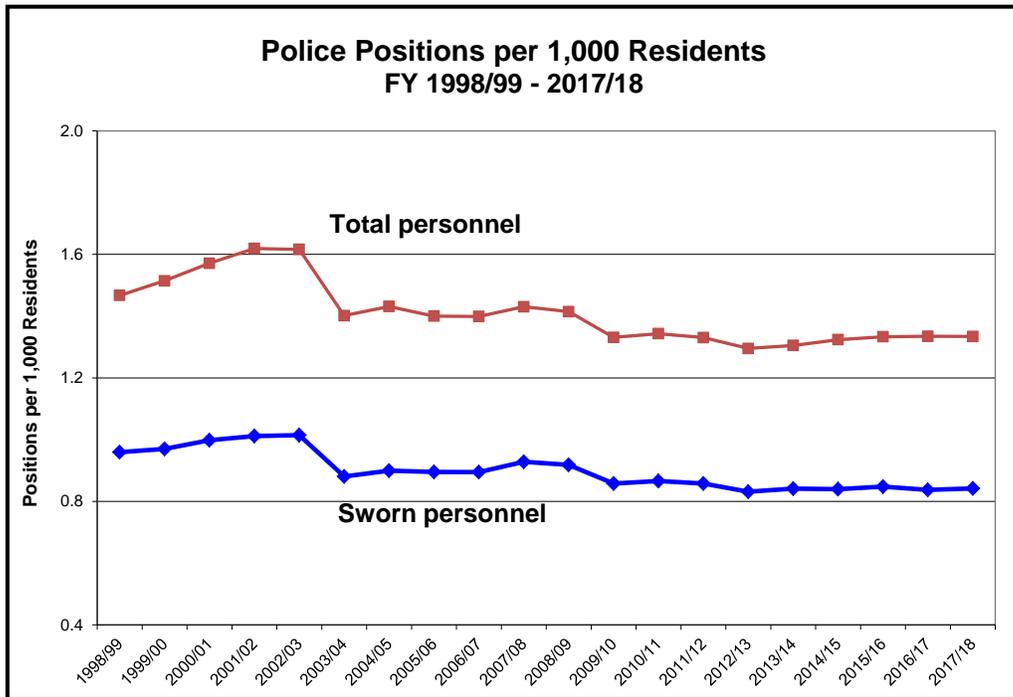
Note: Services provided by each community surveyed, and respective funding arrangements, vary widely among cities. The table reflects staffing levels in various communities, with the following adjustments to improve comparability with Fremont:

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

Staffing | Regular Position Summary

Police

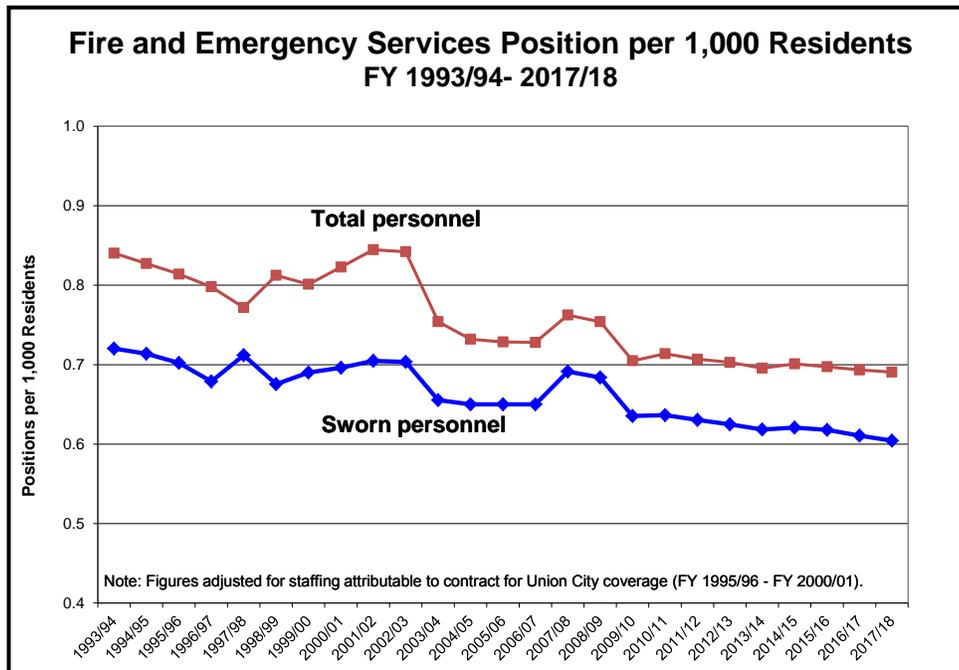
Police Department staffing has increased by 3.0 FTE positions, including 2.0 FTE Police Officer positions and 1.0 FTE Police Sergeant position. The current level remains low, at a per capita staffing of 0.84 sworn officers per 1,000 residents. This represents 16% less police officer coverage than the 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 Fire Prevention Inspector. The number of sworn positions remains at 0.6 firefighters per 1,000 residents. As illustrated by the graph below, this represents a 19% decline from the per capita staffing level of 0.7 positions per 1,000 residents in FY 1993/94.

In FY 2017/18, Fremont continues to have one of the lowest sworn fire employees ratio per 1,000 residents than any city located in either Alameda or Santa Clara Counties. Another service efficiency measure is the average number of square miles served by each fire station. Fremont's Fire Department serves 92 square miles with 11 fire stations, an average of one fire station per eight square miles. By comparison, Oakland averages one fire station for every two square miles, San Jose averages one station for every six square miles, and Hayward averages one station for every seven square miles.



Staffing | Regular Position Summary

Maintenance

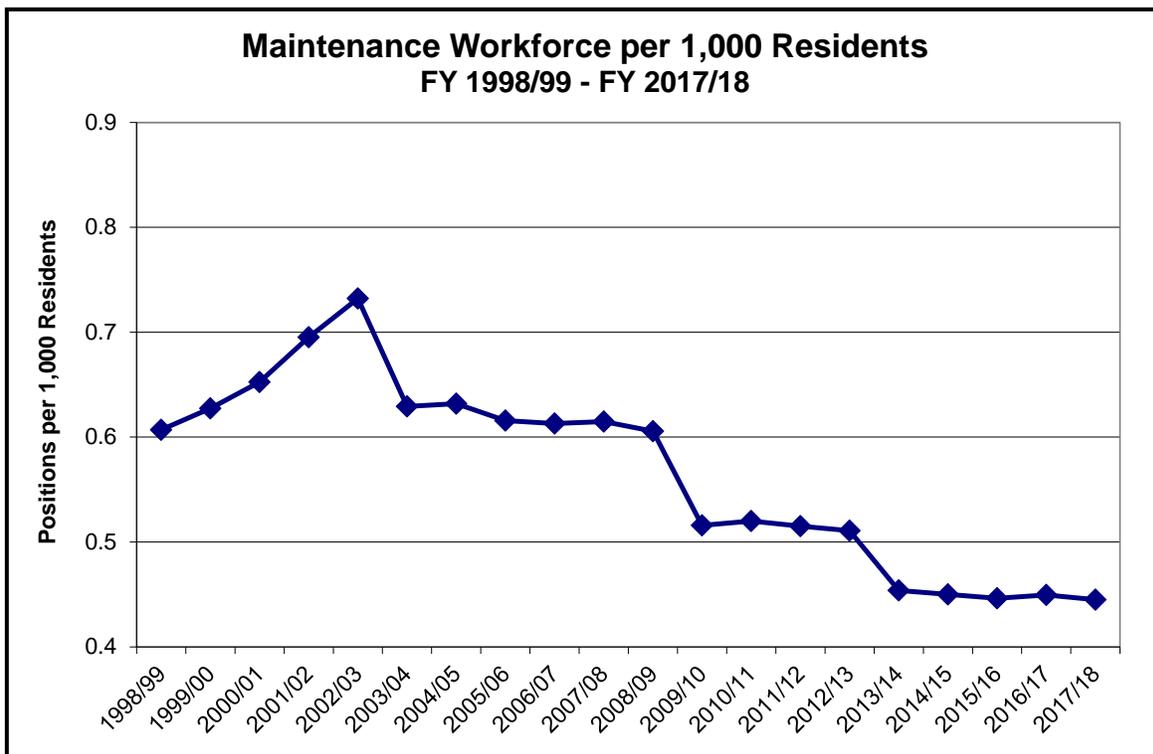
Low staffing remains a hindrance to City efforts to maintain its parks, urban forestry, streets, and public buildings.

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

FY 2017/18 Maintenance Statistics			
Asset	FY 1993/94	FY 2017/18	Percent Change
Public Buildings	581,500 sq. ft.	957,630 sq. ft.	65%
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 2017/18 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

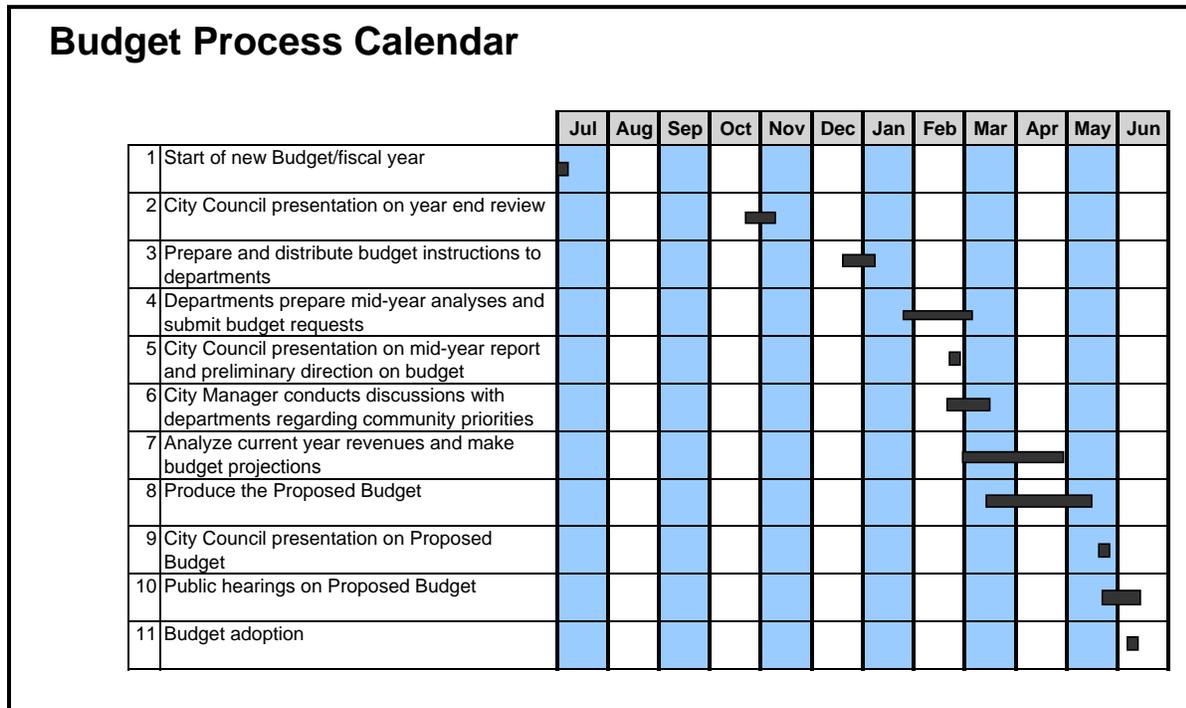
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City's Annual Operating Budget is adopted by the City Council by July 1 each year. Although the City 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 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.

At the mid-year budget review that typically takes place in February or March, the Finance Director provides an update to the City Council on the current year's budget and outlines policy issues facing the City. 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 Finance Director 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 Finance Director presents the budget to the City Council in a televised public forum. Included in the Finance Director's presentation are an update of the City's financial position and General Fund forecast; 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.

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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.



Citizen Participation

Citizens of Fremont participate in the budget planning process in various ways, such as participating on Council-appointed boards and commissions, providing feedback on the Fremont Open City Hall online civic engagement forum, attending budget presentations and public hearings, or meeting with City staff. 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 in late May or early 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 2017/18 budget at a televised meeting on May 16, 2017. Televised public hearings were held on June 6 and June 13, 2017.

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 13, 2017, and appropriates funds for projects and maintenance activities for FY 2017/18 and FY 2018/19. 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 2017/18 - 2021/22 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 developing the FY 2017/18 – 2021/22 CIP began during the summer of 2016. Appropriations reflect any changes in other City funding capabilities. Conversely, the capital projects adopted in the FY 2017/18 – 2021/22 CIP inform the FY 2017/18 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 approximately 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 services at rates that, where possible, match the cost of providing the service. Several departments charge for services such as hazardous materials inspections, 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 207). This operating budget for the 2017/18 fiscal year was adopted on June 13, 2017. The fiscal years before FY 2017/18 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2017/18.

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 budgeted as debt service expenditures in the General Fund and the Family Resource Center Fund.

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, the Recreation Services Fund, the Human Services Fund, and the Low and Moderate Income Housing Asset 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, 2016, 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, 2017, will be available no later than December 31, 2017.

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).

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 fee revenue in those funds exceeds the amount estimated at the time of budget adoption because of increased activity. Additionally, the City Manager may appropriate and transfer from the operating funds any amounts necessary to maintain adequate funding of the worker's compensation and liability reserves. 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. 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 Downtown. 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 an operational contingency reserve to help maintain service levels during temporary slowdowns in development activity. The contingency reserve is to be funded at twenty-five percent of the combined Development Cost Center annual operating budget. All uses of the contingency reserve must be approved by the City Manager. (Adopted by the City Council on June 13, 2017)

Development Cost Center Technology and System Improvement Reserve

The Development Cost Center also maintains a 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 is to be funded at a level of \$4 million. All uses of the technology and system improvement reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997; Revised June 13, 2017)

Development Cost Center Unreserved Fund Balance

To ensure that development fees do not exceed the level required to maintain full cost recovery, the development fee structure will be evaluated when unreserved fund balance reaches more than ten percent of the combined Development Cost Center annual operating budget. (Adopted by the City Council on June 13, 2017)

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.

Interfund Loans and Debt Management

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.

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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)

Debt Management

This Debt Management Policy (the “Debt Policy”) of the City of Fremont (the “City”) is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt issuances undertaken by the City.

In addition to this Debt Policy, the City has separately adopted Local Goals and Policies for Special Assessment and Mello-Roos Community Facilities District Financing, Disclosure Policies and Procedures, and an Interfund Loans Policy.

The Debt Policy may be amended by the City Council as it deems appropriate from time to time in the prudent management of the City’s debt. Any approval by the City Council of a debt issuance that is not consistent with this Debt Policy shall constitute a waiver of this Debt Policy.

The City recognizes that a fiscally prudent debt management policy is required to:

- Maintain the City's sound financial position;
- Ensure the City has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses;
- Protect the City's credit-worthiness;
- Ensure that all debt is structured to protect both current and future taxpayers, ratepayers and constituents of the City; and
- Ensure that the City's debt is consistent with the City's planning goals and objectives and capital improvement program or budget, as applicable.

I. Purposes for Which Debt May Be Issued

A. Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land, to be owned and operated by the City.

1. Long-term debt financings are appropriate when any of the following conditions exist:
 - The project is included in the City's five-year capital improvement program (CIP) and is in conformance with the City's General Plan.
 - The project to be financed, if not included in the CIP, is necessary to provide essential services or is mandated by state or federal requirements.
 - The project to be financed will provide benefit to the community over a period equal to or exceeding the term of the financing.
 - Total debt does not constitute an unreasonable burden to the City and its taxpayers and ratepayers.
 - The debt is used to refinance outstanding debt to produce debt service savings or to realize the benefits of a debt restructuring.
2. Long-term debt financings will not be considered appropriate for current operating and routine maintenance expenses.
3. The City may use long-term debt financings subject to the following conditions:
 - The project to be financed must be approved by the City Council.
 - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.

- The City estimates that sufficient revenues will be available to service the debt through its maturity.
- The City determines that the issuance of the debt will comply with applicable state and federal law.

B. Short-term debt. Short-term debt may be issued for the following purposes:

1. To fund cash flow deficits in a fiscal year arising from a timing mismatch between revenues and expenditures.
2. To provide interim financing in anticipation of long-term debt issuance, property sale proceeds, grants, or other sources of funding to retire the short-term debt.
3. To finance the acquisition of shorter-lived capital assets such as fire apparatus or solar panel arrays.

C. Pooled Financings. Pooled financings with other government agencies will be considered, as appropriate.

D. Financings on Behalf of Other Entities. The City may find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with this Debt Policy.

II. Types of Debt

For purposes of this Debt Policy, “debt” shall be interpreted broadly to mean bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Debt Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation comport with exceptions thereto.

The following types of debt are allowable under this Debt Policy:

General Obligation Bonds – Bonds secured by a promise to levy ad valorem property taxes in an unlimited amount as necessary to pay annual debt service. General obligation bonds must be approved by a two-thirds vote of the qualified electors, and the bonds may only be used to finance the acquisition or improvement of real property. Because they are secured by the property tax levy, general obligation bonds are considered by investors to have the highest credit quality and consequently bear the lowest interest rates.

Revenue Bonds – Bonds may be secured by revenues generated by the facility that is financed, dedicated user fees, or another source of dedicated revenues such as a voter-approved additional sales (transactions) tax. Voter approval may not be required if debt service is paid solely from a special fund consisting of enterprise or other legally-restricted revenues.

Lease Revenue Bonds, Certificates of Participation, and Lease-Purchase Transactions –

The City enters into a tax-exempt lease with a nonprofit corporation, joint powers authority, leasing company, bank, or other lessor. The lessor acquires the leased asset (which could include real property or equipment), either by purchasing it from a third party or by leasing it from the City. If applicable, the lessor, with the assistance of the City, undertakes the acquisition and/or construction of the financed project and leases the leased asset back to the public agency pursuant to a financing lease. The lessor's rights to receive payments under the financing lease are sold to investors and the proceeds of the sale are used to pay the costs of acquiring and/or constructing the financed asset. The lease financing structure may be used to finance the cost of acquiring land and equipment and constructing improvements, and the leased asset does not have to be the asset being acquired or constructed. Lease financing does not require voter approval, but generally bears a higher interest rate than general obligation debt due to a perceived higher risk of default.

Special Assessment Bonds or Special Tax (Mello-Roos) Bonds – The City may establish special assessment districts or community facilities districts to finance acquisition or construction of real or personal property. A two-thirds majority vote of property owners or residents within a community facilities district is required to approve a special tax and to issue bonds. A majority vote of property owners in a special assessment district (weighted based on proportional benefit from the financed project) is required to approve an assessment. 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 by a property owner in the payment of its assessment or special tax, the lien of the assessment or special tax has the same priority as property taxes. Bondholders rely on the special taxes/assessments and, typically, a commitment by the City to foreclose on delinquent properties to collect delinquent special taxes/assessments, and have no recourse to the City's General Fund.

Tax and Revenue Anticipation Notes (TRANS) – TRANS are issued to fund cash flow deficits in a fiscal year arising from a timing mismatch between revenues and expenditures. Typically, TRANS would be issued at the beginning of the fiscal year with repayment coming from any funds received during that fiscal year. TRANS can mature in either the same fiscal year as issued or in the following fiscal year.

Bond or Grant Anticipation Notes (BANs/GANs) – Notes are issued to provide temporary financing, to be repaid by long-term financing or grant proceeds.

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

III. Relationship of Debt to the City's Capital Improvement Program and Budget

The City is committed to long-term capital planning. The project priority process used in developing the city's five-year capital improvement program (CIP), including criteria for evaluating projects and project viability, is reviewed by the City Council as part of the biennial update of the CIP.

Policies & Glossary | Policies and Practices

The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's capital budget and the CIP.

The City shall integrate its debt issuances with the goals of its CIP by timing the issuance of debt to ensure that facilities and equipment are available when needed in furtherance of the City's public purposes.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues and avoid the use of debt financing for these purposes.

IV. Policy Goals Related to Planning Goals and Objectives

The City is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual operating budget and CIP.

It is a policy goal of the City to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will maintain open communications with rating agencies, investors, and other market participants to enhance the market value of the City's outstanding debt and minimize borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

V. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The City will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings under SEC Rule 15c2-12;
- Any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues;

- Any covenants and reporting requirements specified in financing documents; and
- The City’s investment policies as they relate to the investment of bond proceeds.

It is the policy of the City to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition only after obtaining the signature of the Finance Director or designee. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance Director shall retain records of all expenditures of proceeds through the final payment date for the debt.

VI. Debt Issuance Considerations

A. Funding Methods for Capital Projects. Before pursuing debt issuance for a project, consideration should be given to the full range of available funding options which may include pay-as-you-go and interfund borrowing.

1. Pay-as-you-go

With a pay-as-you-go approach, the City uses available cash to pay for projects. Funding sources can include the City’s General Fund, special revenue funds, and capital project funds, user charges, impact fees, grants, private contributions, or capital replacement funds set up specifically to pay for capital improvements or replacements.

2. Interfund Borrowing

Interfund loans may be appropriate for financing priority needs on a case-by-case basis. The City’s Interfund Loans Policy specifies the terms and conditions under which the City Manager may approve interfund loans and advances.

B. Debt Limits.

1. Legal Restrictions

City staff will work with bond counsel and the financial advisor to ensure that any proposed debt issuance is consistent with federal and State law, the City’s municipal code and policies, contractual obligations of the City, and any applicable bond referenda approved by voters.

California Government Code Section 43605 limits the issuance of general obligation bonds to no more than 15% of the City’s gross assessed valuation. For measurement purposes, the City converts 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.

2. Financial Restrictions

Debt service supported by the General Fund will not exceed 7% of total budgeted General Fund expenditures and transfers out.

The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue, 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:

- Volatility and collection risk of the revenue source identified for repayment of the debt; and
- The likelihood that 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 budgeted General Fund expenditures and transfers out. This limitation is separate from and in addition to the debt limitations for General Fund supported debt service described above.

C. Debt Structuring Practices.

The amortization schedule and use of optional redemption features will reflect the anticipated availability of funds for debt service and redemption, as well as the potential trade-offs between the City's operational flexibility and the cost of funds.

Debt shall be issued as fixed rate debt unless the City makes a determination that a variable interest rate would be beneficial in a specific circumstance (e.g., interim financing, potential change in taxability, redemption flexibility, debt service savings).

The City will seek credit enhancements, such as letters of credit or bond insurance, when necessary or advantageous.

D. Debt Issuance Practices.

The City will engage an independent municipal advisor to assist with each debt issuance. All financing professionals and service providers will be selected in accordance with the procurement provisions in the City's municipal code.

Whenever the City anticipates incurring debt to finance a project and advancing project costs (e.g., project development costs, architectural costs, studies, etc.) before the debt proceeds are available, the City will adopt a resolution declaring its intent to reimburse itself for those costs.

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.

The City will generally conduct financings on a competitive basis; however, negotiated financings may be used when market volatility is a concern, or the financing mode, size, security or structure warrants a negotiated sale.

E. Use of Derivatives.

A derivative - or swap - is a financial instrument created from or whose value depends upon (is derived from) the value of one or more separate assets or indices of asset values. As used in public finance, derivatives may take the form of interest rate swaps, futures and options contracts, options on swaps, and other hedging mechanisms such as rate locks.

Prior to considering a swap or other derivative product, the City should first determine whether staff has the appropriate expertise and resources to understand and monitor the transactions, prepare necessary financial reports and audit footnotes on an ongoing basis, as well as manage the variable rate instruments and liquidity facilities associated with the derivative product. If the City determines that the appropriate expertise and resources are available, it should develop a comprehensive derivatives policy prior to entering into its first derivatives transaction.

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, similar to lease revenue bonds, 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 a voter-approved property tax increase, used to acquire and improve real property.

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

Internal service funds account for City-wide support services, such as risk management, information technology, and employee benefits, that operate on a cost-reimbursement basis, and are used to accumulate funds for vehicle, fire apparatus, and technology infrastructure capital replacement.

Lease Revenue Bonds

A lending agreement, similar to certificates of participation, secured by a lease on the acquired asset or other assets of the City.

Local Improvement District (LID) Bonds

Bonds paid for by special assessments on benefitted property for specific public 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 three-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, pension, and retiree healthcare.

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).

RESOLUTION NO. 2017-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2018, entitled "City of Fremont, Fiscal Year 2017/18 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, 2017 through June 30, 2018. The final budget shall be the "City of Fremont, Fiscal Year 2017/18 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 2017/18 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2016/17. The actual amount of the increased appropriation due to encumbrances will be reported to the City Council as part of the fiscal year 2016/17 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 2017/18 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 2017/18 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 2017/18 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 2017/18 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 2017/18 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 2017/18 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 2017/18 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 2017/18 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, 2017, 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. The City Council revised the Development Cost Center Reserve Policy on June 10, 2014, as part of the adopted budget by Resolution No. 2014-29, setting the reserve as "at least equal to 8% of the annual operating expenditures for engineering, planning, and building and safety." The Development Cost Center Contingency Reserve, Development Cost Center Technology and System Improvement Reserve, and Development Cost Center Unallocated Fund Balance Policy are hereby replaced in its entirety and superseded by the revised Development Cost Center Contingency Reserve, Development Cost Center Technology and System Improvement Reserve, and Development Cost Center Unreserved Fund Balance Policy, set forth as follows:

The Development Cost Center maintains an operational contingency reserve to help maintain service levels during temporary slowdowns in development activity. The

contingency reserve is to be funded at twenty-five percent of the combined Development Cost Center annual operating budget. All uses of the contingency reserve must be approved by the City Manager.

The Development Cost Center also maintains a 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 is to be funded at a level of \$4 million. All uses of the technology and system improvement reserve must be approved by the City Manager.

To ensure that development fees do not exceed the level required to maintain full cost recovery, the development fee structure will be evaluated when unreserved fund balance reaches more than ten percent of the combined Development Cost Center annual operating budget.

This Reserve Policy shall be effective and implemented in fiscal year 2017/18, concurrent with adoption of the Fiscal Year 2017/18 Proposed Operating Budget, and shall remain in effect until amended by action of the City Council.

SECTION 13. 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 14. The City Manager is instructed to implement all policies contained in the "Policies" section of the Budget.

SECTION 15. This resolution shall take effect immediately upon its adoption.

ADOPTED, June 13, 2017, by the City Council of the City of Fremont, by the following vote:

AYES: Mayor Mei; Vice Mayor Jones; Councilmembers Bacon, Salwan and Bonaccorsi

NOES: None

ABSENT: None

ABSTAIN: None



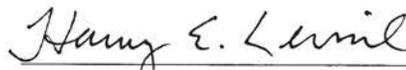
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

RESOLUTION NO. 2017-35

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT
ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR
2017/18 FOR THE CITY OF FREMONT**

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

WHEREAS, documentation used in the determination of the fiscal year 2017/18 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 2017/18 for the City of Fremont as \$675,413,206, 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 2017/18 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 2017.

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Assessment Factor: The percentage change in assessment roll from the preceding year due to non-residential new construction for fiscal year 2017/18.

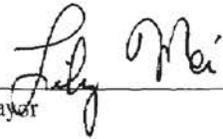
ADOPTED, June 13, 2017, by the City Council of the City of Fremont, by the following vote:

AYES: Mayor Mei; Vice Mayor Jones; Councilmembers Bacon, Salwan and Bonaccorse

NOES: None

ABSENT: None

ABSTAIN: None



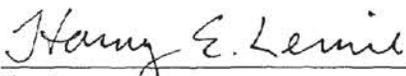
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

Exhibit A to Resolution No. 2017-35

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

$$\frac{\% \text{ change in population} + 100}{100} \text{ times either } \frac{\% \text{ change in per capita income} + 100}{100} \text{ or } \frac{\% \text{ change in assessment roll due to non-residential construction} + 100}{100}$$

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, 2017, 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 3.69%. The calculation as applied to the City of Fremont for FY 2017/18 is as follows:

The population change on January 1 of the previous year (229,504) compared to the population on January 1, 2017 (231,664) is 1,742, or a 0.94% increase.
 The change in per capita personal income is 3.69%.
 The factor for determining the year-to-year increase is computed as:

$$\frac{0.94 + 100}{100} \times \frac{3.69 + 100}{100} = 1.0466$$

Applying this year’s factor of 1.0466 to last year’s limit of \$645,340,346, the Gann Limit for FY 2017/18 yields \$675,413,206.

Based on an operating budget of \$190,778,000, 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 2017/18 operating budget.