



City of Fresno, California

A GUIDE TO THE
Adopted Budget
FISCAL YEAR 2009-2010

Introduction

Welcome to the City of Fresno's FY 2009-2010 Budget. The budget can be a complex and challenging document to review; this guide is intended to serve as an introduction to the information contained in the main budget document. The guide is divided into four sections.

After the Table of Contents, the City Organization is displayed, giving the reader an overall view of "who does what" in the City. The Executive Summary outlines the critical issues and initiatives that this budget addresses. Next, the City Cornerstones gives a brief outline of the guiding vision which provides an essential framework for decision-making and strategic planning.

The next two sections are more technical in nature. The General Fund Overview, and the chart and graphs within it, covers the City's largest and most important fund. This fund is supported by general tax revenues and is used to support operations in the Police and Fire Departments, in addition to the Parks, After School, Recreation & Community Services, Public Works, Downtown and Community Revitalization and General Government Departments.

Next are summaries of the City's budget from a citywide perspective. Total resources and various depictions of total City appropriations follow, along with a table detailing the City's total authorized positions. This section also includes summaries of the Community Development Block Grant (CDBG) and Measure C Revenue; two other critical funding sources.

The last section gives background information that may assist the reader in understanding the budget as a whole. First, a summary of the Federal and State economic stimulus funding the City has either already received or is pursuing. Next, a summary of the 5-year Capital Improvement Plan is shown to give the reader an overview each department's capital spending plan. A description of the budget policies and budget development process and timelines is provided to give the reader a background on how and when this spending plan was created.

It is hoped that this guide will help the citizens of Fresno understand how the monies the City receives will be used to enhance and improve the quality of life in our community in the upcoming fiscal year. Detailed information related to the FY 2009-2010 Budget can be found on the City's website:

<http://www.fresno.gov/Government/DepartmentDirectory/Finance/Budget/default.htm>.

What's Inside...

Mayor's Transmittal Letter

- 1 City Organizational Chart**
The Fiscal Year 2010 organization chart.
- 2 Executive Summary**
An overview of the City's long and short term goals, along with explanation about priorities and issues for the new fiscal year.
- 21 City Cornerstones**
An overview about the Vision of City of Fresno for FY 2010 and beyond.

GENERAL FUND OVERVIEW

This section includes detail information about the City's General Fund, what it's major funding sources are and how it's used.

- 25 General Fund Overview Chart**
This chart lists the major revenue and expenditure categories in the General Fund and the estimates for FY 2009 and the Adopted amounts for FY 2010.
- 26 General Fund Overview**
This overview includes a description of General Fund sources and uses and the major revenue trends

CITYWIDE OVERVIEW

Includes Citywide Budget information about fund types, resources, operating budget and capital.

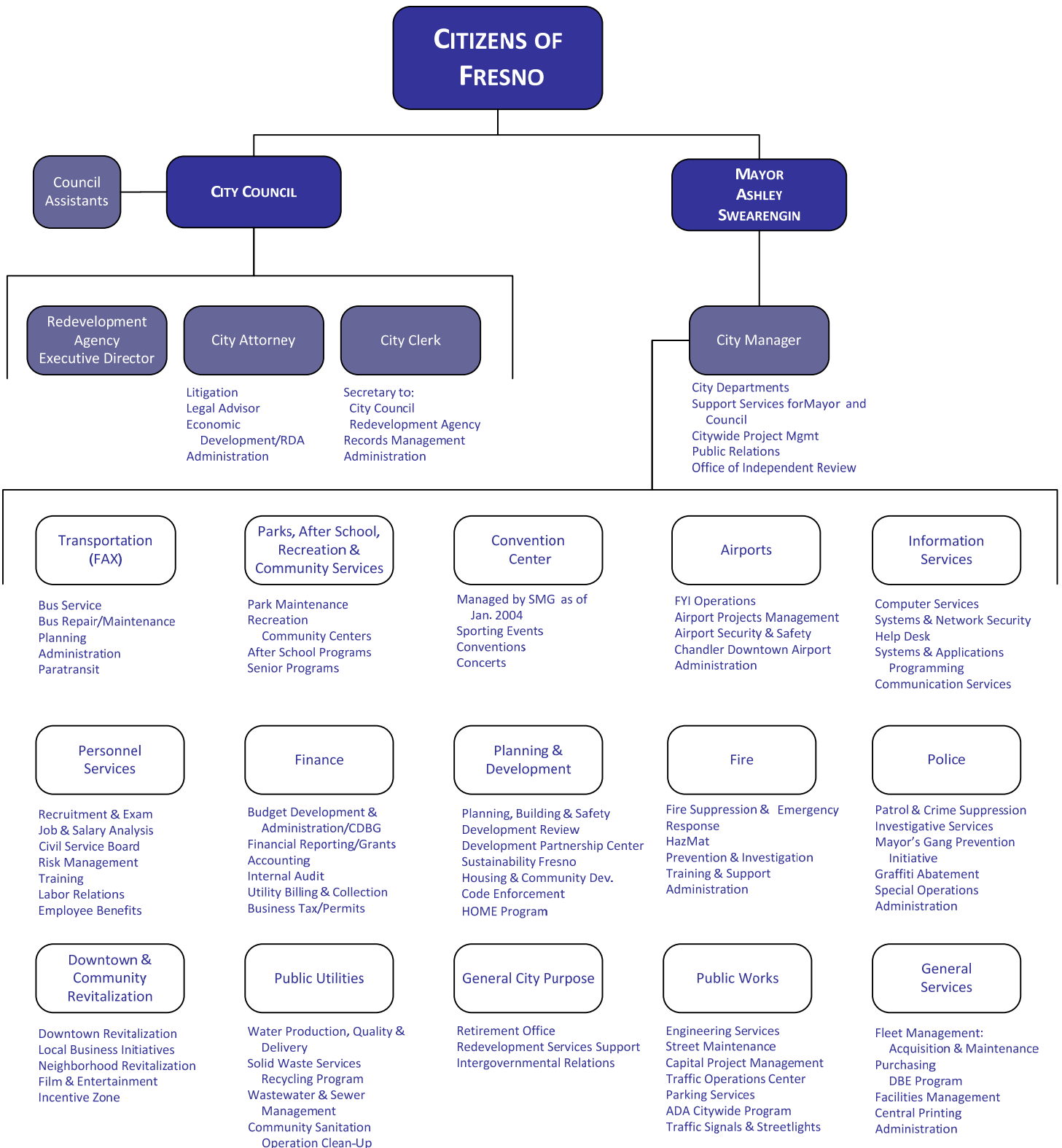
- 35 Total City Resources & Appropriations by Fund Type**
- 36 Net Budget by Department Excluding: Capital & Debt Service**
- 37 Net Budget by Department Including: Operating, Capital & Debt Service**
- 38 Authorized Positions**
- 39 Authorized Positions Detail**
- 40 Community Development Block Grant (CDBG)**
- 46 Measure C**

DEMOGRAPHICS

This section includes detail information about Capital, Budget Policies, Distinguished Budget Presentation Award and Acknowledgements.

- 49 Economic Stimulus Funding**
- 50 Capital Summary**
- 51 Budget Policies**
- 55 Distinguished Budget Presentation Award**
- 56 Acknowledgements**
- 57 Glossary**

City Organizational Chart FY 2010



Executive Summary

Introduction: FY 2009-2010 Budget Priorities and Guiding Principles

Preparing a balanced budget that protects core services for the people of Fresno, enables the City to advance on key goals, and safeguards emergency reserves for unforeseen crises is difficult to do during times of economic growth, and it is extremely difficult to do during times of economic decline and recession. After thoughtful deliberation, analysis, and effort by City staff and the Administration, we are confident that the FY 2009-2010 Budget will advance our community despite the economic climate.

The FY 2009-2010 Budget is based on the following priorities:

- **Ensuring Public Safety** – An uncompromising commitment to the public’s safety, preserving response times for emergency calls and services, and proactive efforts aimed at crime prevention;
- **Revitalizing the Urban Core and Supporting Economic Growth** – A focus on much needed revitalization efforts for downtown and Fresno’s oldest neighborhoods that will lead to more jobs and a stronger economic base for the City;
- **Streamlining City Services** – Removing bottlenecks at City Hall to ensure customers are well served; and
- **Protecting Natural Resources** – Launching “Sustainable Fresno,” a multi-year effort to improve long-term land use planning and water and energy conservation in Fresno and the region.

This budget was developed according to five guiding principles. First, the City cannot retreat on its priorities during times of economic decline. Second, every decision in this budget - no matter how big or how small - must be made with the utmost fiscal prudence and discipline in mind. Third, City departments must collaborate with one another and with outside agencies to improve efficiencies and service levels to the public. Fourth, the public must be heavily involved every step of the way – from prioritizing spending to the delivery of services throughout the year. Finally, each department must clearly establish and continuously measure its goals. By adhering to these principles, the City of Fresno will emerge from these difficult economic times as a stronger, leaner and more effective municipal government.

A Vision for Fresno

The annual budget illustrates and prioritizes the City’s goals for the coming year, but must also advance a broader vision for our entire community. The Mayor is dedicated to ensuring a vibrant and thriving future for Fresno - with strong neighborhoods, attractive amenities, rich cultural experiences and a powerful entrepreneurial spirit. The foundation for this vision is set firmly upon four Cornerstone Commitments, which provide an essential framework for decision-making and strategic planning. They are: Safe, Quality Neighborhoods; Jobs and Education; Effective and Responsive Government; and Regional Leadership.

References to the Mayor’s Cornerstone Commitments and Budget Priorities are woven throughout this document, where appropriate, to illustrate the strategic alignment of City programs, projects, and initiatives in FY 2010.

Overview of the Executive Summary

The Executive Summary outlines the critical issues and decisions driving the FY 2009-2010 Budget. It includes the following sections:

- **The Fiscal Outlook** – An overview of revenue estimates for each City fund is provided, along with an explanation of the impact of Proposition 1A on local revenues;
- **Difficult Choices** – A summary of the most difficult issues that surfaced during the preparation of the budget and the proposed resolution of those issues;
- **Budget Impacts to Employees** – A description of employee issues factored into the preparation of the budget;
- **Fiscal Stabilization Efforts** – An outline of strategies used to minimize the impact of the financial storm on the City and its residents;
- **Reserve Policy Analysis** – An analysis of the City’s reserve policy compared to peer cities; and
- **Budget Priorities and Additional Budget Highlights** – A summary of FY 2010 departmental and program highlights.

Executive Summary

The Fiscal Outlook

While each year's revenue forecasts contain some uncertainty, today's economic environment is particularly volatile. With little prospect of a quick recovery, it is imperative that City leadership take a long term approach to planning and budgeting. Long term strategies that create concrete savings and efficiencies must be implemented to maintain the City's current and future stability. Solutions often require early and sustained action to generate sufficient savings needed to successfully manage service impacts. For example, the proactive measures that were implemented mid-year in the 2009 fiscal year will continue through FY 2010, ensuring that the City can continue to meet its cash flow demands with minimum impacts to service delivery.

Due to prudent fiscal policies and strategic decisions, the financial position of the City of Fresno compares favorably with many of our peer cities in California. Unfortunately, the depth and the duration of the national recession have now eclipsed the steps previously taken. As a result of the struggling economy, municipal revenues have plummeted. Combined with rising expenses related to contractual obligations and growing debt service, the City must identify \$26.7 million in savings over the 2010 and 2011 fiscal years to ensure balanced budgets. Difficult spending choices must be made, and strategic realignments must be employed to avoid huge operating shortfalls in future years. These critical decisions lay the necessary groundwork to maintain core services in FY 2010 and beyond.

Revenue Estimates

The City of Fresno charter requires that a balanced budget be adopted each year. Unlike State and Federal budgets, at the local level, revenues and available fund balances must be sufficient to support budgeted expenditures.

The methodology for calculating revenue estimates varies depending on the source of revenue. However, in general, considerable weight is given to historical trends combined with various mitigating economic factors. The City retains a respected consulting firm that is continuously working with the Budget Management and Studies Division to ensure that our revenue projections are as accurate as possible. The depth and duration of the current recession have resulted in significant impacts on many City revenue streams. The revenue estimates contained in this document are reflective of the level of decline already realized and maintain conservative assumptions as to when the economic downturn will level off.

General Fund Revenues – Overall, the General Fund's operating revenue is expected to decline by \$5.8 million or 2.2 percent from the current year estimate. The decline from the FY 2009 Adopted Budget is \$18.8 million, or 7.1 percent. At mid-year 2009, the City took action and made adjustments to appropriations that are projected to realize \$5.7 million of carryover funds to help mitigate this significant reduction in revenues. The reductions in revenue are directly linked to the downturn in the Federal, State and Local economy. Additional revenue detail is available in the General Fund Overview section of this document.

Internal Service Fund Revenues - Internal Service Fund (ISF) Departments provide services for other City departments. Funding for these central service departments comes from billing the various departments and agencies that use their services. FY 2010 ISF departments include: the City Attorney, Worker's Compensation, Risk, Personnel, Finance, Budget, Internal Audit, Information Services, Facilities, Fleet and Central Printing. Each of these departments maintains their own funds. Each year the charges for services within these funds are updated. The funds are evaluated to determine the expected cost for running the ISF. Cost considerations also include the level of service demand expected for the budget year.

The next consideration is the level of fund balance considered appropriate for unanticipated expenses. Any amount over the level deemed necessary is netted against the expenses. These expenses are then allocated to the user departments based on various methodologies described in each ISF department section. Since the City of Fresno is realizing a contraction in several major revenue sources, it is anticipated that service demands in the ISFs will decline. As a result, most of the ISF charges have been reduced between 2 to 19 percent on a Citywide basis as compared to FY 2009. The two exceptions are the Worker's Compensation Fund and the City's Unemployment Fund, both of which are expected to increase in FY 2010.

Executive Summary

To realize other savings, the City has temporarily discontinued funding the General Fund portion of its vehicle replacement program and has deferred its desktop PC replacement program for one year. In addition, fuel prices are budgeted at the current market rate. However, the Fleet Operating Fund is maintaining a \$1.3 million reserve to be able to respond to potential spikes in fuel costs.

Enterprise Fund Revenues - Enterprise Funds represent departments which operate as if they were private sector entities. They provide services to other governmental and non-governmental “customers,” including individuals and businesses. The resources generated by these departments may only be used for operations, capital and expansion within the department generating the revenue. The Enterprise Departments within the City of Fresno include: Fresno Yosemite International Airport (FYI), Convention Center, Planning and Development, Public Utilities, Parking and Transportation/FAX. The revenues for these departments are typically derived from charges to customers, Federal and State grants, leases and investments. The revenues are estimated based on market trends and known contractual obligations. The Enterprise Departments are also challenged by the current economy. Residential construction spending, housing starts and nonresidential construction are weak. Real consumer spending growth is declining, which has a direct impact on the travel and entertainment sectors. As a result, Enterprise Departments have all made adjustments to their spending plans to align their expenses with the anticipated declines in revenue.

Proposition 1A

While the City of Fresno has the obligation to control expenses by aligning them to actual revenues, we are constantly at risk from the deteriorating condition of California’s budget picture. The Legislative Analyst has stated that the State’s revenue collapse is so dramatic, and the underlying economic factors are so onerous, that huge budget shortfalls are projected through FY2013-14 absent significant corrective action on the part of the Legislature. As a result, the State Budget will invoke Prop 1A, effective July 1, 2009. The state has the authority to “borrow” up to 8 percent of property tax revenues from local governments. **The estimated amount the state will borrow from City of Fresno Property Tax revenue is \$9.9 million.** While the state is required to pay back the loan with interest within 3 years, the City will be required to obtain short-term financing to bridge the resulting revenue gap to mitigate additional service impacts. The General Fund contingency includes \$600,000 for financing expenses related to this anticipated transaction. The General Fund Emergency Reserve will likely serve as security for this loan.

The Facts About Proposition 1A

In November 2004, California voters approved Prop. 1A, a ballot measure sponsored by the League of California Cities and a broad coalition that included Governor Arnold Schwarzenegger, Legislators, other local governments, and public safety, business and Community organizations. This landmark amendment to the state Constitution was intended to restore predictability and stability to local government budgets. The measure:

1. Strengthens prohibitions against unfunded state mandates by requiring the state to suspend state mandates in any year the Legislature does not fully fund those laws;
2. Expands definition of state mandate to include transfer of responsibility of a program for which the state previously had full or partial responsibility; and
3. Prohibits the state from:
 - Reducing the local Bradley-Burns Uniform Sales & Use Tax rate or altering its method of allocation, except to comply with federal law or an interstate compact;
 - Decreasing Vehicle License Fee revenue from the 0.65 percent rate without providing replacement funding to cities and counties; and
 - Shifting property taxes from cities, counties or special districts, with the following exceptions:
 - a) The state may reallocate among cities, counties and special districts (but not schools or any other local entity) with a two-thirds vote of both houses of the Legislature.
 - b) Beginning in FY 2008–09, the state may borrow up to 8 percent of the property tax revenue within a county (currently about \$1.3 billion on a statewide basis) if:
 - The governor declares a “fiscal hardship”;
 - The Legislature enacts an urgency statute by a two-thirds vote;
 - The funds are repaid within three years;
 - The FY 2003–04 VLF backfill gap has been repaid;
 - Any previous borrowing of this kind has been repaid; **and**
 - The state has not borrowed from the revenues more than twice in ten years.

Executive Summary

Difficult Choices - Moving Forward in Challenging Economic Times

The current economy forces many difficult choices and its impact on the City budget demands a thorough operational review across the entire organization. Programs and projects must be evaluated to determine their level of contribution to core services delivery. Some may be reduced or eliminated. Others may be restructured to capture previously unidentified efficiencies and cost savings. Throughout the process, the effort must promote a commitment to a culture of excellence. While some changes may take time to fully implement, the opportunity to act is now.

The following table summarizes the changes necessary to keep our City's General Fund fiscally viable while maintaining strength in core services:

Action	Objective	Impact
Citywide Action:		
Seek employee concessions to maintain FY2010 salaries and benefits for all employees at FY2009 levels. Defer cash-out of leaves for FY2010.	Mitigate the loss of City staff and impacts to service.	Without employee concessions, further service and staffing reductions will result. Using an average cost of \$50,000 per position, up to 190 positions are at risk.
Police Department Actions:		
Seek CHRP grant funding for 55 police officer positions.	Ensure response times to life threatening calls for service and crimes in progress remain the top priority.	City has filed grant application and is expecting notification of award after adoption of FY2010 budget. Positions have been budgeted in General Fund through August 31, 2009 when grant notification is anticipated. Full grant funding results in retention of 55 sworn police officers. Without full grant funding, 31 police officers would potentially be laid off, along with the elimination of 24 vacant positions.
Seek JAG and Competitive Byrne Grants (CB) to fund civilian positions within PD to reduce General Fund expenditure.	Mitigate impacts on other key police services which would result from staffing reductions.	15 permanent and 7.65 temporary civilian FTE positions will be maintained with the JAG grant. 35 permanent and one part time permanent civilian FTE positions will be maintained with the CB grant. The JAG grant has been awarded. City is expecting notification of the CB grant after budget adoption. Positions have been budgeted in General Fund through August 31, 2009. Without award of full CB grant funding, up to 24 civilian personnel would potentially be laid off, along with the elimination of 13 vacant positions.
Reduce Police Administrative staffing level by 30%.	Avoid layoffs of front-line officers resulting from current fiscal constraints. Reorganize Administrative structure to identify Departmental efficiencies and continue providing effective operational oversight.	Vacate 10 management and 2 supervisory positions. Will result in administrative reduction in rank for 2 Deputy Chiefs, 1 Captain, 7 Lieutenants, and 2 Sergeants. Will reduce Police Administration with no impact to front line force levels.
Defund 12 Police Recruit positions and eliminate 39 civilian permanent positions.	Ensure ability of Police Department to effectively provide essential core services through retention of front line officers.	Elimination of 19 vacant and temporary positions. Reassignment of 11 current civilian employees to other areas of the organization. Reduction of 9 Life Skills instructor positions. Ten of the Police Recruit positions will be funded through August 31, 2009 pending notification of CHRP grant award. Two of the Police Recruit positions are funded through August 31, 2009 pending notification of the Cal Met Grant. Assuming grants are awarded in full, Recruits will fill existing front-line vacancies.

Executive Summary

Action	Objective	Impact
Fire Department Actions:		
<p>One truck company—Truck 3 (Fresno/E) will be taken out of service and one truck company—Truck 9 (Vagedes/Clinton) will be staffed 50 percent of the time. Staffing from Truck 3 and the remaining 50 percent of Truck 9 will be reassigned to the relief pool to minimize shift replacement and overtime costs.</p> <p>The fourth firefighters on four existing companies per day will also be reassigned to the relief pool to minimize shift replacement and overtime costs.</p>	<p>Redeployment of resources will provide the best opportunity to meet the departmental service level objectives of placing a unit on the scene of an emergency within 4 minutes and placing 15 firefighters on scene of a structure fire in 8 minutes.</p>	<p>The reduction of these two truck companies necessitated the following additional actions to redeploy the remaining resources to provide the best opportunity to meet the departmental service level objectives.</p>
<p>1. Relocate Truck 11 (Fresno/Wrenwood) to Station 4 (Iowa/First) to accommodate the relocation of the Urban Search and Rescue (USAR) specialty team to that location. The USAR specialty team is currently located at Station 11 (Fresno/Wrenwood).</p>	<p>This strategic redeployment provides the best opportunity to meet the departmental service level objectives of placing a unit on the scene of an emergency within 4 minutes and placing 15 firefighters on scene of a structure fire in 8 minutes.</p>	<p>This redeployment provides for better truck coverage to meet the 8 minute service level objective and provides for the USAR team to meet the 15 minute travel time service level objective to a majority of the city.</p>
<p>2. Five engine companies will be equipped with equipment normally carried on truck companies.</p>	<p>To provide equipment flexibility for first arriving units due to loss of two truck companies and relocation of Truck 9.</p>	<p>Allows tasks (ventilation and extrication) that are normally provided by a truck company to begin by engine company personnel pending the arrival of a truck company.</p>
<p>3. Relocate Truck 14 (Vadeges/Clinton) to Fire Station 19 (Marks/Belmont).</p>	<p>Redeployment of Truck 9 to Station 19 provides the best opportunity to meet the departmental service level objectives of placing a unit on the scene of an emergency within 4 minutes and placing 15 firefighters on scene of a structure fire in 8.</p>	<p>Opening of Station 19 will allow this unit to respond to approximately 1,000 calls as the first arriving unit and is best positioned to provide support to Engine 9 (Vagedes/Clinton) and Engine 3 (Fresno/E).</p>
PARCS Department Action:		
<p>Reorganization of the PARCS Department resulting in the elimination of 23 Permanent Part Time positions, 5 Full Time positions, and staff demotions.</p>	<p>Focus personnel resources on providing core City services and ensuring adequate public safety funding.</p>	<p>Demotions primarily affect management staff; however personnel will maintain their service with the City. Vacant positions will be eliminated. All other filled positions will be relocated to other areas of the organization.</p>
Public Works Department Action:		
<p>Tree trimming cycle will increase from a 12 year to 15.2 year intervals.</p>	<p>Focus on providing core City services and ensuring adequate public safety funding.</p>	<p>There will be no impact to emergency tree trimming projects. Increasing the cycle will save \$542,900 in FY 2010.</p>
Planning & Development Department Action:		
<p>Eliminate 10 positions.</p>	<p>Align expenses with revenues.</p>	<p>Of the 10 positions eliminated, 2 are vacant and the remaining 8 will remain within the organization.</p>
<p>Transfer \$880,400 from the General Fund into the Planning & Development Enterprise.</p>	<p>Provide for continuity of operations in the Department, which has been seriously impacted by the current economic downturn.</p>	<p>Department will be able to retain critical staff to provide services to the public and to the development community. As economic recovery takes hold, revenues from Department fees will once again be sufficient to fully fund operations.</p>
<p>Partial Implementation of Fee Increase resulting in \$1 million of additional revenue to fund ongoing Department operations.</p>	<p>Decrease the Enterprise subsidy for services provided while balancing impacts on economic development activity.</p>	<p>Adjustment in fee structure to increase recovery of costs for Department services. Continue discussions with industry stakeholders toward development of a full cost recovery model.</p>

Executive Summary

Budget Impacts to Employees

Human capital is the most valuable asset of any organization. The City of Fresno's employees are dedicated, productive and professional. The diversity and excellent results of the services provided to our community is the direct result of our employees and their initiative.

The fiscal investment in our employees is significant. Employee Services costs estimated for the City of Fresno in FY 2009 exceeds \$396.6 million. Total Employee Services costs account for 76 percent of the total General Fund expenses in FY 2009. As a result, the material declines in revenue we are experiencing can not be absorbed without impacts to employees. These impacts have been addressed with several resourceful options that will result in focusing our commitment to excellence in core services. Supplemental programs will be eliminated or deferred until our City has recovered from this down cycle. The City is taking full advantage of grant funding to serve the community and save jobs. We are reorganizing departments and the way we provide services, which results in some demotions and transfers between departments. Positions have been held vacant to provide an opening for individuals whose position has been eliminated. These combined efforts minimize the number of employees that must leave the organization. However, all of these initiatives are not enough for our City to continue to live within its means. We also need our employees to participate in the solution.

To lessen the impact on employee layoffs and demotions throughout the organization, the Employee Services costs have been calculated Citywide with the following assumptions: 1) unrepresented management salaries will not increase in FY 2010; 2) open contracts with FCEA, IAFF Non-Management, ATU and CFPEA assume no salary increase in FY 2010; and 3) Employee Services costing for all units assume various levels of concessions related to salaries, payoff deferrals, furloughs or other options to be determined through negotiation.

Extraordinary effort to mitigate the loss of positions and the loss of services to our community is the responsibility of our entire City family. **Unfortunately, this can not be accomplished unless everyone agrees to maintain their salaries and benefits at the current year levels.** Anything less will jeopardize our ability to maintain staff and accomplish our organizational goals. Departmental budgets have been built with the assumption that our employees will agree to the concessions. However, if the concessions do not come to fruition, then the budget will be further adjusted as follows:

Department	Amount
City Council	(36,700)
Mayor & City Manager	(12,100)
City Clerk	(16,200)
City Attorney	(100,200)
Police	(4,042,300)
Fire	(1,405,300)
PARCS	(424,600)
Public Works	(605,800)
General City Purpose	(25,600)
Downtown & Community Revit	(34,400)
Planning & Development	(333,400)
Public Utilities	(1,067,700)
Airports	(144,200)
Transportation	(586,900)
Information Services	(159,400)
Finance	(192,200)
General Services	(229,500)
Personnel Services	(76,300)

Executive Summary

Fiscal Stabilization Efforts

A key role for government is to provide a stable economic environment in which people and businesses can plan for the future, and in which growth and employment can prosper. The framework for this budget lays the foundation for our City's fiscal stability in this unpredictable economic environment through several specific actions.

First, it requires that we live within our means. We are making the reductions necessary today to ensure we are living well within our available resources.

Second, this budget maintains our Emergency Reserve so we have the ability to respond to unforeseen crises and/or future declines in the nation's financial system (*see Reserve Policy Analysis on next page*).

Third, we are making decisions based on a two-year budgetary window. The charter requires that the City adopt an annual budget, as such we have always presented the budget only for a given year. However, these unusual times call for us to expand our transparency and report our General Fund planning strategy over the next two years. It should be noted that our estimates are not predictions of what will happen in the future. Rather, our estimates are intended to be reasonable baseline projections of what would happen if current and proposed policies are allowed to operate in the future. In this regard, we believe that our forecast provides a meaningful starting point for deliberations involving the budget. This presentation is also intended to illustrate the importance of taking action currently to avoid catastrophic measures next year.

Fourth, this budget document analyzes the debt service impact to the General Fund. Five year Capital Improvement Plans have been included in the budget documents for decades. This year, the City's debt service position and the impacts to the General Fund have been added as well.

Living within our means, maintaining our reserves for emergencies, analyzing our revenues and expenditures with a two-year outlook, and strategically planning for our future will position our City to remain fiscally viable in this challenging era.

Reserve Policy Analysis

A city's cash reserve amounts and trends represent its continued ability to meet its obligations and facilitate the requirement for a balanced budget. The City of Fresno's General Fund Emergency Reserve was established on January 9, 2004 by Executive Order No. 03-01. Under the Order, the reserve may only be used when the Mayor declares a fiscal emergency that is ratified by the City Council. The Order defines a fiscal emergency as:

1. Natural catastrophe;
2. An immediate threat to health and public safety; or
3. A significant decline in General Fund revenues which, in the opinion of the City Manager, impairs his/her ability to administer the Council adopted budget.

In preparation for the FY 2010 budget deliberations, the Mayor directed the budget staff to compare the City's General Fund Emergency Reserve level and policy to peer cities, which produced the following data.

While the adequacy of an unreserved fund balance in the general fund should be assessed based upon a government's own specific circumstances, the Government Finance Officers Association (GFOA) recommends, *at a minimum*, that general-purpose governments, regardless of size, maintain unreserved fund balance in their general fund of **no less than five to 15 percent of regular general fund operating revenues, or of no less than one to two months of regular general fund operating expenditures**. The choice of revenues or expenditures as a basis for comparison may be dictated by what is more predictable in a government's particular circumstances. In either case, unusual items that would distort trends (e.g. one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. In practice, levels of fund balance (expressed as a percentage of revenues/expenditures or as a multiple of monthly expenditures) are less for larger governments than for smaller governments because of the magnitude of the amounts involved and because

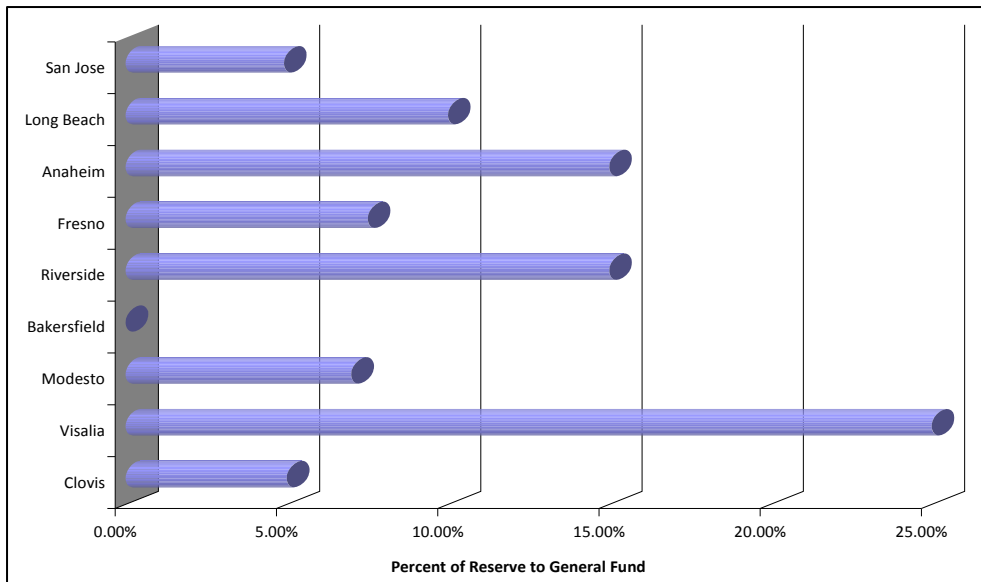
Executive Summary

the diversification of their revenues and expenditures often results in lower degrees of volatility.

The City of Fresno’s General Fund Emergency Reserve balance is \$17 million, or 7.5 percent of anticipated expenditures in FY 2010. This amount is less than one month of regular general fund operating expenditures. As the following table and chart indicate, the reserve policies of our peer cities range from three to 25 percent of their general fund budgets. The actual reserve balances range from \$2.7 million to \$40.2 million.

City Data					
City	Reserve Policy	Actual Reserve	FY 2010 Reserve Usage	Total GF Budget	Population
San Jose	3% of General Fund + 15.3 million Economic Uncertainty Fund	39.3 million	5 million	800 million	989,496
Long Beach	10% of General Fund	39 million	No plan to use at time of survey	390 million	494,048
Anaheim	7-10% of General Fund	40.2 million	12 million	268 million	347,428
Fresno	7.5% of General Fund	17 million	No plan to use at time of survey	226.28 million	495,913
Riverside	15% of General Fund	30 million	5 million	200 million	306,240
Bakersfield	Reserve used to get through property tax seasons			181 million	329,562
Modesto	7% of General Fund	8.47 million	No plan to use at time of survey	121 million	210,506
Visalia	25% of General Fund	15 million	up to 1 million	60 million	121,498
Clovis	5% of General Fund	2.7 million	Clovis is expecting to use an unknown amount at time of survey	54 million	94,278
County of Fresno		9 million	No plan to use at time of survey	1.2 billion	931,098

*Information gathered by unscientific phone survey during third quarter of 2009



The Budget for FY 2010 takes into account the expected decline in revenue and aligns expenses within the anticipated revenue stream, which results in a balanced budget without resorting to utilization of the General Fund Emergency Reserve. Fiscal prudence dictates that the reserve fund remain intact, given that the reserve meets minimum levels according to the Government Finance Officers Association and the unknown depth and duration of the current recession.

Executive Summary

Budget Priorities and Additional Budget Highlights

Ensuring Public Safety

Despite an unavoidable reduction in budget for both the Fire Department and the Police Department, public safety will not be compromised. The operational imperative for these departments will be to preserve current response times for emergency calls and continued excellence in core service delivery. The Fire Chief and Police Chief have reorganized their departments to enhance staff efficiencies, maximize operational oversight, and minimize disruptions to employees. Once the new structures are implemented, they will be closely monitored to assess service impacts and to make necessary adjustments.

Fire Department

As stated above, the Fresno Fire Department has focused its efforts on protecting response times for emergency service calls and maintaining core services. Effective enforcement and engineering are both critical to meeting these objectives. Regularly performing business inspections increases fire and life safety awareness Citywide and encourages property owners, developers and contractors to remain in compliance with the Uniform Fire Code. The Department will continue all fire/sprinkler plan review, permitting and inspection services at current service levels under the budget. With the addition of eight fire prevention inspectors added several years ago, the Department has been able to complete 100 percent of scheduled inspections each year. The Department has 16,895 fire and life safety initial inspections scheduled for FY 2010 and is again anticipating completion of all scheduled inspections.

In FY 2010, the Department will also be implementing a new learning management system to deliver training more efficiently. Historically, it has been necessary to take fire companies out of service in order to allow staff to complete certain mandated training programs. Taking companies out of service reduces the number of resources available in the Department's response matrix, while re-calling staff for mandated training on off-duty days incurs overtime costs. After investing considerable effort in researching options to minimize these issues, the Department has identified a program currently utilized within the City which can provide online training courses to include environmental, occupational health, general safety, EMS, HazMat, and other content specific to the fire service. Delivery of training in this method will allow more personnel to remain at their stations, in service, and available to respond to calls. Administrative recordkeeping requirements related to mandated training will also be automated, thus allowing existing staff to further streamline other training functions, develop additional curriculum and maintain their focus on delivery of core services in support of emergency response efforts.

Understanding the challenges that the City is facing, it was incumbent upon the Department to explore all possibilities when determining how to best deploy its resources. The objective is to provide the best possible service delivery to the citizens of Fresno, while continuing to meet contractual service responsibilities for the Fig Garden and North Central Fire Protection Districts. In developing the recommendations included in this budget, the Department convened its Strategic Planning Committee. This committee is comprised of the Fire Chief, Deputy Chiefs, Battalion Chiefs, specialty team leaders and other key staff within the Department. Over the course of five months this group analyzed and discussed the pros and cons of various deployment strategies to ensure that this budget, when presented, effectively balanced service delivery needs and firefighter safety in these difficult fiscal times. Following this evaluation, the Chief selected the deployment option described below, which is aligned with the Department's objective of a 4 minute arrival on 90 percent of calls for service for the first unit and an 8 minute standard on 90 percent of call for the assembling of an effective response force for the majority of the City.

As a part of the identified deployment strategy, the Chief is recommending that one existing truck companies - Truck 3 (Fresno/E) be taken out of service, one truck company—Truck 9 (Vagedes/Clinton) be staffed at 50 percent, and that the fourth firefighters on four existing companies be moved to the relief pool. This has the potential to provide up to ten additional personnel per day to fill vacancies that may occur due to illness, vacation, holiday, special assignments, etc. Be-

Executive Summary

cause of inherent fluctuations in staffing needs from day to day, due to current MOU provisions, there will be days when there are more available personnel than vacancies. On those days, the Department will staff rescue squads of two personnel each to provide support to specifically identified companies and/or add back a fourth firefighter to selected companies to maximize resources for that particular day.

In addition, the Department will strategically relocate the Urban Search & Rescue specialty team and its equipment to Fire Station 4 (Iowa/First) and also relocate Truck 11 from its current Fresno/Wrenwood location to Fire Station 4. To provide additional support to the remaining companies, the Department will equip as many engines as possible with key pieces of equipment normally contained on trucks such as extrication devices, chainsaws, fans and thermal imaging cameras. This will allow certain tasks that are normally provided by a truck company staff to begin on scene by engine companies pending arrival of a truck.

As noted previously, the Department expended considerable effort in analyzing call volume, the potential impact on response times and company workloads, firefighter safety and equipment requirements in determining the deployment of resources to maintain the service level objectives of protecting initial response times and assembling an effective response force. This exercise, while difficult, was necessary under the current fiscal situation. As fire service delivery needs change, the Department must be strategically planning ahead to meet those needs, and that means the need to be flexible and forward thinking.

In conjunction with the need to reassess resources at this time, the Department recommends a new Public Safety Commission be instituted for the purpose of updating the Department's 2004 long-term strategic planning document to reflect the vast number of changes experienced within the City since that time.

While the Department's updated deployment strategy takes two companies out of service and reduces minimum daily staffing by ten positions, data analysis clearly supports the need to staff the recently completed Fire Station 19 (Belmont/Marks). This staffing will be accomplished by relocating Truck 14 (Vagedes/Clinton) to Station 19, thus providing a truck with firefighting capabilities to that critical service area. While this type of deployment has not historically been utilized by the City of Fresno, it has been successfully implemented in other agencies. The Department will continue to analyze response time and call volume data regularly to determine if, in fact, the redeployment options recommended effectively maintain current service levels.

These deployment changes are significant and do not come without potential costs. Fire service personnel will be responding to more calls. Greater call volume per company will also accelerate wear and tear on fire fleet apparatus, which will require the Department to request the authority to lease-purchase equipment to ensure that the front-line and reserve fleet is safe and effective.

Overall, the Department will work to the best of its ability to efficiently maintain fire and life safety inspections, improve delivery of mandated training and, through the strategic redeployment of staff, allow fire companies to maintain focused efforts on emergency response, identification of target hazards, and fire hydrant maintenance – all integral aspects to providing excellent core fire service delivery.

Police Department

The Police Department also recognizes the financial challenges that are contracting the City's General Fund resources and is committed to meeting the public safety needs of the citizens of Fresno. The Department will continue to provide professional, effective, and timely response to crime and disorder, as well as enhance traffic safety in our community.

The Police Department will ensure that response times to life threatening calls for service and crimes in progress remain the Department's top priority. In addition, the Department will continue to provide centralized and decentralized proactive resources to combat violent and property crimes, with an emphasis on violent crime. The Department will continue with its strong anti-gang enforcement efforts, including the eradication of the Bulldog Criminal Street Gang. The Depart-

Executive Summary

ment will also remain focused on enhancing the safety of motorists by continuing with its Traffic and DUI enforcement efforts.

The Police Department's FY 2010 Budget, under the General Fund, totals \$125.9 million or a \$12.6 million reduction from the FY 2009 Amended Budget. Significant drivers that contribute to the reduction in General Fund appropriations include the need to shift 55 sworn and 58 civilian positions to various grants. Additional key budget drivers include MOU concessions, operating savings, as well as staff reductions. It should be noted that the reduction in appropriations is partially offset with a 4.42 percent pension rate increase totaling \$1.9 million that is fully funded in the budget.

As described above, the Department has applied to several Federal grant programs to provide funding for critical sworn and non-sworn positions that would otherwise be unsustainable under current budget conditions.

The budget provides for the re-authorization of 55 Police Officer positions through the newly created COPS Hiring Recovery Program (CHRP) competitive grant program established through the American Recovery and Reinvestment Act of 2009 (ARRA). Up to \$1 billion in grant funding is available through this program for the hiring and rehiring of career law enforcement officers with a 3 year funding life cycle. The proposed 55 sworn positions are budgeted with two funding sources-General Fund and CHRP grant. Due to an anticipated September 1, 2009 funding date, gap funding has been budgeted under the General Fund totaling \$779,100. This will provide a financial bridge to fund these positions for the first two months of Fiscal Year 2010. The grant is budgeted at \$3,187,600 to cover the remainder of the fiscal year.

The Edward Byrne Memorial Justice Assistance Grant (JAG) program is also authorized by the ARRA. This Program is the primary provider of Federal criminal justice funding to State and Local jurisdictions. The JAG Program provides agencies with the flexibility to prioritize and utilize grant funds where they are needed most. This grant has a four year life cycle and falls under a non-competitive status. The City of Fresno has been allocated \$1,658,400, per statistical formula, by the Bureau of Justice Assistance (BJA). The City will receive this funding by meeting the grant conditions. The Department's budget utilizes this grant program to re-authorize 15 permanent and 7.65 temporary civilian FTE positions. The program is budgeted at \$836,600 for positions and \$821,800 for safety operational needs. The anticipated July 1, 2009 funding date provides for a full year of funding within the grant.

Along with the CHRP and JAG Recovery program, the Byrne Competitive (BC) Grant is also authorized by the ARRA. This grant is similar to traditional JAG grants and is focused on ensuring job growth and job retention. However, the Byrne Competitive grant is not based on a formula; the BJA administers these funds based on a competitive application process. This program is a one time grant with a 24 month life cycle.

The Department's budget incorporates this grant program to re-authorize 35 permanent and one Permanent Part-Time civilian FTE positions. Due to an anticipated August 1, 2009 funding date, gap funding has been budgeted under the General Fund totaling \$142,600, while the grant is budget at \$1,664,400 to cover the remainder of the fiscal year.

The CHRP, JAG and CB grants mentioned above provide our City with the resources to retain valuable sworn and civilian positions within the Police Department. Considerable effort was expended to secure adequate resources within the General Fund to retain these positions for two months while awaiting the awarding of grants. If grant awards are not fully realized at the budgeted levels, additional staffing reductions will be necessary. It is anticipated that the City will experience sufficient economic recovery over the next four years to sustain staffing once the grants expire.

In addition to the utilization of grant funds, the Department's restructuring plan will result in a reduction of 10 management positions and 2 supervisory positions in FY2010. The goal of the restructuring is to enhance staff efficiencies and maximize operational oversight while continuing to ensure the effective delivery of core public safety services to the Fresno community. While several secondary programs within the Police Department will be impacted by this restructuring, these initiatives will be maintained through the use of volunteers and by seeking additional grant funding.

Executive Summary

Among these is the Mayor's Gang Prevention Initiative (MGPI), which will maintain its focus on intervening in the lives of gang members. MGPI staffing will be reduced to one Community Coordinator, funded by the General Fund, and two grant funded staff assistants. MGPI will pursue additional grant funding and will take advantage of existing service providers and community partnerships including proactive prevention efforts provided through the PARCS Department and the Police Activities League. Additionally, the Department's Lifeskills instructors will assist in the MGPI participant screening process. The Lifeskills program taught in middle schools will be staffed at the funding levels provided through contracts with the Fresno Unified School District.

The Police Activities League (PAL) will concentrate its efforts on the highly successful martial arts and boxing programs, which serve over 800 youth in our community. The PAL program will be staffed with two General Fund employees. The Fresno PAL Board of Directors will be called upon to assist with fundraising and expansion of the program's volunteer base.

Although the Neighborhood Quality of Life Initiative has been eliminated, PD will continue with the vision of making Fresno a graffiti free community, with over \$1.8 million in funding.

Video policing efforts will be maintained through the active monitoring of locations where video cameras are placed. Additionally, the Department is currently seeking several avenues of grant funding that will allow for the expansion of video policing throughout the community.

Revitalizing the Urban Core and Supporting Economic Growth

Every department in the City has a role to play in revitalizing the urban core and supporting economic growth. The Department of Downtown & Community Revitalization (DCR) and the Planning & Development Department will be particularly involved in the day-to-day efforts to rebuild Fresno's inner city and combat concentrated poverty. Among these efforts, the Planning and Development Department is taking the lead in administering several grants to support special initiatives including:

- A \$3 million Lead Based Paint Hazard Control (LHC) grant from the Department of Housing and Urban Development (HUD). This is a three year grant with \$1 million in annual allocations. The purpose of the LHC grant program is to identify and control lead-based paint hazards in eligible privately owned housing for rental or owner-occupants;
- A \$3.1 million Homelessness Prevention and Rapid Re-Housing Program grant, funded under the American Recovery and Reinvestment Act. It will provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly rehoused and stabilized. More information on these new grant funds can be found in the Economic Stimulus Section of the budget; and
- A \$360,800 Emergency Shelter grant, which will be used to provide urgent services to homeless individuals within the City.

Downtown and Community Revitalization Department

In FY 2009-2010, the DCR will work in partnership with the Redevelopment Agency, other City departments, and the private sector to advance a multi-pronged approach to transform downtown Fresno into a vibrant activity center for the Central San Joaquin Valley. In addition, the DCR Department will be focused on revitalization in the neighborhoods that surround the downtown area, supporting the growth of local companies, and supporting the growth of Fresno's burgeoning film industry. The Department's goals are:

Executive Summary

Downtown Revitalization - The critical next step for revitalization is the development of comprehensive, citizen-driven specific plans and corresponding environmental documents. The development and adoption of these specific plans will help remove major barriers to private investment and clear the way for downtown revitalization. Without these plans, efforts to revitalize Fresno's urban core may be well-intentioned, but they will remain fragmented and incremental. In total, DCR envisions the development and adoption of two specific plans: (1) the Downtown Specific Plan, which will encompass the Cultural Arts District, the Central Business District, the South Stadium area, and Chinatown (at the Chinatown stakeholders' discretion), and (2) the Downtown Neighborhoods Specific Plan, which will encompass Southwest Fresno, Southeast Fresno and the Lowell neighborhood. Completing the specific plans and EIRs will require two budget cycles. The Downtown Specific Plan will be the focal point for FY 2010, and the Downtown Neighborhoods Specific Plan will follow in FY 2010 and into FY 2011.

In addition to addressing the land use and planning bottlenecks in the downtown area, DCR will work closely with other City departments to ensure infrastructure, safety, traffic, and signage issues are addressed. DCR will also focus on bringing people to downtown Fresno through festivals (with the goal of having three festivals on the mall lasting two days each), events, and a twice-weekly Farmers' Market on the Fulton Mall.

DCR is working with stakeholders to fully develop and implement a Property Based Improvement District (PBID) to make the Fulton Mall more attractive. Downtown revitalization will also create a façade improvement program that will incentivize property owners to make and maintain significant improvements to the appearance of their buildings, as well as to allow them to increase their usable square footage through upstairs occupancy.

Neighborhood Revitalization: Focuses attention on the neighborhoods surrounding downtown, and the areas of concentrated poverty in Fresno. This involves working with all of the stakeholders in the neighborhoods and many departments within the City. The goal of this effort is to transform these neighborhoods into healthy, mixed-income areas that enjoy their proximity to a revitalized downtown. This is interrelated to the entire Department's other programs. The Department has begun focusing on the Lowell Community and will coordinate efforts with such agencies as: Fresno Unified School District, Fresno State, State Center Community College District, the Workforce Investment Board, Economic Opportunities Commission, faith-based groups, and community groups to leverage resources in a coordinated effort to bring about sustainable, definable outcomes. Although the focus is on the Lowell neighborhood, the Department is actively working on building relationships in other neighborhoods, using the Lowell neighborhood as a model.

Local Business Initiatives: Focused on the tasks of entrepreneur development and the support, retention and expansion of existing businesses, the DCR will now devote critical resources to enhancing the City's relationships and interactions with the local business community. The Department will promote sound, pro-business policies that produce results and build public awareness of the benefits of supporting local entrepreneurs and business enterprises that serve as the backbone to our local economy. The Department will also play an active role in partnering with local organizations to prepare our area work force and strengthen our core industries so Fresno businesses are able to successfully compete in today's market. Marketing and management of the City's five incentive zones will continue to be housed within the DCR and the successful designation of a new, larger State Enterprise Zone is returning tens of million of dollars each year back to Fresno from Sacramento. These dollars help Fresno businesses become more successful and enable them to retain workers, add workers, and invest in Fresno. While the focus of DCR will be local, the Department will closely collaborate with economic development partners including the Economic Development Partnership (EDP) and the Central Valley Business Incubator (CVBI) to ensure a full spectrum of resources is available in Fresno to meet business needs at all levels.

Fresno Film & Entertainment Commission: Since arriving in Fresno in 2007, the Department's Commissioner has brought together local talent and the local businesses that are Fresno's film and entertainment industry to help them to build their capacity and become more successful. To that end, the Commissioner is spearheading the initiative that will soon see the Fresno Filmmakers Alliance, and its 181 members, become an independent non-profit corporation. The Film Commission is working with the owners of downtown theaters to encourage the

Executive Summary

revitalization of the historic theaters, coordinate activities, and generate additional film festival and live performance activity. With the adoption of the Film Ordinance, the Commissioner will codify film policy, increase filming accessibility, and streamline the procedure for film permitting. The Film Commissioner will bring forth a proposal for a local film incentive program that will complement the new film incentive being offered by the State of California. The goal is to increase the number of productions, and local revenues from productions, by 50 percent from FY 2009.

Parks, After School, Recreation & Community Services (PARCS) Department

The City's PARCS Department has developed in recent years as a primary driver for revitalization and recreation throughout the City, but particularly in the urban core. The PARCS Department has continued to expand the number and quality of recreational and activity-based programs it provides to Fresno residents. For FY 2010, the Department is proposing to make necessary programmatic adjustments in order to continue to provide a wide variety of high quality services to the greatest number of users.

The Department's core neighborhood parks and centers consist of 17 staffed facilities which provide supervised activities for children during after-school hours. These staffed facilities are considered "nodes of revitalization" throughout the City and will be incorporated in the next year into our comprehensive plans to revitalize the urban core. At these locations, Permanent Part-time (PPT) Recreation Leaders conduct and supervise a variety of activities for neighborhood youth. In 2009, as part of the Department's FY 2009 mid-year cost-saving plan, the daily hours of operation at 13 of these 17 sites were reduced by 1.5 hours, resulting in a closing time of 8:30 pm each night (previously 10:00pm). For FY 2010, the Department is proposing that these 13 sites adjust their hours to operate from 3:00 pm to 7:00 pm Monday through Friday. These sites are currently closed on the weekends. As a result, the PPT Recreation Leader position will be eliminated at all neighborhood parks and centers. Temporary staffing will be utilized to conduct recreational activities to provide maximum operational flexibility. Four gym sites, which offer informal league play to older youth and young adults will continue to remain open until 10:00 pm. The gym sites will also be open on weekends from 1:00 to 5:00 pm.

In addition to providing activities at neighborhood centers, PARCS currently provides After School Recreation (ASR) programs at 51 school sites. Programs at 26 of these sites are supported by revenue-generating contracts with local school districts, while the remaining 25 are provided through the City's General Fund. At each of the 25 General Fund supported sites, after-school programs are being simultaneously provided by either the Fresno County Office of Education (FCOE) or the Fresno Unified School District (FUSD). As a result of this duplication of services and in light of current budget conditions, PARCS is proposing to withdraw its General Fund based ASR program from these sites in FY 2010 in order to meet its Citywide core service objective. However, both FUSD and FCOE will continue to offer their programs to students at these 25 sites.

The PARCS Department will continue providing contracted ASR programs at 26 sites within FUSD and the West Fresno School District. The programs at these sites are supported by Federal funding allocated to the local districts. Should additional funding become available through the 21st Century Community Learning Centers Program (created through the No Child Left Behind Act of 2001) PARCS would seek to expand its ASR program by providing additional contract services to area schools.

The changes described above will help PARCS continue to provide, and build upon, the many other highly successful programs it has developed over the past several years. For instance, the Healthy Lifestyles Summer Fitness Camp and year-round Fitness in the Park programs were established last year as an offshoot of the Neighborhood Parks & Centers program, providing specific activities and curriculum promoting healthy food choices and fitness. Activities support the whole family and include parent days in which information is shared in an informal and recreation-based modality. These programs are extremely valuable in light of studies showing child fitness levels in Central California to be the worst of any region in the State of California. These programs address risks associated with childhood obesity, Type II Diabetes and other health related issues, along with providing basic prevention information.

Executive Summary

In addition, the Department has continued to successfully engage children in informal science activities through its Fresno Community Science Workshops. Involvement in this program has been shown to strongly correlate with a child's further study of science. The Science Workshop Program strives to promote and support inquiry-based science for children and parents in low-income, high-minority communities. This program provides a variety of meaningful informal hands-on science activities throughout the calendar year at its Granny's Park workshops and the regular rotation of the Department's Mobile Science Vehicle through neighborhood park sites.

For these and other initiatives, the PARCS Department is proud to have been recently recognized as a "Statewide Best Program" award winner at the California Parks and Recreation Society Annual Conference.

Public Works Department

Although the impact of the weak economy is estimated to result in a decrease of \$4.7 million in Public Works funding in FY2010 – including a 25 percent decrease in General Fund resources - the Department derives revenue from several funding streams and is the recipient of Federal stimulus dollars that will allow for the continuation of priority capital programs. This will support the economic growth of the City in a variety of ways from construction contracts awarded to local and regional companies to the vital infrastructure improvements that result from the Department's work program.

The Department's Intelligent Transportation Systems (ITS) is contributing to improvements in quality of life, mobility, and the environment through better coordination of the valley's transportation systems. During FY 2009-2012, additional air quality and traffic synchronization grants will provide over \$13 million for ITS capital projects for Shaw, Clovis, Willow, Friant, and Fresno Street corridors for an additional 32 miles of infrastructure. The construction of these corridors is expected to yield the same improvements in travel time, fuel savings and emissions found in the previously synchronized corridors, assisting in the effort to clean the air and improve the overall quality of life for the citizens of the region.

In FY 2010, the Street Overlay and Slurry Seal programs remain at essentially the same funding levels as FY 2009. While increases in materials costs will reduce the number of lane miles rehabilitated in FY 2010 by approximately 66 lane miles, this will be more than offset by Proposition 1B and Federal Stimulus funded overlays delivered as capital projects (see Capital Program) which will provide a record amount of pavement rehabilitation during the year. The Department also expects to continue its Pot-hole, Emergency Repair, Paint and Sign, and Crack Seal Programs without significant change.

The Department will complete work on the City's Bicycle Master Plan project in FY 2010, providing the framework to increase capacities for non-automobile travel by expanding bicycle trails and bike lane routes. As the Master Plan is implemented with Measure C and grant funding over the next 20 years, these facilities will improve the overall quality of life in the metropolitan area while helping to clean our Valley air.

The Tree Trimming Program will be funded at \$1.8 million in FY 2010, which is a reduction from the previous year. The Department estimates that, as a result, the tree trimming cycle will increase from a 12-year interval to a 15.2 year interval, until funds can be restored in future years. Additionally, the funding source for the program will shift from the General Fund to Measure C Flexible funds in FY 2010.

The Department will continue with the Citywide Americans with Disabilities Act (ADA) Coordination Program. This includes continued support in FY 2010 for the Disability Advisory Commission (DAC), established last year to provide input to the Mayor, City Council and staff on disability issues and the allocation of budgeted ADA funds. Though housed in the Public Works Department, the Disabilities Act Coordination Program addresses compliance issues Citywide.

Finally, while the Engineering Division has seen a significant drop in residential subdivision activity, resulting in decreased revenues for development entitlement review, private development plan checks, and real estate services, the Division has reallocated staff from General Fund programs to capital funded programs. These include Bicycle, Trail and Official Plan Line projects. The reallocation of staff takes advantage of the slowdown in the economy to plan ahead for roadway and bicycle projects and streamlines the process for the next wave of development as recovery takes hold.

Executive Summary

Streamlining City Services

Delivering reliable, efficient and cost-effective services to City constituents – whether citizens, business interests, partner organizations, or others – is an essential responsibility of local government. In FY 2010, the City will pursue this key deliverable in a variety of ways.

Chief among these, the Planning & Development Department has launched an initiative to streamline its project development workflow with a clear focus on the core metric of customer satisfaction. The Process Improvement and Permitting Enhancement Strategy (PIPES) involves the City's Planning and Development Department, Public Utilities, Public Works, and the Downtown and Community Revitalization departments. This inter-departmental strategy will result in re-engineering the City's development processes based on best practices and benchmarks from major cities. These improvements will result in timely, predictable, and high quality development applications that are consistent with adopted plans, policies, codes and state law.

The overarching goal of the PIPES project is to position Fresno as a business friendly and attractive place to invest and develop. This is a Citywide effort and will build upon input from internal and external stakeholders.

Protecting Natural Resources

Environmental sustainability of our natural resources is critical for the future of our region. Several Departments are actively engaged in providing leadership and stewardship in this vital area of responsibility.

Energy Efficiency and Conservation Block Grant

The American Recovery and Reinvestment Act (ARRA) of 2009 appropriated \$3.2 billion for the Energy Efficiency and Conservation Block Grant (EECBG) Program. The program provides Federal grants to units of local government to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The City of Fresno will receive \$4.6 million over the next three years in EECBG funding and has developed a comprehensive implementation strategy through leadership of the Planning and Development Department.

The Department proposes to establish the Sustainable Fresno Division, which is designed to address the critical environmental and resource needs for the City of Fresno and San Joaquin Valley in terms of energy, water, air quality and economic vitality. The eight program areas are:

- Long range planning for environmentally sustainable economic growth. Act as the interdepartmental liaison, implementation facilitator and "first point of contact" division for outside entities for all Fresno Green strategies and goals;
- Metro scale energy and water efficiency education, auditing and retrofit programs;
- Access to financial incentives for resource conservation, green building, energy efficiency and alternative fuels;
- Green Building, Zoning and form-based codes, energy and water efficient land use plans & policies and permit streamlining;
- Administration for resource conservation and efficiency programs for City departments and Local, State and Federal agencies;
- Renewable Energy Project Design, Grant Seeking, Permitting, Deployment and Management support;
- Green Jobs and Contractor Training with Fresno Workforce Connection, Business, Labor and Community; and
- Sustainable Fresno Website tools: Education, Standards, Measurement, Reporting and Accountability.

Department of Public Utilities

The City's vital water supply is managed by the Department of Public Utilities (DPU), which is also responsible for reducing the waste stream via wastewater treatment, solid waste management and increased participation in recycling efforts.

Executive Summary

More than 54 billion gallons of water was delivered in 2008 through approximately 1,700 miles of water mains that are required to meet State and Federal drinking water standards. This consisted of 48.5 billion gallons of groundwater pumped from over 260 wells and 6.3 billion gallons from the Surface Water Treatment Facility (SWTF). The Water Division is responsible for delivering a reliable supply of safe, high-quality water to both City and County residents in the Fresno metropolitan area for domestic, commercial, institutional and industrial use. Future water supply is assured through the purchase and recharge of surface water entitlements from the U.S. Bureau of Reclamation (USBR) at Friant Dam and the Fresno Irrigation District from the Kings River and an active conservation program. The Division remains committed to extensive planning, outstanding customer service, innovative use of technology and keeping water rates among the lowest in the State.

Major projects in FY 2010 include:

- Enhancing the Water Conservation Program's ability to meet the goal of reducing water usage and waste and deal with added demands of the forecasted on-going drought conditions;
- Awarding a Water Meter Retrofit contract to begin water meter installation on more than 110,000 single-family residences;
- Installing 26,000 residential water meters by June 30, 2010;
- Engineering and design of SE Fresno Surface Water Treatment Plant to meet future water supply demands;
- Construction of Downtown Tank and Well and Downtown Water Supply Main to increase water supply and provide adequate fire suppression capacity for planned downtown revitalization and development;
- Friant Kern Pipeline/SWTF Project for right-of-way acquisition and construction;
- Herndon Township Improvement Project to install new water mains, services and hydrants to residences in the Herndon Town site; and
- Obtain bond financing for various water projects including Residential Water Meter Retrofit, SE Fresno Surface Water Treatment Plant and Tank Construction.

The Wastewater Management/Sewer Maintenance Divisions are responsible for the collection, treatment and reclamation of approximately 70 million gallons per day of wastewater generated by the residential, commercial, and industrial sewer customers in the Fresno-Clovis Metropolitan area. Through the maintenance of the 1,500 mile sewer collection system, the award winning Industrial Pretreatment Program and the efficient and innovative operation and maintenance of the Fresno-Clovis Regional Wastewater Reclamation Facility (the 8th largest wastewater treatment plant in California) the Divisions ensure compliance with Federal and State regulations and permitting requirements while providing safe and reliable service to the community. The Wastewater Management Division is also responsible for providing recycled water for landscape irrigation in Northeast Fresno at Copper River, as well as the rehabilitation and construction of collection system and treatment facility infrastructure to ensure adequate sewer and treatment capacity for existing customers and future growth needs according to the 2025 General Plan.

Major projects in FY 2010 include:

- The design of wastewater treatment improvements that will provide the facilities necessary to meet growth demands for wastewater services, enhance process efficiency and control, replace or rehabilitate aging equipment, and provide facilities to meet increasing regulatory requirements;
- Digester Repair and Rehabilitation Project to replace a failed digester system and increase methane gas storage capacity;
- SE Growth Area Project design to provide trunk sewer facilities in the Southeast Growth Area;
- Central-Cherry Avenue Project to provide additional sewer capacity and enhance development in this industrial area;
- Complete the recycled Water Master Plan to prepare for the provision of 25,000 acre feet of recycled water annually; and
- Continue implementation of the State mandated Sanitary Sewer Management Plan (SSMP).

Executive Summary

The Solid Waste Management Division is responsible for the collection of municipal solid waste, recyclables, and green waste from more than 113,000 residential and commercial customers per week, resulting in approximately 1,300 tons of material collection each day. Solid Waste consistently invests in innovative, efficient, and green solutions to service, dispose and manage all collections for a cleaner Fresno. This past year, the Solid Waste Management Division was honored for achieving the highest recycling rate among all of California's large cities and was recognized for operating the best recycling program of any city in the nation, according to Men's Health magazine. In addition, the Division was extremely proud to have one of its employees named Public Sector Driver of the Year by the Environmental Industry Association, for the second consecutive year. The Division intends to continue its award winning ways in FY 2010.

Additional Budget Highlights – Moving Fresno Forward

Fresno Yosemite International Airport (FYI)

FYI continues to fund the Customs and Border Protection Agency (CBP) staffing for the Federal Inspection Station (FIS). CBP staff is required to process passengers who arrive in Fresno non-stop from international locations. In addition to the CBP costs, the budget also includes full funding for the FIS operation and maintenance and two Airports employees who assist with arriving flights. By fully funding all costs associated with the FIS, the Department insures that international air service remains in Fresno.

All operations and maintenance cost associated with the new Consolidated Rental Car Facility are included in this budget. This facility, which opened in FY 2009, has provided a new level of convenience for customers renting vehicles at Fresno Yosemite International Airport. The recommended appropriation insures that the facility's high operational standards continue to be met.

FYI continues to exceed goals related to providing a safe, clean airport. This budget fully funds all public safety, custodial, and grounds maintenance functions at FYI. These functions are essential for meeting customer service standards, as well as Federal regulations.

The Department places emphasis on protecting the Department's financial health. Without continuous, hands-on management of the Department's leases and finances, FYI would not be able to generate adequate revenues to meet operational needs. Additionally, the Department would be unable to meet financial requirements imposed by other government agencies, bondholders, and stakeholders. This budget includes sufficient funds to cover staff and operational costs associated with the Property Management and Finance functions, in order to insure that the Department's finances are secure.

A functioning, vibrant Chandler Airport (FCH) is another valuable resource for our community. Not only is it a general aviation reliever airport for FYI (thereby freeing up FYI for larger aircraft), but it is also a good place to spark an interest in aviation among the young and the curious (as is seen in the flying schools operating out of FCH and the annual Father's Day Fly-in). This budget fully funds all operating costs, including those associated with hangars and other facilities recently turned over to the Department.

Finally, the Department budget funds a proactive capital management unit. With a capital program totaling \$28.4 million, the Department needs a management unit that produces timely and effective results. This budget includes adequate funds for the staffing and equipment needed to insure that our capital projects are completed on time and on budget.

Transportation (FAX)

As is the case with other City Departments, the Department of Transportation/FAX is continuing to refine ongoing operations in an effort to enhance service levels while reducing the cost in which these services are provided. Over the last year, the use of public transportation throughout the country has increased, and in Fresno, this has been no different. In FY2009, the number of passengers trips increased by 9.22 percent on FAX and 7.82 percent on Handy Ride. It is anti-

Executive Summary

ated that ridership in FY 2010 will increase by another 8-9 percent and 5-6 percent, respectively.

While the reductions in State funding and Measure C funding is problematic, the infusion of \$12 million from the American Reinvestment and Recovery Act (ARRA) will allow the Department to increase the number of low emission buses that it operates, as well as enhance the level of passenger amenities to provide comfort and shelter to our customers. The Department will continue to introduce new services over the next year, such as a new Taxi Scrip program that will target a segment of population that is currently unemployed and has difficulty accessing employment opportunities due to the location or times in which a job may be available.

The Department will also be working with other regional partners in the deployment of a new farebox system that will provide the Department with an opportunity to improve its current fare structure to better meet the needs of the consumer. The introduction of such a system will also improve employee satisfaction, as it will help to reduce the number of conflicts that occur between customers and Bus Drivers. This new farebox system is also one of the first deliverables promised as part of the Measure C extension initiative approved by the voters in 2006.

Conclusion

Our City is facing a momentous opportunity to define our future. As we experience short-term contraction in resources, we must not lose sight of the fact that over 90 percent of our programs and funding remain intact. There are a great many programs and projects that continue to move our City forward despite the challenging times.

This plan provides the funding to address the City's essential needs. It protects resources devoted to core services, particularly public safety, and acts in the best interest of the community overall. While living within its means, the City remains fully committed to modeling excellence in the services we provide to the public.

The City will also continue to advance and expand our infrastructure with funds specifically designated for this purpose. Detailed Economic Stimulus Program and Five Year Capital Improvement Plan (CIP) project data are included in separate sections of this document.

The City's Budget is a fiscally responsible approach to balancing the FY 2010 budget, while also addressing the pending structural imbalance of FY 2011. The difficult but fiscally prudent decisions that are included in this document will pay off, not only in the year ahead, but for many more years to come. With this budget, the City of Fresno is effectively positioned for greater accomplishments and unprecedented results when market conditions improve.

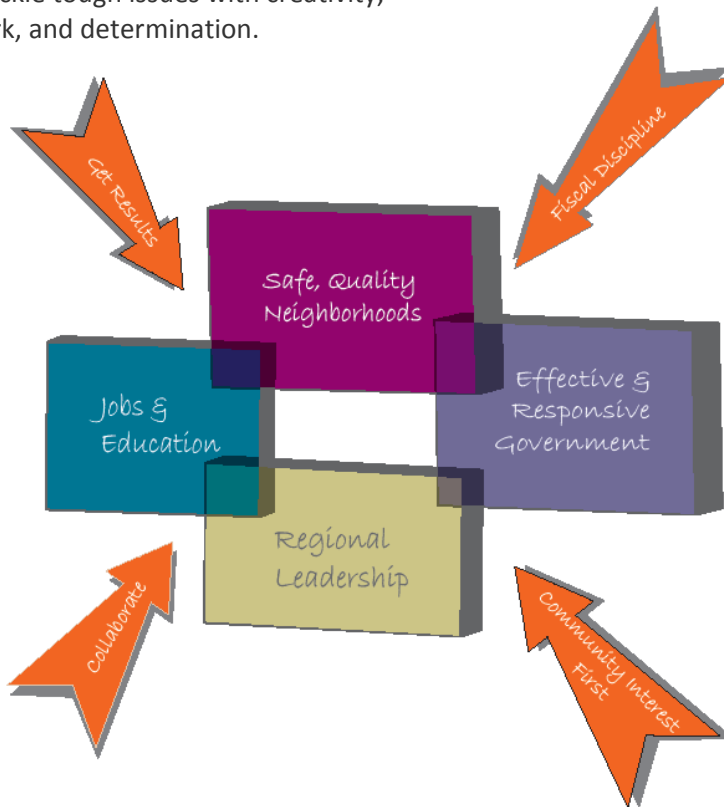
Vision for Fresno

Fresno is a Model City

Where people come first, not politics;
Where we work together to solve our problems; and
Where we tackle tough issues with creativity, hard work, and determination.

Fresno is a Leading City

A city which reaches out to and works with the rest of the San Joaquin Valley to make an impact on our regional issues like air quality, water, and transportation.



Fresno is a Confident City

A city which believes in itself and has a sense of pride — not the kind of temporary pride that comes from a clever slogan or a bumper sticker — but the pride that comes from knowing we have worked together, and we have achieved lasting results for our community.

Fresno is a Thriving City

Where unemployment, poverty and crime rates go down; and
Where education levels, job rates, and incomes go up.

City of Fresno Cornerstones

Guiding Principles for the Vision

Collaborate

The only way we are going to make progress in the City of Fresno is if we learn to work together. We will ensure that:

- The Mayor’s office and the City Council are working well together;
- City employees are encouraged to work across departmental lines to solve problems and do what’s best for the community;
- The City of Fresno is working effectively with the County of Fresno and the other cities in our county; and
- The City of Fresno is a leader in pulling together the entire San Joaquin Valley to address issues of regional concern, such as water, air quality and regional transportation.

Put Community Interests First

Gather all stakeholders and invite input from all community voices. As the City of Fresno, we will consider all input and act based on what is best for the entire community.

Practice Fiscal Discipline

The City of Fresno will be efficient and prudent with the money entrusted to City Hall by our citizens. If there is a way to accomplish more for the citizens of Fresno with less, we will find it!

Get Results!

Thanks to the hard work of a lot of people, the stage is set to make lasting progress on jobs, public safety and neighborhood revitalization, responsive government and major regional issues — but it’s going to take everyone to bring people together and get things done.

Summary of Resource Allocations

Department	Regional Leadership	Effective & Responsive Government	Jobs & Education	Safe, Quality Neighborhoods	Grand Total
Airports Department	47,702,700	25,300			
City Attorney's Department		4,929,100			4,929,100
City Clerk's Office		724,500			724,500
City Council Department		3,152,500			3,152,500
Convention Center Department				20,005,300	20,005,300
Department of Public Utilities	167,500	32,800		376,349,700	376,550,000
Dept of Parks, After School, Rec & Com Svcs			1,774,700	40,901,400	42,676,100
Downtown & Community Revitalization			2,169,900	1,505,900	3,675,800
FAX Department	82,300,700	32,900			82,333,600
Finance Department		124,993,400	1,125,200		126,118,600
Fire Department				57,304,300	57,304,300
General City Purpose Department		2,209,800	361,500	160,000	2,731,300
General Services Department	1,400,000	44,155,600			45,555,600
Information Services Dept		15,844,300			15,844,300
Office of the Mayor and City Manager		2,711,000		11,401,400	14,112,400
Personnel Services Department		26,799,600			26,799,600
Planning and Development Dept	5,564,400	366,200	5,502,500	26,498,800	37,931,900
Police Department				166,144,100	166,144,100
Public Works Department	51,887,500	6,485,000	1,315,700	61,098,200	120,786,400
Grand Total	189,022,800	232,462,000	12,249,500	761,369,100	1,195,103,400

General Fund Overview

General Fund Overview Chart

General Fund (in 000)

	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Adopted	FY 2011 Projection
Resources					
One-Time Resources					
Carryover	13,505	18,198	12,753	5,684	11,950
Prior-Year Adjustment	0	12	0	0	0
Total One-Time Resources	13,505	18,210	12,753	5,684	11,950
Operating Revenue					
Sales Tax	78,174	74,734	69,292	69,292	69,292
MRZ Incentive Credit	0	(150)	(150)	(150)	(150)
Prop 172 Sales Tax	2,292	2,568	2,531	2,531	2,531
Property Tax	69,964	71,675	77,342	72,122	68,805
Motor Vehicle In-Lieu	34,963	38,611	38,500	36,659	36,659
Business Tax	16,113	16,255	16,462	16,162	16,162
Franchise Tax	6,077	7,012	6,451	6,451	6,451
Room Tax (TOT)	10,849	10,605	10,912	10,912	10,912
Real Estate Transfer Tax	1,795	1,013	1,145	1,145	1,145
Card Room Receipts	1,432	1,427	1,500	1,500	1,500
Charges for Current Services	19,395	17,550	17,659	15,132	15,132
Enterprise In-Lieu Fees	322	322	322	322	322
Intergovernmental Revenues*	6,403	4,370	5,167	4,580	4,580
Intragovernmental Revenues	3,965	4,917	5,292	5,852	5,852
Bond Sale Proceeds	777	21	273	258	258
All Other**	1,337	2,818	1,001	5,100	694
Total Operating Revenue	253,858	253,748	253,699	247,868	240,145
Transfer between Funds	(25,836)	(13,489)	(16,257)	(14,868)	(19,370)
TOTAL RESOURCES	241,527	258,469	250,195	238,684	232,725
Expenditures					
Operating Expenditures					
Employee Services***	147,259	162,162	166,069	150,157	156,567
Retirement Contribution	4,000	6,571	7,284	12,020	12,020
Pension Obligation Bonds	12,522	12,567	12,504	12,504	12,504
Operations & Maintenance	22,339	21,981	20,977	19,052	18,891
Interdepartmental Charges	34,316	38,770	34,416	29,406	29,406
Bond Capital	777	21	273	258	0
Minor Capital	2,456	3,872	2,427	2,037	2,037
Contingencies****	0	0	561	1,300	1,300
Accrual & Encumbrance Adjustments	(340)	(228)	0	0	0
Total Operating Expenditures	223,329	245,716	244,511	226,734	232,725
TOTAL EXPENDITURES	223,329	245,716	244,511	226,734	232,725
Total Resources less Expenditures*****	18,198	12,753	5,684	11,950	0

* Intergovernmental Revenues includes \$1.2 million of Property Tax Administration Fee due from the County

** FY 2010 includes the land sales of Blosser and Palm Lakes Properties

*** Employee Service cost for FY 2010 assumes concessions. Employee Service cost for FY 2011 assumes no concessions

**** Contingency includes \$600,000 for Prop 1A trigger financing and \$700,000 for Met Museum and Granite Park financing

***** Carryover is the total Resources less the total Expenditures that is available to use in the next fiscal year

General Fund Overview

Balanced Budget

This summary section presents the Budget for the City of Fresno’s General Fund. The General Fund as presented is in balance. As such, the amount of budget expenditures is equal to or less than the total anticipated revenues, other resources available and inter-fund transfers. The General Fund is used to account for money that is not legally or, by sound financial management required, to be accounted for in another fund. Major sources of city general fund revenue include sales and use tax, property tax and local taxes, including business license tax, hotel tax and franchise fees.

The FY 2010 net budgeted expenditures for the General Fund are \$226.7 million. This represents a decrease of \$17.8 million or 7.3 percent from the FY 2009 estimated expenditure or a decrease of \$26.7 million or 10.5 percent from the FY 2009 Adopted Budget. The difference between the FY 2009 estimated expenditures and adopted budgets is the mid-year adjustments that the City implemented to offset revenue declines. The FY 2010 budget is balanced, prudent and responsive to the City’s current economic condition. Projected revenues will be sufficient to support programmed expenditures.

The City of Fresno charter stipulates that the City develop and adopt a budget annually. As previously mentioned the FY 2010 budget meets our City’s definition of a balanced budget. In addition to identifying resources to meet obligations in FY 2010, there will be resources carried into FY 2011 to meet the ongoing challenges of revenue declines and increasing expenditures. This prudent approach to our planning will ensure that the City is poised to maintain core services and remain fiscally sound through FY 2011 without reliance on the Emergency Reserve. Aligning ongoing revenues and expenses is responsible planning in good economic times. It is even more critical when reasonable revenue assumptions related to the level of growth are indeterminable. Preserving the Emergency Reserve, for catastrophic events, or to be used if the recession does not improve, or becomes more severe, will provide our community with additional security that we have maintained our safety net for core services.

Revenues

The tone of any government’s budget is always set by the availability of resources. Revenues and available fund balances in the General Fund must be able to support budgeted expenditures. The revenues include such categories as Sales Tax, Property Tax, Motor Vehicle License Fee (MVLFF), Business License Tax, Room Tax (Transient Occupancy Tax or TOT) and Charges for Services among others. The top three single revenues generated in the General Fund are Sales Tax, Property Tax and MVLFF. They represent 71.8 percent of operating revenue.

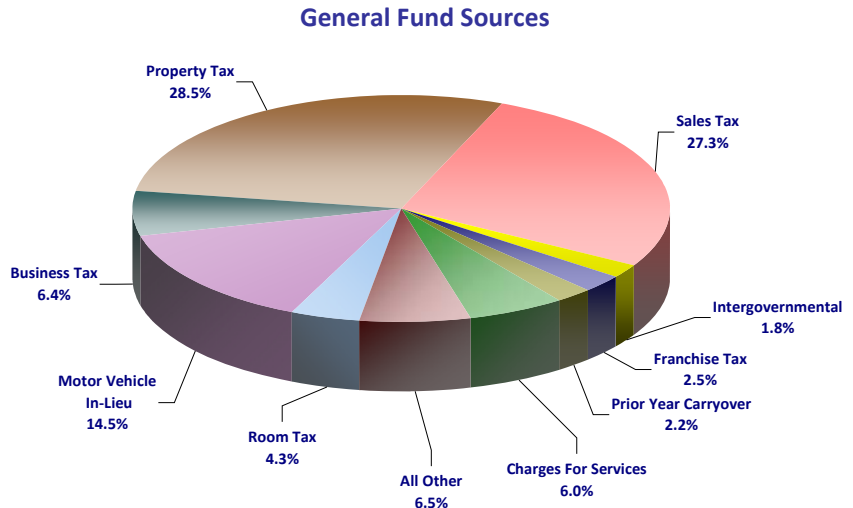
Rate	Jurisdiction	Revenue & Tax Code
4.75%	State (General Fund)	6051, 6201
0.25%	State (Fiscal Recovery Fund)	6051.5, 6201.5
0.50%	State (Local Revenue Fund)	6051.2, 6201.2
0.25%	State General Fund	6051.3, 6201.3
0.50%	State (Local Public Safety Fund)	S35 Art XIII State Constitution
1.00%	State (General Fund)	6051.7, 6207.7
1.00%	Local(County/City) 0.25% County Transportation Funds 0.75% City and County operations	7203.1
8.25%	Total Statewide Base Sales and Use Tax	

Sales and Use Tax: The sales tax an individual pays on a purchase is collected by the state Board of Equalization and includes a state sales tax, the locally levied Bradley-Burns sales tax and several other components. The *sales tax* is imposed on the total retail price of any tangible personal property.

A *use tax* is imposed on the purchaser for transactions in which the sales tax is not collected. Sales and use tax revenue received by Fresno is general purpose revenue and is deposited into the City’s General Fund. Cities and counties may impose additional transaction and use taxes in increments of 0.25 percent with a two-thirds city council approval and majority voter approval. A city may impose more than one transaction and use tax: One might be for a general purpose; a second might be for a special purpose. The combined rate of the city and county transaction and use taxes may not exceed 2 percent. The County of Fresno imposes three special purpose taxes in addition to the Bradley-Burns rate of 8.25 percent. These include: 1) Public Library (FCPL) 0.125 percent; 2) Measure C (FCTA) 0.50 percent; Zoo (FCZA) 0.10 percent. Of these special purpose taxes the City of Fresno receives a direct benefit from the Measure C tax, which is captured in its own fund and is not reported in the General Fund.

General Fund Overview

Sales tax revenue is among the top three largest revenue sources to the City's General Fund. As such, it is important to forecast this revenue as accurately as possible, because even a single percent variation means a difference of \$693,000 to the fund. Historical trends and the health of the local economy are primary measures for projecting this revenue. Management has employed an outside firm to verify that the City receives all of the sales tax revenue that it is entitled, as well as provide an independent resource for forecasting. Sales Tax revenue is estimated at \$69.3 million in FY 2010. Between FY 2002 through FY 2007 the City of Fresno was reaping the rewards of a growing community with average annual growth in sales tax that exceeded 4.6 percent. However, the downturn in the economy has resulted in an immediate and ongoing impact on Sales Tax revenue. As such the FY 2009 estimates for the revenue have been decreased by \$5.8 million from the FY 2009 Amended Budget to \$69.3 million. The monthly trends currently reflect flat growth in this revenue stream. The Budget is built assuming that growth remains flat and is projected at the same level as current year reduced estimate.



Property Tax: The property tax is an ad valorem (value-based) tax imposed on real property and tangible personal property. (State law provides a variety of exemptions to the property tax, including most government-owned property; non-profit, educational, religious, hospital, charitable and cemetery properties; the first \$7,000 of an owner-occupied home; business inventories; household furnishings and personal effects; timber; motor vehicles, freight and passenger vessels; and crops and orchards for the first four years). California Constitution Article XIII A (Prop. 13) limits the property tax to a maximum 1 percent of assessed value, not including voter-approved rates to fund debt. The assessed value of property is capped at 1975–76 base year plus inflation — or 2 percent per year. Property that declines in value may be reassessed at the lower market value. Property is reassessed to current full value upon change in ownership (with certain exemptions). Property tax revenue is collected by counties and allocated according to state law among cities, counties, school districts and special districts.

Under Proposition 57, beginning in FY 2004–05, the local (city) sales tax rate is reduced by 0.25 percent and the state rate increased by 0.25 percent to repay state fiscal recovery bonds. Cities and counties are reimbursed dollar for dollar with additional property tax. This arrangement, known as the “triple flip,” will last about 10 years until the bonds are repaid.

The share of property tax revenue allocated to a city varies depending on a variety of factors, including:

- The service responsibilities of the city (for example, if fire services are funded and provided by a fire district, then the district gets a portion that would otherwise go to the city);
- The presence of a redevelopment agency, which retains a portion of revenue growth; and
- The historic (1980) tax rates of the city in relation to other local taxing entities.

City property tax revenues are directly affected by local property values.

The largest revenue in the General Fund is property tax. Property Tax has grown an average of 8.7 percent over the five years prior to FY 2009. However, the market has changed substantially over the last two years. Property values on homes traded in the last four years have declined significantly. The current year's growth is about one percent. The one percent is consistent with the FY 2009 Amended Budget. Included in the FY 2010 Budget is additional property tax revenue related

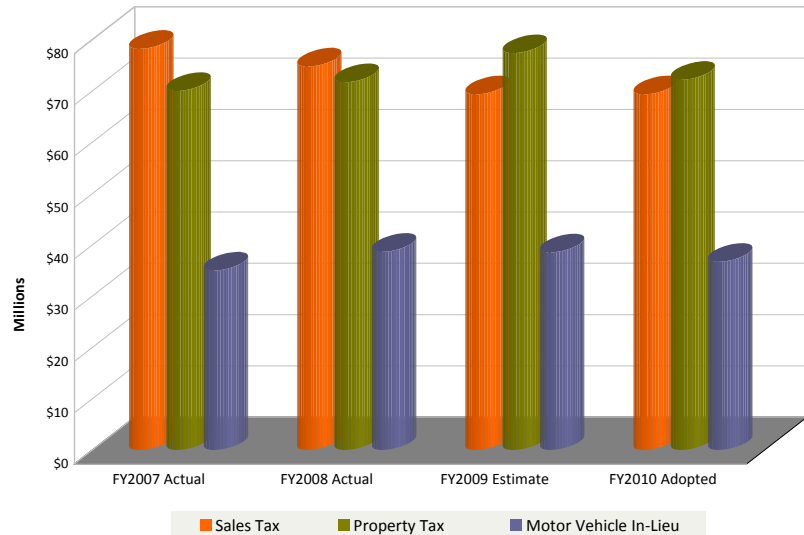
General Fund Overview

to one-time payments and the correction of an error made by the County that results in additional one-time unbudgeted revenues.

For FY 2010, the City of Fresno expects to receive the balance of the County's correction in property tax. Additionally, the County Assessor is expected to make wholesale reductions in the Assessed Valuations (AV). Therefore, the ongoing Property Tax revenue is projected to decline by 5.0 percent from the current year's amount. The total amount of ongoing Property Tax revenue is projected at \$68.8 million. The total amount of one-time Property Tax revenue is projected to be \$3.3 million.

Motor Vehicle License Fee (MVLF): The MVLF is a tax imposed by the state on the ownership of a registered vehicle in place of taxing vehicles as personal property. Under California Constitution Article XI, section 15, VLF revenue (based upon a rate of 0.65 percent) must go to cities and counties. Since 1948, the VLF tax rate had been 2 percent. In 1998, the Legislature and governor began cutting the tax, backfilling the loss to cities and counties with a like amount of state general fund money. In 2004, the state reduced the rate to 0.65 percent and replaced the state general fund backfill to cities and counties with additional property tax in lieu of MVLF (see paragraph below). The MVLF is collected by the state Department of Motor Vehicles (DMV). Most MVLF revenue goes to fund county health and welfare programs (75 percent) and DMV administrative charges (14 percent). The allocation to cities is on the basis of population and provides less than 1 percent of general revenues to the average city budget.

General Fund Revenue Comparison



Property Tax in Lieu of Vehicle License Fee: In FY 2004–05, cities and counties began receiving additional property tax to replace MVLF revenue that was cut when the state repealed the state general fund backfill for the reduction in the MVLF. Beginning in FY 2005–06, this property tax in lieu of MVLF grows with the change in gross assessed valuation of taxable property in the jurisdiction from the prior year. Property tax in lieu of MVLF allocations are in addition to other property tax apportionments. Property tax/MVLF accounts for 14.7 percent of general revenue for the city.

The third major source of revenue for the City of Fresno is Motor Vehicle in Lieu fees. Property Tax/MVLF and MVLF are projected to be \$36.6 million in FY 2010, declining by about 5 percent over the FY 2009 Estimate. The reduction is the result of the application of the Prop 1A “Triple Flip” methodology linking MVLF to Property Tax growth and then backfilling as Property Tax. The revenue decrease is based on the decrease in AV's between January 2008 and January 2009.

Other Revenues

Charges for Current Services in the General Fund include collections for permits, gate fees at the Parks, inspection fees, citation revenues, etc. This revenue stream is declining primarily due to an adjustment to reflect the actual citation fees anticipated for next year. Additionally, the City is realizing declines in the use of services that collect fees.

The trends for the other revenues are relatively flat. Therefore, those revenues have been budgeted at the FY 2009 Estimate levels for FY 2010.

Business License Tax: Most cities in California levy a business license tax. Tax rates are determined by each city which

General Fund Overview

collects the taxes. For the City of Fresno, the maximum tax is specified in the Master Fee Schedule for Retail and Wholesale Business Tax and in the Municipal Code 7-1202B. On average, the business license tax provides about 6.5 percent of city General Fund revenue. This revenue is projected to be \$300,000, or 1.8 percent less than the FY 2009 estimated revenue. In this uncertain economy, there are businesses that will not survive, which will negatively impact this revenue stream, while there are other businesses that will start-up to offset some of these losses. However, the primary driver for not decreasing this revenue stream further is that the Finance Department has purchased technology that will identify businesses that qualify for the tax.

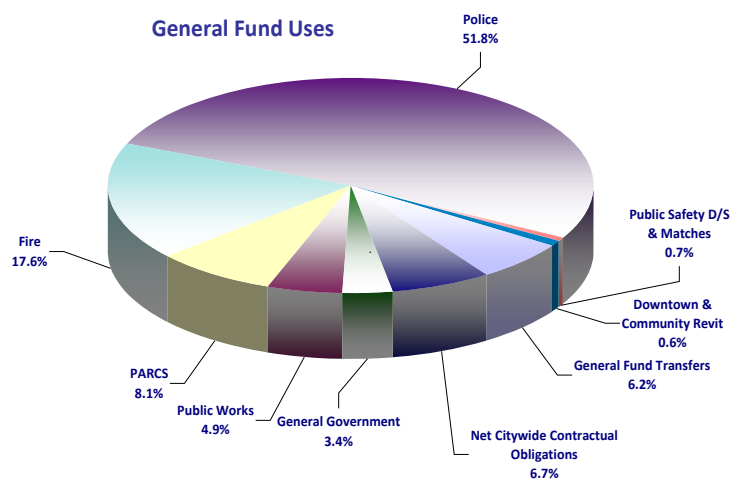
Transient Occupancy Tax (TOT): Like the business license tax, a TOT may be levied by a city under the regulatory powers granted to cities in the State Constitution. More than 380 cities in California impose TOT on people staying for 30 days or less in a hotel, inn or other lodging facility. Rates range from 4 to 15 percent of the lodging cost. The City of Fresno's rate is 12 percent. This revenue has not trended downward even though travel and entertainment markets are declining in this economy. This is likely the result of the partnership between the City and the Convention and Visitors's Bureau (CVB) to enhance marketing efforts. The marketing budget was increased in FY 2009 to attract conferences and tourism. The City also entered into an agreement to share one-half of all revenues above the base year with the CVB. These efforts will continue into FY 2010 and it is projected that the revenues collected will match the current year.

Franchise Fees are collected in lieu of rent for use of cable television companies and utilities. The City of Fresno currently has franchise agreements with Comcast, AT&T and PG&E. These agreements are subject to commodity and usage. While the revenues have typically realized modest growth from year to year, the City is conservatively budgeting this revenue flat with the FY 2009.

Service Charges and Fees: Cities have authority to impose fees, charges and rates for services and facilities they provide, such as plan checking or recreation classes. Use of these revenues is limited to paying for the service for which the fees are collected, but may include overhead, capital improvements and debt service. All fees charged must be approved by resolution of the Council and are presented in the Master Fee Schedule. The most recent update was approved by Council on April 30th 2009.

Expenditures

General Fund expenditures are budgeted at \$226.7 million for FY 2010. This is a decline of over 7.3 percent from the FY 2009 Estimated expenditures. This reduction is necessary to align the expenditures with the anticipated ongoing revenues less transfers for obligations. The one-time unexpended carryover projected to exist in FY 2010 will not be utilized in FY 2010, so that it will be available in FY 2011. The struggling economy has resulted in plummeting revenues, combined with rising expenses related to contractual obligations and debt service. Projections reflect that the City needs \$26.8 million over the 2010 and 2011 fiscal years in order to cope with the combination of declining revenues and increasing expense obligations. In order for the City to continue to maintain fiscal integrity through FY 2011, it must continue to lay the groundwork early. Revenue forecasts inherently have some degree of uncertainty; however, today's economy is particularly volatile. With little prospect of a quick economic recovery; the City's budget problems demand long-term solutions. As such, the focus is on actions that have ongoing impacts into FY 2011 in order to garner enough savings to maintain core services. Proactive measures that began during the FY 2009 must continue to ensure that the City can continue to meet its increasing demands. Therefore, difficult spending reduction decisions and strategies have been em-



General Fund Overview

ployed to avoid huge operating shortfalls that will appear in future years. There are reductions in operations and maintenance, support services, and workforce. Additionally deferrals in equipment and desktop replacements have been targeted. The strategy to mitigate reductions in workforce is dependent upon the employee's participation to defer salary increases and limit pay-offs of premium and leave balances. These difficult options are discussed in the Executive Summary as well as within each department's service impacts.

This graph shows the uses of FY 2010 General Fund revenues. The largest use of the General Fund is for public safety, Police and Fire operating and capital expenditures in addition to a separate category containing the debt service for the Public Safety Pension Obligation Bonds and other Safety related debt service. All these Public Safety uses comprise 70.1 percent of the budget. The next largest category is for the Parks, After School, Recreation and Community Services (PARCS) Department at 8.1 percent. The Public Works Department accounts for 4.9 percent. General Fund transfers comprise 6.2 percent; while these are actually revenue transfers out to other funds for debt services, matches, and other items, they are still obligations for which the fund is responsible. Within the 3.4 percent of General Government are the Offices of City Council, City Clerk and the Mayor and City Manager. The remaining 7.3 percent is made up of Citywide Contractual Obligations, such as General Service Pension Debt and Downtown and Community Revitalization.

Personnel Costs

Employee Services costs have decreased \$15.9 million from the FY 2009 estimates. This is a combination of a reduction in workforce, a reallocation of staff to grant funds and concession assumptions in the calculation of costs.

To lessen the impact on employee layoffs and demotions throughout the organization the Personnel Services costs have been calculated citywide with the following assumptions: 1) Unrepresented Management salaries will not increase in FY 2010; 2) Open contracts with FCEA, IAFF Non-Management, ATU and CFPEA assume no salary increase in FY 2010; 3) Personnel Services costing for all units assume various levels of concessions related to salaries, payoff deferrals, furloughs or other concessions to be determined through negotiation.

The City's Retirement contributions for Public Safety employees have increased \$4.7 million or 65 percent. The blended rate for Tier 1 and Tier 2 Employer Contribution rate is 20.28 percent. The Employer's required contribution amount is partially offset by the Pre-funded Actuarial Accrued Liabilities and the City's prepayment contributions. Therefore, the net result is that the City's normal pension contribution rate will be 11.74 percent of payroll for FY 2010. The reasons for this change are: 1) the credit from prepaid employer contributions will be exhausted as of June 30, 2009, so that a rate credit is no longer available; 2) a projected contribution shortfall for FY 2009 from a higher than expected payroll growth; 3) lower surplus offset by higher than expected payroll; 4) higher than expected return on investments; 5) higher than expected salary increases; 6) higher than expected retiree COLA increases; 7) anticipation of conversion of sick leave for non-management Police employees and; 8) other experience gains or losses. As many of these adjustments are one time in nature, and with the five year investment smoothing policy, the City is not expecting Employer contributions to increase as dramatically in future years.

The City's Retirement contributions for General Employees will be 10.62 percent. The Employer's required contribution amount is entirely offset by the Pre-funded Actuarial Accrued Liabilities and the City's prepayment contributions.

Operations & Maintenance

Operations and Maintenance costs have been reduced by \$1.9 million or 9.2 percent. These reductions or reallocations to other funding source primarily impact Specialty Services, Rock & Mineral, Gasoline, New Machinery & Equipment, Furniture & Fixtures and Outside Agency Support.

Interdepartmental Charges

Interdepartmental Charges have decreased by over \$5 million or 14.5 percent in the General Fund. This is reflection of the

General Fund Overview

reductions to Internal Service Fund Department budgets citywide. The reductions in their costs and the use of their reserves resulted in reductions in charges for services to their customers.

Revenues for most Interdepartmental Service Funds (ISF) were reduced between two and 19 percent on a Citywide basis as compared to FY 2009. Worker's Compensation revenues increased consistent with expected need.

In addition, the City has temporarily discontinued funding the General Fund portion of the vehicle replacement program and has deferred the desktop replacement program Citywide.

Fuel prices are budgeted at current market rate which is \$1.4 million dollars below the FY 2009 Amended budget, substantially reducing Fleet Services charges Citywide. However, the Fleet Operating Fund is maintaining a reserve of \$1.3 million to be able to respond to potential fuel spikes.

Contingency

Based on communications with the California Department of Finance and the California League of Cities, the State of California pulled the Prop 1A trigger to help fund their budget deficit. The amount of Property Tax revenue that the State is expected to borrow from the City of Fresno is \$9.2 million. The State must repay this amount plus interest within three years. Short-term financing may be obtained to bridge the gap in our own budget. Therefore, the contingency account includes \$600,000 for financing expenses related to this potential transaction.

The City of Fresno is currently addressing our legal financial position with consideration to business transactions, regarding our status as guarantor, with the Fresno Metropolitan Museum and Granite Park. It is expected that the City will need to obtain financing for one or both of these transactions. The contingency includes \$700,000 for financing and debt service expenses.

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Citywide Overview

Total City Resources and Appropriations

RESOURCES

The total amount of money received by the City of Fresno in all appropriated funds is shown on this page. The total Net Resources amounts represent all the revenue available to pay for services and capital projects. It excludes interfund transfers, interdepartmental charge revenue, and resources funding the "Universal Hiring Program."

	FY 2008 Actuals	FY 2009 Amended	FY 2010 Adopted	Percent Change
Beginning Balance	160,389,900	181,648,400	164,658,600	(9.4)
<i>Local Taxes</i>				
Property Taxes	71,674,800	72,426,500	72,121,400	(0.4)
Sales Tax	77,149,100	77,405,000	71,673,000	(7.4)
Measure C	15,617,100	21,906,200	26,173,700	19.5
Room Tax	10,604,900	10,912,000	10,912,000	0.0
Real Estate Transfer Tax	1,013,000	1,545,000	1,145,000	(25.9)
Franchise Tax	7,012,600	6,451,000	6,951,000	7.8
Total Local Taxes	183,071,500	190,645,700	188,976,100	(0.9)
Licenses & Permits	24,311,800	24,305,900	21,678,500	(10.8)
<i>Intergovernmental</i>				
Federal	50,851,000	115,815,400	134,568,300	16.2
State	94,924,200	107,361,600	84,724,100	(21.1)
Local	17,317,100	18,362,800	20,458,500	11.4
Total Intergovernmental	163,092,300	241,539,800	239,750,900	(0.7)
Charges for Current Services ⁽¹⁾	242,680,500	269,492,200	270,338,700	0.3
Fines	9,365,100	12,876,700	8,207,100	(36.3)
Other Revenue	24,252,000	17,817,400	15,663,100	(12.1)
Interdepartmental	106,148,700	107,729,700	97,127,100	(9.8)
Miscellaneous	51,148,200	308,030,900	319,383,600	3.7
Transfers	16,389,400	17,581,100	18,473,300	5.1
Total City Revenue	980,849,400	1,371,667,800	1,344,257,000	(2.0)
Less: Net Interfund Transfers	16,389,400	17,581,100	18,473,300	5.1
Less: Interdepartmental Charges	109,641,700	119,672,700	108,153,700	(9.6)
Total Net Resources	854,818,300	1,234,414,000	1,217,630,000	(1.4)

⁽¹⁾ The final thirty-two Police Officers are transferred out of the UHP grant fund and into the General Fund in FY 2008.

APPROPRIATIONS BY FUND TYPE

The total budget for all appropriated funds within the City of Fresno is shown on this page. The amounts shown as Total Net City budget represent the "net" budget after all interdepartmental charges including the Universal Hiring Program Grant are removed.

	FY 2008 Actuals	FY 2009 Amended	FY 2010 Adopted	Percent Change
General Fund	245,716,200	253,738,700	226,733,800	(10.6)
Special Revenues ⁽¹⁾	68,241,900	150,343,400	157,822,400	5.0
Debt Service	28,170,100	36,770,400	34,229,600	(6.9)
Capital Project	44,200,700	85,741,400	66,455,000	(22.5)
Enterprise	296,276,600	547,384,200	541,610,900	(1.1)
Internal Service	110,533,900	119,913,200	105,356,200	(12.1)
Tax Anticipation Note Repayment	43,216,100	56,000,000	56,300,000	0.5
Total Appropriations	836,355,500	1,249,891,300	1,188,507,900	(4.9)
Less: Interdepartmental Charges	109,641,700	119,672,700	108,153,700	(9.6)
Total Net City Budget	726,713,800	1,130,218,600	1,080,354,200	(4.4)

⁽¹⁾ The final thirty-two Police Officers transferred out of the UHP grant fund and into the General Fund in FY 2008.

Total Net Operating by Department Excluding: Capital & Debt Service

The Net Operating Budgets of all departments of the City of Fresno are shown on this page. The information encompasses a three-year period: FY 2008 Actual Expenses, FY 2009 Amended Budget and FY 2010 Adopted Budget, as well as a percentage change between FY 2009 and FY 2010. Since appropriations from Internal Service Departments are also reflected as Interdepartmental Charges in Non-Internal Service Departments, those charges are removed for calculation of the Net Operating Budget.

Departments	FY 2008 Actuals	FY 2009 Amended	FY 2010 Adopted	Percent Change
Office of the Mayor & City Manager ⁽¹⁾	2,335,300	2,650,200	2,711,000	2.3
City Council ⁽¹⁾	2,878,600	2,953,500	3,111,600	5.4
Airports Department	12,075,100	15,259,100	14,390,700	(5.7)
City Attorney's Office	4,697,100	4,907,300	4,929,100	0.4
City Clerk's Office	767,100	777,600	724,500	(6.8)
Convention Center	2,225,800	7,268,600	6,637,600	(8.7)
Downtown & Community Revitalization	2,120,600	2,513,400	2,273,800	(9.5)
Finance Department	26,260,400	27,858,600	28,674,400	2.9
Fire Department	52,577,900	55,111,300	50,560,600	(8.3)
General City Purpose Department	2,881,300	4,003,300	2,692,300	(32.7)
General Service Department	51,497,600	52,368,800	42,032,200	(19.7)
Information Services Department	16,384,700	16,465,200	15,844,300	(3.8)
Parks, After School, Rec & Comm Svcs Dept	24,812,800	25,737,000	21,910,300	(14.9)
Personnel Services Department	22,888,400	28,576,100	26,799,600	(6.2)
Planning & Development Department	37,954,400	33,918,400	34,102,300	0.5
Police Department ⁽²⁾	144,417,500	153,583,500	142,644,100	(7.1)
Public Utilities Department	124,006,900	139,893,900	136,701,400	(2.3)
Public Works Department	40,904,400	43,606,100	42,695,600	(2.1)
Transportation/FAX Department	42,136,200	49,158,900	45,158,700	(8.1)
Total City Program Costs	613,822,100	666,610,800	624,594,100	(6.3)
Less: Interdepartmental Charges	109,641,700	119,672,700	108,153,700	(9.6)
Net Operating Budget	504,180,400	546,938,100	516,440,400	(5.6)

⁽¹⁾ Includes salary increases for newly elected officials.

⁽²⁾ The final thirty-two Police Officers are scheduled to transfer out of the UHP grant fund and into the General Fund in FY 2008

⁽³⁾ The Office of Independent Review was absorbed within the Office of the Mayor and City Manager at a cost of \$283,900. Continuing operations total \$2,427,100 or a decline of (8.4%).

Total Net by Department Including: Operating, Capital and Debt Service

The combined Net Operating and Capital Budgets for all departments of the City of Fresno are shown on this page. The information encompasses a three-year period: FY 2008 Actual Expenses, FY 2009 Amended Budget, and the FY 2010 Adopted Budget, as well as the percentage change between FY 2009 and FY 2010. Since appropriations from Internal Service Departments are also reflected as Interdepartmental Charges in all City Departments, those charges are removed for calculation of the Net City Budget.

Departments	FY 2008 Actuals	FY 2009 Amended	FY 2010 Adopted	Percent Change
Office of the Mayor and City Manager ⁽¹⁾	3,017,400	5,076,300	14,112,400	178.0
City Council ⁽²⁾	3,219,600	3,651,500	3,111,600	(14.8)
Airports Department	47,575,100	60,005,800	47,131,900	(21.5)
City Attorney's Office	4,697,100	4,907,300	4,929,100	0.4
City Clerk's Office	767,100	777,600	724,500	(6.8)
Convention Center	16,134,400	21,485,900	20,005,300	(6.9)
Downtown & Community Revitalization	2,120,600	2,513,400	3,671,100	46.1
Finance Department ⁽³⁾	92,610,900	111,827,600	126,118,600	12.8
Fire Department	63,298,200	60,770,900	57,304,300	(5.7)
General City Purpose Department	2,881,200	4,003,300	2,692,300	(32.7)
General Service Department	54,686,700	56,892,900	45,555,600	(19.9)
Information Services Department	16,384,700	16,465,200	15,844,300	(3.8)
Parks, After School, Rec & Comm Svcs Dept	37,236,600	56,864,300	42,676,100	(25.0)
Personnel Services Department	22,888,400	28,576,100	26,799,600	(6.2)
Planning & Development Department	38,614,600	45,683,300	37,931,900	(17.0)
Police Department ^{(4) (5)}	145,292,200	175,290,100	166,144,100	(5.2)
Public Utilities Department	163,629,600	364,301,200	375,492,600	3.1
Public Works Department	77,778,700	145,856,800	115,929,000	(20.5)
Transportation/FAX Department	43,522,400	84,941,800	82,333,600	(3.1)
Total City Program Costs	836,355,500	1,249,891,300	1,188,507,900	(4.9)
Less: Interdepartmental Charges	109,641,700	119,672,700	108,153,700	(9.6)
Net Operating Budget	726,713,800	1,130,218,600	1,080,354,200	(4.4)

⁽¹⁾ The FY 2010 Adopted Budget includes \$11,401,400 in capital projects, specifically for Neighborhood Stabilization and repayment of Section 108 loan programs.

⁽²⁾ The City Council FY 2009 Amended includes capital carry-over of prior unused infrastructure sources of \$550,500.

⁽³⁾ The FY 2010 Adopted Budget includes \$15.5 million for the Fresno Metropolitan Museum loan expense.

⁽⁴⁾ The final thirty-two Police Officers transferred out of the UHP grant fund and into the General Fund in FY 2008.

⁽⁵⁾ The FY 2009 Amended Budget includes a bond issuance of \$20,936,800, which is re-budgeted in FY 2010 at \$23,000,000.

Authorized Positions

The Position Authorization Resolution (PAR) details the City Services provided by permanent employees in three major categories: Permanent, Permanent Part-Time (PPT), and Permanent Intermittent (PI). The FY 2009 Amended figures below represent total permanent positions as of June, 2009. The FY 2010 Adopted column represents the sum of the FY 2009 PAR changes and the FY 2010 Adopted changes.

		FY 2008 Amended	FY 2009 Amended	FY 2010 Adopted	Number Change
<i>General Fund Departments</i>					
MCMO	Mayor and City Manager's Office	26.00	28.00	27.00	(1.00)
CC	City Council	25.00	25.00	25.00	0.00
CCO	City Clerk's Office	7.00	7.00	7.00	0.00
D&CR	Downtown & Community Revitalization Department	10.00	10.00	10.00	0.00
PARCS	Parks, After School, Recreation & Community Services	170.95	169.95	148.25	(21.70)
PWD	Public Works Department	337.40	338.40	339.40	1.00
PD	Police Department ⁽¹⁾	1,304.80	1,319.40	1,280.40	(39.00)
FIRE	Fire Department	453.00	442.00	441.00	(1.00)
Sub-Total General Fund		2,334.15	2,339.75	2,278.05	(61.70)
<i>Enterprise Departments</i>					
FYI	Airports Department	80.00	83.00	83.00	0.00
FAX	Transportation/FAX Department	420.80	420.80	420.80	0.00
P&D	Planning and Development Department	203.03	203.03	194.39	(8.64)
DPU	Department of Public Utilities	664.00	669.00	683.00	14.00
Sub-Total Enterprises		1,367.83	1,375.83	1,381.19	5.36
<i>Internal Service Departments</i>					
CAO	City Attorney's Office	44.00	44.00	44.00	0.00
FD	Finance Department	130.65	130.65	130.65	0.00
GCP	General City Purpose Department	12.00	12.00	12.00	0.00
GSD	General Services Department	137.00	139.00	139.00	0.00
ISD	Information Services Department	75.00	76.00	76.00	0.00
PSD	Personnel Services Department	41.00	41.00	41.00	0.00
Sub-Total Internal Services		439.65	442.65	442.65	0.00
Total Authorized FTE		4,141.63	4,158.23	4,101.89	(56.34)

SWORN SAFETY POSITIONS

		FY 2008 Amended	FY 2009 Amended	FY 2010 Adopted	Number Change
Police Department ⁽¹⁾		843.00	849.00	849.00	0.00
Fire Department		383.00	383.00	383.00	0.00
Airports Department		5.00	5.00	5.00	0.00
Total Sworn Positions		1,231.00	1,237.00	1,237.00	0.00

⁽¹⁾ Grant funded positions, both civilian and sworn, are authorized pending approval of the grants .

Authorized Positions Detail

Dept	Adopted Position Detail
<i>MCMO</i>	The total FY 2010 Adopted Positions equate to 27 or a net decrease of one position below the 28 positions authorized in the FY 2009 Amended. This net change consists of the addition of two staffing positions that were added in FY 2009 for the Office of Independent Review. The third position for the Office of Independent Review will be added in FY 2010. Additionally, the Department proposes the elimination of the Educational Liaison in the Office of Education and one Executive Assistant in the City Manager's Division.
<i>PARCS</i>	The Department will eliminate 28 positions in FY 2010. Twenty-three of these are Permanent Part Time positions with a Full Time Equivalent (FTE) of 17.95. Some of the affected positions have been authorized through parts of FY 2010 to allow the proper personnel procedures to be completed or due to timing; these have a total FTE of 1.25. Three others are full year deletes. In addition, to address the opening of the EOC facility in January 2010, the Department will add one Parks Maintenance Worker I for half a year.
<i>PWD</i>	The Department's additional position is a Management Analyst I position is being added to the Median Island / LLMD / CFD programs to provide cost accounting services for the programs. Funding for the position will be born by the programs.
<i>PD</i>	The Department's total FY 2010 Authorized Positions equate to 1,280.40 or a decline of 39 positions compared to 1,319.40 for FY 2009 Amended. The decline corresponds to one of several Citywide budget policies that positions the City to address the significant challenges associated with the global economic downturn, which has impacted public and private industries throughout the United States.
<i>Fire</i>	The Department's total FY 2010 Authorized Positions equate to 441 or a decline of 1 position when compared to 442 for the FY 2009 Amended, this position is the Department's Public Affairs Officer.
<i>P&D</i>	The Department will eliminate ten positions in FY 2010. Eight of these positions have been authorized through August 2009 to allow the proper personnel procedures to be completed; the two remaining are full year reductions.
<i>DPU</i>	The Department's positions grew by 14 full-time positions in FY 2010 when compared to the FY 2009 Adopted Budget. These include Instrumentation Technicians for the Water Meter Project, Water Conservation Representatives for increased conservation activities and a Management Analyst I to assist the Conservation section with inventory control and grant writing. Four laborers will assist with Water Recharge and a Large Line Cleaning Crew will do preventative maintenance of the 16" and 27" sewer lines. An Engineer I will help reduce costly project change orders at the Regional Wastewater Reclamation Facility (RWRF) and an Air Resources Specialist will oversee the air emissions permitting requirements at the facility.

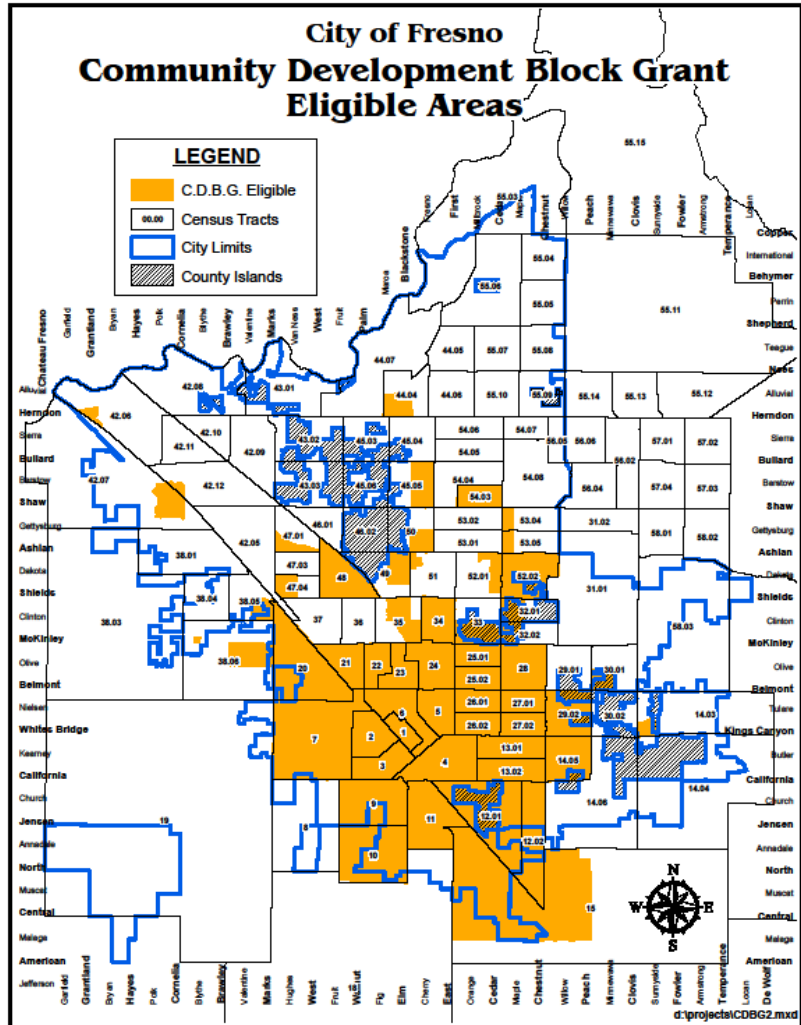
Community Development Block Grant

The Community Development Block Grant (CDBG), one of the longest-running programs of the U.S. Department of Housing and Urban Development (HUD), funds local community development activities such as affordable housing, anti-poverty programs, and infrastructure development. CDBG was enacted through the Housing and Community Development Act of 1974 and took effect in January 1975.



CDBG funds are allocated to more than 1,100 local and state governments on a formula basis, at \$3.92 billion in FY 2008. Larger cities and urban counties, called "entitlement communities," are required to prepare and submit a "Consolidated Plan" that establishes goals for the use of CDBG funds. Grantees are also required to hold public meetings to solicit input from the community; ensuring that proposed projects are aligned with the community's most urgent needs.

The City's CDBG projects must be consistent with broad national priorities for CDBG: activities that benefit low- and moderate-income people, the prevention or elimination of slums or blight, or other community development activities to address an urgent threat to health or safety. CDBG funds may be used for community development activities (such as real estate acquisition, relocation, demolition, rehabilitation of housing and commercial buildings), construction of public facilities and improvements (such as water, sewer, and other utilities, street paving, and sidewalks), construction and maintenance of neighborhood centers, and the conversion of school buildings, public services, and economic development and job creation/retention activities. CDBG funds can also be used for preservation and restoration of historic properties in low-income neighborhoods.



Program Overview

CDBG revenues used to build the Program's Budget are comprised of the entitlement from HUD, program income, and carryover funds. For Fiscal Year 2010, the City can expect to receive \$7,629,500, an increase of 1.2 percent above FY 2009 funding. Program income, which is the gross income received by the City and its subrecipients directly generated from the use of CDBG funds, is estimated at \$376,000. The carryover is the total of unused funds from prior years. This can occur when a capital project is completed under budget, when a program does not use all of its allocation or when a project is not completed within that fiscal year.

Community Development Block Grant

The carryover for FY 2010 is \$766,700. Of this, \$700,000 is from the Pinedale infrastructure project, which began in FY 2008. The remaining funding has been allocated to the project for its continued progress. The remaining carryover of \$66,700 is significantly less than prior years, due to the close-out of completed projects with cost savings and the consistent use of all allocated funding by the recipients. This decline has required difficult choices to retain core services while coping with reduced total resources.

In addition to the activity limitations placed upon CDBG, HUD has also limited the use of CDBG for certain types of projects/programs. By regulation, all Public Service activities are capped at 15 percent of the entitlement plus program income. Planning and Administration activities are capped at 20 percent of the entitlement plus program income. For FY 2010 the "allocation caps" for Public Service and Administration are \$1,200,870 and \$1,601,160 respectively.

CDBG Summary	FY 2009 Adopted	FY 2010 Adopted
Resources		
Program Entitlement	7,538,700	7,629,500
Program Income	343,600	376,000
Carryover from Pinedale Project	-0-	700,000
Estimated Carryover	1,993,000	66,700
Total Resources	9,875,300	8,772,200
Expenditures		
Acquisition and Rehabilitation	5,145,100	4,722,800
Public Facilities and Improvements	2,199,000	800,000
Public Service	1,450,600	1,043,700
Economic Development	588,900	555,000
Planning & Administration	488,200	1,600,700
Total Expenditures	9,871,800	8,772,200

Expenditures for CDBG activities total \$8,772,200 and are classified according to the summary chart to the right. Each of these will be detailed and explained in the paragraphs that follow.

Acquisition and Rehabilitation

<i>Acquisition & Rehabilitation</i>	FY 2009 Adopted	FY 2010 Adopted
Emergency Repair Grant Program	25,000	25,000
Energy Efficiency Upgrade Program	100,000	0
Housing & Community Development	854,500	740,000
Code Enforcement	2,414,300	2,718,500
Substandard Housing Program	661,600	656,700
Low Income Assistance Grant for Code Compliance	75,000	75,000
Residential Demolition	150,000	0
Anti-Graffiti Program	514,700	507,600
Warnor's Center for the Performing Arts	125,000	0
Senior Paint Program	200,000	50,000
White Picket Fence Program	25,000	0
Total	5,145,100	4,772,800

The Housing and Community Development Division utilizes a portion of the Community Development Block (CDBG) Program funds each year for administration and rehabilitation of affordable housing for low-income households. The administration budget category is program delivery that serves to absorb costs associated with the creation of affordable housing projects in the HOME program. The Emergency Repair Grant program addresses health and safety issues for homeowners who have received a health and safety citation from the City's Code Enforcement Division. The grant program is offered citywide and helps the homeowner repair items that need immediate attention. The Senior Paint Program assists senior citizens with exterior painting and minor repairs to

their home. The program is offered citywide in the form of a grant to citizens 62 years of age and older who own and occupy their home. These programs offer assistance to low-income, owner-occupied households in the form of grants ranging from \$1,000 to \$6,000. In FY 2010 the Senior Paint program will be funded by both CDBG and CDBG-R; this funding source can be found under the Economic Stimulus section of this document.

The Substandard Housing program pro-actively addresses substandard housing conditions in multi-residential and single family rental units. This includes: addressing 300 safe housing units and resolving 500 substandard housing cases annually; community education of tenants; development of partnerships with community-based organizations for community engaged code enforcement programs; and currently, revising unit targets related to include foreclosure crisis response.

Each year, prior to the fire season, Code Enforcement notifies property owners of vacant lots and vacant buildings of the

Community Development Block Grant

requirements for year round maintenance of their properties. The Division conducts proactive and systematic inspection, beginning in April and continuing through September, of more than 5,000 properties. Inspectors ensure compliance and, if necessary, direct City contractors to abate any requirements not completed. Property owners have been very responsible; each year brings an increase in compliance. The Fresno Against Illegal Dumping (FAID) unit's priority is to reduce the amount of illegal dumping on public and private property throughout the City. Many times, the illegal dumping contains hazardous and flammable materials; and is often placed in areas that cause other dangerous conditions, such as interfering with vehicle and pedestrian traffic, access for emergency personnel and equipment.

The Anti-Graffiti Program is responsible for the removal of graffiti from the exterior of structures and commercial buildings, and other areas where blight and vandalism occur. Graffiti blight and vandalism is removed regularly to protect neighborhood livability and create a climate conducive to business activities.

Public Facilities & Improvements

The Department of Public Works will implement the Community Streets Improvement Program, which will achieve the following objectives in multiple neighborhood streets:

- Concrete reconstruction projects and construction of new sidewalks in low- and moderate-income neighborhoods.
- Street reconstruction and street overlay projects in low- and moderate-income neighborhoods.
- Americans with Disabilities Act (ADA) compliance projects for construction of ADA curb cuts and removal of barriers to access.

The improvements will improve accessibility by persons with physical limitations and the disabled community.

<i>Public Facilities & Infrastructure Improvements</i>	<i>FY 2009 Adopted</i>	<i>FY 2010 Adopted</i>
Community Streets Improvement Program	0	100,000
Concrete Reconstruction	500,000	0
Concrete and Street Repairs	500,000	0
Pinedale Infrastructure	1,037,000	700,000
Boys and Girls Club of Fresno County	74,000	0
Marjaree Mason Center	59,000	0
Craycroft Youth Center	29,000	0
Total	2,199,000	800,000

The Community Streets Improvement Program will address deteriorating conditions in older CDBG eligible neighborhoods that are in need of reconstruction or new construction to eliminate blight, reduce hazards along streets and sidewalks, and improve the public welfare in needy communities.

The Pinedale Community Improvement Project will bring the neighborhoods of Pinedale up to the City's current subdivision standards. The Pinedale Community Township is bounded by West Herndon Avenue to the South, West Alluvial Avenue to the North, North Blackstone Avenue to the East, and North Ingram Avenue to the North. This project will install 170,552 square feet of concrete sidewalks; 7,920 square feet valley gutter; 125 street lights; 11,000 square feet of wheel chair ramps; 13 alley approaches; and 87 trees will be removed to facilitate sidewalk construction. The construction of this basic infrastructure will improve the livelihood and the image of the Pinedale neighborhood and facilitate community revitalization.

The project will improve the sidewalk and infrastructure, improve the neighborhood quality and build community stability. Continuous sidewalks will provide a safe environment for children to walk to school, for recreation, and for shopping or visiting the local businesses and the neighborhood community center. The installation of storm water facilities will prevent flood damage to public and private property, improve storm water management, and prevent water erosion of the streets. The installation of street lights will illuminate the waiting and crossing areas making the neighborhood safer. Lighting around the school and community center will improve the safety for children walking to and from school.

Community Development Block Grant

Public Services

Care Fresno works with the Fresno Police Department to identify and develop new community centers within high-crime apartment complexes. Care Fresno then recruits, screens, trains and places volunteers within these centers, where there has been a history of high calls for police service and blighted issues. Although target areas are identified by the Police Department, it is the Care Fresno staff working with area residents who will determine what actions or resources will be used at any given location. The role of the Police Department is to stabilize an area and prepare it for Care Fresno interaction to create self-sustaining community-driven programs. The long-term benefits are the sustainability of the reduction of police calls for service, safety, and stability of the children and families. The implementation of social services will help meet resident needs and produce higher grades and attendance for students through after-school tutoring and mentoring.

District Crime Suppression Team members work within CDBG areas to pro-actively address criminal activity in neighborhoods plagued with higher crime rates. Crime Suppression Teams include parole and probation searches, serving narcotic search warrants, responding quickly to violent in-progress crimes, verifying the location of high risk sex registrants, and conducting prostitution/vice operations. Emphasis is placed on developing liaisons with the community to eliminate crime and make neighborhoods safer.

CDBG funds will be used to increase the services of Fire Station No. 9, which provides service low to moderate income areas bounded by Ashlan, Belmont, Marks, and Blackstone Avenues. Increased services will lead to enhanced fire suppression and emergency medical response services which will reduce response times and provided an effective firefighting force to the aforementioned low/mod income areas.

Public Services	FY 2009 Adopted	FY 2010 Adopted
Academic Game Plan	25,000	0
BEST Program	208,200	0
CARE Fresno, Inc	50,000	30,000
Central CA Hispanic Chamber of Commerce	19,000	0
Central California Legal Services Inc.	24,000	25,000
Fire Station 9	0	150,000
ByDesign Financial Solutions	50,000	50,000
Fresno Center for New Americans	45,500	26,000
Fresno County EOC	0	29,000
ReadFresno	49,000	0
Reading and Beyond	100,000	30,000
Senior Hot Meals	359,000	453,700
Senior Program Administration	300,000	0
Holistic Nutritional Assistance	100,000	100,000
District Crime Suppression Team	111,900	100,000
United Way	0	50,000
Valley Center for the Blind	9,000	0
Total	1,450,600	1,043,700

Central California Legal Services (CCLS) seeks to expand its current activities by assisting 2,000 eligible tax filers in claiming the Earned Income Tax Credit (EITC). The project will conduct a number of outreach activities to area residents, employers, and recruit volunteers. CCLS will hire a full-time, year-round EITC Project Coordinator. For more than six years, CCLS has led county-wide collaborative efforts to reach out and provide assistance to eligible tax filers. Funding for these activities comes from private donations as well as grants with both the City of Fresno and Fresno County. The EITC is also acknowledged as an important local economic development tool for its success in boosting employment and reducing poverty. Momentum is growing, nationally and locally, among elected officials, advocates, and federal legislators for support in raising awareness of the benefits of EITC.

ByDesign Financial Solutions addresses two separate but related issues: getting low- to moderate-income buyers into homes and keeping them there. According to the agency and housing trends, now is a pivotal time for many families to move toward homeownership. Declines in property values, combined with state and federal incen-

tives, open the door for more families to buy homes. While tighter credit standards make it challenging for low-and moderate-income families to qualify for home loans; it remains an ideal time to purchase a home. ByDesign provides many would-be homeowners knowledge on the home purchasing process; strategies to reduce debt and increase credit scores, and education on how to make and maintain an accurate budget. Low-income homebuyers need information on budgeting for homeownership, understanding credit reports, shopping for a loan, shopping for a house and down payment assistance and tax credits. Armed with this information, these first-time homebuyers can purchase homes and provide much-

Community Development Block Grant

needed stimulation of home sales, helping to ease the downward spiraling property values.

Keeping families in their homes continues to be challenging. According to RealtyTrak, Fresno was the 16th worst foreclosure market in the nation in 2008. Studies show that over 50 percent of homeowners lose their homes without ever talking with their lender or a counselor about options to avoid foreclosure, for those homeowners who are at risk of losing their homes, community based outreach and one-on-one counseling can mean the difference between keeping and losing a home.

Fresno Center for New Americans, in collaboration with local, state, and federal agencies and other local organizations and institutions, proposes to implement an educational crime awareness and prevention program to the Southeast Asian (SEA) refugees in Fresno, CA. Activities include bi-weekly educational talk shows about crime awareness and prevention on two ethnic media radio (KBIF 900 AM and KQEQ 1210 AM). The center will also conduct workshops on crime awareness and prevention at partner organizations and institutions, as well as provide direct social support assistance and psychological grieving to individual SEA clients who have been victims of a crime.

The EOC's Sanctuary Outreach to the Streets (SOS) team targets youth between the ages of 11-21 who are low-income, transient, runaway, homeless, at-risk, pregnant, and/or parenting. Two SOS teams walk the streets of high risk areas seven nights per week to provide 1) nutritional support; 2) access to shelter; 3) case-managed interventions; 4) transportation to health care; 5) access to mental health counseling; 6) positive recreational activities; 7) referrals and linkages to appropriate resources; and 8) victim advocacy. This mobile outreach effort provides a critical connection between street youth and the Sanctuary Youth Center, where numerous services are offered including the Youth Shelter, School of Unlimited Learning, and a recently pioneered program called "The Alley", which serves as the program's Drop-In Center.

The Reach Families Collaborative Project proposes the continuation of an integrated system of comprehensive services for at-risk children and youth, as well as parents. The Collaborative partners include: Reading and Beyond (lead agency and fiscal agent), Fresno Barrios Unidos, Big Brothers/Big Sisters of Central California, and Read Fresno Services include: 1) Mentoring for at-risk children and youth; 2) Workshops on communication and making healthy choices for pre-teens and adolescents; 3) Workshops and support for parents; and 4) Academic support for academically at-risk students.

Senior Hot Meals provides a quality lunch program for adults 59 and older. In FY 2009, the program will provide an estimated 89,000 plus meals and will be able to deliver over 95,000 meals in FY 2010. This program is currently at four Community Centers, two Neighborhood Centers, five Neighborhood Parks and five senior residential centers.

The United Way will receive funding for a grant writer program which will provide grant writing and training services to assist non-profit organizations, working with low- and moderate-income individuals, in seeking out and receiving alternate sources of funding.

Economic Development

<i>Economic Development</i>	<i>FY 2009 Adopted</i>	<i>FY 2010 Adopted</i>
Fresno Area Hispanic Foundation	39,000	0
Section 108 Debt Service	549,900	555,000
Total	588,900	555,000

The annual payment of Debt Service is required to repay Section 108 loans for the Regional Medical Center, Senior Center, and Street and Park Improvements within CDBG areas.

Planning & Administration

The City of Fresno has a new General Plan (GP) which was adopted in 2002. In order to adhere to the document, three Specific Plans for the most impoverished areas of the city, the Fulton Corridor, Lowell-Jefferson-Yokomi, and Southwest, need to be prepared. The proposed Specific Plans will encompass many of the neighborhoods identified as having high rates of concentrated poverty. Of the thirteen census tracts included in the Specific Plan focus area, all but one had a pov-

Community Development Block Grant

erty rate of 40 percent or above; approximately 49 percent of residents in the focus area census tracts were living in poverty.

In addition to current residents, the proposed Specific Plans are designed to address the needs of future residents of these areas. The 2025 Fresno GP contemplates a city population of 725,000, including infill growth of increasing density in areas such as those to be included in the proposed Specific Plans. By helping to ensure that these areas become healthy, mixed income neighborhoods, the proposed Specific Plans serve the needs of both present and future Fresno residents for many years to come.

<i>Planning & Administration</i>	<i>FY 2009 Adopted</i>	<i>FY 2010 Adopted</i>
Historic Preservation	113,700	119,000
Fresno Madera Continuum of Care	50,000	0
Housing & Community Development	0	233,000
GP Implementation Committees	75,000	75,000
Downtown Specific Plans	0	900,000
Grant Monitoring & Administration	209,500	233,700
Fair Housing Council	40,000	40,000
Total	488,200	1,600,700

Community outreach is a major goal of the Specific Plan development process. A community advisory committee will be formed to guide the development of each Plan. The Department's goal is for these committees to contain a minimum of 25 members for each Plan area. While the committees will provide focused guidance during Plan development, Downtown and Community Revitalization Department (DCRD) will attempt to involve the entire community to the extent possible. Sign-in sheets will be used to build mail and email lists of interested stakeholders. Once adopted, the proposed Specific Plans will guide development in the areas they serve for decades. A design review board will be established in each Plan area to implement the Plans. The board will be a partnership between members of the community who

serve on it and City staff. The resulting increase in investment in the neighborhoods and Downtown will create lasting improvements in these areas of Fresno and the city as a whole.

The Fair Housing Council (FHC) will provide a comprehensive program of education and enforcement of state and federal fair housing laws. Education (housing civil rights) will encompass outreach to city residents, landlords, property managers, real estate industry, housing-related insurance brokers/agents, lenders, and banking representatives. Resolution of housing discrimination claims of Fresno residents will be accomplished by investigation (and testing) of credible claims by FHC and by assisting claimants with case referrals to HUD, the California Department of Fair Employment and Housing, or mediation and/or injunctive relief through state or federal court. The project will serve 1,500 city residents (it is estimated that more than 60 percent of these residents will be low-income and minority residents) with housing discrimination or unfair lending issues. In addition, 200 members of the housing industry will be trained by FHC in Fair Housing compliance that will include: overview of federal and state fair housing law; overview of prohibited practices, including steering, refusal to rent or sell because of race, color national origin, religion, gender, disability, familial status, age, sexual orientation, source of income and/or arbitrary discrimination; unfair or predatory lending that targets a person's race, color, national origin et. al.; and discriminatory or exclusionary advertising.

Measure C Extension Revenue & History

Through an extension approved by the voters in 2006, the Measure C sales and use tax has been extended for another twenty years. The new Measure C Extension funds are distributed by the Fresno County Transportation Authority (FCTA) according to the Measure C Extension Expenditure Plan. The Expenditure Plan identifies how the funds will be allocated and includes general implementing guidelines for each of the six funding programs, including local agency pass through programs, subprograms and category funds.



The Measure C Extension Plan is a multi-modal funding program, which distributes the funds to the City of Fresno through three main programs. These programs are the Regional Public Transit Program, the Local Transportation Program, and the Regional Transportation Program. In past years, the City has used the funds to complete an extensive list of transportation infrastructure projects throughout the City of Fresno. The City will continue these improvements under the Measure C

Extension. However, added emphasis will now be given toward all modes of transportation with the overall goal of improving the City's local transportation system and air quality.

In FY 2010, the actual ongoing Measure C tax revenue shown in the attached table is declining by 5.2 percent as compared to the FY 2009 Adopted. Additionally, the local Council of Governments (COG) has awarded an additional \$9.6 million in Measure C Tier 1 funding for the construction of capital projects within the City of Fresno that have been designated by the COG as "High Priority." Unlike the ongoing tax revenue, Measure C Tier 1 is one-time funding for specific projects.

	<i>FAX</i>	<i>Public Works</i>	<i>Airports</i>	<i>Total Revenue</i>
2007 Actual	0	0	0	0
2008 Actual	6,694,146	7,219,631	488,624	14,402,401
2009 Adopted	8,072,400	8,964,800	810,000	17,847,200
2010 Adopted	7,878,600	8,581,600	455,000	16,915,200

PUBLIC TRANSIT PROGRAM

The goal is to expand mass transit programs that have a demonstrated ability to get people out of their cars and improve air quality. The transit agencies would use the funds to address major new expansions of the express, local and feeder bus service to include additional:

- Routes
- Buses (including low emission)
- Night and Weekend Service
- Bus Shelters
- Safer access to Public Transit Services.

LOCAL TRANSPORTATION PROGRAM

The goal is to improve the City's local transportation program by addressing the troubling problem of aging streets and road infrastructure. Funding is provided to fill potholes, repave streets, improve sidewalks, and upgrade the local transportation infrastructure. The funding is distributed as follows:

- Street Maintenance / Rehabilitation
- Flexible Program
- ADA Compliance
- Pedestrian / Trails / Bicycle Facilities

REGIONAL TRANSPORTATION PROGRAM

The Regional Transportation Program provides for the movement of goods, services, and people throughout the County. The Fresno Yosemite International (FYI) and Fresno-Chandler airports are important components of both the urban and rural area transportation systems and are critical to the continued economic development in Fresno County. Funding for the program is designed for runway and infrastructure rehabilitation, runway land acquisition and construction, and associated infrastructure construction projects.

Demographics

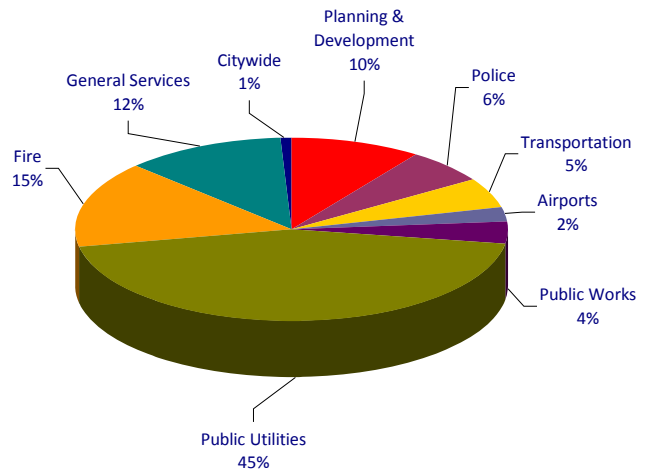
Economic Stimulus

On February 17, 2009 President Barack Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009. The ARRA funds investments in many programs, including health care, energy, infrastructure, education, and public safety. The total cost of the package is \$787 billion and consists of nearly \$355 billion for upgrades to: transportation, infrastructure, construction, health care programs, education, housing assistance, and energy efficiency projects; \$144 billion in state and local fiscal relief, and \$288 billion in personal and business tax credits.

The City of Fresno has taken a proactive, aggressive approach to securing stimulus funding for the local economy through programs that fund projects for:

- Community, Economic and Housing Development
- Transportation
- Public Safety/Homeland Security Environment and Energy

Stimulus Funding by Department



Funding for each of these categories falls in three areas: entitlement, formula awards, or competitive grants. The table below lists the funding either already obtained by the City; or the competitive grants that will be pursued by the departments noted.

Department	Project	Source of Funding	Type of Funding	Total Grant Funding
Planning & Development	Sustainability Fresno project	EECBG	Formula	4,600,000
Planning & Development	Lead-Based Paint Hazard Control Program	HUD	Formula	3,000,000
Planning & Development	Homelessness Prevention & Rapid Re-Housing	HUD	Formula	3,100,000
Planning & Development	Neighborhood Stabilization Program	NSP	Formula	10,969,000
Police	COPS Hiring Recovery Program	CHRP	Competitive	13,900,000
Police	Crime Prevention	JAG	Formula	1,658,400
Police	Crime Prevention	Byrne	Competitive	1,664,400
Police	Youth Mentoring Program	OJJDP	Competitive	500,000
Transportation	Capital Acquisition & Assistance	FTA	Formula	12,062,700
Airports	Taxiways B10 and C10	FAA	Formula	5,000,000
Public Works	Traffic Signal Construction	FTA	Formula	1,930,000
Public Works	Overlay Projects	FTA	Formula	7,133,900
Public Utilities	Various Water Projects	CDPH/USBR	Competitive	87,252,600
Public Utilities	Wastewater Improvements/Rehabilitation	SWRCB	Competitive	10,656,300
Fire	Construction of Fire Station 18	AFG	Competitive	4,300,000
Fire	Fire Engine Acquisition for Fire Station 19	AFG	Competitive	500,000
Fire	Solar Resources at Fire Stations	EECBG	Competitive	\$65k-\$90k/ Station
Fire	Training Center & Fleet Maintenance Facility	State	Competitive	27,000,000
General Services	Small Scale LNG Production Plant	EECBG/ERRE	Competitive	14,000,000
General Services	Energy Efficient Roof Replacement	SEP/EECBG	Competitive	4,675,100
General Services	Efficient Energy Management Systems	SEP/EECBG	Competitive	7,410,000
Citywide	One Time Capital Projects	CDBG	Entitlement	2,047,300

Capital Summary

Department	CAPITAL PROJECTS	FY 2010 ADOPTED		CAPITAL PROJECTS	CAPITAL PROJECTS	CAPITAL PROJECTS	CAPITAL PROJECTS	5 YEAR PROJECT
	FY 2009 EST	New	Ongoing	2011	2012	2013	2014	TOTAL
Office of the Mayor and City Manager	1,390	0	11,401	0	0	0	0	11,401
Police Department	7,785	0	23,000	13,322	0	0	150	36,472
Fire Department	10,460	0	5,279	27,527	0	0	0	32,806
Parks, After School, Rec & Comm Svcs	10,943	2,870	15,539	0	0	0	0	18,409
Public Works Department	53,992	8,431	63,079	38,686	12,900	22,653	127,472	273,221
Downtown & Community Revitization	0	1,397	0	0	0	0	0	1,397
Planning and Development Dept	70	2,995	835	0	0	0	0	3,830
Department of Public Utilities	91,171	15,003	190,623	339,913	107,373	57,350	287,174	997,436
Airports Department	7,146	16,543	11,878	25,497	32,074	32,958	18,358	137,308
Convention Center Department	2,946	0	2,430	0	0	0	0	2,430
FAX Department	2,724	24,355	12,820	8,650	11,500	22,000	117,000	196,325
Total Department Capital Appropriations	188,627	71,594	336,884	453,595	163,847	134,961	550,154	1,711,035

The chart above summarizes the City's five year capital plan. The FY 2010 - 2014 Capital Improvement Program (CIP) consists of projects at a total cost of approximately \$1.7 billion. These projects range from the construction of new facilities to the updating of existing structures, street improvements, sidewalk repairs, and maintaining utility infrastructure. The FY 2010 Capital Program contains new and ongoing projects for a combined estimated cost of \$408.5 million.

A capital project can be any one of the following:

- a) Any physical public betterment or improvement.
- c) The purchase of equipment for any public betterment or improvement when first constructed.
- b) The acquisition of property of a permanent nature for public use.

A new project generally indicates a project that has been identified for the first time in FY 2010 forward. An ongoing project is one that has been previously approved; this is also referred to as a rebudgeting of a project. Ongoing projects will result from project delays, additional costs, annual maintenance and improvements, or projects that inherently continue each year (such as sewer or street repairs).

Budget Policies

Budget Control

The City operates under the strong-Mayor form of government. Under the strong-Mayor form of government, the Mayor serves as the City's Chief Executive Officer, appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council.

The budget of the City of Fresno, within the meaning and context of Section No. 1205 of the City's Charter, must be adopted by resolution by the City Council by June 30th of a given year. As provided by Section 1206 of the Charter, any adjustments in the amounts appropriated for the purposes indicated at the department/fund level shall be made only upon a motion to amend the resolution adopted by the affirmative votes of at least five Council members.

Administrative changes within the department/fund level may be made without approval of Council within written guidelines established by the City Manager.

For accounting and auditing convenience, accounts may be established to receive transfers of appropriations from department appropriations for capital improvements in two or more different funds for the same capital project.

Department appropriations in Internal Service Funds (ISF) may be administratively adjusted, provided no amendment to the resolution is required to adjust the appropriation in the department receiving the service from the ISF.

The funds allocated to the respective accounting object classes comprising the total appropriation for each division or department, are for purposes of budgeting consideration and are not intended to constitute separate appropriations. Funds allocated to an object class may be expended for the purpose of any other object class if such expenditures are within the written guidelines established by the City Manager.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, and certain Debt Service Funds are included in the annual appropriated budget. Project-length financial plans are adopted for certain capital project funds. The level of budgetary controls (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the department level by major expenditure category through an encumbrance system prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of department-level balances by object are not released until additional appropriations are made available.

A budget is in balance when the amount of budgeted expenditures is equal to the amount of budgeted revenues plus other available resources.

Fund Structure

The City, like other state and local governments, uses fund accounting to ensure that various revenue sources are used for the purpose for which they were intended. The budget document is organized to reflect this fund structure of the City's finances. Fund revenues and expenditures are rolled up to the various object levels by division and department for presentation of information to the public. Budget adoption and subsequent administration is carried out on a fund basis.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to track specific resources and spending for particular activities. All of the funds of the City can be divided into the following categories:

The *General Fund Type* is used to account for unrestricted revenues. Revenues received by the City that have no legal or contractual restriction are placed in the various General Funds. Appropriations may be made from the General Fund for any legal City activity. Revenues such as sales tax, property tax, and business tax are a few examples of General Fund revenues. These revenues support such activities as Council, Mayor, City Clerk, City Manager, Economic Development, Fire, Parks, Police, and Public Works.

Budget Policies

The *Special Revenue Fund Type* accounts for revenue that the City receives for a specific purpose. The City receives a significant amount of revenue that is restricted as to its use. The City assesses property and business owners' fees to be used to provide specific benefits to the assessed property or business. The City also receives grants and contracts that require specific performance. Examples of this type of revenue are assessment districts, Community Development Block Grant, and various gas taxes.

The *Capital Project Fund Type* accounts for funds that are either restricted or designated for capital projects.

The *Debt Service Fund Type* is used to accumulate assets for the repayment of long-term debt. Funds are transferred from the operating accounts of the various departments that benefit from the assets financed through the creation of the debt. Some examples of debt service funds would be the Pension Obligation Bonds, Convention Center Exhibit Hall Expansion, and the Blosser Judgment Obligation Bonds.

The *Proprietary Fund Types* operate as if they were private businesses. There are two categories of Proprietary Fund types. First, there are the Internal Service Funds that provide services to departments within the City. These would include such funds as the Fleet Operating Fund and the Information Services Operating Fund.

Second, there are Enterprise Funds. These funds provide services to other governmental and non-governmental entities, including individuals and businesses. Examples of some Enterprise Funds are the Water Fund, the Airports Fund, and the Convention Center Fund.

Basis of Accounting

The City adopts an annual operating and capital budget for General Fund, Special Revenue Funds, Debt Service Funds (except Financing Authorities & Corporations and City Debt Service), and Capital Projects Funds (except Financing Authorities & Corporations) and Proprietary Funds. These budgets are adopted on the cash basis. Supplemental appropriations during the year must be approved by the City Council. Budgeted amounts are reported as amended.

Encumbrances, which are commitments related to executed contracts for goods or services, are recorded for budgetary control purposes in the Fund in which the expenditures will be incurred. Encumbrance accounting is utilized for budgetary control and accountability and to facilitate cash planning and control. Encumbrances outstanding at year end are reported as reservations of fund balances, as they do not constitute expenditures or liabilities.

Each of the funds in the City's budget has a separate cash balance position. The cash reserve position is a significant factor evaluated by bond rating agencies assessing the financial strength of an organization. Cash reserve amounts and trends, represent the continued ability of a City to meet its obligations and facilitate the requirements for a balanced budget.

The Debt Service Funds pay expenditures related the City's General Obligation debt. Debt service payments on existing City debt are the first obligation of the Debt Service Fund. Based on revenue estimates and assuming a constant property tax levy, the remaining resources of the fund may be used to assume debt obligations for new capital projects or pay for capital project expenses in the form of temporary notes which are retired in the same year (pay-as-you-go financing).

Capital Projects Fund are used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. The City finances capital projects in a variety of ways: cash, general obligation bonds/notes, revenue bonds, and grants. The debt service payments for General Obligation debt are spread either to the Debt Service Fund or the various enterprise and internal service funds, as appropriate.

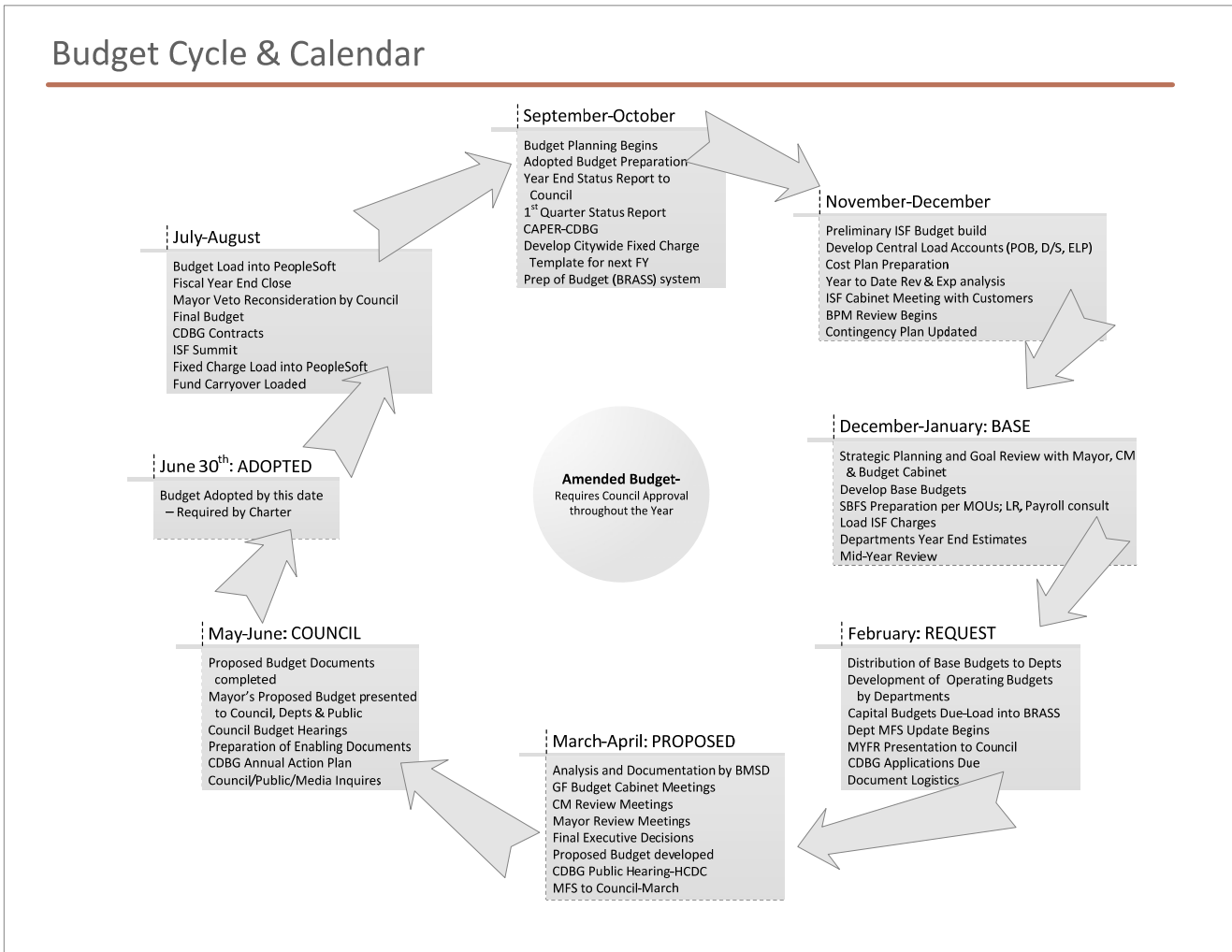
The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The City prepares its Comprehensive Annual Financial Report (CAFR) in accordance with GASB 34. The Basic Financial Statements include the government-wide financial

Budget Policies

statements that present an overview of the of the City's entire financial operations, and the Fund Financial Statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary, and other funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vacation, sick leave, claims and judgments, are recorded only when payment is due.

Budget Development

The Operating Budget, Cornerstones/Objectives (C/O) and Capital Improvement Plan (CIP) are developed through a multi-step information gathering and priority setting process to create a financial plan for the operations of the government for the fiscal year. The City Charter defines much of the process. The Mayor, City Manager, Budget, Department, Council and citizens committees are key participants. The FY 2010 Budget Calendar is shown below:



The preparation of the FY 2010 budget document is the result of a Citywide effort. Each department is presented with an operating base budget that is used as the foundation for building their requests for the operations of their organizations. All one-time expenditure increases are removed, except for those that are demonstrable and mandatory. Employee service costs are calculated. Special projects and contingencies are excluded from the base unless mandated or other

Budget Policies

special circumstances apply. Interdepartmental charges, lease purchase, and debt service are loaded centrally by the Budget & Management Studies Division (BMSD).

A five-year capital budget is required from all departments who work on capital projects. The purpose is to give the Mayor and Council a tool to plan for the future, as well as to more realistically reflect the timing of many capital projects that take more than one year to complete. All capital budgets are built in compliance with the City's decision to use Project Costing to track the cost of doing business and associated revenues in either more detail, or in different categories than what a General Ledger-only accounting system would provide. Project Costing uses structural elements that focus on activities including project types, activity types, and resource types. Project costing is available to track cost and revenue detail by Business Unit defined activities and categories, and augments and expands General Ledger information; however it does not replace it. Appropriation controls remain at the fund/organization level. The information provided by Project Costing is intended as a management tool to provide more timely, detailed, and accurate information to the Mayor, City Manager, Council, and the public.

Departments submit their requests to the City's BMSD to be analyzed and reviewed. Requests are evaluated based on Department specific activities, City funding resources, and the goals/strategies identified by each Department related to the impact on their perspective performance measures. Decision support information is compiled and presented to the Mayor and City Manager in a series of review meetings comprised of the Mayor, Mayor's Chief of Staff, City Manager, Assistant City Manager, Budget Director and Department Directors. Upon final decisions of format and content, the Mayor's Proposed Budget Document is printed and presented to Council for deliberation and adoption. The Adopted Budget Document is prepared to include all the various changes approved by the Council.

Budget Administration

The budget establishes appropriation and expenditure levels. Expenditures may be below budgeted amounts at year end, due to unanticipated savings realized from Department operations. The existence of a particular appropriation in the budget does not automatically mean funds are expended. Due to the time span between preparing the budget, subsequent adoption by the governing body, as well as rapidly changing economic factors, all expenditures are reviewed prior to any disbursement. These expenditure review procedures assure compliance with City requirements, and provide some degree of flexibility for modifying programs to meet the changing needs and priorities of the public. Therefore, Fresno City's FY 2010 budget is a forward-looking policy document which reflects a snapshot in time of the City's strategies to best serve the public.

Amending the Budget

The Annual Appropriation Resolution (AAR) adopted each year by Council is the legal document that establishes spending authority to each City Department within funds. During the fiscal year numerous circumstances arise which make adjusting the adopted budget desirable or necessary. This can arise when the Mayor or Council establishes a new policy or revises an old one, when a new source of funding for a project is obtained, when a department finds a need for something not included in the adopted budget, etc.... In general, an AAR amendment is required when an appropriation in any line of the AAR needs to be changed.

Council approval (five affirmative votes) is required for the following proposed amendments to the AAR: 1) Transfer of an appropriation from one fund to another fund; 2) Increases or decreases in appropriations within a Department; 3) Any new appropriation.

Distinguished Budget Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Fresno, California for its annual budget for the fiscal year beginning July 1, 2008 – June 30, 2009.

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

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Acknowledgements

The City of Fresno is once again the proud recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. We believe this FY 2010 budget will also meet those high standards.

Current economic conditions, combined with other factors, have made this budget a very challenging one for the City of Fresno. The leadership and tireless dedication of the Assistant City Manager, Mayor Staff, Directors and departmental budget personnel assures excellence in core services even as resources are contracting. All of the department personnel that worked on the preparation of the material are commended for their commitment. They are too numerous to mention here but all of the Administrative Managers, Management Analysts, Division Managers, Account Clerks, Secretaries, Data Base Administrator's, Central Printing staff and others have earned a well-deserved thank you for your loyalty and perseverance.

The Budget staff has once again excelled in their dedication to the preparation of this Budget. My greatest respect and special thanks must go to Jane Sumpter, Henry Fierro, Sharon McDowell, Pedro Rivera, Vicente Cantu, Scott Motsenbocker, Elida (Eli) Rubio, Ashley Aouate and Crystal Smith, the City's Budget staff. Unless you have been involved in the actual creation of the budget it is impossible to appreciate the countless hours, on both evenings and weekends, which these people and their families have sacrificed over last few months. I feel especially blessed to be part of this very professional and selfless team.

I would be remiss if I did not recognize the tremendous efforts of Terry Bond, Juanita Chavez, Ken Phillips and Jackie Larkin from Personnel. Due to their determined efforts many individuals in our City will remain employed. Additionally, I would also like to acknowledge Michael Lima, Cheryl Carlson and Bob Koury who volunteered many hours with us checking documents to ensure quality.

Finally, I want to thank Mayor Ashley Swearengin, City Manager Andy Souza, and the Council members for their continued leadership and support in the planning and deliberations of this budget.

Respectfully submitted,

R. Renena Smith

R. Renena Smith, Budget Director

Glossary of Terms

Accountability – The state of being obligated to explain one’s actions, to justify what one does. Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.

Accounting System – The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity. The accounting system in Fresno is commonly referred to as People-Soft (PS).

Accrual Basis – An accounting basis wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. This is the accounting basis that generally is required to be used in order to conform to generally accepted accounting principles (GAAP) in preparing financial statements for external users.

Actual – The actual revenues received and expenses incurred for those fiscal year ending June 30.

Adopted Budget C The City Budget passed by Council for the period July 1 through June 30.

All Other Revenue – Revenues not captured through taxes, fees, transfers or bond sales.

Allocation – A part of a lump-sum amount, which is designated for expenditure by specific organization units and/or for specific purposes, activities, or objects.

Amended – The City Budget for fiscal year ending June 30th is adopted by resolution by the City Council. Adjustments in the amounts appropriated at the department / fund level are made throughout the fiscal year upon a motion to amend the resolution and affirmative votes of at least five Council members. Budgeted amounts are reported as amended on June 30.

Annual Budget – A budget applicable to a single fiscal year.

Appropriation – A legal authorization granted by Council to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount. All City of Fresno appropriations lapse expire at the end of each fiscal year.

Audit – A systematic collection of the sufficient, competent evidential matter needed to attest to the fairness of management’s assertions in the financial statements or to evaluate whether management has effectively carried out its responsibilities. The auditor obtains this evidential matter through inspection, observation, inquires and confirmations with third parties.

Auditor’s Report – In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor’s opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

Authorized Positions – Number of position authorized in the budget and reflected in the Position Authorization Resolution (PAR).

Balanced Budget – The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available resources.

Basis of Accounting – Refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting used for purposes of financial reporting in accordance with generally accepted accounting principles (GAAP) is not necessarily the same basis used in preparing the budget document.

Glossary of Terms

Beginning Balance – The amount of money the City anticipated having on July 1, 2008, to begin fiscal year 2008-2009.

Bond Rating – An evaluation of a bond issuer’s credit quality and perceived ability to pay the principal and interest on time and in full. Three agencies regularly review city bonds and generate bond ratings – Moody’s Investors Service, Standard and Poor’s Ratings Group and Fitch.

Bond Sale Proceeds – Revenue obtained through the sale of debt also called “Bond Proceeds”.

Bonds – Most often, a written promise to pay a specified sum of money (called the face value or principal amount), at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Budget – A plan of financial operation containing an estimate of proposed expenditures for a given period (usually a fiscal year) and the proposed means of financing them. Since the typical budgeting process includes many budgets, it is often necessary to identify the specific budget being discussed with an adjective: Mayor’s Proposed Budget, Adopted Budget, and Amended Budget.

Budget Amendment – Under the City Charter, the Council has the sole responsibility for adopting the City’s budget, and may amend or supplement the budget at any time after adoption by a majority vote. The City Administrative Officer has the authority to approve administrative adjustments to the budget within the guidelines set in Section 1206 of the Charter.

Budget Calendar – The schedule of key dates, which is followed in the preparation, adoption, and administration of the budget.

Budget Document – The instrument utilized to present the City’s comprehensive financial plan for the upcoming fiscal year to the City Council and the public.

Budget Protection Plan – In an effort to offset the anticipated FY 2009 budget shortfall, General Fund Departments were directed to set aside 1.5 percent of their FY 2008 General Fund allocations and redirect those funds into a contingency account.

Budgetary Basis of Accounting – Determines when a government charges an expenditure to a budget appropriation, or when it credits revenue to its Funds for budgeting purposes. Although the City presents financial statements in its Comprehensive Annual Financial Report (CAFR) in accordance with GAAP, the budget is adopted on a modified cash basis. This is in accordance with provisions of the City Charter and state law. The major areas of difference between the two bases of accounting are as follows: 1) for budgetary purposes, revenues are recorded when received. Under GAAP, revenues are recorded when susceptible to accrual; 2) for budgetary purposes, interfund loans and repayments (i.e., “interfund transfers”) are recorded as expenditures and revenues. Under GAAP, these transactions are reclassified as increases or reductions in the “due to/due from” accounts.

Business Tax – Taxes collected from business operating within the City.

Calendar Year (CY) – A 12 month period spanning from January through December.

Capital or Capital Outlays – Expenditures associated with the construction or acquisition of capital assets.

Capital Improvement Plan – A plan or budget for capital outlays to be incurred each year over a fixed period of years to meet capital needs. It lists each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance each projected expenditure.

Glossary of Terms

Capital Project – An organizational unit to account for funds that are used for Major Capital Improvement Projects (see Capital Improvement Plan). These projects include the construction of new streets, sewer lines, fire stations, or the development of a new park. These are one-time expenditures.

Card Room Tax – Revenues collected from card room operations that occur within the City.

Carryover – The excess of assets of a fund over its liabilities. A portion of this balance may be available to finance the succeeding year's budget. Fund Balance is synonymous with Carryover.

Cash Basis – A method of accounting under which transactions are recorded when cash is received or disbursed.

Charges for Current Services – Monies the City receives as payment for services provided such as water, sewer, solid waste, and building permits.

Community Development Block Grant (CDBG) – Revenues received from the federal government and expended as prescribed under the CDBG Program.

Contingency – An appropriation of funds to cover unforeseen events that occur during the fiscal year. Uses of such appropriations require approval by the Mayor and City Council.

Cost Allocation Plan (CAP) – The cost allocation plan identifies the total cost of providing City services by allocating indirect costs such as city clerk and city manager to direct program cost areas. This information is used in setting City fees, reimbursing the General Fund for services provided to other funds, evaluating service delivery options, and recovering grant administration costs.

Current Year – As applied to budgeting and accounting, designates the operations of the present fiscal year period.

Debt Service – The principal and interest payments on long-term debts.

Debt Service Fund – A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principle and interest.

Deficit – The excess of the liabilities of a fund over its assets or the excess of expenditures over revenues during an accounting period.

Defunded Positions – A defunded position remains on the PAR, however, there is no funding in the budget to support this position and it will remain vacant during the fiscal year.

Deleted Positions – A deleted position is removed from the PAR and is no longer authorized to be used.

Department – A major administrative unit of the City of Fresno reflecting overall management responsibility for an operation or a group of related operations within a functional area. Identifies the highest level in the formal organization in which specific activity is carried out.

Division – An organizational component of a department, possibly sub-divided into sections, programs or activities.

Economic Stimulus Package – On February 17, 2009 President Barack Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009.

Glossary of Terms

Emergency Reserve Fund – A fund established on January 27, 2004 by the Council action executing the Mayor’s executive order to establish and maintain a 5 percent General Fund Emergency Reserve Fund. The Emergency Reserve will only be used upon declaration of a fiscal emergency declared by the Mayor and ratified by the Council. A fiscal emergency is defined as:

- Natural catastrophe
- Public Safety emergency
- Precipitous decline in General Fund revenues

Employee Services – The personnel costs of a City program, including wage/salary, direct and indirect benefits such as health insurance, workers’ compensation, unemployment insurance, etc.

Encumbrances – The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Funds – A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Examples in Fresno are the Utilities and Planning & Development Departments.

Enterprise In-Lieu Fees – Fees paid by the Transportation Department in lieu of property taxes.

Estimated – The most recent prediction of current year revenue and expenditures, Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Executive Summary – The City Manager’s memorandum to the Mayor, Council and Citizens, summarizing the most important aspects of the budget, including changes from the current fiscal year, and the goals, themes and priorities that are encompassed within the City’s budget.

Expendable Trust – Accounts for assets held in a trustee capacity where the principal and income may be expended in the course of the fund’s designated operations (e.g. Housing Loan Fund, Unclaimed Property Fund, etc.)

Expenditures – The payment for the cost of goods delivered or services rendered during the fiscal year, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlays. See also “Encumbrances”.

Federal, State, and Fresno County – Intra-governmental agencies that often provide various funding sources.

Fines – Revenues collected for violations of City ordinances, late payments, etc.

Fiscal Year (FY) – A twelve-month period to which the annual operating budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. In City of Fresno has specified July 1 through June 30 as the fiscal year.

Franchise Tax – Is a tax on the privilege of carrying on business as a corporation or LLC in a state. In California, the value of the franchise tax is measured by amount of earning. In Fresno, franchise taxes are levied on PG&E and Comcast Cable.

Fringe Benefits (also Employee Benefits or Fringe) – Benefits to employees, in addition to salaries, paid by the City of Fresno. These benefits include pensions, worker’s compensation, unemployment compensation, life and health insurance.

Glossary of Terms

Full Time Equivalent (FTE) – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a position authorized from July 1 through June 30 would equal 1.0 full-time equivalent or one position for the FY.

Fund – A set of accounts to record revenues and expenditures associated with a specific purpose.

Fund Balance – The equity (assets minus liabilities) of governmental fund types and trust funds; the excess of cumulative revenues and other sources of funds over cumulative expenditures and other uses of funds. See also Carryover.

GANN Limit (Proposition 4) – Under this article of the California Constitution, the City must compute an annual appropriations limit, that places a ceiling on the total amount of tax revenues the City can actually appropriate annually.

General City Purpose – Operating expenses that are Citywide and/or interdepartmental in nature are budgeted in The General City Purpose Department

General Fund (GF) – Monies from local property and sales taxes, and other revenue sources, that pay for City services such as Police; Fire; Public Works; Elected Offices; City Manager; City Clerk; and Parks, Recreation, and Community Services.

General Fund--Fees and Charges – Revenue generated by charging for services provided by a General Fund department such as park admissions, downtown mall maintenance, false alarm fees, and licenses and permits issued by a department.

General Fund--Other – Miscellaneous revenue generated by a General Fund department including private donations, disposal of assets, sales of lost or unclaimed property, refunds, and credits or refunds for returned equipment.

General Fund--Support – The amount of General Fund monies needed to support a department beyond the amount of revenue generated by the department.

General Government – The administrative departments of the City including the Mayor's office, the City Council, the City Manager's office, the City Clerk's office, and the General City Purpose Department.

General Use Budget – The total amount the City spends at its discretion for services.

Generally Accepted Accounting Principles (GAAP) – Nationally recognized principles and rules for financial accounting and reporting. Governmental GAAP is determined by the Governmental Accounting Standards Board (GASB) and, to a lesser extent, other sources such as the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA).

Goals – Identification of what the City wishes to accomplish, and by when, for a particular Key Result Area (KRA).

Grants – A contribution by a government or other organization to support a particular function. Grants may be classified as categorical or block depending upon the amount of discretion allowed the grantee. Generally, any receipts from any federal, state, or non-profit agency are considered grants.

Growth Rate – Level at which expenditures and revenues are expected to increase annually.

Impact Fees (UGM Fees) – Fees adopted by the City requiring new development to pay its proportional share of the costs associated with providing necessary public infrastructure.

Infrastructure – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

Glossary of Terms

Interdepartmental (ID) Charges – Charges for services one City department provides another City department (see Intragovernmental Revenues). These procedures result in a double counting of the same dollar which is budgeted in two places. By subtracting transfer and charge amounts, a dollar is then only counted once.

Interfund Transfer – Monies that are transferred from one fund to another fund as an accounting procedure.

Intergovernmental Revenues – Revenue received from other governments in the form of grants, allocations, entitlements, and shared revenues which are not charges or costs of City services or loan repayments. These revenues may also be listed in the Department Summaries of this document as coming from the named government entity; i.e. CDBG, Clovis Unified School District, Landscape Maintenance District, Measure "C", etc.

Internal Service Funds (ISF) – A fund established to finance and account for services and commodities furnished by one department to another on a cost reimbursement basis. Examples include the Fleet, Central Printing and Information Services.

Intragovernmental Revenues – Funds for City services performed by one City department for another City department, such as City vehicle maintenance.

Licenses & Permits – Revenues collected for construction, maintenance and/or operation of designated equipment, businesses, buildings, and private property including animals.

Local Taxes – Monies the City receives from taxes levied and/or collected locally, including property taxes and sales taxes.

Mandated Program – A requirement by the State or the Federal government that the City perform a task in a particular way or perform a task to meet a particular standard, often without compensation from the higher level of government.

Mayor's Budget Message – Included in the Executive Summary of the budget, the Mayor's Budget Message provides the Council and the public with a general summary of the most important aspects of the budget.

Mayor's Proposed Budget – The budget recommended by the Mayor and administration that is submitted to the Council.

Measure C – A ½ cent Fresno County sales tax revenue for highway, capital improvements and local transportation purposes determined to be priority projects by local governments to which the funds are allocated.

Miscellaneous – Revenue collected from property losses, sales of obsolete items, bond sale proceeds, and loan proceeds.

Mission – Fresno - a united city working together to ensure equal access to opportunity, education, and quality of life for every man, woman, and child regardless of their race, religion, age, or socio-economic status.

Modified Basis – A basis of accounting in which revenues and other financial resources are recognized when they become susceptible to accrual, that is when they are both measurable and available to finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period.

Motor Vehicle In-Lieu Fee (MVLIF) – Revenue provided to local governments, by the state, to backfill the reduction made to local governments share of the Motor Vehicle Fees, which is dedicated to the provision of local government services.

Municipal Restoration Zone (MRZ) Incentive Credit – This initiative will revitalize economic development in the downtown area by providing fee reductions to businesses that meet the Zone's criteria.

Glossary of Terms

Neighborhood Stabilization Program – The Neighborhood Stabilization Program provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

Net Total Combined Budget – The City's total budget including operating and capital revenues and expenditures, reflecting, General Fund, Special Revenue Funds and Enterprise Funds, less interfund transfers activity for a fiscal year.

One-Time Resources – Resources that are obtained through transactions that produce non-recurring revenues (e.g. the sale of land).

Operating Budget – Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing acquisitions, spending, and service delivery activities of a government are controlled.

Operating Expenditures – Expenditures derived from the City's delivery of services.

Operating Revenue – Revenues collected to operate City services.

Operations & Maintenance (O&M) – Expenditures associated with operating and maintaining City services.

Other Revenue – Monies not included in the above categories, including interest, private donations, and the sale of assets and other miscellaneous revenue.

Pension Obligation Bonds (POB) – In 1983, the City of Fresno adopted Ordinance 83-116 which authorized the City to collect an additional levy upon the taxable property within the City. This levy was allowed by Section 93.31 of the Revenue and Taxation Code however, the money collected can only be used towards payment of the bonds that were issued by the City to fully fund the Fire and Police retirement systems.

Performance Pay – A 10 percent annual Incentive Compensation bonus based on the achievement of specific agreed-to outcomes outlined in an annual performance plan.

Prior Year Adjustments – A current year adjustment originating in a prior fiscal period.

Projected Revenue – The amount of projected revenue to be collected during the fiscal year.

Property Tax – A general ad valorem tax levied on both Real and personal property according to the property's assessed valuation and the tax rate.

Proposition 172 – A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to Public Safety.

Real Estate Transfer Tax – Taxes collected when the ownership of real property changes.

Reserve – In accounting, an account used to indicate that a portion of a fund's assets are legally restricted for a specific purpose and is, therefore, not available.

Resources – The total amount of money the City expects to receive during the year to pay for services and capital projects.

Glossary of Terms

Revenue – Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Room Tax – Taxes collected from hotel accommodations purchased within the City.

Salaries and Wages – An expenditure category that includes salaries, hourly wages, overtime, bilingual pay, and special pay expenses. According to the City of Fresno Charter, fringe benefit expense is not considered a salary or wage expense.

Sales Tax – A [tax](#) levied by a state or city on the [retail price](#) of an item, collected by the retailer.

Service Impact – Service Impact comments serve to identify general informational aspects of department operations and bring forth policy issues that require attention as part of the budget process. Finally, service impacts detail material changes to department appropriations, which not only identify additional costs, but savings realized as a result of innovation.

Special Assessments – Funds generated through the formation of an assessment district to provide public improvements such as street construction and flood control.

Special Revenue – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures.

Transfers – Transfers are the authorized exchanges of cash, positions, or other resources between organizational units.

Triple Flip – As a part of the 2004 Budget package, the California State Legislature adopted a mechanism to fund the state's economic recovery bond program with a ¼ cent sales tax. Under a mechanism commonly known as the "Triple Flip" and outlined in Revenue and Taxation Code Section 97.68, the local Bradley Burns Sales and Use Tax rate is reduced by ¼ cent. This ¼ cent is used to repay the economic recovery bonds. Cities and counties are then provided with ad valorem property tax revenues in lieu of these revenues. The state Director of Finance notifies each County Auditor of the amount of sales and use tax revenue loss to each city and county as a result of the Triple Flip. Each County Auditor is then required to allocate compensating revenues to cities and the county. These compensating revenues are transferred from the ad valorem property tax revenues that would otherwise be allocated to the county's Educational Revenue Augmentation Fund.

Trust and Agency – Funds that are held in trust by the City and whose use is restricted to the specific purpose for which the funds were received such as Urban Growth Management (UGM) area capital improvement, Woodward Park Legacy, and Conference Center Debt Service.

Universal Hiring Program (UHP) Grant – A fund was established to track and report the status of the grant. Matching revenue and appropriations are reported in the General Fund then transferred to the grant. On a fund by fund basis, the impact nets to zero. On a consolidated reporting basis, it is reflected in both fund types, requiring an adjustment to reflect the actual net City Budget.

Urban Growth Management (UGM) – Fees paid by developers to cover the cost of City infrastructure required to support development.