CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Chris Burton

**SUBJECT: Code Enforcement Operational
Assessment Report**

DATE: May 1, 2025

Approved		Date:
	[signature] Jennifer A. Maguire	5/2/2025

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Accept the Code Enforcement Operational Assessment Report and approve Phase 1 of the Code Enforcement Implementation Workplan.

SUMMARY AND OUTCOME

In alignment with the City Manager's directive to re-engineer the City's approach to Code Enforcement operations and processes and City Council approved funding for this work, staff contracted with Guidehouse Consulting to conduct a comprehensive operational assessment. The resulting Code Enforcement Operational Assessment Report provides data-driven analysis and strategic recommendations to streamline service delivery, prioritize enforcement efforts, and identify opportunities for investment and organizational improvement. The final report includes 15 recommendations that the Department of Planning, Building, and Code Enforcement (PBCE) has evaluated and categorized for implementation through near- and mid-term actions to be integrated into the current service delivery model through the Code Enforcement Implementation Workplan. Upon approval of the workplan, staff will begin work to implement the recommendations beginning with Phase 1, with completion targeted in Fiscal Year 2025-2026.

BACKGROUND

As part of the Fiscal Year 2024-2025 Adopted Budget, City Council allocated one-time non-personal/equipment funding of $200,000 to evaluate Code Enforcement operations through an operational assessment including how to modernize the code enforcement process and organizational structure and review the fee and fine structure to allow for a more rapid and effective resolution of code enforcement issues throughout the City.

The Code Enforcement Division of PBCE plays a critical role in maintaining San José's safety, health, and livability by enforcing property maintenance, building, land use, and public health regulations through a combination of complaint-based investigations and proactive programs. However, over the past two decades, the Division's capacity has been significantly strained due to staffing reductions following the Great Recession, the dissolution of the Redevelopment Agency, and the continued expansion of its scope—including new programs such as Massage Regulation, Tobacco Retail Licensing, and Abandoned Shopping Cart enforcement. The COVID-19 pandemic further exacerbated these challenges, causing a sharp spike in caseloads and delaying inspections. These cumulative pressures have outpaced existing resources and underscored the need for a strategic, modernized approach to code enforcement operations.

Code Enforcement Operations Study Session

On January 21, 2025, PBCE held a City Council Study Session to present an overview of Code Enforcement operations, challenges, and opportunities. Staff outlined the Division's evolving structure, enforcement process, and key pressures—including staffing shortages, expanded program scope, and legal complexities—that have impacted service delivery. During the Study Session, staff outlined a strategic shift in addressing these challenges through a new Improvement Framework built around three core pillars: *Streamline Processes, Prioritize Services, and Invest in Technology, Staffing, and Partnerships*. This approach has been developed through several pilot and ongoing initiatives already underway within PBCE with some examples outlined below.

Streamline Processes - FAST Pilot Program

In response to direction from the City Manager to proactively address ongoing blighted properties, staff launched the Focus Area Service Team (FAST) Pilot Program. Running from August 2023 to July 2024, the program targeted six high-blight complaint areas utilizing an expedited enforcement model and proactive inspections. In conjunction with enhanced outreach and education, the pilot resulted in a 94% compliance rate, with 61% of cases being resolved before a citation was issued and a reduction in average case resolution time from 129 to 66 days. Community feedback was overwhelmingly positive, with survey results showing improved perceptions of neighborhood conditions and 80% of surveyed residents supporting the program's continuation. While highly successful, the pilot underscored the need for continued investment in education and outreach, and the higher cost of proactive engagement, including over $305,000 in resource costs and the temporary reassignment of staff from other essential services.

Prioritize Services- Enhanced Vacant Building and Storefront Program

Following the completion of the FAST Pilot Program, staff launched the Enhanced Vacant Building and Storefronts Program, representing a strategic shift toward proactive, prioritized enforcement in high-need areas, especially the downtown area. Building on over a decade of foundational work, the program leverages a one-time funded dedicated inspector to conduct proactive monthly and quarterly inspections, expedite enforcement, and utilize legal tools, such as receiverships and public nuisance lawsuits in conjunction with the City Attorney's Office. As part of this new service delivery model, staff also convened an ongoing monthly interdepartmental team meeting to discuss and coordinate on property issues prior to or in coordination with the Code Enforcement Division's intervention efforts.

Through prioritization, streamlining, cross-department collaboration, and improved stakeholder engagement, staff has been able to achieve faster case resolution, improved compliance, and stronger community trust —including action to resolve long standing challenges on some of the most prominent vacant buildings throughout the downtown area. Through these efforts and successes, the program now serves as a scalable model for future code enforcement efforts.

Invest in Technology, Staffing, and Partnerships - CodeX

A critical need identified early on was the replacement of the Code Enforcement Division's outdated technology platform. In response, the City has begun investing in automation, a new public portal, enhanced case management systems, and improved data and reporting capabilities. These efforts aim to improve customer service, reduce operational inefficiencies, and support key process improvements. Resources committed include temporary staffing, dedicated funding, a subject matter expert team, and cross-department collaboration. Together, these investments are expected to deliver significant benefits—streamlining office and field operations, improving communication and transparency, and enabling more responsive, data-driven enforcement.

Study Session Feedback

The City Council provided robust feedback during the Study Session, including further areas to explore related to enforcement and process. A prominent theme was prioritizing enforcement on the most egregious, repeat offenders. City Council expressed that enforcement on these responsible parties should be expedited and fine amounts should be reflective of the nuisance level of the case. Additionally, City Council asked staff about potential process and policy changes that could help with enforcement and streamline processes to move to fines and compliance faster. Finally, multiple Councilmembers asked about fine amounts and how those fines are connected to the funding of code enforcement activities.

Operational Assessment Report

In January 2025, PBCE contracted and began work with Guidehouse Consulting to conduct a comprehensive operational assessment. The assessment sought to evaluate current workflows, staffing, and stakeholder experiences and identify best practices and improvement opportunities to streamline, prioritize, and invest in Code Enforcement Division operations. The operational assessment included four major deliverables attached to this memorandum: Attachment A – Project Management Plan, Attachment B - Current State Findings Report, Attachment C - Operational Report, and Attachment D - Future State Recommendations Report.

ANALYSIS

The purpose of the operational assessment was to analyze the Code Enforcement Division's processes and resources against the Division's current workload, review the alignment between community (customer) and City Council expectations and Code Enforcement Division objectives, and identify opportunities to streamline, prioritize, or invest in Code Enforcement Division services. As noted previously, the assessment included four major deliverables. The following summarizes the content and key findings of each report.

Project Management Plan

The Project Management Plan (Attachment A) outlines the Guidehouse Consulting approach for the Code Enforcement operational assessment. The project was scheduled for 12 weeks, kicking off on January 14 and completing with the fourth deliverable (Future State Recommendations Report) on April 4. The Project Management Plan outlined the project team from the City of San José and Guidehouse Consulting, along with the method for working together. Finally, the plan included assumptions and risks to help the team address anticipated issues during the engagement.

Current State Findings Report

The Current State Findings Report (Attachment B) outlines the existing conditions of the Code Enforcement Division, including functional areas, operational workflows, and workload analysis. The report finds five key challenges facing the Division.

1. **Staffing and Workload Challenges** – The Division is understaffed, with higher case volume than staff available. Many are new inspectors and vacancies in key manager positions create a void for team planning and strategy.
2. **Overextended Scope** – Over time, the Division has taken on responsibilities beyond its core functions without sufficient funding or resources, creating

operational inefficiencies. Supervisors and managers spend time context switching between programs and services, impacting effectiveness and focus.

3. **Process Inefficiency** – Decentralized complaint intake process, complex process, and burdensome procedural steps take away capacity for strategic planning and proactive effort to optimize operations.
4. **Technology Gaps** – Existing case management system inhibits inspector efficiency and case portfolio management for supervisors.
5. **Communication Breakdown** – Inspectors struggle to keep up with customer and complaining party communication causing frustration among stakeholders and prolong case lifecycles.

Operational Report

The Operational Report (Attachment C) included peer city benchmarking, key internal and external stakeholder interviews, and an in-depth customer experience survey analysis. Ten cities were originally researched to identify which three could become part of the peer city benchmarking. San Diego, Seattle, and Austin were selected based on the similarities of land area size, population, and budget. This benchmarking analysis indicated that the Code Enforcement Division has a broader scope than most, but lacks a succession planning program, a streamlined enforcement process, and robust community engagement. Other practices gleaned from these peer cities included utilizing community engagement managers and strategic advisors to enhance transparency and efficiency and leveraging technology such as case management systems with mobile access.

As part of the Operational Report, the Guidehouse team also conducted interviews with eight highly engaged members of the community, observed over 50 customer engagement interactions, participated in seven ride-alongs, and analyzed over 1,000 surveys from code enforcement customers to get insights into the overall customer experience. Several areas for growth emerged from the customer interviews and observations include the following.

1. **Time to Close** – Many customers feel that case timelines are too long.
2. **Service Quality** – The survey analysis showed that satisfaction with the Code Enforcement Division's service quality has declined over time.
3. **Inconsistent Communication** – Customers feel that communication from the Code Enforcement Division is inconsistent.
4. **Code's Purview** – Customers are confused by the Code Enforcement Division's purview, which can be exacerbated by the Division's wide range of programs and complexity of cases.
5. **Inconsistent Enforcement** – Customers feel that enforcement is inconsistent across inspectors and regions of the City and may not focus on the highest priorities.

The customer interviews and observations also highlighted strengths such as inspectors' positive interactions with customers, empathy, and diligence shown in their work, and knowledge and ability to resolve customers concerns leaving many customers satisfied with the help they received, and information shared by the inspectors.

Future State Recommendations Report

To address the challenges identified in its analysis, the Guidehouse team prepared its fourth deliverable, Attachment D - Future State Recommendations Report, which outlined three recommendation themes: Develop and Optimize Workforce, Improve Operational and Program Performance, and Increase Customer Service and Communications. Within these three themes were 15 detailed recommendations, each aiming to support the Code Enforcement Division's effort to streamline service delivery, prioritize services, and identify opportunities to invest. Included in each recommendation were several sub-recommendations discussed in detail in the Future State Recommendations Report. The 15 recommendations were prioritized by Guidehouse Consulting into three phases (Now, Next, or Later) based on effort and resources required to implement, as well as dependencies. "Now" recommendations included quick wins that can be implemented with fairly low effort and minimal dependencies. "Next" recommendations were those that are dependent on activities in the Now phase and have a moderate to high impact but require lower effort. Lastly, the "Later" recommendations are recommendations dependent on Now and Next phase implementation. It should be noted that Guidehouse's proposed recommendation phasing did not consider existing resource availability or capacity.

Proposed Code Enforcement Implementation Workplan

Staff assessed the 15 Guidehouse recommendations and sub-recommendations for immediate feasibility and developed a workplan for advancing the recommendations based on budget and staff capacity in two phases: near-term (Phase 1, Fiscal Year 2025-2026) and mid-term (Phase 2, Fiscal Year 2026-2027 and beyond). Implementation of each phase of recommendations will be dependent on capacity and allocation of resources. This workplan prioritizes quick-win items as well as strategic initiatives that are key for completing recommendations in Phase 2. The recommendations in Phase 1 prioritizes the highest impact items that best utilizes the limited management capacity to make meaningful changes through the Division. It also takes into consideration efforts already underway within the Division, such as the Enhanced Vacant Buildings and Storefronts Program, ongoing review and update of Division policies and procedures which includes the Escalation of Enforcement Policy, staff training plan for Fiscal Year 2025-2026, Aged Case Triage Project, and City Council direction to increase and evaluate fines.

Near-Term - Phase 1 (Fiscal Year 2025-2026)

Staff will focus on the implementation of near-term recommendations, which largely align with the priority recommendations of the Future State Recommendation Report (Attachment D). While work will actively begin in the near term, some of the work items will likely continue into Fiscal Year 2026-2027. Once these recommendations in the first phase have been substantially implemented, staff will continue to implement the remaining recommendations in the report, prioritizing based on the strategic ordering of implementation.

Table 1: Near-Term Recommendations

#	Recommendation	Outcomes
1.1.1	Hire Code Enforcement Transformation Manager	Improve efficiency, help implement recommendations, enhance service delivery, and improve strategic planning and community engagement.
1.2	Conduct Classification Assessment	Clarifies job expectations and supports professional development, recruitment, succession planning, and inspector hiring.
1.3	Increase Training Opportunities	Improve staff skills to enhance trust, communication, decision-making, and process implementation.
1.4	Optimize Recruitment and Retention	Attract skilled candidates, onboard staff faster, and reduce turnover.
2.1	Set Strategic Vision for the Division	Identify areas for improved prioritization and enhance Division focus.
2.3.1	Establish Escalated Intervention Program	Implement a leading practice to reduce repeat violations, expedite enforcement, prevent legacy cases and nuisance properties, and improve responsiveness.
2.4	Update Policies to Support Strategic Enforcement	Improve case closure and inspector effectiveness through improved follow-through, prioritization, and faster timelines.
2.5	Streamline Processes, Reduce Manual Tasks, and Quality Controls	Implement leading practices that will improve efficiencies, enhance the customer experience, and improve tracking.
2.7	Expedite and Prioritize the Adoption of CodeX	Enable the Division to implement process improvements, produce better performance measures, and inspector functionality.
3.1	Optimize Communication and Improve Self-Service	Reduce customer inquiries, save time, and streamline process to support inspectors.
3.3	Improve Cross-Departmental Coordination	Begin to improve efficiency with better process and information sharing between partners.

In addition to the Guidehouse recommendations, the Code Enforcement Division is advancing two key near-term initiatives. The first is an aged case triage project aimed at reducing the active caseload (backlog), supported by new ad hoc reporting tools that help supervisors and inspectors identify dormant cases, expedite processing, and close cases where appropriate. Providing additional focus on workload balancing and case management will allow staff to prioritize cases and ensure timely actions, thereby reducing the open active caseload.

The second initiative responds to City Council direction to increase the maximum administrative fine for prominent historic properties to $500,000. Staff is actively working to update this ordinance in coordination with the City Attorney's Office and will return to City Council in the summer of 2025. Fines are a critical tool in accelerating compliance and closing cases, and staff will continue to assess their effectiveness as part of the broader implementation effort. At the same time, staff are prioritizing improvements to processes, communication, and case management, which are expected to drive faster and more consistent compliance outcomes. As these changes go into effect, staff will evaluate where fines are most impactful and where they may unintentionally hinder resolution. This approach ensures the City strengthens its enforcement capabilities while applying penalties in a strategic and equitable way across the diverse range of code enforcement cases.

Mid-Term – Phase 2 (Fiscal Year 2026-2027 and Beyond)

The recommendations in Phase 2 will be started as recommendations from Phase 1 are implemented. The recommendations were selected for Phase 2 based on their dependence on Phase 1 recommendations, the amount of effort required for completion, or additional resources required to be allocated.

Recommendations 1.5 and 3.2 focus on sustaining implemented recommendations, processes, and operational improvements to ensure long-term success. A key element of these recommendations is succession planning, which prepares staff to take on additional responsibilities and minimizes disruptions during transitions in leadership or frontline roles. Separately, continued investment in community education and partnerships empowers residents through direct engagement, leading to improved compliance, stronger neighborhood relationships, and more informed, responsive decision-making. Together, these efforts ensure the organization remains resilient and well-equipped to meet future challenges while maintaining high-quality service delivery.

Table 2: Mid-Term Recommendations

#	Recommendation	Outcomes
1.1	Modify Organizational Structure/Hire in Key Areas	Continue to assess organizational structure, recommend position changes as needed, and hire as appropriate.
1.5	Establish a Succession Planning Process	Improve staff skills, to enhance trust, communication, decision-making, and process implementation, preparing staff to take on new roles when vacancies occur.
2.2	Realign and Narrow Program Scope	Reduce case backlog and expand effectiveness of inspectors.
2.3	Expand Pilot Programs	Proactive blight management, improve response times, improve community engagement, and increase economic activity.
3.2	Invest in Community Education and Partnerships	Inform and empower the community, improve collaboration and compliance, and develop stronger neighborhood relationships.

As implementation of the Code Enforcement Implementation Workplan moves forward, staff will continue to evaluate progress, adapt strategies as needed, and align efforts with available resources and community needs. To ensure transparency and accountability, staff will look for opportunities to keep the City Council informed through regular updates, including Code Enforcement's Annual Progress Report to the Neighborhood Services and Education Committee. These updates will provide insight into implementation milestones, performance metrics, and ongoing challenges, helping to guide future phases of operational improvement.

EVALUATION AND FOLLOW-UP

Later in the 2025-2026 Budget process, a 2025-2026 Manager's Budget Addendum will be brought forward for City Council consideration to allocate a $400,000 ongoing General Fund Earmarked Reserve that is recommended to help begin the implementation of the proposed work plan. In the next fiscal year, staff will present updates annually on the Code Enforcement Implementation Workplan as part of the Code Enforcement Division's Annual Progress Report to the Neighborhood Services and Education Committee. In addition, staff will be bringing forward for City Council consideration an increase to the maximum administrative fine for prominent historic properties to $500,000 in summer 2025.

COST SUMMARY/IMPLICATIONS

The 2025-2026 Proposed Operating Budget includes the establishment of an ongoing General Fund Earmarked Reserve of $400,000 to provide a modest amount of funding to support the initial implementation of the Code Enforcement Operational Assessment Report, including the Phase 1 items listed in Table 1 above. Recommendations to allocate funding from this reserve to implement specific recommendations will be brought forward for City Council approval as part of a Manager's Budget Addendum later in the budget process.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 13, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
Chris Burton
Director, Planning, Building and Code Enforcement

For questions, please contact Rachel Roberts, Deputy Director, at
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ATTACHMENT
Attachment A – Project Management Plan
Attachment B – Current State Findings Report
Attachment C – Operational Report
Attachment D – Future State Recommendations Report