



City of San José Annual Report on City Services 2016-17

A Report from the City Auditor
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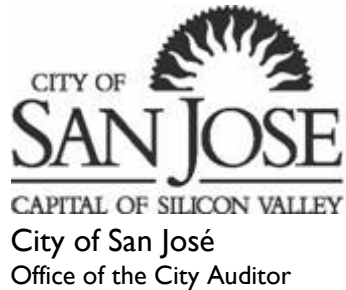
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Annual Report on City Services 2016-17

The Office of the City Auditor is pleased to present the tenth City of San José Annual Report on City Services (formerly the Service Efforts and Accomplishments report). This report provides performance data on the cost, quantity, quality, timeliness, and public opinion of City services. It includes historical trends and comparisons to targets and other cities. The report is intended to be informational and to provide the public with an independent, impartial assessment of the services the City provides with their tax dollars.

With a population of 1,046,000, San José is the tenth largest city in the United States and the third largest city in California. The City of San José serves one of the most ethnically diverse populations in California—about 35 percent Asian, 32 percent Hispanic, and 26 percent white. Nearly 40 percent of San José residents are foreign born and more than half of residents speak a language other than English at home. San José’s unemployment rate declined to approximately 3.9 percent in 2016-17, down from a high of 12.6 percent in 2009-10. Median household income increased in 2016, reaching \$102,000; however, the cost of living in San José is among the highest in the nation and 17 percent of households earned less than \$35,000.

Resident Survey

2017 marked San José’s seventh year of participation in The National Citizen Survey.TM Three thousand households were selected at random for participation in a mail survey designed to understand resident opinions about their community and the services provided by local government. Residents also had the opportunity to participate through an online “opt-in” survey. Surveys were available in English, Spanish, and Vietnamese.

While two thirds of residents expected to remain in San José over the next five years, less than half rated the overall quality of life in San José as good or excellent. Although survey results for some community characteristics are similar to past years (e.g., shopping, employment, and recreational opportunities), responses about others have decreased significantly over the past seven years. Declines were noticeable in ratings of the overall built environment, the appearance and cleanliness of San José, and the availability of housing options. Nearly every City service received similar or lower ratings from respondents compared to previous years. For many services, ratings have been steadily declining for the past seven years as the City went through significant budget and service reductions.

Residents identified safety and the economy as priorities for the San José community in the coming two years. Ninety-five percent of respondents felt it was essential or very important for San José to focus on the overall feeling of safety. Eighty-seven percent thought it was essential or very important that San José focus on the overall economic health of the City.

Financial Condition

This report provides information on the City's overall financial condition, including trends over time and comparisons with six other California cities. Although City revenues have increased in recent years, the City still had relatively lower revenue per capita compared to other jurisdictions, and its net assets per capita (while higher than other jurisdictions) have decreased in recent years. Though the City has had an above average ratio of cash to liabilities compared to other cities in recent years, the amount of money the City had in cash and investments compared to liabilities decreased last year. San José is the only city surveyed that had its capital assets decrease in value. The amount the City has borrowed per resident has declined in recent years and is mid-range of other cities surveyed; however, the City also faces an estimated \$1.5 billion deferred maintenance and infrastructure backlog and a \$4 billion unfunded liability for pension and retiree health benefits (the City's contributions for pension and retiree health benefits totaled \$328 million in 2016-17; employees contributed an additional \$73 million).

Operating Budget and Staffing

In 2016-17, the City's departmental operating budgets totaled \$1.36 billion*, or about \$1,301 per resident. Three departments (Police, Fire, and Environmental Services) accounted for more than half of all departmental operating budgets.

The City saw a projected General Fund surplus for only the fourth time in the past ten years and was able to provide limited service level enhancements and infrastructure investments. For example, the City allocated additional funding to maintain and repair major streets, and to provide additional resources for public safety purposes. However, San José continues to face a long-term "service level deficit" and does not expect resources to grow in a manner that will allow services to be restored to pre-recession levels. The City Manager's 2017-18 Budget Message forecast budget shortfalls for each of the next five years.

Over the last decade, the City was forced to reduce many City programs including a significant reduction in staff (13 percent over the last ten years). San José now employs about 5.9 people per 1,000 residents—fewer than its 20-year average of 7.0 and fewer than any other large California city we surveyed. There were more than 830 vacant full-time positions as of June 30, 2017 (or about 13 percent of total positions).

Major Service Results and Challenges in 2016-17

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. Performance highlights and challenges in 2016-17 included:

- In February 2017, the Coyote Creek flooded homes and business in the neighborhoods of Naglee Park, Rock Springs, South 12th Street in Spartan Keys, Olindar, Brookwood Terrace, and Five Wounds, as well as the South Bay Mobile Home Park, Riverbend Family Park, and Golden Wheel Park. This resulted in significant damage to homes, vehicles, and property, as well as the evacuation of approximately 14,000 San José residents. Property damage due to the flood was initially estimated to be \$73 million. Multiple City departments, including PRNS, Housing, DOT, Fire, and others, were involved in recovery efforts. In the first month of recovery, more than 300 City employees, along with non-profit partners and 4,000 volunteers, were involved in setting up emergency shelters, removing debris, street cleaning, building inspections, police protection, and fire and medical response.

* The City's total Operating Budget equaled \$3.2 billion. This also includes General Fund capital and Citywide expenditures, reserves, transfers, and various non-General Fund operating and enterprise fund expenditures (e.g., capital, debt service, pass-through grant funds) and operating or other reserves.

- During 2016-17, the Police Department initiated or received about 1,141,000 calls for service, slightly up from the prior year. The average response time for Priority 1 calls was 8.5 minutes, slower than the department's target of 6 minutes. The response time for Priority 2 calls was 21.5 minutes, much slower than the target of 11 minutes. Over the past ten years, the number of sworn officers has decreased. As of June 2017, only 798 of the 1,109 authorized sworn positions were filled with street ready sworn officers; 239 sworn positions were vacant. Following a spike in 2012, San José's rate of major crimes per 100,000 residents has remained slightly below state and national averages. However, just 36 percent of residents reported an overall excellent or good feeling of safety. The majority of residents, 76 percent, feel very or somewhat safe in their neighborhoods during the day but only 18 percent feel the same way in downtown at night. While up from 2016, ratings of Police services have declined over the past several years. Only 37 percent of residents rated the quality of Police services as good or excellent in 2017, and only 20 percent of respondents rated the quality of crime prevention as good or excellent.
- The Fire Department responded to 91,000 emergency incidents. This included 56,000 medical incidents, 3,000 fires, and 32,000 other calls (such as rescues, Haz Mat incidents, and good intent responses). The department responded to 71 percent of Priority 1 incidents within 8 minutes. This is below the target of 80 percent compliance and the same response time compliance as the prior year. The department met its Priority 1 time target for dispatch time; however, it met its turnout time standard for only 75 percent of Priority 1 incidents and its travel time standard for only 47 percent of Priority 1 incidents (target: 80 percent for each). Only two of its 33 stations met the Priority 1 response standard of 8 minutes for 80 percent of incidents. Seventy-eight percent of residents rated fire services as good or excellent, and 75 percent of residents gave similar ratings for emergency medical services. Only 48 percent of residents rated fire prevention and education as good or excellent.
- The City has 50 community centers; however, as in the prior year, it operated only 12 of those centers. The remaining facilities were operated through the City's facility re-use program by outside organizations and/or other City programs. The City has 191 neighborhood and 9 regional parks. Eighty-five percent of residents reported having visited a park at least once in the last year. Estimated participation in City-run recreation programs totaled 753,000. About half of residents rated San José's recreation centers and programs as good or excellent. However, only about a third gave similar ratings for services to seniors and youth.
- Branch libraries were open 47 hours per week in 2016-17 (up from 33 or 34 hours in recent years), and the Dr. Martin Luther King, Jr. main library was open 77 hours per week during the academic year. Total visitation remained about the same as the prior year; however, circulation was down 5 percent. Circulation and visitation varied across library branches. Fifty-eight percent of residents indicated that they or someone in their household had used a library in the past year, and 75 percent rated library services as good or excellent.
- San José remains one of the least affordable cities in the country with just 6 percent of residents reporting the availability of affordable quality housing as good or excellent. Average monthly rents increased to \$2,353 and the median single-family home price to \$996,000. The City's 2017 Homeless Census identified 4,350 homeless individuals, 28 percent of whom were deemed chronically homeless. Partnering with other agencies, the Housing Department assisted 1,300 homeless individuals into permanent housing in 2016-17.
- Despite significant increases over the past ten years, stormwater rates remained unchanged in 2016-17; sewer rates increased slightly and garbage/recycling rates remained unchanged. About 70 percent of San José residents rated garbage, recycling, and yard waste pick-up as good or excellent. San José Municipal Water (Muni Water) rates increased very slightly from the prior year. In March 2017, the City declared an end to a citywide water shortage due to heavy rain and snow throughout the state that ended a string of drought years.
- The City's permit center served about 48,000 customers. Building activity increased from the prior year (16.3 million square feet of construction with a the value of \$1.9 billion). While the number of building permits issued has exceeded pre-recession levels, the number of development staff remains low, despite recent staffing additions. The City met its timeliness targets for only two out of the seven development processes shown in this report.

- After implementing a risk-based tiered inspection process for its Multiple Housing Program, the City’s code enforcement inspectors are targeting properties at high risk of violations. In 2016-17, they inspected about 2,000 buildings that cumulatively had about 7,800 housing units. Fifteen percent of residents rated code enforcement as good or excellent—one of the lowest ratings of any City service.
- The Airport served over 11.5 million passengers, up from the prior year as well as from a decade ago. There were over 110,000 passenger flights (takeoffs and landings), or about 302 per day. While the number of passengers in the region has grown over the past ten years, the Airport’s regional market share has declined from 18 percent ten years ago to 15 percent in 2016-17. Operating revenues totaled \$153 million in 2016-17. Annual debt service was \$97.4 million, the result of the Airport modernization and expansion that began in 2005 (bonds issued in 2007 were restructured and refunded in 2017). Noise complaints increased drastically from previous years; as a result, the City Council approved an Ad Hoc Advisory Committee to review noise impacts to surrounding communities. Seventy-seven percent of residents rated the ease of use of the Airport as good or excellent.
- San José’s street pavement condition was deemed only “fair” in 2016—rated at 62 on the Pavement Condition Index (PCI) scale out of a possible 100. This is down from the 2003 PCI rating of 67. A “fair” rating means that the City’s streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly. Because major repairs cost five to ten times more than routine maintenance, these streets are at an especially critical stage. The Department of Transportation has continued to make corrective repairs, such as filling more than 11,000 potholes and patching damaged areas. Only 14 percent of residents rated street repair as good or excellent—the lowest rating of any City service.

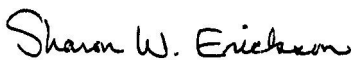
Additional information about other City services is included in the report.

Conclusion

This report builds on the City’s existing systems and measurement efforts. The City Auditor’s Office selected and reviewed performance data to provide assurance that the information in this report presents a fair picture of the City’s performance. All City departments are included in our review; however, this report is not intended to be a complete set of performance measures for all users. It provides insights into service results, but is not intended to thoroughly analyze those results. By reviewing this report, readers will better understand the City’s operations. The report contains an Introduction with a community profile of the City. This is followed by resident survey results, various measures about the City’s financial condition, and a summary of the City’s overall budget and staffing. The remainder of the report presents performance information for each department in alphabetical order—their missions, descriptions of services, workload and performance measures, and survey results.

Additional copies of this report are available from the Auditor’s Office and are posted on our website at www.sanjoseca.gov/servicesreport. We thank the many departments that contributed to this report. This report would not be possible without their support.

Respectfully submitted,



Sharon Erickson
City Auditor

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INTRODUCTION

Background
Community Profile
Scope & Methodology

INTRODUCTION

BACKGROUND

This is the tenth annual City Auditor’s Report on City Services. The purpose of this report is to:

- improve government transparency and accountability,
- provide consolidated performance and workload information on City services,
- allow City officials and staff members to make informed management decisions, and
- report to the public on the state of City departments, programs, and services.

The report contains summary information including workload and performance results for the fiscal year ended June 30, 2017. We limited the number and scope of workload and performance indicators in this report to items we identified as the most useful, relevant, and accurate indicators of City government performance that would also be of general interest to the public.

This report also includes the results of a resident survey, completed in November 2017, rating the quality of City services. All operational City departments are included in our review; however this report is not a complete set of performance measures for all users. The report provides three types of comparisons when available: historical trends, selected comparisons to other cities, and selected comparisons to stated targets.

After completing the first annual report on the City’s Service Efforts and Accomplishments, the City Auditor’s Office published [Performance Management And Reporting In San José: A Proposal For Improvement](#), which included suggestions for improving quality and reliability of performance and cost data. Since issuing that report we have worked with the Budget Office to assist a number of City departments in improving their measures. We will continue to work with departments towards improving their data as requested.

The first section of this report contains information on resident perceptions of the City, City services, and City staff; the City’s financial condition; and the City’s operating budget and staffing. The remainder of the report displays performance information by department, in alphabetical order. The departments are as follows:

- Airport
- City Attorney
- City Auditor
- City Clerk
- City Manager
- Economic Development
- Environmental Services
- Finance
- Fire
- Housing
- Human Resources
- Independent Police Auditor
- Information Technology
- Library
- Parks, Recreation and Neighborhood Services
- Planning, Building and Code Enforcement
- Police
- Public Works
- Retirement
- Transportation

Next year’s report will include information on the new Department of Community Energy and Office of Emergency Management.

ACKNOWLEDGEMENTS

The Office of the City Auditor thanks staff from each City department for their time, information, and cooperation in the creation of this report.

CITY GOVERNMENT

San José is the oldest city in California; established as El Pueblo de San José de Guadalupe on November 29, 1777— 73 years before California achieved statehood. San José is a charter city, operating under a council/manager form of government. There is an 11-member City Council and many Council-appointed boards and commissions.* The Mayor is elected at large; Council members are elected by district (see map).

There were 20 City departments and offices during fiscal year 2016-17. Five of the departments and offices are run by officials directly appointed by the City Council. Those officials are the City Manager, City Attorney, City Auditor, Independent Police Auditor, and City Clerk. In 2017-18, the City Council voted to create a new Department of Community Energy and to move the Office of Emergency Services from the Fire Department to the City Manager’s Office, renaming it the Office of Emergency Management.

Some departments and programs serve expanded service areas. These departments include Environmental Services, Public Works, and the Airport. For example, the San José/Santa Clara Regional Wastewater Facility is co-owned by the cities of San José and Santa Clara and provides service to those cities as well as Milpitas, Cupertino, Los Gatos, Monte Sereno, Campbell, and Saratoga. The Airport serves the entire South Bay region and neighboring communities.

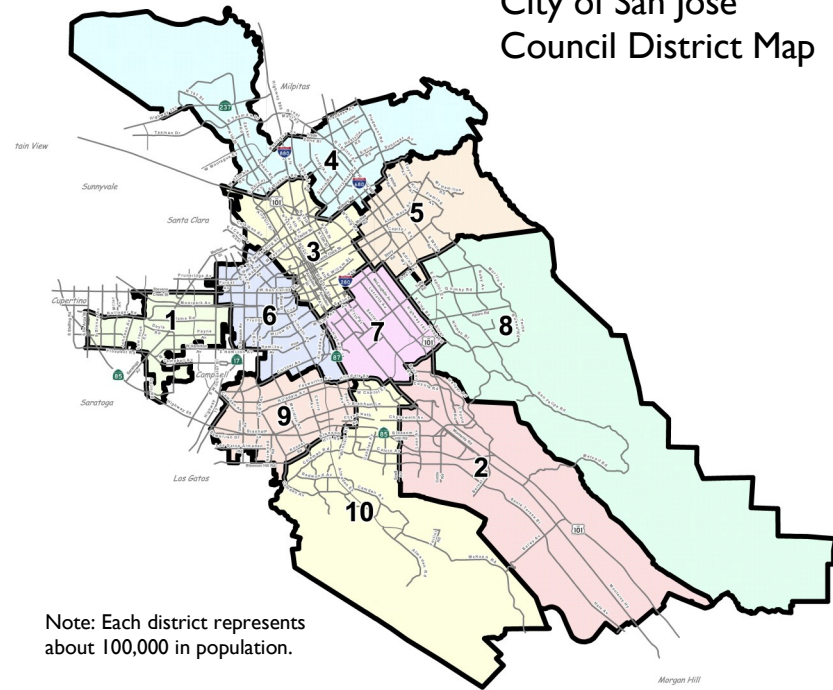
Each spring the Mayor gives a State of the City address which sets priorities for the year. The priorities for 2017 were to:

- Develop a sustainability plan,
- Eliminate financial barriers to higher education,
- Encourage volunteerism,
- Clean up blight and litter, and
- Invest in transit and transportation infrastructure.

The City Council meets weekly to direct City operations. The Council meeting schedule and agendas can be viewed [online](#).

*Details of the boards and commissions can be found on [the City’s website](#).

City of San José
Council District Map



The City Council also holds Council Committee meetings each month. The decisions made in these meetings are brought to the main Council meeting for approval each month.

City Council Committees:

- Community & Economic Development Committee
- Neighborhood Services & Education Committee
- Public Safety, Finance & Strategic Support Committee
- Rules & Open Government Committee
- Smart Cities & Service Improvements Committee
- Transportation & Environment Committee

INTRODUCTION

COMMUNITY PROFILE

San José, with a population of 1,046,079, is the tenth largest city in the United States and the third largest city in California. However, San José ranks low in population density. The City covers approximately 180 square miles at the southern end of the San Francisco Bay. For comparison, San Francisco covers 47 square miles with a population of 874,228.

San José’s population has been growing over the past decade, though its growth slowed last year. San José grew from a population of about 923,000 in 2008 to just over 1,040,000 in 2017, an approximately 13 percent increase in population over the last ten years. Last year, the population grew by less than 4,000, a 0.4 percent increase over 2016. (Unless otherwise indicated, this report uses population data from the California Department of Finance and demographic data from the U.S. Census Bureau. In some cases we have presented per capita data in order to adjust for population growth.)

THE CITY’S RESIDENTS ARE DIVERSE

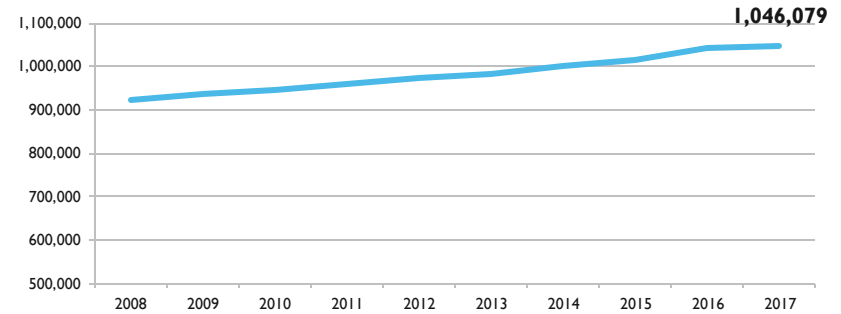
The City of San José serves one of the most ethnically diverse populations in California. The demographics of San José are important because they influence the type of services the City provides and residents demand.

Estimated Ethnic Breakdown of San José Residents

Ethnic Group	Estimated Total	% of Pop.
Asian	355,456	35%
Vietnamese	107,062	10%
Chinese	81,183	8%
Indian	67,688	7%
Filipino	56,155	5%
Other Asian	45,803	4%
Hispanic or Latino	328,979	32%
Non-Hispanic white	269,983	26%
Black	28,963	3%
Other	41,992	4%

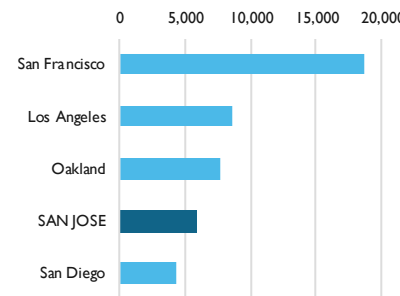
Source: U.S. Census Bureau’s American Community Survey 2016.

San José’s Population Growth

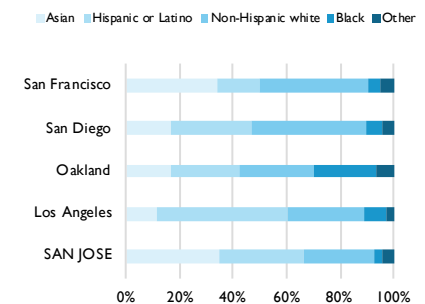


Source: California Department of Finance E-4 Population Estimates for Cities, Counties, and State.

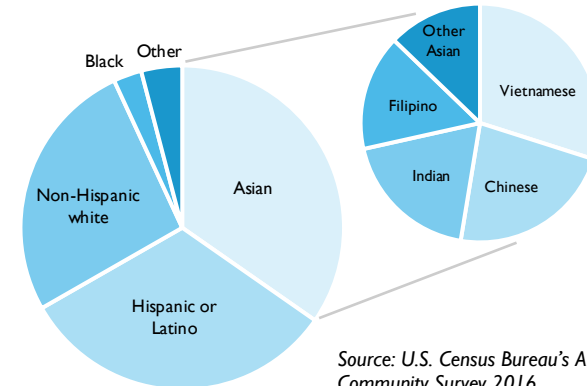
Population per Square Mile



Population by Ethnicity



San José Population by Ethnicity



Source: U.S. Census Bureau’s American Community Survey 2016.

MANY RESIDENTS ARE FOREIGN BORN

San José also has a high number of foreign born residents; nearly 40 percent of residents in 2016. Of those identifying as foreign born, a majority were born in Asia and about a quarter were born in Latin America. About 18 percent of residents are not U.S. citizens. Approximately 57 percent of San José residents speak a language other than English at home, and 25 percent of the population identifies as speaking English less than “very well.”

Estimated Breakdown of Languages Spoken at Home

Language	Estimated Total	% of Pop.
English only	414,430	43%
Asian or Pacific Islander	246,699	26%
Spanish	220,646	23%
Other Indo-European	66,879	7%
Other	12,481	1%

Source: U.S. Census Bureau’s American Community Survey 2016.

Despite the overall growth in population, the proportion of foreign born residents is about the same as it was ten years ago—though there has been a slight demographic shift within the foreign born population. The percentage of residents born in Asia has increased slightly from 2007, while the percentage of residents born in Latin America has decreased.

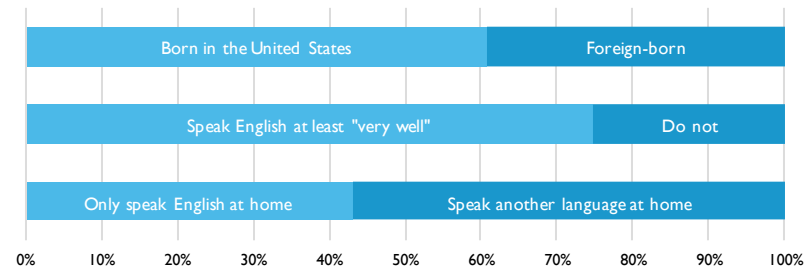
According to the 2007 and 2016 American Community Surveys, the proportions of the City’s residents who are not U.S. citizens, speak a language other than English at home, or speak English less than “very well” are about the same as they were ten years ago.

THE MEDIAN AGE IS 36.3 YEARS

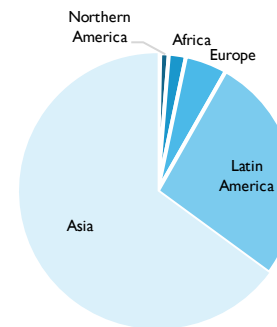
The City’s population ranges in age, with a median age of 36.3 years. This is 0.6 years older than the median age of the population in 2007. San José’s median age of residents is slightly lower than the United States generally.

According to the county registrar, approximately 83 percent of the 875,000 registered voters in Santa Clara County voted in the last presidential election (November 2016).

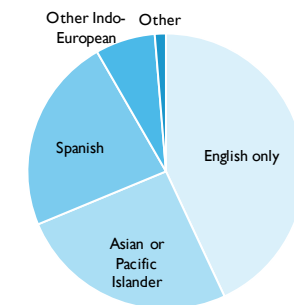
Characteristics of San José Residents



Foreign Born Population by Region

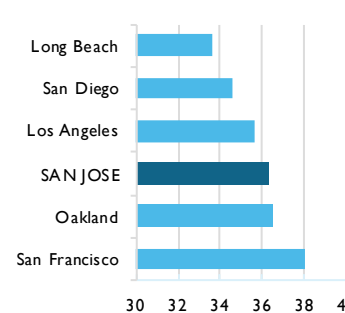


Languages Spoken at Home

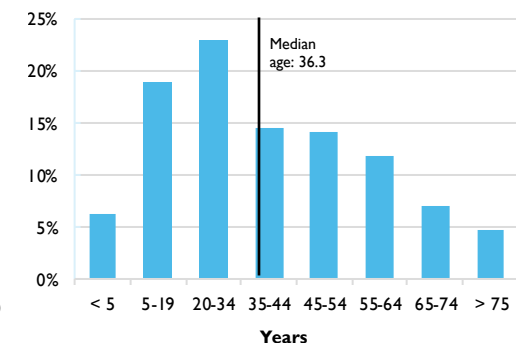


Source: U.S. Census Bureau’s American Community Survey 2016.

Median Age of Residents



Resident Age



Source: U.S. Census Bureau’s American Community Survey 2016.

INTRODUCTION

MEDIAN HOUSEHOLD INCOME HAS INCREASED

Originally an agricultural community, San José is now in the heart of Silicon Valley, so called in reference to the many silicon chip manufacturers and other high-tech companies. The largest occupation groups in City are: educational services, healthcare and social assistance (19 percent); professional, scientific, and management (19 percent); and manufacturing (16 percent).

San José's unemployment rate has declined since reaching a high of about 12.6 percent in 2009-10. For 2016-17, it was approximately 3.9 percent, lower than the unemployment rate nationwide. According to the 2017 Silicon Valley Index, job growth slowed in the Bay Area in 2016, while average annual earnings reached a record high.

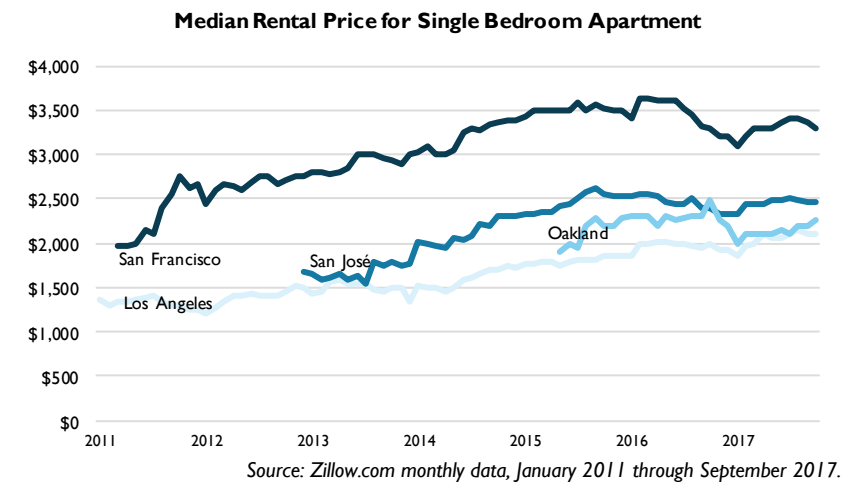
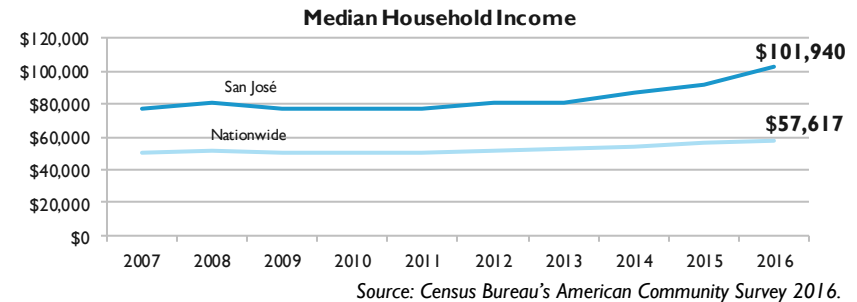
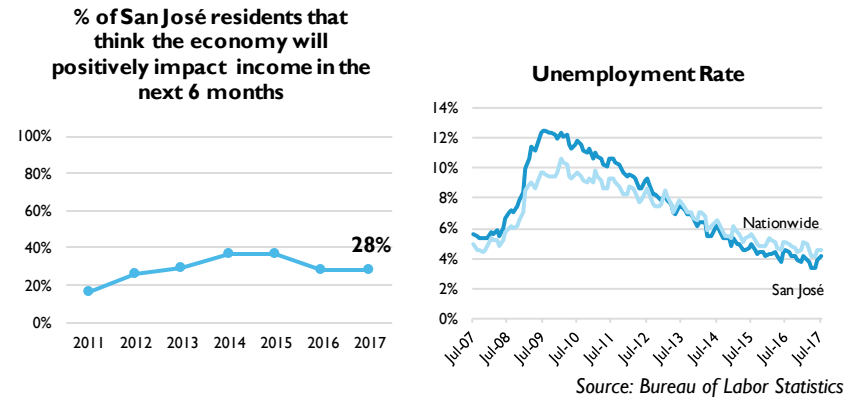
In San José, median household income rose to \$102,000 in 2016. According to the resident survey, about 28 percent of respondents thought that the economy would have a positive impact on their income over the next six months—the same as last year. (See the Resident Survey chapter and Economic Development chapter for more information.)

HOUSING PRICES HAVE ALSO INCREASED

According to the Census Bureau, approximately 57 percent of the housing stock is owner-occupied and 43 percent is renter-occupied in San José. These vary from the national averages: nationwide 63 percent of housing stock is owner-occupied and 37 percent is renter-occupied.

The U.S. Department of Housing and Urban Development defines housing affordability as housing which costs less than 30 percent of the occupant's gross income. In San José, 29 percent of homeowners and 52 percent of renters report spending more than 30 percent of household income on housing costs.

The median home price in San José in 2016-17 was \$996,000 and average monthly rent for all unit types was about \$2,353. This is up from \$576,000 and \$1,693 respectively, from six years ago. This compares with a median existing home value of approximately \$234,000 nationally, according to the National Association of Realtors. For more information on housing and rent burden, see our [2016 Audit of the Apartment Rent Ordinance](#).



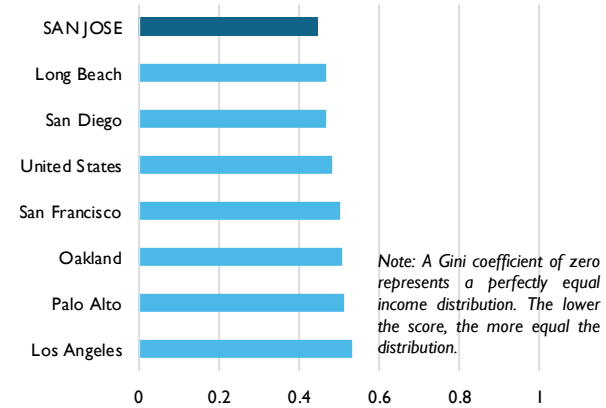
DESPITE HIGH INCOMES, MANY RESIDENTS MAY EXPERIENCE ECONOMIC DISTRESS

The Gini coefficient is commonly used to assess the income equality of an area. It represents the difference between the actual distribution of income with hypothetical, perfect equality of income. The closer the coefficient is to zero, the more equal the distribution of income is. According to the U.S. Census Bureau, San José has a lower Gini coefficient than those of comparison cities in California, and the United States generally, indicating comparatively more equal distribution of income.

However, the cost of living in San José is among the highest in the country. According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area for a single, working adult was just over \$32,000 in 2016. This represents estimated minimum expenses for a single adult for a year, including food, housing, and transportation. It does not include savings for retirement or purchasing a home, for example. For a family of four in San José, with two children and two working adults, the living wage calculation was over \$80,000 in household income, or \$40,000 for each adult. In 2016, a full-time, minimum-wage employee in San José would have earned just over \$21,000 a year. (In July 2017, the minimum wage increased to \$12 per hour, or just over \$24,000 a year.)

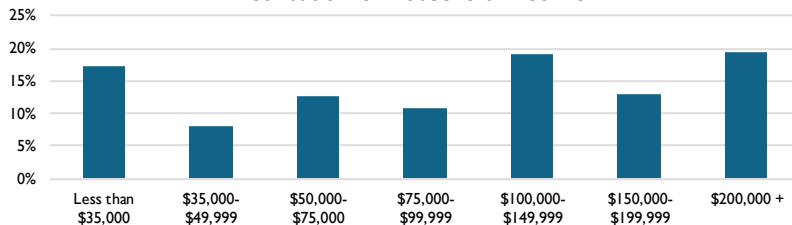
About 17 percent of households earned less than \$35,000, and 11 percent of the population lived below the federal poverty threshold. An estimated 4,350 residents are homeless (for more information, see the Housing chapter).

Gini Coefficient



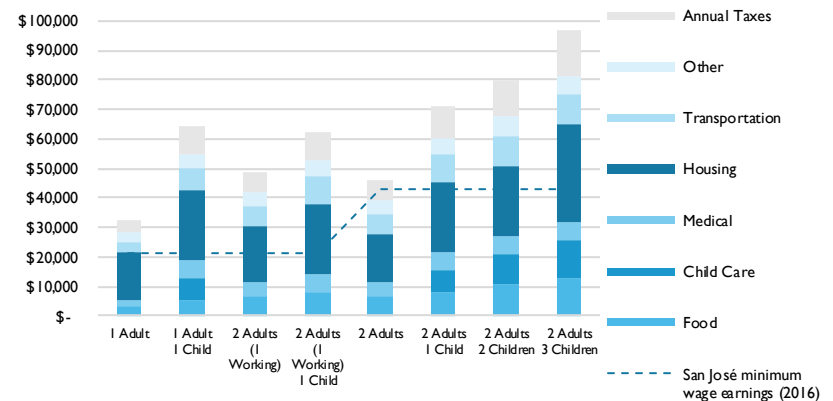
Source: U.S. Census Bureau's American Community Survey 2016.

Distribution of Household Income



Source: U.S. Census Bureau's American Community Survey 2016.

Estimated Minimum Annual Living Expenses in San José - Sunnyvale - Santa Clara Metropolitan Area



Source: 2016 Living Wage Calculation for San José-Sunnyvale-Santa Clara Metropolitan Statistical Area.

INTRODUCTION

SCOPE & METHODOLOGY

The City Auditor’s Office prepared this report in accordance with the City Auditor’s FY 2017-18 Work Plan. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The workload and performance results that are outlined here reflect current City operations. The report is intended to be informational and does not fully analyze performance results. The independent auditors in the City Auditor’s Office compiled and reviewed departmental performance data. We reviewed information for reasonableness and consistency. We questioned or researched data that needed additional explanation. We did not, however, audit the accuracy of source documents or the reliability of the data in computer-based systems. Our review of data was not intended to give absolute assurance that all information was free from error. Rather, our intent was to provide reasonable assurance that the reported information presented a fair picture of the City’s performance.

SERVICE EFFORTS & ACCOMPLISHMENTS

This *Annual Report on City Services* summarizes the service efforts and accomplishments of the City of San José. The Government Accounting Standards Board (GASB) has advocated Service Efforts and Accomplishments (SEA) reporting for state and local government to provide government officials and the public with information to supplement what is reported in annual financial statements. Financial statements give users a sense of the cost of government service, but do not provide information on the efficiency or effectiveness of government programs. SEA reporting provides that kind of information, and enables government officials and the public to assess how well their government is achieving its goals.

SELECTION OF INDICATORS

This report relies on existing performance measures, reviewed yearly by Council, staff, and interested residents during the annual budget process. It

also relies on existing benchmarking data. We used audited information from the City’s Comprehensive Annual Financial Reports (CAFRs). We cited mission statements, performance targets, performance outcomes, workload outputs, and budget information from the City’s annual operating budget. We held numerous discussions with City staff to determine which performance information was most useful and reliable to include in this report. Where possible, we included ten years of historical data. We strove to maintain consistency with prior years’ reports by including most of the same performance indicators, however, due to issues such as reporting and program updates, some indicators have changed.

We welcome input from City Council, City staff, and the public on how to improve this report in future years. Please contact us with suggestions at city.auditor@sanjoseca.gov.

COMPARISONS TO OTHER CITIES

Where possible and relevant, we have included benchmark comparisons to other cities (usually other large California cities, the state, or the nation). It should be noted that we took care to ensure that performance data comparisons with other cities compare like with like; however, other cities rarely provide exactly the same programs or measure data with exactly the same methodology.

ROUNDING & INFLATION

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100 percent due to rounding. Financial data have not been adjusted for inflation. Please keep in mind inflation (in the table of San Francisco Area Consumer Price Index for All Urban Consumers below) when reviewing historical financial data included in this report.

Year	Index
2007-08	225.2
2016-17	275.3
% change in last 10 years	22.3%

Source: Bureau of Labor Statistics, based on June 2008 and June 2017.

RESIDENT SURVEY

Resident perceptions about the Quality of Life and City Services in San José

RESIDENT SURVEY

2017 marked San José's seventh year of participation in The National Citizen Survey™ (referred to throughout this report as the resident survey). The National Citizen Survey™ is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The survey was developed by NRC to provide a statistically valid sampling of resident opinions about their community and services provided by local government. Survey results in this chapter and in the following chapters provide the opinions of 1,888 residents of the City who responded to either a mail or online survey.

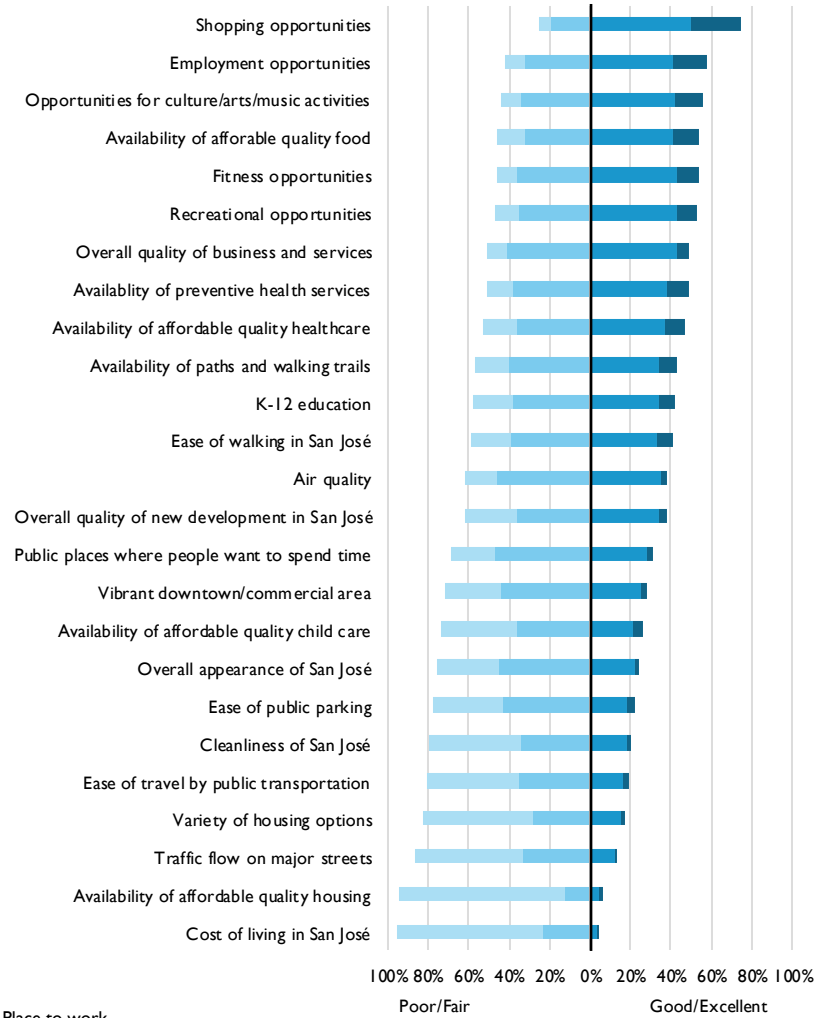
Complete survey results are posted online at www.sanjoseca.gov/servicesreport. The end of this chapter provides more specific information about the survey methodology.

QUALITY OF LIFE IN SAN JOSÉ

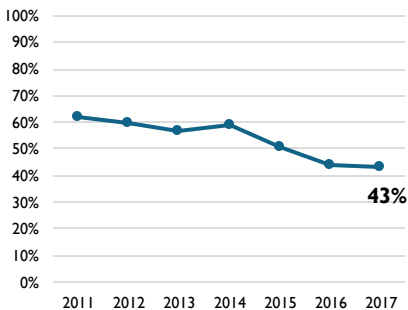
How residents rate their overall quality of life is an indicator of the overall health of a community. This can include opinions about a community's natural and built environments; the availability of services and amenities; overall feelings about safety or the economic health of the community; and other aspects of life.

Several aspects of community quality were rated highly by survey respondents, including shopping opportunities and employment opportunities. The availability of affordable housing and the cost of living remain the lowest rated community characteristics.

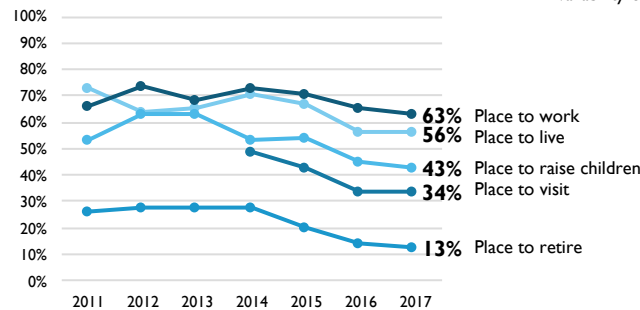
Ratings of Community Characteristics



Overall Quality of Life

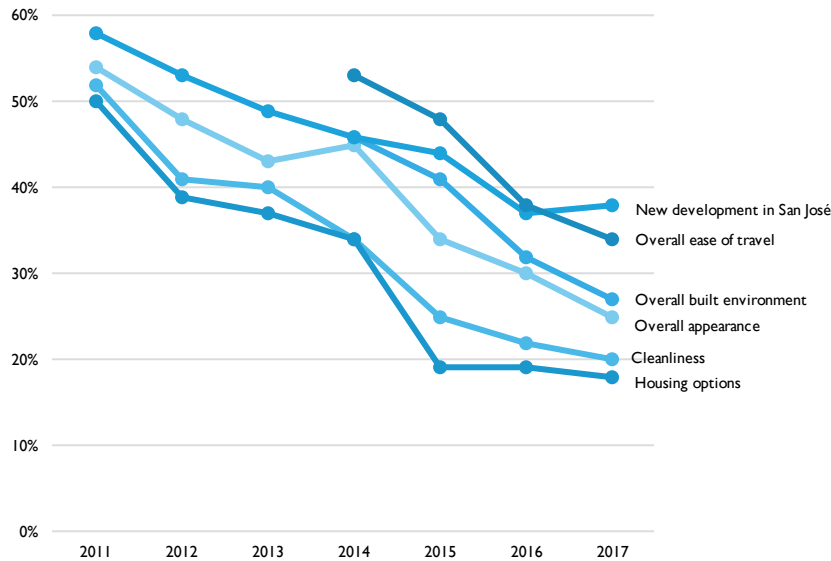


% of Respondents Rating San José as "Excellent" or "Good"



Although survey results for some community characteristics are similar to past years (e.g., shopping, employment, and recreational opportunities), responses about others have decreased significantly over the past seven years. The graph below shows some of the characteristics that have decreased the most since the start of data collection.

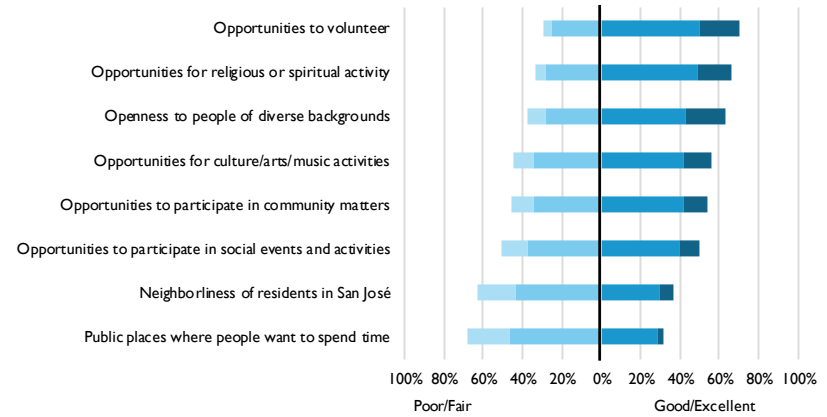
% of Respondents Rating San José as "Excellent" or "Good" for Select Characteristics with Significant Drops



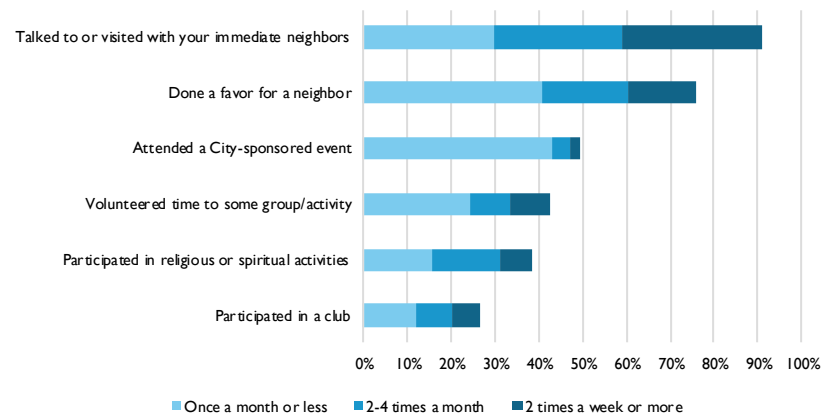
SENSE OF COMMUNITY

The charts below indicate how satisfied residents are with opportunities to engage with the community. According to the resident survey, nearly three in four residents report that they think it is essential or very important for the San José community to focus on sense of community in the next two years.

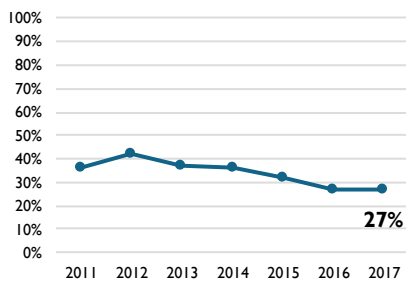
Perception of Community in San José



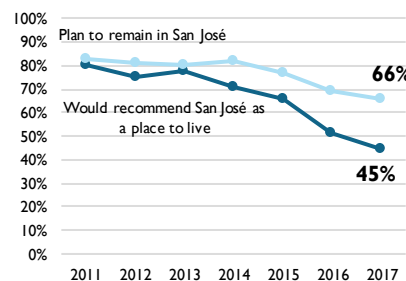
Participation in the San José Community



Sense of Community



Thoughts on Living in San José



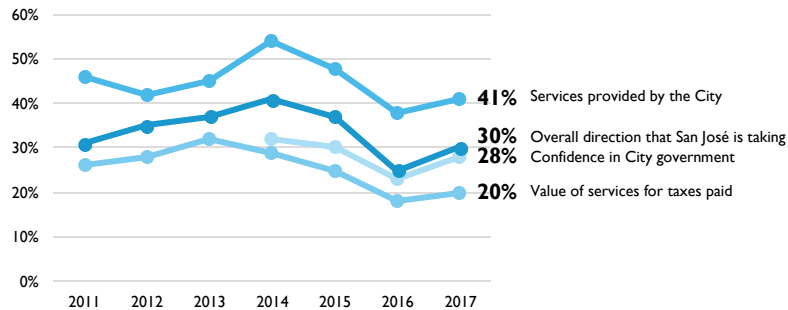
RESIDENT SURVEY

CITYWIDE QUALITY OF SERVICES

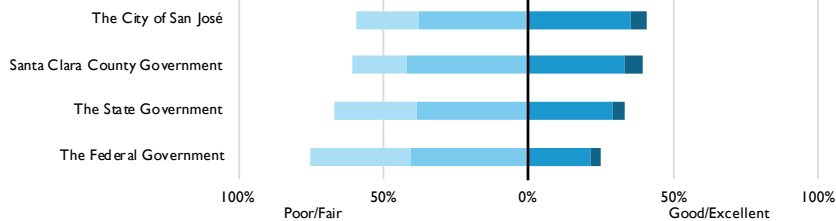
In the resident survey, the percentage of surveyed residents that rated the overall quality of City services “good” or “excellent” went up slightly. However, it is still down from prior years.

Satisfaction with specific government services ranges from a high of 78 percent of residents rating fire services as good or excellent to a low of 14 percent for street repairs. Other highly rated government services include the ease of using the San José Mineta International Airport (SJC); public libraries; and recycling, garbage, and yard waste pick-up. More information on survey results related to specific services can be found in individual department pages later in this report.

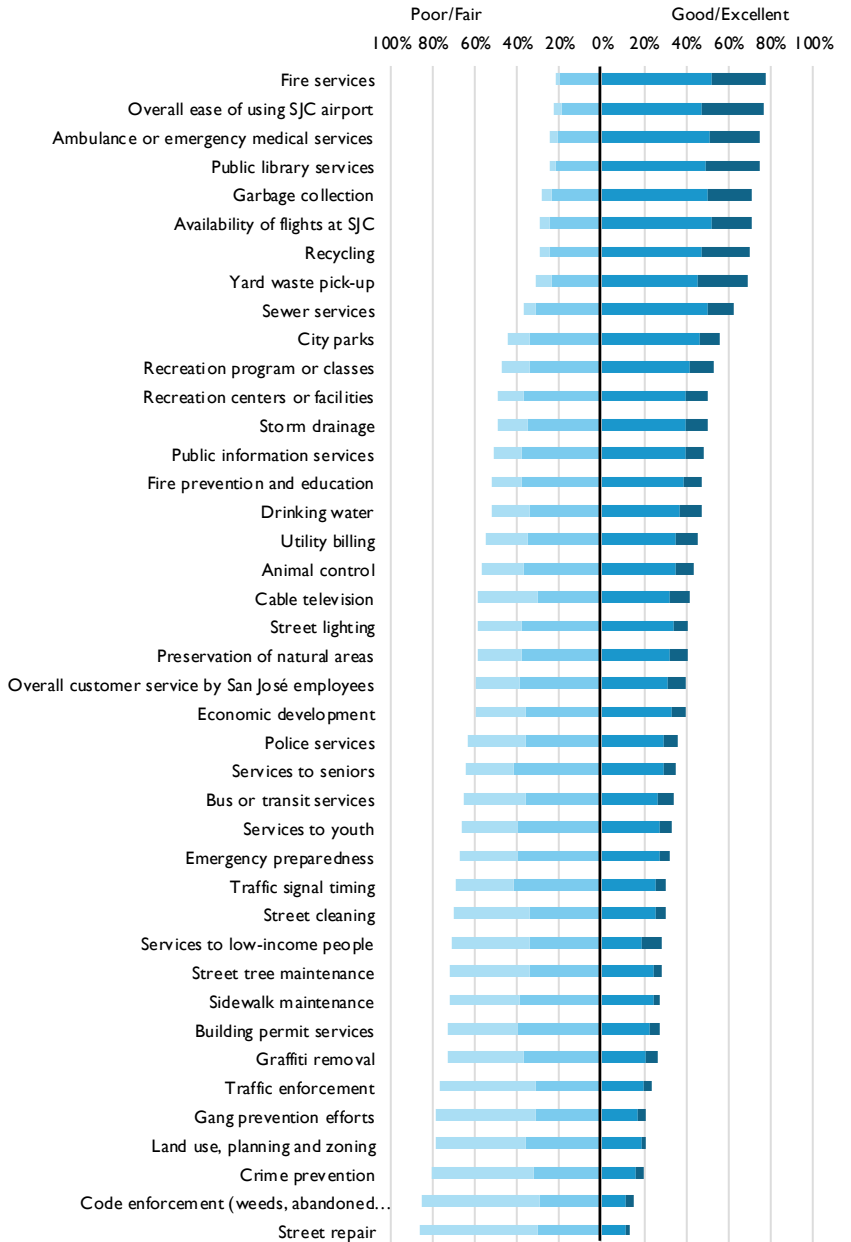
% of Respondents Rating as "Excellent" or "Good"



Perception of Governance



Quality of Government Services



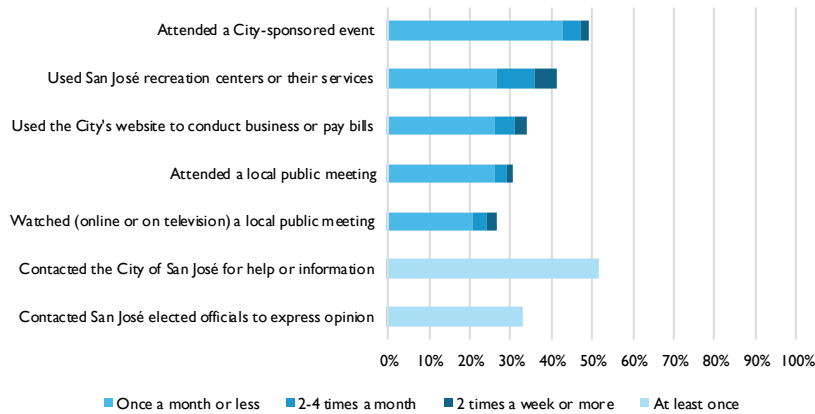
CITYWIDE PUBLIC TRUST

The resident survey also asked residents a variety of questions about their contact with City government and their confidence in San José’s governance.

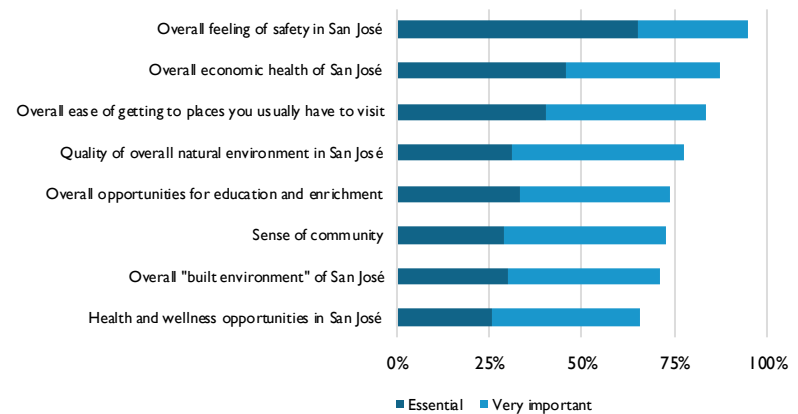
PRIORITY ISSUES FOR RESIDENTS

Residents were asked to assess priorities for the San José community to focus on in the coming two years. Nearly all respondents felt that it was essential or very important to focus on the overall feeling of safety in San José and nearly nine out of ten residents also felt it was essential or very important to focus on economic health.

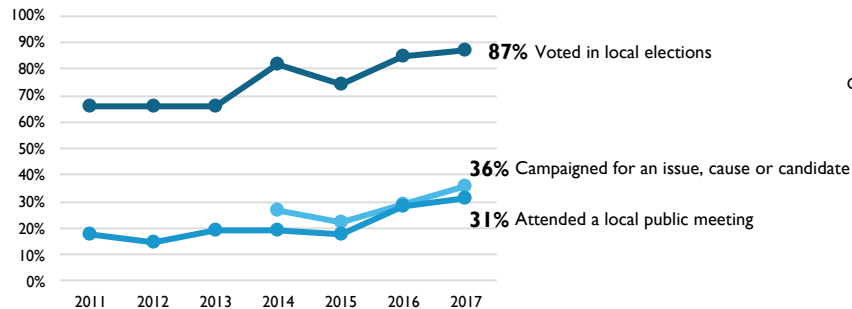
Contact with City Government



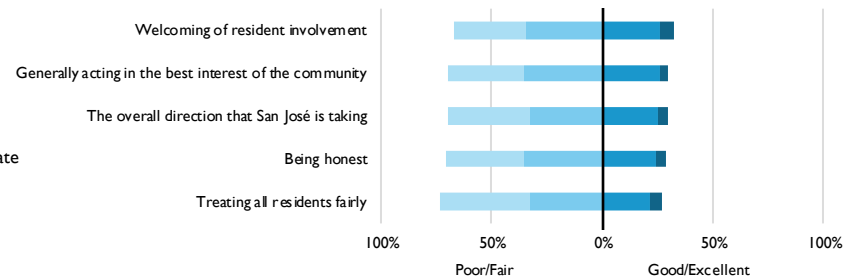
Resident Priorities in San San José



Public Participation in San José



Public Trust and Confidence in City Government



RESIDENT SURVEY

SURVEY METHODOLOGY

Surveys were mailed to a total of 3,000 San José households in September, 2017 (41 of which were returned). Completed surveys were received from 521 residents, for a response rate of 18 percent. Typical response rates obtained on citizen surveys range from 25 to 40 percent. Survey respondents were selected at random and survey responses were tracked by each quadrant of the City. Participation was encouraged with multiple mailings; self-addressed, postage-paid envelopes; and three language choices—English, Spanish, and Vietnamese. Results were statistically re-weighted, as necessary, to reflect the actual demographic composition of the entire community.

An additional 1,367 residents completed an online “opt-in” survey. Upon completion of data collection of both the mail and “opt-in” surveys, data from the two samples were compared in order to determine whether it was appropriate to combine, or blend, both samples together. NRC determined that the mail and “opt-in” sample characteristics were similar, indicating that the two samples could be blended.

In addition to the demographic variables, the “opt-in” survey data were weighted using a calibration technique that takes into consideration behavioral characteristics of the sample. This calibration technique reduces the differences that may occur between the mail and “opt-in” samples by using the mail results to inform the weighting scheme of the “opt-in” sample. An index score was calculated based on respondent’s levels of engagement in the community (e.g., contact with City employees, recreation center use, frequency of volunteering). The index scores were categorized into four equal groups; the “norms” for the categorized index scores were derived from the mail sample and then included in the weighting scheme for the “opt-in” sample.

It is customary to describe the precision of estimates made from surveys by a “level of confidence” and accompanying “confidence interval” (or margin of error). A traditional level of confidence, and the one used here, is 95 percent. The margin of error around results for the City of San José Survey is plus or minus two percentage points. With this margin of error, one may conclude that when 60 percent of survey respondents report that a particular service is “excellent” or “good,” somewhere between 58 to 62 percent of all residents are likely to feel that way. Differences between 2016 and 2017 results can be considered statistically significant if they are plus or minus than three percentage points.

FINANCIAL CONDITION

Financial condition is the measure of how healthy a city's finances are at a particular point in time

In February 2016, this Office published our first report on financial condition. This chapter builds on those efforts. For more information and plain English explanations of how to understand financial condition and how to interpret the measures provided, see [Measuring San José's Financial Condition](#).

FINANCIAL CONDITION

WHAT IS FINANCIAL CONDITION?

Financial condition is the measure of how healthy a city's finances are at a particular point in time. A city is considered financially healthy if it can deliver the services its residents expect with the resources its residents provide, both now and in the future. A city that is financially healthy is prepared to respond to residents' needs as they change over time, while laying the groundwork for long-term projects that will impact services many years down the line. Additionally, a financially healthy city is prepared for unforeseen events that will impact its ability to deliver services to its residents.

Cities in poor financial condition are not able to provide the services that residents want, either now or in the future. They're more susceptible to economic downturns—requiring cutbacks in services and maintenance—and they may have difficulty recovering from financial setbacks and economic downturns.

Information from this chapter is from the City's audited Comprehensive Annual Financial Report (CAFR). Other chapters use adopted budget information. The CAFR differs from the City's annual adopted operating budget in the timing and treatment of some revenues and expenditures. This chapter provides both background information about the City's finances and measures of financial condition. See this chapter's endnotes for definitions and links to the City's numerous financial and budgetary documents.

Three key questions to ask about the City's financial condition:

- 1) *Can the City pay its bills now?* It's important that the City has enough cash and investments that can be quickly turned into cash to pay bills and respond to unexpected circumstances. If the City can't pay the bills, it has to cut services or cover costs with safety net reserves.
- 2) *Can the City's revenues cover its expenses?* The City doesn't just need to pay bills now—it needs to make sure that the money it brings in regularly is enough to cover its annual expenses. If this doesn't happen, service levels won't be sustainable in the long term.
- 3) *Can the City pay its bills in the future?* The City will have bills in the future, and its current financial condition will influence its ability to pay them. For the long-term future, the City needs to make sure that its revenue sources are enough to cover long-term spending needs and provide services to a growing, changing population.

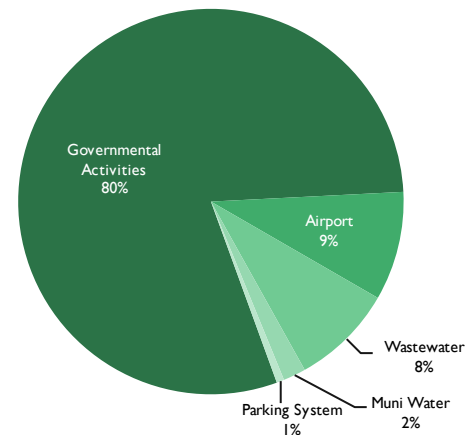
WHAT MAKES UP THE CITY GOVERNMENT?

Most of what the City government does is considered to be a *governmental activity*, meaning that the programs and departments are funded by the public at large and can be used by everyone who lives in, works in, or travels to San José. This includes police, fire, libraries, roads, parks, and code enforcement. Some of these activities are funded by fees. These governmental activities are primarily funded through the City's *General Fund* (the City's primary, unrestricted operating fund).

However, many cities operate programs that don't receive general tax revenue to support their operations. These are called *business-type activities*. For example, the Mineta San José International Airport is supported through fees from airlines and passengers and rent from concessionaires. These programs are paid for out of different funds (often called *enterprise funds* or *proprietary funds*) than what are used for governmental activities. That way, the City pays for business-type activity expenses with the revenue those activities generate.

Most of the City's expenses are considered within *governmental activities* (about \$1.79 billion out of the \$2.24 billion total in FY 2016-17).

City of San José Expenses (FY 2016-17)
Governmental vs. Business-Type Activities



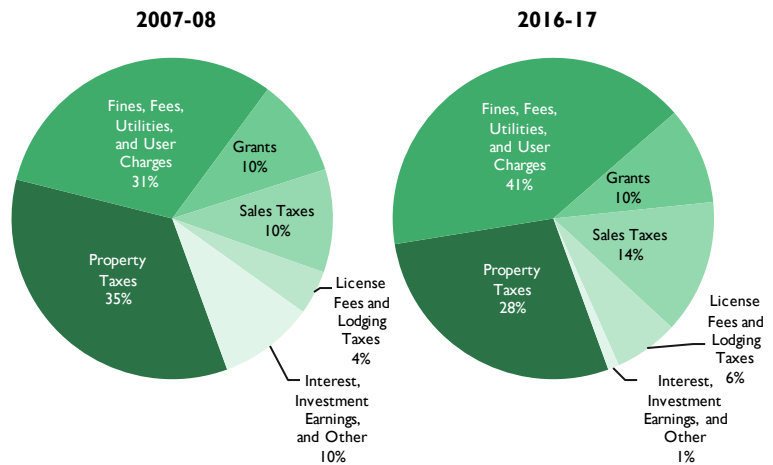
Source: 2016-17 Comprehensive Annual Financial Report

CITY REVENUES

The City relies on a number of funding sources to support its operations, including taxes, grants, fees, fines, and utility and user charges. Most California cities generate the majority of their revenue from taxes and fees for services. Some revenue sources have restrictions on how they can be spent.

The composition of governmental activity revenues (i.e., excluding business-type activities such as the Airport) has changed over the past ten years. For example, whereas property taxes accounted for 35 percent of governmental activity revenues in 2007-08, they accounted for just 28 percent of the total in 2016-17. On the other hand, the portion of general government revenues coming from fees, fines, utilities, and other charges grew from 31 percent to 41 percent over that time.

Governmental Activity General and Program Revenues by Type

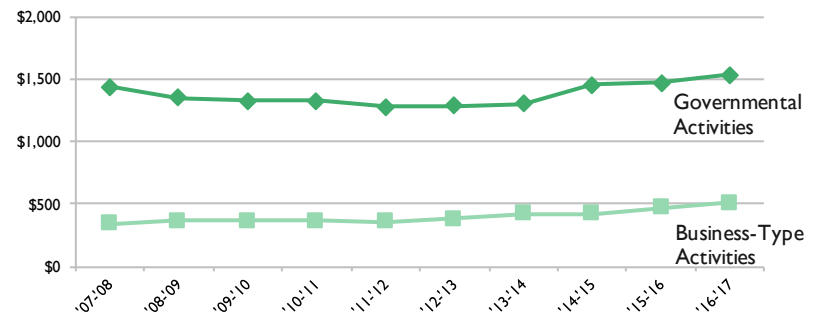


Source: 2007-08 and 2016-17 Comprehensive Annual Financial Reports

The City received \$2.05 billion in revenues in FY 2016-17. Governmental activity revenue totaled \$1.54 billion, a 4 percent increase from the previous year. Business-type activities generated \$513 million in FY 2016-17. All business-type activities generated more revenue than ten years ago.

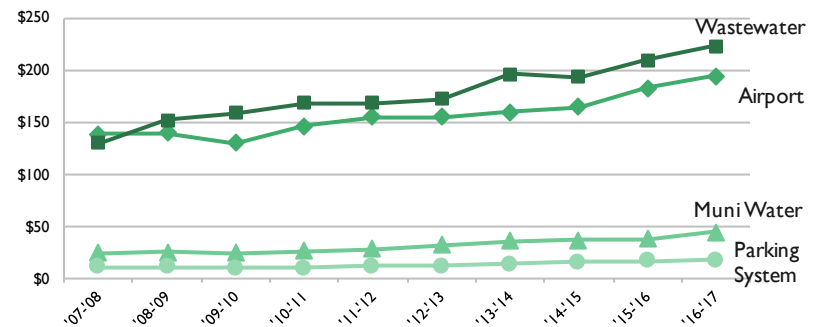
- Airport operating and non-operating revenues were up 40 percent.
- Wastewater Treatment revenues were up 72 percent.
- Muni Water revenues were up 85 percent.
- Parking System revenues were up 57 percent.

Total City Revenues (\$millions)



Source: 2007-08 through 2016-17 Comprehensive Annual Financial Reports

Business-Type Revenues by Source (\$millions)



Source: 2007-08 through 2016-17 Comprehensive Annual Financial Reports

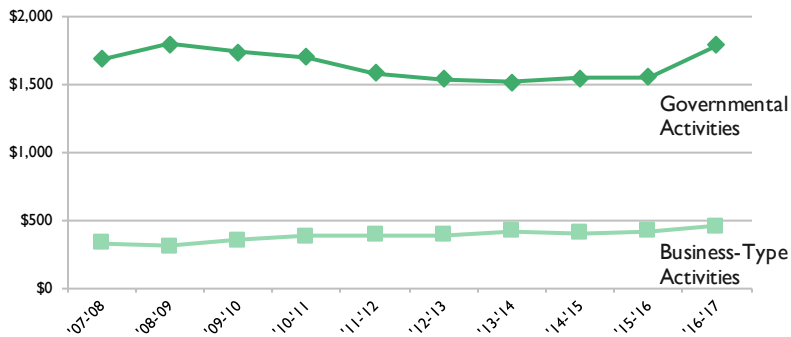
FINANCIAL CONDITION

CITY EXPENSES

The City's total expenses increased in 2016-17 to \$2.24 billion, surpassing the previous peak of \$2.1 billion in 2008-09. Governmental activity expenditures, almost 80 percent of the total, grew by 15 percent from last year. Expenses from business-type activities have steadily increased over the last ten years. These expenses include non-cash expenses such as depreciation (see "City Capital Assets and Spending" later in this chapter).

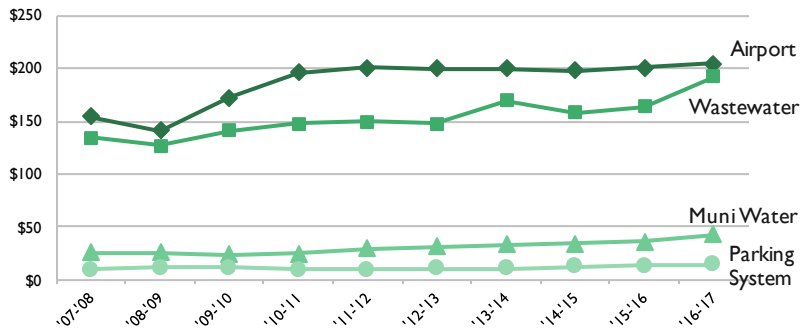
As previously noted, revenue sources are often restricted in how they can be spent. As a result, reducing expenses for one service does not necessarily mean that expenses can be increased for another service, because the revenue may not be transferable.

Total City Expenses (\$millions)



Source: 2007-08 through 2016-17 Comprehensive Annual Financial Reports

Business-Type Expenses by Source (\$millions)



Source: 2007-08 through 2016-17 Comprehensive Annual Financial Reports

OPERATING SURPLUS/DEFICIT

The City's General Fund operating surplus has decreased over the last year.

Ideally, a city's revenues will equal its expenditures; it will break even, rather than spending too little on services or too much. If the City spends too much on services, it has an operating deficit—it spent more than the revenues it brought in. Operating deficits that continue for years are unsustainable for a city's financial health.

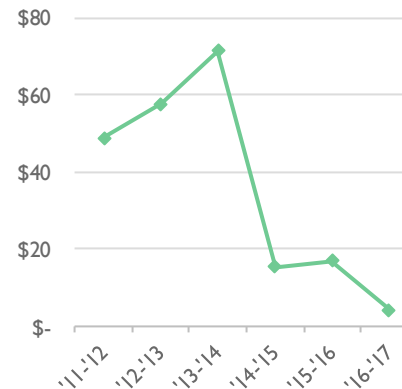
In 2014-15, General Fund expenditures increased by \$77.9 million (10.9 percent from 2013-14). This included increased personnel costs, expanded service delivery, and increased capital outlay and capital maintenance expenditures. That year, General Fund revenues only increased by 2.8 percent.

In 2016-17, General Fund expenditures grew by 5 percent while revenues grew by only 3 percent, resulting in a decrease in the operating surplus.

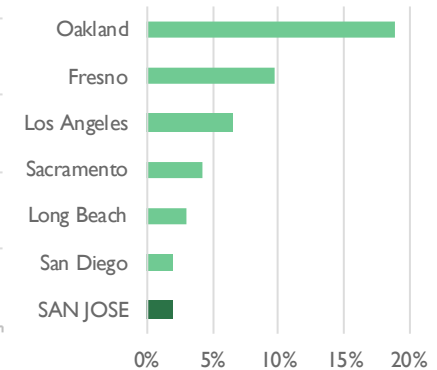
The graph to the below left shows the difference between the City's General Fund total revenues and expenditures. The graph to the below right expresses this as a comparison ratio (surplus or deficit divided by revenues).

For this measure, a **higher** number indicates a better financial condition.

Operating Surplus/Deficit (\$millions)



Comparison between Cities (FY 2015-16)



REVENUE PER CAPITA

The City’s revenue per capita has increased over the last five years.

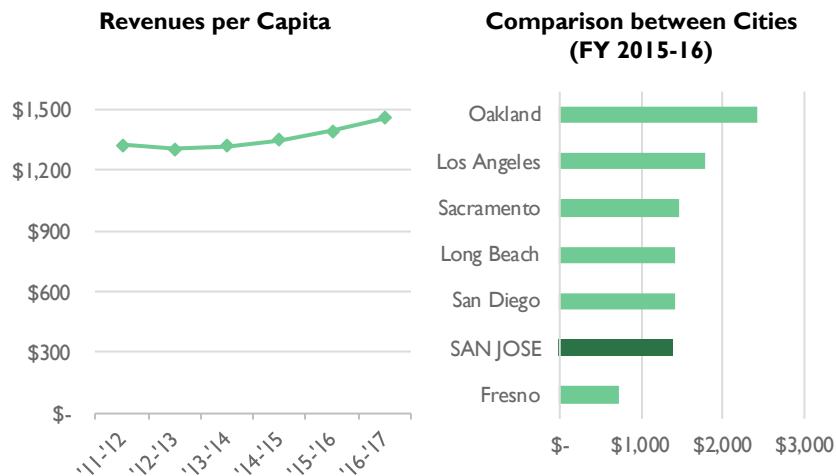
As a city’s population increases, it is beneficial if the city’s revenues also increase to maintain or grow service delivery for the expanding number of residents. Otherwise, the city may have to cut services or find new revenue sources.

The City’s revenues per capita have grown consistently over the last five years. San José had a relatively lower revenue per capita compared to other jurisdictions, though it was comparable to Sacramento, Long Beach, and San Diego.

For more information, including a breakdown of sales tax revenue, see the Economic Development chapter.

The graphs below compare governmental funds revenue to population. A higher ratio means that there was more revenue generated per capita.

For this measure, a **higher** ratio indicates better financial condition.



EXPENDITURES PER CAPITA

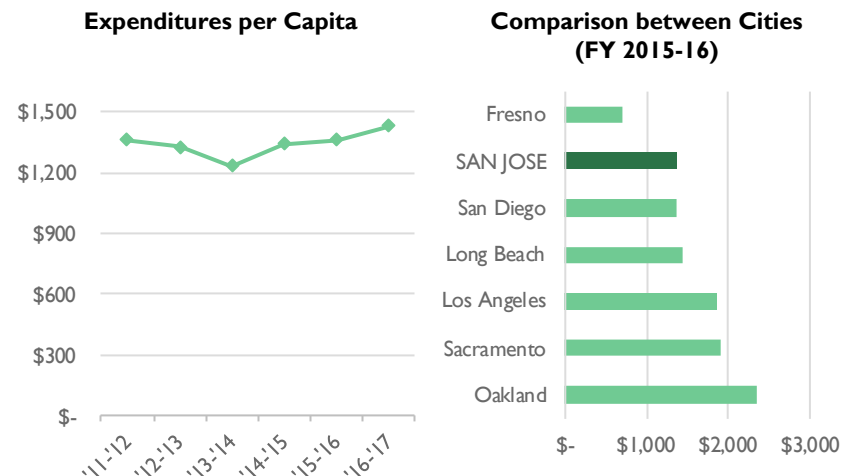
The City’s expenditures per capita have increased over the last year.

As a city adapts its service delivery over time and as its population changes, the amount of money expended per capita can shift. If the expenditures increase compared to population, it may indicate that new services were added, or that service delivery has become more expensive or less efficient.

The City’s governmental funds expenditures per capita have grown over the past three years, following a low point in 2013-14. San José had relatively low expenditures per capita compared to other surveyed jurisdictions. The level and types of service offered may vary between cities.

The graphs below compare governmental funds expenditures to population. A lower ratio means that there were fewer expenditures per capita.

For this measure, a **lower** ratio indicates better financial condition (but a potentially lower level of service).



FINANCIAL CONDITION

NET ASSETS PER CAPITA

The City's net position has declined.

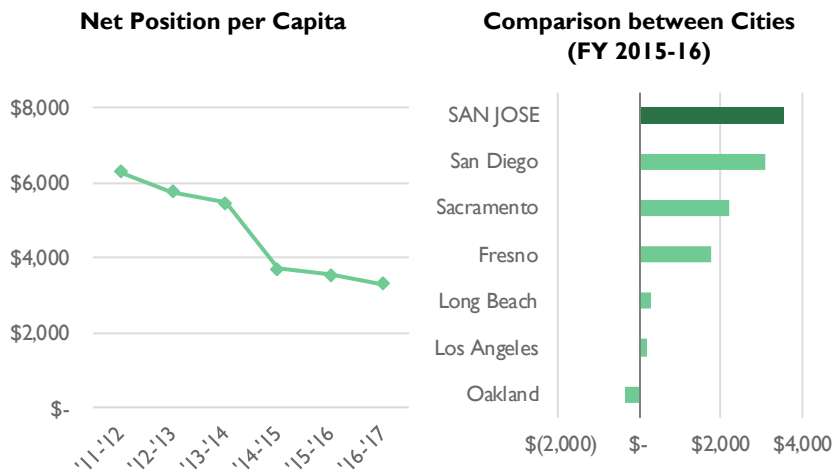
Revenues from the City's programs ideally should cover the expenses that the City incurs for those programs—otherwise, the City will have to make ends meet by dipping into other savings, and it won't be able to save money for projects and safety net reserves.

The City's expenditures for governmental activities (including depreciation on its capital assets) exceeded its revenues in 2016-17 by over \$248 million. As a result, the City's net position declined.

Nonetheless, San José had a higher net position per capita for governmental activities than other surveyed cities in 2015-16. As noted previously, cities may provide a varying range of services to residents. A change in accounting practices due to the addition of net pension liability contributed to the decline between 2013-14 and 2014-15.

The graphs below show the City's net position per capita for governmental activities. A higher ratio means the City had more resources to provide services per resident.

For this measure, a **higher** ratio indicates better financial condition.



ABILITY TO PAY EXPENSES

The City had less cash available in its General Fund compared to the liabilities owed than it did in prior years.

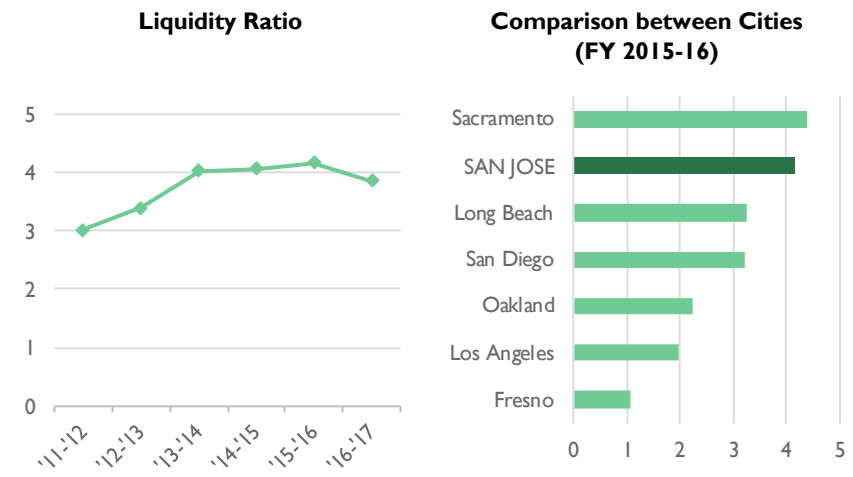
Cash and investments that can be quickly turned into cash enable the City to pay bills that will come due in the short term (within one year or sooner).

The amount the City had in its treasury in cash and investments compared to the liabilities owed decreased in 2016-17, following five years of increases. This is a negative trend indicating the City is in a weaker position to pay obligations in the short term. Still, as of June 30, 2017, the City's cash and investments were about 4 times the amount that it owed within the next year.

In 2015-16, San José had a high ratio of cash to liabilities compared to other cities surveyed. This means that San José was in a comparatively good position to pay short-term obligations with cash and investments compared to other cities.

The graphs below show the amount of money that the City has in cash and investments compared to the amount of short-term obligations the City owes, all within the General Fund. A higher ratio shows a better ability to pay short-term obligations.

For this measure, a **higher** ratio indicates better financial condition.



BUILDING UP RESERVES

The City’s General Fund unassigned fund balance reserves increased compared to revenue.

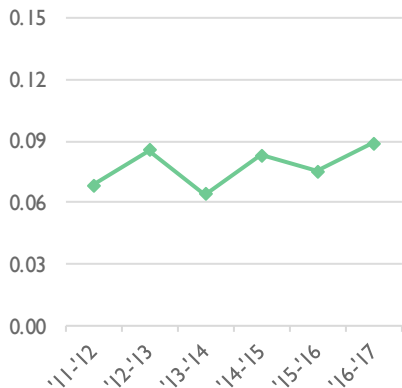
The City has several different reserves set aside. Of these reserves, the unassigned fund balance has the fewest restrictions on how it can be used. Within the unassigned fund balance are the City’s safety net reserves: money that’s set aside to pay for services and salaries when revenues take a turn for the worse.

San Jose’s General Fund unassigned fund balance ratio has remained relatively consistent over the past six years, with a slight increase in 2016-17. In 2015-16, the City’s ratio was on the lower end compared to other jurisdictions.

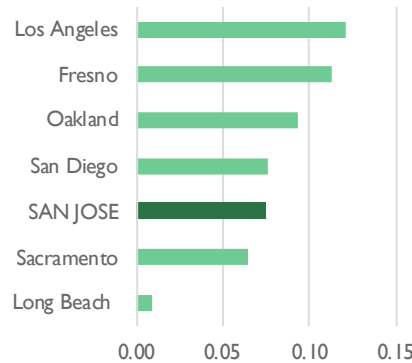
The graphs below compare the money in the General Fund unassigned fund balance to total General Fund revenues. A higher ratio means that there was more money saved as compared to the revenues that were brought in.

For this measure, a **higher** ratio indicates better financial condition.

Unassigned General Fund Balance



Comparison between Cities (FY 2015-16)



CITY OBLIGATIONS AND DEBT

The City owes money in the form of short- and long-term obligations including debt.

Short-term obligations are due within the next year. This includes things like accrued wages that City employees have earned and accounts payable (money owed for supplies or for services rendered). Short-term obligations totaled **\$294 million** as of June 30, 2017.

Long-term obligations are generally not due within the next year, but will need to be paid in the future. For example, the accrued vacation and sick leave that employees have earned but haven’t taken is included as a long-term obligation. The purchase, construction, and renovation of City-owned facilities is usually financed using debt that the City has issued in the form of bonds. The payment of bond debt, called debt service, includes payment of principal and interest. As of June 30, 2017, the City owed \$2.4 billion in long-term debt (mostly in the form of bonds issued by the City or a related entity—see the box below), about half for governmental activities and about half for business-type activities. These long-term obligations, including debt, totaled **\$6.3 billion** as of June 30, 2017. For more information, see the Finance Department and Retirement Services chapters.

One component of the City’s total obligations are for pensions and other postemployment benefits (OPEB), which includes healthcare for retired City employees. Beginning in 2014-15, the Governmental Accounting Standards Board (GASB) changed the rules for how governments calculate and present pension liabilities (requiring them to be included with other liabilities in the main financial statements). Similar rules for OPEB are to take effect for FY 2017-18. Until the new GASB rules take effect, OPEB liabilities are not included in calculations of long-term obligations in the main financial statements (the total excluding OPEB was \$6.3 billion, shown above). As of June 30, 2016, independent actuaries determined the liabilities for pension plans and OPEB exceeded assets by **\$4 billion**.

Who has to pay the City’s debt?

Separate entities within the broad City organization are legally responsible for different parts of the City’s debt. On the one hand, the City is not legally obligated to use the City’s general revenues to pay the business-type obligations. On the other hand, the City’s business-type revenues are restricted and may not be used to pay other debt obligations.

FINANCIAL CONDITION

ABILITY TO PAY OBLIGATIONS

More than three years of revenue would be required to pay the City's obligations.

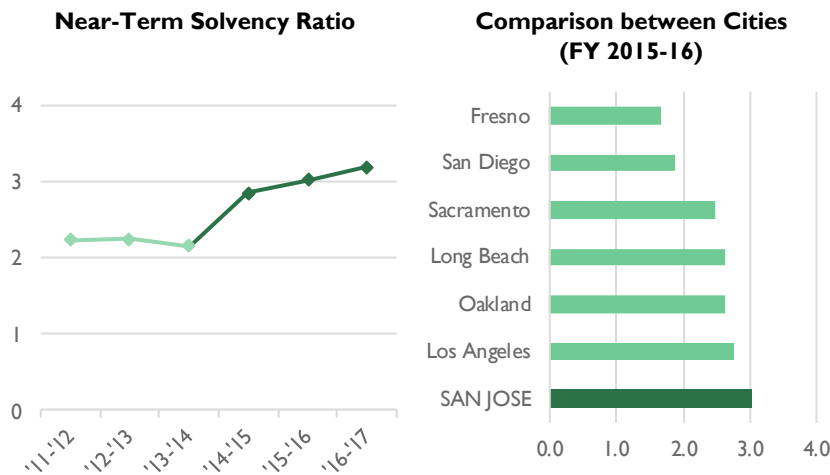
A city the size of San José has both short-term and long-term obligations that must be paid in the future, such as accounts payable and notes payable. The fewer number of years of annual revenue needed to pay the City's obligations, the better the City's financial condition.

In 2016-17, more than three years of revenues would be required to pay the City's obligations. In 2014-15, the City began including its net pension liability, which totaled nearly \$1.7 billion that year, to the calculation of total liabilities. For this reason, 2011-12 through 2013-14 are shown in a lighter color.

San José had more liabilities compared to revenues than all other cities surveyed in 2015-16. Cities were required to include net pension liability into their main financial statements in 2014-15.

The graphs below compare the City's short- and long-term obligations to the City's annual revenues (including all governmental and business-type activities). A lower ratio shows that the City was able to pay a larger portion of its debts with annual revenues.

For this measure, a **lower** ratio indicates better financial condition.



Note: 2011-12 through 2013-14 do not include net pension liability.

AMOUNT BORROWED PER RESIDENT

The amount the City had borrowed per resident decreased.

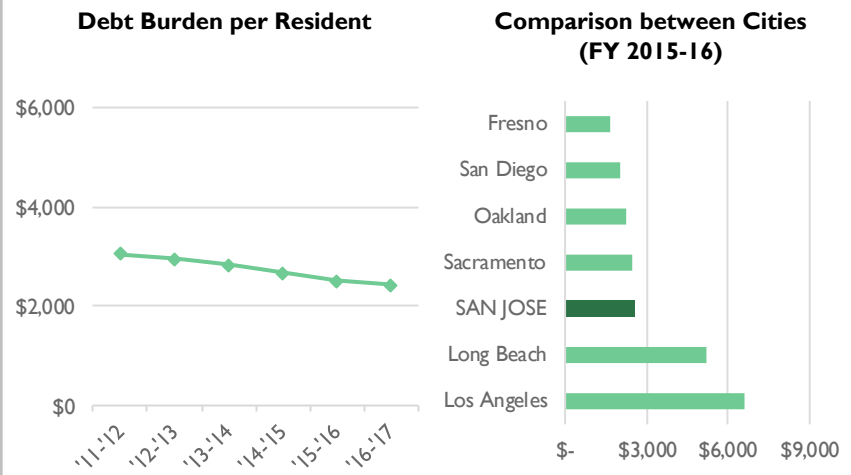
Having a low amount borrowed per resident would put the City in a better position, and potentially make it easier to borrow more money should the need arise.

2016-17 saw the lowest amount borrowed per resident than in the previous six years. The City's single largest source of long-term debt in the form of bonds was related to capital improvements at Mineta San José Airport, for which the outstanding debt totaled \$1.3 billion as of June 30, 2017 (to be repaid with Airport revenues). For more information, see the Airport and Finance chapters.

San José's debt burden per resident was mid-range of other cities surveyed. A city's debt is highly dependent on what range of services a city offers.

The graphs below compare the City's short- and long-term obligations to the City's annual revenues (including all governmental and business-type activities). A lower ratio shows that the City was able to pay a larger portion of its debts with annual revenues.

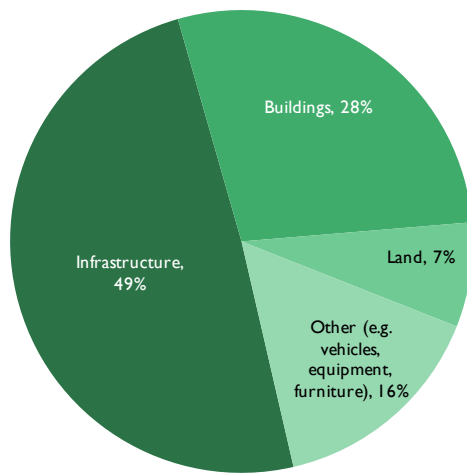
For this measure, a **lower** ratio indicates better financial condition.



CAPITAL ASSETS AND SPENDING

The City owns a variety of capital assets—land, buildings, vehicles, equipment, infrastructure (e.g., roads, bridges, sewers), and other assets with a useful life beyond one year. Capital assets also include construction projects currently being built but not yet completed (referred to as construction in progress). Paying for and maintaining these assets play a critical role in the City’s financial condition.

Net Capital Asset Breakdown, June 30, 2017



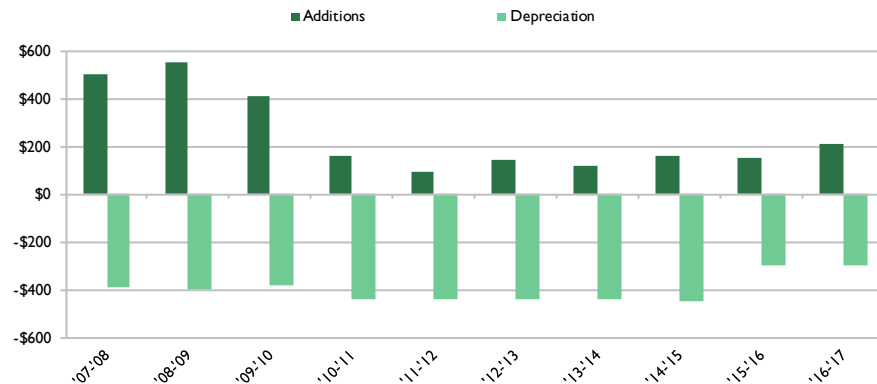
Source: 2016-17 Comprehensive Annual Financial Report

At the end of fiscal year 2016-17 the City owned \$7.5 billion of capital assets. This figure represents the historical purchase or constructed cost less normal wear and tear from regular use (referred to as *depreciation*).

Capital assets used for governmental activities totaled \$5.4 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other business-type activities totaled \$2.1 billion.

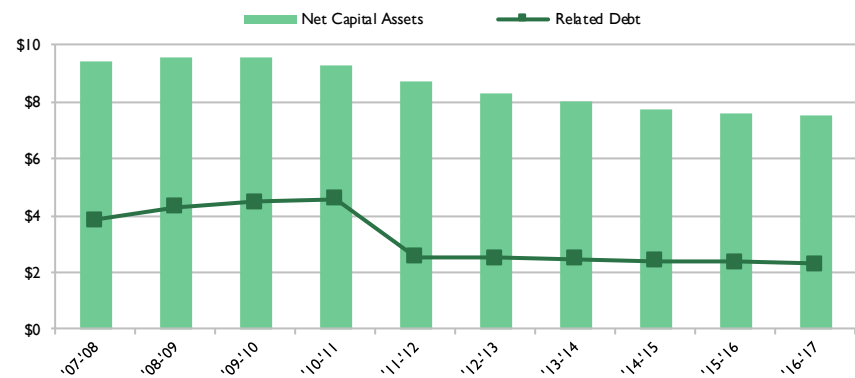
In 2016-17, the City added \$215 million in capital assets; however, these were offset by \$299 million in depreciation. Among the additions were capital projects at the Wastewater Treatment Facility and the Airport, and transfers of property from the Successor Agency to the Redevelopment Agency (SARA). On June 30, 2017, capital asset-related debt totaled \$2.3 billion, slightly lower than the prior year.

Capital Asset Additions and Depreciation (\$millions)



Source: 2007-08 through 2016-17 CAFRs. Note: Capital additions do not include transfers.

Net Capital Assets and Related Debt, Fiscal Year End (\$billions)



Source: 2007-08 through 2016-17 CAFRs.

Note: Capital asset-related debt dropped nearly \$2 billion between 2010-11 and 2011-12 as a result of the transfer of former Redevelopment Agency debt to the SARA. Net capital assets account for transfers (during 2015-16 and 2016-17, SARA transferred \$7.9 million and \$7.5 million in capital assets to the City, respectively).

FINANCIAL CONDITION

CAPITAL ASSETS AND SPENDING (CONTINUED)

On an annual basis, the City administration prepares a status report on the deferred maintenance and infrastructure backlog. In January 2017, staff reported that the City faced an estimated \$1.5 billion deferred maintenance and infrastructure backlog, with an estimated additional \$144 million needed annually in order to maintain the City's infrastructure in a sustained functional condition. The transportation system (e.g., streets, street lighting) is most affected by the backlog.

Infrastructure Backlog (all funds as of January 2017)

	Current Backlog of Deferred Needs	Annual Ongoing Unfunded Needs
Airport	TBD	TBD
Building Facilities*	\$ 147,073,000	\$ 18,360,000
City Facilities Operated by Others	5,516,000	TBD
Convention Center and Cultural Facilities	67,570,000	TBD
Fleet	8,600,000	1,400,000
Parks, Pools and Open Space	156,945,000	31,510,000
Sanitary Sewer	TBD	1,700,000
Service Yards	25,200,000	4,640,000
Storm Sewer	295,000,000	TBD
Information Technology**	22,300,000	175,000
Radio Communications	NONE	NONE
Transportation Infrastructure	789,000,000	86,200,000
Regional Wastewater Facility	NONE	NONE
Water Utility	NONE	NONE
Total	\$ 1,517,204,000	\$ 143,985,000

Source: [Status Report on Deferred Maintenance and Infrastructure Backlog, 2017](#)

* Annual ongoing is for Parks buildings only, remaining facilities TBD.

** Information Technology needs within Departments not managed by the IT Department are not included in this estimate.

CHANGE IN VALUE OF CAPITAL ASSETS

The value of the City's capital assets decreased over the last six years.

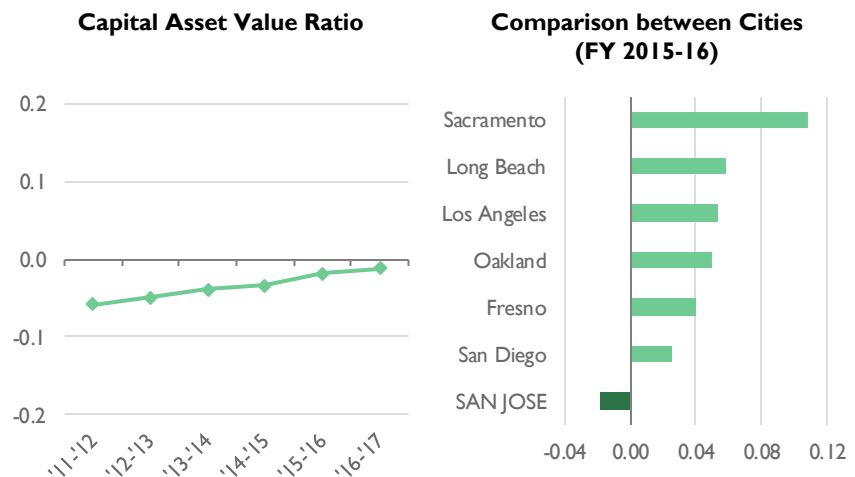
Most of the City's capital assets decrease in value over time because of depreciation. If the City doesn't replace or renovate its capital assets, the value over time decreases.

Though the City's ratio was increasing, the City's capital assets still ended the year on June 30, 2017 with a book value of about \$90 million less than when the year started (about 1.2 percent below the value on July 1, 2016). The negative ratio indicates that the City's assets decreased in value—that is, the value at the end of the year was less than the value at the beginning of the year. This indicates that the depreciation of capital assets was greater than the value of capital assets added, and that some capital assets may need to be renovated or replaced.

San José was the only city surveyed that had its capital assets decrease in value in 2015-16.

The graphs below show the difference in the value of capital assets at the end of the year, divided by the value at the beginning of the year.

For this measure, a **higher** ratio indicates better financial condition.



ENDNOTES

What Makes Up the City Government: Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included in revenues. CAFR Source: Government-wide Statement of Activities.

City Revenues: The City also doesn't receive 100 percent of the sales tax levied in Santa Clara County. The City receives less in tax revenue per capita than many other Santa Clara County cities. CAFR Source: Government-wide Statement of Activities and Statistical Section

City Expenses: Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included in expenses. CAFR Source: Government-wide Statement of Activities

Operating Surplus/Deficit: This measure includes only the General Fund. Formula: General Fund revenues – General Fund expenditures (for San José 5-year chart); (General Fund revenues – General Fund expenditures) / General Fund revenues (for comparison with other cities). CAFR Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Revenue per Capita: This measure includes all governmental funds. Formula: Total government funds revenues / Population. CAFR Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and Statistical Section.

Expenditures per Capita: This measure includes all governmental funds. Formula: Total government funds expenditures / Population. CAFR Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and Statistical Section.

Net Assets per Capita: This measure considers only governmental activities. Business type activities are not included. Formula: Governmental Activities Net Position / Population. CAFR Source: Government-wide Statement of Activities and Statistical Section

Ability to Pay Expenses; This measure considers cash and investments held in the City Treasury in the General Fund, as compared to liabilities. It is important to note that measures of cash and investments are a snapshot as of a given date. As a result, information could change the following day as cash flows in and out in revenues and bills paid. Formula: Total General Fund Cash and Investments / (General Fund Liabilities – General Fund Unearned Revenue). CAFR Source: Governmental Funds Balance Sheet.

ENDNOTES (CONTINUED)

Building up Reserves: This measure focuses on General Fund unassigned fund balance. Unassigned fund balance includes contingency reserves and budget stabilization reserves (designed to buffer against financial shocks) and certain earmarked reserves (set aside for a purpose but potentially available in a catastrophic need). This measure shows short-run financial position. Formula: Unassigned General Fund Balance / Total General Fund Revenues. CAFR Source: Governmental Funds Balance Sheet; Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance

City Obligations and Debt: The \$2.4 billion in long-term debt noted on this page includes some debt for which the City has limited obligation or is not legally liable. This includes City of San José Financing Authority lease revenue bonds; the City is responsible for making annual lease payments so long as there is beneficial use and occupancy of the leased facility. In addition to the \$2.4 billion noted on this page, the City manages, but is not liable for, long-term debt associated with the former Redevelopment Agency and conduit financing related to multi-family housing revenue bonds. In total, the City managed \$4.6 billion in debt. CAFR Source: Summary of Long-Term Debt

Ability to Pay Obligations: Other Postemployment Benefits (OPEB) are not included. Formula: (Primary Government Liabilities - Unearned Revenues) / Primary Government Revenues. CAFR Source: Government-wide Statement of Net Position and Statement of Activities

Amount Borrowed per Resident: This measure reflects all primary government bonded debt, which includes governmental and business-type activities. Population estimates are from the State of California, Department of Finance. Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included. Formula: Total Outstanding Debt for the Primary Government / Population. CAFR Source: Statistical Section

FINANCIAL CONDITION

ENDNOTES (CONTINUED)

Capital Assets: Assets are valued at cost minus accumulated depreciation. Some assets may be fully depreciated. Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included. CAFR Source: Capital Assets Note Disclosure

Change in Value of Capital Assets: This measure represents the net value of all primary government capital assets, which includes those owned by governmental activities and business-type activities. Land, intangible assets, and construction in progress are not depreciated. Formula: (Ending Net Value of Primary Government Capital Assets - Beginning Net Value) / Beginning Net Value. CAFR Source: Capital Assets Note Disclosure and Reconciliation of the Changes in Fund Balances for Governmental Funds to the Statement of Activities

ADDITIONAL REPORTS FOR MORE INFORMATION

The City of San José prepares numerous financial and budgetary documents during the fiscal year.

The **Comprehensive Annual Financial Report (CAFR)** provides the City's audited financial statements, notes to those statements, the City Management's Discussion and Analysis of the financial information and trends, as well as other essential information. All measures included in this report were calculated using data from the City's CAFRs. Visit: [Finance Department's Report Homepage](#).

The **Comprehensive Annual Debt Report** contains information such as recent debt issued by the City and the outstanding debt portfolio. The Annual Debt Report is a key document to better understand the City's debt, which is relevant for several measures presented in this report. Visit: [Finance Department's Report Homepage](#).

The City's **Annual Adopted Operating Budget** details how the City will pay for services and operations. The Adopted Operating Budget contains key information about the City's budgets and performance, broken down by broad areas of City service delivery and City departments. It also contains information about the sources and uses of operating funds. Visit: [City Manager's Budget Office 2017-18 adopted budget homepage](#).

The City Manager's Budget Office also prepares an **Annual Adopted Capital Budget** and a **Five Year Capital Improvement Program** to outline how the City will maintain and grow its capital assets. This document provides detailed information about the planned capital investments in the City's assets such as buildings, parks, and transportation infrastructure. Visit: [City Manager's Budget Office 2017-18 adopted budget homepage](#).

The **Annual Report** provides unaudited information on the financial status of the City at the end of each fiscal year. The focus of the Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the budget. This report also provides information about each City fund, including the status of the year-end reserve levels. Visit: [City Manager's Budget Office 2016-17 Annual Report homepage](#).

The **Five Year Forecast** includes projected revenues and expenditures for the General Fund and revenue projections for the Capital Improvement Program. Visit: [City Manager's Budget Office Five Year Forecast homepage](#).

The **Fees and Charges Report** documents the majority of the fees and charges within the General Fund and selected fees within other funds. Some fees for enterprise activities, such as the Airport, are not included as they are approved separately. Visit: [City Manager's Budget Office Proposed Fees and Charges homepage](#).

OPERATING BUDGET AND STAFFING

Operating Budget and Staffing for City Services

OPERATING BUDGET AND STAFFING

CITY OPERATING BUDGET

The City's [operating budget](#) is a financial plan for how the City will provide services, pay obligations, and save for future expenses. It is approved by the Mayor and City Council. It contains information and data regarding expected sources, uses, and performance. The City Charter requires the budget to be balanced for every fiscal year. The fiscal year in San José begins July 1 and ends June 30.

The City's operating budget is prepared using a different accounting basis than the Comprehensive Annual Financial Report (CAFR). CAFR data was used in the previous chapter to discuss financial condition. This chapter, as well as the remainder of this report, use budgetary data unless otherwise specified. Every year, the City Manager's Budget Office prepares a reconciliation between the CAFR and the adopted budget. To see the latest of these reconciliations, see the [2016-17 Annual Report](#).

In addition to being balanced, the City Charter also requires that the budget include a complete financial plan for all City funds. This includes the General Fund as well as numerous special funds, such as those related to Airport operations, sewer services, and others.

In 2016-17, budgeted City expenditures from all funds totaled about \$3.2 billion. Of that, the City budgeted* approximately \$1.36 billion to City departmental operations. This was 20 percent more than ten years ago. Departmental budgets totaled \$1,301 per resident. The City's Operating and Capital Budgets are online at the [Budget Office website](#).

Budgeted Operations by Department, 2016-17

	(All Funds)		10 Year Change
Airport	\$	63,251,206	-25%
City Attorney	\$	17,428,286	12%
City Auditor	\$	2,473,336	-13%
City Clerk	\$	2,735,287	-10%
City Manager	\$	14,365,470	43%
Economic Development	\$	11,843,693	18%
Environmental Services	\$	257,753,261	38%
Finance	\$	18,650,894	21%
Fire	\$	203,413,562	50%
Housing	\$	10,787,566	7%
Human Resources	\$	10,364,871	9%
Independent Police Auditor	\$	1,260,406	51%
Information Technology	\$	22,265,107	-6%
Library	\$	38,734,292	13%
Mayor and Council	\$	13,248,694	37%
Parks, Recreation and Neighborhood Services	\$	75,979,901	6%
Planning, Building and Code Enforcement	\$	53,093,858	24%
Police	\$	346,977,957	22%
Public Works	\$	101,326,271	15%
Retirement	\$	6,551,984	106%
Transportation	\$	88,865,210	16%
Total	\$	1,361,371,112	20%

Source: San José Adopted Operating Budgets

* Department operating budgets include personal services, and non-personal/equipment expenditures for all funds with the exception of capital funds. Departmental operating budgets do not include all expenditures such as reserves, capital expenditures, debt service, and pass-through funding. Other budgeted expenditures include:

- Expenditures from other special funds that are not captured in departmental operating budgets. For example, the Airport's departmental budget totaled roughly \$63 million in 2016-17 (as we report in the chart above and in the Airport section), but the Airport had oversight over \$266 million in other operating expenditures over the course of the year. See individual department chapters for more information about additional expenditures.
- \$128 million in City-Wide expenditures (i.e., expenses that relate to more than one department or are not directly associated with ongoing departmental operations).
- \$276 million in capital contributions, transfers, and reserves.

OPERATING BUDGET AND STAFFING

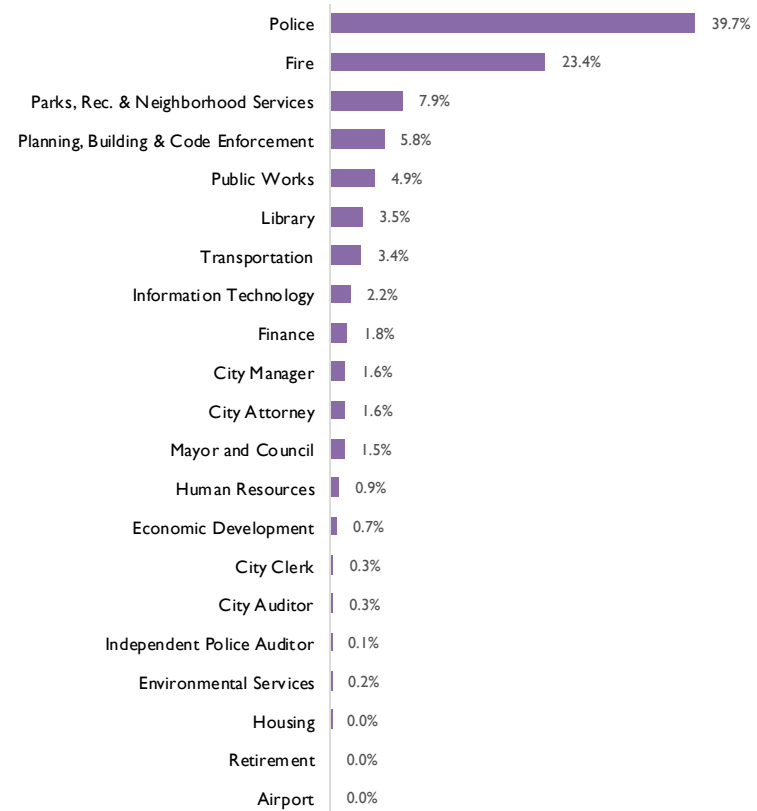
GENERAL FUND

The *General Fund* is the primary operating fund used to account for the revenues and expenditures of the City which are not related to special or capital funds. Some of the General Fund's larger revenue sources include: property taxes, sales taxes, utility taxes, licenses and permits, and franchise fees. The General Fund is available to use for any purpose and much of its use is dedicated to paying for personnel costs.

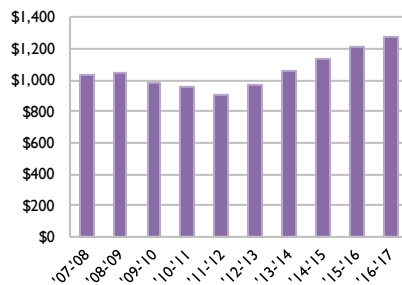
In 2016-17, General Fund budgeted expenditures totaled about \$1.27 billion. \$867 million was budgeted for department operations, with the remaining budgeted for City-Wide expenses, capital contributions and transfers, and reserves. Sixty-three percent of expenditures budgeted to department operations were for the Police and Fire Departments. Some departments are funded through special funds, such as the Airport and the Environmental Services Department, and receive little or no General Fund support.

Over the past 10 years, General Fund budgeted uses have grown by more than 20 percent. In 2016-17, the City saw a projected \$6.9 million General Fund surplus. However, the City has faced projected General Fund shortfalls in six of the last ten years. The [FY 2017-18 City Manager's Budget Message](#) forecasts budget shortfalls for each of the next five years.

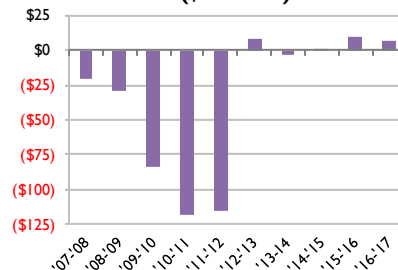
Budgeted Operations by Department, 2016-17 (General Fund Only)



Total General Fund Budgeted Uses (\$millions)



Projected General Fund Shortfalls/Surplus (\$millions)



Source: San José Adopted Operating Budgets

Source: San José 2016-17 Adopted Operating Budget

Note: May not total to 100 percent because of rounding. Budgeted departmental operations in the General Fund totaled \$867 million. City-Wide expenses, capital contributions and transfers, and reserves totaled \$405 million of additional budgeted General Fund expenditures.

OPERATING BUDGET AND STAFFING

CITY STAFFING

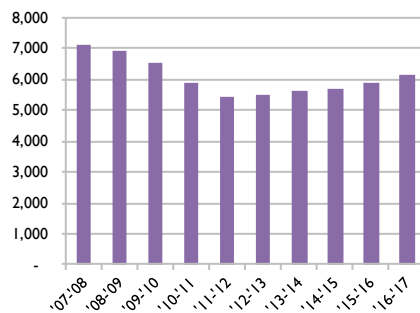
Much of the General Fund's expenses are allocated for personnel costs. In 2016-17, there were 6,159 full-time equivalent positions in the City. Although staffing has increased over the last few years, overall staffing levels are still well below what they were ten years ago when the City had more than 7,000 authorized positions.

Nearly all City departments are below staffing levels from 10 years ago. Furthermore, the number of vacant full-time positions has been steadily increasing, with more than 830 vacancies as of June 30, 2017. By contrast, there were just 400 vacancies as of June 30, 2009 when authorized positions totaled more than 6,500.

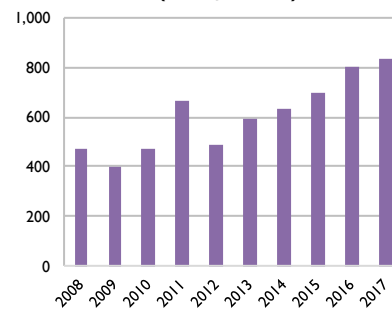
The number of full-time employees leaving City service has come down from the high seen in 2011 when more than 800 employees left the City. In 2016-17, 523 full-time employees left City employment and 628 new full-time hires joined the City.

Authorized Departmental Staffing	2016-17	10 Year Change
Airport	187	-52%
City Attorney	78	-18%
City Auditor	15	-17%
City Clerk	15	-17%
City Manager	66	-27%
Economic Development	57	-27%
Environmental Services	540	13%
Finance	117	-16%
Fire	822	-6%
Housing	65	-19%
Human Resources	54	-27%
Independent Police Auditor	6	0%
Information Technology	83	-47%
Library	360	-2%
Mayor and City Council	27	n/a
Parks, Recreation and Neighborhood Services	653	-13%
Planning, Building and Code Enforcement	319	-13%
Police	1,650	-9%
Public Works	559	-5%
Retirement	40	42%
Transportation	447	-7%
Total	6,159	-13%

Citywide Full-time Equivalent Positions

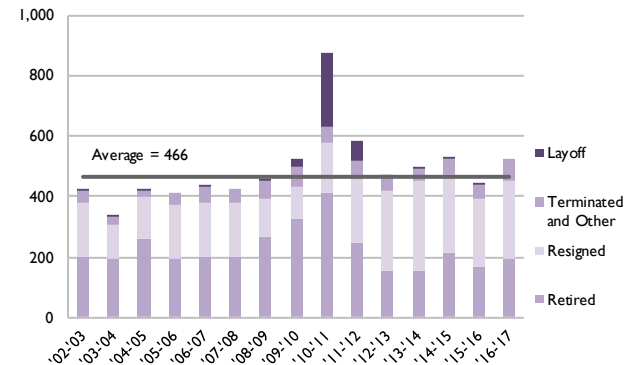


Vacant Full-Time Positions (as of June 30)



Source: San José Adopted Operating Budgets and auditor analysis of PeopleSoft

Number of Full-Time Employees Leaving by Type of Departure



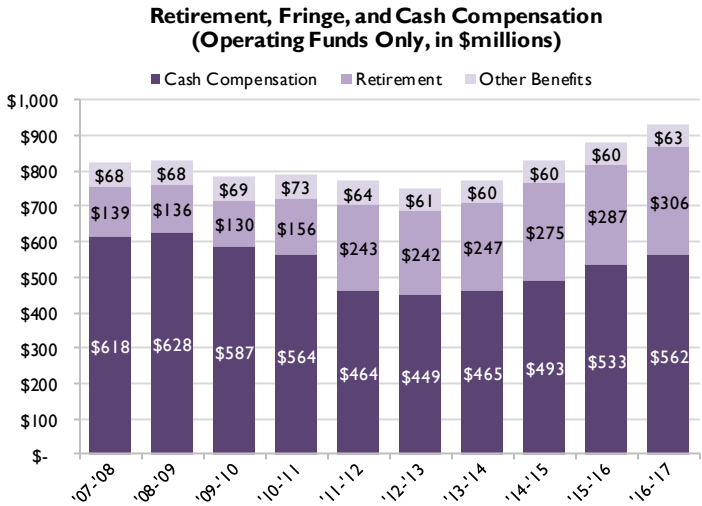
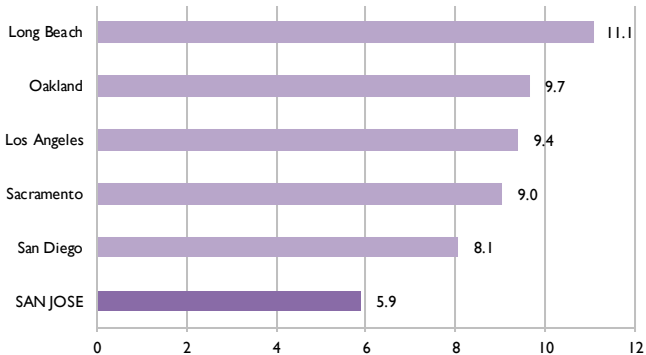
Source: Auditor analysis of PeopleSoft records
Note: Average does not include layoffs.

CITY STAFFING (CONTINUED)

In 2016-17, the City of San José had 5.9 authorized positions per 1,000 residents, far fewer than other large California cities. The number of authorized positions per 1,000 residents was also less than San José’s 20-year average.

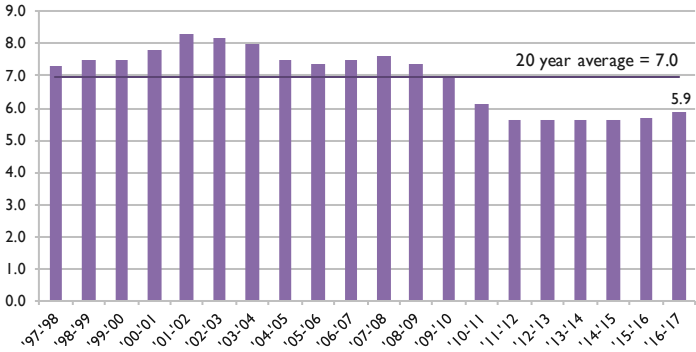
Total employee compensation for operating funds rose to \$931 million in 2016-17. While cash compensation and other benefit costs remain lower than 2007-08 levels (because of a combination of factors including staffing reductions as well as salary reductions that City employees took beginning in 2010-11), retirement benefit costs have more than doubled since then. Retirement benefits as a share of total employee compensation have increased from 17 percent to 33 percent over the last ten years (they were just 11 percent of total compensation in 2003-04.) For more information, see the Retirement Services chapter.

2016-17 Authorized Full-Time Positions per 1,000 Residents



Source: Auditor analysis of FMS records

Authorized Full-Time Positions per 1,000 population



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 through 2016-17 Adopted Operating Budgets

AIRPORT

The mission of the Airport is to meet the air transportation needs of Silicon Valley residents and businesses in a safe, efficient, and cost-effective manner.

AIRPORT

The City operates [Mineta San José International Airport](#) (Airport), which provides non-stop air service to 32 U.S. destinations, including Newark, Baltimore/Washington, Chicago, New York, and four Hawaiian islands (Hawaii, Kauai, Maui, and Oahu). Additionally, it provides non-stop service to several international locations including Beijing, Cabo San Lucas, Guadalajara, Tokyo, London, Vancouver, and most recently Frankfurt (July 2016), and Shanghai (September 2016) for a total of 40 non-stop destinations served.

The Airport does not receive General Fund dollars; Airport operational revenues include rents, concession fees, parking, and landing fees. In 2016-17, operating revenues totaled \$152.9 million, the highest total in the past ten years. The Airport's operating budget, excluding debt service, totaled \$63 million.* As of June 30, 2017, total outstanding debt was \$1.3 billion, and total debt service for the fiscal year was \$97.4 million. Debt service has quadrupled from 10 years ago; this is a result of debt incurred during the Airport's major modernization and renovation that began in 2005.** The bonds issued in 2007 were restructured and refunded in 2017.

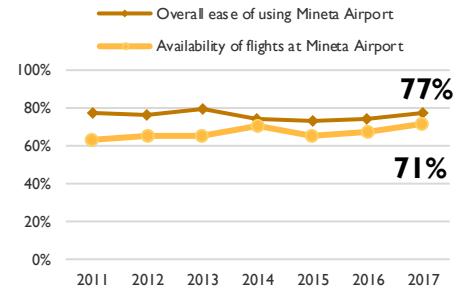
The Airport had 204 authorized positions in 2016-17, about half as many as in 2007-08. Of the nearly 200 positions eliminated in past years, about 80 were from outsourcing custodial and curbside management services.

*Operating expenditures do not include police and fire services at the Airport, debt service, capital project expenditures or reserves. Since 2010-11, the Airport has reduced the cost of police and fire services by 14 percent, from \$14.2 to \$12.2 million.

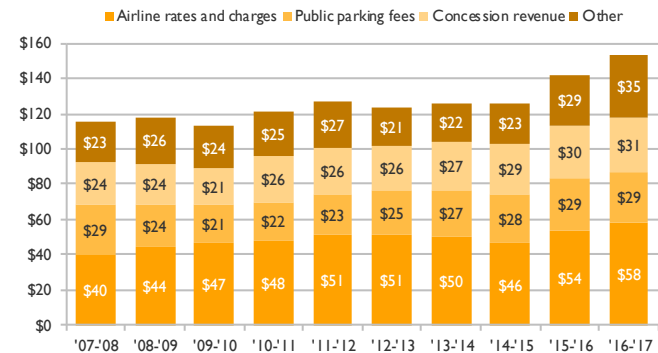
**Total debt service in 2016-17 was partly paid by passenger facility charges (\$24.8 million), customer facility charges (\$18.0 million), and unspent bond proceeds (\$4.3 million) that were available for payment of debt service; a net debt service of \$50.3 million is paid by Airport operating revenues. See the November 2017 audit — [Airport Financial Projections: Balancing ongoing Debt-Service Obligations with Increasing Operational Needs](#)

RESIDENT SURVEY

% of San José residents rating services as "excellent" or "good"

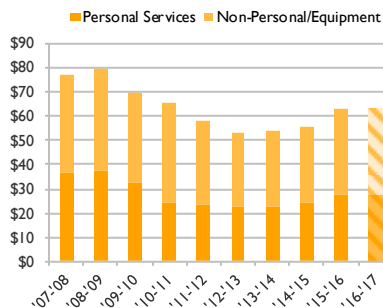


Airport Operating Revenues (\$millions)

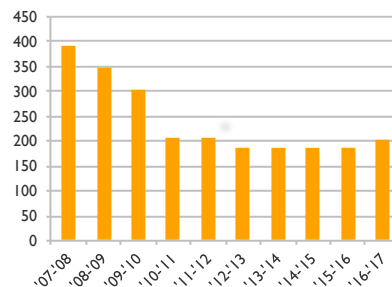


Note: Does not include passenger facility charges and other non-operating revenues. The Airport reclassified certain revenues from operating to non-operating beginning in 2010-11. Sources: Airport Comprehensive Annual Financial Reports, 2007-08 through 2016-17.

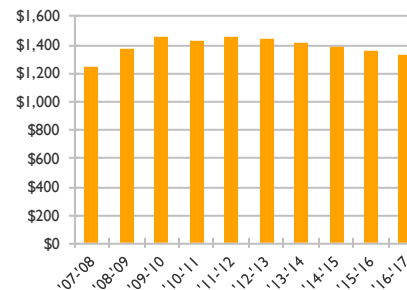
Airport Operating Expenditures (\$millions)



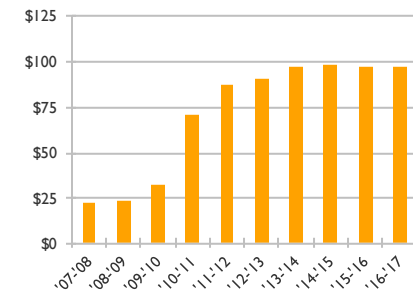
Airport Authorized Positions



Outstanding Debt (\$millions)



Annual Debt Payments (\$millions)



Note: 2016-17 is adopted budget data. All other years are actual expenses

In 2016-17, the Airport served over 11.5 million airline passengers, up 8 percent from 10 years ago and up 13 percent from last year. There were 110,336 passenger airline takeoffs and landings, or 302 per day. The total number of passengers in the region was greater in 2016-17 than in any of the prior 10 years; the Airport's market share was 15 percent, just down from the 18 percent held 10 years ago.

In 2016-17, the airline's cost per enplanement (CPE) was \$10.01, a decrease of 4 percent since last year, and a 19 percent reduction since five years ago. CPE has increased from 10 years ago, because of an increase in airline rates and charges (as a result of a change in the Airline Operating Agreement effective 2007-08 and the modernization and renovation), and inflation.

In 2016-17, the Airport handled 121.9 million pounds of cargo, freight, and mail — up from 116 million a year ago, but still down by a third from a decade ago. Regionally, cargo and freight are down nearly 20 percent from a decade ago. The Airport has about 5 percent of the regional market share for cargo and freight. According to the department, San José's noise curfew has limited cargo, freight, and mail capacity.

The Airport received 154,937 noise complaints in 2016-17,* 847 of which concerned flights subject to the curfew program between 11:30 pm and 6:30 am. According to the department, noise complaints increased from the previous year primarily due to south flow operations and new air traffic control technology. Based on community response, the formation of an Ad Hoc Advisory Committee on South Flow Arrivals was approved by City Council on October 3, 2017.

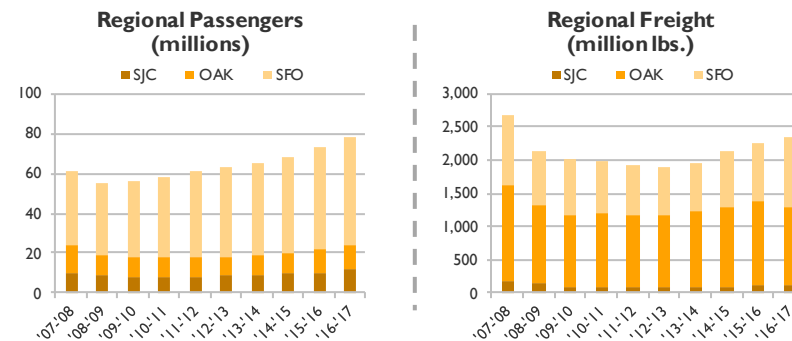
*Due to the influx in noise complaints this year, the department had to change counting methodology. This resulted in some duplicate entries being counted towards the total noise complaint number.

Regional Comparisons, 2016-17

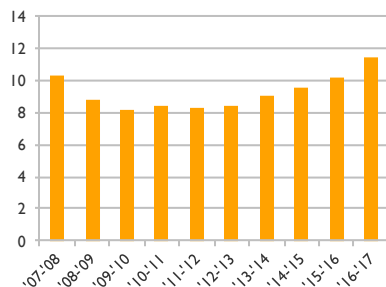
	SJC	OAK	SFO
Passenger Airlines	14	14	58
Destinations	40	68	136
Domestic	32	56	83
International	8	12	53
Passengers (millions)	11.5	12.6	54.0
Passenger Flights/Day	302	286	1191
On-Time Arrival Percentage	80%	77%	69%

Sources: Oakland International Airport Airline Information and staff; Comparative Traffic Report FY 16-17 and SFO Fact Sheet FY 16-17; Airline On-Time Statistics U.S. Bureau of Transportation Statistics.

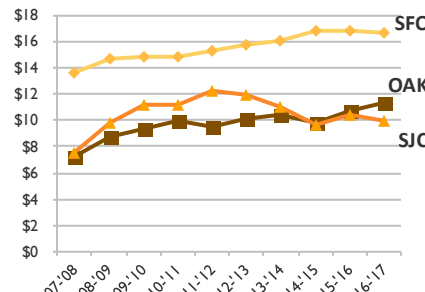
Market Shares



Annual Airport Passengers (millions)

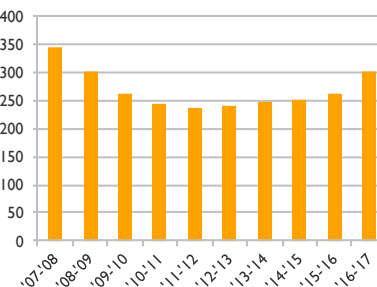


Airline Cost per Enplanement Comparison

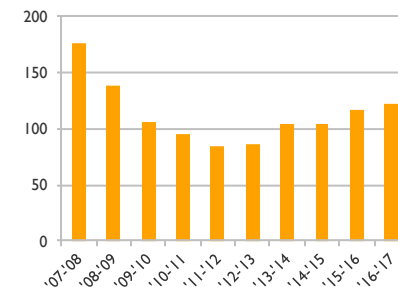


Note: The CPE (industry standard) is based on rates and charges paid by airlines divided by the number of boarded

Passenger Flights Per Day (Takeoffs and Landings)



Air Cargo, Freight, and Mail (million lbs.)



CITY ATTORNEY

The mission of the San José City Attorney's office is to provide excellent legal services, consistent with the highest professional and ethical standards, with the goal of protecting and advancing the City's interests in serving the people of San José.

CITY ATTORNEY

The City Attorney's Office provides legal counsel and advice, prepares legal documents, and provides legal representation to advocate, defend, and prosecute on behalf of the City of San José and the Successor Agency to the San José Redevelopment Agency.

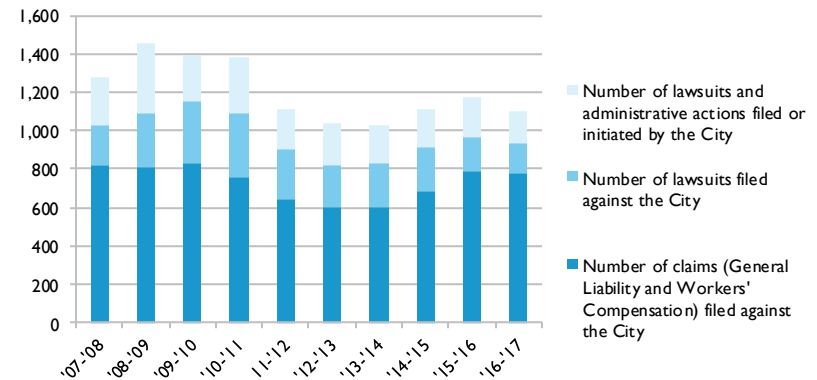
The operating budget for the City Attorney's Office totaled \$17 million* in 2016-17.

Although staffing increased by three positions from two years prior—it is still much lower compared to a decade ago.

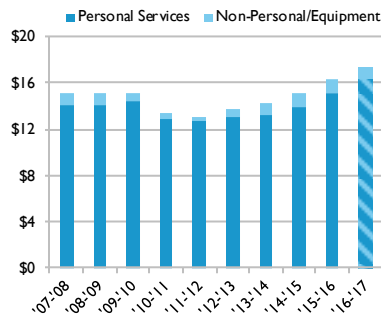
The City Attorney's Office handled 1,100 new claims and litigation matters in 2016-17 and prepared or reviewed more than 4,800 legal transactions, documents, and memoranda. In 2016-17, litigation-related collections totaled about \$46.2 million largely due to a Housing Authority settlement, while general liability payments totaled about \$6.8 million.

*The City Attorney's Office also oversaw \$140,000 in actual Citywide expenses for fiscal reform plan outside legal counsel.

Claims and Lawsuits

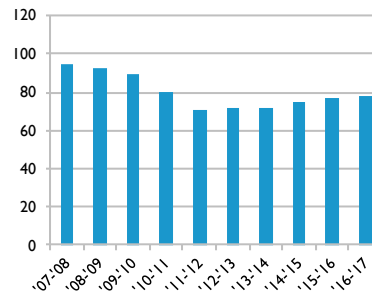


City Attorney Operating Expenditures (\$millions)

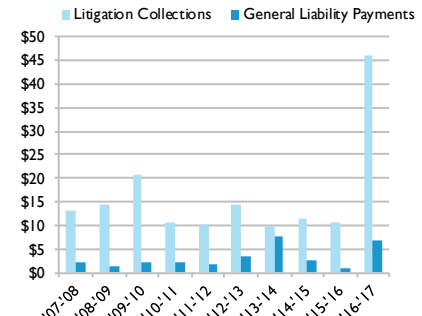


Note: 2016-17 is adopted budget data. All other years are actual expenses.

City Attorney Authorized Positions



Litigation-Related Collections and General Liability Payments (\$millions)



CITY AUDITOR

The mission of the San José City Auditor's Office is to independently assess and report on City operations and services.

CITY AUDITOR

The City Auditor’s Office conducts performance audits that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The Office also oversees a variety of external audits including the Comprehensive Annual Financial Report (CAFR) and the Single Audit.

The City Auditor’s [annual work plan](#) is posted online, along with copies of all issued audit reports and the semi-annual recommendation status reports.

The Office’s operating budget totaled \$2.5 million* in 2016-17. Staffing remained at 15 positions; this was 3 positions less than 10 years ago.

In 2016-17, the City Auditor's Office identified \$3.2 million in monetary benefits from its audit recommendations, or \$1.28 in savings for every \$1 spent on audit costs in 2016-17 (target: \$4 to \$1). Identified monetary benefits vary from year to year based on the types of audits that are conducted.

*In addition to expenditures paid out of its operating budget, the City Auditor’s Office was also responsible for \$307,000 in actual Citywide expenses in 2016-17 for the annual financial audit and the grant compliance single audit.

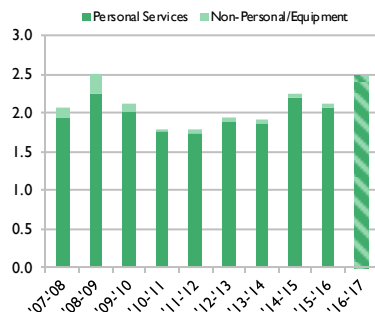
KEY FACTS (2016-17)

Number of audit reports issued	15
Number of audit recommendations adopted	57
Number of audit reports per auditor	1.3
Ratio of identified monetary benefits to audit cost	\$1.28 to \$1
Percent of approved work plan completed or substantially completed during the fiscal year	58%

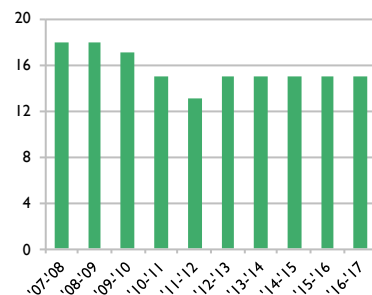
Subject area audits issued in 2016-17 include:

- Police Overtime
- Status of City Clerk Audit Recommendations
- Apartment Rent Ordinance
- Annual Performance Audit of Team San Jose FY 2015-16
- Mobile Devices
- Annual Report on City Services FY 2015-16
- Our City Forest
- Office of Equality Assurance

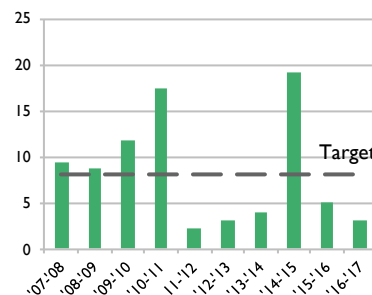
City Auditor Operating Expenditures (\$millions)



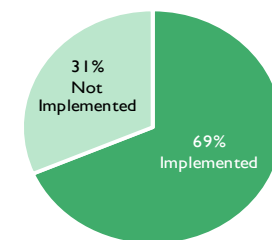
City Auditor Authorized Positions



Identified Monetary Benefits (\$millions)



Audit Recommendation Implementation (Cumulative Over 10 Years)



*Note: 2016-17 is adopted budget data. All other years are actual expenses.

CITY CLERK

The mission of the San José City Clerk is to maximize public access to municipal government.

CITY CLERK

The City Clerk’s Office assists the City Council in the legislative process and makes that process accessible to the public by maintaining the legislative history of the City Council and complying with election laws. The Office is responsible for open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.

The Office is responsible for preparing and distributing agenda items for City Council and various Committee meetings; providing access to the City’s legislative records and documents under the California Public Records Act; and reviewing all City contracts for administrative compliance. The City Clerk’s operating budget totaled \$2.7 million* in 2016-17 and staffing remained unchanged at 15 positions. Ten years ago there were 2.5 more positions than in 2016-17.

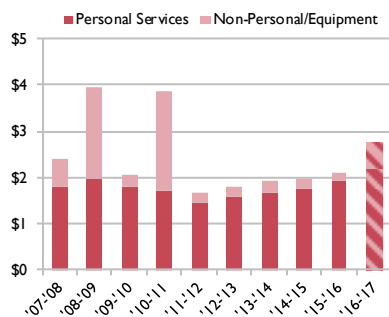
The Clerk’s Office also provides administrative support to the Mayor and Council Offices, including tracking their office budgets and facilitating the disbursement of grants (about 580 in 2016-17). The Office also coordinated the recruitment of 36 full-time and 18 part-time staff, and the appointment of 39 interns for the Mayor and City Council Offices.

During the 2017 Boards and Commissions Spring Recruitment, the City Clerk’s Office recruited for 79 appointed positions by screening and processing about 340 online applications.

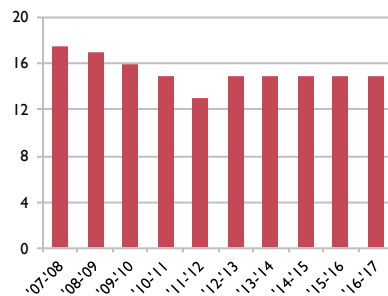
*In 2016-17, the City Clerk’s Office actual expenditures totaled \$2.2 million, out of which, \$1.4 million was spent on administering elections and ballot measures.

The City Auditor’s Office conducted an [Audit of the Office of the City Clerk](#) in FY 2015-16, and an [Audit on Open Government](#) in FY 2016-17.

City Clerk Operating Expenditures (\$millions)



City Clerk Authorized Positions



Note: 2016-17 is adopted budget data. All other years are actual expenses. Spikes in expenditures due to elections.

KEY FACTS (2016-17)

Number of meetings staffed	187
Number of ordinances processed	203
Number of resolutions processed	410
Number of records requested (e.g. legislative histories, contracts, election related documents)	1,578
City staff requests	788
Public requests	790
Number of Statements of Economic Interest and Family Gift Reports processed	4,047
Number of Lobbyist reports processed	332
Number of contracts processed	2,151
Number of campaign filings processed	518

Selected activities in 2016-17:

- The City Clerk’s Office received a Digital Strategy Award in the area of Environmental Stewardship by Granicus, a technology provider for public agencies, for implementing environmentally conscious office policies through the use of software.
- The City Clerk’s Office, in coordination with the City Attorney’s Office and the Santa Clara County Registrar of Voters, administered a General Election for Districts 2, 6, and 8 that included providing information to candidates. There were also three measures on the November ballot: Measures E (Opportunity to Work), F (Pension Modification), and G (Business Tax Modification).

CITY MANAGER

The mission of the San José City Manager's Office is to provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs.

CITY MANAGER

The Office of the City Manager (CMO) develops public policy, leads the organization, and manages City-wide service delivery. A key focus of the City Manager's Office is providing leadership to position the organization to meet changing community challenges by developing a workforce that has the breadth and depth of skills and experience for service delivery. The administration also manages the City's operating and capital budgets with over 110 budgeted funds.

The operating budget for the City Manager's Office totaled \$14.4 million* in 2016-17. Staffing in 2016-17 totaled 66, up from 63 in 2015-16 and down from 90 ten years ago. The CMO held 10 meetings throughout the City to gather input for the development of the annual budget and 13 meetings of the Neighborhoods Commission. The CMO responded to, or coordinated, 643 public records requests, 71 percent of which received a response within 10 days (the initial time limit set by the California Public Records Act). Additional requests are managed by individual departments.**

The CMO assists the City Council in the legislative process by developing the legislative agenda and providing staff reports. In 2016-17, the Office approved 647 staff reports for City Council consideration, assigned about 105 referrals from the City Council, and issued 96 information memoranda.

*In addition to expenditures paid out of its operating budget, the CMO was also responsible for \$4.7 in actual Citywide expenses in 2016-17. This included \$749,000 for a legal obligation subsidy for the Successor Agency to the Redevelopment Agency, and \$1.5 million for Public, Education, and Government (PEG) Access Facilities capital expenditures.

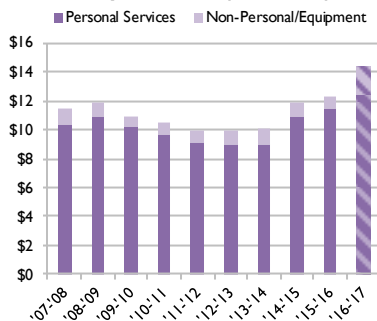
** In 2016-17, the City Auditor's Office published an [Audit on Open Government](#).

Functions of the City Manager's Office

- **Budget**—Develops and monitors the operating and capital budgets for the City of San José, providing fiscal and operational analysis and ensuring the fiscal health of the organization.
- **Employee Relations**—Negotiates labor contracts, encourages effective employee relations, and supports a positive, productive, and respectful work environment.
- **Policy Development**—Provides professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.
- **Intergovernmental Relations**—Monitors, reviews, and analyzes state and federal activities with an actual or potential effect on the City; advocates on state and federal issues of concern to the City; and manages the sponsorship of and advocates for City-sponsored legislation.
- **Communications**—Provides point of contact with the media on Citywide issues, manages CivicCenter TV operations including videotaping of Council and Council Committee meetings, oversees the City's website, and coordinates the City public records program.
- **Agenda Services**—Works with the offices of the City Attorney and the City Clerk to develop weekly and special City Council/Rules and Open Government meeting agendas, and oversees agenda development for other Council Committees to ensure compliance with the Brown Act and City open government policy.
- **Immigrant Affairs**—Develops strategies that support the integration of various immigrant groups in the City by increasing opportunities for shared prosperity and aims at becoming the most successful multi-cultural city in the world.
- **Civic Innovation**—Oversees and coordinates a wide range of projects, programs, and opportunities related to "smart cities" efforts, that aim to make the city more efficient and effective.

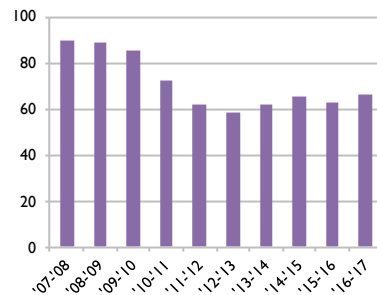
*The Office of Economic Development is within the CMO, but is shown in a different chapter. For FY 2017-18, the Office of Emergency Services has been moved into the City Manager's Office (see the Fire Department chapter for more information).

City Manager Operating Expenditures (\$millions)

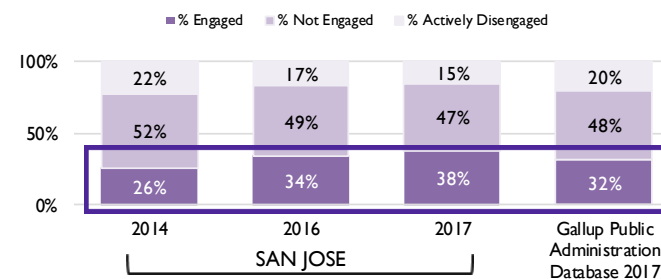


Note: 2016-17 is adopted budget data. All other years are actual expenses.

City Manager Authorized Positions



City Employee Engagement Survey Results



Note:
Engaged—Go above and beyond, are passionate about their work.
Not Engaged—Do fine work, but for whom it is just a job.
Actively Disengaged—Are disgruntled and may create disruption in the workplace.

Source: City Employee Engagement Index data based on survey conducted by Gallup, Inc.

ECONOMIC DEVELOPMENT

The mission of the Office of Economic Development is to catalyze job creation, private investment, revenue generation, and talent development and attraction.

ECONOMIC DEVELOPMENT

(includes the Office of Cultural Affairs, work2future, and the Convention & Cultural Facilities)

The City of San José's Office of Economic Development (OED) leads the City's economic strategy, provides assistance for business success, manages the City's real estate assets, helps connect employers with trained workers, and supports art and cultural amenities in the community.

OED also manages several incentive programs for businesses, among them the Foreign Trade Zone which eases duties, and the Business Cooperation Program which refunds companies a portion of use taxes allocated to the City.

OED oversees the non-profit operator of the City's [Convention & Cultural Facilities](#) (Team San Jose) and agreements for other City and cultural facilities.

The operating budget for OED totaled \$11.8 million* in 2016-17. OED oversees various other funds in addition to its operating budget.

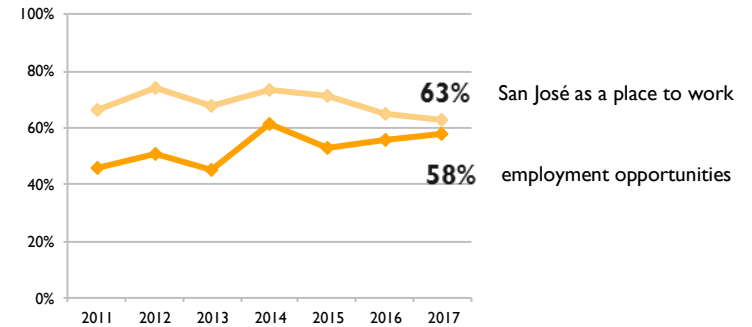
*In addition to expenditures paid out of its operating budget, OED was also responsible for \$7.7 million in actual Citywide expenses in 2016-17. This included \$1.4 million in property leases where the City is the tenant, a \$1 million subsidy to the Technology Center and \$1.3 million to the SJ Works: Youth Jobs Initiative. Also does not include all Workforce Investment Act, Business Improvement District, and Economic Development Enhancement funds and expenditures. The City supported the Convention & Cultural Facilities with \$2.2 million from hotel tax revenues.

KEY FACTS (2016-17)

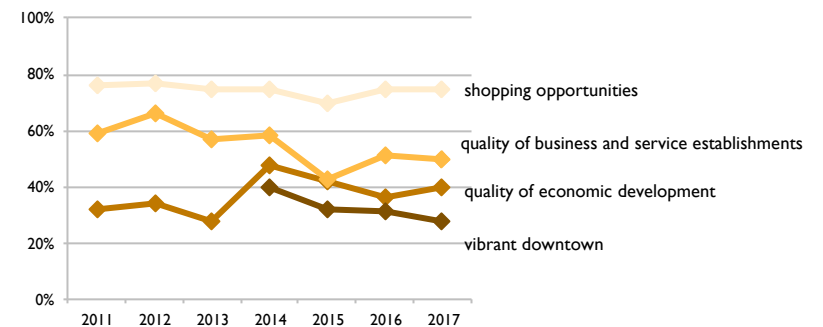
Largest city in the Bay Area (3rd largest in California, 10th in the nation)
 Unemployment Rate 3.9 %
 Median Household Income \$101,940

Sources: Bureau of Labor Statistics and 2016 [American Community Survey](#)

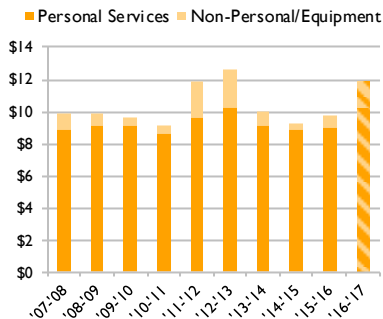
RESIDENT SURVEY
 % of San José residents rating
 as "excellent" or "good"



RESIDENT SURVEY
 % of San José residents rating
 as "excellent" or "good"

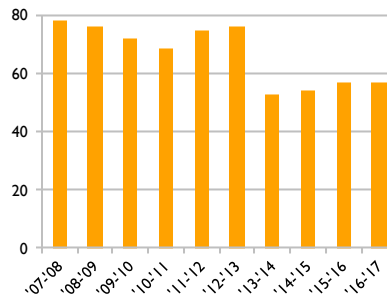


OED Operating Expenditures (\$millions)



Note: 2016-17 is adopted budget data. All other years are actual expenses. In '11-'12, Real Estate Services was added to OED.

OED Authorized Positions



Note: In '13-'14, the transition of work2future client services to the Foundation eliminated 24 positions.

BUSINESS DEVELOPMENT

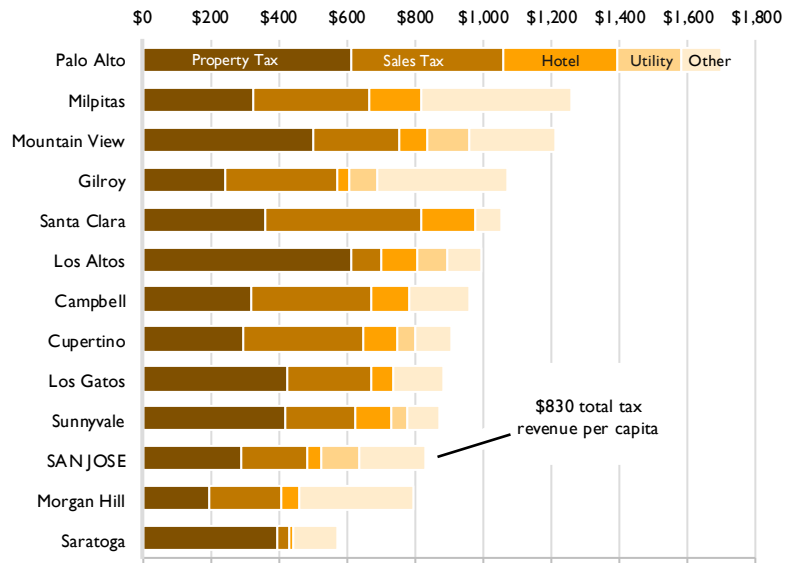
OED promotes business in the City of San José by providing assistance, information, access to services, and facilitation of the development permit process (also see *Development Services in the Planning, Building and Code Enforcement* section). In 2016-17, OED provided development facilitation services to 33 businesses. It also coordinated the Business Owner Space small business network, through which clients received information, technical/human resources support, or other services from partner organizations like SCORE, a mentoring and training provider to small businesses.*

OED estimated \$3.9 million in tax revenues (business and sales taxes) generated by companies that received its assistance. About \$3.6 in tax revenue was generated for every \$1 of OED expenditure on business development.

Although the passage of Measure G in November 2016 raised the City’s business tax, San José still received less tax revenue per capita than most of its neighboring cities consistent with previous years. Its tax revenues were only about \$830 per capita in 2016-17. Of that, sales tax was only about \$190. Furthermore, San José has less than one job per employed resident; that is, more workers live in San José than are employed in San José. In contrast, Palo Alto received \$1,700 in taxes per capita (\$450 in sales taxes) and has more than three jobs per employed resident.

* For more information on the small business network, see www.businessownerspace.com

City Comparison of Tax Revenues Per Capita, Per Year



Source: State Controller, 2016; American Community Survey, 2016

Estimated Tax Revenue Generated by OED-assisted Companies (\$millions)



Note: The methodology changed in '11-'12

2016-17 ECONOMIC STRATEGY UPDATES

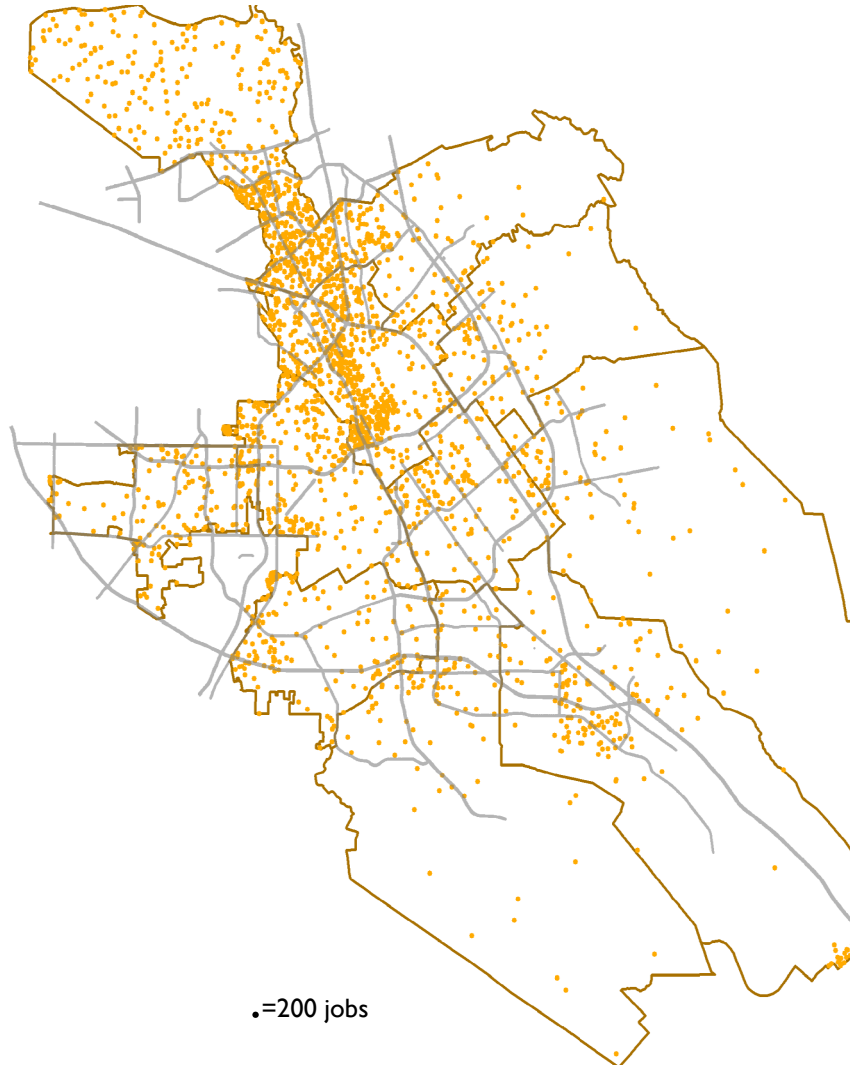
Since early 2016, City departments, with leadership by OED, collaborated to aggressively regain jobs and revenue, and to create an outstanding business and living environment in San José. Accomplishments have included:

- Proactively engaged over 350 businesses through OED’s Business Outreach Program.
- Assisted more than 1,400 San José small businesses through the Small Business Ally Program to assist those looking to establish or expand in San José.
- Helped to secure \$400,000 in grant funding through the High Speed Rail Authority to help plan the future Diridon Station multi-modal transit hub.
- Worked with local colleges such as San José City College and Workforce Institute to provide cohort and other trainings including a Laser Technology training program and a CNC Machine Operator training program.
- work2future staff has served more than 171 clients in advanced manufacturing-related fields, including participation in cohort and other trainings, internships and job placements with companies such as Tesla and Jabil.

Source: Office of Economic Development

ECONOMIC DEVELOPMENT

JOBS



•=200 jobs

RESIDENT SURVEY

50% of San José residents work inside the boundaries of San José

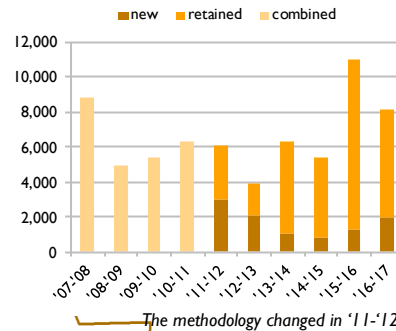
Source: Auditor analysis of U.S. Census, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics Employment Statistics, 2015.
Dots are exact at the Census tract-level. The jobs data in the map reports a higher total number of jobs than the one reported in the American Community Survey (ACS) 1-Year Estimates.
Based on "Where Are The Jobs?" by Robert Manduca

One of OED's main goals is to catalyze job creation. About half of San José's 1 million residents are employed, but only 406,000 jobs are located within the city. San José is the only large U.S. city where more residents commute to work outside city limits, rather than *into* the city. This map shows where jobs are concentrated. Each dot stands for 200 jobs.

Companies and businesses that received OED assistance created about 2,000 jobs and retained about 6,200 jobs in 2016-17.

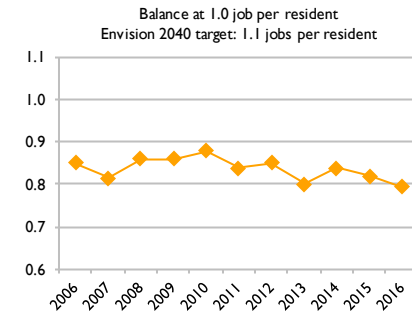
Note: The jobs data was retrieved from the ACS 1-Year Estimates.

Estimated Jobs Created or Retained by OED-assisted Companies



The methodology changed in '11-'12.

Jobs Per Employed Residents in San José



Sources: [American Community Survey](#) 5-Year Estimates (2010 through 2015) and 1-Year Estimate for 2016; [Association of Bay Area Governments](#) projection (prior to 2010)

Facilitating Corporate & Retail Expansion

Successful efforts in 2016-17 to facilitate corporate and retail expansion/relocation included:

- Audi
- Broadcom
- Cupertino Electric
- Olympus
- Space Systems Loral
- SuperMicro
- ThinFilm
- Total Wine
- Velodyne
- Western Digital

Source: Office of Economic Development

WORKFORCE DEVELOPMENT

The City’s workforce development program is managed by the [work2future](#) Foundation, serving adults, dislocated (laid-off) workers, and youth. It provides job search assistance, occupational training, and skills enhancement workshops.* More than 3,000 job seekers took advantage of skill upgrades and training programs in 2016-17. About 400 business clients received services, including recruitment, lay-off aversion, and business assistance. The work2future Foundation also runs San José Works, a youth jobs initiative focused on strengthening City partnerships, such as those with the Mayor’s Gang Prevention Task Force, to identify, recruit, train, and place at-risk youth in jobs. In 2016-17, San José Works provided 1,012 youth with subsidized and unsubsidized employment opportunities.

work2future Development Program Results

	Job Seekers (Total 3,050)	Placed in Jobs	State Goal	Employed 6 Months after Initial Placement	State Goal
Adults	1,912	56%	52%	83%	79%
Dislocated Workers	910	66%	59%	88%	83%
Youth (14-21 years)	228	60%	60%	N/A	N/A

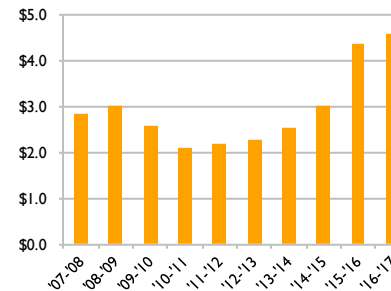
* work2future serves San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Los Gatos, Saratoga, Monte Sereno, and unincorporated areas of Santa Clara County

ARTS AND CULTURAL DEVELOPMENT

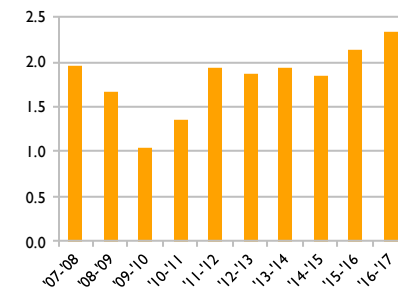
The Office of Cultural Affairs (OCA) promotes San José’s artistic and cultural vibrancy and supports opportunities for cultural participation and cultural literacy for residents, workers, and visitors. In 2016-17, OCA awarded 117 grants totaling \$4.6 million to organizations located primarily in San José. Contributing to San José’s creative placemaking and high-quality design goals, the public art program reported that it had 284 works throughout San José.

OCA helped facilitate 533 event days in 2016-17 with an estimated attendance of 2.3 million. Large-scale events included annual events such as the Christmas in the Park, Winter Wonderland and the Rotary Fireworks. OCA was instrumental in the attraction of signature events such as the Amgen Tour of California, US Gymnastics Olympic Trials, and the Rock n Roll Half Marathon.

Grant Awards for Arts & Cultural Development (\$millions)



Estimated Attendance at Outdoor Special Events (millions)



RESIDENT SURVEY
43% of San José residents attended at least one City-sponsored event

REAL ESTATE SERVICES

Real Estate Services and Asset Management manages the City’s real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. This includes acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. In 2016-17, this generated about \$1.2 million in sales revenue and \$3.1 million in lease revenue. There were a total of 80 managed properties in the real estate portfolio for 2016-17.

Funding to City-owned Cultural Facilities

OCA provided operations and maintenance funds totaling about \$3.3 million from the General Fund to the following nonprofit operators of City-owned cultural facilities:

- Children’s Discovery Museum
- San José Museum of Art
- Hammer Theatre Center
- Tech Museum of Innovation
- History San José
- Mexican Heritage Plaza



Hammer Theatre, [Photo: City Auditor’s Office]

ECONOMIC DEVELOPMENT

CONVENTION & CULTURAL FACILITIES

The City's [Convention Facilities](#) (San José McEnery Convention Center, Parkside Hall, South Hall) house exhibitions, trade shows, and conferences. The City's [Cultural Facilities](#) (City National Civic, Montgomery Theater, California Theatre, Center for the Performing Arts) are home to concerts, plays, and other performances. These facilities have been managed by *Team San Jose*, a non-profit, on behalf of the City since July 2004.

Operating revenues quadrupled compared to ten years ago, reaching \$53.4 million. Revenues have increased as a result of bringing new lines of business in-house, such as food and beverage services and event production services. With operating expenses of \$55.6 million (this included building repairs of \$2.6 million)*, operating losses amounted to \$2.2 million in 2016-17—the lowest reported amount in the decade. The facilities relied on support from transient occupancy (hotel) taxes to make up the difference.

In 2016-17, the facilities drew 1.4 million people to 396 events overall. Of those events, about 160 were at the Convention Facilities, hosting more than 800,000 visitors. The Convention Center's occupancy rate (by square footage) was 62.5 percent, slightly higher than the prior year. Ninety-seven percent of responding event coordinator clients rated overall service as “good,” “very good,” or “excellent”, this is well above the target of 95 percent.

**In the fiscal year, the City of San José also paid for some repairs, maintenances, and capital improvements to the Center in the amount of \$9 million.*

For more information about the Convention and Cultural Facilities, see our [annual performance audits](#) of *Team San Jose*.

City National Civic



California Theatre



Montgomery Theater



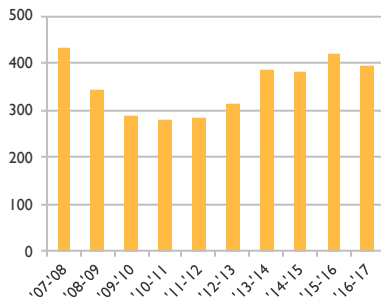
Center for Performing Arts



Photo: City Auditor's Office and Team San Jose

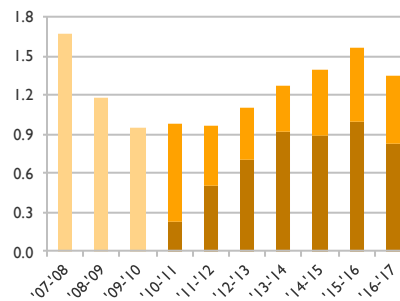
Number of Events

(Convention & Cultural Facilities combined)



Attendance (millions)

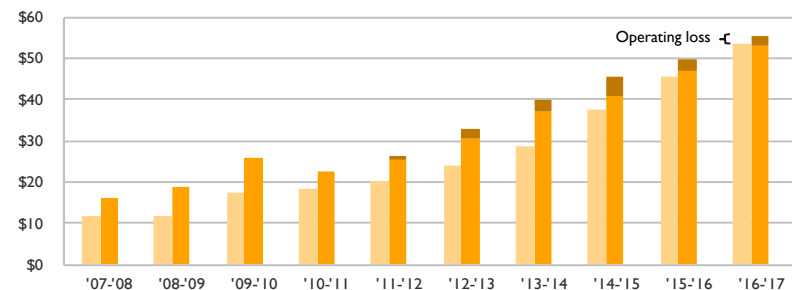
■ Convention Facilities ■ Cultural Facilities ■ Combined



Source: [Audited financial statements](#)

Operating Revenues and Expenses (\$millions)

■ Operating Expenses ■ Building Repairs ■ Operating Revenues



ENVIRONMENTAL SERVICES

The mission of the Environmental Services Department is to deliver world-class utility services and programs to improve our health, environment, and economy.

ENVIRONMENTAL SERVICES

The Environmental Services Department (ESD) provides recycling and garbage services, wastewater treatment, potable water delivery, stormwater management, and recycled water management. ESD also manages programs to conserve water and energy resources and achieve other environmental goals.

ESD provides City-wide coordination of efforts to protect and conserve air, land, water, and energy resources through policy development, education, and grant-seeking. This work is guided by the City's Green Vision and regulatory requirements.

Most ESD revenue comes from various customer fees and charges; less than 1 percent of its budget comes from the General Fund (about \$1.4 million in the 2016-17 adopted budget).

In 2016-17, ESD's operating budget totaled \$258 million.* Staffing in 2016-17 included 540 full-time equivalent positions, a slight increase from 2015-16 and a 13 percent increase from ten years ago.

* In addition to expenditures paid out of its operating budget, ESD was also responsible for \$1.7 million in actual Citywide expenses, including \$667,000 for Silicon Valley Energy Watch. The operating budget also does not include capital expenditures, reserves, and some other program expenditures paid through ratepayer funds (including City overhead).

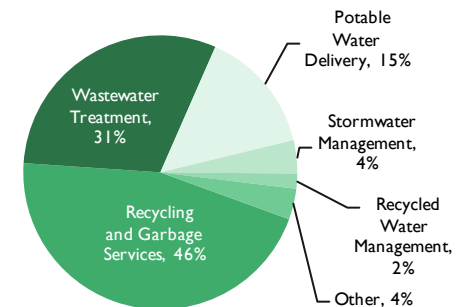
RESIDENT SURVEY

% of San José residents surveyed who rated the following as "excellent" or "good"

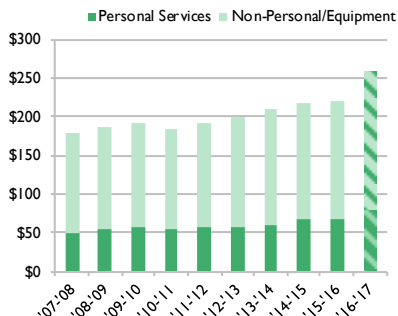
- 38%** Air quality
- 36%** Quality of overall natural environment in San José
- 41%** Preservation of natural areas such as open space, farmlands, and greenbelts

80% of San José residents made efforts to make their homes more energy efficient during the past 12 months

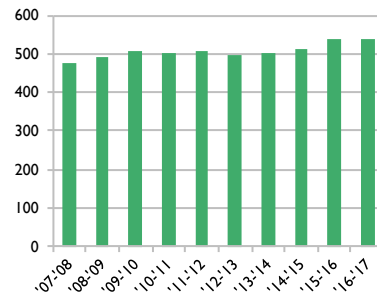
ESD Operating Budget Breakdown (2016-17)



ESD Operating Expenditures (\$millions)

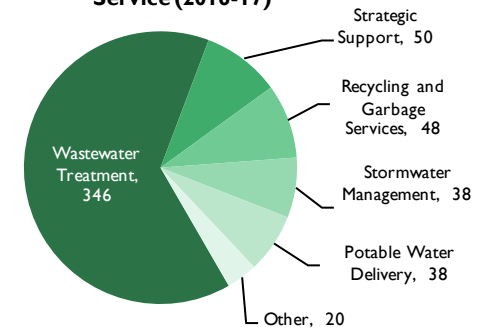


ESD Authorized Positions



Note: 2016-17 is adopted budget data. All other years are actual expenses.

ESD Staffing Breakdown by Positions per Service (2016-17)



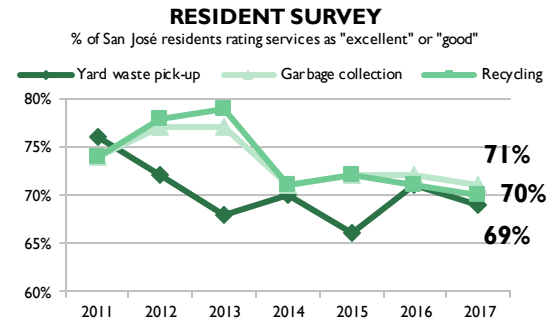
RECYCLING & GARBAGE SERVICES

ESD provides recycling and garbage services to nearly 323,000 residential households in San José through contracted service providers.* ESD also provides waste management programs and services for San José businesses, large events, public areas, and City facilities. It manages contracts for commercial collection and recyclables processing, organics processing, and construction waste collection services in the City. ESD’s operating budget for recycling and garbage services was \$117.3 million.

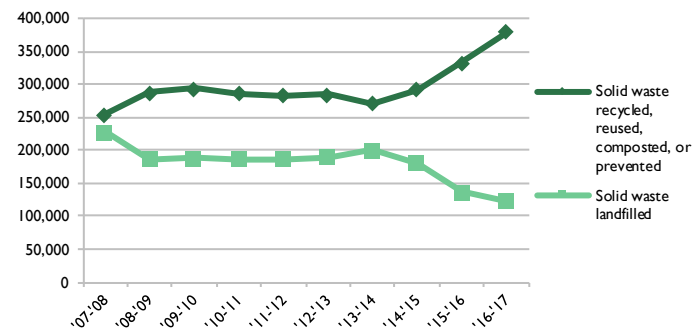
The State monitors each jurisdiction’s “per capita disposal rate” and requires that 50 percent of solid waste be diverted** from landfills. The Department of Resources Recycling and Recovery has taken a statewide approach to meet the State’s goal of achieving 75 percent “recycling” by 2020; it regulates AB 341 (Mandatory Commercial Recycling) and AB 1826 (Mandatory Commercial Organics Recycling, effective 2016).

Since 2005, San José has diverted at least 60 percent of waste, including 68 percent in 2016. Increases in the diversion rate in recent years have been supported by ESD’s expansion of garbage processing services that enable greater recovery of recyclable materials and compostable organics prior to landfill disposal.

*For information on single-family residential recycling, see the May 2015 audit [Curbside Recycling: The City Can Enhance Its Single-Family Residential Recycling Program to Improve Waste Diversion](#).
 **“Diversion” refers to any combination of waste prevention, recycling, reuse, and composting activities that reduces waste disposed at landfills. (Source: CA Integrated Waste Management Board)



Tons of Residential Solid Waste Recycled vs. Landfilled

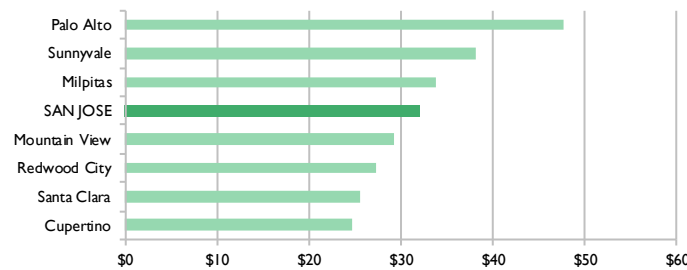


RESIDENT SURVEY

93% of San José residents surveyed reported recycling at home “usually” or “always”

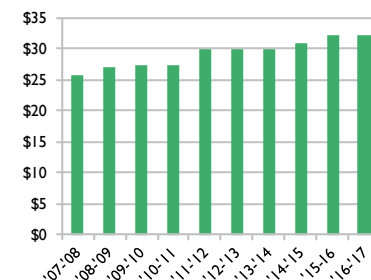
45% of San José residents rated utility billing “excellent” or “good”

Comparison of Monthly Residential Garbage and Recycling Rates (2016-17)



Sources: Rates listed on local government websites for municipalities provided
 Note: Rates listed for all municipalities are for the 32-gallon cart size (with the exception of Sunnyvale’s 35-gallon cart). Although this is San José’s smallest and standard cart, some municipalities offer smaller 20-gallon bins.

San José Garbage and Recycling Monthly Bills (32-gallon cart)



ENVIRONMENTAL SERVICES

STORMWATER MANAGEMENT

ESD, with the Departments of Public Works and Transportation, oversees the City’s storm drains and storm sewer system in order to sustainably manage stormwater, conveying rainwater into creeks and eventually the South San Francisco Bay. ESD accounts for just over a quarter of storm sewer expenditures.

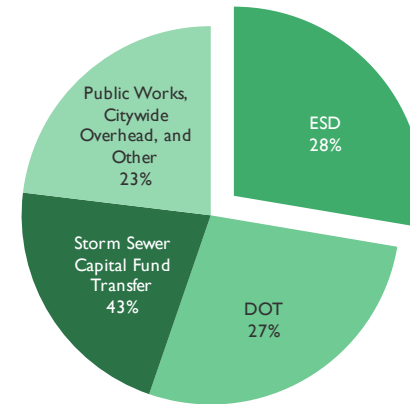
Specifically, ESD manages regulatory programs, initiatives, and activities to prevent pollution from entering the storm sewer system and waterways.* These efforts protect water quality and the health of the South Bay watershed and the San Francisco Bay.

One such program is the litter/creek cleanup program. Overall, 706 creek cleanup events were held and about 801 tons of trash were removed in 2016-17. The increase in cleanup events in the past three years is largely due to additional cleanups by the Housing Department’s Homeless Encampment Response Program; the Parks, Recreation & Neighborhood Services Department’s Watershed Protection Team; and creek cleanup partners. The City has achieved a Citywide trash load reduction of 79 percent since 2009, outpacing a 70 percent state requirement.

The annual fee for a single-family residence in 2016-17 was \$94.44. While this is a 74 percent increase from 2007-08, the fee has remained relatively level since 2009-10.

* These programs and activities are regulated by a state permit for municipal storm water systems. For more information, see the [California Water Boards’ webpage](#) on the subject.

Breakdown of Storm Sewer Operating Fund Budgeted Expenditures

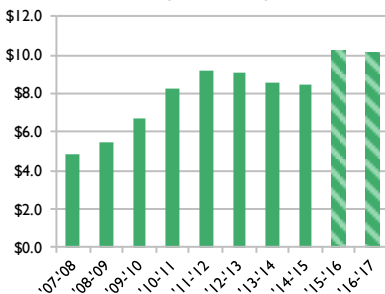


Source: 2016-17 Adopted Operating Budget

Baykeeper Consent Decree

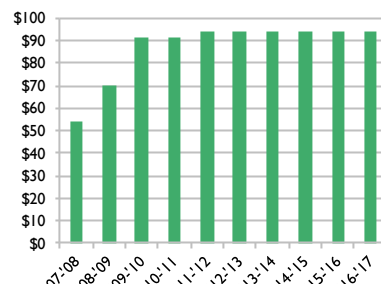
In June 2016, the City executed a consent decree to settle a lawsuit filed by the San Francisco Baykeeper. The consent decree stipulates that the City will appropriate \$100 million over a ten-year period to implement multi-benefit projects (e.g. green infrastructure) intended to reduce the flow of pollutants from the City’s urban areas to receiving waters.

ESD Operating Expenditures Stormwater Management (\$millions)

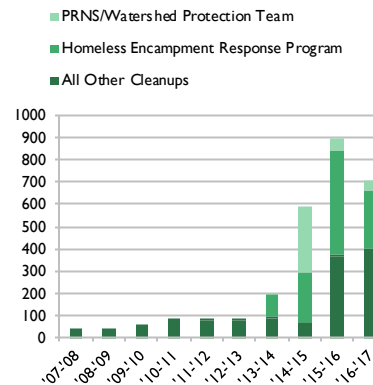


Note: 2015-16 and 2016-17 are adopted budget data. All other years are actual expenses.

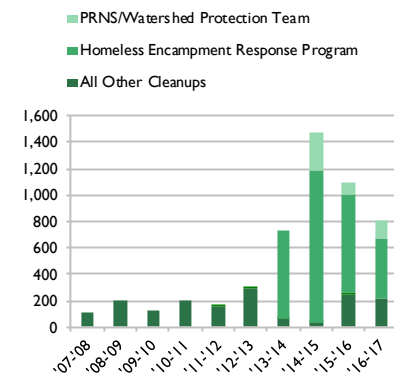
Annual Fee for Household Storm Sewer Service



Number of Creek Cleanups



Tons of Litter Collected at Creek Cleanups



RETAIL WATER DELIVERY

ESD operates and maintains the San José Municipal Water System (Muni Water), which serves about 27,000 customers in North San José, Alviso, Evergreen, Edenvale, and Coyote Valley. Other local San José water retailers include Great Oaks Water Company (which serves Blossom Valley, Santa Teresa, Edenvale, Coyote Valley, and Almaden Valley) and the San José Water Company (which serves the San José Metropolitan area). For 2016-17, the operating budget for retail water delivery totaled about \$37.7 million.

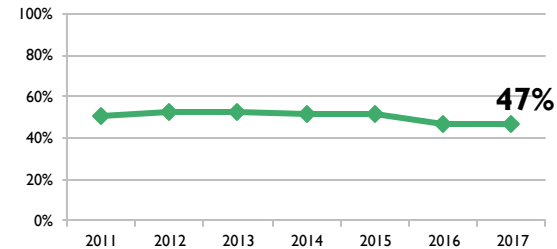
Muni Water rates increased very slightly in 2016-17, but have increased by 121 percent over ten years. According to ESD, this increase is primarily due to increases in wholesale water costs. Other San José retail water providers have also increased their rates dramatically (127 percent over ten years).

In 2016-17, Muni Water delivered 6,362 million gallons of water to its customers, down 18 percent from five years ago. 95 percent of City residents who responded to the resident survey indicated they made efforts to conserve water the past year, likely due to exceptional drought conditions in California in recent years. In March 2017, the City declared an end to a Citywide water shortage due to heavy rain and snow throughout the state that ended the drought. Muni Water met federal water quality standards in 99.8 percent of water samples taken.*

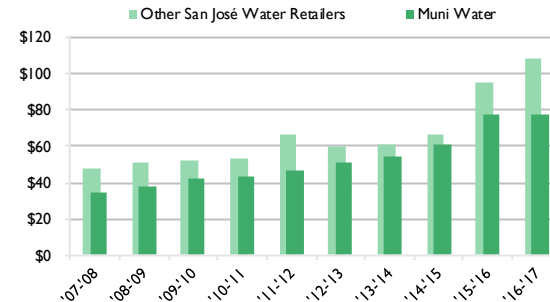
* For more information on water quality, see the [2016 Water Quality Report](#).

RESIDENT SURVEY

% of San José residents rating drinking water delivery as "excellent" or "good"



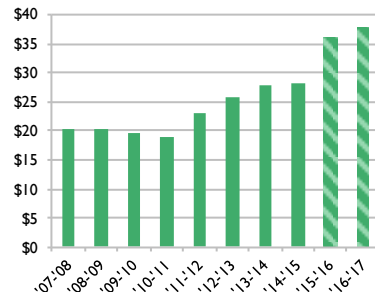
Comparison of Monthly Residential Water Bills



Source: ESD and Auditor Analysis

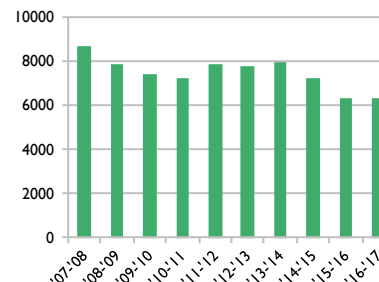
Note: Monthly bill based on 15 HCF/month usage. Average of other San José water retailers' rates weighted based on number of customers served.

Operating Expenditures Retail Water Delivery (\$millions)

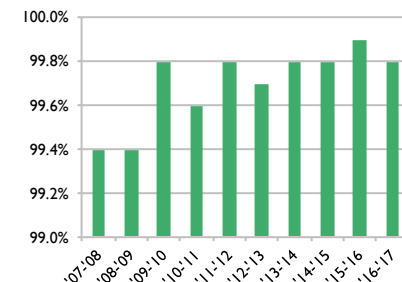


Note: 2015-16 and 2016-17 are adopted budget data. All other years are actual expenses.

Millions of Gallons of Water Delivered to Muni Water Customers



% of Water Samples Meeting State and Federal Water Quality Standards



RESIDENT SURVEY

95% of San José residents indicated they made efforts to conserve water during the past 12 months

ENVIRONMENTAL SERVICES

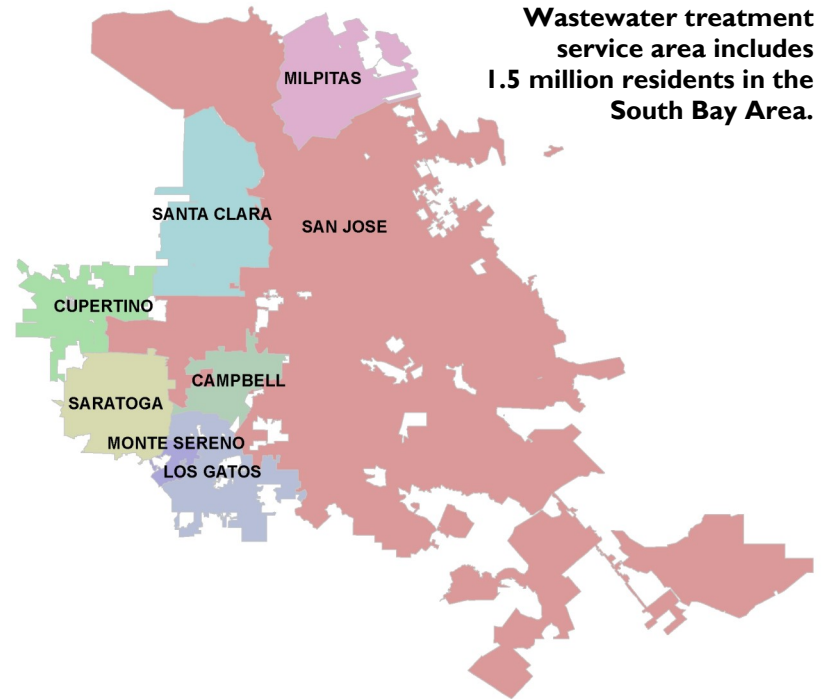
WASTEWATER TREATMENT

The City's Department of Transportation maintains the City's sanitary sewer system (see Transportation chapter) that flows to the San José-Santa Clara Regional Wastewater Facility. ESD staff at the Facility provides wastewater treatment for 1.5 million residents in San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno. The Facility is co-owned with the City of Santa Clara; however, it is managed and operated by ESD. ESD also manages pretreatment programs to control for pollutants at their source. For 2016-17, budgeted operating expenditures totaled nearly \$79 million. ESD wastewater treatment operations account for the largest share of ESD employees: 346 full-time budgeted positions out of 540 total.

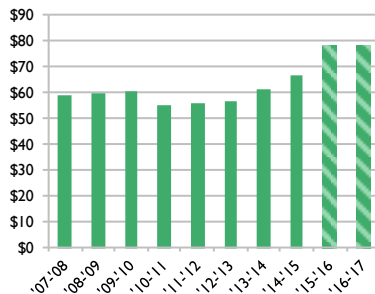
The Wastewater Facility continues to meet the Regional Water Quality Control Board's permit requirements for water discharged into the San Francisco Bay. In 2016-17, pollutant discharge requirements were met or surpassed 100 percent of the time.

The cost per million gallons treated was \$1,311, a 35 percent increase from \$969 ten years ago. According to ESD, although there has been a decline in influent over the past several years, increasing maintenance and capital costs due to aging infrastructure at the Facility have contributed to high operational costs. In accordance with the Plant Master Plan adopted in 2013, the City is moving forward with over \$2 billion in long-term capital improvement projects to upgrade and rebuild the facility over the next 30 years, with over \$1 billion in improvements occurring within the first 10 years.*

* For more information, see the [Capital Improvement Program webpage](#).

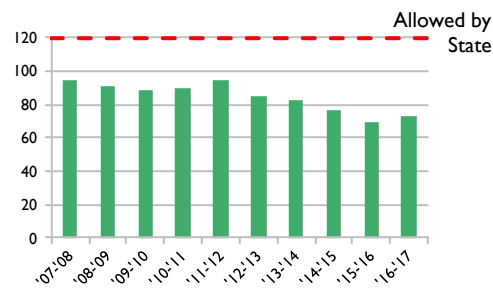


Operating Expenditures Wastewater Treatment (\$millions)



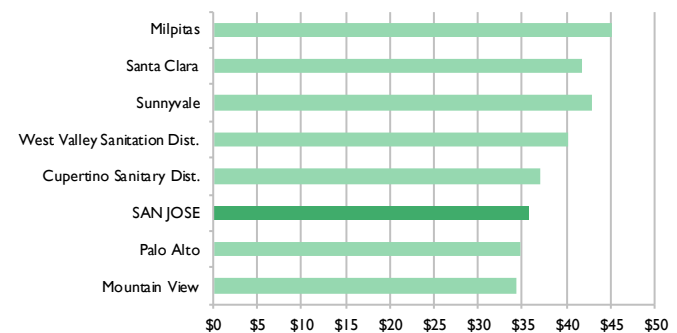
Note: 2015-16 and 2016-17 are adopted budget data. All other years are actual expenses.

Millions of Gallons per Day Discharged to Bay During Average Dry Weather Season



Note: Based on [2016 Annual Self-Monitoring Report](#).

Comparison of Monthly Sewer Rates* (2016-17)



* Sewer rates pay for costs of the sewer system as well as wastewater treatment. Sources: Rates listed on local government websites for municipalities provided.

RECYCLED WATER

The City invests in South Bay Water Recycling (SBWR) in order to reduce wastewater effluent and protect the ecosystem of the South Bay, including the habitats of two federally endangered species, the Salt Marsh Harvest Mouse and the California Clapper Rail. SBWR serves the cities of Milpitas, Santa Clara, and San José.

In 2016-17, 19 percent of wastewater influent was recycled for beneficial purposes during the dry weather period, up from 13 percent ten years ago. SBWR customers used recycled water for cooling towers and to irrigate parks, golf courses, schools, and commercial landscape.* SBWR met recycled water quality standards 100 percent of the time during the same period.

In 2016-17, SBWR delivered about 3,900 million gallons** of recycled water to 831 customers, who paid between \$2.21 and \$2.87*** per hundred cubic feet of water, depending on the use. The Silicon Valley Advanced Water Purification Center, operated by the Santa Clara Valley Water District in partnership with San José and Santa Clara, produces up to 8 million gallons per day of highly purified water used to enhance the quality and supply of recycled water.

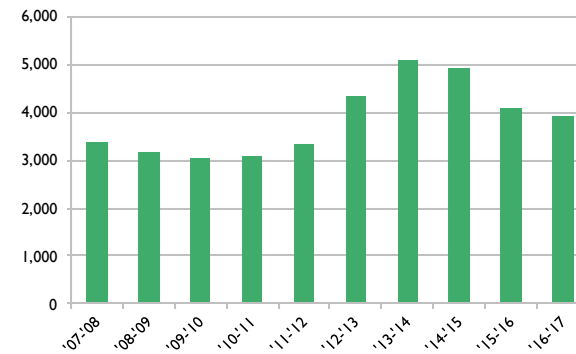
The cost per million gallons of recycled water delivered was \$2,133 in 2016-17, a 44 percent increase from last year. According to ESD, additional costs were related to deferred maintenance and improvements.

* For more information, see the March 2016 audit [South Bay Water Recycling: Better Information and Renegotiation of Contractual Obligations Will Increase Transparency and Aid Program Success](#).

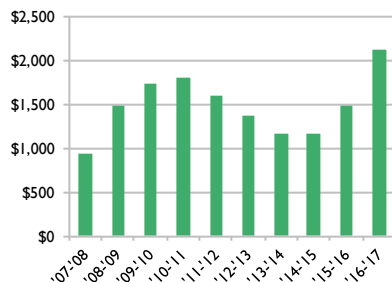
** 1 million gallons of water equals 1,336 hundred cubic feet.

*** This rate is for City of San José Municipal Water customers; other SBWR provider rates may vary.

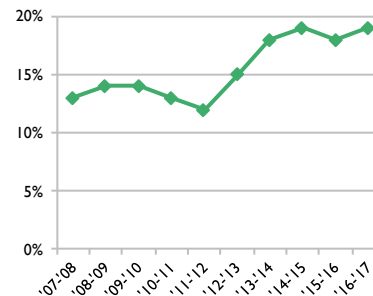
Millions of Gallons of Recycled Water Delivered Annually



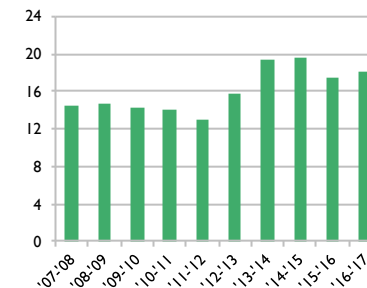
Cost per Million Gallons of Recycled Water Delivered



% of Wastewater Recycled for Beneficial Purposes During Dry Weather Periods



Millions of Gallons per Day Diverted During Dry Weather Periods



SUSTAINABILITY IN SAN JOSÉ

SAN JOSÉ GREEN VISION

On October 30, 2007, the San José City Council adopted the [Green Vision](#), a 15-year plan for economic growth, environmental sustainability, and an enhanced quality of life. The Green Vision lays out ten ambitious goals for the City, in partnership with residents and businesses, to achieve by 2022.

Green Vision Goals	Green Vision Achievements To Date
Create 25,000 clean tech jobs as the world center of clean tech innovation	Nearly 16,000 clean tech jobs in San José have been created as of 2016.
Reduce per capita energy use by 50 percent	Per capita energy use was reduced by 11 percent from 2007 to 2015.
Receive 100 percent of its electrical power from clean renewable sources	The amount of electrical power from clean renewable sources increased from 13 percent in 2007 to 33 percent in 2015.
Build or retrofit 50 million square feet of green buildings	As of 2015, certified green building space totaled 9.3 million sq. ft. Nearly 1 million sq. ft. of private sector green building space was added in 2014.
Divert 100 percent of the waste from its landfill and convert waste to energy	The City's diversion rate was 68 percent in 2016. The City partners with Zero Waste Energy Development Company (ZWED) to accept commercial organic waste for conversion into energy and compost.
Recycle or beneficially reuse 100 percent of its wastewater (100 million gallons per day)	831 customers, a record number, collectively used an average of 10.7 million gallons of recycled water per day.
Adopt General Plan with measurable standards for sustainable development	In Dec. 2016, the City adopted General Plan amendments related to urban villages and affordable housing.
Ensure that 100 percent of public fleet vehicles run on alternative fuels	Forty-four percent of City vehicles ran on alternative fuels in 2016-17.
Plant 100,000 new trees and replace 100 percent of streetlights with smart, zero-emission lighting	As of 2016-17, 12,630 new trees have been planted on public property. Nearly 26,000 streetlights have been converted to smart Light Emitting Diode (LED) streetlights.
Create 100 miles of interconnected trails	By the end of 2016-17, there were 59 miles of off-street trails in the City.

THE FUTURE OF SUSTAINABILITY IN SAN JOSÉ

San José Environmental Sustainability Plan

The City is currently developing an [Environmental Sustainability Plan](#) to build upon the City's Green Vision. The City has been gathering public input through Council study sessions and community meetings. The Plan is expected to analyze and consolidate existing environmental goals (e.g., the Green Vision, San José Bike Plan, and others) into a comprehensive strategy. It will include short- and long-term measurable objectives and identify potential funds and financing strategies.

San José Clean Energy

In May, 2017, the City Council voted to form San José Clean Energy (SJCE), which will become the default electricity provider to San José residents and businesses. The City Council also approved a guiding framework for SJCE that will enable customers to access a "greener" mix of electricity than currently offered by PG&E. A new department has been established, and service is expected to be phased in beginning in April 2018 with municipal customers. Residents and businesses are expected to be phased in during FY 2018-19.

FINANCE

The mission of the Finance Department is to manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for our residents, businesses, and investors.

FINANCE

The Finance Department manages the City's debt, investments, disbursements, financial reporting, purchasing, insurance, and revenue collection. In 2016-17 the department had 117 authorized positions, and its operating budget totaled \$18.7 million.*

The Accounting Division is responsible for timely payments to vendors and employees, and for providing relevant financial information to the public.

Purchasing is responsible for ensuring cost-effective procurement of quality products and services, and ensuring adequate insurance coverage for the City's assets. In 2016-17, the department procured \$149.9 million dollars of products and services.

Revenue Management is responsible for the processes that support timely billing and revenue collection efforts.**

Treasury manages the City's cash and investment portfolio; the three goals of the investment program are safety, liquidity, and yield. In 2016-17, investment funds earned an average of 1.15 percent; the total portfolio was \$1.54 billion. Treasury also issues debt and administers a debt portfolio totaling \$4.6 billion at the end of 2016-17. Debt issuance in 2016-17 totaled \$793 million, including \$624 million in Airport Revenue Refunding Bonds.

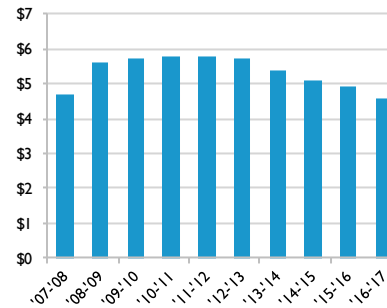
* In addition to expenditures from its operating budget, Finance was responsible for \$138.6 million in Citywide expenses, including \$104.8 million in debt service, \$15.3 million in Convention Center lease payments, \$4.1 million in retirement sick leave, and \$3.0 million in human resources/payroll/budget systems upgrades.

** See the December 2014 Audit Report [Accounts Receivable: The City Can Enhance Revenue Collections by Improving Its Billing and Collection Practices](#)

KEY FACTS (2016-17)

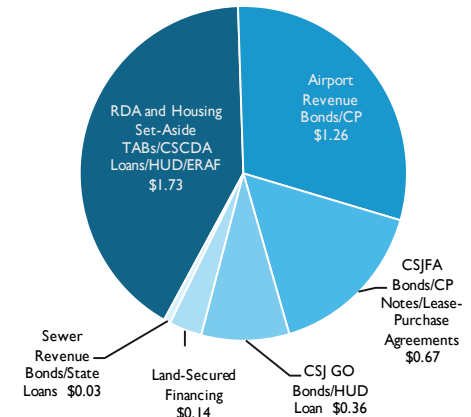
Total investment portfolio	\$1.54 Billion
Total debt managed	\$4.6 Billion
Total dollars procured	\$149.9 Million
San José credit ratings:	Moody's Aa1
	S&P AA+
	Fitch AA+

Total Debt Managed (\$billions)

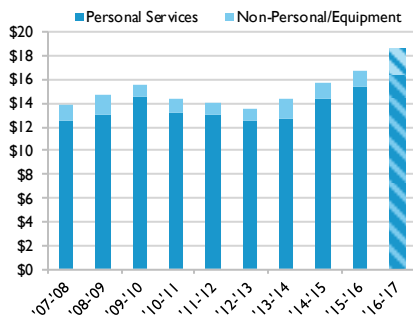


Note: Total Debt Managed chart above includes conduit debt outstanding (multifamily housing revenue bonds). Pie chart to the right does not include conduit debt. For more information, see the City's [Comprehensive Annual Debt Reports](#).

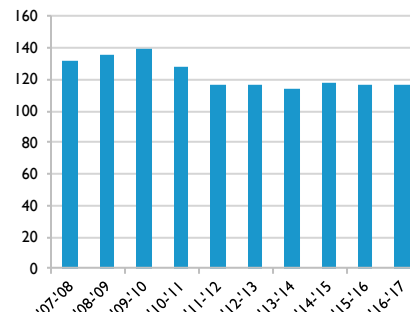
Outstanding Debt Issued by All Agencies, June 30, 2017 (\$billions)



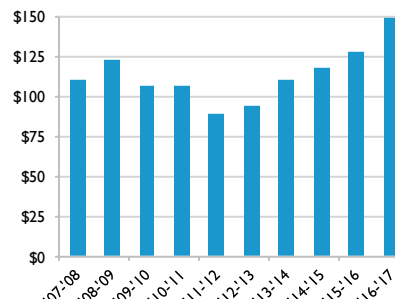
Finance Operating Expenditures (\$millions)



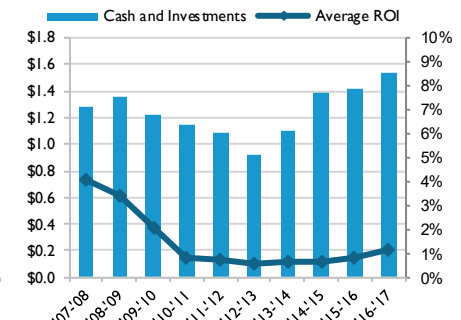
Finance Authorized Positions



Total Dollars Procured (\$millions)



City Cash and Investments (\$billions)



Note: 2016-17 is adopted budget data. All other years are actual expenses

FIRE

The mission of the San José Fire Department is to serve the community by protecting life, property, and the environment through prevention and response.

FIRE

The San José Fire Department provides fire suppression, emergency medical (EMS), prevention and disaster preparedness services to residents and visitors within San José’s geographic boundaries, totaling approximately 200 square miles (including some unincorporated areas). Other fire prevention services include regulatory enforcement of fire and hazardous materials codes through inspection activities and construction plan reviews for residents and businesses.

In 2016-17, the Fire Department’s adopted operating budget was \$203 million.* Of the Department’s total budget, nearly 90 percent was dedicated to emergency response. There were 822 authorized positions in the Fire Department in 2016-17. For the first time since 2012-13, a significant number of positions were added to the Fire Department authorized staffing in 2016-17 (29 positions added). In part, these positions will provide staff for restored fire engines, the Fire Development Fee program, and the Office of Emergency Services.

* In addition to the expenditures paid out of its operating budget, the Fire Department was also responsible for \$7.5 million in actual Citywide expenses in 2016-17. This includes \$7.1 million on workers’ compensation claims.

Office of Emergency Services: Emergency Preparedness and Response

In February 2017, the Coyote Creek flooded neighborhoods near San José’s downtown area, including the Naglee Park and Rock Springs neighborhoods. This resulted in significant damage to homes, vehicles, and property, as well as the evacuation of approximately 14,000 San José residents. Property damage due to the flood was initially estimated to be \$73 million.

Following the flood, the City revisited its disaster preparedness and completed a formal after-action review of the response to the Coyote Creek flooding. This involved over 40 public and stakeholder meetings and has resulted in ongoing planning and coordination between the City and the Santa Clara Valley Water District. Additionally, the City decided to move the Office of Emergency Services from the Fire Department to the City Manager’s Office and rename it the Office of Emergency Management.

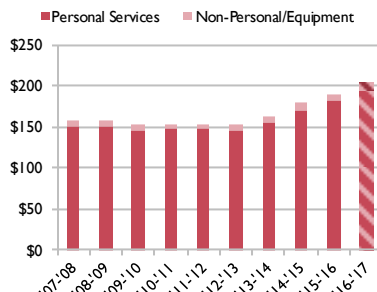
The Office engages in emergency and continuity planning, maintains the City’s primary and alternate Emergency Operations Centers (EOCs), develops and conducts preparedness trainings, and performs outreach to the community. The EOC was activated 4 times involving a total of 24 days, including the February 2017 flood. Additionally, the Office improved the notification of City staff in the event of an emergency and facilitated the completion of the Santa Clara County Operational Area Hazard Mitigation Plan and the City of San José Annex to the plan.

Flooding in San José, February 2017

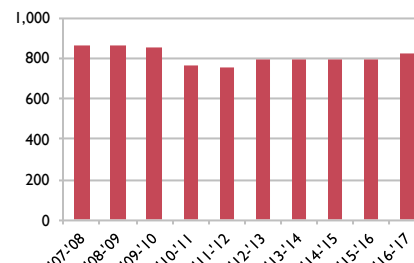


Source: City of San José and Santa Clara Valley Water District presentation on Joint Emergency Action Plan, Nov. 3 2017

Fire Department Operating Expenditures (\$millions)



Fire Department Authorized Positions

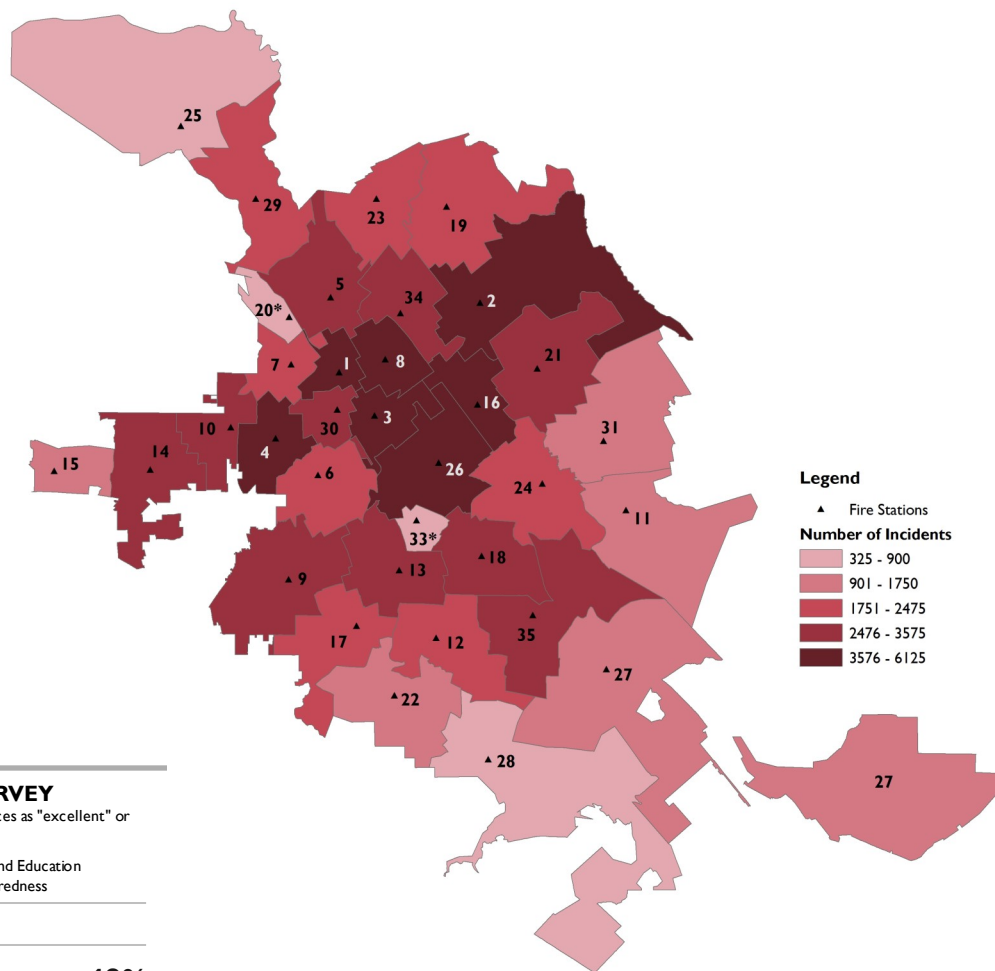


NOTE: FY 2016-17 is adopted budget data. All other years are actual expenses. Beginning in 2009-10, the Office of Emergency Services was consolidated into the Fire Department.

KEY FACTS (2016-17)

Fire stations	33
Engine companies	30
Truck companies	9
Squad units	3
Initial Fire Inspections Performed	9,000
San José Prepared! Graduations (Emergency Preparedness & Planning)	
2-hour Disaster Preparedness course graduates	0
20-hour Community Emergency Response Training (CERT) graduates	1
Emergency Incidents	
Emergency Medical Incidents	55,800
Fires	2,900
Rescue, Haz Mat, and non-fire hazards	7,100
Other (including service requests, false alarms, good intent responses, and canceled en route incidents)	25,000
Total (may not add due to rounding)	90,900

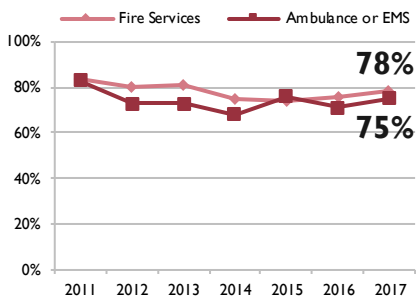
Fire Stations and Number of 2016-17 Emergency Incidents by Station Areas
(see following page for graph of data)



Legend
 ▲ Fire Stations
Number of Incidents
 325 - 900
 901 - 1750
 1751 - 2475
 2476 - 3575
 3576 - 6125

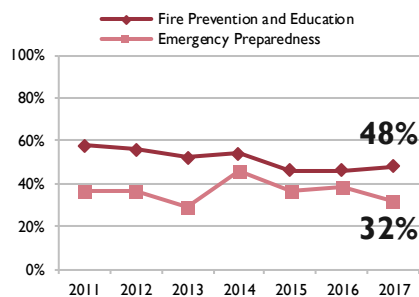
RESIDENT SURVEY

% of San José residents rating services as "excellent" or "good"



RESIDENT SURVEY

% of San José residents rating services as "excellent" or "good"



Source: Auditor analysis based on incident data provided by Fire Department
 Note: Data shows incidents by geographic area, not by responding unit.

* Fire Station #20 dedicated to Mineta San José International Airport. Fire Station #33 closed in August 2010. Incidents within the district of Station #33 handled by other stations. Fire Station #32 reserved for Coyote Valley, pending future development.

FIRE

EMERGENCY RESPONSE

In 2016-17, the Fire Department responded to about 90,900 emergency incidents. There were 72,900 Priority 1 incidents (red lights and sirens) and 17,400 Priority 2 incidents (no red lights or sirens). Of the total incidents,

- 3 percent were fires (2,900 total)
- 61 percent were medical emergencies (55,800 total)
- 35 percent were other types of incidents, including good intent calls, rescues, and false alarms (32,100 total).

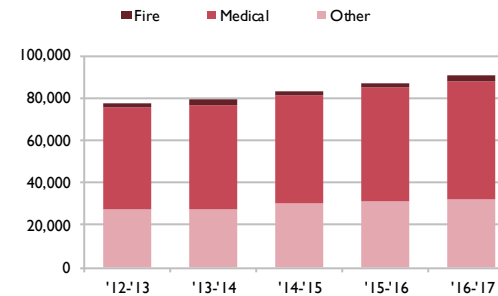
A breakdown of all incidents by fire station is provided below.*

In 2016-17, the Department contained 92 percent of fires to the structure of origin (target: 90 percent). The Department contained 72 percent of fires to the room of origin (target: 85 percent).

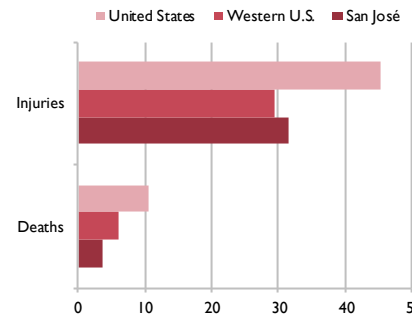
San José has experienced lower fire-related death and injury rates per million population than the national average reported by the National Fire Protection Association. There were 33 civilian fire injuries and 4 civilian fire deaths in 2016-17.

*Breakdowns of incidents and response times city-wide and by fire station are also available on the [SJFD Statistics website](#).

Emergency Incidents

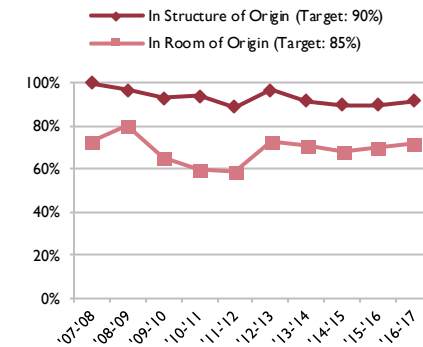


Civilian Fire Injuries and Deaths per Million Population (2016)**

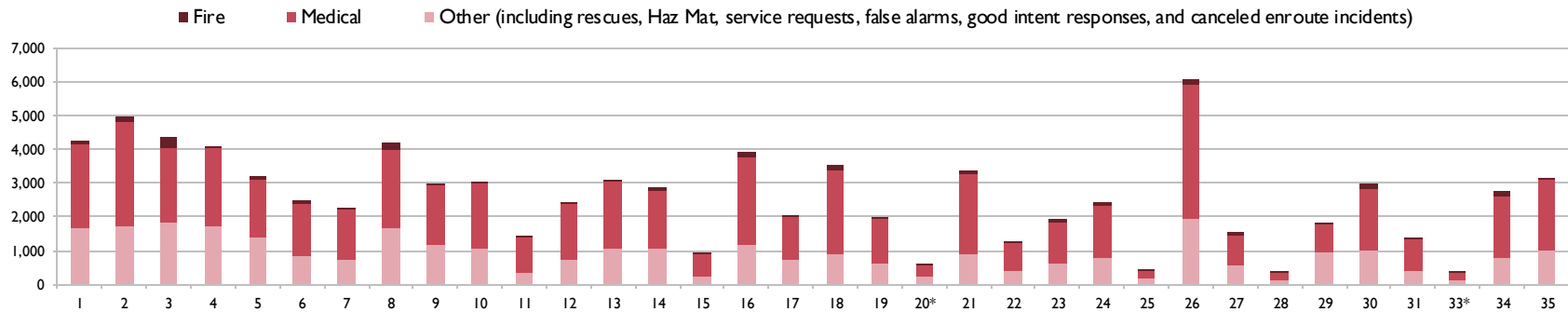


Source: National Fire Protection Association, 2016 and SJFD data.
**San José data is by fiscal year (shows FY 2016-17).

Percent of Fires Contained



Emergency Incidents by Station Area (2016-17)



* Fire Station #20 dedicated to Mineta San José International Airport. Fire Station #33 closed in August 2010. Incidents within the district of Station #33 handled by other stations. Fire Station #32 reserved for Coyote Valley, pending future development.

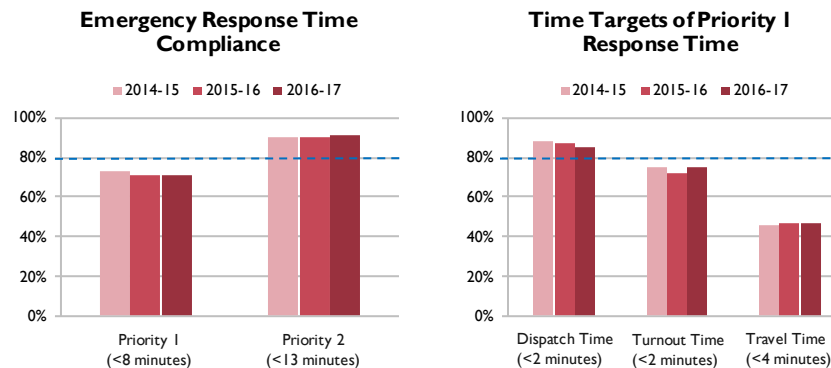
EMERGENCY RESPONSE (continued)

In 2016-17, the Department responded to only 71 percent of Priority 1 incidents within its time standard of 8 minutes (target: 80 percent), which is the same as in 2015-16.

The Department responded to 91 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

The Department disaggregates Priority 1 response time by three time targets: dispatch time, turnout time, and travel time. In 2016-17, the Department met its target for dispatch time. The Department met its turnout time target for 75 percent of Priority 1 incidents (target: 80 percent within 2 minutes) and met its travel time standard for only 47 percent of Priority 1 incidents (target: 80 percent within 4 minutes). The Fire Department is working on strategies to improve its emergency response time. Among other projects on its work plan, the Department is expanding traffic signal preemption (in which traffic signals are equipped to give green lights to oncoming emergency vehicles) and utilizing automatic vehicle location (to provide more accurate data regarding when a vehicle has arrived at an emergency location).

A breakdown of Priority 1 response times by station is shown below. Two stations met the Priority 1 response standard of 8 minutes for 80 percent of incidents in 2016-17.

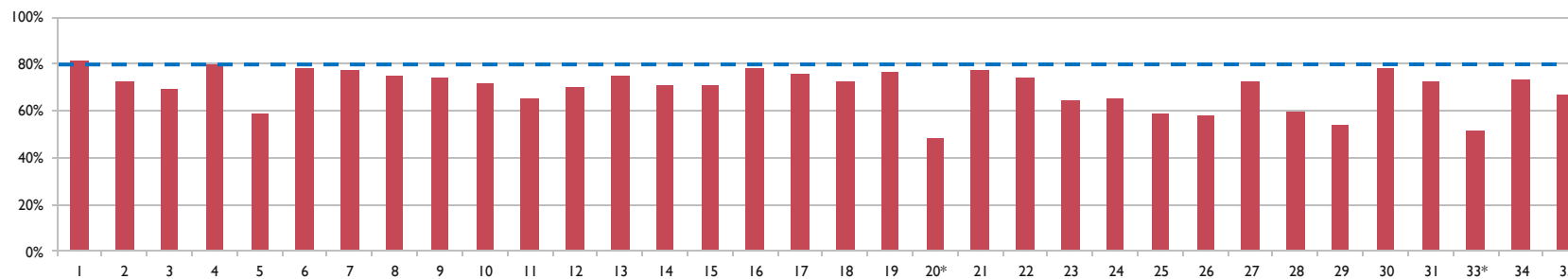


Emergency Medical Services (EMS)

The County contracts with a private company to provide emergency ambulance transportation services to all County areas (except to Palo Alto). The City of San José Fire Department provides first responder Advanced Life Support (paramedic) services primarily within the incorporated City limits through a direct agreement with the County of Santa Clara Emergency Medical Services (EMS) Agency.

The agreement requires the San José Fire Department to respond to 90 percent of qualifying EMS calls within 8 minutes. In 2016-17, the Department responded to 87 percent of qualifying calls on time. The Department has been renegotiating the agreement with the County regarding the financial repercussions of not meeting response times. The Department continues to work with the County to implement audit recommendations and dispatch protocols that would improve City response time compliance.

Priority 1 Response Time Compliance by Station Area (2016-17)
% of Time Initial Responding Unit Arrives within 8 Minutes



* Fire Station #20 dedicated to Mineta San José International Airport. Fire Station #33 closed in August 2010. Incidents within the district of Station #33 handled by other stations. Fire Station #32 reserved for Coyote Valley, pending future development.

FIRE

FIRE PREVENTION

Fire Prevention provides regulatory enforcement of fire and hazardous materials codes, investigates fire cause, and educates the community to reduce injuries, loss of life, and property damage from fires and other accidents. Both line firefighters and fire prevention staff conduct initial inspections to check for compliance with fire codes. In 2016-17, the Department performed 9,000 initial fire inspections. Line firefighters conducted 3,000 of these initial inspections and fire prevention staff conducted 6,000. Seventy-nine percent of initial inspections conducted were code compliant, and therefore did not require a follow-up inspection.

Fire Prevention also conducts investigations based on complaints received from residents or businesses. In 2016-17, 180 complaints were investigated. In addition, the Department conducted over 450 plan reviews for special events.

Fire investigators conducted over 300 arson investigations in 2016-17. About 160 of those investigations were determined to be arson and about 90 arson fires were in structures.

FIRE SAFETY CODE COMPLIANCE (DEVELOPMENT SERVICES)

Fire Safety Code Compliance enforces the City's Fire and Health and Safety Codes during the development plan review and inspection processes, in coordination with the Development Services partners in the Permit Center (see *Planning, Building & Code Enforcement Department*). This includes both engineering and hazardous materials reviews. In 2016-17, fire code compliance civilian and sworn staff performed 6,100 fire plan checks and 8,700 inspections for Development Services customers. One hundred percent of inspections in 2016-17 were completed within the customer's 24-hour request for inspection target.

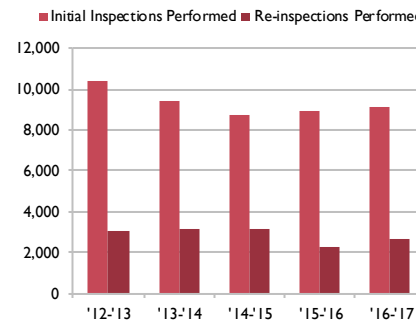
- The **Development Services partners** in the Permit Center are:
- Planning, Building & Code Enforcement Department (see *PBCE section*)
 - Fire Department
 - Public Works Department (See *Public Works section*)

Fire Safety Inspections

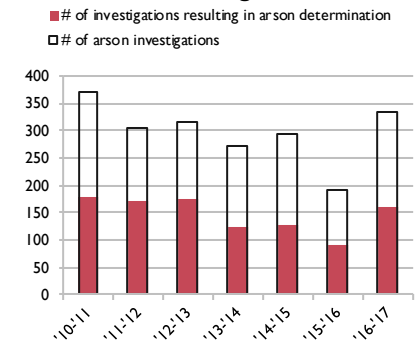
The Fire Department inspects existing buildings and newly constructed buildings to ensure compliance with the fire code. As of June 2017, approximately 12,000 buildings had fire permits in the City, including 87 high-rises, 600 schools, 5,000 multi-family residences and hotels/motels, and 1,700 buildings with assembly spaces. The frequency of the inspection cycle depends on the building use and type. For example, high-rises, schools, multi-family residences are required by the state fire marshal to have annual inspections. In 2016-17, the Fire Department completed 65 percent* of the inspections mandated by the state. Fire prevention inspectors also inspected 85 percent of buildings with assembly spaces and 72 percent of complex Haz Mat facilities. For more information, see the 2013 [Audit of Fire Prevention](#).

* Does not include non-state mandated Haz Mat inspections that were included in the calculation in previous years. The Fire Department changed the scheduling of inspections to better align inspections with the fiscal year reporting cycles.

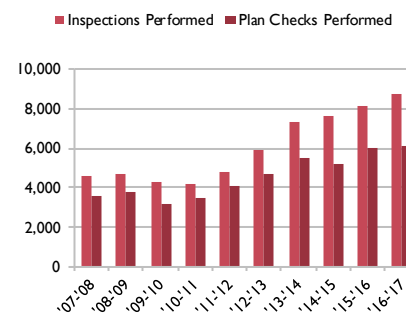
Fire Prevention Inspections (on existing buildings)



Arson Investigations



Fire Safety Code Compliance - Workload (Development Services)



Source: San José Fire Department

HOUSING

The mission of the Housing Department is to strengthen and revitalize our community through housing and neighborhood investment.

HOUSING

The Housing Department employs multiple strategies to meet the housing needs of San José residents, who face some of the highest housing costs in the nation. These strategies include:

- Administering a variety of single-family and multi-family lending programs
- Recommending housing-related policies
- Financing new affordable housing construction
- Extending the useful lives of existing housing through rehabilitation, and
- Addressing homelessness through a regional “housing first” model.

Additionally, the Department administers a number of federal and state grant programs, including the Community Development Block Grant (CDBG) program.

The Housing Department’s operating budget was \$10.8 million* in 2016-17. Nearly all its activities were funded with \$91.8 million in federal, state, and local funds as shown in the chart to the right. Funding included revenues (\$30.3 million) from the Department’s loan portfolio that continued to generate program income (principal outstanding as of June 30, 2017 was \$775 million).

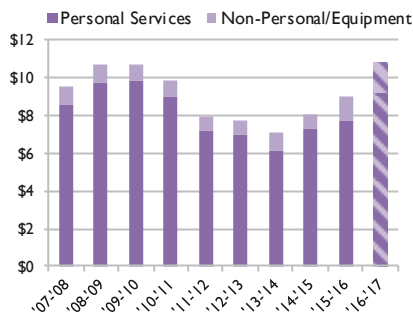
State law dissolved the San José Redevelopment Agency in 2012, which provided roughly \$35 million per year of revenues for affordable housing. Affordable Housing Impact Fees, which went into effect at the end of 2015-16, are expected to provide revenue beginning in 2017-18.

* This represents only budgeted operating expenditures and does not include all housing program fund expenditures, such as those paid from grant and loan revenue shown on the top right. In addition, the Housing Department was responsible for \$4.9 million in actual Citywide expenditures, including \$2.9 million for Homeless Rapid Rehousing in 2016-17.

2016-17 Housing Program Funds Received	
Loan Repayments, Interest, and Miscellaneous Revenues**	\$ 30,300,587
HUD Litigation Award (one-time)	36,307,000
Community Development Block Grant	9,944,548
HOME Grants Revenue	8,904,788
Bond Administration Fee	1,795,505
Rental Rights and Referrals Program	1,286,250
Emergency Shelter Grant (ESG)	988,707
Housing Opportunities for People with AIDS (HOPWA)	760,319
Fees and Charges	598,667
CalHome Program	460,342
HOPWA Special Projects	403,643
Total	\$ 91,750,356

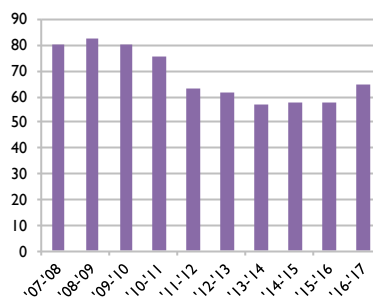
** This includes about \$670,000 in CDBG loan repayment revenues.

Housing Operating Expenditures (\$millions)

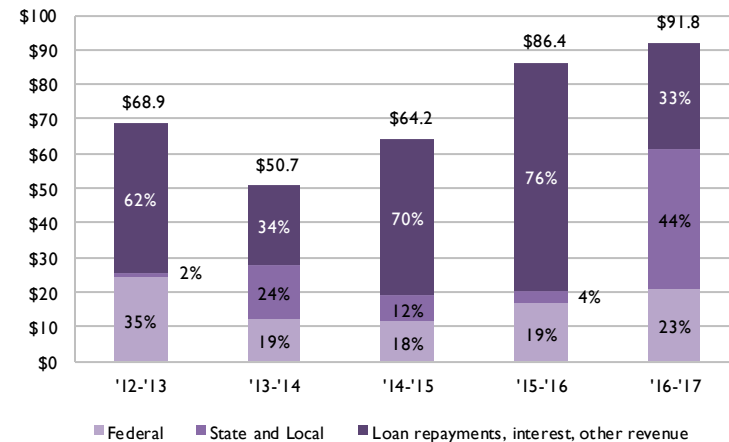


Note: 2016-17 is adopted budget data. All other years are actual expenses.

Housing Authorized Positions



Comparison of Funding Sources (\$millions)



Note: Local funding in 2016-17 increased significantly compared to prior years due to a \$36.3 million litigation settlement received from the U.S. Department of Housing and Urban Development in 2016.

HOUSING DEVELOPMENT & PRESERVATION

Building New Affordable Housing

Since 1988, in its capacity as a public purpose lender, the Housing Department has been making loans to developers to increase the supply of affordable housing in San José. The availability of affordable housing has continued to be an area of concern for residents for a number of years. In 2017, only 6 percent rated the availability of affordable housing as “excellent” or “good,” while 81 percent considered availability to be “poor.”

In 2016-17, developers completed 56 affordable housing units with City help. For new construction projects, the City committed an average per-unit subsidy of about \$168,000 (for 146 affordable housing units) in 2016-17. According to the Department, unit costs can vary widely depending upon a variety of factors, including tax credit financing and the population served by the facility (developments serving extremely low-income households often receive less rental revenue each year and generally require more City assistance). The Department also receives developer negotiated payments and federal HOME Investment Partnership Program funds to help finance projects.

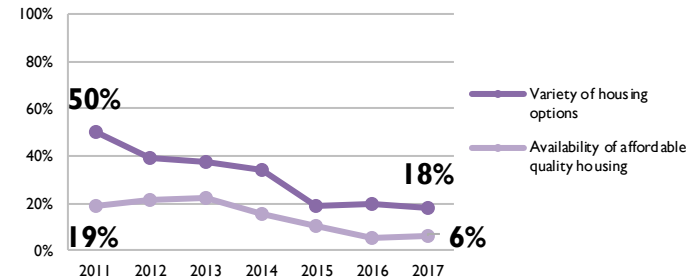
Rehabilitating Existing Housing

Low-income homeowners whose homes are in need of repairs can qualify for City financial help to rehabilitate them, although, with the demise of Redevelopment, these programs have been dramatically reduced. In 2016-17, the Department used local, state, and federal funds to help rehabilitate 7 single-family homes, and provided minor repairs for another 350 homes in partnership with Rebuilding Together Silicon Valley and Habitat for Humanity.

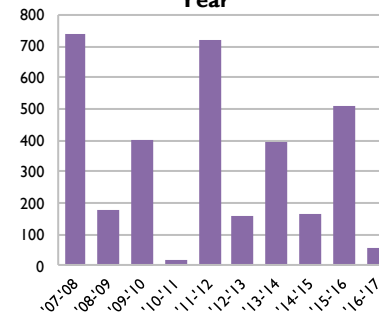
Financing Home Buying

People who want to buy homes in San José can receive financial help, including down payment assistance, through various City programs, although these programs have been reduced due to lack of funding. These programs made loans to 25 households in 2016-17.

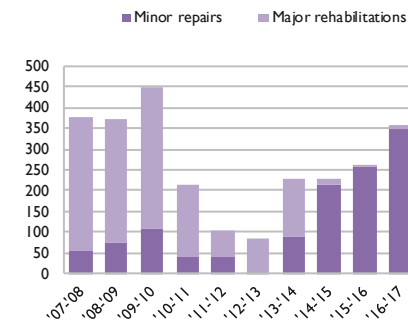
RESIDENT SURVEY
% of residents rating housing opportunities as "excellent" or "good"



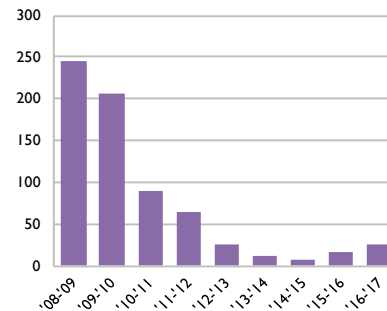
Number of Affordable Housing Units Completed in the Fiscal Year



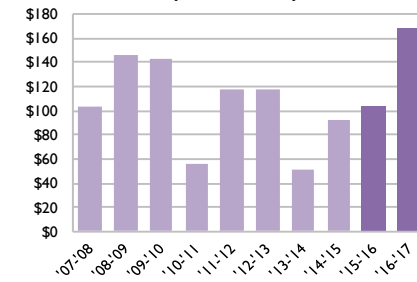
Rehabilitated Units



Number of Homebuyers Assisted



Average Per-Unit Subsidy for New Construction Projects (\$thousands)



Note: Methodology change in 2015-16. The measure is now based on newly committed, instead of completed, projects.

HOUSING

NEIGHBORHOOD DEVELOPMENT & STABILIZATION

The Department received \$9.9 million through federal Community Development Block Grant (CDBG) program funds in 2016-17. CDBG funds are used for housing rehabilitation, fair housing, code enforcement, senior and homeless services, foreclosure prevention, and economic development services. In 2012, the City developed a place-based program that focused funds on three neighborhoods. The first neighborhoods chosen were Mayfair, Santee, and Five Wounds/Brookwood Terrace areas.

An interim Apartment Rent Ordinance went into effect June 2016, which reduced allowable rent increases from eight percent to five percent. Revisions to the ordinance are expected to be completed during FY 2017-18. For more information, refer to our audit of [The Apartment Rent Ordinance](#).

Homeless Services

According to the City's 2017 Homeless Census and Survey* (conducted every two years), there were:

- 4,350 homeless individuals identified when the census was conducted, and
- 28 percent were chronically homeless** (compared to 22 percent nationally in 2016), 74 percent were unsheltered (643 lived in homeless encampments), and 26 percent had temporary shelter.

The Department assists with permanent supportive housing resources and emergency services grants, and also participates in a countywide effort with *Destination: Home* and other local entities who are trying to eliminate chronic homelessness. Several encampment clean-ups were facilitated through the Department's Homeless Encampment Response Program, as detailed in the Environmental Services Department chapter.

* This reflects a point-in-time count of homeless individuals, and not the total number of individuals experiencing homelessness in a given year.

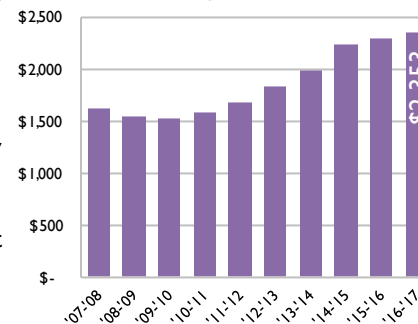
** Chronic homelessness is defined as having a disabling condition and being continually homeless for at least one year and/or having experienced four or more episodes of homelessness within the past three years.

KEY FACTS (2016-17)

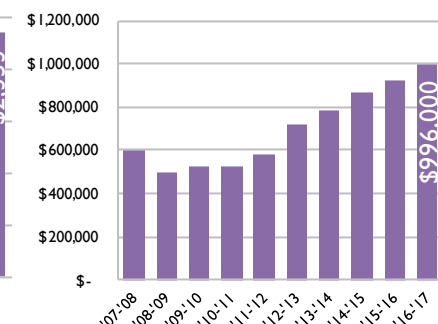
Median Household Income, San José:	\$101,940
Income needed to afford average rent for two bedroom, two bath apartment:	\$104,160
Income needed to afford median priced home:	\$191,830

Sources: U.S. Census American Community Survey, 2016 one-year estimates; Housing Market Report for Second Quarter 2017

Average Monthly Rent in San José

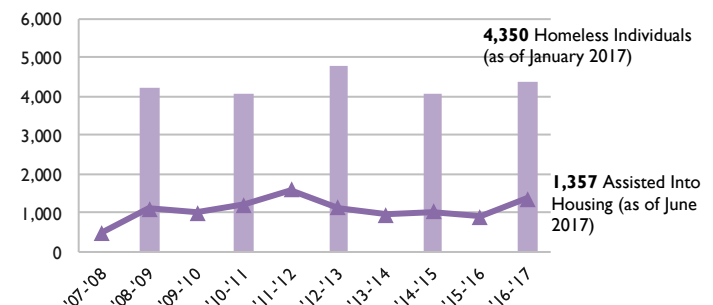


Median Single-Family Home Price



Sources: Costar report for Second Quarter 2017; SCCOAR June 2017 report
 Note: Average monthly rent is for all market-rate unit types (excludes affordable units). Data provided by Costar as of July 2017. Prior years updated to reflect Costar data.

Point-in-Time Count of Homeless Individuals and Those Helped into Housing



HUMAN RESOURCES

The mission of the Human Resources Department is to attract, develop and retain a quality workforce.

HUMAN RESOURCES

The Human Resources Department (HR) manages employee benefits, health and safety (including Workers' Compensation), and employment services. In 2016-17, HR's operating budget totaled \$10.4 million, and the Department had 54 full-time positions (compared to 74 in 2007-08).

HR facilitated the hiring of 628 new full-time employees in 2016-17 (newly hired, reemployed, or rehired).^{*} HR also facilitated the hiring of 498 full-time internal appointments (non-sworn).

Health care premiums have increased significantly over the last ten years. Since 2006, Kaiser monthly premium rates have almost doubled from \$942 to \$1,796 for family coverage. In 2016-17, the City paid \$46.1 million for health benefits for active employees and their dependents.

In addition, HR manages Workers' Compensation claims. In 2016-17, there were 997 new claims and 3,037 open claims. Workers' Compensation payments totaled \$19.4 million.

HR also administers the City's Tier 3 Retirement plan (45 active members as of June 30, 2017)^{***} and continues to oversee the voluntary 457 deferred compensation plan. The percentage of employees participating in the 457 plan has remained steady at around 69 percent of eligible employees.

^{*}Of these external appointments, 168 were overstrength positions, which are funded on a temporary basis, usually through vacancy savings.

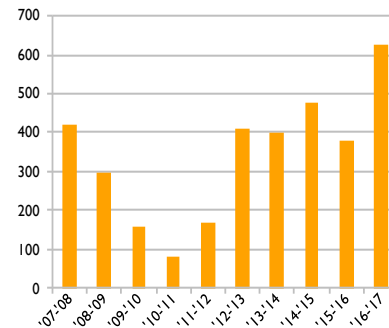
^{**}In addition, the City administers benefits for retirees and their dependents and beneficiaries. (See Retirement Services chapter.)

^{***}See the November 2017 Audit Report, [San José's Tier 3 Defined Contribution Plan: The City Should Clarify How Contributions Are Calculated](#)

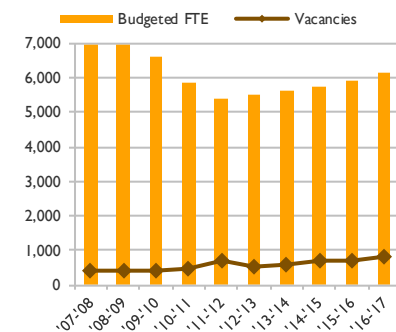
KEY FACTS (2016-17)

Number of City Employees (Budgeted Full-Time Equivalents)	6,159
Covered Lives (Active Employees and Dependents)**	10,425
Time to Hire (Working Days)	
Standard	45
Expedited (used candidate pools from previous hires)	7
Specialized (testing, backgrounding, or additional outreach)	78
Percentage of Employees with Timely Performance Appraisals:	
Non-Management	73%
Management	94%
Turnover Rate	13.9%

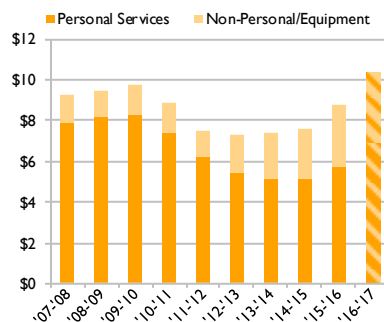
New Full-Time Hires (Citywide)



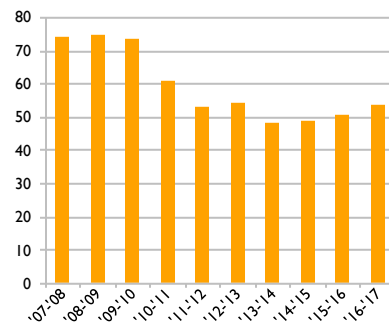
Citywide Staffing and Vacancies



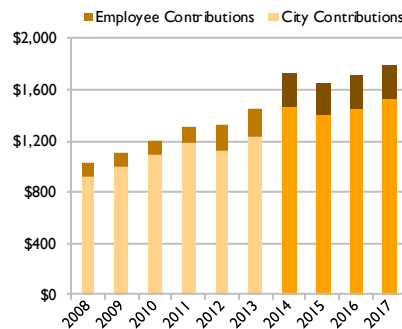
Human Resources Operating Expenditures (\$millions)



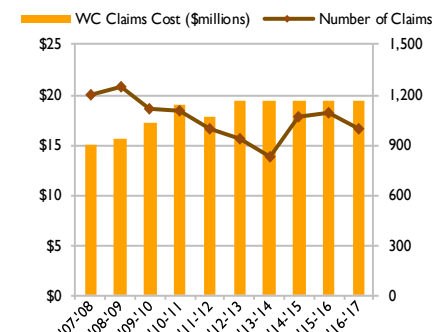
Human Resources Authorized Positions



Kaiser Family Plan Premium Rates



Workers' Compensation Payments & New Claims



Note: 2016-17 is adopted budget data. All other years are actual expenses

Note: In 2014, the City introduced a new family pricing structure that added more options for types of dependents (i.e., spouse, children, or both).

INDEPENDENT POLICE AUDITOR

The mission of the San José Independent Police Auditor is to provide independent oversight of the police misconduct complaint process to ensure its fairness, thoroughness, and objectivity.

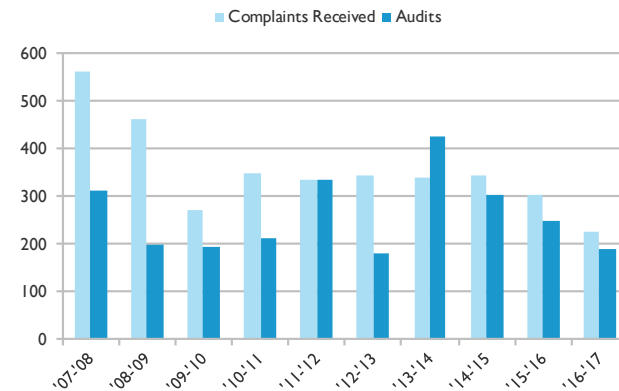
INDEPENDENT POLICE AUDITOR

The Independent Police Auditor (IPA) provides the public with an objective review of police misconduct investigations in order to instill confidence in the complaint process and to provide independent oversight. In addition, the IPA conducts outreach to the San José community, proposes recommendations to improve San José Police Department (SJPD) policies and procedures, prepares annual public reports about complaint trends, and works to strengthen the relationship between the SJPD and the community it serves.

In 2016-17, the operating budget for the IPA totaled \$1.3 million. The IPA authorized positions remained unchanged from the prior year—six in 2016-17.

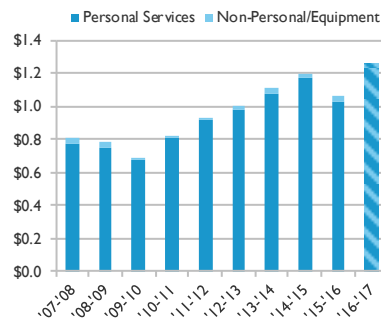
In 2016-17, the IPA received 225 complaints from the public regarding SJPD officers, 25 percent fewer than the previous year. There were 60 percent fewer complaints than ten years ago. The number of people receiving IPA outreach services at community events or meetings increased by 5 percent from 6,777 in 2015-16 to 7,130 in 2016-17.

Complaints Received and IPA Audits



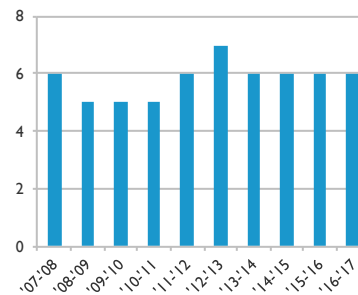
Note: The IPA audits only those complaints classified as “conduct complaints” or “policy complaints”. In general, the SJPD must complete its complaint investigation within one year from the date that the complaint was received. Thus, complaints received in one fiscal year may not be closed and audited until the following fiscal year.

IPA Operating Expenditures (\$millions)

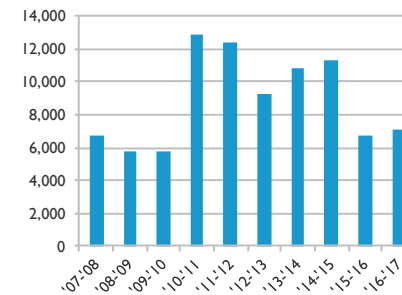


Note 2016-17 is adopted budget data. All other years are actual expenses.

IPA Authorized Positions



Individuals Receiving Outreach Services at Community Events/Meetings



INFORMATION TECHNOLOGY

The mission of Information Technology is to enable the service delivery of our customers through the integration of City-wide technology resources.

INFORMATION TECHNOLOGY

The Information Technology Department (IT) manages the City's information technology infrastructure, and supports and maintains enterprise technology solutions. IT, together with staff from other City departments, is responsible for managing a number of databases including the Financial Management System (FMS), PeopleSoft HR/Payroll System, and the Budget System. In 2016-17 IT completed modernizations of the HR, payroll, talent recruitment, budgeting, utility billing and workers' compensation systems, and implemented Business Tax system changes to meet ballot requirements.

The operating budget for IT totaled \$22 million in 2016-17. Authorized staffing totaled 82.5 full-time equivalent positions, including 14 non-technical positions at the Customer Contact Center. Over the last year, IT has worked with HR to review compensation for targeted IT positions and successfully reduced its vacancy rate to 13 percent—from the previous years' 23 percent vacancy for overall staffing and 30 percent for technical positions.

IT's staffing levels are low (about 1 percent of Citywide staffing excluding call center staff and other Citywide IT positions) compared to industry standards, which recommend IT staffing at 3 to 5 percent of an organization's staffing.

IT aims to have network services available 24/7 at least 99.95 percent of the time. The City's converged network, telephones, active directory and enterprise servers met or very nearly met that target in 2016-17. Email availability was 99.5 percent (target: 99.95 percent).

KEY FACTS (2016-17)

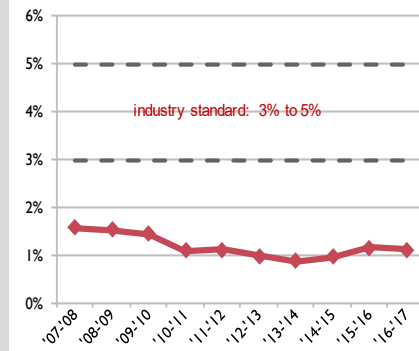
Customer Contact Calls	168,000
Service Desk Requests	18,100
Centralized Email Boxes	7,372
Network Outages	15
Desktop Computers	5,720
Enterprise Servers	292

IT Strategic Plan

Cybersecurity, project delivery, Customer Relationship Management (CRM), digital inclusion, are some of IT's long-term goals. In furtherance of those goals IT implemented or worked on the following:

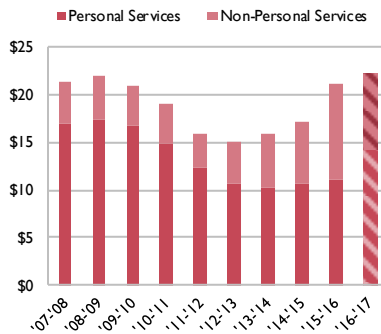
- City Cybersecurity Office
- City Portfolio-Products-Projects Management
- The My San Jose application
- Hiring and Retention
- Workers' Compensation System

IT Staffing as a % of Total City*

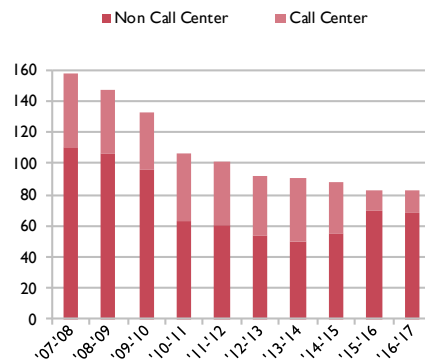


*Note: Excludes IT's call center staff. Also excludes IT staff in larger departments such as Airport, Police, Fire, Department of Transportation and Environmental Services who have their own IT staff. For more information see our 2012 [Audit of Information Technology General Controls](#).

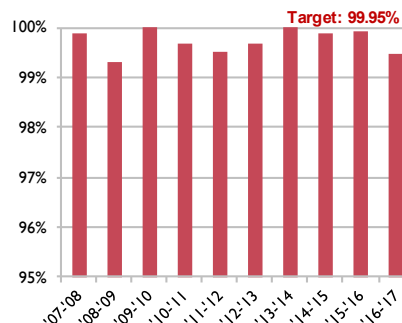
IT Operating Expenditures (\$ millions)*



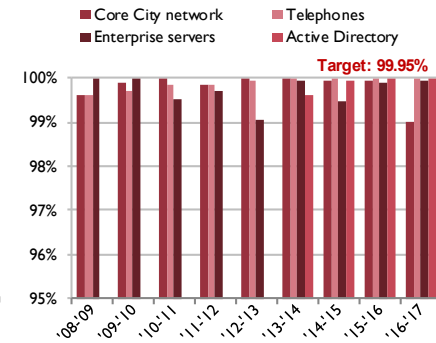
IT Authorized Positions



% of Regular Work Hours Email is Available



% of Network Services Available 24x7



*Note 2016-17 is adopted budget data. All other years are actual expenses

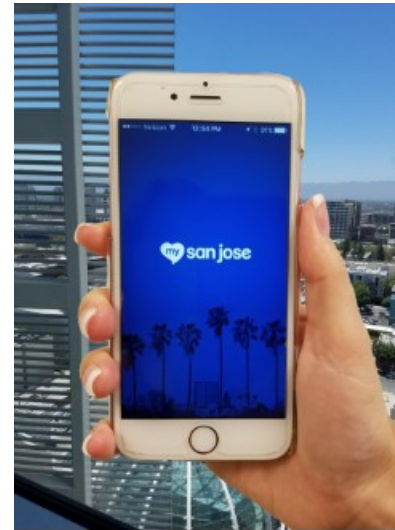
CUSTOMER CONTACT CENTER

The City’s Customer Contact Center (408/535-3500 or customerservice@sanjoseca.gov) is one of the primary points of City information for residents, businesses, and employees. The Center is available to respond to resident queries during regular business hours and has an answering service respond to resident questions after hours. In addition to the Contact Center, various other departments also maintain customer contact centers to respond to specific resident concerns or questions. In 2016, the City completed the transition for Recycle Plus billing to the Santa Clara property tax roll and continued to make San José Municipal Water shut off calls. The City continues to do the billing for garbage and recycling services for multiple-family housing—about 300 accounts.

In 2016-17, the Customer Contact Center staff answered 59 percent of calls received (target: 80 percent). 32.5 percent of the calls were self-service calls and redirected to a service provider or answered by the after-hours vendor. The average wait time improved to 2.22 minutes (forecast: 3 minutes).

For more about the Customer Contact Center see the 2013 audit - [Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved](#).

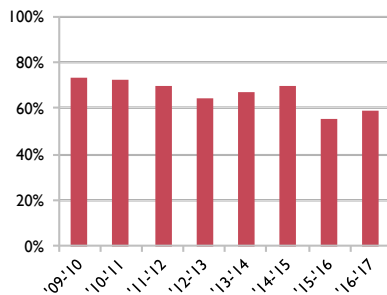
My San Jose



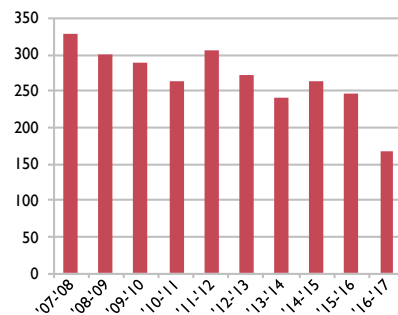
Source: [My San Jose](#)

My San Jose allows residents to request City services through the application or website. Many requests feed directly into the relevant department workorder systems. Residents can file and track their service requests through this application.

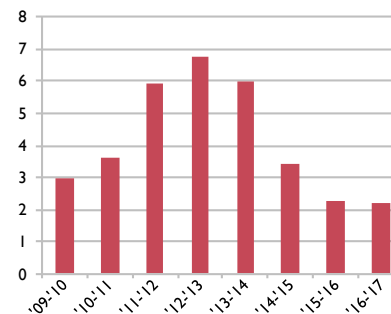
% of Customer Contact Center Calls Answered



Customer Contact Center Calls (thousands)



Customer Contact Center Average Wait Time (minutes)



% of Overall Internal Customers Rating IT Services as "Excellent" or "Good"



LIBRARY

The San José Public Library's mission is to enrich lives by fostering lifelong learning and by ensuring that every member of the community has access to a vast array of ideas and information.

LIBRARY

The San José Public Library consists of 24 libraries, including the main Dr. Martin Luther King, Jr. Library downtown, and branches in neighborhoods across the City. The Library offers materials in various formats including books, CDs, DVDs, eBooks, online learning tools, and online database services. The Library also provides programs such as computer programming, English as a Second Language, summer reading, literacy assistance, and story times.

In 2016-17, the Library's operating budget totaled \$38.7 million. Staffing totaled 360 full time equivalent authorized positions, with a total of more than 600 staff. This represents a slight increase from a year ago.

The City's libraries were open over 58,000 hours in 2016-17. This represented the most hours the City's libraries have been open in any of the past ten years.

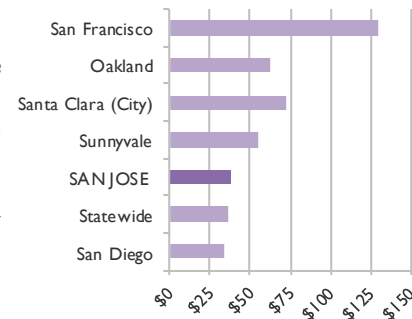
To increase library accessibility, the Library continued strategies to reduce the amount of money owed in library fines and fees. Programs such as Volunteer Away Your Fines and Read Away Your Fines removed \$350,179 in fines and fees and allowed 22,217 customers to regain library access.

Of San José respondents to the resident survey, 75 percent rated the quality of public library services as good or excellent.

KEY FACTS (2016-17)

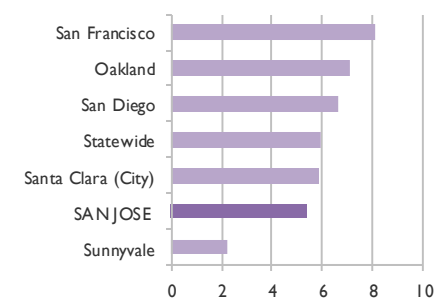
Libraries open	24
Weekly library visitors	130,451
Total library materials	2,342,986
Number of eBooks/eMedia	292,221
Number of items checked out (including eBooks)	9,196,257
Number of registered borrowers	539,789
Number of reference questions (estimated)	1,076,348

Expenditures Per Capita (2015-16)



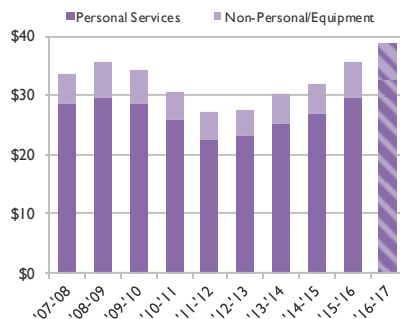
Source: [California State Library, 2015-2016 Summary Data](#)

Hours Open Per 100 People (2015-16)

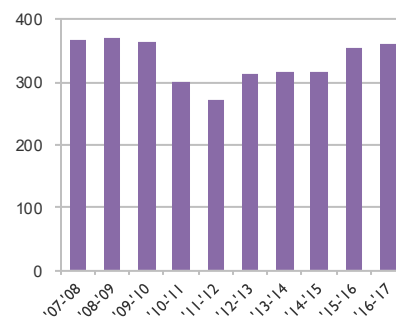


Source: [California State Library, 2015-2016 Summary Data](#)

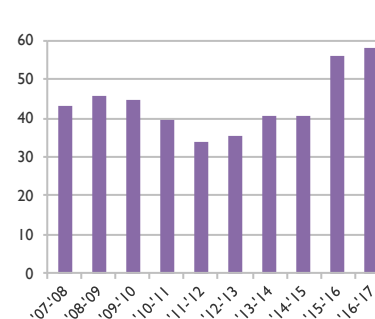
Library Operating Budget (\$millions)



Library Authorized Positions

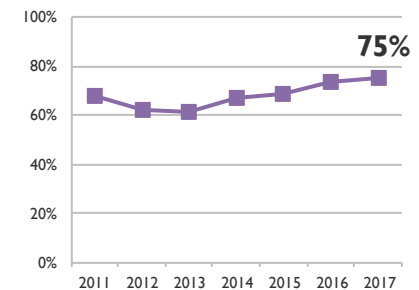


Total Hours Open Annually (thousands)



RESIDENT SURVEY

% of San José residents rating library services as "good" or "excellent"



Note: 2016-17 is adopted budget data. All other years are actual expenses.

LIBRARY COLLECTION AND CIRCULATION

In 2016-17, the Library’s collection totaled 2.3 million items, including 1.7 million print materials (such as books and periodicals), and 292,000 eResources (eBooks, eMagazines, eMusic, eMovies, and online learning tools). The Library also provides access to subscription-based online resources on a variety of topics, such as career development, technology training, consumer resources, language learning, and online high school classes.

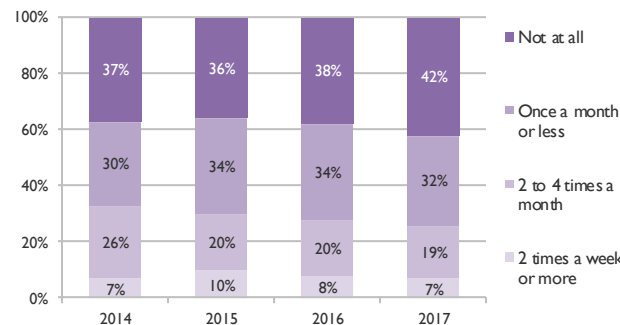
Total circulation in 2016-17 (including eBooks) was 9.2 million. Circulation has trended down since 2008-09, when it peaked at more than 15 million. eResource circulation continues to grow, however, tracking such usage is a challenge that the Library is trying to address. San José’s 2015-16 circulation per capita (excluding eBooks) was higher than the statewide mean.

58 percent of respondents to the resident survey indicated they, or someone in their household, used San José libraries at least once in the last twelve months. Library borrowers placed about 512,000 online holds to reserve materials, a 12 percent increase from a year ago.

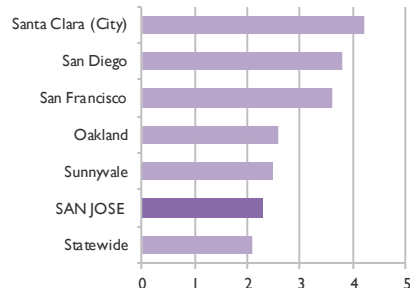
Approximately 16 percent of the Library’s collection includes materials in languages other than English (370,000 items). The Library actively collects materials in 19 languages, including Spanish, Vietnamese, Chinese, Hindi, Persian, Tagalog, Russian, Korean, and Japanese.

RESIDENT SURVEY

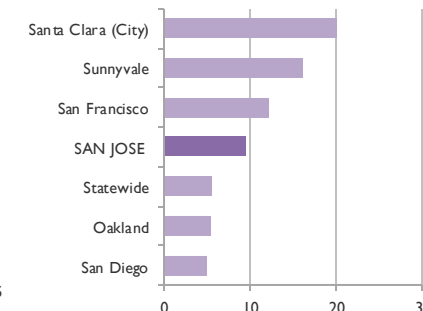
In the last 12 months, about how many times have you or other household members used San José public libraries or their services?



Materials Per Capita (2015-16)



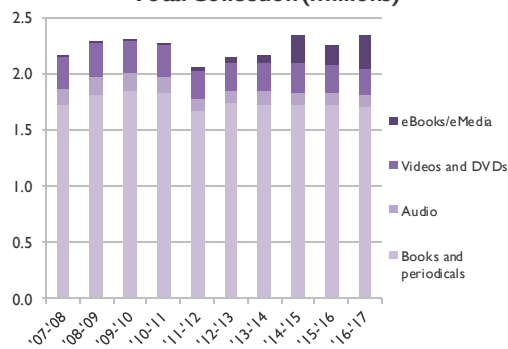
Circulation Per Capita (2015-16)



Source: [California State Library, 2015-2016 Summary Data](#)

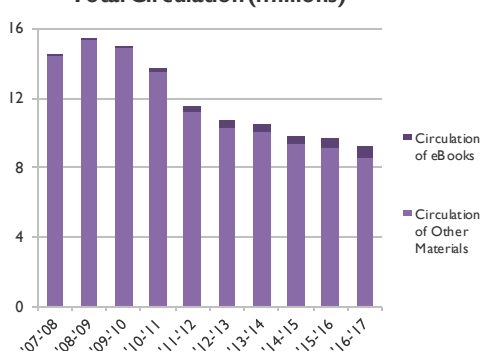
Source: [California State Library, 2015-2016 Summary Data](#) (does not include eBooks)

Total Collection (millions)

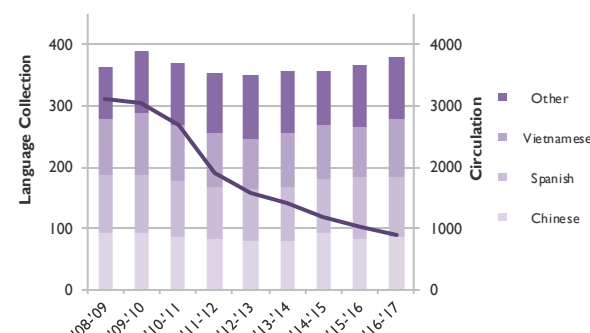


*In 2014-15, the methodology to tabulate eBooks changed. Prior data may not be comparable.

Total Circulation (millions)



Non-English Collection and Circulation (thousands)



LIBRARY

The Library leads the City's Education and Digital Literacy Initiative to improve educational outcomes through technology. In 2016-17, 495 children enrolled in City-run preschool programming supported by the Library, 2,000 children and teens attended coding classes and STEM programs at City libraries, and 3,500 youth participated in K-8 Afterschool and Summer Programming.

The City's libraries to promote reading and literacy, and support school readiness. Programs include adult and family literacy programs, preschool and early education initiatives, story time programs, summer reading programs, digital literacy programs, and more. More information about Library programs can be found at events.sjpl.org.

In 2016-17, libraries offered over 16,500 programs, with attendance totaling 356,835. In 2016-17, participants in the summer reading program totaled 19,339. Beginning in FY 2016-17, SJPL Works, the Library's business and workforce development center began holding programs. SJPL Works offered 133 programs business programs, with attendance totaling 1,358 participants. Volunteers contributed over 93,000 hours to the Library in 2016-17. Among the services provided by volunteers were math and coding tutoring, and reading to young children.

The number of computer sessions on library-owned computers remained about the same as last year at about 1.2 million in 2016-17. The addition of Wi-Fi services in 2009-10 enables customers to use their own devices, and in 2016-17, a total of 408,000 users connected to the internet via the branch library Wi-Fi. At several branches, customers can also checkout laptops and tablets for in-library use.

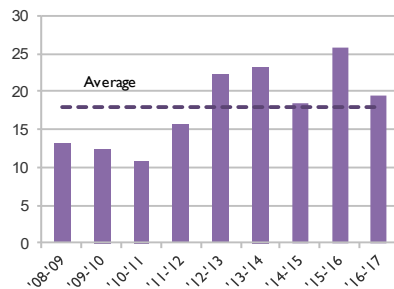


Source: San José Library Department

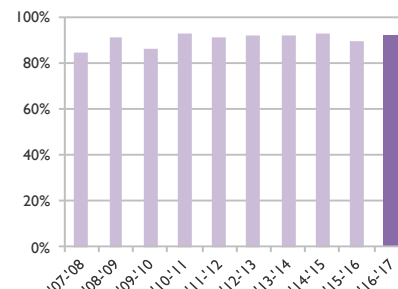


Source: San José Library Department

Participants in Summer Reading Program (thousands)*

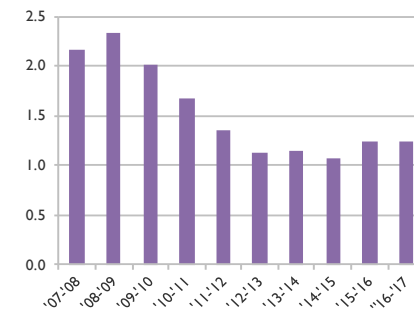


Percent of Library Customers Rating Staff Assistance as Good or Excellent*



Source: Library customer surveys.
*In 2016-17, the methodology to tabulate staff assistance changed. Prior data may not be comparable.

Computer Sessions in Library (millions)**



**Does not include wireless connections or use of personal devices.

SAN JOSE BRANCH LIBRARIES

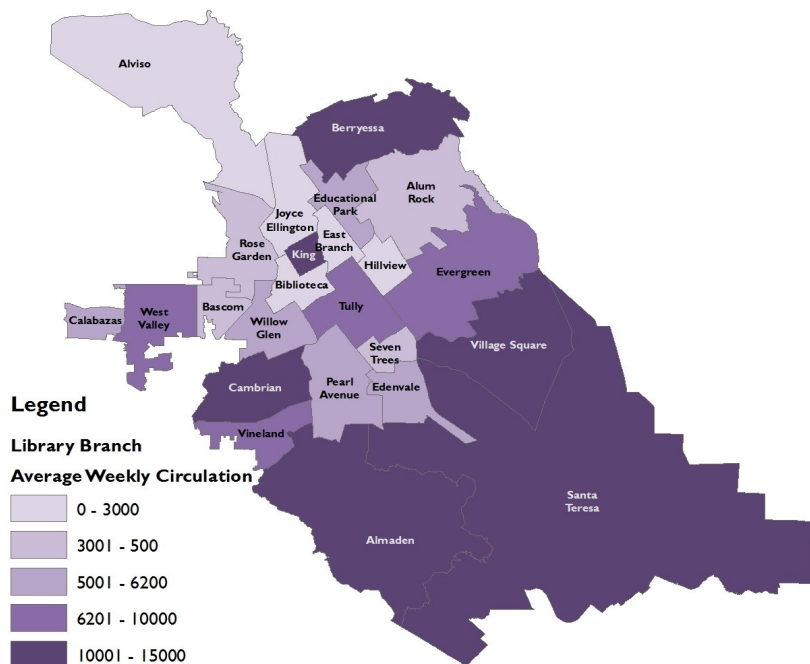
In FY 2016-17, City libraries had 6.8 million visitors. About 38 percent (2.6 million) of all visitors went to the main (Dr. Martin Luther King Jr.) library. Circulation and the number of visitors in 2016-17 varied significantly across locations. High visitation branches include Berryessa, Tully, Almaden, and Village Square. Other high circulation branches included the main library, Berryessa, Cambrian, and Santa Teresa.

In 2016-17, the King Library was open 77 hours per week during the academic year (compared to 81 hours in 2009-10). In 2016-17, all branches were open 47 hours per week. Sunday hours have not been offered at any branch since July 2010. Branch open hours decreased between 2010-11 and 2014-15 before being reinstated to 2009-10 levels of 47 hours per week in FY 2015-16.

In 2015, the Library began operating a Bridge Library Program to serve neighborhoods without ready access to branch libraries. The Library currently operates Bridge Libraries at the Educare campus in the Santee neighborhood, and at the César Chavez Elementary School in the Mayfair neighborhood. During FY 2016-17, 1,055 children and adults attended programs presented by Library staff at the Bridge Libraries.

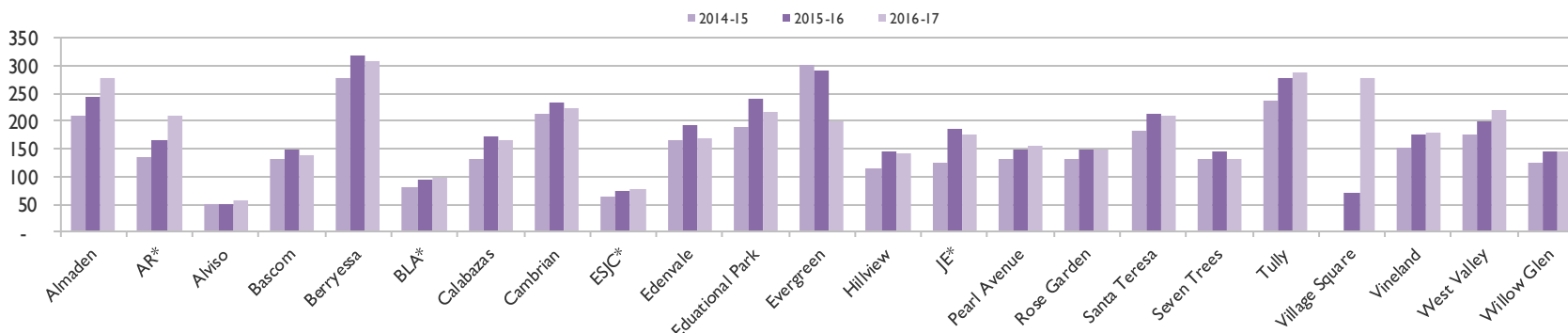
In November 2000, voters approved a Branch Library Bond Measure, dedicating \$212 million over ten years for the construction of 6 new and 14 expanded branch libraries in San José. The final planned project—the Village Square branch — opened in April 2016.

Average Weekly Circulation by Branch Service Area, 2016-17



Note: Library service areas determined by census tracts.

Branch Library Visitors (thousands)



* AR = Dr. Roberto Cruz Alum Rock; BLA = Biblioteca Latinoamericana; ESJC = East San José Carnegie; JE = Joyce Ellington; Dr. Martin Luther King, Jr. Library not listed.
 Note: The Village Square branch opened in April 2016.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

The mission of Parks, Recreation and Neighborhood Services is to build healthy communities through people, parks, and programs.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

The Parks, Recreation and Neighborhood Services Department (PRNS) operates the City's regional and neighborhood parks, as well as special facilities such as Happy Hollow Park & Zoo. [Happy Hollow Park & Zoo](#) served 471,000 visitors and generated \$6.9 million in revenues in 2016-17.

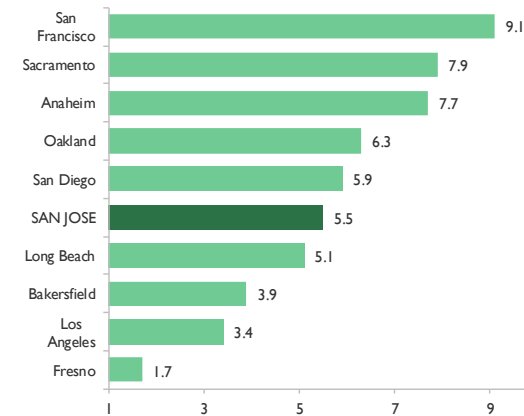
PRNS also operates community and recreation centers and provides various recreation, community service, and other programs for the City's residents. In 2016-17, PRNS' departmental operating budget totaled \$76 million.* Staffing totaled 653 authorized positions, 93 more positions than 2015-16. This included additional funding to open regional parks, limit-dated positions to address deferred maintenance and infrastructure backlog issues at parks and recreation facilities and placemaking and activations efforts with Plaza de Cesar Chavez, Viva CalleSj and !VivaParks!. Nonetheless, PRNS staffing is below its high of 755 employees in 2007-08.

PRNS has a goal of recovering 40 percent of its direct program costs through collected revenues (e.g., fees, charges, leases, grants). For 2016-17, PRNS reported its direct program cost recovery rate was 38 percent. Program fees accounted for approximately 70 percent of collected revenues.

PRNS had multiple roles in responding to the February 2017 Coyote Creek flood, including clearing debris from parks and neighborhoods, opening mass care and local assistance centers at community centers, and other activities.

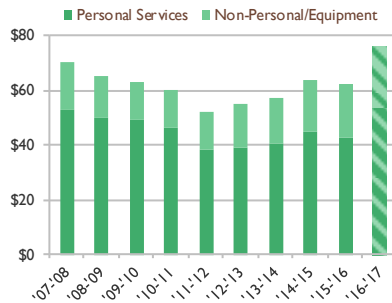
*In addition to expenditures paid out of its operating budget, PRNS was also responsible for \$9 million in Citywide expenses in 2016-17. Significant Citywide expenses included \$6 million for San José B.E.S.T. and the Safe Summer Initiative, and \$993,000 for workers' compensation claims. Departmental operating expenditures also do not include certain capital expenditures, reserves, or pass through items such as federal Community Development Block Grant funds.

Parks and Recreation Employees per 10,000 Residents

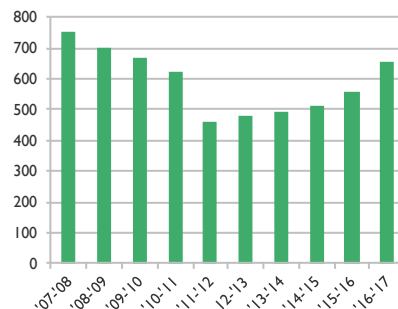


Source: The Trust for Public Land: [2017 City Park Facts](#)

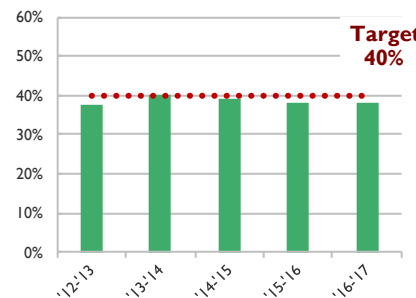
PRNS Operating Expenditures (\$millions)



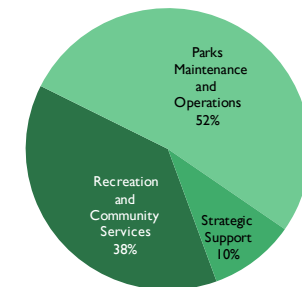
PRNS Authorized Positions



5-Year Program Cost Recovery **



PRNS Operating Budget Breakdown



Note: 2016-17 is adopted budget data. All other years are actual expenses.

**For information about the department's fee activity programs see our 2015 audit: [PRNS Fee Activities: The Department can better reflect the City's goals for tracking and recovering costs, setting fees and promoting affordable access.](#)

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

PARKS

In 2016-17, the City along with its volunteers, maintained 191 neighborhood parks and 9 regional parks, as well as other facilities, such as community gardens, trails, and skate parks. Excluding golf courses, the developed portion of these facilities covered 1,762 acres. There were an additional 1,435 acres of open space and undeveloped land.

The cost to the City's General Fund to maintain developed parkland was \$10,862 per acre, down from \$12,000 in 2008-09. According to PRNS, this measure reflects not only efficiency efforts, but also cost savings from water conservation and vacancies. This decline in spending along with the drought may have adversely impacted park conditions.

The PRNS 2017-2021 Capital Improvement Program (CIP) provided funding of \$316 million, of which \$180 million was allocated in 2016-17. The PRNS CIP emphasizes repair and replacement of facility infrastructure while expanding the overall facility inventory to serve a growing population. At the start of 2016-17, PRNS had deferred maintenance and unfunded infrastructure backlog totaling approximately \$259 million for regional park facilities, community buildings, regional facilities, trails, and park restrooms.

For 2016-17, there were 58.75 miles of trails with 85 percent having a paved surface. An additional 83.69 miles have been identified or are being studied for further development, or are in the planning or construction phases of development (For a list of City trails see [City trails](#)). The Trail Network is composed of 40 trail systems that are either partially or fully developed.

KEY FACTS (2016-17)

Neighborhood Parks (191 parks)	1,215 acres
Regional Parks (9 parks)	548 acres
Golf Courses (3 courses)**	321 acres*
Open space and undeveloped land	<u>1,435 acres</u>
Total*	3,518 acres*

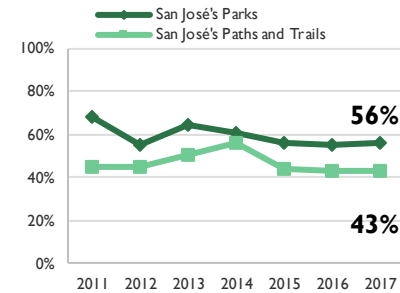
For list of City parks see: [City Parks](#)

*State, county, or other public lands within San José's boundaries are not included in the above figures. Does not include 50 acres open space. Total may not add due to rounding.

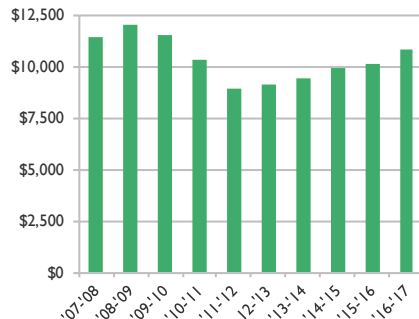
**For more information about golf courses see the September 2015 audit: [Golf courses: Loss of customers and revenues requires a new strategy](#)

RESIDENT SURVEY

% of San José residents rating services as "excellent" or "good"



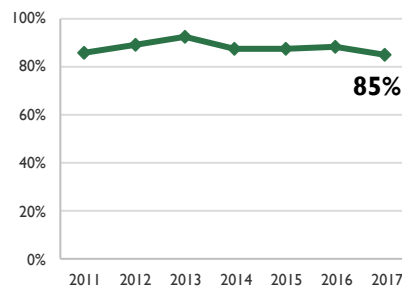
Cost per Acre to Maintain Parks and Other Facilities



Note: General Fund only. Does not include golf courses.

RESIDENT SURVEY

% of San José residents that reported visiting a park at least once in the past year



Parks and Trails Goals

The [City's Envision 2040 General Plan](#) includes goals for park acreage per resident of 3.5 acres of neighborhood/community serving parkland per 1,000 residents (1.5 acres of public parkland and 2.0 acres of recreational school grounds). It also has a goal of 7.5 acres per 1,000 residents of Citywide/regional park or open space lands through a combination of facilities owned by the City and other public agencies.

The [City's Greenprint](#) (adopted in 2009) set a goal of 100 miles of interconnected trails by 2022. The City has added 61.3 acres of new developed parkland since the last Greenprint strategic plan. The department has begun the process of updating the Greenprint—which is expected to be completed in Spring 2018.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

RECREATION PROGRAMS AND COMMUNITY CENTERS

PRNS program offerings include (but are not limited to) after-school programs, camps, aquatic programs, arts and crafts, dance, educational programs, health and fitness programs, sports, therapeutic classes designed for persons with disabilities, and programs for seniors. For a list of all programs and classes, see [Community Center Brochures](#).

In 2016-17, the City operated 10 hub community centers (one in each of the City's Council Districts). In addition to the 10 hub community centers, the City operated the Bascom Community Center/Library and the Grace Therapeutic Art and Wellness Center, which was relocated from Grace Baptist Church to Northside Community Center at the end of FY 2016-17.

The City's 10 hub community centers and the Bascom Community Center were open from 35 to 72 hours per week which is mostly unchanged from the previous year. No City run centers had regularly scheduled Sunday hours.

The interim Vietnamese-American Community Center (VACC) opened in October 2016 at the Shirakawa Community Center and operates as a shared space until the community identifies a permanent location. Staff has engaged the community and conducted a feasibility study on potential permanent locations.

KEY FACTS (2016-17)

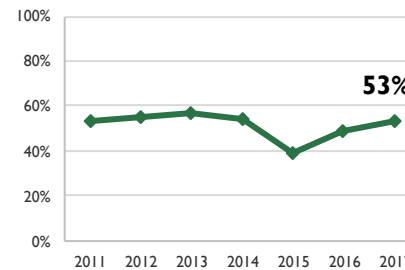
Community centers (including reuse sites)*	50
Community center square footage*	548,000 sq. ft.
Average weekly hours open (hub community centers)	59
Estimated recreation program participation at City run programs**	753,000

* This includes hybrid centers. Excludes Grace Community Center, but includes Old Alviso Community Center and the Old Hillview Library.

**This is a duplicated count (i.e., individuals are counted for each program attended).

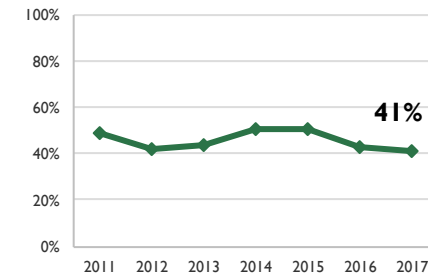
RESIDENT SURVEY

% of San José residents rating recreational opportunities as "excellent" or "good"

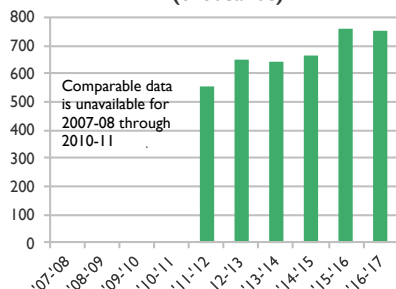


RESIDENT SURVEY

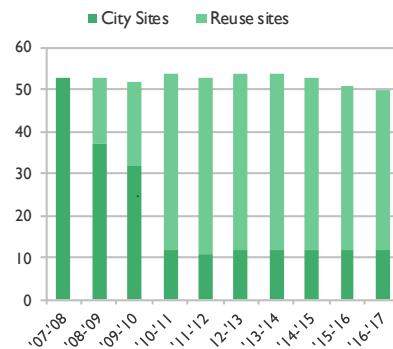
% of San José residents using a recreation center or facility at least once



Estimated Participation in Programs at City-Operated Community Centers (thousands)

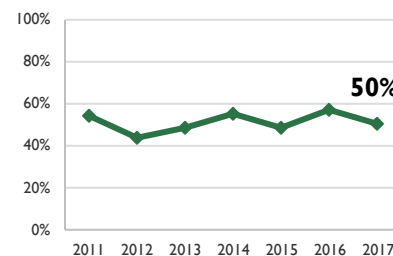


Community Centers



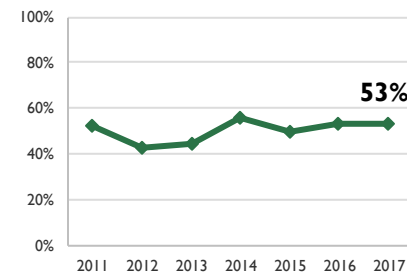
RESIDENT SURVEY

% of San José residents rating San José's recreation centers or facilities "excellent" or "good"



RESIDENT SURVEY

% of San José residents rating San José's recreation programs "excellent" or "good"



Data is tracked through a registration system and does not include drop-in clientele, senior nutrition participants, or therapeutic clientele at the Grace Community Center.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

RECREATION PROGRAMS AND COMMUNITY CENTERS (continued)

In 2004-05, PRNS began a facility re-use program with the intention of reducing operating costs while allowing smaller community centers to remain open. 42 sites were designated as re-use sites. In 2016-17, outside non-profits/organizations operated 27 of such centers. An additional 10 sites were operated by other City programs and/or outside organizations.

City of San José Community Centers Map



Source: Auditor generated based on Public Works data.

Community Centers in Operation

- | | |
|--|---|
| <ul style="list-style-type: none"> ***Alma Community Center Almaden Community Center (hub) **Almaden Winery Community Center * Almaden Youth Center **Alum Rock Youth Center * Alviso Youth Center * Backesto Community Center Bascom Community Center (hybrid) Berryessa Community Center (hub) * Berryessa Youth Center **Bramhall Neighborhood Center **Calabazas Community Center Camden Community Center (hub) * Capitol Park/Goss Community Center Cypress Senior Center (hub) * Edenvale Community Center * Edenvale Youth Center Evergreen Community Center (hub) ***Gardner Community Center **Hamann Park Community Center **Hank Lopez Community Center * Houge Park Community Center * Joseph George Community Center **Kirk Community Center * Los Paseos Community Center | <ul style="list-style-type: none"> Mayfair Community Center (hub) * McKinley Community Center * Meadowfair Community Center **Millbrook Community Center * Noble House Community Center * Noble Modular Community Center * Northside Community Center * Olinder Community Center Old Alviso Community Center (Closed) Old Hillview Library (Closed) * Paul Moore Community Center * Rainbow Community Center Roosevelt Community Center (hub) * San Tomas Community Center Seven Trees Community Center (hub) * Sherman Oaks Community Center **Shirakawa Community Center Southside Community Center (hub) **Spartan Keyes Neighborhood Center * Starbird Community Center **Vista Park Community Center * Washington Community Center * Welch Park Community Center * West San José Community Center Willow Glen Community Center (hub) |
|--|---|

Facilities in bold are community centers operated by the City . In 2014-15 the City demolished the River Glen Community Center. In 2015-16, the City ended its lease with Hoover and Erickson Community Centers. The Old Alviso Community Center and the Old Hillview Library are currently not in use. Services at the Grace Community Center are now being provided at the Northside Community Center.

*Denotes re-use sites which are operated by non-profit organizations, neighborhood associations, schools and other government agencies to offer services that primarily serve city residents.

**Denotes re-use sites occupied by City departments or programs, sometimes in combination with outside organizations.

***Denotes City facilities operated by multiple agencies including the City.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

NEIGHBORHOOD SERVICES

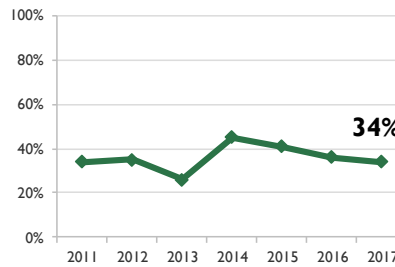
PRNS provides a number of community services including anti-graffiti and anti-litter programs, gang prevention and intervention programs, the Safe Schools Campus Initiative (SSCI)*, the senior nutrition program, and others. In 2016-17, the SSCI team responded to 520 incidents on SSCI campuses. 71 high schools and middle schools participated in this program.

The Mayor's Gang Prevention Task Force (MGPTF) has service components such as the Bringing Everyone's Strengths Together (B.E.S.T.) program and the Safe Summer Initiative. These programs provide services to at-risk youth and their families. The 2016-17 expenditures for B.E.S.T were \$6 million. Participation totaled 3,700 in programs offered by Community Benefit Organizations that received B.E.S.T. grants; the allocation for grants was \$2.2 million.

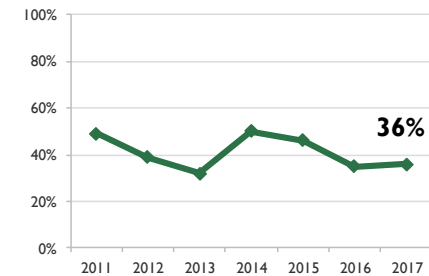
In 2011-12, the City contracted out graffiti abatement**. In 2016-17, the contractor completed 30,000 graffiti removal workorders. The resident survey reports that 27 percent of residents viewed graffiti removal services as good or excellent. Survey responses were likely based on respondents' overall perception of graffiti removal, including graffiti on highways, expressways, and railroads that are the responsibility of others.

* SSCI is a partnership between school districts and the City (including the Police Department) to address violence-related issues in schools.

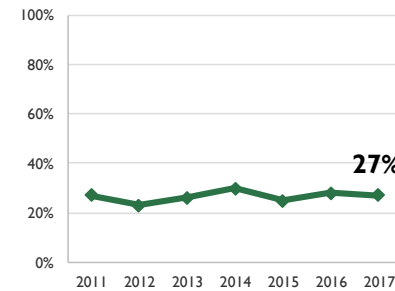
RESIDENT SURVEY
% of San José residents rating services to youth as "excellent" or "good"



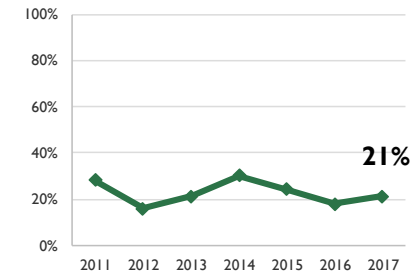
RESIDENT SURVEY
% of San José residents rating services to seniors as "excellent" or "good"



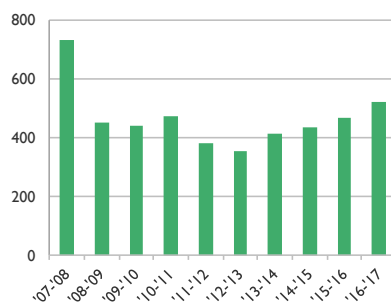
RESIDENT SURVEY
% of San José residents rating graffiti removal as "excellent" or "good"



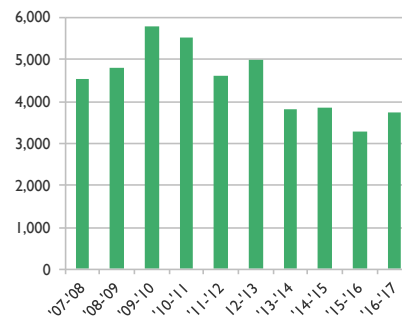
RESIDENT SURVEY
% of San José residents rating gang prevention efforts as "excellent" or "good"



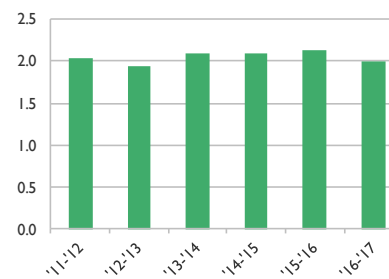
Incidents on Safe School Campus Sites Responded To



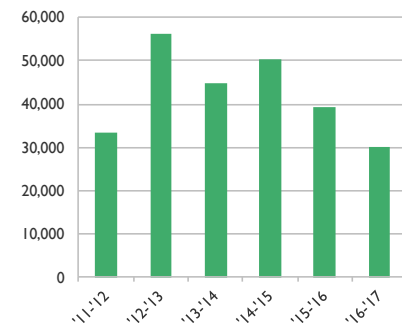
Participants in Grant-Funded B.E.S.T. Youth Service Program



Estimated Sq/Ft. of Graffiti Eradicated (millions)



Graffiti Workorders Completed



**For more information about this program see the June 2013 audit – [Graffiti Abatement: Implementing a Coordinated Approach.](#)

PLANNING, BUILDING AND CODE ENFORCEMENT

The mission of the Planning, Building and Code Enforcement Department is to facilitate the preservation and building of a safe, attractive, vibrant and sustainable San José through partnership with and exceptional service to our diverse communities and customers.

PLANNING, BUILDING AND CODE ENFORCEMENT

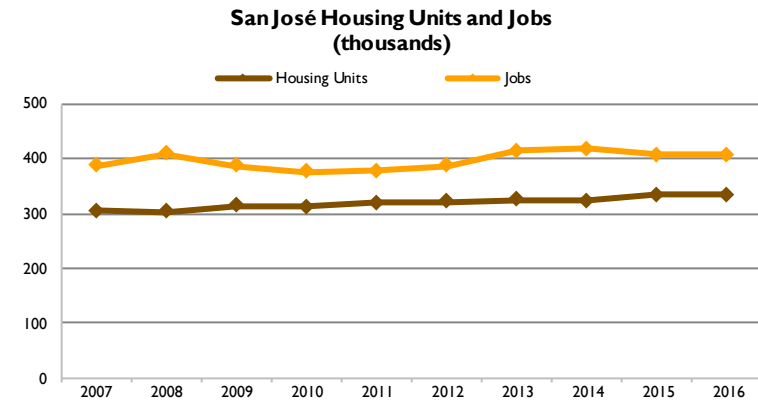
The Planning, Building and Code Enforcement (PBCE) Department guides the physical development of San José. Through its three divisions, it reviews construction applications and issues permits for consistency with law and policy. PBCE's 2016-17 operating budget totaled \$53 million* across all funds. The Department's staffing, at 319 authorized positions, remained 12 percent lower than it was in 2007-08, when it had a peak of 363 authorized positions.

Under the collaborative umbrella of Development Services, PBCE works with other City departments to deliver the City's permitting function. Subsequent pages of this chapter discuss Development Services.

PLANNING

PBCE's Planning Division administers the City's long-range planning projects and processes land development applications to match the City's planning goals. The [Envision San José 2040 General Plan](#), last updated in December 2016, identifies twelve major strategies that promote active, walkable, bicycle-friendly, transit-oriented, mixed use urban settings for new housing and job growth. The U.S. Census estimates that San José had 406,000 jobs and 333,000 housing units in 2016. The City has begun reviewing the goals developed during the Envision 2040 General Plan process. See the [Development Services pages of this chapter for more on the Planning Division's work](#). Also see [Planning in San José: A Community Guide](#) available online.

* In addition to expenditures paid out of its operating budget, PBCE was also responsible for \$930,000 in actual Citywide expenditures, including \$840,000 for the development fee program integrated permitting system.



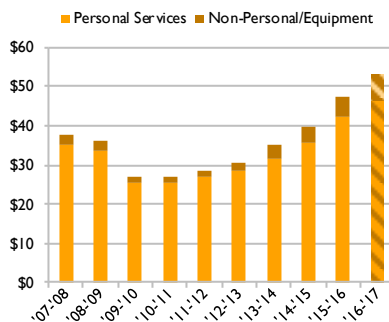
Source: American Community Survey, U.S. Census

Note: Of the 2,712 building permits issued for new residential units in 2016-17, 201 were for single-family units (including second units and duplexes), and 2,511 were for multi-family units.

Urban Villages in San José

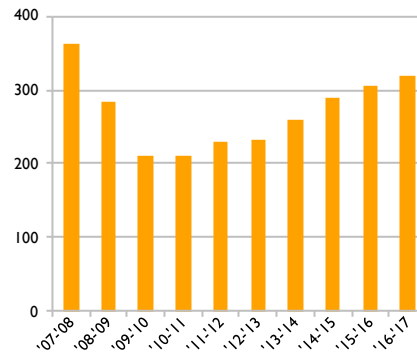
The development of urban villages is a major strategy included in the Envision San José 2040 General Plan. Urban villages are walkable, bicycle-friendly, transit-oriented, mixed use settings that provide both housing and jobs, thus supporting the General Plan's environmental goals. Thirteen urban village plans have been approved, including four that are currently under development.

PBCE Operating Expenditures (\$millions)



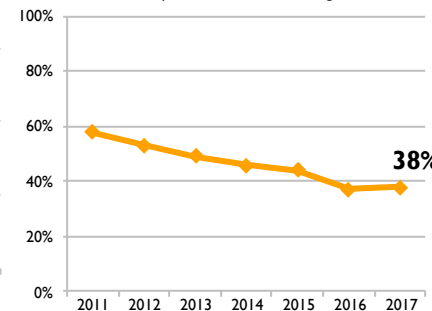
Note: 2016-17 is adopted budget data. All other years are actual expenses.

PBCE Authorized Positions



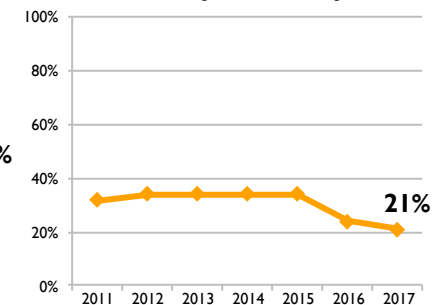
RESIDENT SURVEY

% of San José residents rating overall quality of new development as "excellent" or "good"



RESIDENT SURVEY

% of San José residents rating land use, planning and zoning as "excellent" or "good"



PLANNING, BUILDING AND CODE ENFORCEMENT

BUILDING

PBCE's Building Division reviews new construction projects within the City, ensuring they meet health and safety codes and City zoning requirements. It is the largest Development Services program. With 38,400 building permits processed, 2016-17 saw modest growth in the number of permits issued. This increased workload, and staffing challenges in the department, contributed to the Building Division falling short of its timeliness targets. It achieved 82 percent of plan checks within cycle times and 30 percent of building inspections within its goal of 24 hours. See *Development Services on the next page for more on the Building Division's work.*

COMMUNITY CODE ENFORCEMENT

PBCE's Code Enforcement Division enforces laws that promote the health, safety, and appearance of existing buildings and neighborhoods. It also inspects businesses selling alcohol or tobacco; property and business owners fund these inspections with fees.

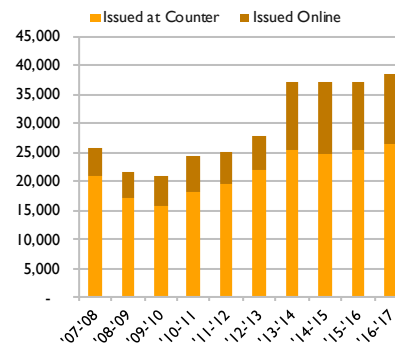
In 2016-17, PBCE opened about 5,700 general code enforcement cases. Code Enforcement staff responded to 95 percent of 129 emergency complaints within PBCE's 24-hour target, and 75 percent of the 1,292 priority complaints within the 72-hour target.* However, in response to budget and staffing shortages, staff now sends letters in response to other types of complaints and only responds personally on an as-available basis.**

Previously, PBCE provided routine inspections on a 6-year cycle of multiple unit housing properties. Back in 2013-14, PBCE inspected 15,300 of the 90,100 units in the Residential Occupancy Permit Program. In 2014-15, the department implemented a risk-based tiered inspection program whereby inspections are targeted to properties at higher risk of violations. Based on this approach, in 2016-17, PBCE inspected buildings that cumulatively had about 7,800 housing units out of the estimated 98,000 units on the Multiple Housing Roster.**

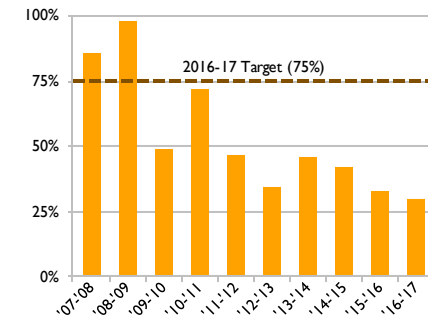
*Emergency complaints involve an immediate threat to life or property, such as unsecured pool fence. Priority complaints involve possible threats to life or property, such as unpermitted construction. The proportions of such complaints that met response targets—95 percent and 75 percent, respectively, as noted above—are annual averages of monthly averages.

**For more information, see the November 2013 audit report [Code Enforcement: Improvements are Possible, But Resources are Significantly Constrained](#).

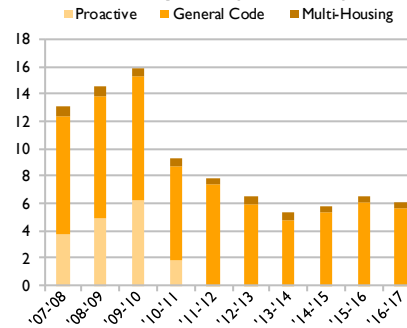
Building Permits



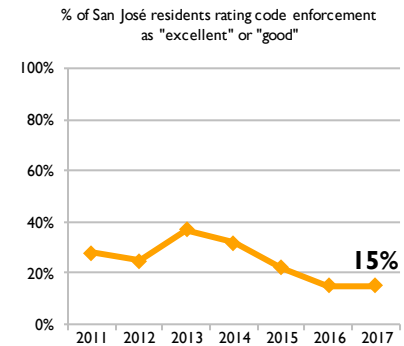
% of Building Inspections Completed Within 24 Hours



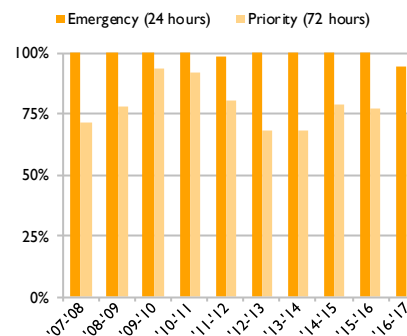
Code Enforcement Cases Opened (thousands)



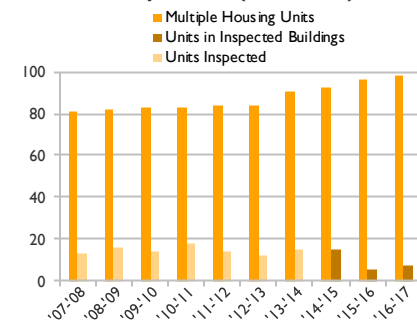
RESIDENT SURVEY



Response Timeliness for General Code Cases



Multiple Housing Units and Inspections (thousands)



DEVELOPMENT SERVICES

The Permit Center in City Hall provides one-stop permit services for new building projects and changes to existing structures.

The **Development Services partners** in the Permit Center are:

- Building Division
- Public Works Department (*also see Public Works chapter*)
- Fire Department (*also see Fire chapter*)
- Planning Division

In 2016-17, Development Services:

- issued about 38,400 building permits (12,100 online),
- served nearly 48,000 Permit Center customers, and
- processed nearly 2,600 planning applications and adjustments.

Planning applications, plan checks, field inspections, and building permits all bottomed out in 2009-10, but have rebounded. In 2016-17, plan checks and building permits both saw slight increases from last year, when they were higher than they had been in at least ten years. Planning adjustments and building inspections were lower.

Construction valuation has exceeded 2013-14's historic levels, and construction volume has nearly reached 2013-14 levels. These measures both increased significantly from last year. Trends varied across residential, commercial, and industrial categories, with the value of new commercial development increasing by 60 percent from last year.

The Permit Center located in City Hall



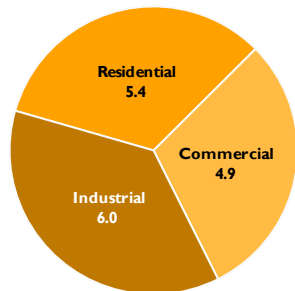
Source: Auditor photo from Fall 2015

Development Services 2016-17 Summary

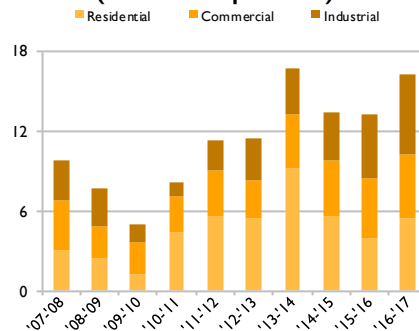
Partner	Revenue (\$millions)	Positions (rounded)
Building	\$31.50	174
Public Works	\$10.32	62
Fire	\$8.31	37
Planning	\$4.50	37
TOTAL	\$54.6	294

Source: 2016-17 Modified Budget as outlined in the City's 2017-18 Adopted Operating Budget

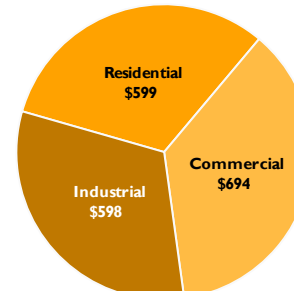
Volume of Building Activity (millions of square feet)



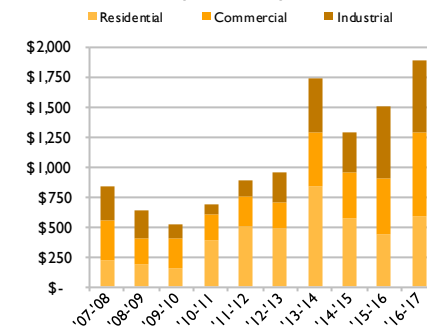
Volume of Construction (millions of square feet)



Value of Building Activity (\$millions)



Value of Construction (\$millions)

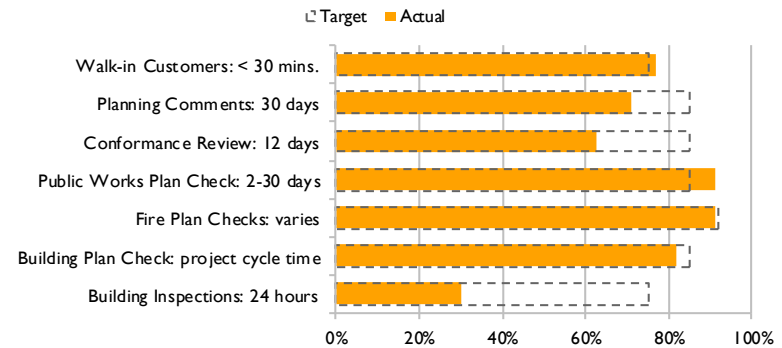


Development Services projects vary broadly, from replacing a residential water heater to large, mixed-use developments of many thousands of square feet. One project may require multiple permits and inspections. Some projects require approval through a public hearing, but most (an estimated 85 percent) require only administrative approval. Projects only go through Public Works or the Fire Department when they have impacts on public facilities (e.g. traffic, streets, sewers, utilities, flood hazard zone) or fire-related issues (e.g. need for fire sprinkler systems or fire alarm systems), respectively.

The City offers a number of programs to expedite project delivery for companies, small businesses, and homeowners. However, turnaround times continue to be a primary concern. Timeliness of individual steps in the development process varies depending on the scale and complexity of a given project, and can involve one to all four of the Development Services partners listed above. Annual timeliness targets were met for only two of the seven selected permitting processes.

As described earlier, staffing levels in PBCE are still lower than they were when there was less development activity. The department continues to address ongoing staff vacancies. To free up staff and provide further convenience to customers, PBCE has expanded the availability of online permits in recent years. Of the 38,400 building permits PBCE issued in 2016-17, about 12,100 were online permits, saving staff time and customer trips to the Permit Center.

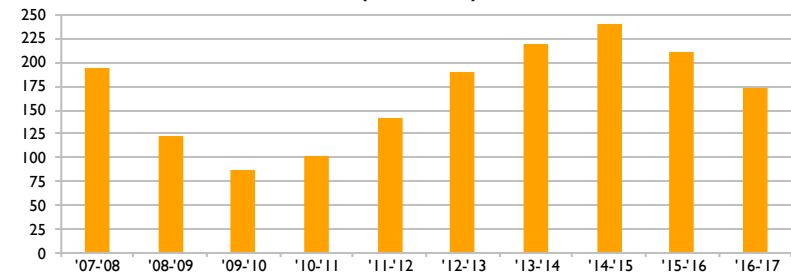
Timeliness of Development Services*



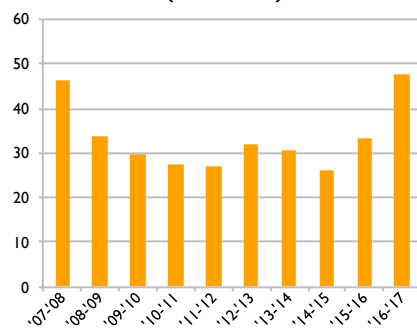
Source: PBCE from the City's Permits Database

*These selected measures may occur simultaneously; some are dependent on completion of particular processes. For other Fire and Public Works measures related to Development Services, see the Fire and Public Works chapters.

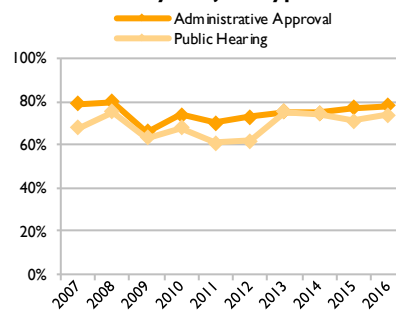
Building Inspections (thousands)



Permit Center Customers (thousands)

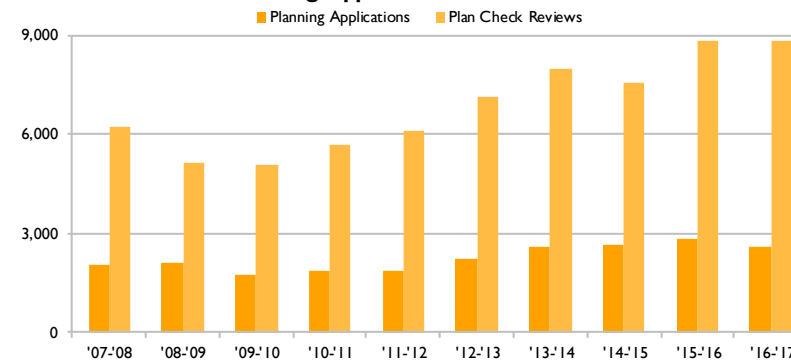


Development Services Overall Customer Satisfaction by Project Type



Source: Development Services Customer Satisfaction Surveys

Planning Applications and Plan Checks



POLICE

The San José Police Department's mission is to create safe places to live, work and learn through community partnerships.

POLICE

In 2016-17, the San José Police Department (SJPD) operating budget totaled \$347.0 million.* The Department has one police station open to the public, as well as five community policing centers and one police substation which are all currently closed to the public due to staffing.

In 2016-17, there were 1,650 authorized positions in the SJPD, slightly more than the prior year. The number of sworn, authorized positions per 100,000 residents decreased from 139 in 2007-08 to 106 in 2016-17. There were 543 civilian authorized positions (including 114 full duty dispatchers) for 2016-17.

SJPD has faced high vacancies and decreasing numbers of street-ready officers. Of the 1,109 authorized sworn positions, only 798 were actual full duty, street-ready (this excludes vacancies, officers in training, or those on modified duty or disability/other leave) as of June 2017. The number of sworn hires increased from 40 in 2015-16 to 119 in 2016-17. At the end of 2016-17, there were 239 sworn vacant positions in the Department.

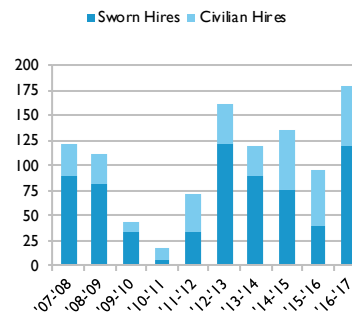
* In addition to expenditures paid out of its operating budget, the Police Department was also responsible for \$9.5 million in actual Citywide expenses in 2016-17. This included \$7.8 million for workers' compensation claims (up from \$6.6 million in 2015-16). Departmental operating expenditures do not include capital expenditures, federal and state drug forfeiture funds, or various grants.

KEY FACTS (2016-17)

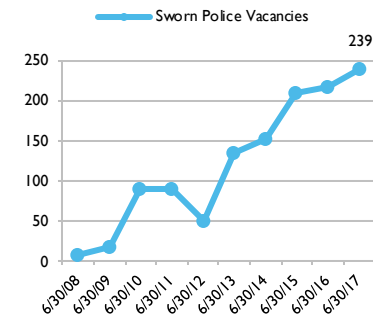
Sworn police employees*	1,109
Total authorized positions	1,650
Total emergency calls	559,941

* Includes two positions assigned to the Office of the City Attorney.

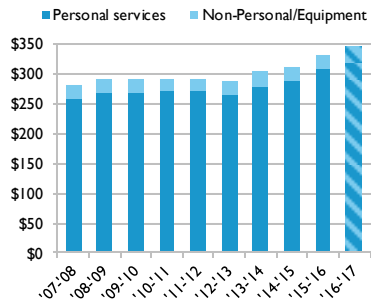
Police Department Hires



Police Department Vacancies

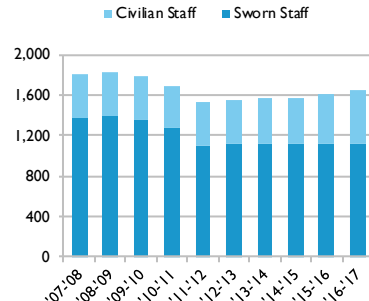


Police Department Operating Expenditures (\$millions)

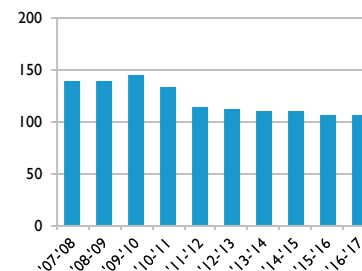


* Note: 2016-17 is adopted budget data. All other years are actual expenses.

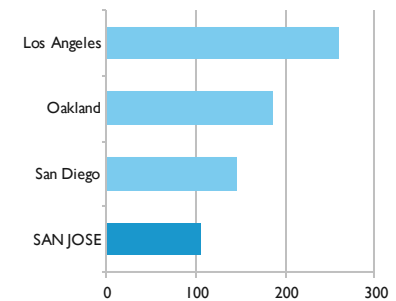
Police Department Authorized Positions



San José Sworn Staff Per 100,000 Residents



Authorized Sworn Staff per 100,000 Residents



CALLS FOR SERVICE

The SJPD Communications Center receives all 9-1-1 calls for police, fire, and ambulance services in the City of San José. Additionally, SJPD receives 3-1-1 and other non-emergency calls. Call-answering staff in the Communications Center obtain information from callers, prioritize events, and relay information to dispatchers. Dispatchers evaluate resources, identify and direct emergency personnel and equipment, and maintain control of radio channels to ensure the safety of officers and the public.

In 2016-17, there were about 1,141,000 total calls for service and “field events” initiated by officers. The number of 9-1-1 and other emergency calls increased slightly (totaling about 560,000 or 49 percent of all calls). In 2016-17, the number of non-emergency calls (e.g., 3-1-1 calls and online reports) totaled about 460,000 (about 40 percent of total calls). Field events (e.g., car and pedestrian stops, and other officer-initiated calls) accounted for the remaining.

In 2016-17, the average answering time for an emergency call was 4 times the target time of 2.5 seconds, and a 93 percent increase from the 5.3 seconds achieved in 2012-13. Additionally, the percentage of 9-1-1 calls answered within 10 seconds was 77 percent (target 90 percent). The Department reports that the answering targets are not being met due to call volume and staffing constraints.

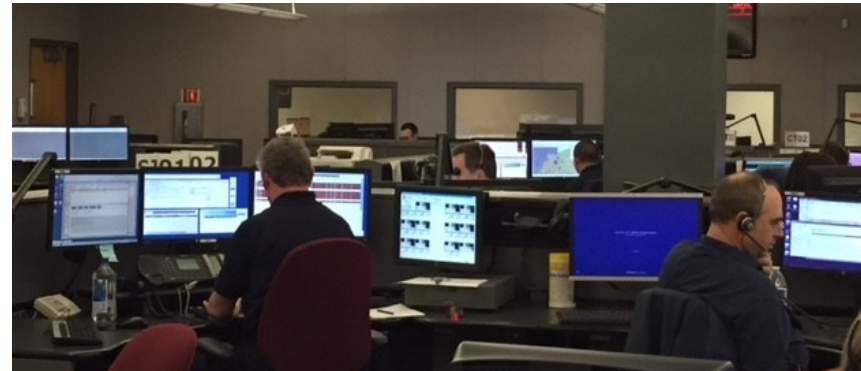
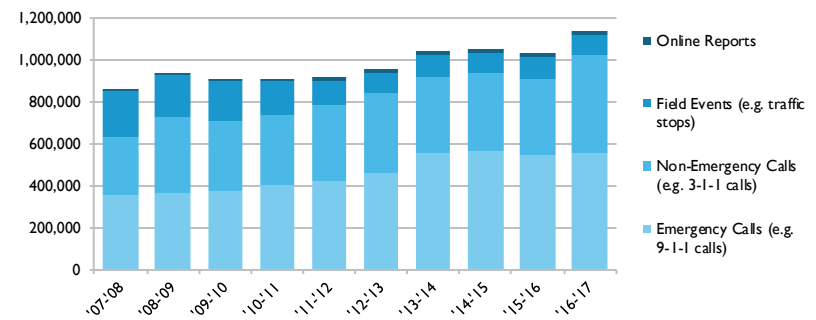


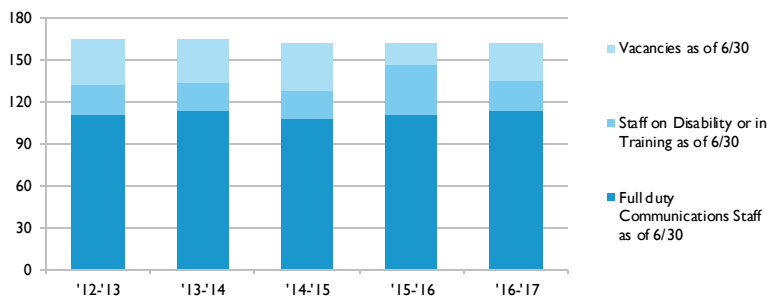
Image of SJPD Communications Center Control Room. Source: SJPD

Breakdown of All Calls for Service*

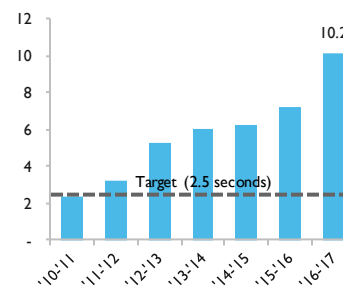


* All calls for service received, including duplicates, online reporting, and calls that did not require a police response.

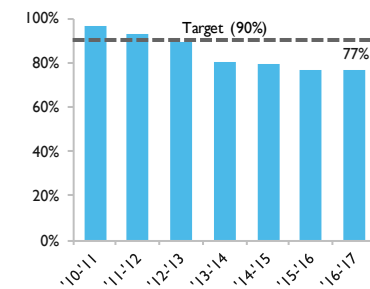
Communications Center Staff



Average Emergency Call Answering Time (seconds)



% of 9-1-1 Calls Answered Within 10 Seconds



* In September 2016, the State 911 Office set a new target of 95% of all 911 calls answered within 15 seconds. For 2016-17, the Department reports that 83% met that standard.

POLICE

POLICE RESPONSES

The SJPD responded to about 177,700 Priority 1-4 incidents in 2016-17. Of these responses, 5 percent were Priority 1 responses (8,200 total) and 43 percent were Priority 2 responses (76,200 total). Priority 3 responses comprised 38 percent of total responses (67,300 total) and Priority 4 responses comprised 15 percent (26,000 total). Definitions of the four priorities are given in the gray box below.

As shown on the map and graph, the number of SJPD Priority 1-4 responses differs by district. Excluding the Airport, those responses range from around 8,000 responses (District E) to over 16,000 responses (District L).

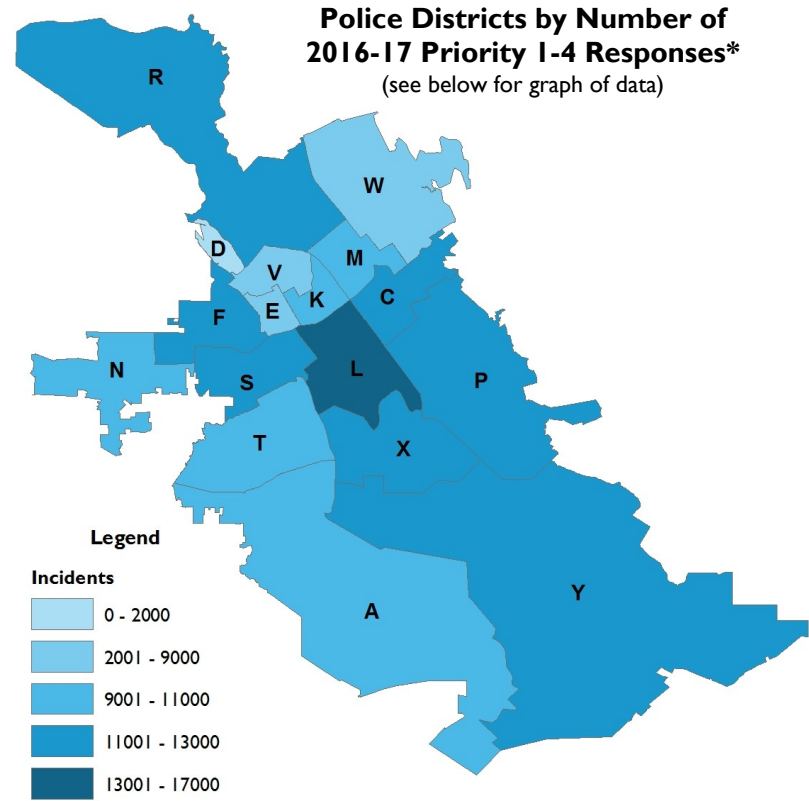
Prioritization of Police Responses

Priority 1 responses: Present or imminent danger to life or there is major damage to/ loss of property (i.e., large-scale incident or cases where there is an in-progress or just occurred major felony).

Priority 2 responses: Injury or property damage or potential for either to occur or the suspect is still present in the area. Includes all missing person reports for children are under the age of 12, or at risk missing persons, including mentally handicapped or disoriented adults.

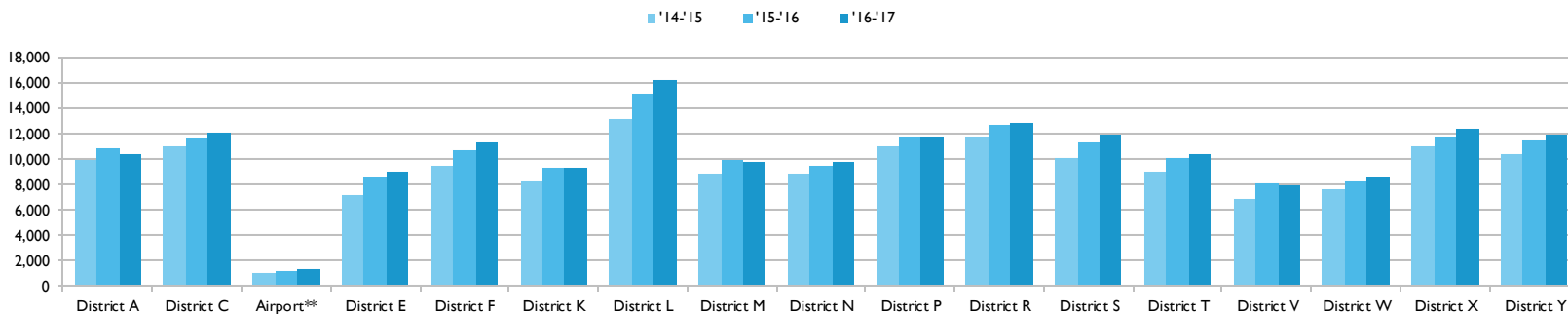
Priority 3 responses: There is property damage or the potential for it to occur. The suspect has most likely left the area. Situations where the suspect is in custody for a non-violent crime and is cooperative. Situations when a prior crime against the person occurred and there are no injuries to the victim necessitating immediate medical care and the suspect is not present.

Priority 4 responses: There is no present or potential danger to life/property and the suspect is no longer in the area.



Source: City Auditor's Office based on response data provided by the Police Department.

Priority 1-4 Police Responses* by District



* Includes only Priority 1-4 calls for service to which the Department responded; excludes duplicate calls and officer-initiated events.

** Airport is District D.

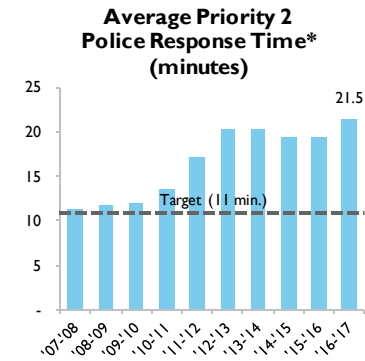
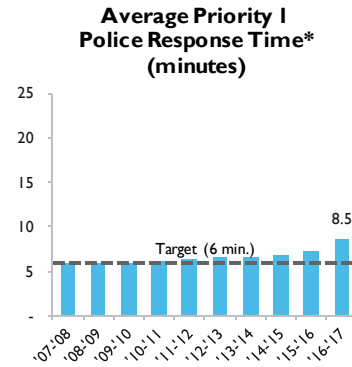
POLICE RESPONSE TIMES

In 2016-17, the Citywide average response time for Priority 1 calls was 8.5 minutes (target: 6 minutes). This continues a trend of increasing Priority 1 response times over the last few years.

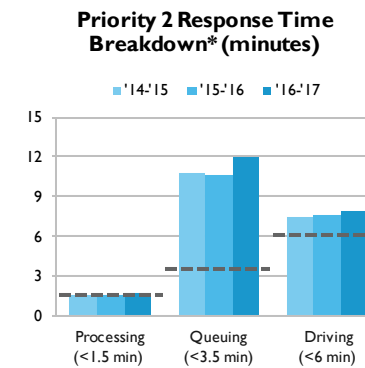
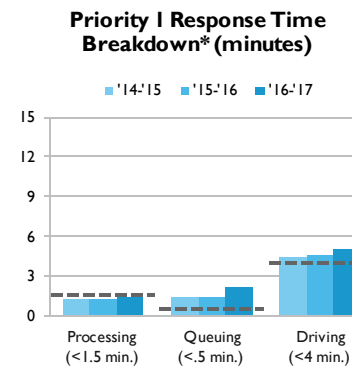
The Citywide average response time for Priority 2 calls continues to be well above the target of 11 minutes. As staffing reductions have affected the SJPD, the Department has focused on maintaining the Priority 1 response times close to the target as these calls involve present or imminent danger to life or major property loss. Priority 2 calls are those which involve either injury or property damage, or the potential for either to occur.

The Department disaggregates response times by three time targets: processing time, queuing time, and driving time. In 2016-17, the Department processing time for both priority 1 and 2 were close to targets. However, queuing times for both priority 1 and 2 were well above their targets.

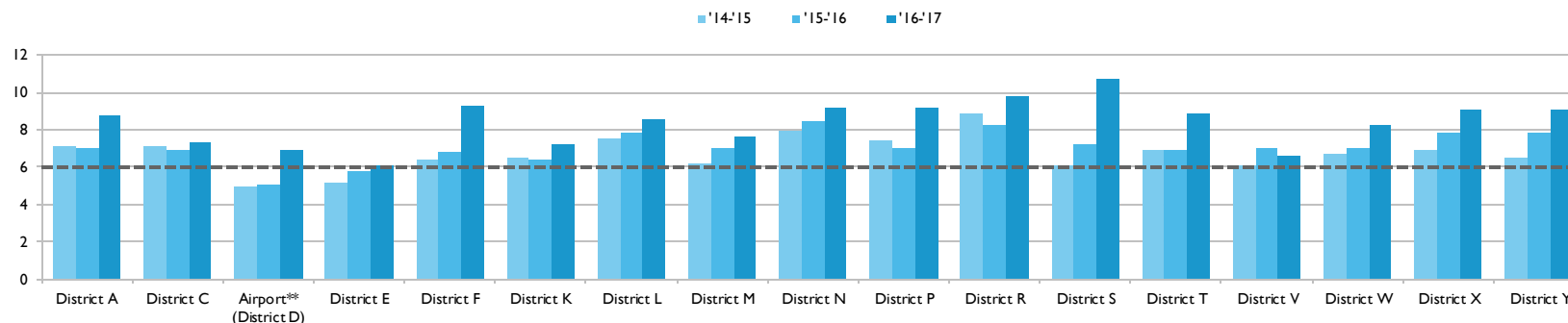
Compared to 2015-16, Priority 1 average response times by police district in 2016-17 increased in all but one of the regular districts (including the Airport), and all districts exceeded the 6 minute target response time. Response time may vary across districts because of the size or physical characteristics of an area, whether there are adjacent police service areas, population density, traffic conditions, officer staffing levels, or call-taker and dispatching levels.



* The Police Department calculates average annual response time by averaging the quarterly average response times.



Priority 1 Average Police Response Times* (Target: 6 minutes)



* Includes only Priority 1 calls to which the Department responded. Response time is measured from when a 9-1-1 call is received at dispatch to when the first car arrives on the scene.

POLICE

CRIME IN SAN JOSE

In 2016, there were 28,636 major crimes in San José, up slightly from ten years ago. Major crimes include violent crimes (homicide, rape, robbery, and aggravated assault) and property crimes (burglary, larceny, and vehicle theft). In 2016, there were 47 homicides in San José. This was 17 more than in 2015 and 13 above the ten-year average.

San José had a rate of 2,749* major crimes per 100,000 residents in 2016. Historically, the rate of major crimes per 100,000 residents in San José has been below the national and state averages. The exception was in 2012, primarily because of an increase in property crimes. However, in 2013, crime decreased and was again below the national and state averages. This trend continued in 2016.

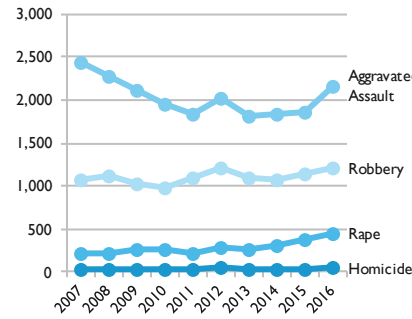
The number of arrests for felonies, misdemeanors, and other offenses has continued to decrease from a high of over 36,000 in 2007, to 13,142 in 2016.

There were 492** gang-related incidents in 2016-17, of which 151 (or 31 percent) were classified as violent by the SJPD.

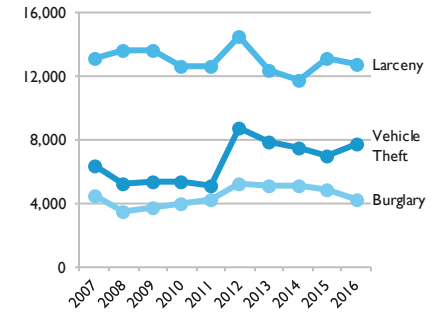
* Calculated using FBI population estimate. Using California Department of Finance population estimate, the San José rate was 2,737. The FBI has adopted an updated definition for classifying rapes, which includes more crimes under the category of rape than the prior definition. San José adopted the updated definition beginning January 1, 2015. Unless otherwise noted, crime rates listed are using the prior definition for calculating rape.

** Beginning in 2017, both gang related and gang motivated crimes are reported as one number in the Department's system. Prior to that year, the numbers only reflected gang motivated crimes.

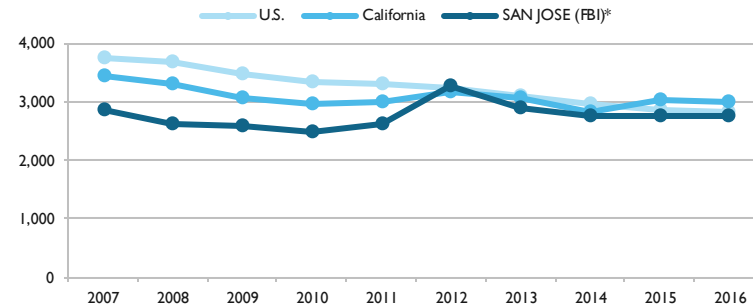
Major Violent Crimes



Major Property Crimes



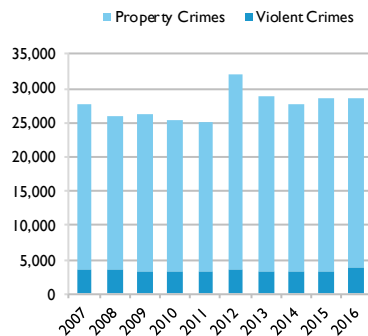
Major Violent and Property Crimes per 100,000 Residents



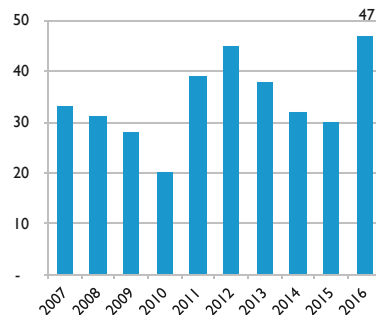
Sources: SJPD, CA Department of Justice, FBI

For national crime data visit the [FBI](#) web page.

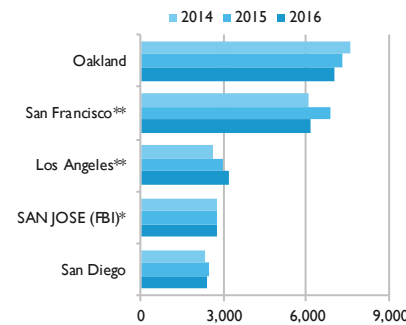
Major Crimes



Homicides

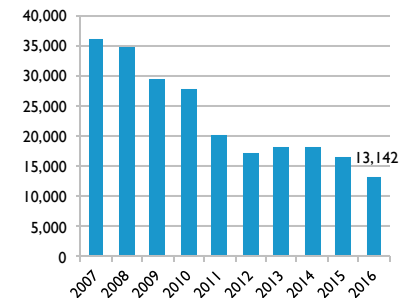


Major Violent and Property Crimes per 100,000 residents*



* Calculated using FBI population estimates
 ** These jurisdictions used an updated definition of rape, as of 2014. For 2015, all cities listed used an updated definition of rape.

Number of Arrests (Felonies, Misdemeanors, and Other)



PERCEPTIONS OF SAFETY IN SAN JOSE

The resident survey asked San José residents a variety of questions about how safe they feel in the City. 36 percent of respondents said they feel “good” or “excellent” regarding their overall feeling of safety in San José.

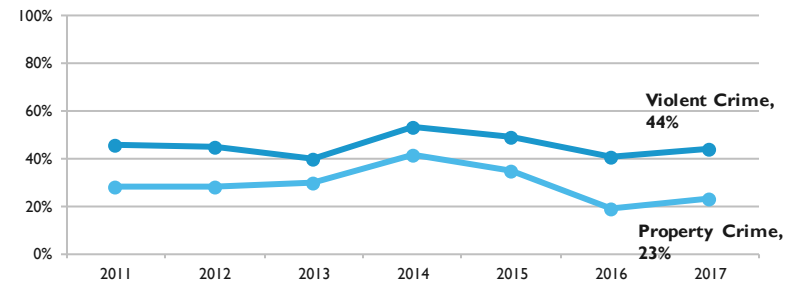
Respondents were asked how safe they feel in their own neighborhoods as well as in downtown San José, both during the day and after dark. 76 percent of respondents said they feel “very” or “somewhat” safe in their neighborhoods during the day and 50 percent said they feel “very” or “somewhat” safe at night in their neighborhood. 55 percent feel “very” or “somewhat” safe in San José’s downtown during the day, while 18 percent feel “very” or “somewhat” safe at night in downtown.

Respondents were asked how safe they feel from violent and property crimes in San José. 44 percent reported that they feel “very” or “somewhat” safe from violent crime in San José. 23 percent reported feeling “very” or “somewhat” safe from property crimes.

In 2016, 26 percent of San José residents surveyed said they or someone in their household had been a victim of a crime in the last 12 months. In the prior year survey of 2016, 24 percent of respondents said someone in their household had been a victim of a crime. 37 percent of respondents said they reported a crime to the police.

RESIDENT SURVEY

% of respondents who feel "very" or "somewhat" safe from violent and property crimes



RESIDENT SURVEY

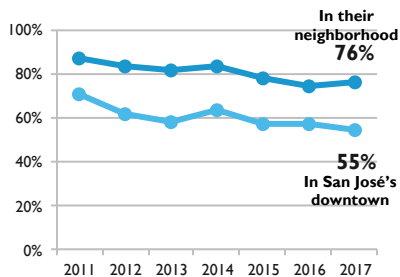
95% of respondents said it was “essential” or “very important” for the community to focus on an overall feeling of safety in the next two years.

RESIDENT SURVEY
How would you rate the quality of Police services in San José?



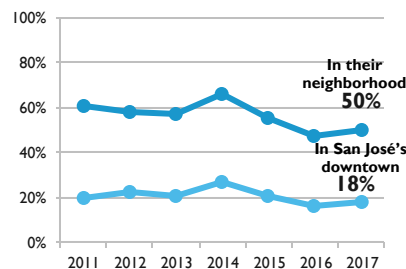
RESIDENT SURVEY

% of respondents who feel "very" or "somewhat" safe during the day



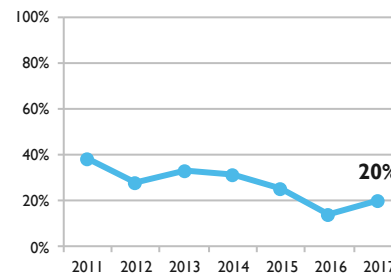
RESIDENT SURVEY

% of respondents who feel "very" or "somewhat" safe after dark



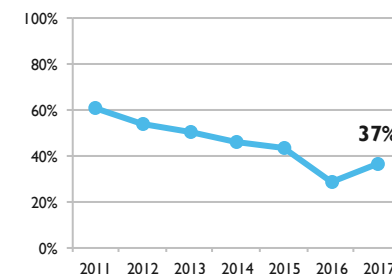
RESIDENT SURVEY

% of respondents rating crime prevention "excellent" or "good"



RESIDENT SURVEY

% of respondents rating police services as "excellent" or "good"



POLICE

INVESTIGATIVE SERVICES

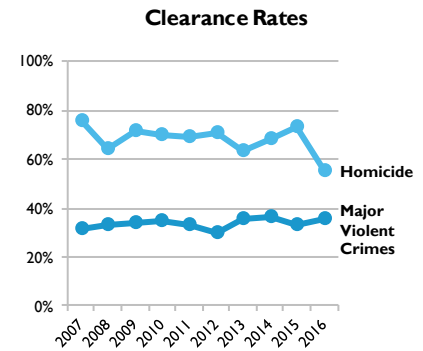
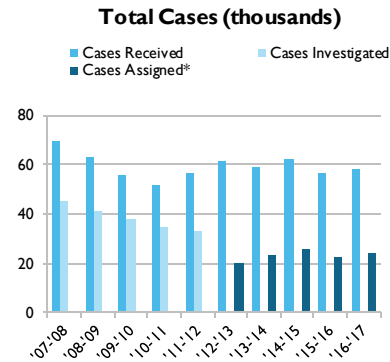
The SJPD investigates crimes and events by collecting evidence, interviewing witnesses, interrogating suspects, and other activities. In 2016-17, the Bureau of Investigations received 58,150 cases, 3 percent more than in 2015-16. Of these cases, 24,311 were assigned for investigation. A case may be unassigned because of a lack of resources or because it is deemed not workable (e.g., no evidence).

When a case is closed because of an arrest or by exceptional means (e.g., death of suspect), it is classified as cleared. In 2016, the clearance rate in San José for major violent crimes was 36 percent, compared to 45 and 46 percent for both the U.S. and California respectfully. In 2016, the clearance rate for homicides in San José was 55 percent, compared to 59 percent for the U.S. and California.

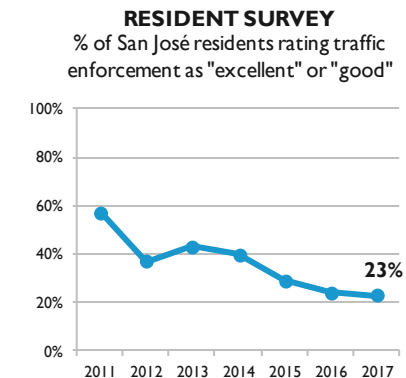
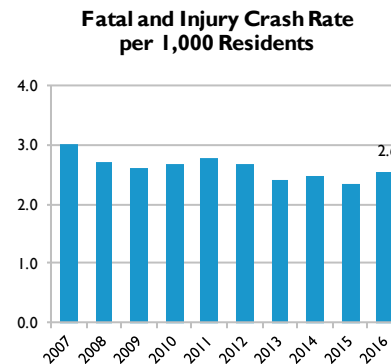
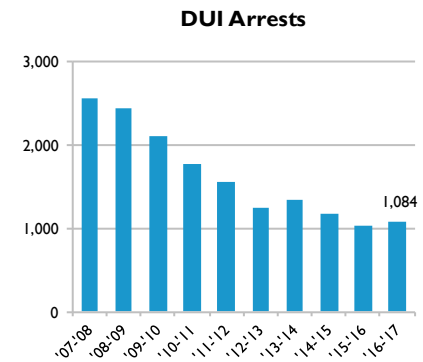
TRAFFIC SAFETY

The SJPD provides for the safe and free flow of traffic through enforcement, education, investigation, and traffic control. In 2016-17, the SJPD's Traffic Enforcement Unit issued about 6,600 citations. The exact number of citations issued is difficult to obtain due to the database structure of the system. The Traffic Enforcement Unit staff has been reduced significantly; current staff are targeting areas with higher crash rates to increase traffic safety. 23 percent of San José respondents to the resident survey rated traffic enforcement good or excellent.

DUI arrests have increased 5 percent over the previous year, but have declined significantly over the past 10 years. Additionally, calendar year 2016 saw San José's rate of fatal and injury crashes grow slightly.



* In 2012-13, the Police Department changed the performance measure from recording cases investigated to cases assigned to reflect the record management system classification. Cases are assigned when there is a solvability factor present.



* 2013 data is estimated

PUBLIC WORKS

The mission of the Public Works Department is to provide excellent service in building a smart and sustainable community, maintaining and managing City assets, and serving the animal care needs of the community.

PUBLIC WORKS

The Public Works Department oversees the City’s capital projects, maintains the City’s facilities, equipment, and vehicles, provides plan review services for development projects, and provides animal care and services.

In 2016-17, the Department’s operating budget totaled \$101.3 million* and staffing increased slightly from 552 to 559 authorized positions.

Most of these staffing additions were to support the Public Works Development Fee Program and the Capital Improvement Program. For example, three engineering positions were added to support Capital Improvements at the Wastewater Facility.

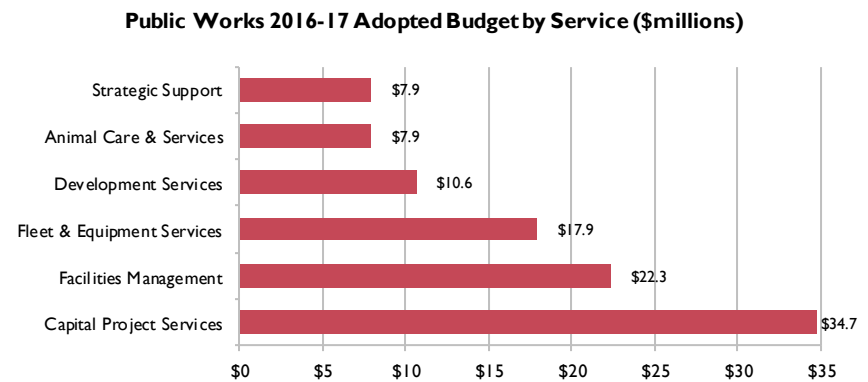
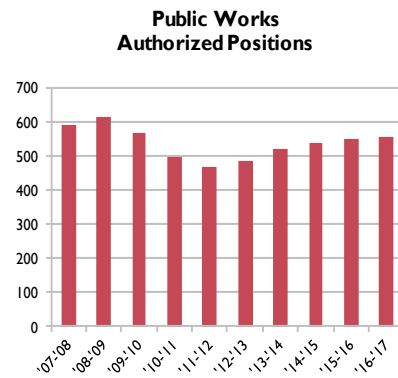
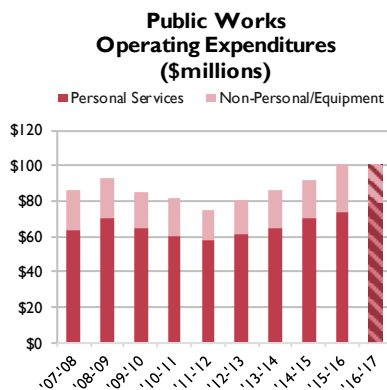


Doerr Parkway Trail



Tamien Park—Phase I

* In addition to expenditures paid out of its operating budget, Public Works was also responsible for \$9.2 million in actual Citywide expenses. This included \$7.7 million in expenses related to energy and utility conservation and about \$774,000 in workers’ compensation claims, but does not include capital improvement and program support.



Note: 2016-17 is adopted budget data and the non-personal/equipment category includes inventory.

Note: In 2008-09, Animal Care & Services was transferred to General Services, and in 2010-11, General Services was moved to Public Works. Prior to its transfer, Animal Care & Services was not designated a core service and as a result its budget is not reflected until 2008-09.

CAPITAL PROJECT SERVICES

The Capital Services division of Public Works oversees the planning, design, and construction of public facilities and infrastructure. Other departments such as the Airport, Transportation, and Environmental Services also manage some capital projects in their divisions.

In 2016-17, the Department completed 41 construction projects, 90 percent of which were completed on budget (the Department target). Construction costs for completed projects totaled \$56.3 million.

A project is considered on schedule when it is available for its intended use (e.g., completed street being used by vehicles, parks being utilized) within two months of the approved baseline schedule. Of the projects intended for beneficial use in 2016-17, 39 of 48 projects were on schedule (81 percent compared to the 85 percent target).

Industry benchmarks are used to measure project delivery costs.

- In 2016-17, 23 projects were over \$500,000 and had an average delivery cost of 41 percent (industry benchmark: ≤46 percent).
- Six projects in 2016-17 were \$500,000 or less and had an average delivery cost of 63 percent (industry benchmark: ≤68 percent).

Due to flooding in the winter of 2017, a few Capital Improvement Projects for Parks and Recreation were delayed for four to six months in order to prioritize projects related to flood recovery.

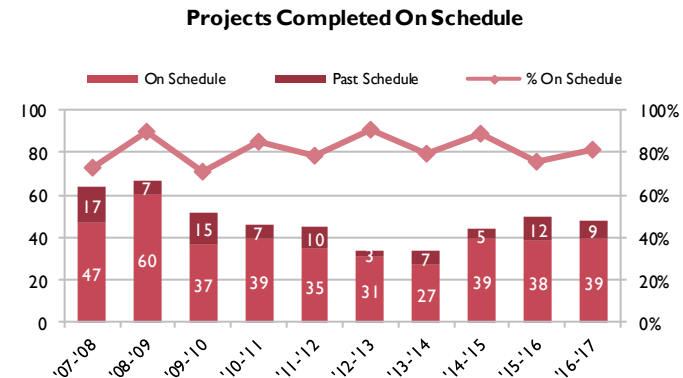
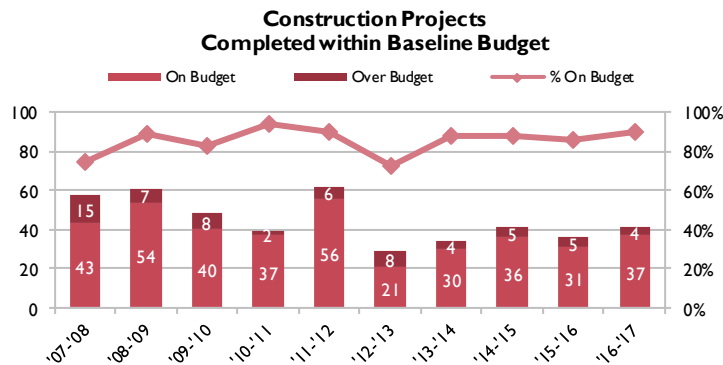
KEY FACTS (2016-17)

Adopted Budget	\$34.7 million
Total construction costs of projects	\$56.3 million
On budget	37 (of 41)
On schedule	39 (of 48)

Examples of Public Construction Projects

- | | |
|-------------------|--------------|
| Libraries | Bikeways |
| Fire stations | Trails |
| Police stations | Parks |
| Community centers | Storm drains |
| Sanitary sewers | Airport |

Read more on the [City's Capital Improvement Projects page](#).



FACILITIES MANAGEMENT

The Facilities Management division manages a total of 2.8 million square feet in 224 City facilities, including City Hall (over 500,000 square feet, including the Tower, Rotunda, and Council Wing). Services include maintenance, improvements, special event support, and property management.*

The division completed 21,785 corrective and preventive work orders in 2016-17, 12 percent less than a year ago as a result of vacancies. Out of 13,185 preventive maintenance work orders, 83 percent were completed during the year.

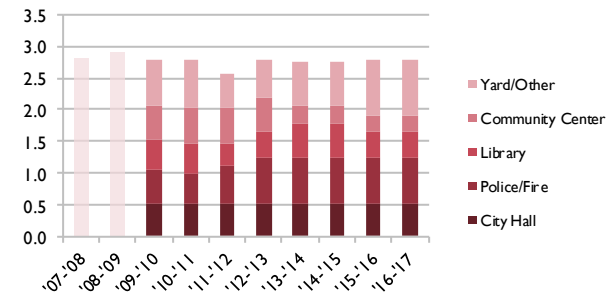
As of January 2017, Public Works estimated a facilities maintenance backlog for City-owned and operated facilities of over \$147 million in one-time costs, as well as \$18.4 million in annual unfunded costs. The estimated one-time maintenance backlog for City facilities operated by others (including the Convention Center and other cultural facilities) is \$73 million in one-time costs. This does not include the SAP Center, Sharks Ice, Municipal Stadium, or Hayes Mansion.

* Read more about the division in the November 2014 Audit Report, [Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains.](#)

KEY FACTS (2016-17)

Adopted Budget	\$22.3 million
Total number of City facilities	224
Square footage	2.8 million
Completed corrective & preventive work orders	21,785
Total completed solar installations on City sites	38

Facilities Managed, by Millions of Square Feet



Note: "Other" includes PRNS reuse sites, a small number of which may have been classified as community centers in prior years.

FLEET & EQUIPMENT SERVICES

Fleet and Equipment Services manages procurement and maintenance to provide a safe and reliable fleet of 2,735 City vehicles and pieces of equipment. The Department completed 22,481 repairs and preventive work orders in 2016-17, about 3 percent more than a year ago. Emergency vehicles were available for use when needed 100 percent of the time in 2016-17; similarly, the City's general fleet was available when needed 97 percent of the time.

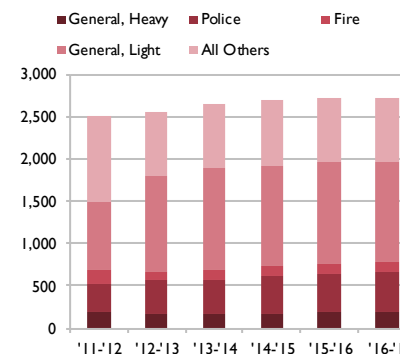
The City's Green Vision plan set a goal that all City vehicles run on alternative fuels by 2022-23. In 2016-17, 44 percent of City vehicles ran on alternative fuels, including compressed natural gas, propane, electricity, and biodiesel.

As of January 2017, the Department estimated a vehicle and equipment deferred maintenance and infrastructure backlog of \$8.6 million in one-time costs, the same as last year.

KEY FACTS (2016-17)

Adopted Budget	\$17.9 million
Total number of vehicles & equipment	2,735
Completed repairs and preventive work orders	22,481
Percent of fleet running on alternative fuel	44%

City Vehicles & Equipment



Equipment Class	Cost/Mile Estimate
Police	\$0.34
Fire	\$2.55
General, Light (sedans, vans)	\$0.41
General, Heavy (tractors, loaders)	\$2.02

PUBLIC WORKS

PUBLIC WORKS—DEVELOPMENT SERVICES

The Development Services division of Public Works coordinates with private developers and utility companies to ensure that private projects comply with regulations to provide safe and reliable public infrastructure.

The division manages two fee-based cost-recovery programs: the Development Fee Program (for private developers) and the Utility Fee Program (for utility companies). During 2016-17, the division approved 603 development permits and 3,367 utility permits. In 2016-17, the Department met 91 percent of planning and 87 percent of public improvement permit timelines (target for both: 85 percent).

Private development projects add public infrastructure (streets, traffic lights, water, sewer, etc.) to the City’s asset base. Projects permitted in 2016-17 are expected to add \$19.5 million in public infrastructure upon completion. Projects completed in 2016-17 added \$13.2 million in value to the City’s asset base. (See table for examples.)

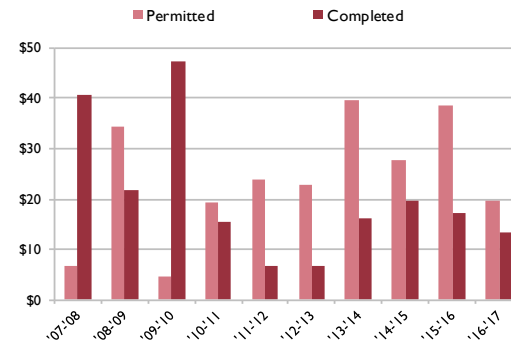
The **Development Services partners** are:

- Planning, Building & Code Enforcement Department (see *PBCE section*)
- Fire Department (see *Fire section*)
- Public Works Department

Major Projects & Estimated Public Improvement Values, 2016-17

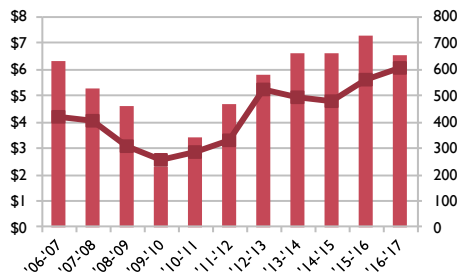
Permitted		Completed	
Flea Market Sewer Phase I (21” Sanitary Sewer Main)	\$5.1 million	Equity Tasmin Apartments (554 apartments, 1.02 acre public park)	\$2.0 million
Coleman Highline Phase II (675,000 sq. ft. office, 8,200 Sq. ft. retail)	\$2.3 million	Fox Property Residential (239 attached residential)	\$1.0 million
Berryessa Flea Market (162 single-family residences)	\$1.2 million	Village Terrace Improvements (238 single-family attached residential, 18 townhomes)	\$942,900
Ohlone Block C (268 multi-family residences)	\$947,700	Springbrook (12 single-family residences)	\$780,100

Value of Public Improvements (\$millions)



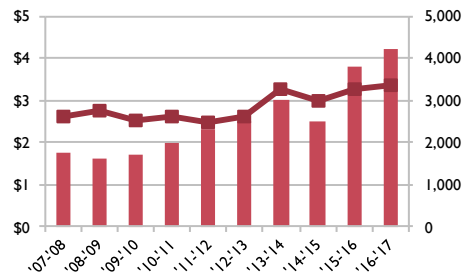
Development Revenues and Permits

Revenue (\$millions) Development Permits



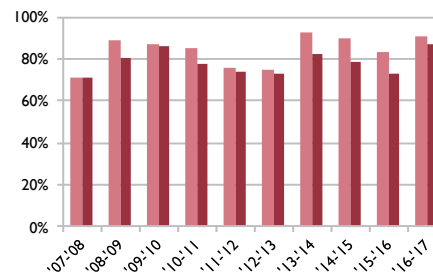
Utility Revenues and Permits

Revenue (\$millions) Utility Permits



Permitting Timeliness Target

Planning Public Improvement



Examples of Permitting Timelines*

Planning	20 days
Public Improvement	20/30 days**
Private Street	30 days
Lateral	5 days
Grading	20 days

* Targets are in working days
** Depends on scope

PUBLIC WORKS

ANIMAL CARE & SERVICES

The City provides animal licensing programs, patrol services, adoption/rescue programs, spay/neuter programs, and medical services for homeless animals through its Animal Care Center (Center). The Center, which opened during October 2004, serves San José, Cupertino, Los Gatos, Milpitas, and Saratoga.

As of July 1, 2017, there were 57,165 licensed animals in the Center's service area, down from nearly 63,000 in the previous year (but almost double from ten years ago). Of licensed animals, three quarters were dogs and a fourth were cats. The Center provides low-cost spay/neuter surgeries to the public, which decreased from the previous year to approximately 4,000.

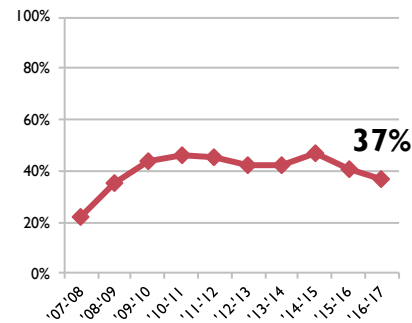
In 2016-17, the Center sheltered 17,856 animals. Among incoming animals, 88 percent of dogs and 87 percent of cats were adopted, rescued, returned to their owner, or transferred. The Center's live release rate (i.e., percentage of animals who were not euthanized) was 91 percent.

In 2016-17, animal service officers responded to 22,575 service calls, a slight decrease from the previous year. For emergency calls, such as dangerous situations or critically injured or sick animals, the time target is to respond to calls within one hour. In 2016-17, the Center met this target 96 percent of the time.

KEY FACTS (2016-17)

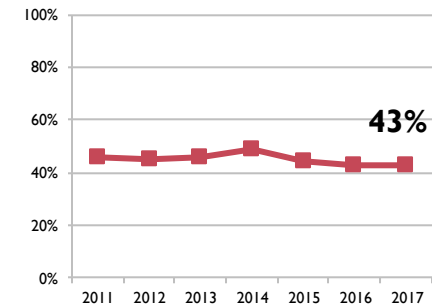
Adopted budget	\$7.9 million
Location of Animal Care Center	2750 Monterey Road
Licensing costs (dog / cat)	Starts at \$20 / \$10
Animal licenses in service area (as of July 1, 2017)	57,165
Incoming animals to Center	17,856
Live release rate	91%
Calls for service completed	22,575
Public spay/neuter surgeries	4,027

Cost Recovery***



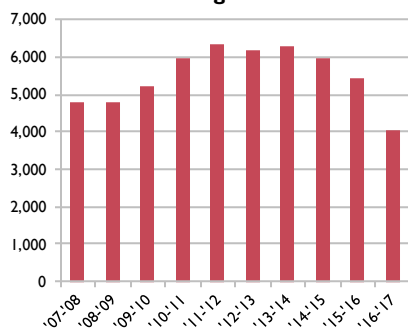
RESIDENT SURVEY

% of residents rating San José's animal control services as "excellent" or "good"



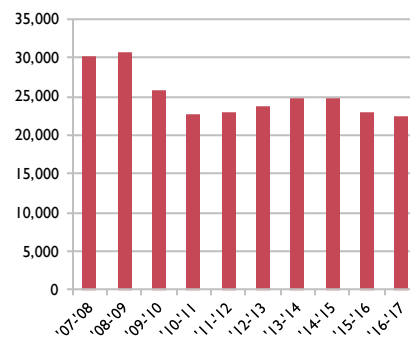
*** Based on Animal Care and Services division reported revenues and expenses

Low-Cost Spay/Neuter Surgeries*



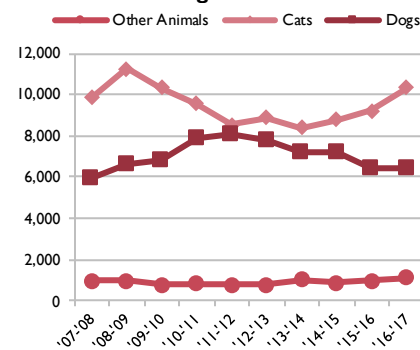
* Low-cost spay/neuter surgeries began in March 2006.

Calls for Service**

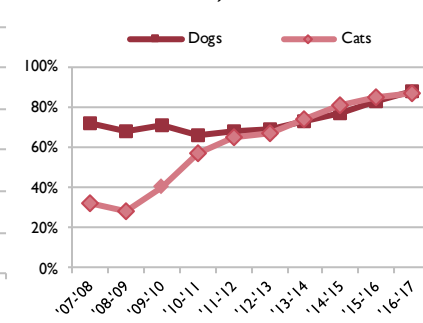


** Five major categories of calls (dead animal removal, humane investigations, stray animals, confined stray animals, and animal bite investigations) accounted for nearly two-thirds of all calls.

Incoming Shelter Animals



Percent Adopted, Rescued, Returned to Owner, or Transferred



RETIREMENT SERVICES

The mission of the Retirement Services Department is to provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans.

RETIREMENT SERVICES

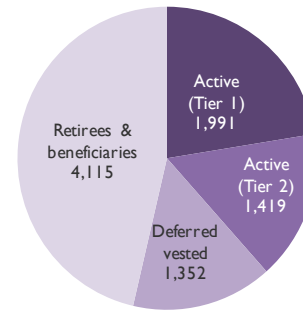
The Office of Retirement Services administers two pension plans, the Federated City Employees' Retirement System (Federated) and the Police and Fire Department Retirement Plan (Police and Fire), as well as Other Post Employment Benefits (OPEB) for City employees and retirees.

In 2016-17, the Office's budgeted personal expenses totaled \$6.6 million including 40 authorized positions (up from 28 positions ten years ago). Additional administrative costs, such as professional fees, of about \$3.3 million were paid out of the retirement funds. A comprehensive report by the Office puts investment fees at \$60.2 million for calendar year 2016. For more information, refer to our recent [Audit of Retirement Services](#).

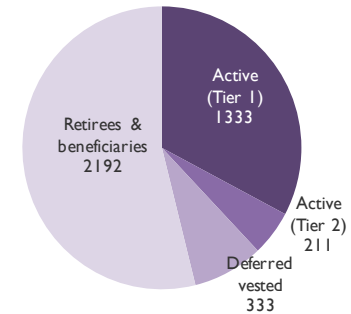
The City's total contributions to the two plans included \$275 million for pension benefits and \$53 million for OPEB, along with contributions from City employees of \$73 million for pension and OPEB. This totals to \$401 million in contributions from the City and its employees. The City's contributions have grown dramatically since the early 2000s and are expected to continue to grow in the coming years.

In 2012, San José voters approved a retirement reform measure (Measure B) that was subsequently subject to legal challenges. The City and its eleven bargaining units negotiated the provisions of a ballot measure (Measure F) to amend the City Charter to supersede the provisions implemented by Measure B. Measure F was passed by San José voters in November 2016.

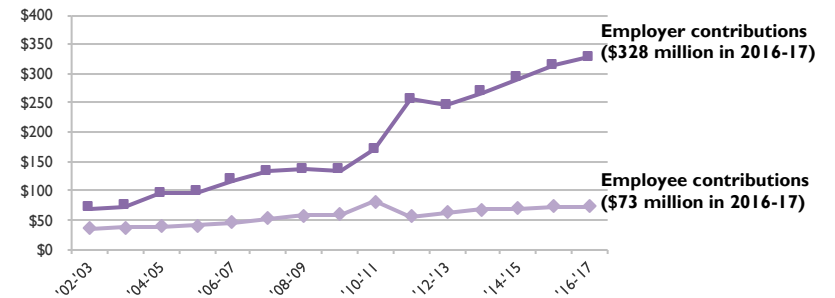
Federated Plan Membership



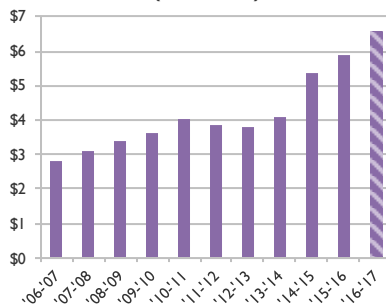
Police and Fire Plan Membership



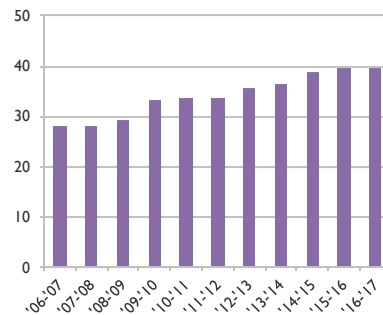
Total Annual Contributions for Pension and Retiree Health and Dental Benefits (\$millions)



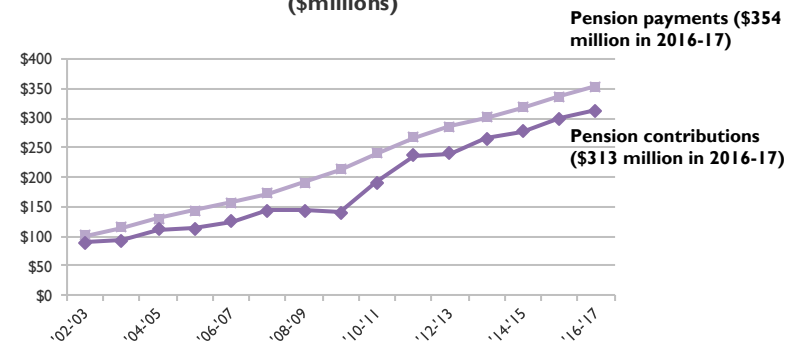
Retirement Services Personal Services Expenditures (\$millions)



Retirement Services Authorized Positions



Pension Benefit Payments and Contributions (\$millions)



Note: FY 2016-17 is adopted budget data. All other years are actual expenses. The Retirement Services chapter of the City's Operating Budget, as of June 30, 2017, only includes personal services. Additional administrative expenses and investment expenses are included in the Federated City Employees Retirement System and the Police and Fire Department Retirement Plan Comprehensive Financial Reports.

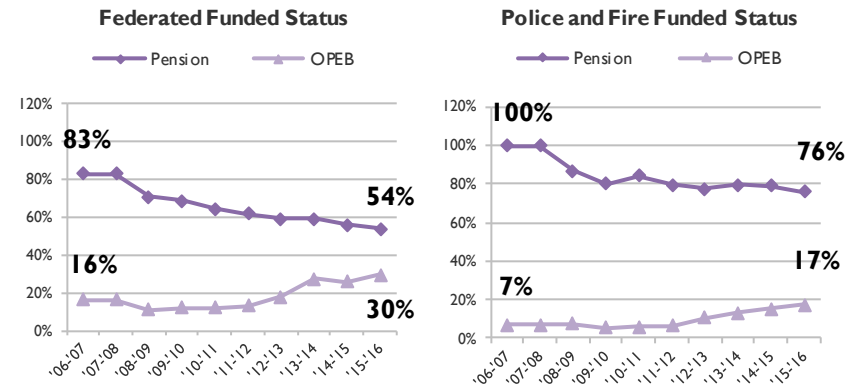
Sources for above charts: [Police and Fire Department Retirement Plan](#) and [Federated City Employees' Retirement System](#) Comprehensive Annual Financial Reports

RETIREMENT SERVICES

As of June 30, 2017, there were 6,307 retirees or beneficiaries of the plans, up from 4,480 ten years ago. Over that period, the ratio of active members (i.e., current employees contributing to the plans) to beneficiaries has declined from 1.4:1 to less than 1:1. In 1980, the ratio was nearly 5:1.

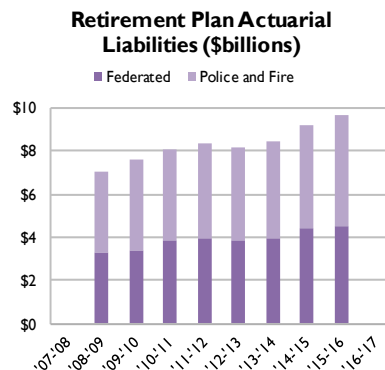
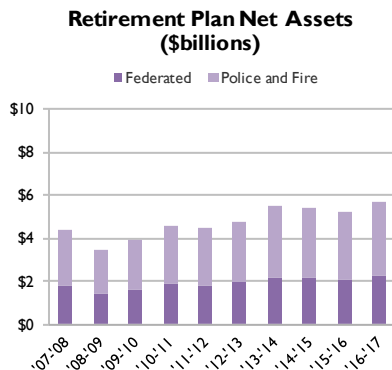
As of June 30, 2016, the Federated and Police and Fire independent actuaries determined that the funded ratios (or percent of liabilities covered by plan assets) were 54 percent for the Federated plan and 76 percent for the Police and Fire plan.

The independent actuaries also determined that the pension and OPEB plans' liabilities exceeded the values of their assets by \$2.3 billion for Federated and \$1.7 billion for Police and Fire respectively. These unfunded liabilities totaled nearly \$270,000 per Federated member and nearly \$420,000 per Police and Fire member.

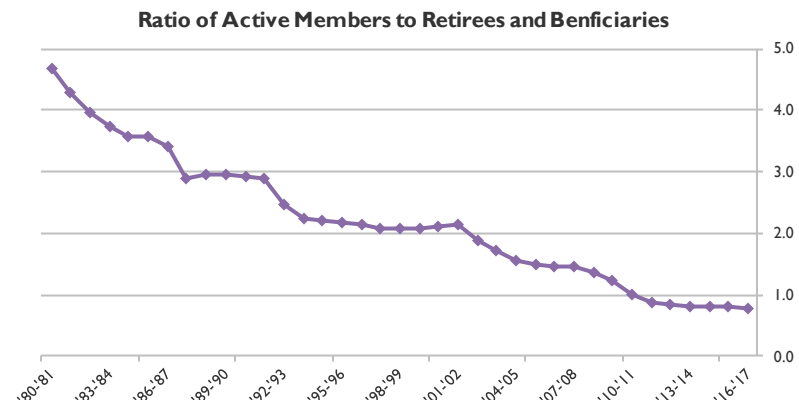


Sources: Federated City Employees' Retirement System and Police and Fire Department Retirement Plan Actuarial Valuations

Note: Funded status calculated using the actuarial value of assets, which differs from the market value as gains/losses are recognized over five years to minimize the effect of market volatility on contributions.



Note: 2015-16 data is the most recently available. Actuarial valuations were performed every two years prior to 2008-09



Source: Police and Fire Department Retirement Plan and Federated City Employees' Retirement System Comprehensive Financial Reports and Actuarial Valuations

RETIREMENT SERVICES

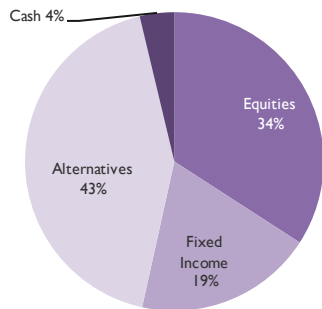
During 2016-17, Federated had a net rate of return on pension plan assets of 7.5 percent and Police and Fire earned 9.7 percent. Over the past five years, the Federated and Police and Fire pensions' annualized net returns have been 5.4 and 6.1 percent, respectively. The assumed rate of return, or discount rate*, for both plans was 6.875 percent as of June 30, 2017.

As a result of the positive investment returns, as well as payments for retirement benefits and health care premiums, total plan assets increased from \$5.25 billion last year to \$5.68 billion on June 30, 2017.

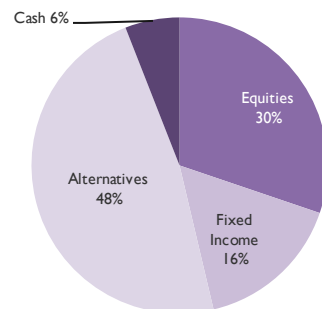
The retirement plans' assets are distributed among various types of investments, according to each board's investment policies. As of June 30, 2017, both pension plans held the largest portions of their assets in "alternatives," which are generally investments outside of traditional stocks, bonds, or cash.

*The assumed rate of return, or discount rate, is the annual rate used to discount pensions expected to be paid in the future to current dollars. For pension plans, it is often based on expected investment returns.

Federated Pension Actual Asset Allocation



Police and Fire Pension Actual Asset Allocation

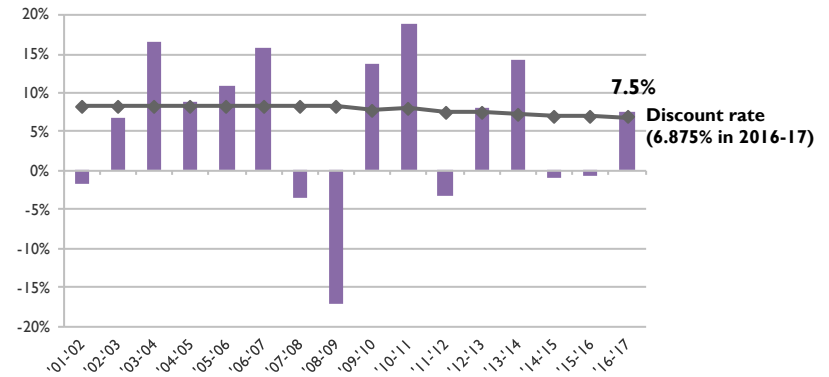


Source: Auditor-generated categories based on retirement plans' Comprehensive Annual Financial Reports
 Note: The "alternatives" category consists of the following pension plan asset classes: real assets, private equity, private debt, absolute return, and global tactical asset allocation.

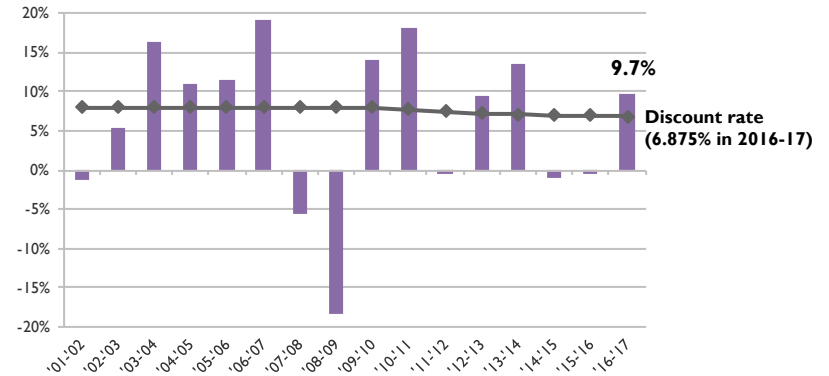
Retirement Plan Oversight

The Office of Retirement Services is overseen by two separate Boards of Administration: one for Federated, and one for Police and Fire. Each board is comprised of active employee and retiree representatives, as well as City Council-appointed public members with financial experience.

Federated Net Rate of Return



Police and Fire Net Rate of Return



TRANSPORTATION

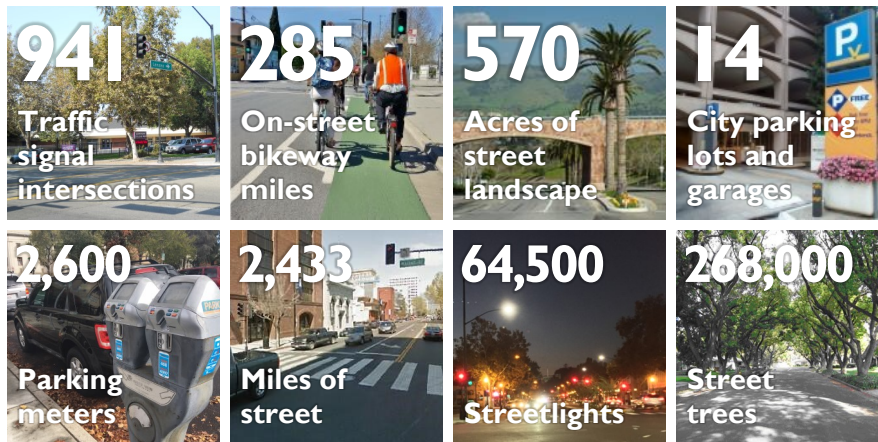
The mission of the Transportation Department is to plan, develop, operate, and maintain transportation facilities, services, and related systems which contribute to the livability and economic health of the City.

TRANSPORTATION

The Department of Transportation (DOT) has eight core service groups to: plan and develop transportation projects; optimize traffic flow and safety; maintain street pavement; maintain traffic signals, signs, markings, and streetlights; maintain street landscapes and street trees; clean and repair sanitary sewers; maintain storm sewers; and maintain public parking. Additional staff provide strategic support, such as budget and information technology services.

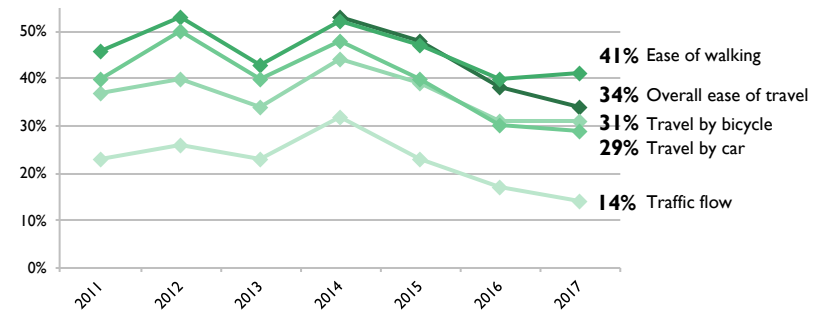
In 2016-17, DOT's operating budget totaled \$88.9 million.* DOT had 447 authorized positions; staffing was 6 percent lower than 10 years ago.

Photo source: Auditor and Department of Transportation

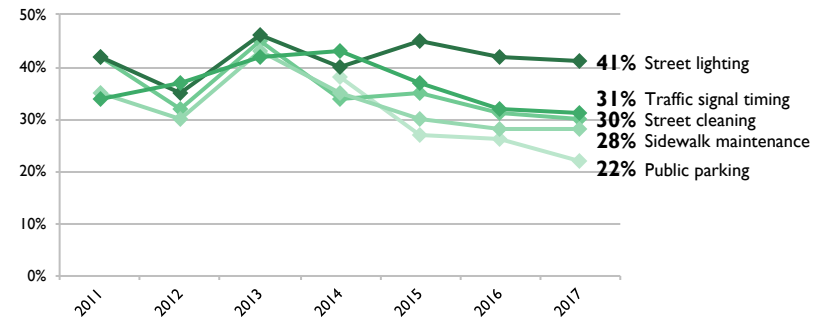


* DOT was also responsible for approximately \$6.6 million of Citywide expenses in 2016-17, including \$3 million related to parking citations/jail courthouse fees and \$2 million for sidewalk repairs. DOT also had authority over \$234 million in special funding and capital improvement programs for parking and traffic.

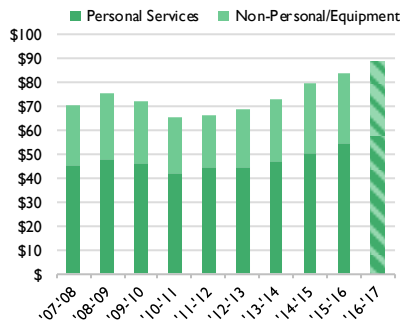
RESIDENT SURVEY
% of San José residents rating ease of travel as "excellent" or "good"



RESIDENT SURVEY
% of San José residents rating transportation-related services as "excellent" or "good"

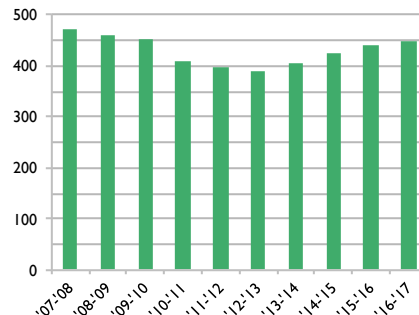


DOT Operating Expenditures (\$millions)

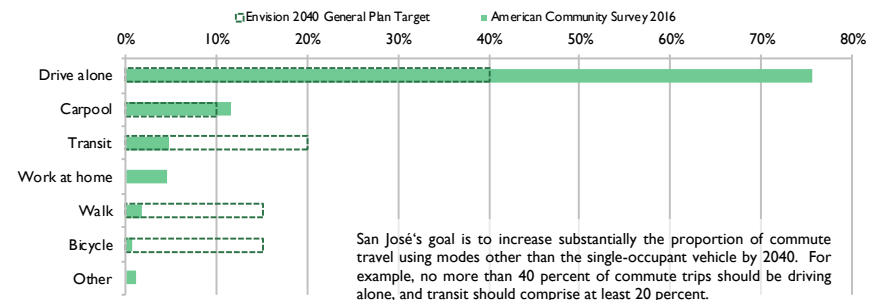


Note: FY 2016-17 is adopted budget data. All other years are actual expenses.

DOT Authorized Positions



San José Residents' Mode of Commuting to Work



San José's goal is to increase substantially the proportion of commute travel using modes other than the single-occupant vehicle by 2040. For example, no more than 40 percent of commute trips should be driving alone, and transit should comprise at least 20 percent.

2016 [American Community Survey](#), 1-year estimates, table

TRANSPORTATION OPERATIONS & SAFETY

Transportation Operations manages various traffic safety programs to facilitate safe and efficient travel within San José. DOT provides safety education to help guide motorist, bicyclist, and pedestrian behaviors. Over 42,000 school children received traffic safety education in 2016-17. DOT also installs flashing beacons, median islands, and curb ramps to enhance pedestrian crossings on major roads and in school zones to improve safety.

In 2015, the City adopted [Vision Zero](#), a policy that recognizes traffic deaths as preventable and unacceptable, and prioritizes human life over mobility and high vehicle speeds. Under Vision Zero, the City’s goal is to move towards zero traffic deaths and provide safe streets for all. According to DOT, they have completed safety assessments on 17 *Vision Zero* priority safety corridors and are using these assessments to prioritize safety investments and to apply for grants. To date, DOT has been awarded roughly \$26.3 million in grants for safety projects, including on Tully, McKee, and Senter roads.

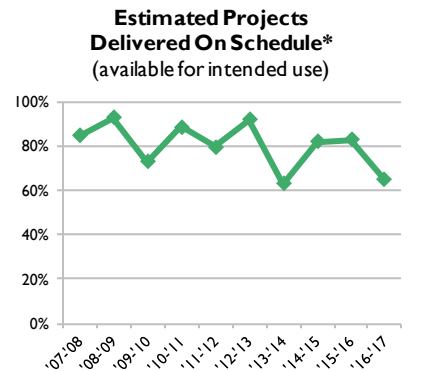
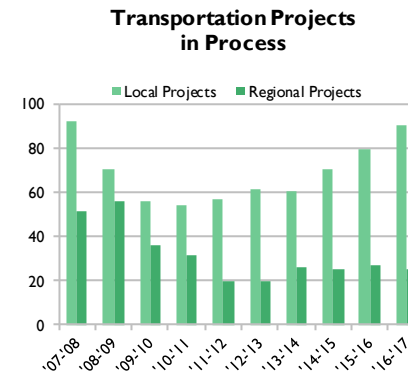
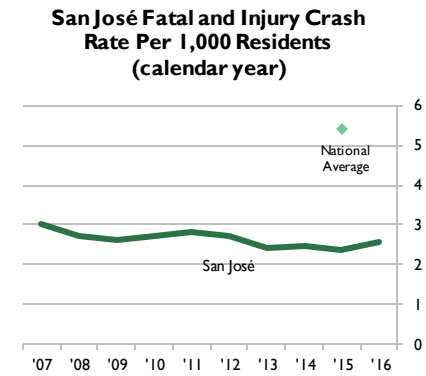
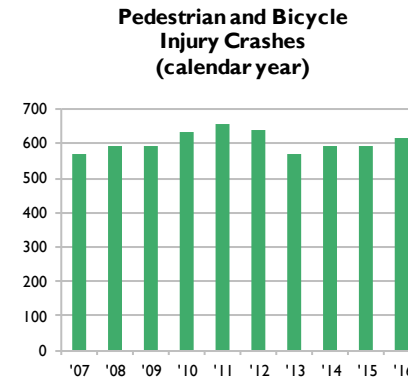
In 2016, San José’s rate of fatal and injury crashes per 1,000 residents was 2.56. By comparison, the national rate of fatal and injury crashes per 1,000 residents in the United States was 5.44 in 2015.

TRANSPORTATION PLANNING & PROJECT DELIVERY

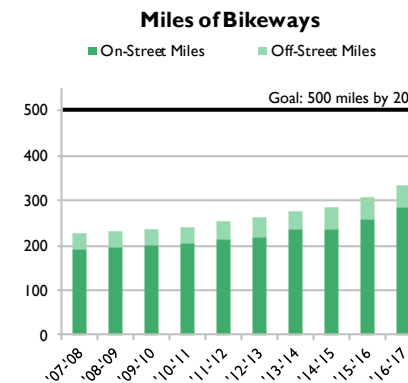
Planning & Project Delivery supports the development of San José’s transportation infrastructure. This includes coordinating transportation and land use planning studies, managing the Capital Improvement Program (CIP), and working with regional transportation agencies such as VTA, BART, and Caltrans.

In 2016-17, DOT planned to spend \$184 million on traffic capital improvement projects. An estimated 65 percent of City transportation projects were completed on schedule or within two months of the baseline schedule. Regional projects include freeway and transit infrastructure improvements; local projects include major street improvements, such as road resurfacing and bike lane installation.

San José currently has 335 miles of bikeways including 285 miles of on-street bicycle lanes and routes (installed by DOT) and 50 miles of paved trails (installed by Parks, Recreation and Neighborhood Services). San José is two-thirds of the way to its 2020 goal of 400 miles of on-street bikeways and 100 miles of off-street bike trails.



*This measure is an estimate, and represents projects completed by DOT and Public Works.



- Example Local & Regional Transportation Projects (FY 2016-17)**
- Autumn Street Extension
 - North First Street Bicycle Lane Safety Improvements
 - LED Streetlight Conversion
 - High Speed Rail
 - BART Extension
 - 101 Express Lanes

TRANSPORTATION

STREET PAVEMENT MAINTENANCE

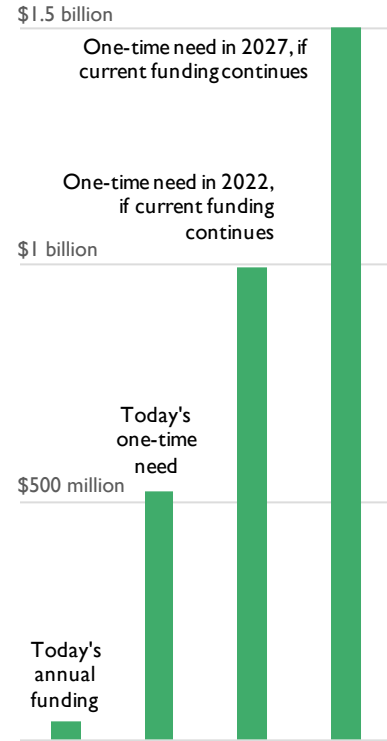
Pavement Maintenance is responsible for maintaining and repairing the 2,433 miles of City streets. In 2016, the City's street pavement condition was rated a 62, or "fair," on the Pavement Condition Index (PCI) scale. This condition is down from the 2003 PCI rating of 67. A "fair" rating means that streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly.

For many years, pavement maintenance has been under-funded, so DOT has focused its maintenance strategy on 544 miles of designated priority streets. In 2016-17, only 33 miles of street were resurfaced and 44 miles were preventively sealed. The City needs \$584.4 million to eliminate the backlog of poor and failed roads. In 2016-17, City Council allocated \$17.7 million in one-time funding to expand street pavement maintenance for major streets, bringing total capital funding for pavement maintenance to \$38.6 million. In 2017, the state created a Road Maintenance and Rehabilitation Fund, which will also help address the City's future funding needs, providing \$50.2 million in ongoing funding for pavement maintenance. This enables limited maintenance on local and neighborhood streets for the first time since 2012. The City also expects one-time funding of \$54 million over the next two years from local, state, and federal sources. Even if projected annual funding levels continue, however, the backlog will grow to \$1.5 billion by 2027, as major repairs cost five to ten times more than routine maintenance.

DOT continues to make safety-related corrective repairs, such as filling potholes and patching damaged areas. In 2016-17, DOT crews repaired more than 11,000 potholes.

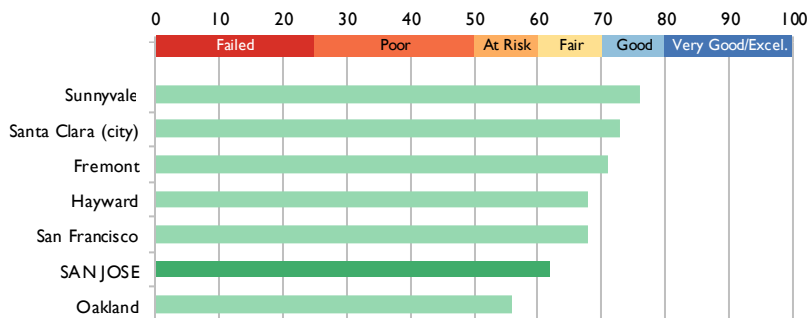


Funding Needed to Fix Poor, Failed, and Overdue Roads



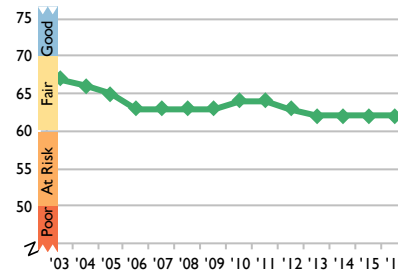
Photos source: Department of Transportation

2016 Pavement Condition Index Selected Bay Area Comparisons*

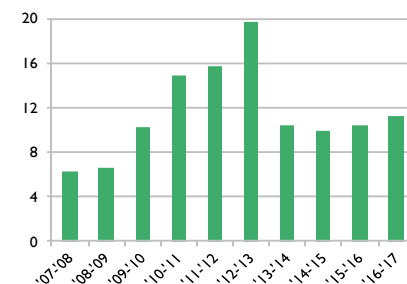


* 3-year moving average, calendar year basis
Source: [Metropolitan Transportation Commission](#)

Pavement Condition Index San José*



Number of Potholes Filled (thousands)



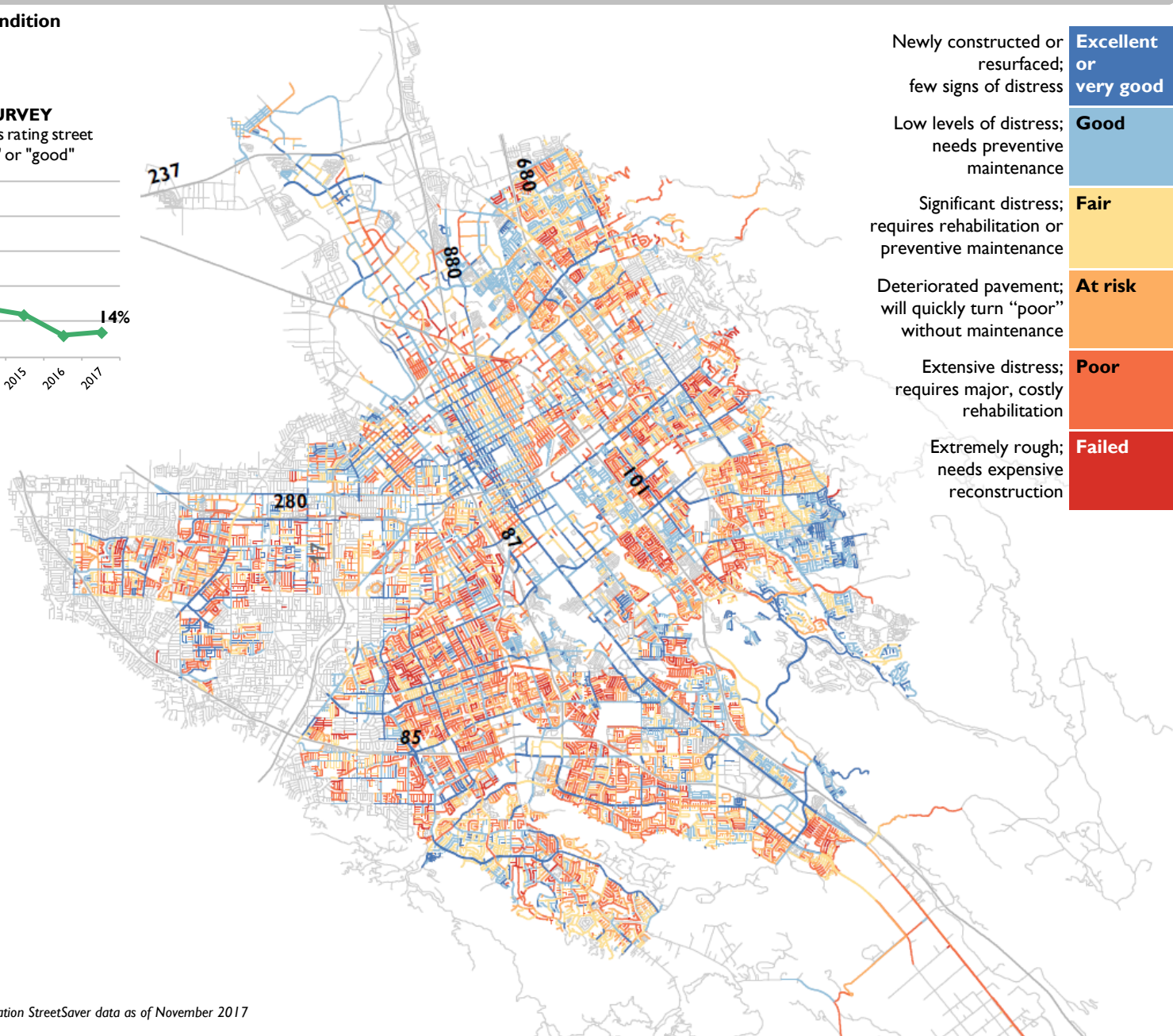
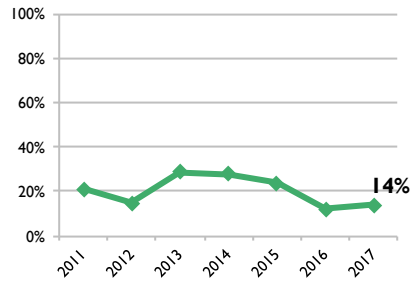
For more information, see our February 2015 [Audit of Street Pavement Maintenance](#).

TRANSPORTATION

Map of Pavement Condition

RESIDENT SURVEY

% of San José residents rating street repair as "excellent" or "good"



Newly constructed or resurfaced; few signs of distress	Excellent or very good
Low levels of distress; needs preventive maintenance	Good
Significant distress; requires rehabilitation or preventive maintenance	Fair
Deteriorated pavement; will quickly turn "poor" without maintenance	At risk
Extensive distress; requires major, costly rehabilitation	Poor
Extremely rough; needs expensive reconstruction	Failed

Source: Department of Transportation StreetSaver data as of November 2017

TRANSPORTATION

TRAFFIC MAINTENANCE

The Traffic Maintenance Division is responsible for maintaining the City's traffic signals, traffic signs, roadway markings, and streetlights. In 2016-17, DOT made 2,500 repairs to traffic signals. DOT responded to signal malfunctions within 30 minutes 35 percent of the time, down 11 percentage points from the year prior. DOT's target was to respond to 60 percent of traffic signal malfunctions within 30 minutes.

DOT's response to traffic and street name sign service requests fell within established priority guidelines 99 percent* of the time in 2016-17, exceeding the target of 90 percent. Over 5,000 signs were preventively maintained.

DOT crews completed roadway marking services within established priority guidelines 98 percent* of the time in 2016-17. 59 percent of roadway markings met visibility and operational guidelines. This is down from 80 percent in 2007-08, when the City had identified the visibility of roadway markings as a priority and set aside one-time funding for markings.

98 percent of San José's 64,500 streetlights were operational; roughly a third of malfunctions were repaired within seven days. DOT repaired over 8,600 streetlights in 2016-17, but expects the number of repairs to decrease as more streetlights are converted to LED. As of 2016-17, the City has converted or installed about 25,900 LED streetlights, up from about 3,000 LED streetlights five years ago.

Traffic Signals

941 traffic signal intersections in San José

2,500 repairs and **630** preventive maintenance activities completed

35% of malfunctions responded to within 30 minutes (*Target: 60%*)

Traffic and Street Name Signs

120,600 traffic control and street name signs in San José (*estimate*)

1,100 repairs and **5,000** preventive maintenance activities completed

99% of sign repair requests completed within established guidelines* (*Target: 90%*)

84% of signs in good condition (*Target: 85%*)

* 24 hours, 7 days, or 21 days—depending on the priority

Roadway Markings

5.7 million square feet of roadway markings

300 maintenance requests completed

98% of service requests completed within prioritized operational guidelines* (*Target: 90%*)

59% of markings met visibility and operational guidelines (*Target: 70%*)

* 24 hours, 7 days, or 21 days—depending on the priority

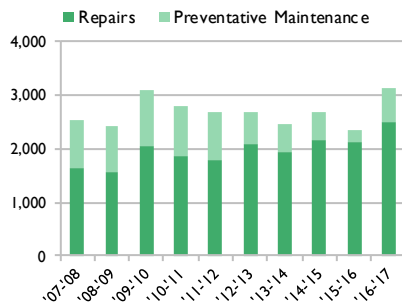
Streetlights

64,500 streetlights in San José, including **25,900** LED streetlights

8,600 repairs completed

98% of streetlights in operational condition (*Target: 97%*)

Number of Traffic Signal Maintenance Activities



Percent of Roadway Markings Meeting Visibility and Operational Guidelines

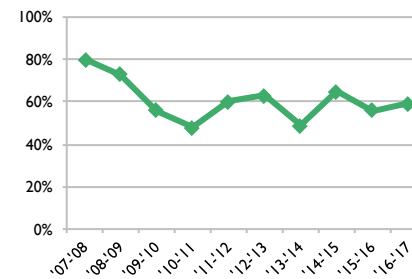


Photo source: Auditor and Department of Transportation

SANITARY SEWERS

DOT maintains more than 2,000 miles of sanitary sewers and 21 sewer pump stations. DOT is responsible for maintaining uninterrupted sewer flow to the San José-Santa Clara Regional Wastewater Facility. (The Facility, formerly known as the Water Pollution Control Plant (WPCP), is operated by the Environmental Services Department (ESD). For more information see the ESD chapter.)

DOT conducts proactive cleaning to reduce sanitary sewer stoppages and overflows. 908 miles were cleaned in 2016-17, and 637 sewer repairs were completed. DOT responded to 57 sewer overflows in 2016-17, while the number of main line stoppages cleared fell to 182.

STORM DRAINAGE

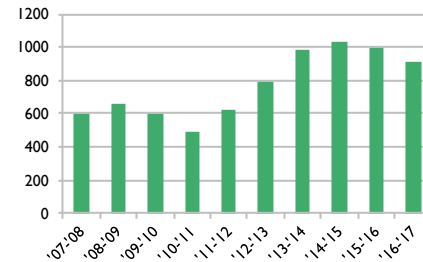
DOT and ESD ensure that all of the City’s streets are swept of roadway particulate and debris that may collect in gutters. DOT’s street sweepers clean the downtown area, major streets, and bike routes; the City contracts residential street sweeping.

DOT annually cleans about 30,000 storm drain inlets so that rain and storm water runoff flows unimpeded through storm drains into the San Francisco Bay. Proactive cleaning of storm drain inlets prevents harmful pollutants, trash, and debris from entering the Bay and reduces the potential for blockages and flooding during heavy rains. In preparation for anticipated heavy rains during the El Niño winter of FY 2015-16, DOT completed a second cleaning of the downtown catch basins to prevent potential flooding. These extra cleanings were again conducted prior to the 2016-17 wet season.

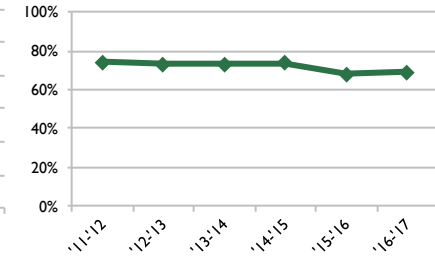
In 2016-17, DOT reports that there were 25 declared storm days and responded to nearly 1,150 storm calls. The number of stoppages and calls varies depending on the severity of rainfall. When Coyote Creek flooded on February 20-21, 2017, DOT received 208 storm calls. DOT also maintains 29 storm water pump stations and cleans wet-wells during summer months.

For more information, see our February 2016 [Audit of Street Sweeping](#).

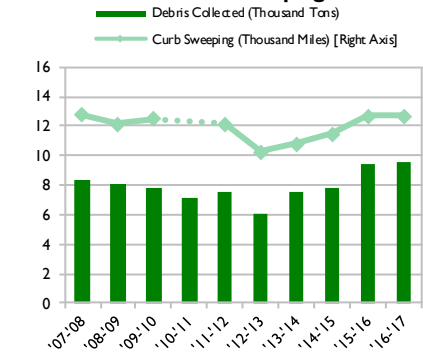
Sewer Miles Cleaned



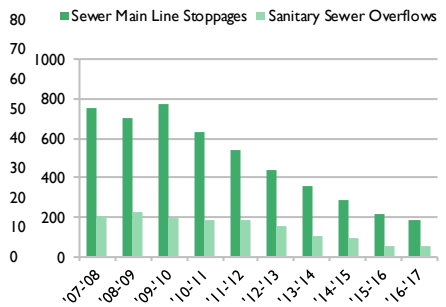
Percentage of Sewer Overflows Responded to Within 30 minutes



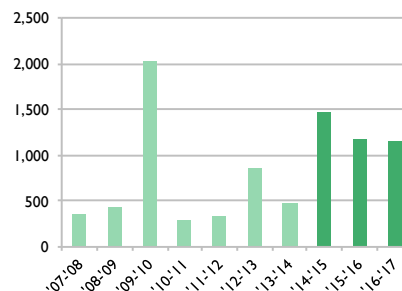
Street Sweeping



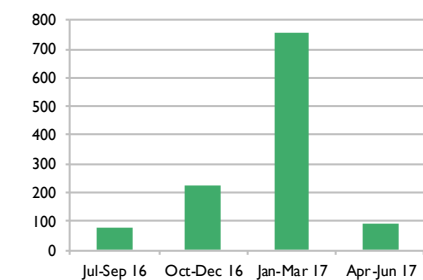
Sewer Stoppages and Overflows Cleared



Storm Calls



2016-17 Storm Calls



2008-09 estimated. 2009-10 was an above-normal storm year. Prior to 2014-15, this counted only storm drain inlet stoppages.

TRANSPORTATION

STREET LANDSCAPE MAINTENANCE

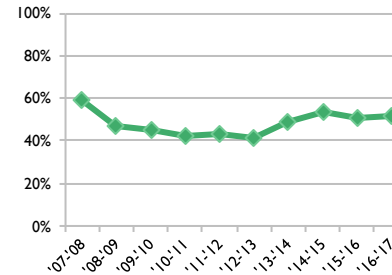
DOT's Landscape Services Division maintains median islands and undeveloped rights-of-way, and ensures the repair of sidewalks and the maintenance of street trees. In 2016-17, DOT maintenance staff provided basic cleaning and maintenance activities to keep an estimated 52 percent of street landscapes in good condition.

The City initiated about 3,600 sidewalk repairs in 2016-17, about half as many as the prior year. According to DOT staff, this reduction was due to vacant positions and staff turnover.

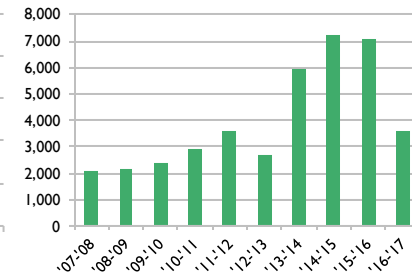
San José has an estimated 268,000 street trees.* DOT responded to over 1,600 emergencies for street tree maintenance in 2016-17. The number of tree emergency responses this year was 83 percent higher than 2015-16 due to heavy storms.

* Property owners are typically responsible for maintaining street trees and repairing adjacent sidewalks. The City maintains trees that are located within the arterial medians and roadside landscaped areas owned by the City.

Percent of Street Landscapes in Good Condition



Sidewalk Repairs

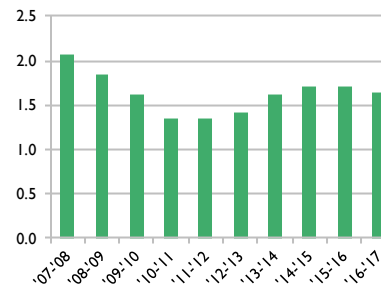


PARKING

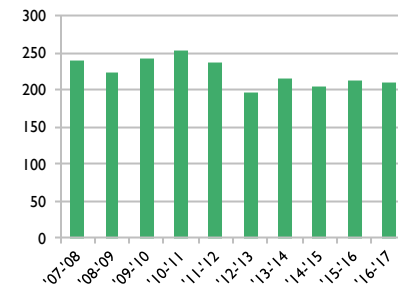
Parking Services is responsible for managing on-street and off-street parking, implementing parking policies and regulations, and supporting street sweeping, construction, and maintenance activities. Monthly parking in 2016-17 was up 42 percent compared to 10 years ago, reaching approximately 98,400 monthly customers. Over 1.6 million visitors used [City parking facilities](#) in 2016-17.

The Department issued over 209,000 parking citations in 2016-17. Parking Services is also responsible for investigating complaints of abandoned vehicles. In 2016-17, DOT received nearly 69,500 vehicle abatement complaints.

Visitor Parking Customers at the City's Downtown Facilities (millions)



Parking Citations Issued (thousands)



NOTES

NOTES