



City of San José

Annual Report on City Services 2017-18

A Report from the City Auditor
Report #18-09
December 2018

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December 14, 2018

City of San José
Office of the City Auditor

Annual Report on City Services 2017-18

The Office of the City Auditor is pleased to present the eleventh City of San José Annual Report on City Services. 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.

Background

With a population of 1,050,000, 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 36 percent Asian, 32 percent Hispanic, and 26 percent white. Roughly 40 percent of San José residents are foreign born. More than half of residents speak a language other than English at home.

In 2017-18, San José's unemployment rate declined and median household income increased to \$105,000. However, the cost of living in San José is among the highest in the nation. One out of six San José households earned less than \$35,000.

Resident Survey

2018 marked San José's eighth year of participation in The National Citizen

Survey™, a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). Four thousand households were selected at random for participation in a survey designed to understand resident opinions about their community and their City's services. Residents also had the opportunity to participate through an online "opt-in" survey. Surveys were available in English, Spanish, and Vietnamese. The survey was administered by NRC.

Residents identified safety and the economy as priorities for the San José community in the coming two years. While two thirds of residents expected to remain in San José over the next five years, ratings for the overall quality of life have fallen. As described in more detail in this report, ratings for many City services were similar to prior years. However, ratings for some City services have declined as the City has struggled to recover from budget and service reductions earlier in the decade.

Financial Condition

In recent years, the City's revenue per capita and expenditures per capita increased; however its net assets per capita decreased. The City faces an estimated \$1.4 billion deferred maintenance and infrastructure backlog and an unfunded liability for pension and retiree health benefits of more than \$4 billion. Nonetheless, the City has maintained general obligation bond ratings of Aa1 (Moody's), AA+ (S&P), and AA+ (Fitch) for the past five years.

Operating Budget and Staffing

In 2017-18, the City's departmental operating expenditures totaled \$1.4 billion*, or about \$1,370 per resident. Despite a projected General Fund deficit of \$10 million at the beginning of the year, the City was able to fund modest staffing increases and address public safety and disaster preparedness priorities.

However, the City Manager's 2018-19 Budget Message forecasted budget shortfalls for each of the next four years. 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.

Authorized staffing levels are 10 percent below what they were a decade ago. San José now employs about 5.9 people per 1,000 residents—fewer than any other large California city we surveyed. Although about 740 or 12 percent of full-time positions were vacant as of June 30, 2018, roughly 100 police recruits were in the police academy preparing to fill vacant police officer positions. Also, the Human Resources Department facilitated the hiring of 655 new full-time employees in 2017-18, the most new hires in the past 10 years.

* Expenditures from the City's Operating Budget totaled \$3.4 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.

City Service Area Dashboards

2018 marks the first year this report includes the newly created City Service Area Dashboards. The City Administration selected its top six measures representing achievements in each City Service Area:

- Community and Economic Development
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services

The dashboard results in this report are also available online at www.sanjoseca.gov/servicesreport.

Performance Results by Department

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. In 2017-18, performance highlights included:

- The Police Department initiated or received about 1.2 million calls for service, slightly up from the prior year. The average response time for Priority 1 calls was 9.2 minutes. Just 44 percent of Priority 1 calls were responded to within 6 minutes (target: 70 percent). The average response time for Priority 2 calls was 22.4 minutes (target: 11 minutes). The number of authorized sworn officers is less than ten years ago, and as of June 2018, only 846 of the 1,109 authorized sworn positions were filled with street-ready sworn officers.
- Historically the City's rate of major crimes per 100,000 residents has been slightly below the national and state rates. Since 2012, those rates have converged. In 2017, San José's rate was slightly above the national rate, and slightly below the state rate. Thirty-two percent of residents reported an overall "excellent" or "good" feeling of safety.
- The Fire Department responded to 93,000 emergency incidents. This included 58,000 medical incidents, 3,300 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 (target: 80 percent). Eighty-two percent of residents rated fire services as "excellent" or "good", and 77 percent gave similar ratings for emergency medical services.
- In 2017-18, the Fire Department completed 99 percent of its state-mandated inspections, compared to 65 percent in the previous fiscal year. The Department attributes the increase to more inspections by fire fighters. Fifty-two percent of residents rated fire prevention and education as "excellent" or "good".

- In September 2017, the Office of Emergency Management moved from the Fire Department to the City Manager's Office. Its Ready San José! programs include public outreach and training in emergency preparedness. In 2017-18, the Office reached out to 1,822 people and trained 32 individuals to lead CERT training sessions.
- The City has 195 neighborhood and 9 regional parks. On a scale of 1 (unacceptable) to 5 (like new), PRNS rated its average park condition 3.3. Eighty-eight percent of residents reported having visited a park at least once in the last year. Fifty-five percent rated parks as "excellent" or "good".
- The City has 50 community centers, but operated only 11 of them. The remaining facilities were operated through the City's facility re-use program by outside organizations or other City programs. Estimated participation in City-run recreation programs totaled 786,000. Similar to prior years, about half of residents rated San José's recreation centers and programs as "excellent" or "good".
- The City's libraries were open 58,000 hours in 2017-18 and had 6.7 million visitors. Circulation has trended down in recent years. The City's libraries offered over 16,500 programs to promote reading, literacy, and support school readiness. Sixty-one percent of residents indicated that they or someone in their household had used a library in the past year, and 77 percent of residents rated library services as "excellent" or "good".
- 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 "excellent" or "good". Both average monthly rents and the median single-family home price have continued to rise. In 2017-18, developers completed 117 affordable housing units with City help. The City's 2017 Homeless Census identified 4,350 homeless individuals, 74 percent of whom were unsheltered. In 2017-18, about 1,700 homeless San José residents were assisted into permanent housing through the collective efforts of local jurisdictions and non-profit agencies.
- Sewer, garbage/recycling, and San José Municipal Water (Muni Water)

rates all increased slightly from the prior year. Stormwater rates remained unchanged. About 70 percent of San José residents rated garbage, recycling, and yard waste pick-up as "excellent" or "good". In 2017-18, 64 percent of San José's overall waste was diverted from landfills (i.e., recycled, reused, composted, or prevented from entering the waste stream). Significant capital improvements continue at the Regional Wastewater Facility. South Bay Water Recycling delivered about 3.8 billions of gallons of recycled water to its customers.

- In 2017-18, the number of sanitary sewer main line stoppages and overflows declined to new lows as a result of proactive cleaning.
- In 2017, the City launched San José Clean Energy making San José the largest city in the country with a community choice energy program that will provide residents and businesses with renewable energy options.
- The City's permit center provided services to about 73,600 customers. With 15.5 million square feet of new construction valuing nearly \$1.7 billion, the amount of building activity was some of the highest seen in the past decade. The City issued 40,000 building permits in 2017-18; this included permits for 3,240 new residential units. The City met one of its timeliness targets for the seven development processes shown in this report.
- The City's code enforcement inspectors target properties at high risk of violations using a risk-based tiered inspection process for its Multiple Housing Program. In 2017-18, they inspected buildings that cumulatively had about 5,700 housing units. Only 13 percent of residents rated code enforcement as "excellent" or "good"—the lowest rating of any City service.
- The Public Works Department oversees the City's capital projects; maintains City facilities, equipment and vehicles; provides plan review services for development projects; and provides animal care services. In 2017-18, Public Works completed 61 construction projects with construction costs totaling \$125 million. The Animal Care Center's live release rate hit a new high of 92 percent.

- Passenger growth continued at the Airport, reaching 13.5 million in 2017-18. There were over 128,000 passenger flights (takeoffs and landings), or about 351 per day. The Airport had 16 percent of the regional passenger market share, an increase from 14 percent two years ago. Seventy-five percent of residents rated the ease of use of the Airport as "excellent" or "good".
- San José's street pavement condition was deemed only "fair" based on its Pavement Condition Index (PCI) rating of 67 out of a possible 100. 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. With the passage of Measure T in November 2018, the City's Transportation Department anticipates at least \$300 million in additional bond funds to maintain residential streets, and a subsequent reduction in the pavement maintenance backlog. Only 14 percent of residents rated street repair as "excellent" or "good"—one of the lowest ratings of any City service. In 2017, San José's rate of fatal and injury crashes was 2.1 per 1,000 residents, a slight decrease from the prior year.

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

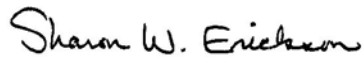
Conclusion

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 the new City Service Area Dashboards, followed by 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 and Methodology

INTRODUCTION

BACKGROUND

This is the eleventh 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, 2018. 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 October 2018, 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.

This report covers the functions of the City government of San José. The City's residents are also served by the County of Santa Clara, which provides criminal justice, health and hospital, housing, and social services. The Santa Clara Valley Water District provides water and flood protection to San José residents. San José contains 240 schools. Seventeen public school districts serve the City's children.

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. It also includes City Service Area (CSA) dashboards – the top six measures representing achievements in the City's key lines of business. 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

The new Community Energy Department was created in August 2017. Currently, the Department procures clean power for the City. It will begin serving residents and businesses in February 2019. We have incorporated information about its budget and staffing in the Citywide summary. In future reports, when the City's community choice energy program is fully operational, we will include a chapter on the Department's performance.

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 was 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 21 City departments and offices during fiscal year 2017-18. 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.

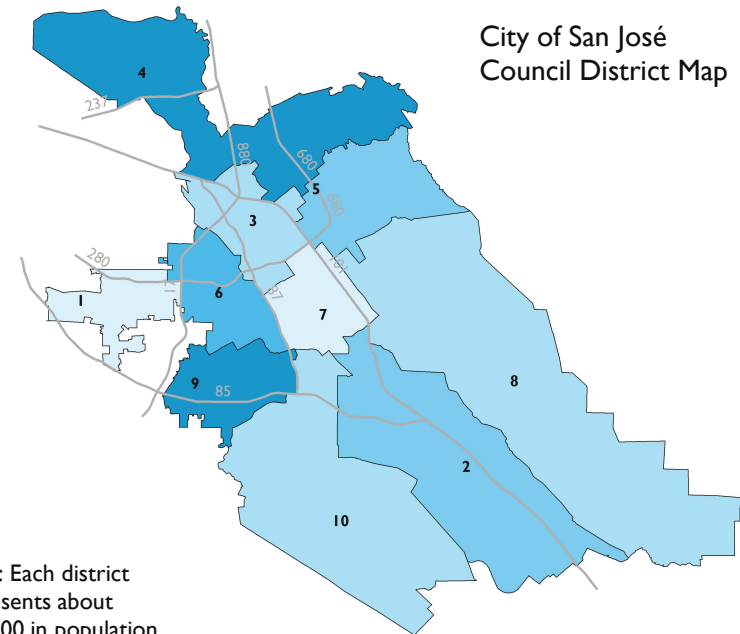
Some departments and programs serve expanded service areas. These departments include Environmental Services, Public Works, and the Airport. For example, the San José/Santa Clara Regional Wastewater Facility is co-owned by the cities of San José and Santa Clara and provides service to those cities as 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 2018 were to:

- Build more affordable housing,
- Restore and enhance City services,
- Facilitate new job growth,
- Fight climate change, 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](#).



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

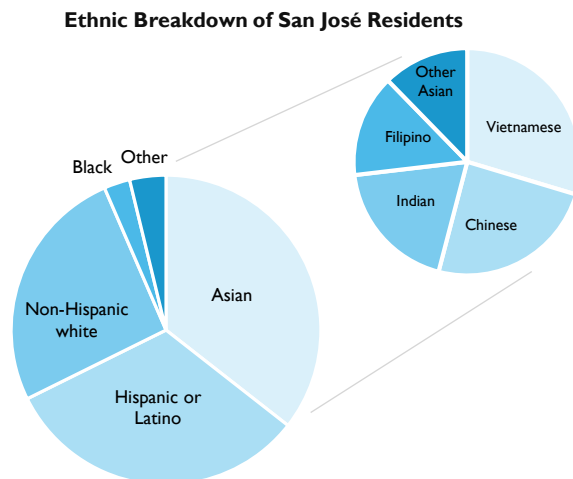
COMMUNITY PROFILE

San José, with a population of 1,051,316, 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 181 square miles at the southern end of the San Francisco Bay. By comparison, San Francisco covers 47 square miles with a population of 883,963.

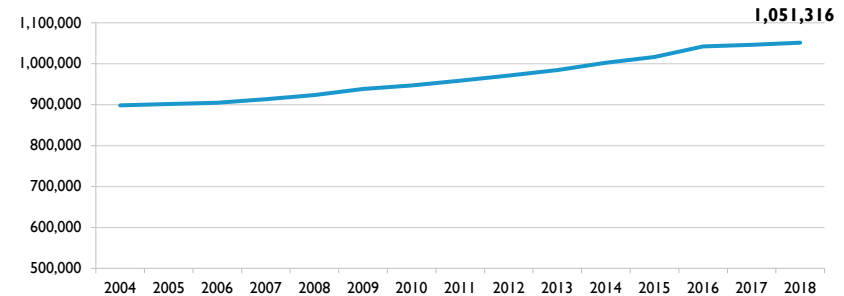
San José's population has been growing over the past decade, though its growth has slowed slightly. San José grew from a population of about 923,000 in 2008 to just over 1,050,000 in 2018, a 14 percent increase. The population grew by 5,000, a 0.5 percent increase from last year. (Unless otherwise indicated, 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

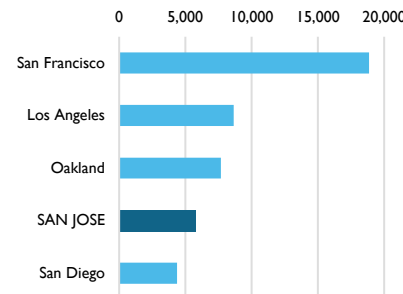
The City of San José serves an ethnically diverse population. The demographics of San José are important because they influence the type of services the City provides and residents demand.



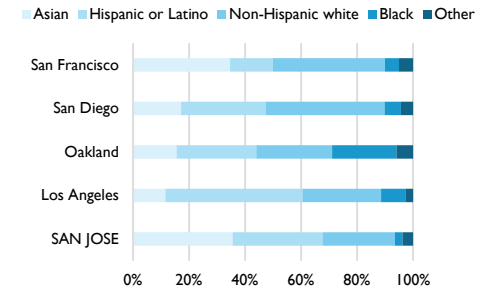
San José's Population Growth



Population per Square Mile



Population by Ethnicity



MANY RESIDENTS ARE FOREIGN BORN

San José also has a high number of foreign born residents; roughly 40 percent of residents in 2017. Of those identifying as foreign born, a majority were born in Asia and about a quarter were born in Latin America. About 17 percent of residents are not U.S. citizens. Approximately 58 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.”

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, while the percentage of residents born in Latin America has decreased.

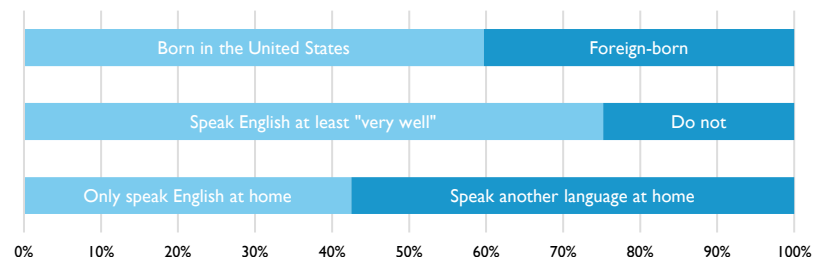
The proportion of the City's residents that speak a language other than English at home has increased in the past ten years, though the number that report they speak English less than “very well” is about the same as it was ten years ago. The proportion of the City's residents who are not U.S. citizens is also about the same as it was ten years ago.

THE MEDIAN AGE IS SLIGHTLY LOWER THAN THE UNITED STATES' GENERALLY

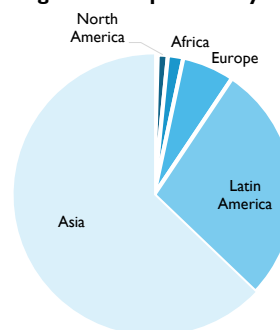
The City's population ranges in age, with a median age of 36.8 years. This is 1.2 years older than the median age of the population in 2008.

According to the County Registrar, approximately 71 percent of the 886,000 registered voters in Santa Clara County voted in the last midterm election (November 2018).

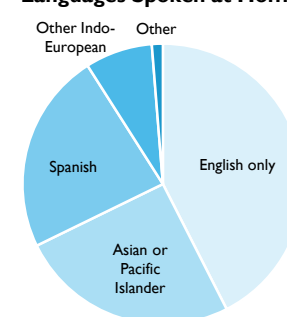
Characteristics of San José Residents



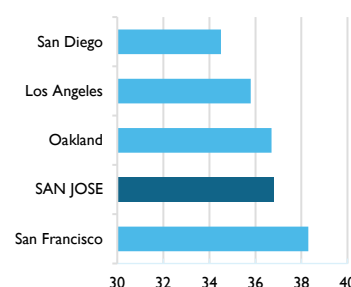
Foreign Born Population by Region



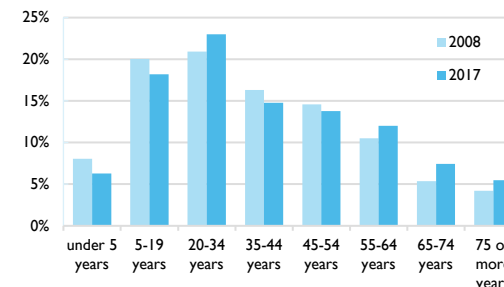
Languages Spoken at Home



Median Age of Residents



Resident Age



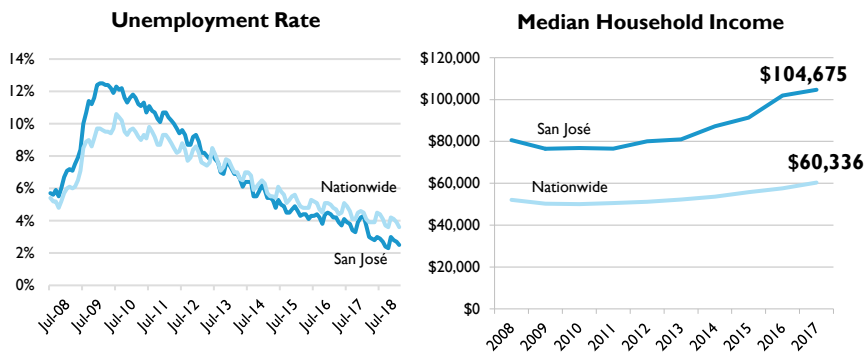
INTRODUCTION

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 the City are: educational services, healthcare and social assistance (19 percent); professional, scientific, and management (18 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 2017-18, it was approximately 3 percent, lower than the unemployment rate nationwide. According to the 2018 Silicon Valley Index, job growth slowed in the Bay Area in 2016 and 2017, though average annual earnings are at a record high.

In San José, median household income rose to nearly \$105,000 in 2017. According to the resident survey, about 33 percent of respondents thought that the economy would have a positive impact on their income over the next six months—slightly more than last year. (See the Resident Survey chapter and Economic Development chapter for more information.)

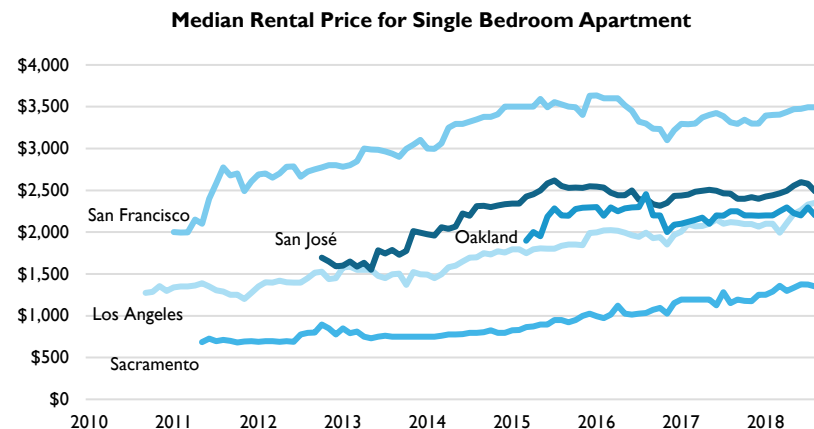


HOUSING PRICES HAVE ALSO INCREASED

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. These figures have stayed steady in the past year.

The U.S. Department of Housing and Urban Development defines "housing affordability" as housing that costs less than 30 percent of the occupant's gross income. In San José, 35 percent of homeowners and 52 percent of renters report spending more than 30 percent of household income on housing costs.

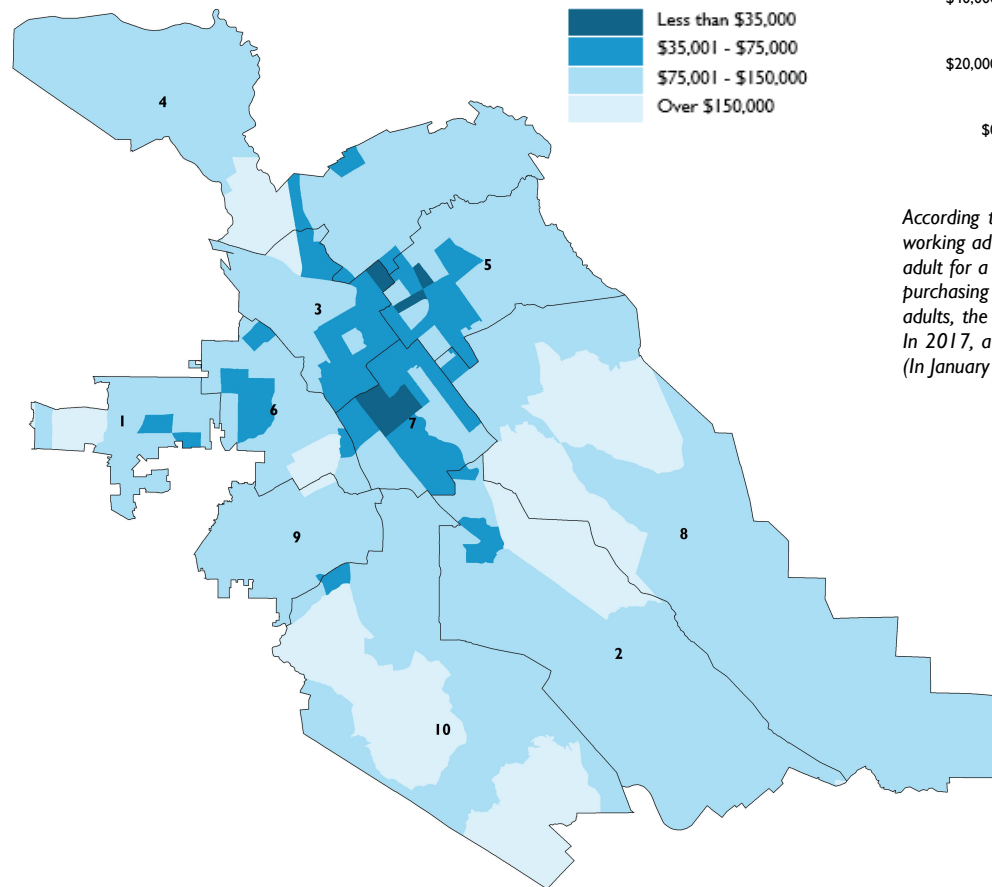
The median home price in San José in 2017-18 was \$1,225,000 and average monthly rent for all unit types was about \$2,497. This is up from \$720,000 and \$1,841 respectively, from six years ago. This also marks the first year that median home price in San José exceeded the million-dollar mark. This compares with a median existing home value of approximately \$247,000 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

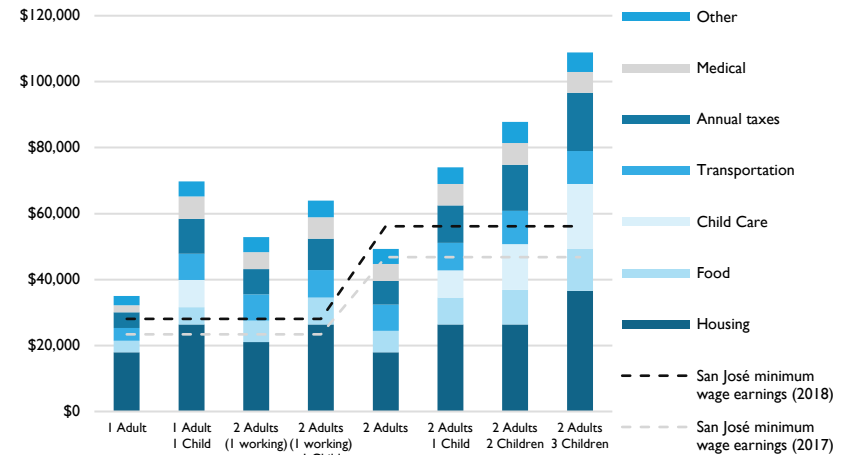
The cost of living in San José is among the highest in the country. About 16 percent of households earned less than \$35,000 in income and benefits, and 17 percent of the population received supplemental income or public assistance. An estimated 4,350 residents are homeless, around 3,200 (74 percent) are unsheltered—that is, not in an emergency shelter or transitional housing (for more information, see the Housing chapter, as well as our [2018 Audit of Homelessness Assistance Services](#)).

Map of Median Household Income



Source: U.S. Census Bureau, American Community Survey, 2017 5-year estimates (Table S1903).

Estimated Minimum Annual Living Expenses in San José - Sunnyvale - Santa Clara Metropolitan Area (2017)



According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area for a single, working adult was just over \$35,000 in 2017. 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 nearly \$88,000 in household income, or \$44,000 for each adult. In 2017, a full-time, minimum-wage employee in San José would have earned just over \$23,000 a year. (In January 2018, the minimum wage increased to \$13.50 per hour, or just over \$28,000 a year.)

INTRODUCTION

SCOPE & METHODOLOGY

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2018-19 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, most of which are 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
2008-09	225.7
2017-18	286.1
% change in last 10 years	26.7%

Source: Bureau of Labor Statistics, based on June 2009 and June 2018.

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

RESIDENT SURVEY

2018 marked San José's eighth 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 3,688 residents of the City who responded to either a mail or online survey.

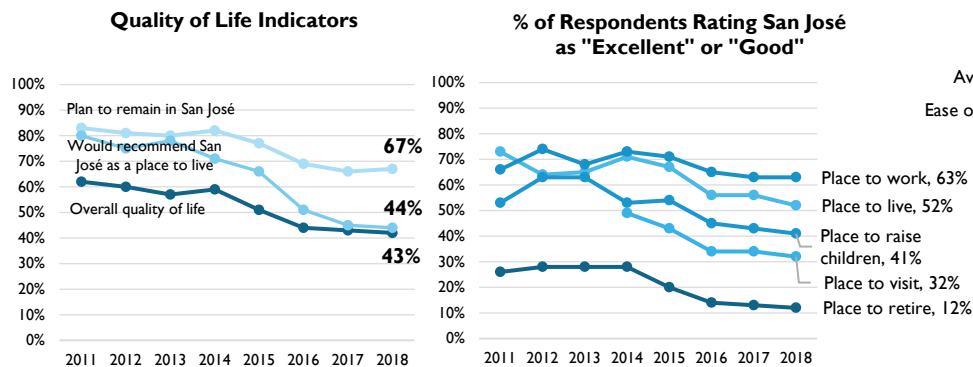
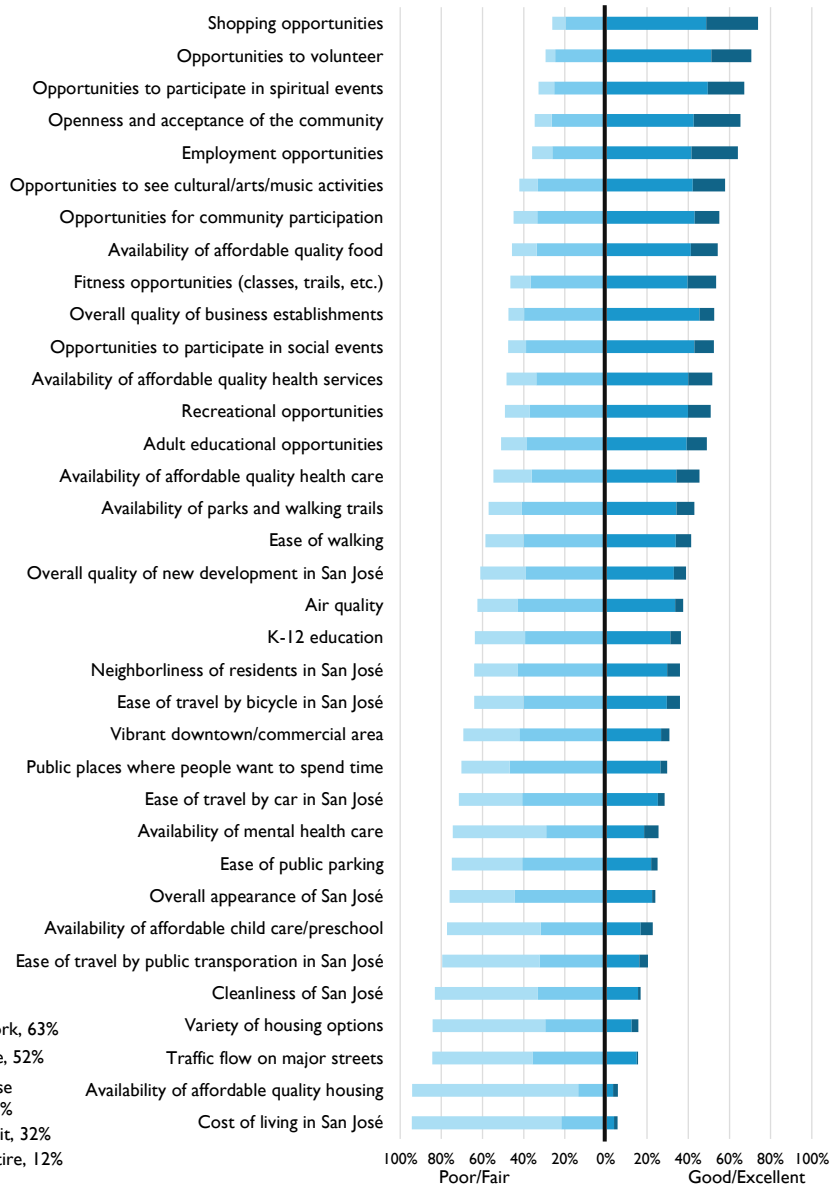
Complete survey results are posted online at sanjoseca.gov/servicesreport. The end of this chapter provides more specific information about the survey methodology.

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 opportunities to volunteer. Most ratings from 2018 are similar compared to those from 2017. Positive results on employment opportunities increased from 58 percent to 64 in the past year. The availability of affordable housing and the cost of living remain the lowest rated community characteristics.

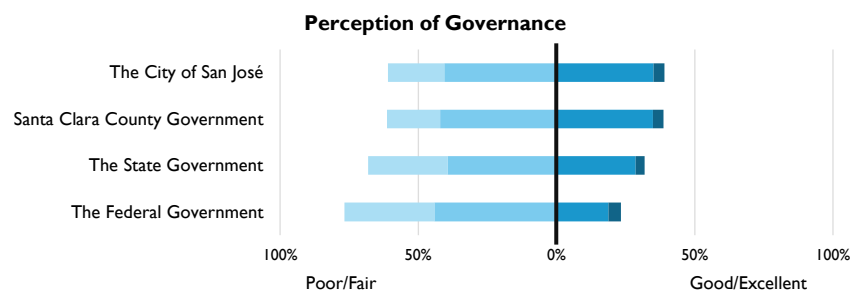
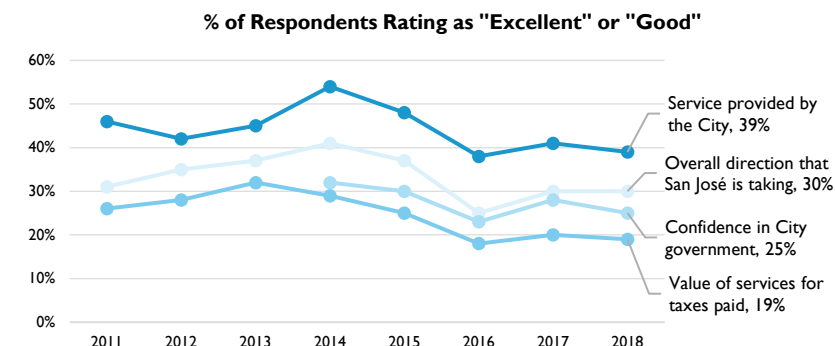
Ratings of Community Characteristics



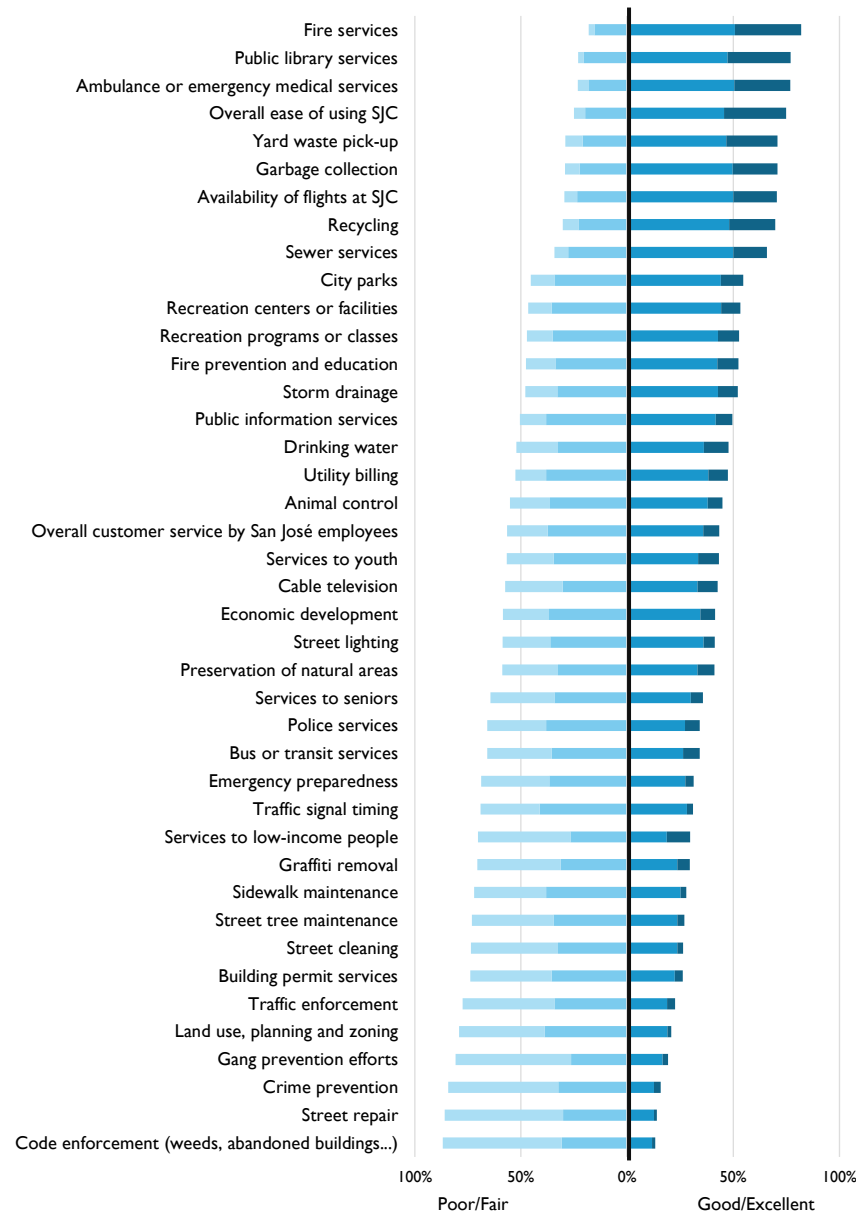
CITYWIDE QUALITY OF SERVICES

In the resident survey, the percentage of surveyed residents that rated the overall quality of City services “excellent” or “good” is about the same as last year. However, it is still down from prior years.

Satisfaction with specific government services ranges from a high of 82 percent of residents rating fire services as “excellent” or “good” to a low of 13 percent for code enforcement. Other highly rated government services include the ease of using the Mineta San José 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.



Quality of Government Services



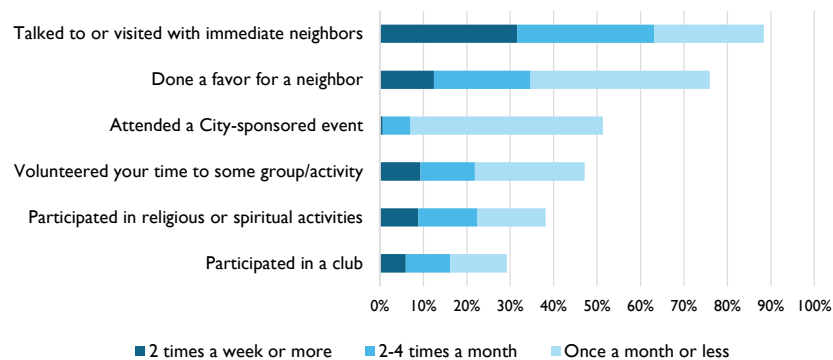
RESIDENT SURVEY

COMMUNITY PARTICIPATION & CITYWIDE PUBLIC TRUST

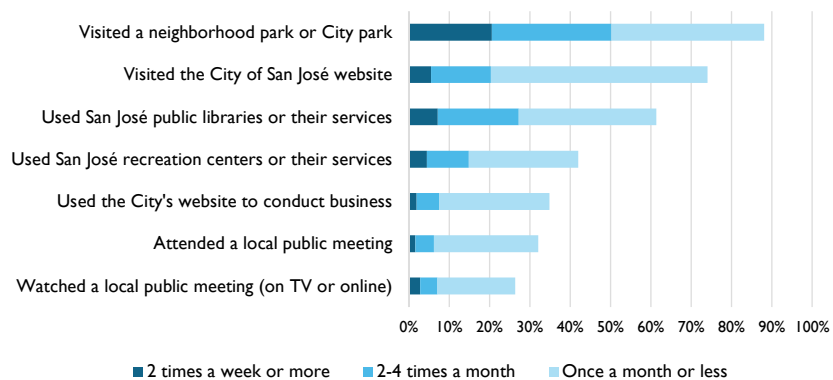
The resident survey also asked residents a variety of questions about their participation in the community, contact with City government, and confidence in San José's governance. Nearly three in four respondents said that they think it is essential or very important for San José to focus on sense of community in the next two years (just 26 percent of respondents rated San José's sense of community positively).

Public participation has increased in recent years. Fifty-five percent of respondents said they had contacted the City of San José (in-person, phone, email or web) for help or information in the past year.

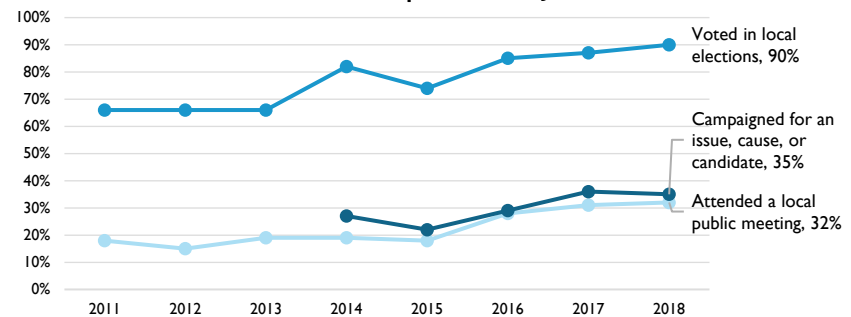
Participation in the San José Community



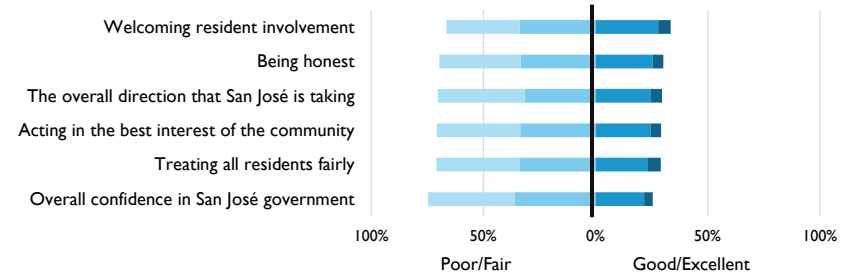
Contact with City Government



Public Participation in San José



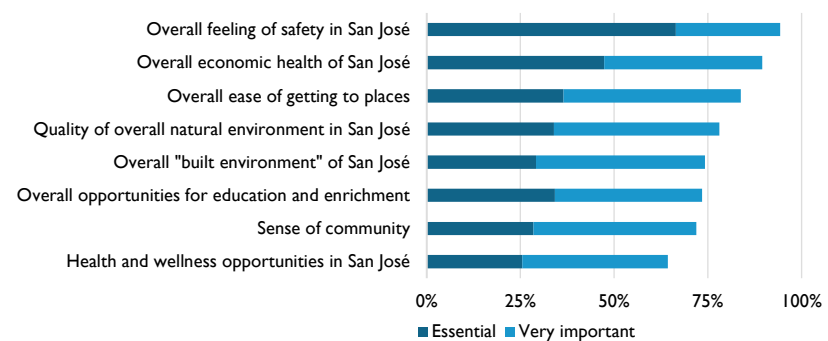
Public Trust and Confidence in City Government



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.

Resident Priorities in San San José



SURVEY METHODOLOGY

The survey data presented in this report was collected and analyzed by the [National Research Center, Inc.](#) on behalf of the the City Auditor's Office.

The survey consultant mailed surveys to a statistically valid sample of 3,000 San José households in August 2018. They also sent postcards to an additional 1,000 random households inviting residents to complete the survey online. (Of these, 80 were returned to sender.) Completed surveys were received from 613 residents, for a response rate of 16 percent.

The consultant selected survey respondents at random and tracked survey responses by each quadrant of the City (Northeast, Southeast, Northwest, Southwest). Participation was encouraged with multiple mailings; self-addressed, postage-paid envelopes; and three language choices—English, Spanish, and Vietnamese. The survey consultant statistically re-weighted results, as necessary, to reflect the actual demographic composition of the entire community.

An additional 3,075 residents completed an online “opt-in” survey, which was publicized through a press release and social media. A link to the survey was also posted on the City's website. The survey consultant has protocols to review the integrity of “opt-in” survey responses, such as checking for repeat IP addresses.

Upon completion of data collection of both the mail and “opt-in” surveys, the survey consultant compared data from the two samples to determine whether it was appropriate to combine, or blend, both samples together. Based on the similarity of the mail and “opt-in” sample characteristics, the survey consultant determined that the two samples could be blended.

To blend the data, the consultant weighted “opt-in” survey data using a calibration technique that takes into consideration behavioral characteristics of the sample, as well as demographic data. 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. To do this, the survey consultant calculated an index score based on respondents' levels of engagement in the community (e.g., contact with City employees, recreation center use, frequency of volunteering). They then categorized index scores into four equal groups and used the “norms” for the categorized index scores from the random mail sample as part of the weighting scheme for the “opt-in” sample.

The precision of estimates made from surveys are usually described 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 this 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 2017 and 2018 results can be considered statistically significant if they are plus or minus six percentage points.

For complete methodology, see Appendix C of the Technical Appendices, posted online at sanjoseca.gov/servicesreport.

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

Unless otherwise noted, information in 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.

In February 2016, this Office published our first report on financial condition. This chapter builds on those efforts by providing 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 documents. For more information, 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 or when unforeseen events arise, while laying the groundwork for long-term projects that will impact services many years down the line.

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.

WHAT MAKES UP THE CITY GOVERNMENT?

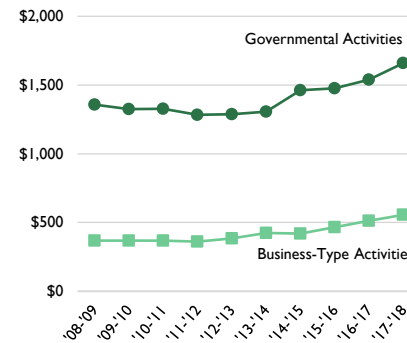
Most of what the City government does is considered to be a *governmental activity*, meaning that the programs and departments are funded by the public at large and can be used by everyone who lives in, works in, or travels to San José. This includes police, fire, libraries, roads, parks, and code enforcement.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

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.

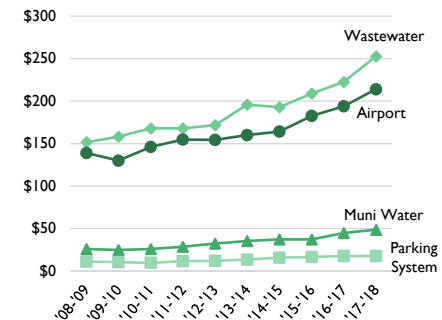
CITY REVENUES

The City received \$2.22 billion in revenues in FY 2017-18. Governmental activity revenue totaled \$1.66 billion, an 8 percent increase from the previous year. Business-type activities generated \$556 million in FY 2017-18. All business-type activities generated more revenue than ten years ago.

Total City Revenues (\$millions)

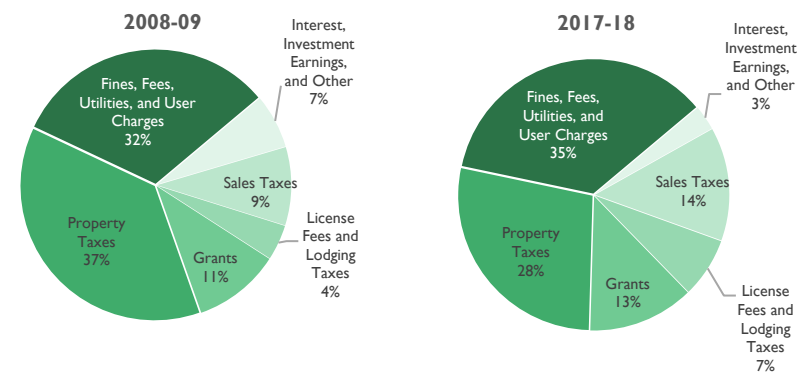


Business-Type Revenues by Source (\$millions)



The City relies on a number of funding sources to support its operations. Most California cities generate the majority of their revenue from taxes and fees. Compared to ten years ago, a smaller portion of the City's revenues came from property taxes, while a larger portion came from sales taxes and fees, fines, utilities, and other charges.

Governmental Activity General and Program Revenues by Type



REVENUE PER CAPITA

The City's revenue per capita has increased over the last six years.

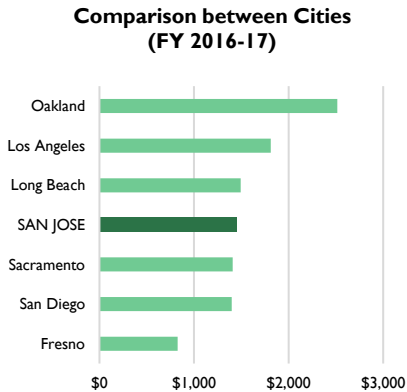
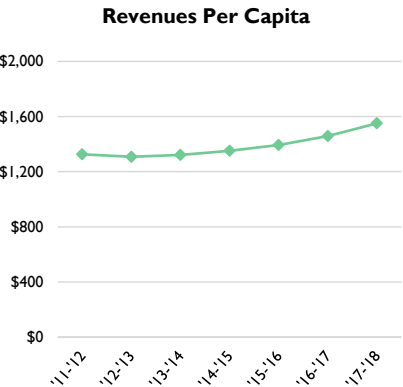
As a city's population increases, it is beneficial if the city's revenues also increase to maintain or grow service delivery for the expanding number of residents. Otherwise, the city may have to cut services or find new revenue sources.

The City's revenues per capita have grown over the last six years. San José's revenue per capita was mid-range compared to other jurisdictions surveyed.

Revenues per capita in the measures below include all governmental activity revenue. This includes taxes, fees, fines, grants, and other charges. Some revenue sources have restrictions on how they can be spent.

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

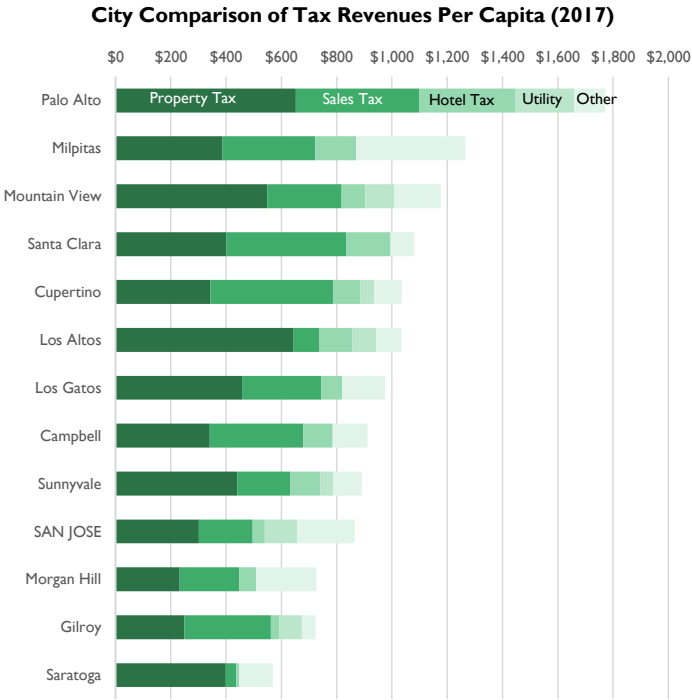
For this measure, a **higher** ratio indicates better financial condition.



REVENUE PER CAPITA (CONTINUED)

Although voters approved increases to the City's sales tax and business tax in 2016, San José still received less tax revenue per capita than most of its neighboring cities (consistent with previous years). The City's tax revenues were only about \$865 per capita in 2017-18. Of that, sales tax was only about \$194. In contrast, Palo Alto received \$1,770 in taxes per capita, of which \$445 was from sales taxes.

The chart below shows only tax revenues. It doesn't include other sources of total governmental activity revenue that are included on the other charts on this page (such as fees and grants).



Source: 2017 State Controller's City Data and the U.S. Census Bureau

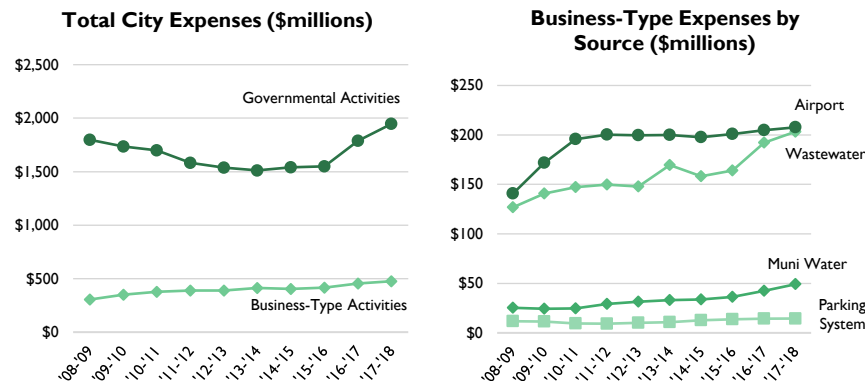
FINANCIAL CONDITION

CITY EXPENSES

The City's total expenses increased in 2017-18 to \$2.4 billion, surpassing the previous peak of \$2.2 billion from last year. Governmental activity expenditures, 80 percent of the total, grew by 9 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.

In 2017-18, expenditure growth included public safety personnel (including filling vacancies) and equipment costs, and higher debt service payments. In prior years, expenditure growth has also included expanded service delivery, and increased capital outlay and capital maintenance expenditures.



Note: In FY 2017-18, there were \$1 million of expenses from San Jose Clean Energy.

EXPENDITURES PER CAPITA

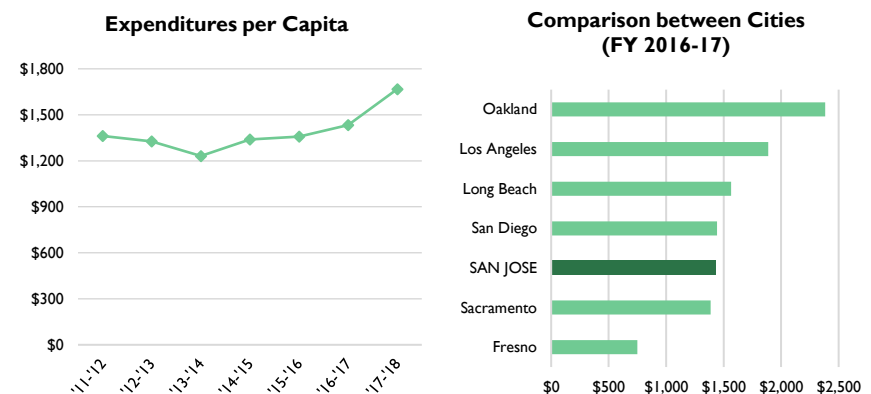
The City's expenditures per capita have increased over the last year.

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 four 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 a potentially lower level of service provided to residents.*



OPERATING SURPLUS/DEFICIT

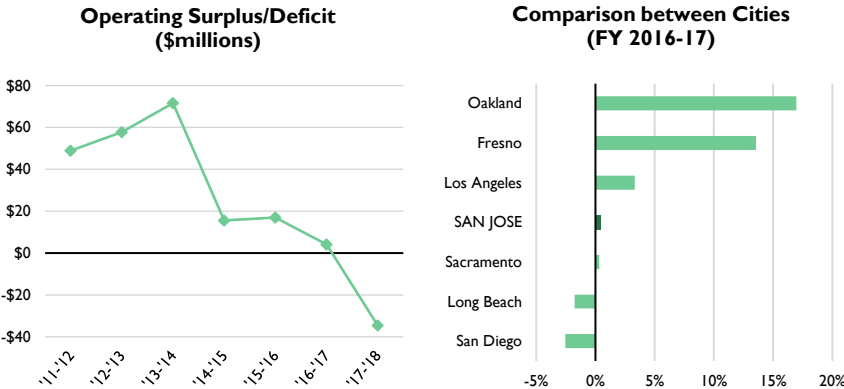
The City's General Fund had an operating deficit last year.

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 2017-18, the total operating deficit was \$35 million. General Fund expenditures grew by 13 percent while revenues grew by only 8.6 percent. The operating deficit was due in large part to a significant increase in debt service payments. The effect of the operating deficit on the City's fund balances was partly offset by the sale of capital assets.

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.



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.

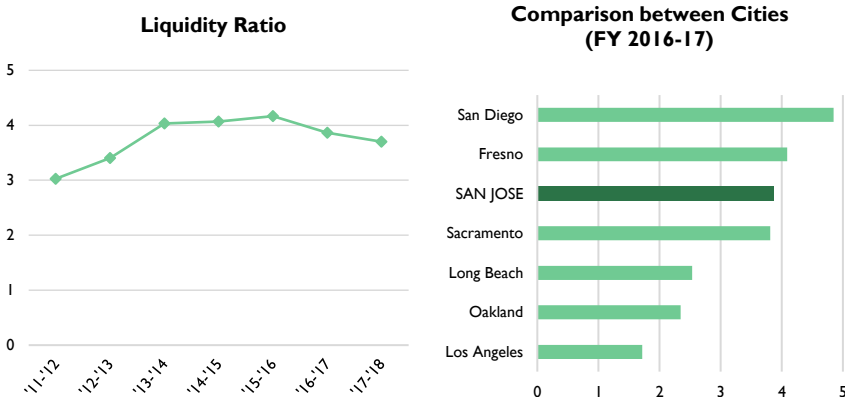
Cash and investments that can be quickly turned into cash enable the City to pay bills that will come due in the short term (within one year or sooner).

The amount the City had in its treasury in cash and investments compared to the liabilities owed decreased in 2017-18. Still, as of June 30, 2018, the City's cash and investments were about four times the amount that it owed within the next year.

In 2016-17, San José's ratio of cash to liabilities was relatively high 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.



FINANCIAL CONDITION

BUILDING UP RESERVES

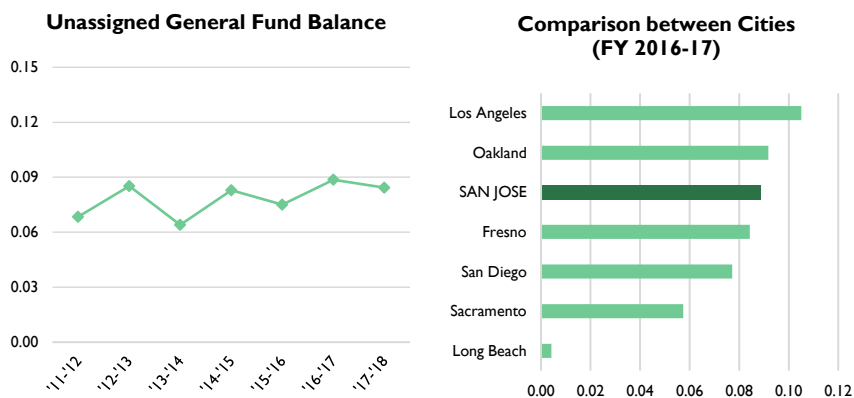
The City's General Fund unassigned fund balance reserves decreased compared to revenue.

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 seven years, with a slight decrease in 2017-18. In 2016-17, the City's ratio was on the higher 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.



NET ASSETS PER CAPITA

The City's net position has declined.

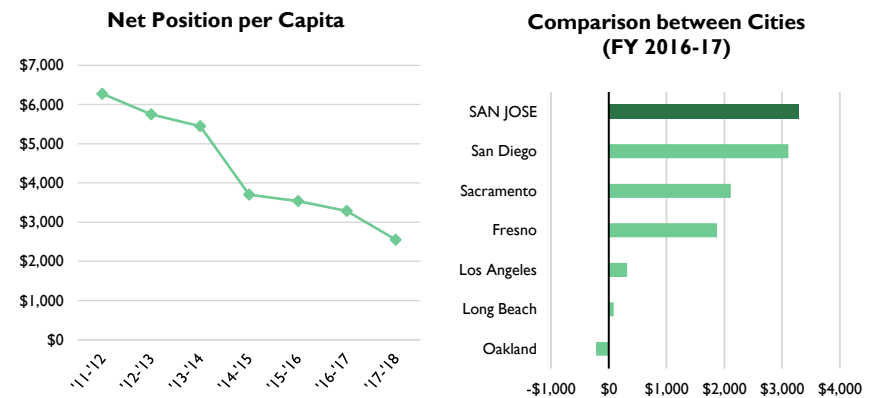
Revenues from the City's programs ideally should cover the expenses that the City incurs for those programs—otherwise, the City will have to make ends meet by dipping into other savings, and it won't be able to save money for projects and safety net reserves.

The City's expenditures for governmental activities (all funds, including depreciation on its capital assets) exceeded its revenues in 2017-18 by over \$287 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 2016-17. 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. Similarly, in 2017-18, the City began adding the liability for other post-employment benefits (OPEB).

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.



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 **\$291 million** as of June 30, 2018.

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, 2018, the City owed \$2.1 billion in bonds and loans payable (issued by the City or a related entity—see the box below). Of this debt, 44 percent was for governmental activities and 56 percent was for business-type activities.

One component of the City's total obligations are for pensions and other post-employment benefits (OPEB), which includes healthcare for retired City employees. As of June 30, 2018, the liabilities for pension plans **and** OPEB exceeded assets by more than **\$4 billion**. While pension liabilities have been included with other liabilities in the main financial statements since 2014-15, OPEB liabilities are now also included as of 2017-18.

These long-term obligations, including debt, pension liabilities, and OPEB liabilities, totaled **\$6.8 billion** as of June 30, 2018. For more information, see the Finance Department and Retirement Services chapters.

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.

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- 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.

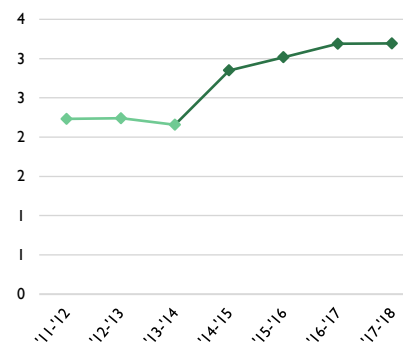
In 2017-18, more than three years of revenues would be required to pay the City's obligations. In 2014-15, the City began including its net pension liability, which totaled nearly \$1.7 billion that year, to the calculation of total liabilities. *For this reason, 2011-12 through 2013-14 are shown in a lighter color.* OPEB liabilities, totaling \$1.1 billion, were added in 2017-18.

San José had more liabilities compared to revenues than all other cities surveyed in 2016-17.

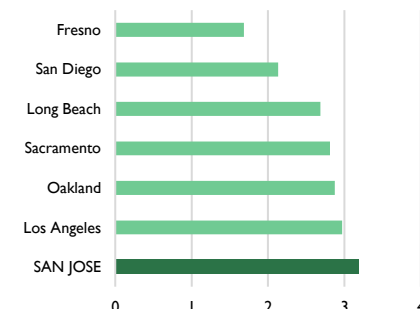
The graphs below compare the City's short- and long-term obligations to the City's annual revenues (including all governmental and business-type activities). A lower ratio shows that the City was able to pay a larger portion of its debts with annual revenues.

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

Near-Term Solvency Ratio



Comparison between Cities (FY 2016-17)



Note: 2011-12 through 2013-14 do not include net pension liability; 2017-18 includes OPEB liabilities.

FINANCIAL CONDITION

AMOUNT BORROWED PER RESIDENT

The amount the City had borrowed per resident decreased.

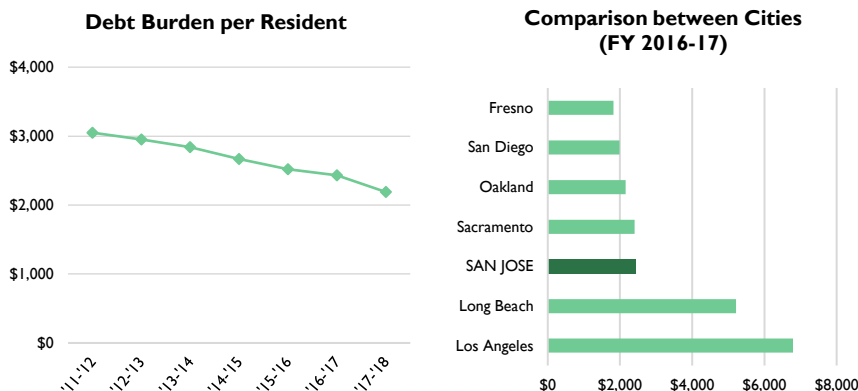
Having a low amount borrowed per resident would put the City in a better position, and potentially make it easier to borrow more money should the need arise.

2017-18 saw the lowest amount borrowed per resident than in the previous seven 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 International Airport, for which the outstanding debt totaled \$1.2 billion as of June 30, 2018 (to be repaid with Airport revenues). For more information, see the Airport and Finance chapters. In November 2018, San José residents passed Measure T, which authorizes the City to issue up to \$650 million of General Obligation bonds for various public improvements.

San José's debt burden per resident (including business-type activities) 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 show the amount (including business-type activities) the City borrowed per resident. A lower ratio indicates that the City has less borrowed per capita.

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



CAPITAL ASSETS AND SPENDING

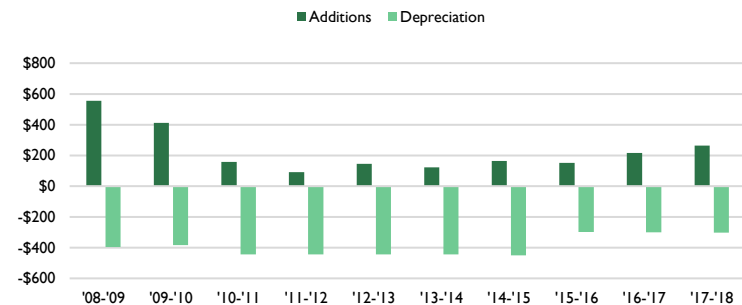
The City owns a variety of capital assets—land, buildings, vehicles, equipment, infrastructure (e.g., roads, bridges, sewers), and other assets with a useful life beyond one year. Capital assets also include construction projects currently being built but not yet completed (referred to as construction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

At the end of fiscal year 2017-18 the City owned \$7.4 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 \$5.3 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other business-type activities totaled \$2.1 billion.

In 2017-18, the City added \$263 million in capital assets; however, these were offset by \$303 million in depreciation. Among the additions were capital projects at the Wastewater Treatment Facility and the Airport.

Capital Asset Additions and Depreciation (\$millions)



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 2018, staff reported that the City faced an estimated \$1.4 billion deferred maintenance and infrastructure backlog, with an estimated additional \$112 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 2018, \$millions)

	Current Backlog of Deferred Needs	Annual Ongoing Unfunded Needs
Airport	\$5.9	none
Building Facilities*	\$154.5	\$18.9
City Facilities Operated by others	\$2.7	TBD
Sports Facilities	TBD	TBD
Convention Center/Cultural Facilities	\$75.7	TBD
Fleet	\$8.2	\$1.4
Parks, Pools, and Open Space	\$177.2	\$32.5
Sanitary Sewer	TBD	\$1.5
Service Yards	\$26.1	\$4.8
Storm Sewer	\$223.5	TBD
Information Technology**	\$21.2	\$0.3
Radio Communications	none	none
Transportation Infrastructure	\$696.7	\$52.6
Regional Wastewater Facility	none	none
Water Utility	none	none
Total	\$1,392	\$112

Source: [Status Report on Deferred Maintenance and Infrastructure Backlog, 2018](#)

* 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.

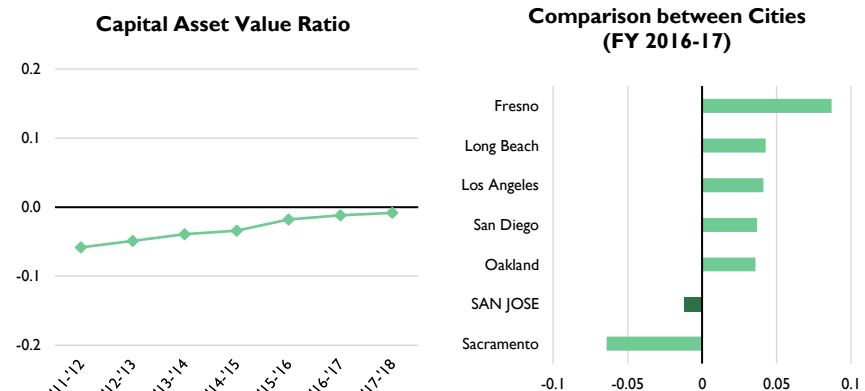
Most of the City's capital assets decrease in value over time because of depreciation. If the City doesn't replace or renovate its capital assets, the value over time decreases.

Though the City's capital asset value ratio was increasing, the value of the City's capital assets (net of depreciation) on June 30, 2018 was about \$61 million less than when the year started (about 0.8 percent below the value on July 1, 2017). 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 one of two cities surveyed that had its capital assets decrease in value in 2016-17.

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.



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.

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 (unless otherwise noted).

Revenue per Capita: This measure includes all governmental funds. Note: for all measures, San Francisco is not included as a benchmark city because it is a City/County structure. Formula: Total government funds revenues / Population. CAFR Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, 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

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

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

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

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

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

ENDNOTES (CONTINUED)

City Obligations and Debt: The \$2.1 billion in bonds and loans payable 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 \$2.1 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 \$4.4 billion in debt. CAFR Source: Summary of Long-Term Debt

Ability to Pay Obligations: Other Post-employment Benefits (OPEB) are included for 2017-18 data. 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

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 chapter were calculated using data from the City's CAFR. 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](#).

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 and uses of funds, 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 [2017-18 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 2017-18, budgeted City expenditures from all funds totaled about \$3.4 billion. Of that, departmental operating expenditures totaled approximately \$1.4 billion (or about \$1,370 per resident). The City's Operating and Capital Budgets are online at the [Budget Office Website](#).

Departmental Operating Expenditures, 2017-18

(All Funds, \$millions)

		10-Year Change
Airport	\$ 66.8	-26%
City Attorney	\$ 18.7	20%
City Auditor	\$ 2.3	-13%
City Clerk	\$ 2.7	n/a
City Manager	\$ 16.6	33%
Community Energy	\$ 0.9	n/a
Economic Development	\$ 11.1	13%
Environmental Services	\$ 266.0	34%
Finance	\$ 17.9	9%
Fire	\$ 218.1	37%
Housing	\$ 11.4	3%
Human Resources	\$ 10.9	11%
Independent Police Auditor	\$ 1.3	52%
Information Technology	\$ 19.4	-18%
Library	\$ 39.5	14%
Mayor and Council	\$ 11.1	7%
Parks, Recreation and Neighborhood Services	\$ 83.7	27%
Planning, Building and Code Enforcement	\$ 50.3	23%
Police	\$ 386.3	36%
Public Works	\$ 105.6	11%
Retirement	\$ 6.1	80%
Transportation	\$ 96.1	22%
Total	\$ 1,442.7	22%

Source: San José Adopted Operating Budgets, 2017-18 Annual Report, and Budget Office

Note: Department operating budgets include personal services, and non-personal/equipment expenditures. 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 special funds that are not captured in departmental operating budgets. For example, the Airport's departmental budget totaled \$67 million in 2017-18 (as we report in the chart above and in the Airport section), but the Airport oversaw \$268 million in other program expenditures over the course of the year. See individual department chapters for more information about additional expenditures.
- \$388 million in Citywide expenses and capital contributions and transfers (Citywide expenses are related to more than one department or are not directly associated with ongoing departmental operations).

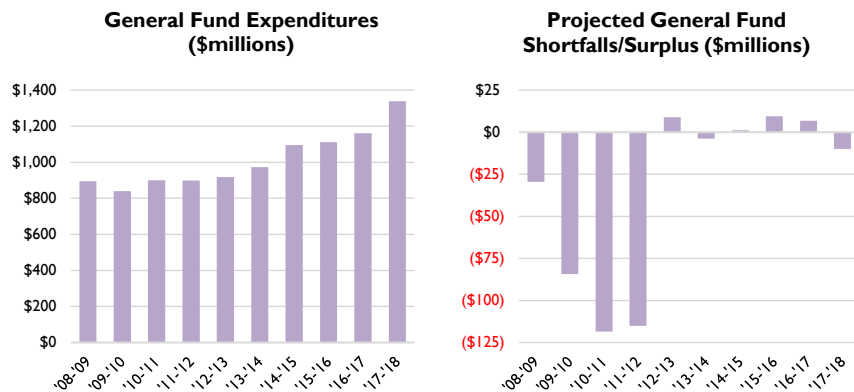
OPERATING BUDGET AND STAFFING

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.

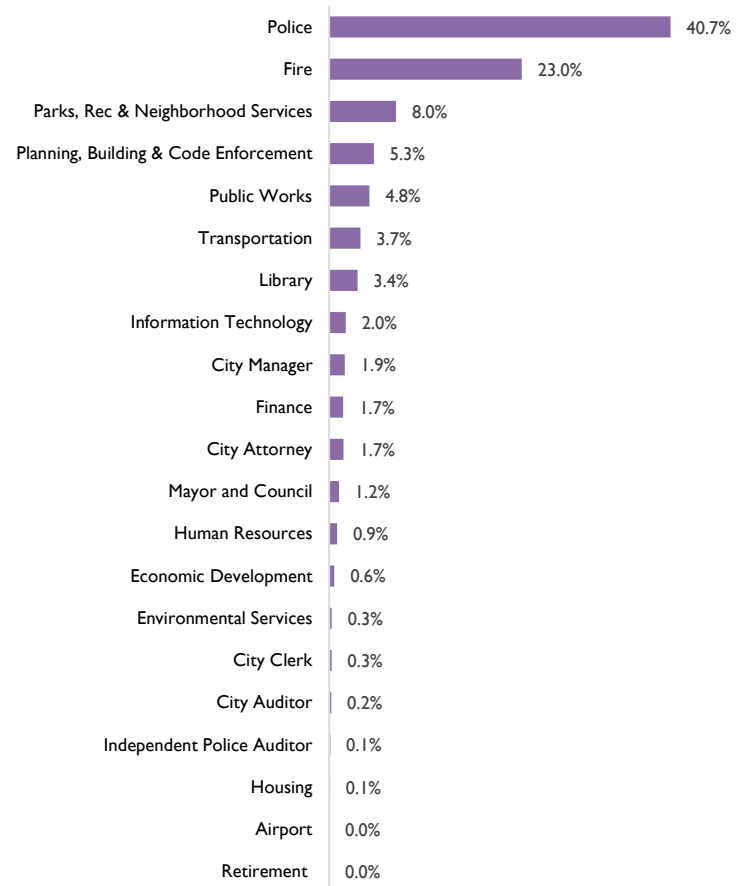
In 2017-18, General Fund expenditures totaled over \$1.3 billion. Departmental operations accounted for \$950 million, with the remaining budgeted for Citywide expenses, capital contributions, and transfers. About 64 percent of expenditures were for the Police and Fire Departments. Some departments are funded through special funds, such as the Airport and the Environmental Services Department, and receive little or no General Fund support.

In 2017-18, the City projected a \$10 million General Fund shortfall. This represented about 0.6 percent of the total General Fund budget. The City has faced projected General Fund shortfalls in six of the last ten years. In addition, the [FY 2018-19 City Manager's Budget Message](#) forecasted budget shortfalls for each of the next four years.



Source: San José Adopted Operating Budgets and Annual Reports

Departmental Operating Expenditures, 2017-18 (General Fund Only)



Source: San José 2017-18 Annual Report

Note: May not total to 100 percent because of rounding. Department expenditures in the General Fund totaled \$950 million. Citywide expenses, capital contributions, and transfers totaled roughly \$388 million of additional General Fund expenditures.

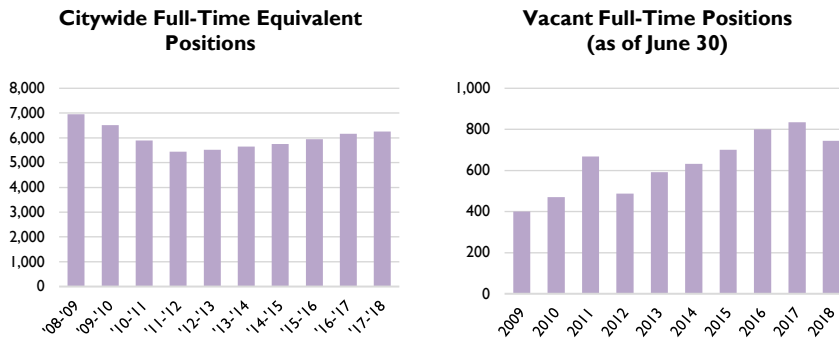
OPERATING BUDGET AND STAFFING

CITY STAFFING

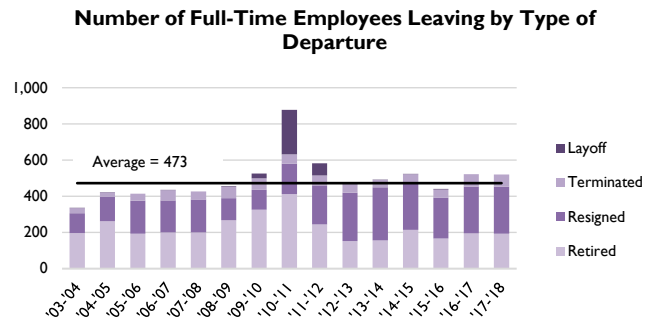
Much of the General Fund's expenses are allocated for personnel costs. In 2017-18, there were 6,250 full-time equivalent positions in the City. Although staffing has increased over the last few years, overall staffing levels are still well below what they were ten years ago when the City had nearly 7,000 authorized positions.

Nearly all City departments are below staffing levels from 10 years ago. Furthermore, there were 745 vacancies as of June 30, 2018. It should be noted there were roughly 100 police recruits in the police academy to fill vacant police officer positions.

The number of full-time employees leaving City service has come down from the high seen in 2011 when nearly 900 employees left the City. In 2017-18, 521 full-time employees left City employment; 655 new full-time hires joined the City.



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



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

Authorized Department Staffing	2017-18	10 Year Change
Airport	211	-39%
City Attorney	79	-16%
City Auditor	15	-17%
City Clerk	15	-12%
City Manager (Including former Fire staff to establish the Office of Emergency Management)	71	-20%
Economic Development	58	-24%
Environmental Services	552	10%
Finance	118	-16%
Fire (Excluding staff from the former Office of Emergency Services)	819	-6%
Housing	66	-20%
Human Resources	51	-33%
Independent Police Auditor	6	20%
Information Technology	79	-47%
Library	364	-2%
Mayor and Council	27	not available
Parks, Recreation and Neighborhood Services	685	-2%
Planning, Building and Code Enforcement	317	12%
Police	1,649	-10%
Public Works	562	-9%
Retirement	40	37%
Transportation	468	2%
Total	6,250	-10%

Source: 2017-18 Adopted Operating Budget, Council Memo regarding the establishment of the Office of Emergency Management heard at the September 12, 2017 City Council meeting.

Note: The table does not include staff for the new Community Energy Department.

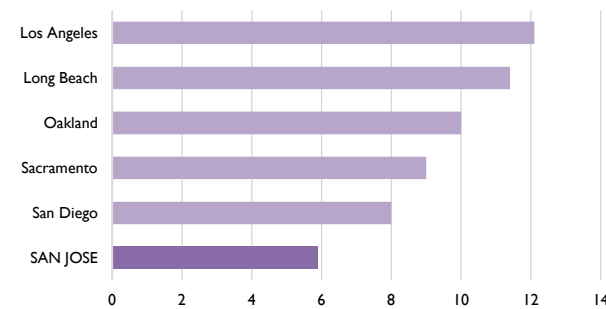
OPERATING BUDGET AND STAFFING

CITY STAFFING (CONTINUED)

In 2017-18, 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 \$1.02 billion in 2017-18. While cash compensation and other benefit costs remain lower than 2008-09 levels (because of a combination of factors including staffing reductions as well as salary reductions that City employees took in 2010-11), retirement benefit costs have more than doubled. For more information, see the Retirement Services chapter.

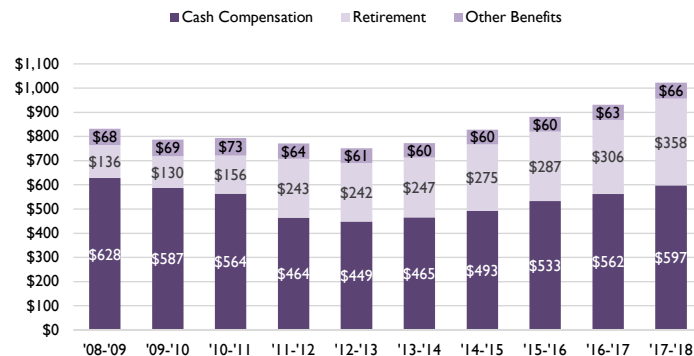
2017-18 Authorized Full-Time Positions per 1,000 Residents



Source: 2017-18 Operating Budgets from each jurisdiction and California Department of Finance Demographic Research Unit

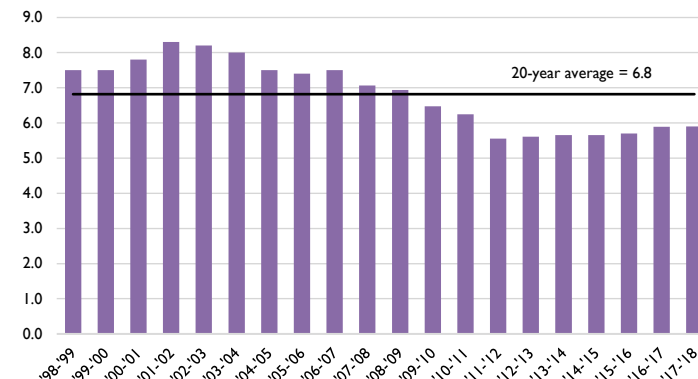
Note: The type and range of services may vary across jurisdictions.

Retirement, Fringe, and Cash Compensation (Operating Funds Only, \$millions)



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

OPERATING BUDGET AND STAFFING

ADDITIONAL REPORTS FOR MORE INFORMATION

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

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 2018-19 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 2018-19 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 2017-18 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](#).

CITY SERVICE AREA (CSA) DASHBOARDS

City Service Areas (CSAs) integrate services provided in individual departments into the City's five key lines of business: Community and Economic Development; Environmental and Utility Services; Neighborhood Services; Public Safety; and Transportation and Aviation Services. An additional CSA, referred to as "Strategic Support," represents the internal functions that enable the other five CSAs to provide services to the community. In FY 2017-18, the City Administration was instructed to select the top six measures representing achievements in each CSA. These measures are presented in the following section.

For more information about specific departments, see their corresponding chapters later in the report.

COMMUNITY AND ECONOMIC DEVELOPMENT CSA DASHBOARD

MISSION

To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings.

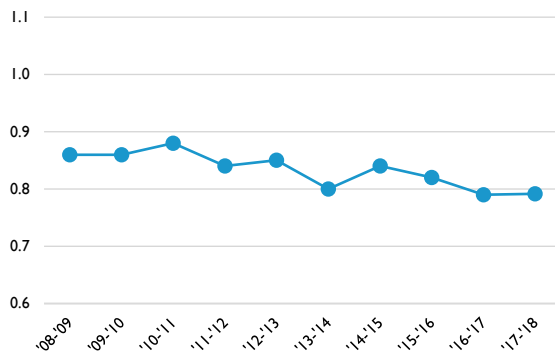
CSA OUTCOMES

- Strong economic base
- Safe, healthy, attractive, and vital community
- Diverse range of housing options
- Range of quality events, cultural offerings, and public artworks

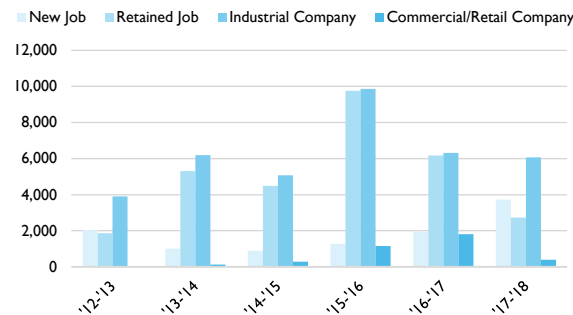
PRIMARY PARTNERS

- Office of Economic Development
- Fire Department
- Housing Department
- Planning, Building and Code Enforcement
- Public Works Department

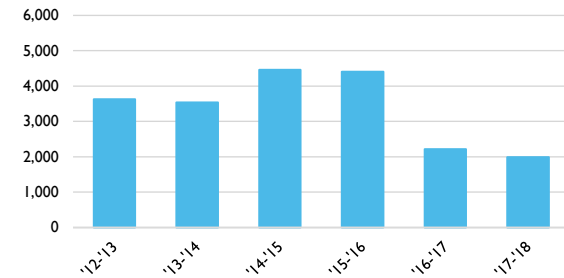
Jobs per Employed Residents in San José



Estimated Jobs Generated/Retained by Companies that Received City Assistance

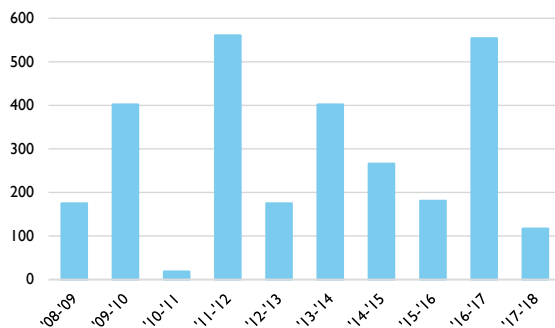


Number of work2future Clients Receiving Discrete Services (Counseling, Job Placement, and Occupational Training)



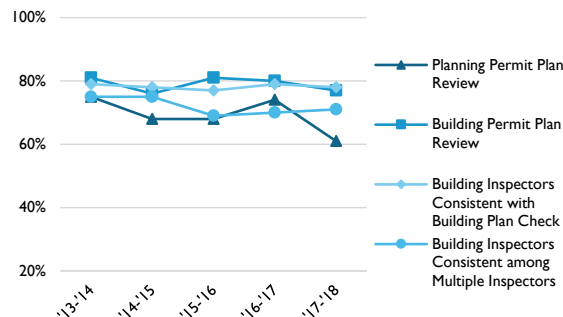
Note: According to work2future, the decline from 2015-16 to 2016-17 was due to a change in the service delivery model which resulted in seeing fewer clients.

Affordable Housing Units Completed in the Fiscal Year

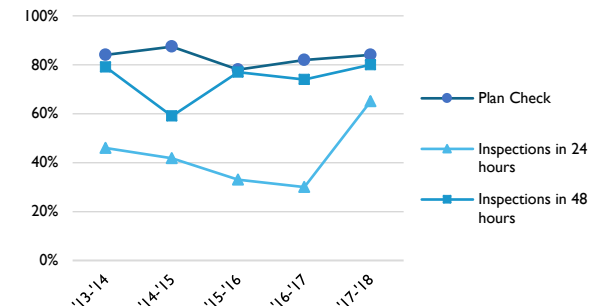


Note: Prior year data from '11-'12 through '16-'17 revised to reflect actual dates Certificates of Occupancy were issued.

% of Projects that Receive Consistent Feedback from Staff Throughout the Course of Project Review



Development Projects Completed within Processing Time Targets (Construction Process)



Note: 2017-18 data no longer includes building inspections specifically requested by customers for > 24 hours as missing the inspection target.

ENVIRONMENTAL AND UTILITY SERVICES CSA DASHBOARD

MISSION

To provide environmental leadership through policy development, program design, and reliable utility services.

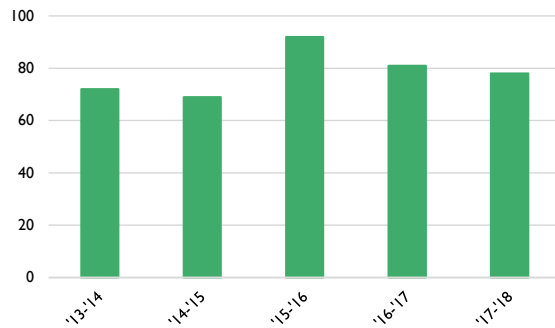
CSA OUTCOMES

- Reliable utility infrastructure
- Healthy streams, rivers, marsh, and bay
- Clean and sustainable air, land, and energy
- Safe, reliable, and sufficient water supply

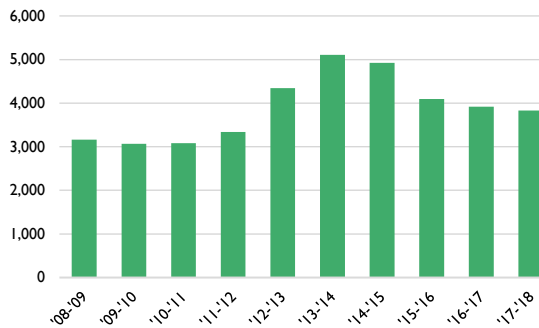
PRIMARY PARTNERS

- Environmental Services Department
- Department of Transportation

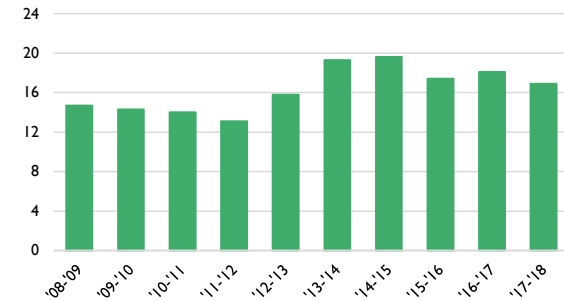
Millions of Gallons per Day of Water Conserved and Recycled



Millions of Gallons of Recycled Water Delivered Annually

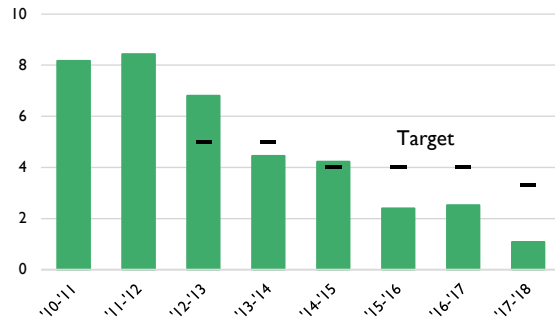


Millions of Gallons per Day Diverted from Flow to the Bay for Beneficial Purposes During the Dry Weather Period



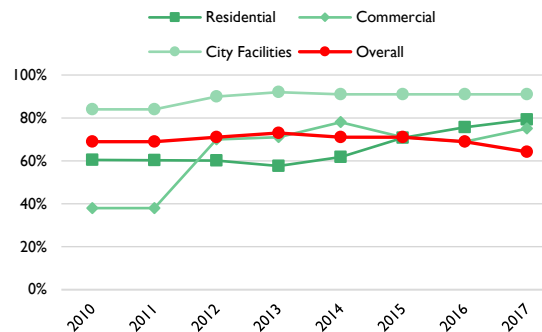
Note: The dry weather period is July through September.

Number of Sanitary Sewer Overflows per 100 Miles of Sanitary Sewer Lines



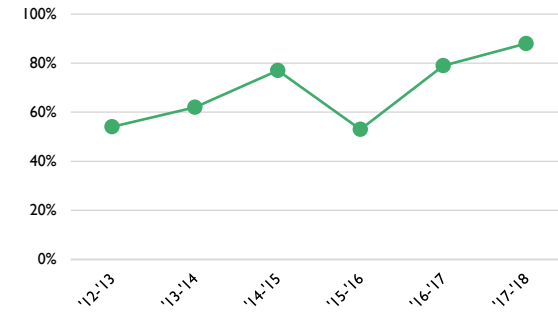
Note: This measure was added in FY 2012-13. The target declined from 5 overflows per 100 miles to 4 in 2014-15 and then to 3.3 in 2017-18.

Percent of Waste Diverted from Landfills



Note: The overall measurement is based on state guidelines, which uses a per-capita standard. It includes additional waste streams including construction, demolition, and self-haul categories.

Percent of Trash Reduced from Storm Sewer System



Note: The trash load reduction calculation measures compliance with the City's Municipal Regional Stormwater Permit requirement to reduce trash from receiving waters below 2009 levels. The reduction target was 70% by July 2017, 80% by July 2019, and 100% by July 2022.

NEIGHBORHOOD SERVICES CSA DASHBOARD

MISSION

To serve, foster, and strengthen the community by providing access to lifelong learning, opportunities to enjoy life, and preserving healthy neighborhoods.

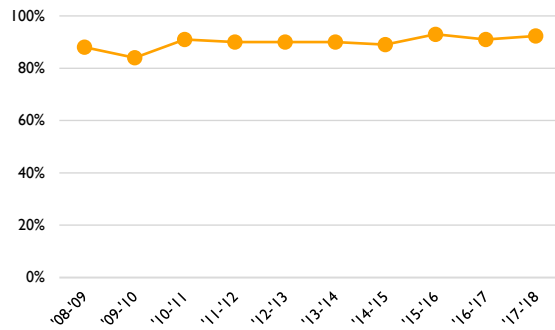
CSA OUTCOMES

- Safe and clean parks, facilities, and attractions
- Vibrant cultural, learning, recreation, and leisure opportunities
- Healthy neighborhoods and capable communities

PRIMARY PARTNERS

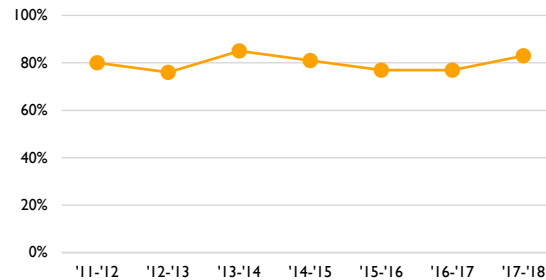
- Library
- Parks, Recreation and Neighborhood Services
- Planning, Building and Code Enforcement
- Public Works Department

Percent of Customers Rating Library Services as Good or Better (Point of Service)



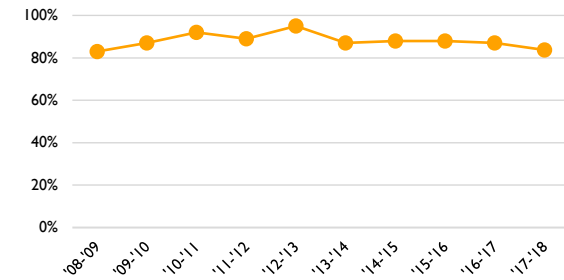
Source: Internal survey conducted by the Library.

Percent of Parents and Caregivers who Report Reading More to their Children Following Participation in a Library Program or Study



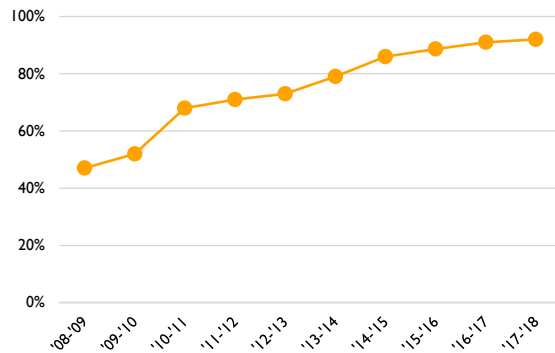
Source: Internal survey conducted by the Library.

Percent of Community Center Participants Rating City Efforts at Providing Recreational Opportunities as "Good" or "Excellent" (Point of Service)

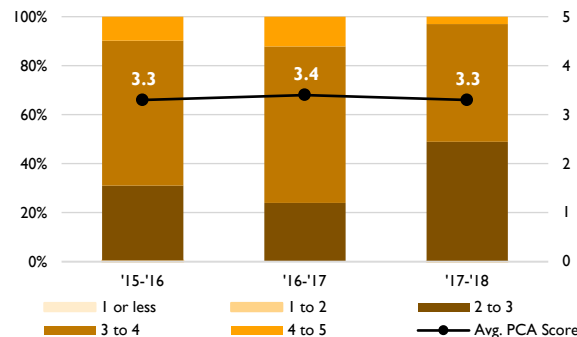


Source: Internal survey conducted by PRNS.

Animal Care Center Live Release Rate

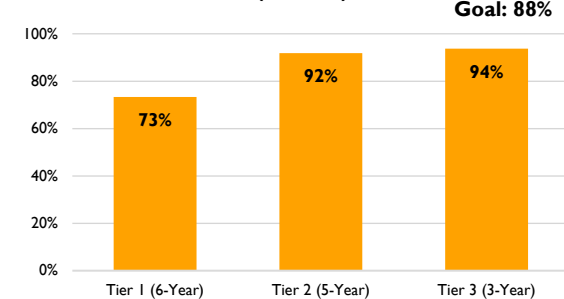


Percent of Park Acres by Park Condition Assessment (PCA) Score



Condition scores range from 1 (unacceptable) to 5 (new or like new) (in 2017-18, less than 1 acre had a PCA score less than 2)

Percent of Multiple Occupancy Permit Program Buildings Receiving Routine Inspection within Designated Cycle Time (2017-18)



PUBLIC SAFETY CSA DASHBOARD

MISSION

To provide prevention and emergency response services for crime, fire, medical, hazardous, and disaster related situations.

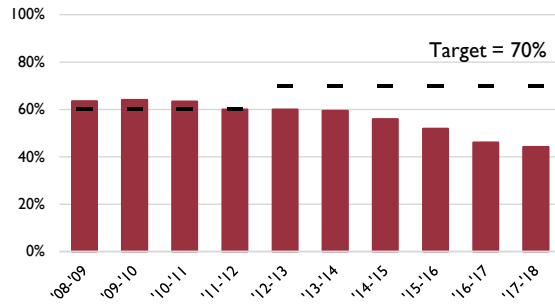
CSA OUTCOMES

- The public feels safe anywhere, anytime in San José
- Residents share the responsibility for public safety

PRIMARY PARTNERS

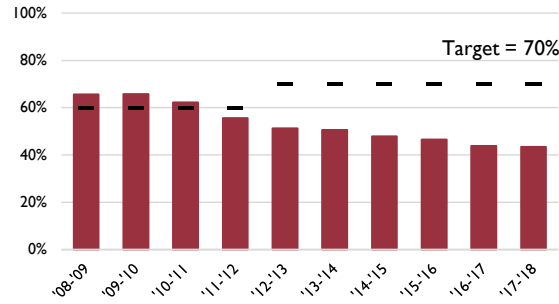
- Fire Department
- Police Department
- Independent Police Auditor

Initial Police Unit Responses within 6 Minutes of Priority 1 Calls for Service (Life Threatening)



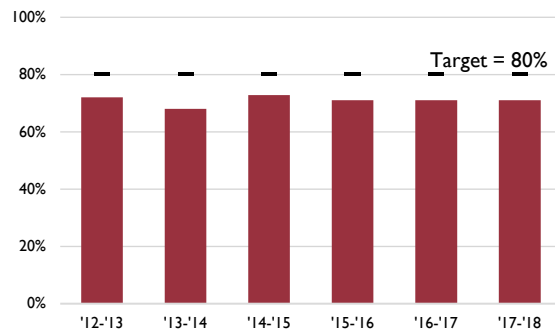
Note: The target percent of Priority 1 calls made within 6 minutes changed from 60% to 70% in 2012-13.

Initial Police Unit Responses within 11 Minutes of Priority 2 Calls for Service (Crime in Progress or Just Occurred)

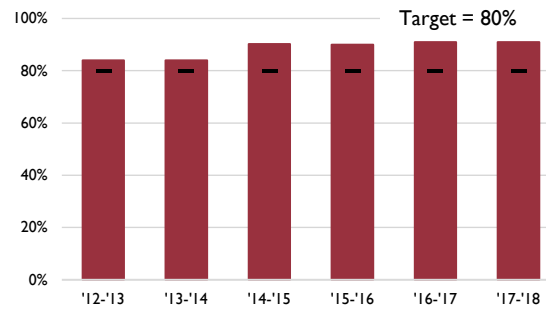


Note: The target percent of Priority 2 calls made within 11 minutes changed from 60% to 70% in 2012-13.

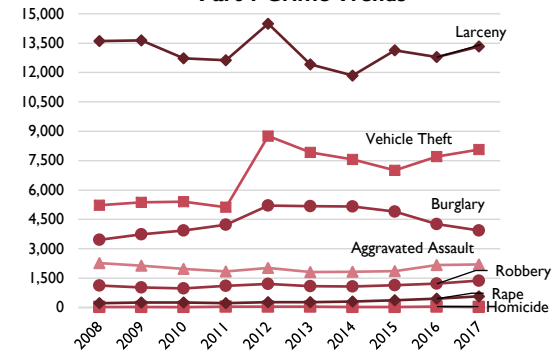
Initial Fire Unit Responses within 8 Minutes of Priority 1 Calls for Service (Life Threatening)



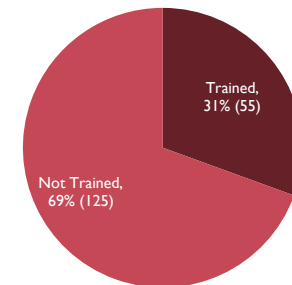
Initial Fire Unit Response within 13 Minutes Priority 2 Calls for Service (No Lights and Sirens)



National Uniform Crime Reporting (UCR) Part I Crime Trends



Emergency Operations Center (EOC) Assigned Staff who have Received Required Training (2017-18)



STRATEGIC SUPPORT CSA DASHBOARD

MISSION

To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES

- Sound fiscal management that facilitates meeting the needs of the community
- A high performing workforce that is committed to exceeding internal and external customer expectations
- Effective use of technology
- Safe and functional public infrastructure, facilities, and equipment

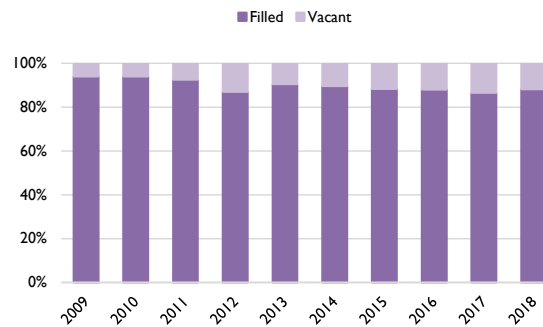
PRIMARY PARTNERS

- Finance Department
- Human Resources Department
- Information Technology Department
- Public Works Department

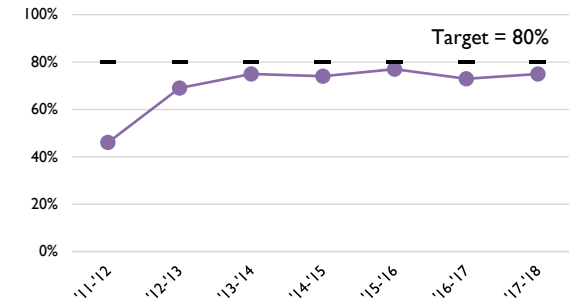
City's Bond Ratings
(General Obligation Bond Rating)

	Moody's	Standard and Poor's	Fitch
'13-'14	Aa1	AA+	AA+
'14-'15	Aa1	AA+	AA+
'15-'16	Aa1	AA+	AA+
'16-'17	Aa1	AA+	AA+
'17-'18	Aa1	AA+	AA+

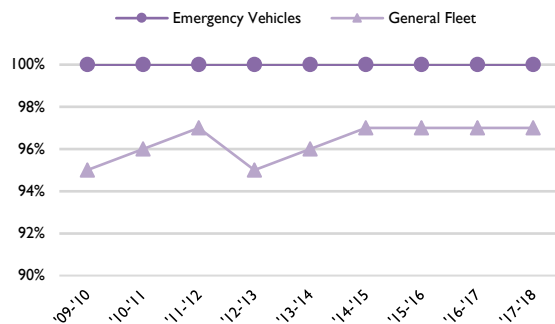
Percent of Positions Filled as a Total of Budgeted Positions (June 30)



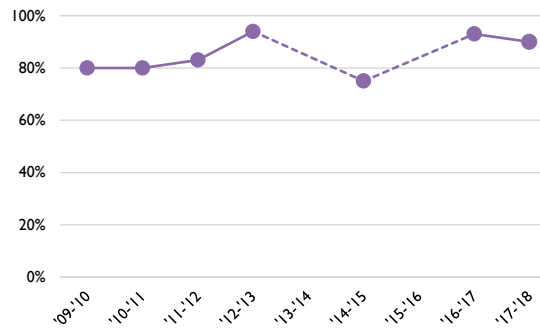
Percent of Non-Management Employee Performance Appraisals Completed on Schedule



Percent of Equipment Available for Use When Needed

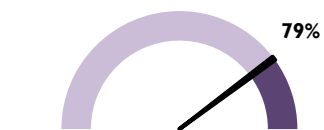


Percent of City Facilities with a Condition Assessment Rating of Good or Better



Note: Results reflect ratings of facilities assessed during the fiscal year. In 2017-18, this represented 40 individual facilities. Data not available in 2013-14 and 2015-16.

Percent of Information Technology Project Success Rate Measured on Schedule, Cost, Scope, and Value



Target Project Success Rate: 80%

The current measurement of project success is the IT CIO's internal assessment of staff's project success, including assessments of future projects. The intent going forward is that once IT's C3PO office is fully staffed it would require project charters which would be used to count project success.

TRANSPORTATION AND AVIATION SERVICES CSA DASHBOARD

MISSION

To provide the community with safe, secure, and efficient surface and air transportation systems that support San José's livability and economic vitality.

CSA OUTCOMES

- Provide safe and secure transportation systems
- Provide viable transportation choices that promote a strong economy
- Travelers have a positive, reliable, and efficient experience
- Preserve and improve transportation assets and facilities
- Provide a transportation system that enhances community livability

PRIMARY PARTNERS

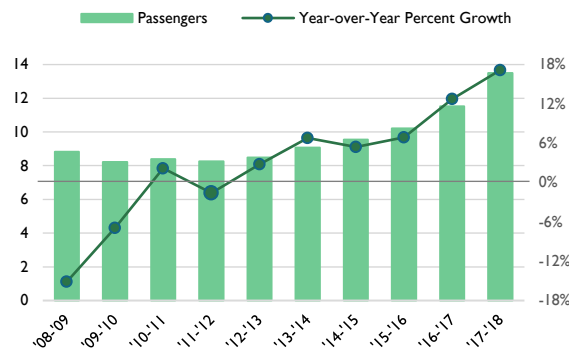
- Mineta San José International Airport
- Department of Transportation

SJC Passenger Rating of Overall Satisfaction with the Airport	
FY 2016-17	FY 2017-18
86%	87%

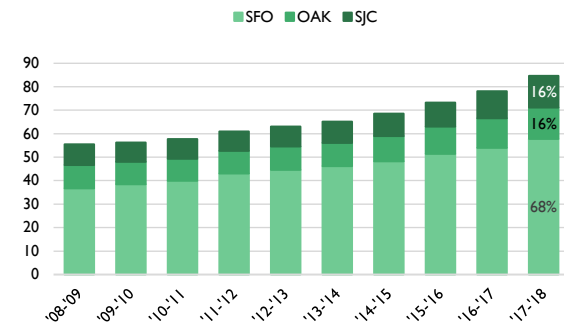
SJC Passengers Reporting Satisfaction with Airport Restaurant/Eating and Shopping Facilities	
FY 2016-17	FY 2017-18
75%	77%

Source: Internal survey conducted by Airport.

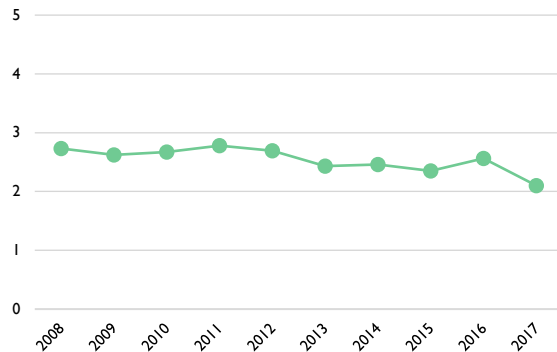
Annual Airport Passengers (millions)



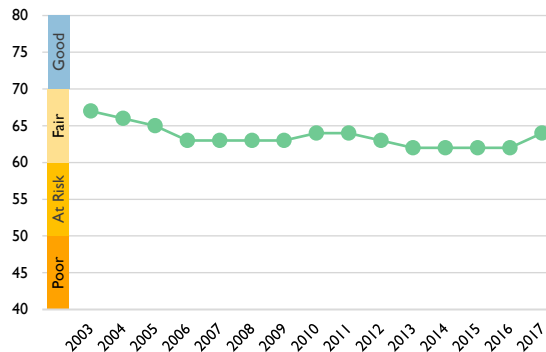
Air Service Market Share of Regional Passengers (millions)



Number of Injury Crashes per Thousand

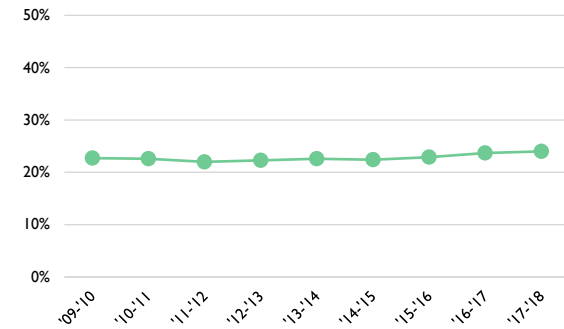


Pavement Condition Index (PCI) Rating



Source: Metropolitan Transportation Commission
Note: this is a 3-year moving average. In October 2017, DOT revised its PCI rating to 67 based on a new pavement survey.

Percent of Trips by Alternative Modes of Transportation



Source: American Community Survey

The mission of the Airport is to connect, serve, and inspire.

AIRPORT

The City operates [Mineta San José International Airport](#), which provides non-stop air service to 42 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, Frankfurt, Shanghai, and most recently Morelia and Zacatecas (December 2017) for a total of 53 non-stop destinations served (up from 40 last year).

The Airport had 211 authorized positions in 2017-18. The Airport does not receive General Fund dollars; Airport operational revenues include rents, concession fees, parking, and landing fees. In 2017-18, operating revenues totaled \$168.6 million, the highest total in the past ten years.

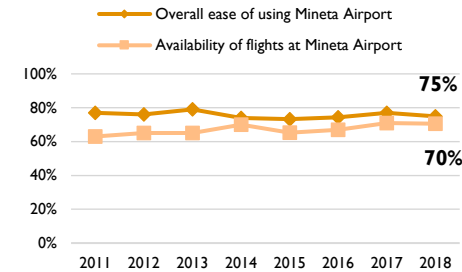
Airport operating expenditures, excluding debt service, totaled \$66.8 million.* As of June 30, 2018, total outstanding debt was \$1.27 billion, and total debt service for the fiscal year was \$104.5 million. Debt service has quadrupled from 10 years ago; this is a result of debt incurred during the Airport's major modernization and renovation that began in 2005.** The bonds issued in 2007 were restructured and refunded in 2017.

*Operating expenditures do not include police and fire services at the Airport, debt service, capital project expenditures or reserves. The cost of police and fire services has increased from \$12.2 last year to \$14.3 million in FY 2017-18.

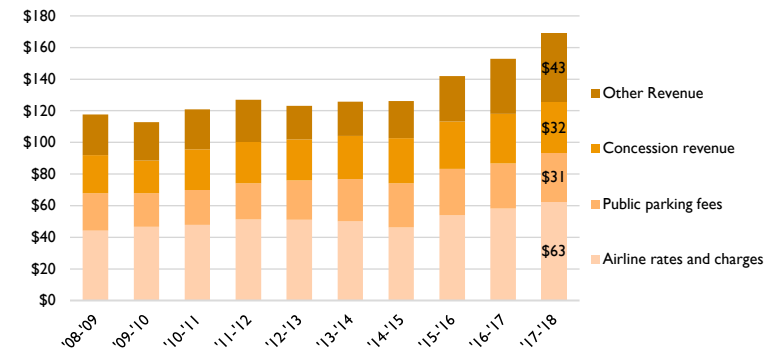
**Total debt service in 2017-18 was partly paid by passenger facility charges (\$24.8 million), customer facility charges (\$18.4 million), and bond reserve fund (\$7.4 million) that were available for payment of debt service; a net debt service of \$53.9 million is paid by Airport operating revenues. See the November 2017 audit — [Airport Financial Projections: Balancing ongoing Debt-Service Obligations with Increasing Operational Needs](#)

RESIDENT SURVEY

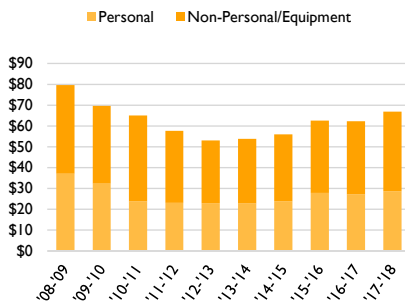
% of San José residents rating services as "excellent" or "good"



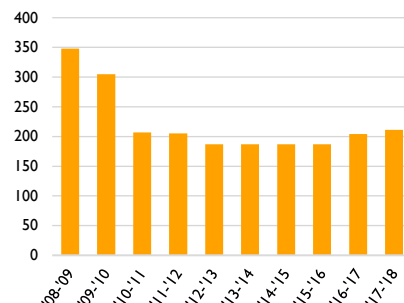
Airport Operating Revenues (\$millions)



Airport Operating Expenditures

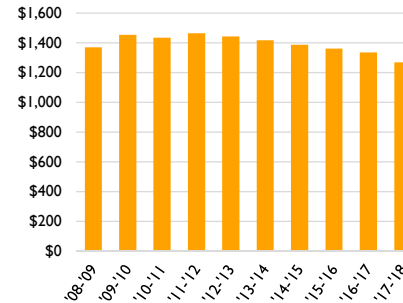


Authorized Positions

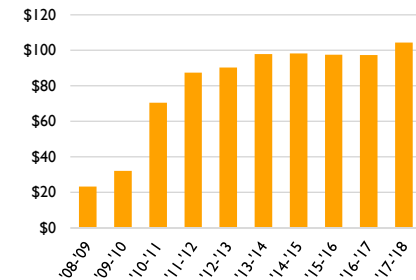


Note: Reductions prior to 2010-11 include outsourcing custodial and curbside management services.

Outstanding Debt (\$millions)



Annual Debt Payments (\$millions)



In 2017-18, the Airport served over 13.5 million airline passengers. There were 128,242 passenger airline takeoffs and landings, or 351 per day. The total number of passengers in the region was greater in 2017-18 than in any of the prior 10 years; the Airport's regional market share was 16 percent

In 2017-18, the airline's cost per enplanement (CPE) was \$9.24, the lowest in the past 10 years. San José airport's CPE continues to be lower than CPE in Oakland (OAK) and San Francisco (SFO).

In 2017-18, the Airport handled 122.2 million pounds of cargo, freight, and mail — up from 104 million five years ago. According to the department, San José's noise curfew has limited cargo, freight, and mail capacity.

The Airport received 106,000 noise complaints in 2017-18, 155 of which concerned flights subject to the curfew program between 11:30 pm and 6:30 am. According to the department, noise complaints has increased from 8,000 in 2015-16 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 in last year, the department had to change counting methodology. This resulted in some duplicate entries being counted towards the total noise complaint number. Noise complaints can also come from areas surrounding San José.*

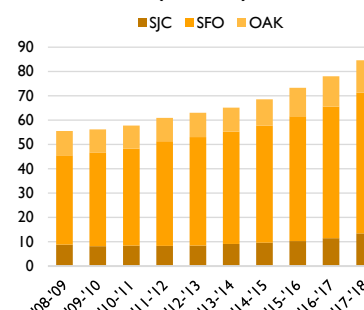
Regional Comparisons, 2017-18

	SJC	OAK	SFO
Passenger Airlines	16	15	62
Destinations	53	63	135
Domestic	42	49	85
International	11	14	50
Passengers (millions)	13.5	13.4	57.8
Passenger Flights/Day	351	293	1,260
On-Time Arrival	82%	81%	74%

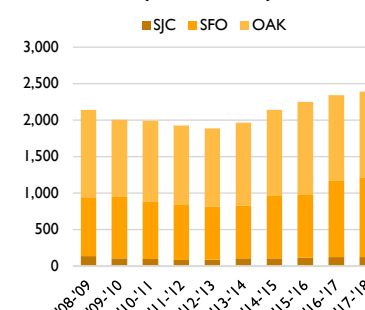
Sources: Oakland International Airport Airline Information and staff; Comparative Traffic Report FY 17-18 and SFO Fact Sheet FY 17-18; Airline On-Time Statistics U.S. Bureau of Transportation Statistics.

Market Shares

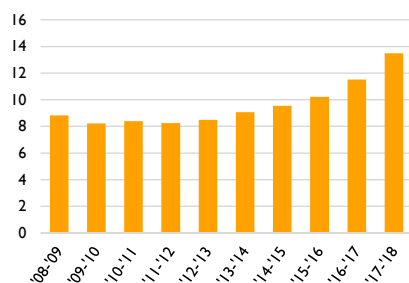
Regional Passengers (millions)



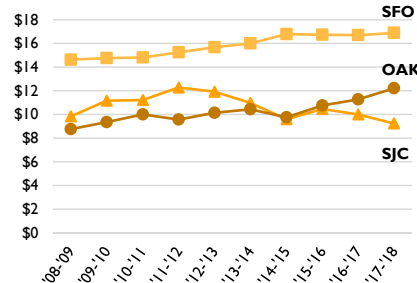
Regional Freight (millions lbs.)



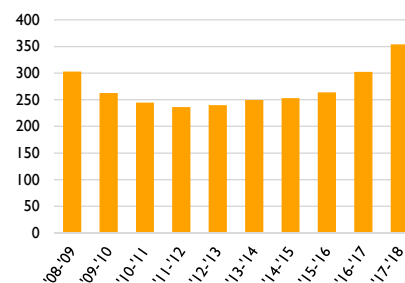
Annual Airport Passengers (millions)



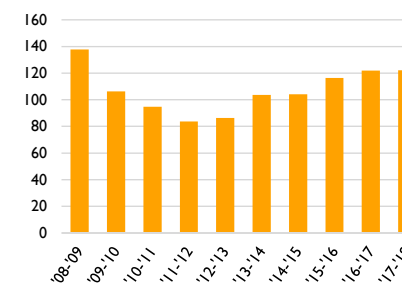
Airline Cost per Enplanement Comparison



Passenger Flights Per Day (Takeoffs and Landings)



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



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

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.

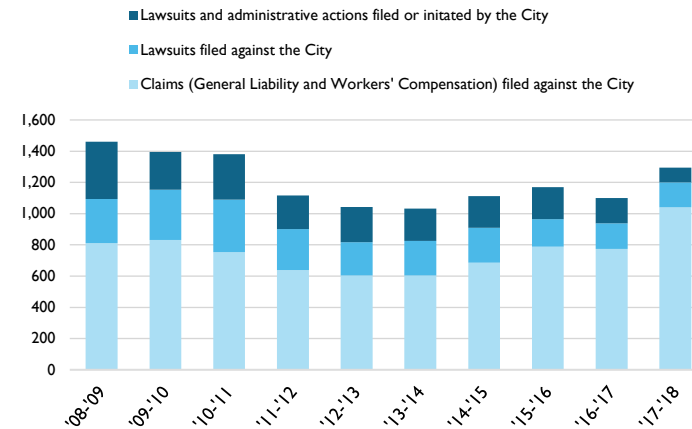
The 2017-18 operating expenditures for the City Attorney's Office totaled \$18.7 million, which is comprised of personal and non-personal expenditures. In addition, the City Attorney's Office was responsible for \$17.6 million in other costs, including \$17.3 in general liability claims.

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

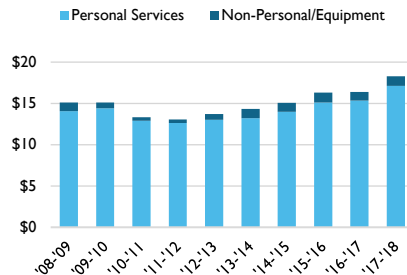
The City Attorney's Office handled 1,294 new claims and litigation matters in 2017-18 and prepared or reviewed more than 6,100 legal transactions, documents, and memoranda. In 2017-18, litigation-related collections totaled about \$13.7 million, while general liability payments totaled about \$17.3 million, as noted above.*

*Included in this number is a \$10.4 million general liability payment made for a police incident case.

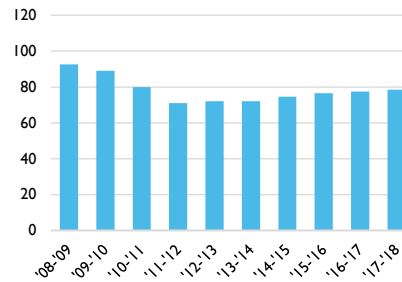
Claims and Lawsuits



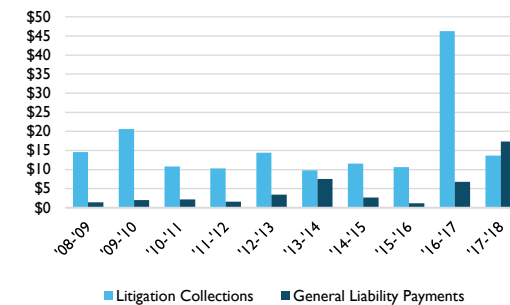
City Attorney Operating Expenditures (\$millions)



City Attorney Authorized Positions



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



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 2017-18 operating expenditures totaled \$2.3 million. In addition, the City Auditor's Office was also responsible for \$524,000 in other costs, including the annual financial audit, the grant compliance single audit, and the bond projects audit. Staffing remained at 15 positions; this was 3 positions fewer than 10 years ago.

In 2017-18 the City Auditor's Office identified \$1.4 million in monetary benefits from its audit recommendations, or \$0.56 in savings for every \$1 spent on audit costs in 2017-18 (target: \$4 to \$1). Identified monetary benefits vary from year to year based on the types of audits that are conducted.

*See www.sanjoseca.gov/auditor

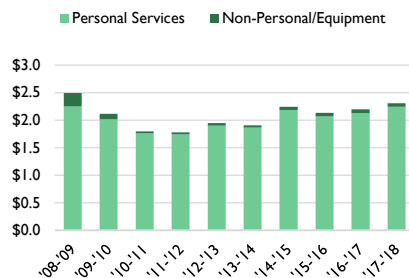
KEY FACTS (2017-18)

Number of audit reports issued	19
Number of audit recommendations adopted	82
Number of audit reports per auditor	1.6
Ratio of identified monetary benefits to audit cost	\$.56 to \$1
Percent of approved work plan completed or substantially completed during the fiscal year	59%

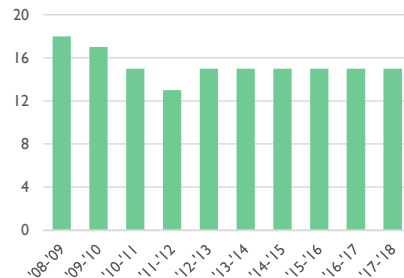
Subject area audits issued in 2017-18 include:

- Police Activities League
- Pensionable Earnings
- Annual Report on City Services FY 2016-17
- San Jose International Airport Financial Projections
- Annual Performance Audit of Team San Jose FY 2016-17
- San Jose's Tier 3 Defined Contribution Plan
- Employee Travel Expenses
- Clean Energy
- Retirement Services
- Environmental Services Department Consulting Services
- Open Government
- Residential High-Rises

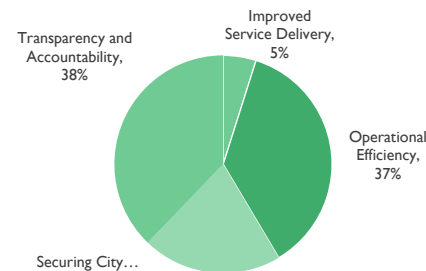
City Auditor Operating Expenditures



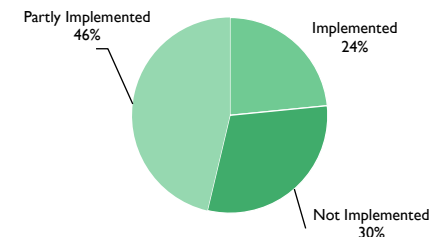
City Auditor Authorized Positions



Recommendations by Category, 2017-18



Audit Recommendation Implementation (Cumulative Over 5 Years)



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.

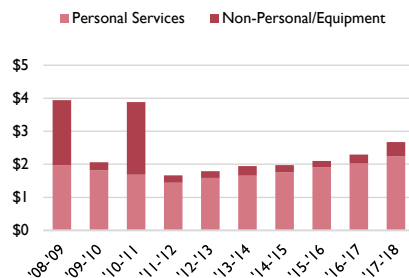
The Office is responsible for preparing and distributing agenda items for City Council and various Committee meetings; providing access to the City's legislative records and documents under the California Public Records Act; and reviewing all City contracts for administrative compliance. The City Clerk's operating expenditures totaled \$2.7 million in 2017-18, with \$2.2 million in personal services and \$0.4 million in non-personal expenditures. In addition, the City Clerk was responsible for \$3.1 million in Citywide expenses, out of which \$1.9 million was spent in elections and ballot measures. Staffing remained unchanged at 15 positions.

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 (545 in 2017-18). The Office coordinated the recruitment of 23 full-time and 22 part-time staff, and the appointment of 52 interns for the Mayor and City Council Offices.

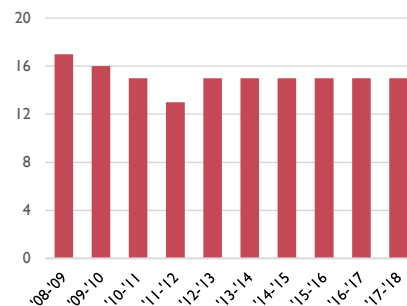
During the 2018 Boards and Commissions Spring Recruitment, the City Clerk's Office recruited for 65 appointed positions by screening and processing about 186 online applications.

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: Spikes in expenditures in 2008-09 and 2010-11 were due to elections.

KEY FACTS (2017-18)

Number of meetings staffed	191
Number of ordinances processed	83
Number of resolutions processed	452
Number of records requested (e.g., legislative histories, contracts, election related documents)	1,465
City staff requests	579
Public requests	886
Number of statements of economic interests and family gift reports processed	2,109
Number of lobbyist reports processed	282
Number of contracts processed	2,142
Number of campaign filings processed	556

Selected activities in 2017-18:

- The City Clerk's Office, in coordination with the City Attorney's Office and the Santa Clara County Registrar of Voters, administered a Primary Election for the Mayor and for Districts 1,3,5,7, and 9 that included providing information to candidates. There were also two measures on the June 2018 ballot: Measures B (Evergreen Senior Homes Initiative) and C (City of San José's Urban Sprawl Charter Amendment).
- The City Clerk's Office, in coordination with the IT department, went live with GILES, a new public-facing search engine for legislative documents such as ordinances, resolutions, and contracts.

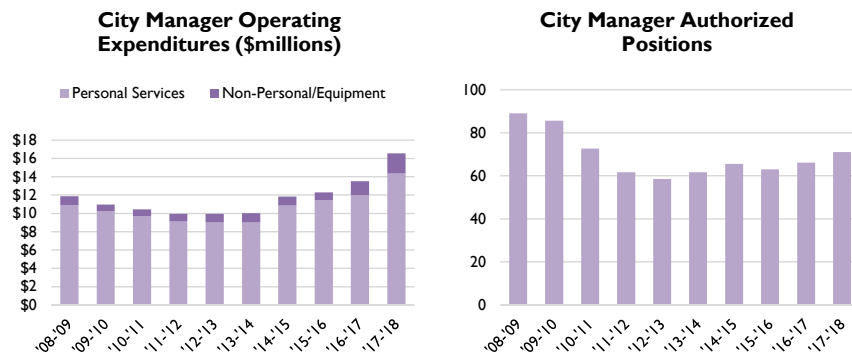
The mission of the San José City Manager's Office is to provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs.

CITY MANAGER

The Office of the City Manager (CMO) develops public policy, leads the organization, and manages Citywide service delivery. A key focus of the CMO is providing leadership to meet changing community challenges by developing a workforce that has the skills and experience for service delivery. Operating expenditures for the CMO in 2017-18 totaled \$16.6 million. This includes personal and non-personal expenditures. In addition, the CMO was responsible for \$10.5 million in Citywide expenses, which included a \$500,000 subsidy for the Successor Agency to the Redevelopment Agency, and \$1.5 million for Public, Educational, and Government Access Facilities capital expenditures. Staffing in 2017-18 totaled 71.

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. The CMO held five meetings throughout the city to gather input for the development of the annual budget.
- **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 sponsorship of and advocates for City-sponsored legislation.
- **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. The CMO approved 654 staff reports for City Council consideration, assigned 101 referrals from the City Council, and issued 88 information memoranda.
- **Employee Relations** – Negotiates labor contracts, encourages 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. The CMO staffed 23 meetings of the Neighborhoods Commission.
- **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. The CMO responded to, or coordinated, at least 523 public records requests. Additional requests are managed by individual departments.
- **Emergency Management** – Leads efforts to protect life, property, and the environment by managing programs that prevent and respond to disasters and emergencies. In September 2017, the City moved the Office of Emergency Management (OEM) - formerly the Office of Emergency Services - from the Fire Department to the CMO. OEM's Ready San José! programs include public outreach and training in emergency preparedness. In 2017-18, OEM reached out to 1,822 people through public fairs, city fairs and council member programs, and trained 32 individuals to lead Community Emergency Response Team (CERT) training sessions. Thirty-one percent of residents surveyed rated the quality of emergency preparedness services as "excellent" or "good".
- **Immigrant Affairs** – Develops strategies that support the integration of immigrant groups in the city by increasing opportunities for shared prosperity. In 2016, City Council adopted the Welcoming San José Plan, which focuses on leadership and communications; access and engagement; education; economic opportunity; and safe, healthy, and connected communities.
- **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.



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 and Cultural Facilities)

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

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

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

In 2017-18, OED's operating expenditures totaled \$11.1 million. This includes personal and non-personal expenditures. The department was responsible for \$39.7 million of other costs, including \$8.9 million in Citywide expenses. This included \$1.4 million in property leases where the City is the tenant, a \$1 million subsidy to the Tech Museum and \$0.9 million to the SJ Works: Youth Jobs Initiative. The City also supported the Convention & Cultural Facilities with \$4.7 million from hotel tax revenues.

KEY FACTS (2017-18)

Largest city in the Bay Area (3rd largest in California, 10th in the nation)

Unemployment Rate 2.9%

Median Household Income \$ 104,675

Sources: Bureau of Labor Statistics and 2017 [American Community Survey](#)

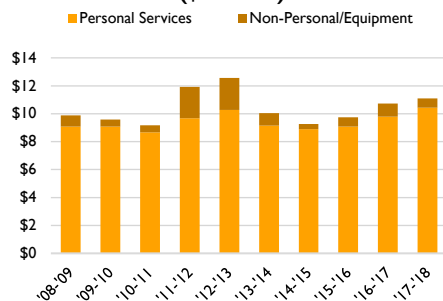
ECONOMIC STRATEGY WORKPLAN

In early 2016, Council adopted a 24-month Economic Strategy workplan that was intended to direct work through the end of the economic cycle. The workplan sought to regain jobs and revenue through business support, funding, and streamlining City processes to reduce business costs. This included the sale of 16.6 acres of land for approximately \$36.4 million and meetings held with more than 300 companies.

The workplan also sought to invest for future success through talent development, supporting transportation infrastructure, and encouraging downtown development. This included bringing together more than 30 companies to establish an advanced manufacturing apprenticeship model in coordination with local high schools and community colleges.

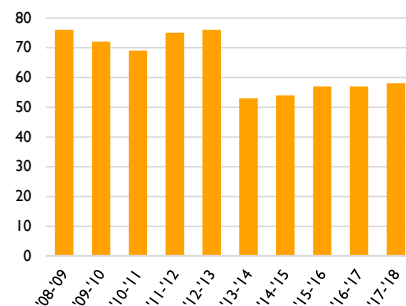
Source: Office of Economic Development

OED Operating Expenditures (\$millions)



Note: In '11-'12, Real Estate Services was added to OED.

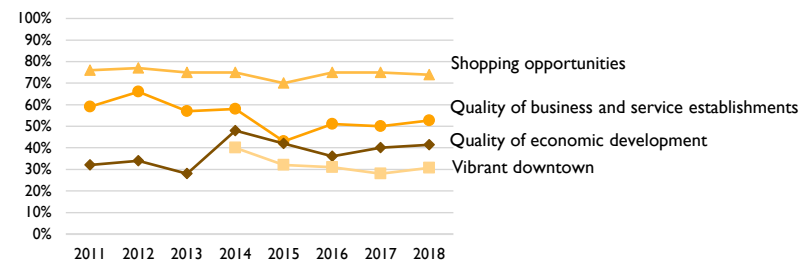
OED Authorized Positions



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

RESIDENT SURVEY

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



BUSINESS DEVELOPMENT AND JOBS

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 2017-18, OED provided development facilitation services to 35 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 \$5.7 million in tax revenues (business and sales taxes) generated by companies that received its assistance. In 2017-18, this included the successful attraction of Costco Wholesale. About \$4.85 in tax revenue was generated for every \$1 of OED expenditure on business development.

One of OED's main goals is to catalyze job creation. Companies and businesses that received OED assistance created about 3,700 jobs and retained about 2,700 jobs in 2017-18. With about 419,000 jobs located within the city, San José has less than one job per employed resident. Palo Alto, for example, has more than three jobs per employed resident. San José is the only large U.S. city where more residents commute to work outside city limits, rather than into the city. (See the CSA Dashboard chapter for additional information)

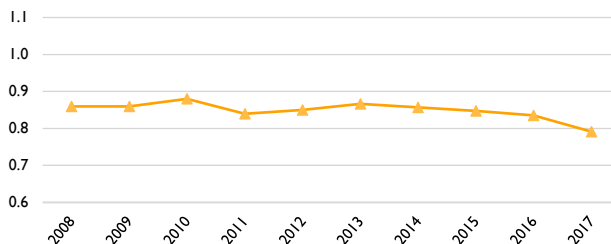
* For more information on the small business network, see www.businessownerspace.com

RESIDENT SURVEY

56% of employed San José residents report they work inside the boundaries of the City

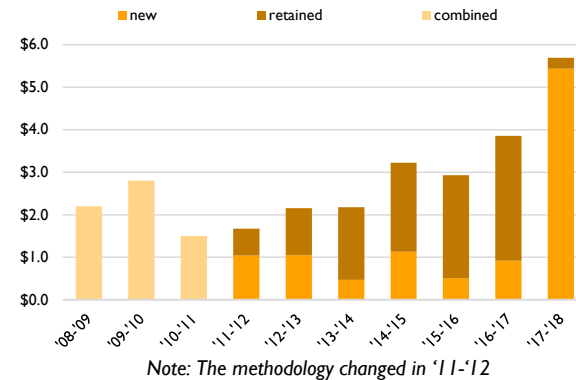
Jobs Per Employed Residents in San José

Balance at 1.0 job per resident
Envision 2040 target: 1.1 jobs per resident

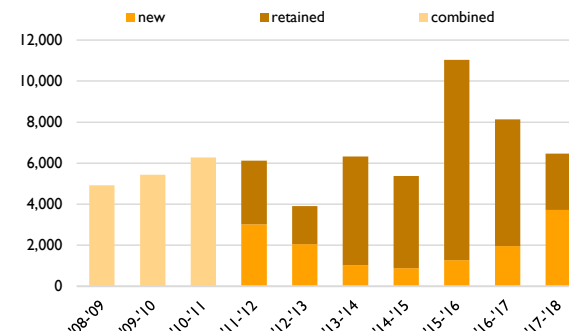


Sources: [American Community Survey](#) 5-Year Estimates (2010 through 2016) and 1-Year Estimate for 2017; [Association of Bay Area Governments](#) projection (prior to 2010)

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

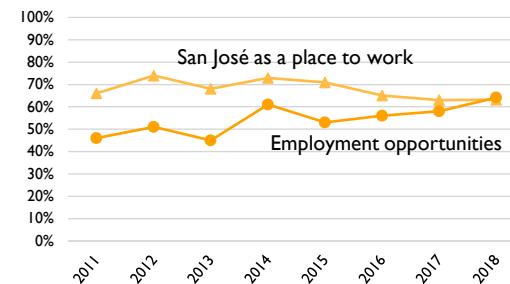


Estimated Jobs Created or Retained by OED-assisted Companies



RESIDENT SURVEY

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



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 2,200 job seekers took advantage of skill upgrades and training programs in 2017-18. About 250 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 2017-18, San José Works provided 900 youth with subsidized and unsubsidized employment opportunities. (See CSA Dashboard chapter for additional information)

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 2017-18, OCA awarded 131 grants totaling \$4.4 million to organizations located primarily in San José. Contributing to San José's placemaking and design goals, the public art program reported that it had 297 works throughout San José.

OCA helped facilitate 438 event days in 2017-18 with an estimated attendance of 2.1 million. Large-scale events included annual events such as the Christmas in the Park, Winter Wonderland, and the Rotary Fireworks. Other signature events include the Amgen Tour of California, Viva CalleSJ, and the Rock n Roll Half Marathon.

RESIDENT SURVEY

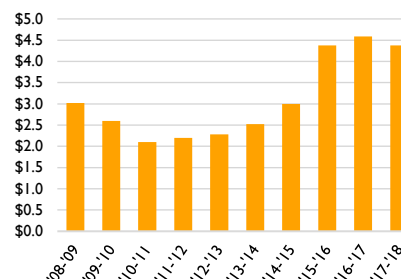
51% of San José residents attended at least one City-sponsored event

work2future Development Program Results

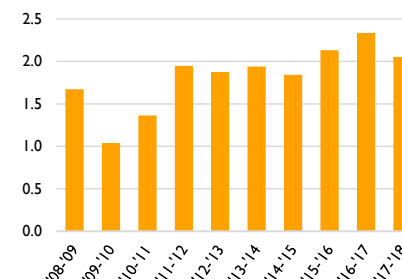
	Job Seekers	Placed in Jobs	State Goal
Adults	1,226	62%	58%
Dislocated Workers	731	64%	64%
Youth (14-24 years)	282	64%	62%

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

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



Estimated Attendance at Outdoor Special Events (millions)



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]

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 2017-18, this generated about \$1.5 million in sales revenue and \$3.1 million in lease revenue. Real Estate Services had 83 property leases in its real estate portfolio.

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.

In 2017-18, the facilities drew nearly 1.4 million people to 352 events overall. Of those events, about 123 were at the convention facilities, hosting more than 800,000 visitors. Operating revenues reached \$54.8 million. The Convention Center's occupancy rate (by square footage) was 53.3 percent, slightly lower than the prior year. One hundred percent of responding event coordinator clients rated overall service as "good," "very good," or "excellent"; this is well above the target of 95 percent.

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

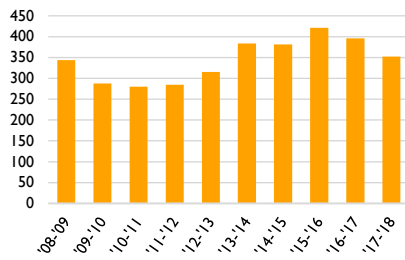


Center for Performing Arts

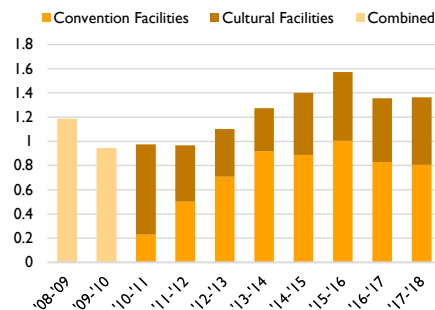


Photos: City Auditor's Office and Team San Jose

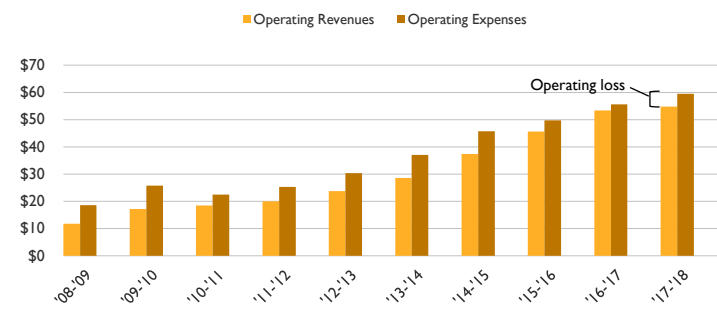
Number of Events
(Convention and Cultural
Facilities Combined)



Attendance (millions)



Operating Revenues and Expenses (\$millions)



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 Citywide 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 Climate Smart San José Plan and regulatory requirements.

Most ESD revenue comes from various customer fees and charges; approximately 1 percent of its budget comes from the General Fund (about \$4.1 million in the 2017-18).

In 2017-18, ESD's operating expenditures totaled \$266 million. This includes personal and non-personal expenditures. The department was also responsible for additional costs including \$1.6 million in Citywide expenses and other expenses totaling \$25.9 million. Staffing in 2017-18 included 552 full-time equivalent positions, a slight increase from 2016-17 and a 12 percent increase from ten years ago.

RESIDENT SURVEY

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

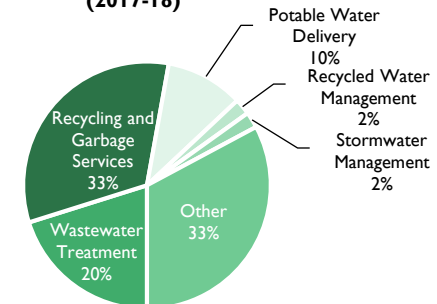
38% Air quality

40% Quality of overall natural environment in San José

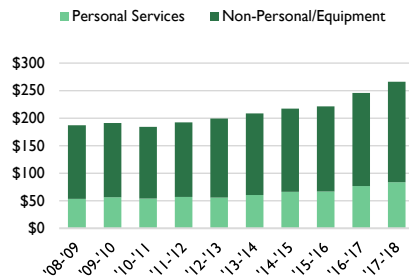
41% Preservation of natural areas such as open space, farmlands, and greenbelts

78% of San José residents made efforts to make their homes more energy efficient during the past 12 months

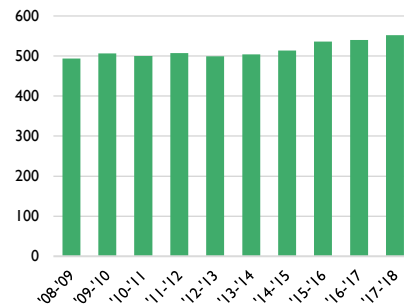
ESD Operating Budget Breakdown (2017-18)



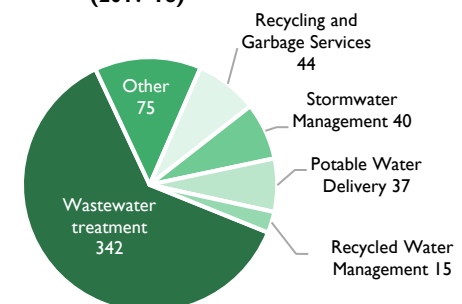
ESD Operating Expenditures (\$millions)



ESD Authorized Positions



ESD Staffing Breakdown by Positions per Service (2017-18)



ENVIRONMENTAL SERVICES

RECYCLING & GARBAGE SERVICES

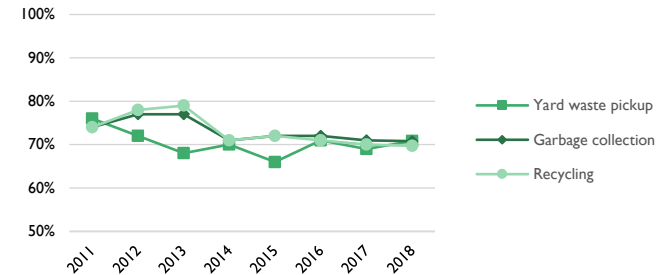
ESD provides recycling and garbage services to nearly 324,000 residential households in San José through contracted service providers. ESD also provides waste management programs and services for San José businesses, large events, public areas, and City facilities. It manages contracts for commercial collection and recyclables processing, organics processing, and construction waste collection services in the City. ESD's operating expenditures for recycling and garbage services was \$125.3 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, CalRecycle, has taken a statewide approach to meet the State's goal of achieving 75 percent "recycling" by 2020. CalRecycle is in the process of implementing SB 1383 (Organic Waste Methane Emissions Reductions).

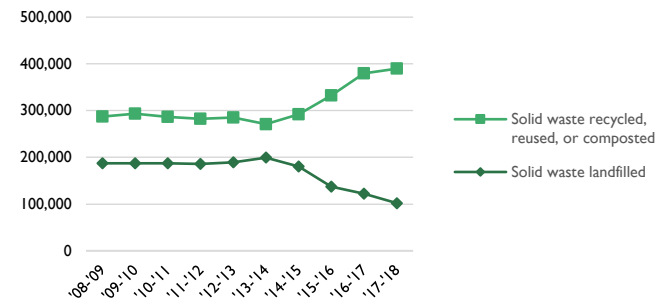
Since 2005, San José has diverted at least 60 percent of waste, including 64 percent in 2017. However, recent international developments restricting foreign imports of recyclable materials are impacting current City diversion rates and may impact the City's ability to meet State diversion requirements in future years. In March of 2018, China implemented its "National Sword" policy, restricting the imports of paper, cardboard, and plastics. California's local jurisdictions have historically relied on exporting recyclable materials to foreign nations, particularly to China, to meet State diversion goals.

* "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)

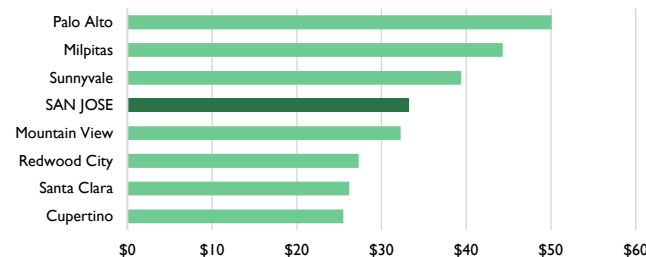
RESIDENT SURVEY
% of San José residents rating services as "excellent" or "good"



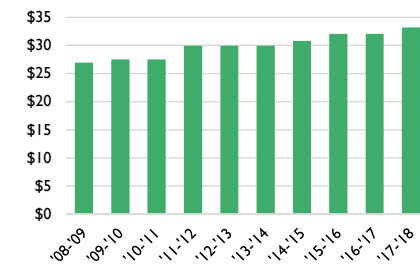
Tons of Residential Solid Waste Recycled vs. Landfilled



Comparison of Monthly Residential Garbage and Recycling Rates (2017-18)



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



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.

ENVIRONMENTAL SERVICES

STORMWATER MANAGEMENT

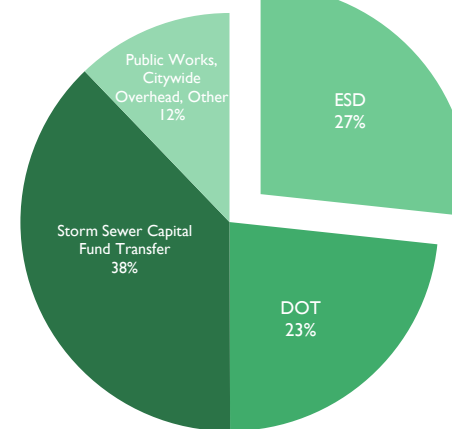
The Department of Transportation operates the City's storm drains and storm sewer system, conveying rainwater into creeks and eventually the South San Francisco Bay (see Transportation chapter). ESD manages regulatory programs, initiatives, and activities to prevent pollution from entering the storm 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, 1,175 creek cleanup events were held and about 1,309 tons of trash were removed in 2017-18. The increase in cleanup events in the past four years is largely due to additional cleanups by the Housing Department's Homeless Encampment Response Program and Volunteer Creek Cleanup Partners. The City has reduced the amount of trash discharged into receiving waters by 88 percent since 2009, outpacing the July 2019 reduction target of 80 percent.

The annual fee for a single-family residence in 2017-18 was \$94.44. While this is a 34 percent increase from 2008-09, 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

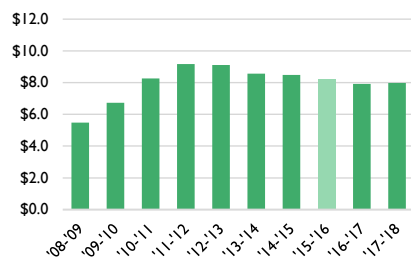


Source: 2017-18 Adopted Operating Budget

Baykeeper Consent Decree

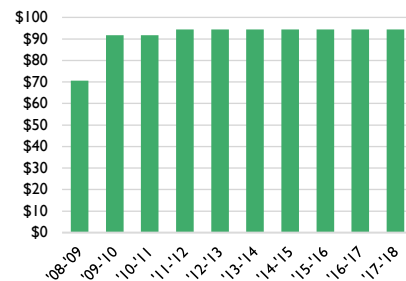
In June 2016, the City executed a consent decree to settle a lawsuit filed by the San Francisco Baykeeper. The consent decree stipulates that the City will appropriate \$100 million over a ten-year period to implement multi-benefit projects (e.g., green infrastructure) intended to reduce the flow of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

ESD Operating Expenditures Stormwater Management (\$millions)

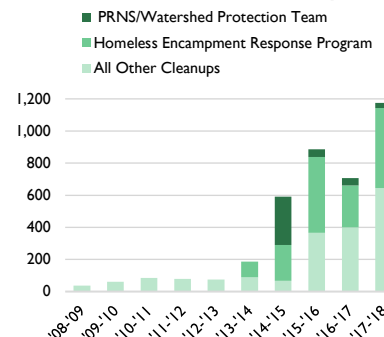


Note: 2015-16 expenditures were an estimate because of the implementation of a new budgeting system.

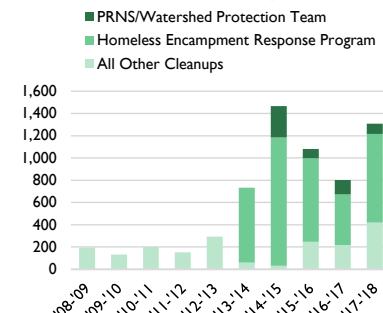
Annual Fee for Household Storm Sewer Service



Number of Creek Cleanups



Tons of Litter Collected at Creek Cleanups



RETAIL WATER DELIVERY

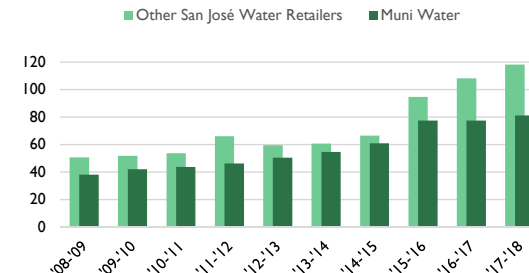
ESD operates and maintains the San José Municipal Water System (Muni Water), which serves about 27,000 customers in North San José, Alviso, Evergreen, Edenvale, and Coyote Valley. Other local San José water retailers include Great Oaks Water Company (which serves Blossom Valley, Santa Teresa, Edenvale, Coyote Valley, and Almaden Valley) and the San José Water Company (which serves the San José Metropolitan area). For 2017-18, operating expenditures for retail water delivery totaled about \$39.0 million.

Muni Water rates increased slightly in 2017-18, but are more than double from ten years ago. 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 (133 percent over ten years).

In 2017-18, Muni Water delivered 6,583 million gallons of water to its customers, down 16 percent from ten years ago. Ninety-two percent of City residents who responded to the resident survey indicated they made efforts to conserve water the past year. Muni Water met federal water quality standards in 99.9 percent of water samples taken.*

* For more information on water quality, see the [2017 Water Quality Report](#).

Comparison of Monthly Residential Water Bills



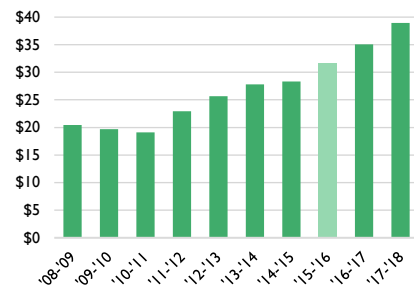
Source: ESD and Auditor Analysis

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

RESIDENT SURVEY

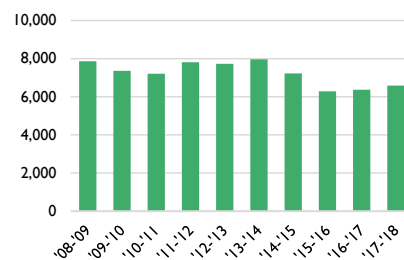
92% of San José residents indicated they made efforts to conserve water during the past 12 months.

Operating Expenditures Retail Water Delivery (\$millions)

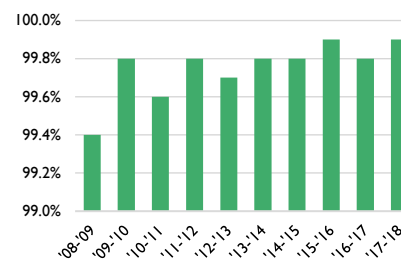


Note: 2015-16 expenditures were an estimate because of the implementation of a new budgeting system.

Millions of Gallons of Water Delivered to Muni Water Customers

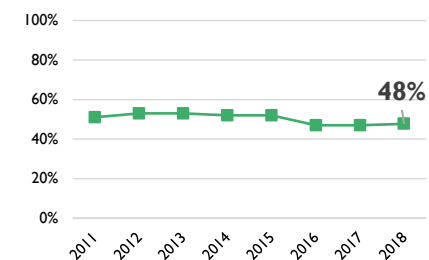


% of Water Samples Meeting State and Federal Water Quality Standards



RESIDENT SURVEY

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



ENVIRONMENTAL SERVICES

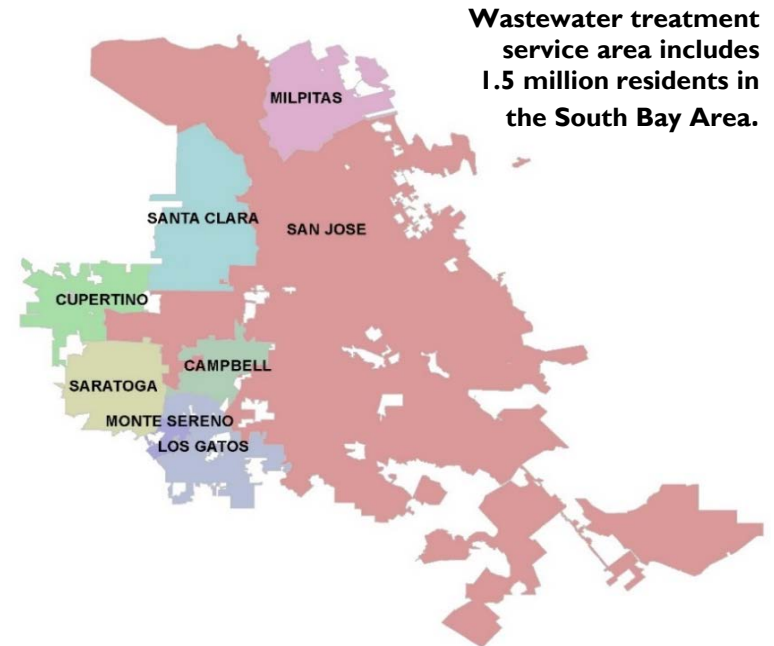
WASTEWATER TREATMENT

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 approximately 1.5 million residents in San José and surrounding communities. 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 2017-18, operating expenditures totaled \$77.2 million. ESD wastewater treatment operations account for the largest share of ESD employees: 342 full-time budgeted positions out of 552 total.

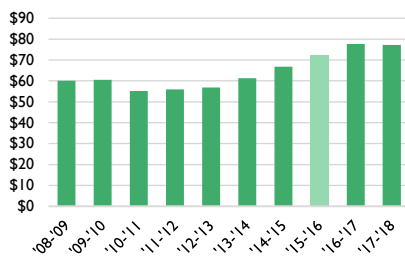
The Wastewater Facility continues to meet the Regional Water Quality Control Board's permit requirements for water discharged into the San Francisco Bay. In 2017-18, pollutant discharge requirements were met or surpassed 100 percent of the time.

The cost per million gallons treated was \$1,372—a 38 percent increase from \$996 ten years ago. 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.*

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

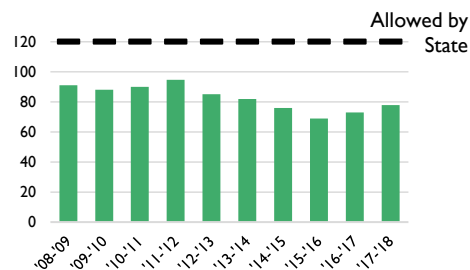


**Operating Expenditures
Wastewater Treatment
(\$millions)**



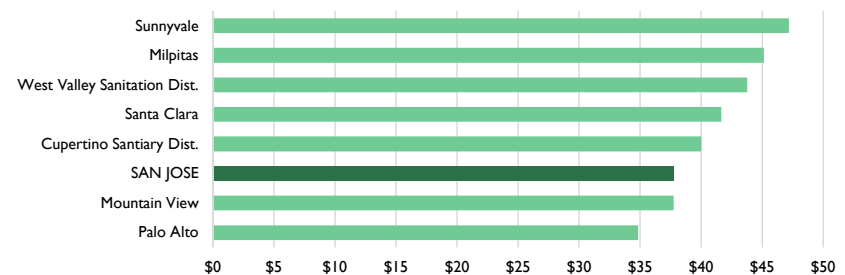
Note: 2015-16 expenditures were an estimate because of the implementation of a new budgeting system.

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



Note: Based on [2017 Annual Self-Monitoring Report](#). The dry weather period is July through September.

Comparison of Monthly Sewer Rates* (2017-18)



* 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 invested 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.

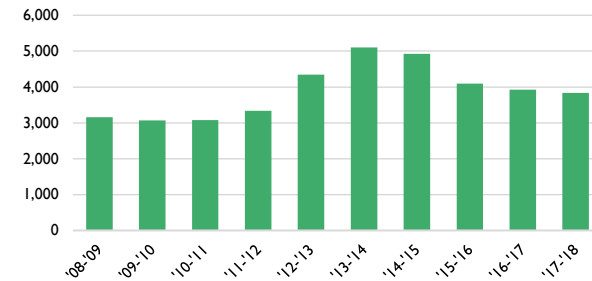
In 2017-18, 16 percent of wastewater influent was recycled for beneficial purposes during the dry weather period, up from 14 percent ten years ago. SBWR customers used recycled water for cooling towers and to irrigate parks, golf courses, schools, and commercial landscape. SBWR met recycled water quality standards 100 percent of the time during the same period.

In 2017-18, SBWR delivered about 3,800 million gallons of recycled water to 880 customers, who paid between \$2.45 and \$3.11* 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 \$3,034 in 2017-18. The increase in the measure from prior fiscal years is primarily due to a change in accounting methodology that resulted in higher expenses being recognized in fiscal year 2017-18.

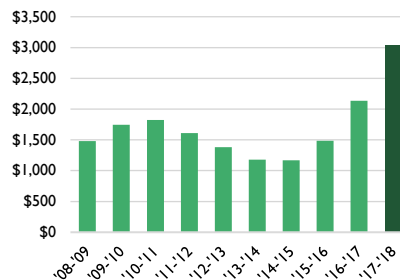
* This rate is for City of San José Municipal Water customers; other SBWR provider rates may vary.

Millions of Gallons of Recycled Water Delivered Annually



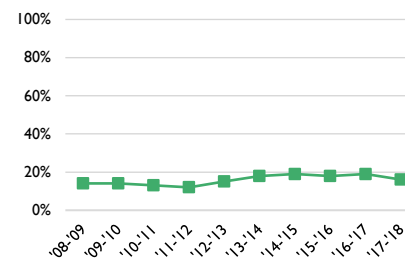
Note: 1 million gallons of water equals 1,336 hundred cubic feet.

Cost per Million Gallons of Recycled Water Delivered



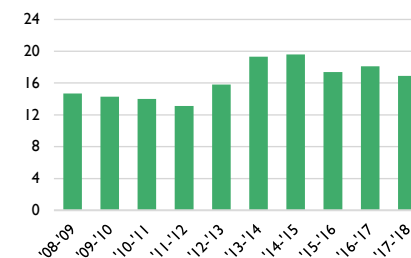
Note: The 17-18 figure is not comparable to those of prior fiscal years due to a recent change in accounting methodology.

% of Wastewater Recycled for Beneficial Purposes during Dry Weather Periods



Note: The dry weather period is July through September.

Millions of Gallons Per Day Diverted during Dry Weather Periods



CLIMATE SMART SAN JOSÉ

On February 27, 2018, the San José City Council adopted the [Climate Smart San José Plan](#). The plan is a continuation and escalation of the 2007 San José Green Vision, and represents San José's commitment to meeting the greenhouse gas emission reduction targets of the Paris Climate Agreement, in lieu of Federal action. Climate Smart San José is composed of three pillars containing nine strategies focused on reducing air pollution, saving water, and creating a stronger and healthier community.

Pillar	Strategies	Objectives	Achievements to Date
I. A Sustainable & Climate Smart City	1. Transition to a renewable energy future	- Create a community choice energy (CCE) program that will make 100 percent carbon-free electricity available as a base offering to all users in the city by 2021.	- In May 2017, the City launched San José Clean Energy, making San José the largest city with a CCE program in the country and providing residents and businesses with renewable energy options.
	2. Embrace our Californian Climate	- Employ sustainable use practices of local water and green infrastructure to achieve a 30 percent reduction in residential water consumption to 42 gallons per day per capita by 2030.	- During the recent unprecedented period of drought, San José residents and businesses reduced water consumption by 28 percent.
	3. Densify our City to accommodate our future neighbors	- Make preparations for an expected 319,000 additional residents by 2050 through managed, mixed-use densification around planned City growth areas.	- San José 2040 General Plan outlines a plan of proactive densification clustered around focused growth areas. Densification plans are being coordinated with those of future public transit infrastructure.
II. A Vibrant City of Connected & Focused Growth	4. Make homes efficient and affordable for our residents	- All new homes built in San José from 2020 would be Zero Net Energy (ZNE) and existing homes will be retrofitted to reduce their energy consumption and eliminate their use of natural gas.	- The City-led Silicon Valley Energy Watch Program provides residents energy saving toolkits that help residents learn energy savings tips and techniques to lower energy bills. Over 2,000 toolkits have been checked out to residents across the County.
	5. Create clean, personalized mobility choices	- San José will work to develop clean, personalized, and shared mobility choices, reducing single-passenger, gasoline car use through a combination of bike-and ridesharing, passenger electric vehicles, and, in the future, autonomous vehicles (AVs).	- The City of San José has installed 64 public, electric charging stations; expanded the City's bike share program, at no cost to the City; and launched an AV pilot program.
	6. Develop integrated, accessible public transport infrastructure	- San José will continue supporting public transit infrastructure as a means of getting around the City, particularly the integration of multiple transport modes and transit-oriented development to reduce vehicle miles traveled.	- Participating in regional initiatives to support the expansion and enhancement of public transit infrastructure such as the Caltrain electrification project, Santa Clara Valley Transportation Authority (VTA), High Capacity Transit, and bringing BART to San José.
III. An Economically Inclusive City of Opportunity	7. Create local jobs in our City to reduce vehicle miles traveled.	- San José will work to create an additional 332,000 local jobs in our City by 2040.	- 50,200 jobs have been created in San José since 2012, and efforts are underway to bring businesses to San José at different income tiers in order to create inclusive and accessible middle income pathways for our residents. These include participating in the Bay Area Urban Manufacturing Initiative and plans to locate new commercial development and 85 percent of new jobs near transit modes.
	8. Improve our commercial building stock	- All new commercial buildings built in San José from 2025 will be ZNE and existing commercial will be retrofitted to reduce their energy consumption and eliminate their use of natural gas.	- The City-led Silicon Valley Energy Watch Program has helped businesses, municipalities, and schools achieve energy savings by providing project management support, performing benchmarking and energy audits, and promoting rebates and financing opportunities. The City also participates in the City Energy Project, an initiative to help improve the energy efficiency of large buildings.
	9. Make commercial goods movement clean & efficient	- San José will support its commercial and industrial sectors in reducing the carbon impact from goods movement by transitioning to clean and efficient logistics.	- The City began to transition its vehicle fleet to use alternative fuels in 2007. In 2017, San José joined 30 other U.S. cities through Climate Mayors to stimulate market demand for city-owned electric service vehicles.

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 2017-18 the department had 118 authorized positions, and its operating expenditures totaled \$17.9 million. This included personal and non-personal/equipment expenditures. In addition, Finance was responsible for \$267.4 million in other expenses, including \$246.9 million in debt service.

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 2017-18, the department procured \$191.4 million dollars of products and services, up from \$150 million last year. Much of this increase is due to purchases of electric buses for the Airport, new fire trucks, and a helicopter for the Police Department.

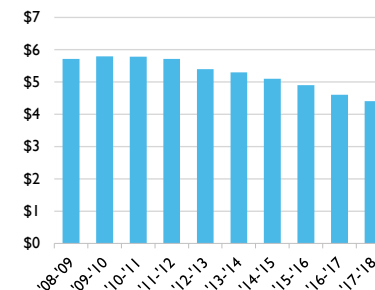
Revenue Management is responsible for the processes that support timely billing and revenue collection efforts.

Treasury manages the City's cash and investment portfolio. The three goals of the investment program are safety, liquidity, and yield. In 2017-18, investment funds earned an average of 1.5 percent. Treasury also issues debt and administers a debt portfolio totaling \$4.4 billion at the end of 2017-18. Actual debt issued was \$2.2 billion in 2017-18, a result primarily associated with refunding debt associated with the Successor Agency to the Redevelopment Agency (SARA).

KEY FACTS (2017-18)

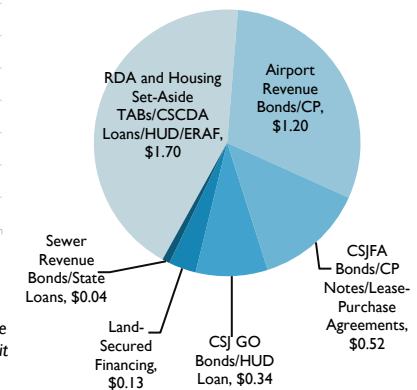
Total investment portfolio	\$1.56 Billion
Total debt managed	\$4.4 Billion
San José credit rating:	Moody's Aa1
	S&P AA+
	Fitch AA+

Total Debt Managed (\$billions)

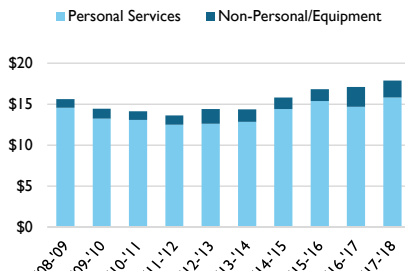


Note: Total Debt Managed chart above includes conduit debt outstanding (multifamily housing revenue bonds). Pie chart to the right does not include conduit debt. For more information, see the [City's Comprehensive Annual Debt Report](#).

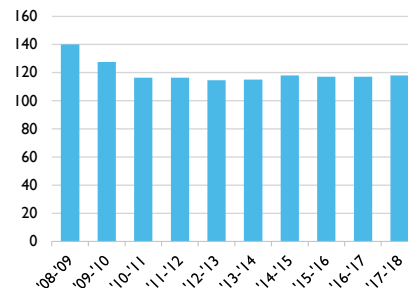
Outstanding Debt Issued by All Agencies, June 30, 2018 (\$billions)



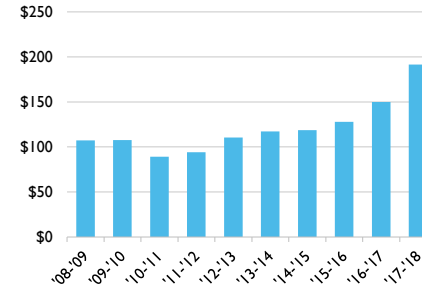
Operating Expenditures (\$millions)



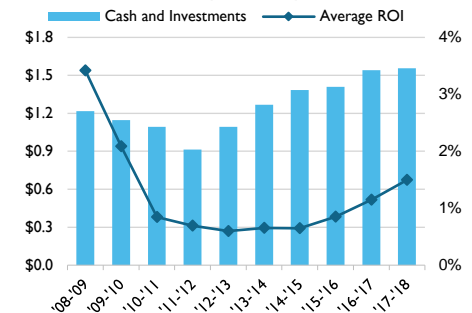
Authorized Positions



Total Dollars Procured (\$millions)



City Cash and Investments (\$billions)



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 services (EMS), and fire prevention 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. The Department provides emergency Advanced Life Support first-response services, and the County of Santa Clara contracts with a private company for emergency ambulance services.

In 2017-18, the Department's operating expenditures totaled \$218 million. This includes personal and non-personal expenditures. The Department was responsible for additional costs including \$13.9 million in Citywide and other expenses, of which \$7.5 million for was worker's compensation claims. There were 819 authorized positions in the Department in 2017-18 (excluding five positions transferred to the Office of Emergency Management).

KEY FACTS (2017-18)

Fire stations	33
Engine companies	33
Truck companies	9
Squad units	3



Source: San José Fire Department, photo of Station 2

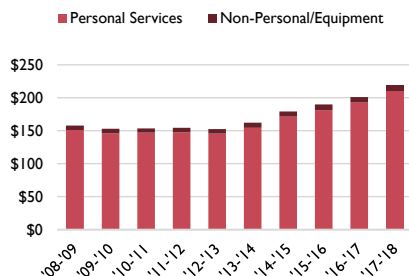


Source: San José Fire Department

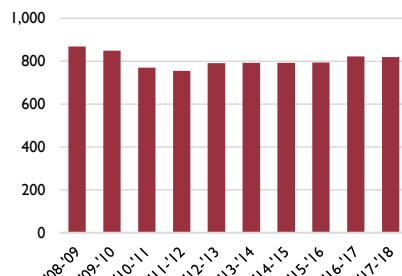


Source: San José Fire Department, photo of Station 8

Fire Department Operating Expenditures (\$millions)



Fire Department Authorized Positions



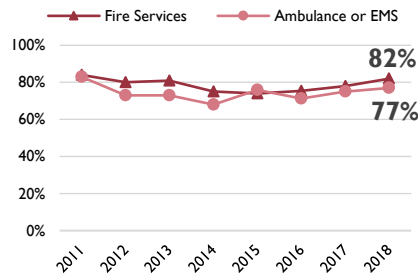
KEY FACTS (2017-18)

Emergency incidents

Emergency medical incidents	57,700
Fires	3,300
Rescue, Haz Mat, and non-fire hazards	6,700
Other (including service requests, false alarms, good intent responses, and canceled en route incidents)	24,900
Total	92,600

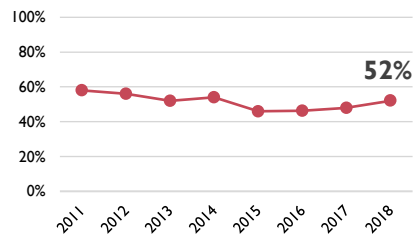
RESIDENT SURVEY

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



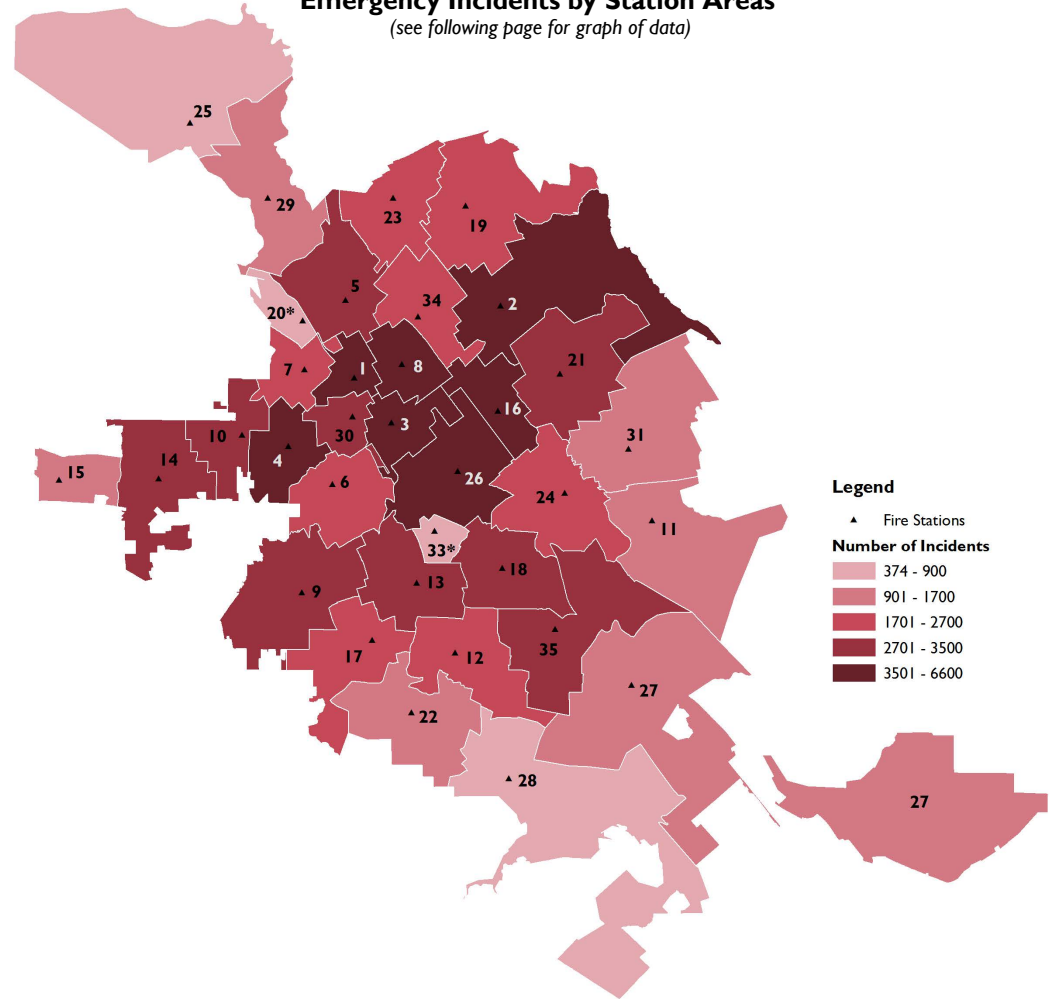
RESIDENT SURVEY

% of San José residents rating fire prevention and education as "excellent" or "good"



**Fire Stations and Number of 2017-18
Emergency Incidents by Station Areas**

(see following page for graph of data)



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 2017-18, the Fire Department responded to about 92,600 emergency incidents. There were 74,100 Priority 1 incidents (red lights and sirens) and 17,900 Priority 2 incidents (no red lights or sirens). Of the total incidents:

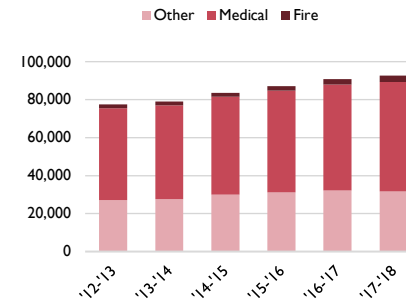
- 4 percent were fires (3,300 total)
- 62 percent were medical emergencies (57,700 total)
- 34 percent were other types of incidents, including good intent calls, rescues, and false alarms (31,600 total).

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

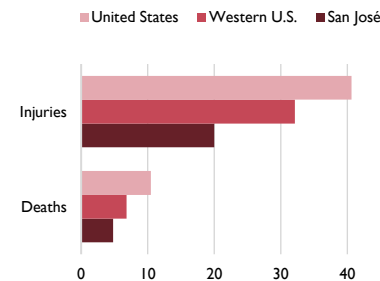
In 2017-18, the Department contained 91 percent of fires to the *structure* of origin (target: 90 percent). The Department contained 70 percent of fires to the *room* of origin (target: 85 percent).

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 21 civilian fire injuries and 5 civilian fire deaths in 2017-18.

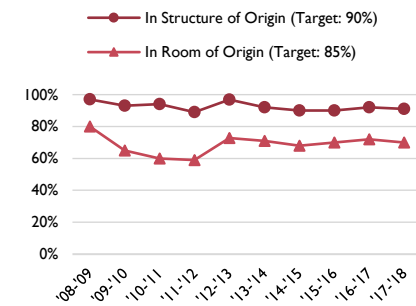
Emergency Incidents



Civilian Fire Injuries and Deaths per Million Population (2017*)

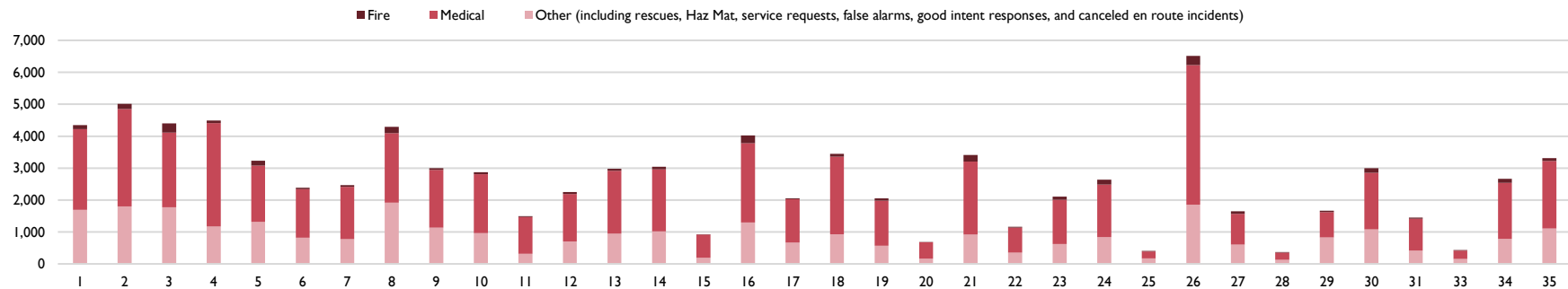


Percent of Fires Contained



Source: National Fire Protection Association, 2017 and SJFD data
*San José data is by fiscal year (shows FY 2017-18)

Emergency Incidents by Station Area (2017-18)



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

EMERGENCY RESPONSE (continued)

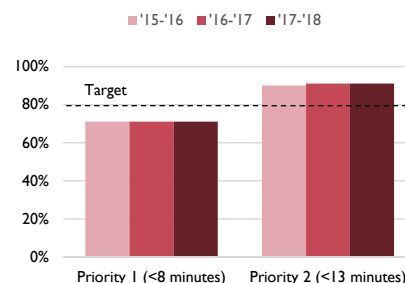
In 2017-18, the Department responded to only 71 percent of Priority 1 incidents within its time standard of 8 minutes (target: 80 percent), which is the same as the last two years. The Department responded to 91 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

The Department disaggregates Priority 1 response time by three time targets: dispatch time, turnout time, and travel time. In 2017-18, the Department met its target for dispatch time. The Department met its turnout time target for 77 percent of Priority 1 incidents (target: 80 percent within 2 minutes) and met its travel time standard for only 44 percent of Priority 1 incidents (target: 80 percent within 4 minutes).

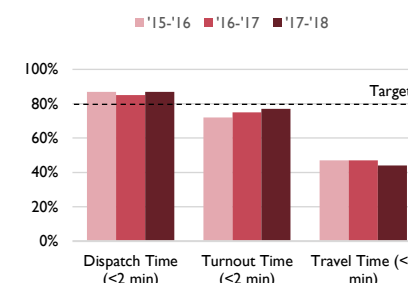
The Department developed a response time work plan which includes strategies to further improve response time performance. This year, the Department rolled out a feature utilizing automatic vehicle location (to provide more accurate data regarding when an emergency vehicle has arrived at an emergency location). Among other projects on its work plan, the Department is expanding traffic signal emergency vehicle preemption (in which traffic signals are equipped to give green lights to oncoming emergency vehicles) and upgrading the fire station alerting system (which will automate some dispatching steps to reduce call processing times.)

A breakdown of Priority 1 response times by fire station is shown below. Two fire stations met the Priority 1 response standard of 8 minutes for 80 percent of incidents in 2017-18 (the same two stations as last year).

Emergency Response Time Compliance



Time Targets of Priority 1 Response Time



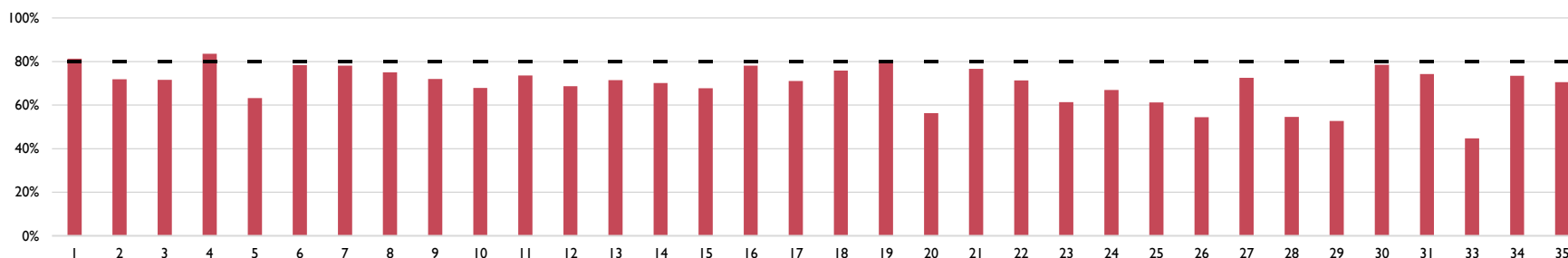
Emergency Medical Services (EMS)

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

The agreement performance requirements specify that the Department must arrive on-scene within 8 minutes 90 percent of the time to qualify for funding, and arrive within 8 minutes 95 percent of the time to receive maximum funding. These requirements apply to qualifying Code 3 EMS calls. In 2017-18, the Department met the County EMS Code 3 performance standard requirements for only 6 of 12 months.

Priority 1 Response Time Compliance by Station (2017-18)

% of Time Initial Responding Unit Arrives within 8 Minutes



Note: 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

The Bureau of 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 fire fighters and fire prevention inspectors conduct initial inspections to check for compliance with fire codes. In 2017-18, the Department performed 11,600 initial fire inspections. Fire fighters conducted 5,200 of these initial inspections and fire prevention inspectors conducted 6,400. About 80 percent of initial inspections conducted were code compliant, and therefore did not require a follow-up inspection.

The Bureau of Fire Prevention also conducts investigations based on complaints received from residents or businesses. In 2017-18, 150 complaints were investigated. In addition, the Department conducted about 350 plan reviews for special events.

In 2017-18, fire prevention inspectors conducted over 350 investigations and were able to determine that about 160 of those investigations were caused by arson.

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 2017-18, fire code compliance civilian and sworn staff performed 6,300 fire plan checks and 7,900 inspections for Development Services customers. One hundred percent of inspections in 2017-18 were completed within the customer's 24-hour request for inspection target.

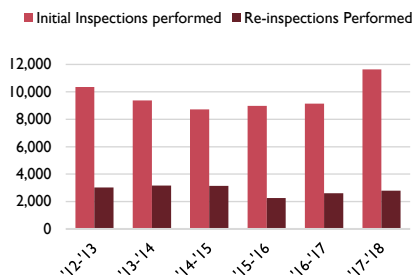
The **Development Services partners** in the Permit Center are:

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

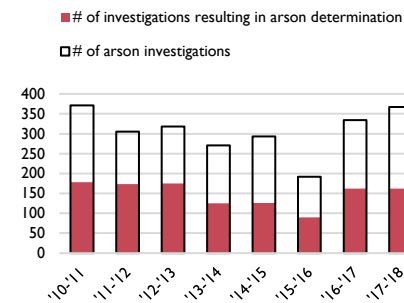
Fire Safety Inspections

The Department inspects existing buildings and newly constructed buildings to ensure compliance with the fire code. As of June 2018, San José had approximately 12,000 buildings that were eligible for a fire inspection, including 87 high-rises, 650 educational facilities, and 5,000 multi-family residences and hotels/motels. The frequency of the inspection cycle depends on the building use and type. For example, high-rises, schools, and multi-family residences are required by the State Fire Marshal to have annual inspections. In 2017-18, the Department completed 99 percent of state-mandated inspections, compared to 65 percent in the previous fiscal year. The Department attributes the increase to more inspections by fire fighters.

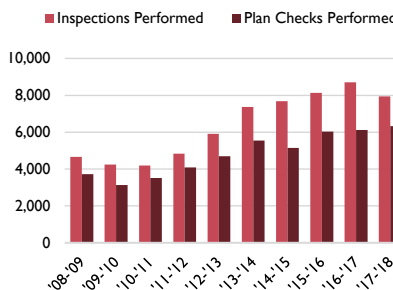
Fire Prevention Inspections (on existing buildings)



Arson Investigations



Fire Safety Code Compliance - Workload (Development Services)



Source: San José Fire Department

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:

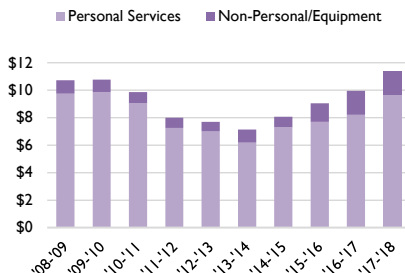
- Administering a variety of single-family and multi-family lending programs
- Recommending housing-related policies
- Financing new affordable housing construction
- Extending the useful lives of existing housing through rehabilitation
- Managing rent stabilization programs and tenant protection programs, 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.

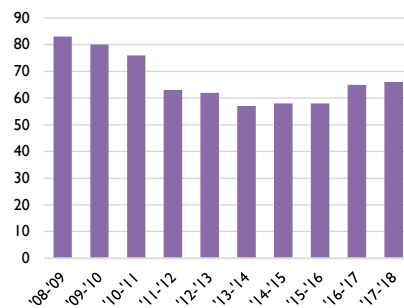
The Housing Department’s operating expenditures totaled \$11.4 million in 2017-18. This included personal and non-personal/equipment expenditures. The department was responsible for an additional \$30.5 million in City-wide and other expenses, including \$15.9 million for loans and grants.

Nearly all its activities were funded with federal, state, and local funds as shown in the chart to the right. Funding included revenues (\$56.6 million) from the Department’s loan portfolio that continued to generate program income (principal outstanding as of June 30, 2018 was \$600 million). Also included were Affordable Housing Impact Fees, which went into effect at the end of 2015-16, totaling \$230,000 in revenues for one project in 2017-18. Future revenue is expected from the Inclusionary Housing Ordinance during fiscal year 2018-19.

Housing Operating Expenditures (\$millions)



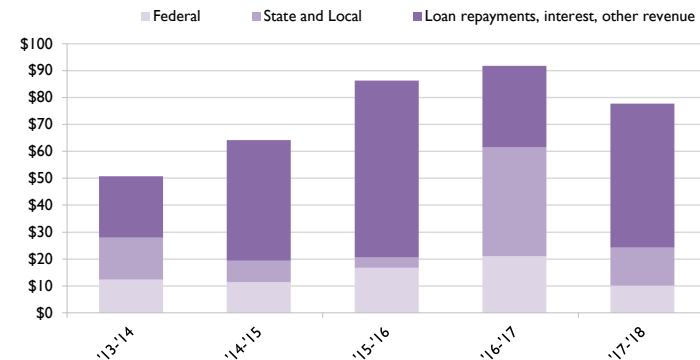
Housing Authorized Positions



2017-18 Housing Program Funds Received

Loan Repayments, Interest, and Miscellaneous Revenues**	\$56,637,866
Community Development Block Grant (CDBG)	\$7,733,975
Coyote Creek Flood Grant	\$5,400,000
Rental Rights and Referrals Program	\$2,940,050
Bond Administration Fee	\$1,216,348
Housing Opportunities for People with AIDS (HOPWA)	\$1,098,383
Fees and Charges	\$919,220
Emergency Shelter Grant (ESG)	\$850,399
CalHome Program	\$301,969
HOPWA Special Projects	\$252,512
HOME Grants Revenue	\$228,528
Neighborhood Stabilization Program 2 (NSP2)	\$205,007
Total	\$77,784,258

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.

AFFORDABLE HOUSING

Building New Affordable Housing

The availability of affordable housing has continued to be an area of concern for San José residents for a number of years. In 2018, only 6 percent rated the availability of affordable housing as “excellent” or “good,” while 81 percent considered availability to be “poor.”

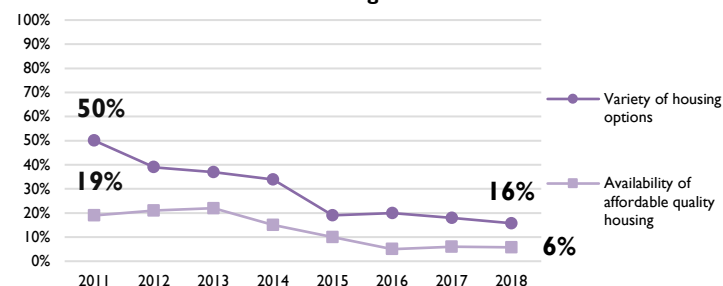
The City's efforts to increase the supply of affordable housing in San José include making loans to developers and authorizing conduit financing. In 2017-18, developers completed 117 newly affordable housing units with City help. For new projects under construction, the City committed an average per-unit subsidy of about \$101,000 (for 520 affordable housing units) in 2017-18. According to the Department, unit costs can vary widely depending upon a variety of factors. As of June 30, 2018, there was a total of nearly 20,000 affordable housing units in San José.

Rehabilitating Existing Housing & Financing Home Buying

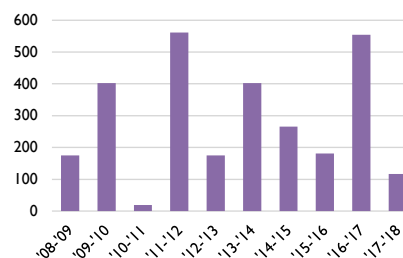
Although these programs have been dramatically reduced since 2012, low-income homeowners whose homes are in need of repairs can qualify for City financial help to rehabilitate them. In 2017-18, the Department provided minor repairs for 319 homes in partnership with Rebuilding Together Silicon Valley and Habitat for Humanity. No rehabilitations for single-family homes were completed; however, new funding is expected to provide for rehabilitation projects in 2018-19.

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 9 households in 2017-18.

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

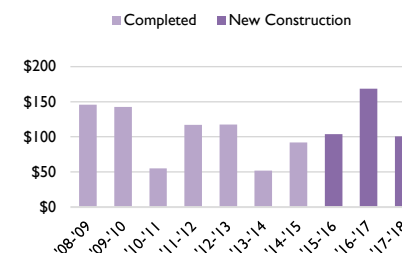


Number of Affordable Housing Units Completed in the Fiscal Year



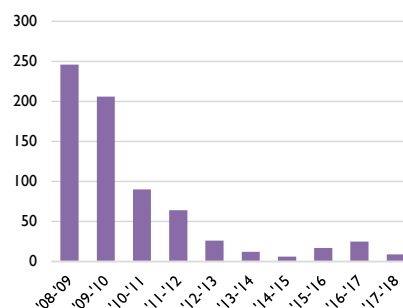
Note: Data from '11-'12 through '16-'17 revised to reflect actual dates Certificates of Occupancy were issued.

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

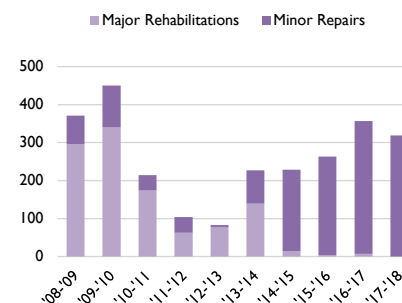


Note: This measure was based on completed projects prior to '15-'16

Number of Homebuyers Assisted



Rehabilitated Units



HOUSING

NEIGHBORHOOD INVESTMENT & PUBLIC SERVICES

The Department received \$7.7 million through federal Community Development Block Grant (CDBG) program funds in 2017-18. CDBG funds are used for housing rehabilitation, fair housing, code enforcement, senior and homeless services, foreclosure prevention, and economic development services.

Rent Stabilization and Tenant Protections

The Rent Stabilization Program oversees local ordinances providing limits on rent increases, just cause provisions, and requirements for removing apartments from the rental market. The program provides oversight of 46,000 rent-controlled units, or about a third of the City's rental housing units. In 2017-18, there were 161 tenant and landlord petitions filed. Of those resolved by staff or through a hearing, 64 percent resulted in an agreement between the tenant and landlord.

Homeless Services

According to the 2017 San José Homeless Census and Survey, 4,350 San José residents were "homeless" when the census was conducted, including the chronically homeless, youth*, families with children, and veterans. Of these, 74 percent were unsheltered.

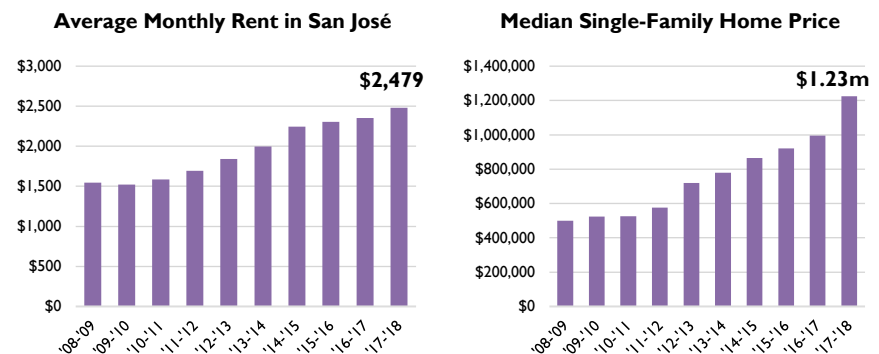
The Department provided over \$10 million in grant funding to service providers for the City's homeless assistance program in 2017-18 as part of a region-wide effort to address homelessness. The Department initiated abatement of 628 homeless encampment sites in 2017-18, and it received 5,100 calls and emails to its Homeless Concerns Hotline. During 2017-18, about 1,700 homeless San Jose residents were assisted into housing by the collective efforts of local jurisdictions and non-profit providers. For more information, refer to our [Audit of the City's Homeless Assistance Programs](#).

* The 2017 survey expanded outreach efforts to homeless youth, resulting in increased numbers reported for unaccompanied children (330) and transition-age youth (1,436).

KEY FACTS (2017-18)

Median Household Income, San José:	\$104,675
Income needed to afford average rent for two bedroom apartment:	\$110,120
Income needed to afford median priced home:	\$251,300

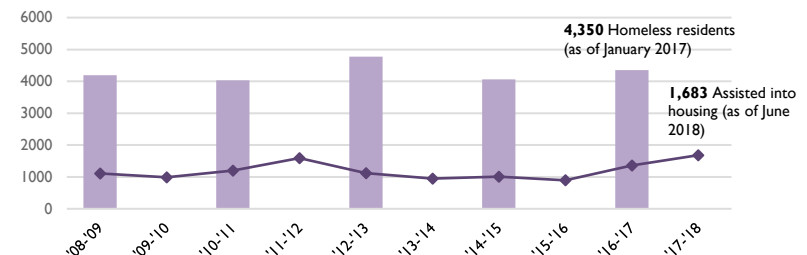
Sources: U.S. Census American Community Survey, 2017 one-year estimates; Housing Market Report for Second Quarter 2018



Sources: Costar report for Second Quarter 2018; SCCOAR June 2018 report

Note: Average monthly rent is for all market-rate unit types (excludes affordable units). Data provided by Costar as of July 2018. Prior years updated to reflect Costar data.

Formerly Homeless San José Residents Housed by the Collective Efforts of Local Jurisdictions and Non-profit Providers



Sources: San José Homeless Census and Survey (prepared by Applied Survey Research, 2017) and Santa Clara County Homeless Management Information System (HMIS).

Note: Count of homeless residents is a count on one night in January of the indicated fiscal year, while the number assisted into housing is a fiscal year total.

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, and employment services. In 2017-18, HR's operating expenditures totaled \$10.9 million, and included 51 positions (compared to 75 positions in 2008-09). HR was also responsible for \$88 million in other costs, including benefit payments and workers compensation costs.

In 2017-18, HR facilitated the hiring of 655 new full-time employees (newly hired, reemployed, or rehired), and 802 full-time internal appointments (promotions, and transfers).

While the cost of Kaiser family coverage has dropped in the past year, health care premiums have increased significantly over the last ten years. Overall City spending on health benefits has reached \$50.4 million.

During 2017-18, the City Council approved outsourcing the City's Workers' Compensation function after HR completed an evaluation for potential options of managing claims. In 2017-18, there were 1,124 new claims and 3,120 open claims. Workers' Compensation payments totaled \$22.5 million.

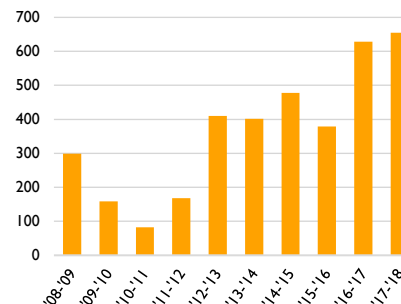
HR also administers the City's Voluntary Employees' Beneficiary Association (VEBA) plan (established in November 2017), and the Tier 3 Retirement plan (49 active members as of June 30, 2018)* and continues to oversee the voluntary 457 deferred compensation plan. The percentage of employees participating in the 457 plan has remained steady at around 71 percent of eligible employees.

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

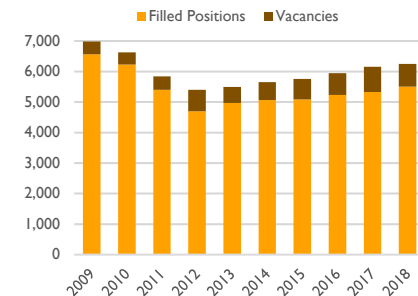
KEY FACTS (2017-18)

Number of City employees (budgeted full-time equivalents)	6,250
Covered lives (active employees and dependents)	10,643
Time to hire (working days)	
Standard	34
Expedited (used candidate pools from previous hires)	18
Specialized (testing, backgrounding, or additional outreach)	63
Percentage of employees with timely performance appraisals	
Non-management	75%
Management	91%
Turnover Rate	14%

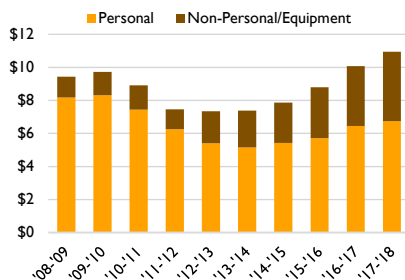
New Full-Time Hires (Citywide)



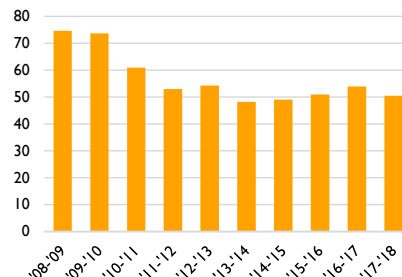
Citywide Staffing and Vacancies (as of June 30)



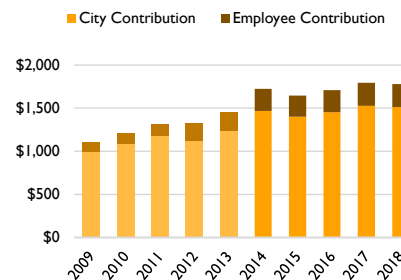
Human Resources Operating Expenditures (\$millions)



Human Resources Authorized Positions

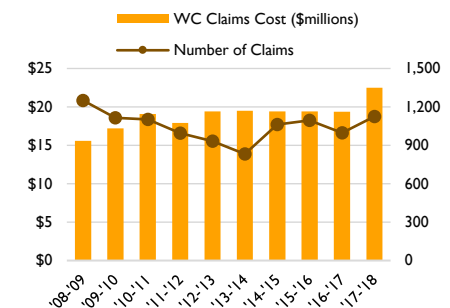


Kaiser Family Plan Premium Rates



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).

Workers' Compensation Payments & New Claims



INDEPENDENT POLICE AUDITOR

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

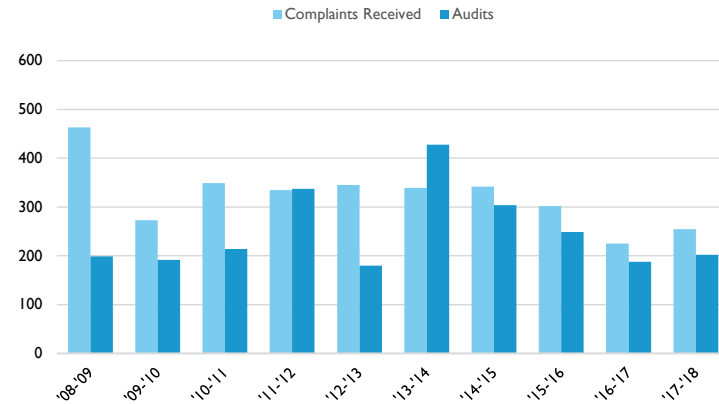
INDEPENDENT POLICE AUDITOR

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 2017-18, the operating expenditures for the IPA totaled \$1.3 million, which includes personal and non-personal expenditures. In addition, the IPA was responsible for \$54,000 in Citywide expenses, which was spent on the Silicon Valley Foundation Strengthening Community Relations Project. The IPA authorized positions remained unchanged from the prior year—six in 2017-18.

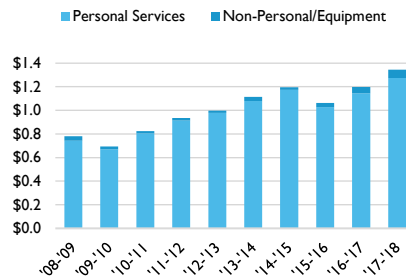
In 2017-18, the IPA received 255 complaints from the public regarding SJPd officers, 13 percent more than the previous year. There were 45 percent fewer complaints than ten years ago. The number of people receiving IPA outreach services at community events or meetings totaled 6,379 in 2017-18.

Complaints Received and IPA Audits

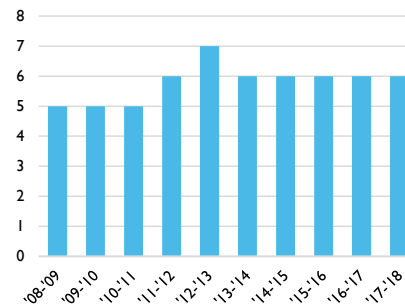


Note: The IPA audits only those complaints classified as “conduct complaints” or “policy complaints”. In general, the SJPd must complete its complaint investigation within one year from the date that the complaint was received. Thus, complaints received in one fiscal year may not be closed and audited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

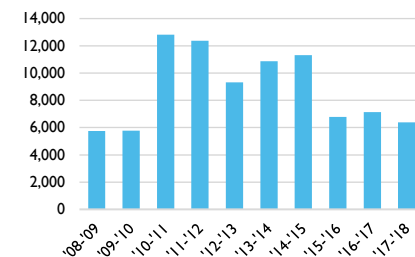
IPA Operating Expenditures (\$millions)



IPA Authorized Positions



Individuals Receiving Outreach Services at Community Events/Meetings



INFORMATION TECHNOLOGY

The mission of Information Technology is to execute, secure, and sustain the civic technology solutions that allow San José to thrive as a community.

INFORMATION TECHNOLOGY

The Information Technology Department (IT) provides citywide information and communications technology strategy and infrastructure that support municipal services. IT is responsible for cybersecurity, citywide data communications management and customer support and manages a number of enterprise applications including the Financial Management System (FMS), PeopleSoft HR/Payroll System, and the Budget System.

In 2017-18 the City of San José ranked sixth in the 2018 Digital Cities Awards for the City's use of technology for operational effectiveness, customer engagement and innovation.

IT operating expenditures totaled \$19.4 million in 2017-18. IT was also responsible for \$248,000 in Citywide expenses. Authorized staffing totaled 78.5 full-time equivalent positions, including 13 non-technical positions at the Customer Contact Center. IT's vacancy rate increased from 13 percent in 2016-17 to 18 percent in 2017-18.

IT Department staffing levels are about 1 percent of Citywide staffing (excluding call center staff and other Citywide IT positions). According to a 2009 Management Partners Report industry standards recommend that IT staffing should be between 3-5 percent of total organizational staffing.

IT aims to have network services available 24/7 between 99.91 percent and 100 percent of the time. The City's converged network, telephones, active directory and enterprise servers met or very nearly met that target in 2017-18. Email availability was 99.96 percent (target: 99.99 percent).

KEY FACTS (2017-18)

Customer Contact calls	175,216
Service desk requests	17,937
Centralized email boxes	7,305
Network outages	23
Computers	6,807
Enterprise servers	288

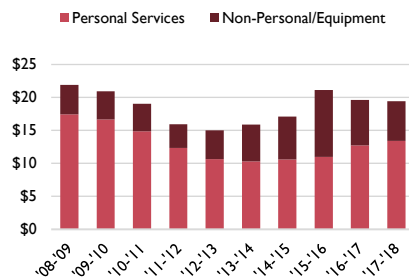
IT Strategic Plan

IT is mid-way through a three-year strategic plan to modernize the City's technology portfolio and implement a management structure that reinforces the City's transformation to secure, customer-centric digital services and data-driven decision making. In furtherance of those goals, IT implemented or worked on the following:

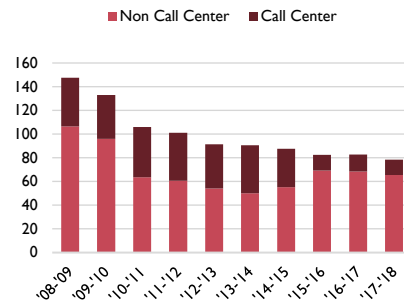
- City Cybersecurity Office
- City Portfolio-Products-Projects Management
- The My San José application
- Hiring and Retention
- Workers' Compensation System

(See CSA Dashboard chapter for information IT's project success rates)

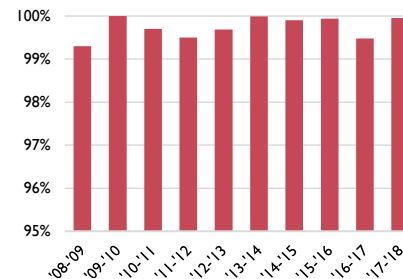
IT Operating Expenditures (millions)



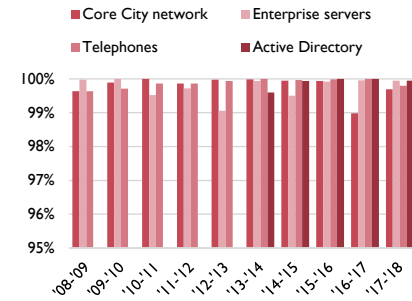
IT Authorized Positions



% of Regular Work Hours Email is Available



% of Network Services Available 24x7



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.

Since April 2017, the My San José app accumulated about 33,000 users, and received about 165,000 service requests in FY 2017-18. Staff reported that it was able to close out over 90 percent of the requests. The Customer Contact Center also added a direct chat communications option.

In 2017-18, the Customer Contact Center staff answered 88.85 percent of calls received (target: 85 percent). 41 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 for calls answered by the Customer Contact Center staff was 3.34 minutes (forecast: 2.5 minutes).

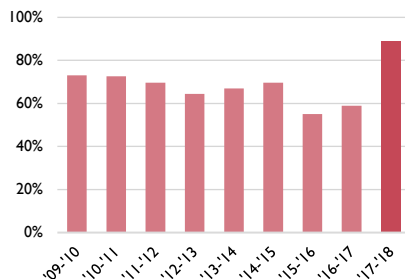
My San José



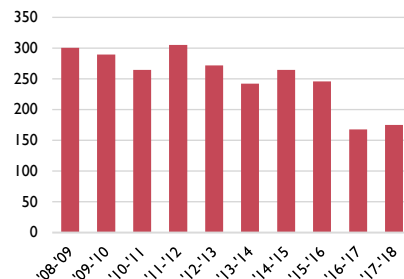
Source: [My San José](#)

My San José 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.

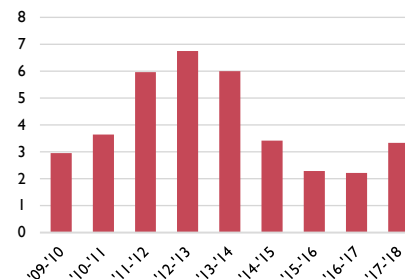
% of Customer Contact Center Calls Answered



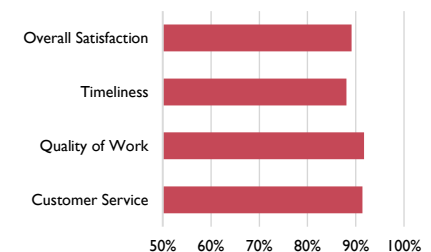
Customer Contact Center Calls (thousands)



Customer Contact Center Average Wait Time (minutes)



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



Note: 2017-18 data includes calls answered by staff, self-served calls and after hours service. Previous years' data only included calls answered by staff.

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 learning, literacy assistance, and story times.

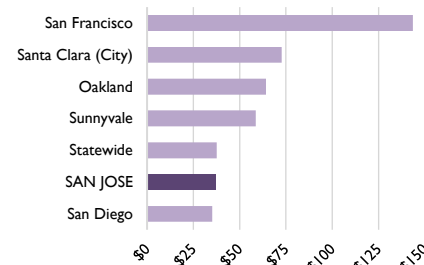
In 2017-18, the Library's operating expenditures totaled almost \$40 million. This includes personal and non-personal/equipment expenditures. The Library was responsible for an additional \$6.9 million in other and City-wide expenses. Staffing totaled 364 full-time equivalent (FTE) authorized positions. A total of almost 560 full and part-time staff fill these positions. This represents a slight increase in authorized FTE from a year ago. The City's libraries were open over 58,000 hours in 2017-18.

To increase library accessibility, the Library continued strategies to reduce the amount of money owed in library fines and fees. Programs included Volunteer Away Your Fines, Book Replacement, and Read Away Your Fines. Of San José respondents to the resident survey, 77 percent rated the quality of public library services as "excellent" or "good".

KEY FACTS (2017-18)

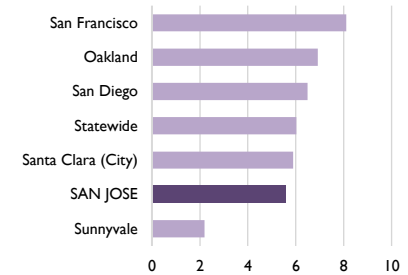
Libraries open	24
Weekly library visitors	129,156
Total library materials	2,450,363
Number of eBooks/eMedia	327,279
Number of items checked out (including eBooks)	8,372,753
Number of registered borrowers	503,887
Number of reference questions (estimated)	635,804

Expenditures Per Capita
(2016-17)



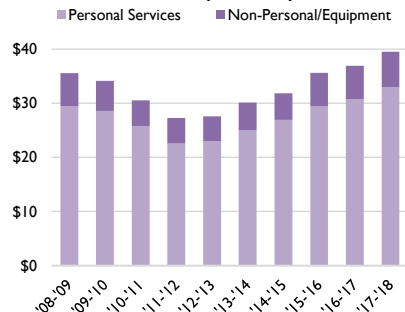
Source: [California State Library, 2016-2017 Summary Data](#)

Hours Open Per 100 People
(2016-17)

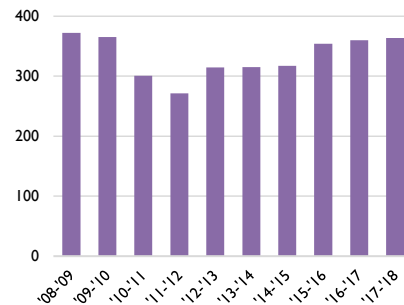


Source: [California State Library, 2016-2017 Summary Data](#)

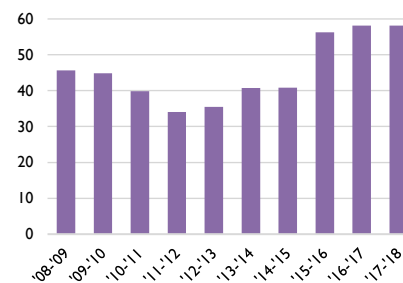
Library Operating Expenditures
(millions)



Library Authorized Positions

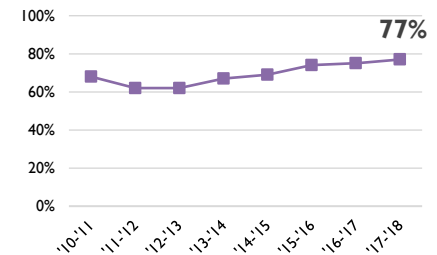


Total Hours Open Annually
(thousands)



RESIDENT SURVEY

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



LIBRARY COLLECTION AND CIRCULATION

In 2017-18, the Library's collection totaled almost 2.5 million items, including close to 1.8 million print materials (such as books and periodicals), and 327,000 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.

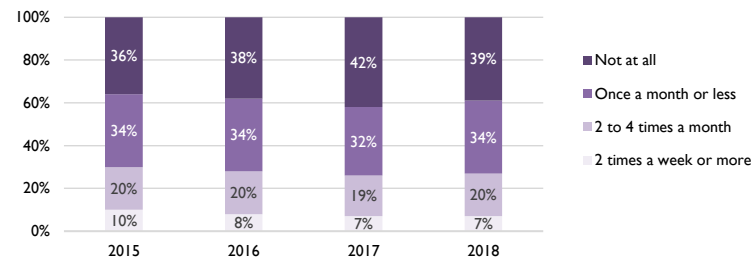
Approximately 15 percent of the Library's collection includes materials in languages other than English (almost 370,000 items). The Library actively collects materials in 19 languages including: Spanish, Vietnamese, Chinese, Hindi, Persian, Tagalog, Russian, Korean, and Japanese. In total, the Library maintains materials in 93 languages.

Total circulation in 2017-18 (including eBooks) was 8.4 million. San José's 2016-17 circulation per capita (excluding eBooks) was higher than the statewide mean.

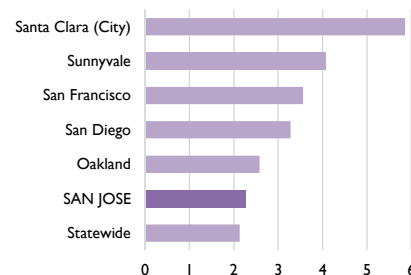
Sixty-one percent of respondents to the resident survey indicated they, or someone in their household, used San José libraries at least once in the last twelve months. Online holds to reserve materials continued to increase with library borrowers placing about 523,000 online holds to reserve materials in 2017-18.

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?

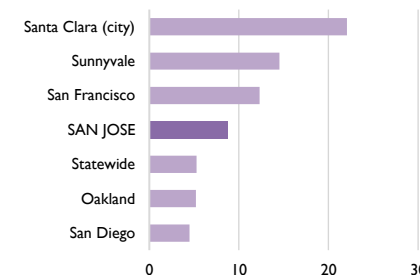


Materials Per Capita (2016-17)



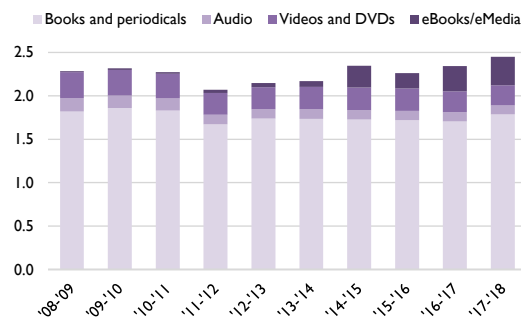
Source: [California State Library, 2016-2017 Summary Data](#)

Circulation Per Capita (2016-17)



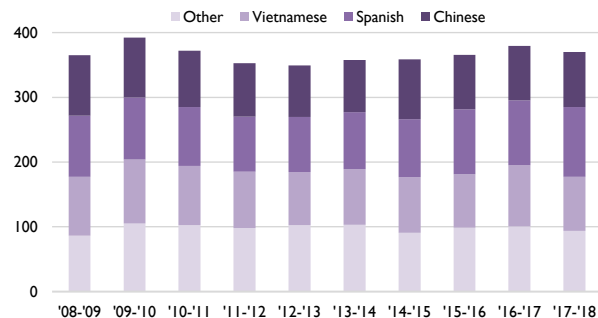
Source: [California State Library, 2016-2017 Summary Data \(does not include eBooks\)](#)

Total Collection (millions)

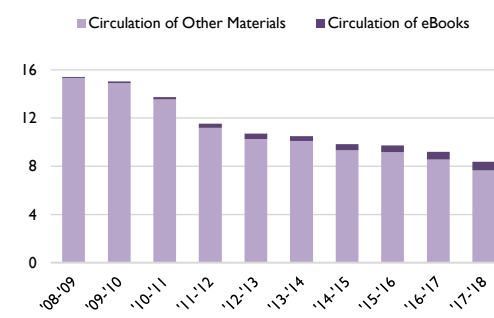


Note: In 2014-15, the methodology to tabulate eBooks changed. Prior data may not be comparable.

Non-English Collection (thousands)



Total Circulation (millions)



LIBRARY

In 2017-18, City libraries had 6.7 million visitors. About 37 percent (2.5 million) of all visitors went to the main library (Dr. Martin Luther King Jr.). The City's libraries promote reading and literacy and support school readiness. Programs include adult and family literacy programs, preschool and early education initiatives, story time programs, summer learning programs, digital literacy programs, and more. Additional information about Library programs can be found at events.sjpl.org.

In 2017-18 there were almost 1.1 million computer sessions on library-owned computers. The Library offers Wi-Fi services that enable customers to use their own devices, and in 2017-18, about 422,000 Wi-Fi sessions were held via the branch library Wi-Fi. At several branches, customers can also check out laptops and tablets for in-library use.

In 2017-18, libraries offered over 16,500 programs with attendance totaling more than 320,000. In 2017-18, participants in the summer learning program totaled 18,990. Beginning in 2016-17, SJPL Works, the Library's business and workforce development center began holding programs. In 2017-18 SJPL Works offered 309 business programs, with over 2,200 participants attending sessions.

In November 2017, the City Council approved the Broadband and Digital Inclusion Strategy for which the Library leads the promotion of digital access and literacy. In 2017-18, the Library offered over 1,200 coding classes and STEM programs, and recorded attendance for more than 29,000 children and teens. Volunteers contributed over 92,000 hours to the Library in 2017-18. Among the services provided by volunteers were math and coding tutoring, and reading to young children.

See CSA Dashboard chapter for additional measures related to Library activities.

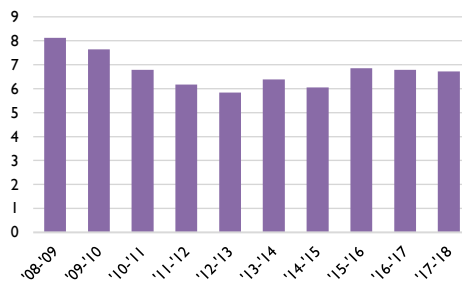


Source: San José Library Department

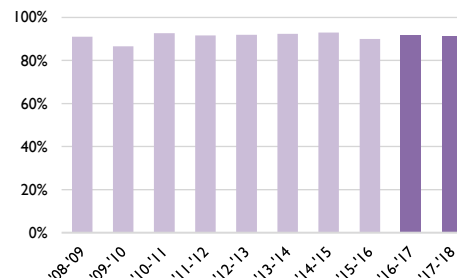


Source: San José Library Department

Number of Visitors to Main and Branch Libraries (millions)



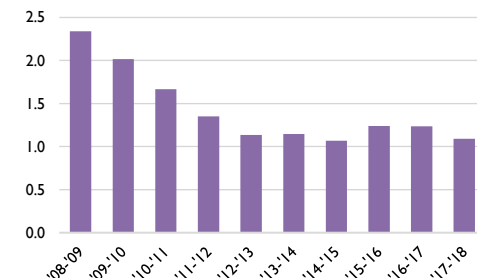
Percent of Library Customers Rating Staff Assistance as Good or Excellent*



Source: Library customer surveys.

Note: In 2016-17, the methodology to tabulate staff assistance changed. Prior data may not be comparable.

Computer Sessions in Library (millions)



Note: Does not include wireless connections or use of personal devices.

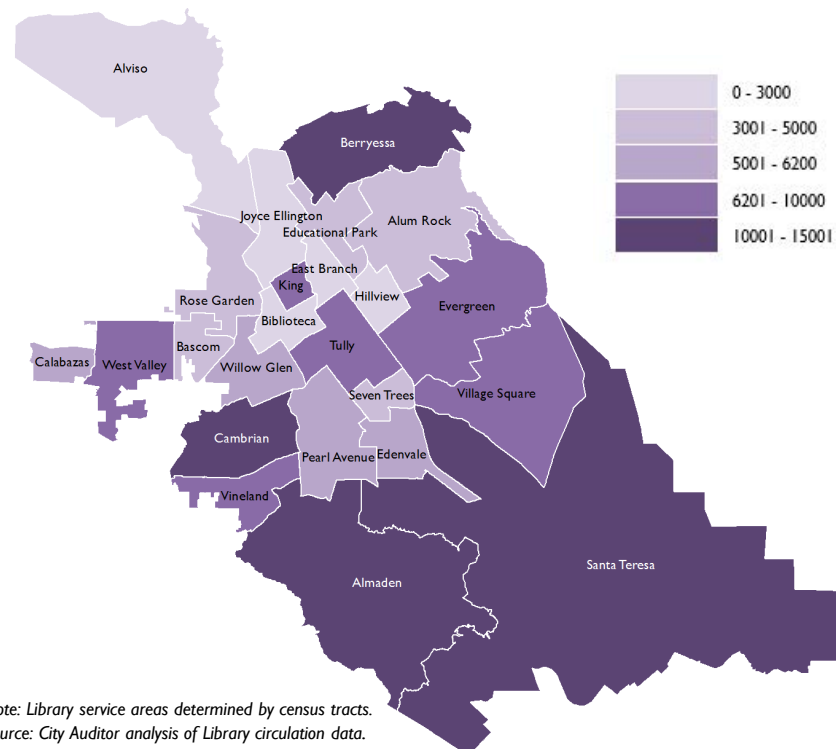
SAN JOSE BRANCH LIBRARIES

Circulation and the number of visitors in 2017-18 varied significantly across locations. High visitation branches include the main Library and West Valley. Other high circulation branches included Berryessa, Cambrian, Santa Teresa, Village Square and Almaden.

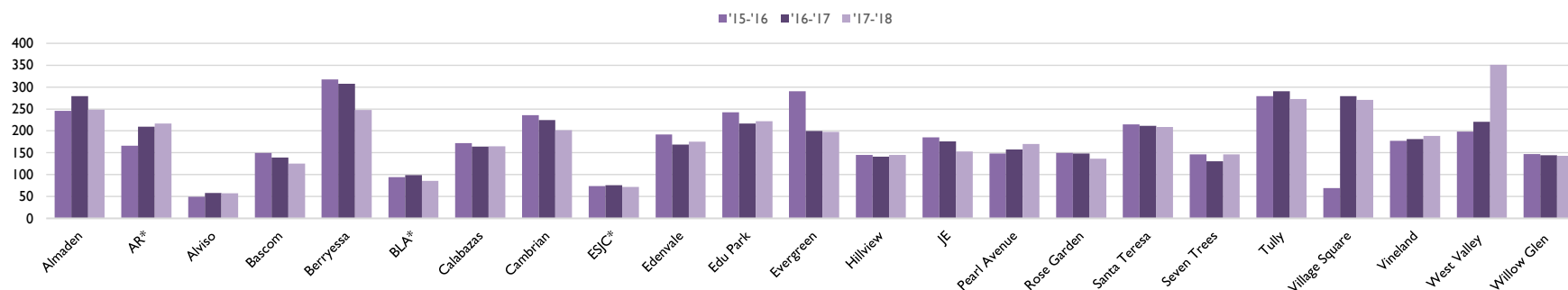
In 2017-18, the King Library was open 77 hours per week during the academic year. All branches continued to be open 47 hours per week. Sunday hours have not been offered at any branch since July 2010. Branch open hours decreased between 2010-11 and 2014-15 before being reinstated to 2009-10 levels in 2015-16.

The Library operates a Bridge Library Program to serve neighborhoods without ready access to branch libraries. In 2017-18, 2,001 children and adults attended programs presented by Library staff at the Bridge Libraries. The Library maintains Bridge Libraries at the Educare campus in the Santee neighborhood and César Chavez Elementary School in the Mayfair neighborhood. In 2017-18, three new sites were opened in the Evergreen, Northwood, and Midtown neighborhoods.

Average Weekly Circulation by Branch Service Area, 2017-18



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. The Almaden, Berryessa, Cambrian, Dr. Martin Luther King, Jr., East San José Carnegie, Educational Park, Joyce Ellington, Santa Teresa, Tully, and Village Square branch numbers represent an average monthly gate count for FY 2017-18, 2016-17, and 2015-16.

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 facilities such as Happy Hollow Park & Zoo. [Happy Hollow Park & Zoo](#) served 508,000 visitors and generated \$7.7 million in revenues in 2017-18. PRNS also operates community and recreation centers and provides various recreation, community service, and other programs for the City's residents. PRNS offers programs and services for children, youth, teens, adults, seniors, and people with disabilities.

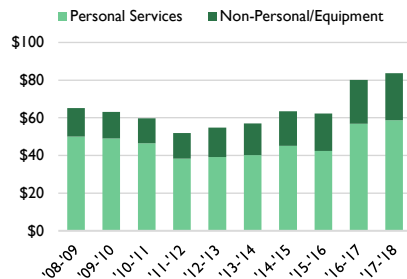
In 2017-18, PRNS' operating expenditures totaled \$84 million. This included personal and non-personal/equipment expenditures. PRNS was responsible for additional costs including \$10.6 million in Citywide and other expenses and \$1.9 million in debt service expenses. Staffing totaled 685 authorized positions, 32 more positions than 2016-17. This includes additional funding for park maintenance positions, the Project Hope Program, continued funding for the Senior Nutrition Program and recreation facilities, and placemaking and activation efforts with Plaza de Cesar Chavez, Viva CalleSJ and !VivaParks!

PRNS has a goal of recovering 40 percent of its direct program costs through collected revenues (e.g., fees, charges, leases, grants). For 2017-18, PRNS reported its direct program cost recovery rate was 36.5 percent. Program fees accounted for approximately 70 percent of collected revenues.

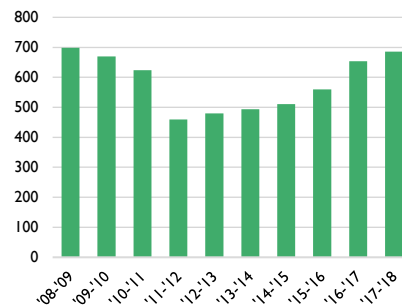


Happy Hollow Park & Zoo and Plaza de Caesar Chavez

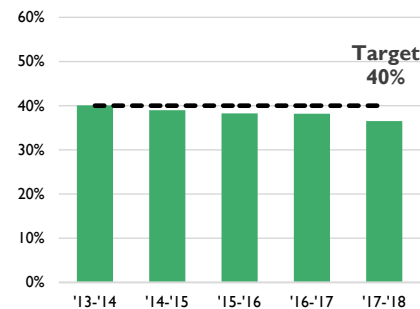
PRNS Operating Expenditures (millions)



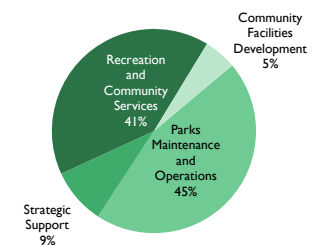
PRNS Authorized Positions



5-Year Program Cost Recovery



PRNS Operating Budget Breakdown



PARKS, RECREATION AND NEIGHBORHOOD SERVICES

PARKS

The City has 195 neighborhood 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 1,773 acres. There were an additional 1,441 acres of open space and undeveloped land.

After significant reductions to park maintenance earlier in the decade, nine maintenance staff were added in 2017-18. The City's General Fund cost to maintain developed parkland increased to \$12,548 per acre. (See the CSA dashboard chapter for additional information on park condition)

The PRNS 5-year Capital Improvement Program (CIP) allocated \$168 million to parks in 2017-18. The CIP's key priority for 2017-18 was to repair the damage sustained at 65 parks citywide as a result of the 2016-17 winter storms. Prior to the storms, PRNS estimated it had a deferred maintenance and unfunded infrastructure backlog totaling approximately \$259 million for regional park facilities, community buildings, regional facilities, trails, and park restrooms.

The [City Trail Network](#) is composed of 40 unique trail systems that will be interconnected as further development occurs. The current network includes 59 miles of trails (85 percent paved). An additional 83 miles have been identified or are being studied for further development, or are in the planning or construction phases of development.

KEY FACTS (2017-18)

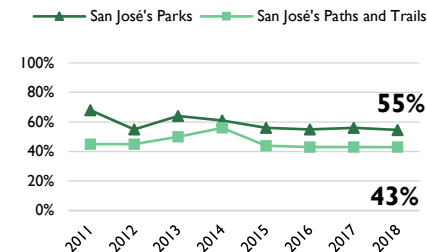
Neighborhood parks (195 parks)	1,225 acres
Regional parks (9 parks)	548 acres
Golf courses (3 courses)	321 acres*
Open space and undeveloped land	1,441 acres
Total*	3,534 acres*

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

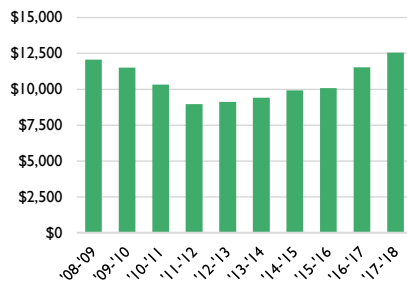
*State, county, or other public lands within San José's boundaries are not included in the above figures. Does not include 50 acres open space. Total may not add due to rounding.

RESIDENT SURVEY

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

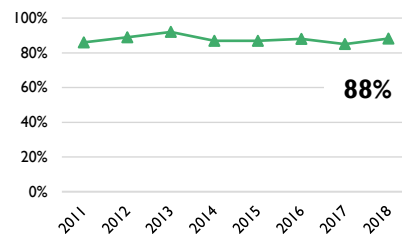


Cost per Acre to Maintain Parks and Other Facilities



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. Finally it aims to provide 500 square feet per 1,000 population of community center space.

The [City's Greenprint](#) adopted in 2000 and updated in 2009 is a twenty year strategic plan to provide staff and decision makers with a strategic plan for expanding recreation opportunities in the City. A major update to the Greenprint is now underway, with completion anticipated by Summer 2019. The new document is expected to establish strategic goals in the delivery of the City's parks system.

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 2017-18, the City operated 11 hub community centers throughout the City. Three of those centers are combination community centers and libraries. PRNS also has reuse facilities which are operated by nonprofit, neighborhood associations, school districts, and other government agencies or community service providers. Other City programs operated out of 10 of the reuse sites.

2017-18 was the first full year that the Grace Therapeutic Art and Wellness Center was run out of the Northside Community Center.

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.

(See the CSA Dashboard chapter for results of recreation program participant surveys)

KEY FACTS (2017-18)

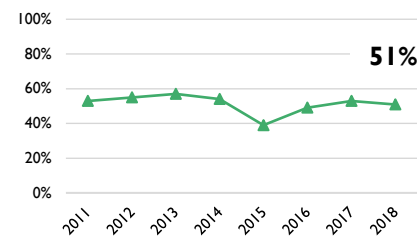
Community centers (including reuse sites)*	50
Community center square footage*	558,000 sq. ft.
Average weekly hours open (hub community centers)	59
Estimated recreation program participation at City run programs**	786,000

* This includes hybrid centers. Includes Old Alviso Community Center and the Old Hillview Library which are closed.

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

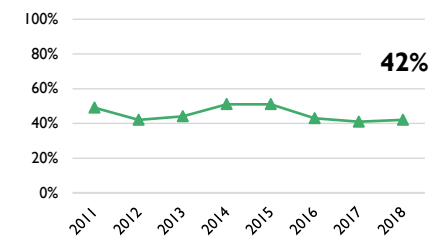
RESIDENT SURVEY

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

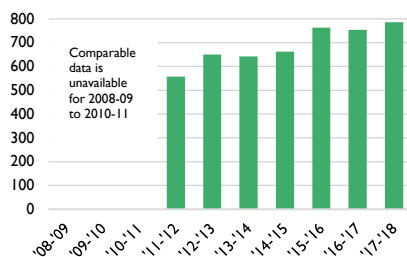


RESIDENT SURVEY

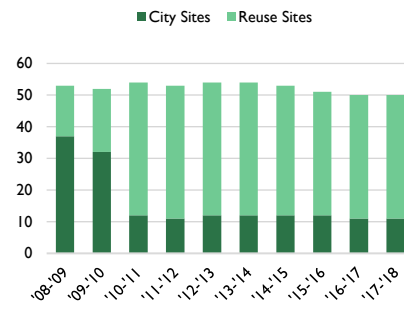
% of San José residents using a recreation center or facility at least once in the past year



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

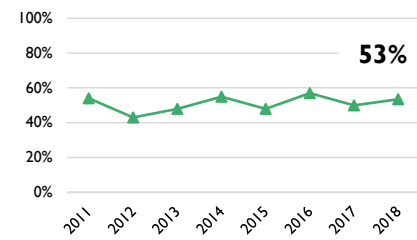


Community Centers



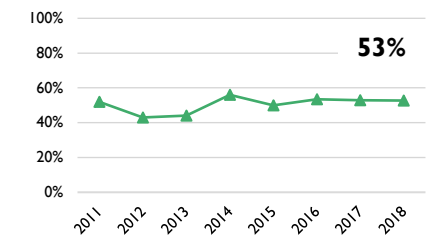
RESIDENT SURVEY

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



RESIDENT SURVEY

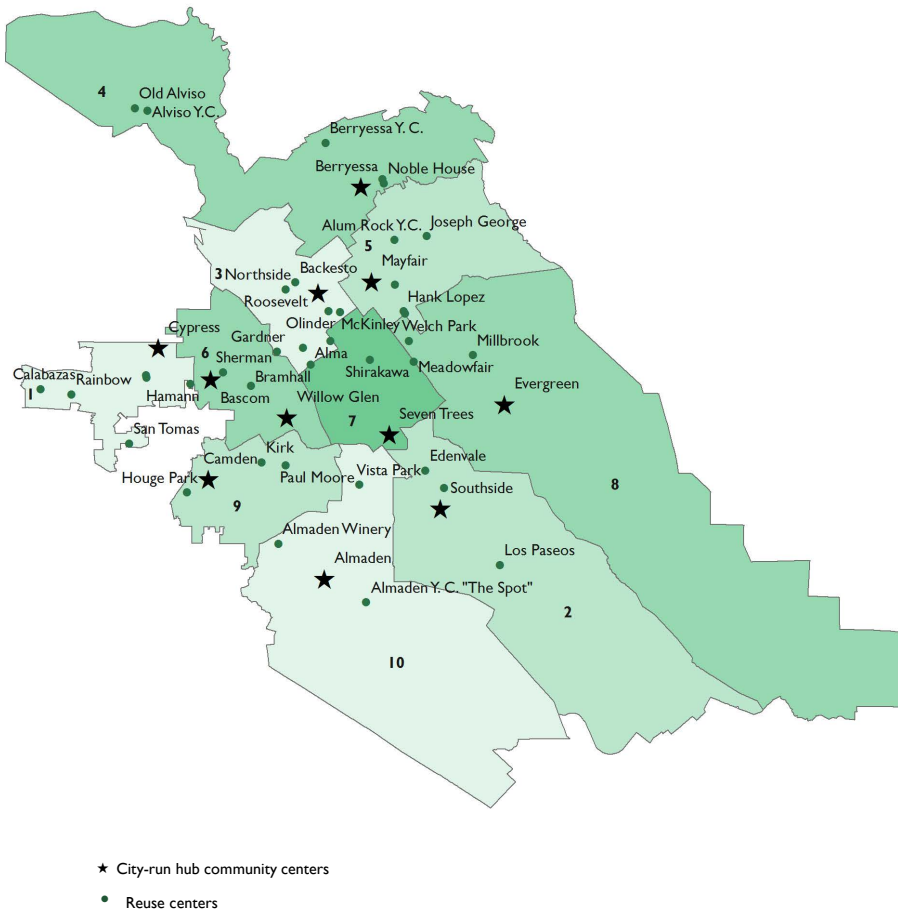
% of San José residents rating San José's recreation programs "excellent" or "good"



PARKS, RECREATION AND NEIGHBORHOOD SERVICES

RECREATION PROGRAMS AND COMMUNITY CENTERS (continued)

City of San José Community Centers Map



Source: Auditor generated based on Public Works data

Community Centers in Operation

Alma Community Center (Youth & Senior) (S)

Almaden Community Center (hub)

Almaden Winery Community Center (S)

Almaden (The Spot) Youth Center (N)

Alum Rock Youth Center (S)

Alviso Youth Community Center (S)

Backesto Neighborhood Center (N)

Bascom Community Center & Library (hub)

Berryessa Community Center (hub)

Berryessa Youth Center (S)

Bramhall Park Neighborhood Center (N)

Calabazas Community Center (N)

Camden Community Center (hub)

Capitol Park (Goss) Community Center (N)

Cypress Senior Center (hub)

Edenvale Community Center (S)

Edenvale Youth Center (N)

Evergreen Community Center (hub)

Gardner Community Center (S)

Hamann Park Community Center (N)

Hank Lopez Community Center (N)

Houge Park Community Center (N)

Joseph George Youth Center (N)

Kirk Community Center (S)

Los Paseos Youth Center (S)

Mayfair Community Center (hub)

McKinley Community Center (N)

Meadowfair Community Center (N)

Millbrook Community Center (N)

Noble House Neighborhood Center (N)

Noble Modular Community Center (N)

Northside Community Center (S)

Olinder Neighborhood Center (N)

Old Alviso Community Center (Closed)

Old Hillview Library (Closed)

Paul Moore Community Center (N)

Rainbow Park Neighborhood Center (N)

Roosevelt Community Center (hub)

San Tomas Community Center (N)

Seven Trees Community Center (hub)

Sherman Oaks Community Center (N)

Shirakawa Community Center (S)

Southside Community Center (hub)

Spartan Keyes Neighborhood Center (N)

Starbird Community Center (S)

Vista Park Community Center (N)

Washington United Youth Center (S)

Welch Park Neighborhood Center (N)

West San José Community Center (S)

Willow Glen Community & Senior Center (hub)

Facilities in bold are hub community centers operated by the City. Facilities with (N) are Neighborhood Centers and facilities with (S) are Satellite Centers. Neighborhood centers are less than 10,000 square feet of space that generally house organizations who offer targeted types of services. Satellite centers are larger facilities, with roughly 10,000-20,000 square feet of space. Satellite centers can house multiple service providers which are often larger organizations with multiple branches. The Old Alviso Community Center and the Old Hillview Library are currently not in use.

*For more information see our 2018 audit [Community Center Reuse: Efficient Monitoring and better data can help determine the next phase of reuse](#)

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

NEIGHBORHOOD SERVICES

PRNS also 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, Project Hope and others. In 2017-18, the SSCI team responded to 505 incidents on SSCI campuses. 84 high schools and middle schools participated in this program.

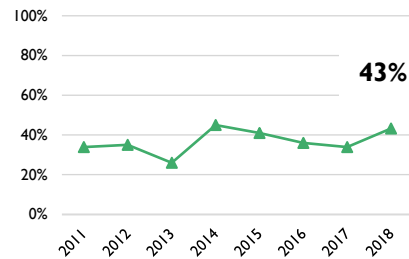
The Mayor's Gang Prevention Task Force (MGPTF) has service components such as the Bringing Everyone's Strengths Together (B.E.S.T.) program and the Safe Summer Initiative. These programs provide services to at-risk youth and their families. The 2017-18 expenditures for the MGPTF were \$5.6 million. There were an estimated 3,000 participants in programs offered by community based organizations that received B.E.S.T. grants; the allocation for grants was \$3 million.

In 2017-18, the City's contractor completed 29,000 graffiti removal workorders. The resident survey reports that 29 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.

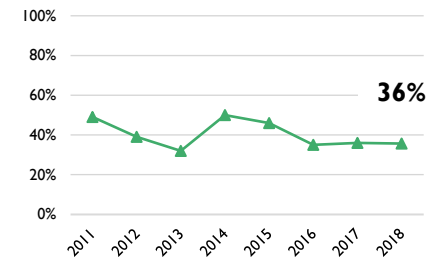
RESIDENT SURVEY

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



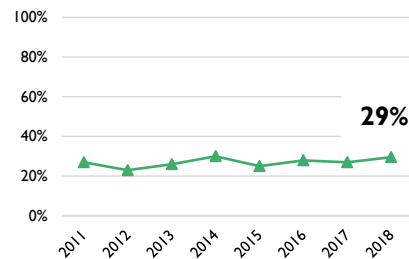
RESIDENT SURVEY

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



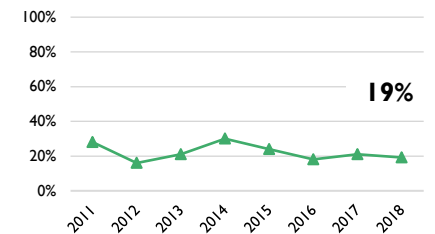
RESIDENT SURVEY

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

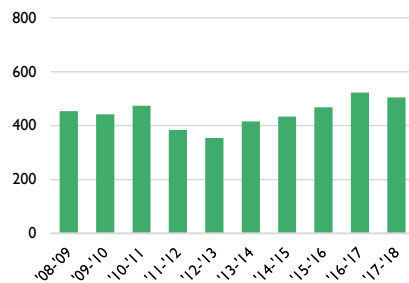


RESIDENT SURVEY

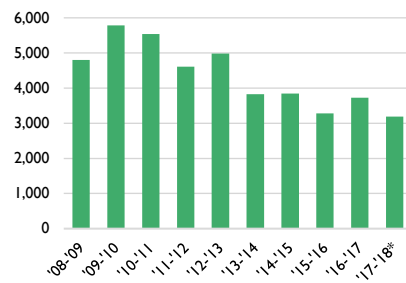
% of San José residents rating gang prevention efforts as "excellent" or "good"



Incidents on Safe School Campus Sites Responded To

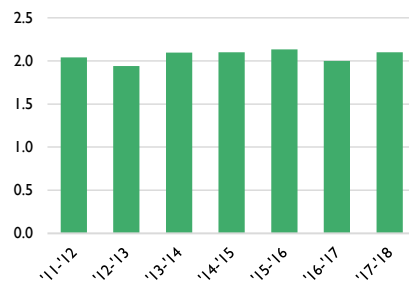


Participants in Grant-Funded B.E.S.T. Youth Service Program

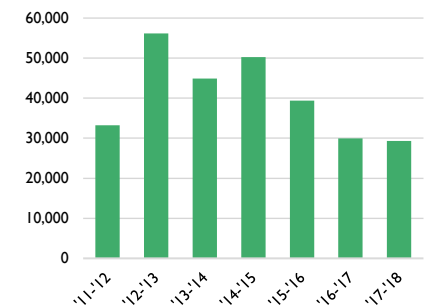


* Estimated

Estimated Square Feet of Graffiti Eradicated (millions)



Graffiti Workorders Completed



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 2017-18 operating expenditures totaled \$50.3 million. This includes personal and non-personal expenditures. The department was also responsible for Citywide and other expenses totaling in \$194,500. PBCE had 317 authorized positions.

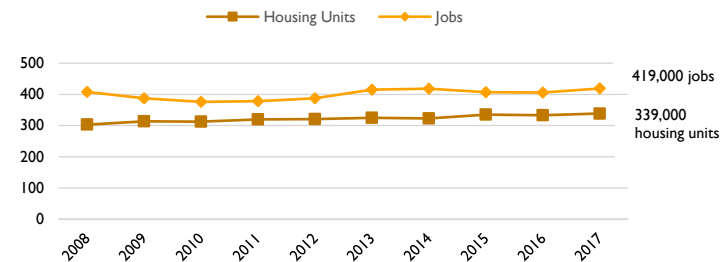
Under the collaborative umbrella of Development Services, PBCE works with other City departments to deliver the City's permitting function. Subsequent pages of this chapter discuss Development Services.

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 February 2018*, identifies twelve major strategies that promote active, walkable, bicycle-friendly, transit-oriented, mixed use urban settings for new housing and job growth. PBCE reviews the major strategies of the General Plan during both an annual hearing and its regular four-year major plan review. The U.S. Census estimates that San José had 419,000 jobs and 339,000 housing units in 2017. 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.

* The update included amending the City's metric for evaluation of transportation impacts to Vehicle Miles Traveled (VMT) from Level of Service (LOS).

San José Housing Units and Jobs (thousands)



Source: American Community Survey, U.S. Census

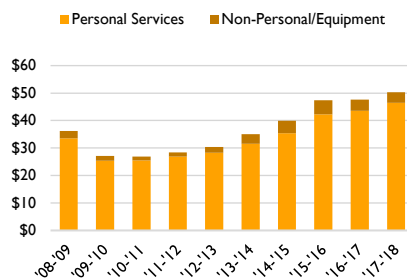
Note: In 2017-18, building permits accounted for 3,241 new residential units, 250 single-family units (including second units and duplexes), and 2,991 multi-family units.

Select Planning Initiatives

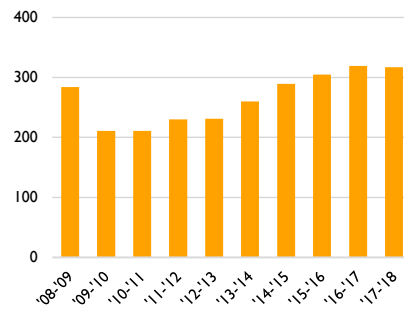
Urban Villages: Urban villages are walkable, bicycle-friendly, transit-oriented, mixed use settings that provide both housing and jobs, thus supporting the General Plan's environmental goals. Fourteen urban village plans have been approved, including two that are currently under development.

Secondary Units: In June 2018, Council approved a number of changes to secondary unit regulations that allow for more flexibility. See <http://sanjoseca.gov/adus> for all regulation changes (effective July 2018).

PBCE Operating Expenditures (\$millions)

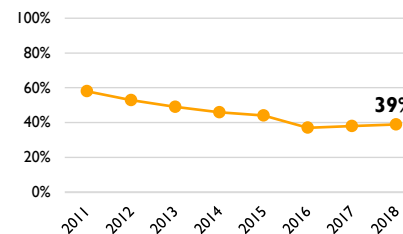


PBCE Authorized Positions



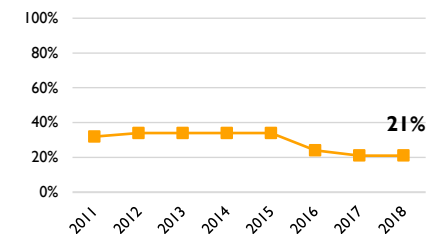
RESIDENT SURVEY

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



RESIDENT SURVEY

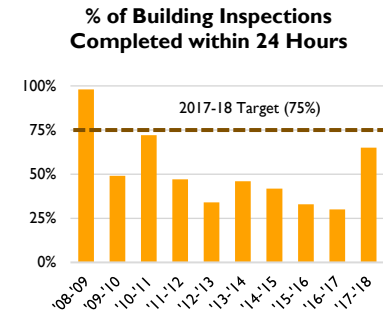
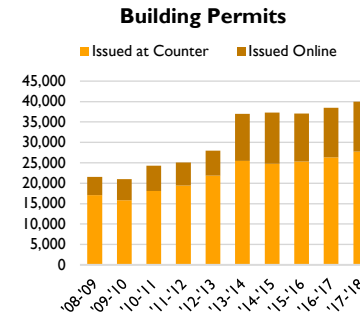
% of San José residents rating land use, planning and zoning as "excellent" or "good"



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. The Division continued to see modest growth in the number of permits issued, reaching 40,000 in 2017-18. It achieved 84 percent of plan checks within cycle times and 65 percent of building inspections (target: 85%) within its goal of 24 hours (target: 75%). See *Development Services* on the next page for more on the Building Division's work. Also see the *CSA Dashboard* chapter for additional performance measures.

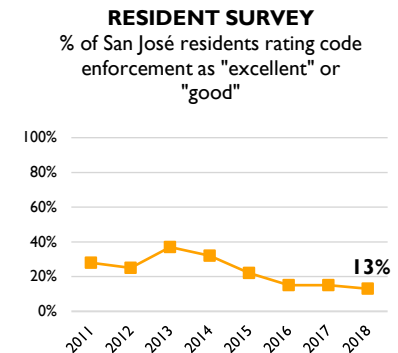
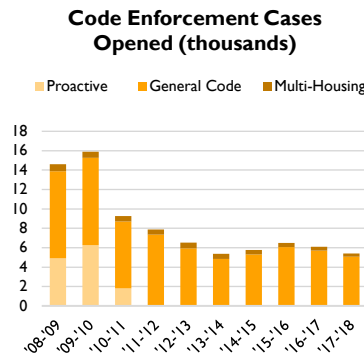


Note: '17-18 data no longer includes building inspections specifically requested for > 24 hours as missed targets

COMMUNITY CODE ENFORCEMENT

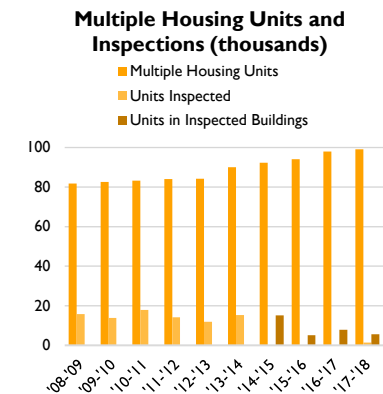
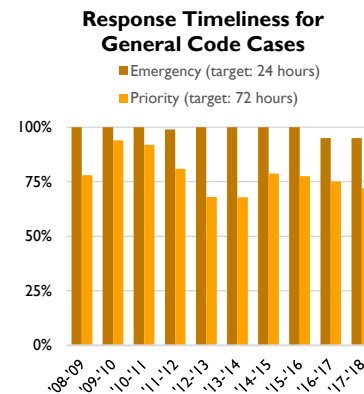
PBCE's Code Enforcement Division enforces laws that promote the health, safety, and appearance of existing buildings and neighborhoods. It also inspects businesses selling alcohol or tobacco; property and business owners fund these inspections with fees.

In 2017-18, PBCE opened about 5,000 general code enforcement cases, including 80 emergency complaints and 1,000 priority complaints. Code Enforcement staff responded to an average of 95 percent of emergency complaints within PBCE's 24-hour target and 72 percent of priority complaints within the 72-hour target.* Code enforcement sends letters in response to other types of complaints and only responds personally on an as-available basis.



Code Enforcement has a risk-based tiered inspection program whereby inspections are targeted to properties at higher risk of violations. In 2017-18, PBCE inspected buildings that cumulatively had about 5,700 housing units out of the estimated 99,000 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 72 percent, respectively, as noted above—are annual averages of monthly results.



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 2017-18, Development Services:

- issued about 40,000 permits (12,160 online),
- served nearly 73,600 Permit Center customers, and
- processed nearly 2,570 planning applications and adjustments.

Planning applications, plan checks, field inspections, and building permits all bottomed out in 2009-10, but have rebounded.

Both the volume and value of construction were down slightly from 2016-17. However, 2017-18 totals for each were some of the highest seen in the past decade with 15.5 million square feet of new construction valuing nearly \$1.7 billion. Trends varied across residential, commercial, and industrial categories.

The Permit Center located in City Hall

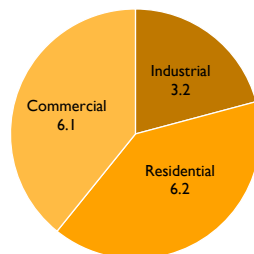


Source: Auditor photo from Fall 2015

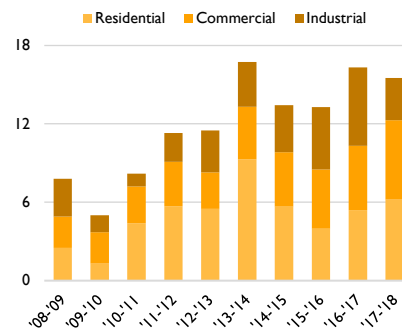
Partner	Revenue (\$millions)	Positions (rounded)
Building	\$32.50	166
Public Works	\$11.99	66
Fire	\$8.25	34
Planning	\$6.23	48
TOTAL	\$58.97	314

Source: 2017-18 Modified Budget as outlined in the City's 2018-19 Adopted Operating Budget

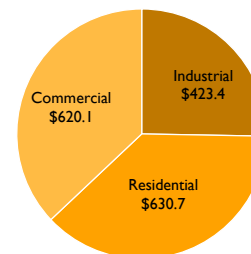
Volume of Building Activity (millions of square feet)



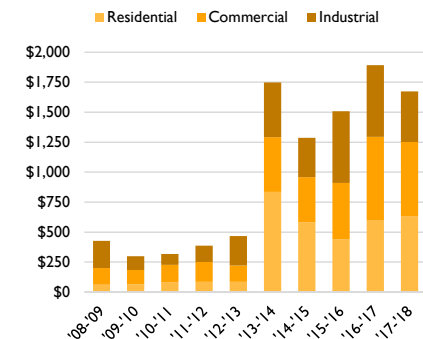
Volume of Construction (millions of square feet)



Value of Building Activity (\$millions)



Value of Construction (\$millions)



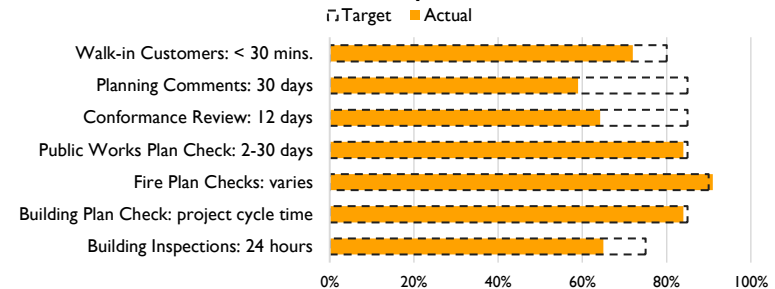
Development Services projects vary broadly, from replacing a residential water heater to large, mixed-use developments of many thousands of square feet. One project may require multiple permits and inspections. Some projects require approval through a public hearing, but most require only administrative approval (an estimated 89 percent). 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 one of the seven selected development processes.

To provide further convenience to customers, PBCE has expanded the availability of online permits in recent years. Of the 40,000 building permits PBCE issued in 2017-18, about 12,160 were online permits, saving staff time and customer trips to the Permit Center.

See CSA Dashboard chapter or additional performance measures for development services.

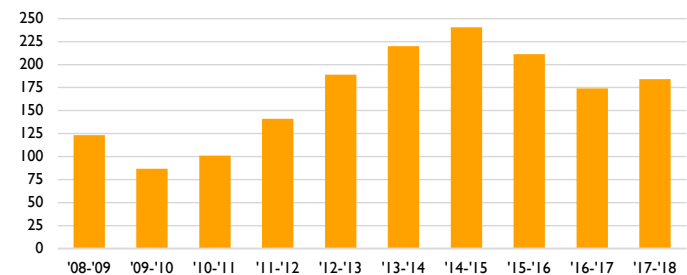
Timeliness of Development Services*



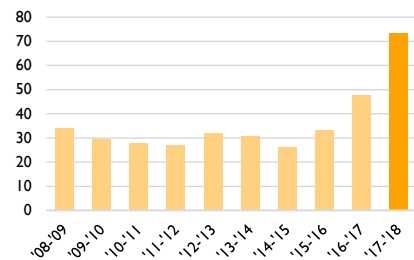
Source: PBCE from the City's Permits Database

*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)

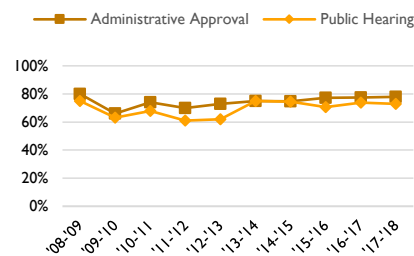


Permit Center Customers Served (thousands)*



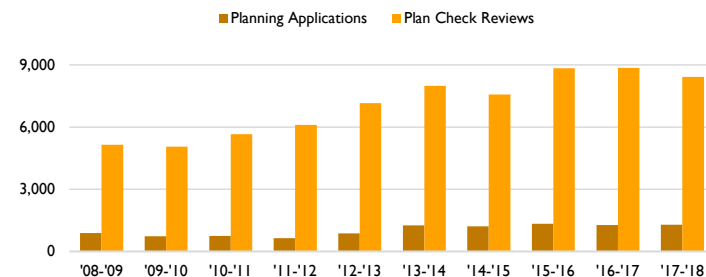
* In 2017-18, PBCE changed their methodology. Customers served now is a duplicated count (i.e., individuals may be counted for each service provided in one or multiple visits)

Development Services Overall Customer Satisfaction by Project Type



Source: Development Services Customer Satisfaction Surveys

Planning Applications and Plan Checks



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

POLICE

In 2017-18, the San José Police Department (SJPD) operating expenditures totaled \$386.3 million. In addition, the Police Department was responsible for an additional \$18.7 million in other costs, including \$10.1 million for Workers' Compensation, \$2.9 million in Citywide expenses, and other costs.

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 2017-18, there were 1,651 authorized positions in the SJPD, including 542 civilian authorized positions. The number of sworn, authorized positions per 100,000 residents decreased from 138 in 2008-09 to 105 in 2017-18.

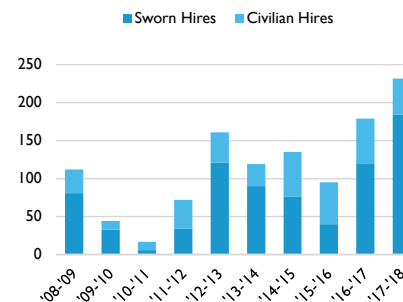
SJPD has faced high vacancies and decreasing numbers of street-ready officers. Of the 1,109 authorized sworn positions, only 846 were actual full duty, street-ready (this excludes vacancies, officers in training, or those on modified duty or disability/other leave) as of June 2018. The number of sworn hires increased from 119 in 2016-17 to 184 in 2017-18. At the end of 2017-18, there were 191 sworn vacant positions in the Department.

KEY FACTS (2017-18)

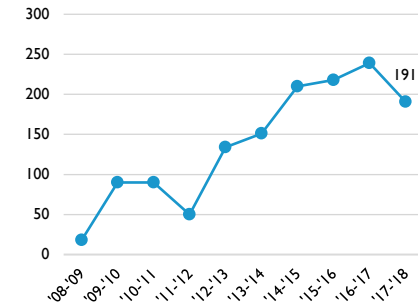
Sworn police employees*	1,109
Total authorized positions	1,651
Total emergency calls	598,433

*Includes two positions assigned to the City Attorney's Office.

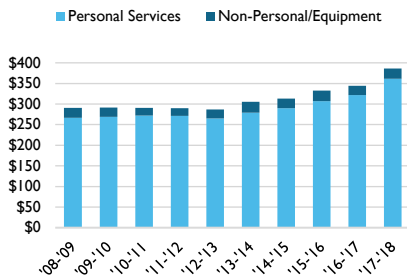
Police Department Hires



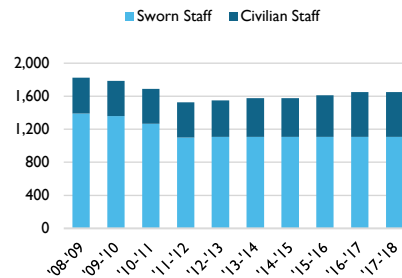
Sworn Police Vacancies



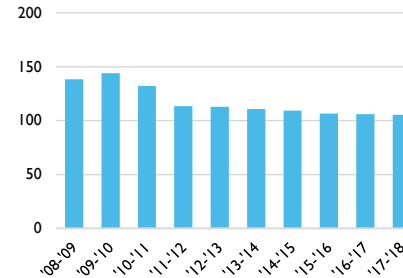
Police Department Operating Expenditures (\$millions)



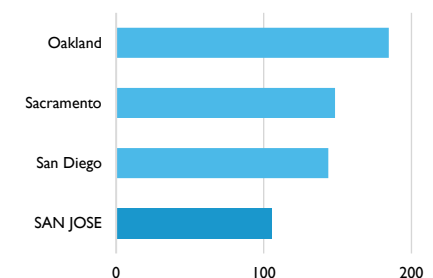
Police Department Authorized Positions



San José Sworn Staff per 100,000 Residents



Authorized Sworn Staff per 100,000 Residents



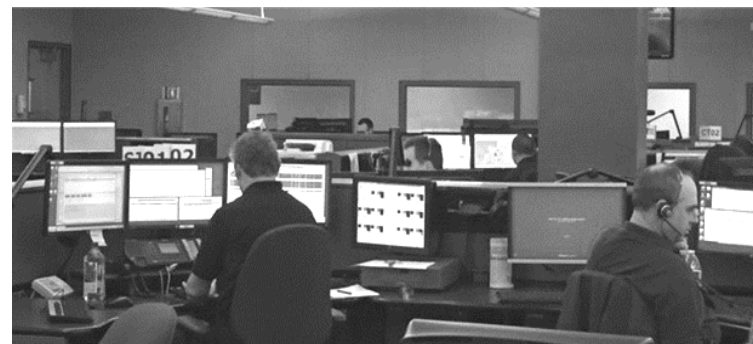
CALLS FOR SERVICE

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.

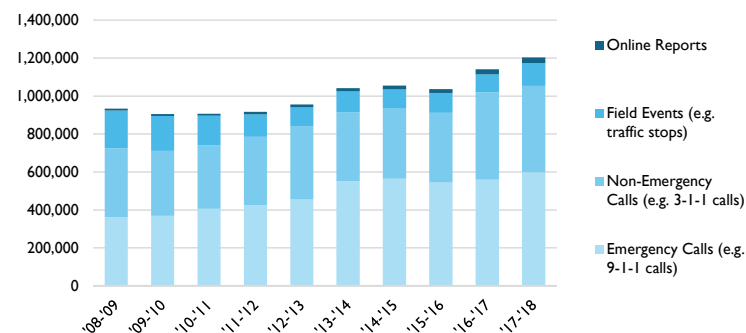
In 2017-18, SJPD handled about 1.2 million total calls for service.* The number of 9-1-1 and other emergency calls increased slightly (totaling about 598,000 or about half of all calls). The number of non-emergency calls (e.g., 3-1-1 calls and online reports) totaled about 455,000. Field events (e.g., car and pedestrian stops, and other officer-initiated calls) accounted for the remaining.

The percentage of 9-1-1 calls answered within 10 seconds was 86 percent (target 90 percent), a noticeable improvement from last year's 77 percent. The Department reports that the answering targets have improved, but due to call volume and staffing, they used mandatory overtime to achieve this near-target service level. Of the 163 authorized positions in the Communication Center, only 119 were actual full duty as of June, 2018.

* This includes 30,000 online reports are handled by SJPD's Records Unit.

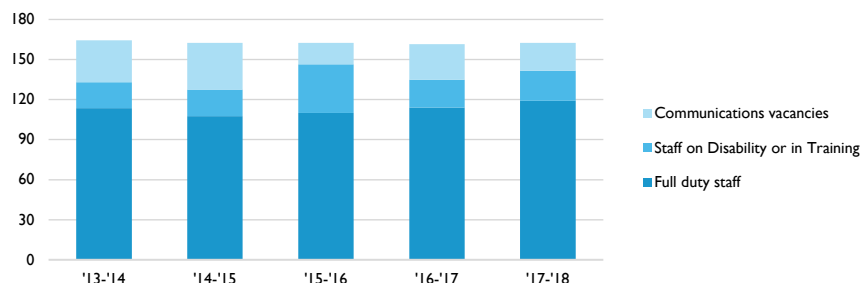


Breakdown of All Calls for Service*

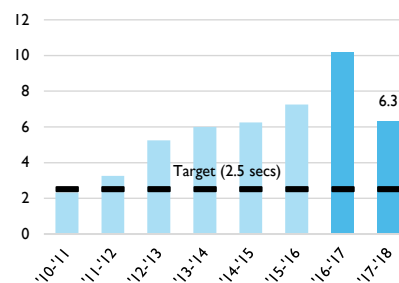


* All calls for service received, including duplicates, online reporting, and calls that did not require a police response.

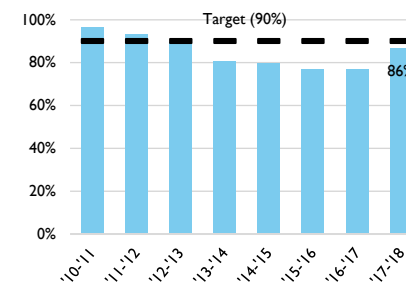
**Communications Center Staff
(as of June 30)**



**Average Emergency Call
Answering Time (seconds)**



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



Note: Years prior to FY 2016-17 may not be comparable due to change in methodology.

POLICE

POLICE RESPONSES

The SJPD responded to about 189,000 Priority 1-4 incidents in 2017-18 (definitions shown in gray box below):

- 8,500 Priority 1 responses (5 percent)
- 80,500 Priority 2 responses (43 percent)
- 70,200 Priority 3 responses (37 percent)
- 29,900 Priority 4 responses (16 percent)

Each police district saw increases in Priority 1 through 4 incidents from 2016-17.

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).

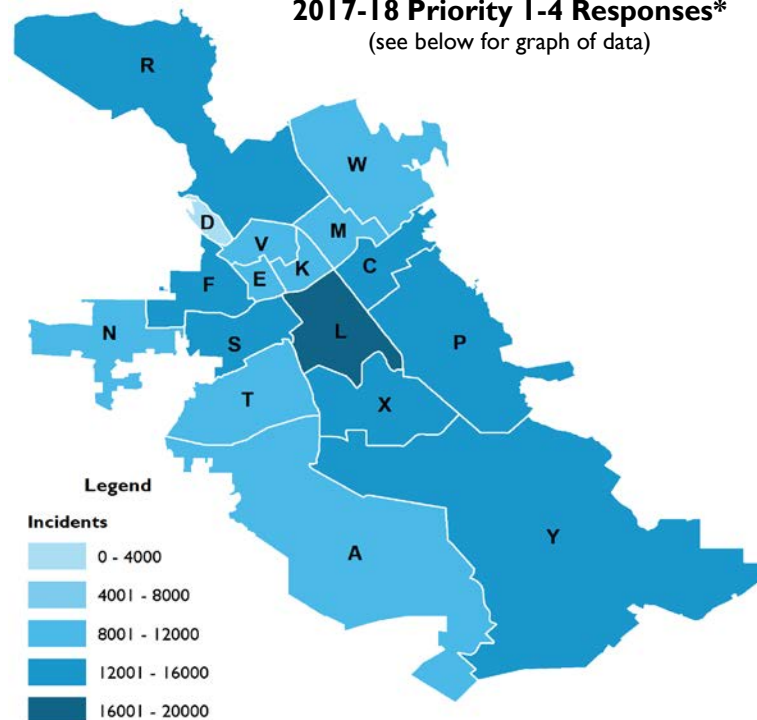
Priority 2 responses: Injury or property damage or potential for either to occur or the suspect is still present in the area. Includes all missing person reports for children under the age of 12, or at risk missing persons, including mentally handicapped or disoriented adults.

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.

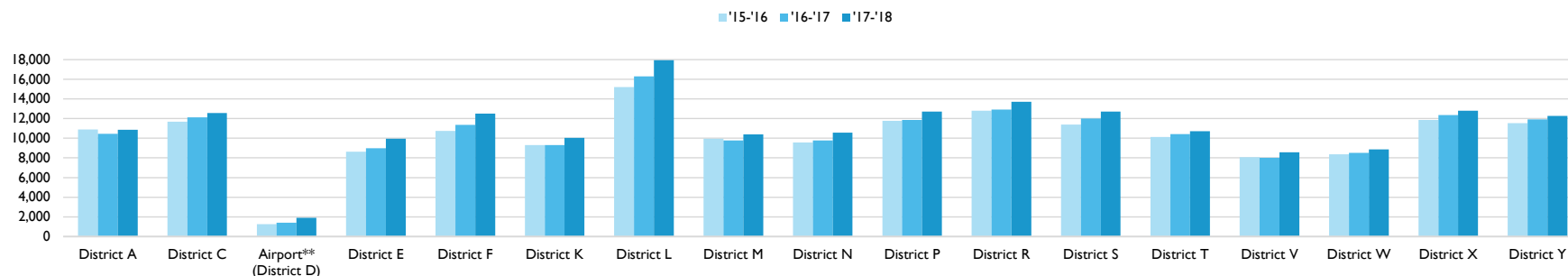
Police Districts by Number of 2017-18 Priority 1-4 Responses*

(see below for graph of data)



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.

POLICE RESPONSE TIMES

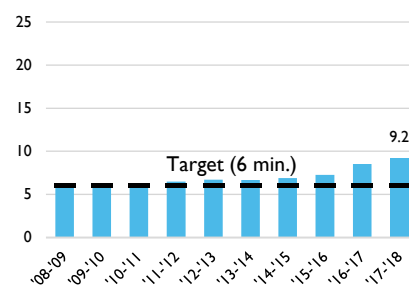
In 2017-18, the Citywide average response time for Priority 1 calls was 9.2 minutes (target: 6 minutes). This continues a trend of increasing Priority 1 response times over the last few years.

The Citywide average 22.4 minute 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 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.

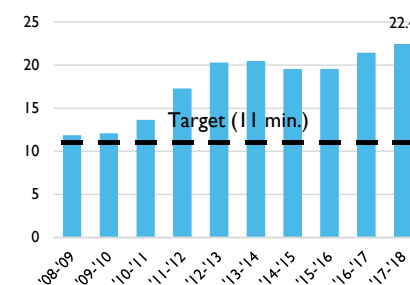
The Department disaggregates response times by three time targets: processing time, queuing time, and driving time. In 2017-18 the Department processing time for both priority 1 and 2 were close to targets. However, queuing times for both priority 1 and 2 were well above their targets.

Compared to 2016-17, Priority 1 average response times by police district in 2017-18 increased in all but four of the regular districts (including the Airport), and all but one district 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.

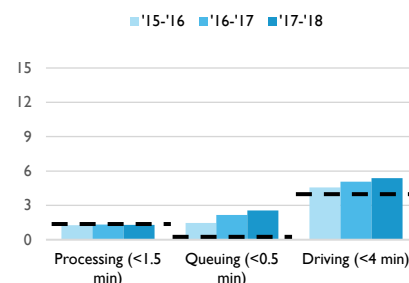
Average Priority 1 Police Response Time* (minutes)



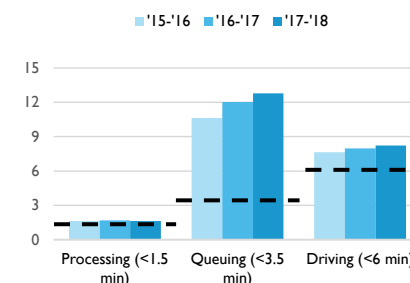
Average Priority 2 Police Response Time* (minutes)



Priority 1 Response Time Breakdown* (minutes)

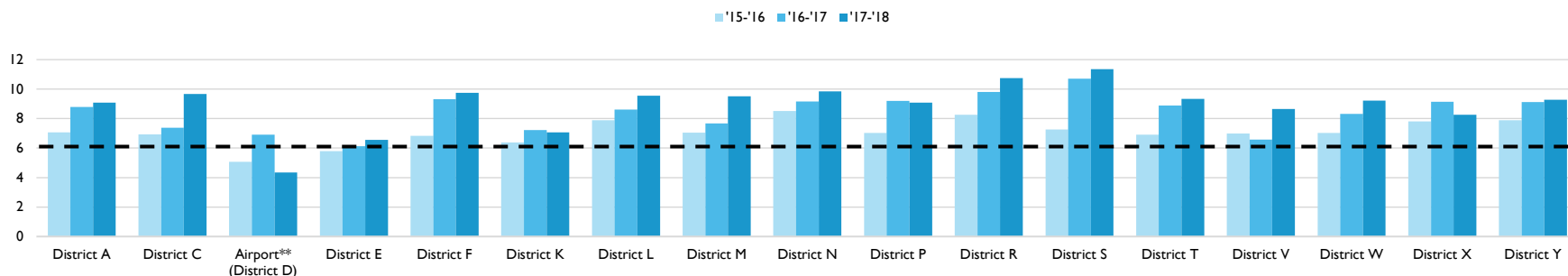


Priority 2 Response Time Breakdown* (minutes)



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

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



POLICE

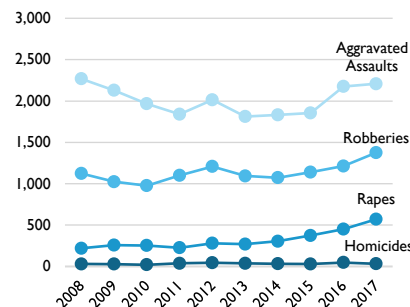
CRIME IN SAN JOSE

In 2017, there were 29,511 major crimes in San José, up 14 percent from ten years ago. Major crimes include violent crimes (homicide, rape, robbery, and aggravated assault) and property crimes (burglary, larceny, and vehicle theft). In 2017, there were 32 homicides in San José. This was 15 fewer than in 2016 and 2 below the ten-year average.

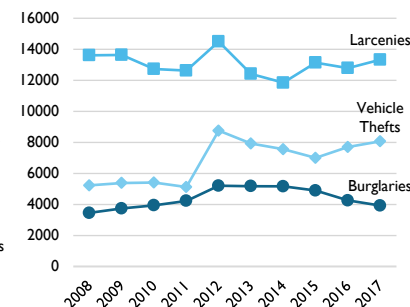
San José experienced 2,844 major crimes per 100,000 residents in 2017. Historically, the rate of major crimes per 100,000 residents in San José has been slightly below the national and state rates. Since 2012, those rates have converged. In 2017, San José's rate was slightly above the national rate, but remained below the state rate.

The number of arrests for felonies, misdemeanors, and other offenses has decreased from about 35,000 in 2008, to around 14,000 in 2017. There were 511 gang-related incidents in 2017-18, of which 52 were classified as violent by the SJPd. Although the overall number of gang-related incidents increased from prior years, the number of violent gang-related incidents is the lowest in recent years.

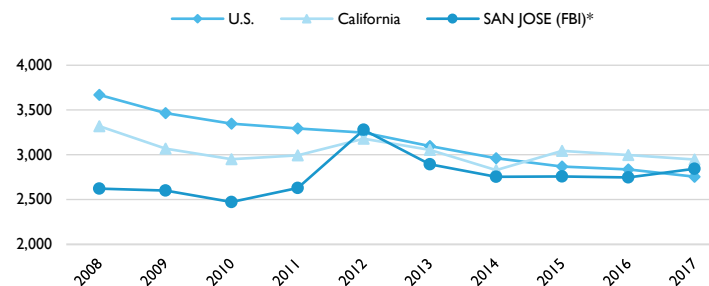
Major Violent Crimes



Major Property Crimes

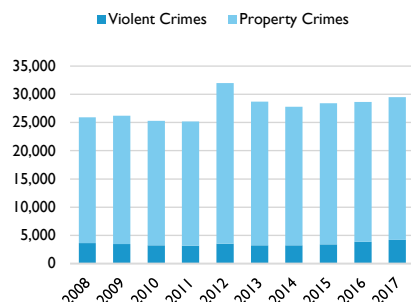


Major Violent and Property Crimes per 100,000 Residents

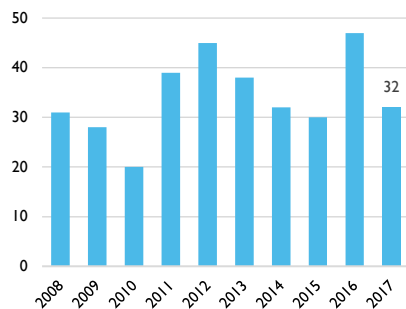


Sources: SJPd, CA Department of Justice, FBI For national crime data visit the [FBI web page](#). San José adopted the FBI's updated definition of rape beginning January 1, 2015.

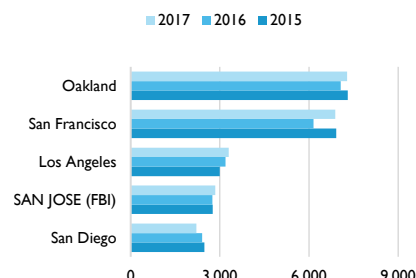
Major Crimes



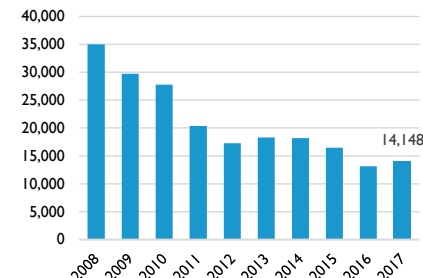
Homicides



Major Violent and Property Crimes per 100,000 Residents



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. Forty-three percent reported that they feel “very” or “somewhat” safe from violent crime in San José. Twenty-two percent reported feeling “very” or “somewhat” safe from property crimes.

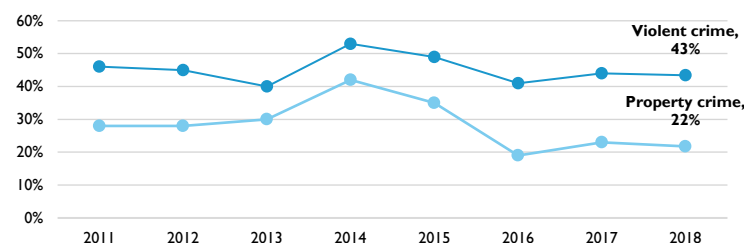
Thirty-two percent of respondents said they feel “good” or “excellent” regarding their overall feeling of safety in San José.

Respondents were also asked how safe they feel in their own neighborhoods as well as in downtown San José. More respondents said they feel “very” or “somewhat” safe in their neighborhoods during the day than at night. Similarly, respondents said they felt more safe during the day downtown than at night. Respondents felt more safe in their neighborhood than downtown.

In 2018, 24 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 2017, 26 percent of respondents said someone in their household had been a victim of a crime. Thirty-seven percent of respondents said they reported a crime to the police.

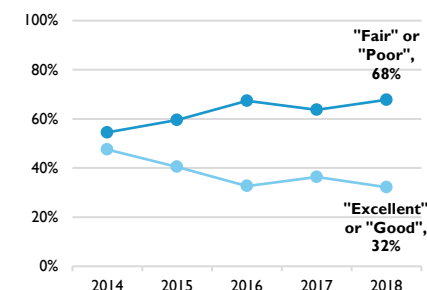
RESIDENT SURVEY

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



RESIDENT SURVEY

Overall feeling of safety

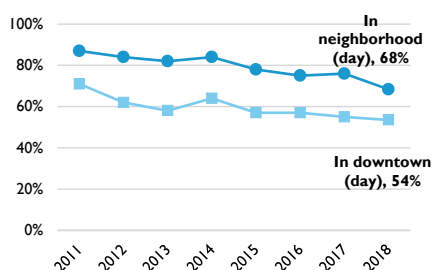


RESIDENT SURVEY

94% 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.

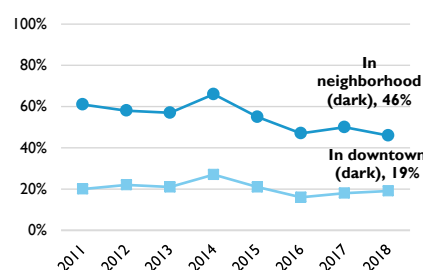
RESIDENT SURVEY

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



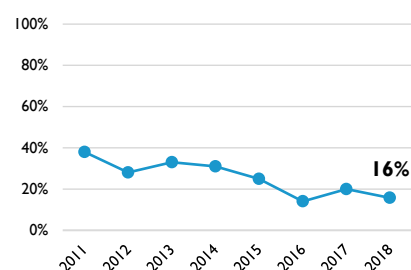
RESIDENT SURVEY

% of respondents who feel “very” or “somewhat” safe after dark



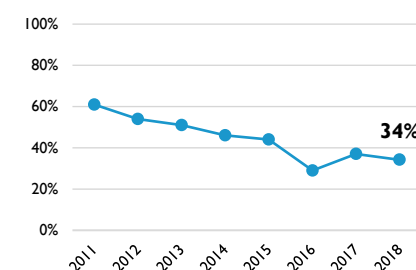
RESIDENT SURVEY

% of respondents rating crime prevention “excellent” or “good”



RESIDENT SURVEY

% of respondents rating police services as “excellent” or “good”



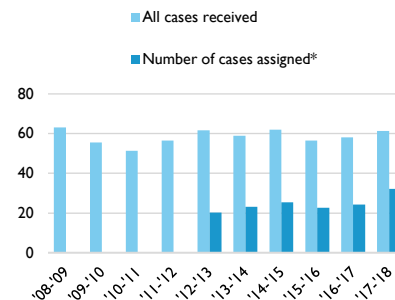
POLICE

INVESTIGATIVE SERVICES

The SJPD investigates crimes and events by collecting evidence, interviewing witnesses, interrogating suspects, and other activities. In 2017-18, the Bureau of Investigations received 61,380 cases, slightly more than in 2016-17. Of these cases, 32,140 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).

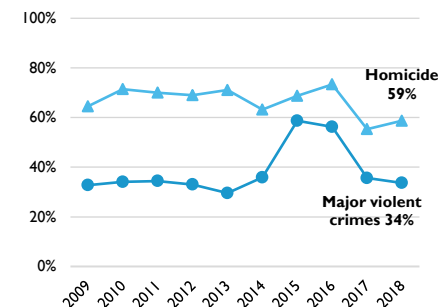
When a case is closed because of an arrest or by exceptional means (e.g., death of suspect), it is classified as cleared. In 2017, the clearance rate in San José for major violent crimes was 34 percent, compared to 46 and 45 percent for both the U.S. and California respectively. The clearance rate for homicides in San José was 59 percent, compared to 62 and 63 percent for the U.S. and California.

Total Cases (thousands)

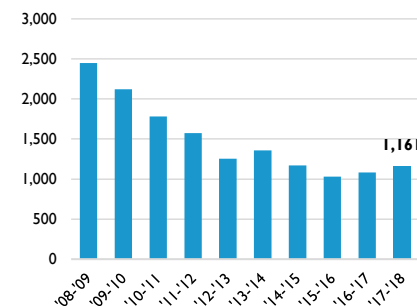


* In 2012-13, the Police Department changed the performance measure from recording cases investigated to cases assigned to reflect the record management system classification. Cases are assigned when there is a solvability factor present.

Clearance Rates



DUI Arrests

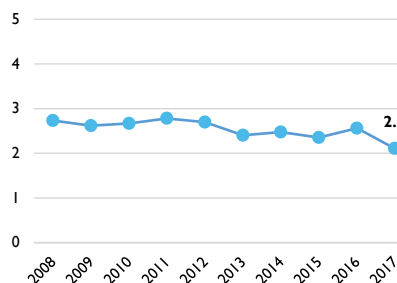


TRAFFIC SAFETY

The SJPD provides for the safe and free flow of traffic through enforcement, education, investigation, and traffic control. In 2017-18, the SJPD's Traffic Enforcement Unit issued about 6,850 citations. 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.

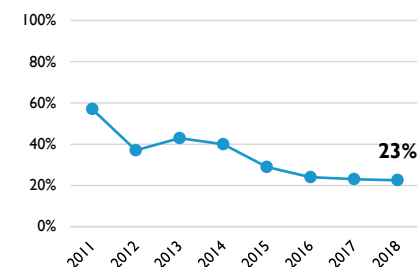
DUI arrests have increased 7 percent over the previous year, but have declined significantly over the past 10 years. Additionally, calendar year 2017 saw San José's rate of fatal and injury crashes decline slightly.

Fatal and Injury Crash Rate per 1,000 Residents



RESIDENT SURVEY

% of San José residents rating traffic enforcement as "excellent" or "good"



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 2017-18, Public Works' operating expenditures totaled \$105.6 million. This included personal and non-personal expenditures. Public Works was responsible for an additional \$44.8 million in Citywide and other expenses, including \$568,600 for workers compensation and \$8.5 million for general fund capital. Staffing increased slightly from 559 to 561 authorized positions.

San José is subject to numerous labor policies that have been passed by City Council, approved by voters, or adopted due to requirements from the State of California. The Office of Equality Assurance in Public Works implements, monitors and administers the City's wage policies and has been located within Public Works since 2002. In addition, they oversee the City's disadvantaged business enterprise program and ensure compliance with the Americans with Disabilities Act (ADA).

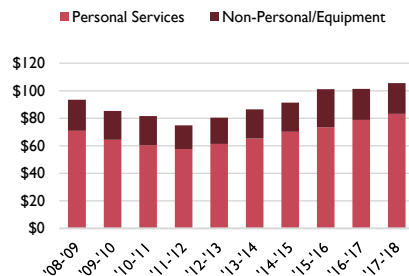


Fowler Creek Picnic Area

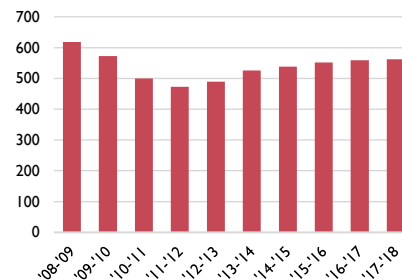


Chynoweth Ave Green Street Project

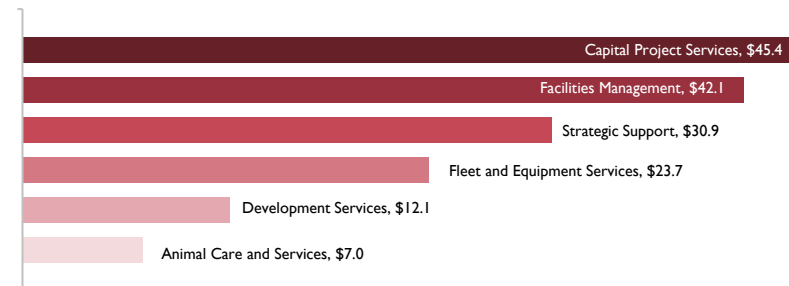
Public Works Operating Expenditures (\$millions)



Public Works Authorized Positions



Public Works 2017-18 Adopted Budget by Service (\$millions)



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 2017-18, Public Works completed 61 construction projects with construction costs totaling \$125.3 million.

A project is considered on schedule when it is available for 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 completion in 2017-18, 49 of 57 projects were on schedule (86 percent compared to the 85 percent target).

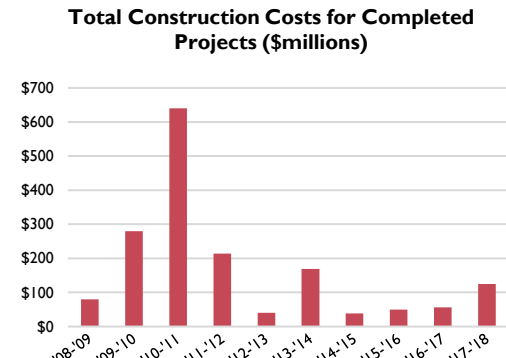
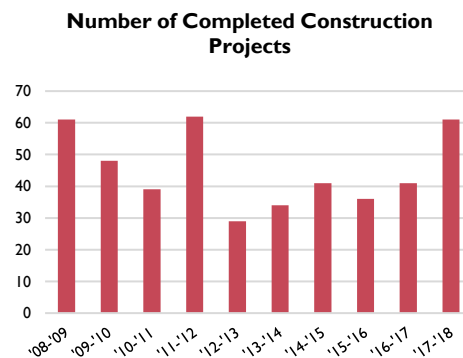
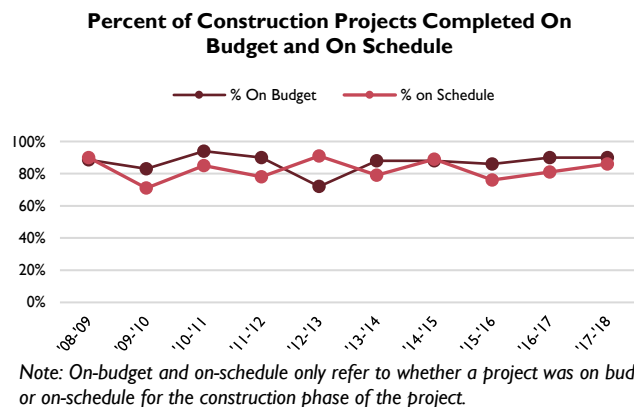
In 2017-18, Public Works' average delivery cost for projects greater than \$500,000 was less than the industry standard. For smaller projects, the average delivery cost exceeded the industry benchmark.

* Read more about the division in the July 2018 [Audit of the Department of Public Works: Enhancing Management of Capital Projects](#).

KEY FACTS (2017-18)

Adopted Operating Budget	\$45.4 million
Total construction costs on projects	\$125.3 million

Projects Completed by City Service Area	
City Service Area	Sample Projects
32 Environmental and Utility Services projects	Sanitary sewer repairs and storm sewer improvements
15 Neighborhood Services projects	Tamien Park phase I and Fowler Creek picnic area
1 Public Safety Project	Fire Alarm system replacement
12 Transportation and Aviation Services project	Airport police department building replacement
1 Project at the Convention Center	Convention Center hall lighting and ceiling upgrades



PUBLIC WORKS

FACILITIES MANAGEMENT

The Facilities Management division manages 2.8 million square feet in 224 City facilities, including City Hall (over 500,000 square feet). Services include maintenance, improvements, special event support, and property management.

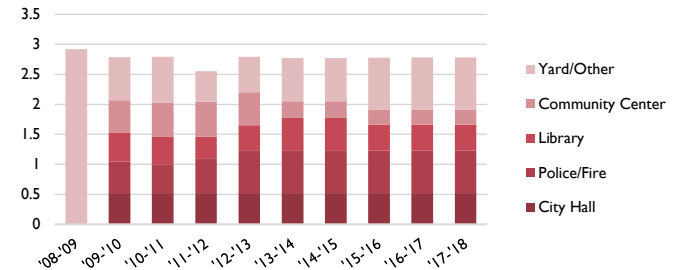
The division completed 18,053 corrective and preventive work orders in 2017-18, 17 percent less than a year ago as a result of vacancies. Eighty-one percent of 9,132 preventive maintenance work orders were completed during the year.

As of January 2018, Public Works estimated a facilities maintenance backlog for City-owned and operated facilities of over \$154 million in one-time costs, as well as \$19 million in annual unfunded costs. The estimated one-time maintenance backlog for City facilities operated by others is \$76 million, but this does not include the SAP Center, Sharks Ice or Municipal Stadium.

KEY FACTS (2017-18)

Adopted Operating Budget	\$42.1 million
Total number of City facilities	224
Square footage	2.8 million
Completed corrective & preventive work orders	18,053
Total completed solar installations on City sites	38

**Facilities Managed,
by Millions of Square Feet**



Note: "Other" includes PRNS reuse sites. See the PRNS chapter for more information about the reuse program.

FLEET & EQUIPMENT SERVICES

Fleet and Equipment Services manages procurement and maintenance to provide a safe and reliable fleet of 2,764 City vehicles and pieces of equipment. Public Works completed 21,665 repairs and preventive work orders in 2017-18, about 4 percent less than a year ago. Emergency vehicles were available for use when needed 100 percent of the time in 2017-18; the City's general fleet was available when needed 97 percent of the time.

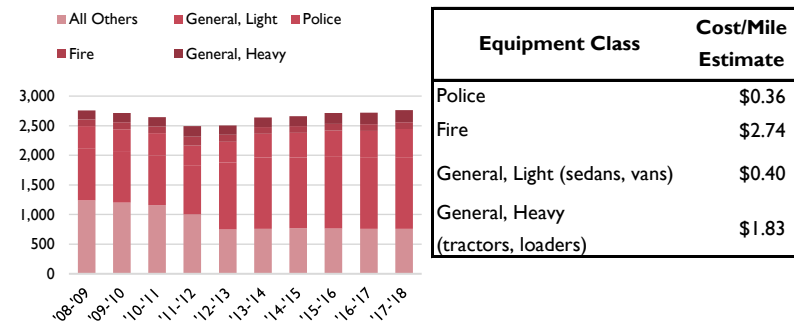
In 2007, the City committed to ensuring 100 percent of public vehicles run on alternative fuels. In 2017-18, 45 percent of City vehicles ran on alternative fuels, including compressed natural gas, propane, electricity, and biodiesel.

As of January 2018, Public Works estimated a vehicle and equipment deferred maintenance and infrastructure backlog of \$8.2 million in one-time costs, slightly less than the previous year.

KEY FACTS (2017-18)

Adopted Operating Budget	\$23.7 million
Total number of vehicles & equipment	2,764
Completed repairs & preventive work orders	21,665
Percent of fleet running on alternative fuel	45%

City Vehicles & Equipment



Equipment Class	Cost/Mile Estimate
Police	\$0.36
Fire	\$2.74
General, Light (sedans, vans)	\$0.40
General, Heavy (tractors, loaders)	\$1.83

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 2017-18, the division approved 587 development permits and 3,481 utility permits. In 2017-18, Public Works met 85 percent of planning and 84 percent of public improvement permit timelines (target for both: 85 percent).

Private development projects add public infrastructure (streets, traffic lights, storm, sewer, etc.) to the City's asset base. Projects permitted in 2017-18 are expected to add \$43 million in public infrastructure upon completion. Projects completed in 2017-18 added \$42.9 million in value to the City's asset base. (See table for examples.)

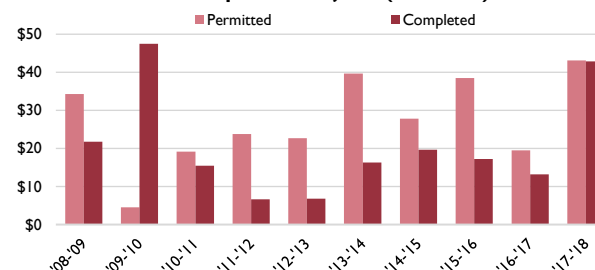
The **Development Services partners** are:

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

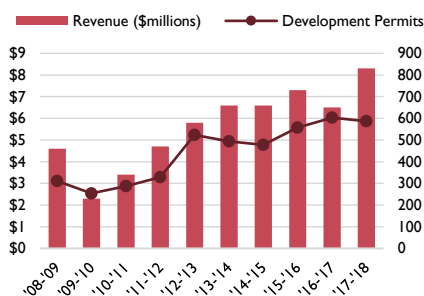
Major Projects & Estimated Public Improvement Values, 2017-18

Permitted		Completed	
Evergreen Circle (250 single family units & 310,000 sq. ft. retail)	\$16.3 million	iStar Mixed Use Development (720 residential units, 154,000 sq. ft. retail, 260,000 sq. ft. offices)	\$9.5 million
Communication Hill Phase II (684 residential units and public trail)	\$29.8 million		
Communication Hill Monterey (42" storm drain and 15" sanitary sewer extension)	\$1.2 million	Julian Street Realignment (Grid restoration and St. James couplet conversion)	\$7.5 million
The Reserve (640 multi-family residences 8,000 sq. ft.)	\$3.8 million	Flea Market North Village (242 residential units)	\$5.4 million
Cannery Village (403 residential & 5,000 sq. ft. retail)	\$820,000	Epic Residential (469 condominium units)	\$3.3 million
		Heritage Estates phase 2 (14 single-family units-bridge)	\$3.5 million

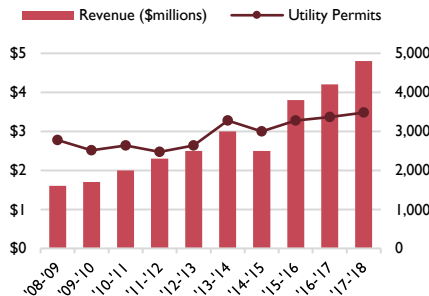
Value of Public Improvements from Private Development Projects (\$millions)



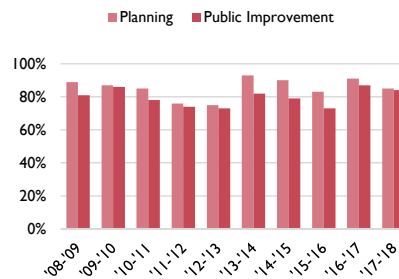
Development Revenues and Permits



Utility Fee Revenues and Permits



Permitting Timeliness (Target 85%)



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 serves San José, Cupertino, Los Gatos, Milpitas, and Saratoga.

As of July 1, 2018, there were nearly 54,000 licensed animals in the Center's service area, down from about 57,000 in the previous year. Of licensed animals, 76 percent were dogs and 24 percent were cats. The Center provided about 5,300 low-cost spay/neuter surgeries to the public.

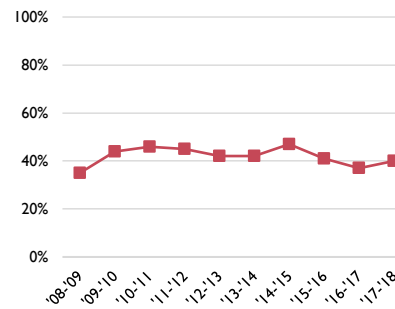
In 2017-18, the Center sheltered 17,148 animals. Among incoming animals, 87 percent of dogs and 87 percent of cats were adopted, rescued, returned to their owner, or transferred.

In 2017-18, animal service officers responded to about 21,500 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 2017-18, the Center met this target 95 percent of the time.

KEY FACTS (2017-18)

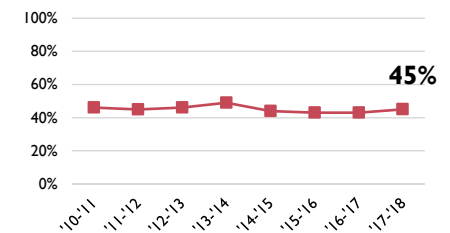
Adopted Operating Budget	\$7.0 million
Location of Animal Care Center	2750 Monterey Road
Licensing costs (dog / cat)	Starts at \$25 / \$15
Animal licenses in service area (as of July 1, 2018)	53,661
Incoming animals to Center	17,148
Live release rate	92%
Calls for service completed	21,508
Public spay/neuter surgeries	5,335

Cost Recovery

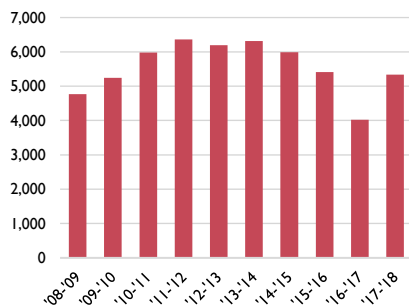


RESIDENT SURVEY

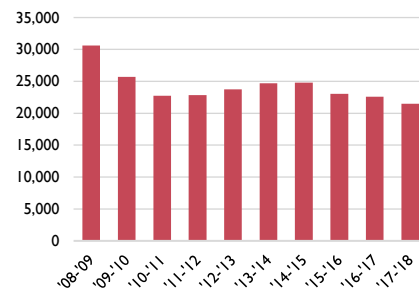
% of residents rating San José's animal control services as "excellent" or "good"



Low-Cost Spay/Neuter Surgeries

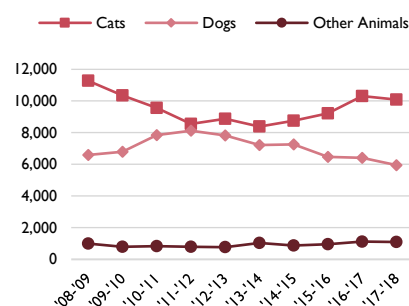


Calls for Service*

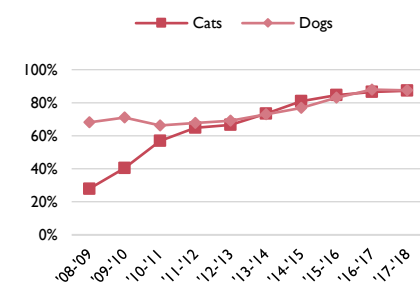


* Five major categories of calls (dead animal removal, humane investigations, stray animals, confined stray animals, and animal bite investigations) accounted for nearly two-thirds of all calls.

Incoming Shelter Animals



Percent Adopted, Rescued, Returned, 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.*

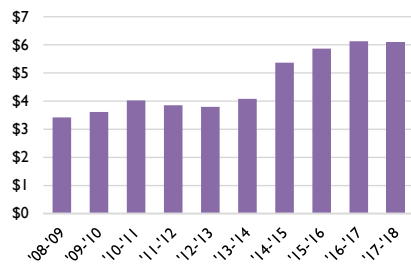
The Office is responsible for administering retirement benefits, including providing retirement planning and counseling; supervising the investment of plan assets; managing contracts; and producing financial reports.

In 2017-18, the Office's personal expenses totaled \$6.1 million, and there were 40 authorized positions (up from 29 positions ten years ago). About \$4.5 million in additional administrative costs, such as professional fees, were paid out of the retirement funds. A comprehensive report by the Office put total investment fees at \$68.6 million for calendar year 2017.

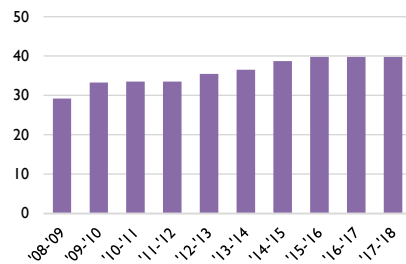
The City's total contributions to the two plans included \$314 million for pension benefits and \$58 million for OPEB, along with contributions from City employees of \$76 million for pension and OPEB. This totals to \$448 million in contributions from the City and its employees. The City's contributions have grown dramatically since the early 2000s and are expected to continue to grow in the coming years.

*The City also offers a Tier 3 defined contribution plan for new executive and professional employees that is managed by the Human Resources Department. See the Human Resources chapter for more information.

Retirement Services Personal Services Expenditures (\$millions)

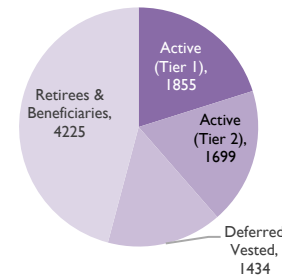


Retirement Services Authorized Positions

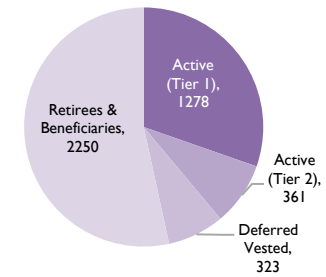


Note: The Retirement Services chapter of the City's Operating Budget, as of June 30, 2018, only includes personal services. Additional administrative expenses and investment expenses are included in the Federated City Employees Retirement System and the Police and Fire Department Retirement Plan Comprehensive Financial Reports.

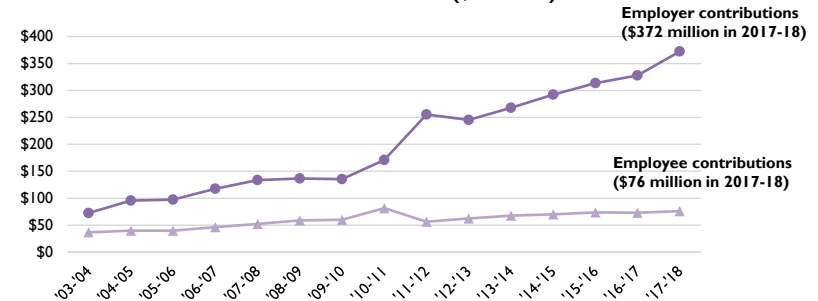
Federated Plan Membership



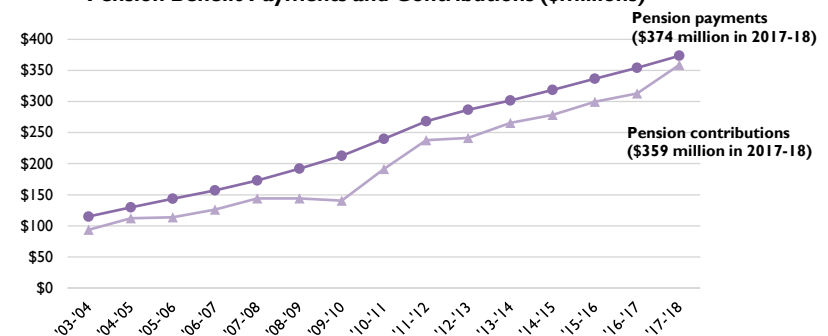
Police and Fire Plan Membership



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



Pension Benefit Payments and Contributions (\$millions)



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

RETIREMENT SERVICES

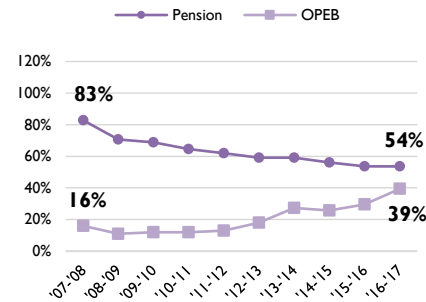
As of June 30, 2018, there were 6,475 retirees or beneficiaries of the plans, up from 4,658 ten years ago. Over that period, the ratio of active members (i.e., current employees contributing to the plans) to beneficiaries has declined to less than 1:1. In 1980, the ratio was nearly 5:1.

The pension and OPEB plans' total liabilities exceeded the values of their assets by \$2.4 billion for Federated and \$1.7 billion for Police and Fire respectively. These net liabilities totaled about \$260,000 per Federated member and over \$400,000 per Police and Fire member.

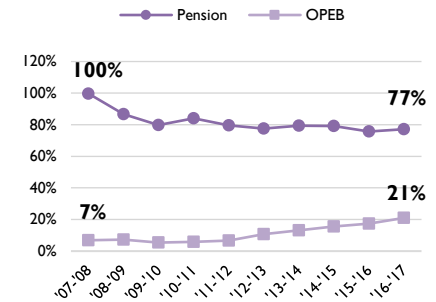
As of June 30, 2017, the Federated and Police and Fire independent actuaries determined that the funded ratios (or percent of liabilities covered by plan assets) were 54 percent for the Federated pension plan and 77 percent for the Police and Fire pension plan.

In 2016, San José voters passed Measure F, as part of a settlement between the City and its bargaining units, to supersede a previous retirement reform measure passed in 2012 (Measure B), which had been subject to legal challenges. Measure F was intended to preserve certain retirement benefits while maintaining some reduction in the growth of plan liabilities. Among other things, it improved Tier 2 benefits and closed retiree healthcare to new members.

Federated Funded Status



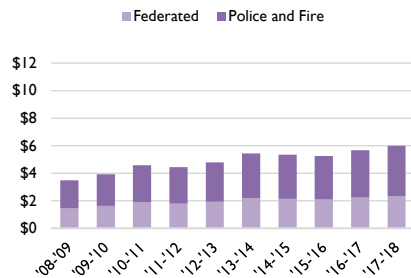
Police and Fire Funded Status



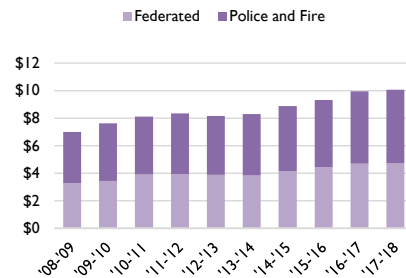
Sources: Federated City Employees' Retirement System and Police and Fire Department Retirement Plan Actuarial Valuations

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. For '16-'17, OPEB funded status reflects changes to asset and liability calculations based on newly implemented guidance from the Government Accounting Standards Board.

Retirement Plan Net Assets (\$billions)

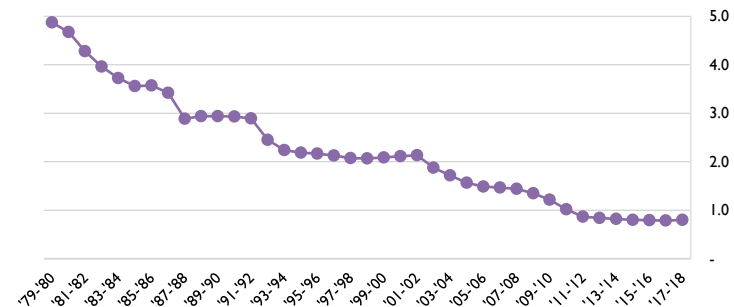


Retirement Plan Total Liabilities (\$billions)



Source: [Police and Fire Department Retirement Plan](#) and [Federated City Employees' Retirement System](#) Comprehensive Financial Reports and Actuarial Valuations

Ratio of Active Members to Retirees and Beneficiaries



Source: [Police and Fire Department Retirement Plan](#) and [Federated City Employees' Retirement System](#) Comprehensive Financial Reports and Actuarial Valuations

RETIREMENT SERVICES

The retirement plans' assets are distributed among various types of investments, according to each board's investment policies. As of June 30, 2018, both pension plans held the largest portions of their assets in "alternatives," which are generally investments outside of traditional stocks, bonds, or cash.

During 2017-18, Federated had a net rate of return on pension plan assets of 5.9 percent and Police and Fire earned 6.9 percent. Over the past five years, the Federated and Police and Fire pensions' annualized net returns have been 5.0 and 5.6 percent, respectively. The assumed rate of return, or discount rate*, for both plans was 6.875 percent as of June 30, 2018.

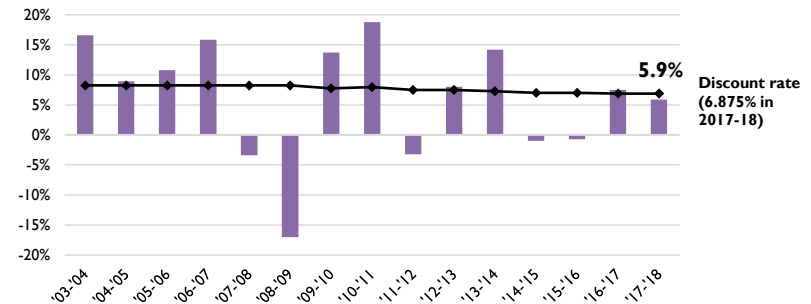
As a result of the positive investment returns, as well as payments for retirement benefits and health care premiums, total plan assets increased from \$5.68 billion last year to \$6.01 billion on June 30, 2018.

*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.

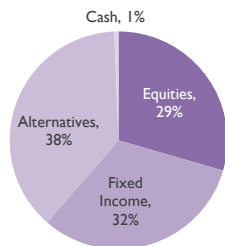
Retirement Plan Oversight

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. For more information, refer to our 2017 [Audit of Retirement Services](#).

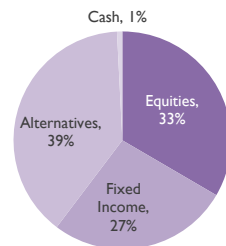
Federated Rate of Return, Net of Fees



Federated Pension Actual Asset Allocation

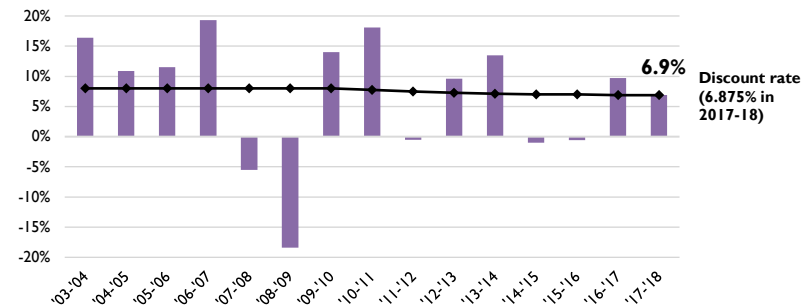


Police and Fire Pension Actual Asset Allocation



Source: Auditor-generated categories based on retirement plans' June 30, 2018 investment reports.
Note: The "alternatives" category consists of the following asset classes: real assets, private equity, private debt, and absolute return.

Police and Fire Rate of Return, Net of Fees



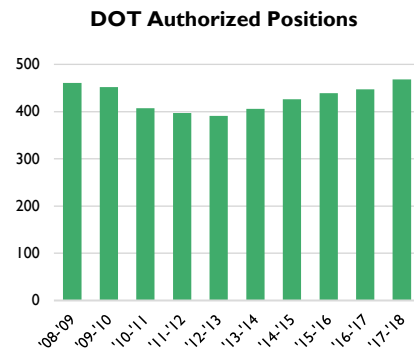
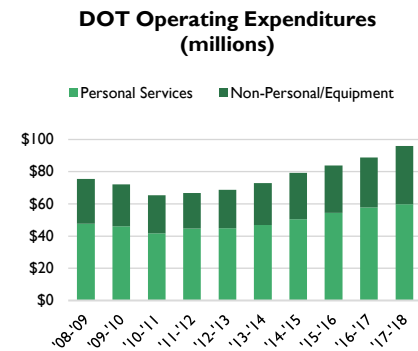
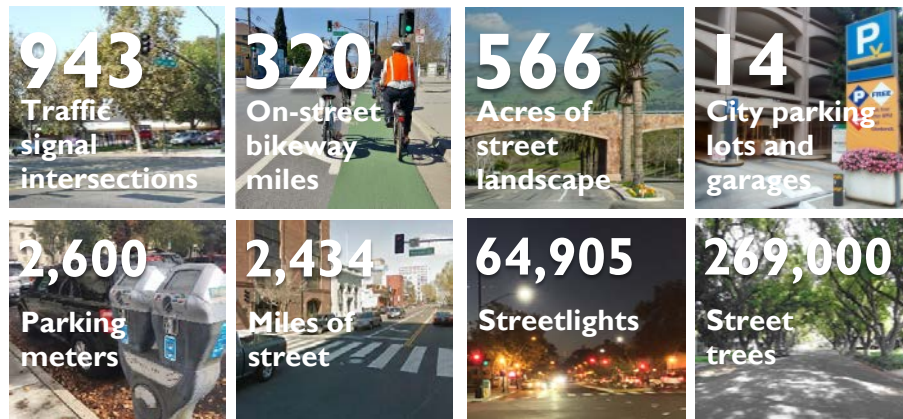
TRANSPORTATION

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.

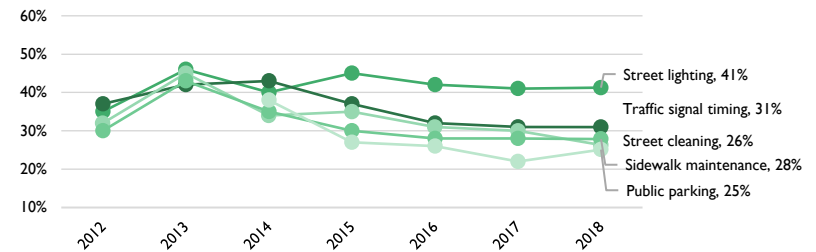
TRANSPORTATION

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.

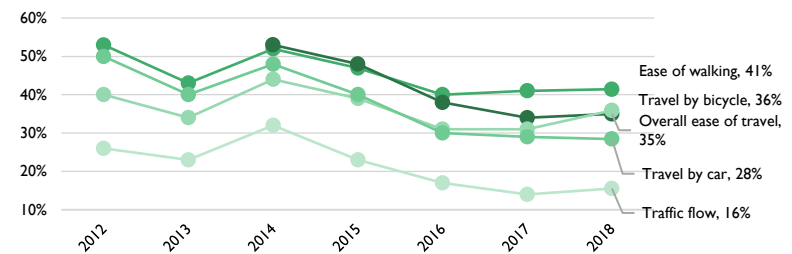
In 2017-18, DOT's operating expenditures totaled \$96 million. This includes personal and non-personal expenditures. The Department was responsible for additional costs including \$22.3 million in program costs from capital funds and Citywide and other expenses totaling \$8.7 million. DOT had 468 authorized positions; staffing was about the same as it was 10 years ago.



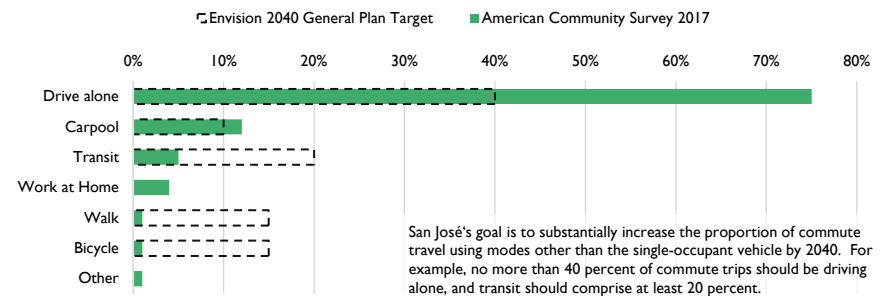
RESIDENT SURVEY
% of San José residents rating transportation-related services as "excellent" or "good"



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



San José Residents' Mode of Commuting to Work



2017 [American Community Survey](#), 1-year estimates, table B08006

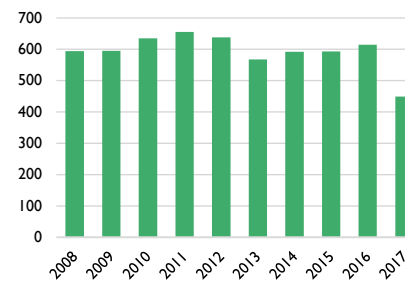
TRANSPORTATION OPERATIONS & SAFETY

Transportation Operations manages various traffic safety programs to facilitate safe and efficient travel within San José. Nearly 33,000 school children received traffic safety education in 2017-18. DOT also installs flashing beacons, median islands, and curb ramps to enhance pedestrian crossings on major roads and in school zones to improve safety.

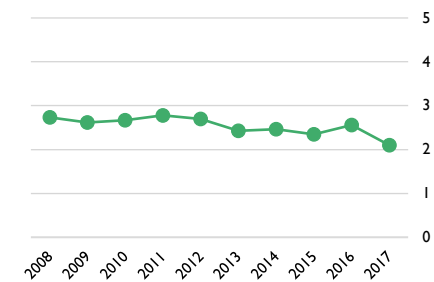
In 2015, the City adopted [Vision Zero](#), a policy that recognizes traffic deaths as preventable and unacceptable, and prioritizes human life over mobility and high vehicle speeds. Under Vision Zero, the City's goal is to move towards zero traffic deaths and provide safe streets for all.

In 2017, San José's rate of fatal and injury crashes was 2.1 per 1,000 residents. By comparison, the national rate of fatal and injury crashes was 6.8 per 1,000 residents in the United States in 2016.

Pedestrian and Bicycle Injury Crashes (calendar year)



San José Fatal and Injury Crash Rate per 1,000 Residents



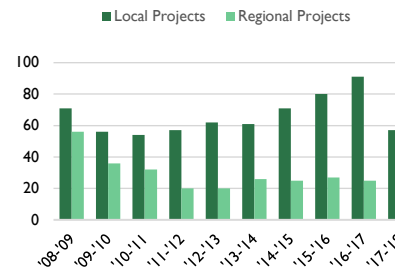
TRANSPORTATION PLANNING & PROJECT DELIVERY

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, and working with regional transportation agencies such as VTA, BART, and Caltrans.

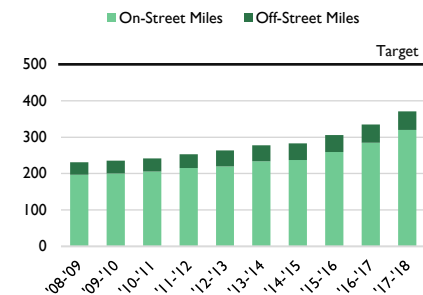
In 2017-18, DOT budgeted \$236 million towards its traffic capital improvement program. An estimated 96 percent of City transportation projects were completed on schedule or within two months of the baseline construction schedule. Regional projects include freeway and transit infrastructure improvements; local projects include major street improvements, such as road resurfacing and bike lane installation.

San José currently has 371 miles of bikeways including 320 miles of on-street bicycle lanes and routes (installed by DOT) and 51 miles of paved trails (installed by Parks, Recreation and Neighborhood Services). San José is three-fourths of the way to its 2020 goal of 400 miles of on-street bikeways and 100 miles of off-street bike trails.

Transportation Projects in Progress



Miles of Bikeways



Example Local & Regional Transportation Projects (FY 2017-18)

- The Alameda "Beautiful Way"
- Ocala Avenue Pedestrian Improvements
- BART Extension
- St. John Bike and Pedestrian Improvements
- High Speed Rail
- Route 101/Blossom Hill Road Interchange

TRANSPORTATION

STREET PAVEMENT MAINTENANCE

Pavement Maintenance is responsible for maintaining and repairing the 2,434 miles of City streets. In 2017, the City's street pavement condition was rated a 64, or "fair," on the Pavement Condition Index (PCI) scale.* A "fair" rating means that streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly.

In October 2017, DOT revised its PCI rating. Based on the results of a new pavement survey, along with the significant pavement work that has been completed in recent years, the Department determined current road conditions exceeded previous estimates. The new estimate, a PCI of 67, still rates as "fair," but is closer to the City's 2020 goal of a "good" PCI of 70 or above. According to the Department, both methodologies meet Metropolitan Transportation Commission (MTC) certification requirements.

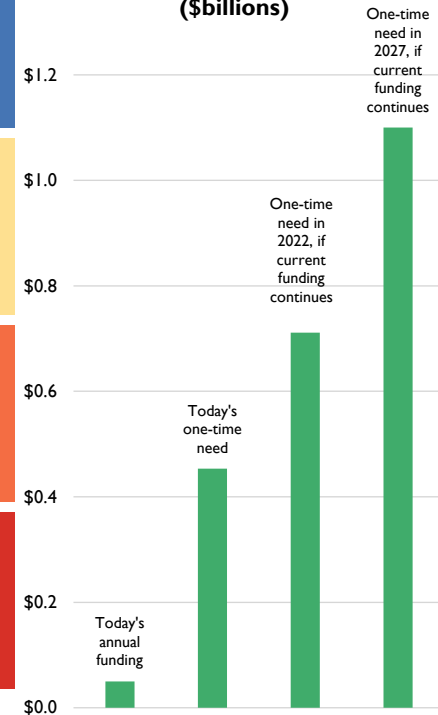
At the start of 2018-19, DOT estimated the City still needed \$453.4 million to eliminate the backlog of poor and failed roads. DOT anticipated \$51.2 million in funding for pavement maintenance for the next five years, with the backlog expected to grow to \$1.1 billion by 2027, as major repairs cost five to ten times more than routine maintenance. With the passage of Measure T in November 2018, DOT now anticipates at least \$300 million in additional bond funds to maintain residential streets, and will update projected funding needs and maintenance backlog in its annual pavement report to City Council in early 2019.

In 2017-18, 28 miles of street were resurfaced and 90 miles were preventively sealed, more than twice than in 2016-17. DOT has also continued to make safety-related corrective repairs, such as filling potholes and patching damaged areas. In 2017-18, DOT crews repaired more than 12,000 potholes.

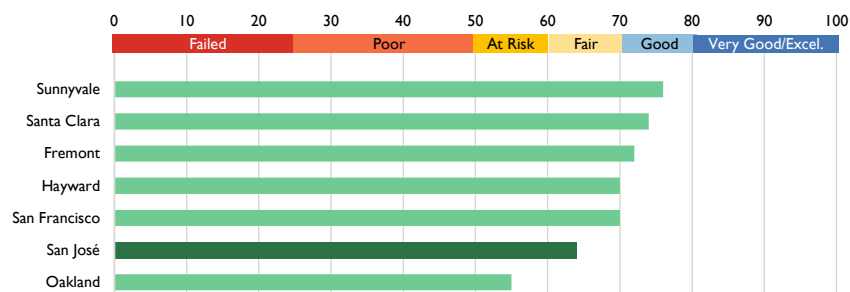


Photo source: Department of Transportation

Funding Needed to Fix Poor, Failed, and Overdue Roads (\$billions)

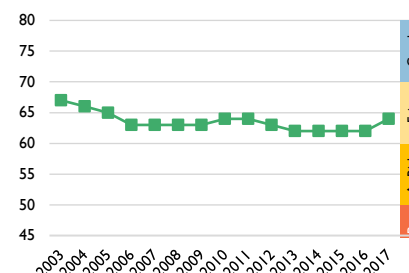


2017 Pavement Condition Index Selected Bay Area Comparisons*

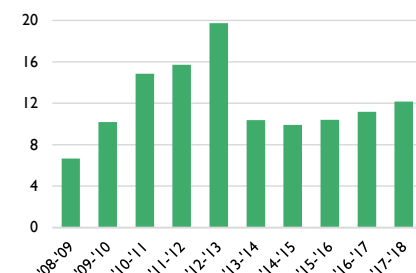


* 3-year moving average, calendar year basis. Source: [Metropolitan Transportation Commission](#).

Pavement Condition Index San José*

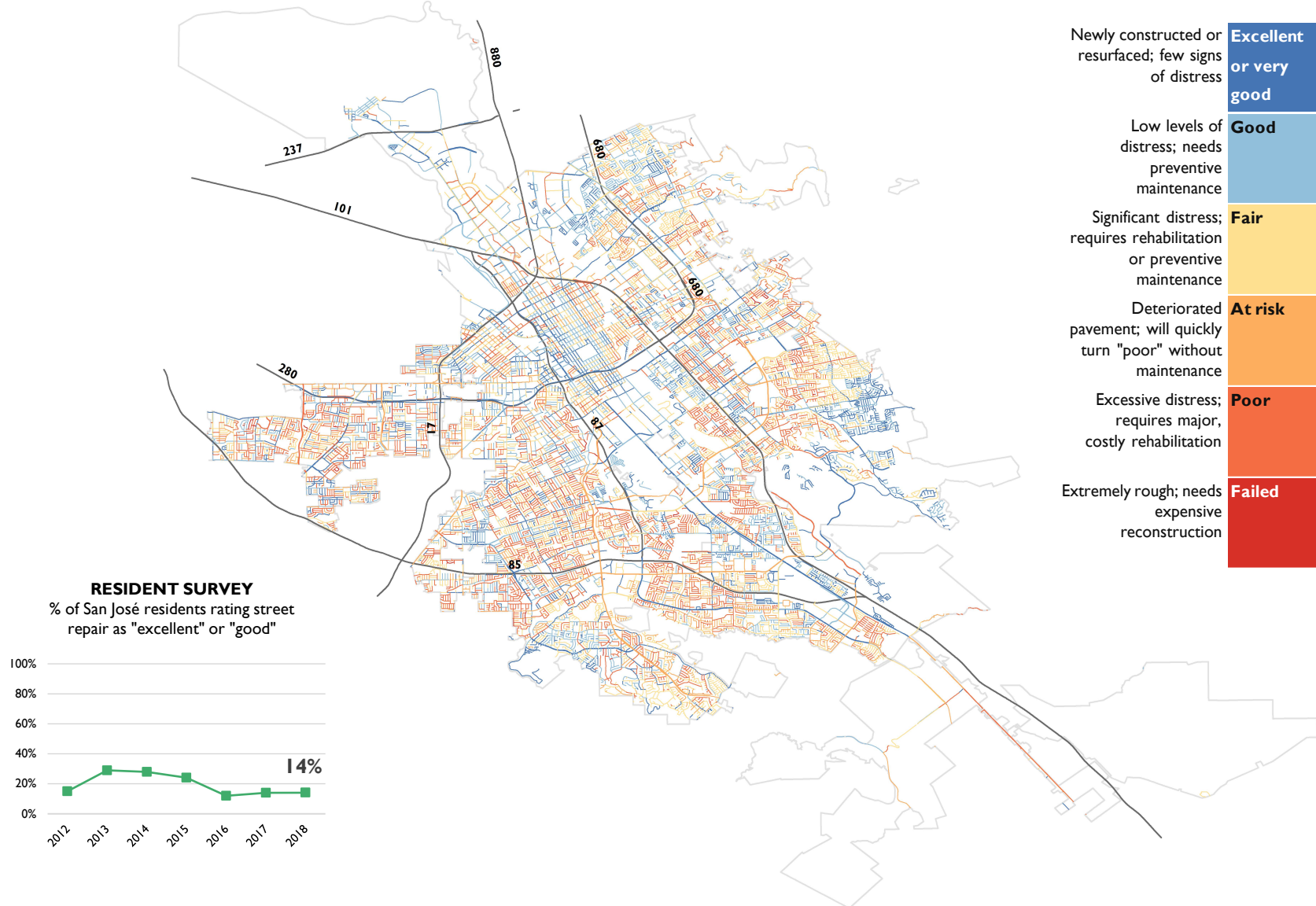


Number of Potholes Filled (thousands)



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

Map of Pavement Condition



See it online! <http://sanjoseca.gov/index.aspx?nid=4608>

Source: Metropolitan Transportation Commission StreetSaver data as of September 2018.

TRANSPORTATION

TRAFFIC MAINTENANCE

The Traffic Maintenance Division is responsible for maintaining the City's traffic signals, traffic signs, roadway markings, and streetlights. In 2017-18, DOT made 2,200 repairs to traffic signals. DOT responded to signal malfunctions within 30 minutes 38 percent of the time, up slightly 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 guidelines* 98 percent of the time in 2017-18, exceeding the target of 97 percent. Over 5,600 signs were preventively maintained.

DOT crews completed roadway marking services within established priority guidelines* 100 percent of the time in 2017-18. 60 percent of roadway markings met visibility and operational guidelines. This is down from 2008-09, 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 64,905 streetlights* were operational; 41 percent of reported malfunctions were repaired within seven days. DOT repaired 10,400 streetlights in 2017-18, but expects the number of repairs to decrease as more streetlights are converted to LED. As of 2017-18, the City has converted or installed about 27,000 LED streetlights, up from about 3,000 LED streetlights in 2013.

Traffic Signals

943 traffic signal intersections in San José

2,200 repairs and **700** preventive maintenance activities completed

38% of malfunctions responded to within 30 minutes (Target: 60%)

Traffic and Street Name Signs

122,000 traffic control and street name signs in San José (estimate)

1,300 repairs and **5,600** preventive maintenance activities completed

98% of sign repair requests completed within established guidelines* (Target: 97%)

81% of signs in good condition (Target: 87%)

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

Roadway Markings

5.7 million square feet of roadway markings

250 maintenance requests completed

100% of service requests completed within prioritized operational guidelines* (Target: 99%)

60% of markings met visibility and operational guidelines (Target: 68%)

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

Streetlights

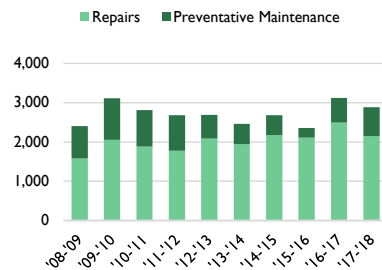
64,905 streetlights* in San José, including **27,000** LED streetlights

10,400 repairs completed

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

*includes other types of street lighting, not just streetlights

Number of Traffic Signal Maintenance Activities



Percent of Roadway Markings Meeting Visibility and Operational Guidelines

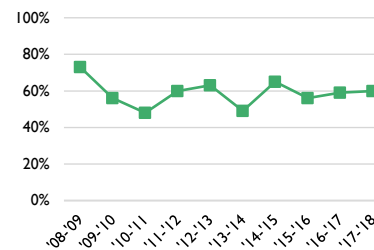


Photo source: Auditor and Department of Transportation

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 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. 940 miles were cleaned in 2017-18, and 761 sewer repairs were completed. The number of sanitary sewer main line stoppages and overflows declined to new lows as a result of proactive cleaning. DOT responded to just 22 sewer overflows in 2017-18, 36 fewer than last year. The number of main line stoppages that needed to be cleared fell to 73 from about 160 in 2016-17. DOT estimates 66 percent of sewer overflows were responded to within 30 minutes, similar to past years.

STORM DRAINAGE

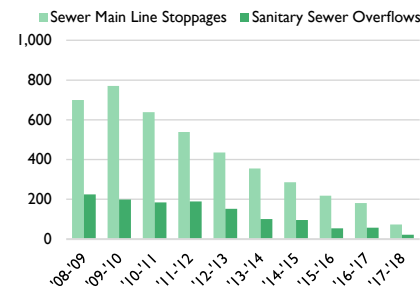
DOT and ESD ensure that all of the City's streets are swept of roadway particulate and debris that may collect in gutters. DOT's street sweepers clean the downtown area, major streets, and bike routes; the City contracts residential street sweeping.

DOT annually cleans around 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 past couple of years, DOT completed second cleanings of the downtown and Alviso catch basins to prevent potential flooding.

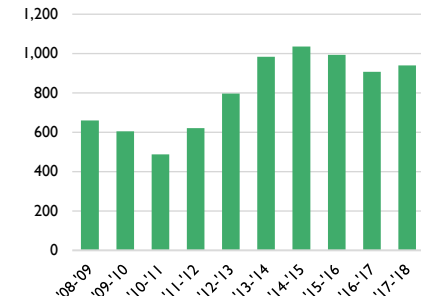
In 2017-18, DOT reports that there were 20 declared storm days and 681 storm call responses (a little over half than were received in 2016-17). The number of stoppages and calls varies depending on the severity of rainfall. For example, when Coyote Creek flooded on February 20-21, 2017, DOT received 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](#).

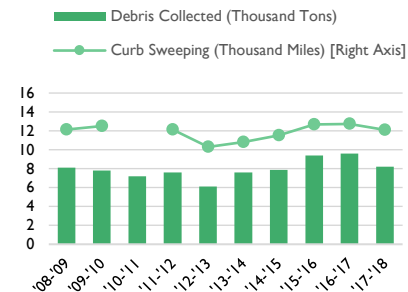
Sewer Stoppages and Overflows Cleared



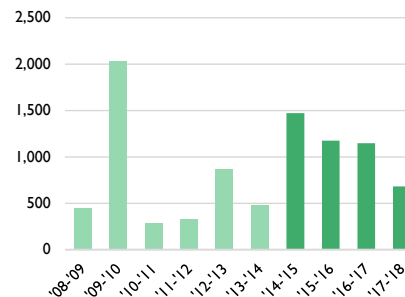
Sewer Miles Cleaned



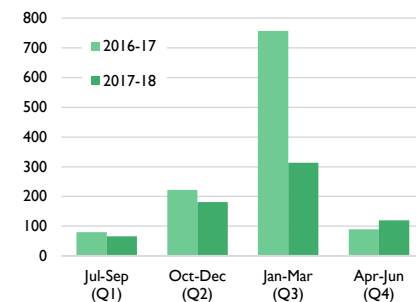
Street Sweeping



Storm Calls



Storm Call Comparison



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

TRANSPORTATION

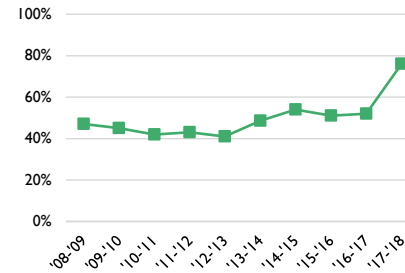
STREET LANDSCAPE MAINTENANCE

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 2017-18, the City Council allocated additional funding to increase the frequency of street landscape maintenance through contracted services. DOT maintenance staff continues to provide basic cleaning and maintenance activities. Through these combined efforts, the overall condition of City landscapes increased, with an estimated 76 percent of street landscapes in good condition.

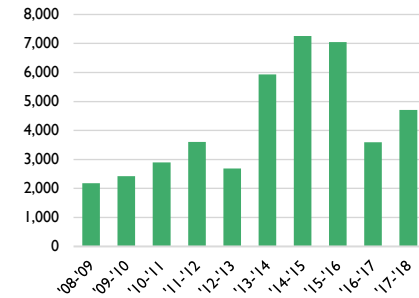
San José has an estimated 269,000 street trees.* DOT responded to over 1,200 emergencies for street tree maintenance in 2017-18. The City and property owners completed about 4,700 sidewalk repairs in 2017-18.

** 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

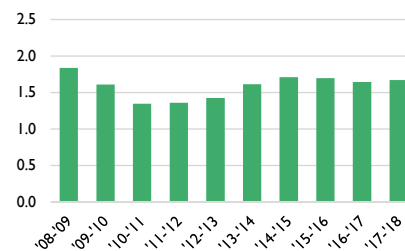


PARKING

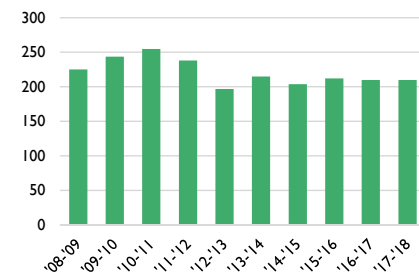
Parking Services is responsible for managing on-street and off-street parking, implementing parking policies and regulations, and supporting street sweeping, construction, and maintenance activities. Monthly parking in 2017-18 was up 35 percent compared to 10 years ago, with more than 100,000 monthly customers. Over 1.6 million visitors used City parking facilities in 2017-18.

The Department issued nearly 210,000 parking citations in 2017-18. Parking Services is also responsible for investigating complaints of abandoned vehicles. In 2017-18, DOT responded to 55,000 service requests to abate abandoned vehicles. Citywide, the average time to complete a service request between August 2017 and June 2018 was 18 days. For more information, see our August 2018 [Audit of Vehicle Abatement](#).

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



Parking Citations Issued (thousands)



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