

CITY OF SAN JOSE 2009-2010 ADOPTED CAPITAL BUDGET

CAPITAL PROGRAM PERFORMANCE MEASURES

A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction.

The following table lists the city-wide capital program performance measures. These measures are designed to provide uniformity and consistency, provide clear and measurable outcomes, and to encourage operating City Service Areas and departments to consider total requirements for service delivery, including capital facilities and assets.

City-Wide Capital Program Performance Measures

Strategic Goals	City-Wide Performance Measures	2007-2008 Actual	2008-2009 Target	2008-2009 Estimate	2009-2010 Target	5-Year Goal
A. Deliver Quality CIP projects on-time and on-budget	1. % of CIP projects delivered* within 24 months of approved baseline schedule	77% (84/109)	85%	80% (88/110)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	74% (43/58)	90%	88% (38/43)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	77%	80%	78%	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	86%	85%	88%	85%	85%
B. Utilize Green Building design in all public buildings.	1. Cumulative square footage of new and existing municipal buildings certified as green buildings	N/A	N/A	N/A	1.28 million square feet	2 million square feet
	2. % of new and existing municipal building square footage certified as green buildings	N/A	N/A	N/A	32%	51%

Changes to Performance Measures from 2008-2009 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2008-2009 Adopted Budget:

- + “Cumulative square footage of new and existing municipal buildings certified as green buildings” added in order to capture San José Green Vision initiatives.
- + “% of new and existing municipal building square footage certified as green buildings” added in order to capture San José Green Vision initiatives.

* Projects are considered to be “delivered” when they are available for their intended use.

** Projects are considered to be “completed” when final cost accounting has occurred and the project has been accepted.

Performance Measurement Update

As the City approaches the latter part of the *Decade of Investment*, the majority of projects funded by the three voter-approved bond programs from 2000 and 2002 have been delivered to the community. For 2008-2009, City staff delivered an estimated 110 projects to the community, compared to 109 projects delivered in 2007-2008. The notable capital projects delivered in 2008-2009 include the Mayfair and Roosevelt Community Centers, Santa Teresa Branch Library, Fire Stations 12 and 17, and the North Concourse at Mineta San José International Airport.

CITY OF SAN JOSE 2009-2010 ADOPTED CAPITAL BUDGET

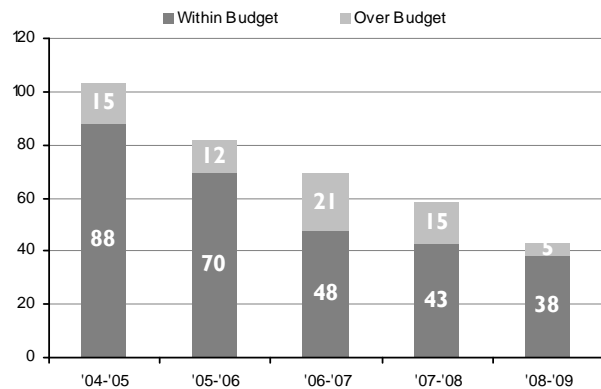
CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update (Cont'd.)

While the City has been successful in delivering over 1,200 projects to the community since 2000, it is expected that the overall number of active projects will decline in the coming years. For on-time delivery performance, it is estimated that 80% of projects delivered in 2008-2009 were delivered within baseline schedules. While this is below the 85% “on-time” performance target, the estimated 2008-2009 performance level represents an improvement over the 2007-2008 performance level of 77% of projects delivered within baseline schedules. Nonetheless, the lack of staff resources due to attrition continues to challenge project delivery teams. Balancing staffing needs for the current CIP while taking into consideration impending changes presents challenges and this has resulted in schedule extensions for some capital projects. The CIP is expected to shrink significantly in the coming years and this is an important consideration in the decision making process of identifying appropriate staffing resources required to support the CIP. In addition, project delivery teams have seen a significant increase in the number of bid protests filed by contractors. Staff believes this sudden spike in the number of bid protests is a trend that is related to the current economic challenges faced by contractors and the highly competitive nature of the construction industry. The additional staff time required to review bid protests has resulted in schedule impacts for a significant number of projects. In light of this reality, project delivery teams will be proactive in factoring additional time required to review potential bid protests into the schedules of future projects.

On-budget performance is measured after all costs have been accounted for and after documentation of project acceptance by the County of Santa Clara. Project acceptance can occur months, or sometimes a year or more, after a project reaches beneficial use due to such issues as the time required to complete punch list items or resolving contractor claims. Of the 43 projects estimated to have been accepted in 2008-2009, and included in the on-budget performance calculation, an estimated 88% were completed on-budget as compared to project baseline budgets. This is below the 90% “on-budget” performance target, but represents a significant improvement over the 2007-2008 performance level of 74% of projects completed within baseline budgets. Staff continues to work to strengthen the alignment of project scopes, schedules, and budgets, while also accounting for external market conditions that may affect the delivery of capital projects. Staff relies heavily on the cost estimating and tracking tools that are available through the City’s Capital Project Management System (CPMS). These tools allow project management staff to effectively track project costs on an ongoing basis and assist in ensuring that expenditures remain within budgeted levels. Instances in which projects do exceed the baseline budget are typically attributed to project schedule-related delays, redesign costs, and additional staff costs needed to resolve unforeseen construction issues. In addition, the recent increase in the number of bid protests filed by contractors has resulted in additional staff costs to projects reflecting the additional time required to review bid protests.

"On Budget" Construction Projects - Completed within Baseline Budget



CITY OF SAN JOSE
2009-2010 ADOPTED CAPITAL BUDGET

CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update (Cont'd.)

The performance measurement for quality is derived from surveys in which operations and maintenance groups provide their opinions on completed capital projects. Operators measure how well the projects function and serve the purposes specified during the project scope development phase. Maintenance groups rate project sustainability in terms of ongoing maintenance. Because most projects have a one-year warranty period provided by the contractors, and because of the training required of operators and maintenance staff on new or modified facilities, surveys for capital projects are conducted after a facility has been in beneficial use for one year. Operations and maintenance surveys were conducted in 2008-2009 for a representative sample of projects that reached beneficial use in 2007-2008. Based on results received thus far, the average operations and maintenance rating is 78%. This figure was determined by the percentage of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of use. Staff is evaluating the survey results and comments received to determine how to make changes to future projects and improve results. Additional survey results will be included in future CIP/SNI Status Reports to Council.

The customer satisfaction performance measurement surveys gather public feedback on completed capital projects. These surveys are conducted after a project has been delivered and is in use. Most CSAs conducted surveys on facility usage, such as in libraries, parks, and public buildings. Some CSAs conducted surveys of residents and businesses impacted by project construction as it is difficult to obtain useful public feedback on projects such as sewers, sidewalks, and traffic signals.

Customer satisfaction surveys were conducted for a representative sample of projects that reached beneficial use in 2008-2009. Survey results for a sampling of projects are available and indicate customers were generally pleased with the new capital improvements and staff's efforts to minimize construction impacts, giving an average rating of 88%. CSAs are continuing surveying efforts, and additional survey results will be included in future CIP/SNI Status Reports to Council. In addition, staff is evaluating more effective methods of conducting these surveys, including improvements to structure and format, with a goal to yield a higher percentage of returned surveys.

As part of the City's ongoing efforts to support San José's Green Vision, two new performance measures have been introduced for 2009-2010. One Green Vision goal is to build or retrofit 50 million square feet of building space within 15 years. In order to help capture this target, the first new performance measure focuses on the cumulative square footage of new and existing Municipal buildings certified as "green" buildings. For 2009-2010, the goal is to have 1.28 million square feet of buildings (new and existing) "green" certified. The second new measure focuses on the percentage of new and existing Municipal buildings certified as "green" buildings. For 2009-2010, the goal is to have 32% of buildings (new and existing) "green" certified. By adding these two new performance measures, the City is exhibiting its commitment to measuring progress and will be in a more advantageous position to successfully realize its Green Vision initiatives.