



City of San José
Office of the City Auditor

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Honorable Mayor and Members
Of the City Council
200 East Santa Clara Street
San José, CA 95113

Annual Report on City Services 2022-23

The Office of the City Auditor is pleased to present the 16th 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 over 950,000, San José is the twelfth largest city in the United States and the third largest city in California. The City of San José serves an ethnically diverse population—about 39 percent Asian, 31 percent Hispanic or Latino/a/x, and 23 percent Non-Hispanic White. Forty-two percent of San José residents are foreign born. More than half of residents speak a language other than English at home.

In 2022, San José's median household income was over \$133,800; however, the cost of living is among the highest in the nation. The observed rent index for San José was above other large California cities in the last year, with average monthly rents of \$2,700 for all unit types. In mid-2023, the median home price was almost \$1.6 million. Meanwhile, 14 percent of San José households earned less than \$35,000. An estimated 6,300 residents were homeless, according to the 2023 homeless census. Of these, 70 percent were unsheltered.

Focus on Performance Management

The City has been working to improve its performance measures with a renewed focus on performance management. In 2022, the City Council approved the *Outcomes, Equity Indicators, and Performance Management* initiative to modernize and align performance measures. In 2023, the City Council approved five Foundational Strategic Support Focus Areas including Driving Organizational Performance which continues the performance management modernization and alignment initiative. As part of this effort, the City Manager's Office is reviewing and updating measures presented in the City's Operating Budget for the six City Service Areas. The 2023-24 Adopted Operating Budget included revised measures for the Neighborhood Services CSA, and reviews to other CSAs are expected in future Budget reports.

In 2023, the City Council approved four Focus Areas for the City: Increasing Community Safety, Reducing Unsheltered Homelessness, Cleaning Up Our Neighborhoods, and Attracting Investment in Jobs and Housing. The management and approach to the Focus Areas has a framework for overseeing outcomes and performance. This includes a scorecard for each area to show performance measures, accomplishments, key initiatives, issues, risks, and budgeted resources for contributing City programs.

This report complements the Administration's work in those efforts, offering a broad look at services across departments, which include CSA measures as well as some metrics covered in the Focus Areas. Going forward, we will align our reporting with updated CSA measures and continue to provide a

resource for readers to understand the full scope of the City’s services and performance across programs.

Community Survey

2023 marked San José’s third year of participation in the Community Opinion Survey (referred to throughout this report as the community survey). The survey was developed by True North Research (working closely with the City Auditor’s Office and the City Manager’s Office) to provide a statistically valid sampling of resident opinions about their community and services provided by local government.

Forty-seven percent of respondents rated the overall quality of life in San José as “excellent” or “good.” Approximately 49 percent were satisfied with the City’s overall performance in providing municipal services. However, a smaller percentage of respondents reported being very dissatisfied with the City’s overall performance (a statistically significant improvement from last year).

Though satisfaction with specific government services varied, the 2023 survey results show modest improvement in resident satisfaction in many areas. Among resident priorities for specific changes to make San José a better place to live, addressing homeless issues was the most commonly mentioned, followed by providing more affordable housing, and improving public safety/reducing crime—a slight reordering from last year.

City Finances

In 2022-23, the City received \$3.4 billion in overall revenues and generated \$3.1 billion in total expenses. The City’s tax revenues were \$1,364 per resident. While lower than Palo Alto, Cupertino, and Los Altos, this was higher than most other Santa Clara County municipalities.

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. At the end of 2022-23, the City owned \$7.4 billion of capital assets. The City’s overall obligations totaled \$7.7 billion, which

includes short-term obligations, debt, pension obligations, and other post-employment benefit (OPEB) obligations.

Operating Budget and Staffing

In 2022-23, the City’s overall expenditures from all funds totaled \$5.1 billion. Of that, departmental operating expenditures totaled \$1.9 billion, or about \$1,983 per resident. General Fund expenditures totaled over \$1.6 billion, of which over 40 percent were for the Police and Fire Departments.

Overall, there were 6,884 full-time equivalent positions in 2022-23. San José employs about 7.2 people per 1,000 residents—fewer than any other large California city we surveyed.

Performance Results by City Service Area

The City of San José provides a wide array of services that city residents, businesses, and other stakeholders count on.

Public Safety

- Police handled 1.37 million calls for service and responded to about 182,600 Priority 1 to 4 incidents in 2022-23. The citywide average response time for Priority 1 calls was 7.7 minutes, above the 6-minute target. On average, Police responded to Priority 2 calls in 25.4 minutes, an increase from last year and well over their 11-minute response target.
- The Fire Department responded to over 109,000 incidents in 2022-23, including 4,600 fires. The Department responded to 66 percent of Priority 1 incidents within its time standard of eight minutes (target: 80 percent), a decrease from last year. It also responded to 91 percent of Priority 2 incidents within 13 minutes (target: 94 percent).
- Fifty-nine percent of survey respondents reported San José as a very or somewhat safe place to live. Results varied for perceptions of safety in local neighborhoods or downtown. Fire protection and prevention services remain one of the higher rated City services with 60 percent of respondents rating such services as excellent or good.

Community and Economic Development

- San José had 0.8 jobs per employed resident in 2022, less than the Envision 2040 target of 1.1 jobs per employed resident.
- Though the number of building permits issued has returned to pre-pandemic levels, the number of building inspections decreased from 2021-22 and is at a ten-year low.
- The volume of construction in 2022-23 was similar to last year but has remained below pre-COVID levels. Though the value of construction was increasing, it decreased for the second consecutive year in 2022-23.
- Developers completed 210 affordable units with City help in 2022-23. Facilitating the creation of affordable housing was the second-lowest rated City service by survey respondents.
- About 3,500 homeless San José residents received assistance into housing. The City has six interim housing sites providing temporary shelter for individuals and families experiencing homelessness. However, addressing homelessness continues to be the lowest rated City service by survey respondents.

Transportation and Aviation Services

- The number of Airport passengers increased in 2022-23 but has yet to return to pre-pandemic levels. In 2022-23, the Airport served 12.1 million airline passengers, up from a low of 4.2 million in 2020-21. Survey respondents rated operating the San José Mineta International Airport the highest of all City services.
- In 2022-23, 150 miles of street were resurfaced and 78 miles were preventatively sealed as part of the pavement maintenance program. Overall, the Department of Transportation rated city streets as good (71 out of 100 on the Metropolitan Transportation Commission Pavement Condition Index). Forty-five percent of survey respondents rated the maintenance of their neighborhood streets as excellent or good.

Environmental and Utility Services

- San José Clean Energy (SJCE) provides businesses and residents with options for renewable and carbon-free energy. SJCE served 350,000

accounts and stayed within its target opt-out rate of less than 5 percent. Customers saved between 0.3 and 3.4 percent compared to PG&E rates.

- Sixty-four percent of waste was diverted from landfills in 2022-23, and the tons of waste sent to landfill remained similar to last year. Providing trash, recycling, and yard waste services was one of the highest rated City services by survey respondents.
- The City continued to meet (or surpass) wastewater pollutant discharge requirements 100 percent of the time.

Neighborhood Services

- The City's libraries were open for about 59,900 hours in 2022-23, comparable to pre-pandemic levels. Total circulation and estimated visitors increased in 2022-23, though remain below pre-pandemic levels. Providing library services was one of the highest rated City services by survey respondents.
- Twenty-nine percent of developed park acres had a Park Condition Assessment (PCA) score of 90 percent or better, below the target of 56 percent. Eighty-three percent of survey respondents reporting visiting a park in San José at least once in the past year.
- Participation in programs at City-operated community centers increased in 2022-23, though it has remained below pre-pandemic levels. Among City services, survey ratings of the City's performance providing after-school programs for youth exhibited the largest statistically significant improvement (40 percent of respondents rating it excellent or good, up from 32 percent last year).
- In 2022-23, BeautifySJ collected over 3,500 tons of illegally dumped material and exceeded its goal to provide on-time trash pickup to encampments at least 80 percent of the time.
- In 2022-23, the Animal Care Center sheltered 10,400 animals, down from about 14,500 last year. Staff reported that the Center took in fewer animals because the length of stay increased. The Center had a live release rate of 85 percent, down from 90 percent in the prior year.

Strategic Support

- The Information Technology Department reports 73 percent of its 2022-23 projects met scheduling, cost, scope, and value goals, below its target of 80 percent. Sixty-four percent of SJ311 customers reported being satisfied with their contact.
- General vehicles in the City's fleet were available when needed 98 percent of the time; emergency vehicles were available 100 percent of the time, the same as last year.
- Public Works completed 37 capital projects in 2022-23; 92 percent of projects were completed on budget.
- The City received general obligation bond ratings of Aa1/AA+/AAA by the three leading national ratings agencies: Moody's, Standard & Poor's, and Fitch. The Finance Department managed \$2.89 billion in City cash and investments and procured \$236.6 million in products and services.

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, measures about the City's finances, and a summary of the City's overall budget and staffing. This is followed by community survey results. The remainder of the report presents the 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,



Joe Rois,
City Auditor

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