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## BACKGROUND

### INTRODUCTION

This is the fifth annual report on the City of San José's Service Efforts and Accomplishments (SEA). 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 the City departments, programs, and services.

The report contains summary information including workload and performance results for the fiscal year ended June 30, 2012. 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 be of general interest to the public.

This report also includes the results of a resident survey, completed in October 2012, rating the quality of City services. All 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: five-year historical trends for fiscal years 2007-08 through 2011-12, 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 Auditor's Office published *Performance Management And Reporting In San José: A Proposal For Improvement*, which included suggestions for improving quality and reliability of performance and cost data. Since issuing that report we have worked with the Budget Office to assist a number of City departments in improving their measures. We will continue to work with departments towards improving their data as requested.

The first section of this report contains information on overall City revenues, spending and staffing, as well as resident perceptions of the City, City services, and City staff. The remainder of the report displays performance information displayed by department, in alphabetical order. The departments are as follows:

- Airport
- City Attorney
- City Auditor
- City Clerk
- City Manager
- Convention Facilities
- Economic Development
- Environmental Services
- Finance
- Fire
- Housing
- Human Resources
- Independent Police Auditor
- Information Technology
- Library
- Mayor and City Council
- Parks, Recreation, and Neighborhood Services
- Planning, Building, and Code Enforcement
- Police
- Public Works
- Retirement
- Successor Agency to the Redevelopment Agency
- Transportation

**COMMUNITY PROFILE**

San José, with a population of 971,372 is the tenth largest city in the United States and the third largest city in California. San José is the oldest city in California; established as El Pueblo de San José de Guadalupe on November 29, 1777, 73 years before California achieved statehood. Although it is the tenth largest city, it ranks 61<sup>st</sup> in population density for large U.S. cities. The City covers approximately 179 square miles at the southern end of the San Francisco Bay. For comparison, San Francisco covers 47 square miles with a population of 812,538. Originally an agricultural community, San Jose is now in the heart of Silicon Valley, so called in reference to the many silicon chip manufacturers and other high-tech companies.

**CITY DEMOGRAPHICS**

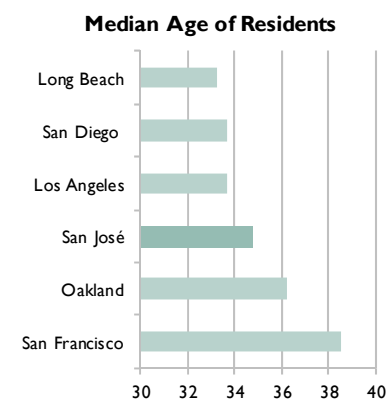
The City of San José is one of the most racially diverse cities in the country. The demographics of San José are important because they influence the type of services the City provides and residents demand.

According to the Census Bureau in 2010, the ethnic break-down of residents was:

<b>Ethnic Group</b>	<b>Estimated Total</b>	<b>% of Pop.</b>
Asian	303,138	32%
<i>Vietnamese</i>	100,486	
<i>Chinese</i>	63,434	
<i>Filipino</i>	53,008	
<i>Indian</i>	43,827	
<i>Other Asian</i>	42,383	
Hispanic	313,636	33%
Non-Hispanic White	271,382	29%
Black	30,214	3%
Other	27,572	3%

San José also has a high number of foreign born residents; over 38 percent of San José residents were foreign born. More than 60 percent of those identifying as foreign born were born in Asia and 32 percent were born in Latin America. More than 18 percent of residents are not U.S. citizens. Approximately 56 percent of San José residents speak a language other than English at home, and over 25 percent of the population identifies as speaking English less than “very well.”\*

<b>Resident Age</b>	<b>Estimated Total</b>	<b>% of Pop.</b>
under 5 years	69,939	7%
5-19 years	193,303	20%
20-29 years	142,792	15%
30-39 years	151,534	16%
40-49 years	147,649	15%
50-59 years	120,450	12%
60-69 years	76,738	8%
70 or more years	67,996	7%
Median Age	35 years	



The largest occupation groups are management, business, science and arts (42 percent) and sales and office (23 percent).\*

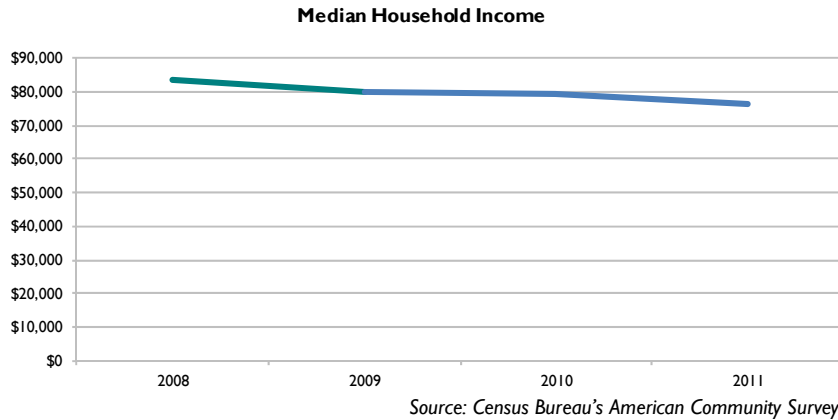
According to the county registrar, approximately 73 percent of the 432,392 registered voters in City of San José voted in the last presidential election (November 2012).

\* Source: Census Bureau's American Community Survey 2011.

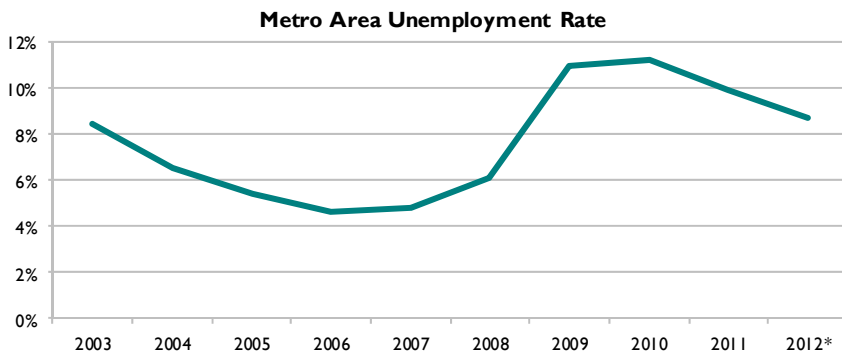
## BACKGROUND

### CITY DEMOGRAPHICS

Median household income was approximately \$76,593 down from a high of \$83,543 in 2008.



San Jose's unemployment rate has declined since reaching a high of about 11 percent in 2010. It is now approximately 8.7 percent.

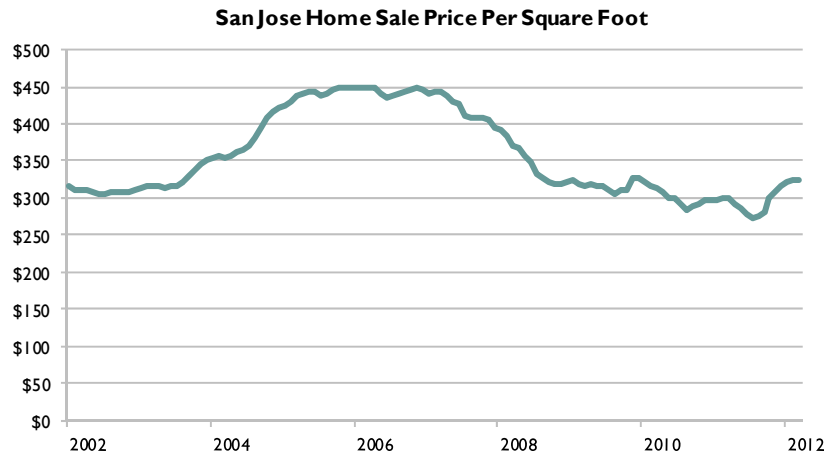


*Source: Bureau of Labor Statistics (Metro Area includes San Jose, Sunnyvale, and Santa Clara.)*

*\* 2012 based on January through September 2012.*

According to the Census Bureau, approximately 58 percent of the housing stock is owner-occupied and 42 percent is renter-occupied. This is slightly lower than the national average: nationwide 66 percent of housing stock is owner-occupied and 34 percent is renter-occupied.

The U.S. Housing and Urban Development department defines housing affordability as housing stock which costs less than 30 percent of the occupant's gross income. 52 percent of respondents to San Jose's National Citizen Survey report spending more than 30 percent of household income on housing costs.



*Source: zillow.com monthly data, July 2002 through September 2012.*

The median home price in San José in 2011-12 was \$575,888 and average monthly rent for a one-bedroom apartment was about \$1,628. This is up from \$520,000 and \$1,470, respectively in 2010-11. This compares with a median existing home value of approximately \$181,500 nationally, according to the National Association of Realtors.

**CITY GOVERNMENT**

San José is a charter city, operating under a council/manager form of government. There is a 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 23 City departments and offices during fiscal year 2011-12. Six 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.

Each February the Mayor gives a State of the City address which sets priorities for the year. The priorities for 2012 were:

- Hope
- Optimism
- Recovery

The City Council meets weekly to direct City operations. The Council meeting schedule and agendas can be viewed at this website:

<http://www.sanjoseca.gov/index.aspx?NID=399>.

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
- Transportation & Environment Committee
- Airport Competitiveness Committee (ad hoc)



\*Details of the boards and commissions can be found at <http://www.sanjoseca.gov/index.aspx?NID=328>.

## BACKGROUND

### THE NATIONAL CITIZEN SURVEY™

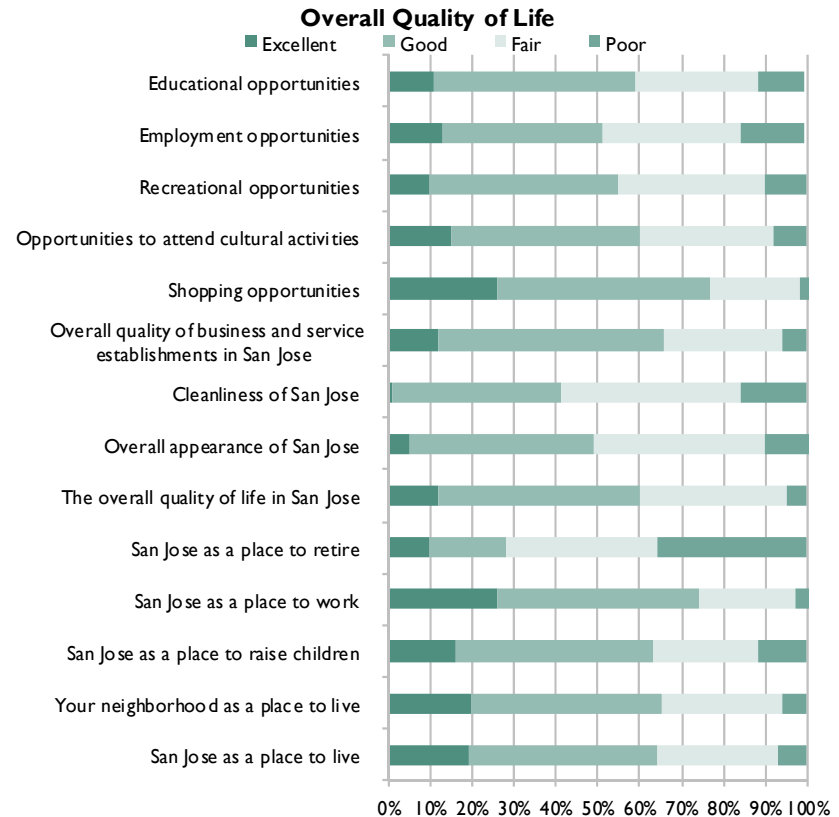
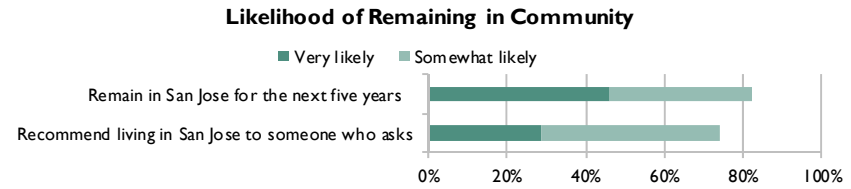
The National Citizen Survey™ (The NCS) is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The NCS was developed by NRC to provide a statistically valid survey of resident opinions about community and services provided by local government. Respondents in each jurisdiction are selected at random and survey responses were tracked by each quadrant of the City. Of the completed surveys, 78 were from the Northwest quadrant of the City, 48 were from the Northeast, 70 were from the Southwest, and 35 were from the Southeast quadrant of San José. Participation was encouraged with multiple mailings, self-addressed, postage-paid envelopes, and three language choices— English, Spanish and Vietnamese. Results were statistically re-weighted, as necessary, to reflect the proper demographic composition of the entire community.

Surveys were mailed to a total of 1,200 San Jose households in September and October 2012. Completed surveys were received from 231 residents, for a response rate of 20 percent. Typical response rates obtained on citizen surveys range from 20 to 40 percent. It is customary to describe the precision of estimates made from surveys by a “level of confidence” and accompanying “confidence interval” (or margin of error). A traditional level of confidence, and the one used here, is 95 percent. The 95 percent confidence interval can be any size and quantifies the sampling error or imprecision of the survey results because some residents' opinions are relied on to estimate all residents' opinions. The margin of error around results for the City of San José Survey is plus or minus six 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 54 to 66 percent of all residents are likely to feel that way. Differences between years can be considered statistically significant if they are greater than nine percentage points.

The full survey results are posted online at <http://www.sanjoseca.gov/index.aspx?nid=144>.

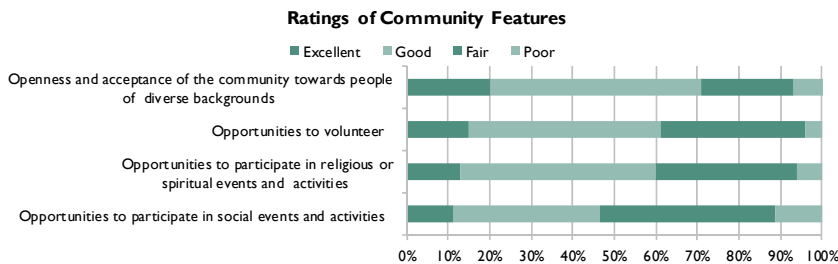
### OVERALL QUALITY OF LIFE

60 percent of respondents to the 2012 National Citizen Survey rated the overall quality of San Jose as good or excellent and 64 percent found San Jose good or excellent as a place to live. Respondents also rated a variety of other opportunities and amenities in San Jose as shown in the chart below.



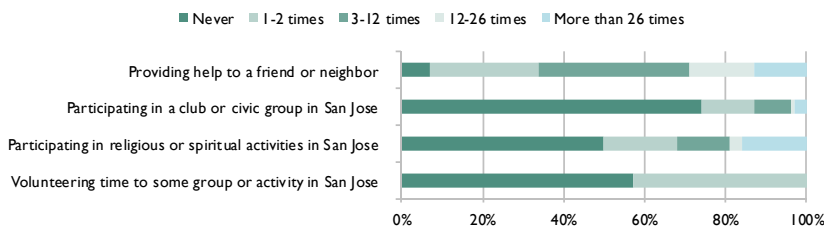
**SENSE OF COMMUNITY**

Most San Jose residents, 71 percent, reported feeling that openness and acceptance toward people of diverse backgrounds was excellent or good. However, the overall sense of community in San Jose is fairly low with just 42 percent of residents reporting the sense of community as good or excellent and 16 percent reporting it as poor. The chart below indicates how satisfied residents are with opportunities to engage in the community.

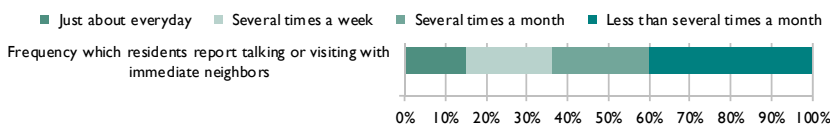


Most San Jose residents do not report participating in community organizations with high frequency.

**Frequency of Community Activities (last 12 months)**



The majority of residents report talking or visiting with immediate neighbors



**POPULATION**

San José grew from a population of 897,898 in 2001 to 971,372 in 2012, approximately an 8 percent increase in population over the last eleven years. Unless otherwise indicated, This report uses population data from the California Department of Finance. In some cases we have presented per capita data in order to adjust for population growth.

Year	Population
2008	923,491
2009	937,965
2010	946,954
2011	958,789
2012	971,372
<hr/>	
% change in last 5 years	5%

Some departments and programs serve expanded service areas. These departments include Environmental Services, Public Works and the Airport. For example, the San Jose/Santa Clara Water Pollution Control Plant 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, and the Airport serves the entire South Bay region and neighboring communities.

**INFLATION**

Financial data have not been adjusted for inflation. Please keep in mind the inflation data in the table of San Francisco Area Consumer Price Index for All Urban Consumers below when reviewing historical financial data included in this report.

Date	2007-08	2008-09	2009-10	2010-11	2011-12	% Change over 5 Years
Index	225.2	225.7	228.1	233.6	239.8	6.5%

Source: Bureau of Labor Statistics, 2012 based on January through June.

## BACKGROUND

### SCOPE & METHODOLOGY

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2012-13 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

The Government Accounting Standards Board (GASB) has been researching and advocating Service Efforts and Accomplishments (SEA) reporting for state and local government for many years 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.

This is the fifth annual SEA report for the City of San José. The number of cities and counties that produce SEA reports has been growing steadily over the past few years. The Association of Government Accountants (AGA), together with GASB, has initiated a Certificate of Excellence in Service Efforts and Accomplishments Reporting project with criteria which this report aims to address and which our four previous SEA reports have received.

### SELECTION OF INDICATORS

This report relies on existing performance measures, reviewed yearly by Council, staff, and interested residents during the annual budget study sessions. It also relies on existing benchmarking data. We used audited information from the City's Comprehensive Annual Financial Reports (CAFRs).<sup>\*</sup> 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 five years of historical data. We strove to maintain consistency with prior years' SEA 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](mailto:city.auditor@sanjoseca.gov).

### ROUNDING

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100 percent due to rounding.

### 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.

### 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.

<sup>\*</sup> <http://www.sanjoseca.gov/index.aspx?NID=759>