

OVERALL REVENUES, SPENDING AND STAFFING

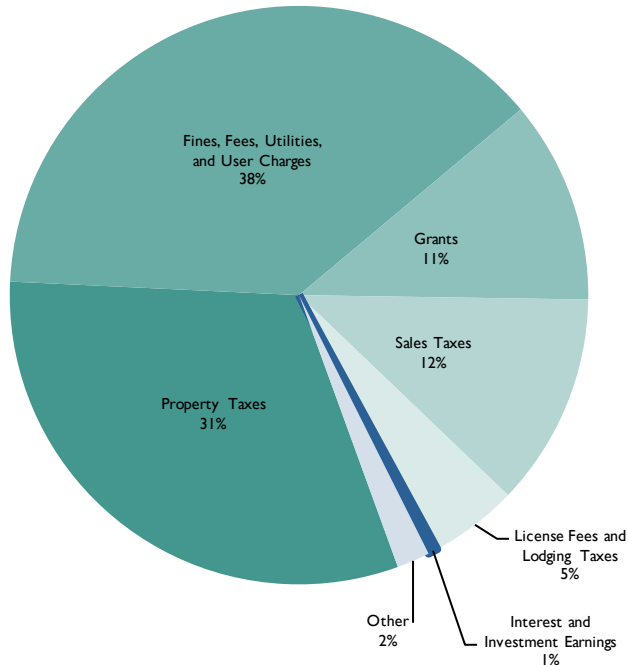
Revenues, Spending and Staffing
Resident perceptions of City Services and City Staff

OVERALL REVENUES, SPENDING AND STAFFING

CITY REVENUES

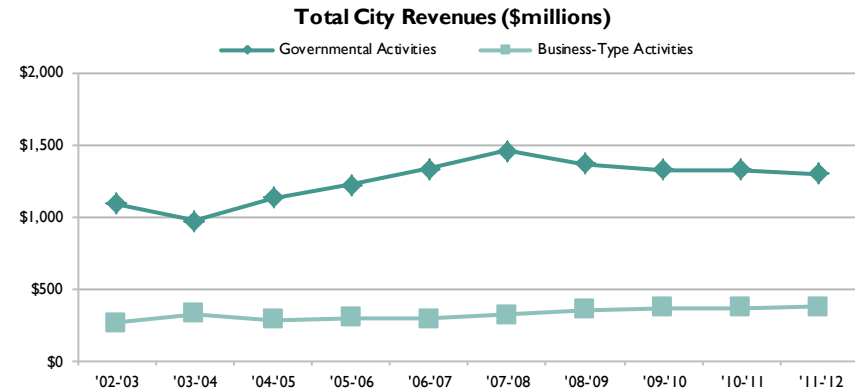
The City relies on a number of funding sources to support its operations, particularly taxes, grants, fees, fines, and utility and user charges, as seen in the chart below. The composition of general governmental revenues (i.e., excluding business-type activities such as the Airport) has changed somewhat over the past five years, as the portion of revenues derived from fines, fees, utilities and user charges has grown to 38 percent of total revenue, up from 33 percent just two years ago. Likewise, property tax revenues have declined from 38 percent of revenues two years ago to 31 percent in 2011-12.

General Government and Program Revenues by Type, 2011-12



Source: 2011-12 Comprehensive Annual Financial Report

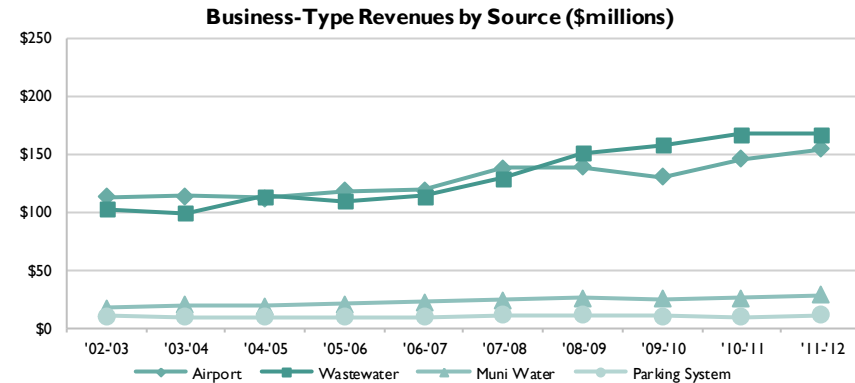
Overall revenues declined from \$1.35 billion in 2010-11 to \$1.3 billion in 2011-12.



Source: 2011-12 Comprehensive Annual Financial Report, 2011-12 does not include one time \$2.061 billion extraordinary gain due to the accounting treatment of the dissolution of the City's Redevelopment Agency.

Among business-type activities, all sources saw increases in revenues over the past five years.

- Airport revenues were up 12 percent
- Wastewater Treatment revenues were up 29 percent
- Muni Water revenues were up 18 percent
- Parking System revenues were up 3 percent

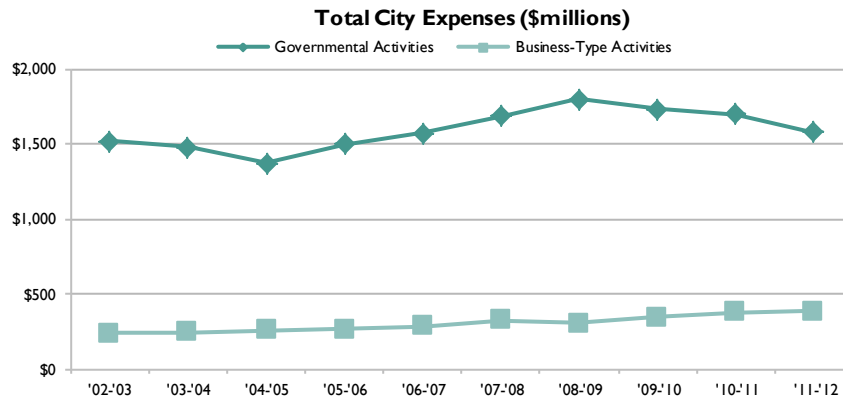


Source: 2011-12 Comprehensive Annual Financial Report

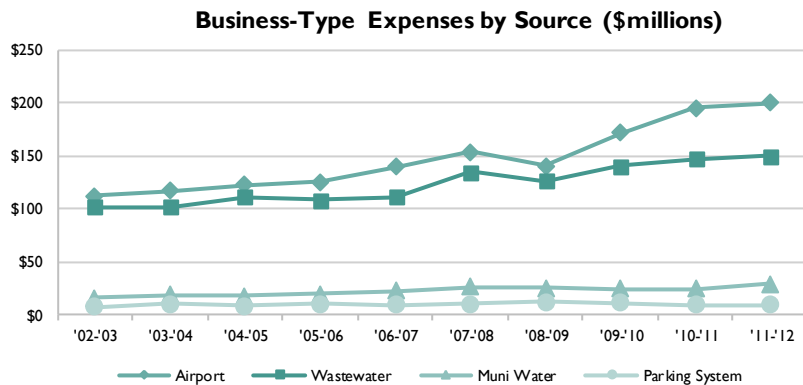
OVERALL REVENUES, SPENDING AND STAFFING

CITY EXPENDITURES

The City's total expenses peaked in 2008-09 at \$2.10 billion and have since fallen to \$1.97 billion in 2011-12. Note, this includes non-cash expenses such as depreciation on the City's capital assets. General government expenses fell 12 percent over that time, whereas expenses from business-type activities increased. Airport expenditures increased the most among business-type activities, due to an increase in debt service related to the Airport modernization and expansion program (see Airport chapter for more details).



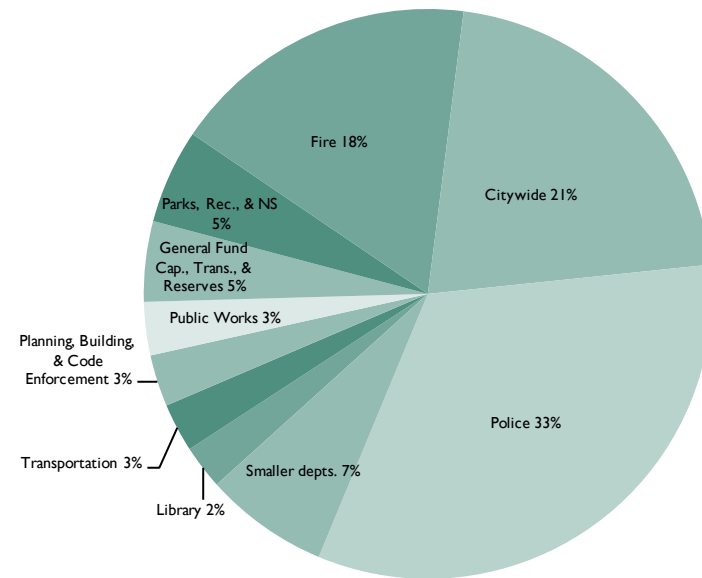
Source: 2011-12 Comprehensive Annual Financial Report



Source: 2011-12 Comprehensive Annual Financial Report

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. Fiscal year 2011-12 was the tenth consecutive year of budget cuts in the General Fund for the City of San José. The City closed a \$115.2 million General Fund deficit through the approval of the 2011-12 Operating Budget.

General Fund Expenditures, 2011-12



Smaller Departments	% of General Fund Total	Smaller Departments	% of General Fund Total
Airport	0.0%	City Auditor	0.2%
Convention Facilities	0.0%	Economic Development	0.5%
Housing	0.0%	Human Resources	0.6%
Redevelopment Agency	0.0%	Mayor and City Council	1.0%
Retirement	0.0%	Information Technology	1.0%
Environmental Services	0.0%	City Manager	1.0%
Independent Police Auditor	0.1%	City Attorney	1.2%
City Clerk	0.2%	Finance	1.2%

OVERALL REVENUES, SPENDING AND STAFFING

CITY OPERATING BUDGETS

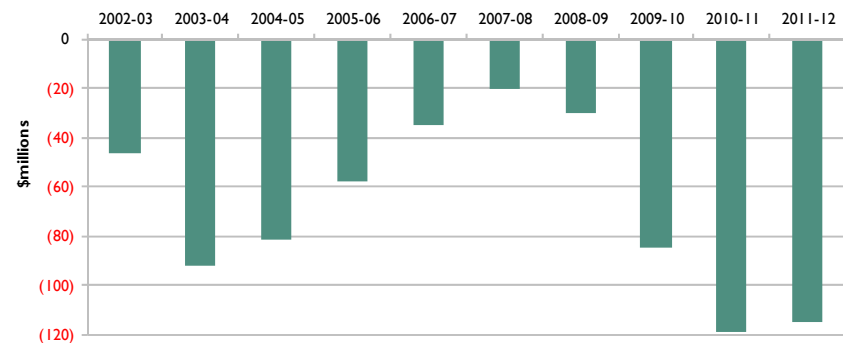
Budgeted City expenditures totaled about \$2.8 billion in 2011-12. Of that, the City directly allocated* approximately \$1.28 billion to City departmental operations during 2011-12. This was a 3 percent drop over the prior year, and marked the tenth consecutive year of budget cuts.

	'11-'12	1 year change
Airport	\$57,651,884	-11%
City Attorney	\$12,297,980	-8%
City Auditor	\$1,741,109	-3%
City Clerk	\$1,439,595	-63%
City Manager	\$9,105,611	-14%
Citywide Expenditures	\$187,245,271	3%
Convention Facilities	\$22,260,406	11%
Economic Development	\$11,916,275	30%
Environmental Services	\$192,191,212	4%
Finance	\$13,611,934	-4%
Fire	\$154,297,611	1%
General Fund Capital, Transfers, & Reserves	\$40,011,000	7%
Housing	\$7,995,491	-19%
Human Resources	\$7,459,095	-16%
Independent Police Auditor	\$934,379	14%
Information Technology	\$12,349,248	-35%
Library	\$27,277,529	-11%
Mayor and City Council	\$8,463,117	12%
Parks, Recreation, and Neighborhood Services	\$51,861,308	-13%
Planning, Building, and Code Enforcement	\$28,446,014	6%
Police	\$290,298,883	0%
Public Works	\$74,779,737	-8%
Redevelopment Agency	\$0	-100%
Retirement	\$3,848,372	-4%
Transportation	\$66,677,252	2%
Total	\$1,284,160,313	-3%

* Department operating expenditures include personal services for all funds, and non-personal/equipment expenditures for all funds with the exception of capital funds. Departmental operating budgets do not include all expenditures such as reserves, capital expenditures, debt service, and pass-through funding. Furthermore, other special funds are not always captured in departmental operation budgets. For example, the Airport's departmental expenditures totaled roughly \$58 million in 2011-12 (as we report in the chart above and in the Airport section), but the Airport had oversight over roughly \$178 million in other expenditures over the course of the year. The City's Operating and Capital Budgets are online at <http://www.sanjoseca.gov/index.aspx?NID=183>.

Over the past decade, general fund shortfalls resulted in operating budget decreases and staffing declines.

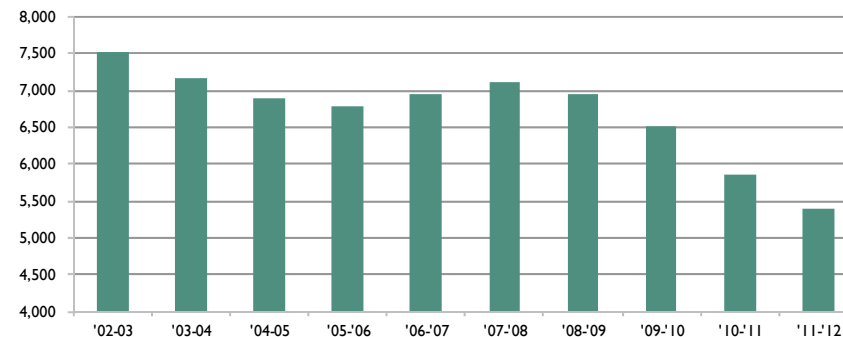
General Fund Shortfalls



CITY STAFFING

In 2010-11 \$612 million, or 64 percent, of the General Fund's \$954 million in expenses were allocated for personnel costs. When the City is forced to make major budget cuts, it has to cut staffing. Overall staffing levels decreased by 28 percent over the last ten fiscal years from about 7,500 to 5,400 positions; 1,100 positions were cut in the last three fiscal years.

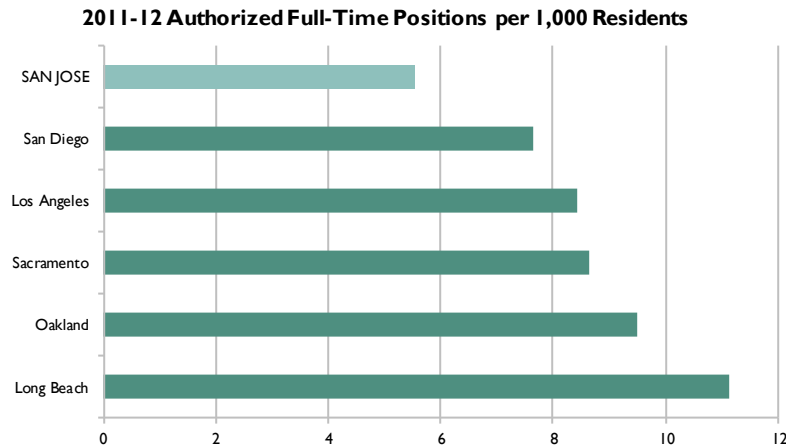
Citywide Budgeted Full-time Equivalent Positions Over the Past 10 Years



OVERALL REVENUES, SPENDING, AND STAFFING

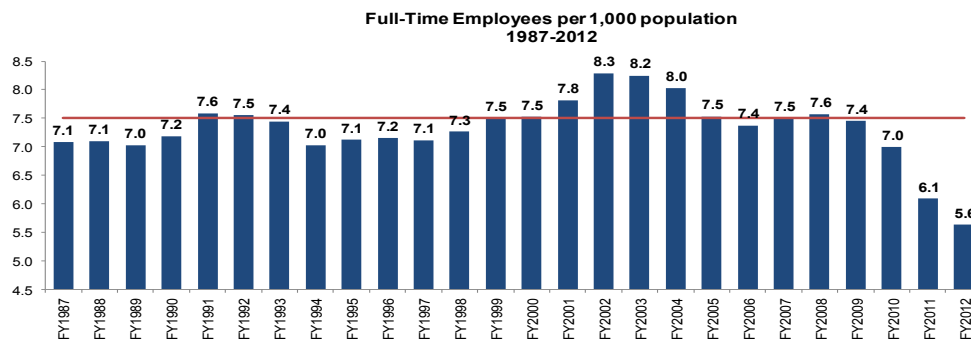
CITY STAFFING (CONTINUED)

The City of San José employs fewer people per 1,000 residents in 2011-12 than many other large California cities.



San José employed 5.6 employees per 1,000 residents, much less than San José's average of 7.5 positions during the 22 year period from 1987-2009.

Source: 2011 Fiscal and Service Level Emergency Report, November 2011



In 2011-12 there were 5,402 authorized full-time equivalent positions City-wide. On average, between June and August 2012, about 13 percent of full-time and part-time positions were vacant.

Authorized Departmental Staffing	'11-'12	% Change over 10 years
Convention Facilities	9	-94%
Airport	205	-49%
Parks, Recreation, and Neighborhood Services	460	-47%
Public Works	469	-46%
Planning, Building, and Code Enforcement	213	-39%
City Auditor	13	-35%
City Attorney	71	-30%
Human Resources	53	-29%
Library	271	-26%
Transportation	397	-26%
Information Technology	101	-24%
Housing	63	-23%
City Clerk	13	-21%
Police	1,511	-19%
City Manager	62	-13%
Fire	752	-11%
Finance	118	-1%
Independent Police Auditor	6	0%
Environmental Services	506	14%
Retirement	34	51%
Economic Development	75	53%
Total	5,402	-28%

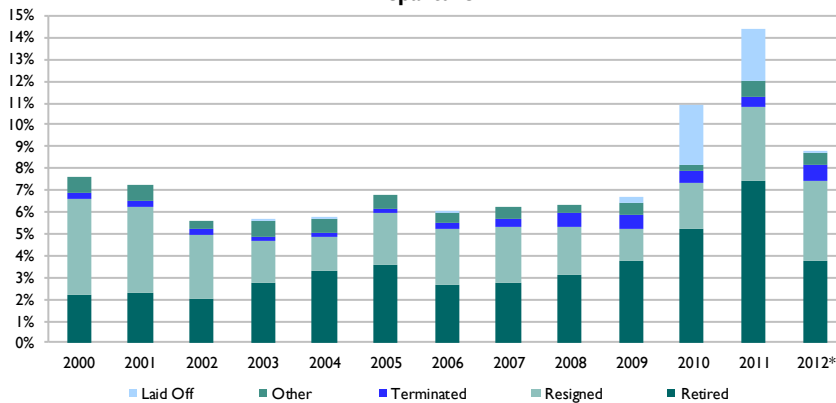
Source: San José 2011-12 Operating Budget

OVERALL REVENUES, SPENDING, AND STAFFING

CITY STAFFING (CONTINUED)

City turnover has increased, reaching a high of about 14 percent in CY 2011 (2010-11 was the fiscal year in which the City cut the greatest number of positions) before dropping to almost 9 percent in 2012. This was still higher than typical years, which had a departure rate between 5 and 7 percent.

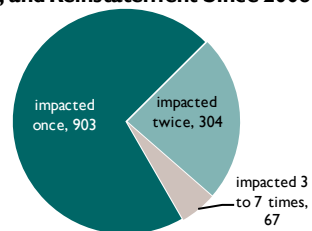
Percentage of Full-time Staff Leaving City Service by Type of Departure



*2012 data is projected based on January through August 2012.

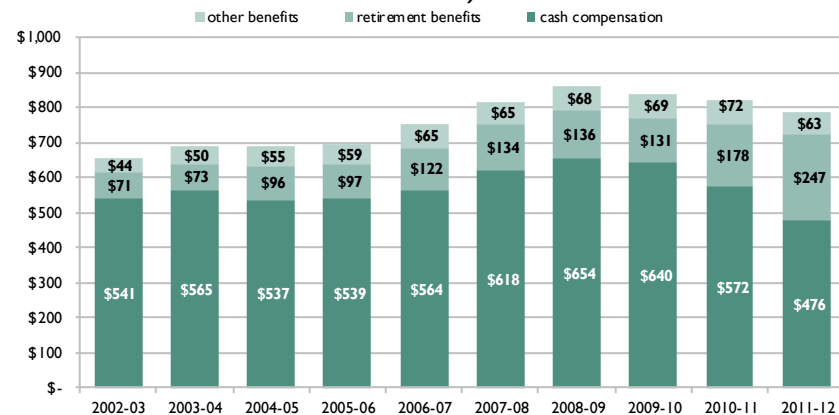
In addition, many of the City's employee classifications are subject to "bumping;" a process where a more senior employee displaces a less senior employee from a job. Employee bumping has been extensive since 2008 as the City has experienced significant staffing reductions. 965 positions and 1,274 employees have been affected by bumping since 2008. Some have been affected multiple times. Bumping is often highly disruptive to both the employees and departments affected. As positions change hands, newly bumped employees must learn new skills to conduct their new jobs.

Employees Affected by Bumping, Layoff, and Reinstatement Since 2008



Total employee compensation dropped from a high of approximately \$859 million in 2008-09, to \$787 million in 2011-12, despite the fact that retirement costs have increased in every year. This is due to a combination of factors including staffing reductions as well as salary reductions that City employees took beginning on 2010-11 and continuing into 2011-12.

Retirement, Fringe and Cash Compensation for all Funds (\$ millions)



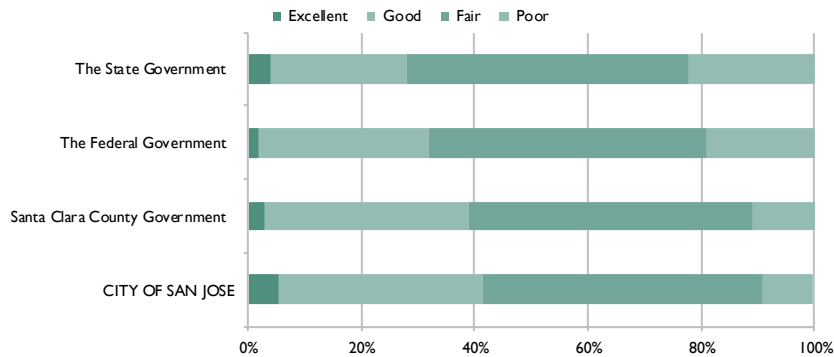
*2011-12 data was extracted from the City's financial management system whereas data from previous years was extracted from the City's Peoplesoft payroll system.

OVERALL REVENUE, SPENDING, AND STAFFING

CITYWIDE QUALITY OF SERVICES

In the 2012 National Citizen Survey, 41 percent of San José surveyed residents rated the quality of City services “good” or “excellent.”

Resident Satisfaction with Government



In 2012, residents were asked how they would rate specific government services on the scale from “excellent” to “poor.” The chart to the right shows the results of this evaluation.

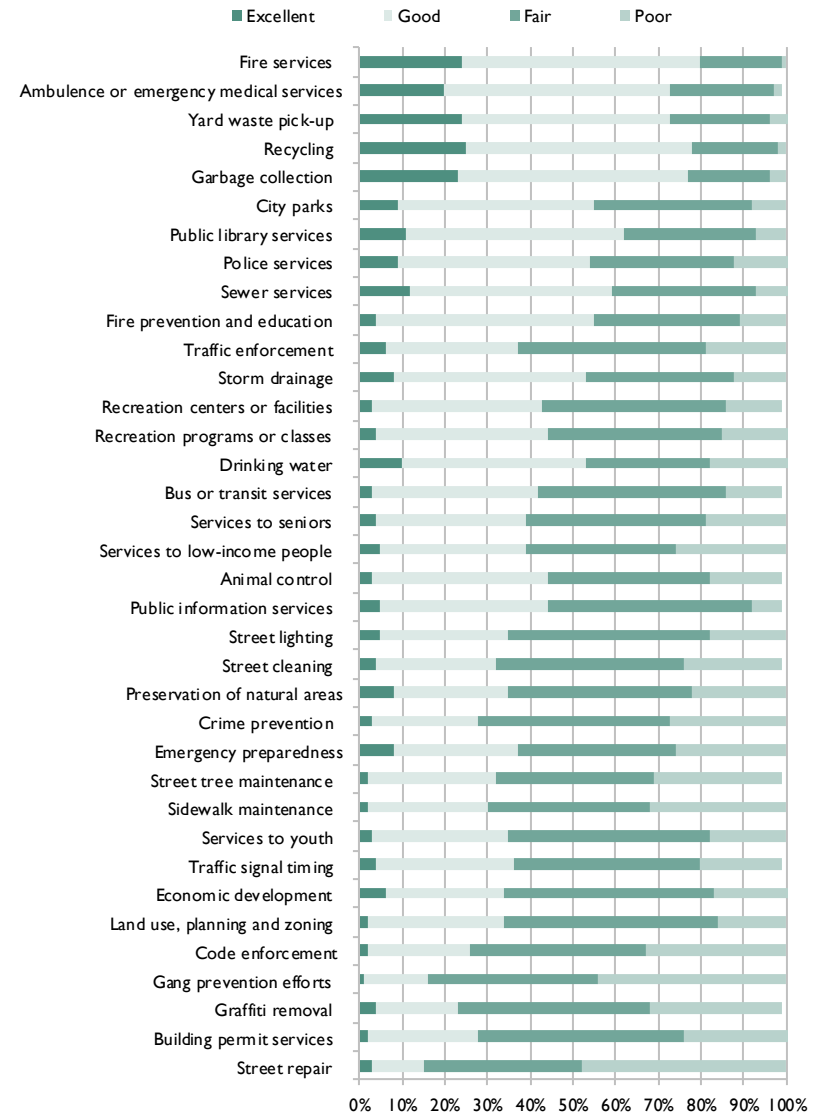
Residents also rated their overall impression of San José’s image or reputation. Nearly half of residents, 46 percent, rated the overall image or reputation as good or excellent in 2012.

Overall Image or Reputation of San Jose



Satisfaction with government services ranges from a high of 80 percent of residents rating fire services as “good” or “excellent” to a low of 15 percent rating street repair as “good” or excellent.”

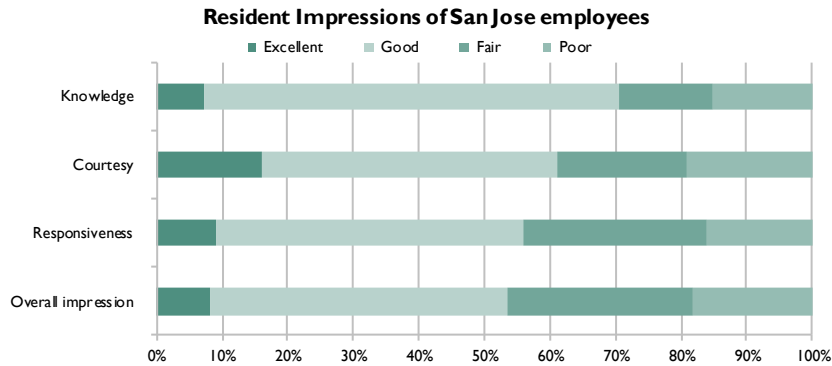
Quality of Government Services



OVERALL REVENUE, SPENDING, AND STAFFING

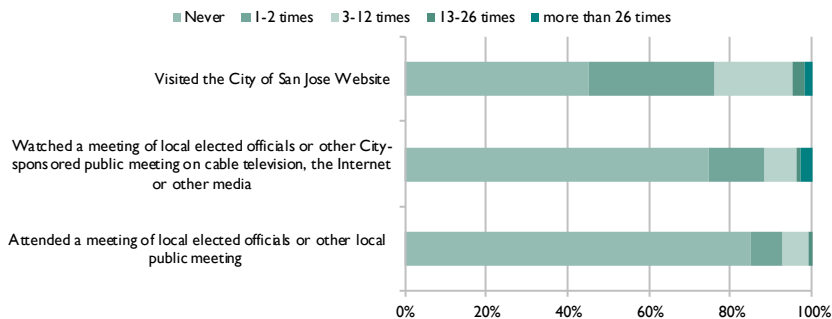
CITYWIDE PUBLIC TRUST

In the 2012 National Citizen Survey, 30 percent of residents reported that they had some contact with City of San José employees. Of those residents, 53 percent reported their overall impression of City employees as “excellent” or “good.”



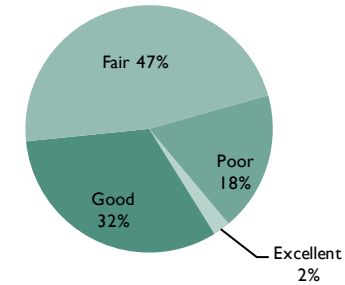
More than a third, 37 percent, of residents rated the job San José does at welcoming citizen involvement as “excellent” or “good.” Most residents did not report having viewed a meeting of public officials or other public meeting, in person, or on tv, the internet or other media sources. However, 55 percent of residents reported visiting the City’s website at least once in the last 12 months, and 24 percent reported visiting it three or more times.

Frequency which residents report doing the following in the last 12 months

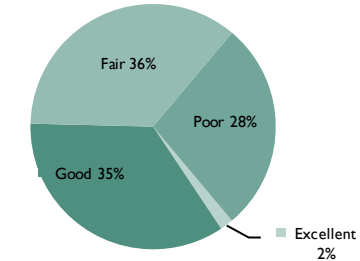


Nearly half of residents feel that the overall direction San José is taking is “fair” and 34 percent feel it is “excellent” or “good.”

The overall direction that San José is taking

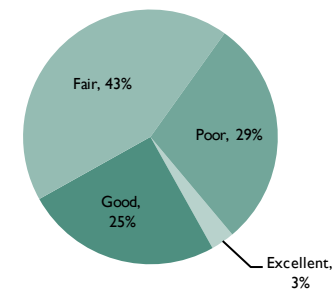


The job San José government does at welcoming citizen involvement



About 4 in 10 residents feel that the value of services for taxes paid to San José is “fair” and over a quarter feel it is “excellent” or “good.”

The value of services for the taxes paid to San José



OVERALL REVENUE, SPENDING, AND STAFFING

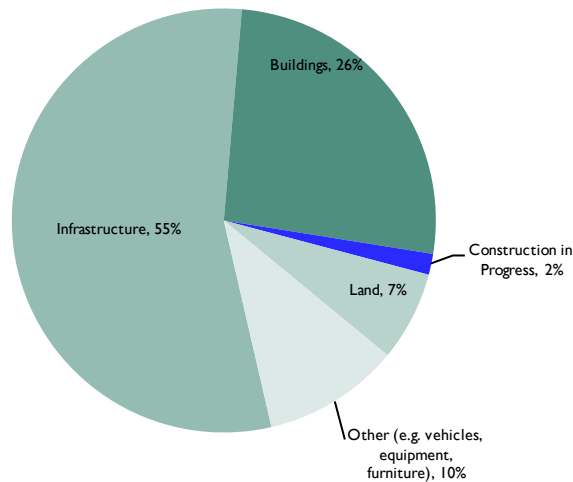
CITY CAPITAL SPENDING

Capital assets refer to land, buildings, vehicles, equipment, infrastructure (e.g., roads, bridges, sewers), and other assets with a useful life beyond one year. Also included are construction projects currently being built but not yet completed (referred to as construction in progress).

At the end of fiscal year 2011-12 the City owned \$8.8 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 normal government operations totaled \$6.6 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other fee-based services totaled \$2.2 billion.

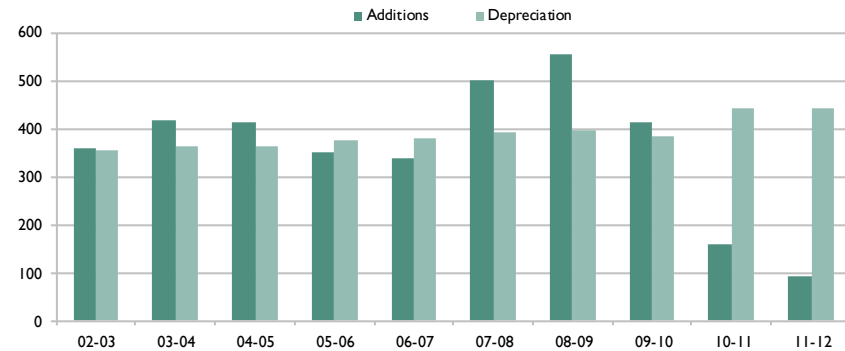
Net Capital Asset Breakdown, June 30, 2012



Source: 2011-12 Comprehensive Annual Financial Report

In 2011-12, the City added \$92 million in capital assets; however, these were offset by \$444 million in depreciation. In addition, \$180 million of formerly RDA assets were transferred to the SARA (see Successor Agency chapter). As a result, total assets declined by \$540 million from the prior year. Among the additions were multiple completed capital projects at the Airport (e.g., airfield improvements, Terminal B Phase I project).

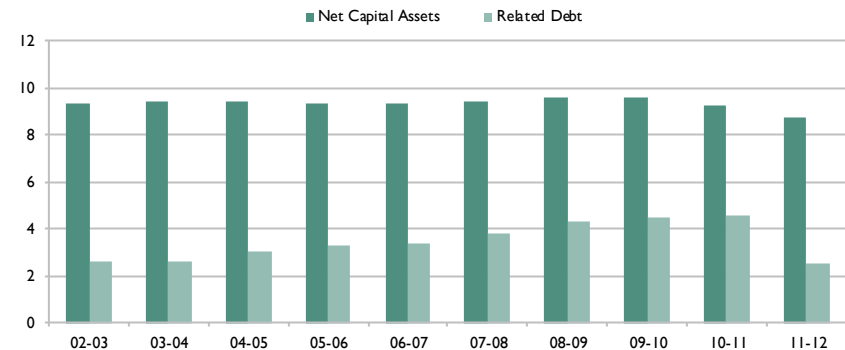
Capital Asset Additions and Depreciation (\$millions)



Source: 2002-03 through 2011-12 CAFRs

On June 30, 2012, capital asset-related debt totaled \$2.5 billion, a nearly \$2 billion drop from the prior year due to the transfer of former RDA debt to the SARA (see Successor Agency chapter).

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



Source: 2002-03 through 2011-12 CAFRs

