



City of San José
Office of the City Auditor
Honorable City Council

City of San José Service Efforts and Accomplishments Report 2011-12

We are pleased to present the fifth annual Service Efforts and Accomplishments (SEA) Report for the City of San José. This report contributes to good governance and transparency by providing residents and decision makers with accurate information and independent analysis. Unlike most of our audits, the SEA report offers no recommendations to improve City services. The report is intended to be informational and to provide the public with an overview of the services the City provides.

Using data available from City departments, the SEA report summarizes and highlights performance results and compares those results over five years. The report provides cost, workload, and performance data for City services. It includes historical trends, comparisons to targets and other cities when appropriate and available.

The SEA report also includes the results from San José's second year of participation in The National Citizen Survey.TM Resident opinions and perceptions about City services help inform decision makers about how well the City is responding to residents' needs. The National Citizen SurveyTM is a collaborative effort between the National Research Center, Inc. (NRC) and International City/County Management Association (ICMA). San José residents received a mail survey in September 2012 and were asked their opinions about overall quality of life in San José and about specific City services.

Overall Spending and Staffing

With a population of 971,372, 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 racially diverse populations in California—about one-third Asian, one-third Hispanic, and one-third white. The City relies on a number of funding sources to support its operations. In 2011-12, the City's departmental operating expenditures were about \$1.28 billion.* On a per resident basis, this comes to about \$1,322:

- \$299 for Police
- \$234 for Citywide, General Fund Capital, Transfers, and Reserves
- \$198 for Environmental Services
- \$159 for Fire
- \$ 77 for Public Works
- \$ 69 for Transportation
- \$ 59 for Airport
- \$ 53 for Parks, Recreation and Neighborhood Services
- \$38 Finance, Retirement, Information Technology, and Human Resources
- \$35 for Mayor, City Council, and Council Appointees
- \$35 for Convention Facilities and Economic Development
- \$29 Planning, Building, and Code Enforcement
- \$28 for Library
- \$ 8 for Housing

* The City's Operating Budget totaled \$2.8 billion, which includes the above expenditures as well as various non-General Fund operating and enterprise fund expenditures (e.g., capital expenditures, debt service, pass-through grant funds) and operating or other reserves.

Overall Spending and Staffing Challenges

The City of San José continued to face significant fiscal challenges in 2011-12. 2011-12 was the tenth consecutive year with a budget shortfall because growth in revenues had not kept pace with growth in expenditures. The 2011-12 budget closed a General Fund shortfall of \$115.2 million. The City's workforce was reduced by 7.5 percent in 2011-12. Cumulatively, over three years, General Fund shortfalls of more than \$300 million had been addressed and the City's workforce had dropped by more than 20 percent. 2011-12 strategies to close the budget gap included: (1) service reductions and eliminations (2) employee total compensation reductions (3) new service delivery models and efficiencies and (4) use of reserves, one-time funds, and fee increases. Significant service reductions were unavoidable and included cuts to police and fire personnel, reduced library hours, reduced community centers, reduced park services and reduced maintenance of many City facilities and the transportation infrastructure.

Over the past decade, the City of San José has cut 28 percent of budgeted positions from 7,500 to 5,400. The City has eliminated budgeted positions over the last ten years mainly by eliminating positions as they became vacant. In addition to laying-off 337 people over the last ten years (all but 6 were laid off in the last three years), 2,444 fulltime employees retired and 1,507 fulltime employees resigned. The City's annual turnover rate, which historically had been between 5 to 8 percent, spiked to 14 percent in 2011 – a year in which the City cut more than 600 budgeted positions. Several functions were outsourced; most others are running with reduced staffing. In addition, at least 965 positions were affected by bumping (wherein more tenured employees displaced less tenured employees when positions were eliminated).

While 2012-13 has been brighter, the future remains uncertain with more General Fund shortfalls projected in coming years. In addition, the City continues to face challenges related to the dissolution of its Redevelopment Agency (uncertainty over the City's certain responsibilities and rights related to the former agency). The City also continues to face challenges regarding the long-term fiscal condition of its two pension plans as well as its ability to pay for retiree healthcare coverage.

Operating expenditures were about 3 percent less than one year ago, and about 2 percent more than five years ago. During that five-year period, the City's population increased 5 percent and inflation was 6.5 percent. In 2011-12, the City had 5,402 authorized full-time equivalent positions Citywide, 8 percent fewer than in 2010-11 and 28 percent fewer than ten years ago.

Overall Resident Satisfaction

2012 marked San José's second year of participation in The National Citizen Survey.TM Respondents were selected at random. Participation was encouraged with multiple mailings and self-addressed, postage paid envelopes. Surveys were available in English, Spanish, and Vietnamese. Results were statistically re-weighted to reflect the proper demographic composition of the entire community. The survey and its results are included in the Appendix. Results of service-specific questions are also incorporated into the relevant departmental chapters.

Sixty percent of residents rated the overall quality of life in San José as good or excellent and 64 percent found San José good or excellent as a place to live. Forty-two percent of residents rated the quality of City services as good or excellent. Thirty percent of residents reported that they had some contact with City of San José employees. Of those residents, 53 percent reported that their overall impression of City employees was good or excellent.

Major Service Results and Challenges in 2011-12

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. Service results for 2011-12 show the inevitable outcome of significant budget reductions across the City. Some highlights include:

- In spite of staffing reductions in the Police Department, average Police response times for Priority 1 calls increased only slightly from 6.1 minutes to 6.5 minutes; however, average response times for Priority 2 calls increased from 13.7 minutes to 17.3 minutes. San José's rate of major crimes per 100,000 residents increased from 2010-11 but decreased compared to five years ago. It has, however, remained below the state and federal rates in each of the five prior years. 54 percent of residents rate the quality of Police services as good or excellent.

- In 2011-12, the Fire Department responded to more than 52,000 emergencies — 94 percent of which were medical emergencies. During the first seven months of the year, the Department reported that initial responding units arrived at calls within 8 minutes 78.3 percent of the time. This declined from 82 percent in 2010-11. In February 2012, the Department changed its method for calculating response time to include previously uncounted call processing time. From February through June, the Department reported that initial responding units arrived within 8 minutes 63.8 percent of the time. The change in calculation method increases reported response time but does not change actual response times. The Department advises that it is working to solve long-term underlying issues related to the collection of response time data and the tracking of emergency incidents. Eighty percent of residents rated Fire services as good or excellent and 73 percent rated emergency medical services good or excellent.
- The City has 53 community centers but, due to budget constraints, the City operated only 11 of those centers in 2011-12. The other 42 centers (up from 16 sites three years ago) were used by community service providers in exchange for providing services that primarily benefit San José residents. City-operated facilities included ten hub community centers that were open 59 hours per week on average (compared to 63 hours per week in 2010-11). 89 percent of residents reported having visited a park at least once in the last year, and 42 percent reported having visited a community center.
- Several newly constructed City facilities remained closed due to insufficient funds for operations. Two library branches (Seven Trees and Bascom), which were constructed in 2010-11, are scheduled to open in early 2013. The South San José Police Substation, which was also completed in 2010-11, is expected to open in the fall of 2013. In 2011-12, construction was completed on two additional library branches (Calabazas and Educational Park). Those branches are expected to open in mid-2013.
- Ongoing budget reductions have resulted in reduced branch library hours. In 2011-12, branch libraries were open 33 or 34 hours per week over four days of service. This compares to 39 hours per week over five days of service in 2010-11. Prior to 2003-04, all branch libraries (excluding King) were open 54 hours per week over six days of service. Total circulation remains high (11.5 million items, including eBooks), though this was a 16 percent decrease from 2010-11. 62 percent of residents rated library services good or excellent.
- Garbage/recycling rates as well as sewer rates remained the same in 2011-12 as in 2010-11. Stormwater rates increased by 3 percent and have increased 74 percent over five years. Muni Water rates increased by 6 percent and have increased by 32 percent over five years. These increases are less than those of other retail water providers whose rates increased 23 percent since 2010-11 and 39 percent over five years. Between 72 percent and 78 percent of San José residents rated garbage, recycling, and yard waste pick up as good or excellent.
- The City's "one-stop" Permit Center in City Hall received 27,201 customers, about 2 percent fewer than in 2010-11 and about 41 percent fewer than in 2007-08. While the number of planning applications was nearly equal to 2010-11, the size and value of building projects overall increased. The number of plan check reviews increased by 8 percent compared to 2010-11. The Permit Center fell short of its timeliness targets for six out of seven permit processes. 54 percent of residents rated the overall quality of new development in San José as good or excellent.
- In 2010-11, the Airport served 8.3 million airline passengers, down slightly from the prior year. There were 86,478 passenger flights (takeoffs and landings) in 2011-12 or 237 per day. While the number of passengers in the region has rebounded to the 2007-08 levels, the Airport's market share has declined in the past five years to 14 percent in 2011-12. Airport costs have gone up as a result of the completion of the \$1.3 billion Airport modernization and expansion (annual debt service grew to \$66.2 million). 76 percent of residents rated the ease of use of the Airport as good or excellent.
- In 2011, San José had a Pavement Condition Index (PCI) of 64 out of a possible 100, which is considered "fair" according to the statewide index. By

comparison, San José's PCI rating was in the bottom third of 109 Bay Area jurisdictions. About 16,000 potholes were filled in 2011-12, an increase of about 6 percent from 2010-11. As the pavement condition has been deteriorating due to lack of funds, the need for corrective maintenance, such as pothole repairs, continues to grow. Only 15 percent of residents rated street repair as good or excellent.

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

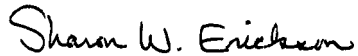
Conclusion

This report builds on the City's existing systems and measurement efforts. The City Auditor's Office compiled and reviewed departmental performance data for reasonableness, however we did not audit or perform detailed testing of the data. 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 a background section which includes a community profile, information on the preparation of the report, and a discussion of service efforts and accomplishments reporting in general. The following section provides a summary of overall spending and staffing. The remainder of the report presents performance information for each department, in alphabetical order which provide services to achieve that mission, 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 <http://www.sanjoseca.gov/index.aspx?nid=321>. We thank the many departments that contributed to this report. This report would not be possible without their support.

Respectfully submitted,



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City Auditor

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