

# City of San José

## Service Efforts and Accomplishments Report 2012-13

### Annual Report on City Government Performance

#### March 7, 2014

The City Auditor's Office has revised the following pages of the 2012-13 Service Efforts and Accomplishments Report based on feedback and the availability of updated information.

<b>Chapter</b>	<b>Page</b>	<b>Purpose of Revision</b>
Overall Revenues, Spending and Staffing	14	Clarified Citywide staff departure section by replacing chart and updating compensation-related chart with more up-to-date data
Airport	21	Replaced duplicate regional freight market share chart with new passenger market share chart
Finance	46	Replaced incorrect FY 2012-13 total investment portfolio figure with correct data
Fire	49	Clarified source for the Map of Fire Stations and First Due Districts
PRNS	72	Fixed target line for PRNS' 5-Year Program Cost Recovery chart
PRNS	73	Clarified the City's Envision 2040 General Plan goals for park acreage

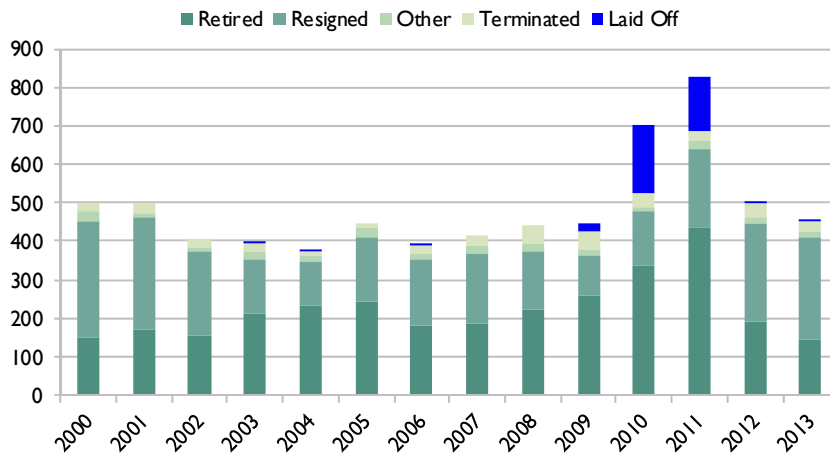
**OVERALL REVENUES, SPENDING, AND STAFFING**

**CITY STAFFING (CONTINUED)**

The number of fulltime employees leaving City service has come down from the high seen in 2011 when more than 800 employees left the City. In 2013, 450 individuals left City employment (by comparison, there were about 5,500 total positions within the City). Interestingly, 2012 and 2013 were the first years since 2002 where more staff resigned than retired.

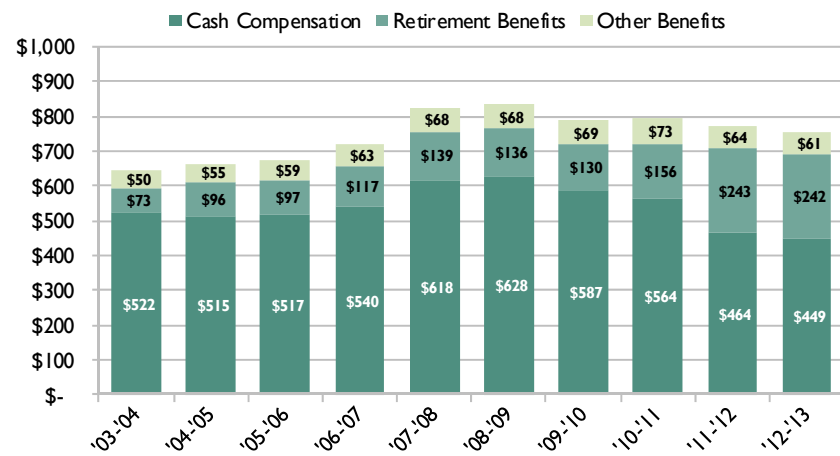
Total employee compensation dropped from a high of approximately \$830 million in 2008-09, to \$750 million in 2012-13, despite the fact that retirement costs have increased dramatically. This is due to a combination of factors including staffing reductions as well as salary reductions that City employees took beginning in 2010-11 and continuing into 2012-13. Retirement benefits as a share of total employee compensation has increased from 11 percent to 32 percent since 2003-04.

**Number of Fulltime Employees Leaving City Service by Type of Departure**



Source: Auditor analysis of PeopleSoft records  
 Note: As the city experienced significant staffing reductions between 2008-09 and 2010-11, bumping increased. Employee bumping is a process where a more senior employee displaces a less senior employee from a job.

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



Source: Auditor analysis of PeopleSoft records  
 Note: Prior year figures have been adjusted to reflect updated information. In prior years, an inconsistent methodology had been applied that utilized the best available information at that time.

In 2012-13, the Airport served 8.5 million airline passengers, down 20 percent from 10 years ago. There were 87,508 passenger flights (takeoffs and landings), or 240 per day. While the total number of passengers in the region was greater in 2012-13 than in any of the prior 10 years, the Airport's market share declined to 13 percent from 19 percent in 2003-04. According to the department, the reduction in airline traffic at the Airport over the last several years was probably related to nationwide airline capacity cuts at medium and smaller hub airports (in response to economic recession, fuel price spikes, etc.) and the market share war at SFO after Virgin America started base operations there in August 2007.

In 2012-13, the airline's cost per enplanement (CPE) was \$11.94, which was 3 percent less than 2011-12 but 146 percent more than 10 years ago. An increase in airline rates and charges (as a result of a change in the Airline Operating Agreement effective 2007-08 and the modernization and renovation) combined with a decrease in the number of passengers has led to a higher CPE.

In 2012-13, the Airport handled 86.4 million pounds of cargo, freight, and mail, down 64 percent from 10 years ago. Regionally, the Airport's market share of cargo and freight is under 5 percent. According to the department, San José's traffic and noise curfew have limited cargo, freight, and mail capacity.

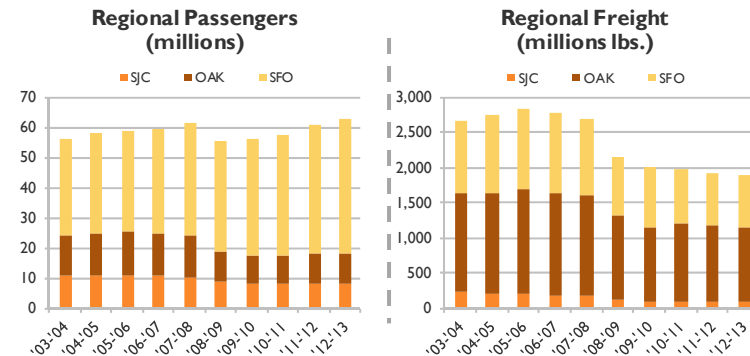
The Airport received 834 noise complaints in 2012-13, 41 of which concerned flights between 11:30 pm and 6:30 am (curfew hours). According to the department, nearly two-thirds of the total complaints were made by three individuals, with the remainder by 146 other individuals.

Regional Comparisons, 2012-13

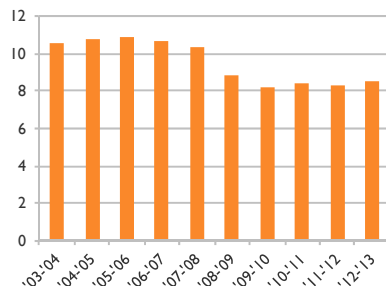
	SJC	OAK	SFO
Airlines	15	13	44
Destinations	29	39	107
Domestic	26	35	76
International	3	4	31
Passengers (millions)	8.5	10.0	44.6
Passenger Flights/Day	240	261	1,110
On-Time Arrival Percentage	84%	84%	71%

Sources: Oakland: Airport Airlines and Cities Served & staff.  
San Francisco: Fact Sheet & Analysis of Scheduled Airline Traffic

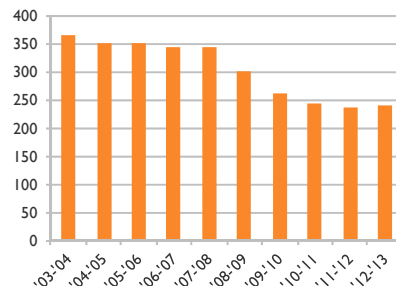
Market Shares



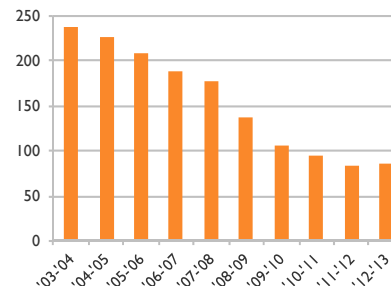
Annual Airport Passengers (millions)



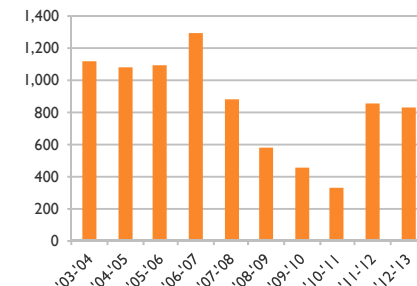
Passenger Flights Per Day (Takeoffs and Landings)



Air Cargo, Freight, and Mail (million lbs.)



Environmental Noise Complaints



**FINANCE DEPARTMENT**

The Finance Department manages the City’s debt, investments, disbursements, financial reporting, purchasing, insurance, and revenue collection. In 2012-13 the department had approximately 115 authorized positions and its operating expenditures totaled \$14.4 million.\*

The Accounting Division is responsible for timely payments to vendors and employees, and for providing relevant financial information to the public. During 2012-13, the Disbursements section processed 99 percent (234,584 out of 236,444) of employee payments (e.g., wages) timely and accurately.

The Purchasing Division is responsible for reliable services to ensure quality products and services in a cost-effective manner, and proper insurance coverage for the City’s assets. In 2012-13, the department procured \$110.3 million dollars of products and services.

The Revenue Management Division is responsible for the City’s business systems and processes that support timely billing and revenue collection efforts, reducing delinquent accounts receivable and enhancing revenue compliance. In 2012-13 the division collected \$12.3 million in delinquent accounts receivables.

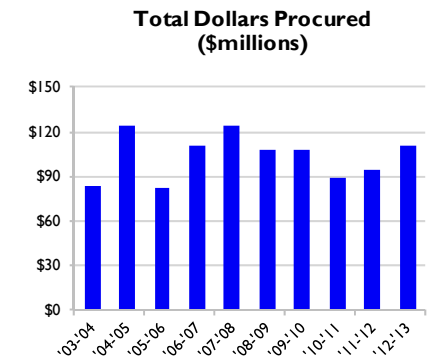
The Treasury Division manages the City’s cash and investment portfolio; the three goals of the investment program are safety, liquidity, and yield. In 2012-13, the investment portfolio earned an average of 0.57 percent; the investment portfolio totaled \$1.1 billion, a drop from \$1.4 billion from ten years ago. The Treasury Division also issues debt and administers the City’s debt portfolio, which consisted of \$5.4 billion in outstanding bonds at the end of 2012-13.

**KEY FACTS (2012-13)**

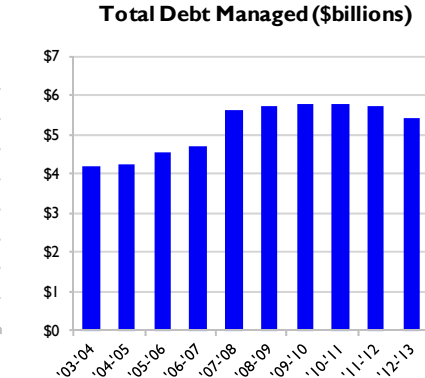
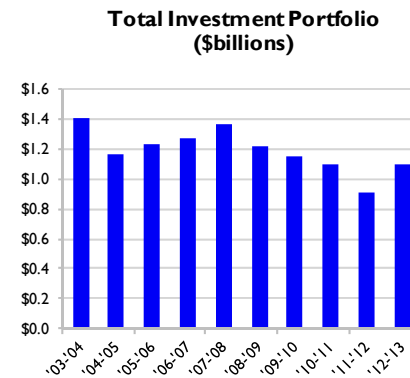
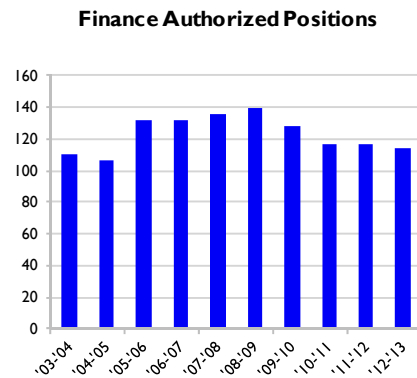
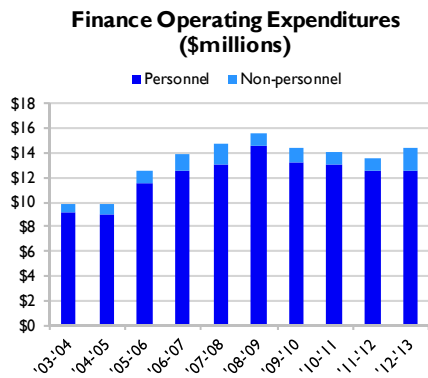
Total investment portfolio (billions)	\$1.1
Total debt managed (billions)	\$5.4
Total dollars procured (millions)	\$110.3
Total dollars recovered from surplus sales	\$321,675
Number of employee payments processed accurately and timely	234,584
Total accounts receivables collected (millions)	\$12.3

**San José Credit Ratings**

Moody’s	Aa1
S&P	AA+
Fitch	AA+



\* The Finance Department was also responsible for \$148 million in Citywide expenditures including \$101 million for debt service, \$15 million for Convention Center lease payments, \$5 million for a Section 108 loan repayment to the Federal Department of Housing and Urban Development (HUD), and \$4 million for general liability claims.



**THE NATIONAL CITIZEN SURVEY™**

**81%** of residents surveyed rated San José's fire services as "excellent" or "good".

**80%** of residents surveyed rated their contact with the San José Fire Department as "excellent" or "good".

**73%** of residents surveyed rated ambulance or emergency medical services as "excellent" or "good".

**52%** of residents surveyed rated San José's fire prevention and education as "excellent" or "good".

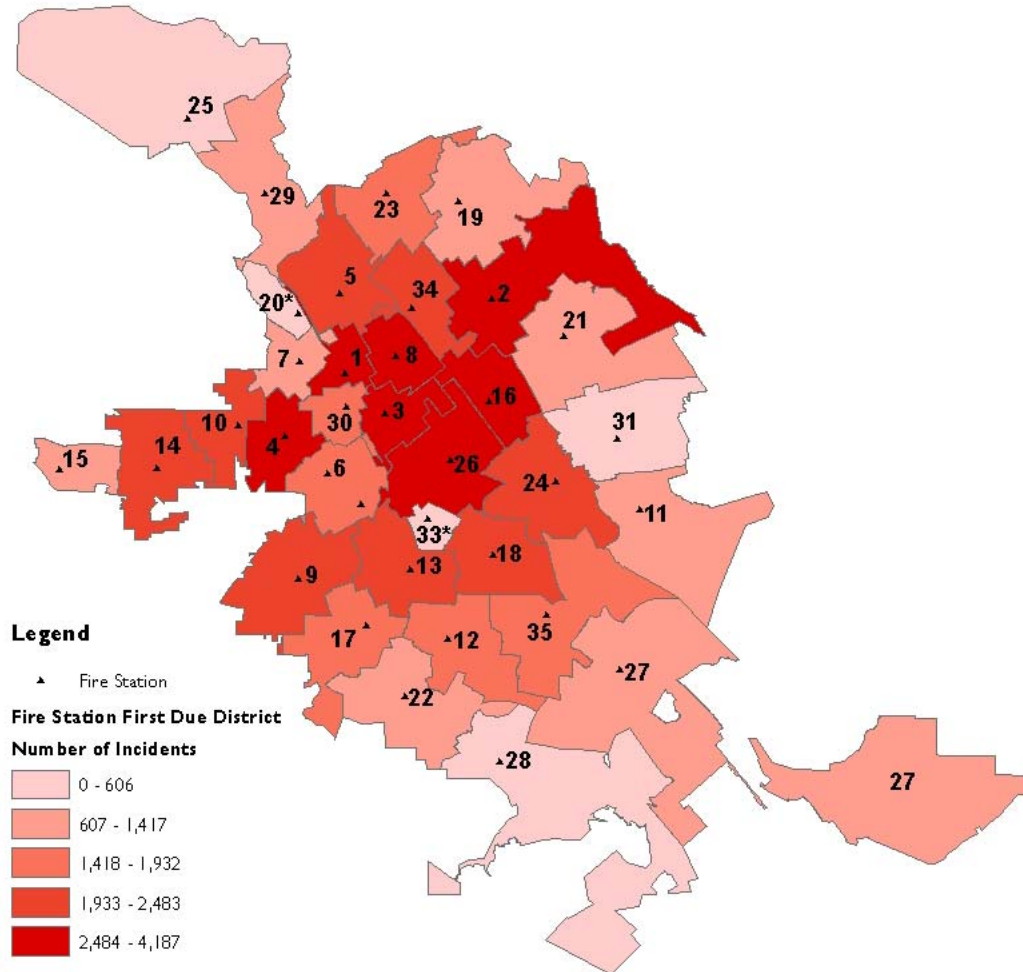
**29%** of residents surveyed rated San José's emergency preparedness as "excellent" or "good".

**Emergency Medical Services (EMS)**

The City of San José Fire Department provides first responder Advanced Life Support (paramedic) services primarily within the incorporated City limits through a direct contract with the County of Santa Clara Emergency Medical Services (EMS) Agency. The County also contracts with a private company (Rural Metro) to provide emergency ambulance transportation services exclusively to all County areas (except to the City of Palo Alto).

**Map of Fire Stations and First Due Districts by Number of 2012-13 incidents**

(see following page for graph of data)



Source: Auditor analysis of Fire Department-provided incident data

\* Fire Station #20 dedicated to Mineta San José International Airport. Fire Station #33 closed in August 2010. Incidents within the district of Station #33 handled by other stations. Fire Station #32 reserved for Coyote Valley, pending future development.

**PARKS, RECREATION AND NEIGHBORHOOD SERVICES**

The Parks, Recreation and Neighborhood Services Department (PRNS) operates the City’s regional and neighborhood parks, as well as special facilities such as Happy Hollow Park & Zoo. According to the department, Happy Hollow Park and Zoo is one of the City’s more popular facilities serving over 400,000 visitors and generating \$5.5 million in revenues in 2012-13.

PRNS also operates community and recreation centers and provides various recreation, community service, and other programs for the City’s residents. In 2012-13, PRNS’ departmental operating expenditures totaled \$54.7 million\*. Staffing totaled 480 authorized positions, 20 more positions than 2011-12. Much of this was a result of funding restorations for Park Ranger positions, an increase in the recreational swim program, and staffing at Lake Cunningham Skate Park and for the Senior Services and Wellness Program. Nonetheless, PRNS staffing is down by a third since 2007-08.

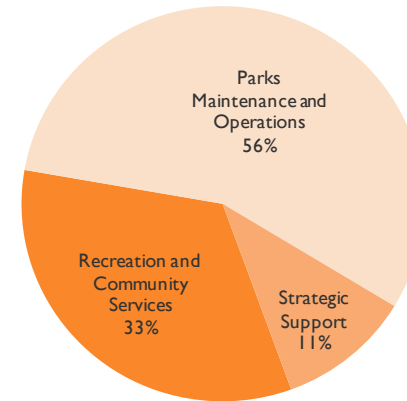
PRNS has a goal of recovering 40 percent of its direct program costs through collected revenues (e.g., fees, charges, leases, grants). For 2012-13, PRNS reported its direct program cost recovery rate was 38 percent, up from 22 percent five years ago. Program fees accounted for approximately 70 percent of collected revenues.

\* PRNS was also responsible for \$8.2 million in Citywide expenses. Significant Citywide expenses included \$3.8 million for San José B.E.S.T., \$2.1 million for the Children’s Health Initiative, \$1 million for workers’ compensation claims, and \$602,000 for after school education and safety programs. Departmental operating expenditures also do not include certain capital expenditures, reserves, or pass through items such as federal Community Development Block Grant funds.

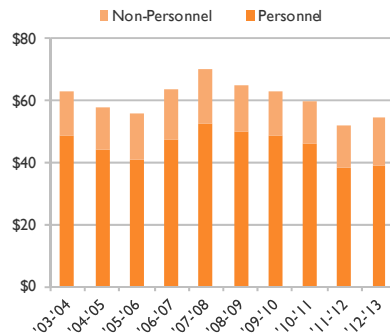
**THE NATIONAL CITIZEN SURVEY™**

**57%** of San José residents surveyed rated San José’s recreational opportunities as “excellent” or “good”

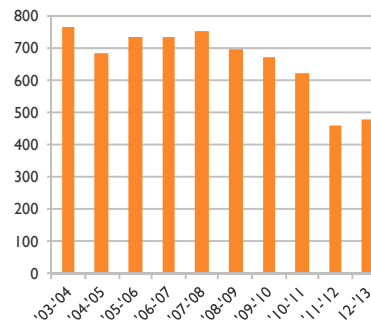
**PRNS Operating Expenditures Breakdown**



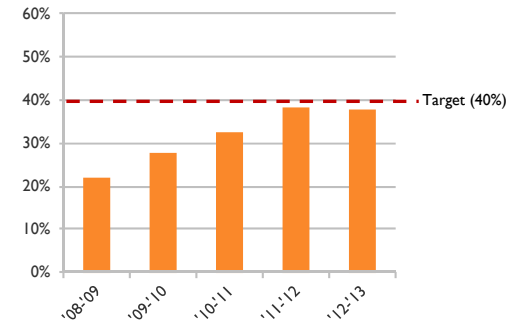
**PRNS Operating Expenditures (\$millions)**



**PRNS Authorized Positions**



**5-Year Program Cost Recovery**



**PARKS, RECREATION AND NEIGHBORHOOD SERVICES**

**PARKS**

In 2012-13, the City maintained 184 neighborhood parks, 9 regional parks as well as other facilities, such as community gardens, trails, and skate parks. Excluding golf courses, the developed portion of these facilities covered 1,714 acres. There were an additional 1,350 acres of open space and undeveloped land. The City has added 12.9 acres of new developed parkland since 2009 (see box below right for a list of park additions). The cost to the City's General Fund to maintain the developed facilities was \$9,125 per acre.

The City's Envision 2040 General Plan includes goals for park acreage per resident of 3.5 acres of neighborhood/community serving parkland per 1,000 residents. (1.5 acres of public parkland and 2.0 acres of recreational school grounds). It also has a goal of 7.5 acres per 1,000 residents of Citywide/regional park or open space lands through a combination of facilities owned by the City and other public agencies

The City's adopted Green Vision sets forth a goal of 100 miles of interconnected trails by 2022. As of June 2013, there were 55 miles of trails (approximately 30 miles of which have been completed since 2000). An additional 75 miles have been identified or are being studied for further development, or are in the planning or construction phases of development.

For a list of City parks, see <http://www.sanjoseca.gov/Facilities?clear=False>.  
For a list of trails, see <http://www.sanjoseca.gov/index.aspx?NID=2700>.

**THE NATIONAL CITIZEN SURVEY™**

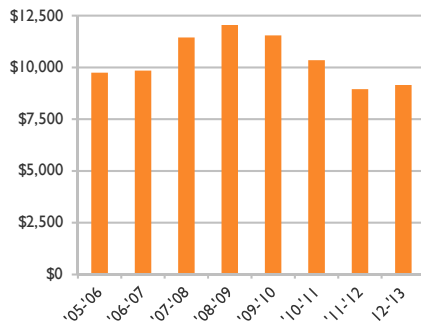
**64%** of San José residents surveyed rated San José's parks services as "excellent" or "good"  
**91%** reported having visited a park at least once in the past year

**KEY FACTS (2012-13)**

Neighborhood Parks (184 parks)	1,191 acres
Regional Parks (9 parks)	524 acres
Golf Courses (3 courses)	371 acres**
Open space and undeveloped land	<u>1,350 acres***</u>
<b>Total*</b>	<b>3,436 acres</b>

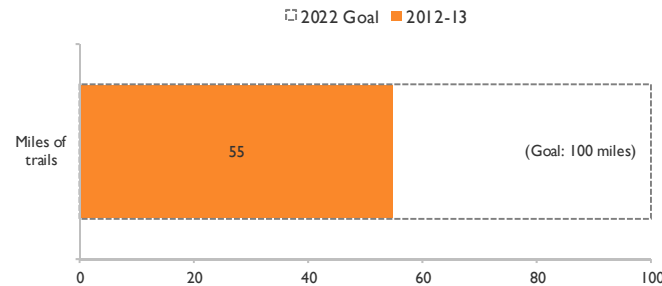
\* State, county, or other public lands within San José's boundaries are not included in the above figures.  
\*\* Both developed and open space.  
\*\*\*Does not include 50 acres open space at one golf course.

**Cost per Acre to Maintain Parks and Other Facilities**



Note: General Fund only. Does not include golf courses.

**Miles of Trails Compared to Program Goals**



**Developed Neighborhood Parkland Added Since 2009**

- Fleming Park (0.5 acres)
- Jackson/Madden Park (0.3 acres)
- Carolyn Norris Park (1.3 acres)
- Luna Park (1.3 acres)
- Piercy Park (0.8 acres)
- St. Elizabeth Park (0.9 acres)
- Nisich Park (1.3 acres)
- Newhall Park (1.5 acres)
- River Oaks Park (5 acres)