

OVERALL REVENUES, SPENDING AND STAFFING

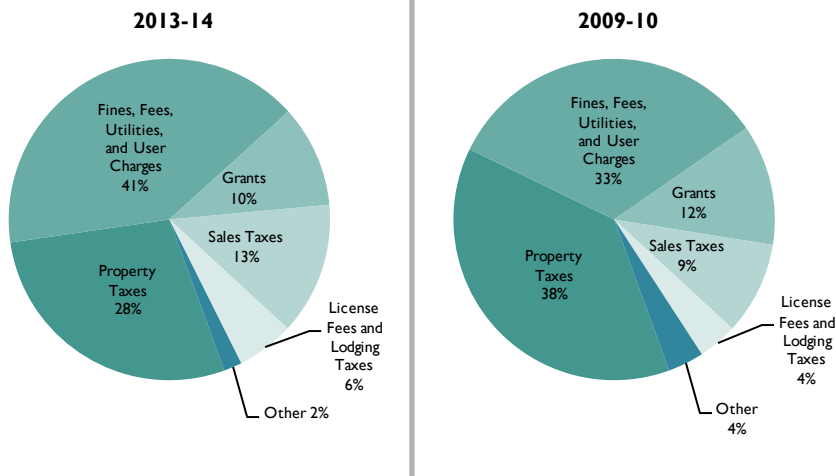
Revenues, Spending and Staffing
Resident perceptions of City Services and City Staff

OVERALL REVENUES, SPENDING AND STAFFING

CITY REVENUES

The City relies on a number of funding sources to support its operations, including 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 dramatically over the past five years. For example, whereas property taxes accounted for 38 percent of general government revenues in 2009-10, they accounted for just 28 percent of the total in 2013-14. On the other hand, the portion of general government revenues coming from sales taxes grew from 9 percent to 13 percent over that time.

General Government and Program Revenues by Type



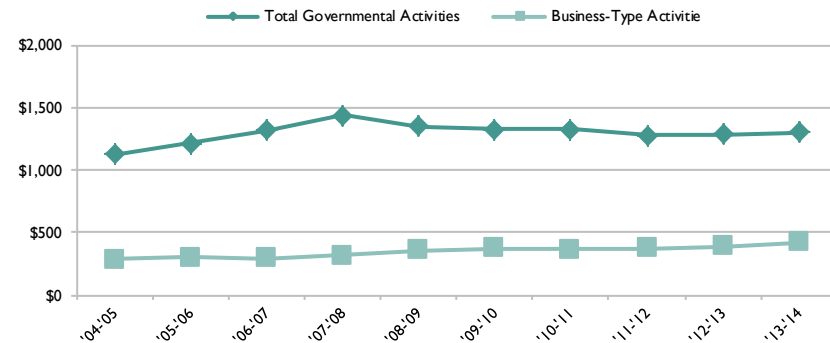
Source: 2009-10 and 2013-14 Comprehensive Annual Financial Report.

* The City's audited Comprehensive Annual Financial report (CAFR) differs from the City's annual adopted operating budget in the timing and treatment of some revenues and expenditures.

Overall governmental revenues on a financial statement basis increased slightly in 2013-14 to \$1.31 billion. Among business-type activities, all sources saw increases in revenues over the past ten years to \$420 million.

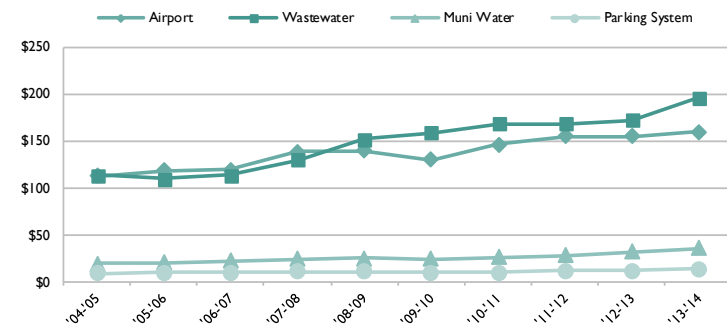
- Airport operating and non-operating revenues were up 42 percent
- Wastewater Treatment revenues were up 72 percent
- Muni Water revenues were up 85 percent
- Parking System revenues were up 44 percent

Total City Revenues (\$millions)



Source: 2013-14 Comprehensive Annual Financial Report.

Business-Type Revenues by Source (\$millions)

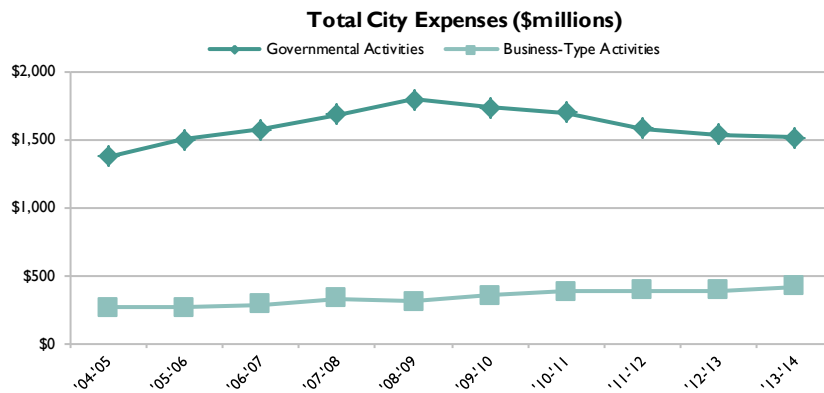


Source: 2013-14 Comprehensive Annual Financial Report.

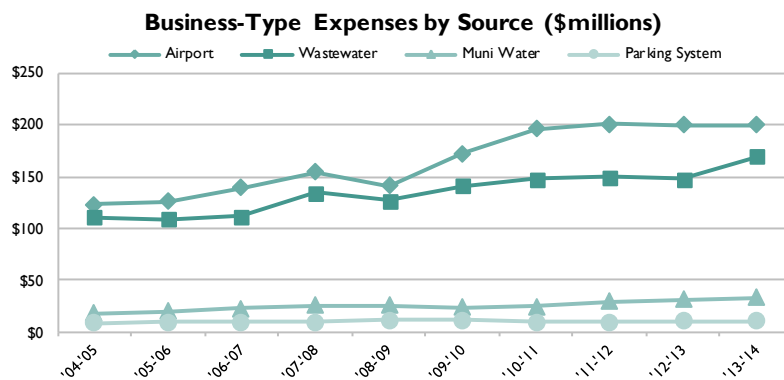
OVERALL REVENUES, SPENDING AND STAFFING

CITY EXPENDITURES

The City's total expenses on a financial statement basis peaked in 2008-09 at \$2.1 billion and have since fallen to \$1.92 billion in 2013-14. Note, this includes non-cash expenses such as depreciation on the City's capital assets. General government expenses increased 10 percent over the last ten years. Expenses from business-type activities also 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).



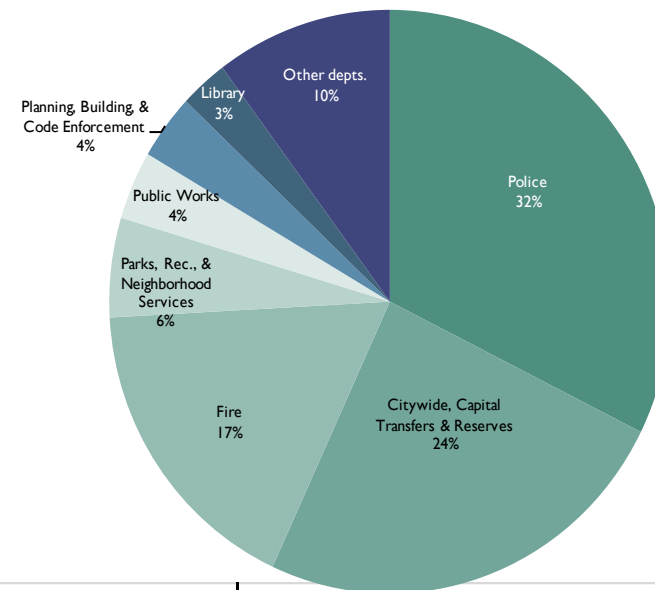
Source: 2013-14 Comprehensive Annual Financial Report.



Source: 2013-14 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. The General Fund is available to use for any purpose and much of its use is dedicated to paying for personnel. In 2013-14, General Fund expenditures totaled about \$935 million.

General Fund Expenditures, 2013-14



Other Departments	% of General Fund	Other Departments	% of General Fund
Transportation	2.7%	City Clerk	0.2%
Information Technology	1.3%	City Auditor	0.2%
Finance	1.3%	Independent Police Auditor	0.1%
City Attorney	1.3%	Environmental Services	0.1%
City Manager	1.0%	Housing	0.0%
Mayor and City Council	0.9%	Airport	0.0%
Human Resources	0.6%	Retirement	0.0%
Economic Development	0.4%		

Source: 2013-14 Adopted Operating Budget.

OVERALL REVENUES, SPENDING AND STAFFING

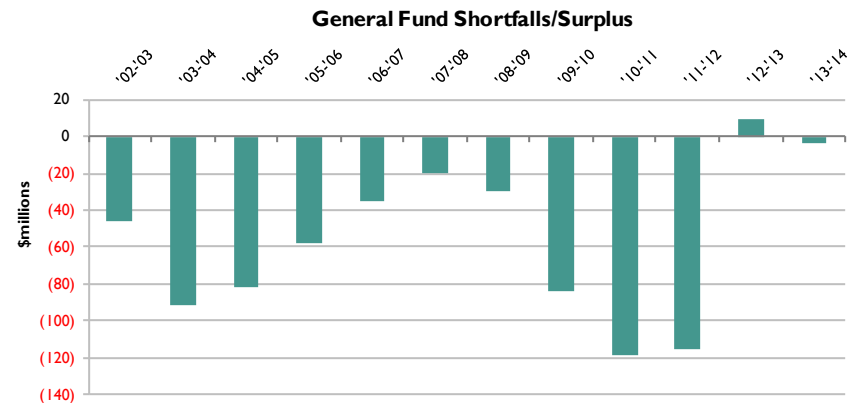
CITY OPERATING BUDGETS

Budgeted City expenditures totaled about \$2.9 billion in 2013-14. Of that, the City directly allocated* approximately \$1.34 billion to City departmental operations during 2013-14. This was 30 percent more than 10 years ago.

	'13-'14	10 year change
Airport	\$53,809,590	-21%
City Attorney	\$14,321,071	17%
City Auditor	\$1,905,811	-9%
City Clerk	\$1,945,607	-7%
City Manager	\$10,034,145	19%
Citywide Expenditures	\$196,578,935	144%
Economic Development	\$10,030,943	72%
Environmental Services	\$208,638,559	50%
Finance	\$14,375,972	46%
Fire	\$162,150,992	35%
General Fund Capital, Transfers, & Reserves	\$32,377,000	60%
Housing	\$7,137,024	-5%
Human Resources	\$7,381,076	2%
Independent Police Auditor	\$1,114,743	63%
Information Technology	\$15,891,839	1%
Library	\$30,140,840	13%
Mayor and City Council	\$8,504,920	42%
Parks, Recreation, and Neighborhood Services	\$57,014,757	-2%
Planning, Building, and Code Enforcement	\$35,056,698	6%
Police	\$305,296,726	33%
Public Works	\$86,392,881	11%
Retirement	\$4,076,752	100%
Transportation	\$72,870,812	18%
Total	\$1,337,047,693	30%

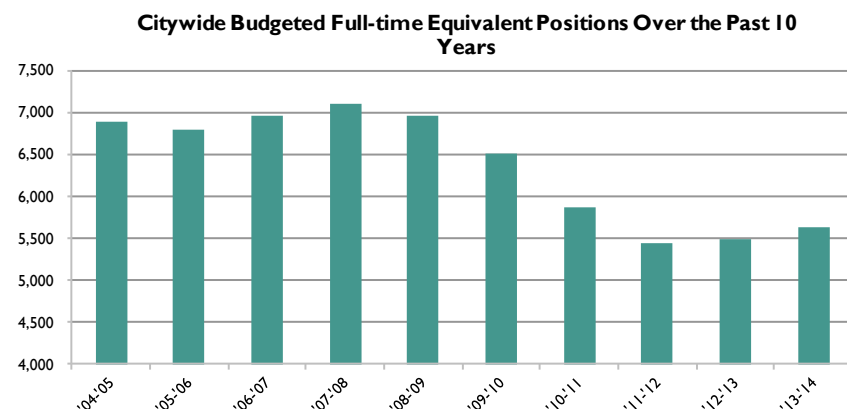
* Department operating expenditures include personal services for all funds, and non-personal/equipment expenditures for all funds with the exception of capital funds. Departmental operating budgets do not include all expenditures such as reserves, capital expenditures, debt service, and pass-through funding. Furthermore, other special funds are not always captured in departmental operation budgets. For example, the Airport's departmental expenditures totaled roughly \$54 million in 2013-14 (as we report in the chart above and in the Airport section), but the Airport had oversight over roughly \$253 million in other operating expenditures over the course of the year. The City's Operating and Capital Budgets are online at the [Budget Office website](#).

Since 2002-03, the City has experienced general fund shortfalls in all but one year.



CITY STAFFING

Much of the General Fund's 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 over the last ten fiscal years from about 7,200 to 5,650 positions.

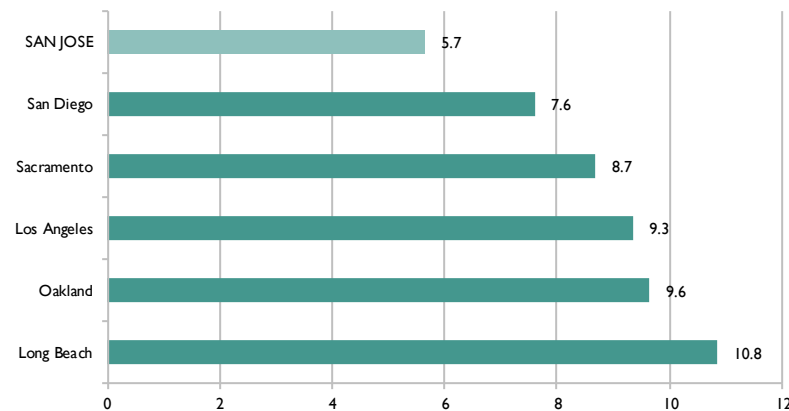


OVERALL REVENUES, SPENDING, AND STAFFING

CITY STAFFING (CONTINUED)

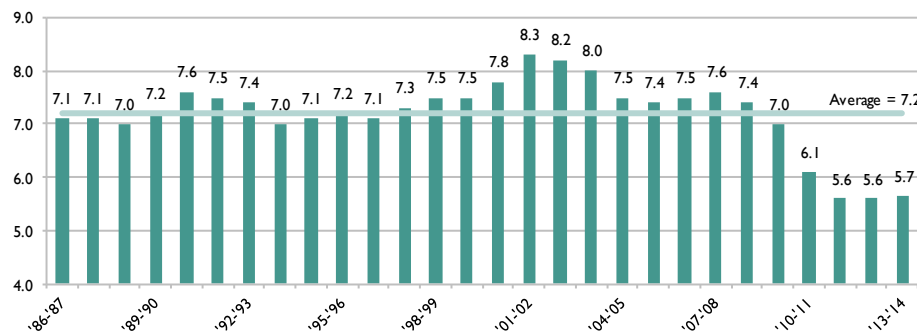
The City of San José employed fewer people per 1,000 residents in 2013-14 than many other large California cities.

2013-14 Authorized Full-Time Positions per 1,000 Residents



San José employed 5.7 employees per 1,000 residents, much less than San José's average of 7.2 positions during the 28-year period from 1987-2014.

Full-Time Employees per 1,000 population
1987-2014



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 and 2013-14 Operating Budgets.

In 2013-14 there were 5,628* authorized full-time equivalent positions City-wide. On average, about 10 percent of full-time and part-time positions were vacant in 2013-14.

Authorized Departmental Staffing	'13-'14	% Change over 10 years
Airport	187	-54%
City Attorney	72	-21%
City Auditor	15	-17%
City Clerk	15	25%
City Manager	62	-4%
Economic Development	53	-2%
Environmental Services	504	13%
Finance	115	8%
Fire	792	-3%
Housing	57	-15%
Human Resources	48	-22%
Independent Police Auditor	6	0%
Information Technology	91	-23%
Library	318	-4%
Parks, Recreation, and Neighborhood Services	494	-28%
Planning, Building, and Code Enforcement	260	-23%
Police	1,572	-13%
Public Works	525	-30%
Retirement	37	49%
Transportation	406	-15%
Total*	5,628	-18%

Source: San José 2014-15 Operating Budget

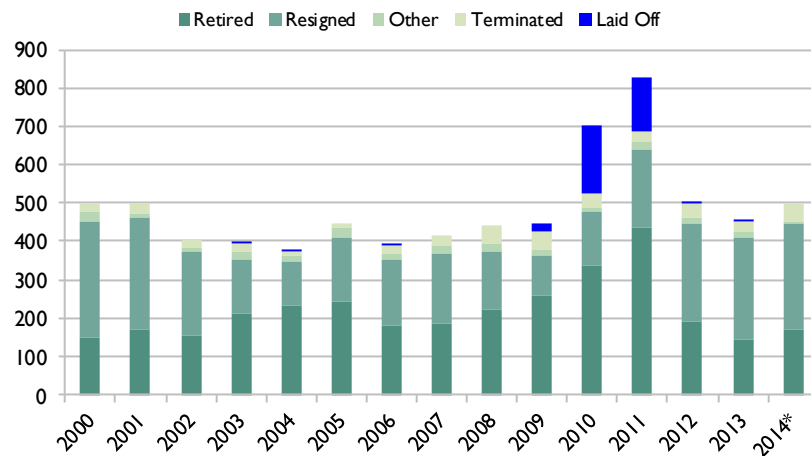
* This number does not include staff in the Mayor and Council offices, which in 2013-14 included the mayor, 10 city council members, and their policy teams. It also does not include their 16 administrative staff.

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 2014, 497 individuals left City employment* (by comparison, there were 5,628 total positions within the City). Interestingly, 2012, 2013, and 2014 were the first years since 2002 where more staff resigned than retired.

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



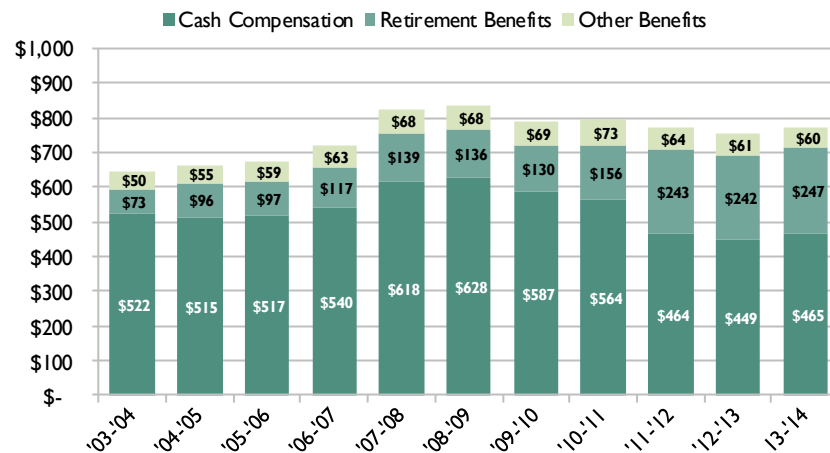
* 2014 data is projected using actual departures through November 6, 2014.

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.

Total employee compensation dropped from a high of approximately \$832 million in 2008-09, to \$772 million in 2013-14, 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. Retirement benefits as a share of total employee compensation have increased from 11 percent to 32 percent since 2003-04.

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

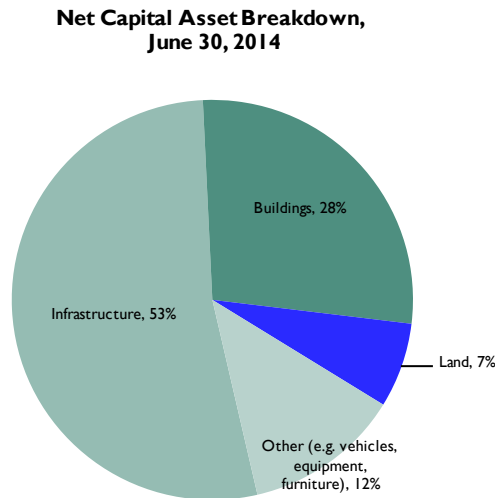


Source: Auditor analysis of PeopleSoft records

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).



Source: 2013-14 Comprehensive Annual Financial Report

At the end of fiscal year 2013-14 the City owned \$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).

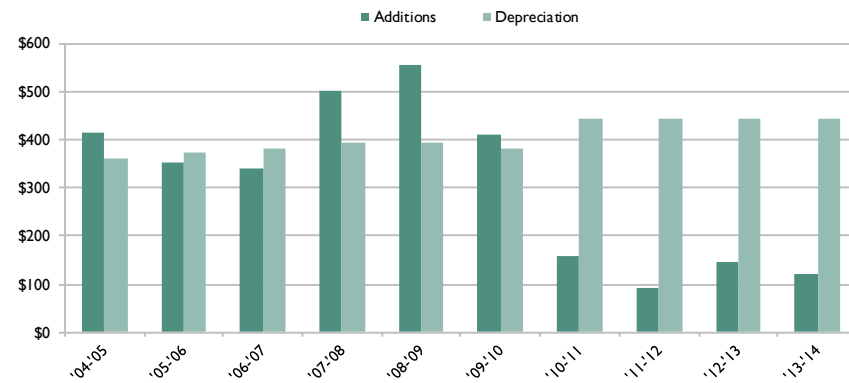
Capital assets used for normal government operations totaled \$5.9 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other business-type activities totaled \$2.1 billion.

In 2013-14, the City added \$122 million in capital assets; however, these were offset by \$445 million in depreciation. Among the additions were multiple completed capital projects at the Airport (e.g., airfield improvements, taxi staging area) and within the Wastewater Treatment System.

The City faces an estimated \$1 billion deferred maintenance and infrastructure backlog, with an estimated additional \$176 million needed annually in order to maintain the City's infrastructure in a sustained functional condition. The transportation system (e.g., streets, street lighting) is most affected by the backlog.

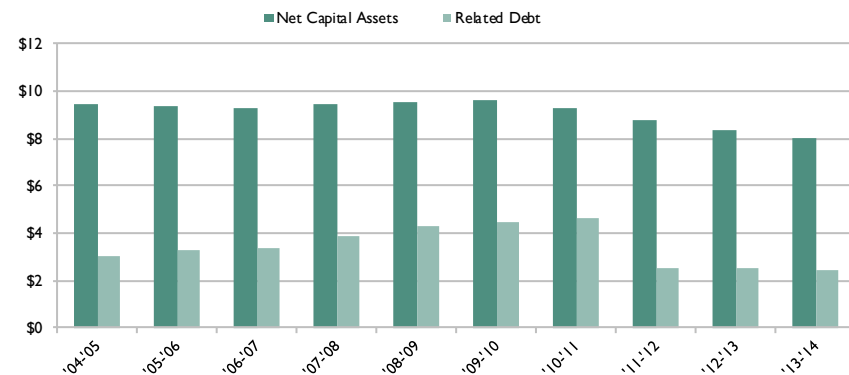
On June 30, 2014, capital asset-related debt totaled \$2.5 billion, about the same as the prior year.

Capital Asset Additions and Depreciation (\$millions)



Source: 2004-05 through 2013-14 CAFRs.

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



Source: 2004-05 through 2013-14 CAFRs

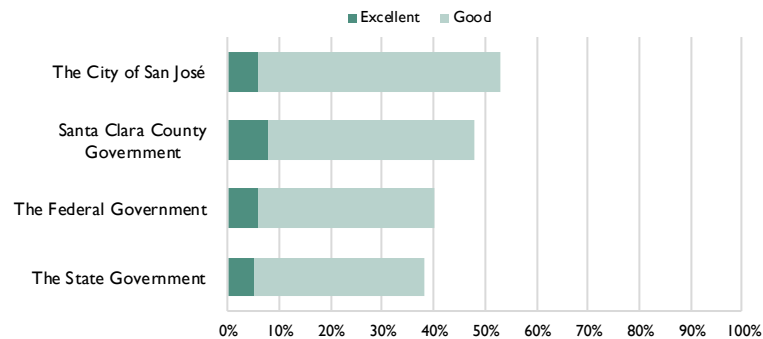
Note: Capital asset-related debt dropped nearly \$2 billion between 2010-11 and 2011-12 as a result of the transfer of former RDA debt to the SARA.

OVERALL REVENUE, SPENDING, AND STAFFING

CITYWIDE QUALITY OF SERVICES

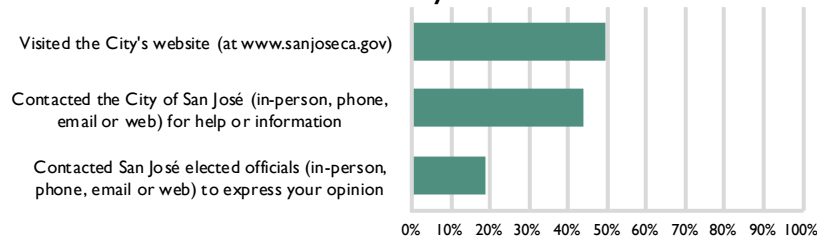
In the 2014 National Citizen Survey, more than half of surveyed residents rated the quality of City services “good” or “excellent.”

Satisfaction with Services Provided by Level of Government



About half of survey respondents report having visited the City’s website at least once in the last year and fewer still report having contact with City staff or elected officials. Fewer than half of respondents reported that overall customer service from San Jose employees was good or excellent.

Contact with City Governance

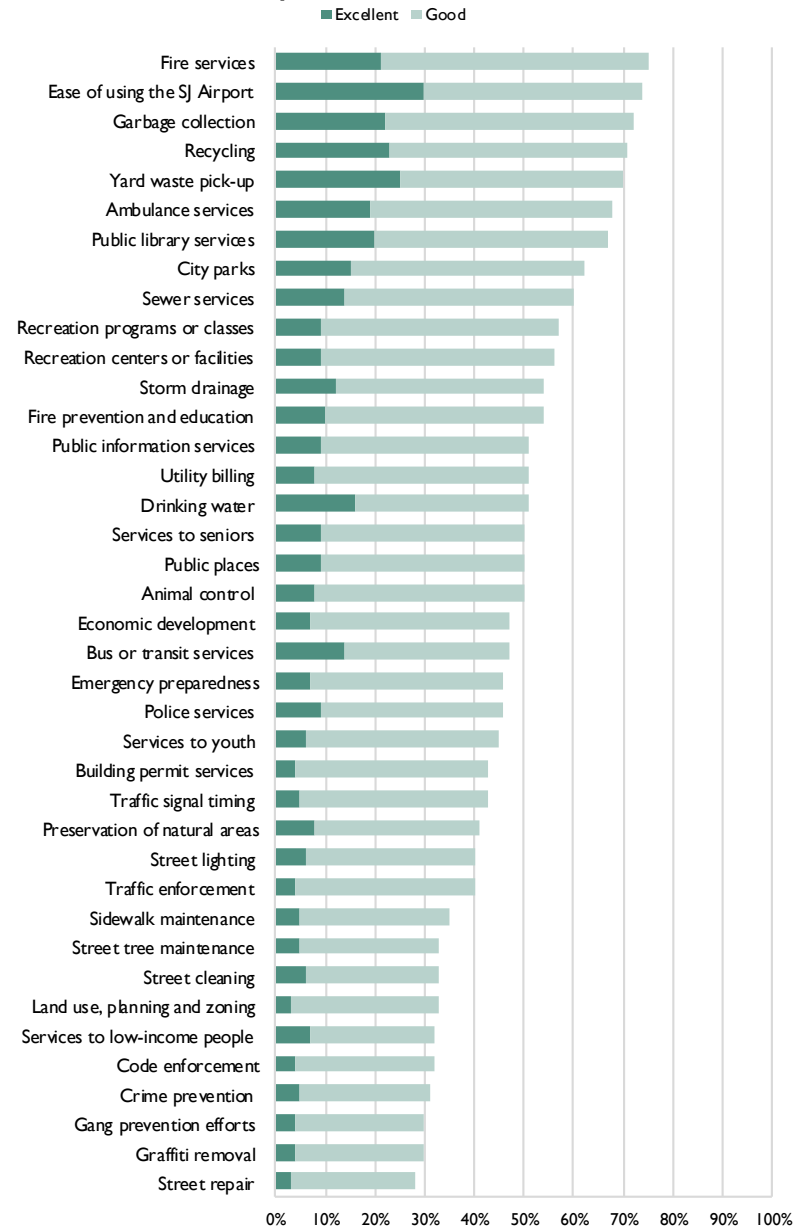


Satisfaction with Contact from City Staff



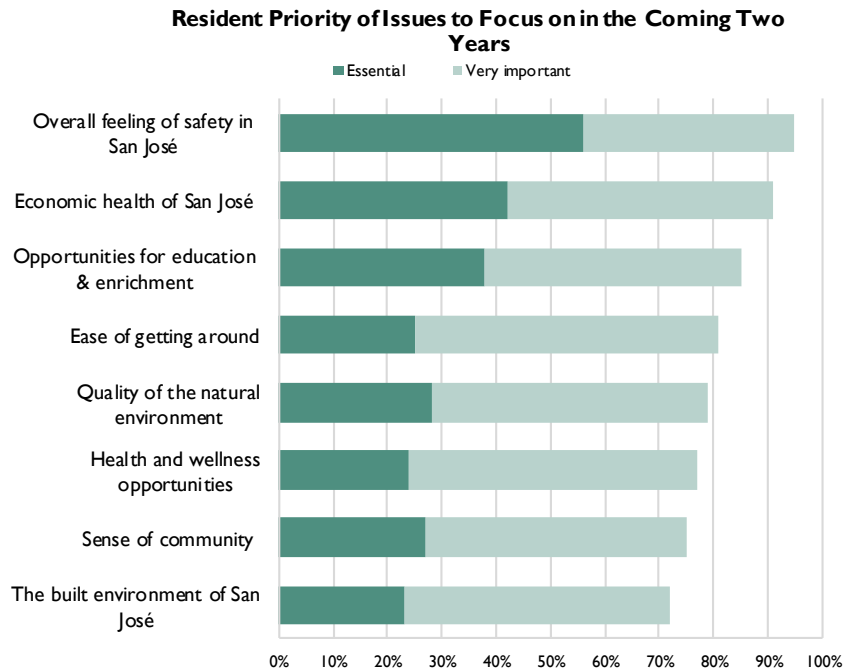
Satisfaction with specific government services ranges from a high of 75 percent of residents rating fire services as good or excellent to a low of 28 percent rating street repair efforts as good or excellent.

Quality of Government Services



OVERALL REVENUE, SPENDING, AND STAFFING

Residents were also asked to assess priorities for the San Jose community to focus on in the coming two years. Nearly all respondents felt that it was essential or very important to focus on the overall feeling of safety in San Jose and more than 9 in 10 residents also felt it was essential or very important to focus on economic health.



CITYWIDE PUBLIC TRUST

In the 2014 National Citizen Survey, residents responded to a variety of questions about their confidence in San Jose's governance. A majority of respondents felt that the City was only fair or poor for all of the questions asked as shown in the chart below.

