

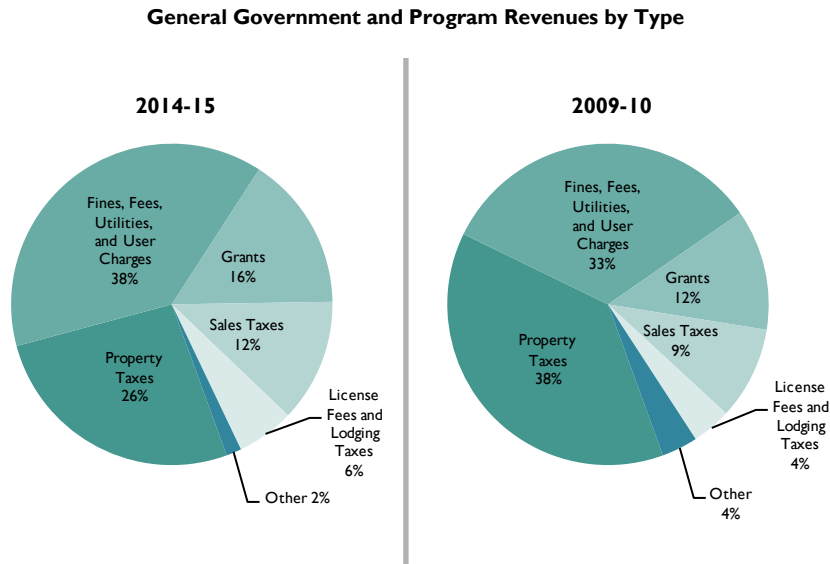
OVERALL REVENUES, SPENDING AND STAFFING

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 26 percent of the total in 2014-15. On the other hand, the portion of general government revenues coming from sales taxes grew from 9 percent to 12 percent over that time.

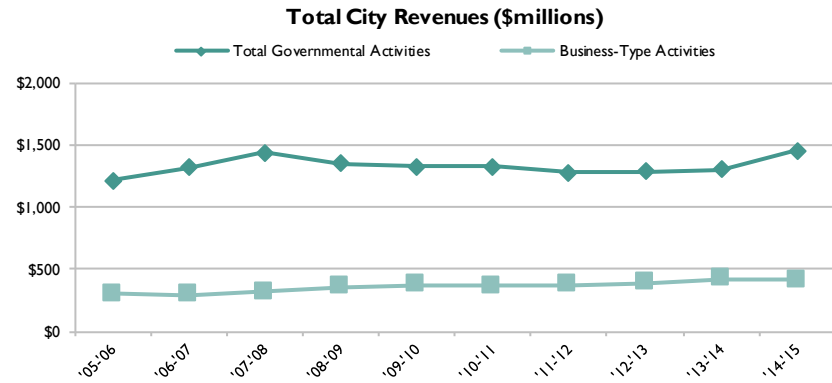


Source: 2009-10 and 2014-15 Comprehensive Annual Financial Report.

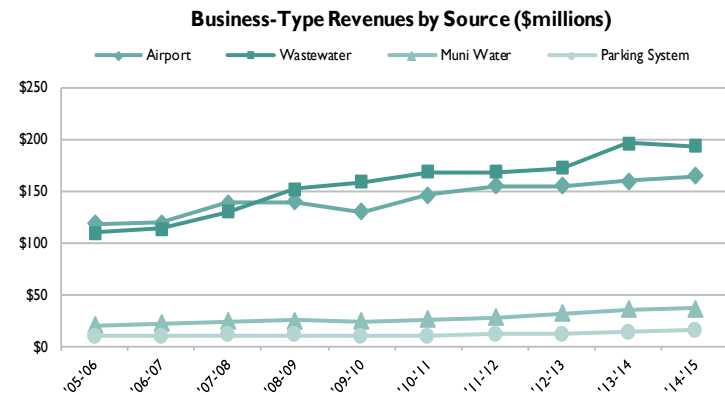
* The City's audited Comprehensive Annual Financial report (CAFR) differs from the City's annual adopted operating budget in the timing and treatment of some revenues and expenditures.

Overall governmental revenues on a financial statement basis increased 12 percent in 2014-15 to \$1.46 billion. Among business-type activities, all sources saw increases in revenues over the past ten years to \$417 million.

- Airport operating and non-operating revenues were up 39 percent
- Wastewater Treatment revenues were up 76 percent
- Muni Water revenues were up 84 percent
- Parking System revenues were up 60 percent



Source: 2014-15 Comprehensive Annual Financial Report.

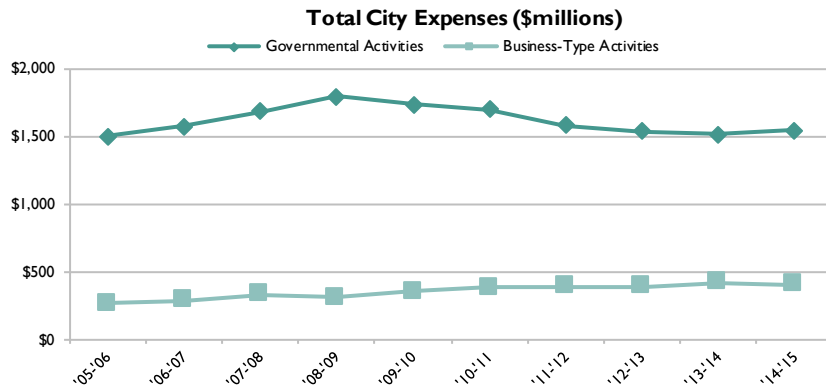


Source: 2014-15 Comprehensive Annual Financial Report.

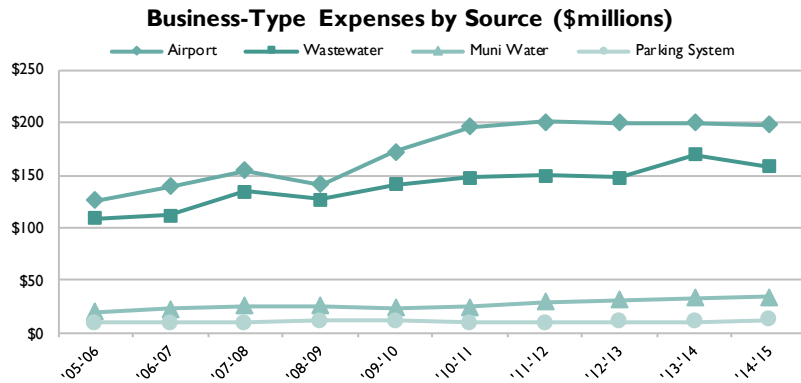
OVERALL REVENUES, SPENDING AND STAFFING

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 \$1.9 billion in 2014-15. Note, this includes non-cash expenses such as depreciation on the City's capital assets. General government expenses are about the same as ten years ago. Expenses from business-type activities have increased over this same time period.

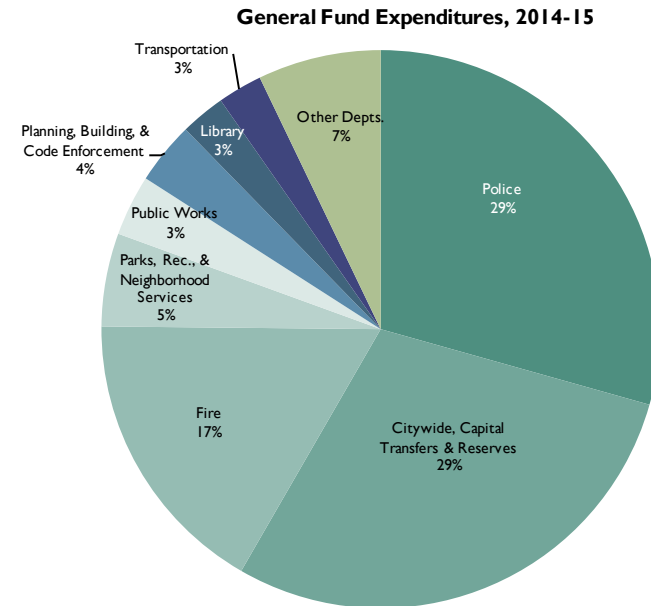


Source: 2014-15 Comprehensive Annual Financial Report.



Source: 2014-15 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 2014-15, General Fund expenditures totaled about \$1.06 billion.



Other Departments	% of General Fund	Other Departments	% of General Fund
Information Technology	1.3%	City Clerk	0.2%
Finance	1.3%	City Auditor	0.2%
City Attorney	1.2%	Independent Police Auditor	0.1%
City Manager	1.1%	Environmental Services	0.0%
Mayor and City Council	0.8%	Housing	0.0%
Human Resources	0.6%	Airport	0.0%
Economic Development	0.4%	Retirement	0.0%

Source: City Manager's Budget Office

OVERALL REVENUES, SPENDING AND STAFFING

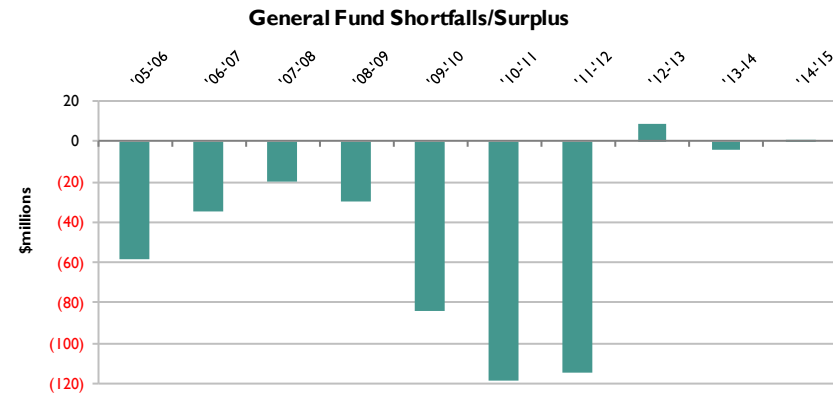
CITY OPERATING BUDGETS

Budgeted City expenditures totaled about \$3 billion in 2014-15. Of that, the City directly allocated* approximately \$1.48 billion to City departmental operations during 2014-15. This was 31 percent more than ten years ago.

	'14-'15	10 year change
Airport	\$55,983,770	-10%
City Attorney	\$15,053,915	22%
City Auditor	\$2,240,221	6%
City Clerk	\$1,974,872	-19%
City Manager	\$11,838,026	42%
Citywide Expenditures	\$241,000,814	102%
Economic Development	\$9,267,656	40%
Environmental Services	\$217,042,539	51%
Finance	\$15,795,431	26%
Fire	\$179,280,396	44%
General Fund Capital, Transfers, & Reserves	\$66,226,000	147%
Housing	\$8,063,046	14%
Human Resources	\$7,622,518	7%
Independent Police Auditor	\$1,196,154	76%
Information Technology	\$17,079,097	17%
Library	\$31,873,158	16%
Mayor and City Council	\$8,772,114	38%
Parks, Recreation, and Neighborhood Services	\$63,492,857	14%
Planning, Building, and Code Enforcement	\$39,892,063	19%
Police	\$313,170,609	33%
Public Works	\$91,370,446	-21%
Retirement	\$5,366,258	113%
Transportation	\$79,365,551	26%
Total	\$1,482,967,511	31%

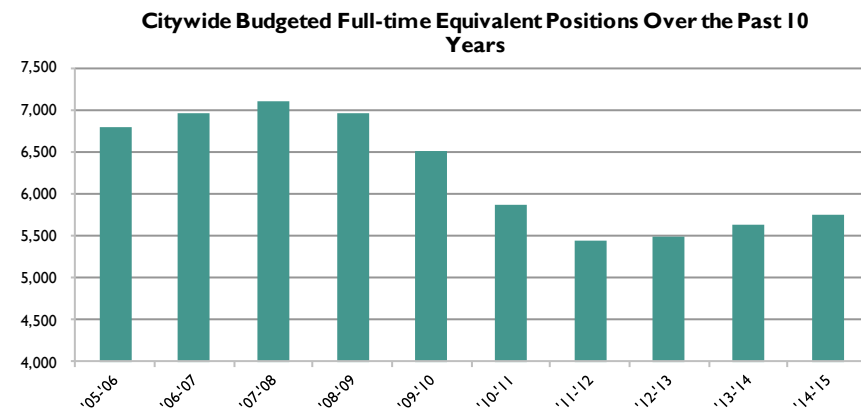
* Department operating expenditures include personal services for all funds, and non-personal/equipment expenditures for all funds with the exception of capital funds. Departmental operating budgets do not include all expenditures such as reserves, capital expenditures, debt service, and pass-through funding. Furthermore, other special funds are not always captured in departmental operation budgets. For example, the Airport's departmental expenditures totaled roughly \$56 million in 2014-15 (as we report in the chart above and in the Airport section), but the Airport had oversight over roughly \$260 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](#).

In 2014-15, the City experienced a \$1.1 million general fund surplus. Since 2005-06, the City has experienced general fund shortfalls in all but two years.



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 since 2007-08 from about 7,100 to 5,730 positions.



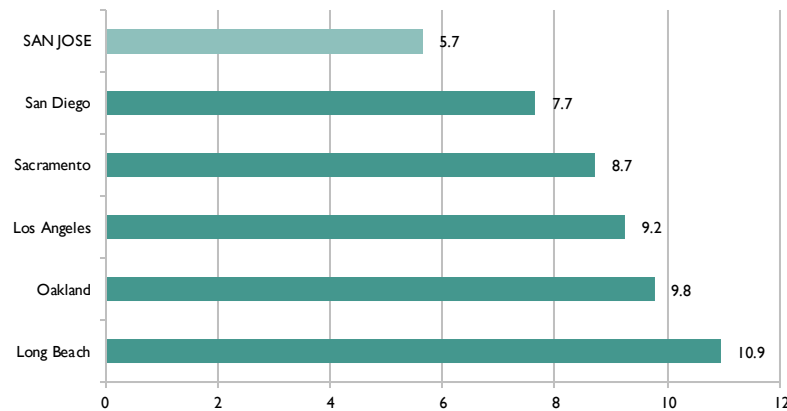
OVERALL REVENUES, SPENDING, AND STAFFING

CITY STAFFING (CONTINUED)

The City of San José employed fewer people per 1,000 residents in 2014-15 than many other large California cities.

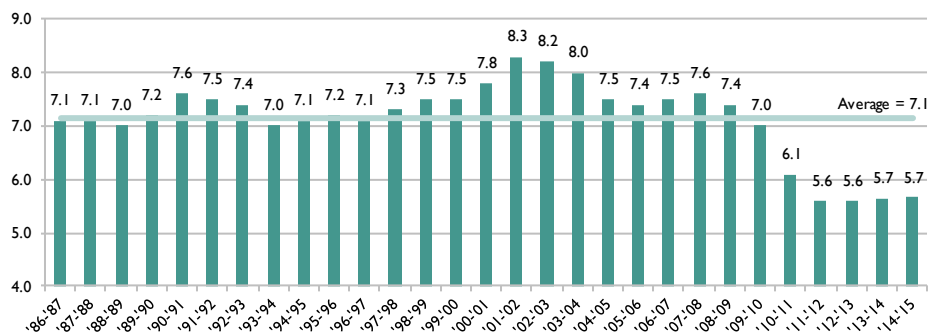
In 2014-15 there were 5,732* authorized full-time equivalent positions City-wide. On average, about 11 percent of full-time and part-time positions were vacant in 2014-15.

2014-15 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 7.1 positions during the 28-year period from 1987-2015.

Full-Time Employees per 1,000 population
1987-2015



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 through 2015-16 Operating Budgets.

Authorized Departmental Staffing	'14-'15	% Change over 10 years
Airport	187	-52%
City Attorney	75	-23%
City Auditor	15	-12%
City Clerk	15	20%
City Manager	66	3%
Economic Development	54	-24%
Environmental Services	514	15%
Finance	118	-11%
Fire	793	-4%
Housing	58	-13%
Human Resources	49	-19%
Independent Police Auditor	6	0%
Information Technology	88	-14%
Library	317	-6%
Parks, Recreation, and Neighborhood Services	511	-31%
Planning, Building, and Code Enforcement	290	-12%
Police	1,576	-12%
Public Works	538	-8%
Retirement	39	44%
Transportation	426	-10%
Total*	5,732	-16%

Source: San José 2015-16 Operating Budget

* This number does not include staff in the Mayor and Council offices, which in 2014-15 included the mayor, 10 city council members, and their policy teams. It also does not include their 16 administrative staff.

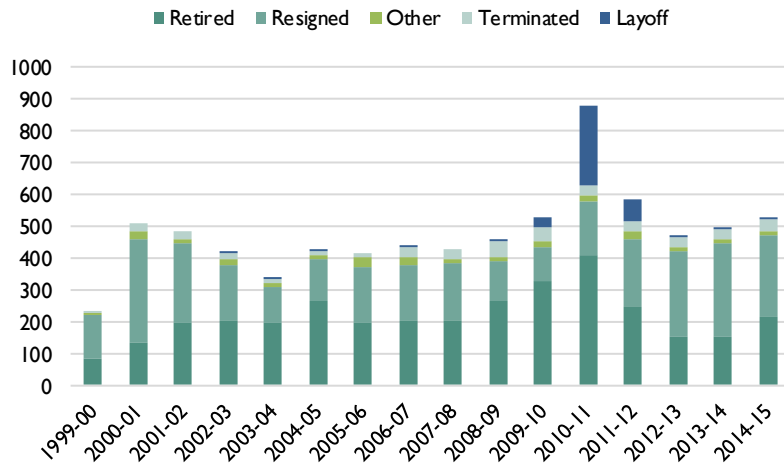
OVERALL REVENUES, SPENDING, AND STAFFING

CITY STAFFING (CONTINUED)

The number of full-time employees leaving City service has come down from the high seen in 2011 when more than 800 employees left the City. In 2014-15, 524 individuals left City employment (by comparison, there were 5,732 total positions within the City). At the same time, the Human Resources Department placed 478 new full-time hires in to City positions.

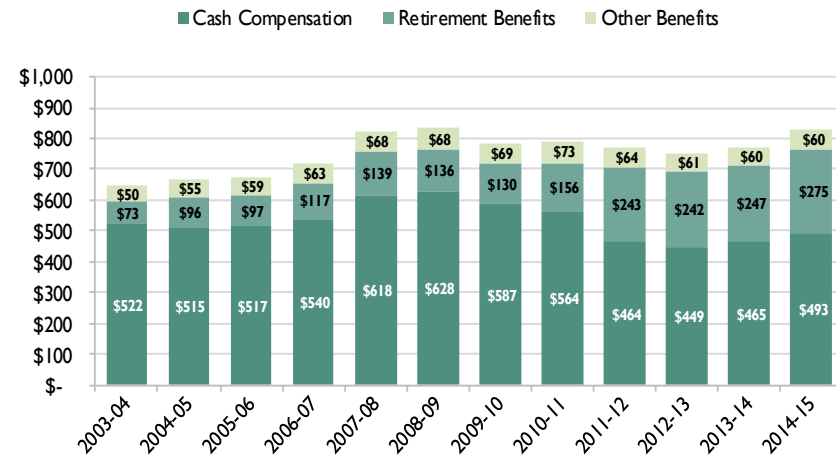
Total employee compensation for operating funds remained below its high of approximately \$832 million in 2008-09, at \$828 million in 2014-15, despite the fact that retirement costs have increased dramatically. This is due to a combination of factors including staffing reductions as well as salary reductions that City employees took beginning in 2010-11. Retirement benefits as a share of total employee compensation have increased from 11 percent to 33 percent since 2003-04.

Number of Fulltime Employees Leaving City Service by Type of Departure



Source: Auditor analysis of PeopleSoft records

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



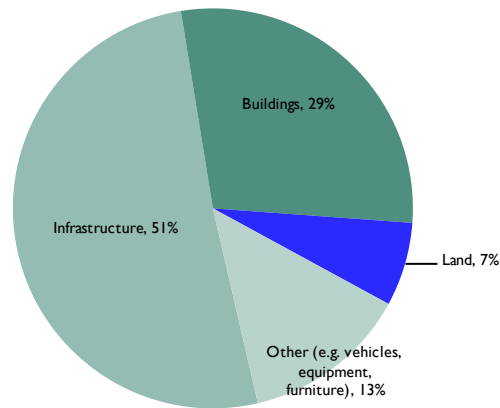
Source: Auditor analysis of PeopleSoft records

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).

Net Capital Asset Breakdown, June 30, 2015



Source: 2014-15 Comprehensive Annual Financial Report

At the end of fiscal year 2014-15 the City owned \$7.7 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).

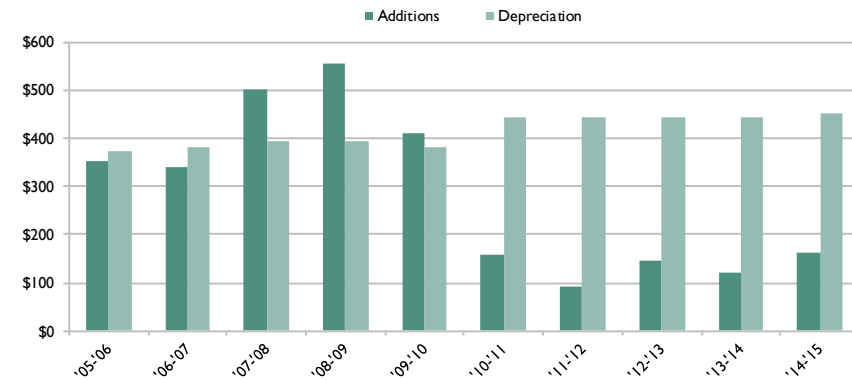
Capital assets used for normal government operations totaled \$5.7 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other business-type activities totaled \$2 billion.

In 2014-15, the City added \$164 million in capital assets; however, these were offset by \$451 million in depreciation. Among the additions were several capital projects at the Airport (e.g., fuel truck maintenance facility, shuttle bus staging area) and within the Wastewater Treatment System.

The City faces an estimated \$992 million deferred maintenance and infrastructure backlog, with an estimated additional \$175 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.

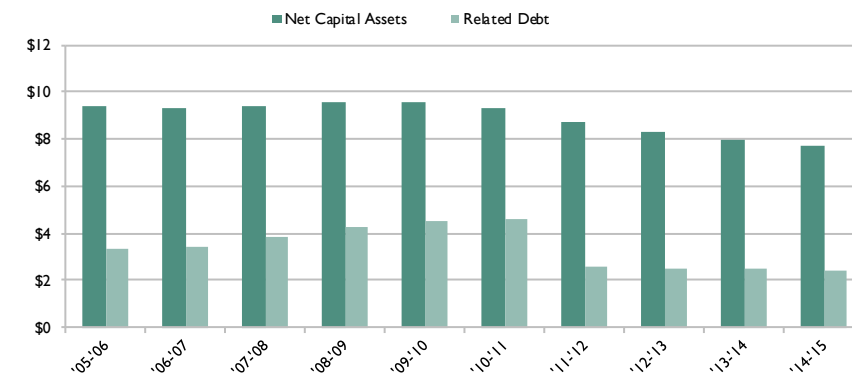
On June 30, 2015, capital asset-related debt totaled \$2.4 billion, about the same as the prior year.

Capital Asset Additions and Depreciation (\$millions)



Source: 2005-06 through 2014-15 CAFRs.

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



Source: 2005-06 through 2014-15 CAFRs

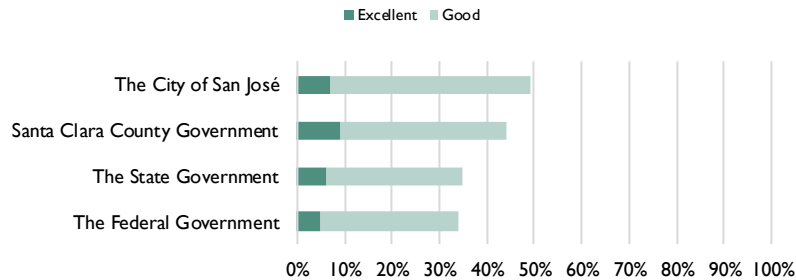
Note: Capital asset-related debt dropped nearly \$2 billion between 2010-11 and 2011-12 as a result of the transfer of former RDA debt to the SARA.

OVERALL REVENUE, SPENDING, AND STAFFING

CITYWIDE QUALITY OF SERVICES

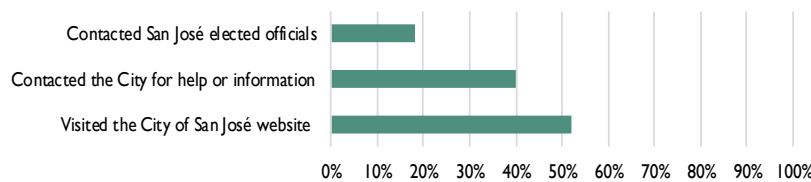
In the 2015 National Citizen Survey™, almost half of surveyed residents rated the overall quality of City services “good” or “excellent.”

Satisfaction with Services Provided by Level of Government

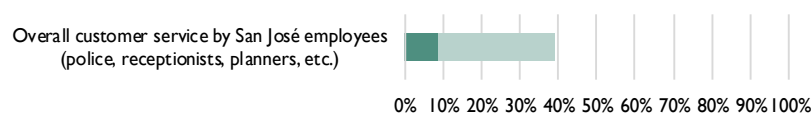


About half of survey respondents report having visited the City’s website at least once in the last year and fewer still report having contact with City staff or elected officials. Fewer than half of respondents reported that overall customer service from San José employees was good or excellent.

Contact with City Governance

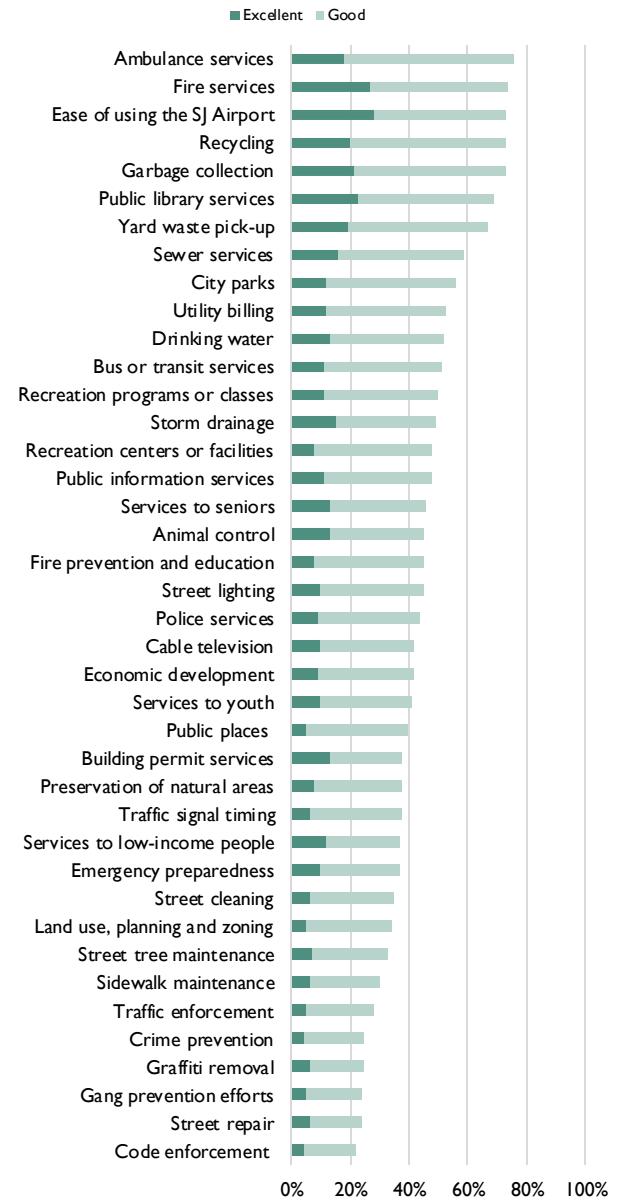


Satisfaction with Contact from City Staff



Satisfaction with specific government services ranges from a high of 76 percent of residents rating ambulance services as good or excellent to a low of 22 percent rating code enforcement efforts as good or excellent.

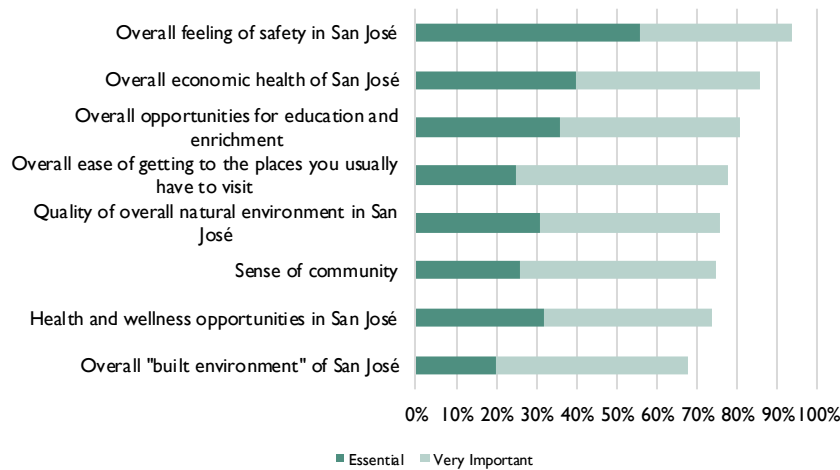
Quality of Government Services



OVERALL REVENUE, SPENDING, AND STAFFING

Residents were also asked to assess priorities for the San José 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 José and nearly three in four residents also felt it was essential or very important to focus on economic health.

Resident Priority of Issues to Focus on in the Coming Two Years



CITYWIDE PUBLIC TRUST

In the 2015 National Citizen Survey™, residents responded to a variety of questions about their confidence in San José'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.

Public Trust and Confidence in Governance

