



City of San José

Annual Report on City Services 2015-16

A Report from the City Auditor
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December 2016

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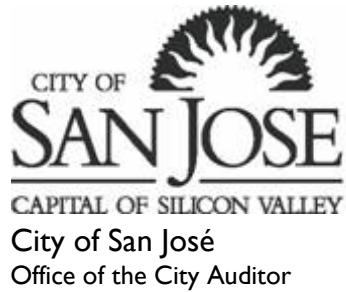
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Annual Report on City Services 2015-16

The Office of the City Auditor is pleased to present the ninth City of San José Annual Report on City Services (formerly the Service Efforts and Accomplishments report). This report provides performance data on the cost, quantity, quality, timeliness, and public opinion of City services. It includes historical trends and comparisons to targets and other cities. The report is intended to be informational and to provide the public with an independent, impartial assessment of the services the City provides with their tax dollars.

With a population of 1,042,000, 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 ethnically diverse populations in California—about 35 percent Asian, 32 percent Hispanic, and 26 percent white. Nearly 40 percent of San José residents are foreign born and more than half of residents speak a language other than English at home. San José’s unemployment rate declined to approximately 4.3 percent in 2015-16, down from a high of 12.6 percent in 2009-10. Median income increased in 2015, reaching \$91,000; however, income inequality persists with 20 percent of households earning less than \$35,000.

Resident Survey

2016 marked San José’s sixth year of participation in The National Citizen Survey.TM Three thousand households were selected at random for participation in a mail survey designed to understand resident opinions about their community and the services provided by local government. Residents also had the opportunity to participate through an online “opt-in” survey. Surveys were available in English, Spanish, and Vietnamese.

While more than 60 percent of residents rated their own neighborhoods as good or excellent places to live and expected to remain in San José over the next five years, less than half rated the overall quality of life in San José as good or excellent. Declines were noticeable in ratings of the overall feeling of safety, the appearance and cleanliness of San José, and the overall quality of services provided by the City. Nearly every City service received similar or lower ratings from respondents compared to the prior year. For many services, ratings have been steadily declining for the past six years as the City went through significant budget and service reductions.

Residents identified safety and the economy as priorities for the San José community in the coming two years. Ninety-four percent of respondents felt it was essential or very important for San José to focus on the overall feeling of safety. Ninety percent thought it was essential or very important that San José focus on the overall economic health of the City.

Financial Condition

In February 2016, this Office published a report on the City's financial condition which used information from the City's audited financial statements to present ten different aspects of the City's finances. It did not provide a grade on the City's overall financial condition, but provided information about trends over time and comparisons with six other California cities. This report includes updated information on those aspects and comparisons.

Although City revenues have increased in recent years, the City still had relatively lower revenue per capita compared to other jurisdictions, and its net assets per capita (while higher than other jurisdictions) have decreased in recent years. The amount of money the City has in cash and investments has increased in recent years and the City had an above average ratio of cash to liabilities compared to other cities. San José is the only city surveyed that had its capital assets decrease in value. The City's amount of bonded debt per resident has declined in recent years and is mid-range of other cities surveyed, but the City also faces an estimated \$1.1 billion deferred maintenance and infrastructure backlog and a \$3.7 billion unfunded liability for pension and retiree health benefits (the City's contributions for pension and retiree health benefits totaled \$314 million in 2015-16; employees contributed an additional \$73 million).

Operating Budget and Staffing

In 2015-16, the City's departmental operating budgets totaled \$1.69 billion*, or about \$1,622 per resident. Three departments (Police, Fire, and Environmental Services) accounted for nearly half of all departmental operating budgets.

As a result of steady increases in revenues from a stronger economy, the City saw a projected General Fund surplus for only the third time in the past ten years. This allowed the City to provide limited service level enhancements and infrastructure investments. For example, the City added 22 Community Service Officers in the Police Department and made other public safety investments, expanded branch Library hours, and added additional funding to pave and repair streets throughout the City. However, San José continues to face a long-term "service level deficit" and does not expect resources to grow in a manner that will allow services to be restored to pre-recession levels.

Over the last decade, the City was forced to reduce many City programs including a significant reduction in staff (15 percent over the last ten years). San José now employs about 5.7 people per 1,000 residents—fewer than its 29-year average of 7.1 and fewer than any other large California city we surveyed. In 2015-16, the City provided incremental increases in employee compensation in order to remain a competitive employer; however, on average about 12 percent of the positions in the City were vacant during the year (as of June 30, 2016 there were nearly 800 vacancies).

Major Service Results and Challenges in 2015-16

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. Performance highlights include:

- The Police Department initiated or received about 1,036,000 calls for service, slightly down from the prior year. The average response time for Priority 1 calls was 7.3 minutes, slower than the department's target of 6 minutes. The response time for Priority 2 calls was 19.5 minutes, much slower than the target of 11 minutes. Over the past ten years, the number of sworn officers has decreased. As of June 2015, only 819 of the 1,107 authorized sworn positions were filled with street ready sworn officers; 218 sworn positions were vacant. San José's rate of major crimes per 100,000 residents has decreased since a spike in 2012 and was below state and national averages. However, just one third of residents reported an overall excellent or good feeling of safety. The majority of residents, 75 percent, feel very or somewhat safe in their neighborhoods during the day but only 16 percent feel the same way in downtown at night. Over the past several years, ratings of Police services have declined; in 2016 only 29 percent of residents rated the quality of Police services as good or excellent, and only 14 percent of respondents rated the quality of crime prevention as good or excellent.

* In addition to departmental expenditures, this also includes budgeted General Fund capital and Citywide expenditures, reserves, and transfers. The City's total Operating Budget equaled \$3.2 billion, which also includes various non-General Fund operating and enterprise fund expenditures (e.g., capital, debt service, pass-through grant funds) and operating or other reserves.

- The Fire Department responded to 87,000 emergency incidents in 2015-16. This included 54,000 medical incidents, 2,000 fires, and 31,000 other calls (such as rescues, Haz Mat incidents, and good intent responses). The Department responded to 71 percent of Priority I incidents within 8 minutes. This is below the target of 80 percent compliance but higher than the 68 percent compliance two years ago. The Department met its Priority I time target for dispatch time; however, it met its turnout time standard for only 72 percent of Priority I incidents and its travel time standard for only 47 percent of Priority I incidents (target: 80 percent for each). Only two stations met the Priority I response standard of 8 minutes for 80 percent of incidents. Seventy-five percent of residents rated fire services as good or excellent, and 71 percent of residents gave similar ratings for emergency medical services. Only 46 percent of residents rated fire prevention and education as good or excellent.
- The City has 51 community centers; however, as in the prior year, it operated only 12 of those centers. The remaining facilities were operated through the City's facility re-use program by outside organizations and/or other City programs. The City has 190 neighborhood parks, including the recently opened River View Park, Orchard Park, and Vista Montana. Eighty-eight percent of residents reported having visited a park at least once in the last year. Estimated participation in City-run recreation programs totaled 763,000. More than half of residents rated San José's recreation centers and programs as good or excellent. However, only about a third gave similar ratings for services to seniors and youth.
- The City increased branch library hours in 2015-16 to 47 hours per week from 33 or 34 hours in recent years. The Dr. Martin Luther King, Jr. main library was open 77 hours per week during the academic year. Circulation and visitation varied across library branches. Total visitation was up 13 percent from the prior year; however, circulation was down slightly. Sixty-two percent of residents indicated that they or someone in their household had used a library in the past year and 74 percent rated library services as good or excellent.
- San José remains one of the least affordable cities in the country with 95 percent of residents rating the availability of affordable quality housing as only fair or poor. The City's 2015 Homeless Census identified 4,063 homeless individuals, roughly a third of whom were deemed chronically homeless. Partnering with other agencies, the Housing Department assisted 900 homeless individuals into permanent housing in 2015-16.
- Despite significant increases over the past ten years, stormwater rates remained unchanged in 2015-16; sewer rates decreased slightly and garbage/recycling rates increased slightly. About 70 percent of San José residents rated garbage, recycling, and yard waste pick-up as good or excellent. San José Municipal Water (Muni Water) rates increased by 27 percent from the prior year. In April 2015, the City Council approved a 30 percent water conservation target that extended through the end of the fiscal year.
- The City's permit center served about 33,000 customers. Building activity has remained high (13.3 million square feet of construction with a the value of \$1.5 billion). While the number of building permits issued has returned to pre-recession levels, the number of development staff has not. The City met its timeliness targets for only one out of the seven development processes shown in this report.
- After implementing a risk-based tiered inspection process for its Multiple Housing Program, the City's code enforcement inspectors are targeting properties at high risk of violations. In 2015-16, they inspected about 1,200 buildings that cumulatively had about 5,000 housing units. Fifteen percent of residents rated code enforcement as good or excellent—one of the lowest ratings of any City service.
- Although the Airport saw an increase in passengers from the prior year, the 10.2 million passengers served was down 4 percent from ten years ago. There were over 96,000 passenger flights (takeoffs and landings), or about 260 per day. While the number of passengers in the region has grown over the past ten years, the Airport's market share has declined 22 percent from ten years ago to 14 percent in 2015-16. Operating revenues have grown in recent years and totaled \$142 million in 2015-16. Annual debt service is \$97.6 million, as a result of the completion of the Airport modernization and expansion. Seventy-four percent of residents rated the ease of use of the Airport as good or excellent.

- San José’s street pavement condition was deemed only “fair” in 2015—rated at 62 on the Pavement Condition Index (PCI) scale out of a possible 100. This is down from the 2003 PCI rating of 67. A “fair” rating means that the City’s streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly. Because major repairs cost five to ten times more than routine maintenance, these streets are at an especially critical stage. The Department of Transportation has continued to make corrective repairs, such as filling more than 10,000 potholes and patching damaged areas. Only 12 percent of residents rated street repair as good or excellent—the lowest rating of any City service.

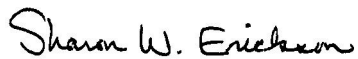
Additional information about other City services is included in the report.

Conclusion

This report builds on the City’s existing systems and measurement efforts. The City Auditor’s Office selected and reviewed performance data to provide assurance that the information in this report presents a fair picture of the City’s performance. 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 an Introduction with a community profile of the City. This is followed by resident survey results, various measures about the City’s financial condition, and a summary of the City’s overall budget and staffing. The remainder of the report presents performance information for each department in alphabetical order—their missions, 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 www.sanjoseca.gov/servicesreport. We thank the many departments that contributed to this report. This report would not be possible without their support.

Respectfully submitted,



Sharon Erickson
City Auditor

Audit Staff: Joe Rois, Ani Antanesyan, Adrian Bonifacio, Brittney Harvey, Michael Houston, Amy Hsiung, Gitanjali Mandrekar, Alison McInnis Pauly, Stephanie Noble, Robert Rodrock, Michael Tayag, and Eli Yani

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INTRODUCTION

Background
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Scope & Methodology

INTRODUCTION

BACKGROUND

This is the ninth annual report City Auditor's Report on City Services. The purpose of this report is to:

- improve government transparency and accountability,
- provide consolidated performance and workload information on City services,
- allow City officials and staff members to make informed management decisions, and
- report to the public on the state of City departments, programs, and services.

The report contains summary information including workload and performance results for the fiscal year ended June 30, 2016. We limited the number and scope of workload and performance indicators in this report to items we identified as the most useful, relevant, and accurate indicators of City government performance that would be of general interest to the public.

This report also includes the results of a resident survey, completed in November 2016, rating the quality of City services. All City departments are included in our review; however this report is not a complete set of performance measures for all users. The report provides three types of comparisons when available: historical trends, selected comparisons to other cities, and selected comparisons to stated targets.

After completing the first annual report on the City's Service Efforts and Accomplishments, the City Auditor's Office published [Performance Management And Reporting In San José: A Proposal For Improvement](#), which included suggestions for improving quality and reliability of performance and cost data. Since issuing that report we have worked with the Budget Office to assist a number of City departments in improving their measures. We will continue to work with departments towards improving their data as requested.

The first section of this report contains information on the City's financial condition; operating budget and staffing; and resident perceptions of the City, City services, and City staff. The remainder of the report displays performance information by department, in alphabetical order. The departments are as follows:

- Airport
- City Attorney
- City Auditor
- City Clerk
- City Manager
- Economic Development
- Environmental Services
- Finance
- Fire
- Housing
- Human Resources
- Independent Police Auditor
- Information Technology
- Library
- Parks, Recreation, and Neighborhood Services
- Planning, Building, and Code Enforcement
- Police
- Public Works
- Retirement
- Transportation

ACKNOWLEDGEMENTS

The Office of the City Auditor thanks staff from each City department for their time, information, and cooperation in the creation of this report.

CITY GOVERNMENT

San José is the oldest city in California; established as El Pueblo de San José de Guadalupe on November 29, 1777— 73 years before California achieved statehood. San José is a charter city, operating under a council/manager form of government. There is an 11-member City Council and many Council-appointed boards and commissions.* The Mayor is elected at large; Council members are elected by district (see map).

There were 20 City departments and offices during fiscal year 2015-16. Five of the departments and offices are run by officials directly appointed by the City Council. Those officials are the City Manager, City Attorney, City Auditor, Independent Police Auditor, and City Clerk.

Some departments and programs serve expanded service areas. These departments include Environmental Services, Public Works, and the Airport. For example, the San José/Santa Clara Regional Wastewater Facility is co-owned by the cities of San José and Santa Clara and provides service to those cities as well as Milpitas, Cupertino, Los Gatos, Monte Sereno, Campbell, and Saratoga. The Airport serves the entire South Bay region and neighboring communities.

Each spring the Mayor gives a State of the City address which sets priorities for the year. The priorities for 2016 were to:

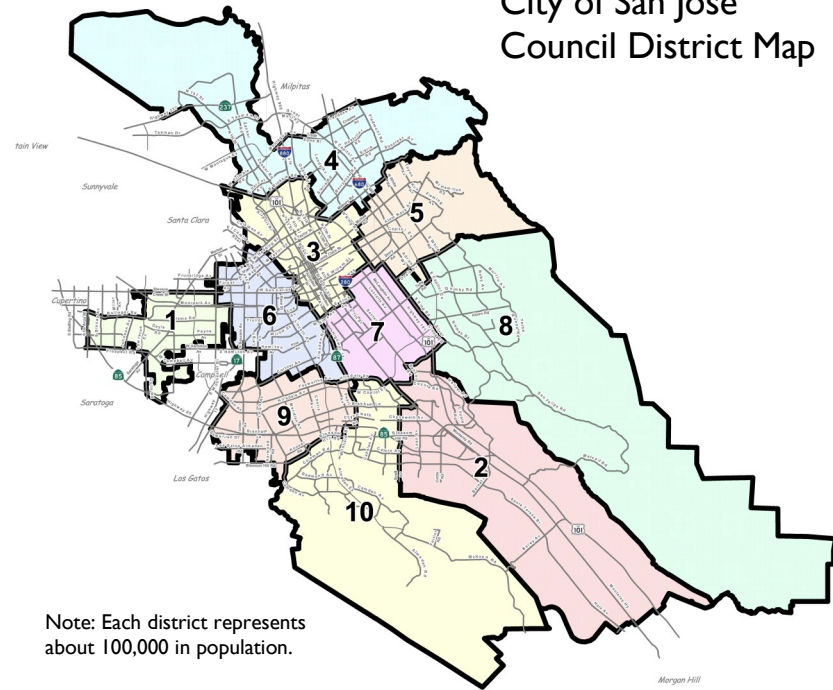
- Improve public safety
- Broaden economic opportunity
- Expand job training
- Reduce street homelessness
- Invest in transit and transportation infrastructure
- Expand citizen participation
- Make San José a Global Demonstration City

The City Council meets weekly to direct City operations. The Council meeting schedule and agendas can be viewed [online](#).

The City Council also holds Council Committee meetings each month. The decisions made in these meetings are brought to the main Council meeting for approval each month.

*Details of the boards and commissions can be found on [the City's website](#).

City of San José
Council District Map



Note: Each district represents about 100,000 in population.

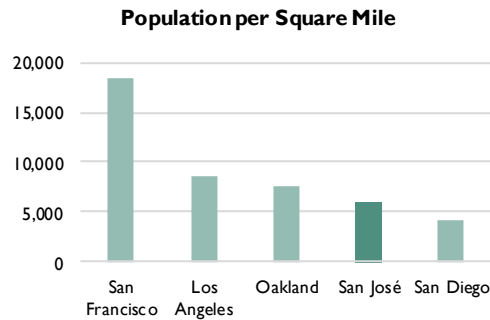
City Council Committees:

- Community & Economic Development Committee
- Neighborhood Services & Education Committee
- Public Safety, Finance & Strategic Support Committee
- Rules & Open Government Committee
- Transportation & Environment Committee

INTRODUCTION

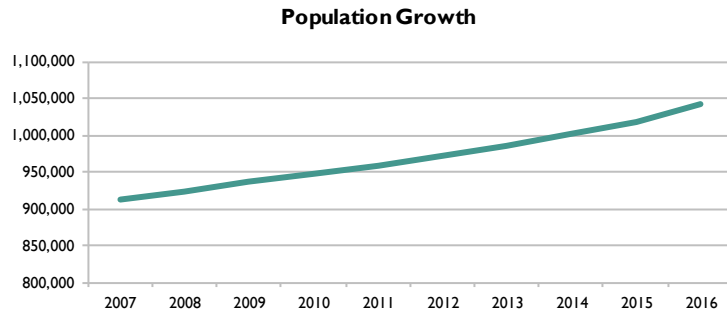
COMMUNITY PROFILE

San José, with a population of 1,042,094 is the tenth largest city in the United States and the third largest city in California. However, it ranks 62nd in population density for large U.S. cities. The City covers approximately 179 square miles at the southern end of the San Francisco Bay. For comparison, San Francisco covers 47 square miles with a population of 866,583. Originally an agricultural community, San José is now in the heart of Silicon Valley, so called in reference to the many silicon chip manufacturers and other high-tech companies.



THE POPULATION IS STEADILY INCREASING

San José grew from a population of about 913,000 in 2007 to just over 1,040,000 in 2016, an approximately 14 percent increase in population over the last ten years. Unless otherwise indicated, this report uses population data from the California Department of Finance. In some cases we have presented per capita data in order to adjust for population growth.



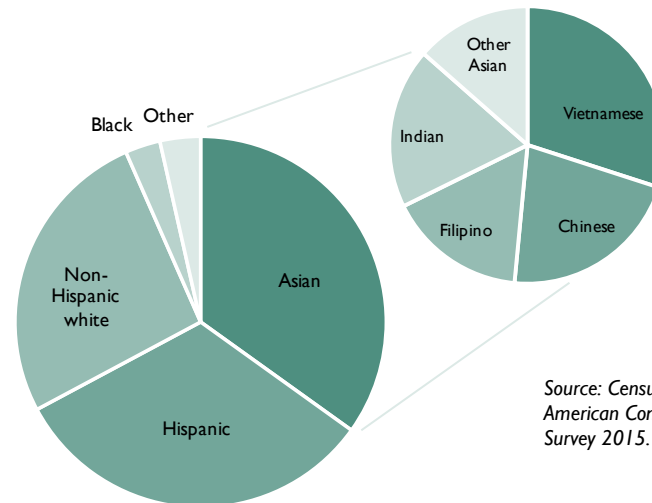
Source: California Department of Finance E-4 Population Estimates for Cities, Counties, and State.

THE CITY'S RESIDENTS ARE DIVERSE

The City of San José serves one of the most ethnically diverse populations in California. The demographics of San José are important because they influence the type of services the City provides and residents demand.

According to the 2015 American Community Survey, the estimated ethnic break-down of residents was:

Ethnic Group	Estimated Total	% of Pop.
Asian	358,104	35%
Vietnamese	107,306	10%
Chinese	77,156	8%
Indian	67,075	7%
Filipino	58,068	6%
Other Asian	22,441	5%
Hispanic	331,232	32%
Non-Hispanic white	268,948	26%
Black	31,414	3%
Other	36,254	4%



Source: Census Bureau's American Community Survey 2015.

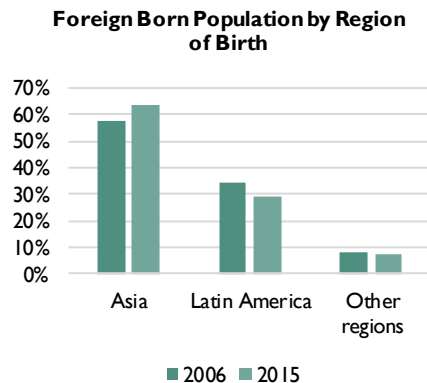
MANY RESIDENTS ARE FOREIGN BORN

San José also has a high number of foreign born residents. According to the 2015 American Community Survey; nearly 40 percent of San José residents were foreign born. Of those identifying as foreign born, 64 percent were born in Asia and 29 percent were born in Latin America. About 18 percent of residents are not U.S. citizens. Approximately 57 percent of San José residents speak a language other than English at home, and 25 percent of the population identifies as speaking English less than “very well.” The estimated break-down of languages spoken at home are as follows:

Language	Estimated Total	% of Pop.
English only	410,063	42.8%
Asian or Pacific Islander	251,518	26.3%
Spanish	221,488	23.1%
Other Indo-European	63,109	6.6%
Other	11,483	1.2%

Source: Census Bureau’s American Community Survey 2015.

Despite the growth in population, the proportion of foreign born residents is about the same as it was ten years ago—though there has been a slight demographic shift within the foreign born population. The percentage of residents born in Asia has increased slightly from 2006, while the percentage of residents born in Latin America has decreased.



Source: Census Bureau’s American Community Survey 2015.

According to the 2006 and 2015 American Community Surveys, the proportions of the City’s residents who are not U.S. citizens, speak a language other than English at home, or speak English less than “very well,” are about the same as they were ten years ago.

Total Population	2006	2015
Foreign born	39%	39%
Not U.S. citizens	20%	18%
Speak a language other than English at home	56%	57%
Speak English less than very well	26%	25%

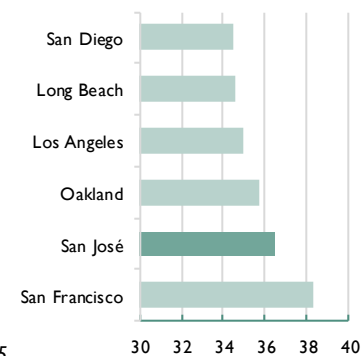
Source: Census Bureau’s American Community Survey 2015.

THE MEDIAN AGE IS 36.5 YEARS

The City’s population ranges in age, with a median age of 36.5 years. This is 1.5 years older than the median age of the population in 2006. San José’s median age of residents is relatively higher than other California jurisdictions with the exception of San Francisco.

Resident Age	Estimated Total	% of Pop.
under 5 years	69,258	7%
5-19 years	189,641	18%
20-34 years	230,258	22%
35-44 years	148,411	14%
45-54 years	148,355	14%
55-64 years	120,332	12%
65-74 years	69,903	7%
75 or more years	50,761	5%
Median Age	36.5 years	

Median Age of Residents



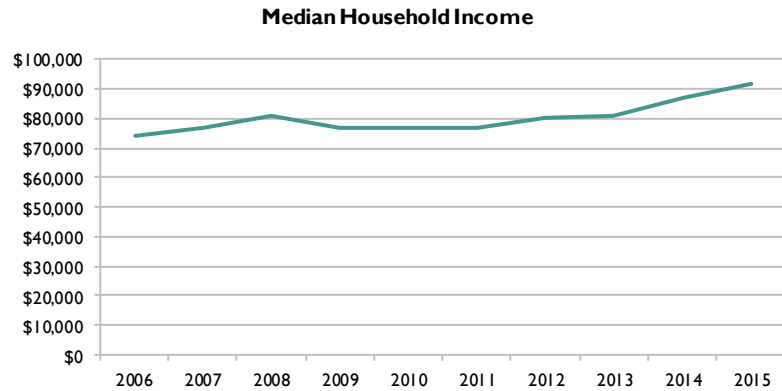
Source: Census Bureau’s American Community Survey 2015.

According to the county registrar, approximately 83 percent of the 875,000 registered voters in Santa Clara County voted in the last presidential election (November 2016).

INTRODUCTION

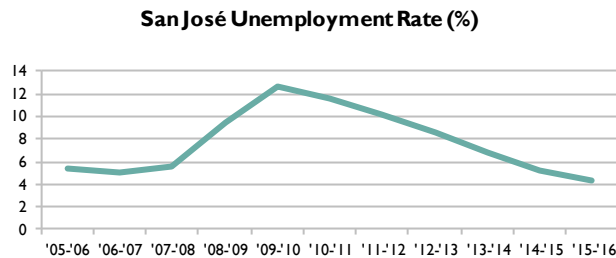
MEDIAN HOUSEHOLD INCOME HAS INCREASED

Median household income reached over \$91,000 in 2015. According to the resident survey, about 28 percent of respondents thought that the economy would have a positive impact on their income over the next six months—down from 37 percent last year. (See the Resident Survey chapter for more information on the survey.)



Source: Census Bureau's American Community Survey 2015.

San José's unemployment rate has declined since reaching a high of about 12.6 percent in 2009-10. For 2015-16, it was approximately 4.3 percent.



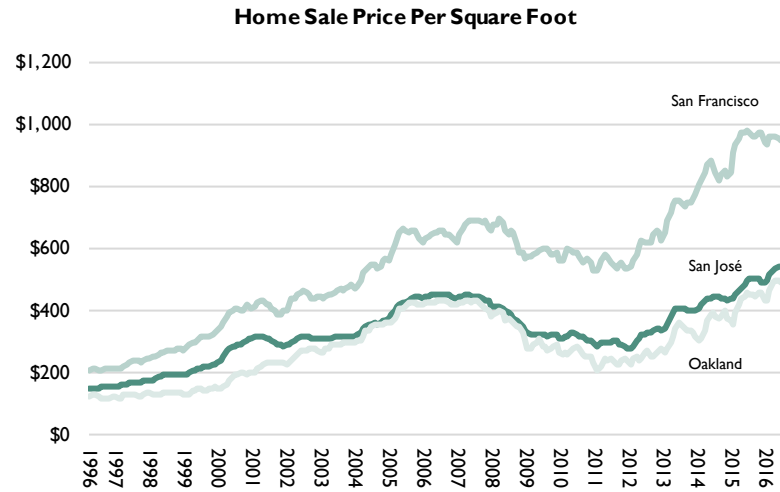
Source: Bureau of Labor Statistics.

The largest occupation groups are education and health services (18 percent), manufacturing (18 percent), and scientific, professional, and managerial (17 percent).

HOUSING PRICES HAVE ALSO INCREASED

According to the Census Bureau, approximately 57 percent of the housing stock is owner-occupied and 43 percent is renter-occupied. These vary from the national averages: nationwide 63 percent of housing stock is owner-occupied and 37 percent is renter-occupied.

The U.S. Department of Housing and Urban Development defines housing affordability as housing stock which costs less than 30 percent of the occupant's gross income. Based on the 2015 American Community Survey, 30 percent of homeowners and 53 percent of renters report spending more than 30 percent of household income on housing costs.

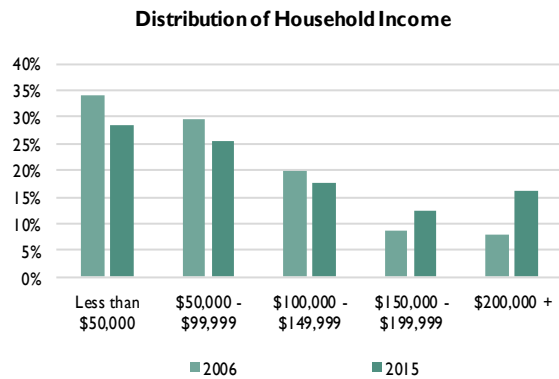


Source: Zillow.com monthly data, March 1996 through September 2016.

The median home price in San José in 2016 was \$920,000 and average monthly rent was about \$2,503. This is up from \$576,000 and \$1,470, respectively from four years ago. This compares with a median existing home value of approximately \$250,000 nationally, according to the National Association of Realtors. For more information on housing and rent burden, see our [2016 Audit on the Apartment Rent Ordinance](#).

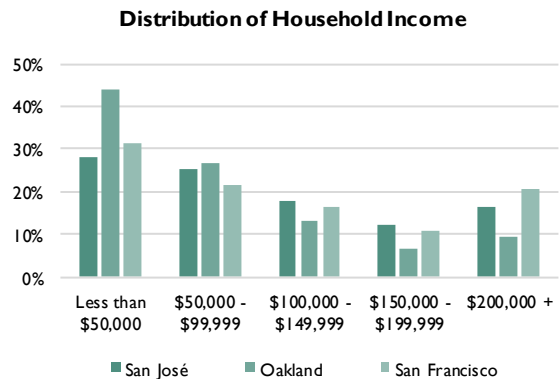
INCOME INEQUALITY PERSISTS

Based on data from the American Community Survey, the distribution of household income in San José has flattened compared to ten years ago. More households reported higher household income than in the past.



Source: Census Bureau's American Community Survey 2015 and 2006.

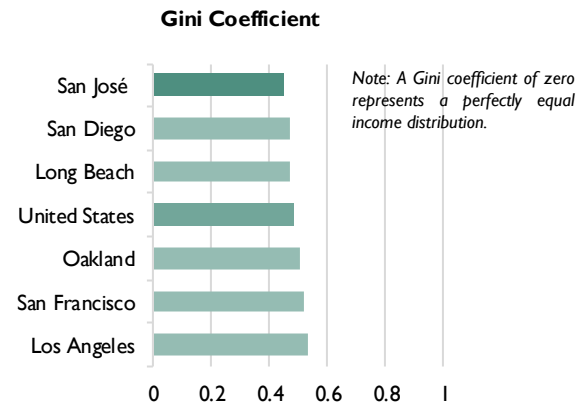
Compared to other Bay Area communities, San José has proportionally fewer households making less than \$50,000 per year and proportionally more making \$100,000 to \$150,000 per year. Compared to San Francisco, fewer households in San José earn more than \$200,000 per year.



Source: Census Bureau's American Community Survey 2015.

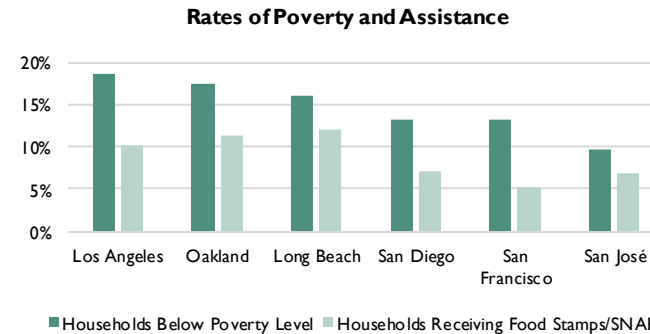
* By comparison, the Census Bureau's national poverty threshold for an individual was around \$12,000 in 2015. Both the living wage and poverty threshold vary based on the number of individuals in a household. For example, for a family of four, with two children, the poverty threshold was \$24,036.

The Gini coefficient is commonly used to assess the income equality of an area. The closer the coefficient is to zero, the more equal the distribution of income is. According to the Census Bureau, San José has a lower Gini coefficient than those of comparison cities in California, and the United States generally.



Source: Census Bureau's American Community Survey 2015.

However, income inequality in San José persists. According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area was just over \$30,000 in 2015. This represents the typical expenses of a single, working adult for a year and includes such annual expenses as food, housing, and transportation.* In 2015, 20 percent of San José households earned less than \$35,000. About ten percent of the population lived below the poverty threshold.



Source: Census Bureau's American Community Survey 2015.

INTRODUCTION

SCOPE & METHODOLOGY

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2016-17 Work Plan. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The workload and performance results that are outlined here reflect current City operations. The report is intended to be informational and does not fully analyze performance results. The independent auditors in the City Auditor's Office compiled and reviewed departmental performance data. We reviewed information for reasonableness and consistency. We questioned or researched data that needed additional explanation. We did not, however, audit the accuracy of source documents or the reliability of the data in computer-based systems. Our review of data was not intended to give absolute assurance that all information was free from error. Rather, our intent was to provide reasonable assurance that the reported information presented a fair picture of the City's performance.

SERVICE EFFORTS & ACCOMPLISHMENTS

This *Annual Report on City Services* summarizes the service efforts and accomplishments of the City of San José. The Government Accounting Standards Board (GASB) has been researching and advocating Service Efforts and Accomplishments (SEA) reporting for state and local government for many years to provide government officials and the public with information to supplement what is reported in annual financial statements. Financial statements give users a sense of the cost of government service, but do not provide information on the efficiency or effectiveness of government programs. SEA reporting provides that kind of information, and enables government officials and the public to assess how well their government is achieving its goals.

SELECTION OF INDICATORS

This report relies on existing performance measures, reviewed yearly by Council, staff, and interested residents during the annual budget study

sessions. It also relies on existing benchmarking data. We used audited information from the City's Comprehensive Annual Financial Reports (CAFRs). We cited mission statements, performance targets, performance outcomes, workload outputs, and budget information from the City's annual operating budget. We held numerous discussions with City staff to determine which performance information was most useful and reliable to include in this report. Where possible, we included ten years of historical data. We strove to maintain consistency with prior years' reports by including most of the same performance indicators, however, due to issues such as reporting and program updates, some indicators have changed.

We welcome input from City Council, City staff, and the public on how to improve this report in future years. Please contact us with suggestions at city.auditor@sanjoseca.gov.

COMPARISONS TO OTHER CITIES

Where possible and relevant, we have included benchmark comparisons to other cities (usually other large California cities, the state, or the nation). It should be noted that we took care to ensure that performance data comparisons with other cities compare like with like; however, other cities rarely provide exactly the same programs or measure data with exactly the same methodology.

ROUNDING & INFLATION

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100 percent due to rounding. Financial data have not been adjusted for inflation. Please keep in mind inflation (in the table of San Francisco Area Consumer Price Index for All Urban Consumers below) when reviewing historical financial data included in this report.

Year	Index
2006-07	216.1
2015-16	266.0
% change in last 10 years	23.1%

Source: Bureau of Labor Statistics, based on June 2007 and June 2016.

RESIDENT SURVEY

Resident perceptions about the Quality of Life and City Services in San José

RESIDENT SURVEY

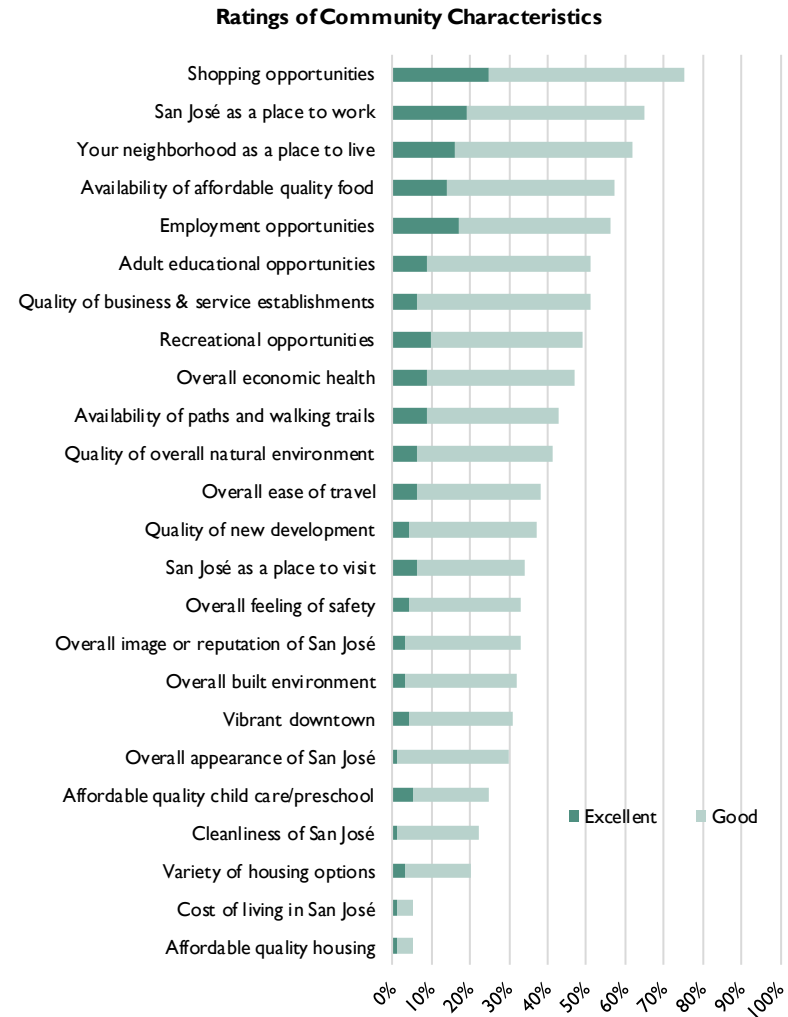
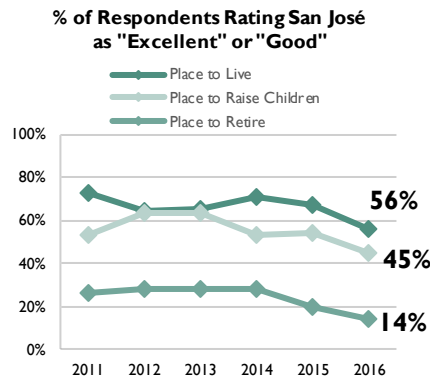
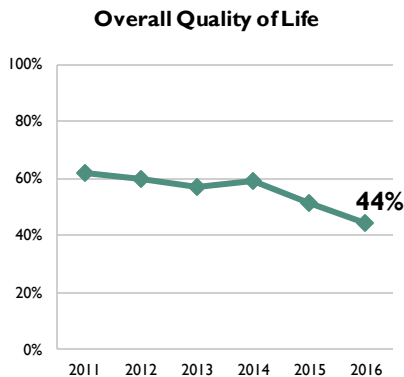
2016 marked San José's sixth year of participation in The National Citizen Survey™ (referred to throughout this report as the resident survey). The National Citizen Survey™ is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The survey was developed by NRC to provide a statistically valid sampling of resident opinions about their community and services provided by local government. Survey results in this chapter and in the following chapters provide the opinions of 3,722 residents of the City who responded to either a mail or online survey.

Complete survey results are posted online at www.sanjoseca.gov/servicesreport. The end of this chapter provides more specific information about the survey methodology.

QUALITY OF LIFE IN SAN JOSÉ

How residents rate their overall quality of life is an indicator of the overall health of a community. This can include opinions about a community's natural and built environments; the availability of services and amenities; overall feelings about safety or the economic health of the community; and other aspects of life.

Several aspects of community quality were rated highly by survey respondents, including shopping opportunities, the City as a place to work, and respondents' neighborhoods as places to live. The availability of affordable housing and the cost of living remain the lowest rated community characteristics.

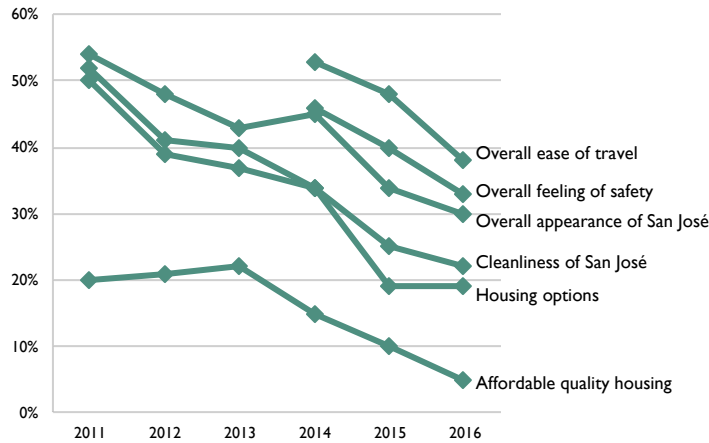


Although survey results for some community characteristics are similar to past years (e.g., respondents' neighborhood as a place to live, shopping and employment opportunities, the overall natural environment), responses about others have decreased significantly over the past five years.

SENSE OF COMMUNITY

The charts below indicate how satisfied residents are with opportunities to engage with the community. According to the 2016 National Citizen Survey™, nearly three in four residents report that they think it is essential or very important for the San José community to focus on sense of community in the next two years.

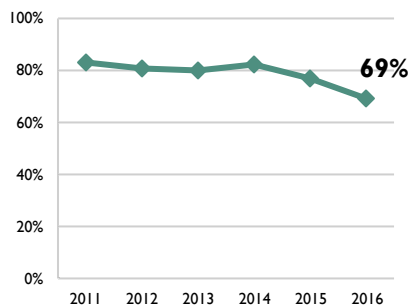
% of Respondents Rating San José as "Excellent" or "Good" for Select Characteristics



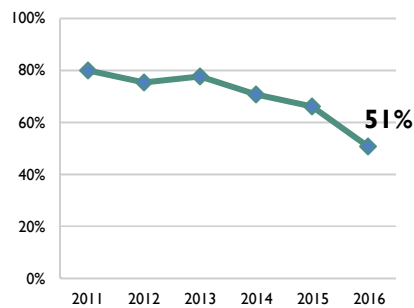
Satisfaction with Opportunities to Participate in the Community



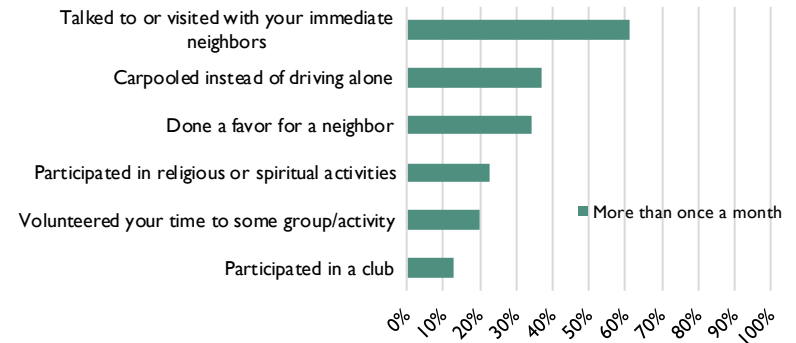
Remain in San José for the Next Five Years



Recommend Living in San José to Someone Who Asks



Participation in the San José Community



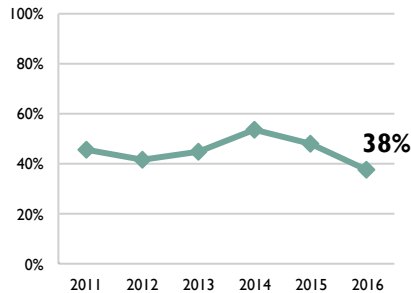
RESIDENT SURVEY

CITYWIDE QUALITY OF SERVICES

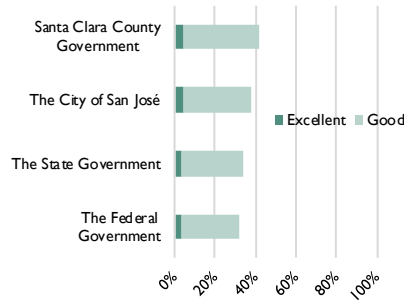
In the 2016 National Citizen Survey™, less than 40 percent of surveyed residents rated the overall quality of City services “good” or “excellent.” This is down from prior years when nearly half rated City services in that manner.

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 12 percent for street repairs. Other highly rated government services include the ease of using the San José Mineta International Airport; public libraries; and recycling, garbage, and yard waste pick-up. More information on survey results related to specific services can be found in individual department pages later in this report.

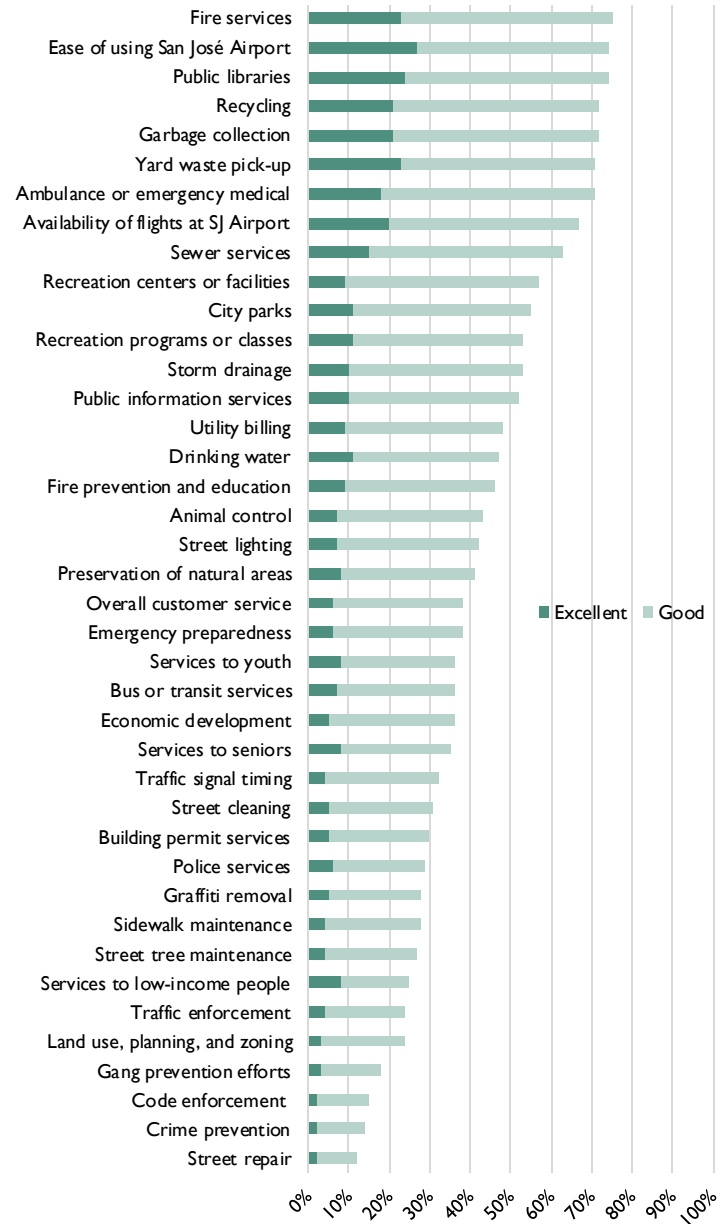
% of Respondents Rating Quality of Services Provided by San José as "Excellent" or "Good"



Satisfaction with Services Provided by Level of Government



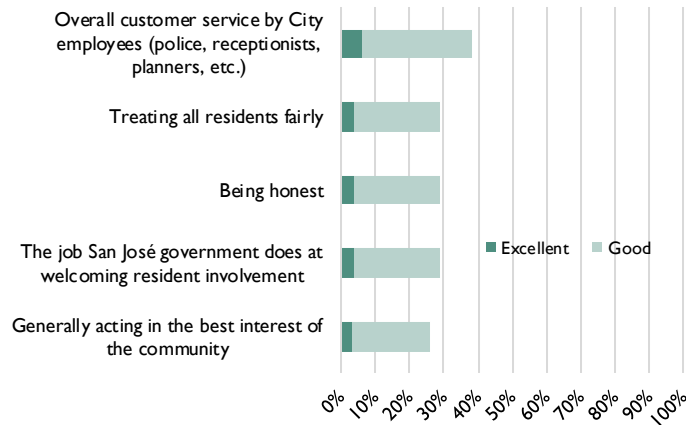
Quality of Government Services



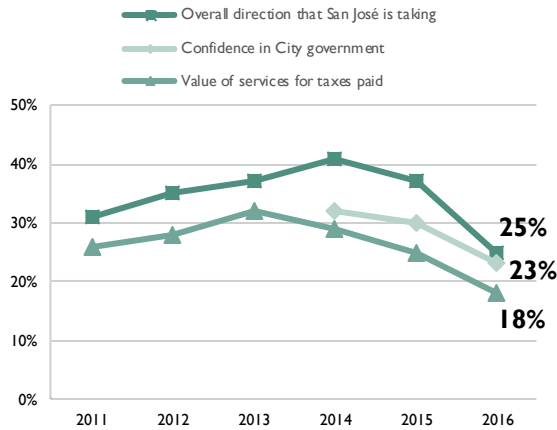
CITYWIDE PUBLIC TRUST

The 2016 National Citizen Survey™ also asked residents a variety of questions about their contact with City government and their confidence in San José's governance.

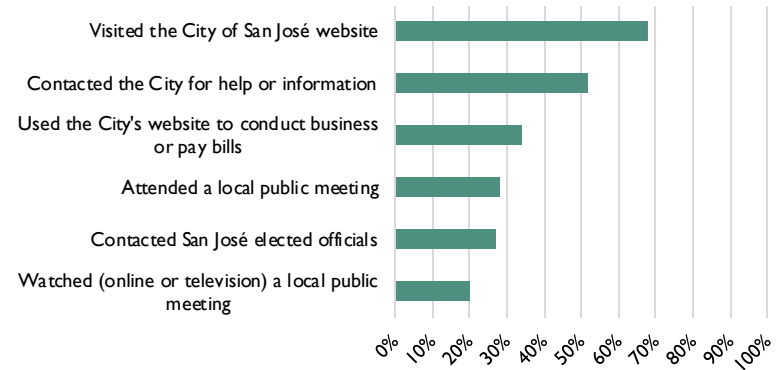
Public Trust and Confidence in Governance



% of Respondents Rating as "Excellent" or "Good"



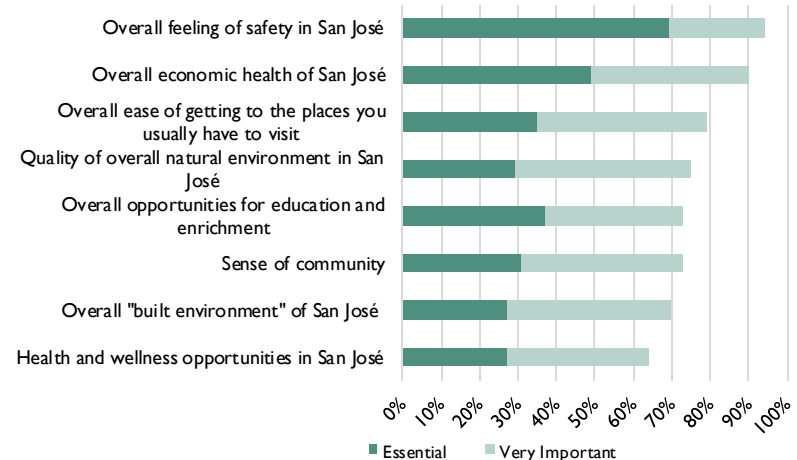
Contact with City Governance



PRIORITY ISSUES FOR RESIDENTS

Residents were 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 nine out of ten 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



RESIDENT SURVEY

SURVEY METHODOLOGY

Surveys were mailed to a total of 3,000 San José households in September and October 2016 (49 of which were returned). Completed surveys were received from 520 residents, for a response rate of 18 percent. Typical response rates obtained on citizen surveys range from 25 to 40 percent. Survey respondents were selected at random and survey responses were tracked by each quadrant of the City. Participation was encouraged with multiple mailings; self-addressed, postage-paid envelopes; and three language choices—English, Spanish, and Vietnamese. Results were statistically re-weighted, as necessary, to reflect the actual demographic composition of the entire community.

An additional 3,202 residents completed an online “opt-in” survey. Upon completion of data collection of both the mail and “opt-in” surveys, data from the two samples were compared in order to determine whether it was appropriate to combine, or blend, both samples together. NRC determined that the mail and “opt-in” sample characteristics were similar, indicating that the two samples could be blended.

In addition to the demographic variables, the “opt-in” survey data were weighted using a calibration technique that takes into consideration behavioral characteristics of the sample. This calibration technique reduces the differences that may occur between the mail and “opt-in” samples by using the mail results to inform the weighting scheme of the “opt-in” sample. An index score was calculated based on respondent’s levels of engagement in the community (e.g., contact with City employees, recreation center use, frequency of volunteering). The index scores were categorized into four equal groups; the “norms” for the categorized index scores were derived from the mail sample and then included in the weighting scheme for the “opt-in” sample.

It is customary to describe the precision of estimates made from surveys by a “level of confidence” and accompanying “confidence interval” (or margin of error). A traditional level of confidence, and the one used here, is 95 percent. The margin of error around results for the City of San José Survey is plus or minus two percentage points. With this margin of error, one may conclude that when 60 percent of survey respondents report that a particular service is “excellent” or “good,” somewhere between 58 to 62 percent of all residents are likely to feel that way. Differences between 2015 and 2016 results can be considered statistically significant if they are plus or minus than six percentage points.

FINANCIAL CONDITION

Financial condition is the measure of how healthy a city's finances are at a particular point in time

In February 2016, this Office published our first report on financial condition. This chapter builds on those efforts. For more information and plain English explanations of how to understand financial condition and how to interpret the measures provided, see [Measuring San José's Financial Condition](#).

FINANCIAL CONDITION

WHAT IS FINANCIAL CONDITION?

Financial condition is the measure of how healthy a city's finances are at a particular point in time. A city is considered financially healthy if it can deliver the services its residents expect with the resources its residents provide, both now and in the future. A city that is financially healthy is prepared to respond to residents' needs as they change over time, while laying the groundwork for long-term projects that will impact services many years down the line. Additionally, a financially healthy city is prepared for unforeseen events that will impact its ability to deliver services to its residents.

Cities in poor financial condition are not able to provide the services that residents want, either now or in the future. They're more susceptible to economic downturns—requiring cutbacks in services and maintenance—and they may have difficulty recovering from financial setbacks and economic downturns.

Information from this chapter is from the City's audited Comprehensive Annual Financial Report (CAFR). Other chapters use adopted budget information. The CAFR differs from the City's annual adopted operating budget in the timing and treatment of some revenues and expenditures. This chapter provides both background information about the City's finances and measures of financial condition. See this chapter's endnotes for definitions and links to the City's numerous financial and budgetary documents.

Three key questions to ask about the City's financial condition:

- 1) *Can the City pay its bills now?* It's important that the City has enough cash and investments that can be quickly turned into cash to pay bills and respond to unexpected circumstances. If the City can't pay the bills, it has to cut services or cover costs with safety net reserves.
- 2) *Can the City's revenues cover its expenses?* The City doesn't just need to pay bills now—it needs to make sure that the money it brings in regularly is enough to cover its annual expenses. If this doesn't happen, service levels won't be sustainable in the long term.
- 3) *Can the City pay its bills in the future?* The City will have bills in the future, and its current financial condition will influence its ability to pay them. For the long-term future, the City needs to make sure that its revenue sources are enough to cover long-term spending needs and provide services to a growing, changing population.

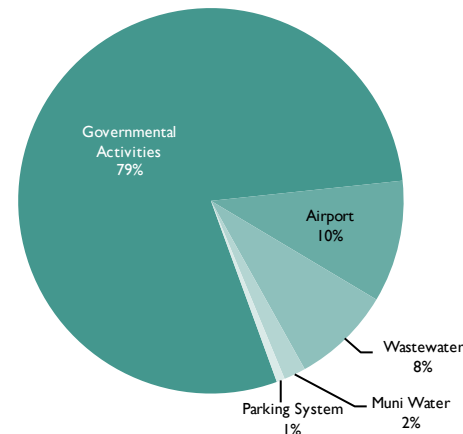
WHAT MAKES UP THE CITY GOVERNMENT?

Most of what the City government does is considered to be a *governmental activity*, meaning that the programs and departments are funded by the public at large and can be used by everyone who lives in, works in, or travels to San José. This includes police, fire, libraries, roads, parks, and code enforcement. Some of these activities are funded by fees. These governmental activities are primarily funded through the City's *General Fund* (the City's primary, unrestricted operating fund).

However, many cities operate programs that don't receive general tax revenue to support their operations. These are called *business-type activities*. For example, the Mineta San José International Airport is supported through fees from airlines and passengers and rent from concessionaires. These programs are paid for out of different funds (often called *enterprise funds* or *proprietary funds*) than what are used for governmental activities. That way, the City pays for business-type activity expenses with the revenue those activities generate.

Most of the City's expenses are considered within *governmental activities* (about \$1.55 billion out of the \$1.96 billion total in FY 2015-16).

City of San José Expenses (FY 2015-16)
Governmental vs. Business-Type Activities



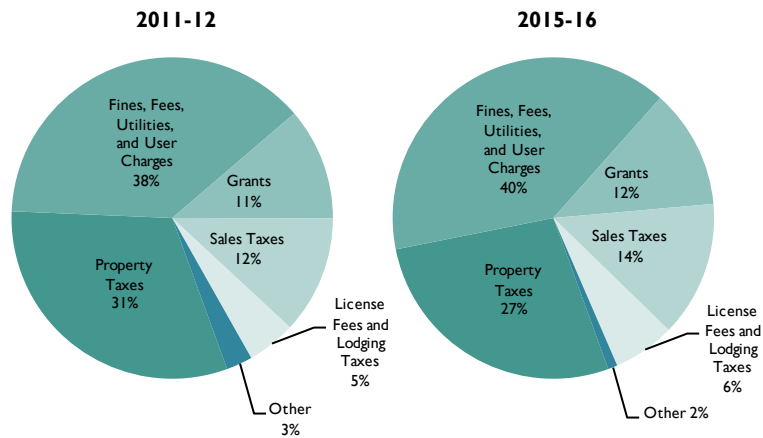
Source: 2015-16 Comprehensive Annual Financial Report

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. Most California cities generate the majority of their revenue from taxes and fees for services. Some revenue sources have restrictions on how they can be spent.

The composition of governmental activity revenues (i.e., excluding business-type activities such as the Airport) has changed over the past five years. For example, whereas property taxes accounted for 31 percent of governmental activity revenues in 2011-12, they accounted for just 27 percent of the total in 2015-16. On the other hand, the portion of general government revenues coming from sales taxes grew from 12 percent to 14 percent over that time.

Governmental Activity General and Program Revenues by Type

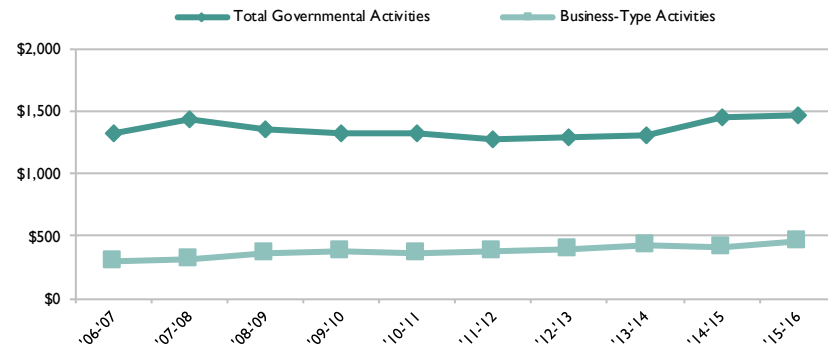


Source: 2011-12 and 2015-16 Comprehensive Annual Financial Reports

The City received \$1.9 billion in revenues in FY 2015-16. Governmental activity revenue totaled \$1.48 billion, a 1 percent increase from the previous year. Business-type activities generated \$467 million in FY 2015-16. All business-type activities generated more revenue than ten years ago.

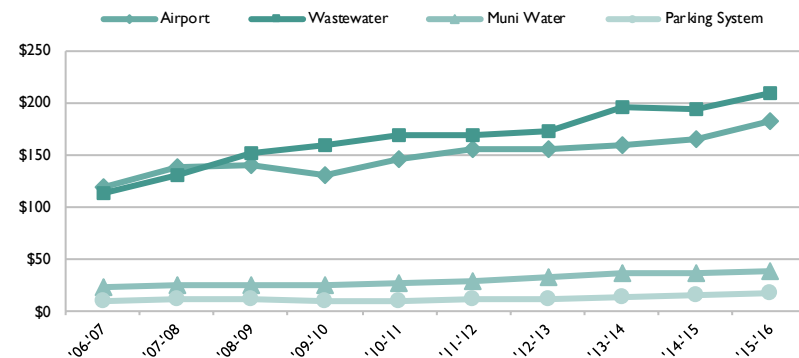
- Airport operating and non-operating revenues were up 53 percent.
- Wastewater Treatment revenues were up 84 percent.
- Muni Water revenues were up 67 percent.
- Parking System revenues were up 69 percent.

Total City Revenues (\$millions)



Source: 2006-07 through 2015-16 Comprehensive Annual Financial Reports

Business-Type Revenues by Source (\$millions)



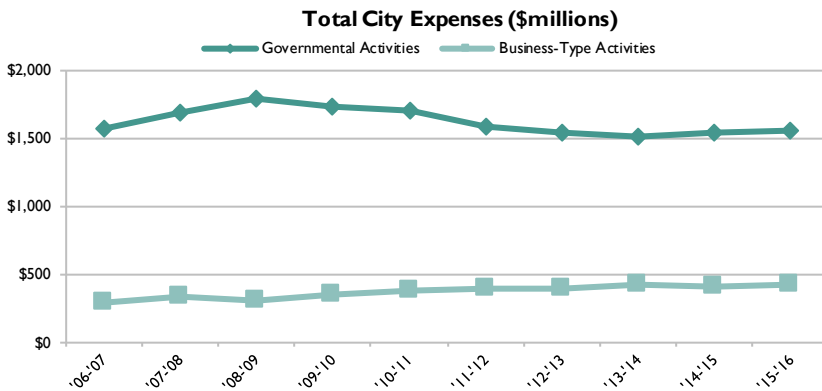
Source: 2006-07 through 2015-16 Comprehensive Annual Financial Reports

FINANCIAL CONDITION

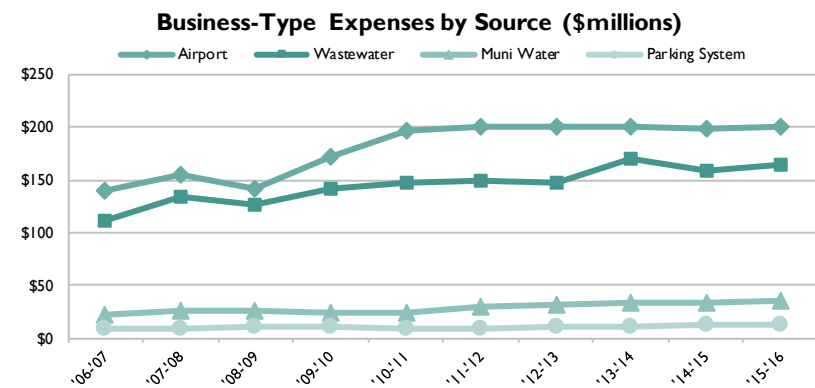
CITY EXPENSES

The City's total expenses peaked in 2008-09 at \$2.1 billion and have since fallen to \$1.96 billion in 2015-16. Governmental activity expenditures, almost 80 percent of the total, are about the same as ten years ago. Expenses from business-type activities have increased over this same time period. These expenses include non-cash expenses such as depreciation (see "City Capital Assets and Spending" later in this chapter).

As previously noted, revenue sources are often restricted in how they can be spent. As a result, reducing expenses for one service does not necessarily mean that expenses can be increased for another service, because the revenue may not be transferable.



Source: 2006-07 through 2015-16 Comprehensive Annual Financial Reports



Source: 2006-07 through 2015-16 Comprehensive Annual Financial Reports

OPERATING SURPLUS/DEFICIT

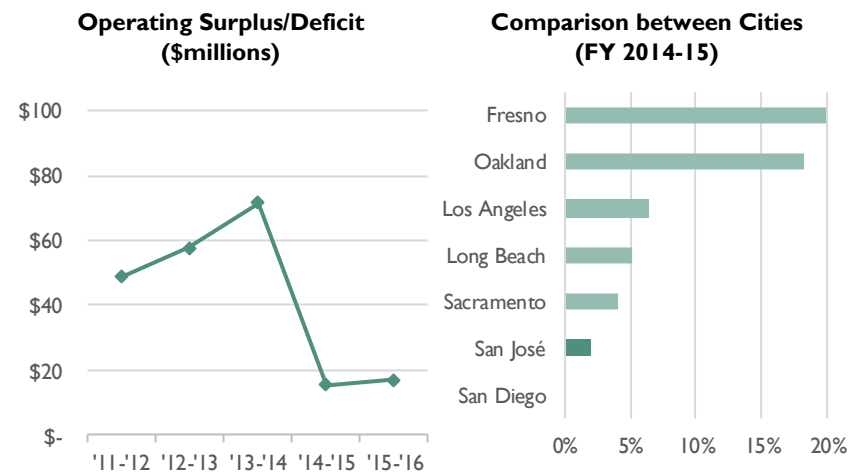
The City's General Fund operating surplus grew over the last year.

Ideally, a city's revenues will equal its expenditures; it will break even, rather than spending too little on services or too much. If the City spends too much on services, it has an operating deficit—it spent more than the revenues it brought in. Operating deficits that continue for years are unsustainable for a city's financial health.

In 2014-15, General Fund expenditures increased by \$77.9 million (10.9 percent from 2013-14). This included increased personnel costs, expanded service delivery, and increased capital outlay and capital maintenance expenditures. That year, General Fund revenues only increased by 2.8 percent.

The graph to the below left shows the difference between the City's General Fund total revenues and expenditures. The graph to the below right expresses this as a comparison ratio (surplus or deficit divided by revenues).

For this measure, a **higher** number indicates a better financial condition.



REVENUE PER CAPITA

The City’s revenue per capita has increased over the last four years.

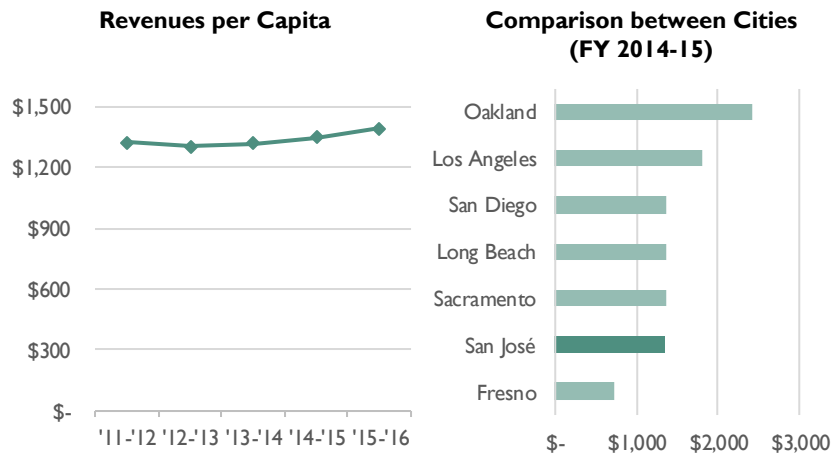
As a city’s population increases, it is beneficial if the city’s revenues also increase to maintain or grow service delivery for the expanding number of residents. Otherwise, the city may have to cut services or find new revenue sources.

The City’s revenues per capita have grown consistently over the last four years. San José had a relatively lower revenue per capita compared to other jurisdictions, though it was comparable to Sacramento, Long Beach, and San Diego.

For more information, including a breakdown of sales tax revenue, see the Economic Development chapter.

The graphs below compare governmental funds revenue to population. A higher ratio means that there was more revenue generated per capita.

For this measure, a **higher** ratio indicates better financial condition.



EXPENDITURES PER CAPITA

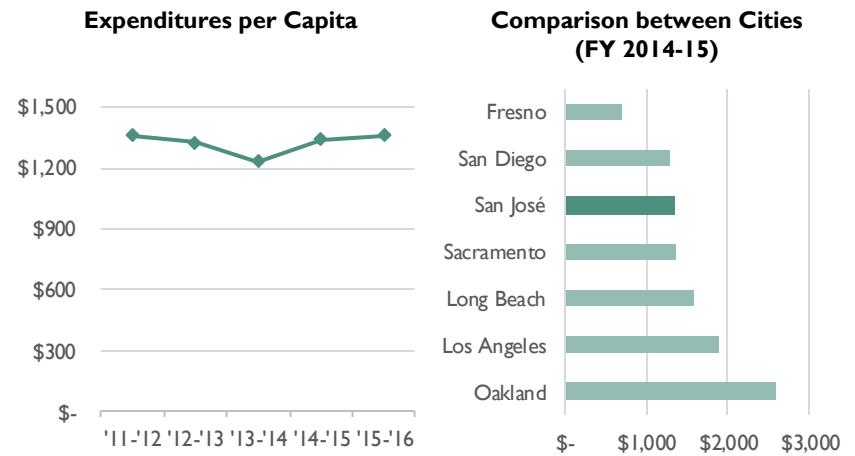
The City’s expenditures per capita have increased over the last year.

As a city adapts its service delivery over time and as its population changes, the amount of money expended per capita can shift. If the expenditures increase compared to population, it may indicate that new services were added, or that service delivery has become more expensive or less efficient.

The City’s governmental funds expenditures per capita have grown over the past two years, following a low point in 2013-14. San José had relatively low expenditures per capita compared to other surveyed jurisdictions. The level and types of service offered may vary between cities.

The graphs below compare governmental funds expenditures to population. A lower ratio means that there were fewer expenditures per capita.

For this measure, a **lower** ratio indicates better financial condition (but a potentially lower level of service).



FINANCIAL CONDITION

NET ASSETS PER CAPITA

The City's net position has declined.

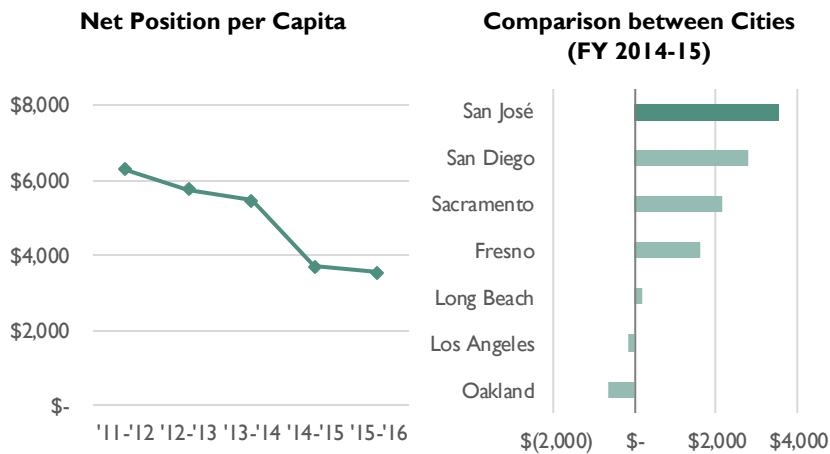
Revenues from the City's programs ideally should cover the expenses that the City incurs for those programs—otherwise, the City will have to make ends meet by dipping into other savings, and it won't be able to save money for projects and safety net reserves.

The City's expenditures for governmental activities (including depreciation on its capital assets) exceeded its revenues in 2015-16 by over \$70 million. As a result, the City's net position declined.

Nonetheless, San José had a higher net position per capita than other surveyed cities in 2014-15. As noted previously, cities may provide a varying range of services to residents. A change in accounting practices due to the addition of net pension liability contributed to the decline between 2013-14 and 2014-15.

The graphs below show the City's net position per capita. A higher ratio means the City had more resources to provide services per resident.

For this measure, a **higher** ratio indicates better financial condition.



ABILITY TO PAY EXPENSES

The City had more cash available in its General Fund than it did in prior years.

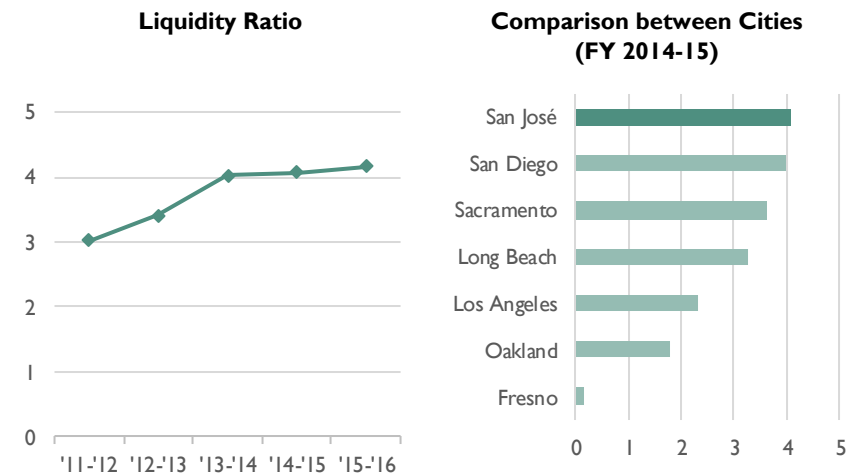
Cash and investments that can be quickly turned into cash enable the City to pay bills that will come due in the short term (within one year or sooner).

The amount the City had in its treasury in cash and investments has been increasing over the last five years. This is a positive trend indicating the City is in a better position to pay obligations in the short term. As of June 30, 2016, the City's cash and investments were four times the amount that it owed within the next year.

San José had the highest ratio of cash to liabilities compared to other cities surveyed. This means that San José was in a comparatively good position to pay short-term obligations with cash and investments compared to other cities.

The graphs below show the amount of money that the City has in cash and investments compared to the amount of short-term obligations the City owes, all within the General Fund. A higher ratio shows a better ability to pay short-term obligations.

For this measure, a **higher** ratio indicates better financial condition.



BUILDING UP RESERVES

The City’s General Fund unassigned fund balance reserves decreased slightly compared to revenue

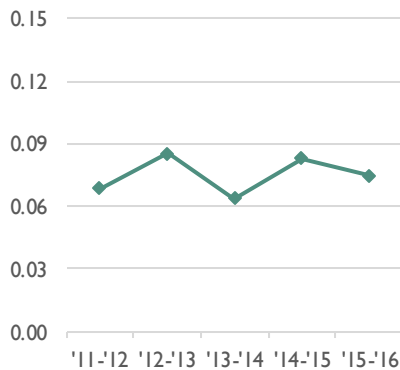
The City has several different reserves set aside. Of these reserves, the unassigned fund balance has the fewest restrictions on how it can be used. Within the unassigned fund balance are the City’s safety net reserves: money that’s set aside to pay for services and salaries when revenues take a turn for the worse.

San Jose’s General Fund unassigned fund balance ratio has remained relatively consistent over the past five years, with a slight decrease in 2015-16. Moreover, the City’s ratio was comparable to other jurisdictions.

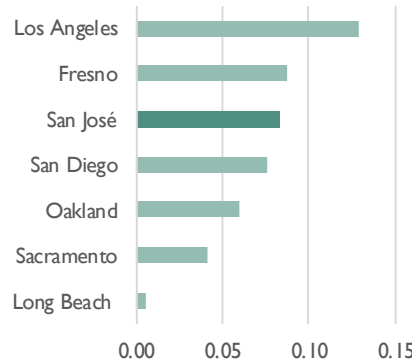
The graphs below compare the money in the General Fund unassigned fund balance to total General Fund revenues. A higher ratio means that there was more money saved as compared to the revenues that were brought in.

For this measure, a **higher** ratio indicates better financial condition.

Unassigned General Fund Balance



Comparison between Cities (FY 2014-15)



CITY OBLIGATIONS AND DEBT

The City owes money in the form of short- and long-term obligations including debt.

Short-term obligations are due within the next year. This includes things like accrued wages that City employees have earned and *accounts payable* (money owed for supplies or for services rendered). Short-term obligations totaled **\$267 million** as of June 30, 2016.

Long-term obligations are generally not due within the next year, but will need to be paid in the future. For example, the accrued vacation and sick leave that employees have earned but haven’t taken is included as a long-term obligation. The purchase, construction, and renovation of City-owned facilities is usually financed using *debt* that the City has issued in the form of bonds. The payment of bond debt, called *debt service*, includes payment of principal and interest. As of June 30, 2016, the City owed \$2.5 billion in long-term debt (mostly in the form of bonds issued by the City or a related entity—see the box below), about half for governmental activities and about half for business-type activities. These long-term obligations, including debt, totaled **\$5.6 billion** as of June 30, 2016. For more information, see the Finance Department and Retirement Services chapters.

The City also has obligations for pensions and *other postemployment benefits* (OPEB), which includes healthcare for retired City employees. Beginning in 2014-15, the Governmental Accounting Standards Board (GASB) changed the rules for how governments calculate and present pension liabilities (requiring them to be included with other liabilities in the main financial statements). Similar rules for OPEB are to take effect for FY 2017-18. Until the new GASB rules take effect, OPEB liabilities are not included in calculations of long-term obligations in the main financial statements. As of June 30, 2015, independent actuaries determined the liabilities for pension plans and OPEB exceeded assets by **\$3.7 billion**.

Who has to pay the City’s debt?

Separate entities within the broad City organization are legally responsible for different parts of the City’s debt. On the one hand, the City is not legally obligated to use the City’s general revenues to pay the business-type obligations. On the other hand, the City’s business-type revenues are restricted and may not be used to pay other debt obligations.

FINANCIAL CONDITION

ABILITY TO PAY OBLIGATIONS

Three years of revenue would be required to pay the City's obligations.

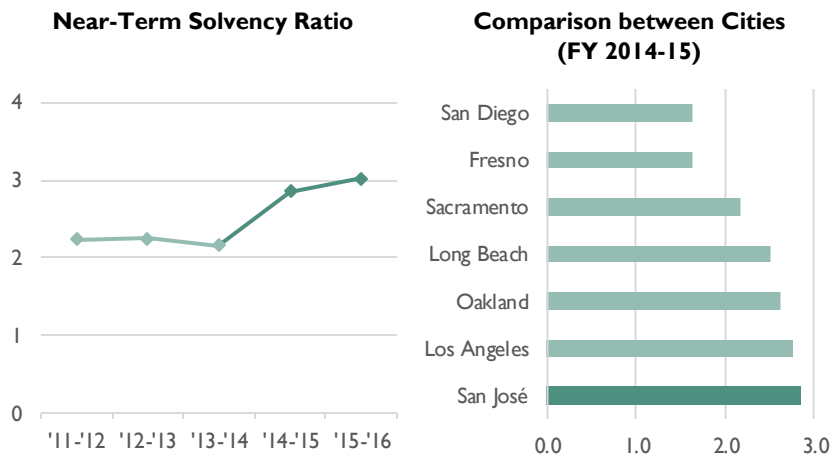
A city the size of San José has both short-term and long-term obligations that must be paid in the future, such as accounts payable and notes payable. The fewer number of years of annual revenue needed to pay the City's obligations, the better the City's financial condition.

In 2014-15, the City began including its net pension liability, which totaled nearly \$1.7 billion that year, to the calculation of total liabilities. For this reason, 2011-12 through 2013-14 is shown in a lighter color.

San José had more liabilities compared to revenues than all other cities surveyed. Cities were required to include net pension liability into their main financial statements in 2014-15.

The graphs below compare the City's short- and long-term obligations to the City's annual revenues (including all governmental and business-type activities). A lower ratio shows that the City was able to pay a larger portion of its debts with annual revenues.

For this measure, a **lower** ratio indicates better financial condition.



Note: 2011-12 through 2013-14 do not include net pension liability.

AMOUNT BORROWED PER RESIDENT

The amount the City had borrowed in the form of bonds per resident decreased.

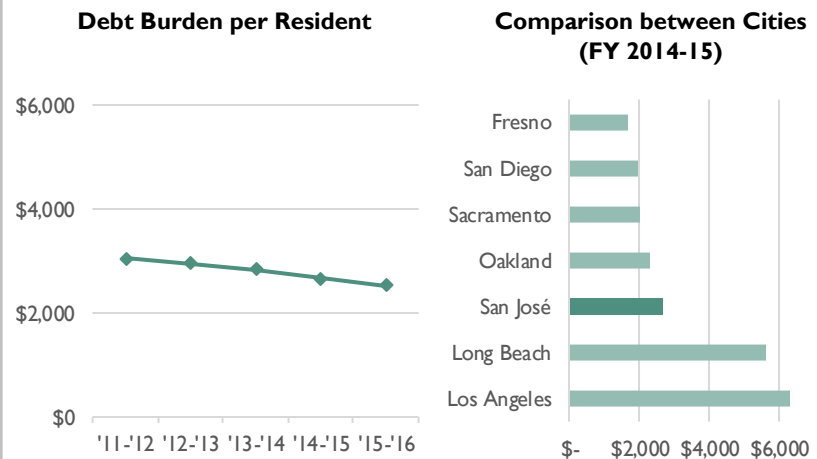
Having a low amount borrowed per resident would put the City in a better position, and potentially make it easier to borrow more money should the need arise.

2015-16 saw the lowest amount of bonded debt per resident than in the previous five years. The City's single largest source of long-term debt in the form of bonds was related to capital improvements at Mineta San José Airport, for which the outstanding debt totaled \$1.3 billion as of June 30, 2016 (to be repaid with Airport revenues). For more information, see the Airport chapter.

San José's debt burden per resident was mid-range of other cities surveyed. A city's debt is highly dependent on what range of services a city offers.

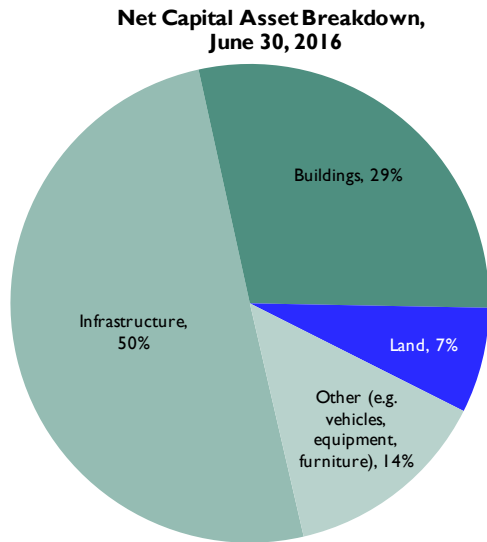
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For this measure, a **lower** ratio indicates better financial condition.



CAPITAL ASSETS AND SPENDING

The City owns a variety of capital assets—land, buildings, vehicles, equipment, infrastructure (e.g., roads, bridges, sewers), and other assets with a useful life beyond one year. Capital assets also include construction projects currently being built but not yet completed (referred to as construction in progress). Paying for and maintaining these assets play a critical role in the City’s financial condition.



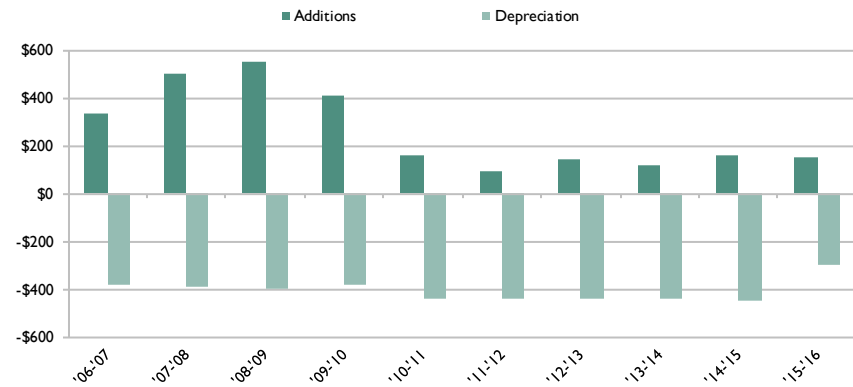
Source: 2015-16 Comprehensive Annual Financial Report

At the end of fiscal year 2014-15 the City owned \$7.6 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 governmental activities totaled \$5.6 billion and assets used in business-type activities such as the Airport, wastewater treatment, and other business-type activities totaled \$2 billion.

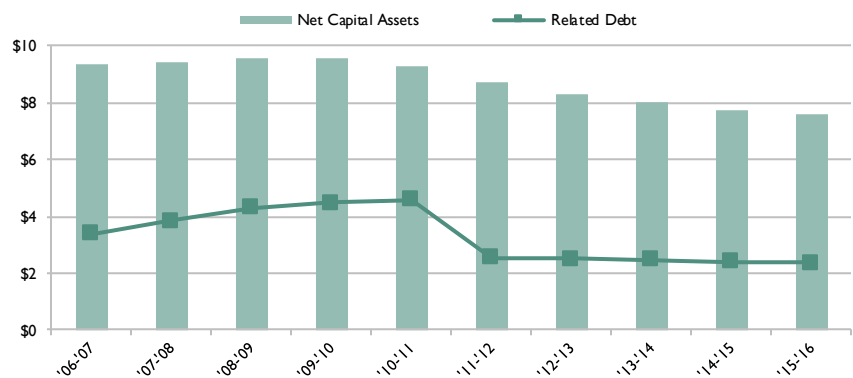
In 2015-16, the City added \$151 million in capital assets; however, these were offset by \$299 million in depreciation. Among the additions were capital projects at the Wastewater Treatment Facility and the Airport, and purchases of property from the Successor Agency to the Redevelopment Agency (SARA). On June 30, 2016, capital asset-related debt totaled \$2.3 billion, slightly lower than the prior year.

Capital Asset Additions and Depreciation (\$millions)



Source: 2006-07 through 2015-16 CAFRs. Note: Capital additions do not include transfers.

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



Source: 2006-07 through 2015-16 CAFRs.

Note: Capital asset-related debt dropped nearly \$2 billion between 2010-11 and 2011-12 as a result of the transfer of former Redevelopment Agency debt to the SARA. Net capital assets account for transfers (during 2014-15 and 2015-16, SARA transferred \$78.9 million and \$7.9 in capital assets to the City, respectively).

FINANCIAL CONDITION

CAPITAL ASSETS AND SPENDING (CONTINUED)

On an annual basis, the City administration prepares a status report on the deferred maintenance and infrastructure backlog. In January 2016, staff reported that the City faced an estimated \$1.1 billion deferred maintenance and infrastructure backlog, with an estimated additional \$174 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.

Infrastructure Backlog (all funds as of January 2016)

Program	Current Backlog of Deferred Needs	Annual Ongoing Unfunded Needs
Airport	\$ 13,551,000	\$ 12,100,000
Building Facilities*	\$ 133,317,000	\$ 17,830,000
City Facilities Operated by Others	\$ 7,520,000	TBD
Convention Center and Cultural Facilities	\$ 48,042,000	\$ 2,565,000
Fleet	\$ 8,700,000	\$ 1,400,000
Parks, Pools and Open Space	\$ 137,805,000	\$ 30,590,000
Sanitary Sewer	TBD	\$ 5,700,000
Service Yards	\$ 17,000,000	\$ 2,900,000
Storm Sewer	\$ 40,000,000	TBD
Information Technology	\$ 4,545,600	\$ 3,047,482
Radio Communications	none	none
Transportation Infrastructure	\$ 670,600,000	\$ 98,300,000
Regional Wastewater Facility	none	none
Water Utility	none	none
Total	\$ 1,081,080,600	\$ 174,432,482

Source: [Status Report on Deferred Maintenance and Infrastructure Backlog, 2016 \(Attachment A\)](#)

* Annual ongoing is for Parks buildings only, remaining facilities TBD.

CHANGE IN VALUE OF CAPITAL ASSETS

The value of the City's capital assets decreased over the last five years.

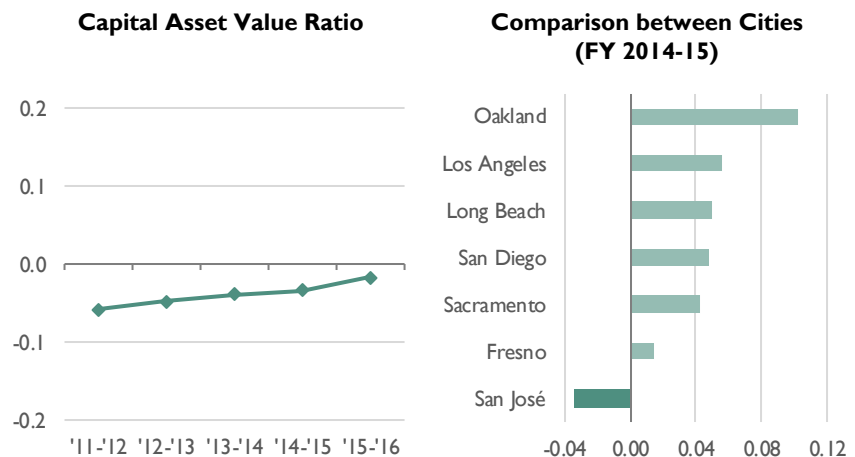
Most of the City's capital assets decrease in value over time because of depreciation. If the City doesn't replace or renovate its capital assets, the value over time decreases.

Though the City's ratio was increasing, the City's capital assets still ended the year on June 30, 2016 with a book value of about \$140 million less than when the year started (about 1.8 percent below the value on July 1, 2015). The negative ratio indicates that the City's assets decreased in value—that is, the value at the end of the year was less than the value at the beginning of the year. This indicates that the depreciation of capital assets was greater than the value of capital assets added, and that some capital assets may need to be renovated or replaced.

San José was the only city surveyed that had its capital assets decrease in value in 2014-15.

The graphs below show the difference in the value of capital assets at the end of the year, divided by the value at the beginning of the year.

For this measure, a **higher** ratio indicates better financial condition.



ENDNOTES

What Makes Up the City Government: Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included in revenues. **CAFR Source:** Government-wide Statement of Activities.

City Revenues: The City also doesn't receive 100 percent of the sales tax levied in Santa Clara County. The City receives less in tax revenue per capita than many other Santa Clara County cities. **CAFR Source:** Government-wide Statement of Activities and Statistical Section

City Expenses: Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included in expenses. **CAFR Source:** Government-wide Statement of Activities

Operating Surplus/Deficit: This measure includes only the General Fund. **Formula:** General Fund revenues – General Fund expenditures (for San José 5-year chart); (General Fund revenues – General Fund expenditures) / General Fund revenues (for comparison with other cities). **CAFR Source:** Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

Revenue per Capita: This measure includes all governmental funds. **Formula:** Total government funds revenues / Population. **CAFR Source:** Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and Statistical Section.

Expenditures per Capita: This measure includes all governmental funds. **Formula:** Total government funds expenditures / Population. **CAFR Source:** Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and Statistical Section.

Net Assets per Capita: This measure considers only governmental activities. Business type activities are not included. **Formula:** Governmental Activities Net Position / Population. **CAFR Source:** Government-wide Statement of Activities and Statistical Section

Ability to Pay Expenses: This measure considers cash and investments held in the City Treasury in the General Fund, as compared to liabilities. It is important to note that measures of cash and investments are a snapshot as of a given date. As a result, information could change the following day as cash flows in and out in revenues and bills paid. **Formula:** Total General Fund Cash and Investments / (General Fund Liabilities – General Fund Unearned Revenue). **CAFR Source:** Governmental Funds Balance Sheet.

ENDNOTES (CONTINUED)

Building up Reserves: This measure focuses on General Fund unassigned fund balance. Unassigned fund balance includes contingency reserves and budget stabilization reserves (designed to buffer against financial shocks) and certain earmarked reserves (set aside for a purpose but potentially available in a catastrophic need). This measure shows short-run financial position. **Formula:** Unassigned General Fund Balance / Total General Fund Revenues. **CAFR Source:** Governmental Funds Balance Sheet; Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance

City Obligations and Debt: The \$2.5 billion in long-term debt noted above includes some debt for which the City has limited obligation or is not legally liable. This includes City of San José Financing Authority lease revenue bonds; the City is responsible for making annual lease payments so long as there is beneficial use and occupancy of the leased facility. In addition to the \$2.5 billion noted above, the City manages, but is not liable for, long-term debt associated with the former Redevelopment Agency and conduit financing related to multi-family housing revenue bonds. In total, the City managed \$4.9 billion in debt. **CAFR Source:** Summary of Long-Term Debt

Ability to Pay Obligations: Other Postemployment Benefits (OPEB) are not included. **Formula:** (Primary Government Liabilities - Unearned Revenues) / Primary Government Revenues. **CAFR Source:** Government-wide Statement of Net Position and Statement of Activities

Amount Borrowed per Resident: This measure reflects all primary government bonded debt, which includes governmental and business-type activities. Population estimates are from the State of California, Department of Finance. Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included. **Formula:** Total Outstanding Debt for the Primary Government / Population. **CAFR Source:** Statistical Section

FINANCIAL CONDITION

ENDNOTES (CONTINUED)

Capital Assets: Assets are valued at cost minus accumulated depreciation. Some assets may be fully depreciated. Trust and Agency funds, including the Pension Trust Funds and the Successor Agency to the Redevelopment Agency, are not included. **CAFR Source:** Capital Assets Note Disclosure

Change in Value of Capital Assets: This measure represents the net value of all primary government capital assets, which includes those owned by governmental activities and business-type activities. Land, intangible assets, and construction in progress are not depreciated. **Formula:** (Ending Net Value of Primary Government Capital Assets - Beginning Net Value) / Beginning Net Value. **CAFR Source:** Capital Assets Note Disclosure and Reconciliation of the Changes in Fund Balances for Governmental Funds to the Statement of Activities

ADDITIONAL REPORTS FOR MORE INFORMATION

The City of San José prepares numerous financial and budgetary documents during the fiscal year.

The **Comprehensive Annual Financial Report (CAFR)** provides the City's audited financial statements, notes to those statements, the City Management's Discussion and Analysis of the financial information and trends, as well as other essential information. All measures included in this report were calculated using data from the City's CAFRs. Visit: [Finance Department's Report Homepage](#).

The **Comprehensive Annual Debt Report** contains information such as recent debt issued by the City and the outstanding debt portfolio. The Annual Debt Report is a key document to better understand the City's debt, which is relevant for several measures presented in this report. Visit: [Finance Department's Report Homepage](#).

The City's **Annual Adopted Operating Budget** details how the City will pay for services and operations. The Adopted Operating Budget contains key information about the City's budgets and performance, broken down by broad areas of City service delivery and City departments. It also contains information about the sources and uses of operating funds. Visit: [City Manager's Budget Office 2016-17 adopted budget homepage](#).

The City Manager's Budget Office also prepares an **Annual Adopted Capital Budget** and a **Five Year Capital Improvement Program** to outline how the City will maintain and grow its capital assets. This document provides detailed information about the planned capital investments in the City's assets such as buildings, parks, and transportation infrastructure. Visit: [City Manager's Budget Office 2016-17 adopted budget homepage](#).

The **Annual Report** provides unaudited information on the financial status of the City at the end of each fiscal year. The focus of the Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the budget. This report also provides information about each City fund, including the status of the year-end reserve levels. Visit: [City Manager's Budget Office 2015-16 Annual Report homepage](#).

The **Five Year Forecast** includes projected revenues and expenditures for the General Fund and revenue projections for the Capital Improvement Program. Visit: [City Manager's Budget Office Five Year Forecast homepage](#).

The **Fees and Charges Report** documents the majority of the fees and charges within the General Fund and selected fees within other funds. Some fees for enterprise activities, such as the Airport, are not included as they are approved separately. Visit: [City Manager's Budget Office Proposed Fees and Charges homepage](#).

OPERATING BUDGET AND STAFFING

Operating Budget and Staffing for City Services

OPERATING BUDGET AND STAFFING

CITY OPERATING BUDGET

The City's [operating budget](#) is a financial plan for how the City will provide services, pay obligations, and save for future expenses. It is approved by the Mayor and City Council. It contains information and data regarding expected sources, uses, and performance. The City Charter requires the budget to be balanced for every fiscal year. The fiscal year in San José begins July 1 and ends June 30.

The City's operating budget is prepared using a different accounting basis than the Comprehensive Annual Financial Report (CAFR). CAFR data was used in the previous chapter to discuss financial condition. This chapter, as well as the remainder of this report, use budgetary data unless otherwise specified. Every year, the City Manager's Budget Office prepares a reconciliation between the CAFR and the adopted budget. To see the latest of these reconciliations, see the [2015-16 Annual Report](#).

In addition to being balanced, the City Charter also requires that the budget include a complete financial plan for all City funds. This includes the General Fund as well as numerous special funds.

In 2015-16, budgeted City expenditures from all funds totaled about \$3.2 billion. Of that, the City budgeted* approximately \$1.69 billion to City departmental and non-departmental (City-wide expenses, capital contributions, transfers, and reserves) operations during 2015-16. This was 25 percent more than ten years ago.

	2015-16	10 Year Change
Airport	\$ 62,651,270	-20%
City Attorney	\$ 16,732,315	14%
City Auditor	\$ 2,414,656	-2%
City Clerk	\$ 2,608,154	4%
City Manager	\$ 12,896,372	37%
City-Wide Expenses	\$ 122,802,918	8%
Economic Development	\$ 10,951,661	15%
Environmental Services	\$ 245,716,687	52%
Finance	\$ 17,452,318	13%
Fire	\$ 189,845,256	46%
General Fund Capital Contributions and Transfers	\$ 83,353,606	60%
General Fund Reserves	\$ 185,725,732	34%
Housing	\$ 10,231,734	8%
Human Resources	\$ 9,930,862	22%
Independent Police Auditor	\$ 1,284,498	77%
Information Technology	\$ 20,983,179	15%
Library	\$ 37,327,010	13%
Mayor and Council	\$ 12,174,749	37%
Parks, Recreation, and Neighborhood Services	\$ 67,148,379	-2%
Planning, Building, and Code Enforcement	\$ 49,051,574	21%
Police	\$ 338,449,842	31%
Public Works	\$ 97,308,826	13%
Retirement	\$ 6,314,579	110%
Transportation	\$ 85,491,470	19%
Total	\$ 1,688,847,647	25%

* 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 operating budgets. For example, the Airport's departmental budget totaled roughly \$63 million in 2015-16 (as we report in the chart above and in the Airport section), but the Airport had oversight over roughly \$261 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](#).

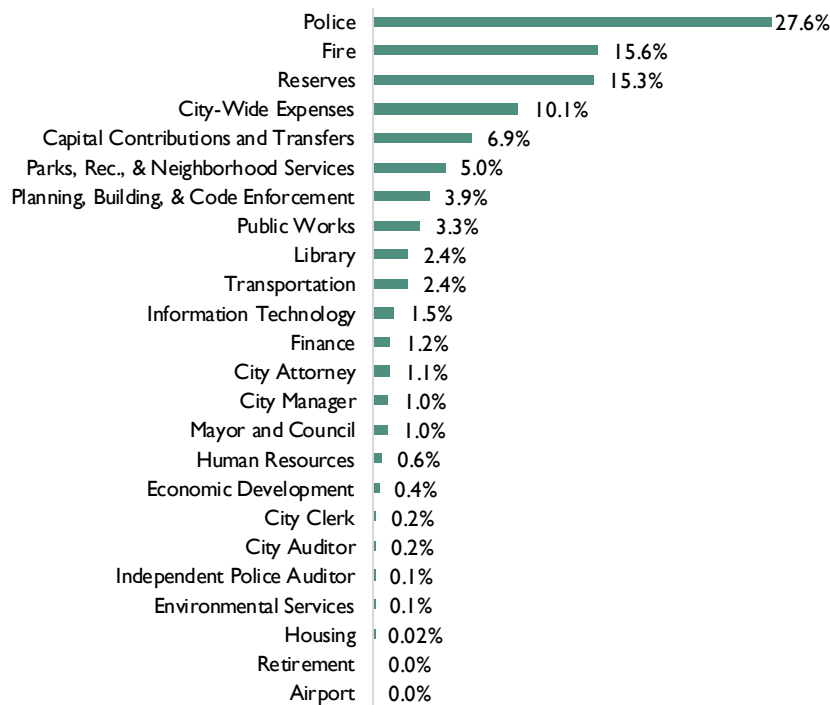
OPERATING BUDGET AND STAFFING

CITY OPERATING BUDGET (CONTINUED)

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 2015-16, General Fund budgeted uses totaled about \$1.22 billion. Forty-three percent of the budgeted uses were for the Police and Fire Departments. An additional 32 percent were for City-wide expenses, capital contributions and transfers, and reserves. City-wide expenses relate to more than one department or are not directly associated with ongoing departmental operations.

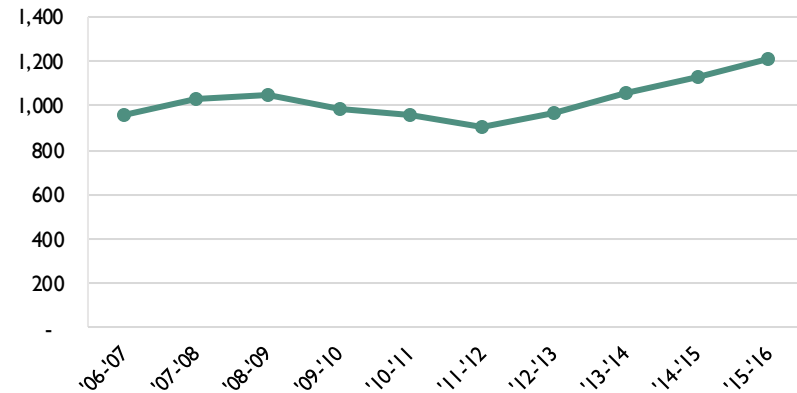
General Fund Uses, 2015-16



Source: San José 2015-16 Operating Budget

Over the past 10 years, General Fund budgeted uses grew by almost 30 percent.

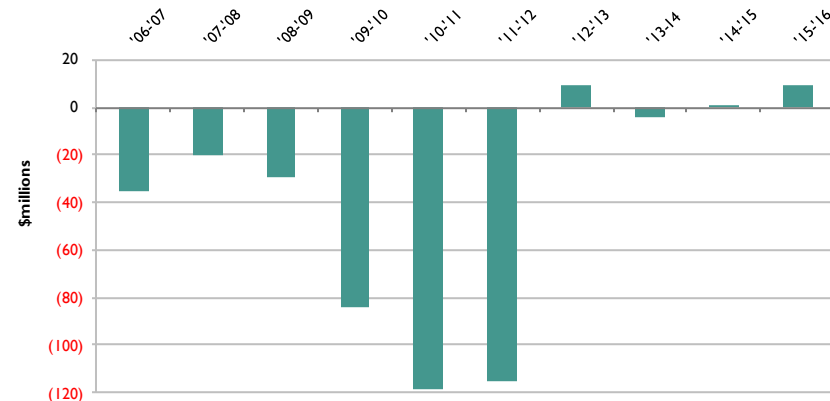
Total General Fund Budgeted Uses (in \$millions)



Source: Auditor analysis of PeopleSoft records

In 2015-16, the City saw a projected \$9.4 million General Fund surplus. Since 2006-07, the City has faced projected General Fund shortfalls in all but three years.

Projected General Fund Shortfalls/Surplus



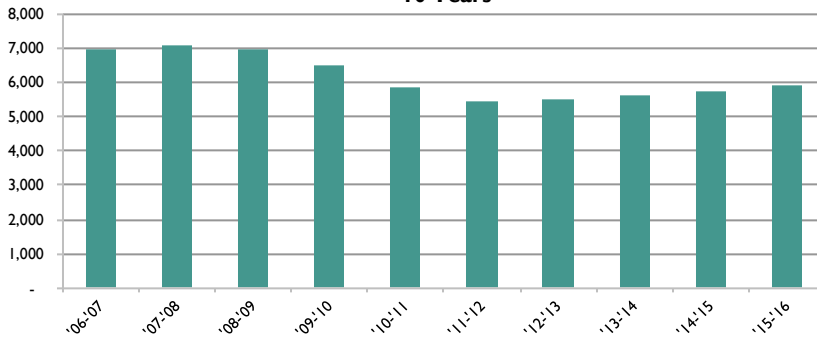
Source: San José Operating Budgets

OPERATING BUDGET AND STAFFING

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 7,102 to 5,918 positions.

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



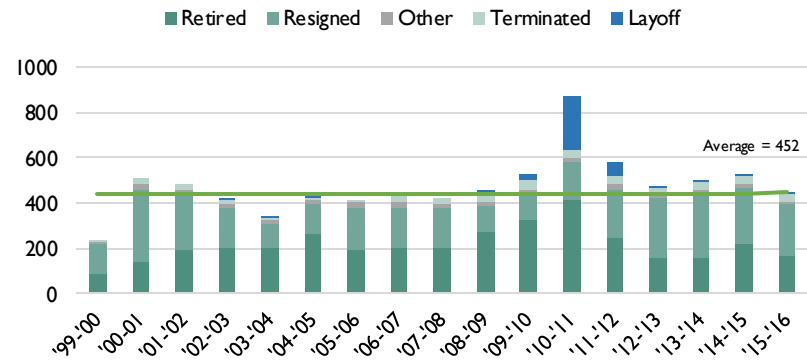
In 2015-16, there were 5,918 authorized full-time equivalent positions City-wide, excluding the Mayor and City Council. On average, about 12 percent of full-time and part-time positions were vacant in 2015-16.

Authorized Departmental Staffing	2015-16	% Change over 10 years
Airport	187	-52%
City Attorney	77	-23%
City Auditor	15	-12%
City Clerk	15	-12%
City Manager	63	-27%
Economic Development	57	-26%
Environmental Services	536	20%
Finance	117	-11%
Fire	793	-8%
Housing	58	-26%
Human Resources	51	-22%
Independent Police Auditor	6	0%
Information Technology	83	-37%
Library	354	-3%
Parks, Recreation, and Neighborhood Services	560	-24%
Planning, Building, and Code Enforcement	305	-13%
Police	1,611	-11%
Public Works	552	-6%
Retirement	40	42%
Transportation	439	-8%
Total	5,918	-15%

Source: San José 2015-16 Operating Budget

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 2015-16, 441 full-time employees left City employment and 418 new full-time hires joined City employment.

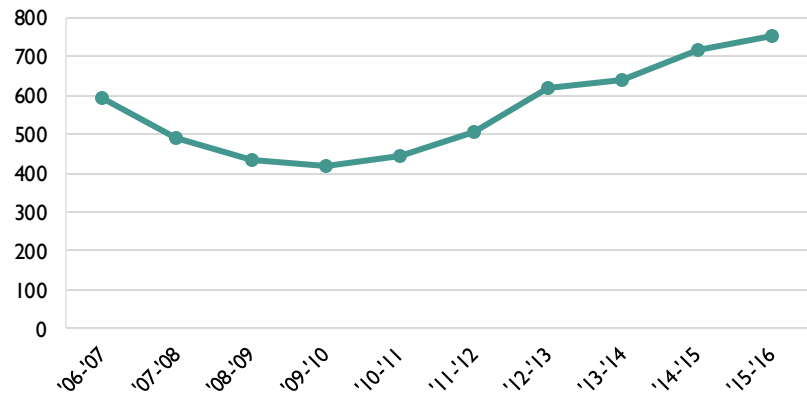
Number of Full-Time Employees Leaving City Service by Type of Departure



Source: Auditor analysis of PeopleSoft records
Note: Average does not include layoffs.

The number of vacant full-time positions has also been steadily increasing while the number of authorized positions has been on the decline. As of June 30, 2016, there were nearly 800 vacant full-time positions.

Vacant Full-Time Positions (as of June 1)

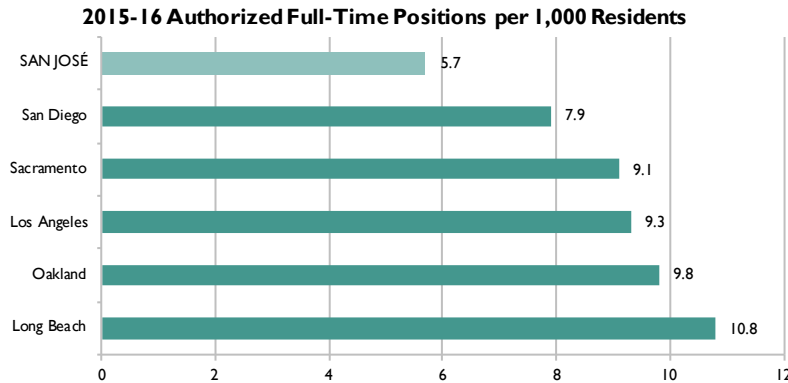


Source: Auditor analysis of PeopleSoft records

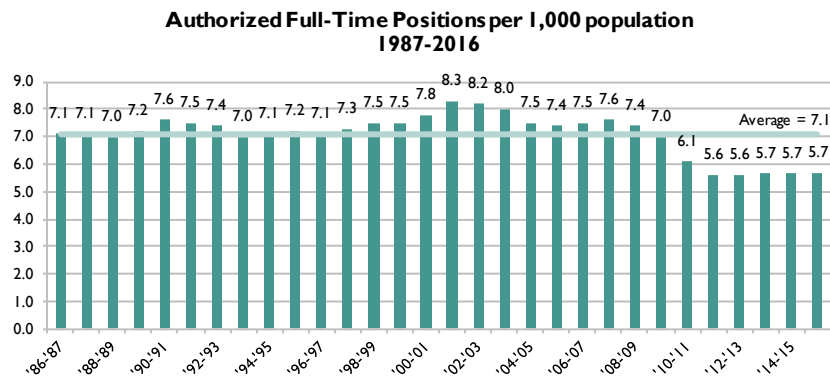
OPERATING BUDGET AND STAFFING

CITY STAFFING (CONTINUED)

In 2015-16, the City of San José authorized fewer positions per 1,000 residents than many other large California cities.



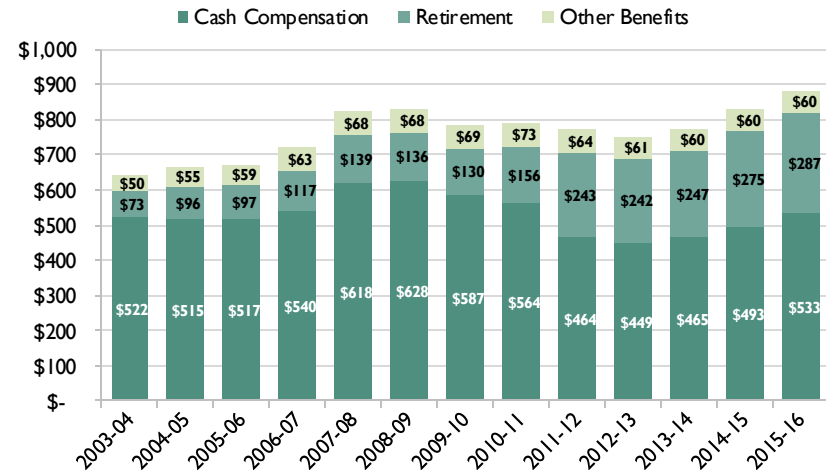
San José authorized 5.7 positions per 1,000 residents, much less than San José's average of 7.1 positions during the 29-year period from 1987-2016.



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 through 2016-17 Operating Budgets

Total employee compensation for operating funds rose to \$881 million in 2015-16. While cash compensation and other benefit costs remain lower than 2008-09 levels (due to a combination of factors including staffing reductions as well as salary reductions that City employees took beginning in 2010-11), retirement benefit costs have more than doubled since then. Retirement benefits as a share of total employee compensation have increased from 11 percent to 33 percent since 2003-04. For more information, see the Retirement chapter.

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



Source: Auditor analysis of FMS records

AIRPORT

The mission of the Airport is to connect, serve and inspire.

AIRPORT

The City operates [Mineta San José International Airport](#) (Airport), which provides non-stop air service to 29 U.S. destinations, including Atlanta, Boston, Chicago, New York, and four Hawaiian islands (Hawaii, Kauai, Maui, and Oahu). Additionally, it provides non-stop service to several international locations including Beijing, Cabo San Lucas, Guadalajara, Tokyo, and most recently London (May 2016), Vancouver (May 2016), Frankfurt (July 2016), and Shanghai (September 2016) for a total of 35 non-stop destinations served.

The Airport does not receive general fund dollars; Airport operational revenues come from rents, concession fees, parking, and landing fees. In 2015-16, operating revenues totaled \$142 million, an increase of 49 percent from 10 years ago.* The Airport's operating budget totaled \$63 million.** As of June 30, 2016, total outstanding debt was \$1.4 billion, and total debt service for the fiscal year was \$97.6 million. These were more than double and four times the amounts from 10 years ago, respectively, due to the Airport's modernization and renovation that began in 2005.***

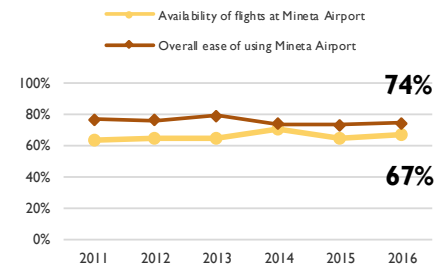
The Airport had 187 authorized positions in 2015-16, less than half as many as in 2007-08. Of the 200 positions eliminated due to budget cuts, 78 were from outsourcing custodial and curbside management services.

*The Airport reclassified certain revenues from operating to non-operating for 2011-2016.

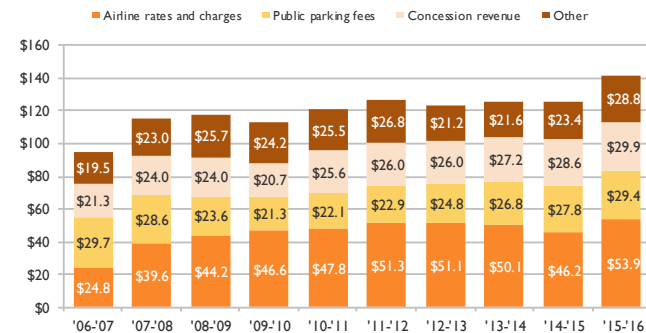
**Operating expenditures do not include police and fire services at the Airport, debt service, capital project expenditures or reserves. Since 2010-11, the Airport has reduced the cost of police and fire services by 19 percent, from \$14.2 to \$11.5 million.

***Total debt service in 2015-16 was partly paid by passenger facility charges (\$24.8 million), customer facility charges (\$19.9 million), and unspent bond proceeds (\$11.1 million) that were available for payment of debt service; a net debt service of \$41.8 million is paid by Airport operating revenues.

RESIDENT SURVEY
% of San Jose residents rating services as good or excellent

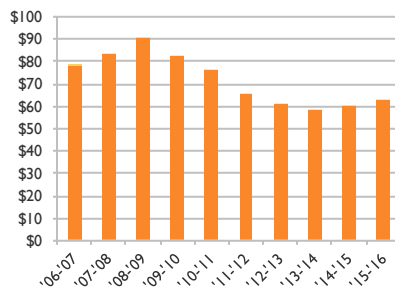


Airport Operating Revenues (\$millions)

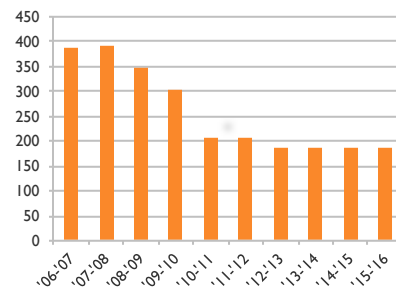


Note: Does not include passenger facility charges and other non-operating revenues.
Sources: Airport Comprehensive Annual Financial Reports, 2006-07 through 2015-16

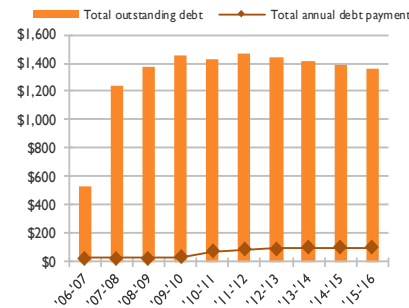
Airport Operating Budget (\$millions)



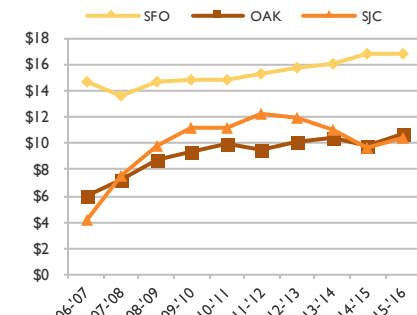
Airport Authorized Positions



Outstanding Debt and Annual Debt Payments (\$millions)



Regional Cost per Enplanement*



*The CPE (industry standard) is based on rates and charges paid by airlines divided by the number of boarded passengers.

In 2015-16, the Airport served over 10 million airline passengers, down 4 percent from 10 years ago but up 7 percent from last year. There were 96,640 passenger airline takeoffs and landings, or 264 per day. The total number of passengers in the region was greater in 2015-16 than in any of the prior 10 years; the Airport's market share was 14 percent, down 22 percent from 2006-07.

In 2015-16, the airline's cost per enplanement (CPE) was \$10.48, an increase of 9 percent since last year, but a 15 percent reduction since five years ago. CPE was 152 percent more than 10 years ago because of 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.

In 2015-16, the Airport handled 116.4 million pounds of cargo, freight, and mail — over 10 million pounds more than last year, but 38% less than it handled 10 years ago. Regionally, the Airport's market share of cargo and freight increased by 6 percent from last year, but has dropped 23 percent from 10 years ago. According to the department, San José's noise curfew has limited cargo, freight, and mail capacity.

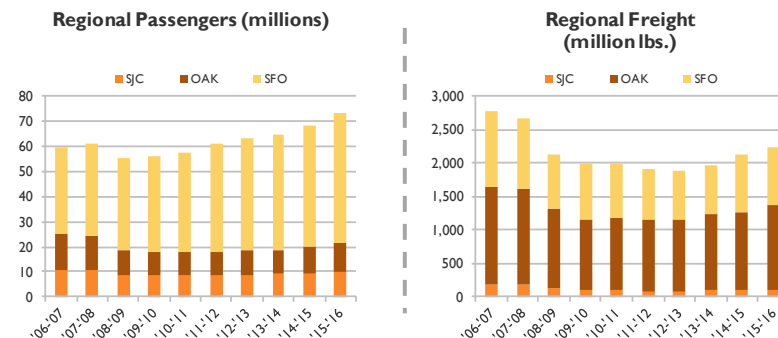
The Airport received 8,061 noise complaints in 2015-16, 332 of which concerned flights subject to the curfew program between 11:30 pm and 6:30 am. According to the department, the noise complaints increased from the past year because of an overall increase in flights, the Federal Aviation Administration's implementation of new flight paths resulting in planes flying over new areas whose residents previously heard little to no aircraft noise, and focus in the media that has resulted in increased public awareness.

Regional Comparisons, 2015-16

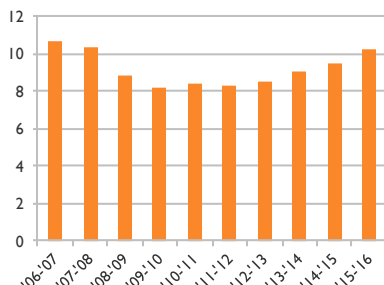
	SJC	OAK*	SFO**
Airlines	12	13	58
Destinations	35	50	130
Domestic	29	42	78
International	6	8	52
Passengers (millions)	10.2	11.6	51.4
Passenger Flights/Day	264	273	1,158
On-Time Arrival Percentage***	83%	80%	76%

Sources: * Oakland International Airport Airline Route Map and staff; ** Comparative Traffic Report FY 15-16 and SFO Fact Sheet FY 15-16; *** Airline On-Time Statistics U.S. Bureau of Transportation Statistics

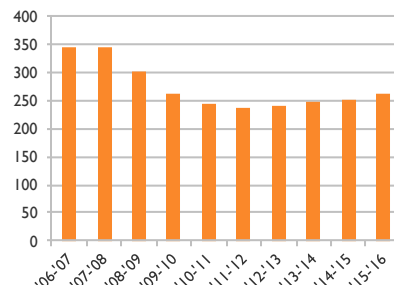
Market Shares



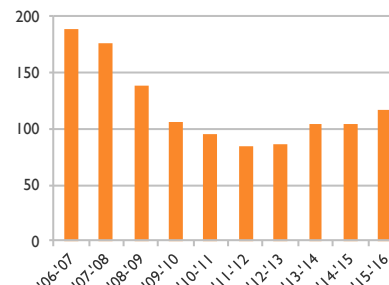
Annual Airport Passengers (millions)



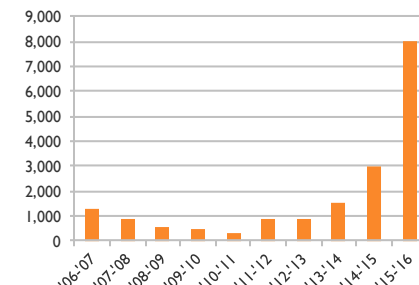
Passenger Flights Per Day (Takeoffs and Landings)



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



Environmental Noise Complaints



CITY ATTORNEY

The mission of the San José City Attorney's office is to provide excellent legal services, consistent with the highest professional and ethical standards, with the goal of protecting and advancing the City's interests in serving the people of San José.

CITY ATTORNEY

The City Attorney's Office provides legal counsel and advice, prepares legal documents, and provides legal representation to advocate, defend, and prosecute on behalf of the City of San José and the Successor Agency to the San José Redevelopment Agency.

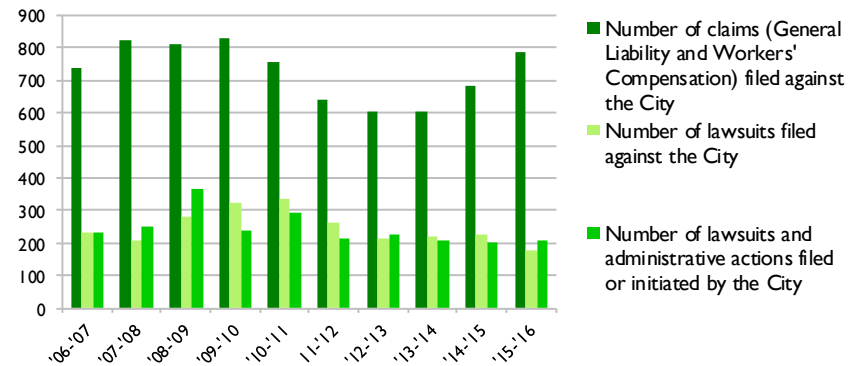
The operating budget for the City Attorney's Office totaled \$17 million* in 2015-16.

Staffing increased by 2 positions from last year. Compared to ten years ago, the number of positions decreased 22 percent from 99 to 77.

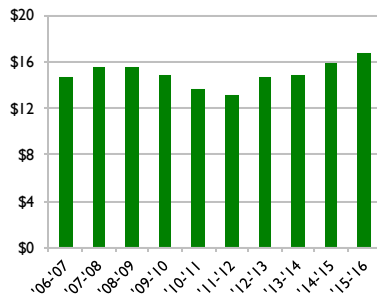
The City Attorney's Office handled 1,170 new claims and litigation matters in 2015-16 and prepared or reviewed more than 5,600 legal transactions, documents and memoranda. In 2015-16, litigation-related collections totaled about \$10.6 million while general liability payments totaled about \$1 million.

**The City Attorney's Office also oversaw \$400,000 in actual Citywide expenses for fiscal reform plan outside legal counsel.*

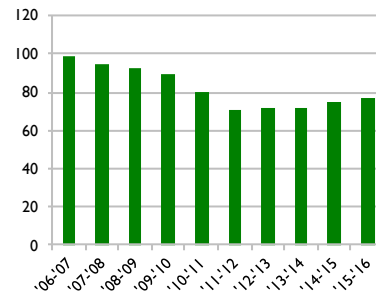
Claims and Lawsuits



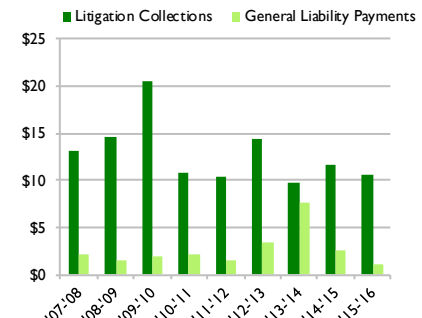
City Attorney Operating Budget (\$millions)



City Attorney Authorized Positions



Litigation-Related Collections and General Liability Payments (\$millions)



CITY AUDITOR

The mission of the San José City Auditor's Office is to independently assess and report on City operations and services.

CITY AUDITOR

The City Auditor’s Office conducts performance audits that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The Office also oversees a variety of external audits including the Comprehensive Annual Financial Report (CAFR) and the Single Audit.

The City Auditor’s [annual work plan](#) is on the web along with copies of all issued audit reports and the semi-annual recommendation status reports.

The Office’s operating budget totaled \$2.4 million* in 2015-16. Staffing remained at 15 positions; this was 2 positions less than 10 years ago.

In 2015-16, the City Auditor’s Office identified \$5 million in monetary benefits from its audit recommendations, or \$2.07 in savings for every \$1 spent on audit costs in 2015-16 (target: \$4 to \$1). Identified monetary benefits vary from year to year based on the types of audits that are conducted.

*In addition to expenditures paid out of its operating budget, the City Auditor’s Office was also responsible for \$320,000 in actual Citywide expenses in 2015-16 for the annual audit, bond project audits, and the grant compliance single audit.

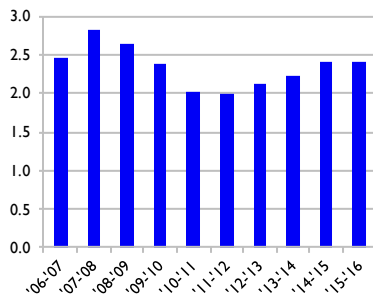
KEY FACTS (2015-16)

Number of audit reports issued	19
Number of audit recommendations adopted	77
Number of audit reports per auditor	1.6
Ratio of identified monetary benefits to audit cost	\$2.07 to \$1
Percent of approved work plan completed or substantially completed during the fiscal year	63%

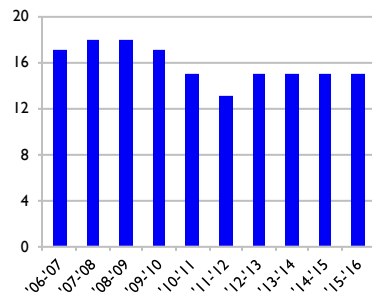
Subject area audits issued in 2015-16 include:

- Golf Courses
- Police Hiring
- 2014-15 Annual Performance Audit of Team San Jose
- Personnel Investigation Structure
- Annual Report on City Services FY 2014-15
- Measuring San José’s Financial Condition
- Street Sweeping
- City’s Use and Coordination of Volunteers
- Technology Deployments
- Recycled Water
- Police Response to Animal Calls for Service
- City Clerk’s Office

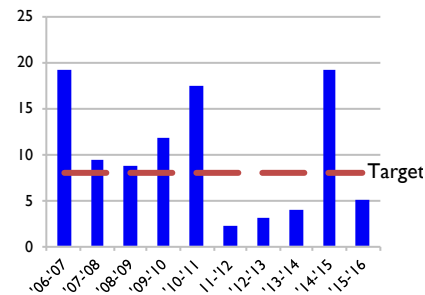
City Auditor Operating Budget (\$millions)



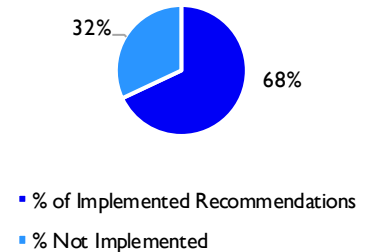
City Auditor Authorized Positions



Identified Monetary Benefits (\$millions)



Audit Recommendation Implementation (Cumulative Over 10 Years)



CITY CLERK

The mission of the San José City Clerk is to maximize public access to municipal government.

CITY CLERK

The City Clerk's Office assists the City Council in the legislative process and makes that process accessible to the public by maintaining the legislative history of the City Council and complying with election laws.

The City Clerk's operating budget totaled \$2.6 million* in 2015-16 and staffing remained unchanged at 15 positions. Ten years ago there were 1.5 more positions than in 2015-16.

In 2015-16, the City Clerk's Office, in coordination with the City Attorney's Office and the Registrar of Voters, administered a Primary Election for Districts 2, 4, 6, 8, and 10 that included providing information to candidates. The Office is responsible for open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.

In addition, the Clerk's Office facilitated the disbursement of close to 600 grants for the Mayor and Council. The Office also coordinated the recruitment of 13 full-time and 24 part-time staff, and the appointment of 44 interns for the Mayor and City Council Offices. The Clerk's Office also provides administrative support to the elected offices including tracking their operating budgets.

During the 2016 Boards and Commissions Spring Recruitment, the City Clerk's Office recruited for 39 appointed positions by screening and processing over 100 online applications.

**In addition to expenditures paid out of its operating budget, the Clerk was also responsible for \$2.7 million in Citywide expenses including \$2 million for Elections and Ballot Measures.*

The City Auditor's Office conducted an [Audit of the Office of the City Clerk](#) in FY 2015-16.

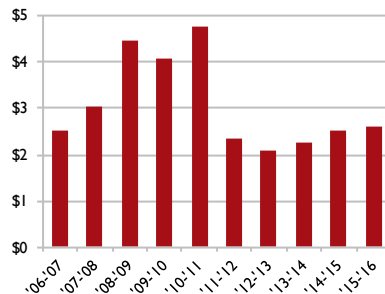
KEY FACTS (2015-16)

Number of ordinances processed	93
Number of resolutions processed	395
Number of Public Records Act requests processed	1,929
Number of Statements of Economic Interest and Family Gift Reports processed	3,108
Number of Lobbyist reports processed	238
Number of contracts processed	1,905
Number of meetings staffed	174

City Clerk's Office: Selected Activities in 2015-16

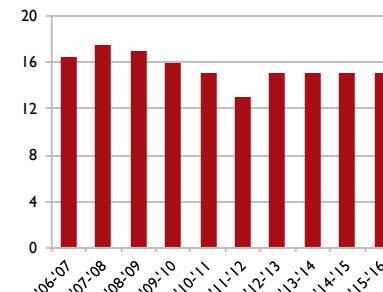
- Prepared and distributed agenda packets, synopses, and action minutes of City Council and Rules and Open Government Committee meetings and posted them on the City's website. Prepared and distributed minutes for other City Council Committees. Both City Council and City Council Committee meetings were web-cast live, indexed, and archived for on-demand replay in coordination with the City Manager's Office.
- Provided access to the City's legislative records and documents. Requests for the City's legislative records and related public documents were received and fulfilled under provisions of the California Public Records Act.
- Reviewed all City contracts for administrative compliance and made them available for review.

City Clerk Operating Budget (\$millions)



Note: Spikes in expenditures were due to elections in those years. However, beginning in FY 2012-13, election expenditures are included in a separate appropriation and will no longer appear in non-personnel.

City Clerk Authorized Positions



CITY MANAGER

The mission of the San José City Manager's Office is to provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs.

CITY MANAGER

The Office of the City Manager (CMO) develops public policy, leads the organization, and manages City-wide service delivery. A key focus of the City Manager's Office is providing leadership to position the organization to meet changing community challenges by developing a workforce that has the breadth and depth of skills and experience for service delivery. The administration also manages the City's Budget with over 110 budgeted funds and has been working with a vendor to develop a new budget system in 2016. Two new offices were established as part of the CMO in 2015-16—The Office of Immigrant Affairs to develop strategies that support the integration of various immigrant groups in the City, and the Office of Civic Innovation to capitalize on innovation and technology opportunities to enhance the quality and efficiency of city operations.

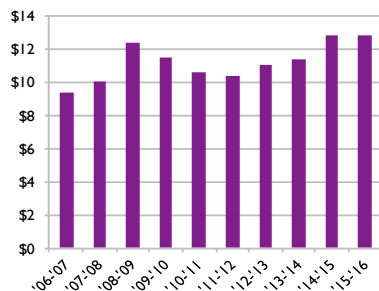
The CMO worked to engage members of the community by holding 10 meetings throughout the City to gather input for the development of the annual budget and 10 meetings of the Neighborhoods Commission. The CMO responded to or coordinated 810 public records requests, 77 percent of which received a response within 10 days (the initial time limit set by the California Public Records Act).

The CMO assists the City Council in the legislative process by developing the legislative agenda and providing staff reports. In 2015-16, the Office approved 619 staff reports for City Council consideration, assigned about 105 referrals from the City Council, and issued about 120 information memoranda.

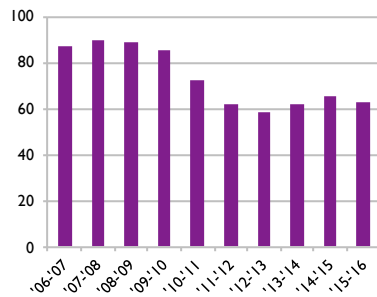
The operating budget for the City Manager's Office totaled \$12.9 million* in 2015-16. Staffing in 2015-16 totaled 63, up from 59 in 2012-13 and down from 87 ten years ago.

**In addition to expenditures paid out of its operating budget, the CMO was also responsible for \$7.3 million in actual Citywide expenses in 2015-16. This included \$765,000 for a legal obligation subsidy for the Successor Agency to the Redevelopment Agency, and \$1.7 million for Public, Education, and Government (PEG) Access Facilities capital expenditures.*

City Manager Operating Budget (\$millions)



City Manager Authorized Positions



Functions of the City Manager's Office

- **Budget** - Develops and monitors the operating and capital budgets for the City of San José, providing fiscal and operational analysis and ensuring the fiscal health of the organization. More than 10 major documents are produced annually related to these activities.
- **Employee Relations** - Negotiates labor contracts, encourages effective employee relations, and supports a positive, productive, and respectful work environment.
- **Policy Development** - Provides professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.
- **Intergovernmental Relations** - Monitors, reviews, and analyzes state and federal activities with an actual or potential effect on the City; advocates on state and federal issues of concern to the City; and manages the sponsorship of and advocates for City-sponsored legislation.
- **Communications** - Provides point of contact with the media on Citywide issues, manages CivicCenterTV San José operations including videotaping of Council and Council Committee meetings, oversees the City's website, and coordinates the City public records program.
- **Agenda Services** - Works with the City Attorney's Office and the City Clerk's Office to develop weekly and special City Council/Rules and Open Government meeting agendas and oversees the development of agenda for other Council Committees to ensure compliance with the Brown Act and City open government policy.

*The Office of Economic Development is under the CMO department, but is shown in a different chapter.

RESIDENT SURVEY

19% of San José residents visited the City of San José website (at www.sanjoseca.gov) more often than twice a month

8% of San José residents used the City's website to conduct business or pay bills more often than twice a month

Note: the CMO began including Strong Neighborhood Initiative funds in its operating expenditures for FY 2007-08 and staff in FY 2006-07.

ECONOMIC DEVELOPMENT

The mission of the Office of Economic Development is to catalyze job creation, private investment, revenue generation, and talent development and attraction.

ECONOMIC DEVELOPMENT

(includes the Office of Cultural Affairs, work2future, and the Convention & Cultural Facilities)

The City of San José's Office of Economic Development (OED) leads the City's economic strategy, provides assistance for business success, manages the City's real estate assets, helps connect employers with trained workers, and supports art and cultural amenities in the community.

OED also manages several incentive programs for businesses, among them the Foreign Trade Zone which eases duties and the Business Cooperation Program which refunds companies a portion of use taxes allocated to the City.

OED oversees the non-profit operator of the City's [Convention & Cultural Facilities](#) (Team San Jose) and agreements for other City and cultural facilities.

The operating budget for OED totaled \$11 million* in 2015-16. OED oversees various other funds in addition to its operating budget.

**In addition to expenditures paid out of its operating budget, OED was also responsible for \$7.7 million in actual Citywide expenses in 2015-16. This included \$1.3 million in property leases where the City is the tenant, \$1.1 million for the Economic Development/Incentive Fund, a \$1 million subsidy to the Tech Museum of Innovation, \$915,000 for San José Works, and \$784,000 for History San José.*

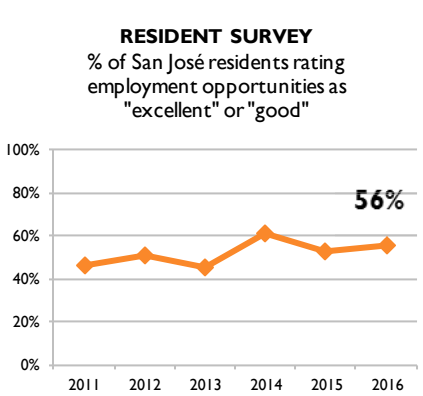
Also does not include all Workforce Investment Act, Business Improvement District, and Economic Development Enhancement funds and expenditures. The City supported the Convention & Cultural Facilities with \$4.2 million from hotel tax revenues.

KEY FACTS (2015-16)

Largest city in the Bay Area (3rd largest in California, 10th in the nation)
 Unemployment Rate 4.3 %
 Median Household Income \$91,451

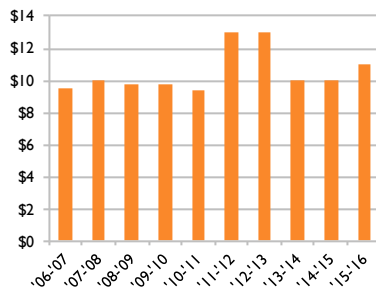
Sources: Bureau of Labor Statistics and 2015 [American Community Survey](#)

RESIDENT SURVEY	
% of San José residents who found the following "excellent" or "good"	
San José as a place to work	65%
Shopping opportunities	75%
Opportunities to attend cultural/arts/music activities	56%
Overall quality of business and service establishments	51%
Quality of economic development	36%
Vibrant downtown/commercial area	31%



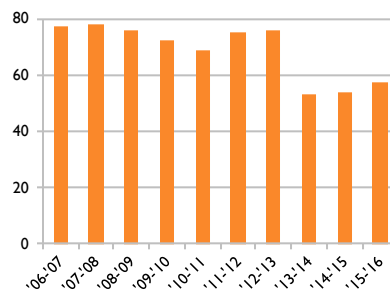
90% of San José residents found the overall economic health of San José "essential" or "very important"

OED Operating Budget (\$millions)



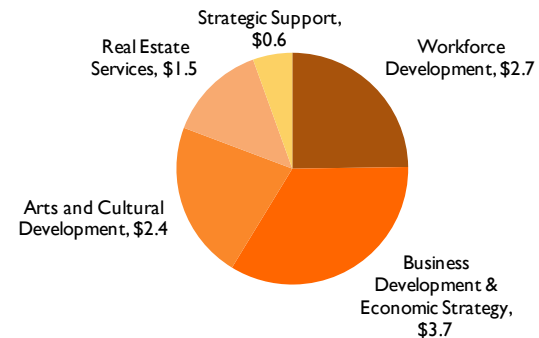
In '11-'12, Real Estate Services was added to OED.

OED Authorized Positions



In '13-'14, the transition of work2future client services to the Foundation eliminated 24 positions.

OED 2015-16 Operating Budget by Service



BUSINESS DEVELOPMENT

OED promotes business in the City of San José by providing assistance, information, access to services, and facilitation of the development permit process (also see *Development Services in the Planning, Building and Code Enforcement* section).

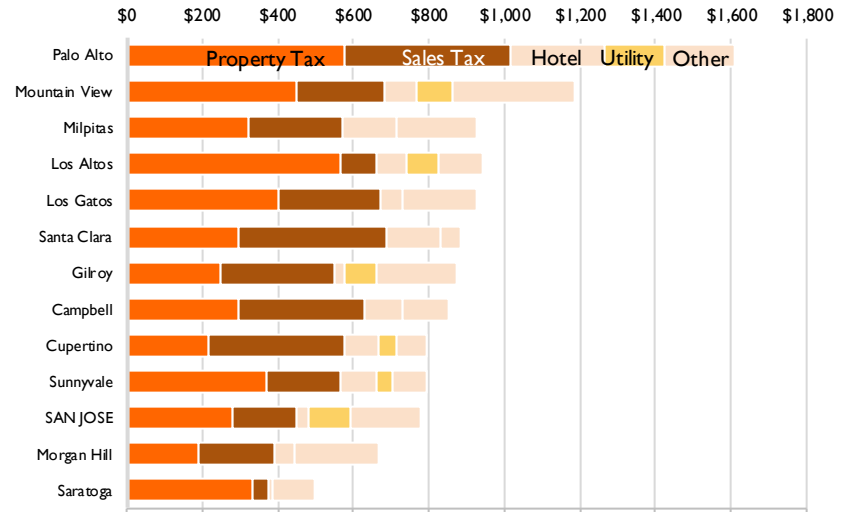
In 2015-16, OED provided development facilitation services to 58 businesses. It also coordinated the [Business Owner Space](#) small business network, through which clients received information, technical/human resources support, or other services from partner organizations like SCORE, a mentoring and training provider to small businesses.* In 2015-16, OED enhanced services to better serve limited English proficient small business owners.

OED estimated \$2.9 million in tax revenues (business and sales taxes) generated by companies that received its assistance. Almost \$3 in tax revenue were generated for every \$1 of OED expenditure on business development.

As in previous years, San José received less tax revenue per capita than most of its neighboring cities; its tax revenues were only about \$780 per capita in 2015. Of that, sales tax was only \$170. Furthermore, San José has less than one job per employed resident; that is, more workers live in San José than are employed in San José. In contrast, Palo Alto received \$1,600 in taxes per capita (\$440 in sales taxes) and has a jobs-to-employed residents ratio of about 3 to 1.

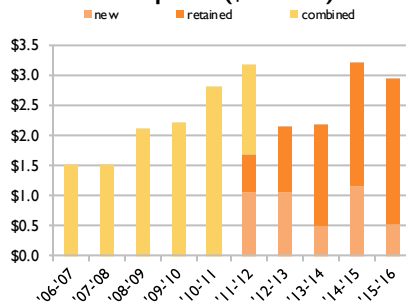
* For more information on the small business network, see www.businessownerspace.com

City Comparison of Tax Revenues Per Capita, Per Year



Source: State Controller, 2015

Estimated Tax Revenue Generated by OED-assisted Companies (\$millions)



The methodology changed in '11-'12

2015-16 ECONOMIC STRATEGY UPDATES

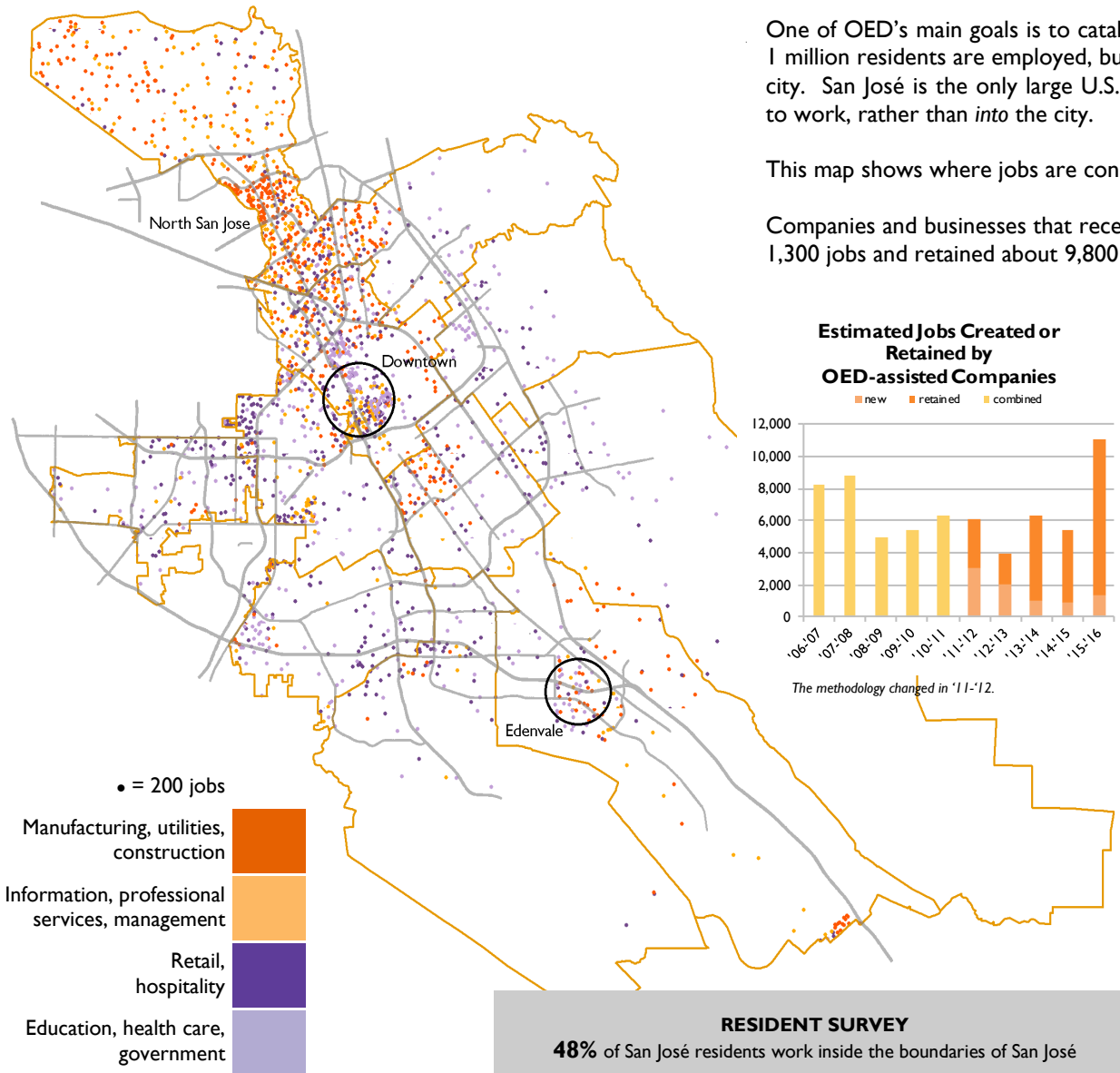
Since early 2015, City departments, with leadership by OED, collaborated to aggressively regain jobs and revenue, and to create an outstanding business and living environment in San José. Accomplishments have included:

- Implemented a targeted Business Outreach program to reach over 300 major corporate, high-growth emerging technology and driving industry businesses, large format and local retails and a variety of small businesses.
- Executed 13 SJ Storefronts Initiative Grants and assisted recipients through City permitting and inspection processes.
- Successfully attracted \$75 million in Federal funding with the announcement of the NextFlex Flexible Hybrid Electronics Manufacturing Innovation Institute.
- Completed 3 capital equipment reimbursement projects with BD Bioscience, ABB, and Bestronics to support significant attraction, expansion, and retention of manufacturers.

Source: Office of Economic Development

ECONOMIC DEVELOPMENT

JOBS



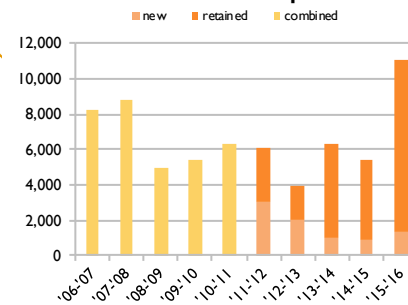
Source: Auditor analysis of U.S. Census, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics Employment Statistics, 2014.
 Dots are exact at the Census tract-level.
 Based on "Where Are The Jobs?" by Robert Manduca

One of OED's main goals is to catalyze job creation. About half of San José's 1 million residents are employed, but only 400,000 jobs are located within the city. San José is the only large U.S. city where more residents commute out to work, rather than into the city.

This map shows where jobs are concentrated. Each dot stands for 200 jobs.

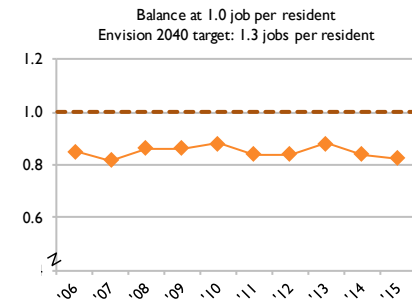
Companies and businesses that received OED assistance created an estimated 1,300 jobs and retained about 9,800 jobs in 2015-16.

Estimated Jobs Created or Retained by OED-assisted Companies



The methodology changed in '11-'12.

Jobs Per Employed Residents in San José



Sources: American Community Survey estimate (2010 and after)
 Association of Bay Area Governments projection (prior to 2010)

Facilitating Corporate & Retail Expansion

Successful efforts in 2015-16 to facilitate corporate and retail expansion/relocation included:

- ABB
- Bass Pro Shops
- BD Biosciences
- Bentek
- Bestronics
- Cogswell College
- Le Eco
- NextEV
- Quanta Cloud Technology

Source: Office of Economic Development

ECONOMIC DEVELOPMENT

WORKFORCE DEVELOPMENT

The City's workforce development program is managed by the [work2future](#) Foundation, serving adults, dislocated (laid-off) workers, and youth. It provides job search assistance, occupational training, and skills enhancement workshops.* Nearly 3,500 job seekers took advantage of skill upgrades and training programs throughout 2015-16. About 300 business clients received services, including recruitment, lay-off aversion, and business assistance. Through work2future, OED also runs San José Works, a youth jobs initiative focused on strengthening City partnerships, such as those with the Mayor's Gang Prevention Task Force, to identify, recruit, train, and place at-risk youth in jobs.

ARTS AND CULTURAL DEVELOPMENT

The Office of Cultural Affairs (OCA) promotes San José's artistic and cultural vibrancy and supports opportunities for cultural participation and cultural literacy for residents, workers, and visitors. In 2015-16, OCA awarded 116 grants totaling \$4.4 million to organizations located primarily in San José. Contributing to San José's creative placemaking and high-quality design goals, the public art program reported that it had 244 works throughout San José.

OCA helped facilitate 432 event days in 2015-16 with an estimated attendance of 2.1 million. Large-scale events included the annual events such as the San Jose Jazz Festival, Christmas in the Park, Downtown Ice and the Obon Festival. OCA was instrumental in the attraction of signature events such as Super Bowl Community Zones, COPA America and the Rock n' Roll Half Marathon.

RESIDENT SURVEY

48% of San José residents attended at least one City-sponsored event

REAL ESTATE SERVICES

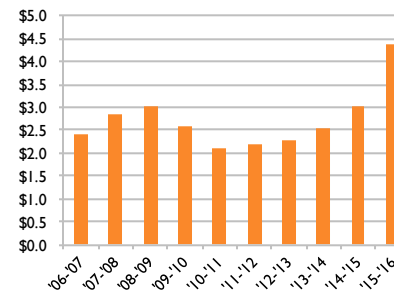
Real Estate Services and Asset Management manages the City's real estate portfolio, provides real estate services to City departments, and represents the City in third-party transactions. This includes acquisition, disposition, surplus sales, leasing, relocation, valuation, telecommunications, and property management. In 2015-16, this generated about \$3.8 million in sales revenue and \$2.5 million in lease revenue.

Workforce Development Program Results

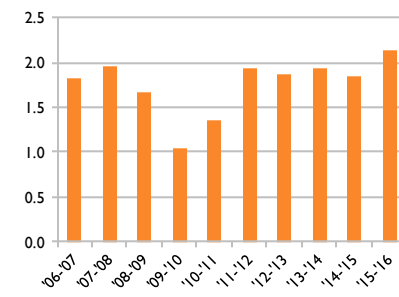
	Number of Participants	Placed in Jobs	State Goal	Employed 6 Months after Initial Placement	State Goal
Adults	2,123	57%	52%	83%	79%
Dislocated Workers	1,149	65%	59%	87%	83%
Youth	183	74%	60%	N/A	N/A

* work2future serves San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Los Gatos, Saratoga, Monte Sereno, and unincorporated areas of Santa Clara County

Grant Awards for Arts & Cultural Development (\$millions)



Estimated Attendance at Outdoor Special Events (millions)



City-owned Cultural Facilities

OCA provided operations and maintenance funds totaling about \$3.2 million from the General Fund to the following nonprofit operators of City-owned cultural facilities:

- Children's Discovery Museum
- San José Museum of Art
- Hammer Theatre Center
- Tech Museum of Innovation
- History San José
- Mexican Heritage Plaza



Hammer Theatre, Photo: City Auditor's Office

ECONOMIC DEVELOPMENT

CONVENTION & CULTURAL FACILITIES

The City's [Convention Facilities](#) (San José McEnery Convention Center, Parkside Hall, South Hall) house exhibitions, trade shows, and conferences. The City's [Cultural Facilities](#) (City National Civic, Montgomery Theater, California Theatre, Center for the Performing Arts) are home to concerts, plays, and other performances. These facilities have been managed by *Team San Jose*, a non-profit, on behalf of the City since July 2004.

Operating revenues quadrupled compared to ten years ago, reaching \$45.6 million. Revenues have increased as a result of bringing new lines of business in-house, such as food and beverage services and event production services. With operating expenses of \$49.8 million (this included building repairs of \$2.7 million)*, operating losses amounted to \$4.2 million in 2015-16. The facilities relied on support from transient occupancy (hotel) taxes to make up the difference.

In 2015-16, the facilities drew 1.6 million people to 421 events overall. The number of events are slowly reaching the same level as just before the economic downturn. Of those events, about 200 were at the Convention Facilities, hosting nearly 1 million visitors. The Convention Center's occupancy rate (by square footage) was 59.6 percent, about 8 percent higher from the prior year and within the target range for convention centers of San José's size. 100 percent of responding event coordinator clients rated overall service as "good," "very good," or "excellent," a result consistent with prior years.

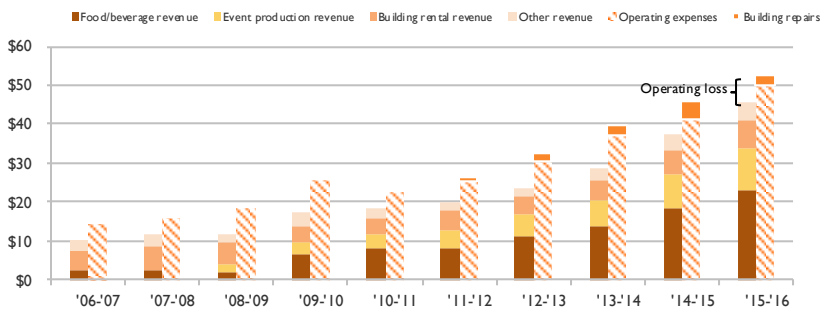
*In the fiscal year, the City also paid for some repairs, maintenances and capital improvements to the Center in the amount of \$6.4 million.

City National Civic

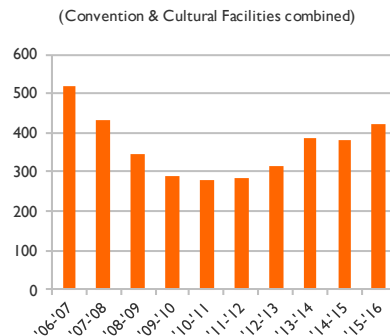


Photo: City Auditor's Office

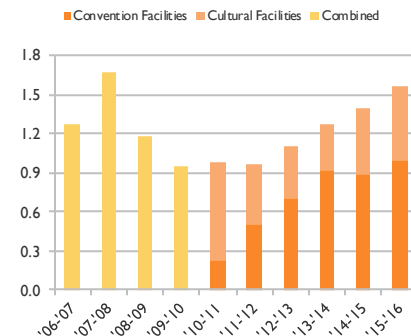
Operating Revenues and Expenses (\$millions)



Number of Events



Attendance (millions)



For more information about the Convention and Cultural Facilities, see our [annual performance audits](#) of *Team San Jose*.

ENVIRONMENTAL SERVICES

The mission of the Environmental Services Department is to deliver world-class utility services and programs to improve our health, environment and economy.

ENVIRONMENTAL SERVICES

The Environmental Services Department (ESD) provides recycling and garbage services, wastewater treatment, potable water delivery, stormwater management, and recycled water management. ESD also manages programs to conserve water and energy resources and achieve other environmental goals.

ESD provides City-wide coordination of efforts to protect and conserve air, land, water, and energy resources through policy development, education, and grant-seeking. This work is guided by the City's Green Vision and regulatory requirements.

Most ESD revenue comes from various customer fees and charges; less than 1 percent of its budget comes from the General Fund (about \$967,000 in the 2015-16 adopted budget).

In 2015-16, ESD's operating budget totaled \$246 million.* Staffing in 2015-16 included 536 full-time equivalent positions, a slight increase from 2014-15 and a 20 percent increase from ten years ago.

* In addition to expenditures paid out of its operating budget, ESD was also responsible for \$1.8 million in actual Citywide expenses. The operating budget also does not include capital expenditures, reserves, and some other program expenditures paid through ratepayer funds (including City overhead).

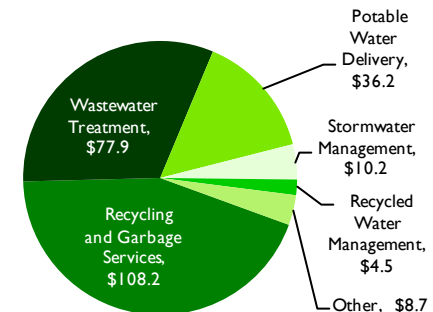
RESIDENT SURVEY

% of San José residents surveyed who rated the following as "excellent" or "good"

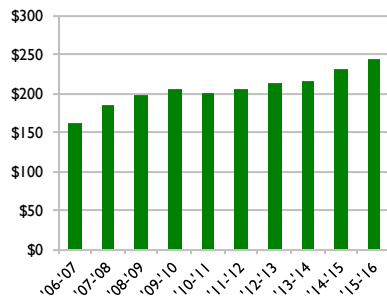
- 43% Air quality
- 41% Quality of overall natural environment in San José
- 41% Preservation of natural areas such as open space, farmlands, and greenbelts

82% of San José residents made efforts to make their homes more energy efficient during the past 12 months

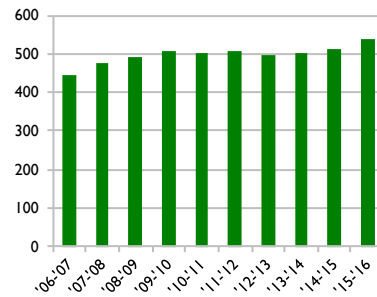
ESD Operating Budget (2015-16) (\$millions)



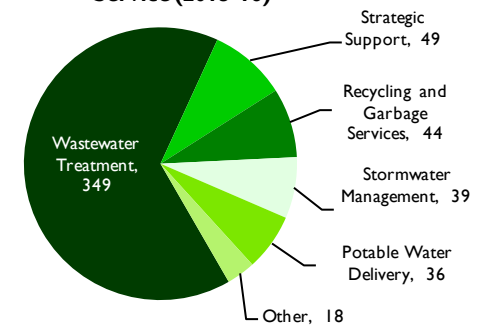
ESD Adopted Budget (\$millions)



ESD Authorized Positions



ESD Staffing Breakdown by Positions per Service (2015-16)



RECYCLING & GARBAGE SERVICES

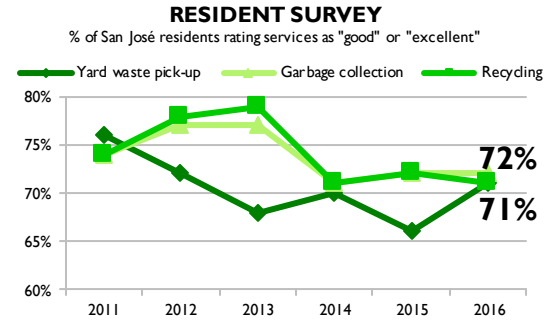
ESD provides recycling and garbage services to more than 320,000 residential households in San José through contracted service providers, including California Waste Solutions, Garden City Sanitation Inc., Green Team of San José, and GreenWaste Recovery.* ESD’s operating budget for recycling and garbage services was \$108.2 million.

ESD also provides waste management programs and services for San José businesses, large events, public areas, and City facilities. ESD manages a franchise agreement with Republic Services for commercial collection and recyclables processing, a contract for organics processing with Zero Waste Energy Development (ZWED) Company, and approximately 25 non-exclusive franchise agreements with haulers providing construction waste collection services in the City of San José.

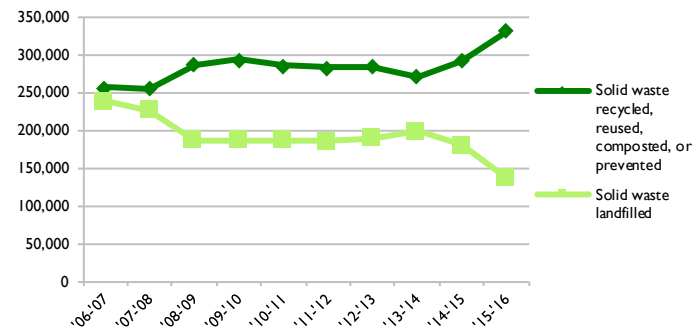
The State monitors each jurisdiction’s “per capita disposal rate” and requires that 50 percent of solid waste be diverted** from landfills. The Department of Resources Recycling and Recovery has taken a statewide approach to meet the State’s goal of achieving 75 percent “recycling” by 2020; it regulates AB 341 (Mandatory Commercial Recycling) and AB 1826 (Mandatory Commercial Organics Recycling, effective 2016). Since 2005, San José has diverted at least 60 percent of waste, including 66 percent in 2015.

*For information on single-family residential recycling, see the May 2015 audit [Curbside Recycling: The City Can Enhance Its Single-Family Residential Recycling Program to Improve Waste Diversion](#).

**“Diversion” refers to any combination of waste prevention, recycling, reuse, and composting activities that reduces waste disposed at landfills. (Source: CA Integrated Waste Management Board)



Tons of Residential Solid Waste Recycled vs. Landfilled

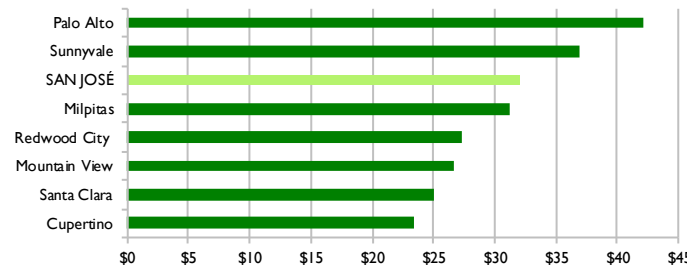


RESIDENT SURVEY

93% of San José residents surveyed reported recycling at home “usually” or “always”

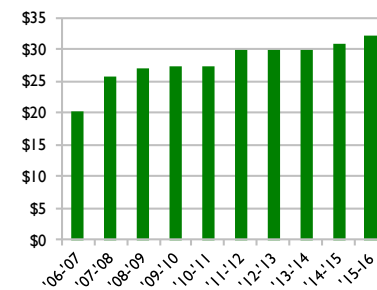
48% of San José residents rated utility billing “excellent” or “good”

Comparison of Monthly Residential Garbage and Recycling Rates (2015-16)



Sources: Rates listed on local government websites for municipalities provided
 Note: Rates listed for all municipalities are for the 32-gallon cart size (with the exception of Sunnyvale’s 35-gallon cart). Although this is San José’s smallest and standard cart, some municipalities offer smaller 20-gallon bins.

San José Garbage and Recycling Rates (32-gallon cart)



ENVIRONMENTAL SERVICES

STORMWATER MANAGEMENT

ESD, with the Departments of Public Works and Transportation, oversees the City's storm drains and storm sewer system in order to sustainably manage stormwater, preventing flooding of streets and neighborhoods by conveying rainwater into creeks and eventually the South San Francisco Bay. ESD accounts for roughly one-third of storm sewer expenditures.

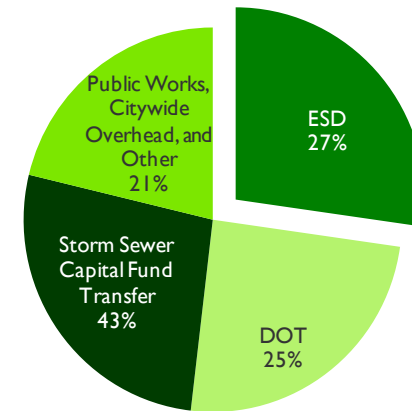
Specifically, ESD manages regulatory programs, initiatives, and activities to prevent pollution from entering the storm sewer system and waterways. These efforts protect water quality and the health of the South Bay watershed and the San Francisco Bay. These programs and activities are largely directed by the City's National Pollutant Discharge Elimination System (NPDES) permit for municipal storm sewer systems.

One such program is the litter/creek cleanup program. Overall, 893 creek cleanup events were held and about 1,090 tons of trash were removed in 2015-16. The significant performance increase in recent years is largely due to additional cleanups by the Housing Department's Homeless Encampment Response Program; the Parks, Recreation & Neighborhood Services Department's Watershed Protection Team; and the [South Bay Creeks Collaborative](#).

The annual fee per residential unit in 2015-16 was \$94.44,* an 89 percent increase since 2006-07. According to ESD, rate increases are a result of increased costs to support infrastructure maintenance, fund rehabilitation and replacement projects, and meet regulatory requirements.

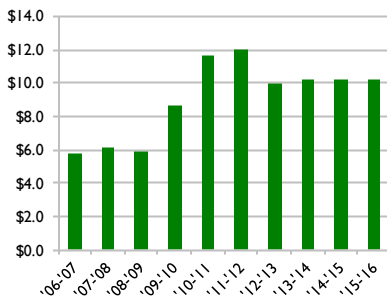
* This rate is for a single-family residence.

Breakdown of Storm Sewer Operating Fund Budgeted Expenditures

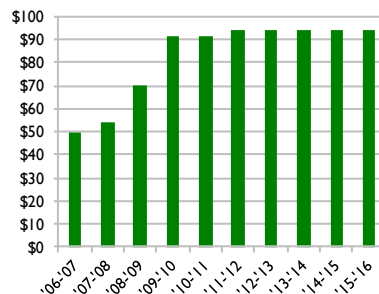


Source: 2015-16 Adopted Operating Budget

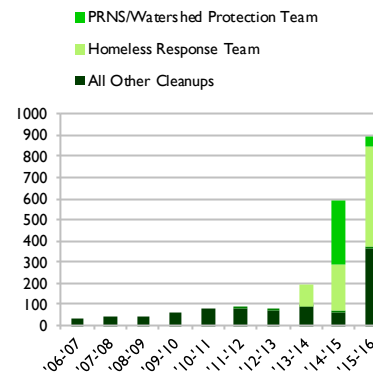
Adopted Budget for Stormwater Management (\$millions)



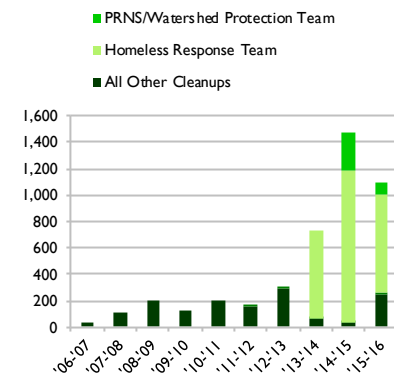
Annual Fee for Household Storm Sewer Service



Litter / Creek Cleanups



Tons of Litter Collected at Creek Cleanups



RETAIL WATER DELIVERY

ESD operates and maintains the City of San José’s Municipal Water System (Muni Water), which serves about 26,000 customers in North San José, Alviso, Evergreen, Edenvale, and Coyote Valley. For 2015-16, the operating budget for retail water delivery totaled about \$36 million. According to ESD, this increase is primarily due to increases in wholesale water costs.

Other local San José water retailers include Great Oaks Water Company (which serves Blossom Valley, Santa Teresa, Edenvale, Coyote Valley, and Almaden Valley) and the San José Water Company (which serves the San José Metropolitan area).

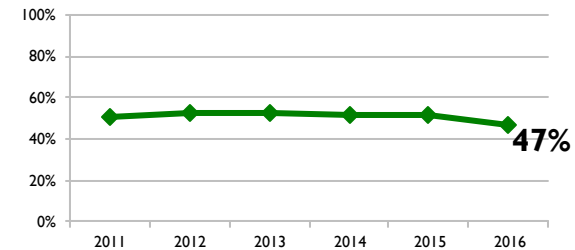
In 2015-16, Muni Water delivered 6,280 million gallons of water to its customers, down 13 percent from the prior year. In the response to a statewide water reduction mandate due to exceptional drought conditions, City Council approved a 30 percent water conservation target in April 2015 that extended to end of the fiscal year. 97 percent of City residents who responded to the resident survey indicated they made efforts to conserve water the past year. Muni Water met federal water quality standards in 99.8 percent of water samples taken.*

Muni Water rates increased by 27 percent in 2015-16, and have increased by 137 percent over ten years. Other San José retail water providers have also increased their rates dramatically (113 percent over ten years).

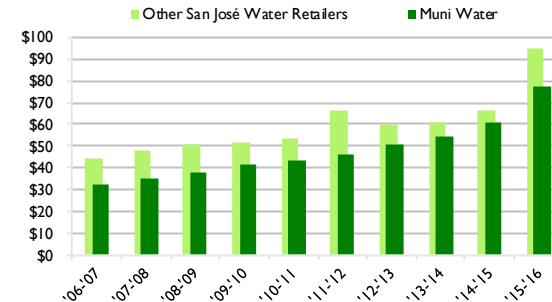
* For more information on water quality, see the [2015 Water Quality Report](#).

RESIDENT SURVEY

% of San José residents rating drinking water delivery as "good" or "excellent"



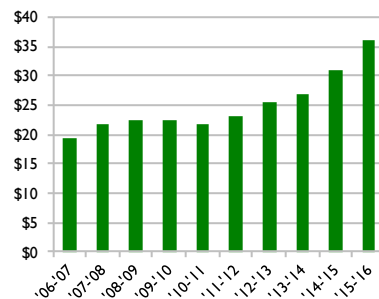
Comparison of Monthly Residential Water Bills



Source: ESD and Auditor Analysis

Note: Monthly bill based on 15 HCF/month usage. Average of other San José water retailers' rates weighted based on number of customers served.

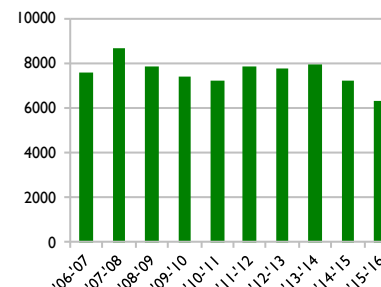
Adopted Budget for Retail Water Delivery (\$millions)



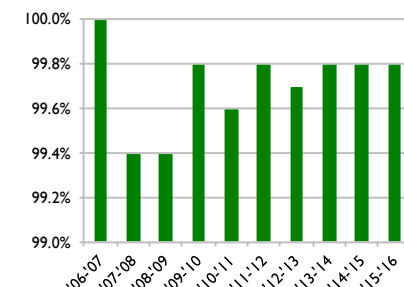
RESIDENT SURVEY

97% of San José residents indicated they made efforts to conserve water during the past 12 months

Millions of Gallons of Water Delivered to Muni Water Customers



% of Water Samples Meeting State and Federal Water Quality Standards



ENVIRONMENTAL SERVICES

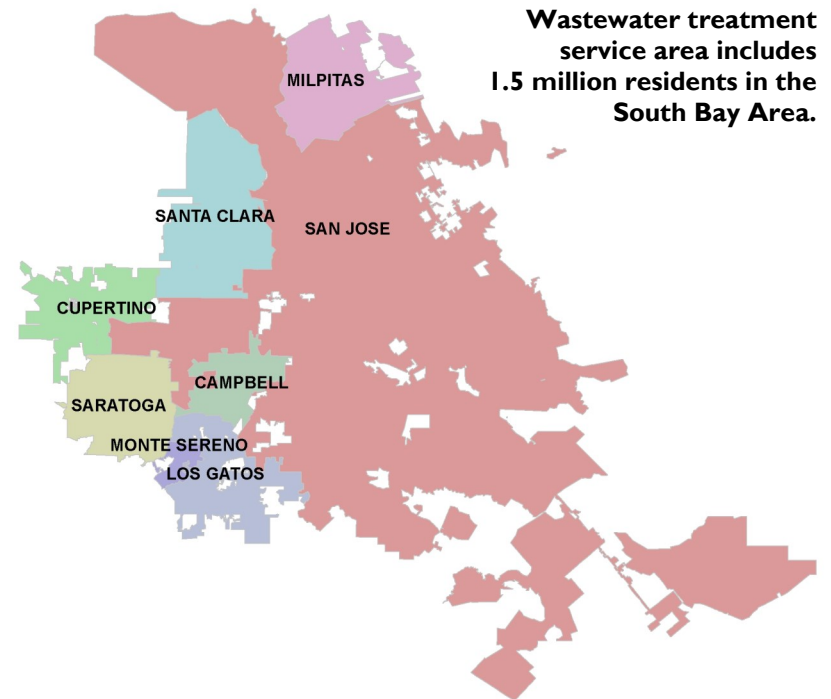
WASTEWATER TREATMENT

The City's Department of Transportation maintains the City's sanitary sewer system (see Transportation chapter) that flows to the San José-Santa Clara Regional Wastewater Facility. ESD staff at the Facility provide wastewater treatment for 1.5 million residents in San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno. The Facility is co-owned with the City of Santa Clara; however, it is managed and operated by ESD. ESD also manages pretreatment programs to control for pollutants at their source. For 2015-16, budgeted operating expenditures totaled nearly \$78 million. ESD wastewater treatment operations account for the largest share of ESD employees: 349 full-time budgeted positions out of 536 total.

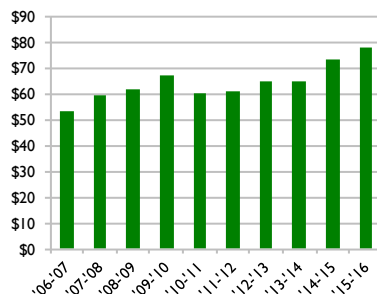
The Wastewater Facility continues to meet the Regional Water Quality Control Board's permit requirements for water discharged into the San Francisco Bay. In 2015-16, pollutant discharge requirements were met or surpassed 100 percent of the time.

The cost per million gallons treated reached \$1,375, a 55 percent increase from \$885 ten years ago. According to ESD, although there has been a decline in influent over the past several years, increasing maintenance and capital costs due to aging infrastructure at the Facility have contributed to high operational costs. In accordance with the Plant Master Plan adopted in 2013, the City is moving forward with over \$2 billion in long-term capital improvement projects to upgrade and rebuild the facility over the next 30 years, with over \$1 billion in improvements occurring within the first 10 years. The City has retained a consultant to assist ESD in implementing the Capital Improvement Program.*

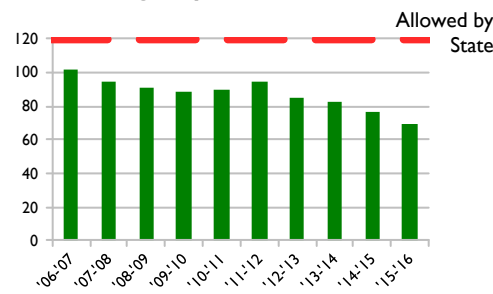
* For more information, see the [Capital Improvement Program webpage](#).



Adopted Budget for Wastewater Treatment (\$millions)

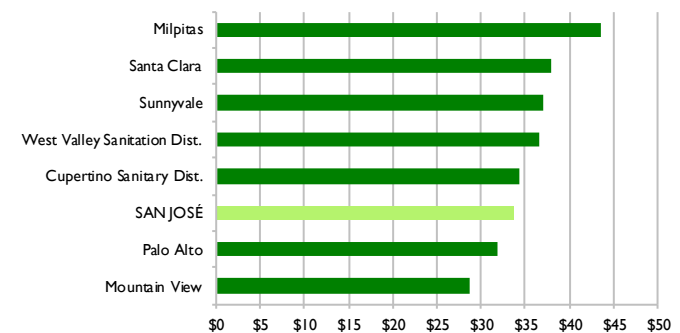


Millions of Gallons per Day Discharged to Bay During Average Dry Weather Season



Note: Based on [2015 Annual Self-Monitoring Report](#).

Comparison of Monthly Sewer Rates* (2015-16)



* Sewer rates pay for costs of the sewer system as well as wastewater treatment. Sources: Rates listed on local government websites for municipalities provided

RECYCLED WATER

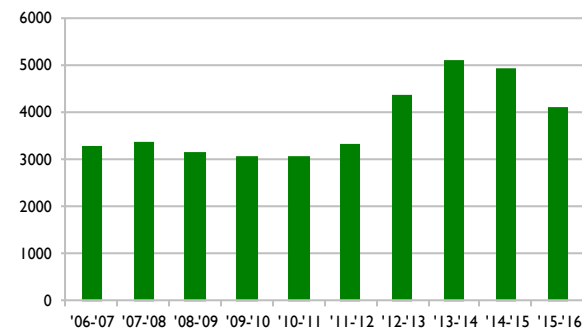
The City invests in South Bay Water Recycling (SBWR) in order to reduce wastewater effluent and protect the ecosystem of the South Bay, including the habitat of two federally endangered species, the Salt Marsh Harvest Mouse and the California Clapper Rail. SBWR serves the cities of Milpitas, Santa Clara, and San José.

In 2015-16, 19 percent of wastewater influent was recycled for beneficial purposes during the dry weather period, up from 12 percent ten years ago. SBWR met recycled water quality standards 100 percent of the time during the same period.

In 2015-16, SBWR delivered nearly 4,100 million gallons of recycled water to 817 customers, who paid between \$1.80 and \$2.44* per hundred cubic feet of water, depending on the use. The Silicon Valley Advanced Water Purification Center, operated by the Santa Clara Valley Water District in partnership with San José and Santa Clara, produces up to 8 million gallons per day of highly purified water used to enhance the quality and supply of recycled water. SBWR customers used recycled water for cooling towers and to irrigate parks, golf courses, schools, and commercial landscape.**

The cost per million gallons of recycled water delivered was \$1,648 in 2015-16.

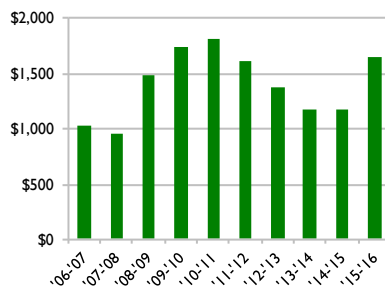
Millions of Gallons of Recycled Water Delivered Annually



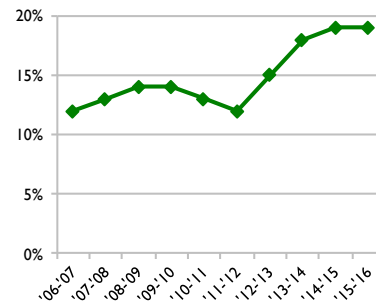
* This rate is for City of San José Municipal Water customers; other SBWR provider rates may vary.

** For more information, see the March 2016 audit [South Bay Water Recycling: Better Information and Renegotiation of Contractual Obligations Will Increase Transparency and Aid Program Success](#).

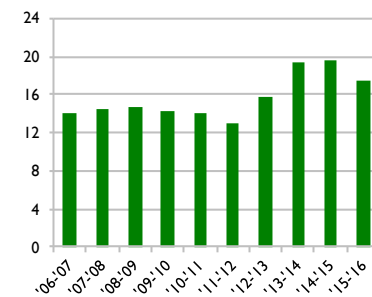
Cost per Million Gallons of Recycled Water Delivered



% of Wastewater Recycled for Beneficial Purposes During Dry Weather Periods



Millions of Gallons per Day Diverted During Dry Weather Periods



GREEN VISION

On October 30, 2007, the San José City Council adopted the Green Vision, a 15-year plan to transform San José into a world center of clean technology innovation, promote cutting-edge sustainable practices, and demonstrate that the goals of economic growth, environmental stewardship, and fiscal responsibility are inextricably linked.

The Green Vision lays out ten ambitious goals for the City, in partnership with residents and businesses, to achieve by 2022.

San José Green Vision Goals	Green Vision Key Achievements To Date
Create 25,000 clean tech jobs as the world center of clean tech innovation	More than 12,000 clean tech jobs in San José have been created to date.
Reduce per capita energy use by 50 percent	Since the City's Green Vision was adopted in 2007, per capita energy use has been reduced by 11%, from 10,796 kilowatt hours (kWh) in 2007 to 9,640 kWh in 2015.
Receive 100 percent of its electrical power from clean renewable sources	In 2014, the City received approximately 29% of electrical power from clean renewable sources, an increase of 16% from 2007 levels. Solar photovoltaic (PV) installations in San Jose have increased from 5 megawatts (MW) in energy generation capacity in 2007 to 97 MW in 2015.
Build or retrofit 50 million square feet of green buildings	Nearly one million square feet (SF) of certified private sector green building space was added in 2014. More than 2.1 million SF of City facilities have achieved green building certification since 2004.
Divert 100 percent of the waste from its landfill and convert waste to energy	In 2014, the City and partner Zero Waste Energy Development Company (ZWED) opened Phase One of the world's largest dry fermentation anaerobic digestion facility, which accepts the City's commercial organic waste for conversion into 1.6 MW of renewable energy and 32,000 tons of compost.
Recycle or beneficially reuse 100 percent of its wastewater (100 million gallons per day)	817 customers, a record number, used an average of 11.2 million gallons of recycled water per day.
Adopt General Plan with measurable standards for sustainable development	In April 2016, the Envision San José 2040 Task Force recommended mid-course adjustments to the General Plan based on an evaluation of the City's achievement of planned job goals, implementation of the Urban Village concept, environmental indicators, and affordable housing needs. The City's environmental consultant is conducting an environmental analysis of the recommended amendments.
Ensure that 100 percent of public fleet vehicles run on alternative fuels	The City maintained 43 percent of its vehicle fleet to run on alternative fuel in 2015-16, with a total of 1,100 alternative fuel vehicles. The City completed B20 biodiesel infrastructure upgrades to achieve higher fuel efficiency, and received state and federal funding to purchase electric vehicles and chargers.
Plant 100,000 new trees and replace 100 percent of streetlights with smart, zero-emission lighting	Through a partnership with Our City Forest, 1,341 new trees were planted in 2015-16. To date, San José has converted about 24,000 streetlights to smart Light Emitting Diode (LED) streetlights; it continues to seek financing and grant opportunities to fund the remaining conversions. In addition, the City has newly installed about 700 LED streetlights.
Create 100 miles of interconnected trails	In 2015, the City completed 21 miles of on-street bikeways for a total of 259 miles. In addition, the City has reached about 58 miles of off-street trails to date. An additional 79 miles have been identified or are being studied for further development, or are in the planning or construction phases of development.

For more information, see the City's [Green Vision webpage](#).

FINANCE

The mission of the Finance Department is to manage, protect, and report on the City of San José's financial resources to enhance the City's financial condition for our residents, businesses and investors.

FINANCE

The Finance Department manages the City's debt, investments, disbursements, financial reporting, purchasing, insurance, and revenue collection. In 2015-16 the department had 117 authorized positions, and its operating budget totaled \$17.5 million.*

The Accounting Division is responsible for timely payments to vendors and employees, and for providing relevant financial information to the public.

Purchasing is responsible for ensuring cost-effective procurement of quality products and services, and ensuring adequate insurance coverage for the City's assets. In 2015-16, the department procured \$127.9 million dollars of products and services.

Revenue Management is responsible for the processes that support timely billing and revenue collection efforts.**

Treasury manages the City's cash and investment portfolio; the three goals of the investment program are safety, liquidity, and yield. In 2015-16, investment funds earned an average of 0.85 percent; the total portfolio was \$1.41 billion. Treasury also issues debt and administers a debt portfolio totaling \$4.9 billion at the end of 2015-16. Debt issuance in 2015-16 totaled \$198 million.

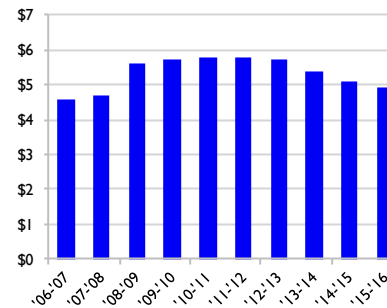
* In addition to expenditures paid out of its operating budget, Finance was also responsible for \$130.5 million in actual Citywide expenses, including \$104.3 million for debt service, \$15.3 million for Convention Center lease payments, \$5.4 million for human resources/payroll/budget systems upgrades, and \$1.8 million for banking services.

** See the December 2014 Audit Report [Accounts Receivable: The City Can Enhance Revenue Collections by Improving Its Billing and Collection Practices](#)

KEY FACTS (2015-16)

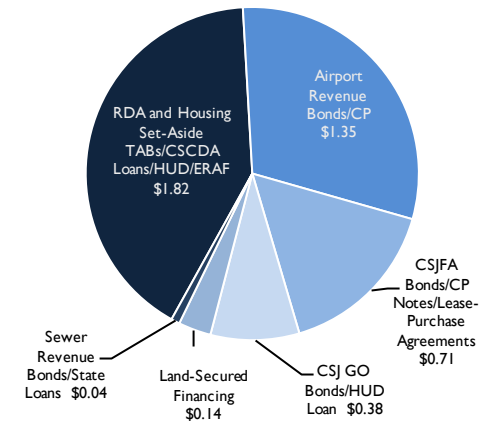
Total investment portfolio (billions)	\$1.41
Total debt managed (billions)	\$4.9
Total dollars procured (millions)	\$127.9
San José credit ratings:	Moody's Aa1
	S&P AA+
	Fitch AA+

Total Debt Managed (\$billions)

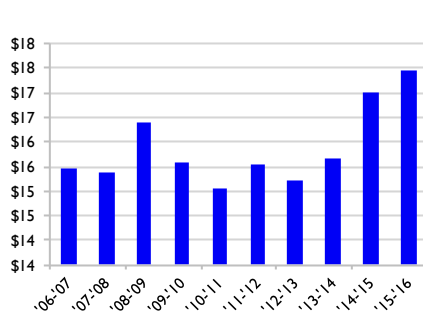


Note: Total Debt Managed chart above includes conduit debt outstanding (multifamily housing revenue bonds). Pie chart to the right does not include conduit debt. For more information, see the City's [Comprehensive Annual Debt Reports](#).

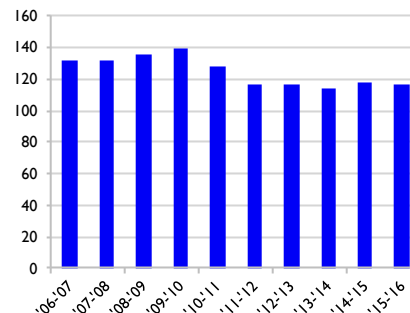
Outstanding Debt Issued by All Agencies, June 30, 2016 (\$billions)



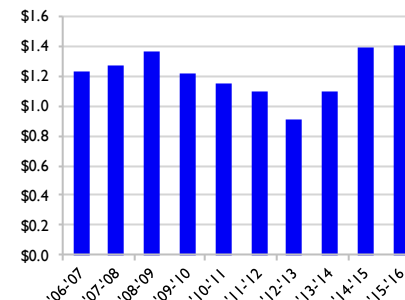
Finance Operating Budget (\$millions)



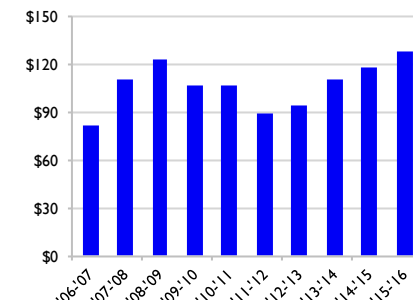
Finance Authorized Positions



Total Investment Portfolio (\$billions)



Total Dollars Procured (\$millions)



FIRE

The mission of the San José Fire Department is to serve the community by protecting life, property, and the environment through prevention and response.

FIRE

The San José Fire Department provides fire suppression, emergency medical (EMS), prevention and disaster preparedness services to residents and visitors in San José’s incorporated and the County of Santa Clara’s unincorporated areas, totaling approximately 200 square miles. Other fire prevention services include regulatory enforcement of fire and hazardous materials codes through inspection activities and construction plan reviews for residents and businesses. The Office of Emergency Services engages in emergency planning, preparedness curriculum development and training,** and maintains the City’s Emergency Operations Center.

In 2015-16, the Fire Department’s operating budget was \$190 million.* There were 793 authorized positions in the Fire Department.

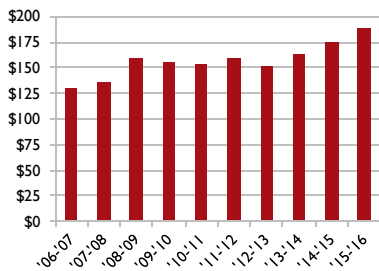
* In addition to the expenditures paid out of its operating budget, the Fire Department was also responsible for \$8.5 million in actual Citywide expenses in 2015-16. This includes \$8 million on workers’ compensation claims.

KEY FACTS (2015-16)

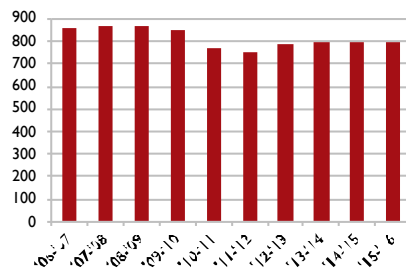
Fire stations	33
Engine companies	30
Truck companies	9
Squad units	5
Urban search and rescue (USAR) companies	1
San José Prepared! Graduates (Emergency Preparedness & Planning)**	
2-hour Disaster Preparedness course graduates	0
20-hour Community Emergency Response Training (CERT) graduates	0
Initial Fire Inspections Performed	9,000

** The Office of Emergency Services suspended CERT classes in October 2014. See the 2016 [Audit of the City’s Use and Coordination of Volunteers](#) for more information; the audit has an open audit recommendation relating to the role of volunteers in the City’s emergency operations plan and the reactivation of the CERT program. In 2015, a partner agency, the Valley Transportation Authority, offered a CERT class but handled all registration and instruction.

Fire Department Budget (\$millions)

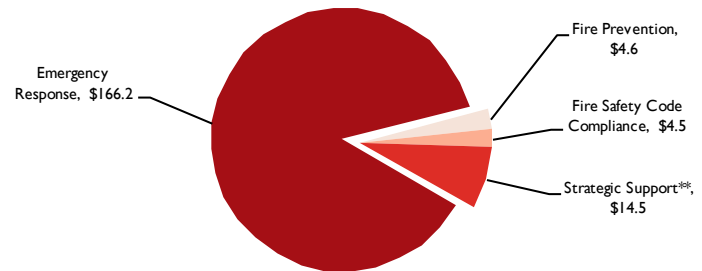


Fire Department Authorized Positions



NOTE: Beginning in 2009-10, the Office of Emergency Services consolidated into the Fire Department.

Fire Department 2015-16 Adopted Budget by Service (\$millions)



** As of 2012-13, Emergency Preparedness and Planning is included in the Strategic Support core service.

KEY FACTS (2015-16)

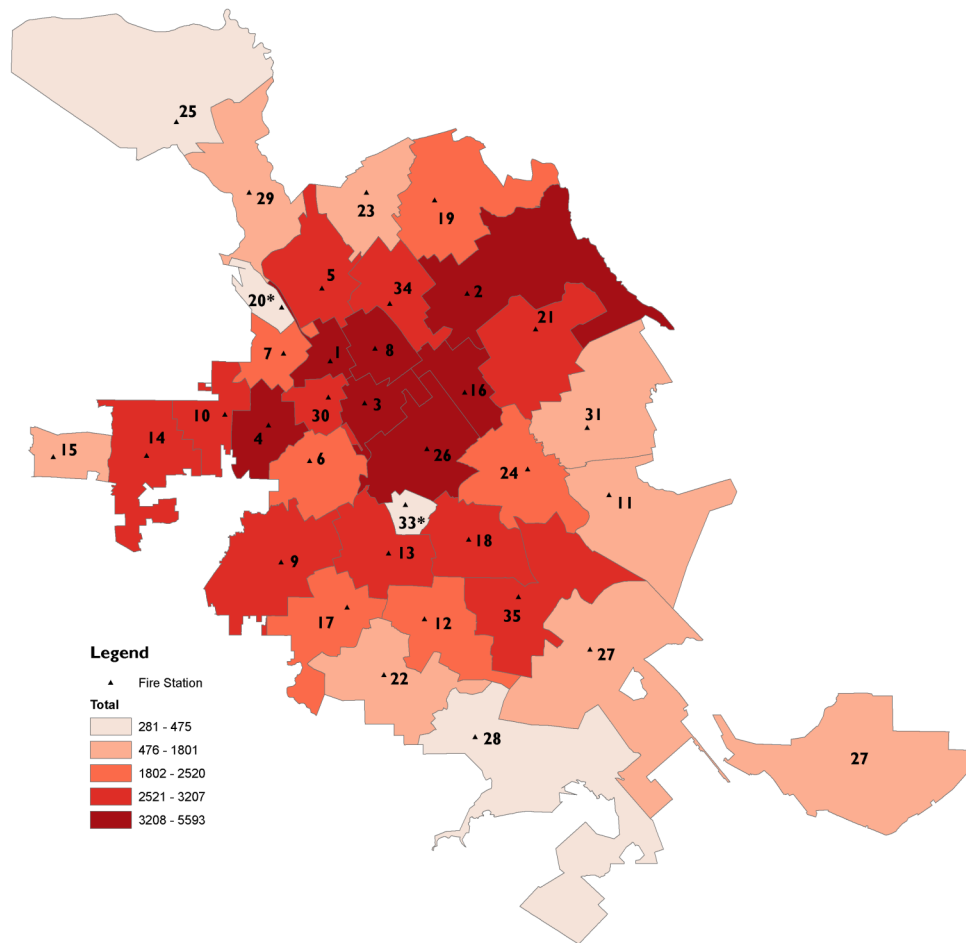
Emergency Incidents

Emergency Medical Incidents	53,700
Fires	2,300
Rescue, Haz Mat, and non-fire hazards	6,800
Other (including service requests, false alarms, good intent responses, and canceled en route incidents)	24,400

Total (may not add due to rounding) 87,100

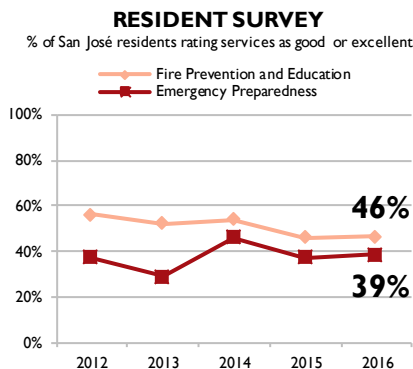
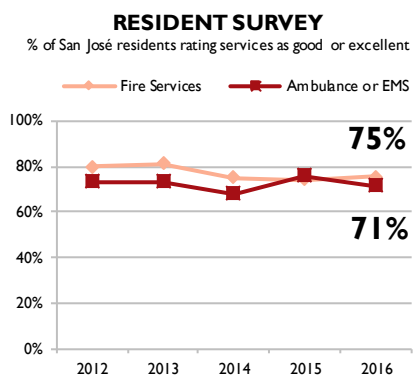
Fire Stations and Number of 2015-16 Emergency Incidents by Station Areas

(see following page for graph of data)



Source: Auditor analysis based on incident data provided by Fire Department
 Note: Data shows incidents by geographic area, not by responding unit.

* 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.



FIRE

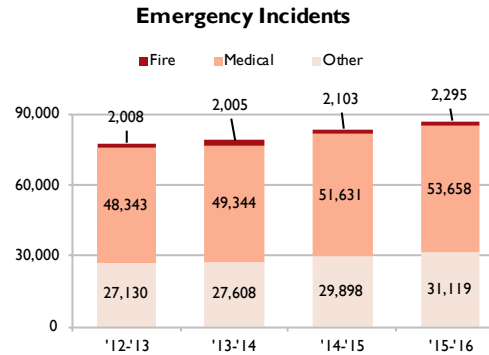
EMERGENCY RESPONSE

In 2015-16, the Fire Department responded to about 87,100 emergency incidents, including 69,800 Priority 1 incidents (red lights and sirens) and 16,900 Priority 2 incidents (no red lights or sirens). Sixty-two percent of incidents were medical emergencies (53,700). The Department responded to 2,300 fires in 2015-16; this was less than 3 percent of all incidents. The Department responded to 31,100 other types of incidents, including good intent calls, rescues, and false alarms. A breakdown of all incidents by fire station is provided below.*

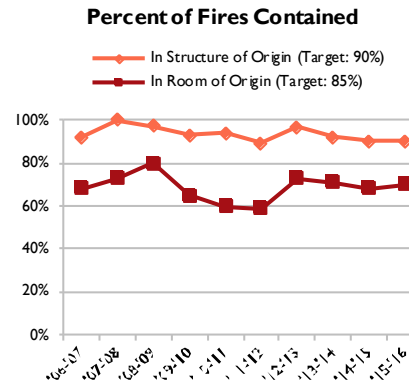
In 2015-16, the Department contained 89.7 percent of fires to the structure of origin (target: 90 percent). The Department contained 70 percent of fires to the room of origin (target: 85 percent).

San José has experienced lower fire-related death and injury rates per million population than the national average over the past five years. San José's rate of fire-related deaths increased in 2015-16. There were 46 civilian fire injuries and 8 civilian fire deaths in 2015-16. San José has averaged fewer than 5 civilian fire deaths per year over the past ten years.

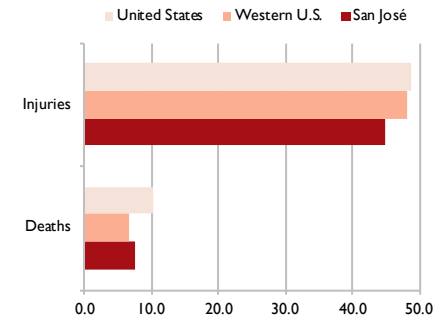
*Breakdowns of incidents and response times city-wide and by fire station are also available on the [SJFD Statistics website](#).



Emergency incidents are shown by type found on arrival. In 2012-13, the Department changed its methodology for classifying incidents, resulting in an increase in the number of incidents categorized as emergency incidents. In prior years, the Department's record management system excluded some incidents and classified some incidents as non-emergencies.

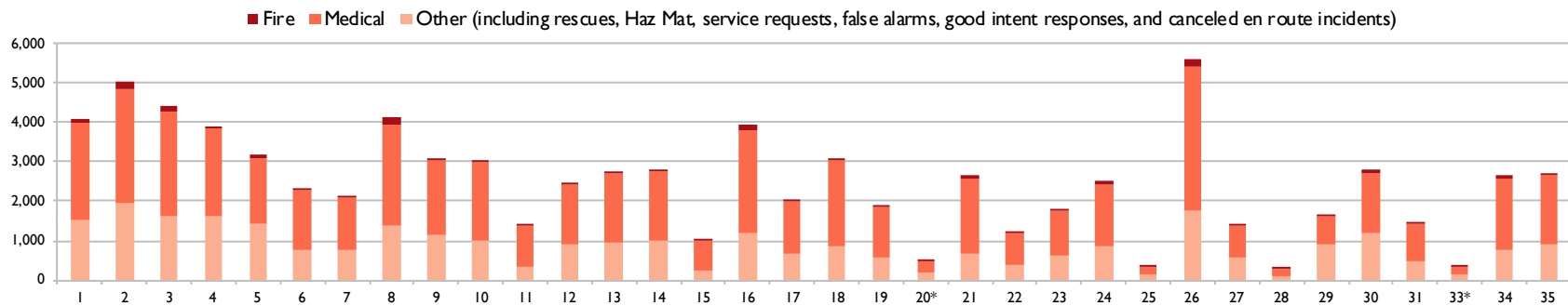


Civilian Fire Injuries and Deaths per Million Population (2015)**



Source: National Fire Protection Association, 2015 and SJFD data. **San José data is by fiscal year (shows FY 2015-16).

Emergency Incidents by Station Area (2015-16)



* 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.

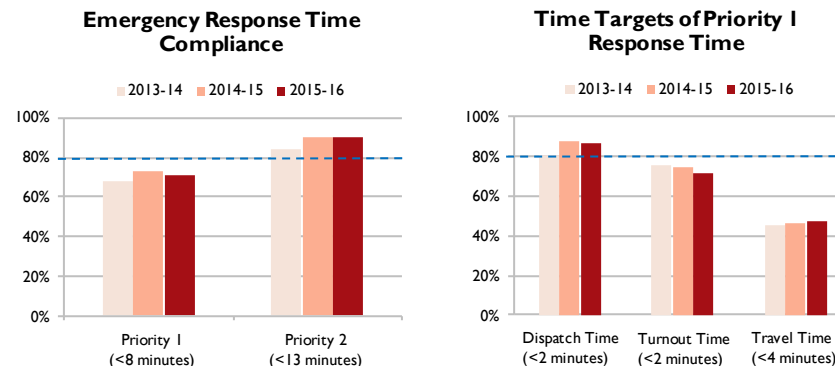
EMERGENCY RESPONSE (continued)

In 2015-16, the Department responded to only 71 percent of Priority 1 incidents within its time standard of 8 minutes (target: 80 percent) and below the 73 percent compliance in 2014-15.

The Department responded to 90 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

The Department disaggregates Priority 1 response time by three time targets: dispatch time, turnout time, and travel time. In 2015-16, the Department met its target for dispatch time. The Department met its turnout time target for 72 percent of Priority 1 incidents (target: 80 percent within 2 minutes) and met its travel time standard for only 47 percent of Priority 1 incidents (target: 80 percent within 4 minutes). A recent organizational review provided recommendations for improving the Department's response time.

A breakdown of Priority 1 response times by station is shown below. Two stations met the Priority 1 response standard of 8 minutes for 80 percent of incidents in 2015-16.

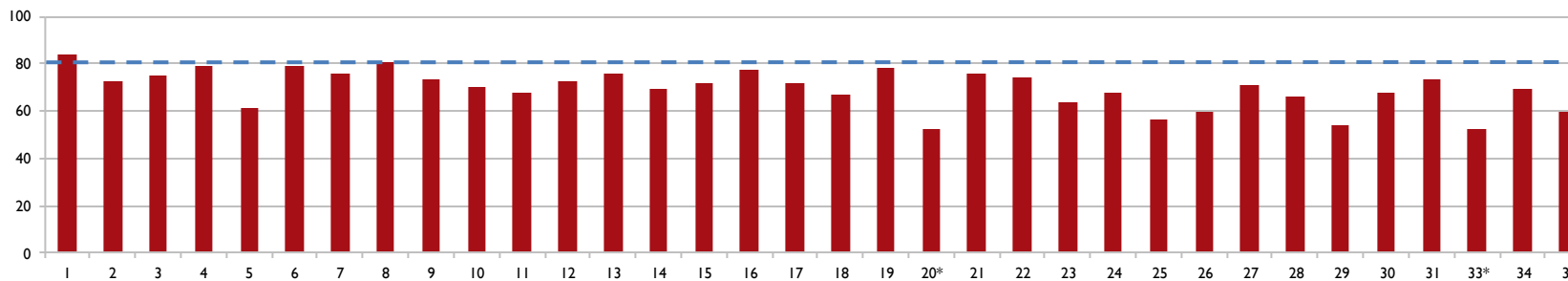


Emergency Medical Services (EMS)

The County contracts with a private company to provide emergency ambulance transportation services to all County areas (except to Palo Alto). 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 contract requires the San José Fire Department to respond to 90 percent of qualifying EMS calls within 8 minutes. In 2015-16, as in 2014-15, the Department responded to 89 percent of qualifying calls on time. As a result, the City continues to have a financial loss due to noncompliance with the EMS contract. The Department continues to work with the County to implement audit recommendations and dispatch protocols that would improve City response time compliance.

Priority 1 Response Time Compliance by Station Area (2015-16)
% of Time Initial Responding Unit Arrives within 8 Minutes



* 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.

FIRE

FIRE PREVENTION

Fire Prevention provides regulatory enforcement of fire and hazardous materials codes, investigates fire cause, and educates the community to reduce injuries, loss of life, and property damage from fires and other accidents. Both line firefighters and fire prevention staff conduct initial inspections to check for compliance with fire codes. In 2015-16, the Department performed 9,000 initial fire inspections. Line firefighters conducted 4,000 of these initial inspections and fire prevention staff conducted 5,000. Twenty percent of initial inspections conducted did not require a follow-up inspection.

Fire Prevention also conducts investigations based on complaints received about residents or businesses. In 2015-16, 62 complaints were investigated. In addition, the Department conducted nearly 400 plan reviews for special events.

Fire investigators conducted 200 arson investigations in 2015-16. 90 of those investigations were determined to be arson and 50 arson fires were in structures.

FIRE SAFETY CODE COMPLIANCE (DEVELOPMENT SERVICES)

Fire Safety Code Compliance enforces the City's Fire and Health and Safety Codes during the development plan review and inspection processes, in coordination with the Development Services partners in the Permit Center (see *Planning, Building & Code Enforcement Department*). This includes both engineering and hazardous materials reviews. In 2015-16, fire code compliance civilian and sworn staff performed 6,000 fire plan checks and 8,100 inspections for Development Services customers. One hundred percent of inspections in 2015-16 were completed within the 24-hour target.

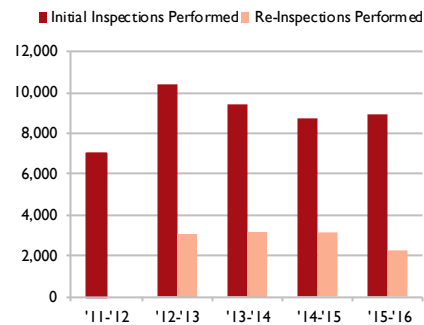
The **Development Services partners** in the Permit Center are:

- Planning, Building & Code Enforcement Department (see *PBCE section*)
- Fire Department
- Public Works Department (See *Public Works section*)

Fire Safety Inspections

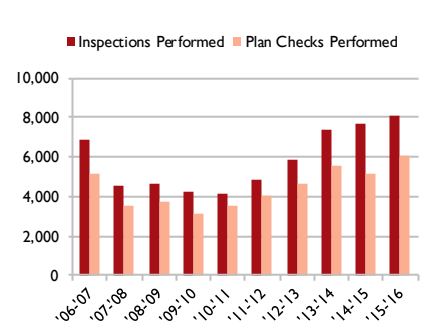
The Fire Department inspects existing buildings and newly constructed buildings to ensure compliance with the fire code. The frequency of the inspection cycle depends on what the building use and type. For example, high-rises, schools, multi-family residences are required to have annual inspections. As of June 2016, approximately 11,700 buildings had fire permits in the City, including 85 high-rises, 600 schools, 5,100 multi-family residences and hotels/motels, and 1,600 buildings with assembly spaces. For more information, see the 2013 [Audit of Fire Prevention](#).

Fire Prevention Inspections (on existing buildings)

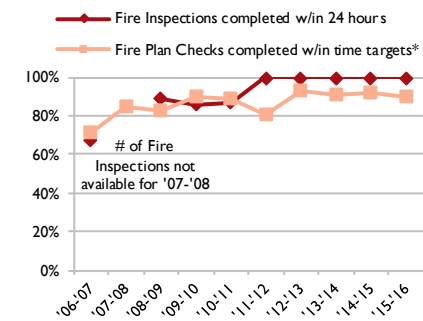


Source: San José Fire Department

Fire Safety Code Compliance - Workload (Development Services)



Timeliness - Code Compliance (Development Services)



* Time targets for plan checks vary by type of project.

HOUSING

The mission of the Housing Department is to strengthen and revitalize our community through housing and neighborhood investment.

HOUSING

The Housing Department employs multiple strategies to meet the housing needs of San José residents, who face some of the highest housing costs in the nation. These strategies include:

- Administering a variety of single-family and multi-family lending programs
- Recommending housing-related policies
- Financing new affordable housing construction
- Extending the useful lives of existing housing through rehabilitation, and
- Addressing homelessness through a regional “housing first” model.

Additionally, the Department administers a number of federal and state grant programs, including the Community Development Block Grant (CDBG) program.

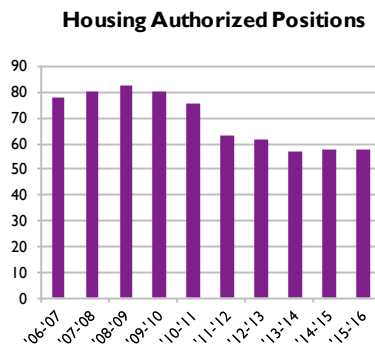
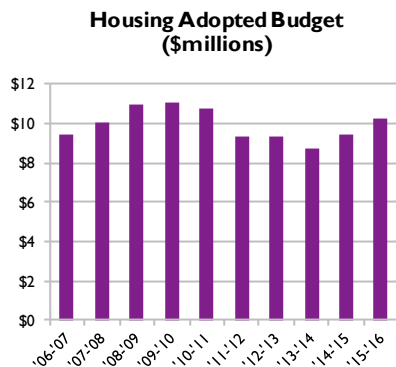
The Housing Department’s operating budget was \$10.2 million* in 2015-16. Nearly all its activities were funded with \$86.4 million in federal, state, and local funds as shown in the chart to the right. This funding included revenues (\$66.3 million) from the Department’s loan portfolio which will continue to generate program income (principal outstanding as of June 30 was \$665 million).

State law dissolved the Redevelopment Agency in 2012, which provided roughly \$35 million per year of revenues for affordable housing. Affordable Housing Impact Fees, which went into effect at the end of 2015-16, will provide a new source of funding.

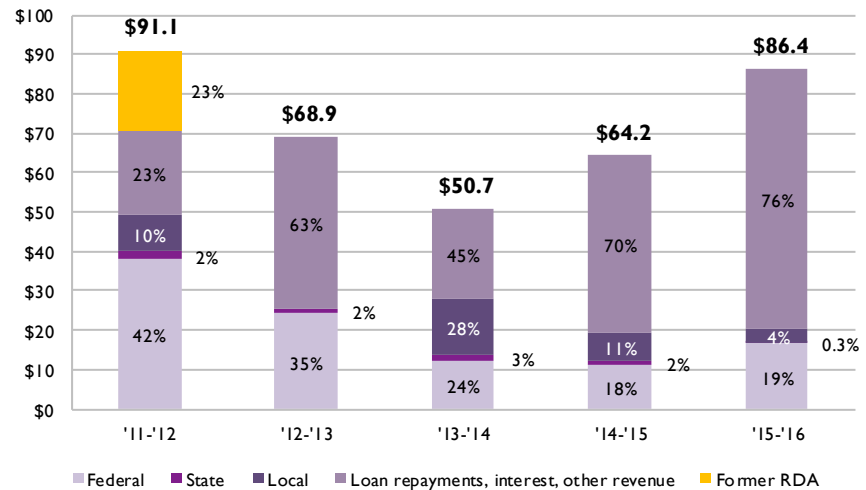
* This represents only budgeted operating expenditures and does not include all housing program fund expenditures, such as those paid from grant and loan revenue shown on the top right. In addition, the Housing Department was also responsible for \$1.8 million in actual Citywide expenditures for the Homeless Response Team and \$2.1 million for Homeless Rapid Rehousing in 2015-16.

2015-16 Housing Program Funds Received	
Housing Loans and Grants**	\$ 66,267,973
Community Development Block Grant	10,047,548
HOME Investment Partnership	4,563,486
Fees	2,180,768
Rental Rights and Referrals Fee	900,142
Housing Opportunities for People with AIDS (HOPWA)	706,487
Emergency Shelter Grant (ESG)	608,607
HOPWA Special Projects	415,058
Hazard Mitigation Grant Program	323,086
CalHome	319,050
Neighborhood Stabilization Program	28,011
Total	\$ 86,360,217

** This includes about \$640,000 in CDBG loan repayment revenues.



Comparison of Funding Sources (\$millions)



Note: Revenue from loan repayments, interest, and other sources increased recently as affordable housing developers have been taking advantage of low interest rates and favorable financing terms to refinance and pre-pay City loans.

HOUSING DEVELOPMENT & PRESERVATION

Building New Affordable Housing

Since 1988, in its capacity as a public purpose lender, the Housing Department has been making loans to developers to increase the supply of affordable housing in San José. The availability of affordable housing has continued to be an area of concern for residents for a number of years. In 2016, only 5 percent rated the availability of affordable housing as “good” or “excellent,” while 78 percent considered availability to be “poor.”

In 2015-16, developers completed 510 affordable housing units with City help. For new construction projects, the City committed an average per-unit subsidy of about \$104,000 (for 30 affordable housing units) in 2015-16. According to the Department, unit costs can vary widely depending upon a variety of factors, including tax credit financing and the population served by the facility (developments serving extremely low income households often receive less rental revenue each year and generally require more City assistance). The Department also receives developer negotiated payments and federal HOME Investment Partnership Program funds to help finance projects.

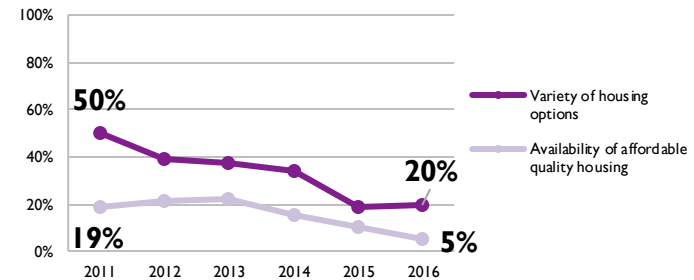
Rehabilitating Existing Housing

Low income homeowners whose homes are in need of repairs can qualify for City financial help to rehabilitate them, although, with the demise of Redevelopment, these programs have been dramatically reduced. In 2015-16, the Department used local, state, and federal funds to help rehabilitate 4 single-family homes, and provided minor repairs for another 259 homes in partnership with Rebuilding Together Silicon Valley.

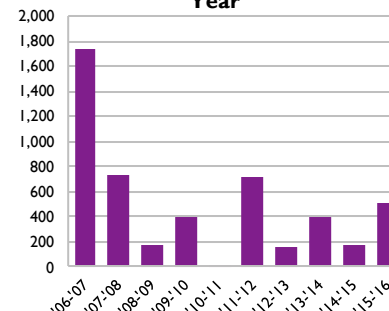
Financing Home Buying

People who want to buy homes in San José can receive financial help, including down payment assistance, through various City programs, although these programs have been reduced due to lack of funding. These programs made loans to 17 households in 2015-16. The Department wrote off less than 1 percent of its homebuyer loan principal due to foreclosures and short sales in 2015-16.

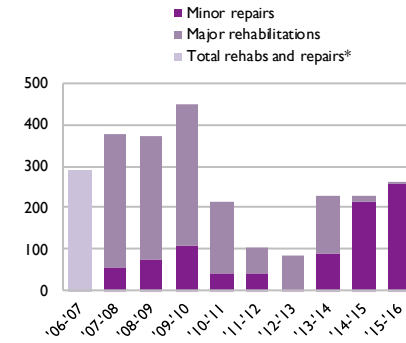
RESIDENT SURVEY
% of residents rating housing opportunities as "excellent" or "good"



Number of Affordable Housing Units Completed in the Fiscal Year

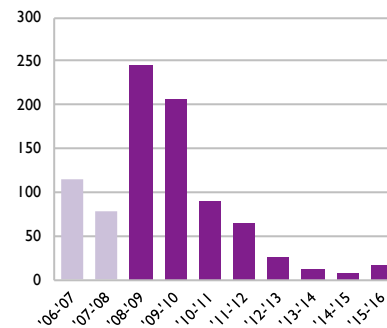


Rehabilitated Units



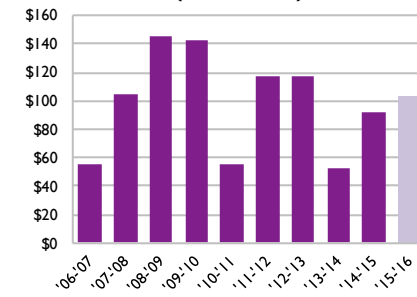
* Major and minor repairs and rehabilitations were not tracked separately until 2007-08.

Number of Homebuyers Assisted**



** Methodology change in 2008-09.

Average Per-Unit Subsidy for New Construction Projects* (\$thousands)**



*** Methodology change in 2015-16. The measure is now based on newly committed, instead of completed, projects.

HOUSING

NEIGHBORHOOD DEVELOPMENT & STABILIZATION

The Department received \$10 million through federal Community Development Block Grant (CDBG) program funds in 2015-16. CDBG funds are used for housing rehabilitation, fair housing, code enforcement, senior and homeless services, foreclosure prevention, and economic development services. Starting in 2012, the City developed a new place-based program that focuses funds on three neighborhoods. The first neighborhoods chosen were Mayfair, Santee, and Five Wounds/Brookwood Terrace areas.

Since 2009, the City has used two federal stimulus (American Reinvestment and Recovery Act) grants to buy, rehabilitate, and sell vacant and foreclosed homes to low and moderate income homebuyers (Neighborhood Stabilization Program). The single-family program concluded in 2014-15 after acquiring, rehabilitating, and selling a total of 55 single-family homes. The last remaining NSP funds, received from program income, have been committed to a new 102-unit affordable housing development, scheduled to be completed in early 2017.

The City also continued to fund fair housing and foreclosure assistance, and provide rental rights and referrals services.

Homeless Services

According to the City's 2015 Homeless Census and Survey* (conducted every two years), there were:

- 4,063 homeless individuals identified when the census was conducted, and
- 35 percent were chronically homeless** (more than twice the national average in 2014), 69 percent were unsheltered (778 lived in homeless encampments), and 31 percent had temporary shelter.

The Department assists with permanent supportive housing resources and emergency services grants, and also participates in a countywide effort with *Destination: Home* and other local entities who are trying to eliminate chronic homelessness. Several encampment clean-ups were facilitated through the Department's Homeless Encampment Response Program, as detailed in the Environmental Services Department chapter.

* This reflects a point-in-time count of homeless individuals, and not the total number of individuals experiencing homelessness in a given year.

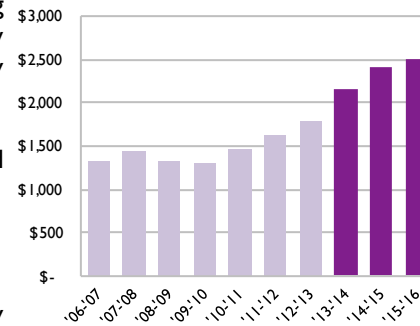
** Chronic homelessness is defined as having a disabling condition and being continually homeless for at least one year and/or having experienced four or more episodes of homelessness within the past three years.

KEY FACTS (2015-16)

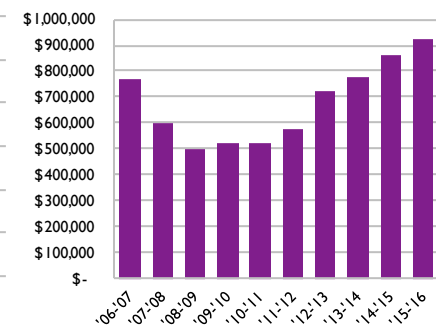
Median Household Income in San José: \$91,451			
Average Monthly Rent in San José:	\$2,503	Median Home Price in San José (single-family):	\$920,000
Percent of Renters whose Gross Rent is 30 percent or more of Household Income:	53%	Percent of Owners whose Monthly Owner Costs is 30 percent or more of Household Income (with and without a mortgage):	30%

Sources: RealFacts report for Second Quarter 2016; SCCOAR Second Quarter 2016 report; and U.S. Census American Community Survey, 2015 one-year estimates

Average Monthly Rent in San José***

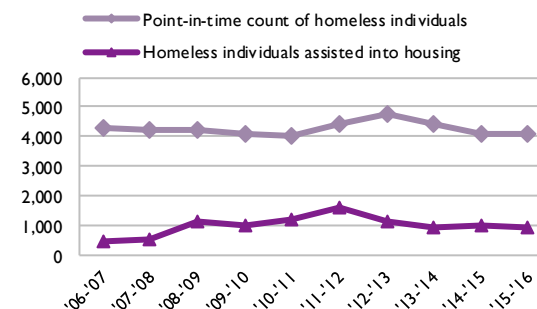


Median Single-Family Home Price



*** Data after 2013-14 are for average rent overall. Data prior represents average rent for a one bedroom/one bath.

Point-in-Time Count of Homeless Individuals and Those Helped into Housing



HUMAN RESOURCES

The mission of the Human Resources Department is to attract, develop, and retain a quality workforce.

HUMAN RESOURCES

The Human Resources Department (HR) manages employee benefits, health and safety (including Workers' Compensation), and employment services. In 2015-16, HR's operating budget totaled \$9.9 million, and the Department had 51 full-time positions (compared to 75 in 2008-09).

HR facilitated the hiring of 418 new full-time employees in 2015-16 (newly hired, reemployed, or rehired).* HR also facilitated the hiring of 532 full-time internal appointments.

Health care premiums have increased significantly over the last ten years. Since 2006, Kaiser monthly premium rates have almost doubled from \$942 to \$1,711 for family coverage.** In 2015-16, the City paid \$43.9 million for health benefits for active employees and their dependents.

HR also manages Workers' Compensation claims. In 2015-16, there were 1,096 new claims and 3,626 open claims. Workers' Compensation payments totaled \$19.4 million.

HR also oversees contributions to the voluntary 457 deferred compensation plan. The percentage of contributing employees has remained steady at around 68 percent.

*Of these external appointments, 54 were overstrength positions, which are funded on a temporary basis, usually through vacancy savings.

**In 2014, the City introduced a new family pricing structure that added more options for types of dependents (i.e., spouse, children, or both).

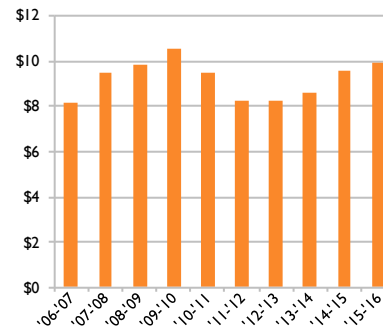
***In addition, the City administers benefits for retirees and their dependents and beneficiaries. (See Retirement Services chapter.)

****In 2015-16, the Department began counting time to hire in working days, and categorized types of hires into several categories.

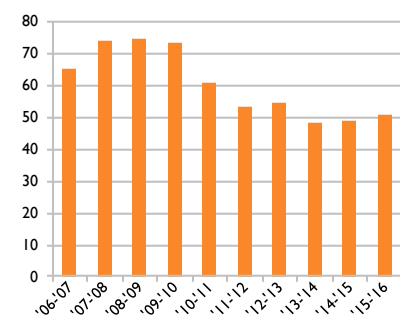
KEY FACTS (2015-16)

Number of City Employees (Budgeted Full-Time Equivalents, Excluding Mayor and City Council)	5,918
Covered Lives (Active Employees and Dependents)***	10,212
Time to Hire (Working Days)****	
Standard	53
Expedited (used candidate pools from previous hires)	31
Specialized (testing, backgrounding, or additional outreach)	128
New Hires (Full-Time Employees)*	418
Percentage of Employees with Timely Performance Appraisals:	
Non-Management	77%
Management	90%
Turnover Rate	12.4%

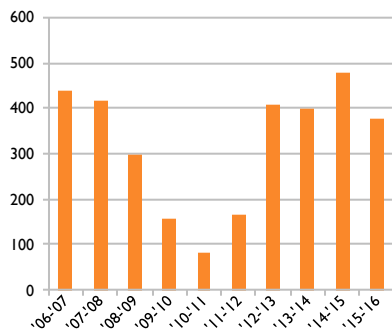
Human Resources Operating Budget (\$millions)



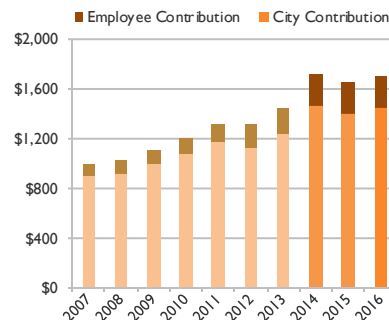
Human Resources Department Authorized Positions



New Full-Time Hires

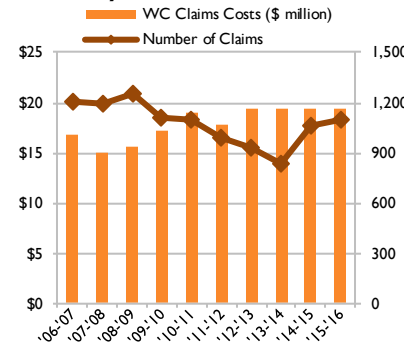


Kaiser Family Plan Premium Rates**

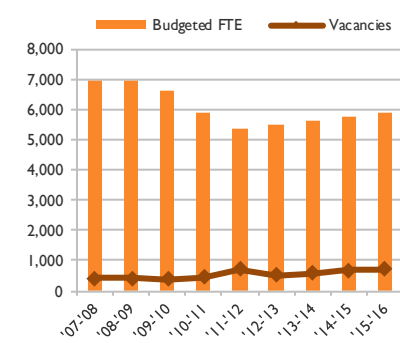


**In 2014, the City introduced a new family pricing structure that added more options for types of dependents (i.e., spouse, children, or both).

Workers' Compensation Payments & New Claims



Budgeted Staffing and Vacancies



INDEPENDENT POLICE AUDITOR

The mission of the San José Independent Police Auditor is to provide independent oversight of the police misconduct complaint process to ensure its fairness, thoroughness, and objectivity.

INDEPENDENT POLICE AUDITOR

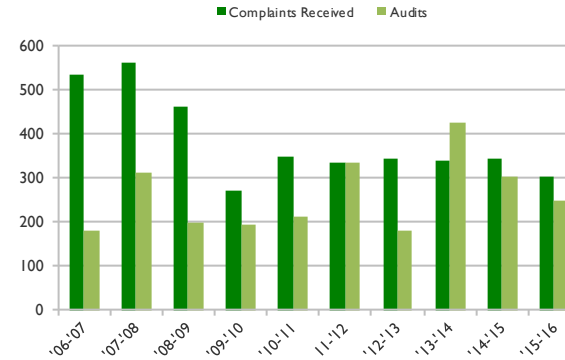
The Independent Police Auditor (IPA) provides the public with an objective review of police misconduct investigations in order to instill confidence in the complaint process and to provide independent oversight. In addition, the IPA conducts outreach to the San José community, proposes recommendations to improve San José Police Department (SJPD) policies and procedures, prepares annual public reports about complaint trends, and works to strengthen the relationship between the SJPD and the community it serves.

In 2015-16, the operating budget for the IPA totaled \$1.3 million. The IPA authorized positions remained unchanged from last year—6 in 2015-16.

In 2015-16, the IPA received 302 complaints from the public regarding SJPD officers, 12 percent fewer than the previous year. There were 44 percent fewer complaints than ten years ago. The number of people receiving IPA outreach services at community events or meetings decreased by 40 percent from 11,323 in 2014-15 to 6,777* in 2015-16, but it is comparable to a decade ago with 6,168.

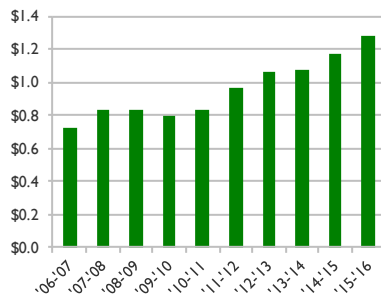
**The change in outreach efforts from the prior year were due to staff shortages in the IPA Office over the past fiscal year as well as the physical location change of the Office.*

Complaints Received and IPA Audits

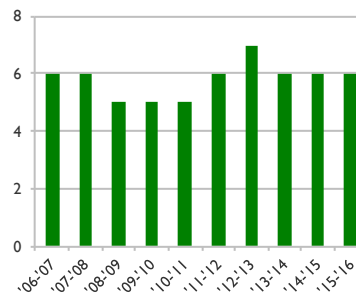


Note: The IPA audits only those complaints classified as “conduct complaints” or “policy complaints”. In general, the SJPD must complete its complaint investigation within one year from the date that the complaint was received. Thus, complaints received in one fiscal year may not be closed and audited until the following fiscal year.

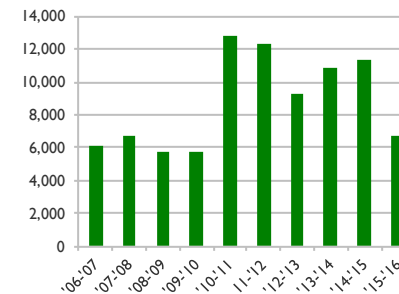
IPA Operating Budget (\$millions)



IPA Authorized Positions



Individuals Receiving Outreach Services at Community Events/Meetings



INFORMATION TECHNOLOGY

The mission of Information Technology is to enable the service delivery of our customers through the integration of City-wide technology resources.

INFORMATION TECHNOLOGY

The Information Technology Department (IT) manages the City's information technology infrastructure, and supports and maintains enterprise technology solutions. IT, together with staff from other City departments, is responsible for managing a number of databases including the Financial Management System (FMS), PeopleSoft HR/Payroll System, and the Budget System. IT has been actively engaged in many core technology system upgrades such as the Customer Information System (CIS) for utility billing, the Business Tax System (BTS), the Human Resource/Payroll/Budget System, the Council History And Documents (CHAD) database, Revenue Collection System, and the City's intranet .

The operating budget for IT totaled \$21 million in 2015-16. Authorized staffing totaled 82.5 full-time equivalent positions, including 13 non-technical positions at the Customer Contact Center.

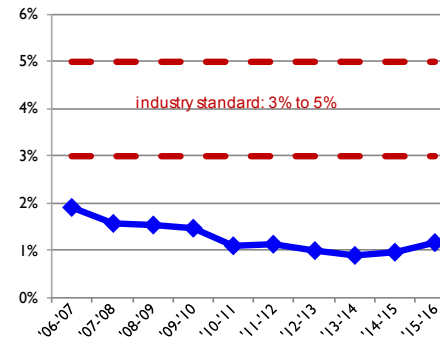
According to industry standards, information technology staffing should make up 3 to 5 percent of an organization's staffing; IT's staffing levels are low (about 1 percent of Citywide staffing excluding call center staff). However, some information technology resources reside outside IT. For example, large departments such as Airport, Police, and Fire have their own information technology staff. IT is operating with a vacancy rate of 23 percent for overall staffing but about 30 percent for technical positions. This is slightly lower than the previous years' vacancy rate.

In FY 15-16, IT began community network upgrades at community centers and fire stations, made progress on the Office 365 deployment and completed city-wide email upgrade and migration.

KEY FACTS (2015-16)

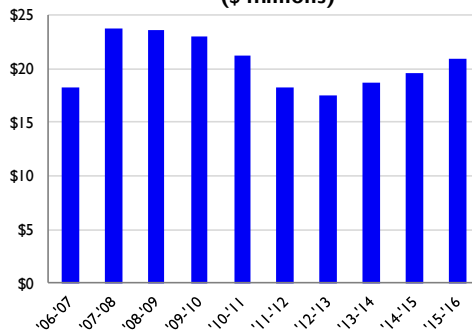
Customer Contact Calls	246,000
Service Desk Requests	15,000
Centralized Email Boxes	7,079
Network Outages	4
Desktop Computers	5,436
Enterprise Servers	237

IT Staffing as a % of Total City

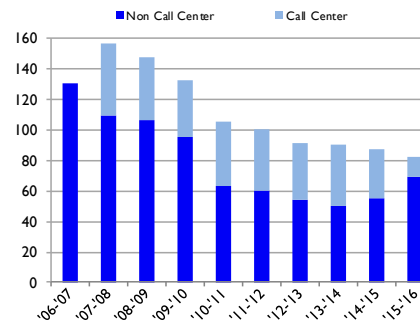


Note: Excludes IT's call center staff. Also excludes IT staff in larger departments such as Airport, Police, Fire, Department of Transportation and Environmental Services who have their own IT staff. For more information see our 2012 [Audit of Information Technology General Controls](#) .

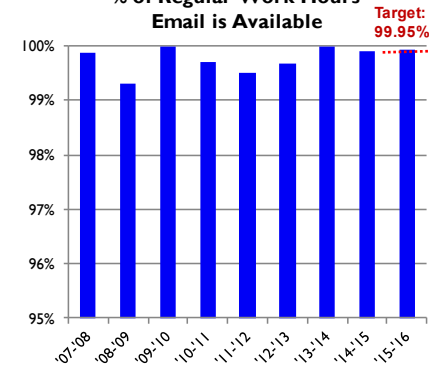
IT Operating Budget (\$ millions)



IT Authorized Positions



% of Regular Work Hours Email is Available



IT aims to have network services available 24/7 at least 99.95 percent of the time for the City’s converged network, telephones, active directory and enterprise servers. IT met or very nearly met the four targets in 2015-16.

CUSTOMER CONTACT CENTER

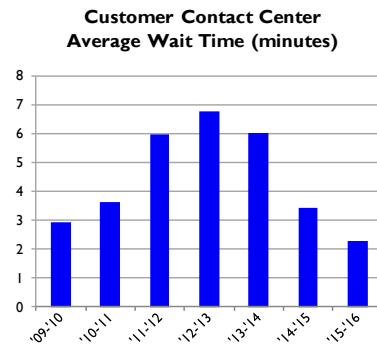
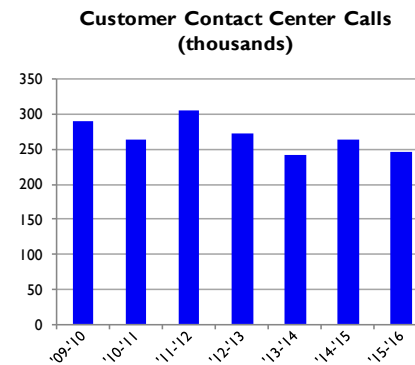
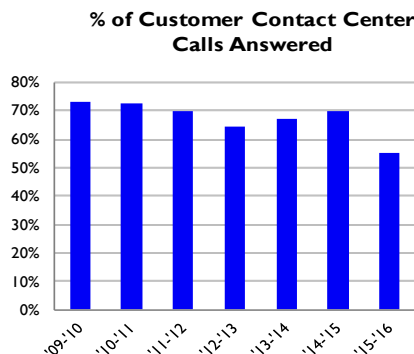
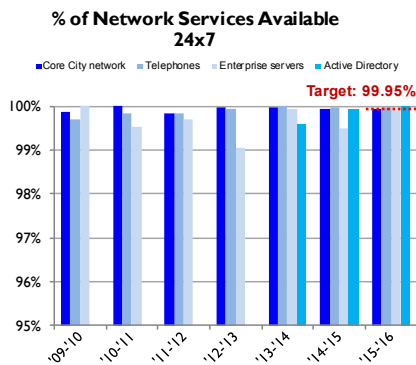
The City’s Customer Contact Center (408/535-3500 or customerservice@sanjoseca.gov) is one of the primary points of City information for residents, businesses, and employees. The Center is available to respond to resident queries during regular business hours and has an answering service respond to resident questions after hours. In addition to the Contact Center, various other departments also maintain customer contact centers to respond to specific resident concerns or questions. In July 2015, the City transitioned Recycle Plus billing to the Santa Clara County property tax roll and customer service activities to the garbage haulers and resulted in the elimination of ten positions and a reduction in ongoing Oracle licensing.

In 2015-16, the Customer Contact Center answered 55 percent of calls received—10 percent below its target of 65 percent. Per IT, this was due to an increased number of calls in July 2015 as a result of the transition of Recycle Plus billing to the Santa Clara County property tax roll, a more efficient self-service call tree and reduced staffing in the customer contact center. The average wait time was 2.29 minutes, down from 3.42 minutes in 2014-15.

Citywide Contact Center Numbers

Department/Division	Contact Number
Customer Contact Center	408-535-3500
Development Services	408-535-3555
Animal Care and Services	408-794-7297
Revenue Management	408-535-7055
Transportation (Tree and Sidewalk)	408-794-1901
Transportation (Dispatch)	408-794-1900
Transportation (Vehicle Abatement)	408-277-5305
Code Enforcement	408-535-7770

For more about the Customer Contact Center see the 2013 audit - [Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved.](#)



LIBRARY

The San José Public Library's mission is to enrich lives by fostering lifelong learning and by ensuring that every member of the community has access to a vast array of ideas and information.

LIBRARY

The San José Public Library consists of 24 libraries, including the main Dr. Martin Luther King, Jr. Library downtown and branches across the City. The Library offers materials in various formats including books, CDs, DVDs, eBooks, and online database services. The Library also provides programs such as computer programming, ESL classes, summer reading, literacy assistance, and story times.

In 2015-16, the Library's operating budget totaled \$37 million. Staffing totaled 354 authorized positions, an 11 percent increase from a year ago, but 3 percent less than ten years ago.

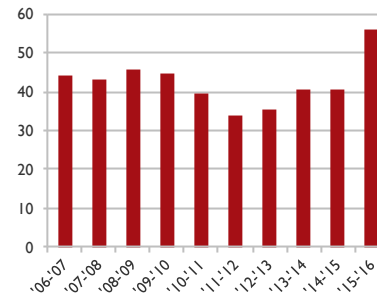
The City's libraries were open over 56,000 hours in 2015-16, up from about 41,000 in 2014-15 (additional information on the expansion of hours is discussed later in this chapter). This also represented the most hours the City's libraries have been open in any of the past ten years.

Of San José respondents to the resident survey, 74 percent rated the quality of public library services as good or excellent.

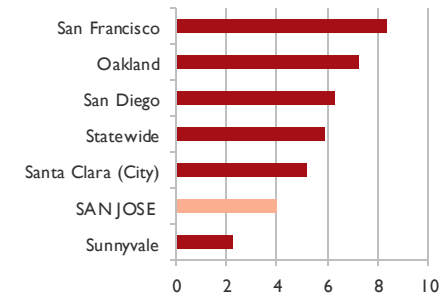
KEY FACTS (2015-16)

Libraries open	24
Weekly library visitors	131,827
Total library materials	2,261,307
Number of eBooks/eMedia	177,570
Number of items checked out (including eBooks)	9,730,584
Number of registered borrowers	533,687
Number of reference questions	936,208

Total Hours Open Annually (thousands)

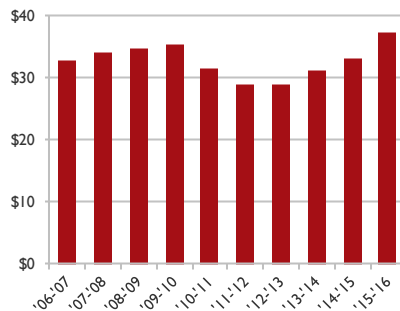


Hours Open Per 100 People (2014-15)

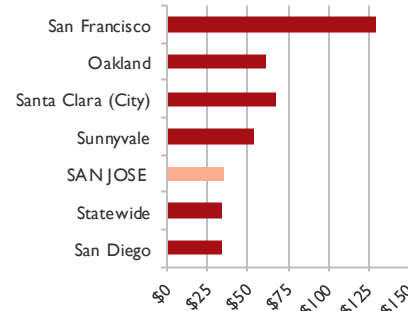


Source: [California State Library, 2014-2015 Summary Data](#)

Library Operating Budget (\$millions)

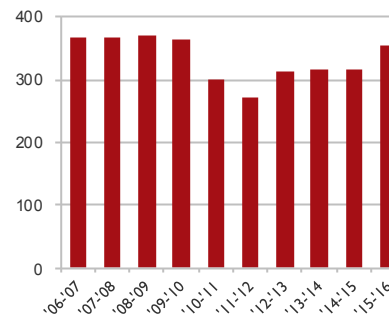


Expenditures Per Capita (2014-15)



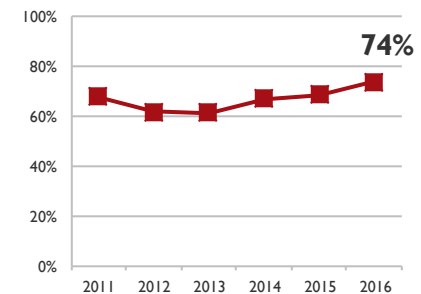
Source: [California State Library, 2014-2015 Summary Data](#)

Library Authorized Positions



RESIDENT SURVEY

% of San Jose residents rating library services as "good" or "excellent"



LIBRARY COLLECTION AND CIRCULATION

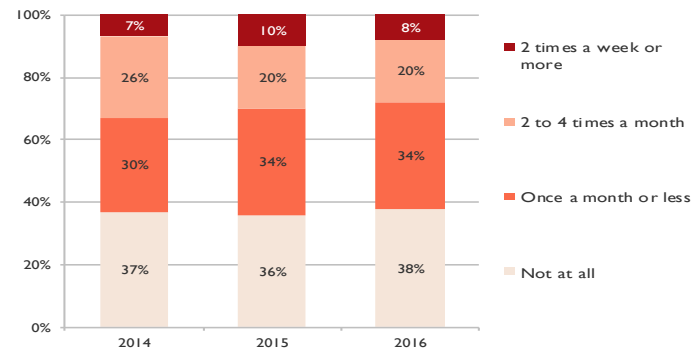
In 2015-16, the Library’s collection totaled 2.3 million items, an increase of 6 percent from ten years ago, while the number of print materials, such as books and periodicals, was 1.72 million items, roughly the same as the prior year. In 2015-16, the number of eResources (eBooks, eMagazines, eMusic, eMovies, and online learning tools) totaled more than 177,000. The Library also offers access to subscription-based online resources on a variety of topics, such as career development, technology training, consumer resources, language learning, and online high school classes.

Total circulation in 2015-16 (including eBooks) was 9.7 million. Circulation has trended down since 2008-09, when it peaked at more than 15 million. San José’s 2014-15 circulation per capita (excluding eBooks) was lower than that of Santa Clara, Sunnyvale, and San Francisco, but higher than that of San Diego, Oakland, and the statewide mean.

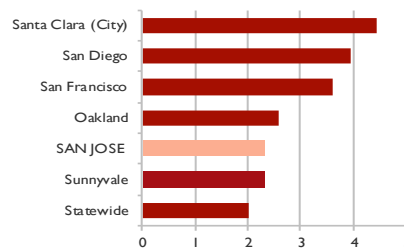
Sixty-two percent of respondents to the resident survey indicated they, or someone in their household, used San José libraries at least once in the last twelve months. Library borrowers placed about 458,000 online holds to reserve materials, a 17 percent increase from a year ago.

Approximately 16 percent of the Library’s collection includes materials in languages other than English (356,604 items). The Library purchases materials in multiple languages, including Spanish, Vietnamese, Chinese, Hindi, Persian, Tagalog, Russian, Korean, and Japanese.

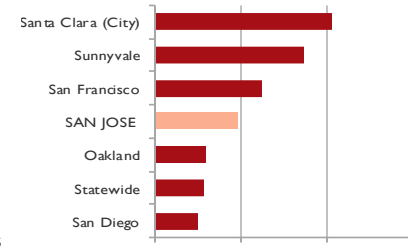
RESIDENT SURVEY
In the last 12 months, about how many times have you or other household members used San Jose public libraries or their services?



Materials Per Capita (2014-15)



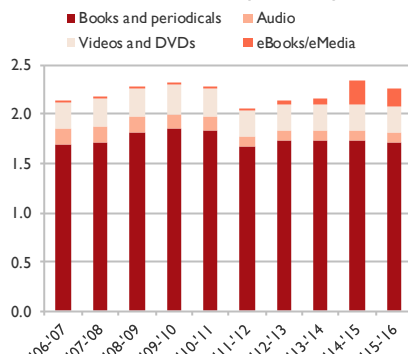
Circulation Per Capita (2014-15)



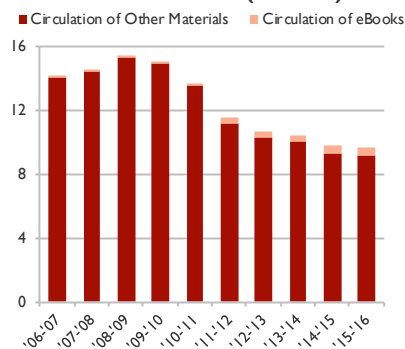
Source: [California State Library, 2014-2015 Summary Data](#)

Source: [California State Library, 2014-2015 Summary Data](#) (does not include eBooks)

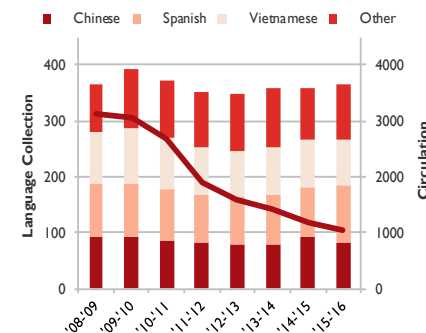
Total Collection (millions)



Total Circulation (millions)



Non-English Collection and Circulation (thousands)



*In 2014-15, the methodology to tabulate eBooks changed. Prior data may not be comparable.

LIBRARY

The City's libraries provide programs to promote reading and literacy, and support school readiness. Programs include adult and family literacy programs, preschool and early education initiatives, story time programs, summer reading programs, digital literacy programs, and more.

In 2015-16, libraries offered over 15,100 programs, with attendance totaling 303,160. In 2015-16, participants in the summer reading program totaled 25,876, a nearly 40 percent increase from a year ago.

Although the number of computer sessions on library-owned computers declined to about 1.2 million in 2015-16, the addition of Wi-Fi services in 2009-2010 enables customers to use their own devices. At several branches, customers can also checkout laptops and tablets for in-library use. To meet this demand, the Library increased bandwidth from 20 mbps to 100 mbps in 2014-15.

Examples of Library Services

Homework help	College and career resources
Literacy and reading help	Citizenship and immigration resources
Adult learning	Arts and crafts
Story times	Book clubs
WiFi and computers	Volunteer opportunities

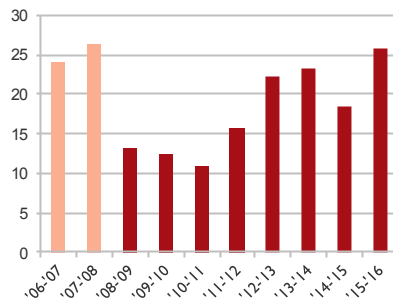


Source: San José Library Department



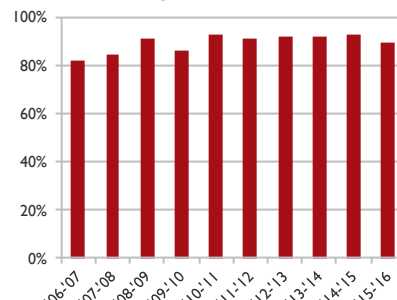
Source: San José Library Department

Participants in Summer Reading Program (thousands)*



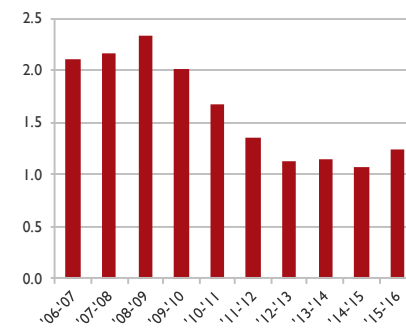
*In 2008-09, the methodology for Summer Reading participation changed; data prior to that year may not be comparable.

Percent of Library Customers Rating Staff Assistance as Helpful, Prompt, and Courteous



Source: Library customer surveys

Computer Sessions in Library** (millions)



**Does not include wireless connections or use of personal devices.

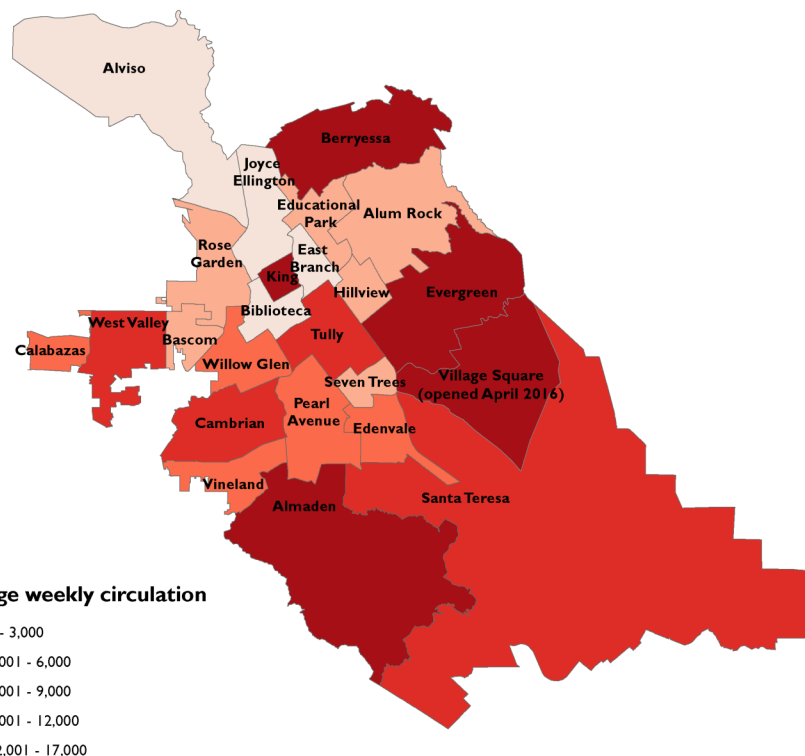
SAN JOSE BRANCH LIBRARIES

In November 2000, voters approved a Branch Library Bond Measure, dedicating \$212 million over ten years for the construction of 6 new and 14 expanded branch libraries in San José. The final project—the Village Square branch — opened in April, 2016.

In 2015-16, the main library (Dr. Martin Luther King, Jr.) was open 77 hours per week during the academic year (compared to 81 hours in 2009 -10). In 2015-16, branch hours were expanded back to 47 hours for all branches. Sunday hours have not been offered at any branch since July 2010. Branch open hours decreased between 2010-11 and 2014-15 before being reinstated to 2009-10 levels of 47 hours per week this past year.

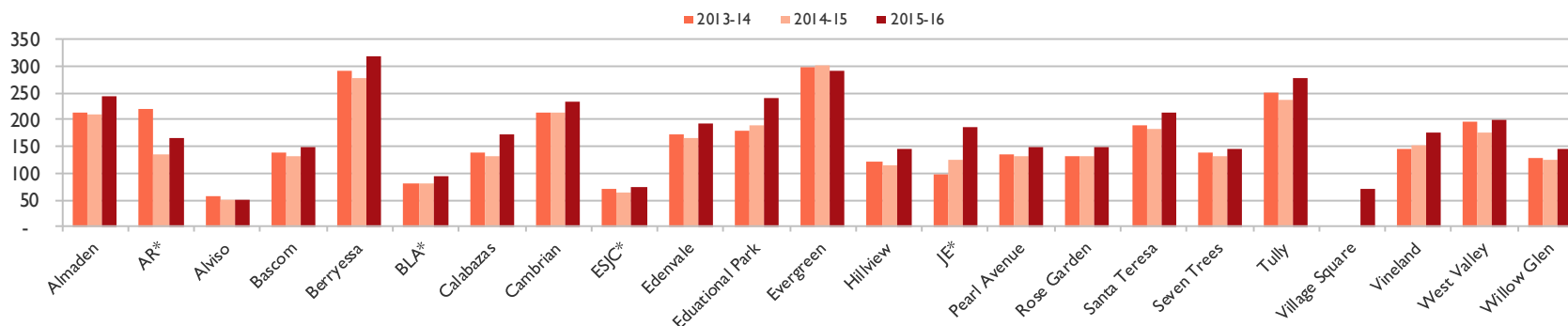
Circulation and the number of visitors in 2015-16 varied significantly across locations. In total, City libraries had 6.9 million visitors, a 13 percent increase from a year ago. About 40 percent (2.8 million) of all visitors went to the main library. Other high visitation branches include Berryessa, Evergreen, and Tully. Other high circulation branches included the main library, Almaden, Santa Teresa, and Cambrian.

Average Weekly Circulation by Branch Service Area, 2015-16



Note: Library service areas determined by census tracts.
Source: City Auditor analysis of Library circulation data.

Branch Library Visitors (thousands)



* AR = Dr. Roberto Cruz Alum Rock; BLA = Biblioteca Latinoamericana; ESJC = East San José Carnegie; JE = Joyce Ellington; Dr. Martin Luther King, Jr. Library not listed.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

The mission of Parks, Recreation and Neighborhood Services is to build healthy communities through people, parks, and programs.

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. [Happy Hollow Park & Zoo](#) served 440,000 visitors and generated \$7 million in revenues in 2015-16.

PRNS also operates community and recreation centers and provides various recreation, community service, and other programs for the City's residents. In 2015-16, PRNS' departmental operating budget totaled \$67 million*. Staffing totaled 560 authorized positions, 49 more positions than 2014-15. This included additional funding for increased part time class instructors and recreation leaders, event coordinators and groundskeepers. Nonetheless, PRNS staffing is significantly below its high of 755 employees in 2007-08.

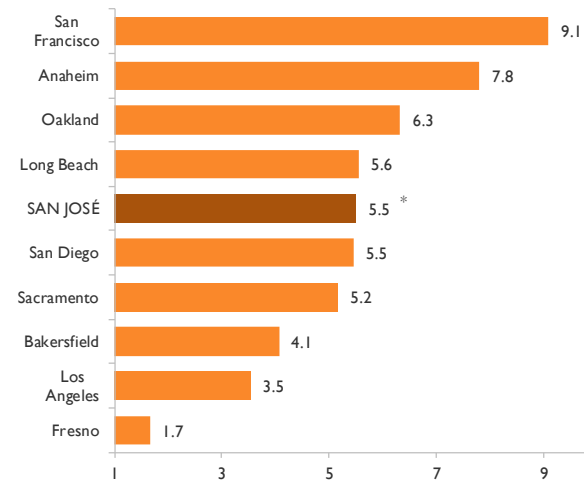
PRNS has a goal of recovering 40 percent of its direct program costs through collected revenues (e.g., fees, charges, leases, grants). For 2015-16, PRNS reported its direct program cost recovery rate was 38 percent which is slightly below its goal and the previous year. Program fees accounted for approximately 67 percent of collected revenues.

*In addition to expenditures paid out of its operating budget, PRNS was also responsible for \$10 million in Citywide expenses in 2015-16. Significant Citywide expenses included \$5.5 million for San José B.E.S.T. and the Safe Summer Initiative, \$137,000 for the Children's Health Initiative, \$1.4 million for workers' compensation claims, and \$395,000 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.

RESIDENT SURVEY

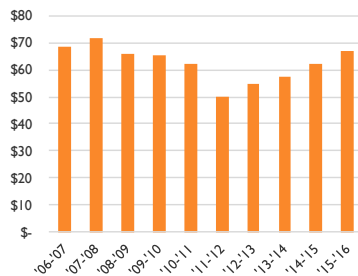
49% of San José residents surveyed rated San José's recreational opportunities as "excellent" or "good"

Parks and Recreation Employees per 10,000 Residents

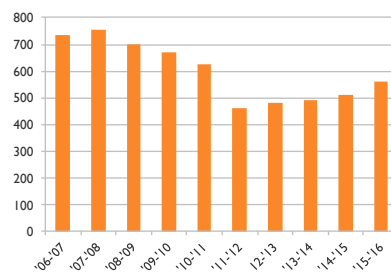


* The number of Parks and Recreation employees in San José increased from 3.3 in 2014-15. Source: [The Trust for Public Land: 2016 City Park Facts](#)

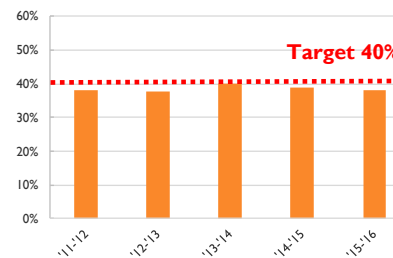
PRNS Operating Budget (\$millions)



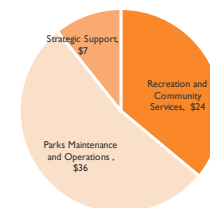
PRNS Authorized Positions



5-Year Program Cost Recovery **



PRNS Operating Budget Breakdown (\$millions)



**For information about the department's fee activity programs see our 2015 audit: [PRNS Fee Activities: The Department can better reflect the City's goals for tracking and recovering costs, setting fees and promoting affordable access.](#)

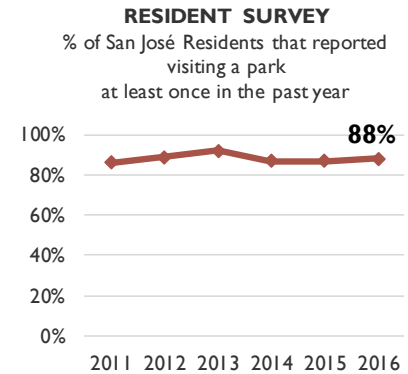
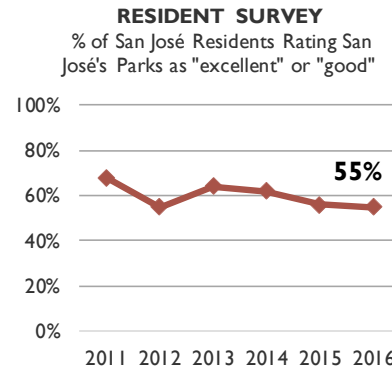
PARKS, RECREATION AND NEIGHBORHOOD SERVICES

PARKS

In 2015-16, the City along with its volunteers, maintained 190 neighborhood parks and 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 1,761 acres. There were an additional 1,421 acres of open space and undeveloped land. The City has added 61.3 acres of new developed parkland since the last Greenprint Strategic Plan in 2009 (see box below for a list of park additions). The department has begun the process of updating its Greenprint Strategic Plan. It plans to review its methodology for its parks inventory and acreage as part of that process.

The cost to the City's General Fund to maintain developed parkland was \$10,000 per acre, down from \$12,000 in 2008-09. According to PRNS, this measure reflects not only efficiency efforts, but also cost savings from water conservation and vacancies. This decline in spending along with the drought may have adversely impacted park conditions.

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. For 2015-16, there were 57.54 miles of trails. An additional 79.06 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 trails see [City trails](#)).



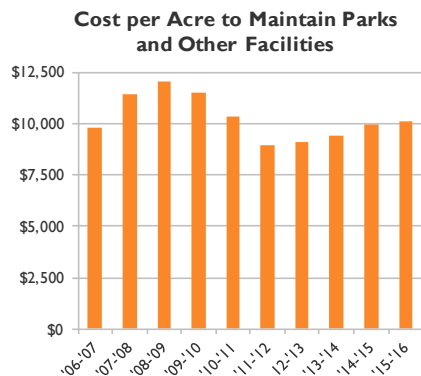
KEY FACTS (2015-16)

Neighborhood Parks (190 parks)	1,213 acres
Regional Parks (9 parks)	548 acres
Golf Courses (3 courses)**	321 acres**
Open space and undeveloped land	<u>1,421 acres</u>
Total*	3,502 acres**

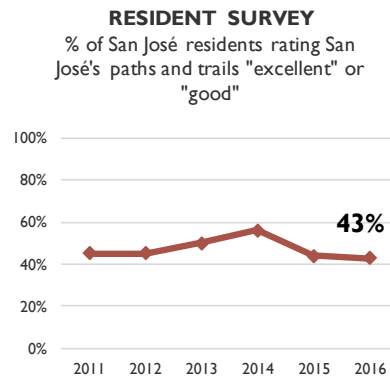
*State, county, or other public lands within San José's boundaries are not included in the above figures.

**Does not include 50 acres open space. Total may not add due to rounding.

***For more information about golf courses see the September 2015 audit: [Golf courses: Loss of customers and revenues requires a new strategy](#)



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



Developed Neighborhood Parkland Added Since Greenprint 2009*	
Fleming Park (0.5 acres)	River View Park (5.2 acres) <NEW>
Jackson/Madden Park (0.3 acres)	Orchard Park (1 acre) <NEW>
Carolyn Norris Park (1.3 acres)	Vista Montana (5 acres) <NEW>
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)	
Commodore Park (3.2 acres)	
Antonio Roberto Balermينو Park (1.8 acres)	
Del Monte Park (2.2 acres)	
West Evergreen Park (1 acre)	

* The City also developed an additional 23 acres in Martin Park and Kelley Park.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

RECREATION PROGRAMS AND COMMUNITY CENTERS

PRNS program offerings include (but are not limited to) after-school programs, aquatic programs, arts and crafts, dance, educational programs, health and fitness programs, sports, therapeutic classes designed for persons with disabilities, and programs for seniors. For a list of all programs and classes, see [City Activity Guide](#).

In 2015-16, the City operated 10 hub community centers (one in each of the City's Council Districts). In addition to the 10 hub community centers, the City operated the Grace Community Center which is a therapeutic recreation center, and the Bascom Community Center/Library which opened in 2012-13.

The City's 10 hub community centers and the Bascom Community Center were open from 35 to 72 hours per week which is mostly unchanged from the previous year. No City run centers had regularly scheduled Sunday hours.

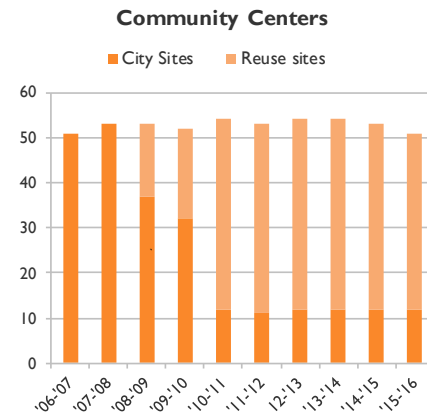
The interim Vietnamese-American Community Center (VACC) opened in October 2016 at the Shirakawa Community Center and operates as a shared space until the community identifies a permanent location.

KEY FACTS (2015-16)

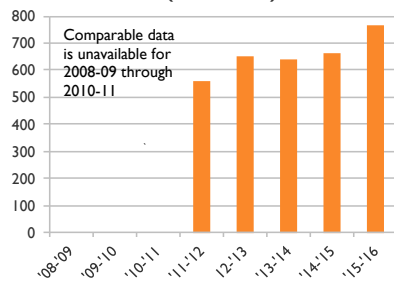
Community centers (including reuse sites)	51
Community center square footage*	547,000 sq. ft.
Average weekly hours open (hub community centers)	59
Estimated recreation program participation at City run programs**	763,000

* This includes hybrid centers.

**This is a duplicated count (i.e., individuals are counted for each program attended).

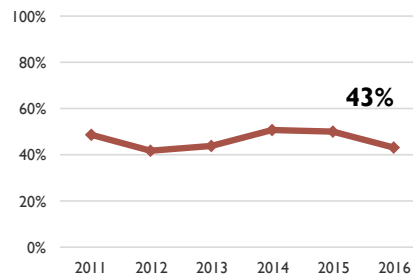


Estimated Participation in Programs at City-Operated Community Centers (thousands)

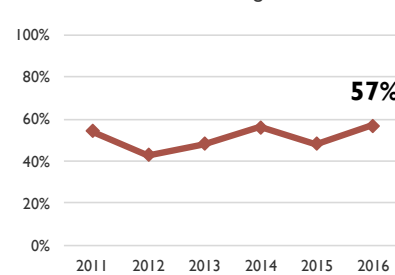


Data is tracked through a registration system and does not include drop-in clientele, senior nutrition participants, or therapeutic clientele at the Grace Community Center.

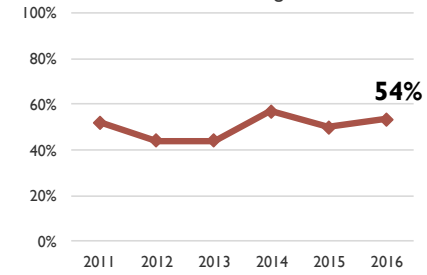
RESIDENT SURVEY
% of San José Residents Using a Recreation Center or Facility At Least Once



RESIDENT SURVEY
% of San José Residents Rating San José's Recreation Centers or Facilities "excellent" or "good"



RESIDENT SURVEY
% of San José Residents Rating San José's Recreation Programs "excellent" or "good"

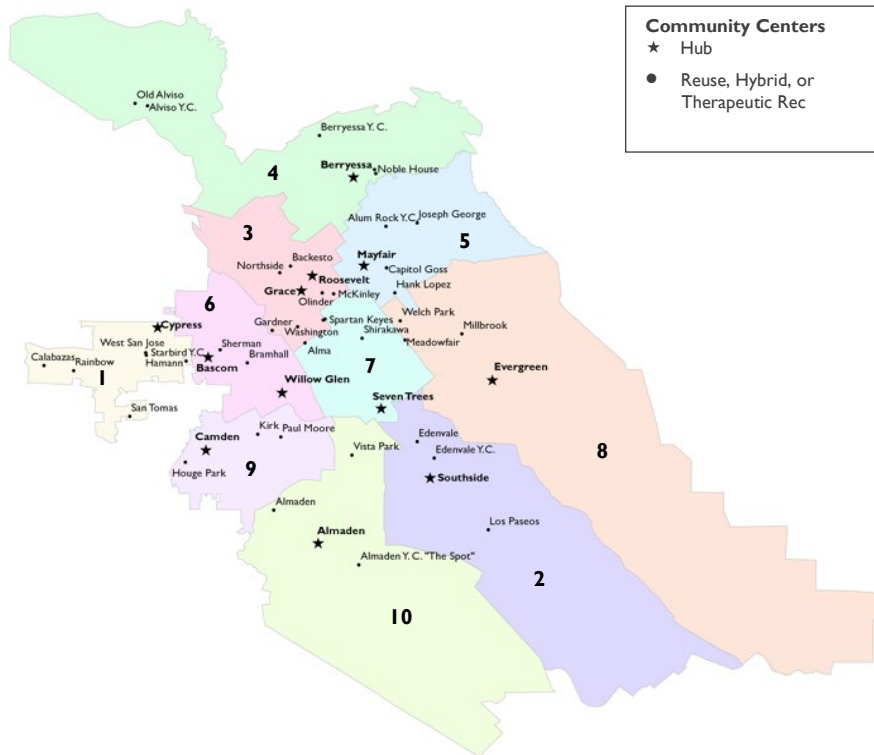


PARKS, RECREATION AND NEIGHBORHOOD SERVICES

RECREATION PROGRAMS AND COMMUNITY CENTERS (continued)

In 2004-05, PRNS began a facility re-use program with the intention of reducing operating costs while allowing smaller community centers to remain open. 42 sites were designated as re-use sites. In 2015-16, outside non-profits/organizations operated 27 of such centers. An additional 10 sites were operated by other City programs and/or outside organizations.

City of San José Community Centers Map



Source: Auditor generated based on Public Works data.

Community Centers

- | | |
|---|---|
| <ul style="list-style-type: none"> ***Alma Community Center Almaden Community Center (hub) **Almaden Winery Community Center * Almaden Youth Center **Alum Rock Youth Center * Alviso Youth Center * Backesto Community Center Bascom Community Center (hybrid) Berryessa Community Center (hub) * Berryessa Youth Center **Bramhall Neighborhood Center **Calabazas Community Center Camden Community Center (hub) * Capitol Park/Goss Community Center Cypress Senior Center (hub) * Edenvale Community Center * Edenvale Youth Center Evergreen Community Center (hub) ***Gardner Community Center Grace Community Center **Hamann Park Community Center **Hank Lopez Community Center * Houge Park Community Center * Joseph George Community Center **Kirk Community Center * Los Paseos Community Center | <ul style="list-style-type: none"> Mayfair Community Center (hub) * McKinley Community Center * Meadowfair Community Center **Millbrook Community Center * Noble House Community Center * Noble Modular Community Center * Northside Community Center Old Alviso Community Center (Closed) Old Hillview Library (Closed) * Olinder Community Center * Paul Moore Community Center * Rainbow Community Center Roosevelt Community Center (hub) * San Tomas Community Center Seven Trees Community Center (hub) * Sherman Oaks Community Center **Shirakawa Community Center Southside Community Center (hub) **Spartan Keyes Neighborhood Center * Starbird Community Center **Vista Park Community Center * Washington Community Center * Welch Park Community Center * West San José Community Center Willow Glen Community Center (hub) |
|---|---|

In 2014-15 the City demolished the River Glen Community Center. In 2015-16, the City ended its lease with Hoover and Erickson Community Centers.

- Facilities in bold are community centers operated by the City .
- *Denotes re-use sites which are operated by non-profit organizations, neighborhood associations, schools and other government agencies to offer services that primarily serve city residents.
- **Denotes re-use sites occupied by City departments or programs, sometimes in combination with outside organizations.
- ***Denotes City facilities operated by multiple agencies including the City.

PARKS, RECREATION AND NEIGHBORHOOD SERVICES

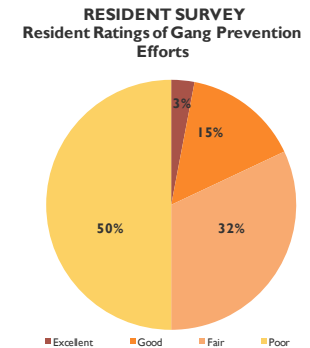
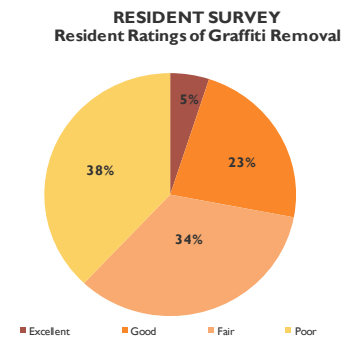
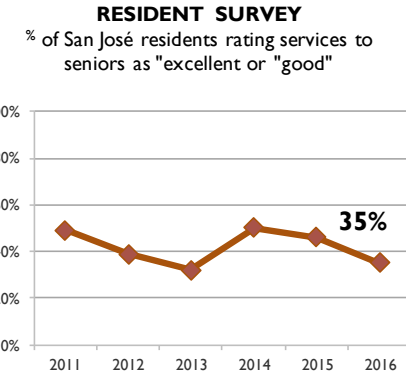
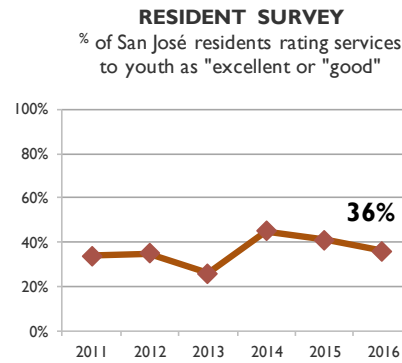
COMMUNITY SERVICES

PRNS provides a number of community services including anti-graffiti and anti-litter programs, gang prevention and intervention programs, the Safe Schools Campus Initiative (SSCI)*, the senior nutrition program, and others. In 2015-16, the SSCI team responded to 468 incidents on SSCI campuses, a small increase from the prior year. For 2015-16, 78 high schools and middle schools participated in this program.

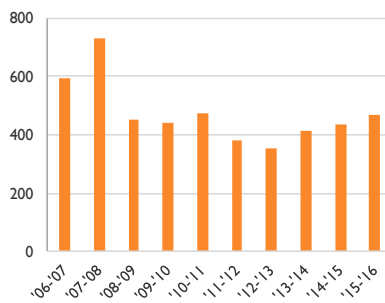
The Mayor's Gang Prevention Task Force (MGPTF) has a service component titled Bringing Everyone's Strengths Together (the B.E.S.T. program) and the Safe Summer Initiative Programs. These programs provide services to at-risk youth and their families. For 2015-16 actual expenditures for B.E.S.T increased (from \$4.8 million in 2014-15 to \$5.5 million in 2015-16). Program participation also decreased slightly from 3,846 in 2014-15 to 3,282 in 2015-16. According to PRNS, starting in 2013-14, the decrease in B.E.S.T participants was as a result of a service-delivery shift to provide more individualized case management services, and to give each program participant more services and/or for a longer duration.

In 2011-12, the City contracted out graffiti abatement**. In 2015-16, the contractor completed 39,000 graffiti removal workorders. The National Citizen Survey reports that 28 percent of residents viewed graffiti removal services as good or excellent. Survey responses were likely based on respondents' overall perception of graffiti removal, including graffiti on highways, expressways, and railroads that are the responsibility of others.

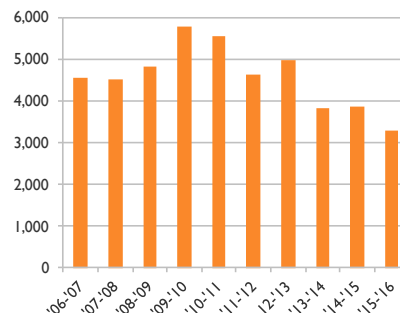
* SSCI is a partnership between school districts and the City (including the Police Department) to address violence-related issues in schools.



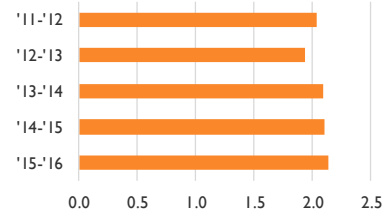
Incidents on Safe School Campus Sites Responded To



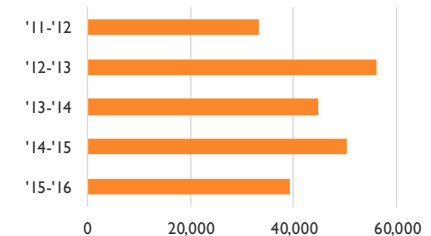
Participants in B.E.S.T. Youth Service Program



Estimated Sq/Ft. of Graffiti Eradicated (millions)



Graffiti Workorders Completed



**For more information about this program see the June 2013 audit – [Graffiti Abatement: Implementing a Coordinated Approach.](#)

PLANNING, BUILDING AND CODE ENFORCEMENT

The mission of the Planning, Building and Code Enforcement Department is to facilitate the preservation and building of a safe, attractive, vibrant and sustainable San José through partnership with and exceptional service to our diverse communities and customers.

PLANNING, BUILDING AND CODE ENFORCEMENT

The Planning, Building and Code Enforcement (PBCE) Department guides the physical development of San José. Through its three divisions, it reviews construction applications and issues permits consistent with law and policy.

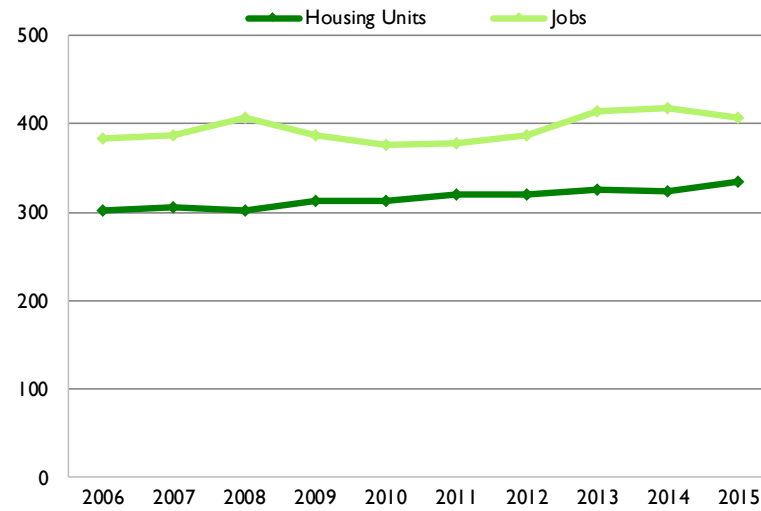
PBCE's 2015-16 operating budget totaled \$49 million across all funds. The Department's staffing, at 305 authorized positions, remained 16 percent lower than it was in 2007-08, when it had a peak of 363 authorized positions.

Under the collaborative umbrella of Development Services, PBCE works with other City departments to deliver the City's permitting function. Subsequent pages of this chapter discuss Development Services.

PLANNING

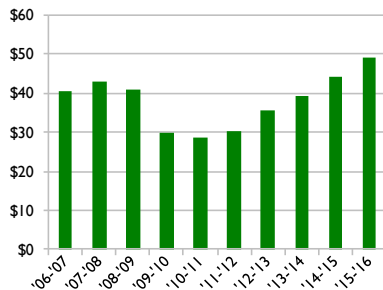
PBCE's Planning Division administers the City's long-range planning projects and processes land development applications to match the City's planning goals. Five years ago, the *Envision San José 2040 General Plan* identified twelve major strategies which promote active, walkable, bicycle-friendly, transit-oriented, mixed use urban settings for new housing and job growth. The U.S. Census estimates that San José had 407,000 jobs and 335,000 housing units in 2015. The City has begun reviewing the goals developed during the Envision 2040 General Plan process. See the *Development Services* pages of this chapter for more on the Planning Division's work. Also see *Planning in San José: A Community Guide* available online.

San José Housing Units and Jobs (thousands)

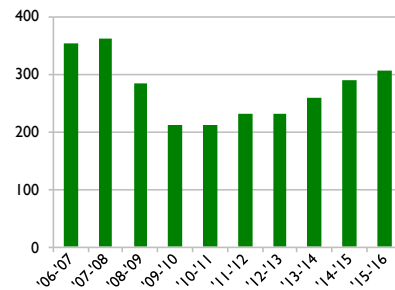


Source: American Community Survey, U.S. Census

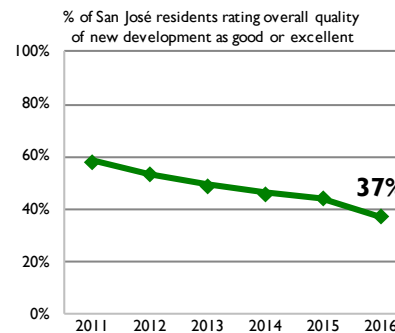
Adopted Operating Budgets (\$millions)



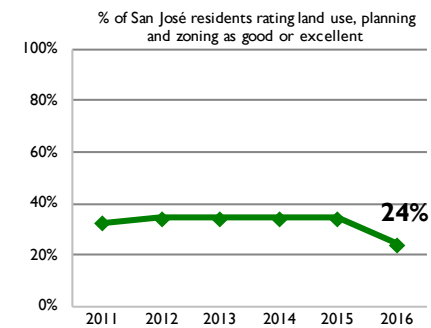
Authorized Positions



RESIDENT SURVEY



RESIDENT SURVEY



PLANNING, BUILDING AND CODE ENFORCEMENT

BUILDING

PBCE's Building Division reviews new construction projects within the City, ensuring they meet health and safety codes and City zoning requirements. It is the largest Development Services program. With nearly 36,800 building permits processed, 2015-16 marked the sixth consecutive year of growth in the number of building permits. This increased workload, and staffing challenges in the department contributed to the Building Division falling short of its timeliness targets. It achieved 78 percent of plan checks within cycle times and 33 percent of building inspections within its goal of 24 hours. See *Development Services on the next page for more on the Building Division's work.*

COMMUNITY CODE ENFORCEMENT

PBCE's Code Enforcement Division enforces laws that promote the health, safety, and appearance of existing buildings and neighborhoods. It also inspects businesses selling alcohol or tobacco; property and business owners fund these inspections with fees.

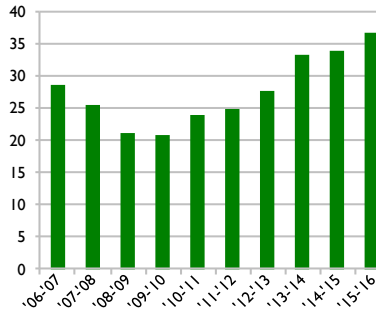
In 2015-16, PBCE opened over 6,000 general code enforcement cases. Code Enforcement staff responded to all 98 emergency complaints within PBCE's 24-hour target, and 78 percent of the 1,499 priority complaints within the 72-hour target.* However, in response to budget and staffing shortages, staff now send letters in response to other types of complaints and only respond personally on an as-available basis.**

Previously, PBCE provided routine inspections on a 6-year cycle of multiple unit housing properties. Back in 2013-14, PBCE inspected 15,300 of the 90,100 units in the Residential Occupancy Permit Program. In 2014-15, the department implemented a risk-based tiered inspection program whereby inspections are targeted to properties at higher risk of violations. Based on this approach, in 2015-16, PBCE inspected buildings that cumulatively had 5,050 housing units out of the 96,264 units in the Residential Occupancy Permit Program.**

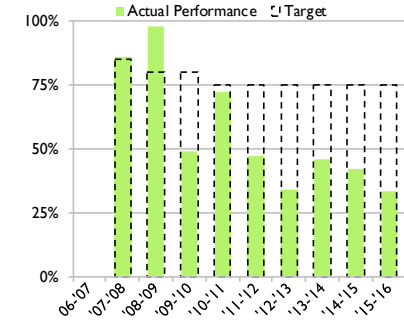
*Emergency complaints involve an immediate threat to life or property, such as unsecured pool fence. Priority complaints involve possible threats to life or property, such as unpermitted construction.

**Also see the November 2013 audit report: ["Code Enforcement: Improvements are Possible, But Resources are Significantly Constrained."](#)

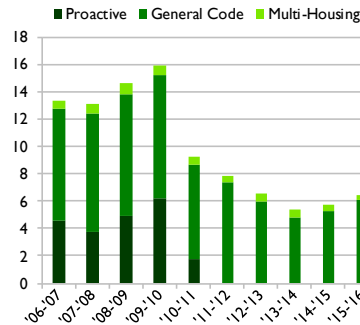
Building Permits (thousands)



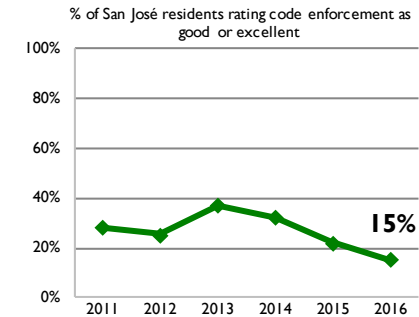
% of Building Inspections Completed Within 24 Hours



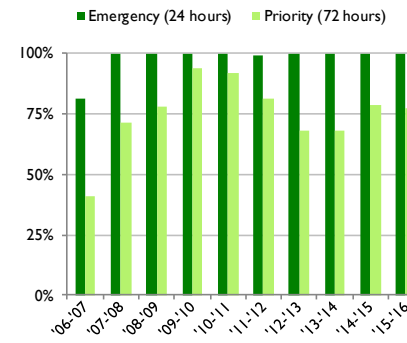
Code Enforcement Cases Opened (thousands)



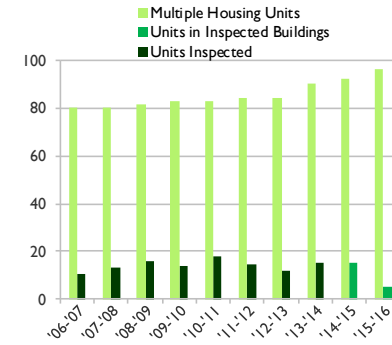
RESIDENT SURVEY



Response Timeliness for General Code Cases



Multiple Housing Units and Inspections (thousands)



DEVELOPMENT SERVICES

The Permit Center in City Hall provides one-stop permit services for new building projects and changes to existing structures.

The **Development Services partners** in the Permit Center are:

- Building Division
- Public Works Department (*also see Public Works section*)
- Fire Department (*also see Fire section*)
- Planning Division

In 2015-16, Development Services:

- issued nearly 36,800 building permits (11,700 online),
- served over 33,300 Permit Center customers, and
- processed over 2,800 planning applications and adjustments.

Planning applications, plan checks, field inspections, and building permits all bottomed out in 2009-10, but have rebounded. 2015-16 saw sustained workloads from 2014-15, when plan checks and building permits were higher than they had been in at least ten years. In fact, planning adjustments, plan checks, and building permits all saw slight increases from 2014-15. Building inspections were slightly lower.

Although the value and volume of construction remained lower than 2013-14's historic levels, it remained higher than it had been in 2012-13 and earlier years. Trends varied across residential, commercial, and industrial categories, with new industrial development nearly doubling in value from 2014-15 levels.

The Permit Center located in City Hall



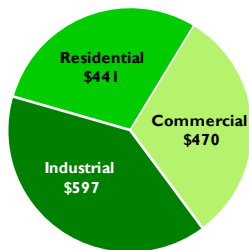
Source: Auditor photo from Fall 2015

Development Services 2015-16 Summary

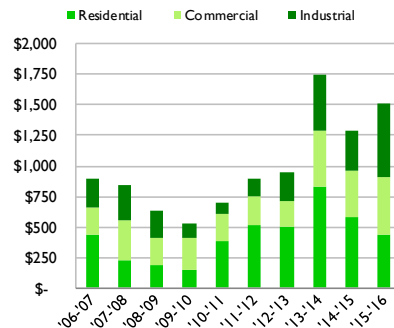
Partner	Revenue (\$millions)	Positions (rounded)
Building	\$29.5	168
Public Works	\$10.3	60
Fire	\$6.9	34
Planning	\$5.9	32
TOTAL	\$52.6	294

Source: 2015-16 Modified Budget as outlined in the City's 2016-17 Adopted Operating Budget

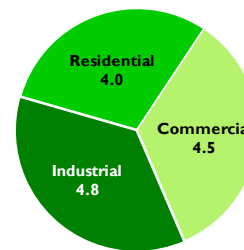
Value of Building Activity (\$millions)



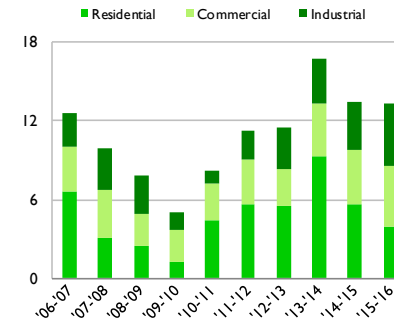
Value of Construction (\$millions)



Volume of Building Activity (millions of square feet)



Volume of Construction (millions of square feet)

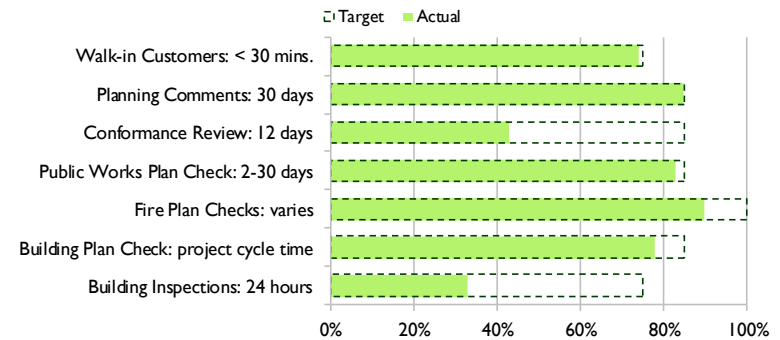


Development Services projects vary broadly, from replacing a residential water heater to large, mixed-use developments of many thousands of square feet. One project may require multiple permits and inspections. Some projects require approval through a public hearing, but most (an estimated 80 percent), require only administrative approval. Projects only go through Public Works or the Fire Department when they have impacts on public facilities (e.g., traffic, streets, sewers, utilities, flood hazard zone), or fire-related issues (e.g., need for fire sprinkler systems or fire alarm systems), respectively.

The City offers a number of programs to expedite project delivery for companies, small businesses, and homeowners. However, turnaround times continue to be a primary concern. Timeliness of individual steps in the development process varies depending on the scale and complexity of a given project, and can involve one to all four of the Development Services partners listed above. Annual timeliness targets were met for only one of the seven selected permitting processes.

Staffing levels in PBCE are still lower than they were when development activity was slower. The department continues to address ongoing staff vacancies. To free up staff and provide further convenience to customers, PBCE has expanded the availability of online permits. Of the 36,800 building permits PBCE issued in 2015-16, nearly 11,700 were online permits, many of which previously would have required more staff time and trips to the Permit Center.

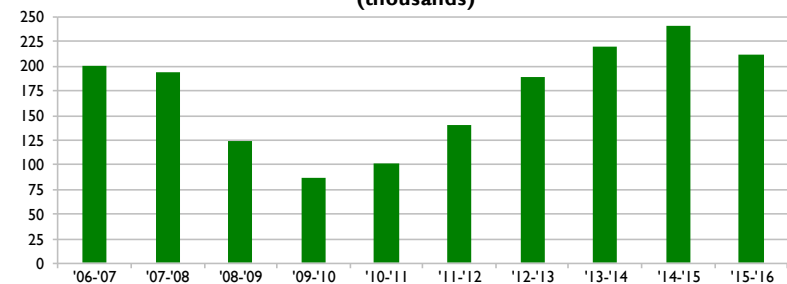
Timeliness of Development Services*



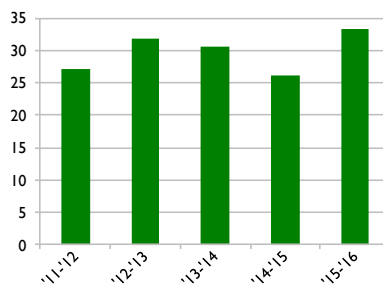
Source: PBCE from the City's Permits Database

*These selected measures may occur simultaneously; some are dependent on completion of particular processes. For other Fire and Public Works measures related to Development Services, see the Fire and Public Works chapters.

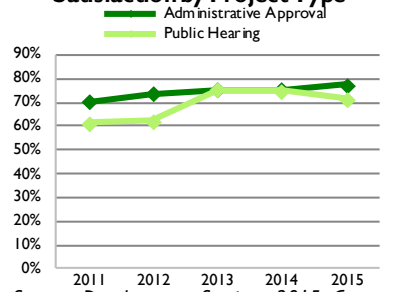
Building Inspections (thousands)



Permit Center Customers (thousands)

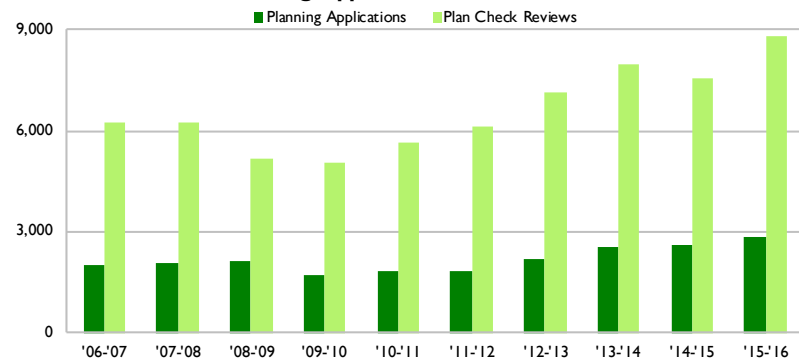


Development Services Overall Customer Satisfaction by Project Type



Source: Development Services 2015 Customer Satisfaction Survey

Planning Applications and Plan Checks



POLICE

The San José Police Department's mission is to create safe places to live, work and learn through community partnerships.

POLICE

In 2015-16, San José Police Department (SJPD) operating budget totaled \$338.4 million.*

In 2015-16, there were 1,611 authorized positions in the SJPD, slightly more than the prior year. The number of sworn, authorized positions per 100,000 residents decreased from 141 in 2005 to 106 in 2015. There were 504 civilian authorized positions (including 110 full duty dispatchers) for 2015-16.

SJPD has faced high vacancies and decreasing numbers of street-ready officers. Of the 1,109 authorized sworn positions, only 819 were actual full duty, street-ready (this excludes vacancies, officers in training, or those on modified duty or disability/other leave) as of June 2016. The number of sworn hires dropped from 121 in 2012-13 to 40 in 2015-16. At the end of 2015-16, there were 218 sworn vacant positions in the Department.

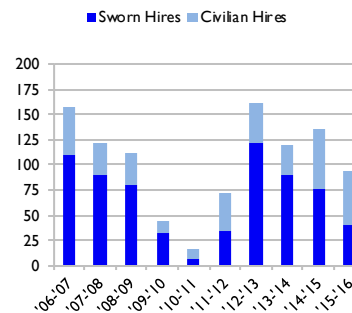
* In addition to expenditures paid out of its operating budget, the Police Department was also responsible for \$8.5 million in actual Citywide expenses in 2015-16. This included \$6.6 million for workers' compensation claims (down from \$8.3 million in 2014-15). Departmental operating expenditures do not include capital expenditures, federal and state drug forfeiture funds, or various grants.

KEY FACTS (2015-16)

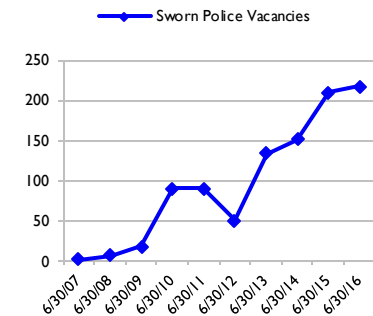
Police stations	1
Community policing centers (all 3 currently closed to public due to staffing)	1060 Taylor Street (Alviso), 947 Blossom Hill Rd (Oakridge Mall) 3707 Williams Road (Western)
South San José Police Substation (fully constructed but opening was deferred due to budget reductions)	6087 Great Oaks Parkway
Sworn police employees*	1,109
Total authorized positions	1,611
Total emergency calls	544,562

* Includes two positions assigned to the Office of the City Attorney.

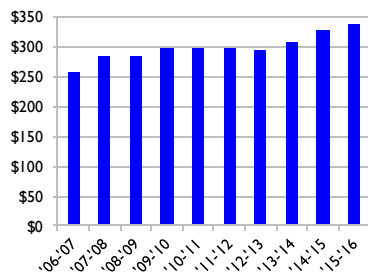
Police Department Hires



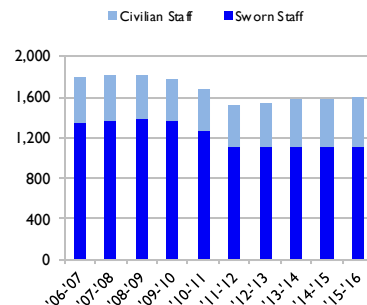
Police Department Vacancies



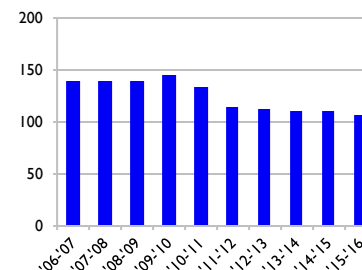
Police Department Operating Budget (\$millions)



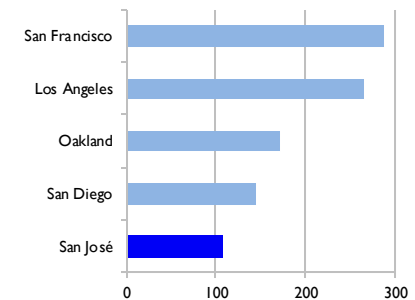
Police Department Authorized Positions



San José Sworn Staff Per 100,000 Residents



Authorized Sworn Staff per 100,000 Residents



CALLS FOR SERVICE

The SJPD Communications Center receives all 9-1-1 calls for police, fire, and ambulance services in the City of San José. Additionally, SJPD receives 3-1-1 and other non-emergency calls. Call-answering staff in the Communications Center obtain information from callers, prioritize events, and relay information to dispatchers. Dispatchers evaluate resources, identify and direct emergency personnel and equipment, and maintain control of radio channels to ensure the safety of officers and the public.

In 2015-16, there were about 1,036,000 total calls for service and “field events” initiated by officers. The number of 9-1-1 and other emergency calls decreased slightly (totaling about 545,000 or 53 percent of all calls). In 2015-16, the number of non-emergency calls (e.g., 3-1-1 calls and online reports) totaled about 388,000 (about 37 percent of total calls). Field events (e.g., car and pedestrian stops, and other officer-initiated calls) accounted for the remaining calls.

In 2015-16, the average emergency call was answered in 7.3 seconds, almost 3 times the target time of 2.5 seconds, and a 123 percent increase from the 3.3 seconds achieved in 2011-12. Additionally, the percentage of 9-1-1 calls answered within 10 seconds was 77 percent, continuing a downward trend over the last 5 years. The Department reports that the answering targets are not being met due to call volume and staffing constraints.

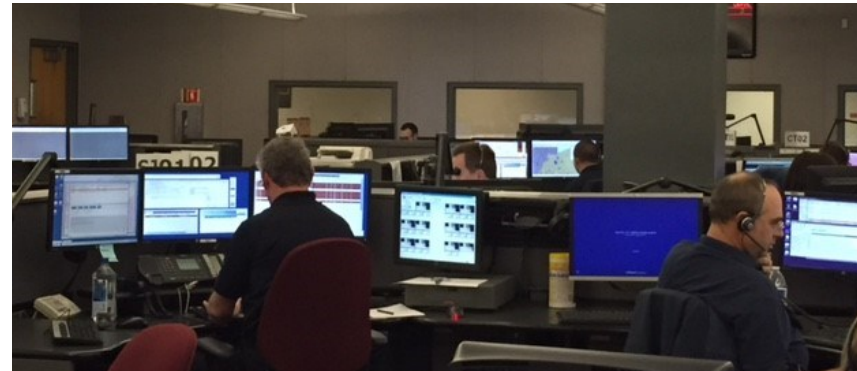
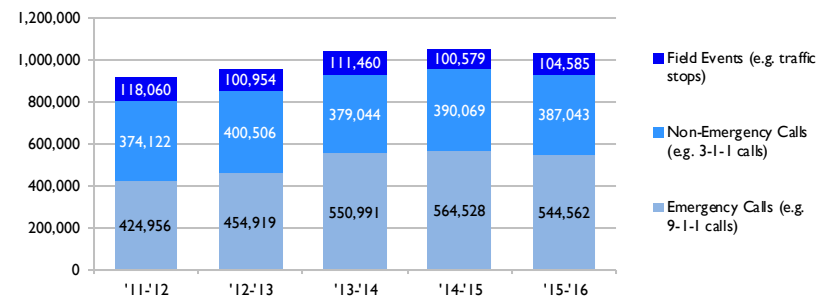


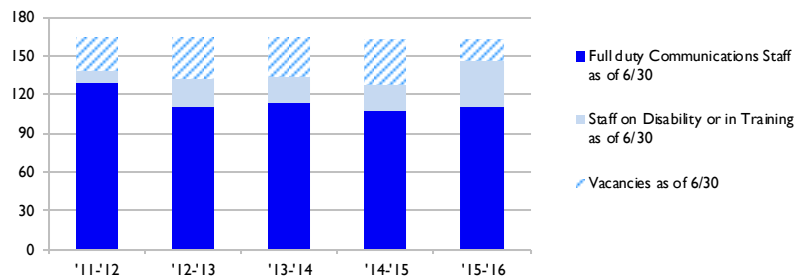
Image of SJPD Communications Center Control Room. Source: SJPD

Breakdown of All Calls for Service*

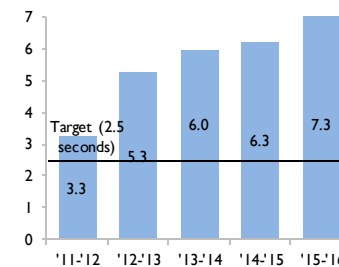


* All calls for service received, including duplicates, online reporting, and calls that did not require a police response.

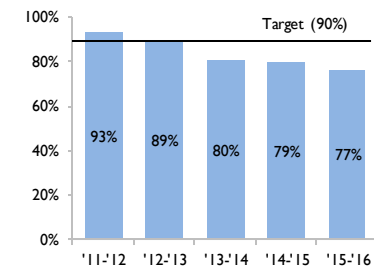
Communications Center Staff



Average Emergency Call Answering Time (in seconds)



% of 9-1-1 Calls Answered Within 10 Seconds



POLICE

POLICE RESPONSES

The SJPD responded to about 173,500 Priority 1-4 incidents in 2015-16. Of these responses, 4 percent were Priority 1 responses (7,500 total) and 44 percent were Priority 2 responses (76,000 total). Priority 3 responses comprised 38 percent of total responses (66,000 total) and Priority 4 responses comprised 14 percent (23,900 total). Definitions of the four priorities are given in the gray box below.

As demonstrated on the map and graph, the number of SJPD Priority 1-4 responses differs by district, ranging from around 8,100 responses (District V) to over 15,000 responses (District L).

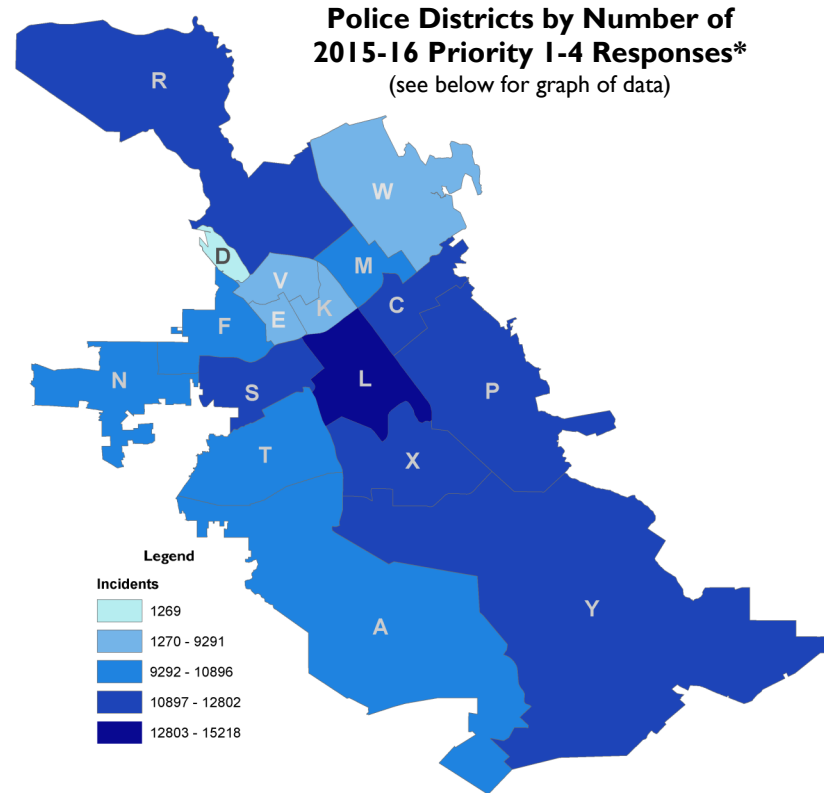
Prioritization of Police Responses

Priority 1 responses: Present or imminent danger to life or there is major damage to/ loss of property, i.e., large-scale incident or cases where there is an in-progress or just occurred major felony.

Priority 2 responses: Injury or property damage or potential for either to occur or the suspect is still present in the area. Includes all missing person reports for children are under the age of 12, or at risk missing persons, including mentally handicapped or disoriented adults.

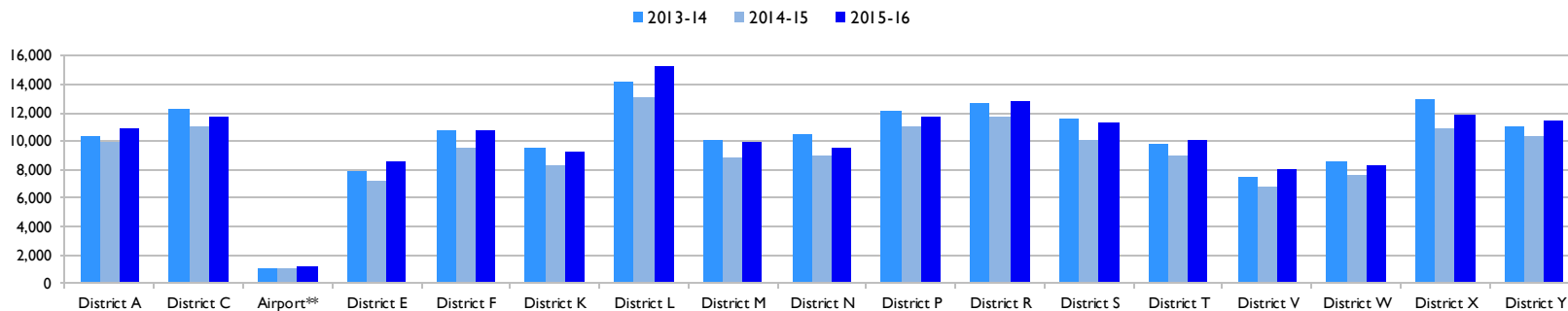
Priority 3 responses: There is property damage or the potential for it to occur. The suspect has most likely left the area. Situations where the suspect is in custody for a non-violent crime and is cooperative. Situations when a prior crime against the person occurred and there are no injuries to the victim necessitating immediate medical care and the suspect is not present.

Priority 4 responses: There is no present or potential danger to life/property and the suspect is no longer in the area.



Source: City Auditor's Office based on response data provided by the Police Department.

Priority 1-4 Police Responses* by District



* Includes only Priority 1-4 calls for service to which the Department responded; excludes duplicate calls and officer-initiated events.

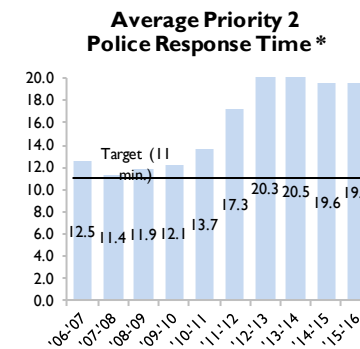
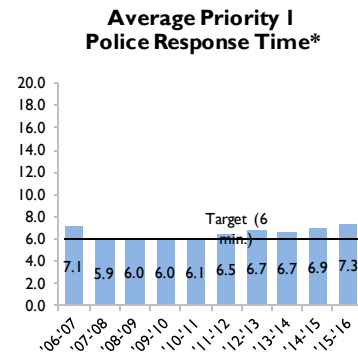
** Airport is District D.

POLICE RESPONSE TIMES

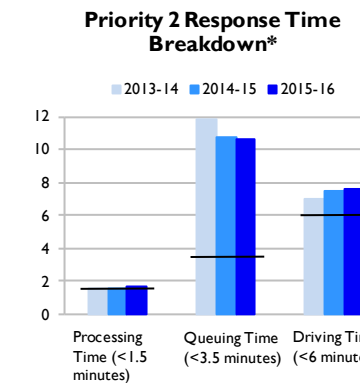
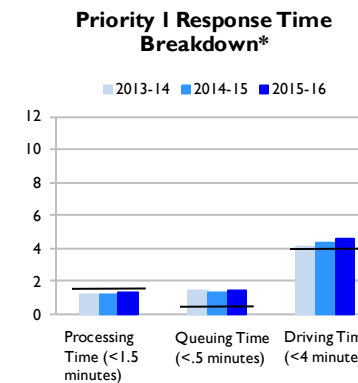
In 2015-16, the Citywide average response time for Priority 1 calls was 7.3 minutes (target: 6 minutes), and higher than the 2014-15 response time of 6.9 minutes.

The Citywide average response time for Priority 2 calls was 19.5 minutes, well above the target of 11 minutes. As staffing reductions have affected the SJPD, the Department has focused on maintaining the Priority 1 response times close to the target as these are calls involving present or imminent danger to life or major property loss. Priority 2 calls are those which involve either injury or property damage, or the potential for either to occur.

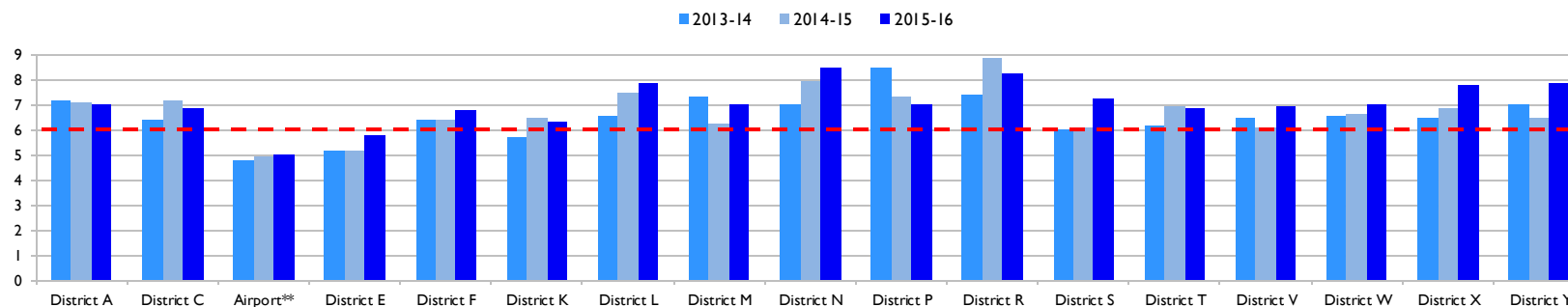
Compared to 2014-15, Priority 1 average response times by police district in 2015-16 increased in ten of the 16 regular districts and remained about the same in four of the districts (excluding the Airport). Response time may vary across districts because of the size or physical characteristics of an area, whether there are adjacent police service areas, population density, traffic conditions, officer staffing levels, or call-taker and dispatching levels. Priority 1 average response times exceeded the 6 minute target in 15 of the 16 regular districts.



* The Police Department calculates average annual response time by averaging the quarterly average response times.



Priority 1 Average Police Response Times* (Target: 6 minutes)



* Includes only Priority 1 calls to which the Department responded. Response time is measured from when a 9-1-1 call is received at dispatch to when the first car arrives on the scene.

** Airport is District D.

POLICE

CRIME IN SAN JOSE

In 2015, there were 28,435 major crimes in San José, only 2 percent more than ten years ago. Major crimes include violent crimes (homicide, rape, robbery, aggravated assault) and property crimes (burglary, larceny, and vehicle theft). In 2015, there were 30 homicides in San José. This was two fewer than in 2014 and three below the ten year average.

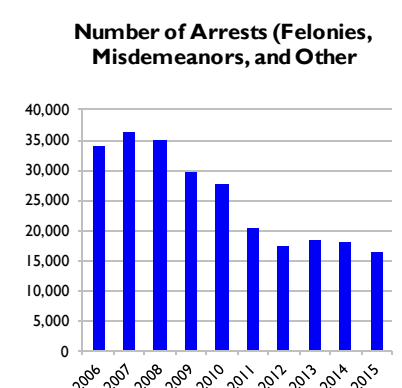
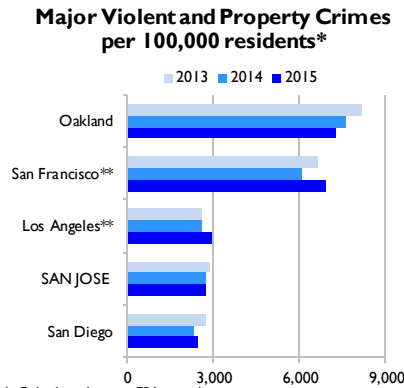
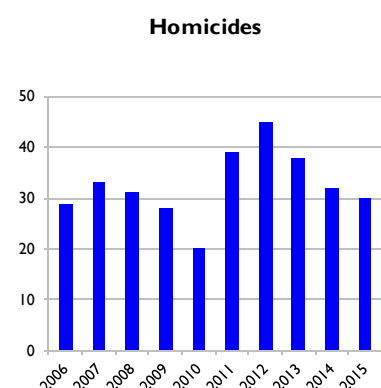
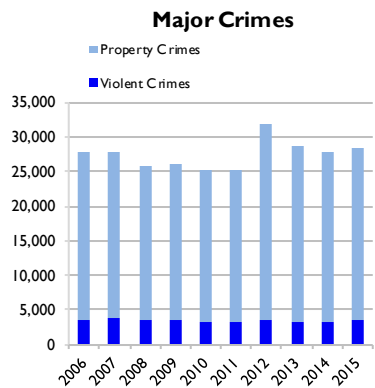
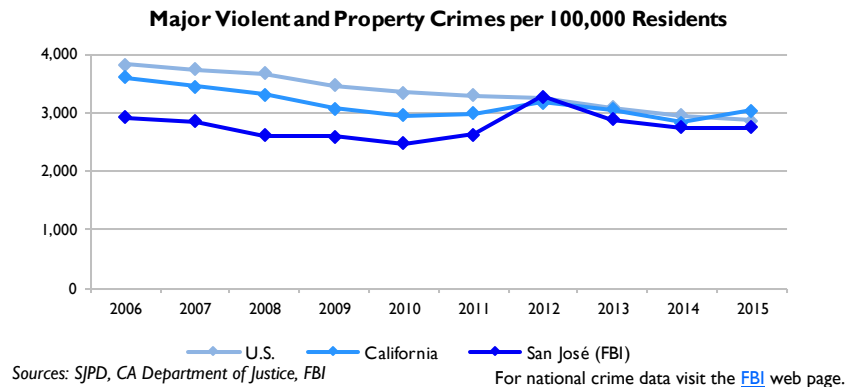
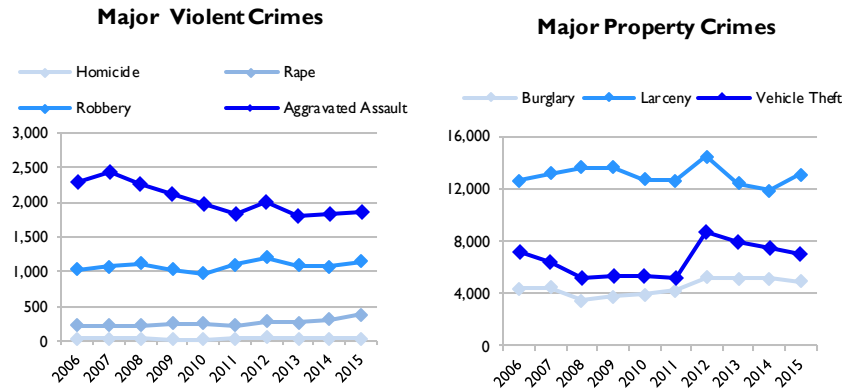
The rate of major crimes per 100,000 residents in San José has historically been below the national and state averages. In 2012, San José's rate surpassed those averages, including a 30 percent increase in property crimes and an 11 percent increase in violent crimes. However, in 2013, crime decreased and was again below the national and state averages. This trend has continued through 2015.

In 2015, the rate of major crimes was 2,757* per 100,000 residents, compared to 3,045 and 2,870 crimes for California and the U.S., respectively. Comparisons to other major California cities are shown in the graph below.

The number of arrests for felonies, misdemeanors, and other offenses has decreased from a high of over 36,000 in 2007 to 16,493 in 2015.

There were 212 gang-related incidents in 2015-16, of which 157 (or 74 percent) were classified as violent by the SJPD.

* Calculated using FBI population estimate. Using California Department of Finance population estimate, the San José rate was 2,755. The FBI has adopted an updated definition for classifying rapes, which includes more crimes under the category of rape than the prior definition. San José adopted the updated definition beginning January 1, 2015. Unless otherwise noted, crime rates listed are using the prior definition for calculating rape.



* Calculated using FBI population estimates
** These jurisdictions used an updated definition of rape, as of 2014. For 2015, all cities listed used an updated definition of rape.

PERCEPTIONS OF SAFETY IN SAN JOSE

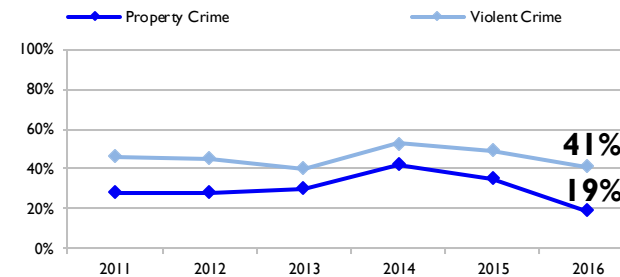
The resident survey asked San José residents a variety of questions about how safe they feel in the City. Thirty-three percent of respondents said they feel “good” or “excellent” regarding their overall feeling of safety in San José.

Respondents were asked how safe they feel in their own neighborhoods as well as in downtown San José, both during the day and after dark. Seventy-five percent of respondents said they feel “very” or “somewhat” safe in their neighborhoods during the day and 47 percent said they feel “very” or “somewhat” safe at night in their neighborhood. Fifty-seven percent feel “very” or “somewhat” safe in San José’s downtown during the day, while 16 percent feel “very” or “somewhat” safe at night in downtown.

Respondents were asked how safe they feel from violent and property crimes in San José. Forty-one percent reported that they feel “very” or “somewhat” safe from violent crime in San José. Nineteen percent reported feeling “very” or “somewhat” safe from property crimes.

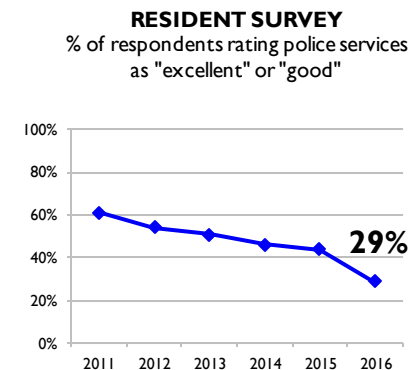
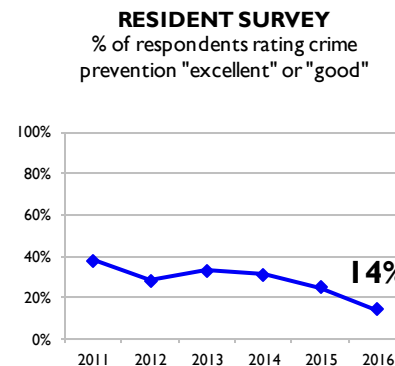
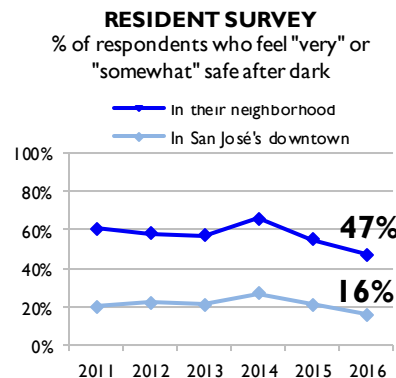
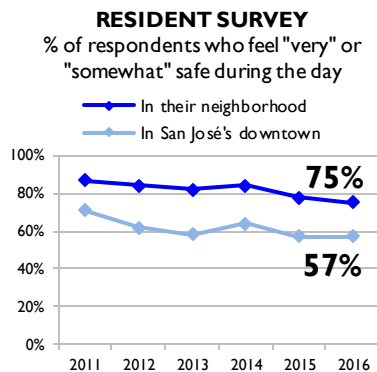
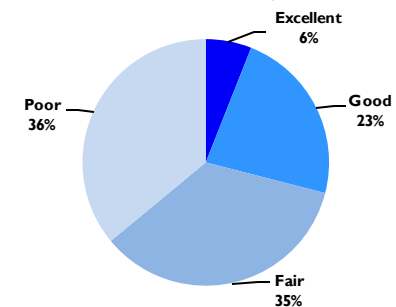
In 2016, 24 percent of San José residents surveyed said they or someone in their household had been a victim of a crime in the last 12 months. In the prior year survey of 2015, 21 percent of respondents said someone in their household had been a victim of a crime. Forty-one percent of respondents said they reported the crime to the police.

RESIDENT SURVEY
% of respondents who feel "very" or "somewhat" safe from violent and property crimes



RESIDENT SURVEY
94% of respondents said it was “essential” or “very important” for the community to focus on an overall feeling of safety in the next two years.

RESIDENT SURVEY
How would you rate the quality of Police services in San José?



POLICE

INVESTIGATIVE SERVICES

The SJPD investigates crimes and events by collecting evidence, interviewing witnesses, interrogating suspects, and other activities. In 2015-16, the Bureau of Investigations received 56,448 cases, 9 percent less than in 2014-15. Of these cases, 22,600 were assigned for investigation. A case may be unassigned because of a lack of resources or because it is deemed not workable (e.g., no evidence).

When a case is closed because of an arrest or by exceptional means (e.g., death of suspect), it is classified as cleared. In 2015, the clearance rate in San José for major violent crimes was 33 percent, compared to 46 percent for both the U.S. and California. In 2015, the clearance rate for homicides in San José was 73 percent, compared to 62 percent for the U.S. and California.

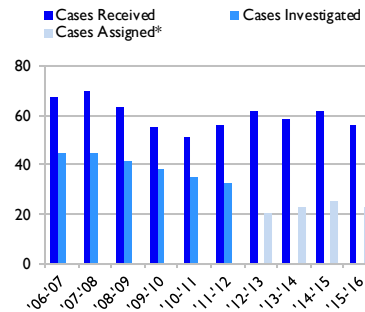
TRAFFIC SAFETY

The SJPD provides for the safe and free flow of traffic through enforcement, education, investigation, and traffic control. In 2015-16, the SJPD's Traffic Enforcement Unit issued roughly 8,100 citations. The Traffic Enforcement Unit staff has been reduced significantly; current staff are targeting areas with higher crash rates to increase traffic safety. Twenty-four percent of San José respondents to the resident survey rated traffic enforcement good or excellent.

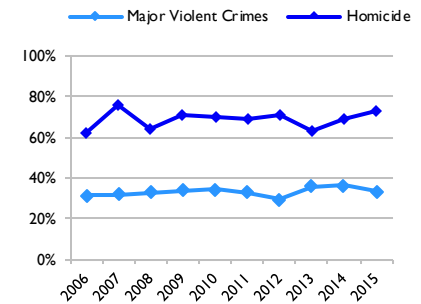
For calendar 2015, San José's rate of fatal and injury crashes was estimated at 2.4 injury per 1,000 residents. This is lower than San José's rate of 2.5 in 2014 and lower than the national average of 5.4 in 2015.

There were 1,029 DUI arrests, 12 percent fewer than the previous year and 35 percent fewer than five years ago.

Total Cases (thousands)

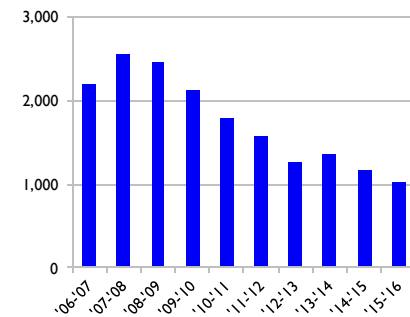


Clearance Rates

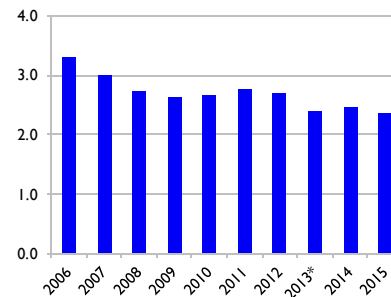


* In 2012-13, the Police Department changed the performance measure from recording cases investigated to cases assigned to reflect the record management system classification. Cases are assigned when there is a solvability factor present.

DUI Arrests

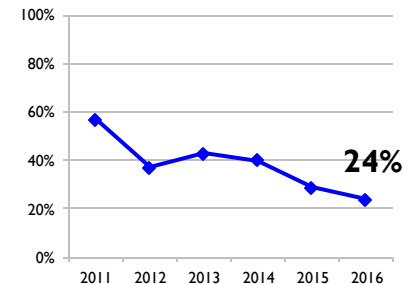


Fatal and Injury Crash Rate per 1,000 Residents



* 2013 data is estimated

RESIDENT SURVEY
% of San José residents rating traffic enforcement as "excellent" or "good"



PUBLIC WORKS

The mission of the Public Works Department is to provide excellent service in building a smart and sustainable community, maintaining and managing City assets, and serving the animal care needs of the community.

PUBLIC WORKS

The Public Works Department oversees the City’s capital projects, maintains the City’s facilities, equipment, and vehicles, provides plan review services for development projects, and provides animal care and services.

In 2015-16, the Department’s adopted budget totaled about \$97.3 million.* Staffing increased by 14 authorized positions to 552 authorized positions in 2015-16.

These additions occurred primarily in the division of Capital Project Services, and is driven by Sanitary Sewer, Storm Sewer, and Regional Wastewater Facility capital projects; the Bus Rapid Transit project; and BART Extension project. However, staffing has decreased by 6 percent (or 33 authorized positions) compared to ten years ago. According to Public Works, this is mainly attributable to less development activity, contracting out of services, decline of the capital bond program, reliance on consultants for professional services, and efficiencies gained through department consolidation.



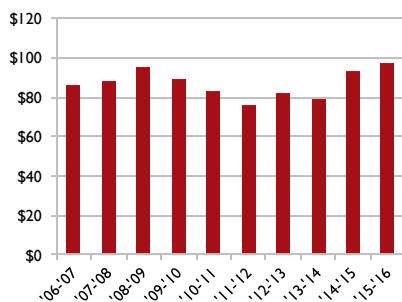
Del Monte Park



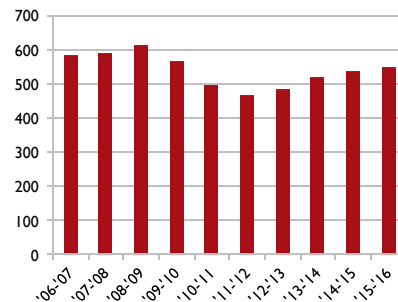
Village Square Branch Library

* In addition to expenditures paid out of its operating budget, Public Works was also responsible for \$11.4 million in actual Citywide expenses. This included \$10.1 million in expenses related to energy and utility conservation and \$450,000 in workers’ compensation claims. Also does not include capital improvement, program support, and maintenance-related expenditures.

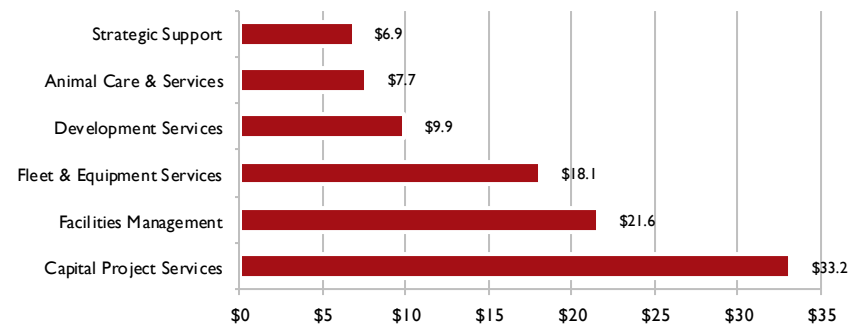
Public Works Adopted Budget (\$millions)



Public Works Authorized Positions



Public Works 2015-16 Adopted Budget by Service (\$millions)



Note: In 2008-09, Animal Care & Services was transferred to General Services, and in 2010-11, General Services was moved to Public Works. Prior to its transfer, Animal Care & Services was not designated a core service and as a result its budget is not reflected until 2008-09.

CAPITAL PROJECT SERVICES

The Capital Services division of Public Works oversees the planning, design, and construction of public facilities and infrastructure. The Departments of Airport, Transportation, and Environmental Services also manage some capital projects in their divisions.

In 2015-16, the Department completed 36 construction projects, 31 of which were completed on budget (86 percent compared to the 90 percent target). Construction costs for completed projects totaled \$49.6 million.

A project is considered on schedule when it is available for its intended use (i.e., completed street being used by vehicles, parks being utilized) within two months of the approved baseline schedule. Of the projects intended for beneficial use in 2015-16, 38 of 50 projects were on schedule (76 percent compared to the 85 percent target).

The Department uses industry benchmarks to measure project delivery costs. This figure calculates the percentage of overhead or “soft” costs relative to material or “hard” costs. In 2015-16, 16 projects were over \$500,000 and had an average delivery cost of 43 percent (industry benchmark: ≤45 percent). 5 projects in 2015-16 were \$500,000 or less and had an average delivery cost of 66 percent (industry benchmark: ≤66 percent). In both cases, the delivery costs were equal to or below the industry benchmarks.

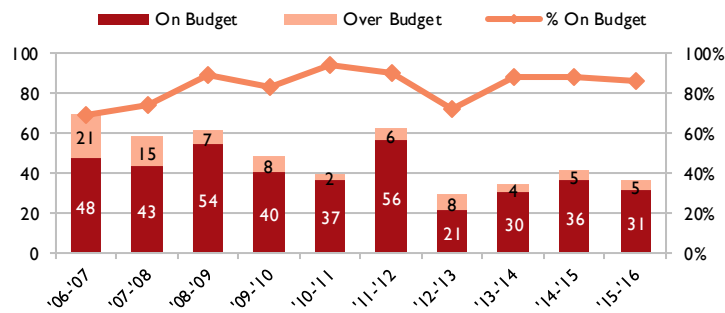
KEY FACTS (2015-16)

Adopted budget	\$33.2 million
Total construction costs of projects	\$49.6 million
On budget	31 (of 36)
On schedule	38 (of 50)

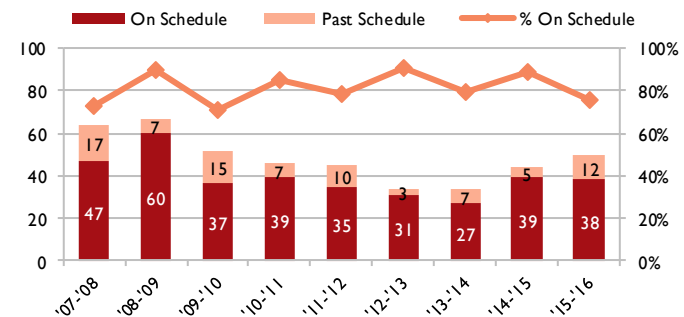
Examples of Public Construction Projects

- | | |
|-------------------|--------------|
| Libraries | Bikeways |
| Fire stations | Trails |
| Police stations | Parks |
| Community centers | Storm drains |
| Sanitary sewers | Airport |

Construction Projects Completed within Baseline Budget



Projects Completed On Schedule



PUBLIC WORKS

PUBLIC WORKS—DEVELOPMENT SERVICES

The Development Services division of Public Works coordinates with private developers and utility companies to ensure that private projects comply with regulations to provide safe and reliable public infrastructure.

The division manages two fee-based cost-recovery programs: the Development Fee Program (for private developers) and the Utility Fee Program (for utility companies). During 2015-16, the division approved 558 development permits and 3,275 utility permits, exceeding prerecession levels for a fourth year. In 2015-16, the Department met 83 percent of planning and 73 percent of public improvement permit timelines (target for both: 85 percent).

Private development projects add public infrastructure (streets, traffic lights, water, sewer, etc.) to the City's asset base. Projects permitted in 2015-16 are expected to add \$38.5 million in public infrastructure upon completion. Projects completed in 2015-16 added \$17.2 million in value to the City's asset base. (See table for examples)

The **Development Services partners in the Permit Center** are:

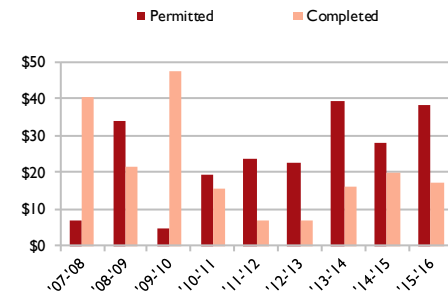
- Planning, Building & Code Enforcement Department (see *PBCE* section)
- Fire Department (see *Fire* section)
- Public Works Department

Major Projects & their Public Improvement Values, 2015-16

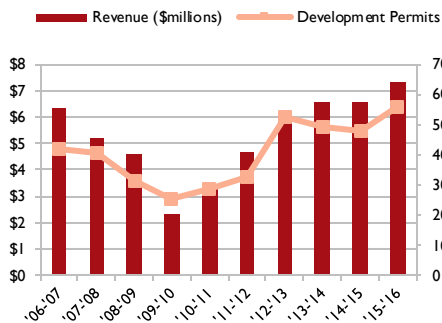
Permitted		Completed	
I-Star Mixed Use Development (720 residences, 154,000 sq. ft. commercial, 260,000 sq. ft. office)	\$9.5 million	Brookside Estates (89 single-family residences)	\$4.3 million
North San Pedro Infrastructure Project (1,500 residences, 60,000 sq. ft. commercial)	\$7.5 million*	Cadwallader Residential (41 single-family attached residences)	\$2.8 million
Coleman Highline Phase I (675,000 sq. ft. office, 8,200 sq. ft. retail)	\$1.6 million	Village Oaks Shopping Center (308,000 sq. ft. retail)	\$1.3 million
The Towns Development (45 multi-family residences)	\$1.05 million	Westmount Square (60 single-family residences)	\$404,800

* Work funded via State Infill and Infrastructure Grant

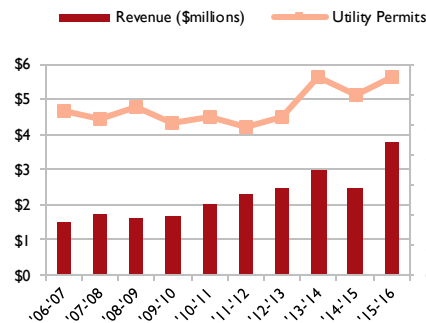
Value of Public Improvements (\$millions)



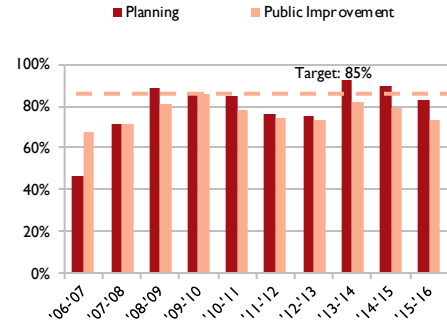
Development Revenues and Permits



Utility Revenues and Permits



Permitting Timeliness Target



Examples of Permitting Timelines*	
Planning	20 days
Public Improvement	20/30 days**
Private Street	30 days
Lateral	5 days
Grading	20 days

* Targets are in working days
** Depends on scope

FLEET & EQUIPMENT SERVICES

Fleet and Equipment Services manages procurement and maintenance to provide a safe and reliable fleet of 2,727 City vehicles and pieces of equipment. The Department completed 21,748 repairs and preventive work orders in 2015-16, 3 percent more than a year ago. Emergency vehicles were available for use when needed 100 percent of the time in 2015-16; similarly, the City’s general fleet was available when needed 97 percent of the time.

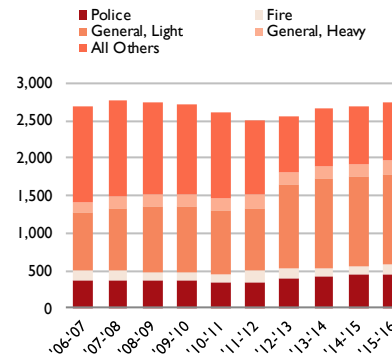
The City’s Green Vision plan set a goal that all City vehicles run on alternative fuels by 2022-23. In 2015-16, 43 percent of City vehicles ran on alternative fuels, including compressed natural gas, propane, electricity, and biodiesel.

As of January 2016, the Department estimated a vehicle and equipment deferred maintenance and infrastructure backlog of \$8.7 million in one-time costs, an increase from last year’s \$8.0 million estimate.

KEY FACTS (2015-16)

Adopted budget	\$18.1 million
Total number of vehicles & equipment	2,727
Completed repairs and preventive work orders	21,748
Percent of fleet running on alternative fuel	43%

City Vehicles and Equipment



Equipment Class	2015-16 Cost/Mile
Police	\$0.32
Fire	\$2.89
General, Light (sedans, vans)	\$0.36
General, Heavy (tractors, loaders)	\$1.73

FACILITIES MANAGEMENT

The Facilities Management division manages a total of 2.8 million square feet in 223 City facilities, including City Hall (over 500,000 square feet, including the Tower, Rotunda, and Council Wing). Services include maintenance, improvements, special event support, and property management.*

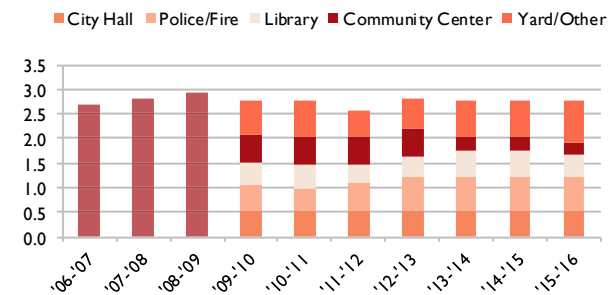
The division completed 24,627 corrective and preventive work orders in 2015-16, 13 percent less than a year ago as a result of vacancies. Out of 15,535 preventive maintenance work orders, 91 percent were completed during the year.

As of January 2016, Public Works estimated a facilities maintenance backlog for City-owned and operated facilities of over \$133 million in one-time costs, as well as nearly \$18 million in annual unfunded costs. In addition, with more funding for condition assessments, the estimated one-time maintenance backlog for City facilities operated by others (including the Convention Center and other cultural facilities) increased significantly from last year’s estimate to \$55.6 million in one-time costs. This does not include the SAP Center, Sharks Ice, Municipal Stadium, or Hayes Mansion.

KEY FACTS (2015-16)

Adopted budget	\$21.6 million
Total number of City facilities	223
Square footage	2.8 million
Corrective and preventive work orders completed	24,627

Facilities Managed, by Millions of Square Feet



* Read more about the division in the November 2014 Audit Report, [Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains.](#)

* “Other” includes PRNS reuse sites, a small number of which may have been classified as community centers in prior years.

PUBLIC WORKS

ANIMAL CARE & SERVICES

The City provides animal licensing programs, patrol services, adoption/rescue programs, spay/neuter programs, and medical services for homeless animals through its Animal Care Center (Center). The Center, which opened during October 2004, serves San José, Cupertino, Los Gatos, Milpitas, and Saratoga.

As of July 1, 2016, there were 62,926 licensed animals in the Center's service area, a 2 percent decrease from the previous year but almost double ten years ago. Of licensed animals, 75 percent were dogs and 25 percent were cats. The Center continues to provide low-cost spay/neuter surgeries to the public, which decreased by 10 percent to 5,414.

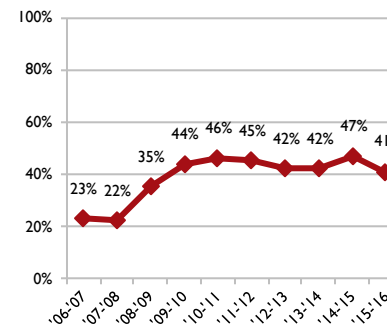
In 2015-16, the Center sheltered 16,649 domestic and 1,091 wild animals. Among incoming animals, 83 percent of dogs and 85 percent of cats were adopted, rescued, returned to their owner, or transferred. The number of incoming cats has decreased as a result of the Shelter Neuter Return program, where healthy feral cats are spayed, neutered, and returned to their neighborhood instead of euthanized. The Center's overall live release rate (i.e., percentage of all animals who were not euthanized) was 89 percent, the highest since Animal Care & Services' inception in 2001.

In 2015-16, animal service officers responded to 23,021 service calls, 7 percent less than the previous year. For emergency calls, such as dangerous situations or critically injured or sick animals, the time target is to respond to calls within one hour. In 2015-16, the Center met this target 96 percent of the time.

KEY FACTS (2015-16)

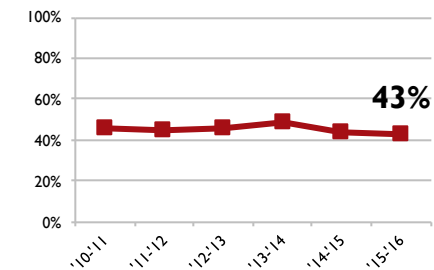
Adopted budget	\$7.7 million
Location of Animal Care Center	2750 Monterey Road
Licensing costs (dog / cat)	Starts at \$20 / \$10
Animal licenses in service area (as of July 1, 2016)	62,926
Incoming animals to Center	17,740
Live Release Rate	89%
Calls for service completed	23,021
Public spay/neuter surgeries	5,414

Cost Recovery***



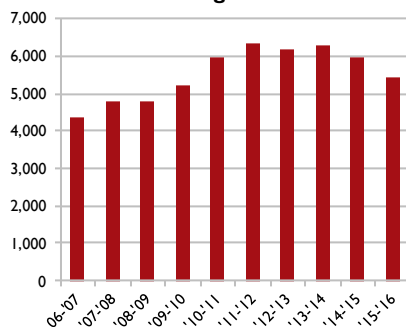
RESIDENT SURVEY

% of residents rating San José's animal control services as "excellent" or "good"



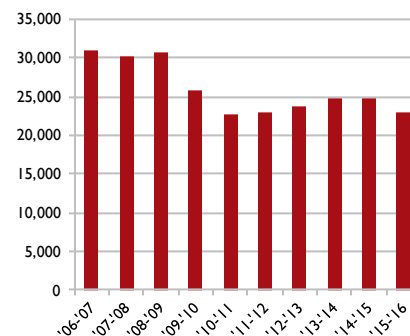
*** Based on Animal Care and Services division reported revenues and expenses

Low-Cost Spay/Neuter Surgeries*



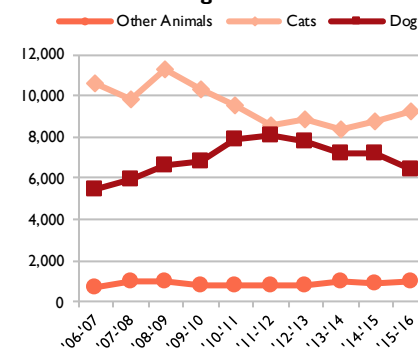
* Low-cost spay/neuter surgeries began in March 2006.

Calls for Service**

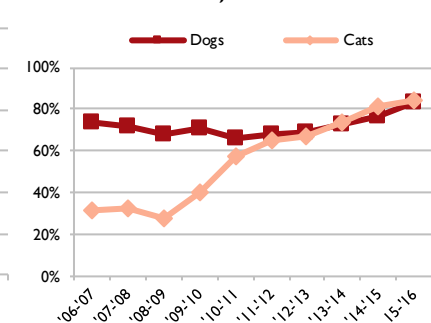


** Five major categories of calls (dead animal removal, humane investigations, stray animals, confined stray animals, and animal bite investigations) accounted for nearly two-thirds of all calls.

Incoming Shelter Animals



Percent Adopted, Rescued, Returned to Owner, or Transferred



RETIREMENT SERVICES

The mission of the Retirement Services Department is to provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans.

RETIREMENT SERVICES

The Office of Retirement Services administers two pension plans, the Federated City Employees' Retirement System (Federated) and the Police and Fire Department Retirement Plan (Police and Fire), as well as Other Post Employment Benefits (OPEB) for City employees and retirees. In 2015-16, the Office's operating budget totaled \$6.3 million* and staff included 40 authorized positions (up from 28 positions ten years ago).

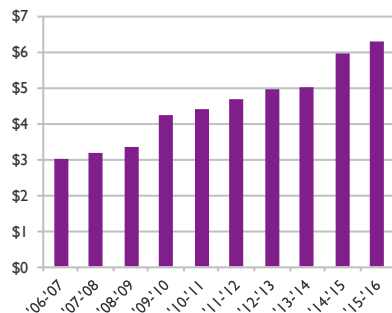
In 2015-16, the City's total contributions to the two plans included \$262 million for pension benefits and \$52 million for OPEB. Combined pension and OPEB contributions from City employees totaled \$73 million. The City's contributions have grown dramatically since the early 2000s and are expected to continue to grow in the coming years.

As of June 30, 2016, there were 2,162 and 1,135 active Federated members in Tiers 1 and 2 respectively. For Police and Fire, there were 1,393 active members in Tier 1 and 189 in tier 2. In addition, there were 47 members in the City's Tier 3 plan administered by the Human Resources Department

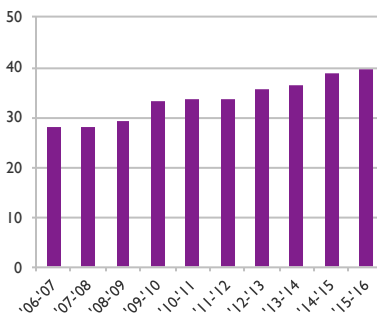
In June 2012, San José voters approved a comprehensive pension reform measure (Measure B) that was subsequently subject to legal challenges. The City and its eleven bargaining units negotiated the provisions of a ballot measure, known as Measure F, to amend the City Charter to supersede the provisions implemented by Measure B. Measure F was passed by San José voters in November 2016.

* Additional administrative costs totaling about \$2.7 million were paid out of the retirement funds, including \$1.4 million for professional services. Retirement Services was also responsible for \$204,000 in actual Citywide expenses in 2015-16.

Retirement Services Operating Budget (\$millions)



Retirement Services Authorized Positions

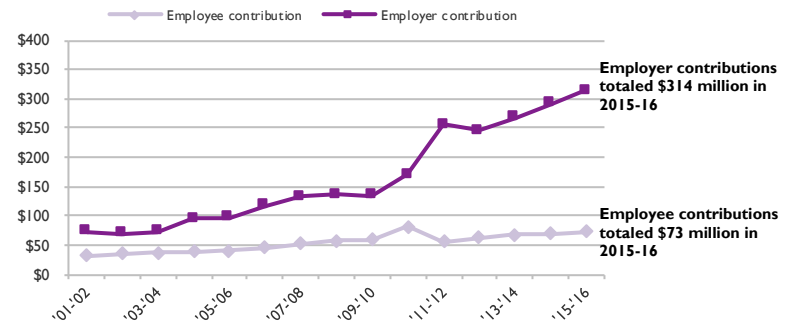


KEY FACTS (2015-16)

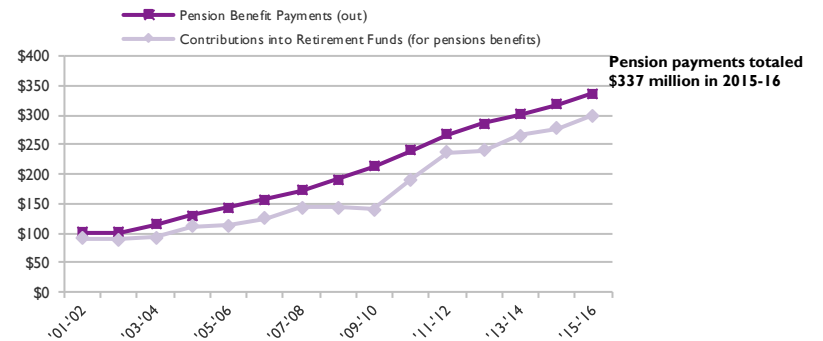
Total members:**	Federated	Police and Fire
Active (Tier 1)	2,162	1,393
Active (Tier 2)	1,135	189
Deferred vested	1,206	317
Retirees/beneficiaries	<u>4,003</u>	<u>2,149</u>
Total	8,506	4,048

** Pension plan only. The Federated Plan has Tiers 2a, 2b, and 2c.

Total Annual Contributions for Pension and Retiree Health and Dental Benefits (\$millions)



Pension Benefit Payments and Contributions (\$millions)



Sources for above charts: [Police and Fire Department Retirement Plan](#) and [Federated City Employees' Retirement System](#) Comprehensive Annual Financial Reports

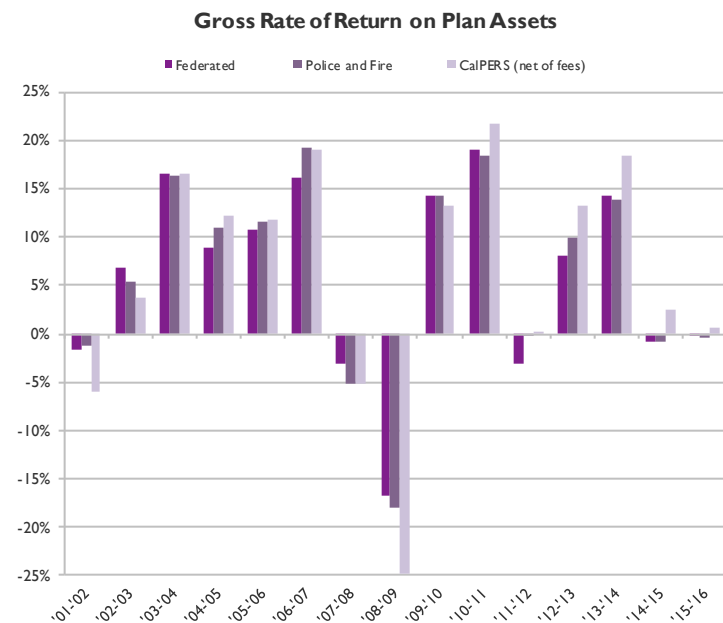
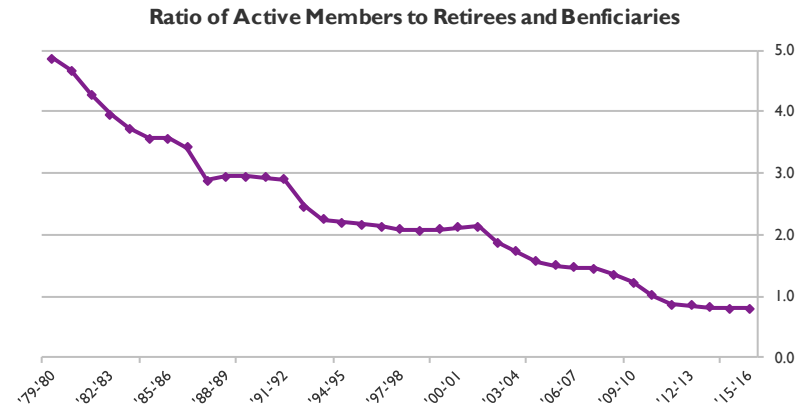
RETIREMENT SERVICES

As of June 30, 2016, there were 6,152 retirees or beneficiaries of the plans, up from about 4,300 ten years ago. Over that period, the ratio of active members (i.e., current employees contributing to the plans) to beneficiaries has declined from 1.5:1 to less than 1:1. In 1980, the ratio was nearly 5:1.

During 2015-16, both plans had negative rates of return on plan assets. Federated's gross rate of return was -0.3 percent and Police and Fire's return was -0.4 percent. Over the past five years, the Federated and Police and Fire annualized gross returns have been 3.4 and 4.4 percent, respectively. As a result of the negative investment returns, as well as payments for retirement benefits and health care premiums, total plan assets decreased from \$5.36 billion last year to \$5.25 billion on June 30, 2016.

As of June 30, 2015, the Federated and Police and Fire independent actuaries determined that the funded ratios (or percent of liabilities covered by plan assets) were 56 percent for the Federated plan and 79 percent for Police and Fire plan.

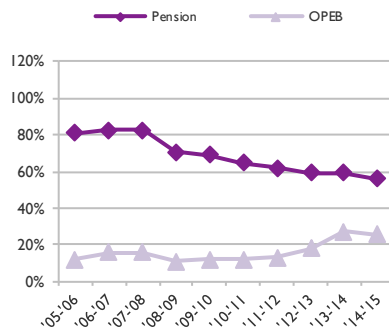
The independent actuaries also determined that the pension and OPEB plans' liabilities exceeded the values of their assets by \$2.2 billion for Federated and \$1.5 billion for Police and Fire respectively. These unfunded liabilities totaled more than \$260,000 per Federated member and more than \$370,000 per Police and Fire member.



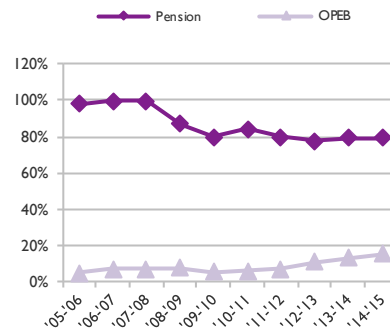
Note: As of June 30, 2015, the actuarial assumed or expected rate of return for both the Federated and Police and Fire plans was 7 percent.

Sources for above charts: [Police and Fire Department Retirement Plan](#) and [Federated City Employees' Retirement System](#) Comprehensive Financial Reports and Actuarial Valuations; CalPERS Annual Investment Reports, CalPERS Facts at a Glance from the CalPERS website

Federated Funded Status



Police and Fire Funded Status



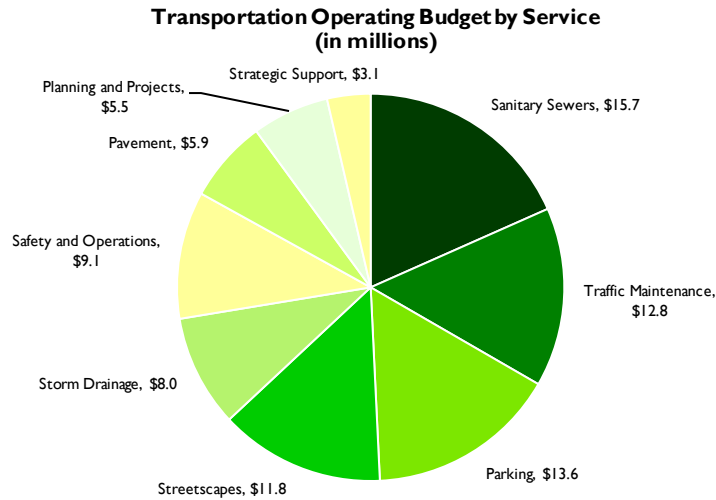
Sources: Federated City Employees' Retirement System and Police and Fire Department Retirement Plan Actuarial Valuations
 Note: Funded status calculated using the actuarial value of assets, which differs from the market value as gains/losses are recognized over five years to minimize the effect of market volatility on contributions.

TRANSPORTATION

The mission of the Transportation Department is to plan, develop, operate, and maintain transportation facilities, services, and related systems which contribute to the livability and economic health of the City.

TRANSPORTATION

In 2015-16, the Transportation Department's (DOT) operating budget totaled \$85 million. DOT had 439 authorized positions, but staffing was still 8 percent lower than 10 years ago.

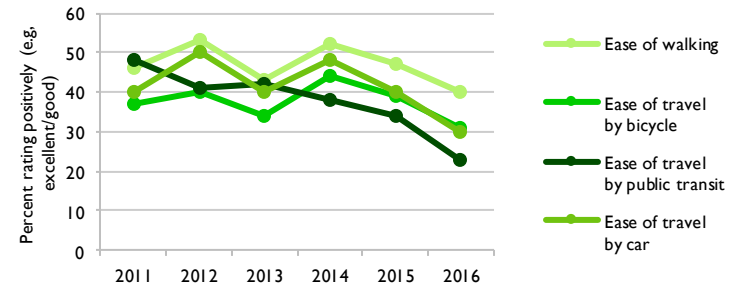


* DOT was also responsible for approximately \$6.8 million of Citywide expenses in 2015-16, including \$2.2 million related to parking citations/jail courthouse fees and \$2.1 million for sidewalk repairs. DOT also had authority over \$238 million in special funding and capital improvement programs for parking and traffic.

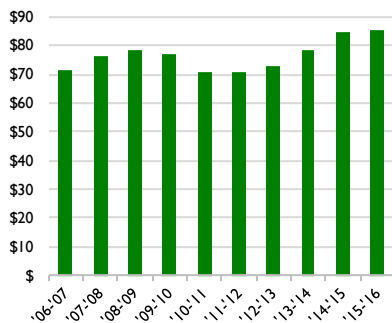
KEY FACTS (2015-16)

Planned traffic capital improvement spending	\$196 million
Streets	approx. 2,432 miles
Traffic Signal Intersections	932
Streetlights	64,300
- LED Streetlights	24,800
On-Street Bikeway Miles	259
Sanitary Sewers	2,294 miles
Landscape Abutments in Public Right-of-Ways	570 acres
- Maintained by Special Districts	approx. 330 acres
Street Trees	268,000
Parking Meters	approx. 2,600
Parking Lots and Garages	14
- Total Spaces	7,130

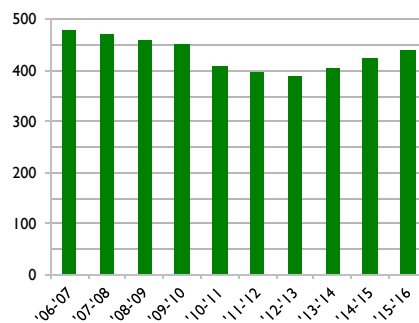
RESIDENT SURVEY



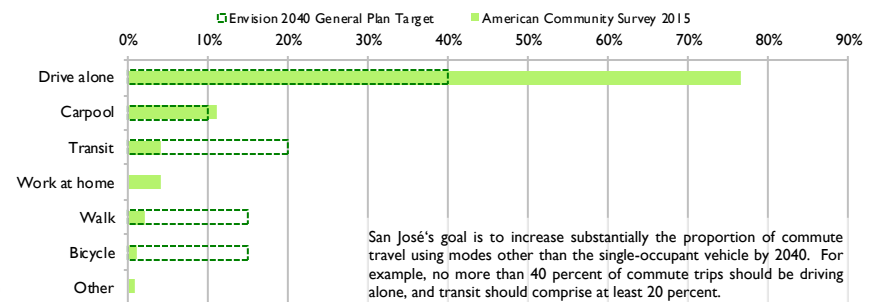
DOT Operating Budget (\$millions)



DOT Authorized Positions



San José Residents' Mode of Commuting to Work



2015 American Community Survey, 1-year estimates, table B08006

TRANSPORTATION SAFETY & OPERATIONS

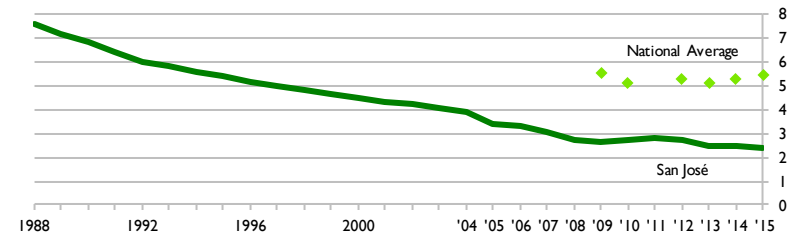
Transportation Operations focuses on safe and efficient operations through various traffic safety programs. In 2015, the City adopted [Vision Zero](#), a policy that recognizes traffic deaths as preventable and unacceptable, and thus prioritizes human life over mobility and high vehicle speeds. It is the City’s goal to move towards zero traffic deaths and provide safe streets for all, as soon as possible.

San José’s rate of fatal and injury crashes per 1,000 residents was 2.35 in calendar year 2015. For comparison, the national average was 5.44 fatal and injury crashes per 1,000 residents in 2015.

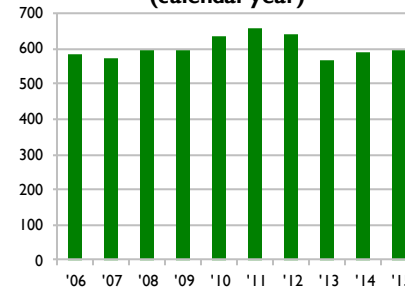
DOT provides safety education to help change motorist, bicyclist, and pedestrian behaviors. 36,412 school children received traffic safety education in 2015-16.

DOT continued to install flashing beacons, median islands, or curb ramps to enhance pedestrian crossings on major roads and in school zones to improve safety.

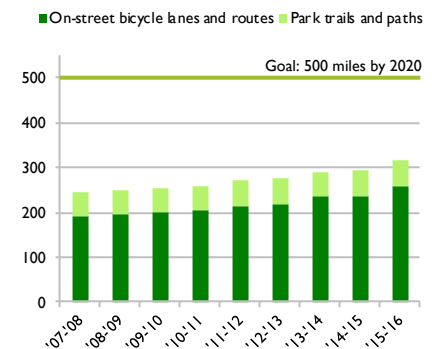
San José Fatal and Injury Crash Rate (Per 1,000 Residents)



Pedestrian and Bicycle Injury Crashes (calendar year)



Miles of Bicycle Lanes and Trails



TRANSPORTATION PLANNING & PROJECT DELIVERY

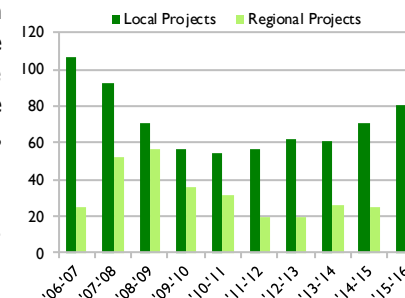
Planning & Project Delivery supports the development of San José’s transportation infrastructure. This includes coordinating transportation and land use planning studies, managing the Capital Improvement Program (CIP), and working with regional transportation agencies such as VTA, BART, and Caltrans. In 2015-16, DOT planned to spend \$196 million on traffic capital improvement projects. An estimated 83 percent of City transportation projects were completed on schedule or within two months of the baseline schedule.* Local projects include the Autumn Street Extension, bicycle improvements, and LED streetlight conversions. Regional projects include Route 280/880/Stevens Creek Interchange, the [BART extension to San José](#), and early planning on California High-Speed Rail.

San José currently has 316 miles of bikeways including 259 miles of on-street bicycle lanes and routes (installed by DOT) and 57 miles of trails and paths (installed by Parks, Recreation and Neighborhood Services).

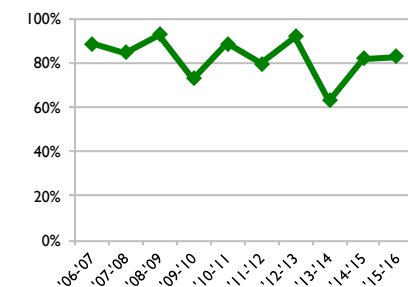
RESIDENT SURVEY

32% of San José residents rated traffic signal timing as “excellent” or “good”
17% of residents rated the traffic flow on major streets as “excellent” or “good”

Transportation Projects in Process



Transportation Projects Delivered On Schedule* (available for intended use)



*This measure represents projects completed by DOT and Public Works.

TRANSPORTATION

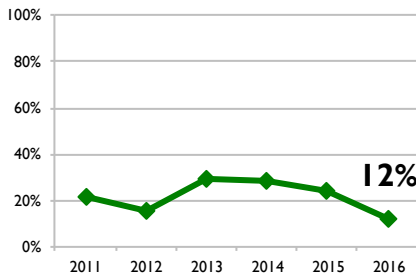
STREET PAVEMENT MAINTENANCE

Pavement Maintenance is responsible for the maintenance and repair of about 2,432 miles of City street pavement. For many years, pavement maintenance has been under-funded. Thus, DOT's maintenance strategy has focused on 542 miles of designated priority streets. Only 27 miles of street were resurfaced and 59 miles were preventively sealed in FY 2015-16. The City needs \$521 million to eliminate the backlog of poor and failed roads. If continuing current funding levels, this backlog will grow to \$1.8 billion by 2025.

The street pavement condition was deemed only "fair" in 2015—rated at 62* on the Pavement Condition Index (PCI) scale out of 100. This is down from the 2003 PCI rating of 67. A "fair" rating means that streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly. Because major repairs cost five to ten times more than routine maintenance, these streets are at an especially critical stage.

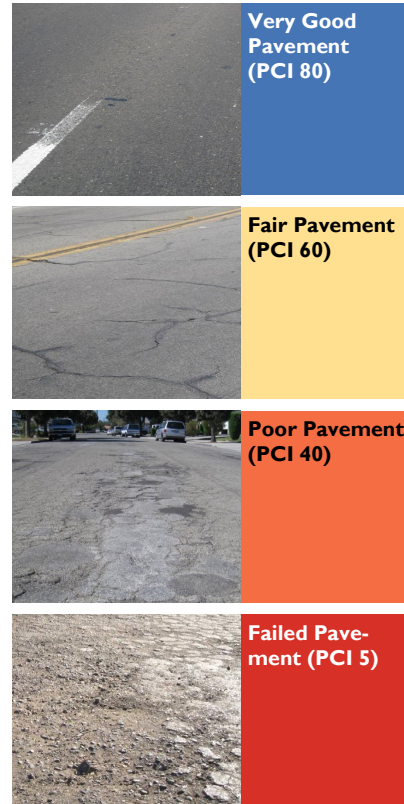
RESIDENT SURVEY

% of San José residents rating street repair as "excellent" or "good"

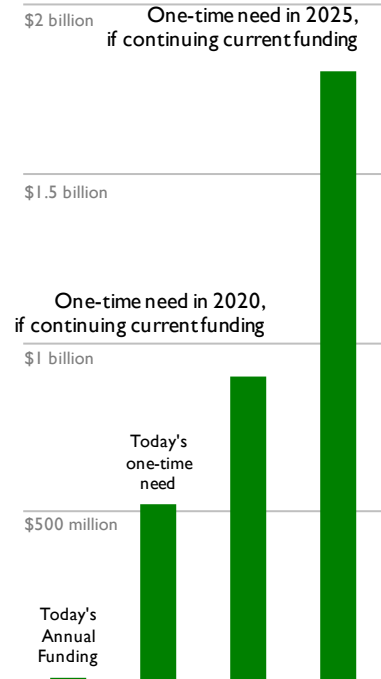


Just 12 percent of residents surveyed in the fall of 2015 reported that they felt street repair was "excellent" or "good." Residents ranked this service among the poorest.

DOT continued to make safety-related corrective repairs, such as filling potholes and patching damaged areas. In 2015-16, DOT crews repaired over 10,300 potholes.

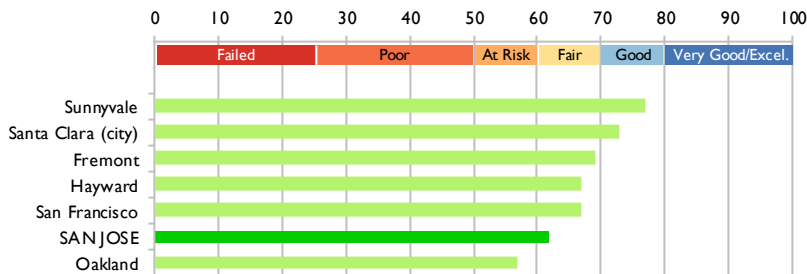


Funding Needed to Fix Poor, Failed, and Overdue Roads



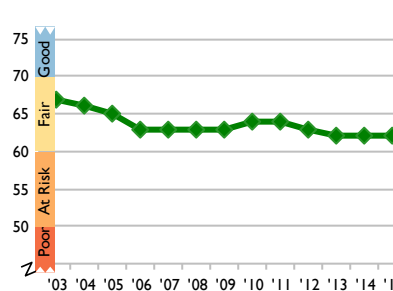
Photos source: Department of Transportation

2015 Pavement Condition Index Selected Bay Area Comparisons*

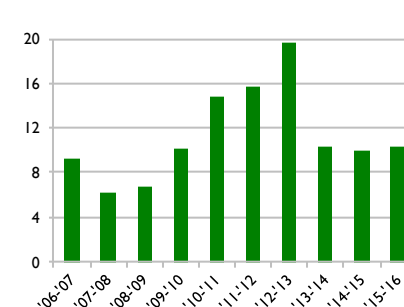


* 3-year moving average, calendar year basis
Source: Metropolitan Transportation Commission

Pavement Condition Index San José*



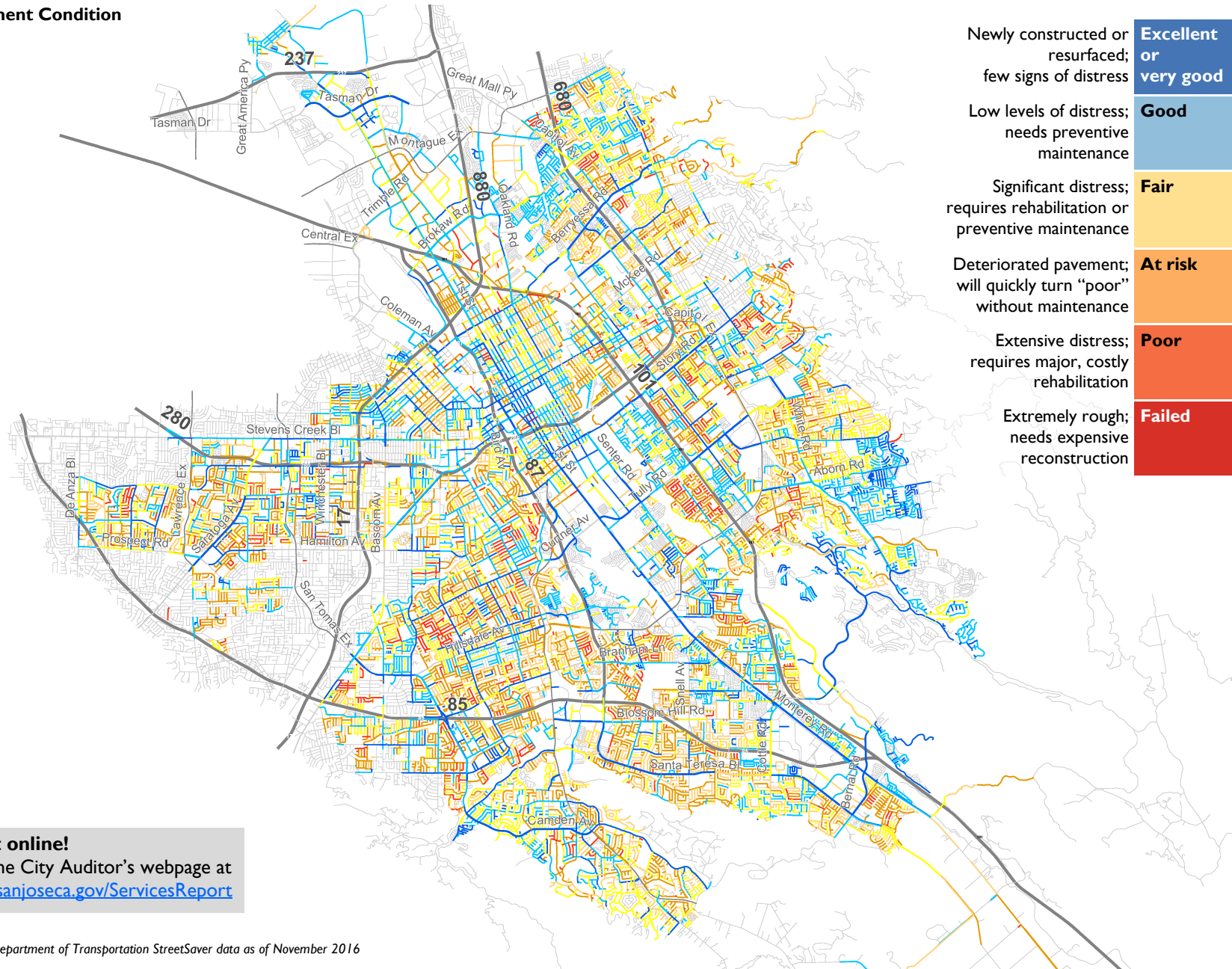
Number of Potholes Filled (thousands)



For more information, see our February 2015 [Audit of Street Pavement Maintenance](#).

TRANSPORTATION

Pavement Condition



Newly constructed or resurfaced; few signs of distress	Excellent or very good
Low levels of distress; needs preventive maintenance	Good
Significant distress; requires rehabilitation or preventive maintenance	Fair
Deteriorated pavement; will quickly turn "poor" without maintenance	At risk
Extensive distress; requires major, costly rehabilitation	Poor
Extremely rough; needs expensive reconstruction	Failed

See it online!
 Visit the City Auditor's webpage at www.sanjosca.gov/ServicesReport

Source: Department of Transportation StreetSaver data as of November 2016

TRANSPORTATION

TRAFFIC MAINTENANCE

The Traffic Maintenance Division is responsible for maintaining the City’s traffic signals, traffic signs, roadway markings, and streetlights. In 2015-16, DOT made 2,100 repairs to traffic signals. DOT responded to signal malfunctions within 30 minutes 46 percent of the time, down by 9 percentage points from the year prior. DOT’s target was to respond to 60 percent of traffic signal malfunctions within 30 minutes.

DOT’s response to traffic and street name sign service requests fell within established priority guidelines 99 percent* of the time in 2015-16, exceeding the target of 90 percent. 2,500 signs were preventively maintained.

Roadway marking services were completed within established priority guidelines 98 percent* of the time in 2015-16. 56 percent of roadway markings met visibility and operational guidelines. This is down from 80 percent in 2007-08, when the City had identified the visibility of roadway markings as a priority and set aside one-time funding for markings.

98 percent of San José’s 64,300 streetlights were operational. 37 percent of malfunctions were repaired within seven days, compared to 87 percent in 2009-10. LED streetlight conversions and new installations continue; in 2015-16, about 1,500 new LED lights were installed. In late 2015, DOT put out a Request for Proposals to complete remaining streetlight conversions.

Traffic Signals

932 traffic signal intersections in San José

2,100 repairs and **250** preventive maintenance activities completed

46% of malfunctions responded to within 30 minutes

Traffic and Street Name Signs

118,000 traffic control and street name signs in San José (estimate)

1,200 repairs and **2,600** preventive maintenance activities completed

99% service requests completed within established guidelines*

85% of signs in good condition

* 24 hours, 7 days, or 21 days—depending on the priority

Roadway Markings

5.6 million square feet of roadway markings

382 maintenance requests completed

98% of service requests completed within prioritized operational guidelines*

56% of markings met visibility and operational guidelines

* 24 hours, 7 days, or 21 days—depending on the priority

Streetlights

64,300 streetlights in San José, including **24,800** LED streetlights

11,300 repairs completed

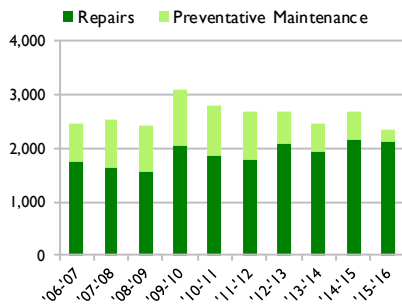
37% of malfunctions repaired within 7 days

98% of streetlights in operational condition

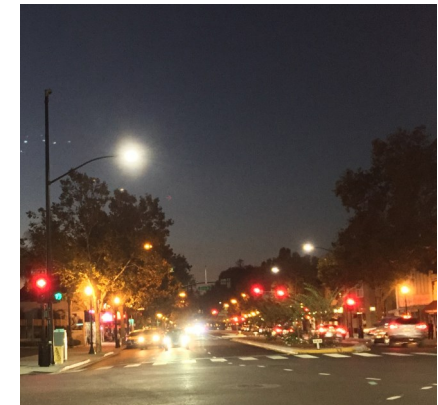
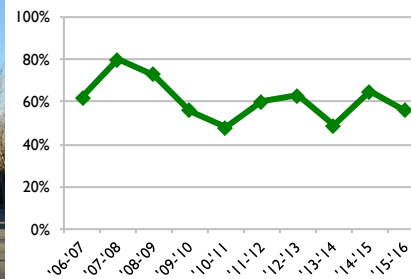
RESIDENT SURVEY

42% of San José residents rated street lighting as “excellent” or “good”

Number of Traffic Signal Maintenance Activities



Percent of Roadway Markings Meeting Visibility and Operational Guidelines



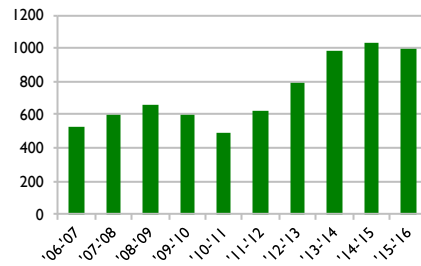
Source: Auditor photographs

SANITARY SEWERS

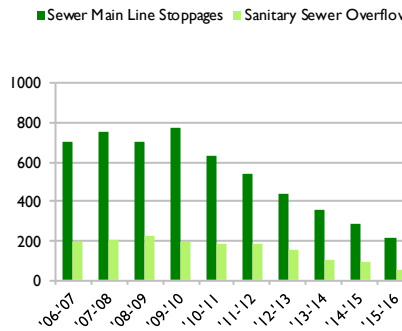
DOT maintains 2,294 miles of sanitary sewers and 21 sewer pump stations. DOT is responsible for maintaining uninterrupted sewer flow to the San José-Santa Clara Regional Wastewater Facility.* To reduce stoppages and overflows, DOT has increased its proactive cleaning in recent years. 993 miles were cleaned in 2015-16, twice as many as 10 years ago. DOT responded to 55 sewer overflows in 2015-16, while the number of main line stoppages fell to 219.

* The Facility, formerly known as the Water Pollution Control Plant (WPCP), is operated by the Environmental Services Department (for more information see the ESD chapter).

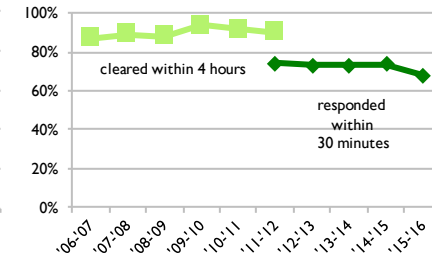
Sewer Miles Cleaned



Sewer Stoppages and Overflows



Timeliness of Sewer Overflow Response



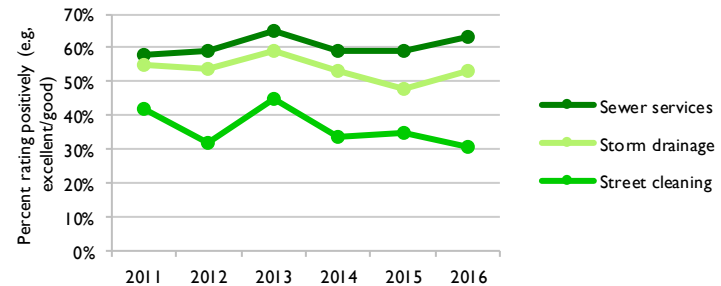
STORM DRAINAGE

DOT annually cleans about 30,000 storm drain inlets so that rain and storm water runoff flows unimpeded through storm drains into the San Francisco Bay. Proactive cleaning of storm drains inlets prevents harmful pollutants, trash, and debris from entering the Bay and reduces the potential for blockages during heavy rains. In 2015-16, DOT responded to 1,174 storm calls. The number of stoppages and calls varies depending on the severity of rainfall. DOT also maintains 29 storm water pump stations and cleans the wet-wells during the summer.

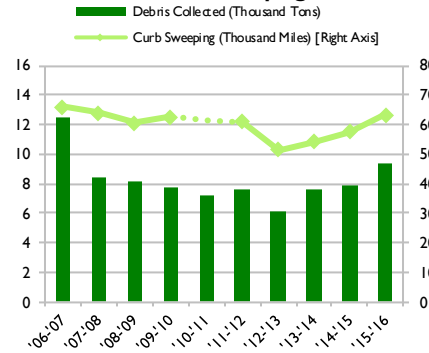
KEY FACTS (2015-16)

Sanitary Sewers	2,294 miles
Storm Drain System	1,250 miles
Storm Water Pump Stations	29
Curb Sweeping (by the City and by Contractors)	63,400 miles (estimate)

RESIDENT SURVEY

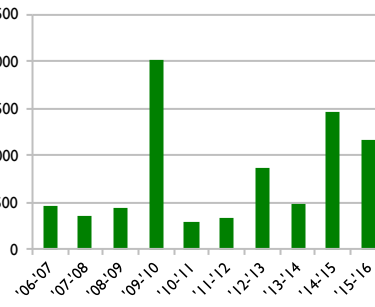


Street Sweeping



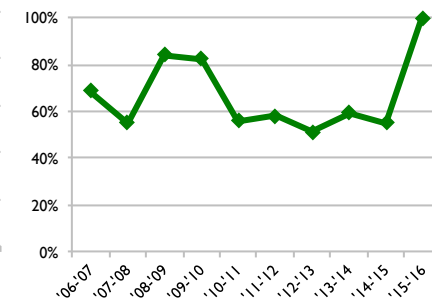
Estimates. According to DOT, staffing fluctuations led to a decrease in miles swept by City crews.

Storm Calls



2008-09 estimated. 2009-10 was an above-normal storm year. Prior to 2014-15, this counted only storm drain inlet stoppages.

Percentage of High Priority Storm Drain Requests Addressed Within 4 Hours



The types of requests counted for this measure changed in 2014-15.

For more information, see our February 2016 [Audit of Street Sweeping](#).

TRANSPORTATION

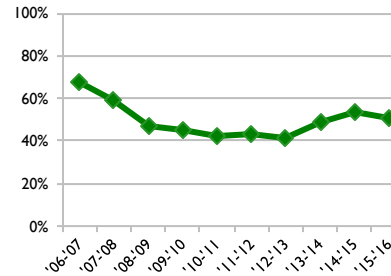
STREET LANDSCAPE MAINTENANCE

DOT's Landscape Services Division maintains median islands and undeveloped rights-of-way, and ensures the repair of sidewalks and the maintenance of street trees. In 2015-16, DOT maintenance staff provided basic safety-related and complaint-driven activities to keep an estimated 51 percent of street landscapes in good condition, down from 68 percent 10 years ago.

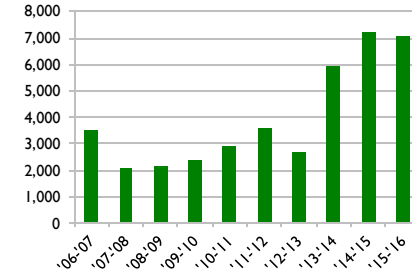
There are an estimated 268,000 street trees in the City.* DOT responded to 915 emergencies for street tree maintenance in 2015-16. The City initiated 7,000 sidewalk repairs in 2015-16, double the amount 10 years ago because of added staffing.

* Property owners are typically responsible for maintaining street trees and repairing adjacent sidewalks. The City maintains trees that are located within the arterial medians and roadside landscaped areas owned by the City.

Percent of Street Landscapes in Good Condition



Sidewalk Repairs



RESIDENT SURVEY

% of San José residents who found the following "excellent" or "good"

Street tree maintenance **27%**

Sidewalk maintenance **28%**

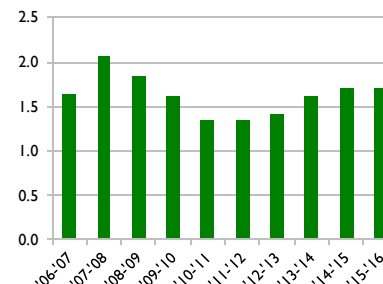
Public parking **26%**

PARKING

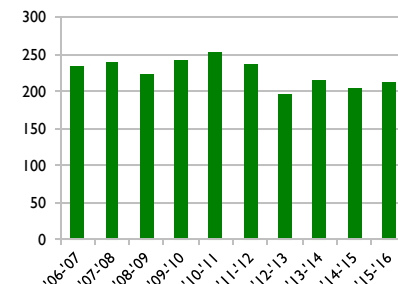
Parking Services is responsible for managing on-street and off-street parking, implementing parking policies and regulations, and supporting street sweeping, construction, and maintenance activities. Monthly parking in 2015-16 reached approximately 103,000 monthly customers in City facilities, up 68 percent compared to 10 years ago. About 1.7 million visitors customers used [City parking facilities](#) in 2015-16.

The Department issued over 212,000 parking citations in 2015-16, 4 percent more than the prior year. 89 percent of [abandoned vehicles](#) were moved by the owner or otherwise in compliance by DOT's second visit, close to DOT's target of 90 percent.

Parking Customers at the City's Downtown Facilities (millions)



Parking Citations Issued (thousands)



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