



City of San José  
Office of the City Auditor

## Annual Report on City Services 2017-18

The Office of the City Auditor is pleased to present the eleventh City of San José Annual Report on City Services. 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.

### Background

With a population of 1,050,000, 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 36 percent Asian, 32 percent Hispanic, and 26 percent white. Roughly 40 percent of San José residents are foreign born. More than half of residents speak a language other than English at home.

In 2017-18, San José's unemployment rate declined and median household income increased to \$105,000. However, the cost of living in San José is among the highest in the nation. One out of six San José households earned less than \$35,000.

### Resident Survey

2018 marked San José's eighth year of participation in The National Citizen

Survey™, a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). Four thousand households were selected at random for participation in a survey designed to understand resident opinions about their community and their City's services. Residents also had the opportunity to participate through an online "opt-in" survey. Surveys were available in English, Spanish, and Vietnamese. The survey was administered by NRC.

Residents identified safety and the economy as priorities for the San José community in the coming two years. While two thirds of residents expected to remain in San José over the next five years, ratings for the overall quality of life have fallen. As described in more detail in this report, ratings for many City services were similar to prior years. However, ratings for some City services have declined as the City has struggled to recover from budget and service reductions earlier in the decade.

### Financial Condition

In recent years, the City's revenue per capita and expenditures per capita increased; however its net assets per capita decreased. The City faces an estimated \$1.4 billion deferred maintenance and infrastructure backlog and an unfunded liability for pension and retiree health benefits of more than \$4 billion. Nonetheless, the City has maintained general obligation bond ratings of Aa1 (Moody's), AA+ (S&P), and AA+ (Fitch) for the past five years.

## Operating Budget and Staffing

In 2017-18, the City's departmental operating expenditures totaled \$1.4 billion\*, or about \$1,370 per resident. Despite a projected General Fund deficit of \$10 million at the beginning of the year, the City was able to fund modest staffing increases and address public safety and disaster preparedness priorities.

However, the City Manager's 2018-19 Budget Message forecasted budget shortfalls for each of the next four years. 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.

Authorized staffing levels are 10 percent below what they were a decade ago. San José now employs about 5.9 people per 1,000 residents—fewer than any other large California city we surveyed. Although about 740 or 12 percent of full-time positions were vacant as of June 30, 2018, roughly 100 police recruits were in the police academy preparing to fill vacant police officer positions. Also, the Human Resources Department facilitated the hiring of 655 new full-time employees in 2017-18, the most new hires in the past 10 years.

\* Expenditures from the City's Operating Budget totaled \$3.4 billion. This also includes General Fund capital and Citywide expenditures, reserves, transfers, and various non-General Fund operating and enterprise fund expenditures (e.g., capital, debt service, pass-through grant funds) and operating or other reserves.

## City Service Area Dashboards

2018 marks the first year this report includes the newly created City Service Area Dashboards. The City Administration selected its top six measures representing achievements in each City Service Area:

- Community and Economic Development
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services

The dashboard results in this report are also available online at [www.sanjoseca.gov/servicesreport](http://www.sanjoseca.gov/servicesreport).

## Performance Results by Department

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. In 2017-18, performance highlights included:

- The Police Department initiated or received about 1.2 million calls for service, slightly up from the prior year. The average response time for Priority 1 calls was 9.2 minutes. Just 44 percent of Priority 1 calls were responded to within 6 minutes (target: 70 percent). The average response time for Priority 2 calls was 22.4 minutes (target: 11 minutes). The number of authorized sworn officers is less than ten years ago, and as of June 2018, only 846 of the 1,109 authorized sworn positions were filled with street-ready sworn officers.
- Historically the City's rate of major crimes per 100,000 residents has been slightly below the national and state rates. Since 2012, those rates have converged. In 2017, San José's rate was slightly above the national rate, and slightly below the state rate. Thirty-two percent of residents reported an overall "excellent" or "good" feeling of safety.
- The Fire Department responded to 93,000 emergency incidents. This included 58,000 medical incidents, 3,300 fires, and 32,000 other calls such as rescues, Haz Mat incidents, and good intent responses. The department responded to 71 percent of Priority 1 incidents within 8 minutes (target: 80 percent). Eighty-two percent of residents rated fire services as "excellent" or "good", and 77 percent gave similar ratings for emergency medical services.
- In 2017-18, the Fire Department completed 99 percent of its state-mandated inspections, compared to 65 percent in the previous fiscal year. The Department attributes the increase to more inspections by fire fighters. Fifty-two percent of residents rated fire prevention and education as "excellent" or "good".

- In September 2017, the Office of Emergency Management moved from the Fire Department to the City Manager's Office. Its Ready San José! programs include public outreach and training in emergency preparedness. In 2017-18, the Office reached out to 1,822 people and trained at least 40 individuals to lead CERT training sessions.
- The City has 195 neighborhood and 9 regional parks. On a scale of 1 (unacceptable) to 5 (like new), PRNS rated its average park condition 3.3. Eighty-eight percent of residents reported having visited a park at least once in the last year. Fifty-five percent rated parks as "excellent" or "good".
- The City has 50 community centers, but operated only 11 of them. The remaining facilities were operated through the City's facility re-use program by outside organizations or other City programs. Estimated participation in City-run recreation programs totaled 786,000. Similar to prior years, about half of residents rated San José's recreation centers and programs as "excellent" or "good".
- The City's libraries were open 58,000 hours in 2017-18 and had 6.7 million visitors. Circulation has trended down in recent years. The City's libraries offered over 16,500 programs to promote reading, literacy, and support school readiness. Sixty-one percent of residents indicated that they or someone in their household had used a library in the past year, and 77 percent of residents rated library services as "excellent" or "good".
- San José remains one of the least affordable cities in the country with just 6 percent of residents reporting the availability of affordable quality housing as "excellent" or "good". Both average monthly rents and the median single-family home price have continued to rise. In 2017-18, developers completed 117 affordable housing units with City help. The City's 2017 Homeless Census identified 4,350 homeless individuals, 74 percent of whom were unsheltered. In 2017-18, about 1,700 homeless San José residents were assisted into permanent housing through the collective efforts of local jurisdictions and non-profit agencies.
- Sewer, garbage/recycling, and San José Municipal Water (Muni Water) rates all increased slightly from the prior year. Stormwater rates remained unchanged. About 70 percent of San José residents rated garbage, recycling, and yard waste pick-up as "excellent" or "good". In 2017-18, 64 percent of San José's overall waste was diverted from landfills (i.e., recycled, reused, composted, or prevented from entering the waste stream). Significant capital improvements continue at the Regional Wastewater Facility. South Bay Water Recycling delivered about 3.8 billions of gallons of recycled water to its customers.
- In 2017-18, the number of sanitary sewer main line stoppages and overflows declined to new lows as a result of proactive cleaning.
- In 2017, the City launched San José Clean Energy making San José the largest city in the country with a community choice energy program that will provide residents and businesses with renewable energy options.
- The City's permit center provided services to about 73,600 customers. With 15.5 million square feet of new construction valuing nearly \$1.7 billion, the amount of building activity was some of the highest seen in the past decade. The City issued 40,000 building permits in 2017-18; this included permits for 3,240 new residential units. The City met one of its timeliness targets for the seven development processes shown in this report.
- The City's code enforcement inspectors target properties at high risk of violations using a risk-based tiered inspection process for its Multiple Housing Program. In 2017-18, they inspected buildings that cumulatively had about 5,700 housing units. Only 13 percent of residents rated code enforcement as "excellent" or "good"—the lowest rating of any City service.
- The Public Works Department oversees the City's capital projects; maintains City facilities, equipment and vehicles; provides plan review services for development projects; and provides animal care services. In 2017-18, Public Works completed 61 construction projects with construction costs totaling \$125 million. The Animal Care Center's live release rate hit a new high of 92 percent.

- Passenger growth continued at the Airport, reaching 13.5 million in 2017-18. There were over 128,000 passenger flights (takeoffs and landings), or about 351 per day. The Airport had 16 percent of the regional passenger market share, an increase from 14 percent two years ago. Seventy-five percent of residents rated the ease of use of the Airport as "excellent" or "good".
- San José's street pavement condition was deemed only "fair" based on its Pavement Condition Index (PCI) rating of 67 out of a possible 100. 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. With the passage of Measure T in November 2018, the City's Transportation Department anticipates at least \$300 million in additional bond funds to maintain residential streets, and a subsequent reduction in the pavement maintenance backlog. Only 14 percent of residents rated street repair as "excellent" or "good"—one of the lowest ratings of any City service. In 2017, San José's rate of fatal and injury crashes was 2.1 per 1,000 residents, a slight decrease from the prior year.

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

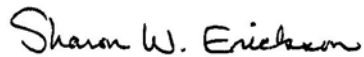
### Conclusion

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 the new City Service Area Dashboards, followed by 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](http://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,



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City Auditor

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