

# City Service Area Strategic Support



***Mission:** To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects*

## **Primary Partners**

Finance  
Human Resources  
Information  
Technology  
Public Works

## **CSA OUTCOMES**

- Sound Fiscal Management that Facilitates Meeting the Needs of the Community
- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Effective Use of Technology
- Safe and Functional Public Infrastructure, Facilities, and Equipment

*City Service Area*  
**Strategic Support**  
***SERVICE DELIVERY FRAMEWORK***

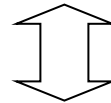
**CITY SERVICE AREA**  
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

**MISSION STATEMENT**  
 Why the CSA exists

**Strategic Support CSA**

*Mission:*

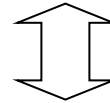
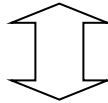
To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects



**CSA OUTCOMES**  
 The high level results of service delivery sought by the CSA partners

*Outcomes:*

- Sound Fiscal Management that Facilitates Meeting the Needs of the Community
- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Effective Use of Technology
- Safe and Functional Public Infrastructure, Facilities, and Equipment



**PRIMARY PARTNERS**  
 Departments with Core Services that contribute to achievement of CSA Outcomes

**CORE SERVICES**  
 Primary deliverables of the organization

**Finance Department**

*Core Services:*

Disbursements

Financial Reporting

Purchasing and Risk Management

Revenue Management

Treasury Management

**Human Resources Department**

*Core Services:*

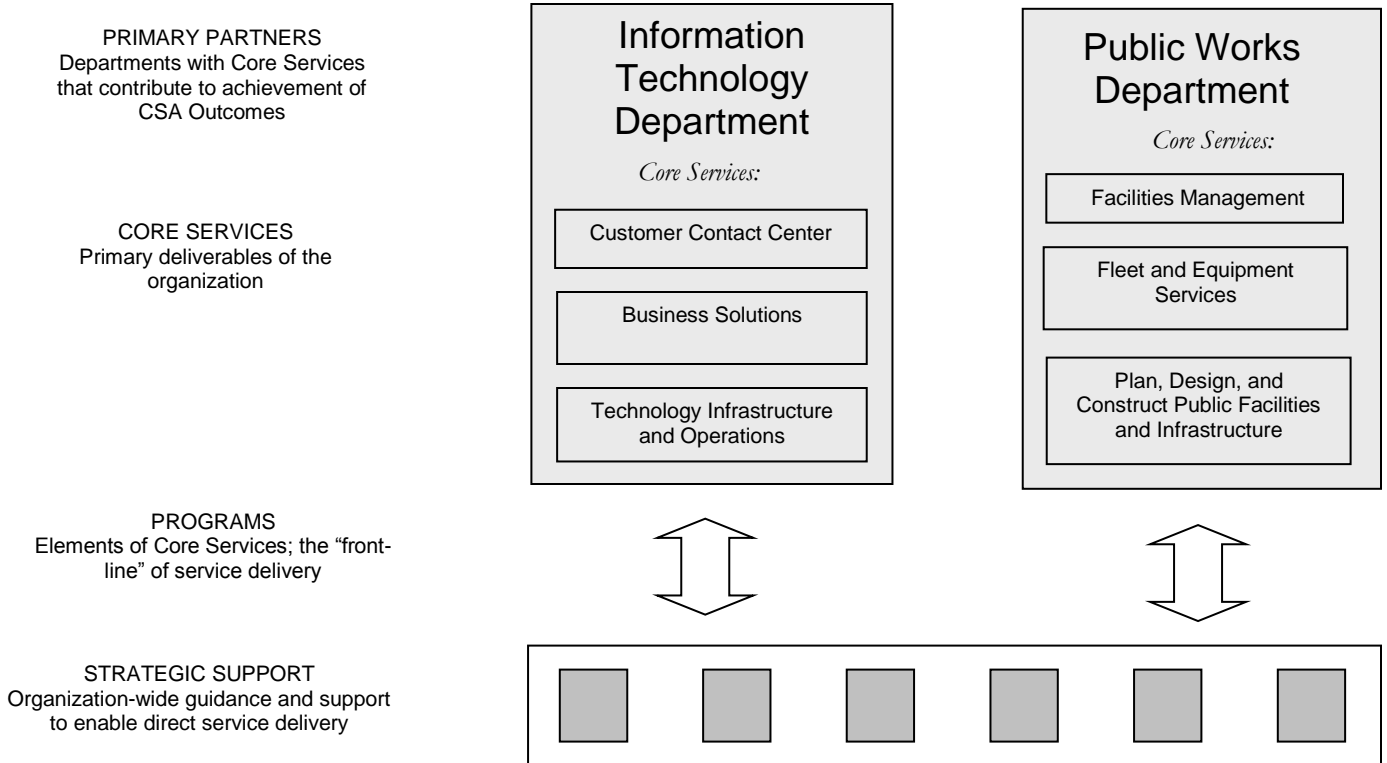
Employee Benefits

Employment Services

Health and Safety

Training and Development

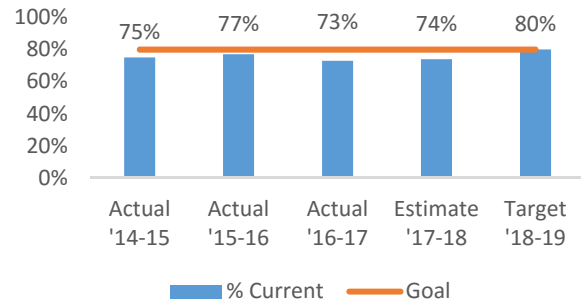
# SERVICE DELIVERY FRAMEWORK



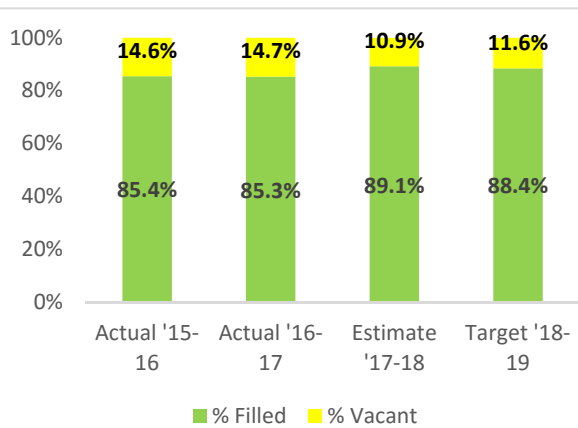
**City's Bond Ratings  
(General Obligation Bond Rating)**

	Moody's	Standard & Poor's	Fitch
Actual '14-15	Aa1	AA+	AA+
Actual '15-16	Aa1	AA+	AA+
Actual '16-17	Aa1	AA+	AA+
Estimate '17-18	Aa1	AA+	AA+
Target '18-19	Aa1	AA+	AA+

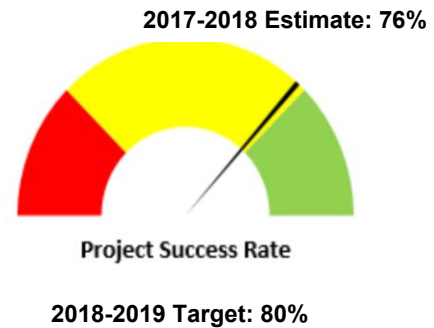
**% of Non-Management Employee Performance Appraisals Completed on Schedule**



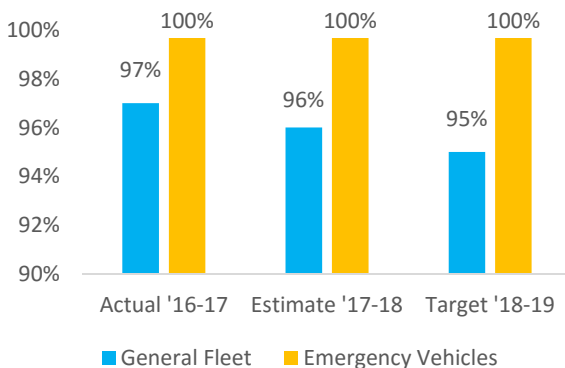
**% of Positions Filled as a Total of Budgeted Positions**



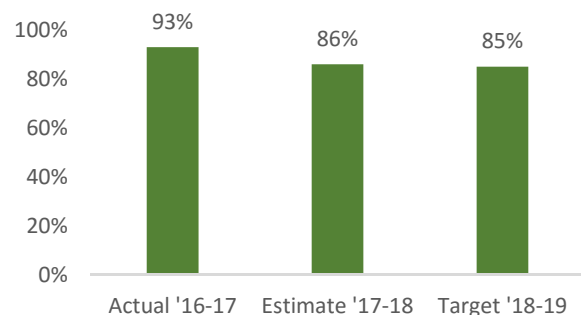
**% of Information Technology Project Success Rate Measured on Schedule, Cost, Scope, and Value**



**% of Equipment that is Available for Use When Needed**



**% of Facilities with a Condition Assessment Rating of Good or Better**



## **Strategic Support**

### Expected 2018-2019 Service Delivery

- Oversee the City's capital projects, ensuring on-time and on-budget delivery of facilities that meet both customer and City staff needs.
- Maintain City facilities, equipment, and vehicles.
- Ensure that the City's financial resources are protected and available to address the short-term and long-term needs of the community; accurate and timely payments to City employees and vendors; accurate and timely financial reports; and efficient business systems and processes for timely billing and collection efforts.
- Fully operationalize the City's Cybersecurity Office to provide risk identification, protection, detection, response and recovery services; counter increasing information and systems security threats; and complete audit goals related to security and controls.
- Re-platform the City Open Data Portal to support high-volume data uses for Internet-of-Things/Smart Cities projects, and provide data stories to better engage public stakeholders through public data and transparency.
- Implement pay and benefits changes consistent with new legal requirements and labor agreements.
- Advance the My San José Customer Relationship Management (CRM) system, mobile app, online portal, and dashboards; support rollout of the new City website; and upgrade user experience designs and reporting.
- Manage City business systems in support of outcomes required by City departments; maintain critical systems, including financials, human resources, payroll, and budget; collaboration platforms; and integration services.
- Provide highly available and high-performance voice/data/video network, server compute/storage/virtualization infrastructure, and business resumption capabilities.
- Upgrade the WiFi public wireless network and support Digital Inclusion and Broadband Strategy planning initiatives, foremost among these being Facebook Terragraph, Access East Side, and Economic Development special events.
- Improve online handling and optimization of business processes, mobile device usage, IT orders, and licensing.
- Manage the Customer Contact Center to provide residents and businesses with an exceptional customer experience.
- Complete implementation of the Business Tax System and upgrade of the Financial Management System.
- Manage all financial aspects of the Successor Agency to the Redevelopment Agency, including accounting, debt management, cash management, financial reporting, and accounts payable/receivable.
- Manage an effective, efficient, and high quality hiring process and continue to partner with departments to improve hiring capacity through the autonomous hiring initiative.



## **Strategic Support**

### **Expected 2018-2019 Service Delivery**

- Launch an initiative to assess training and development needs to identify impactful practices for retaining and developing the City's talent; pilot activities to improve the communication and coordination of existing training opportunities.
- Initiate a City-wide "Powered by People" initiative focused on strategic activities (e.g., internships, social media strategies, and partnerships with training and educational organizations) to create a long-term talent pipeline for the City.
- Provide a wide range of benefit programs to meet the needs of the employees, retirees, their dependents, and the City; assist participants in effectively using their benefit plans and fully implement the new Voluntary Employee Beneficiary Association (VEBA) plan.
- Maintain a safe and healthy work environment in compliance with all applicable state and federal regulations related to employee health and safety, and continue to minimize liability and loss to the City. Health and safety programs will continue to ensure injured employees receive adequate and appropriate treatment; promote a culture of safety through the Injury, Illness, and Prevention Programs; and ensure employee medical exams and testing are completed as mandated.
- Manage space usage at City-owned facilities.

### **2018-2019 Key Budget Actions**

- The addition of one-time funding of \$54,000 to support the VEBA operational expenses and the addition of 1.0 Analyst II position through June 30, 2019 and 1.0 Account Clerk position to perform all VEBA-related duties, Human Resources Information System (HRIS) functions, and all accounts payable related to the Human Resources Department.
- The addition of one-time funding of \$200,000 for temporary staffing to extend the Human Resources Department's increased hiring capacity across the City.
- The continuation of one-time funding of \$400,950 to support the Workers' Compensation Program administration. When the budget was adopted, it was anticipated that these funds would be used to continue 3.0 Workers' Compensation Adjuster II and 1.0 Office Specialist temporary positions in the Workers' Compensation Unit through June 30, 2019 to manage caseloads and allow staff to focus on program compliance issues in response to 2016 State Audit findings. However, with the approval of an outsource model on June 19, 2018, these funds will be used to support temporary staff during the transition period and TPA contractual costs.
- The addition of funding of \$350,000 (\$250,000 ongoing) to assess, create, and implement talent development activities for employees. This aligns with the City Manager's "Powered by People" enterprise priority that focuses, in part, on engaging in efforts to support employee retention, engagement, and advancement through training and development.

## **Strategic Support**

### **2018-2019 Key Budget Actions**

- The addition of one-time funding of \$650,000 to cover additional estimated costs related to the change in the service delivery model for workers' compensation claims administration in 2018-2019. After the adoption of the budget, the City Council approved an outsource model. The funding will allow staff overlap during the transition to the Third Party Administration (TPA) and will fund additional contractual TPA costs for claims administration in 2018-2019.
- The addition of 1.0 Financial Analyst position to provide the necessary support for the Community Energy Department's Middle Office operations. The Community Energy Department includes Front Office (Planning and Procurement), Middle Office (Controls and Reporting), and Back Office (Settlements and Recording) operations. The Middle Office requires sophisticated credit analysis and oversight of power providers and other counterparties of the Community Energy Department.
- The addition of one-time funding of \$305,000 for temporary staffing and outreach to implement a Business Tax Amnesty Program. This is anticipated to bring in an additional \$1.5 million in General Business Tax Revenue; additional information can be found in the *General Fund Revenue Estimates* section of this document.
- The addition of 1.0 Senior Accountant position to provide the necessary resources to ensure appropriate internal controls for implementation and customization of the City's payroll system, including non-pensionable compensation increases. In recent years, the number and complexity of the customizations of the payroll system have increased, and the non-pensionable general wage increase implementation adds further complexity and customization to the payroll system and processes.
- The addition of one-time funding of \$18,700 to add two new interfaces to the current Revenue Results system that will enhance the Finance Department Revenue Division's collection work, offset by the Fire Department's Development Fee Program (\$10,000) and Planning, Building and Code Enforcement Department's Multiple Housing Permit Fee Program (\$8,700). The Housing Department's Apartment Rent Ordinance Program also provides one-time of funding of \$1,300 to partially offset the cost for the new interfaces.
- The addition of one-time funding of \$70,000 to implement an E-procurement system to effectively outreach and manage solicitations for all City Departments. The current procurement software system is set to be replaced in 2018-2019. With the RFP process is completed, additional funding in 2018-2019 is needed, increasing the implementation costs from \$40,000 to \$110,000.
- The addition of one-time funding of \$50,000 for the implementation of a biometric timeclocks pilot program in the Parks, Recreation and Neighborhood Services Department (PRNS) and another department with a large number of Alternate Work Schedule employees (which has yet to be identified). Biometric timeclocks allow departments to place timeclocks in work areas that provide highly accurate, verifiable, and automated time entry for payroll calculation.
- The addition of one-time funding of \$143,000 to implement a City-wide print management solution that will control print costs and minimize waste across the 220 multi-function devices the City operates. The new software will provide defaults to non-color and duplex printing that reduce color usage and paper consumption.

## **Strategic Support**

### **2018-2019 Key Budget Actions**

- The addition of 1.0 Enterprise Supervising Technology Analyst position to support the City's payroll function. This position will implement additional customization associated with non-pensionable general wage increases, support the ongoing process changes resulting from the customization, and mitigate the increased risk of paycheck errors and late paydays.
- The addition of one-time funding of \$197,000 to help address security needs at the City Hall campus. This funding will support the installation of panic buttons at strategic locations, space reconfigurations to limit non-authorized public access, security camera upgrades and installations, and staff training for safety awareness. Additional funding for 2.0 Police Officer positions to also assist with City Hall security in the Police Department is included in the Police Department section.
- The continuation of 1.0 Communications Installer position through June 30, 2019 to install, repair, and maintain public safety mobile device units and dispatch consoles in preparation of the upcoming transition to the Silicon Valley Regional Communications System.
- The continuation of 1.0 Supervising Environmental Services Specialist position in the Public Works Department to manage the City Building Energy Projects Program, and serve as the energy advisor on capital projects throughout the City as needed. As planned, these projects will continue through the end of 2018-2019.
- The continuation of 1.0 Information Systems Analyst position through June 30, 2019 to augment the Public Works Geographic Information System Team to support the Master Addressing Database and integration of the database into various departmental work processes requiring addressing, and in preparation for upcoming large projects such as Census 2020 and Next Generation 911.
- The addition of 1.0 limit-dated Principal Engineer/Architect position through June 30, 2019 to address flood recovery projects at City parks, and 2.0 Associate Engineer and 1.0 Building Inspector Combination positions to support the Water Pollution Control Plant.



*City Service Area*  
**Strategic Support**  
**BUDGET SUMMARY**

**City Service Area Budget Summary\*\***

	<b>2016-2017 Actual*</b>	<b>2017-2018 Adopted</b>	<b>2018-2019 Forecast</b>	<b>2018-2019 Adopted</b>
<b>Dollars by Core Service</b>				
<i>Finance Department</i>				
Strategic Support - Other - Strategic Support	n/a	62,224,241	48,274,998	47,096,628
Strategic Support - Strategic Support	n/a	2,082,115	1,944,795	2,171,768
Disbursements	n/a	2,178,740	2,493,005	2,755,365
Financial Reporting	n/a	2,308,752	2,151,223	2,476,505
Treasury Management	n/a	28,860,835	28,461,112	31,497,475
Revenue Management	n/a	6,492,442	6,570,324	7,262,504
Purchasing and Risk Management	n/a	3,412,805	3,381,525	3,531,460
<i>Human Resources Department</i>				
Strategic Support - Other - Strategic Support	n/a	1,299,538	1,505,101	1,505,101
Strategic Support - Strategic Support	n/a	1,348,934	1,474,930	1,506,814
Employment Services	n/a	2,636,285	2,560,418	2,759,531
Training and Development	n/a	178,000	204,255	654,255
Employee Benefits	n/a	92,680,416	92,571,723	92,983,165
Health and Safety	n/a	5,799,709	5,523,676	6,571,354
<i>Information Technology Department</i>				
Business Solutions	n/a	6,818,668	7,148,137	7,339,886
Technology Infrastructure and Operations	n/a	13,171,708	12,426,732	14,953,431
Customer Contact Center	n/a	1,833,266	1,872,712	1,872,712
Strategic Support - Other - Strategic Support	n/a	0	326,676	326,676
Strategic Support - Strategic Support	n/a	1,929,015	2,050,868	2,241,889
<i>Public Works Department</i>				
Strategic Support - Other - Strategic Support	n/a	20,979,407	14,970,740	19,713,547
Strategic Support - Strategic Support	n/a	7,606,973	7,051,659	7,699,247
Plan, Design, and Construct Public Facilities and Infrastructure	n/a	45,368,164	36,909,853	40,952,473
Facilities Management	n/a	42,102,980	24,265,802	40,281,412
Fleet and Equipment Services	n/a	23,746,272	23,344,011	24,768,143
<b>Dollars by Core Service Subtotal</b>	<b>n/a</b>	<b>\$375,059,265</b>	<b>\$327,484,275</b>	<b>\$362,921,341</b>
<b>MAYOR, CITY COUNCIL, AND APPOINTEES</b>	<b>n/a</b>	<b>\$90,524,133</b>	<b>\$70,393,687</b>	<b>\$84,900,962</b>
<b>Total CSA</b>	<b>n/a</b>	<b>\$465,583,398</b>	<b>\$397,877,962</b>	<b>\$447,822,303</b>
<b>Authorized Positions</b>	<b>n/a</b>	<b>868.72</b>	<b>902.40</b>	<b>925.30</b>

\* Data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017 2018, historical budget data by the new programs and core services is not available for prior periods.

\*\* Fund Balance, Transfers, and Reserves for funds that may be managed by the departments in this CSA have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

***Service Delivery Accomplishments***

- The City's current general credit ratings are Aa1/AA+/AA+ by the three leading national rating agencies: Moody's, Standard & Poor's, and Fitch, respectively. The ratings by the three agencies acknowledge the City's sound financial position, strong management team and practices, and strong economic performance.
- Completed the accounting and financial reporting of the SARA's \$1.7 billion debt refunding.
- Successfully implemented the upgrade of the Finance Department's core accounts receivable system.
- Executed on all Measure G, Business Tax Modernization requirements, including completion of an extended outreach plan, which led to an increase in ongoing revenue of more than \$12.0 million per year.
- With its focus on improving collection efforts and optimizing staff resources, the Finance Department continued to outperform the target with an average of six dollars return on revenue for every dollar spent on direct collection efforts in the Revenue Management Division.
- Provided accounting and financial reporting support to City-wide programs including the Convention Center and other Cultural Facilities, Deferred Compensation Program, and Grant accounting; completed 17 audit engagements that translated into 24 audit reports.
- Implemented the new Governmental Accounting Standards Board Statement No. 75 related to Other Post-Employment Benefits.
- Provided accounting and financial reporting support in the implementation of the Voluntary Employees' Beneficiary Association program.
- Completed processing of approximately 7,000 paychecks every two weeks.
- Continued delivery of critical procurements and agreements for departments City-wide, including, but not limited to, Electronic Filing System for Form 700 and Campaign Finance Forms, E-Procurement System, Adaptive Traffic Control System, Web Content Management System for the Police Department, Traffic Incident Management Center Event Tracking System, a new helicopter for the Police Department, and various critical vehicles for the Fire Department.
- The City of San José earned 8<sup>th</sup> Place in the Digital Cities Awards, the first time the City has placed in the 18-year history of the awards. Other honors include recognition as a top city for Smart Cities, Cybersecurity, Customer Experience, and Civic Engagement.
- Completed multiple Smart City Vision goals, including release of Facebook Terragraph in Alpha testing; Access East Side first attendance area; and Open Data Community Architecture design and validation to support Internet-of-Things/Smart Cities security and scaled use.
- Resolved the City Call Handling Audit. Resolved approximately half of outstanding IT-related audit items.
- Completed update of the City's Payment Card Industry compliance and training, cybersecurity awareness events, and secure processing environment for City financial and sensitive transactions.
- Departments jointly completed implementation and migration of the Revenue Management System; Treasury Management System; utility billing systems; business tax online enrollment solution; City Clerk online search solution; and budget system Phase 2 improvements. Demonstrated large improvements in the City's project success metrics.
- Released My San José updates and improvements and mobile app versions 1.0 through 1.5.

### ***Service Delivery Accomplishments***

- Hosted the California Cybersecurity Summit in San José, bringing approximately 400 cybersecurity professionals and vendors to downtown.
- Continued infrastructure repairs and improvements to all City-owned facilities including City Hall, Police Administrative and Communication Buildings, Municipal Garage, the Convention Center, the Tech Museum, Children's Discovery Museum, Hammer Theater, History San José, and the Animal Care and Services Center.
- Completed phase one of the Master Addressing Database project, which included data migration into a central depository.

### ***Service Delivery Environment***

- The Finance Department continues to provide financial modeling and analysis as part of its core mandate to meet the increasingly complex finance needs of the City.
- The transition to a new E-Procurement system is expected to enhance the City's purchasing processes, with the new system offering robust features in creating, noticing, and managing different solicitations efficiently. The new system will be used by the Finance Department for centralized procurements, Public Works for construction procurements, and all other City departments for decentralized consulting procurements. The successful implementation of the new system and the associated training of key City users will be key priorities.
- Consistent with the San José Smart City Vision, departments are working to improve City services to attain greater inclusion and user-friendliness through new solutions and system upgrades. The Information Technology Department (ITD) continues its transformation from a predominantly back-office support function to one that serves as a core business enabler and strategic asset for the entire City organization.
- There is a need to re-platform and modernize the City to more current technologies that will sustain the City's operations and innovation efforts. Out of a decade of deficits, the City is investing in paying down accumulated "tech debt" in the form of replacing and updating end-of-life/end-of-support technology assets. Audit findings and security assessments validate the importance of these investments to the ability of the City to offer secure, responsive, and resilient services.
- Growing risks of cybercrime and cyberdisasters are reshaping local government operations across the nation after high-profile security incidences in 2017 and 2018. Creation of the City's Cybersecurity Office has begun to address priorities identified in ITD's 2017 Cybersecurity Work Plan. Joint work by departments and ITD, incorporating cyberdisaster exercises in Emergency Management planning, and additional investments in Cybersecurity will be critical long-term.
- Human Resources transferred the administration of the Workers' Compensation Program to a Third Party Administrator. This model was approved by the City Council on June 19, 2018.
- The Talent Recruitment Initiative was launched in 2017 and redesigned the City's hiring process to attract and quickly onboard top talent. In fall 2017, following a successful pilot, the Human Resource Department implemented training for an autonomous hiring program (10 departments) to give autonomy to department recruiters in conducting their own hiring process, thus increasing the City's capacity for hiring. The goal was to 1) Increase the number of people onboarded (volume); 2) Reduce the time to recruit and fill positions (cycle time); and 3) Increase the percentage of high potential people entering City service (quality). The initiative has helped reduce vacancies from more than 900 in January 2017 to just under 650 currently.

***Service Delivery Environment***

- With the rapid introduction of modernized technology tools, new challenges in change management, training, and productivity will continue to be an issue as employees adjust to the new environment and are required to part with antiquated business tools and processes.
- Given the strength of the local economy, construction costs continue to escalate, as reflected in the higher market rate bids. This trend is expected to continue and will impact the delivery of the City's Capital Improvement Program.
- Capital project specifications are increasingly incorporating "green" requirements to comply with City initiatives and other state and federal requirements (e.g., CalGreen and Title 24), and include use of green concrete, low Volatile Organic Compounds coatings, recycled/rubberized asphalt, low-e glazing, high efficiency Heating, Ventilation, and Air Conditioning equipment, and permeable paving.
- The City's building inventory was expanded during the decade of investment. Many of the newer facilities now are reaching the five- and ten-year thresholds, when they typically experience an increase in maintenance needs.

***CSA Priorities/Key Services***

- Provide compensation and payments to City employees and vendors in a timely and accurate manner
- Produce legally required, compliance, and regulatory information and financial reports
- Manage multi-billion dollar debt and investment portfolios
- Collect and deposit delinquent accounts receivables due to the City
- Bill and collect City utilities service fees for storm, sanitary, water, solid waste, and Business Tax
- Ensure a high degree of tax and revenue collection compliance through audits and reviews
- Explore further opportunities to maximize tax collections
- Procure goods and services pursuant to City Policies and Initiatives to support City operations in an open and competitive process
- Provide workers' compensation and safety services
- Manage the City's benefits program
- Provide City-wide employment services
- Achieve the San José Smart City Vision and Innovation and Technology Strategic Plans approved by the City Council
- Provide exceptional deskside and mobile support services to City employees to help them to provide superior municipal services to the community
- Address growing risks of cybercrime and cyberdisasters; build capacity to resume critical operations quickly
- Serve as the primary point of contact for residents, utilities customers, businesses, and employees through the Customer Contact Center and IT Help Desk; provide an exceptionally positive customer experience through customer service standards, multi-language support, and the My San José CRM technologies and integrations with departments
- Re-platform the city on current technologies that will sustain operations and innovation efforts, while also achieving better cost-to-performance metrics

***CSA Priorities/Key Services***

- Provide a foundation for data enabled civic innovations through Open Data Communities Architecture and focus on business process automations to accelerate and facilitate organization-wide decision-making
- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- “Greening” the City facilities and the City fleet
- Manage the City's space needs and the use of City-owned properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement services
- Provide mail room services, recycling services, and records management services in support of City policies and City-wide operations

*City Service Area*  
**Strategic Support**  
**OVERVIEW**

***Budget Dollars at Work: Performance Goals***

**OUTCOME 1: A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS**

Strategic Goals	CSA Performance Measures	2016-2017 Actual	2017-2018 Target	2017-2018 Estimate	2018-2019 Target	5-Year Goal
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employee performance appraisals completed on schedule	73%	80%	74%	80%	98%
Foster a shared vision with employees about the characteristics of a high-performing workforce	1. % of the public having contact with City employees who are satisfied or very satisfied with the: <ul style="list-style-type: none"> <li>- timeliness of City employees</li> <li>- courtesy of City employees</li> <li>- competency of City employees</li> </ul>	N/A <sup>1</sup> N/A <sup>1</sup> N/A <sup>1</sup>	76% 88% 80%	68% 78% 69%	N/A <sup>1</sup> N/A <sup>1</sup> N/A <sup>1</sup>	83% 88% 83%
Provide the necessary and required safety & health services that ensure employee health, safety and well-being	1. Number of Workers' Compensation claims per 100 FTEs	13.5	14.0	13.6	14.0	14.0

<sup>1</sup> Data for this measure is collected through the biennial City-Wide Community Survey. The next community survey will be conducted in fall 2019, and those results will be reported in the 2019-2020 Proposed Budget.

**OUTCOME 2: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT**

Strategic Goals	CSA Performance Measures	2016-2017 Actual	2017-2018 Target	2017-2018 Estimate	2018-2019 Target	5-Year Goal
Provide well-maintained facilities that meet customer needs	1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale)	93%	90%	86%	85%	90%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	82%	85%	85%	85%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	96%	95%	96%	95%	95%
	2. % of fleet in compliance with replacement cycle:					
• Emergency Vehicles	100%	100%	100%	100%	100%	
• General Fleet	88%	90%	88%	88%	90%	

***Budget Dollars at Work: Performance Goals***

**OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY**

Strategic Goals	CSA Performance Measures	2016-2017 Actual	2017-2018 Target	2017-2018 Estimate	2018-2019 Target	5-Year Goal
Deploy technology resources effectively	1. % of customers rating services as "good" or "excellent" <sup>1</sup> :					
	-IT Overall	N/A	N/A	N/A	≥80%	≥80%
	-Business Solutions	N/A	N/A	N/A	≥80%	≥80%
	-Customer Support	N/A	N/A	N/A	≥80%	≥80%
	- IT Infrastructure	N/A	N/A	N/A	≥80%	≥80%
	-Product-Project Management	N/A	N/A	N/A	≥80%	≥80%
	2. Uptime and availability <sup>1</sup>					
	-Business applications	N/A	N/A	N/A	≥99.8%	≥99.8%
	-Systems	N/A	N/A	N/A	≥99.9%	≥99.9%
	-Network	N/A	N/A	N/A	≥99.9%	≥99.9%
	3 % of project success <sup>1</sup> (schedule, cost, scope, value)	N/A	N/A	N/A	≥80%	≥80%

<sup>1</sup> Because the performance measures are new in 2018-2019, no data is available for 2016-2017 and 2017-2018.

**OUTCOME 4: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY**

Strategic Goals	CSA Performance Measures	2015-2016 Actual	2016-2017 Target	2016-2017 Estimate	2017-2018 Target	5-Year Goal
Maintain City's bond ratings <sup>1</sup>	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AA+	AA+	AA+	AA+	AA+
	• Fitch	AA+	AA+	AA+	AA+	AA+
Improve and protect the financial management system and have it available to address short- and long-term needs	1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	TBD <sup>2</sup>	TBD <sup>2</sup>
Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	TBD <sup>2</sup>	TBD <sup>2</sup>

<sup>1</sup> The City's general credit rating is rated Aa1/AA+/AA+ by all three leading national rating agencies. Moody's, Standard & Poor's, and Fitch, respectively. The Finance Department will continue efforts to maintain favorable bond ratings.

<sup>2</sup> Data for this measure is not available since the question to collect the data was removed from the City-Wide Community Survey. Survey questions were removed in an effort to streamline the survey to improve effectiveness and participation. A reevaluation of the entire set of survey questions will be conducted, and any corresponding performance measure changes will be reported in a future budget document.

*City Service Area*

**Strategic Support**

**ADOPTED BUDGET CHANGES**

<b>Adopted Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>FINANCE DEPARTMENT</b>			
• Business Tax Amnesty Program		305,000	305,000
• Payroll Technical Support	1.00	126,503	126,503
• Community Energy Financial Support Staffing	1.00	117,747	0
• E-procurement System		70,000	35,000
• Unclaimed Checks Outreach and Processing		61,000	61,000
• Revenue Results Software Phase II Implementation		18,700	18,700
• Print Management		(7,857)	(7,857)
• Rebudget: Training Materials		200,000	200,000
• Rebudget: Disaster Cost Recovery Manual Update		100,000	100,000
• Rebudget: General Liability Claims - Self-Insurance Actuarial Study		80,000	80,000
<i>Subtotal</i>	2.00	1,071,093	918,346
<b>HUMAN RESOURCES DEPARTMENT</b>			
• Workers' Compensation Program Service Delivery Model Change		650,000	650,000
• Workers' Compensation Program Temporary Resources		400,950	400,950
• Talent Development Initiative		350,000	350,000
• Voluntary Employee's Beneficiary Association Program and Accounting Support	2.00	226,912	226,912
• Employment Services Temporary Staffing Continuation		200,000	200,000
• Print Management		(4,792)	(4,792)
• Rebudget: Affordable Care Act Reporting/Programming		24,000	0
<i>Subtotal</i>	2.00	1,847,070	1,823,070
<b>INFORMATION TECHNOLOGY DEPARTMENT</b>			
• Payroll Technical Support	1.00	154,749	154,749
• City-Portfolio-Product-Projects Office		150,000	150,000
• Print Management		142,558	142,558
• Irrigation Technology Update	1.00	120,141	120,141
• Timeclocks Modernization Pilot Program		50,000	50,000
• IT Analytical Staffing		41,021	41,021
• Rebudget: Technology Equipment Replacement to Converged or Hyper-Converged		1,125,000	1,125,000
• Rebudget: Network Infrastructure Modernization		786,000	786,000
• Rebudget: Firewall Management		58,000	58,000
• Rebudget: Customer Relationship Management Maintenance and Feature Addition		37,000	37,000
<i>Subtotal</i>	2.00	2,664,469	2,664,469
<b>PUBLIC WORKS DEPARTMENT</b>			
• Public Works Department Staffing Plan	4.40	537,570	85,270
• Master Addressing Database	1.00	271,700	271,700
• ESRI Database Enterprise Agreement		200,000	200,000
• City Hall Security		197,000	197,000



*City Service Area*  
**Strategic Support**  
**ADOPTED BUDGET CHANGES**


<b>Adopted Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>PUBLIC WORKS DEPARTMENT</b>			
• Salary Program		161,472	149,242
• Communications Installation Staffing	1.00	90,135	0
• Inspector Vehicles		80,000	0
• Public Works Fleet Staff Training		50,000	0
• Ethnic and Minority-Led Small Business Grant Program		50,000	50,000
• Special City Hall Event Coordination	0.50	48,056	48,056
• Communications Hill Election		30,000	30,000
• Workplace Equity		17,000	17,000
• Energy Team Staffing	1.00	11,290	0
• Storm Pump Maintenance		0	(28,861)
• Print Management		(2,093)	(2,093)
• Rebudget: Ethnic and Minority Led Small Business Program		50,000	50,000
<i>Subtotal</i>	<b>7.90</b>	<b>1,742,130</b>	<b>1,017,314</b>
<i>Subtotal Departments</i>	<b>13.90</b>	<b>7,324,762</b>	<b>6,423,199</b>
<b>MAYOR, CITY COUNCIL, AND APPOINTEES</b>			
Approved changes appear in the next section of this document	<b>8.50</b>	<b>3,126,594</b>	<b>2,795,457</b>
<b>CITY-WIDE EXPENSES</b>			
• Ballot Measure Polling		75,000	75,000
• Citywide Open Data Environment and Architecture		600,000	600,000
• FMC Debt Service Payment (Airport West)		(2,907,000)	(2,907,000)
• FLSA Technical Support		75,000	75,000
• My San José 2.0		1,500,000	1,500,000
• TRANs Debt Service		714,000	714,000
• Miscellaneous Rebudgets		4,689,458	4,689,458
<b>GENERAL FUND CAPITAL, TRANSFERS AND RESERVES</b>			
• Capital Contributions: African American Community Services Agency Upgrades		50,000	50,000
• Capital Contributions: Children's Discovery Museum - Air Handler Unit Replacement		500,000	500,000
• Capital Contributions: City Hall HVAC Control System Replacement		2,800,000	2,800,000
• Capital Contributions: City Hall Network Operations Center - Electrical Switch Replacement		1,500,000	1,500,000
• Capital Contributions: Hammer Theatre Center Carpet Replacement		125,000	125,000
• Capital Contributions: Hammer Theatre Center HVAC Controls		250,000	250,000
• Capital Contributions: History San José - Automatic Parking Lot Gate		50,000	50,000
• Capital Contributions: Mexican Heritage Plaza Concrete Repair		50,000	50,000
• Capital Contributions: Miscellaneous Cultural Facility Repairs		200,000	200,000

*City Service Area*

**Strategic Support**

**ADOPTED BUDGET CHANGES**

<b>Adopted Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>GENERAL FUND CAPITAL, TRANSFERS AND RESERVES</b>			
• Capital Contributions: Police Communications Center Elevator Retrofit		600,000	600,000
• Capital Contributions: San José Museum of Art HVAC Controls Upgrades		300,000	300,000
• Capital Contributions: Rebudgets		13,673,500	13,673,500
• Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		400,000	400,000
• Transfers to Other Funds: Self-Insured Medical Fund		3,000,000	3,000,000
• Earmarked Reserves: 2019-2020 Future Deficit Reserve		15,500,000	15,500,000
• Earmarked Reserves: City Health Plan Restructuring Reserve		3,000,000	3,000,000
• Earmarked Reserves: Cultural Facilities Capital Maintenance Reserve		(700,000)	(700,000)
• Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)	(800,000)
• Earmarked Reserves: Office of Innovation Staffing Reserve		200,000	200,000
• Earmarked Reserves: Salaries and Benefits Reserve		2,539,291	2,539,291
• Earmarked Reserves: Rebudgets		44,887,074	44,887,074
<i>Subtotal Other Changes</i>	<b>0.00</b>	<b>92,871,323</b>	<b>92,871,323</b>
<b>Total Adopted Budget Changes</b>	<b>22.40</b>	<b>103,322,679</b>	<b>102,089,979</b>



**2018-2019**

---

**OPERATING BUDGET**

**STRATEGIC SUPPORT  
CSA**

**MAYOR,  
CITY COUNCIL  
AND  
APPOINTEES**



# Mayor, City Council and Appointees



***Mission:** The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees support and advance the collective work of the City organization through leadership, communication, and coordination*

### **Mayor and City Council**

- Office of the Mayor
- City Council
- Council General

### **Office of the City Attorney**

- Legal Services

### **Office of the City Auditor**

- Audit Services

### **Office of the City Clerk**

- City Clerk Services

### **Office of the City Manager**

- City-Wide Emergency Management aligned to the Public Safety CSA
- Lead and Manage the Organization

### **Office of the Independent Police Auditor**

- Core Service aligned to the Public Safety CSA

### **Office of Retirement Services**

- Retirement Plan Administration

## **Mayor, City Council and Appointees**

### **Expected 2018-2019 Service Delivery**

- ❑ The Office of the Mayor provides leadership and guidance to the City Council. Through community-based budgeting and gathering public input, the Mayor's Office will continue to ensure that the City's budget reflects the community's spending priorities and major initiatives of the City, including public safety, maintaining streets and roads, reducing homelessness, and economic development.
- ❑ The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions, subject to the provisions of the City Charter and the State Constitution.
- ❑ The City Manager's Office will continue to provide strategic leadership that supports the Mayor and the City Council and motivates, challenges and supports the organization and employees to deliver high quality services to meet the needs of the community.
- ❑ The City Manager's Office will continue to effectively forecast and monitor both revenues and expenditures in over 100 different funds and will develop the Operating and Capital Budgets for City Council consideration. The focus will be on maintaining budget stability and strategically investing the City's limited resources to keep our community safe, invest for our future, and maximize efficiency and effectiveness.
- ❑ The City Manager will continue to engage the workforce through ongoing structured communication, labor agreements and the coordination and implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain employees.
- ❑ The City Attorney's Office will provide advice to the City, its Council, boards and commissions, and employees; will represent the same parties in all matters pertaining to their powers and duties; and will advocate, defend, and prosecute legal matters on behalf of the City.
- ❑ The City Attorney's Office will continue to provide legal services to wind down the business affairs of the former Redevelopment Agency through its Successor Agency and Oversight Board, including the disposition of assets and enforceable obligations.
- ❑ The City Auditor's Office will conduct program performance audits; 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 City Auditor's Office will continue to issue the Annual Report on City Services, detailing the cost, workload, and performance data for City services to improve government transparency and accountability.
- ❑ The City Clerk's Office will maintain compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- ❑ The City Clerk's Office will conduct elections for City Council, Retirement Boards, Civil Service Commission, City Charter amendments, potential issuance of bonds, and ballot measures in accordance with the City Charter and the State of California elections code.
- ❑ The City Clerk's Office and City Manager's Office will create and distribute agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; and prepare and distribute minutes for all other Council Committees.
- ❑ The Office of Retirement Services will continue to manage the assets of the two Retirement Plans and seek solutions to increase investment returns and reduce volatility and cost while mitigating risk.

## **Mayor, City Council and Appointees**

### **2018-2019 Key Budget Actions**

- ❑ Adds 1.0 Deputy Director and 1.0 Senior Executive Analyst positions on an ongoing basis, 1.0 Senior Executive Analyst position through June 30, 2019 partially funded by the 2017 Coyote Creek Flood Grant, and 4.0 Executive Analysts I/II positions through June 30, 2019 funded by the Urban Areas Security Initiative Grant in the City Manager's Office of Emergency Management (OEM).
- ❑ Adds one-time staffing resources through June 30, 2020 in the Office of Civic Innovation for a Chief Data Officer. This position will provide strategic expertise and project management capacity as the City continues to build tools that better leverage internal and external data resources to improve public service delivery in alignment with the City's Smart City Vision.
- ❑ Adds 1.0 Assistant to the City Manager and 1.0 Senior Executive Analyst in the City Manager's Office through June 30, 2019 to support the City's Broadband and Digital Inclusion Strategy.
- ❑ Adds one-time personal services funding of \$250,000 to the City Manager's Office to help ensure the accuracy of the census count for the Census 2020.
- ❑ Adds 1.0 Executive Analyst position in the City Manager's Office through June 30, 2021 to support the Housing Catalyst Team, which will facilitate and promote both market rate and affordable housing opportunities.
- ❑ Adds one-time funding of \$300,000 to advance key policies and strategies that support the Smart City Vision including essential privacy and data security work necessary to implement projects in the City's innovation pipeline, a community Wi-Fi strategy, and a safe city strategy.
- ❑ Eliminates 1.0 Legislative Research Specialist and 0.5 Secretary PT positions, and adds 1.0 Senior Executive Analyst and 2.0 Executive Analysts I/II positions to the newly created City Manager's Office of Administration, Policy, and Intergovernmental Relations to better align current resource needs with staffing responsibilities.
- ❑ Adds 1.0 Deputy City Attorney IV position to provide litigation services related to the enforcement and compliance with the City's Apartment Rent Ordinance.
- ❑ Continues 1.0 Legal Analyst II through June 30, 2019 to support Workers' Compensation Litigation matters.
- ❑ Continues one-time funding of \$82,000 for temporary part-time attorney services, partially funded by the San José-Santa Clara Treatment Plant Capital Fund (6%) and the San José-Santa Clara Treatment Plant Operating Fund (20%), to provide training and other transactional legal services related to Planning, the Regional Wastewater Facility (RWF), and Municipal Water programs, as well as, provide as needed assistance for general legal assignments
- ❑ Continues to shift funding on a one-time basis for 0.41 positions from the General Fund to the Water Utility Fund for City Attorney staff work that will support the Municipal Water System.
- ❑ Continues 1.0 Information Systems Analyst position and 1.0 Senior Analyst position in the Office of Retirement Services through June 30, 2019 to support the implementation of the new Pension Administration System (PAS), which started in March 2015 and is anticipated to take four years to complete.

*Strategic Support*

**Mayor, City Council and Appointees**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>MAYOR AND CITY COUNCIL</b>			
• Signage for Identification of Wildlife Crossing		(915)	(915)
• Rebudget: City Council 2017-2018 Expenditure Savings		2,049,400	2,049,400
• Rebudget: Office of the Mayor 2017-2018 Expenditure Savings		894,000	894,000
• Rebudget: Council General 2017-2018 Expenditure Savings		1,000	1,000
<i>Subtotal</i>	0.00	2,943,485	2,943,485
<b>OFFICE OF THE CITY ATTORNEY</b>			
• Salary Program		368,918	248,584
• Rental Rights and Referrals Attorney	1.00	158,639	0
• Workers' Compensation Legal Analyst Support	1.00	101,265	101,265
• Legal Staffing for Planning, Environmental Services and Other Transactional Assignments	0.00	82,000	60,680
• Municipal Water System Litigation Staffing	0.00	0	(100,860)
• Print Management		(6,839)	(6,839)
• Rebudget: Electronic Information Document Review and Production Software		35,000	35,000
<i>Subtotal</i>	2.00	738,983	337,830
<b>OFFICE OF THE CITY CLERK</b>			
• Print Management		(4,304)	(4,304)
• Rebudget: Electronic Document Management System		93,000	93,000
<i>Subtotal</i>	0.00	88,696	88,696
<b>OFFICE OF THE CITY MANAGER</b>			
• Local Sales Tax - Personal Services		473,000	473,000
• Local Sales Tax - Non-Personal/Equipment		300,000	300,000
• Innovative Roadmap - Privacy and Data Security, Community Wi-Fi, and Safe City Strategy		300,000	300,000
• Census 2020		250,000	250,000
• Office of Civic Innovation Staffing	0.00	200,000	200,000
• Housing Development Catalyst	1.00	150,000	150,000
• City Manager's Office Office Space Reconfiguration		190,000	190,000
• Administration, Policy and Intergovernmental Relations Staffing	1.50	82,187	152,203
• Broadband and Digital Inclusion Strategy	2.00	0	0
• Personal Services		(473,000)	(473,000)
• Non-Personal/Equipment		(300,000)	(300,000)
• Rebudget: Office of Emergency Management		560,000	560,000
• Rebudget: Office of Immigrant Affairs		150,000	150,000
• Rebudget: Budget Office		50,000	50,000
• Rebudget: SMART Cities Regional Sponsorship Contract 2018		10,000	10,000
• Rebudget: Executive Leadership		75,000	75,000
• Print Management		(4,380)	(4,380)
<i>Subtotal</i>	4.50	2,012,807	2,082,823

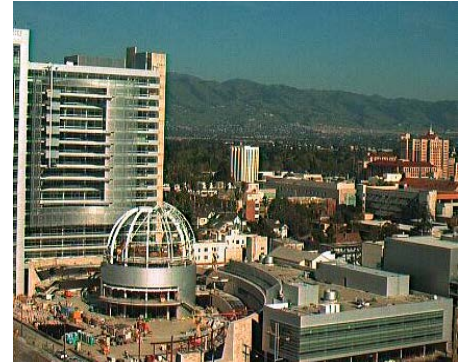


**Mayor, City Council and Appointees**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>OFFICE OF THE INDEPENDENT POLICE AUDITOR</b>			
• Rebudget: WiFi Maintenance and Printing		6,440	6,440
<i>Subtotal</i>	0.00	6,440	6,440
<b>OFFICE OF RETIREMENT SERVICES</b>			
• Pension Administration System Implementation Staffing	2.00	279,668	279,668
<i>Subtotal</i>	2.00	279,668	279,668
<b>Total Adopted Budget Changes</b>		<b>8.50</b>	<b>5,738,942</b>

**PAGE IS INTENTIONALLY LEFT BLANK**

# *Strategic Support* **Mayor and City Council**



***Mission:** The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services*

## ***Primary Partners***

### **Mayor and City Council**

Office of Retirement Services

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police  
Auditor

## **BUDGET PROGRAMS**

- Office of the Mayor
- City Council

**PAGE IS INTENTIONALLY LEFT BLANK**

*Strategic Support*  
**Office of the City Attorney**



***Mission:** The Office of the City Attorney is committed to providing 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*

**Primary Partners**

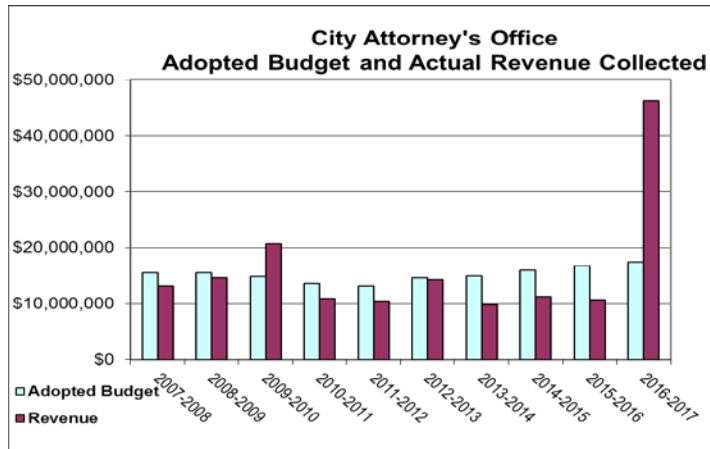
Mayor and City Council  
**Office of the City Attorney**  
Office of the City Auditor  
Office of the City Clerk  
Office of the City Manager  
Office of the Independent Police  
Auditor

**CSA OUTCOMES**

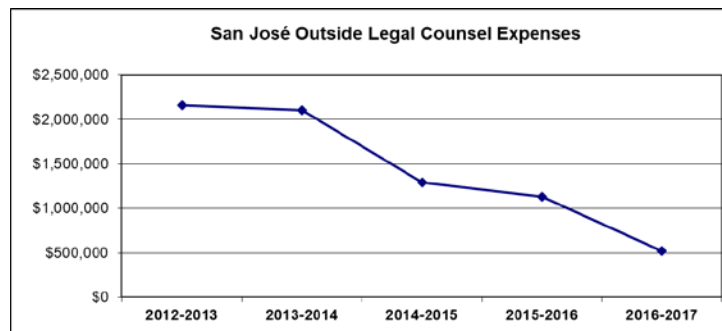
- City Business is Conducted Lawfully
- City's Interests are Protected and Advanced

***Service Delivery Accomplishments***

- The 2018 client survey was conducted in January, 2018. Results indicate that 90% of the respondents are satisfied with the overall legal services provided by the City Attorney’s Office.
- Annual revenue collections averaged \$16.2 million over the past ten years, and plaintiff cases handled by the Office in 2016-2017 generated the collection of \$46.2 million, which includes a \$36.2 million recovery in litigation against the Housing and Urban Development Agency (HUD), \$9.2 million in Tobacco Settlement funds, a \$210,000 bankruptcy settlement, and a collective amount of \$90,000 in Marijuana Business Tax and Abatement penalties. Collection actions are initiated in instances when debt to the City is greater than \$5,000.

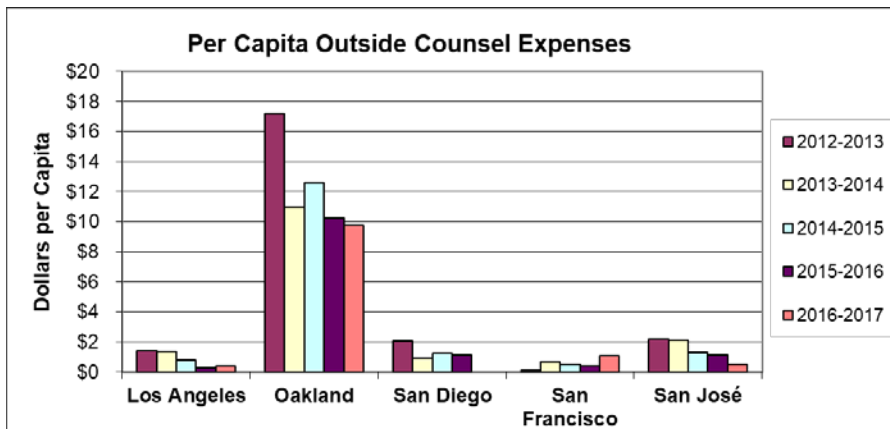


- City legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. While higher in recent years as a result of limited staffing, potential conflicts of interest in connection with pension-related matters, and the need for specialized legal services, the use of outside legal counsel decreased in 2016-2017. If the pension-related lawsuits are resolved, it is anticipated that the use of outside legal counsel will continue to decline.

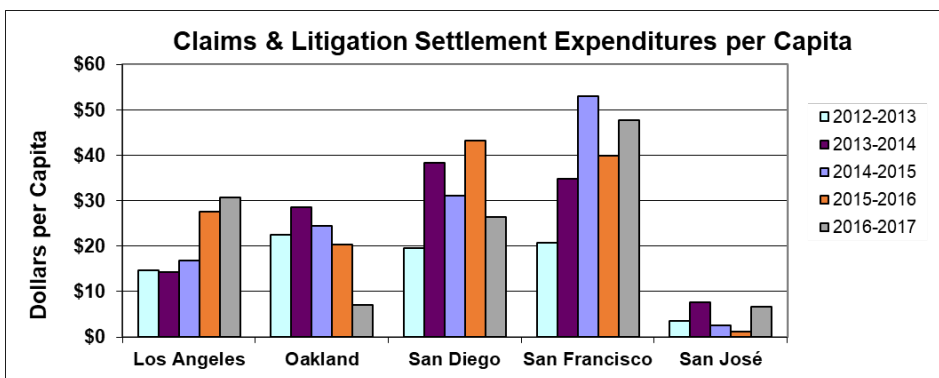


***Service Delivery Accomplishments***

- The City of San José paid less in total funds for outside counsel during 2016-2017 (\$518,000) than the cities of Los Angeles (\$1.5 million), Oakland (\$4.1 million), and the City and County of San Francisco (\$911,000). San Diego outside counsel costs are now tracked separately by each department, and were not available in 2016-2017. Included is a chart comparing Outside Counsel Expenses per Capita of four large California cities to the City of San José where available for the five-year period of 2012-2013 through 2016-2017.



- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. For the five-year period of 2012-2013 through 2016-2017, San José paid, on average, \$4.3 million in annual settlement costs. The next lowest average annual payout was \$8.4 million by the City of Oakland. Over the same period, payouts were higher for the cities of Los Angeles (\$82 million), San Diego (\$43.7 million), and the City and County of San Francisco (\$41.6 million). The chart below reflects Claims and Litigation Expenditures per Capita of the four large cities compared to the City of San José during this period. The City of San José's average will be affected in future years with the settlement of a recent large verdict. The City is continuing to see increased litigation and verdict values, particularly in connection with civil rights cases.



*Strategic Support*  
**Office of the City Attorney**  
**OVERVIEW**

***Service Delivery Accomplishments***

- The Office worked with City staff on a significant bond transaction during 2017-2018: the issuance of over \$1 billion of Successor Agency Bonds to refund outstanding Successor Agency Bonds and bonds issued by the City of San José Financing Authority for which there was a Successor Agency obligation to repay. The Successor Agency issuance resulted in significant debt service savings for the Successor Agency (net present value savings of \$185,599,774), simplified debt administration, and eliminated potential risk to the General Fund for payments on the refunded City of San José Financing Authority Bonds. This transaction involved substantial effort by the Office over 2016-2017 and 2017-2018.
- The Office advised staff on a variety of legal issues associated with the establishment and financing of Community Choice Aggregation (CCA) in San José. With the establishment of a San José CCA approved by the City Council, the Office will need to use the services of outside counsel to a greater extent while the Office builds expertise in this specialized area.
- The Office spent considerable time and effort working with City staff and outside consultants in preparation of a report required under Government Code Section 9212 in response to the Petition Initiative Amending the Envision San José 2040 General Plan.
- The Office has worked with the Office of Economic Development to negotiate the price of the City and Successor Agency properties in the Diridon Station Area to commence the negotiations of a purchase and sale agreement with Google and a compensation agreement with the County of Santa Clara.
- The Office worked with City staff on land use policies and requirements including: (1) the Vehicle Miles Traveled Policy; (2) Off-Site Advertising and Downtown Sign Intensification; and (3) streamlining the permit process for tree removal on private property.
- The Office worked with City staff on the implementation of ordinances regulating medical marijuana collectives and continues to successfully support the City's Code Enforcement efforts related to enforcement of the City's medical marijuana regulations.
- The Office drafted or reviewed at least 117 ordinances through mid-March 2018. These included the Municipal Code amendments in the public safety area to regulate (1) the sale of recreational cannabis to meet the State's January 1, 2018, implementation of the legalization of recreational cannabis; and (2) the safe storage of firearms.
- The Office coordinated tax advice, revisions to the City's Municipal Code and various legal issues in connection with Measure F and the Alternative Pension Reform settlement frameworks entered into with the bargaining groups, including plan documents and ordinances to establish the Voluntary Employee Beneficiary Association, or (VEBA).
- The Office continued to provide increased support for campaign ordinance guidance, elections, and ethics issues.
- The Office continued to represent the litigation interests of the City in an effective manner, achieving positive results for the City and affected employees.
- The Office filed more collection actions on behalf of the City and obtained judgments and settlements for unpaid administrative fines, Transient Occupancy Tax, and service fees.

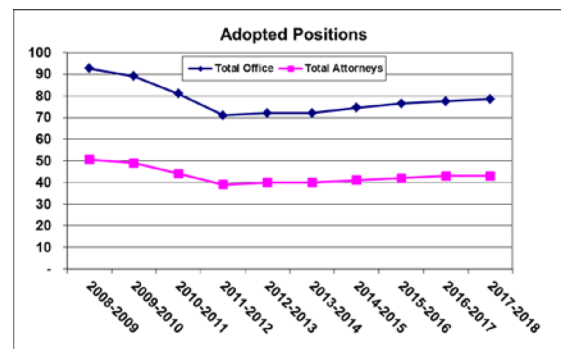


### ***Service Delivery Accomplishments***

- Although the former San José Redevelopment Agency was dissolved in 2011-2012, the Office continues to provide legal services to support the Successor Agency to the Redevelopment Agency of the City of San José and to the Oversight Board in its ongoing dissolution related activities, including property disposition and negotiations with creditors.
- The Office continues to take a more proactive role in assisting the City Manager’s Office and other City Departments in responding to the ever-increasing number of Public Records Act requests.
- The Office has obtained and is in the process of implementing technology to assist the Office in reviewing Public Records Act requests and responding to electronic discovery.

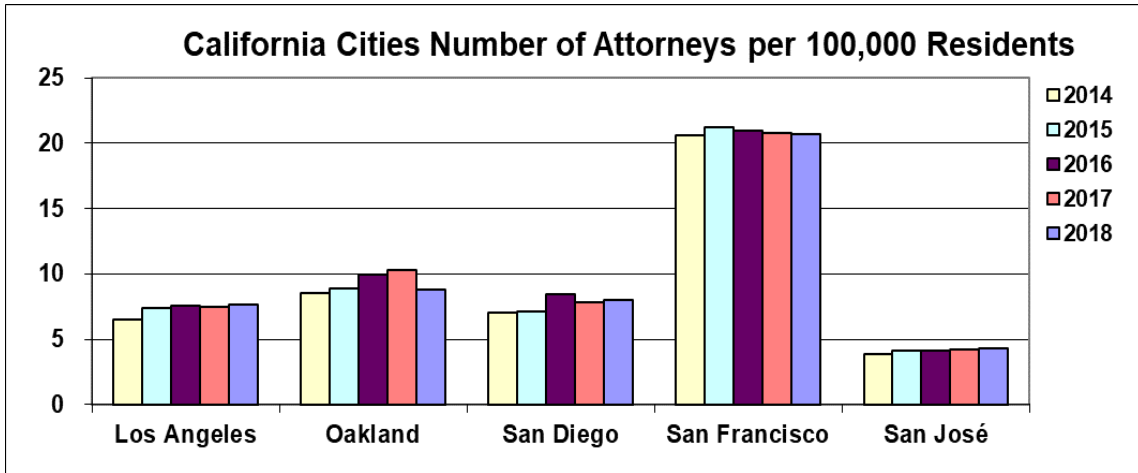
### ***Service Delivery Environment***

- The City Charter establishes the duties of the City Attorney’s Office to represent the City, its Council, boards and commissions, and employees in all actions and to provide advice to the same parties in all matters pertaining to their powers and duties. Fulfilling these core services requires a level of staffing higher than the existing Office model.
- General Fund budget reduction actions implemented from 2006 through 2013 decreased Office resources to minimum levels. Though staffing levels stopped decreasing in 2012, demand for legal services increased for some practice areas. With the stabilization of staffing levels and incremental increases in the past several years, the Office is better positioned to address demand for services; however, demand for new services continues to exceed the current capacity.
- In light of the improved economy and the need to implement significant projects, including but not limited to the Master Plan for the Regional Wastewater Facility, there is an increased need for legal services related to innovation in City technology, planning and development, economic development, construction, environmental issues, and real estate.
- Increased development in the City has meant more California Environmental Quality Act (CEQA)-related litigation. CEQA lawsuits are document intensive and often require the compilation of lengthy administrative records and multiple Public Records Act requests.
- During 2017-2018, the Office had a total of 44 budgeted attorney positions, which is 7.6 fewer attorneys than the 2007-2008 budgeted positions of 51.62. In light of the continuing 14.8% decrease in attorney numbers since 2007-2008, the Office continues to face significant challenges in meeting the current legal services demand, particularly in specialized areas such as environmental regulation and clean energy.
- Staffing levels remain inadequate to proactively address a variety of litigation services.
- It is anticipated that substantial litigation resources during the next fiscal year will be devoted to civil rights cases.

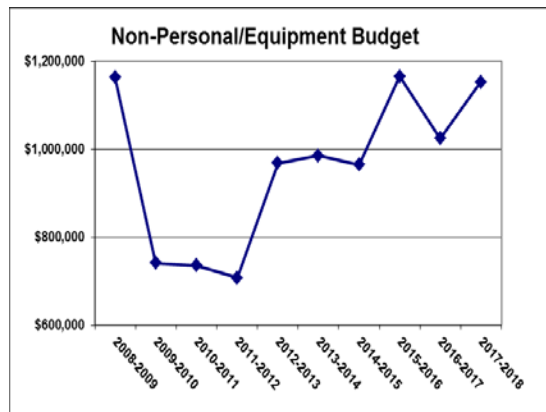


***Service Delivery Environment***

- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney’s Office continues to be the lowest among the cities of Los Angeles, Oakland, and San Diego. To more accurately compare the staffing levels of the different offices, the prosecuting criminal attorneys for Los Angeles and San Diego have been excluded from the chart below. San Francisco, as a city and a county, has many more attorneys than other California cities.



- Outside litigation costs, including costs for specialized outside counsel, counsel in cases with a conflict of interest, technical experts, and other consultant and expert witness services, are incurred, most notably in civil rights, catastrophic injury, and document-intensive cases. These costs are unpredictable and are largely outside of the Office’s control. The Office will continue to use outside expertise as efficiently as possible to manage costs.
- The Office continues to administer an unpaid internship program for law students and attorneys newly admitted to the California State Bar. The interns and attorney volunteers are given an opportunity to gain practical experience while providing the Office with needed support in handling the high volume of work. Competition with outside paid internship opportunities has recently decreased the applicant pool for these positions.



***Budget Dollars at Work: Performance Goals***

**OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY**

- ✓ Provide legal counsel at all City Council and Council Committee meetings and certain meetings of major boards and commissions, as necessary. The Office continues to provide staffing at all Planning Commission, Civil Service Commission, and Appeals Hearing Board Commission meetings. In addition, the Office provides legal counsel to all other Boards and Commissions.
- ✓ Prepare and review ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform analyses on relevant federal and state legislative actions.
- ✓ Provide oral and written legal advice and opinions.
- ✓ Provide legal services to assist City staff in identifying additional revenue sources, including analysis and implementation of revenue sources (e.g. taxes, assessments, and fees).
- ✓ Continue to provide significant construction related legal services for the various Public Works capital projects as well as implementation of the Water Pollution Control Capital Program and the Sanitary Sewer System Capital Program.
- ✓ Respond, review, and coordinate complex Public Records Act requests. Considerable resources are dedicated to increasingly complex Public Records Act requests involving electronic data.

**OUTCOME 2: CITY'S INTERESTS ARE PROTECTED AND ADVANCED**

- ✓ Initiate and defend lawsuits and other legal actions involving the City.
- ✓ Initiate collection actions on behalf of the City for matters where the debt is over \$5,000.
- ✓ Provide legal representation at administrative hearings.
- ✓ Prosecute select municipal code violations to address serious health and safety concerns.
- ✓ Investigate and respond to claims filed against the City.
- ✓ Conduct and coordinate confidential internal City investigations.
- ✓ Devote considerable resources to respond to increasingly complex discovery and Public Records Act requests involving electronic data.

**PAGE IS INTENTIONALLY LEFT BLANK**

*Strategic Support*  
**Office of the City Auditor**



***Mission:** To independently assess and report on City operations and services*

***Primary Partners***

Mayor and City Council  
Office of the City Attorney  
**Office of the City Auditor**  
Office of the City Clerk  
Office of the City Manager  
Office of the Independent Police Auditor  
Office of Retirement Services

**CSA OUTCOMES**

- Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

*Strategic Support*  
**Office of the City Auditor**  
*OVERVIEW*

***Service Delivery Accomplishments***

Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified program efficiencies, revenue enhancements, and cost savings. In 2017-2018, the City Auditor's Office identified approximately \$1,380,000 in cost savings and revenue enhancements, achieving a ratio of about \$0.56 in monetary benefits to every \$1 of audit costs (Target: \$2 to \$1).

During 2017-2018, the Office completed 19 audit projects, or approximately 1.6 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2017-2018 include:

- Pensionable Earnings: Tighter Controls and More Transparency Can Ensure Retirement Contributions Continue to be Accurate
- Annual Report on City Services 2016-2017
- Airport Financial Projections: Balancing Ongoing Debt-Service Obligations with Increasing Operational Needs
- Team San Jose's Performance 2016-2017
- San José's Tier 3 Defined Contribution Plan: The City Should Clarify How Contributions Are Calculated
- Audit of Employee Travel Expenses
- Preliminary Review of San José Clean Energy: The City Is Developing Controls to Manage Risks
- Audit of Retirement Services: Greater Transparency Needed in the Budgeting Process, Interactions Among Stakeholders, Investment Policies, and Plan Administration
- Audit of Environmental Services Department Consulting Services: Agreements Require Additional Oversight
- Open Government: The City Has Made Progress in Meeting the Goals of the Sunshine Reform Task Force
- Audit of Residential High-Rises: Considerations for A City with A Growing Number of Tall Buildings
- Audit of the Police Activities League

The Office provided oversight of external auditors regarding:

- Audits of Parks and Recreation bonds, Library bonds, Public Safety bonds, and Parcel Tax funds;
- City of San José Annual Financial Audit, Single Audit, and related financial audits as of June 30, 2017; and
- Semi-Annual Reviews for compliance with the City's Investment Policy.

The Office issued monthly audit status reports and semi-annual follow-up reports on outstanding audit recommendations.

### ***Service Delivery Environment***

As the City continues to look for efficiencies in service delivery, the City Auditor's Office will continue its focus on searching for revenues and cost-savings opportunities, and will work with the City Manager's Office to target areas for audit that are likely to yield the most benefit.

### ***Budget Dollars at Work: Performance Goals***

#### **OUTCOME 1: IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT**

- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2018-2019 Audit Workplan will target City Council and other City Appointee concerns and areas identified in the City Auditor's City-Wide Risk Assessment model.
- ✓ Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30 and December 31 each year. Through December 2017, approximately 74% of the 827 recommendations made in the last ten years have been implemented.
- ✓ The City Auditor's Office looks forward to participating in the implementation of the *Smart City Vision* by improving the availability and usage of audited performance data, and focusing audit recommendations on improving City services through better use of technology.

#### **OUTCOME 2: PROVIDE INDEPENDENT, RELIABLE, ACCURATE, AND TIMELY INFORMATION TO THE CITY COUNCIL AND OTHER STAKEHOLDERS**

- ✓ Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. The 2017-2018 Audit Workplan was approved by the City Council in August 2017. The 2018-2019 Proposed Audit Workplan will be submitted for City Council approval in August 2018.
- ✓ Provide performance report and enhance the display of online performance information. In December 2017, the Office published the City's tenth *Annual Report on City Services*. The Office will continue this project in 2018-2019, and will continue to work with City staff on audit projects designed to improve the City's performance management and reporting systems as outlined in the 2009 *Performance Management and Reporting in San Jose: A Proposal for Improvement* report.
- ✓ Continue to improve the website. The Office's website includes copies of audit reports issued by the Office since 1985 and links to the City Council Committee archive video of the hearings where available. The Office will continue to ensure that information on the site is current and relevant.

**PAGE IS INTENTIONALLY LEFT BLANK**



*Strategic Support*  
**Office of the City Clerk**



***Mission:** Provide strategic support services and leadership to maximize public access to municipal government*

**Primary Partners**

Mayor and City Council  
Office of the City Attorney  
Office of the City Auditor  
**Office of the City Clerk**  
Office of the City Manager  
Office of the Independent Police Auditor  
Office of Retirement Services

**CSA OUTCOME**

- The Municipal Legislative Process is Accessible and Open to the Community

*Strategic Support*  
**Office of the City Clerk**  
*OVERVIEW*

***Service Delivery Accomplishments***

The Office of the City Clerk continued to ensure that mandated services were provided in the most cost-effective manner. In 2017-2018, the Office:

- Conducted an election for the Mayor, City Councilmembers, and ballot measures; worked with proponents of initiatives in accordance with the City Charter and the State Elections Code; and maintained compliance with open government, campaign finance, lobbyist registration, statements of economic interest, and other public disclosure requirements.
- Prepared and distributed agenda packets, synopses, and action minutes of City Council, Rules and Open Government committee meetings, and posted them on the City's website. Prepared and distributed minutes for other City Council Committees, and other entities, such as the Successor Agency to the Redevelopment Agency, the Oversight Board, and the Financing Authority. All City Council and City Council committee meetings were web-cast live, indexed, and archived for on-demand replay.
- Provided access to the City's legislative records and documents. Fulfilled requests for the City's legislative records and related public documents under provisions of the California Public Records Act. Updated and posted the Municipal Code, City Charter, and Council Policy Manual on the City's website. Indexed all documents presented to the City Council for storage and retrieval, and made available to the public.
- Provided fiscal, grant, budget, human resources, payroll, administrative, and technical support services for the Mayor's Office, City Council Offices, and for the City's Boards, Commissions, and Committees.
- Reviewed and executed all City contracts for administrative compliance, and made them available for review.
- Provided transparent legislative services in accordance with Sunshine/Open Government Reforms, transitioning from more traditional labor and paper-intensive processes to online systems.
- Conducted employee elections to nominate employee representatives for appointment by the City Council to the Retirement Boards. Conducted recruitment efforts and supported the City Council's selection of additional public members for the Retirement Boards, thus assisting in the implementation of governance reforms.
- Provided support for City Council appointments to boards, commissions, and committees, including orientation and training to new commissions and commissioners. Provided direct support to the Council Appointment Advisory, and the Civil Service and Ethics Commissions.

***Service Delivery Environment***

The Office of the City Clerk continues to see heavy workload in all areas of Office operations. As the Office of the City Clerk plans for the next five years, the overarching goal remains to enhance the use of technology to improve and expedite services. Specific examples of trends, issues, and opportunities include:

- Continued work on new Open Government policies and procedures in line with the "Open Data Policy" and recommendations from the Sunshine Reform Task Force, including disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Councilmembers.
- The need for an improved, less labor-intensive process for creating and disseminating City Council meeting agendas and memoranda, and improved technology to enhance the public's access to the City's legislative process and records.

### ***Service Delivery Environment***

- The increased demand for access to a wide variety of public records, including a rising community expectation for online access to candidate and committee campaign disclosure statements and lobbyist activity reports.
- In addition to providing administrative services for the Mayor and City Council, the Office also posts agendas and minutes, and addresses records management and other support services for the Successor Agency to the Redevelopment Agency and the Oversight Board.

### ***Budget Dollars at Work: Performance Goals***

#### **OUTCOME: THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY**

The Office of the City Clerk has three strategic goals and objectives:

- ✓ Deploy technology resources effectively;
- ✓ Increase efficiency of service delivery; and
- ✓ Maintain high levels of customer service.

The Office of the City Clerk will provide the following services directly related to its outcome:

- ✓ Successfully conducting municipal elections for the City Council members, and ballot measures;
- ✓ Creating and distributing agenda packets, synopses, and minutes for all City Council meetings and City Council Rules and Open Government Committee meetings; preparing and distributing minutes for all other Council Committees;
- ✓ Posting all changes to the San José Municipal Code and the City Council Policy Manual on the web; publishing and distributing hard-copy supplements;
- ✓ Creating and maintaining a legislative history of City Council, Successor Agency to the Redevelopment Agency, the Oversight Board, and related entities' actions; and indexing and filing all public records such that the records can be retrieved in a timely manner and the history is readily available;
- ✓ Conducting the recruitment, application, and selection processes for boards and commissions through the Council Appointment Advisory Commission; directing City Council interview and appointment; and facilitating the City Council's appointment of public members to the Retirement Boards and the Civil Service Commission;
- ✓ Conducting employee and retiree elections for the employee and retiree members, as applicable, of both Retirement Boards and the Civil Service Commission;
- ✓ Providing administrative support services to the Elections Commission, Civil Service Commission, Council Salary Setting Commission, and the Council Appointment Advisory Commission;
- ✓ Researching City Council actions and records from the adoption of the City Charter to the present;
- ✓ Providing administrative support including fiscal management, human resources administration, budgeting, grant administration, and procurements for the Mayor and City Council Offices; and
- ✓ Accepting and making available all Statements of Economic Interests, campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council members (calendars, fundraising solicitations, and outside income disclosure).

**PAGE IS INTENTIONALLY LEFT BLANK**

# *Strategic Support* **Office of the City Manager**



***Mission:** 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*

## **Primary Partners**

Mayor and City Council  
Office of the City Attorney  
Office of the City Auditor  
Office of the City Clerk  
**Office of the City Manager**  
Office of the Independent Police  
Auditor  
Office of Retirement Services

## **CSA OUTCOMES**

- The Community Receives Customer-Focused, Results-Driven Services
- The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- Support Employees to Actively Engage With and Achieve the City's Vision

*Strategic Support*  
**Office of the City Manager**  
*OVERVIEW*

***Service Delivery Accomplishments***

The Office of the City Manager provides the leadership necessary to make certain that ongoing services are being delivered with the highest standards of quality and customer service. The following are highlights of 2017-2018 service delivery accomplishments:

- **Executive Leadership and City Management** provides strategic leadership that support the Mayor and City Council. The City Manager’s Office also serves to guide fiscal and change management, the building and development of our workforce, and advancement of long-term, data driven strategies to invest in the City’s future.

Upon appointment in October 2017, the City Manager identified seven enterprise priorities to focus San José’s transition as an organization and City for the next several years. These “Enterprise Priorities” are each lead by a City Manager Executive Leadership Team member, as they include multiple departments, external organizations, community members and employees. These priorities help the City achieve our shared purpose—to ensure that San José is a Valley of Opportunity to guide this City through a time of transition and pass it forward to the next generation, greater and more vibrant than it is today. The City Manager’s Office provides oversight to the workplan development and items referred to the full City Council by the six Standing Committees of the City Council. The six Committees are: Rules and Open Government; Community and Economic Development; Neighborhood Services and Education; Public Safety, Finance, and Strategic Support; Smart Cities and Improvements; and Transportation and Environment. Each committee meets 10 times annually, except for Rules and Open Government, which meets weekly (except in July). In addition, the Ad-Hoc Committee for Development Services meets every other month. In 2017-2018, the City Manager’s Office staffed approximately 100 Council Committee meetings.



**CITY MANAGER’S ENTERPRISE PRIORITIES**

1. **Emergency Management and Preparedness:** No issue is more important than the lives and safety of our residents. The City has more work to do to ensure San José is well-prepared for earthquakes and other disasters, particularly for those who are most vulnerable. As a City, we will do more to be prepared for emergencies and commit to this priority with relentless attention and support.
2. **Creating Housing and Preventing Homelessness:** All people in San José need a place they can call home, and feel they belong as a vital part of the city around them. If we are to welcome everyone home to San José, we must address the housing crisis and homelessness that confront our City. Our Mayor and Council have embraced the goal of adding 25,000 residential units in the next five years – including 10,000 affordable units. This bold goal is a challenge for our departmental resources, so we must roll up our sleeves and creatively address the challenge.
3. **Vibrant, Safe and Inclusive Neighborhoods and Public Life:** The diverse mosaic of people who live, work and play in San José deserve vibrant public spaces and places that are beautiful, clean, safe and inclusive. The people of San José need community spaces that bring them together across generations, across cultures, and points of view.
4. **The Future of Downtown:** Downtown is everyone’s neighborhood. Diridon Station is slated to become an expanded intermodal transportation hub of regional and statewide significance. Both BART and High Speed Rail are designated to join electrified Caltrain and VTA Light Rail at the Diridon Station. It is one of our highest priorities to effectively manage the complex mix of transit improvements, commercial development, residential development, and public space improvements taking place Downtown.
5. **Building the San José of Tomorrow – Private Development Services:** To drive economic investment and development in San José, we must transform our planning, building, and permitting processes for small and large-sized businesses. We will address the efficiency and flow of our Development Services processes, because we’re building the future San José that is outlined in the San José Envision 2040 General Plan.
6. **Smart, Sustainable and Reliable City: 21<sup>st</sup> Century Infrastructure:** Competing in the global economy and addressing climate imperatives requires updating our energy, water, waste, transportation, and internet connectivity infrastructure, as well as translating traditional infrastructure such as roads and streetlights into 21<sup>st</sup> century infrastructure. From the launch of a Clean Energy program, long-term investments in the Regional Wastewater Facility and San José International Airport, and new strategies for Broadband and Digital Inclusion, as well as Automated/Electric Vehicles, we must focus on developing smart, sustainable, and reliable infrastructure to shape America’s next great city.
7. **Strategic Fiscal Positioning and Resource Deployment:** We will continue to be both strategic and responsible in how we manage and balance the City’s \$3.7 billion budget, and must be smart and efficient in how we serve our community. We will always look for opportunities to be cost-effective in all aspects of our service delivery system and consider new or expanded revenue sources, while minimizing impacts to our tax, rate, and fee payers while working to ensure equity and inclusion in how our services are delivered.
8. **Powered by People:** We recognize that our employees power the City of San José and our success as a City is dependent on our ability to create a diverse, talented, and engaged workforce. Managing our talent means we will continue to accelerate and improve upon our successes in our strategic hiring, develop partnerships to create a long-term recruiting pipeline, and to support employee retention, engagement, and advancement through training and development programs.



## ***Service Delivery Accomplishments***

- **The Office of Administration, Policy, and Intergovernmental Relations (API)** developed in 2017-2018, helps to ensure greater capacity and the alignment of policy priorities both internally and externally, enhancing the City Manager's Office internal budget planning and management, and streamlining citywide administrative approvals. API consolidated staff from the City Manager's Agenda Services Program, the Office of Intergovernmental Relations, Policy Research and Development, Strategic Support, and Administration to form a high performing team to expedite and provide expertise and best practice development to the organization. During 2017-2018, API provided oversight and approval for over 900 contracts, managed and provided fiscal and purchasing services, and monitored a budget of over \$21 million. In addition, in 2017-2018, API began overseeing all potential ballot measures for possible inclusion on the November 2018 ballot.

During 2017-2018, API's Agenda Services facilitated a Council Initiated Priority Setting Session (October 2017) to determine what potential or pending ordinances and policy initiatives held highest priority for the Mayor and City Council for completion in the year ahead. Agenda Services also reviewed over 600 City Council Agenda reports and assigned and tracked over 100 Council Referrals in 2017-2018. In addition to the 39 City Council Meetings held annually, Agenda Services staff also supported 24 Study Sessions and Special meetings. In collaboration with the City Clerk's Office, Agenda Services continued to streamline and enhance legislative services to transition from more traditional labor and paper-intensive processes to online systems.

Intergovernmental Relations, also included in API, provided city-wide training and information to City officials and staff to ensure that the City's best interests are met through legislative advocacy at both the State and Federal levels. Legislative Guiding Principles and Priorities were adopted to provide the City's lobbyists with direction in Sacramento and Washington, D.C. The City's State Lobbyists worked with the Legislature and various City departments to ensure that the City's best interests were met, while also working with the Governor's office to defeat SB 649, which would have required the City to allow installation of small cellular radio access nodes (small cells) on utility poles and streetlights for a nominal annual fee. The City's Federal lobbyist firm lobbied the legislature to preserve the tax-exempt status of Private Activity Bonds and the New Market Tax Credit while keeping each department updated as to proposed legislation and federal efforts, which may affect the city.

- **Budget Office** accomplished a redesign and redeployment of the Hyperion operating budget platform, implementing new functionalities during each phase of the budget development process. As refinements continue and staff expertise with the system grows, Hyperion provides an integrated approach to developing, monitoring, and sharing program-level budget information to decision makers, residents, and staff. In addition to Hyperion's implementation, the City Manager's Budget Office continued to provide ongoing review, monitoring, analysis, forecasts, and reporting on the City's 116 Operating and Capital funds, allowing for effective oversight and controls throughout the fiscal year. By developing and monitoring the \$3.7 billion in Operating and Capital Budgets – along with the Annual Report, Mid-Year Budget Review, General Fund Five-Year Forecast, and the Fees and Charges document, reviewing over 600 City Council memoranda for fiscal impacts, and collaborating with departments to resolve complex budgetary issues - the Budget Office helped the City maximize strategic investments in areas of most critical service or capital needs while ensuring fiscal stability in all City funds.
- **Communications Office** directed and implemented the City's communications strategy to inform and engage San José residents. The team provided strategic counsel to the City Manager and oversight of media relations,

***Service Delivery Accomplishments***

internal communications, open government initiatives, emergency public information, CivicCenter TV, and digital, social, and creative services. Significant accomplishments in 2017-2018 included: communications support for the Coyote Creek flood recovery and response, a demonstration project to test online streaming technology for Council Committee meetings, and a pilot project to test a media monitoring/social listening tool. Since the kickoff of the new website redesign initiative in July 2017, the team engaged employees and the public in card sorting exercises, user testing studies, and more to determine the direction for the new site design and content. The new website is expected to go live in fall 2018. Public, Educational, Governmental (PEG) cable franchise fees also supported City Hall capital improvements including a new CivicCenter TV media storage system, a new digital signage system, and field production camera package.

- **Office of Civic Innovation** empowered people from across the City to: implement the Talent Recruitment Initiative (doubling recruiting output and reducing vacancies by 25%), launch the My San José app and website (handling 64,000 requests for fixing potholes, broken streetlights, removing graffiti, illegal dumping and abandoned vehicles), develop the City's first Broadband and Digital Inclusion Strategy (resulting in engagement from Telco partners to invest billions in better connectivity), initiate a Knight Foundation funded IoT (Internet of Things) Strategy, deploy Access Eastside free student WiFi, roll out an Autonomous Vehicles Initiative, and pilot innovative transportation tools.
- **Office of Emergency Management (OEM)** transitioned to the City Manager's Office in the fall of 2017 to ensure that a comprehensive and sustainable Emergency Management strategy was developed to identify key priorities, direction, and staffing. The Emergency Management Roadmap workplan was presented (August 2017) to address both flood recovery and preparation, as well as the totality of hazards that the City is vulnerable to at any time. Focus areas were identified including: Strengthen Organizational Structure for Emergency Management, Improve Emergency Planning, Complete Flood Recovery, Enhance Key Capabilities, and Increase Coordination. Significant work in these priority areas has begun including the creation of a new Joint Emergency Action Plan (JEAP) with the Santa Clara Valley Water District allowing the district and the City to cooperatively develop protocols to address issues associated with winter storms. OEM also initiated updates to the City's Emergency Operations Plan (EOP) and re-activated a Disaster Council. OEM, coordinated four large scale training and exercise opportunities, as well as an Emergency Operations Center (EOC) staff training in the Essentials of Emergency Management and a Mass Care Shelter training for Parks, Recreation and Neighborhood Services staff. OEM applied for and received grant funding for the acquisition of Mass Care and points of distribution supplies, Alert and Warning systems training to improve the readiness of the Emergency Operations Center. Additional OEM program and performance information is available in the Public Safety CSA section of this document.
- **Office of Employee Relations (OER)** continued to lead the process of implementing the terms of the alternative pension reform frameworks achieved by settlement agreements with the City's bargaining units, as well as the settlement agreement with the retirees and Measure F. The City received the IRS Closing Agreement, which approved the election allowing employees to opt out of the defined benefit retiree healthcare plans into the Voluntary Employees' Beneficiary Association (VEBA), and the City held a one-time irrevocable election at the end of 2017 for employees in the defined benefit retiree healthcare plans to opt-in to the VEBA.

The City's agreement with the International Brotherhood of Electrical Workers, Local 332 (IBEW) expired in June 2017. The City and IBEW began negotiations over a comprehensive successor MOA in spring 2017, and had reached an agreement in May 2018 on a four (4) year successor MOA that expires on June 30, 2021. The City's agreements with its other nine (9) bargaining units expired in 2018. The City reached final agreements with six (6) bargaining units – the Municipal Employees' Federation, AFSCME Local 101 (MEF); the Association of Legal Professionals (ALP); the Confidential Employees' Organization, AFSCME Local No. 101 (CEO); the Association of Engineers and Architects, IFPTE Local 21 (AEA);



### ***Service Delivery Accomplishments***

the Association of Maintenance Supervisory Personnel, IFPTE Local 21 (AMSP); and the City Association of Management Personnel, IFPTE Local 21 (CAMP) – on successor multi-year MOAs that expire on June 30, 2021. The City also reached agreement with the Association of Building, Mechanical and Electrical Inspectors (ABMEI) on a successor multi-year MOA that expires on June 30, 2023. However, successor agreements with two (2) bargaining units – the San José Fire Fighters, IAFF Local 230 (IAFF) and the International Union of Operating Engineers, Local No. 3 (OE#3) remain outstanding, and the City is currently in negotiations.

OER continued to provide important trainings to City employees, including the New Employee Welcome, Anti-Discrimination and Harassment, and the Leadership Supervision Academy. In addition, OER administered the City’s Return-to-Work Program to provide an opportunity to place injured employees or those who fall under the ADA (Americans with Disabilities Act) into positions to provide continued City employment.

- **Office of Immigrant Affairs (OIA)** created a more welcoming experience for immigrants and facilitated immigrant integration through civic, economic, linguistic, and social inclusion through development of programs and strategies included in the Welcoming San José Plan. Significant accomplishments in 2017-2018 included the development of two Civic Leadership Academies (Vietnamese and Spanish), Language Access and Cultural Responsiveness training for over 400 City employees, promotion and support for several citizenship workshops, creation of citizenship corners in all community centers, and the design and launch of a Pro-Bono Legal Network. In response to increased enforcement activity by immigration agents, the OIA worked with various community partners to inform, protect, and defend the undocumented community through the Rapid Response Network. Special projects included the Local Update of Census Address Pilot project and coordination with the County of Santa Clara on Census 2020, as well as leading the City’s effort to develop the City’s first Racial Equity Action Plan with guidance from the Government Alliance for Race and Equity.

### ***Service Delivery Environment***

- The City Manager’s “Enterprise Priorities,” provide a statement of the critical issues ahead: Emergency Management and Preparedness, Creating Housing and Preventing Homelessness, Building the San José of Tomorrow - Private Development Services, the Future of Downtown, and Smart and Sustainable City: 21<sup>st</sup> Century Infrastructure. The internally focused enterprise priorities – Strategic Fiscal Positioning and Resource Deployment and Powered by People – serve as the foundation to accomplish the other priorities as well as other City services. San José’s transition toward the future is dependent on the diversity, talents and engagement of the workforce and the availability of resources.
- The City Manager’s Office pursues partnerships that are critical to expanding and improving City services for residents and businesses, which are expected to grow the City’s vitality and presence. The City Manager’s Office continues to leverage existing programs and pilot projects to develop best practices in managing partnerships and volunteer opportunities. Innovative approaches and data driven decision making will shape solutions to city-wide issues in ways that promote efficient and effective service delivery of City services.
- The Office of Administration, Policy, and Intergovernmental Relations (API) continues to support the City Council’s policy initiated setting of priorities, as well as monitor and report progress on the development and implementation of these priorities. The City Manager’s Office also continues to support the City Council in implementing fiscal sustainability and other potential ballot measures or initiatives.
- The Budget Office continues to effectively forecast and monitor both revenues and expenditures to ensure the continued fiscal health of the City. The focus will continue to be on addressing the highest priority community and organizational needs while maintaining budget stability. During 2018-2019, the Budget Office

*Strategic Support*  
**Office of the City Manager**  
**OVERVIEW**

***Service Delivery Environment***

continues to develop and provide training on the new budget system to enhance user interactions with expenditure and revenue monitoring, and program level reporting and analysis.

- The Communications Office looks for best practices and strategic resource use to engage residents through social media, increased sharing and listening, and raise awareness of City programs and services by branding the look and feel of communications.
- The Office of Civic Innovation continues to build an innovator’s network made up of talented staff who champion the customer, learn from data, and seek to improve; pursue innovative public private partnerships and skilled volunteering opportunities that focus on solving hard problems that matter to our residents; and seek to ensure that personal privacy and cyber security are foundational in all the data efforts that the City undertakes, and every digital service the City provides.
- The Office of Emergency Management (OEM) continues to prepare for emergencies through the development of services, training, resource development, and process enhancements identified in the Emergency Management Roadmap workplan. OEM will also work to provide a common framework to protect the City from all hazards based on national standards for emergency management, homeland security, continuity, and critical infrastructure protection programs, with the goal to sustain and restore the City’s critical and essential services through continuity of government and operations programs.
- The Office of Employee Relations (OER) commenced negotiations and reached an agreement with the 8 bargaining units whose MOAs expired in 2017 (IBEW) and 2018 (MEF, ALP, CEO, AEA, AMSP, ABMEI, and CAMP); however, agreements with two bargaining units (IAFF and OE#3) remain outstanding. Additionally, the City is continuing the implementation of the terms of the alternative pension reform settlement frameworks, as well as the settlement agreement with the retirees, including but not limited to the implementation of the defined contribution Voluntary Employee Beneficiary Association (or “VEBA”) related to retiree healthcare given the Closing Agreement and Private Letter Ruling received from the IRS. OER will continue to engage the bargaining units in negotiations over successor agreements, if applicable, and on various other meet and confer items that may arise.
- The Office of Immigrant Affairs (OIA), with limited staffing and a high demand for services, will continue to serve as a lead partner in developing and operating the Rapid Response Network, a community-driven emergency hotline that provides support for individuals and families in case of immigration enforcement and ICE activity. Work associated with the Pro Bono Immigration Network will continue along with significant efforts associated with the LUCA Census efforts, an innovative approach to gathering data for the 2020 Census. OIA will continue to train volunteers, community partners, and staff to gather data that will update the City’s address list and ensure all families receive a Census form in 2020.

***Budget Dollars at Work: Performance Goals***

This section organizes the key goals and objectives of the City Manager’s Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

**OUTCOME 1: THE COMMUNITY RECEIVES CUSTOMER-FOCUSED, RESULTS-DRIVEN SERVICES**

- ✓ Focus on providing leadership necessary for organizational initiatives that continue to position the City as a more focused, more efficient, and more sustainable organization for the future.

***Budget Dollars at Work: Performance Goals***

**OUTCOME 1: THE COMMUNITY RECEIVES CUSTOMER-FOCUSED, RESULTS-DRIVEN SERVICES**

- ✓ Implement an aggressive communication plan for community outreach.
- ✓ Modernize communication strategies and tools—ensuring the City’s diverse population has access to City Hall and critical information.
- ✓ Provide organizational improvement efforts to change the way we do business, streamline processes, increase employee empowerment, and achieve results in an environment of constant change, increasing complexity, and constrained financial resources.
- ✓ Work closely with the community, community-based agencies, faith-based organizations, law enforcement agencies, the county, state, and federal agencies, and youth on public safety issues.
- ✓ Work with regional governance partners on Bay Area interagency issues.
- ✓ Pursue public-private partnerships both directly with community and corporate partners, as well as convene City departments and offices to develop more effective workforce support and development practices.
- ✓ Ensure public access to current and accurate City data that is not otherwise protected through an ongoing focus on the Open Data initiative.

**OUTCOME 2: THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS**

- ✓ Bring forward balanced budgets for the General Fund and all other City funds for 2018-2019 and 2019-2020 that reflect City Council and community goals and help ensure fiscal stability.
- ✓ Provide support to the City Council in implementing fiscal sustainability and other potential ballot measures or initiatives.
- ✓ Continue early budget engagement efforts in future budget cycles.
- ✓ Strengthen the City-County partnership by meeting regularly with the County Executive, supporting meetings between key City and County elected officials, and focusing attention on issues of shared services between the organizations.
- ✓ Engage the City Council to refine the Council Initiated Policy Priority-Setting process—ensuring Council can act and drive policy recommendations to meet community needs.
- ✓ Implement streamlined approaches for agenda management, including paperless distribution and use of technology and online agenda management services.
- ✓ Provide timely City Council Referral reports and Information Memos that support the ability to monitor and pace organization workload, reevaluate priorities periodically, and focus resources strategically.

*Strategic Support*  
**Office of the City Manager**  
**OVERVIEW**

***Budget Dollars at Work: Performance Goals***

**OUTCOME 2: THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS**

- ✓ Invest in intergovernmental relations with the key focus on advocacy for the City's needs at the regional, state, and federal levels and training and coordinating with departments to make San José's voice heard.
- ✓ Provide staff expertise and support for City Council Committees.

**OUTCOME 3: SUPPORT EMPLOYEES TO ACTIVELY ENGAGE WITH, AND ACHIEVE, THE CITY'S VISION**

- ✓ Provide strategic leadership for the organization, support the City Council, and motivate the workforce to deliver high quality services in an environment of increasing demands and limited resources.
- ✓ Continue to provide the leadership and strategically target efforts to challenge the organization to continue developing innovative ways to deliver services and streamline operations to be more efficient.
- ✓ Foster constructive and professional working relationships with the City's employee labor unions.
- ✓ Invest in employees by aligning their development needs with the current and future needs of the City.
- ✓ Continue to engage the workforce through ongoing structured communication and ongoing implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain top talent.
- ✓ Work with employees to develop the organization's capacity in civic engagement and make a difference in the civic life of our community.
- ✓ Build ongoing communication between the City Manager and employees.
- ✓ Continue to ensure San José's position as a model 21st century city by engaging the City Council on SMART City implementation, including policy, advocacy, and funding priorities.
- ✓ Make pursuing grants and partnerships a top priority given the significantly limited funding available for infrastructure and new initiatives.

*Strategic Support*  
**Office of Retirement Services**



***Mission:** Provide quality services in the delivery of pension and related benefits and maintain financially sound pension plans*

***Primary Partners***

Mayor and City Council

**Office of Retirement Services**

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police Auditor

**CSA OUTCOMES**

- Retirement Plans are Properly Administered
- Investment of Assets to Satisfy Retirement Plans' Obligations

***Service Delivery Accomplishments***

- Kicked off the upgrade of its pension administration system in March 2015 and continued to complete milestones to achieve its target date of going live by the end of 2018, which was extended to February 2019. The implementation process is expected to last approximately 42 months and cost approximately \$9 million. This project was extended to 2019 for the implementation of Measure F-related calculations in the pension administration system.
- Completed implementation and adjustments related to the Fair Labor Standards Act portion of the pensionable earnings correction recommendations from the City Auditor's Audit of Pensionable Earnings and Time Reporting.
- Implemented San José Retirement Employees' Association (SJREA) Settlement Agreement resulting from Measure B.
- Completed implementation of Measure F, which approved San José City Charter amendments to implement retirement benefit changes. This included completing the calculations of contribution amounts for the Voluntary Employee Beneficiary Association (VEBA) for members who have opted in, as well as, set up new tiers in the pension administration system for the VEBA.
- Completed the annual financial statement audits, which resulted in an unqualified opinion for both plans. Issued the Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR) for both plans, which included the financial statements, along with the Government Finance Officers Association (GFOA) Certificate of Excellence for Financial Reporting for the seventeenth consecutive year for the CAFR and the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the first time.
- Cooperated with the City Auditor on the completion of the Office of the City Auditor's audit entitled Audit of Retirement Services: Greater Transparency Needed in the Budgeting Process, Interactions Among Stakeholders, Investment Policies, and Plan Administration.
- Completed the hiring of a new Chief Investment Officer.
- Completed the second annual Investment Fee Analysis Report for both the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan.
- The investment program continued to build out its capabilities for performance and attribution reporting, as well as, its risk management system.
- Completed development and improvement of the Retirement Boards' operations and governance structure brought about by Measure G, which became effective in December 2014 and provided more authority for Board members to better fulfill their fiduciary duties.
- Conducted Retirement Board member retreats to discuss investment strategy and ways in which to improve the operations and administration of the pension plans.
- Staffing adjustments in the Office of Retirement Services provided the necessary resources required to support the fiduciary and governance requirements of the Retirement Boards and Committees and increase technical support in preparation for roll out of the new pension administration system.
- Implemented investment program due diligence process improvements, and started broader investment process review effort.
- Reorganized investment operations group structure and retained additional talent.
- Improved investment communication with Board and Investment Committee, through enhanced reporting and transparency.

*Strategic Support*  
**Office of Retirement Services**  
*OVERVIEW*

***Service Delivery Environment***

- Complete implementation of the new pension administration system, including changes related to Measure F.
- Continue and complete implementation and adjustments to address the remaining pensionable earnings correction recommendations from the City Auditor's Audit of Pensionable Earnings and Time Reporting.
- Continue implementation of recommendations from the City Auditor's Audit of Retirement Services.
- Continue to provide quality services in the delivery of pension and related benefits, as well as, continue to properly manage retirement plan assets.

***Budget Dollars at Work: Performance Goals***

**OUTCOME 1: RETIREMENT PLANS ARE PROPERLY ADMINISTERED**

- Work with the Retirement Plans' actuaries to ensure the plans have adopted and implemented rates, assumptions, and methodologies reflective of the plans' liabilities and with appropriate contribution volatility, which seeks to mitigate the intergenerational shifting of liabilities.
- Conduct and manage over 100 board meetings annually to provide the information necessary to assist the board members in fulfilling their fiduciary duties.
- Provide quality customer service by working with the members to ensure excellent retirement planning and counseling through educational classes and meetings via an average of a thousand phone inquiries and seventy walk-in visits per month.
- Publish annual financial reports, which include the CAFR and the PAFR, to maintain accountability and provide fiscal transparency.

**OUTCOME 2: INVESTMENT OF ASSETS TO SATISFY PLANS' OBLIGATIONS**

- Manage Retirement Plan assets in a manner which seeks to achieve long-term net returns in excess of the actuarial investment return assumption and adopted benchmarks, while maintaining a reasonable level of investment risk.
- Work with investment consultants to review and adopt asset allocations reflective of the Retirement Boards' risk tolerances, developing an enhanced framework for determining appropriate level of risk.
- Monitor and evaluate performance and attribution of Retirement Plan assets to determine areas for potential improvement and focus.
- Perform in-depth due diligence on investment managers, ensuring that investment managers are performing within acceptable parameters and delivering anticipated value-add. Source and perform due diligence on prospective investment managers, and retain when appropriate.
- Develop, implement, and ensure compliance with Retirement Board-adopted investment policies.

**PAGE IS INTENTIONALLY LEFT BLANK**