

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

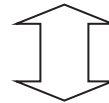
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Strategic Support CSA

Mission:

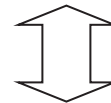
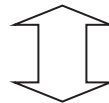
To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects



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

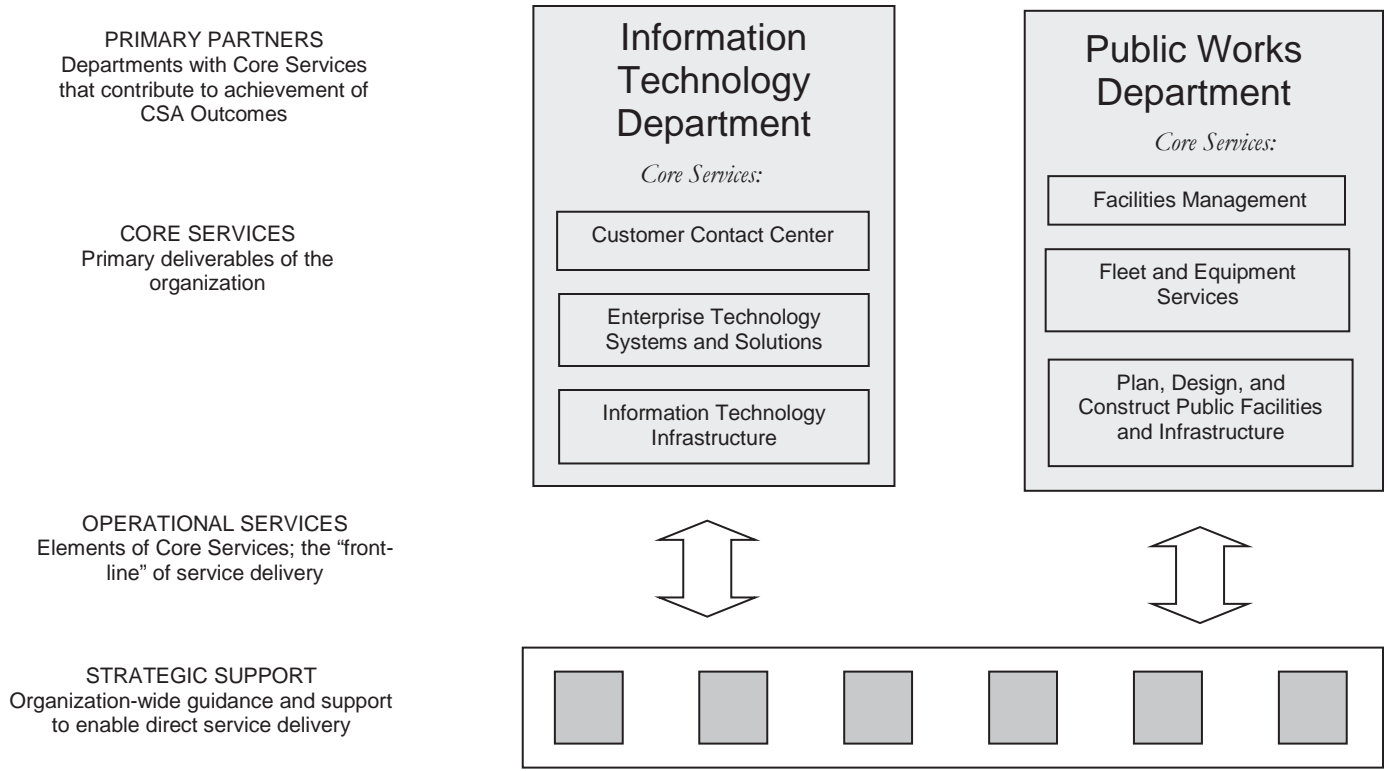
Core Services:

Employee Benefits

Employment Services

Health and Safety

SERVICE DELIVERY FRAMEWORK



Strategic Support

Expected 2016-2017 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.
- ❑ Manage enterprise systems, including the Financial Management System (FMS), the Customer Information System (CIS), and the Human Resources (HR)/Payroll System. Strategic Support is a key player in the upgrade of the HR/Payroll system, an FMS upgrade, a new Talent and Recruiting module, and a new Budget system all scheduled to go live in 2016-2017.
- ❑ Manage all financial aspects of the Successor Agency to the Redevelopment Agency, including accounting, debt management, cash management, financial reporting, and accounts payable/receivable.
- ❑ Facilitate recruitments and manage effective, efficient, and defensible hiring processes, in partnership with client departments, to attract and retain qualified employees.
- ❑ Provide a wide range of benefit programs that meet the needs of the employees, retirees, their dependents, and the City, and assist participants in effectively using their benefit plans.
- ❑ 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.
- ❑ Review medical services and wellness programs to ensure that current service levels are provided in the most efficient and cost-effective manner.
- ❑ Ensure the City's finance and technology resources are protected and available to address the short- and long-term needs of the community.
- ❑ Manage space usage at City-owned facilities.



Strategic Support

2016-2017 Key Budget Actions

- ❑ The addition of one-time funding of \$5.0 million increases the budget for General Liability Claims payments to ensure sufficient funding for existing and anticipated claims against the City in 2016-2017.
- ❑ The addition of one-time funding of \$500,000 increases the project contingency for the Human Resources/Payroll/Budget Systems upgrade project to help ensure that complex technical issues are addressed, the project meets anticipated “go-live” dates, and the organization is adequately trained and supported after implementation.
- ❑ The addition of one-time funding of \$80,000 provides for consulting services to perform actuarial studies to evaluate whether the City should continue to maintain a self-insurance program for liability claims by appropriating funds to cover losses or obtain insurance through a third party insurer.
- ❑ The addition of one-time funding of \$60,000 augments the Cayenta Financial Management System upgrade, from version 7.5 to 7.8, that was approved in 2015-2016. The additional funding, which brings the project total to \$200,000, will provide for additional costs for new features and modules that will improve efficiency, and hardware requirements not previously included but needed to support the new version.
- ❑ The addition of 1.0 Assistant Director position in the Human Resources (HR) Department is recommended to provide additional executive management that will be responsible for operational oversight of the department, which will allow the Director more capacity for strategic initiatives.
- ❑ The addition of one-time contractual services funding of \$393,000 to increase the third party administrator contract for Workers’ Compensation Claims Administrative Services, and the continued one-time funding for the equivalent of 1.0 Workers’ Compensation Claims Adjuster position will help alleviate the backlog of workers’ compensation claims and further support the Workers’ Compensation Service Delivery Model Pilot program.
- ❑ The addition of one-time funding of \$100,000 in the Employee Services Division continues the revision of critical job specifications to address the recommendations from the *Employee Hiring Audit*. This funding will provide \$32,000 for contractual services and \$68,000 for 1.0 Analyst I position through March 31, 2017.
- ❑ The elimination of 0.6 Physician and 0.5 Nurse Practitioner PT positions reflects the shift of health services provided to retirees from Human Resources to the Office of Retirement Services.
- ❑ The addition of 1.0 Senior Analyst position provides extended absence management for protected leaves (Family Medical Leave Act/California Family Rights Act/Pregnancy Disability Leave) and unprotected leaves for all City employees, including coordinating compliance with federal and State laws, as well as City policy.
- ❑ The elimination of 2.0 vacant Information Systems Analyst (ISA) positions and transfer of the Customer Information System (CIS) application support to the Environmental Services Department is recommended due to the transition of garbage and recycling payment collection for single family homes to the Santa Clara County Property Tax Roll in 2015-2016.
- ❑ The elimination of 1.0 Senior Electronics Systems Technician and addition of 1.0 Supervising Applications Analyst positions restores critical management capacity in the Network team to mitigate down time and address the greater complexities in delivering converged voice and data services.
- ❑ The addition of 1.0 Supervising Applications Analyst position provides needed management and oversight of City-wide financial systems, including FMS and Business Tax, to mitigate potential financial and productivity loss resulting from system failures.

Strategic Support

2016-2017 Key Budget Actions

- ❑ The elimination of 3.0 vacant Network Technicians, the addition of 2.0 Information Systems Analysts positions and one-time funding of \$500,000 will modernize the end-of-life desktop environment and add the required skill sets to implement virtual desktop infrastructure, which addresses a recommendation in the Audit of Information Technology General Controls regarding the centralization of software deployment.
- ❑ One-time funding of \$250,000 will complete the build out of a secondary data center that provides network and power redundancy for business continuity of essential technical infrastructure following a catastrophic event.
- ❑ Ongoing funding of \$150,000 will provide direct connectivity to Microsoft and Amazon cloud services, allowing for rapid connectivity to Office 365 and enhanced security by separating critical operations from the internet when the City comes under a cyber/denial of service attack.
- ❑ The addition of \$500,000 in one-time funding allows for network upgrades to over 100 remote facilities to improve support capabilities and strengthen security of the City's network.
- ❑ One-time funding of \$200,000 will replace aging on-premise servers to minimize the City's risk for hardware failure and data loss, and partially address the technical infrastructure backlog.
- ❑ The addition of 1.0 Geographic Information Systems Analyst position limit-dated through June 30, 2018, and associated non-personal/equipment funds, will enable the Public Works Department Technology Services Geographic Information System team to consolidate and compile a Master Address Database. The Master Address Database can help improve Fire and Police emergency response times and enable better use of data analytics for service delivery and efficiency improvements.
- ❑ The extension of 1.0 Supervising Environmental Services Specialist position through June 30, 2017 provides for the continued management of the City-Building Energy Projects Program, including coordination with Energy Service Company (ESCO) on energy and utility conservation projects that were approved by City Council on February 11, 2014.
- ❑ The addition of 1.0 Senior Systems Applications Programmer (SSAP) position better aligns and augments the Enterprise Asset Management team in Public Works to improve the quality of data and reports, which will lead to improved response time and shorter vehicle downtimes for client departments and service requestors.
- ❑ One-time funding of \$140,000 adds supplemental security coverage on the City Hall Plaza during late evening, early morning, and weekend hours. Continued vigilance on the City Hall campus will provide a safe and secure environment while preventing unwanted behaviors such as graffiti.

City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

Dollars by Core Service	2014-2015 Actual 1	2015-2016 Adopted 2	2016-2017 Forecast 3	2016-2017 Proposed 4	% Change (2 to 4)
<i>Finance</i>					
Disbursements	\$ 2,221,341	\$ 2,153,943	\$ 2,772,207	\$ 2,772,207	28.7%
Financial Reporting	1,935,656	2,033,403	2,023,770	2,023,770	(0.5%)
Purch. and Risk Management	1,993,949	2,810,947	2,714,503	2,794,503	(0.6%)
Revenue Management	4,669,155	5,244,906	5,857,685	5,857,685	11.7%
Treasury Management	3,238,604	3,707,877	3,458,242	3,458,242	(6.7%)
Strategic Support	1,734,399	1,501,242	1,367,487	1,367,487	(8.9%)
<i>Human Resources</i>					
Employee Benefits	2,094,064	2,826,226	2,408,739	2,426,717	(14.1%)
Employment Services	2,188,565	2,962,072	2,447,034	2,821,237	(4.8%)
Health and Safety	2,639,877	3,096,783	3,161,783	3,554,783	14.8%
Strategic Support	941,838	1,045,781	962,715	1,295,134	23.8%
<i>Information Technology</i>					
Customer Contact Center	3,125,467	1,834,213	1,727,044	1,965,110	7.1%
Enterprise Technology Systems & Solutions	4,670,596	6,528,157	5,942,641	5,727,769	(12.3%)
Info. Technology Infrastructure	8,071,012	11,069,571	10,639,694	12,206,469	10.3%
Strategic Support	1,212,022	1,551,238	1,653,202	1,765,759	13.8%
<i>Public Works</i>					
Facilities Management	20,022,060	21,611,322	22,007,935	22,322,343	3.3%
Fleet & Equipment Services	17,812,735	18,106,197	17,617,355	17,922,819	(1.0%)
Plan, Design & Construct Public Facilities & Infrastructure	30,652,020	33,164,990	34,514,179	34,732,999	4.7%
Strategic Support	6,107,340	6,865,171	7,233,202	7,854,774	14.4%
Dollars by Core Service Subtotal	\$ 115,330,700	\$ 128,114,039	\$ 128,509,417	\$ 132,869,807	3.7%
MAYOR, CITY COUNCIL, AND APPOINTEES	\$ 45,628,695	\$ 53,140,825	\$ 52,123,905	\$ 53,813,857	1.3%
Other Programs					
City-Wide Expenses	\$ 181,756,411	\$ 53,383,459	\$ 28,844,040	\$ 34,489,040	(35.4%)
General Fund Capital, Transfers and Reserves	37,944,088	144,264,800	69,826,031	89,782,776	(37.8%)
Other Programs Subtotal	\$ 219,700,499	\$ 197,648,259	\$ 98,670,071	\$ 124,271,816	(37.1%)
Total CSA	\$ 380,659,894	\$ 378,903,123	\$ 279,303,393	\$ 310,955,480	(17.9%)
Authorized Positions	889.70	901.67	895.67	909.57	0.9%

City Service Area
Strategic Support
OVERVIEW

Service Delivery Accomplishments

- The City's current general credit rating is 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.
- The Finance Department's focus on improving collection efforts and optimizing staff resources continues to produce an average of eight dollars return on revenue for every dollar spent on direct costs in the Revenue Management Division.
- Completed data conversion and system readiness for the HR/Payroll/Budget and Recruiting systems, all anticipated to "go-live" in 2016-2017.
- Successfully converted Recycle Plus billing to the Santa Clara County property tax roll as part of the implementation of the Customer Information Service Billing System.
- Completed implementation of the technical recommendations of the City Auditor's Office Audit on Customer Call Handling.
- Completed the Requests for Proposals (RFP) for Customer Relationship/Service Request Management, anticipated for system implementation in 2016-2017.
- Significantly improved the City's information security posture with the implementation of new firewalls, the completion of significant third party audits, and the drafting of a city-wide security policy.
- Several important steps were taken in modernizing the City's technical infrastructure including the release and completion of critical RFPs such as a radio frequency identification system for the Library, video wall for the Police Department, and Permitting System for Development Services.
- Major infrastructure (energy efficiency) improvements were made to the Police Administration Building (chiller replacement), Convention Center (boiler replacement), and Children's Discovery Museum (chiller replacement).

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 Business Tax Billing System (BTS) provides City staff with management tools to oversee annual revenues from the general Business Tax program of approximately \$12.5 million from approximately 74,450 businesses. A Business Tax Billing System implementation is underway to replace the current BTS to CSDC Systems, Inc. Staff anticipates transitioning to the new system in fall 2016.
- The City continues to face accelerating demands for information technology service delivery and increasing costs for information technology infrastructure maintenance and renewal. Despite one-time funding allocated for technology, the most significant issues facing the Information Technology Department in its ability to address city-wide technology infrastructure and business needs are the ability to attract high level technical talent and identifying sustainable sources of funding.
- Human Resources has continued the Workers' Compensation Service Delivery pilot project. This project moved approximately one half of the workers' compensation claims administration to Athens Administrators Inc., a third party administrator for bill review, utilization review, and medical management administrative services. Staff continues to evaluate this pilot program and, upon completion of that evaluation, will bring forward a recommendation regarding the most effective means to deliver the services.
- Human Resources continues to reduce the number of days to hire an employee. The Employment Division continues to review and revise the process for hiring and promoting employees. The new process allows for a more streamlined approach and has proven to be very effective.
- With the rapid introduction of modernized technology tools to the organization, 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.
- The City continues to receive at market-rate bids for construction projects due to a less competitive bidding environment. This cost escalation trend is expected to continue.
- Currently, the City's Standard Specifications for construction are undergoing revision and, as green construction becomes mandatory, the City will incorporate specifications that take advantage of emerging sustainable technologies.
- The City's building inventory expanded through the decade of investment. Many of the newer facilities are reaching the five and ten-year thresholds when the facilities typically experience an increase in maintenance needs.

City Service Area
Strategic Support
OVERVIEW

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, sewer, water, garbage, 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, safety and loss control, and return to work services
- Manage the City's benefits program
- Provide city-wide employment services
- Continue the consolidation of technology functions, focusing on the realignment of information technology service delivery from an enterprise perspective, elimination of duplicative work efforts, and lower overall IT costs
- Provide secure and reliable network services
- Maintain enterprise systems such as the City's Financial Management System (FMS) and Human Resources/Payroll/Budget Systems, and develop migration strategies for enterprise applications to flexible integrated solutions
- Mitigate the City's information technology security risks
- Provide the primary point of contact for residents, businesses, and employees through the Customer Contact Center
- 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
- Provide wage policy compliance

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	2014-2015 Actual	2015-2016 Target	2015-2016 Estimate	2016-2017 Target	5-Year Goal
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employee performance appraisals completed on schedule	75%	80%	73%	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:					
	- timeliness of City employees	74%	76%	68%	76%	83%
	- courtesy of City employees	86%	88%	80%	88%	83%
	- competency of City employees	76%	80%	74%	80%	83%
Provide the necessary & required safety & health services that ensure employee health, safety & well-being	1. Number of Workers' compensation claims per 100 FTEs	14.1	14.0	14.7	14.0	14.0

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2014-2015 Actual	2015-2016 Target	2015-2016 Estimate	2016-2017 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)	N/A ¹	84%	N/A ¹	84%	85%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	82%	85%	82%	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	88%	90%	88%	90%	95%
	2. % of fleet in compliance with replacement cycle:					
• Emergency Vehicles	100%	100%	100%	100%	100%	
• General Fleet	88%	90%	87%	90%	90%	

¹ Data for this measure was previously collected from the Public Works Building Assessment Survey, which has not been conducted since 2011-2012. The Public Works Department will be reevaluating the survey and will recommend changes as appropriate in time for the production of the 2017-2018 Proposed Budget.

Budget Dollars at Work: Performance Goals

OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY

Strategic Goals	CSA Performance Measures	2014-2015 Actual	2015-2016 Target	2015-2016 Estimate	2016-2017 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network ¹	99.97%	99.50%	99.67%	99.50%	99.95%
	-Telephones	100%	99.95%	99.91%	99.95%	99.95%
	-Enterprise Servers	99.94%	99.50%	99.54%	99.50%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.99%	99.95%	99.95%	99.95%	99.95%
	-Financial Management System	99.90%	99.50%	99.90%	99.50%	99.95%
-Human Resources/Payroll System	100%	99.50%	100%	99.50%	99.95%	

¹ Upgrade of the wide area network in support of critical public safety sites including fire stations and community centers, improving timely delivery of critical data to field personnel.

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2014-2015 Actual	2015-2016 Target	2015-2016 Estimate	2016-2017 Target	5-Year Goal
Maintain City's bond ratings ¹	1. City's bond ratings: (General Obligation Bond Rating) • Moody's • Standard & Poor's • Fitch	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 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 ²	N/A ²	N/A ²	TBD ²	TBD ²
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 ²	N/A ²	N/A ²	TBD ²	TBD ²

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

² Data for this measure was previously collected through the former biennial City-Wide Employee Survey that has since been replaced; this survey question is no longer included in the new survey. The Finance Department will be evaluating an alternative method for collecting this information.

City Service Area
Strategic Support
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
FINANCE DEPARTMENT			
• General Liability Claims - Self-Insurance Actuarial Study		80,000	80,000
<i>Subtotal</i>	0.00	80,000	80,000
HUMAN RESOURCES DEPARTMENT			
• Workers' Compensation Claims Administration Backlog		393,000	393,000
• Human Resources Assistant Director	1.00	199,548	199,548
• Employment Services Division Recruitment Staffing	2.00	164,203	164,203
• Human Resources Department Service Delivery and Strategic Analysis Staffing		132,871	132,871
• Extended Absence Management Compliance Staffing	1.00	111,420	111,420
• Benefits Division New Medical Plans Temporary Staffing	1.00	104,098	0
• Employment Services Division Job Class Specification Updates	1.00	100,000	100,000
• Employment Services Division Management Succession Planning		85,000	85,000
• Career Fair		25,000	25,000
• Employee Health Services Staffing Realignment	(1.10)	(197,540)	0
<i>Subtotal</i>	4.90	1,117,600	1,211,042
INFORMATION TECHNOLOGY DEPARTMENT			
• Virtual Desktop Infrastructure and Windows Upgrades	(1.00)	509,151	510,034
• Remote Facilities Network Upgrades		500,000	500,000
• Secondary Data Center Buildout		250,000	250,000
• Customer Contact Center Staff Realignment	2.00	238,066	0
• City Servers Replacements		200,000	200,000
• Information Technology Division - Enterprise Business Systems Staffing Oversight	1.00	157,415	157,415
• Direct Fiber Connectivity to Cloud Services		150,000	150,000
• Information Technology Department Analytical Staffing	1.00	112,557	112,557
• Integrated Billing System Staffing Realignment	(2.00)	(372,287)	(18,438)
• Voice and Data System Technology Oversight Realignment		(42,376)	(42,376)
<i>Subtotal</i>	1.00	1,702,526	1,819,192
PUBLIC WORKS DEPARTMENT			
• Master Address Database	1.00	607,072	607,072
• Portable Generators Replacement		400,000	0
• Wire Theft Mitigation		145,000	0
• City Hall Plaza Security		140,000	140,000
• Enterprise Asset Management Team Support	1.00	138,856	12,000
• Energy Team Staffing	1.00	29,336	0
• Smart Cities Vision	0.00	0	29,408
<i>Subtotal</i>	3.00	1,460,264	788,480
<i>Subtotal Departments</i>	8.90	4,360,390	3,898,714


City Service Area
Strategic Support
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
MAYOR, CITY COUNCIL, AND APPOINTEES			
Proposed changes appear in the next section of this document	5.00	1,689,952	915,470
CITY-WIDE EXPENSES			
• Alternative Pension Reform Ballot Polling		55,000	55,000
• Family College Success Center		75,000	75,000
• Financial Management System Upgrade		60,000	60,000
• General Liability Claims		5,000,000	5,000,000
• Human Resources/Payroll/Budget Systems Upgrade		500,000	500,000
• Silicon Valley Talent Partnership		80,000	80,000
• Successor Agency City Subsidy		(175,000)	(175,000)
• Voluntary Employee Beneficiary Association Counseling Services		50,000	50,000
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Animal Care and Services - Various Improvements		340,000	340,000
• Capital Contributions: Arc Flash Hazard Analysis		360,000	360,000
• Capital Contributions: Children's Discovery Museum Skylight Replacement		20,000	20,000
• Capital Contributions: City Hall and Employee Garage Security Upgrades		325,000	325,000
• Capital Contributions: City Hall Audio/Visual Upgrade		275,000	275,000
• Capital Contributions: City Hall HVAC Control System Replacement		5,000,000	5,000,000
• Capital Contributions: City-Wide Building Assessments		300,000	300,000
• Capital Contributions: Hammer Theatre Miscellaneous HVAC and Electrical Upgrades		200,000	200,000
• Capital Contributions: History San José - Fallon House Elevator and Ramp Replacement		100,000	100,000
• Capital Contributions: History San José - Pacific Hotel - Fire and Intrusion Alarm		250,000	250,000
• Capital Contributions: Mexican Heritage Plaza Roof Repairs		25,000	25,000
• Capital Contributions: Municipal Garage LED Lighting Upgrade		85,000	85,000
• Capital Contributions: San José Municipal Stadium Improvements		270,000	270,000
• Capital Contributions: San José Stage Company		1,000,000	1,000,000
• Capital Contributions: The Tech Museum Controls Module Improvements		250,000	250,000
• Earmarked Reserves: 2017-2018 Future Deficit Reserve		4,131,000	4,131,000
• Earmarked Reserves: Budget Stabilization Reserve		2,500,000	2,500,000
• Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)	(800,000)
• Earmarked Reserves: Essential Services Reserve		2,500,000	2,500,000

City Service Area
Strategic Support
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
Earmarked Reserves: Intergovernmental Relations Reserve		200,000	200,000
• Earmarked Reserves: Office of Immigrant Affairs Reserve		250,000	250,000
• Earmarked Reserves: Silicon Valley Regional Communications System Reserve		1,375,745	1,375,745
• Contingency Reserve		1,000,000	1,000,000
<i>Subtotal Other Changes</i>	5.00	27,291,697	26,517,215
Total Proposed Budget Changes	13.90	31,652,087	30,415,929

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2016-2017

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 Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

- Analyze, Develop, and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

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 2016-2017 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 effectively forecast and monitor both revenues and expenditures in over 110 different funds in 2016-2017 and will develop the 2017-2018 Proposed Budget 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, restore basic services, invest for our future, and maximize efficiency and effectiveness. During 2016-2017, the City Manager's Office will also be implementing a new budget system that will automate and streamline the annual budget process and incorporate program budgeting.
- ❑ The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on their development and implementation.
- ❑ The City Manager will continue to engage the workforce through ongoing structured communication 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

2016-2017 Key Budget Actions

- ❑ Provides one-time funding of \$192,000 for temporary staff and 1.0 Legal Analyst II position limit-dated through June 30, 2017 to assist transactional attorneys supporting the Planning, Building and Code Enforcement and Environmental Services Departments.
- ❑ Provides one-time funding of \$90,000 for continued critical transition support for litigation attorney services.
- ❑ Provides one-time funding of \$60,000 to upgrade the City Attorney's case management software.
- ❑ Shifts funding on a one-time basis for 2.25 positions from the General Fund to the Water Utility Fund for City Attorney staff work that will support the Municipal Water System in 2016-2017.
- ❑ Establishes the Office of Innovation and Digital Strategy in the City Manager's Office through the addition of 1.0 Deputy City Manager and 1.0 Senior Executive Analyst (SEA) positions, and reassigns the existing Budget Office Data Analytics Team consisting of 1.0 SEA and 1.0 Executive Analyst to this new office. The Office will serve as a primary point of contact for new ideas with corporate partners and enhance opportunities to facilitate the use of technology, data, and evidence for decision-making throughout the City.
- ❑ Provides one-time funding for the purchase of a new Web Content Management System for the City's internet, including secure external hosting, support, and websites maintenance.
- ❑ Adds 1.0 Senior Retirement Investment Officer position to create a clear career ladder spanning from Investment Analyst to Chief Investment Officer. The position will ensure that the Investment Program remains competitive within California Public Pension Plans, since this classification is widely used among the City's peers.
- ❑ Adds 1.0 Senior Analyst position and continues 1.0 Information Systems Analyst position limit-dated through June 30, 2018 in the Office of Retirement Services to support the implementation of the new Pension Administration System (PAS), which began in March 2015 and is expected to take over four years to complete. As the Retirement Office continues with the PAS implementation, the positions will support the Office's daily operations to free up the experienced staff to support the design, testing, and transition to the new system. The new Senior Analyst position will also assist with succession planning, as a majority of the benefits staff nears retirement eligibility in the next one to five years.

Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Mayor, City Council and Appointees Budget Summary

	2014-2015 Actual 1	2015-2016 Adopted 2	2016-2017 Forecast 3	2016-2017 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
<i>Mayor and City Council*</i>					
Office of the Mayor	\$ 2,860,821	\$ 3,994,210	\$ 3,590,294	\$ 3,590,294	(10.1%)
City Council	5,874,227	8,033,539	7,214,200	7,214,200	(10.2%)
Council General	37,066	147,000	65,000	65,000	(55.8%)
<i>Office of the City Attorney</i>					
Legal Representation	6,967,250	7,477,244	7,460,337	7,612,321	1.8%
Legal Transactions	6,659,335	7,962,591	8,166,047	8,350,201	4.9%
Strategic Support	1,427,330	1,292,480	1,350,364	1,355,764	4.9%
<i>Office of the City Auditor</i>					
Audit Services	2,230,805	2,267,340	2,337,550	2,337,550	3.1%
Strategic Support	9,416	147,316	135,786	135,786	(7.8%)
<i>Office of the City Clerk</i>					
Facilitate the City's Legislative Process	1,808,284	2,364,271	2,146,722	2,146,722	(9.2%)
Strategic Support	166,588	243,883	263,565	263,565	8.1%
<i>Office of the City Manager</i>					
Analyze, Develop, and Recommend Public Policy	5,114,255	5,583,713	5,806,259	5,502,048	(1.5%)
Lead and Advance the Organization	2,486,137	2,347,142	2,644,978	3,600,877	53.4%
Manage and Coordinate City-Wide Service Delivery	3,877,647	4,568,761	4,434,403	4,784,403	4.7%
Strategic Support	359,987	396,756	303,142	303,142	(23.6%)
<i>Office of the Independent Police Auditor *</i>					
<i>Office of Retirement Services</i>					
Retirement Plan Administration	3,407,574	3,953,960	4,010,108	4,129,206	4.4%
Strategic Support	1,958,684	2,360,619	2,195,150	2,422,778	2.6%
Total	\$ 45,245,406	\$ 53,140,825	\$ 52,123,905	\$ 53,813,857	1.3%
Authorized Positions **	231.35	236.35	234.35	239.35	1.3%

* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

** Authorized Positions do not include unclassified staff for Office of the Mayor and the City Council Districts.

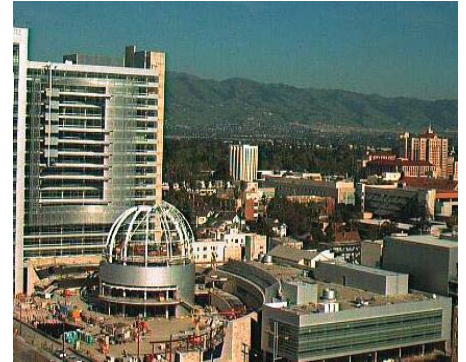
Strategic Support
Mayor, City Council and Appointees
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
OFFICE OF THE CITY ATTORNEY			
• Municipal Water System Litigation Staffing	0.00	0	(401,256)
• Legal Transactions Staffing	1.00	191,538	165,038
• Litigation Division Staffing		90,000	90,000
• Legal Software Upgrade		60,000	60,000
<i>Subtotal</i>	<u>1.00</u>	<u>341,538</u>	<u>(86,218)</u>
OFFICE OF THE CITY MANAGER			
• Office of Civic Innovation and Digital Strategy	2.00	651,688	651,688
• Web Content Management		350,000	350,000
<i>Subtotal</i>	<u>2.00</u>	<u>1,001,688</u>	<u>1,001,688</u>
OFFICE OF THE INDEPENDENT POLICE AUDITOR*			
OFFICE OF RETIREMENT SERVICES			
• Pension Administration System Implementation Staffing	2.00	331,726	0
• Retirement Department Investment Staffing Realignment		15,000	0
<i>Subtotal</i>	<u>2.00</u>	<u>346,726</u>	<u>0</u>
<hr/>			
Total Recommended Budget Changes	5.00	\$ 1,689,952	\$ 915,470

* The Office of the Independent Police Auditor core service is aligned to the Public Safety CSA. Please refer to that section of the document for budget summary information.

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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

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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

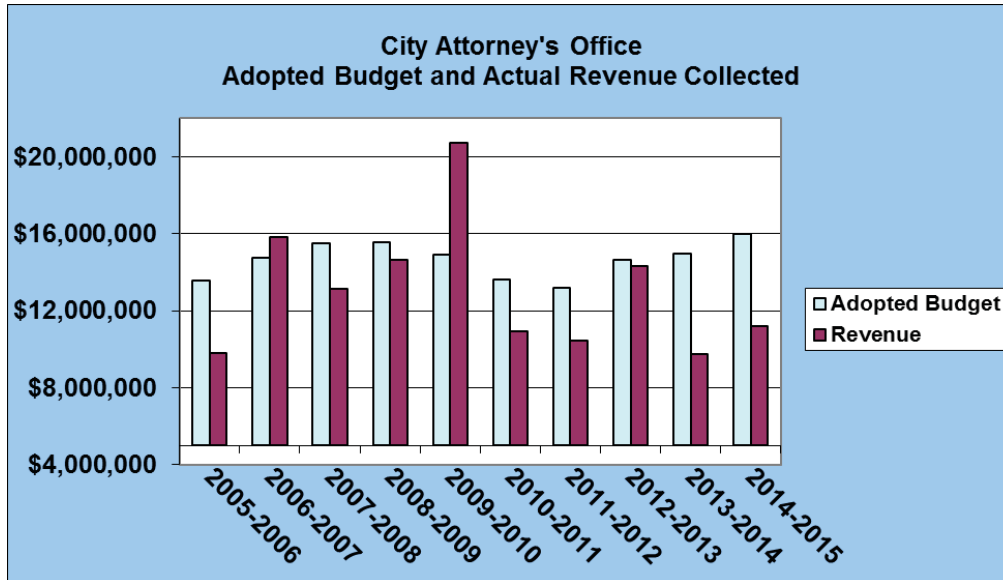
Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

CSA OUTCOMES

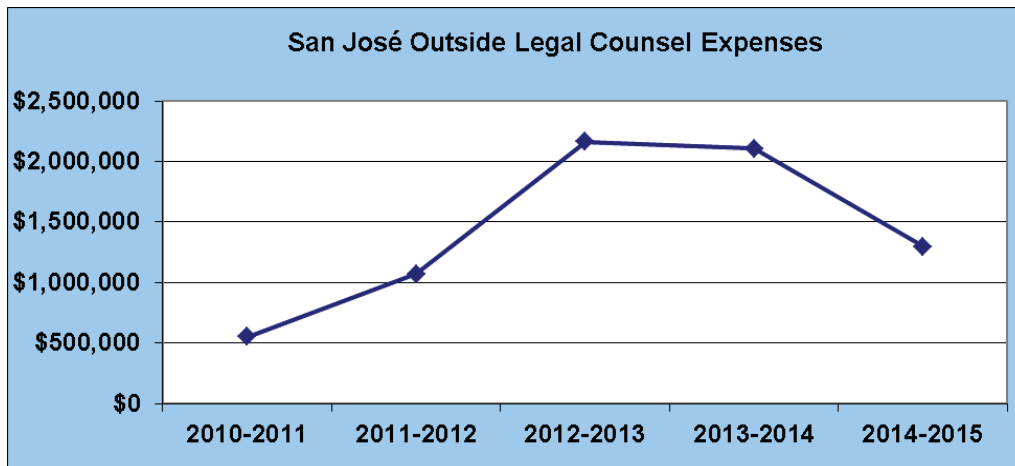
- City Business is Conducted Lawfully
- City's Interests are Protected and Advanced

Service Delivery Accomplishments

- The client survey was conducted in early 2016. Results indicate that 92% of the respondents were satisfied with the overall legal services provided by the City Attorney’s Office.
- Annual revenue collections averaged \$13.1 million over the past ten years, and plaintiff cases handled by the Office in 2014-2015 generated \$11.2 million. Collection actions are initiated in instances when debt to the City is greater than \$5,000.

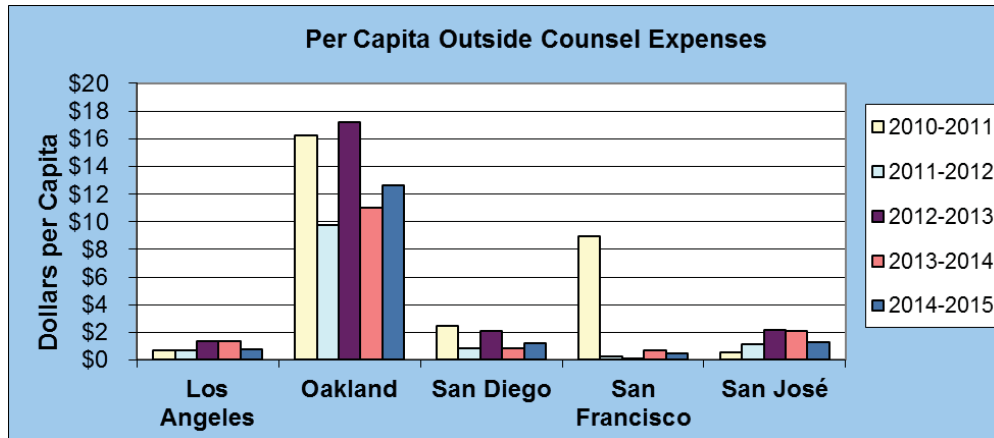


- Legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. The need for outside counsel services has generally risen since 2010-2011 as a result of decreased staffing; and potential conflicts of interest in connection with pension-related matters. Use of outside legal counsel began to decrease in 2014-2015, and has continued to decrease during 2015-2016. If pension-related lawsuits are resolved, it is anticipated that the use of outside legal counsel will continue to decline.

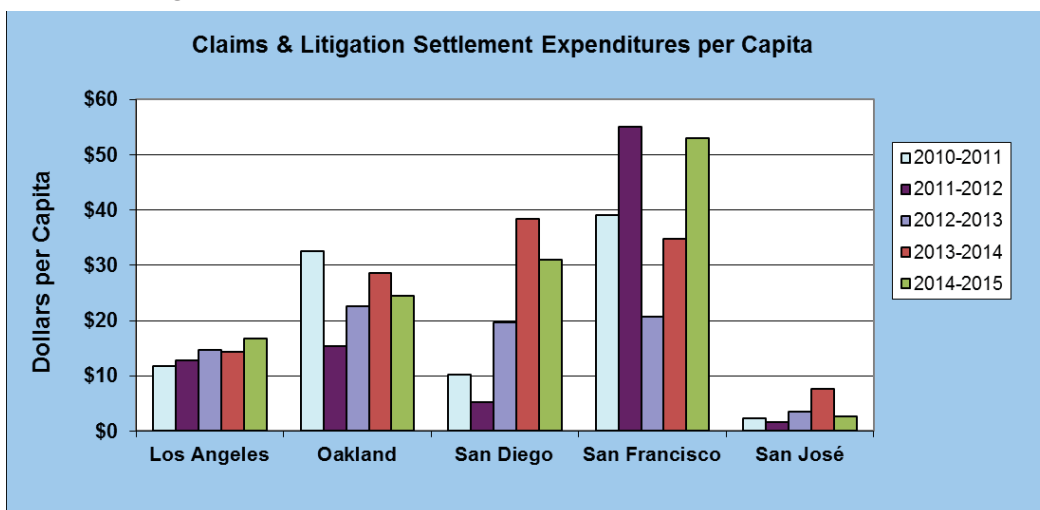


Service Delivery Accomplishments

- Despite the higher relative costs during recent years, the City of San José paid less in total funds for outside counsel during 2014-2015 (\$1.3 million) than the cities of Los Angeles (\$3.0 million), Oakland (\$5.2 million), and San Diego (\$1.7 million); San José costs for outside counsel were higher than the reported costs for the City and County of San Francisco (\$404,500), which for total outside counsel only includes costs on cases closed in that fiscal year. Below is a chart comparing Outside Counsel Expenses per Capita of four large California cities to the City of San José.



- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. Over the last five years, San José paid, on average, \$3.5 million in annual settlement costs. The next lowest average annual payout was \$9.9 million by the City of Oakland. Over the same period, payouts were higher for the cities of Los Angeles (\$54.5 million), San Francisco (\$33.6 million), and San Diego (\$28.2 million). The chart below reflects Claims and Litigation Expenditures per Capita of the four large cities compared to the City of San José. The City of San José average will be affected in future years should a recent large verdict be upheld on appeal or should the case settle. 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 successfully completed legal services on several significant and complex transactions during 2015-2016, including the agreement with San José State University for operation of the Susan and Phil Hammer Theatre (“the Rep”), State legislation to address the community’s concern related to the Grand Staircase on Communications Hill, the Apple Development Agreement, and legal analysis of the gross receipts tax initiative and the City’s current business tax.
- During 2015-2016, the Office drafted a sales tax ballot measure for City Council consideration that was placed on the June 2016 ballot. In addition, the Office reviewed a Medical Marijuana initiative which ultimately qualified for the ballot in June 2016.
- The Office worked with City staff on the implementation of ordinances regulating medical marijuana collectives, and successfully supported the City’s Code Enforcement efforts related to the City’s medical marijuana regulations. The Office obtained injunctions and closed approximately a dozen illegal marijuana businesses, and collected monetary penalties in several of those matters.
- The Office drafted or reviewed at least 127 ordinances as of March 2016, including a moratorium on conversion of mobile home parks, creation of a Special Event Zone in connection with the hosting of several Super Bowl events in San José, revisions to the medical marijuana regulations, revisions to strengthen regulation of massage parlors, drought restrictions and establishment of emergency homeless temporary shelters.
- The Office coordinated tax advice and various legal issues in connection with the Police and Fire Employees Alternative Pension Reform Settlement.
- The Office provided increased support for campaign ordinance guidance, elections, and ethics issues, including the establishment of a webpage to address questions concerning the City’s campaign ordinance.
- The Office continues 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.
- 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 continues to work with an outside consultant and the Information Technology Department to obtain technology that will streamline the process and reduce the amount of staff time required to respond to electronic discovery and public records act requests.

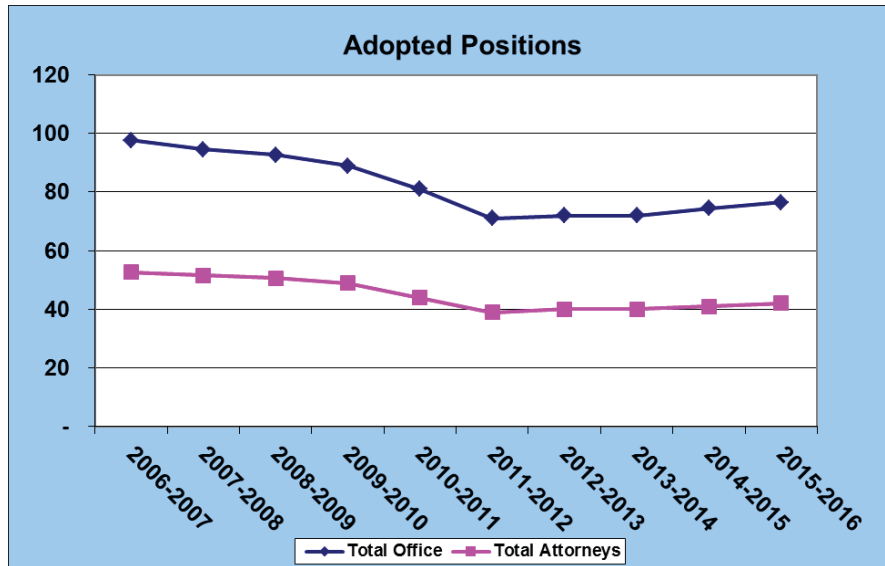
Service Delivery Environment

- 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. However, fulfilling all of 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 bare minimum levels. Though staffing levels stopped decreasing in 2012, demand for legal services increased for some

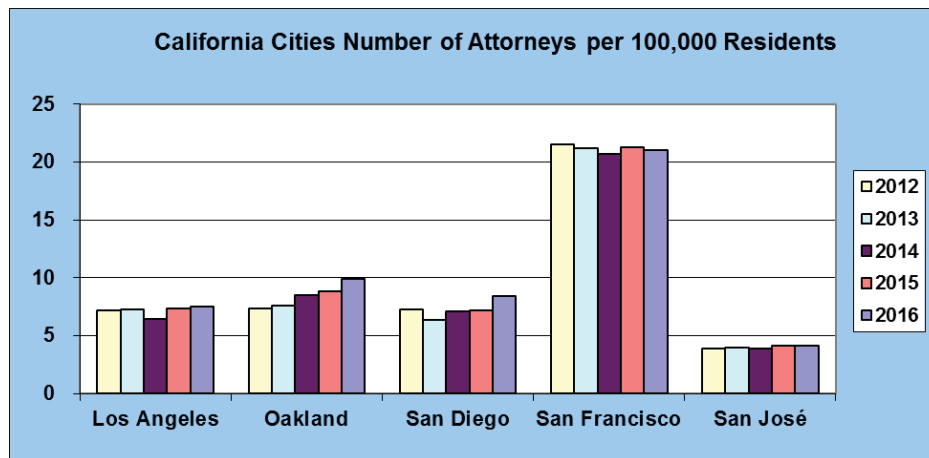
Service Delivery Environment

practice areas. With the stabilization of staffing levels and incremental increases in the past two years, the Office was positioned to better address demand for services.

- 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, planning and development, economic development, construction, environmental issues, and real estate.

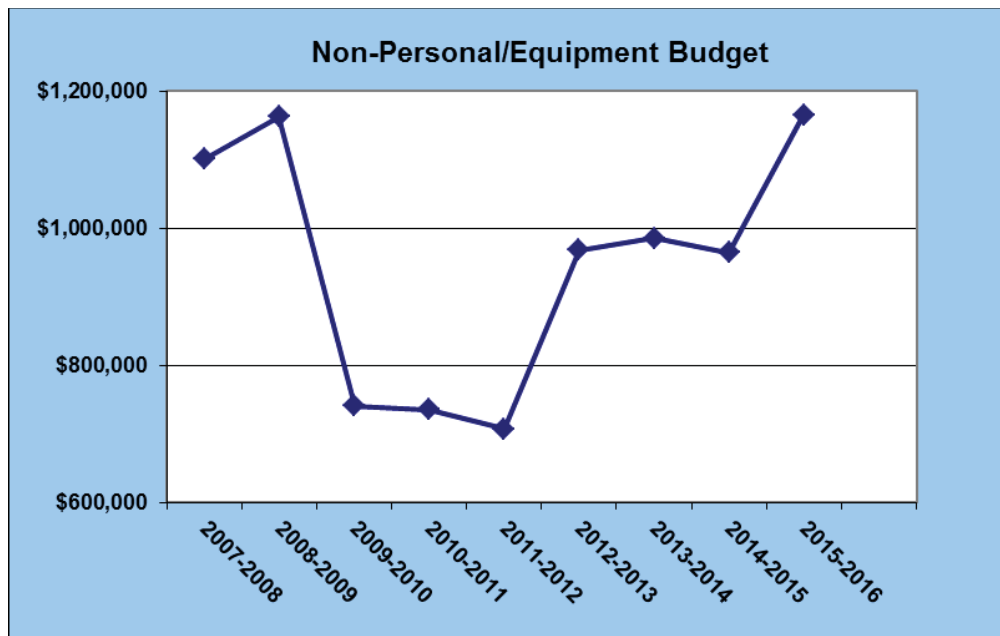


- Staffing levels remain inadequate to proactively address a variety of litigation services.
- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney’s Office continues to be the lowest among the cities of Los 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.



Service Delivery Environment

- During the mid-year budget process, 1.0 Senior Deputy City Attorney position was added (for a total of 43 budgeted attorneys in 2016-2017, which is 8.62 fewer attorneys than the 2007-2008 budgeted positions of 51.62). In light of the 17.0% decrease in attorney positions since 2007-2008, the CAO continues to face significant challenges in meeting the current legal services demand.
- 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 in order 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. To be effective, the internship program requires significant staff resources to mentor and oversee the professional development of the volunteers.

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.
- ✓ Prepare and review ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform analyses on relevant 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 capital projects, including, but not limited to, implementation of the Water Pollution Control Capital Program and the Sanitary Sewer System Capital Program.
- ✓ Continue to provide significant legal services to address the increased volume of development applications in the Planning Department and planning-related items on the Council Priority List; innovation projects, economic development initiatives, and real estate transactions proposed by the Office of Economic Development; and Housing-related initiatives and transactions.
- ✓ Respond, review, and coordinate complex Public Records Act requests. Considerable resources are dedicated to increasingly complex public record 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 requests involving electronic data.

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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 2015-2016, the City Auditor's Office identified approximately \$5 million in cost savings and revenue enhancements, achieving a ratio of about \$2 in monetary benefits to every \$1 of audit costs (Target: \$4 to \$1).

During 2015-2016, the Office issued 18 audit reports, or approximately 1.5 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2015-2016 include:

- Golf Courses: Loss of Customers and Revenues Requires A New Strategy
- Police Hiring: Additional Efforts to Recruit Qualified Candidates Urgently Needed to Fill Vacancies
- Cities Association of Santa Clara County Expenditure Review, Fiscal Years Ending June 30, 2014 & 2015
- Team San Jose's Performance 2014-15
- Personnel Investigation Structure: Augmenting Policies and Training Can Improve the Process
- Annual Report on City Services FY 2014-15
- Measuring San José's Financial Condition
- Street Sweeping: Significant Investment and Re-Tooling Are Needed to Achieve Cleaner Streets
- The City's Use and Coordination of Volunteers: Volunteer Programs Provide Significant Benefits to the Residents of San José
- Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines
- South Bay Water Recycling: Better Information and Renegotiation of Contractual Obligations Will Increase Transparency and Aid Program Success
- City Clerk's Office (to be issued)

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, 2015; 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. The Office also worked with volunteers from the Silicon Valley Talent Partnership and Code for San José to post a demonstration of a new online, interactive version of the *Annual Report on City Services*.

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

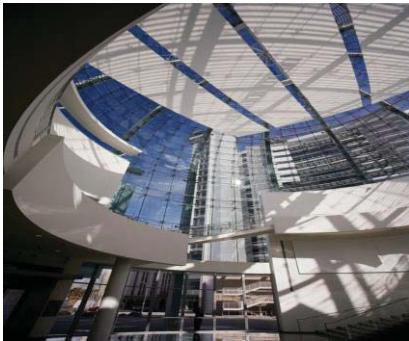
- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2016-2017 Audit Workplan will target City Council and other City Appointee concerns and areas identified in the City Auditor's City-Wide 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 2015, approximately 64% of the 791 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 2015-2016 Audit Workplan was approved by the City Council in August 2015. The 2016-2017 Proposed Audit Workplan will be submitted for City Council approval in August 2016.
- ✓ Provide performance report and enhance the display of online performance information. In December 2015, the Office published the City's eighth *Annual Report on City Services*. The Office will continue this project in 2016-2017, 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.

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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 2015-2016, the Office:

- Conducted an election for the 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 former 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 issue 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.
- 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.

Service Delivery Environment

- In addition to providing administrative services for the Mayor and City Council, the Office also posts agendas and minutes, 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 services directly related to its outcome:

- ✓ Successfully conducting municipal elections for the City Councilmembers, 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 Councilmembers (calendars, fundraising solicitations, and outside income disclosure).

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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 ensure that ongoing services are being delivered with the highest standards of quality and customer service. The City Manager's Office serves to guide fiscal and change management, the building and development of our workforce, and development of long term, data driven strategies in order to invest in the City's future. The City Manager's Office provides leadership and/or management of new issues and projects of significant complexity. The following are highlights of recent service delivery accomplishments:

- In 2015, the City Manager's Office facilitated two Priority-Setting sessions with the Mayor and Council to prioritize workload and align priorities with available staff resources. The Priority-Setting exercises focused staff efforts on pending ordinance changes deemed the highest priority by the Mayor and Council. The City Manager's Office continues to work in collaboration with the City Attorney's Office and department staff to facilitate Council consideration and prioritization of pending ordinances and policies on a bi-annual basis.
- The development of the 2016-2017 Proposed Operating Budget and Capital Budget, includes strategically investing in the most critical service and capital needs while ensuring fiscal stability. As directed and approved in the Mayor's March 2016 Budget Message, the 2016-2017 Proposed Operating Budget focuses on saving to better position the City to weather an economic downturn and help avoid service disruptions; investing and innovating in the areas of Safety, Economic Opportunity, Our Future, Our Community; and investing in making San José America's Most Innovative City.
- The Data Analytics Team was formed in 2015 to produce insights and recommendations based on analyses of City data. The Team has completed analytics projects related to Code Enforcement, Illegal Dumping, Parks Maintenance, and Vision Zero. The Team has also played a major role in driving the City's Open Data Initiative, assisting with policy development, community engagement, and technical implementation of our open data portal. A city-wide inventory of all existing data was completed, which will serve as a repository for the City's open data portal and will continue to encourage cross-departmental data sharing and analysis.
- The pension modification ballot measure (Measure B) was passed by San José voters in June 2012. Consistent with City Council direction, the City Administration, the San José Police Officers' Association ("SJPOA"), the San José Fire Fighters, and IAFF Local 230 ("IAFF") reached an agreement on an alternative pension reform settlement framework in July 2015. In November and December 2015, the Administration also reached an agreement on a settlement framework with the bargaining units representing employees in the Federated City Employees' Retirement System. The settlement frameworks not only settle significant litigation with the City's bargaining units, the frameworks also solidify savings associated with the elimination of the Supplemental Retiree Benefit Reserve (SRBR), contain savings from a revised Tier 2 pension benefit while providing benefit levels similar to other Bay Area agencies, and close the defined benefit retiree healthcare plan for new and current Tier 2 employees. The City Administration estimates approximately \$3 billion in savings over the next 30+ years. The City Administration will continue working on implementing the terms of the settlement frameworks, including updating the San José Municipal Code and working with various stakeholders on a pension modification ballot measure for the November 2016 election. The City also reached multi-year agreements with all of its bargaining units.
- The City Manager's Office continues to ensure that transitions in key leadership positions and the Mayor and City Council Offices are handled strategically and with minimum disruption. In 2015-2016, the Office made key appointments in the following departments: Fire, Housing, Information Technology, Police, and Transportation.

Service Delivery Accomplishments

- WorkForce Support and Development Strategy (“WorkForce Strategy”) was initiated by the Administration to help improve the employee experience, from recruitment to retirement, including employee engagement, retention of existing employees, and assisting in finding talented new employees. Since the WorkForce Strategy was launched, several initiatives have been implemented City-wide, including but not limited to: revising the *Employee Recognition Policy*; enhanced *New Employee Welcome (NEW)* program to enrich the onboarding experience for new employees; launch of the revised *Employee Suggestion Program* to encourage employees to bring forward ideas on how the City can improve services while reducing costs; a *New Online Management System (CSJ University)* to provide training and educational opportunities for employees; and, in partnership with Gallup, Inc., launching the new *Employee Engagement Survey* to follow up on the results from the 2014 survey and allow employees to provide feedback.
- The City Manager’s Office also continues to support a variety of employee development opportunities. The relaunch of *Employee Mentoring* had over 116 participants in 2015. Additionally, employees in classifications that are deemed to have supervisory or lead capabilities receive training in *Non-Discrimination and Anti-Harassment*, as required by California state law, upon being newly hired or promoted and every two years thereafter. Additionally, training to existing and new supervisors was provided through the Supervision Academy.
- The Office of Immigrant Affairs (OIA) was established in the City Manager’s Office to ensure that the City creates a welcoming environment for immigrants along with implementation of strategies that support the proper integration of the various immigrant groups in San José. In September 2015, the City Council approved a "Welcoming San José (WSJ)" resolution which initiated the work of the WSJ Steering Committee. The multi-sector group met regularly and supported subcommittees resulting in a three-year immigrant integration plan. In addition, the OIA has participated in national initiatives such as Cities for Citizenship, Cities United for Action, Welcoming America, and the White House's Building Welcoming Communities. The OIA also received a Gateways for Challenge Grant providing the City with a research brief specific to immigrant-related data for San José and a Citi Community Development grant for a citizenship initiative.
- Intergovernmental Relations provided city-wide training and information to assist City officials and Departments in evaluating policy issues to allow decision-makers the maximum opportunity to be informed, involved, and influential regarding the outcome and development of policy prior to policy adoption. The results have been evident with the passage of the City-sponsored bill, SB 236 (Beall), to address issues with the Communications Hill Grand Staircase, which will provide the City with greater authority to regulate the staircase. Our State lobbyist was also successful in gaining passage of a State Budget Trailer bill that included an extension of the Three Creeks Trail trestle grant funding of \$1.77 million. Our Federal lobbyist firm advocated for the HOME Investment Program’s successful increase in proposed funding and transit funding to support BART. The City advocated for the passage of the Federal Transportation Reauthorization (The FAST Act), which the City successfully lobbied for increased Surface Transportation Program funding and flexibility. In addition, Legislative Guiding Principles and Legislative Priorities have been adopted for 2016, providing the City’s lobbyists with direction in Sacramento and Washington, D.C.
- The City Manager’s Communications Office develops, supports, and coordinates external and internal communications programs, projects, and policies throughout the City organization. This includes management of the City’s web content, social media platforms, news media relations, CivicCenter Television coverage of Council and committee meetings, and public records requests. Significant accomplishments this year include the implementation of communications policies dealing with web governance, language access, and media relations, and public outreach campaigns concerning El Niño and Super Bowl.

Strategic Support
Office of the City Manager
OVERVIEW

Service Delivery Accomplishments

- The City Manager's Office administers the City's Medical Marijuana Program, coordinating a multi-departmental regulatory and oversight effort. With a registration deadline of December 18, 2015, staff spent the first half of 2015-2016 working to implement the registration program. Sixteen medical marijuana collectives met the program requirements and received a Notice of Completed Registration. The program team also worked aggressively on the enforcement and closure of non-compliant and unregistered medical marijuana establishments. Staff continues work with the State of California as it is implementing the new Medical Marijuana Regulation and Safety Act, and monitors legislation and advocates on behalf of the City per Council direction in favor of robust regulation, local control, protection of local revenues, and consumer product and patient safety.

Service Delivery Environment

- The Budget Office will continue to effectively forecast and monitor both revenues and expenditures to ensure the continued fiscal health of the City. The focus is on maintaining budget stability and strategically investing the City's limited resources to keep our communities safe, invest for our future, enhance the development fee programs, and maximize efficiency and effectiveness in service delivery. During 2016-2017, the Budget Office will also be implementing a new budget system that will automate and streamline the annual budget process, as well as incorporate program budgeting into the City budget reporting model.
- The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on the development and implementation of these priorities. The City Manager's Office will also continue to support the City Council in implementing fiscal sustainability and other potential ballot measures or initiatives.
- The Office of Employee Relations (OER) will be meeting with the bargaining units as the terms of the alternative pension reform settlement frameworks are implemented, including continued discussions on a pension modification ballot measure for the November 2016 election and updates to the City's Municipal Code. The City will also be engaged in negotiations on a successor Memorandum of Agreement with the San José Police Officers' Association as the current agreement expires in December 2016.
- The City Manager's Office will continue to pursue the public-private partnerships that are so critical to expanding and improving City services for residents and businesses. The City Manager's Office has partnered with PayPal to enhance resources available to small business, as well as with Citibank, Bank of America, Wells Fargo, United Way Bay Area, Microsoft, e-Bay and the Silicon Valley Community to provide financial counseling to low-income individuals. A variety of private employer partnerships, including with Jabil, Cisco, Olympus, TiVo, the Silicon Valley Leadership Group, NextFlex and the Silicon Valley Chamber of Commerce, have also been developed to support the Mayor's Office TechHire and manufacturing initiative. The City is also planning to scale up the San José Works program from 235 at-risk youth served last year to 1,000 this year. Over 80 employers will support this effort, and third-party funders include WalMart, Microsoft, Wells Fargo and Bank of America.
- The Administration continues to provide leadership and direction to the Successor Agency to the former Redevelopment Agency, managing the multi-departmental transition team and navigating through the complexities of dissolving an Agency. The transition team provides policy direction and recommendations, managing the relationships with the State Department of Finance and the County of Santa Clara, ensuring the Successor Agency and the City remain in compliance with the legislation, and balancing the implications to the City as the Successor Agency to the former Redevelopment Agency.

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.
- ✓ Implement an aggressive communication plan for community outreach.
- ✓ 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 on-going 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 2016-2017 and 2017-2018 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.
- ✓ Aggressively implement the Economic Strategy, including priority strategic goals and workplan actions identified by the City Council.
- ✓ Engage the City Council in prioritizing updates of Policies and Ordinances.

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

- ✓ 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.
- ✓ Investment 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

- ✓ Continuing to pace the organization has become more important in day-to-day operations as the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services in an environment of increasing demands and limited resources. During 2016-2017, the City Manager will 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.
- ✓ Despite extremely limited resources, 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.
- ✓ Recognize the opportunity to seize a global market opportunity and ensuring San José's position as a model 21st century city by engaging the City Council on Green Vision 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 Plans' obligations.

Strategic Support
Office of Retirement Services
OVERVIEW

Service Delivery Accomplishments

- Kicked off the upgrade of its pension administration system in March 2015. The implementation process is expected to take approximately 42 months to complete and cost approximately \$9 million.
- Completed the conversion of its microfiche data electronic versions, as well as the digitization of all the tapes of Board meetings.
- In conjunction with the City Administration, participated in the Request for Proposal (RFP) for its independent auditors, resulting in the appointment of Grant Thornton, LLP as its independent auditor for the next five years.
- Issued an RFP for the Federated City Employees' Retirement and Police and Fire Department Retirement Boards' actuary in January 2016 and will complete the process by the end of 2015-2016.
- The 2016 active member survey results indicate that 88% of the respondents feel that the Office of Retirement Services (ORS) had a positive impact on their ability to make decisions to achieve retirement goals.
- Under the Boards' direction, the investment programs continued to develop over the past year and are poised to evolve further in the coming year. Recruitment efforts have begun and will be completed for the newly created Investments Analyst positions which will provide crucial support to the Investment Officers. In addition, the investment program completed the RFP process for its general and alternative-investment consultants.
- The investment programs improved their capabilities for performance and attribution reporting, manager compliance reporting and risk analytics.
- Measure G, which became effective in December 2014, modified the Boards' governance structure. The Boards' main governance focuses were on obtaining more authority to better fulfill their fiduciary duties and on working with all stakeholders to communicate their goals and obtain feedback. The Boards formed an ad-hoc committee to review the current structure and operations of the ORS and to determine what changes to make in order to achieve their goals.
- Staffing adjustments provided necessary resources required to support the fiduciary and governance requirements of the Retirement Boards and Committees and increase technical support in preparation for the implementation of a new pension administration system.

Service Delivery Environment

- Complete the RFP for a risk management system.
- Complete the development and recommendation of a Senior Investment Officer position to further enhance the investment program's retention, attraction and development capabilities.
- Continue the implementation of the new pension administration system.
- Complete the ORS website overhaul.
- Continue the implementation of Measure G.
- 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 Boards' actuary 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-ins per month.
- Publish annual financial reports, which include the Comprehensive Annual Financial Reports (CAFRs) and Popular Annual Finance Reports (PAFRs), 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 an asset allocation reflective of the Boards' risk tolerances.
- Source and perform due diligence on prospective investment managers, and when appropriate select investment managers and monitor accordingly.
- Develop, implement and ensure compliance with Board-adopted investment policies.

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