



City of San José  
Office of the City Auditor

December 18, 2019

Honorable Mayor and Members  
Of the City Council  
200 East Santa Clara Street  
San Jose, CA 95113

## Annual Report on City Services 2018-19

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

### Background

With a population of 1,043,000, San José is the tenth largest city in the United States and the third largest city in California. The City of San José serves an ethnically diverse population—about 36 percent Asian, 32 percent Hispanic, and 25 percent white. Roughly 40 percent of San José residents are foreign born. More than half of residents speak a language other than English at home.

In 2018, San José's median household income increased to \$113,000; however, the cost of living in San José is among the highest in the nation. Fifteen percent of San José households earned less than \$35,000. An estimated 6,100 residents are homeless.

### Resident Survey

2019 marked San José's ninth year of participation in The National Community Survey™, a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management

Association (ICMA). In addition, for the first time this year, the City Auditor's Office worked with the Knight Foundation and San Jose State University to implement a parallel survey of university students and faculty.

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

### Financial Condition

For the first time in seven years, the City's revenues for governmental activities exceeded its expenditures. As a result, the City's net position increased in 2018-19. The City's liquidity ratio and unassigned General Fund balance also increased, which bolster the City's position in the event of an economic downturn. The City also added value to its capital assets, though it still faces an estimated \$1.5 billion deferred maintenance and infrastructure backlog.

### Operating Budget and Staffing

In 2018-19, the City's departmental operating expenditures totaled \$1.5 billion\*, or about \$1,450 per resident. Despite a projected General Fund shortfall of \$4.3 million at the beginning of the year, the City has generally

increased spending in recent years. The City Manager's 2019-20 Budget Message, however, forecasted budget shortfalls for three of the next four years.

Increased staffing in recent years has nearly restored staffing levels to what they were 10 years ago; however, about half of all City departments remain below those levels. San José employs about 6.1 people per 1,000 residents—fewer than any other large California city we surveyed.

\* Expenditures from the City's Operating Budget totaled \$3.7 billion. This also includes General Fund capital and Citywide expenditures, reserves, transfers, and various non-General Fund operating and enterprise fund expenditures (e.g., capital, debt service, pass-through grant funds) and operating or other reserves.

### **Performance Results by City Service Area**

The City of San José provides a wide array of services that city residents, businesses, and other stakeholders count on. 2019 marks the second year this report includes the newly created City Service Area Dashboards. Last year, the City Administration selected its top six measures representing achievements in each City Service Area. Some highlighted results from these service areas include:

#### *Public Safety*

- Police handled about 1.2 million calls for service and responded to about 196,000 Priority 1 to 4 incidents in 2018-19. The citywide average response time for Priority 1 calls was 7.1 minutes, with 52 percent of Priority 1 calls meeting the six-minute target. Forty-six percent of Priority 2 calls met their 11-minute response target. On average, Police responded to Priority 2 calls in 19.9 minutes.
- San José experienced 2,883 major crimes per 100,000 residents in 2018, marking the first year since 2012 that San José's per capita crime rate was higher than both the state and national rates, though it remains below other major California cities such as Los Angeles, San Francisco, and Oakland.
- Fire responded to about 91,900 incidents in 2018-19, including 3,100

fires. The Department responded to 74 percent of Priority 1 incidents within its time standard of eight minutes (target: 80 percent), which is an improvement from the last two years. The Department responded to 92 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

#### *Community and Economic Development*

- Jobs per employed resident in San José increased slightly, to 0.83. It is still below the Envision 2040 target of 1.1 job per employed resident. San José's unemployment rate is low, however, declining to just 2.7 percent in 2018-19.
- In 2018-19, developers completed 111 new affordable housing units with City help, bringing the total number of affordable units to almost 21,000. Availability of quality, affordable housing remains among the lowest rated characteristics of the city, however, with 82 percent of residents rating the availability as "poor."
- Seventy-nine percent of plan checks for development projects were completed within processing time targets. Sixty-nine percent of building inspections occurred within the target time of 24 hours. In 2018-19, the value of construction increased; however, the volume of construction decreased for the second straight year.

#### *Transportation and Aviation Services*

- While overall City streets maintain a rating of "fair" based on the Pavement Condition Index (PCI), the passage of Measure T in November 2018 will enable the Department of Transportation to repair residential streets beginning in 2020. The Department also filled 19,700 potholes in 2018-19. Twenty-one percent of residents rated the City's street repair services as "good" or "excellent," a marked increase from 14 percent last year.
- The fatal and injury crash rate rose slightly to 2.2 per 1,000 residents in 2018, but remains below the national rate, which was 5.9 in 2017.

- The number of Airport passengers increased again last year. In 2018-19, the Airport served over 14.9 million airline passengers. The Airport remains one of the highest rated City services, with 78 percent of residents rating the overall ease of using the airport as "good" or "excellent."

#### *Environmental and Utility Services*

- Nearly 19 million gallons of wastewater per day were diverted from flowing to the San Francisco Bay during the dry weather period (June through August). South Bay Water Recycling delivered almost four billion gallons of recycled water over the course of the year. This is up from 2017-18.
- In 2018-19, San José Clean Energy began serving residents and businesses. It serves over 328,000 accounts with renewable and carbon-free energy, helping the City to meet its goal of reducing greenhouse gas emissions to less than 3.66 millions of metric tons of carbon dioxide equivalent by 2030.
- The percent of waste diverted from landfills stayed consistent with last year, as the City is still working to address disruptions in the recyclables market. The City diverted 64 percent, or around 400,000 tons, of solid waste in 2018.

#### *Neighborhood Services*

- The Parks, Recreation and Neighborhood Services Department rated the overall condition of City parks 3.3 on a 5-point scale. Two new parks, Cannery Park and William Lewis Manly Park, were opened in 2018-19.
- Library customer ratings of services remain high, with internal surveys showing 94 percent of customers rating library services as good or better. Eighty-five percent of library customers also reported reading more to their children following participation in library programs. Libraries offered over 24,000 programs in 2018-19. The Library also opened a new neighborhood library at Mt. Pleasant.

- The City's Animal Care Center adopted, rescued, returned, or transferred over 15,000 cats and dogs last year, for a live release rate of 92 percent.

#### *Strategic Support*

- IT reports 86 percent of its 2018-19 projects met scheduling, cost, scope, and value goals, exceeding its target of 80 percent. IT also added staff in 2018-19, decreasing its vacancy rate to 10 percent from 18 percent the prior year.
- Ninety-seven percent of general vehicles in the City's fleet were available when needed, as were 100 percent of emergency vehicles.
- The City has maintained general obligation bond ratings of Aa1/AA+/AA+ by the three leading national ratings agencies: Moody's, Standard & Poor's, and Fitch.

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

#### **Conclusion**

This report builds on the City's existing systems and measurement efforts. The City Auditor's Office selected and reviewed performance data to provide assurance that the information in this report presents a fair picture of the City's performance. All City departments are included in our review; however, this report is not intended to be a complete set of performance measures for all users. It provides insights into service results, but is not intended to thoroughly analyze those results. By reviewing this report, readers will better understand the City's operations.

The report contains an introduction with a community profile of the City. This is followed by resident survey results, various measures about the City's financial condition, and a summary of the City's overall budget and staffing. The remainder of the report presents the City Service Area Dashboards, followed by performance information for each department in alphabetical order—their missions, descriptions of services, workload and performance measures, and survey results.

Additional copies of this report are available from the Auditor's Office and are posted on our website at [www.sanjoseca.gov/servicesreport](http://www.sanjoseca.gov/servicesreport). We thank the many departments that contributed to this report. This report would not be possible without their support. We would also like to thank the Knight Foundation and San Jose State University for their interest and participation in our resident survey.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'JR' or similar initials, written in a cursive style.

Joe Rois  
City Auditor

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