

City Service Area Strategic Support



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

Primary Partners

Finance
Human Resources
Information
Technology
Public Works

CSA OUTCOMES

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

City Service Area
Strategic Support
SERVICE DELIVERY FRAMEWORK

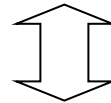
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Strategic Support CSA

Mission:

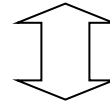
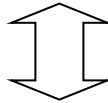
To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects



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

Outcomes:

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



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

CORE SERVICES
 Primary deliverables of the organization

Finance Department

Core Services:

Disbursements

Financial Reporting

Purchasing and Risk Management

Revenue Management

Treasury Management

Human Resources Department

Core Services:

Employee Benefits

Employment Services

Health and Safety

Training and Development

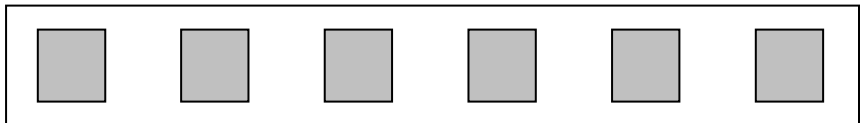
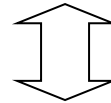
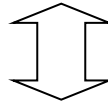
SERVICE DELIVERY FRAMEWORK

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

CORE SERVICES
Primary deliverables of the
organization

PROGRAMS
Elements of Core Services; the "front-
line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support
to enable direct service delivery



Strategic Support

Expected 2017-2018 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 increasing cybersecurity risks; begin to address long term requirements for protection, detection, response and recovery.
- Execute an Open Data and Smart Cities Platform innovation pilot to allow the City to develop long-term policies and approaches to building and sustaining solutions to support Internet of Things (IoT), the inter-connectivity of devices to the Internet.
- Manage the City's critical data, systems, networked communications, and collaboration platforms in support of business processes. Achieve high uptime and availability. Complete upgrades and maintenance for financials, human resources, payroll, and budget systems; migrate and enhance the City Data Portal and integration services for enhanced decision making; implement and continue to improve the City's new Customer Relationship Management (CRM) system, mobile app, online portal, and dashboards; and implement business process automation solutions.
- Modernize the City's voice/data/video network, server compute/storage/virtualization infrastructure, and business resumption capabilities. Manage support of the Wickedly Fast WiFi public wireless network. Support the City's Digital Inclusion and Broadband Strategy planning, Facebook Terragraph high-speed wireless innovation projects, and pilot WiFi expansion into school attendance areas (geographic regions identified by a high school, junior high school and several elementary schools) in the East Side Union High School District.
- Manage an exceptional Customer Contact Center and complete the implementation of the City's new Customer Service Policy, which includes guidelines on call-handling, Customer Relationship Management, and knowledgebase article solutions, an alternative means to provide answers to Frequently Asked Questions in lieu of speaking directly with a customer service representative.
- 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.



Strategic Support

Expected 2017-2018 Service Delivery

- Launch a Recruiting SharePoint site to centralize recruitment templates and resources for Departmental Human Resources staff and hiring managers.
- 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. A new high deductible health plan with a health savings account option and a voluntary employee beneficiary association plan is targeted for rollout in 2018.
- Manage employee leaves of absence through the new PeopleSoft module rolled out in 2016-2017 and continue department outreach and training.
- Launch and maintain an employee communication campaign to educate and increase participation and contributions in the City's deferred compensation program.
- 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.
- 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.

2017-2018 Key Budget Actions

- The addition of 1.0 Senior Analyst position in the Human Resources Department provides dedicated support to the newly upgraded PeopleSoft payroll, time and labor, and absence management module of the recently implemented Human Resources/Payroll/Budget Systems Upgrade project. The Senior Analyst will: create and maintain system update processes; identify and document issues and identify appropriate business solutions; update, test, and maintain the PeopleSoft system to ensure compliance with local, state, and federal policies; and maintain system configurations and rules for benefit plans and workforce administration.
- The addition of 1.0 Senior Accountant in the Finance Department provides dedicated support to the newly upgraded PeopleSoft payroll, time and labor, and absence management module of the recently implemented Human Resources/Payroll/Budget Systems Upgrade project. The Senior Account will provide continuous support and testing of the system and will ensure the PeopleSoft modules correctly account for Fair Labor Standards Act changes.
- The addition of ongoing funding of \$60,000 to purchase new Request for Proposal software enables the Finance Department's Purchasing Division to create and maintain templates in the system, and will offer departments a step-by-step guide during the preparation of an RFP.
- The elimination of 0.4 part-time Physician position with the Employee Health Services Division and reallocation of position savings to contractual physician services are recommended as the result of a recently reevaluated service delivery model to deliver employee health services.

Strategic Support

2017-2018 Key Budget Actions

- The addition of one-time funding of \$331,000 supports the continuation of 3.0 Workers' Comp Adjuster II temporary positions in the Workers' Compensation Unit. This funding is partially offset by the reallocation of \$90,000 in anticipated savings achieved during 2016-2017 from third party administrator (TPA) contractual services. Workers' Compensation is administered through a hybrid program model of in-house support and an outside administrator, and will endeavor to achieve an ongoing reduction of caseloads by enabling current in-house staff to focus on compliance in response to 2016 State Audit findings. The City's Workers' Compensation Program is subject to re-audit in December 2018.
- The addition of one-time funding of \$100,000 for consulting services is recommended to update and modernize the City's disaster cost recovery manual, which has not been updated since 1999. Federal legislation updates resulting from the Sandy Recovery Improvement Act of 2013 will also be included.
- The reorganization of staffing in the Information Technology Department includes the addition of 2.0 Information Systems Analyst positions (Product-Project Managers) and deletion of 2.0 Supervising Application Analyst positions, 2.0 Network Engineer positions and 1.0 Information Systems Analyst positions. The reorganization is necessary to ensure the department has the right balance of skill sets. A Portfolio and Project Management Office (PPMO) will be created as part of the reorganization.
- The addition of 1.0 Deputy Director (City Information Security Officer) position and the creation of a Cybersecurity Office within the IT Department responds to the City's growing cybersecurity risks. This Office will build business continuity and resilience for the organization, and administer increasing security compliance and control requirements city-wide.
- The continuation of 1.0 limit-dated Senior Office Specialist position through December 31, 2017 in the Customer Contact Center will support water service and billing inquiries. The IT and Environmental Services Departments will continue to monitor call activity and will reevaluate staffing needs as part of the 2017-2018 Mid-Year Budget Review.
- The addition of funding is recommended to refresh the City's aging servers and data storage environment. The City will pursue converged or hyper-converged infrastructure (HCI) technologies in a model that will support efficient city-wide use, scalability as the City grows, and use of connected internet/cloud-based services.
- The addition of one-time funding of \$80,000 is recommended for the development and licenses of a Service Request Management/Customer Relationship Management (SRM/CRM) Neighborhood Dashboard, which will facilitate responses to requests from City Council Offices, City departments, and the community.
- The addition of 1.0 Senior Engineer position is recommended to support the major regional rail projects coming online over the next ten years, including Diridon Station Area Plan Implementation, High Speed Rail, and BART Phase II.
- The continuation of 1.0 Communications Installer position through June 30, 2018 is recommended to install, repair, and maintain public safety mobile device units and dispatch consoles in preparation of the upcoming transition to the Silicon Valley Regional Communications System.
- The continuation of 1.0 Supervising Environmental Services Specialist position enables the Public Works Department to continue to manage the City Building Energy Projects Program, which includes coordination with OpTerra on the Energy and Utility Conservation Measures project (Energy Services Company (ESCO)), and continue to advise on energy issues related to other capital projects throughout the City as needed.

City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

Dollars by Core Service	2015-2016 Actual	2016-2017 Adopted	2017-2018 Forecast	2017-2018 Proposed
<i>Finance</i>				
Disbursements	n/a	n/a	n/a	\$ 2,169,850
Financial Reporting	n/a	n/a	n/a	2,247,610
Purch. and Risk Management	n/a	n/a	n/a	3,312,621
Revenue Management	n/a	n/a	n/a	6,985,163
Treasury Management	n/a	n/a	n/a	18,847,854
Strategic Support	n/a	n/a	n/a	2,276,848
Strategic Support - Other	n/a	n/a	n/a	59,089,612
<i>Human Resources</i>				
Employee Benefits	n/a	n/a	n/a	92,609,157
Employment Services	n/a	n/a	n/a	2,631,283
Health and Safety	n/a	n/a	n/a	5,788,806
Training and Development	n/a	n/a	n/a	178,000
Strategic Support	n/a	n/a	n/a	1,345,050
Strategic Support - Other	n/a	n/a	n/a	1,299,538
<i>Information Technology</i>				
Customer Contact Center	n/a	n/a	n/a	1,833,035
Enterprise Technology	n/a	n/a	n/a	6,945,004
Systems & Solutions	n/a	n/a	n/a	11,836,050
Info. Technology Infrastructure	n/a	n/a	n/a	2,168,387
Strategic Support	n/a	n/a	n/a	2,168,387
<i>Public Works</i>				
Facilities Management	n/a	n/a	n/a	29,525,577
Fleet & Equipment Services	n/a	n/a	n/a	31,027,445
Plan, Design & Construct Public	n/a	n/a	n/a	37,197,389
Facilities & Infrastructure	n/a	n/a	n/a	7,593,080
Strategic Support	n/a	n/a	n/a	15,662,872
Strategic Support - Other	n/a	n/a	n/a	15,662,872
Dollars by Core Service Subtotal	n/a	n/a	n/a	\$ 342,570,231
MAYOR, CITY COUNCIL, AND APPOINTEES	n/a	n/a	n/a	\$ 57,216,282
Total CSA	n/a	n/a	n/a	\$ 399,786,513
Authorized Positions	n/a	n/a	n/a	905.67

City Service Area
Strategic Support
OVERVIEW

Service Delivery Accomplishments

- The City's current general credit ratings are Aa1/AA+/AA+ by the three leading national rating agencies: Moody's, Standard & Poor's, and Fitch, respectively. The ratings by the three agencies acknowledge the City's sound financial position, strong management team and practices, and strong economic performance.
- 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.
- The completion of the City's Innovation and Technology Strategic Plan sets the three-year direction for the City. The plan supports the execution of the San Jose Smart City Vision.
- Developed the 2017 Cybersecurity Workplan in response to increasing risks faced by local governments. Completed an extensive compliance review and assessments, detailed goals and resource plans, and began incorporation of the National Institute of Standards and Technology Cybersecurity Framework into City operations.
- Completed migration of Human Resources/Payroll/Budget Systems Upgrade project through the on-cloud providers. Implemented the new talent management system; the new workers' compensation system; the ballot-required Business Tax Online Registration solution; and City's Open Data Community Architecture.
- Supported major project implementations, including: the new Customer Relationship Management (CRM) system, mobile app, online portal, and dashboards; the new Hyperion Budget System; replacement of the Business Tax System; and migration to the City's new Open Data Portal. Also, completion of the utility billing system project.
- Supported Facebook Terragraph Gig-speed wireless global demonstration – a City innovation project; implemented SpeedUpSanJosé to crowdsource wireless service data; founded the City's Innovation and Technology Advisory Board; and assisted with logistics for hosting the Wireless Global Congress event in San José.
- Upgraded 48 City sites, including community centers and fire stations, to provide faster internet services, and completed wireless upgrades at City Hall to enhance speed.
- Continued implementation of all recommendations made in the Audit on Customer Call Handling by the City Auditor's Office with a target completion date of fall 2017; completed draft updates of the City's IT Security and Mobile Devices policies and began drafting a modern Information and Communications Technologies Policy.
- Major security enhancements were made at City Hall and the Employee Parking Garage including, increased outdoor lighting, new security cameras, and new access controls.
- New special event lighting was installed in the City Hall Rotunda.
- Seven new solar photovoltaic systems were installed on municipal facilities, generating 1.3 megawatts of clean power.

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.
- Under the Mayor’s leadership, the Administration developed a Smart City Vision, which contained five key areas of focus in which to make the city safer and sustainable by leveraging technology. The Smart City Vision is a platform for impactful and transformative technologies to shape how we live and work in the future, by making these technologies more inclusive and user-friendly. The Information Technology Department (ITD) is moving from a predominantly back-office support function to one that serves as a core business enabler and strategic asset for the entire City organization.
- There is a need to re-platform and modernize the City to more current technologies that will sustain City’s operations and innovation efforts. Over the past decade, there has been an accumulation of technology deficits— called “tech debt” — from obsolete and aged ITD assets kept in place due to resource constraints. These technologies increasingly fail, register as audit findings and security violations, and cannot meet requirements for new business solutions. The City has begun to account for and respond to those needs.
- Growing risks of cybercrime and cyber disasters are reshaping many of the City’s operating and business resumption requirements to achieve the new level of resilience needed today. Funding for the City’s Cybersecurity Office will begin to address priorities identified in ITD’s 2017 Cybersecurity Work Plan.
- There is a need to maximize investments and build capacities to ensure the City’s technology procurements and system implementations are successful, particularly for the new Customer Relationship Management (CRM) system.
- To resolve consistent cost and schedule overruns, missed business requirements, and slow staff adoption of technology initiatives, the City is forming a Portfolio and Project Management Office (PPMO) within ITD as part of the 2017-2018 Proposed Budget. The PPMO will host efforts to improve the use of user-centric design methodologies, enhance features in the CRM system, and improve ITD’s customer-facing services.
- Human Resources has continued the Workers’ Compensation Service Delivery pilot project. This project moved approximately one half of the workers’ compensation claims administration to a third party administrator for bill review, utilization review, and medical management administrative services. Effective January 1, 2017, Intercare Insurance Services became the new Third Party Administrator for the City of San José. Continuation of these resources will assist the Workers’ Compensation program in achieving a reduction in adjuster caseloads by enabling current in-house staff to focus on compliance issues. Staff continues to evaluate this pilot program and, upon completion of that evaluation by June 2018, will bring forward a recommendation regarding the most effective means to deliver the services as part of the 2018-2019 Proposed Operating Budget for City Council consideration.
- With over 850 vacancies city-wide, a Talent Recruitment Initiative was launched that will reimagine and redesign the City’s hiring process to attract and quickly onboard top talent. The City Manager’s Office created a team, led by Human Resources to 1) Increase the number of people on boarded (volume); 2) Reduce the time to recruit and fill positions (cycle time); and 3) Increase the percentage of high potential people entering City service (quality). In January 2017, a front-line team convened to develop, design and deploy a new Autonomous Hiring System Pilot aimed at giving autonomy to department recruiters in conducting their own hiring process. Department recruiters in Parks, Recreation and Neighborhood Services, Transportation, Planning, Building and Code Enforcement, and Police (Civilian) Departments piloted the new process with the help of Human Resources Business Partners deployed on-site in departments. The Administration is exploring phasing in this program city-wide over the next several months.
- The City continues to face challenges offering sustainable and affordable healthcare to employees, retirees, and their dependents. As the result of an off-cycle Request for Proposal, Human Resources rolled out two new Sutter Health medical plans and a self-funded Preferred Provider Organization. Staff established the new fund and is monitoring to ensure accurate and timely reporting, payment of claims, and risk management.

Service Delivery Environment

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

CSA Priorities/Key Services

- Provide compensation and payments to City employees and vendors in a timely and accurate manner
- Produce legally required, compliance, and regulatory information and financial reports
- Manage multi-billion dollar debt and investment portfolios
- Collect and deposit delinquent accounts receivables due to the City
- Bill and collect City utilities service fees for storm, sewer, water, solid waste multi-family and some single-family, and Business Tax
- Ensure a high degree of tax and revenue collection compliance through audits and reviews
- Explore further opportunities to maximize tax collections
- Procure goods and services pursuant to City Policies and Initiatives to support City operations in an open and competitive process
- Provide workers' compensation and safety services
- Manage the City's benefits program
- Provide city-wide employment services
- Achieve the San José Smart City Vision and Innovation and Technology Strategic Plans approved by the Mayor and City Council in 2016 and 2017, respectively
- Provide exceptional deskside and mobile support services to City employees to help them to provide superior municipal services to the community
- Address growing risks of cybercrime and cyber disasters and build capacity to resume critical enterprise systems quickly should a disaster occur
- Build capacities to successfully execute IT Department initiatives and provide project management processes and training
- Be the primary point of contact for residents, City utilities' customers, businesses, and employees through the Customer Contact Center. Provide an excellent customer experience to residents and businesses requesting services through the City's new CRM technologies
- Re-platform the city on current technologies that will sustain operations and innovation efforts, while also achieving better cost-to-performance metrics
- Provide a foundation for data enabled civic innovations through Open Data Communities Architecture and focus on business process automations to accelerate and facilitate organization-wide decision-making
- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- "Greening" the City facilities and the City fleet
- Manage the City's space needs and the use of City-owned properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement services
- Provide mail room services, recycling services, and records management services in support of City policies and city-wide operations

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2015-2016 Actual	2016-2017 Target	2016-2017 Estimate	2017-2018 Target	5-Year Goal
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employee performance appraisals completed on schedule	77%	80%	77%	80%	98%
Foster a shared vision with employees about the characteristics of a high-performing workforce	1. % of the public having contact with City employees who are satisfied or very satisfied with the: <ul style="list-style-type: none"> - timeliness of City employees - courtesy of City employees - competency of City employees 	N/A ¹ N/A ¹ N/A ¹	76% 88% 80%	N/A ¹ N/A ¹ N/A ¹	N/A ¹ N/A ¹ N/A ¹	83% 88% 83%
Provide the necessary and required safety & health services that ensure employee health, safety and well-being	1. Number of Workers' Compensation claims per 100 FTEs	18.0	14.0	14.0	14.0	14.0

¹ Data for this measure is typically collected in the fall through the biennial City-Wide Community Survey. This survey was not issued last fall, however, which limits the information available to report. The next community survey will be conducted in spring 2017, and those results will be reported in the 2017-2018 Adopted Budget.

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2015-2016 Actual	2016-2017 Target	2016-2017 Estimate	2017-2018 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%	90%	90%	90%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	80%	85%	85%	85%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	97%	95%	96%	95%	95%
	2. % of fleet in compliance with replacement cycle:					
• Emergency Vehicles	100%	100%	100%	100%	100%	
• General Fleet	88%	90%	88%	90%	90%	

¹ Data for 2015-2016 was not available since the condition assessment work did not begin until late 2016.

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY

Strategic Goals	CSA Performance Measures	2015-2016 Actual	2016-2017 Target	2016-2017 Estimate	2017-2018 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network ¹	99.93%	99.50%	99.89%	99.91%	99.95%
	-Telephones	99.99%	99.95%	100.0%	100.0%	99.95%
	-Enterprise Servers ¹	99.92%	99.50%	99.99%	99.99%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.94%	99.95%	99.99%	99.99%	99.95%
	-Financial Management System	99.27%	99.50%	99.85%	99.90%	99.95%
-Human Resources/Payroll System	99.31%	99.50%	98.22%	99.50%	99.95%	

¹ Due to the migration from aging infrastructure to newer platforms, it is anticipated that there may be periodic drops in network availability, which impacts network services.

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2015-2016 Actual	2016-2017 Target	2016-2017 Estimate	2017-2018 Target	5-Year Goal
Maintain City's bond ratings 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 & Poor's, and Fitch, respectively. The Finance Department will continue efforts to maintain favorable bond ratings.

² Data for this measure is typically collected in the fall through the biennial City-Wide Community Survey. This survey was not issued last fall, however, which limits the information available to report. The next community survey will be conducted in spring 2017, and those results will be reported in the 2017-2018 Adopted Budget.

Strategic Support


PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
FINANCE DEPARTMENT			
• Finance Department Information Systems Staffing	1.00	102,904	102,904
• Disaster Cost Recovery Manual Update		100,000	100,000
• Request for Proposal Software		60,000	60,000
• Purchasing Division Management Succession Planning		49,000	49,000
<i>Subtotal</i>	<u>1.00</u>	<u>311,904</u>	<u>311,904</u>
HUMAN RESOURCES DEPARTMENT			
• Workers' Compensation Program Temporary Staffing		330,720	330,720
• Human Resources Department Information Systems Staffing	1.00	102,904	102,904
• Employee Health Services Physician Staffing	(0.40)	0	0
<i>Subtotal</i>	<u>0.60</u>	<u>433,624</u>	<u>433,624</u>
INFORMATION TECHNOLOGY DEPARTMENT			
• Technology Equipment Replacement to Converged or Hyper-Converged Infrastructure		1,125,000	1,125,000
• Cybersecurity Office	1.00	477,695	477,695
• Customer Relationship Management Maintenance and Feature Additions		80,000	80,000
• Customer Center Staffing	1.00	39,449	15,780
• Portfolio and Project Management Office	(1.00)	(222,851)	(57,621)
• Information Technology Department Staffing Realignment	(2.00)	(269,973)	(167,723)
<i>Subtotal</i>	<u>(1.00)</u>	<u>1,229,320</u>	<u>1,473,131</u>
PUBLIC WORKS DEPARTMENT			
• San José Regional Transportation Hub Project - Engineering Staffing	1.00	118,378	0
• Communications Installation Staffing	0.00	85,061	0
• Energy Team Staffing	1.00	19,227	0
<i>Subtotal</i>	<u>2.00</u>	<u>222,666</u>	<u>0</u>
<i>Subtotal Departments</i>	2.60	2,197,514	2,218,659
MAYOR, CITY COUNCIL, AND APPOINTEES			
Approved changes appear in the next section of this document	3.00	1,365,315	849,621
CITY-WIDE EXPENSES			
• Hayes Mansion Insurance and Staffing Realignment		(32,960)	(32,960)
• Silicon Valley Talent Partnership		50,000	50,000
• Successor Agency City Subsidy		(95,000)	(95,000)
• Rebudget: Talent Recruitment Initiative		200,000	200,000

City Service Area
Strategic Support
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: African American Community Center Storm Line and HVAC System Repairs and Replacements		350,000	350,000
• Capital Contributions: Children's Discovery Museum Carpet Replacement		50,000	50,000
• Capital Contributions: City Hall Audio/Visual Upgrade		375,000	375,000
• Capital Contributions: City Hall Network Operations Center Switch Board Replacement		500,000	500,000
• Capital Contributions: Downtown Ice Rink Improvements		100,000	100,000
• Capital Contributions: Hammer Theatre Carpet Replacement		125,000	125,000
• Capital Contributions: Hammer Theatre Exterior Stucco Repairs		100,000	100,000
• Capital Contributions: Hammer Theatre HVAC Controls		250,000	250,000
• Capital Contributions: History San José - Pacific Hotel Restrooms Remodel		250,000	250,000
• Capital Contributions: Mexican Heritage Plaza HVAC Components Upgrades		400,000	400,000
• Capital Contributions: Police Administration Building Chiller and Boiler Replacement		400,000	400,000
• Capital Contributions: San José Municipal Stadium Light Pole Refurbishing and Repairing		50,000	50,000
• Capital Contributions: San José Museum of Art HVAC Replacement		100,000	100,000
• Capital Contributions: San José Museum of Art Restrooms Remodel		100,000	100,000
• Capital Contributions: The Tech Museum Tile Wall Evaluation and Repair		100,000	100,000
• Transfers to Other Funds: Communications Construction and Conveyance Tax Fund		1,900,000	1,900,000
• Transfers to Other Funds: Community Facilities Revenue Fund/Hayes Mansion		(3,500,000)	(3,500,000)
• Earmarked Reserves: 2018-2019 Future Deficit Reserve		15,000,000	15,000,000
• Earmarked Reserves: Cultural Facilities Capital Maintenance Reserve		(6,397,000)	(6,397,000)
• Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)	(800,000)
• Earmarked Reserves: Essential Services Reserve		2,000,000	2,000,000
<i>Subtotal Other Changes</i>	0.00	11,575,040	11,575,040
Total Proposed Budget Changes	5.60	17,137,869	16,643,320

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2017-2018

OPERATING BUDGET

**STRATEGIC SUPPORT
CSA**

**MAYOR,
CITY COUNCIL
AND
APPOINTEES**

Mayor, City Council and Appointees



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

Mayor and City Council

- Office of the Mayor
- City Council
- Council General

Office of the City Attorney

- Legal Services

Office of the City Auditor

- Audit Services

Office of the City Clerk

- City Clerk Services

Office of the City Manager

- Lead and Manage the Organization

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Office of Retirement Services

- Retirement Plan Administration

Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Mayor, City Council and Appointees

Expected 2017-2018 Service Delivery

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

Mayor, City Council and Appointees

2017-2018 Key Budget Actions

- ❑ Provides ongoing funding for a Senior Executive Analyst position in the City Manager’s Office to support further implementation of the Hyperion software budgeting module of the Human Resources/Payroll/Budget Systems Upgrade project. In addition, the proposal includes \$375,000 in non-personal/equipment contractual services funding to provide for the second phase of work to streamline the systems user interface, improve functionality, and enhance reporting and analysis efforts.
- ❑ Provides ongoing funding of \$250,000 to fund the Office of Immigrant Affairs in the City Manager’s Office and support the priority goals contained in the “Welcoming San José Plan”. Funding will be used to continue efforts identified in the City’s immigrant integration plan. The program works in coordination with the County of Santa Clara and various non-profits.
- ❑ Provides a Multi-Source Housing Fund fee-supported Senior Deputy City Attorney to assist on legal issues related to Rental Rights and Referrals Program – Tenant Protection Ordinance and Ellis Act Ordinance.
- ❑ Provides one-time funding of \$200,000 to the City Attorney’s Office to address unfair business practices in San José, including actions against businesses and property owners who have taken advantage of flood victims.
- ❑ Shifts funding on a one-time basis for 2.2 positions from the General Fund to the Water Utility Fund for City Attorney staff work that will support the Municipal Water System in 2017-2018.
- ❑ Provides ongoing funding for a Legal Analyst II to support attorneys working with the Planning Division of Planning, Building and Code Enforcement Department and provides one-time funding of \$90,000 for continued critical transition support for Planning and Environmental attorney services.
- ❑ Provides one-time funding of \$104,000 to support Workers’ Compensation legal research and case review.

Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Mayor, City Council and Appointees Budget Summary

	2015-2016 Actual 1	2016-2017 Adopted 2	2017-2018 Forecast 3	2017-2018 Proposed 4
Dollars by Core Service				
<i>Mayor and City Council</i>				
Office of the Mayor	n/a	n/a	n/a	\$ 3,761,078
City Council	n/a	n/a	n/a	7,472,671
Council General	n/a	n/a	n/a	65,000
<i>Office of the City Attorney</i>				
Legal Services	n/a	n/a	n/a	16,593,561
Strategic Support	n/a	n/a	n/a	1,485,378
<i>Office of the City Auditor</i>				
Audit Services	n/a	n/a	n/a	2,299,427
Strategic Support	n/a	n/a	n/a	151,132
<i>Office of the City Clerk</i>				
City Clerk Services	n/a	n/a	n/a	2,316,249
Strategic Support	n/a	n/a	n/a	253,590
<i>Office of the City Manager</i>				
Lead and Manage the Organization	n/a	n/a	n/a	15,309,464
Strategic Support	n/a	n/a	n/a	281,305
<i>Office of the Independent Police Auditor ¹</i>				
<i>Office of Retirement Services</i>				
Retirement Plan Administration	n/a	n/a	n/a	3,236,214
Strategic Support	n/a	n/a	n/a	3,991,163
Total	n/a	n/a	n/a	\$ 57,216,232
Authorized Positions ²	236.35	240.35	238.35	241.35

¹ 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.

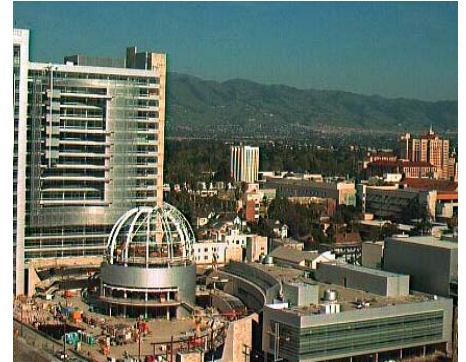
² Authorized Positions do not include unclassified staff for Office of the Mayor and the City Council Districts.

Strategic Support
Mayor, City Council and Appointees
PROPOSED BUDGET CHANGES

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
OFFICE OF THE CITY ATTORNEY			
• Unfair Business Practices Legal Staffing	0.00	200,000	200,000
• Rental Rights and Referrals Program - Tenant Protection Ordinance and Ellis Act Ordinance Legal Staffing	1.00	139,339	0
• Planning Division Legal Transactions Staffing	1.00	106,302	106,302
• Workers' Compensation Legal Analyst Support	0.00	104,000	104,000
• Planning and Environmental Services Legal Staffing	0.00	90,000	66,600
• Municipal Water System Litigation Staffing	0.00	0	(352,955)
<i>Subtotal</i>	2.00	639,641	123,947
OFFICE OF THE CITY MANAGER			
• City Manager's Budget Office Information Systems Staffing and Hyperion Budget System Phase II Implementation	1.00	475,674	475,674
• Office of Immigrant Affairs		250,000	250,000
<i>Subtotal</i>	1.00	725,674	725,674
Total Proposed Budget Changes		3.00	1,365,315
			849,621

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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 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 2016-2017, the City Auditor's Office identified approximately \$3.2 million in cost savings and revenue enhancements, achieving a ratio of about \$1.28 in monetary benefits to every \$1 of audit costs (Target: \$4 to \$1).

During 2016-2017, the Office completed 16 audit projects, or approximately 1.4 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2016-2017 include:

- Police Overtime: The San José Police Department Relies on Overtime to Patrol the City Due to Unprecedented Vacancies
- Team San Jose's Performance 2015-16
- Status of City Clerk Audit Recommendations
- The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords
- Mobile Devices: Improvements Needed to Ensure Efficient, Secure, and Strategic Deployment
- Annual Report on City Services 2015-16
- Audit of Our City Forest
- Office of Equality Assurance: Increased Workload Warrants Reevaluation of Resource Needs
- Sunshine Requirements (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, 2016; and
- Semi-Annual Reviews for compliance with the City's Investment Policy.

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

Service Delivery Environment

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

Budget Dollars at Work: Performance Goals

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

- ✓ Conduct performance audits, special audits, and reviews that identify ways to increase the economy, efficiency, and effectiveness of City government. The Office's 2017-2018 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 2016, approximately 74% of the 827 recommendations made in the last ten years have been implemented.
- ✓ The City Auditor's Office looks forward to participating in the implementation of the *Smart City Vision* by improving the availability and usage of audited performance data, and focusing audit recommendations on improving City services through better use of technology.

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

- ✓ Prepare audit reports and memoranda that provide independent, reliable, accurate, and timely information to the City Council. The 2016-2017 Audit Workplan was approved by the City Council in August 2016. The 2017-2018 Proposed Audit Workplan will be submitted for City Council approval in August 2017.
- ✓ Provide performance report and enhance the display of online performance information. In December 2016, the Office published the City's ninth *Annual Report on City Services*. The Office will continue this project in 2017-2018, 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 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

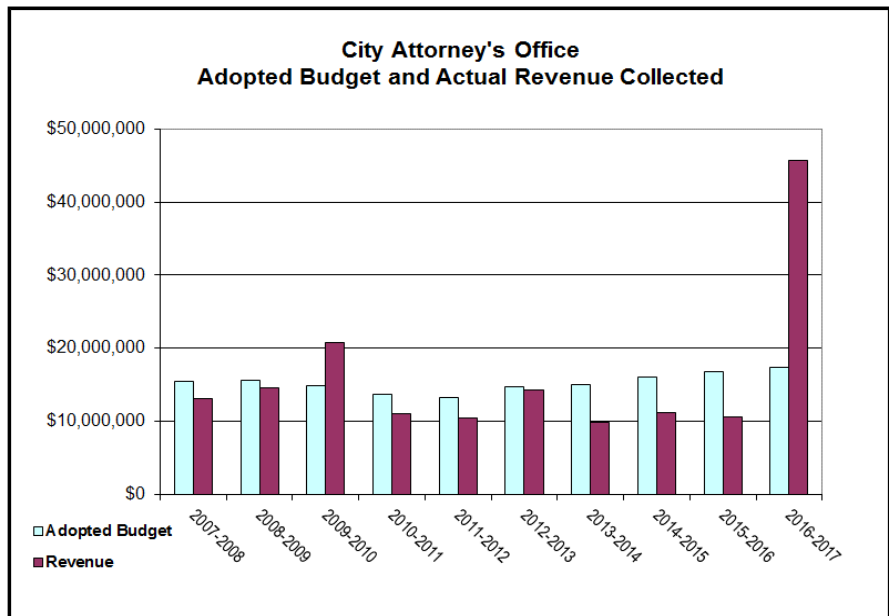
CSA OUTCOMES

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

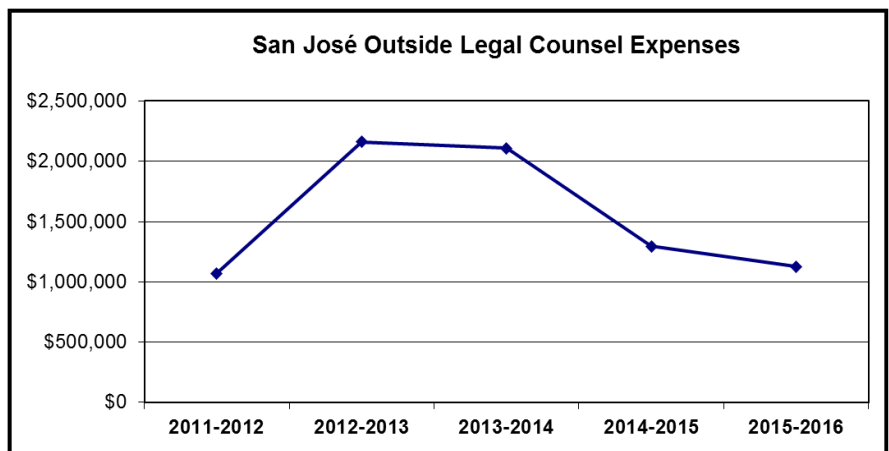
Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Accomplishments

- The latest client survey results indicate that 92% of the respondents are satisfied with the overall legal services provided by the City Attorney’s Office. The client survey is conducted on a biennial basis and will next be conducted in early 2018.
- Annual revenue collections averaged \$16.2 million over the past ten years, and plaintiff cases handled by the Office in 2015-2016 generated the collection of \$10.6 million. Collection actions are initiated in instances when debt to the City is greater than \$5,000. Collections reflected in 2016-2017 include a \$36.2 million recovery in litigation against the Housing and Urban Development Agency (HUD), \$9.2 million in Tobacco Settlement funds, a \$210,000 bankruptcy settlement, and a collective amount of \$90,000 in Marijuana Business Tax and Abatement penalties, with \$45.8 million received through the end of April 2017.

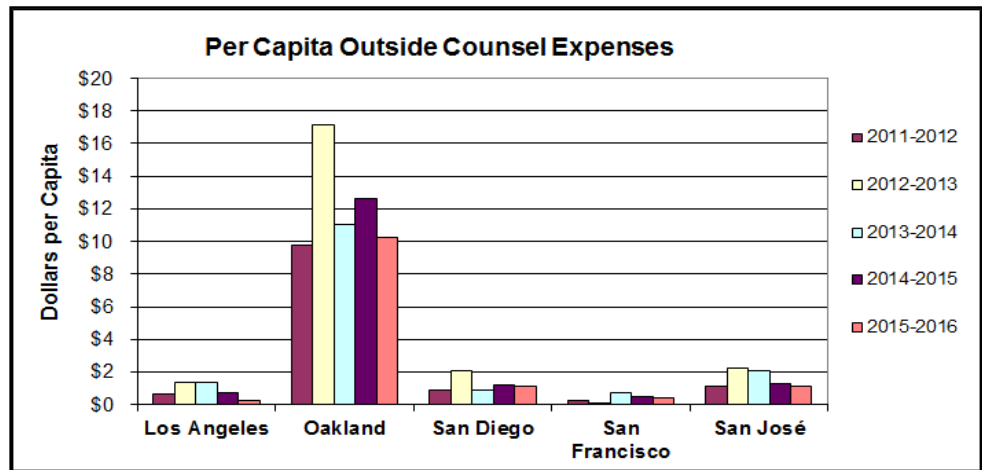


- City legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. However, the need for outside counsel services had risen over recent years as a result of limited staffing and potential conflicts of interest in connection with pension-related matters. The use of outside legal counsel decreased in 2015-2016 and has continued to decrease further during 2016-2017. If the pension-related lawsuits are resolved, it is anticipated that the use of outside legal counsel will continue to decline.

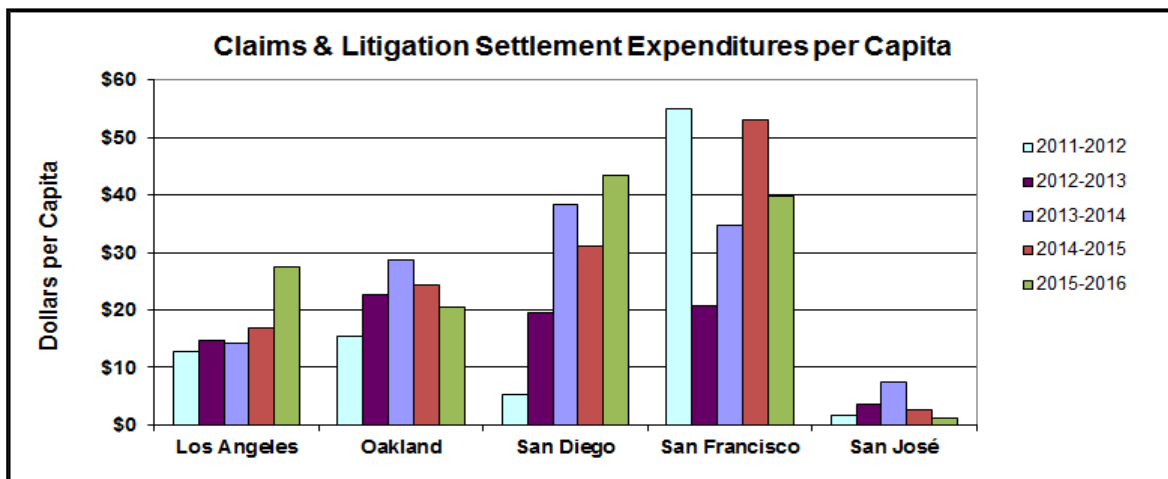


Service Delivery Accomplishments

- Despite the higher relative costs during recent years, the City of San José paid less in total funds for outside counsel during 2015-2016 (\$1.12 million) than the cities of Los Angeles (\$1.13 million), Oakland (\$4.3 million), and San Diego (\$1.6 million); San José costs for outside counsel were higher than the reported costs for the City and County of San Francisco (\$333,200), which 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 past five years, San José paid, on average, \$3.3 million in annual settlement costs. The next lowest average annual payout was \$9.1 million by the City of Oakland. Over the same period, payouts were higher for the cities of Los Angeles (\$67.3 million), San Francisco (\$34.1 million), and San Diego (\$37.7 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

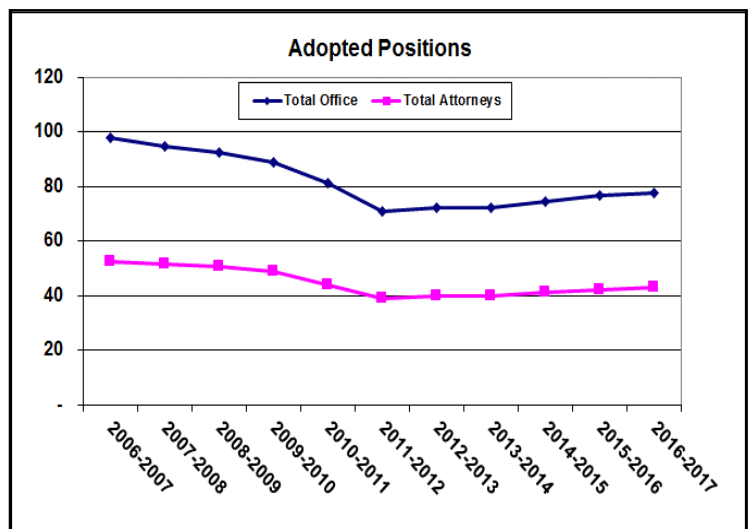
- The Office worked with City4 staff on two significant bond transactions during fiscal year 2016-2017: 1) the issuance of approximately \$750 million in Airport Revenue Bonds to refund the Series 2007A and Series 2007B; and 2) the issuance of over \$1 billion of Successor Agency Bonds to refund outstanding Successor Agency Bonds and bonds issued by the City of San José Financing Authority for which there is a Successor Agency obligation to repay. The Airport issuance is expected to close in April, 2017 and result in significant debt service savings to the Airport. The Successor Agency issuance is expected to occur in fiscal year 2017-2018 and result in debt service savings for the Successor Agency, simplify debt administration, and eliminate potential risk to the General Fund for the City of San José Financing Authority Bonds to be refunded. Both transactions involved substantial effort by the Office.
- In an effort to streamline and improve the consultant contracting process, the Office developed new forms and an instruction manual to guide staff in the preparation of these contracts. The Office also provided a number of trainings to roll out the new forms.
- The Office advised staff on the legal issues associated with the establishment and financing of Community Choice Aggregation (“CCA”) in San José. If the City Council approves establishment of a San José CCA, additional legal resources will be required.
- The Office advised the Office of Equality Assurance on the implementation of the Opportunity to Work initiative, approved by voters in November 2016, including developing Frequently Asked Questions and responses to assist employers and employees in understanding the application of this new law.
- The Office drafted the Urban Agriculture Implementation Zone Ordinance and assisted staff with the implementation of the ordinance on an expedited basis for it to be effective prior to the property tax lien date for fiscal year 2017-2018. Additionally, the Office worked with staff on two other significant development related efforts: 1) the Sign Code amendment to allow Supergraphic signage in the Downtown and North San José, and (2) the revisions to the Riparian Corridor Policy.
- During 2016-2017, the Office drafted a business tax ballot measure that the voters approved in November, 2016. The Office continues to work with City staff on implementation issues.
- 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 enforcement of the City’s medical marijuana regulations. The Office obtained injunctions and closed approximately a dozen illegal marijuana businesses; monetary penalties were collected in several of those matters.
- The Office drafted or reviewed at least 152 ordinances as of March, 2017.
- The Office coordinated tax advice, revisions to the City’s Municipal Code and various legal issues in connection with Measure F and the Alternative Pension Reform settlement frameworks entered into with the bargaining groups.
- The Office continued to provide increased support for campaign ordinance guidance, elections, and ethics issues.
- 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.

Service Delivery Accomplishments

- Although the former San Jose 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 will soon be obtaining and implementing 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

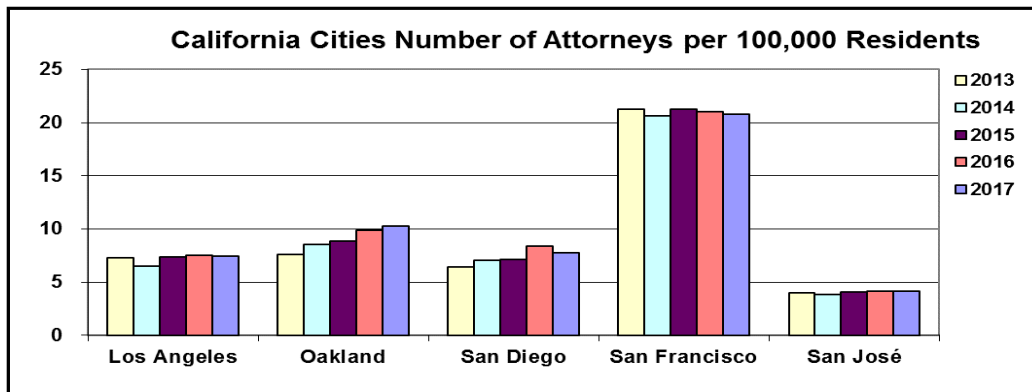
- The City Charter establishes the duties of the City Attorney’s Office to represent the City, its Council, boards and commissions, and employees in all actions and to provide advice to the same parties in all matters pertaining to their powers and duties. Fulfilling these core services requires a level of staffing higher than the existing Office model.
- General Fund budget reduction actions implemented from 2006 through 2013 decreased Office resources to minimum levels. Though staffing levels stopped decreasing in 2012, demand for legal services increased for some practice areas. With the stabilization of staffing levels and incremental increases in the past several years, the Office is 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 in City technology, planning and development, economic development, construction, environmental issues, and real estate.
- Increased development in the City has meant more California Environmental Quality Act (CEQA)-related litigation. CEQA lawsuits are document intensive and often require the compilation of lengthy administrative records and multiple Public Records Act requests.
- During 2016-2017, the Office had a total of 43 budgeted attorney positions, which is 8.6 fewer attorneys than the 2007-2008 budgeted positions of 51.62. In light of the continuing 17% decrease in attorney numbers since 2007-2008, the Office continues to face significant challenges in meeting the current legal services demand.
- Staffing levels remain inadequate to proactively address a variety of litigation services.
- It is anticipated that substantial litigation resources during the next fiscal year will be devoted to police and civil rights cases.



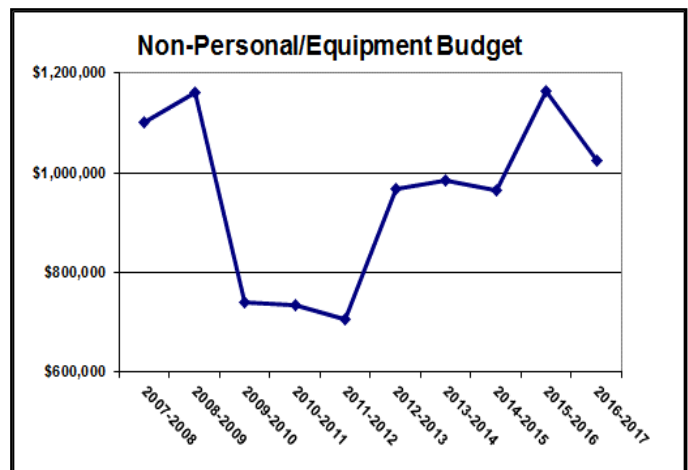
Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Environment

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



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



Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

- ✓ Provide legal counsel at all City Council and Council Committee meetings and certain meetings of major boards and commissions, as necessary. The Office continues to provide staffing at all Planning Commission, Civil Service Commission, and Appeals Hearing Board Commission meetings.
- ✓ 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.
- ✓ Respond, review, and coordinate complex Public Records Act requests. Considerable resources are dedicated to increasingly complex Public Records Act requests involving electronic data.

OUTCOME 2: CITY'S INTERESTS ARE PROTECTED AND ADVANCED

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

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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 2016-2017, 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 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, and addresses records management and other support services for the Successor Agency to the Redevelopment Agency and the Oversight Board.

Budget Dollars at Work: Performance Goals

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

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

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

The Office of the City Clerk will provide 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 to invest in the City's future. The City Manager's Office provides leadership and/or management of projects of significant complexity. The following are highlights of recent service delivery accomplishments:

- **Agenda Services** in 2016-2017, the City Manager's Office facilitated a Priority-Setting session with the Mayor and Council to prioritize workload and align priorities with available staff resources. The Priority-Setting exercise focused staff efforts on pending ordinance changes deemed the highest priority by the Mayor and Council. During this period, the City Manager's Office in collaboration with the City Attorney's Office and department staff completed many items prioritized in 2015 which allowed capacity to add new items to the priority list. The City Manager's Office will continue to facilitate the prioritization of pending ordinances and policies.
- **Budget Office** accomplished significant work to implement a new budget system, Hyperion, as part of the Human Resources/Budget/Payroll Systems Upgrade project. The new system was used to develop the 2017-2018 Proposed Operating and Capital budget documents. Once fully implemented, Hyperion will allow monitoring and reporting on City budget and expenditures at the program level, providing information to decision makers, residents, and staff on the costs of a range of public services. In addition to Hyperion's implementation, the City Manager's Budget Office continued to provide oversight and controls throughout the fiscal year with ongoing monitoring, analysis, forecast and reporting on the City's Operating and Capital funds, appropriations, services, and budgets. Monitoring and development of the Operating and Capital Budgets, along with the Forecast and Fees and Charges continues efforts to strategically invest in the most critical service and capital needs while ensuring fiscal stability of all the City funds.
- **Office of Civic Innovation and Digital Strategy** formed in fall 2016 to implement San José's Smart City Vision. The Innovation Team has collaborated across departments to translate that vision into action by developing the City's first ever Innovation Roadmap. Composed of twenty-one projects that focus on problems core to the City's mission, these projects have a high degree of impact for the City organization and the community, and are amenable to data, technology, or process improvements. Projects include: the Talent Recruitment Initiative, reducing the high number of vacancies in the City by reimagining the hiring process; the Customer Relationship Management project, aimed at improving the citizen experience for reporting potholes, graffiti, broken streetlights, abandoned vehicles, and illegal dumping, and staying connected over time with updates and outcomes; and a new Development Services dashboard using PowerBI so that employees and customers can visualize data, identify trends, and inform decision making. In addition, the development of digital inclusion and broadband strategies is underway to guide infrastructure investments and partnerships to increase access for underserved segments of the community and increase economic development opportunities for the City.
- **Communications Office** develops, supports, and coordinates external and internal communications programs, projects, strategies, 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 in 2016-2017 included the implementation of communications campaigns related to the Coyote Creek flood emergency and recovery, and outreach on illegal fireworks. Special projects include implementation of a customer service policy and the procurement of a new web content management system to enhance the City's website. Public, Educational, Governmental (PEG) cable franchise fees supported City Hall capital improvements including the conversion of CivicCenter TV to all digital and a new on-air television graphic systems. CreaTV, funded by the City included 2,862 hours of original programming this year.

Service Delivery Accomplishments

- **Office of Employee Relations (OER)** Voters approved Measure F in November 2016, which replaced the 2012 pension modification measure, Measure B. The City is currently in the process of implementing the terms of the alternative pension reform frameworks achieved by settlement agreements and Measure F. In addition to the prior multi-year agreements previously reached with ten bargaining units, the City also reached a multi-year agreement with the San José Police Officers' Association (SJPOA) on a successor Memorandum of Agreement (MOA). The agreement with the SJPOA includes a three and a half-year term that expires June 30, 2020 with significant pay increases to address recruitment and retention issues. The MOA also includes agreement on a recruitment incentive program, as well as a Police Academy Training "Clawback" Program; civilianization of specified positions in the Police Department; and a rehired-retiree program to fill specific roles in San José Police Department. OER also continued to provide important trainings to City employees, including the New Employee Welcome, Anti-Discrimination and Harassment, and the Leadership Supervision Academy. In addition, OER administered the City's Return-to-Work Program to provide an opportunity to place injured employees or those who fall under the ADA (Americans with Disabilities Act) into positions to provide continued City employment.
- **Office of Immigrant Affairs (OIA)** in October 2016, the City Council approved a "Welcoming San José; 3 Year Immigrant Integration Plan" that included 21 Year 1 (2016-2017) strategies. In 2016-2017, OIA received one-time funding of \$250,000 to address three key priority areas: Language Access, Cultural Competency, and Civic Engagement. A Citywide Language Access Policy was adopted that sets basic standards for all City departments to ensure all residents of San José, regardless of English proficiency, can access and understand City services. To that end, OIA worked with PRNS, Library, and PBCE-Building Division to identify opportunities for improving communications and access for limited-English residents. The Office organized a successful daylong Language Access and Cultural Responsiveness training for 150 City staff from 15 departments. Sessions involved discussion of cultural competence, skills for communicating across cultures, and unconscious biases that can affect professional and personal lives. Attendees learned about language access laws and the City's Language Access Policy; how to work with limited-English residents; and the available language access resources including interpreters and bilingual staff. OIA and Citi Community Development worked with legal service providers to deliver citizenship workshops and naturalization ceremonies, and expanded access to citizenship application services to City of San José staff and their families. Financial empowerment workshops were delivered to aspiring new Americans. Beyond the priorities for Year 1, OIA also addressed other urgent initiatives in response to the president's Executive Orders that impacted undocumented people. The additional priorities included: ramping up a pro-bono legal services structure, a rapid response network, and development of a communications strategy with the County of Santa Clara.
- **Executive Leadership and City Management** - The City Manager's Office continues to focus on enhancing Citywide and departmental strengths in delivering customer-focused services while maximizing organizational capacity. The City Manager's Office provided oversight and approval for over 1,000 contracts and facilitated staff training with the City Attorney's Office to provide templates and process efficiencies for effective contract management. After creating and incubating the City's medical marijuana program, the City Manager's Office successfully transitioned regulatory oversight to the Police Department's new Division of Medical Marijuana Control. In addition to addressing day-to-day management, the City Manager's Office coordinated departmental resources, and community-based organizations, responded to new federal policy priorities, and evolving community needs. The City Manager's Office facilitates effective transitions for key leadership positions to ensure continuity, and minimize disruption. The City Manager's Office continues to provide a stable organizational leadership that supports the Mayor and Council so that they can make informed policy decisions, and supports City Administration to achieve effective implementation of policy and service delivery.

Strategic Support
Office of the City Manager
OVERVIEW

Service Delivery Accomplishments

The City Manager's Office also undertook the executive coordination role managing emergency evacuations and the response to the February 2017 Coyote Creek flood. Executive leadership in the City Manager's Office assumed the role of directing the Emergency Operations Center. Recovery operations successfully completed by City staff include: safe evacuation of all residents, assessment of all buildings impacted by flood waters, debris removal, removal of damaged vehicles and other objects from the public right-of-way, development of a donor-advised philanthropic fund providing financial support of flood victims, mobilization of emergency evacuation shelters and a local assistance center, translation and distribution of recovery information, CalOES and FEMA site visit and assessment of damaged properties, volunteer and donation coordination, and much more. Flood recovery operation coordination continues to be managed through the City Manager's Office. The Office will continue to provide oversight for the development of all flood related activities, including disaster preparation and resiliency efforts.

- **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 in advocating in coordination with the Housing Department, the passage of the City-sponsored bill, AB 2176 (Campos), which amends the Shelter Crisis Act to authorize a five-year pilot program allowing the City of San José, upon a declaration of a shelter crisis, to create emergency bridge housing for the homeless, which includes temporary housing in new or existing structures on City-owned or City leased property. The City's contract State lobbyist firm assisted the Department of Transportation with the introduction of AB 342 (Chiu) -- The Safe Streets Act of 2017 -- a Council legislative priority that if passed, would allow a pilot program in San José to use Automated Speed Enforcement technology to improve traffic safety and reduce fatalities and injuries due to excessive vehicle speeds. The City also advocated for the successful passage of the historic transportation financing bill SB 1 (Beall). Our Federal lobbyist firm advocated for the HOME Investment Program's successful increase in funding and transit funding to support BART, as well as increased homelessness funding -- including Veteran Affairs Supportive Housing (VASH) vouchers -- Urban Areas Security Initiative (UASI), and Clean Water State Revolving Funds, while also soliciting congressional support for the City's Assistance to Firefighters grant application. The City supported efforts to amend HUD's "Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program" funding formula, to bring additional funds to San José. The City also 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. The City's federal lobbyists team flagged an opportunity for participation in the Federal Communications Commission's Broadband Deployment Advisory Committee, for which the Mayor was recently chosen as the sole municipal representative on the committee. The team also kept the City apprised of federal efforts related to "sanctuary cities" and the potential impact of such a designation on the City, particularly regarding the possible withhold of federal funds. In addition, Legislative Guiding Principles and Legislative Priorities have been adopted for 2017, providing the City's lobbyists with direction in Sacramento and Washington, D.C.

Service Delivery Environment

- The City Manager’s Office will continue to pursue the public-private partnerships that are critical to expanding and improving City services for residents and businesses, and which are expected to grow the City’s vitality and presence. The City Manager’s Office continues to leverage existing programs and pilot projects to develop best practices in managing partnership and volunteer opportunities. These best practices facilitate a scalable and comprehensive approach, encompassing public-private partnerships and multi-generational knowledge sharing. Innovative approaches and data driven decision making will shape solutions to city-wide issues in ways that promote efficient and effective service delivery of City Services.
- The 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 2017-2018, the Budget Office will also be further implementing the new budget system to streamline data entry and enhance system ability to monitor and report on revenues and expenditures at the program service level, providing the public and decision-makers improved information on which to understand the costs of City services and programs.
- 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 but not limited to continued discussions on updates to the City’s Municipal Code via implementing ordinances, implementation of the revised Tier 2 benefits, and implementation of the defined contribution Voluntary Employee Beneficiary Association (or “VEBA”) related to retiree healthcare (subject to IRS approval). The City will also continue discussions on successor Memorandum of Agreements with the Confidential Employees’ Organization, AFSCME Local No. 101 (CEO), the Association of Legal Professionals (ALP), and the International Brotherhood of Electrical Workers, Local 332 (IBEW), whose agreements are scheduled to expire on June 30, 2017. In addition, OER will engage the other bargaining units, including the San José Fire Fighters, IAFF Local 230, in negotiations over successor agreements as these bargaining units’ agreements expire in 2018, as well as on various other meet and confer items that may arise.
- 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 and/or initiatives.

Strategic Support
Office of the City Manager
OVERVIEW

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 ongoing focus on the Open Data initiative.

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

- ✓ Bring forward balanced budgets for the General Fund and all other City funds for 2017-2018 and 2018-2019 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.

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. 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 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.

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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 and continued to complete milestones to achieve its target date of going live by the end of 2018. The implementation process is expected to last approximately 42 months and cost approximately \$9 million.
- Completed significant progress on the Fair Labor Standards Act portion of the pensionable earnings correction recommendations from the City Auditor's Audit of Pensionable Earnings and Time Reporting.
- Completed the audit of the June 30, 2016 actuarial valuations for the pension and healthcare trusts for both the Federated City Employees' Retirement System and the Police and Fire Department Retirement System, as recommended by the City Auditor.
- Completed the annual financial statement audits, which resulted in an unqualified opinion for both plans. Issued the Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR) for both plans, which included the financial statements, along with the Government Finance Officers Association Certificate of Excellence for Financial Reporting for the sixteenth year in a row.
- Under the Retirement Boards' direction, the investment program continued to mature and develop over the past year and the Assistant Director/CIO was recognized as the Chief Investment Officer of the Year by Institutional Investor's Investor Intelligence Awards. The recognition was the direct result of the creative and innovative investment approaches emanating out of the reconstituted investment team in conjunction with the Board members.
- Completed the Request for Proposals for a risk management system and selected Verus as the comprehensive risk solution provider.
- Completed the first annual Investment Fee Analysis Report for both the Federated City Employees' Retirement System and the Police and Fire Department Retirement System.
- The investment program continued to buildout its capabilities for performance and attribution reporting.
- Completed the development and recommendation of a Senior Investment Officer classification to further enhance the investment program's retention, attraction, and development capabilities.
- Continued organizational stability, cultural management shift environment and professional growth of Office of Retirement Services staff, validated by strong Gallup survey rating improvements on mean score of 4.39 out of 5.00, mean percentile rank of 92%, and an employee engagement index of 71%.
- Continued development and improvement of the Retirement Boards' operations and governance structure brought about by Measure G, which became effective in December 2014 and provided more authority for Board members to better fulfill their fiduciary duties.
- Conducted the first annual Retirement Board member retreats to discuss ways in which to improve the operations and administration of the pension plans.
- Held the Retirement Boards' annual stakeholders' meeting to enhance communication with members of both retirement plans.
- Staffing adjustments in the Office of Retirement Services provided the necessary resources required to support the fiduciary and governance requirements of the Retirement Boards and Committees and increase technical support in preparation for roll out of the new pension administration system.

Strategic Support
Office of Retirement Services
OVERVIEW

Service Delivery Environment

- Continue implementation of the new pension administration system.
- Continue implementation of Measure G (plan governance), as well as the implementation of newly passed Measure F, which approved San José City Charter amendments to implement retirement benefit changes.
- Complete the Office of Retirement Services website overhaul.
- Assist the Office of Employee Relations with the implementation of the Voluntary Employees' Beneficiary Associations (VEBA) for Federated employees and sworn Police and Fire employees.
- Continue to provide quality services in the delivery of pension and related benefits, as well as continue to properly manage retirement plan assets.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RETIREMENT PLANS ARE PROPERLY ADMINISTERED

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

OUTCOME 2: INVESTMENT OF ASSETS TO SATISFY PLANS' OBLIGATIONS

- Manage Retirement Plan assets in a manner which seeks to achieve long-term net returns in excess of the actuarial investment return assumption and adopted benchmarks while maintaining a reasonable level of investment risk.
- Work with investment consultants to review and adopt an asset allocation reflective of the Retirement 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 Retirement Board-adopted investment policies.

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