

2015-2016

OPERATING BUDGET

STRATEGIC SUPPORT CSA

**STRATEGIC SUPPORT
CSA**

City Service Area Strategic Support



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

Primary Partners

Finance
Human Resources
Information
Technology
Public Works

CSA OUTCOMES

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

City Service Area
Strategic Support
SERVICE DELIVERY FRAMEWORK

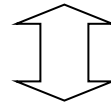
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Strategic Support CSA

Mission:

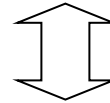
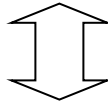
To effectively develop, manage, and safeguard the City's fiscal, physical, technological, and human resources to enable and enhance the delivery of City services and projects



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

Outcomes:

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



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

CORE SERVICES
 Primary deliverables of the organization

Finance Department

Core Services:

Disbursements

Financial Reporting

Purchasing and Risk Management

Revenue Management

Treasury Management

Human Resources Department

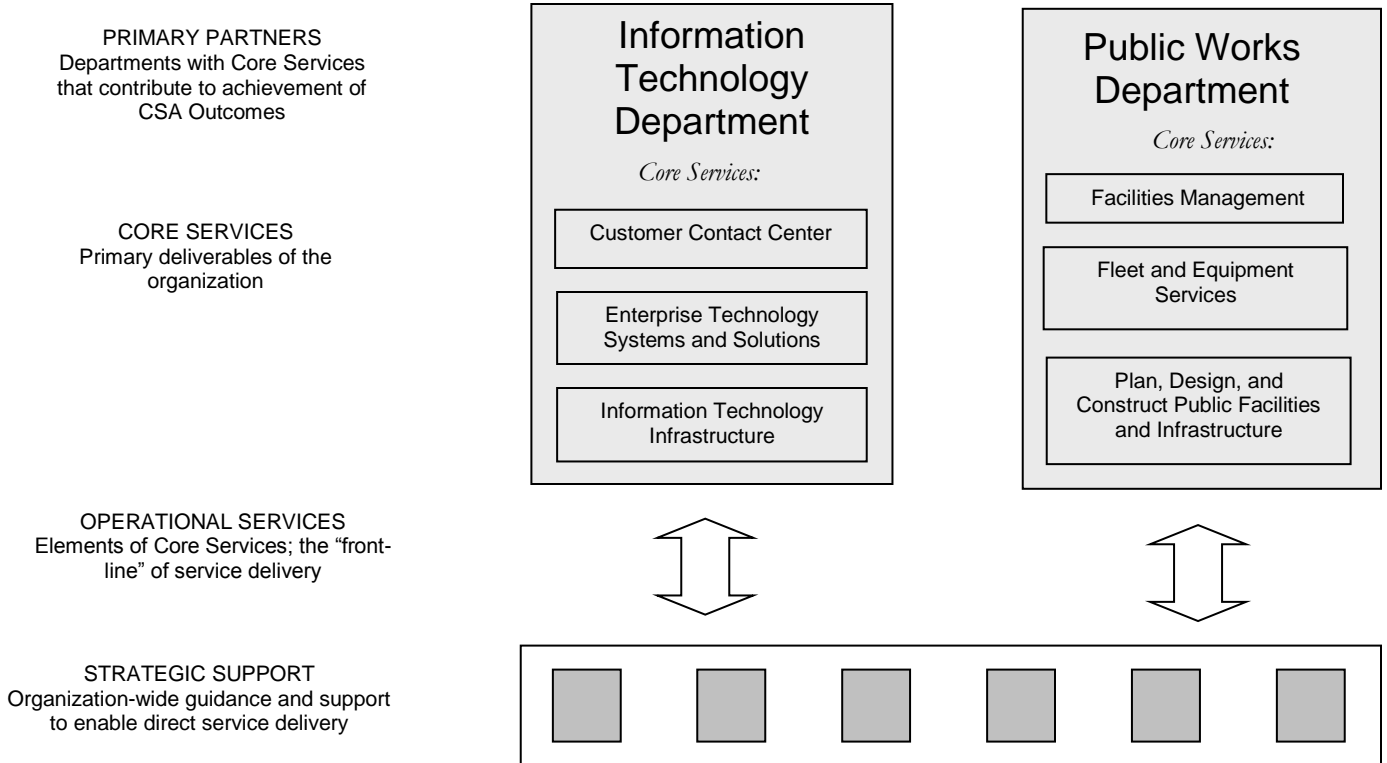
Core Services:

Employee Benefits

Employment Services

Health and Safety

SERVICE DELIVERY FRAMEWORK



Strategic Support

Expected 2015-2016 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.
- Facilitate recruitments and manage effective, efficient, and defensible hiring processes, in partnership with client departments, to attract and retain qualified employees.
- Provide a wide range of benefit programs that meet the needs of the employees, retirees, their dependents, and the City and assist participants in effectively utilizing their plans.
- Maintain a safe and healthy work environment in compliance with all applicable state and federal regulations related to employee health and safety and continue to minimize liability and loss to the City. Health and Safety programs will continue to ensure injured employees receive adequate and appropriate treatment; promote a culture of safety through the Injury, Illness, and Prevention Programs; and ensure employee medical exams and testing are completed as mandated.
- Review medical services and wellness programs to ensure that current service levels are provided in the most efficient and cost-effective manner.
- Ensure the City's finance and technology resources are protected and available to address the short and long-term needs of the community.
- Manage space usage at City-owned facilities.



2015-2016 Key Budget Impacts

- Makes permanent two positions in the Purchasing Division, a Program Manager to manage city-wide technology procurements and a Senior Analyst to manage procurement activity related to the Planning, Building and Code Enforcement (PBCE) Department.
- Additional one-time funding for consulting services will develop policies, procedures, and training materials for financial functions in order to enhance internal controls throughout the City and for the procurement of cash and debt management software.
- The addition of an Investigator Collector position will collect on delinquent account receivables, addressing a recommendation raised in a recent audit released by the City Auditor.

Strategic Support

2015-2016 Key Budget Impacts

- ❑ Additional one-time funding in the amount of \$882,000 to augment existing funding for the procurement of a new Human Resources/Payroll/Budget Systems due to anticipated increases in project costs and associated staffing timeline changes. This will upgrade the City's current Human Resources/Payroll System and replace the current Budget System.
- ❑ The elimination of 12 positions (1.0 Account Clerk, 1.0 Analyst, 2.0 Principal Office Specialist, 1.0 Senior Account Clerk, 6.0 Senior Office Specialist, 1.0 Senior Supervisor of Administration) in the Finance and Information Technology Departments will continue the transition of garbage and recycling billing for all single family residential households to the Santa Clara County property tax roll, effective July 2015. As part of this project, ongoing database licensing in the amount of \$292,000 is also being eliminated.
- ❑ Rebudget of one-time non-personal funding of \$119,000 for technology enhancements within the Finance Department including a cash management system, investment management software, and contract management software.
- ❑ The addition of one-time funding of \$200,000 institutes the development and implementation of a pilot Wellness Program in the Benefit Fund. The pilot program will incentivize employees, subject to the meet and confer process, to increase healthcare participation with the goal of improved employee wellness.
- ❑ Continued one-time funding in the Human Resources Department for 1.0 Analyst II and 1.0 Senior Office Specialist through June 30, 2016 will assist in the various phases of the recruitment process as will a rebudget of one-time funding of \$154,000.
- ❑ The addition of \$129,000 in one-time funding for temporary staffing resources to aid the Human Resources Department in the evaluation of service delivery and strategic analysis through a review of business processes, identification of improvements, and documenting methodologies throughout the department, as well as develop metrics for measuring the success of those improvements and methodologies.
- ❑ The addition of one-time contractual services funding of \$125,000 will continue support for the Workers' Compensation Service Delivery Model Pilot program, administered by Athens' Administrators, a third party administrator (TPA). The extension of the pilot program through 2015-2016 will enable the City to compile sufficient data to make an informed decision regarding the future of workers' compensation claims administration.
- ❑ The addition of one-time funding of \$100,000 for consulting services related to Employment Services will look at the recruitment process, with the aim of improving and streamlining it based on the *Employee Hiring Audit*, and revise a number of critical job specifications.
- ❑ The addition of one-time funding of \$90,000 for temporary staffing resources will help address the backlog of workers' compensation claims.
- ❑ The addition of one-time (\$28,000) and ongoing (\$5,000) non-personal/equipment funding in the Library Parcel Tax Fund will expand the fingerprint and background process to all current City of San José Library volunteers.
- ❑ The addition of ongoing funding of \$13,000 non-personal/equipment funding will enhance the New Employee Welcome by providing welcome materials, light breakfast, and lunch to foster an improved sense of camaraderie and inclusion among new employees.
- ❑ Rebudget of one-time non-personal funding of \$100,000 for recruitment subscriptions. With subscriptions such as LinkedIn, City job recruitments are visible to the public through the electronic media.

Strategic Support

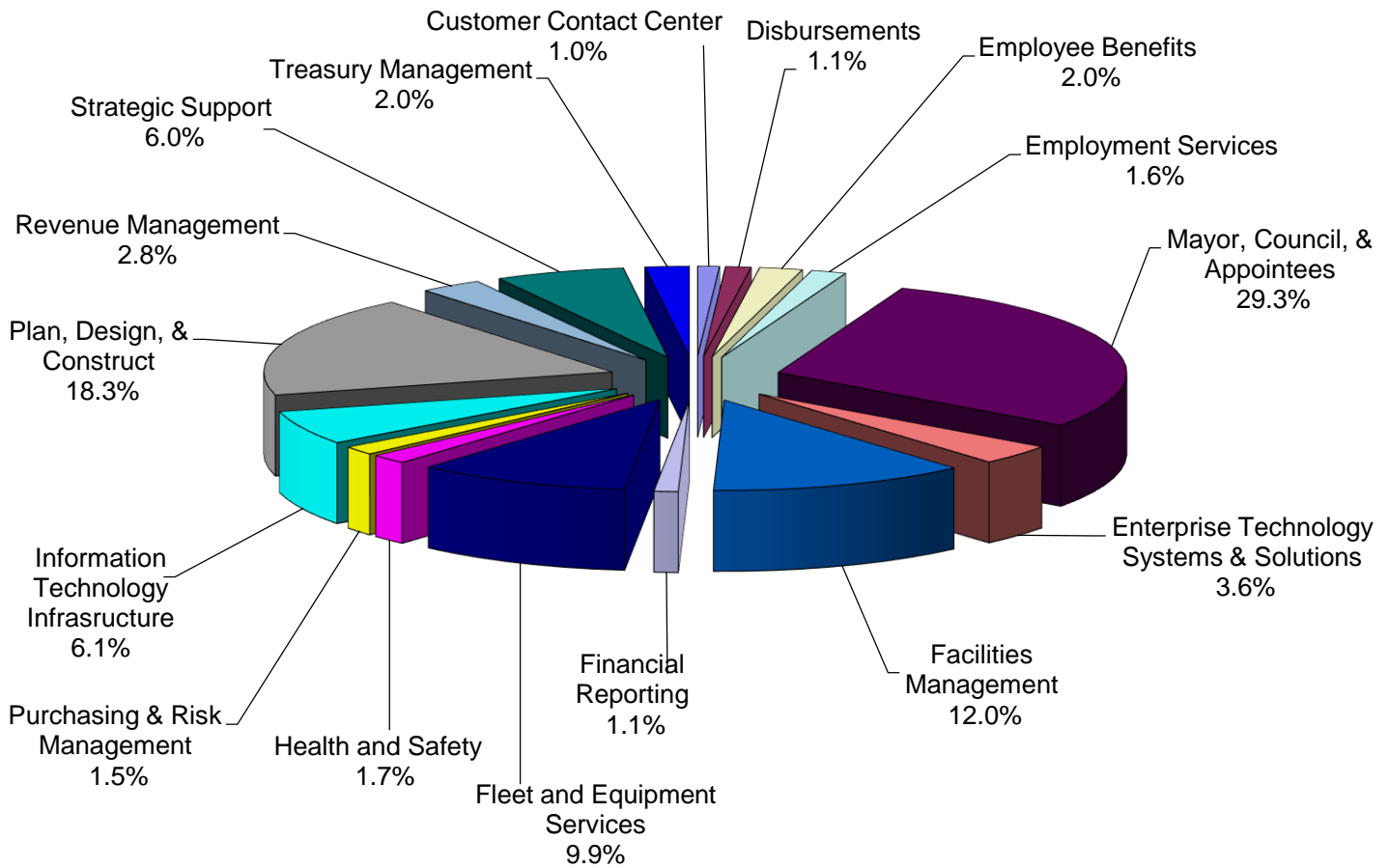
2015-2016 Key Budget Impacts

- ❑ The addition of an Enterprise Technology Manager will ensure the prudent expenditure of technology funding through the governance, coordination, and implementation of City-wide technology initiatives.
- ❑ The addition of an Assistant Director in the Information Technology Department will meet the growing demands for technology in the organization and allow for more strategic capacity for the Chief Information Officer.
- ❑ The addition of an Information Systems Analyst (ISA) will help meet Public Records Act required timelines in the electronic retrieval of documents for increasing number and complexity of public records requests and e-discovery.
- ❑ Additional ongoing funding in the amount of \$350,000 will provide licenses for all employees to move to a local, more robust installation of Office 2013 that enhances functionality and improves employee productivity.
- ❑ The addition of \$250,000 one-time information security funding will strengthen core systems and address critical remediation recommendations from recent security assessments.
- ❑ The addition of \$100,000 one-time funding for contractual services will address mobile connectivity issues for Public Safety.
- ❑ The addition of \$125,000 in 2015-2016 and \$25,000 ongoing funding for a City-wide customer relationship and service request management application (CRM/SRM) will manage customer inquiries, service requests, and work order routing from different channels including mobile applications.
- ❑ The addition of \$160,000 ongoing funding for community network upgrades will ensure more timely delivery of critical data at fire stations and enhance community center services, such as WiFi, through the upgrade of network and telecommunications circuits.
- ❑ Providing additional ongoing funding of \$500,000 for the preventive maintenance program will result in safer, more reliable infrastructure and will ultimately lead to a longer service-life for essential facility infrastructure. Eighty percent, the industry standard, of preventative maintenance work orders will be completed in 2015-2016.
- ❑ Additional staff to support the Capital Improvement Program will better align staffing levels with the expected increase in workload. This additional work is largely driven by capital projects in the Sanitary Sewer, Storm Sewer, and the Water Pollution Control Capital programs. Other large projects include oversight for the Bus Rapid Transit project and the United States Patent and Trademark Office tenant improvement project.
- ❑ Continued one-time funding will extend a position to manage the City-Building Energy Projects Program, including coordination with Energy Service Company (ESCO) on energy and utility conservation projects that were approved by the City Council on February 11, 2014.
- ❑ The addition of a limit-dated Communications Installer through June 2017, will support the increased demand for radio installations in preparation for the City's transition to the Silicon Valley Regional Communication System (SVRCS).
- ❑ Additional one-time funding to upgrade the Enterprise Asset Management system will improve the quality of data and reports for facilities asset management and improve accessibility for users and managers, which will lead to improved response time to client departments and service requestors.

City Service Area
Strategic Support
BUDGET SUMMARY

2015-2016 Total Operations by Core Service

CSA Dollars by Core Service \$181,254,864
 (Includes Mayor, City Council, and Appointees)



City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

Dollars by Core Service	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Forecast 3	2015-2016 Adopted 4	% Change (2 to 4)
<i>Finance</i>					
Disbursements	\$ 1,770,711	\$ 2,002,418	\$ 2,084,433	\$ 2,153,943	7.6%
Financial Reporting	1,743,507	2,130,916	1,968,712	2,033,403	(4.6%)
Purch. and Risk Management	2,065,894	2,563,255	2,472,581	2,810,947	9.7%
Revenue Management	4,518,719	4,948,877	5,013,406	5,244,906	6.0%
Treasury Management	3,090,274	4,005,684	3,547,853	3,707,877	(7.4%)
Strategic Support	1,186,867	1,353,727	1,258,847	1,501,242	10.9%
<i>Human Resources</i>					
Employee Benefits	2,265,788	2,401,771	2,749,476	2,826,226	17.7%
Employment Services	1,865,569	2,632,323	2,331,130	2,962,072	12.5%
Health and Safety	2,494,624	3,517,627	2,835,235	3,096,783	(12.0%)
Strategic Support	755,095	985,664	892,606	1,045,781	6.1%
<i>Information Technology</i>					
Customer Contact Center	2,696,803	4,168,212	2,717,582	1,834,213	(56.0%)
Enterprise Technology	4,265,211	5,467,087	5,706,793	6,528,157	19.4%
Systems & Solutions					
Info. Technology Infrastructure	7,970,628	8,980,072	8,753,664	11,069,571	23.3%
Strategic Support	959,197	1,056,072	1,189,748	1,551,238	46.9%
<i>Public Works</i>					
Facilities Management	19,255,093	19,714,043	20,194,220	21,611,322	9.6%
Fleet & Equipment Services	17,045,077	19,211,152	17,696,201	18,106,197	(5.8%)
Plan, Design & Construct Public Facilities & Infrastructure	28,452,134	31,518,217	31,104,595	33,164,990	5.2%
Strategic Support	5,988,904	6,821,593	6,699,180	6,865,171	0.6%
Dollars by Core Service Subtotal	\$ 108,390,095	\$ 123,478,710	\$ 119,216,262	\$ 128,114,039	3.8%
MAYOR, CITY COUNCIL, AND APPOINTEES	\$ 40,788,306	\$ 50,969,951	\$ 48,867,570	\$ 53,140,825	4.3%
Other Programs					
City-Wide Expenses	\$ 138,189,259	\$ 38,038,944	\$ 27,071,000	\$ 53,383,459	40.3%
Gen.Fd Cap, Trans & Reserves	21,708,249	140,994,428	84,218,632	144,264,800	2.3%
Other Programs Subtotal	\$ 159,897,508	\$ 179,033,372	\$ 111,289,632	\$ 197,648,259	10.4%
Total CSA	\$ 309,075,909	\$ 353,482,033	\$ 279,373,464	\$ 378,903,123	7.2%
Authorized Positions	878.95	894.10	888.92	901.67	0.8%

Service Delivery Accomplishments

- The City's current general credit rating is Aa1/AA+/AA+ by the three leading national rating agencies: Moody's, Standard & Poor's, and Fitch, respectively. Considering the City's fiscal challenges in recent years, 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.
- Human Resources has continued Workers' Compensation Service Delivery pilot project. This project moved approximately one half of the workers' compensation claims administration to Athens Administrators Inc., a third party administrator for bill review, utilization review, and medical management administrative services. Staff continues to evaluate this pilot program and, upon completion of that evaluation, will bring forward a recommendation regarding the most effective means to deliver the services.
- The City has continued to use a Medical Provider Network, originally implemented in January 2014, to treat work-related injuries.
- Technology enhancements implemented through the City's general banking service provider have allowed for many manual processes to be performed electronically, providing opportunities to streamline payment processing operations. These efficiencies have mitigated staff reductions; however, the ability to meet service level demands with existing resources continues to be a challenge.
- The Information Technology Department completed the first two phases of Office 365 deployment, including a city-wide email upgrade and migration moving over 6,000 mailboxes to the cloud, and enabling Office 2013, Skype for Business, and OneDrive for employee productivity. This project modernized the email platform by three full generations, increased the average mailbox size by 1,000 times, and moved through four generations of office productivity software in a single upgrade.
- The Information Technology Department anticipates completing deployment of a new call handling software to all of the City's call centers, allowing better management of customer service through improved analytics.
- The Information Technology Department completed the city-wide roll-out of hosted Voice over Internet Protocol (VoIP) for the majority of the organization, reducing the City's support and replacement of costly on-premise telecommunications equipment.
- Several important steps were taken in modernizing the City's technical infrastructure including the release and completion of critical RFPs including Human Resources/Payroll/Budget, Business Tax, Customer Information System (CIS), and SharePoint.

City Service Area

Strategic Support

OVERVIEW

Service Delivery Environment

- The Finance Department continues to provide financial modeling and analysis as part of its core mandate to meet the increasingly complex needs of the City.
- The Business Tax Billing System (BTS) provides City staff with management tools to oversee annual revenues from the general Business Tax program of approximately \$11 million from approximately 85,000 businesses. City Council approved awarding the contract to replace the current BTS to CSDS Systems Inc. in October 2014. Due to lengthy negotiations, staff anticipates transitioning to the new system in 2015-2016.
- The City continues to face accelerating demands for information technology service delivery and increasing costs for information technology infrastructure maintenance and renewal. Despite one-time funding allocated for technology, the most significant issues facing the Information Technology Department in its ability to address city-wide technology infrastructure and business needs are the ability to attract high level technical talent and identifying sustainable sources of funding.



- The Human Resources Department continues to evaluate and review benefit programs. Efforts will be focused on finding ways to minimize utilization that could be avoided through education and healthier lifestyles. One such effort is the Wellness Program; for which the Human Resources Department will continue to evaluate ongoing solutions and ensure that current service levels are provided in the most efficient and cost effective manner.
- Workers' compensation costs in 2014-2015 are expected to be higher than 2013-2014 by approximately 16%. The increase in cost is primarily associated with an increase in the number of claims, indemnity claims warranting disability payments, and increasing severity of injuries requiring surgery.
- With the rapid introduction of modernized technology tools to the organization, new challenges in change management, training, and productivity will continue to be an issue as employees adjust to the new environment and are required to part with antiquated, yet well-known skill sets and business processes.
- The City continues to receive at market-rate bids for construction projects due to a less competitive bidding environment. This cost escalation trend is expected to continue.
- Currently, the City's Standard Specifications for construction are undergoing revision and, as green construction becomes mandatory, the City will incorporate specifications that take advantage of emerging sustainable technologies.
- The City's building inventory expanded through the decade of investment. Many of the newer facilities are reaching the five and ten year thresholds when the facilities typically experience an increase in maintenance needs. While funding to address minor repairs and preventative maintenance for new facilities is added as they open, limited funding was available for ongoing maintenance needs due to General Fund shortfalls. Funding for older buildings, which have greater maintenance and repair needs, has also been limited. This has resulted in an increased demand for preventative maintenance activities. Actions included in the 2015-2016 Budget will allow the Department of Public Works to continue the Preventative Maintenance Program at 80%, which is consistent with industry standards.

CSA Priorities/Key Services

- Provide compensation and payments to City employees and vendors in a timely 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, Recycle Plus, and Business Tax
- Ensure a high degree of compliance through audits and reviews
- Explore further opportunities to maximize tax collections
- Procure goods and services pursuant to City Policies and Initiatives to support City operations in an open and competitive process
- Provide workers' compensation, safety and loss control, and return to work services
- Manage the City's benefits program
- Provide city-wide employment services
- Continue the consolidation of technology functions, focusing on the realignment of information technology service delivery from an enterprise perspective, elimination of duplicative work efforts, and lower overall IT costs
- Provide secure and reliable network services
- Maintain enterprise systems such as the City's Financial Management System (FMS), the Integrated Billing System (IBS), and Human Resources/Payroll System and develop migration strategies for enterprise applications to flexible integrated solutions
- Mitigate the City's information security risks
- Provide the primary point of contact for residents, businesses, and employees through the Customer Contact Center
- Maintain City-owned facilities and equipment to ensure public and employee safety and maximize the functionality of the City's assets
- "Greening" the City facilities and the City fleet
- Manage the City's space needs and the use of City-owned properties
- Provide quality capital project delivery
- Ensure consistent and transparent construction procurement services
- Provide mail room services, recycling services, and records management services in support of City policies and city-wide operations
- Provide wage policy compliance

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

Strategic support functions are critical within any organization. Basic core services must be maintained at an effective level, with the adaptability to grow and improve in a timely manner as resources become available.

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

Strategic Goals	CSA Performance Measures	2013-2014 Actual	2014-2015 Target	2014-2015 Estimate	2015-2016 Target	5-Year Goal
Develop and encourage supervisors and managers that support a high-performing workforce	1. % of employee performance appraisals completed on schedule	75%	75%	74%	80%	98%
Foster a shared vision with employees about the characteristics of a high-performing workforce	1. % of the public having contact with City employees who are satisfied or very satisfied with the: - timeliness of City employees - courtesy of City employees - competency of City employees	74% 86% 76%	76% 88% 80%	68% 80% 74%	76% 88% 80%	83% 83% 83%
Provide the necessary & required safety & health services that ensure employee health, safety & well-being	1. Number of Workers' compensation claims per 100 FTEs	14.1	14.0	14.7	14.0	14.0

Changes to Performance Measures from 2014-2015 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2014-2015 Adopted Budget:

- ✗ “% of employees who agree or strongly agree they clearly understand the performance expectations of their job” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who agree or strongly agree they understand the City’s vision and how their work contributes to a core service” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who are satisfied or very satisfied with their job” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who agree or strongly agree the City is a good employer” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.
- ✗ “% of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied” was eliminated with the implementation of the new employee survey, which uses a different methodology to measure employee engagement and satisfaction.

- ✓ Over the next five years, 32% of the City workforce will be eligible for retirement. Strategies are being implemented to develop current employees and attract new talent so that the City’s workforce can continue to deliver top-quality services while meeting changing customer demands.

Budget Dollars at Work: Performance Goals

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

- ✓ The Human Resources Department will continue to provide services that enhance the organization’s ability to hire and retain a high-performing workforce. Objectives in this area include a greater focus on posting recruitments quicker through the use of technology. A continued focus on classification activities will ensure that duties and skill sets reflect the needs of the workplace. Maintaining a streamlined process for conducting executive recruitments remains a high priority for the department. The Human Resources Department will work to ensure recruitment pools have the most qualified candidates available for selection by departments.

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

Strategic Goals	CSA Performance Measures	2013-2014 Actual	2014-2015 Target	2014-2015 Estimate	2015-2016 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*	84%	N/A*	84%	85%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	82%	80%	82%	85%	90%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%	100%
Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	88%	88%	88%	90%	95%
	2. % of fleet in compliance with replacement cycle:					
• Emergency Vehicles	100%	100%	100%	100%	100%	
• General Fleet	88%	88%	87%	90%	90%	

Changes to Performance Measures from 2014-2015 Adopted Budget: No

* Data for this measure comes from the Public Works Building Assessment Survey, which has not been conducted since 2011-2012. The Public Works Department anticipates conducting a City-wide Building Assessment program in 2015-2016 with results expected to be reported as part of the 2016-2017 budget process.

- ✓ The Public Works Department will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that are aligned with City Council priorities, the City’s Master Plans, and comply with the established engineering standards.
- ✓ Past economic challenges have limited the Department of Public Works’ ability to perform preventative maintenance for City facilities and fleet, leaving assets at significant risk. Improvements have been made to the preventative maintenance work completed in City of San José facilities going from 38% in 2011-2012 to 80% in 2012-2013 and 2013-2014. The 2015-2016 Adopted Budget continues funding for facilities that will aid in retaining the preventive maintenance performance level achieved in 2014-2015, with the expectation that this funding will help to prolong the life cycle of facility investments, and to some extent, reduce corrective work. The Department will continue to address health and safety related corrective work as first priority with other concerns receiving lower staffing levels commensurate with funding levels.

City Service Area
Strategic Support
OVERVIEW

Budget Dollars at Work: Performance Goals

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

- ✓ Public Works continues to examine service delivery options, taking advantage of insourcing and outsourcing opportunities to most efficiently deliver services.
- ✓ The Public Works Department will continue to develop mid- and long-range plans for management of City facilities and fleet assets. The 2015-2016 Adopted Budget allocates resources for a City-wide building assessment study that will prioritize future replacement and repair needs.
- ✓ Efforts will continue to support the development of capital improvement projects that can reduce maintenance and operations costs, extend the service life of City assets, and reduce the deferred maintenance infrastructure backlog.

OUTCOME 3: EFFECTIVE USE OF TECHNOLOGY

Strategic Goals	CSA Performance Measures	2013-2014 Actual	2014-2015 Target	2014-2015 Estimate	2015-2016 Target	5-Year Goal
Deploy technology resources effectively	1. % of network services available 24/7:					
	-Converged City Network	99.97%	99.50%	99.67%	99.50%	99.95%
	-Telephones	100%	99.50%	99.91%	99.95%	99.95%
	-Enterprise Servers	99.94%	99.50%	99.54%	99.50%	99.95%
	2. % of time system is available during normal business hours:					
	-E-mail	99.99%	99.90%	99.95%	99.95%	99.95%
	-Financial Management System	99.90%	99.50%	99.90%	99.50%	99.95%
	-Human Resources/Payroll System	100%	99.50%	100%	99.50%	99.95%
	-Combined Availability	99.99%	99.63%	99.95%	99.65%	99.95%

Changes to Performance Measures from 2014-2015 Adopted Budget: No

- ✓ Upgrade the wide area network in support of critical public safety sites including fire stations and community programs, improving timely delivery of critical data to field personnel.
- ✓ Procure and implement a customer relationship and service request management solution as a foundational component of a neighborhood dashboard to providing a visual interface for residents and businesses.
- ✓ Develop a city-wide baseline computing environment to provide modern, consistent tools to enable employee productivity.
- ✓ Deployment of subsequent phases of Microsoft Office 365 will include moving individual employee files to the cloud, collaboration among groups of employees, and provide office automation through workflows and electronic approvals.

Budget Dollars at Work: Performance Goals

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

Strategic Goals	CSA Performance Measures	2013-2014 Actual	2014-2015 Target	2014-2015 Estimate	2015-2016 Target	5-Year Goal
Maintain City's bond ratings	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*	N/A*	N/A*	TBD*	TBD*
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*	N/A*	N/A*	TBD*	TBD*

Changes to Performance Measures from 2014-2015 Adopted Budget: No

* Data for these measures was previously collected through the biennial City-Wide Employee Survey. The Finance Department will be developing an alternative method to further this input.

- ✓ The Finance Department will continue to ensure that the City's financial resources are protected and available to address the short-term and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, exploring opportunities through coordination with other governmental agencies, leveraging a third-party collection agency to maximize tax collections, facilitating timely and accurate disbursements, investing City funds in accordance with the Investment Policy, managing a multi-billion dollar debt portfolio within federal regulatory requirements, providing accurate and timely financial reports, effectively and efficiently procuring goods and services, and maximizing revenue from the sale of surplus property.
- ✓ The Finance Department will continue to respond to the financial modeling and analysis needs of the City.
- ✓ The City's general credit rating is rated Aa1/AA+/AA+ by all three leading national rating agencies: Moody's, Standard and Poor's, and Fitch, respectively. The Finance Department will continue efforts to maintain favorable bond ratings.

City Service Area

Strategic Support

ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
FINANCE DEPARTMENT			
• Finance Department Salary Program		514,376	425,786
• Specialized Procurement Staffing	2.00	252,759	252,759
• Internal Financial Controls Evaluation (reallocation from City-Wide Expenses)		200,000	200,000
• Cash and Debt Management Technology Enhancements		125,000	125,000
• Delinquent Accounts Collection Staffing	1.00	75,772	75,772
• Single Family Garbage Billing Program Model Change	(2.00)	(180,421)	0
• Rebudget: Technology Enhancements		119,000	119,000
<i>Subtotal</i>	1.00	1,106,486	1,198,317
HUMAN RESOURCES DEPARTMENT			
• Human Resources Department Salary Program		221,517	161,285
• Employment Services Temporary Staffing	2.00	161,698	161,698
• Human Resources Department Service Delivery and Strategic Analysis Staffing		129,000	129,000
• Workers' Compensation Service Delivery Model Pilot Program Extension		125,000	125,000
• Employment Services Consulting Services		100,000	100,000
• Workers' Compensation Program Claims Temporary Backlog Staffing		90,000	90,000
• Library Volunteer Fingerprinting and Backgrounding		28,200	0
• New Employee Welcome		13,000	13,000
• Temporary Staffing (Health and Safety)		0	0
• Rebudget: Employment Services Staffing		154,000	154,000
• Rebudget: LinkedIn Subscription		100,000	100,000
<i>Subtotal</i>	2.00	1,122,415	1,033,983
INFORMATION TECHNOLOGY DEPARTMENT			
• Information Technology Department Salary Program		416,893	329,480
• Office 365 Licensing		350,000	350,000
• Critical Security Remediation Efforts		250,000	250,000
• Airport Information Technology Staffing Realignment	1.00	212,970	106,219
• Information Technology Assistant Director	1.00	186,753	186,753
• Enterprise Management Oversight Staffing	1.00	161,405	161,405
• Community Network Upgrades		160,000	160,000
• City-Wide Customer Relationship Management		125,000	125,000
• Public Records Act Staffing	1.00	107,947	107,947
• Public Safety Vehicles Mobile Connectivity		100,000	100,000
• Happy Hollow Park and Zoo	1.00	99,505	99,505
• Single Family Garbage Billing Program Model Change: Call Center Staffing	(10.00)	(930,128)	73,168
• Single Family Garbage Billing Program Model Change: Integrated Billing System License Elimination		(291,953)	0

City Service Area
Strategic Support
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)
INFORMATION TECHNOLOGY DEPARTMENT			
• Rebudget: SharePoint Application Development		750,000	750,000
• Rebudget: Office 365 Employee Training		425,000	425,000
• Rebudget: Critical Network Equipment Upgrades		250,000	250,000
• Rebudget: Critical Application Infrastructure Upgrades		161,000	161,000
• Rebudget: Customer Support		81,000	81,000
<i>Subtotal</i>	(5.00)	2,615,392	3,716,477
PUBLIC WORKS DEPARTMENT			
• Public Works Department Salary Program		1,920,436	392,920
• Public Works Capital Improvement Program Right-Sizing	10.15	957,346	0
• Preventative Maintenance Program		500,000	500,000
• Enterprise Asset Management System		500,000	500,000
• Communications Installation Staffing	1.00	79,047	0
• United States Patent and Trademark Office		48,000	48,000
• Parks and Library Facilities Maintenance		21,000	21,000
• Energy Team Staffing	1.00	17,655	0
• Animal Care and Services Program	0.00	10,000	10,000
<i>Subtotal</i>	12.15	4,053,484	1,471,920
<i>Subtotal Departments</i>	10.15	8,897,777	7,420,697
MAYOR, CITY COUNCIL, AND APPOINTEES			
Adopted changes appear in the next section of this document	2.60	4,273,255	4,102,227
CITY-WIDE EXPENSES			
• Ballot Measure Polling		55,000	55,000
• City Council District #3 Participatory Budgeting Pilot		100,000	100,000
• Family College Success Center		100,000	100,000
• Human Resources/Payroll/Budget Systems Upgrade		882,000	882,000
• Office of Immigrant Affairs		250,000	250,000
• Silicon Valley Talent Partnership		80,000	80,000
• Successor Agency City Subsidy (Administrative Costs)		(150,000)	(150,000)
• Youth Commission Funding		12,000	12,000
• Miscellaneous Rebudgets		24,983,459	24,983,459
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: Animal Care and Services Fire Alarm and Security Upgrade		225,000	225,000
• Capital Contributions: Animal Care and Services Waterproofing		800,000	800,000
• Capital Contributions: Arc Flash Hazard Analysis		350,000	350,000
• Capital Contributions: Children's Discovery Museum Fencing		350,000	350,000
• Capital Contributions: City Hall Audio Visual Upgrade		500,000	500,000
• Capital Contributions: City Hall Chiller Media Replacement		250,000	250,000
• Capital Contributions: City-Wide Building Assessment		400,000	400,000

Strategic Support

ADOPTED BUDGET CHANGES

	Positions	All Funds (\$)	General Fund (\$)
GENERAL FUND CAPITAL, TRANSFERS AND RESERVES			
• Capital Contributions: History Park Safety and Security		175,000	175,000
• Capital Contributions: History San José - Minor Renovations		30,000	30,000
• Capital Contributions: Mexican Heritage Plaza Building Management System Upgrade		300,000	300,000
• Capital Contributions: Permit Center Breakroom and Restrooms		570,000	570,000
• Capital Contributions: Plaza de Cesar Chavez Stage Canopy		210,000	210,000
• Capital Contributions: Police Administration Building - Employee Parking Lot Perimeter Fencing		300,000	300,000
• Capital Contributions: Police Administration Building Roof Replacement		350,000	350,000
• Capital Contributions: Police Fleet Management System		400,000	400,000
• Capital Contributions: San José Museum of Art - Minor Renovations		50,000	50,000
• Capital Contributions: San José Museum of Art Roof Replacement		150,000	150,000
• Capital Contributions: The Tech Museum - Minor Renovations		55,000	55,000
• Capital Contributions: The Tech Museum Cooling Tower Replacement - Design		25,000	25,000
• Capital Contributions: The Tech Museum Terrazzo Floor Replacement		150,000	150,000
• Capital Contributions: United States Patent and Trademark Office - Tenant Improvements Project		3,434,000	3,434,000
• Capital Contributions: Rebudgets		20,741,000	20,741,000
• Earmarked Reserves: Cultural Facilities Capital Maintenance Reserve		(385,000)	(385,000)
• Earmarked Reserves: Deferred Infrastructure and Maintenance Reserve Elimination		(800,000)	(800,000)
• Earmarked Reserves: New Municipal Improvements Maintenance and Operations Reserve Elimination		(48,000)	(48,000)
• Earmarked Reserves: Salaries and Benefits Reserve		(18,494,832)	(18,494,832)
• Earmarked Reserves: Silicon Valley Regional Communications System Reserve		3,000,000	3,000,000
• Earmarked Reserves: Rebudgets		46,059,000	46,059,000
• Contingency Reserve: Rebudget		900,000	900,000
<i>Subtotal Other Changes</i>	0.00	86,358,627	86,358,627
Total Adopted Budget Changes	12.75	99,529,659	97,881,551



2015-2016

OPERATING BUDGET

**STRATEGIC SUPPORT
CSA**

**MAYOR,
CITY COUNCIL
AND
APPOINTEES**

Mayor, City Council and Appointees



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

Mayor and City Council

- Office of the Mayor
- City Council
- Council General

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

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

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Office of Retirement Services

- Retirement Plan Administration

Mayor, City Council and Appointees

Expected 2015-2016 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, economic development, reducing homelessness, and maintaining streets and roads.
- ❑ The City Council will continue to exercise its power in determining policy through adoption of ordinances, resolutions, and motions, subject to the provisions of the City Charter and the State Constitution.
- ❑ The City Manager's Office will continue to effectively forecast and monitor both revenues and expenditures in over 100 different funds in 2015-2016 and will develop the 2016-2017 Proposed Budget for City Council consideration. The focus will be on maintaining budget stability and strategically investing the City's limited resources to keep our community safe, restore basic services, invest for our future, and maximize efficiency and effectiveness.
- ❑ The City Manager's Office will continue to support the City Council's setting of priorities among ordinances and other initiatives, as well as monitor and report progress on their development and implementation.
- ❑ The City Manager will continue to engage the workforce through ongoing structured communication and the coordination and implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain employees.
- ❑ The City Attorney's Office will represent the City, its Council, boards and commissions, and employees in all actions; will advocate, defend, and prosecute legal matters on behalf of the City; and will provide advice to the same parties in all matters pertaining to their powers and duties.
- ❑ 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 Service Efforts and Accomplishments (SEA) Report annually, 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 assets, reduce volatility, and mitigate risk to increase investment returns.

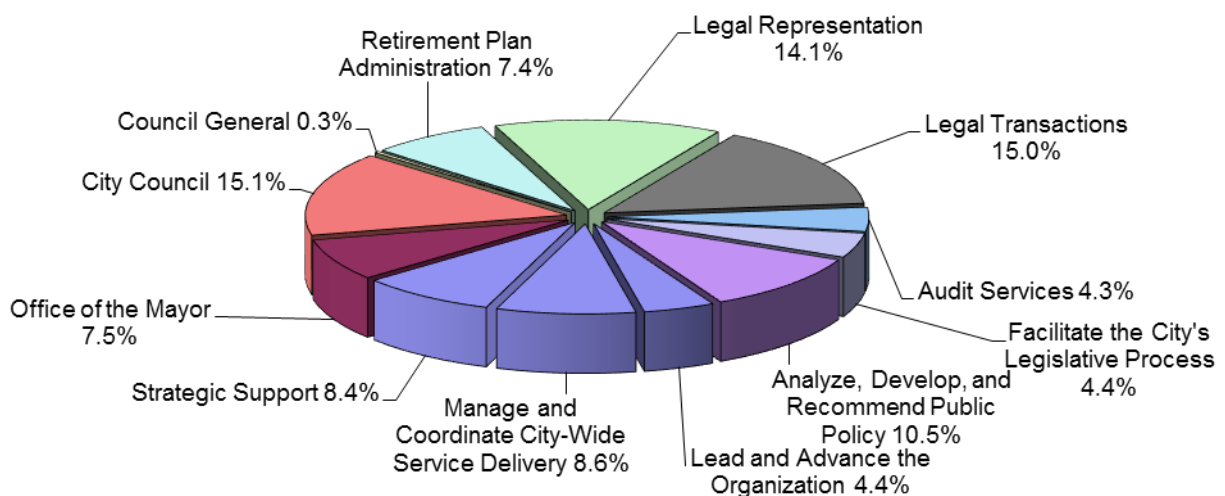
Mayor, City Council and Appointees

2015-2016 Key Budget Actions

- ❑ Adds 1.0 Senior Deputy City Attorney to provide additional capacity for addressing real estate and economic development matters.
- ❑ Provides one-time funding of \$100,000 for continued critical transition support for litigation attorney services and transactional attorney services.
- ❑ Adds 1.0 Legal Administrative Assistant to provide legal support to transactional and litigation attorneys.
- ❑ Provides one-time funding of \$50,000 for consultant services related to electronic discovery and Public Records Act Request compliance.
- ❑ Adds 1.0 Staff Technician in the Office of Retirement Services to address the increased volume of customer inquiries related to benefits.
- ❑ Reorganizes staffing levels in the Office of the City Manager to meet the needs of the Office by eliminating 1.0 Deputy City Manager, restoring 1.0 Director of Employee Relations, and adding 0.6 Senior Executive Analyst PT in the Budget Office, with a net-zero impact on the General Fund.
- ❑ As directed in the Mayor’s March Budget Message for Fiscal Year 2015-2016, as approved by City Council, eliminates 1.0 Assistant to the City Manager civic innovation position in the Office of the City Manager and reallocates funding to the Office of the Mayor.
- ❑ As directed in the Mayor’s March Budget Message for Fiscal Year 2015-2016, as approved by the City Council, reallocates funds from the Mayor and City Council Offices to reestablish the Council General appropriation to address shared central costs for the Mayor and City Council Offices.

2015-2016 Total Operations by Core Service

CSA Dollars by Core Service \$53,140,825



Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Mayor, City Council and Appointees Budget Summary

	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Forecast 3	2015-2016 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
<i>Mayor and City Council*</i>					
Office of the Mayor	\$ 1,485,740	\$ 3,573,019	\$ 3,173,336	\$ 3,994,210	11.8%
City Council	2,618,736	7,607,513	6,697,070	8,033,539	5.6%
Council General	4,400,444	100,000	0	147,000	47.0%
<i>Office of the City Attorney</i>					
Legal Representation	6,779,629	7,450,209	7,173,388	7,477,244	0.4%
Legal Transactions	6,363,506	7,288,858	7,222,453	7,962,591	9.2%
Strategic Support	1,177,936	1,233,338	1,263,636	1,292,480	4.8%
<i>Office of the City Auditor</i>					
Audit Services	1,898,024	2,273,822	2,206,289	2,267,340	(0.3%)
Strategic Support	7,787	138,794	142,646	147,316	6.1%
<i>Office of the City Clerk</i>					
Facilitate the City's Legislative Process	1,723,515	2,291,667	1,991,510	2,364,271	3.2%
Strategic Support	222,092	220,463	236,867	243,883	10.6%
<i>Office of the City Manager</i>					
Analyze, Develop, and Recommend Public Policy	4,468,463	5,319,169	5,360,194	5,583,713	5.0%
Lead and Advance the Organization	2,011,266	2,469,022	2,150,826	2,347,142	(4.9%)
Manage and Coordinate City-Wide Service Delivery	3,276,998	4,628,590	4,825,492	4,568,761	(1.3%)
Strategic Support	277,418	399,587	389,491	396,756	(0.7%)
<i>Office of the Independent Police Auditor **</i>					
<i>Office of Retirement Services</i>					
Retirement Plan Administration	2,417,777	3,793,931	3,737,166	3,953,960	4.2%
Strategic Support	1,658,975	2,181,969	2,297,206	2,360,619	8.2%
Total	\$ 40,788,306	\$ 50,969,951	\$ 48,867,570	\$ 53,140,825	4.3%
Authorized Positions ***	227.25	235.75	233.75	236.35	0.3%

* As directed by the Mayor's March Budget Message for Fiscal Year 2015-2016, as approved by the City Council, the ongoing Council General allocation has been reestablished in the amount of \$65,000. The 2015-2016 Adopted Budget also includes a rebudget of \$82,000.

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

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

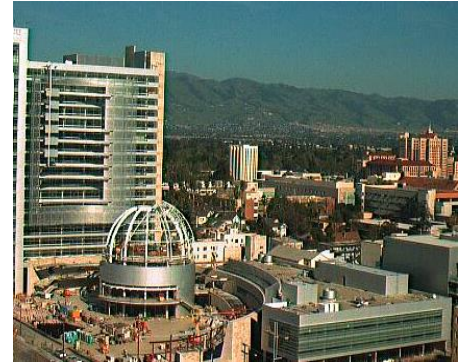
Strategic Support
Mayor, City Council and Appointees
ADOPTED BUDGET CHANGES

Adopted Changes	Positions	All Funds (\$)	General Fund (\$)	
MAYOR AND CITY COUNCIL				
• Civic Innovation/Strategic Partnerships Funding Reallocation		187,002	187,002	
• Office of the Mayor/City Council Salary Program		53,868	53,868	
• Council General Reestablishment		0	0	
• Rebudget: City Council Expenditure Savings		1,356,473	1,356,473	
• Rebudget: Office of the Mayor Expenditure Savings		625,000	625,000	
• Rebudget: Council General Expenditure Savings		82,000	82,000	
<i>Subtotal</i>	0.00	2,304,343	2,304,343	
OFFICE OF THE CITY ATTORNEY				
• Office of the City Attorney Salary Program		487,018	396,940	
• Office of the City Attorney Transactional Staffing	1.00	202,647	202,647	
• Office of the City Attorney Training		100,000	100,000	
• Office of the City Attorney Legal Support Staffing	1.00	73,173	73,173	
• Electronic Discovery and Public Records Act Request Support		50,000	50,000	
• Rebudget: Urban Villages Legal Analyst (limit-dated June 30, 2016)		110,000	110,000	
• Rebudget: Outside Counsel/Litigation Costs		50,000	50,000	
<i>Subtotal</i>	2.00	1,072,838	982,760	
OFFICE OF THE CITY AUDITOR				
• Office of the City Auditor Salary Program		65,721	61,117	
<i>Subtotal</i>	0.00	65,721	61,117	
OFFICE OF THE CITY CLERK				
• Office of the City Clerk Salary Program		54,777	54,777	
• Rebudget: Electronic Document Management System		325,000	325,000	
<i>Subtotal</i>	0.00	379,777	379,777	
OFFICE OF THE CITY MANAGER				
• City Manager's Office Salary Program		357,371	354,881	
• City Manager's Office Staffing Realignment	0.60	0	0	
• Civic Innovation / Strategic Partnerships Funding Reallocation	(1.00)	(187,002)	(187,002)	
<i>Subtotal</i>	(0.40)	170,369	167,879	
OFFICE OF THE INDEPENDENT POLICE AUDITOR*				
OFFICE OF RETIREMENT SERVICES				
• Office of Retirement Services Salary Program		206,351	206,351	
• Office of Retirement Services Benefits Staffing	1.00	73,856	0	
<i>Subtotal</i>	1.00	280,207	206,351	
Total Approved Budget Changes		2.60	\$ 4,273,255	\$ 4,102,227

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

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Strategic Support **Mayor and City Council**



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

Primary Partners

Mayor and City Council

Office of Retirement Services

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent Police
Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council

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Strategic Support
Office of the City Attorney



***Mission:** The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City, with the goal of protecting and advancing its 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
Office of Retirement Services

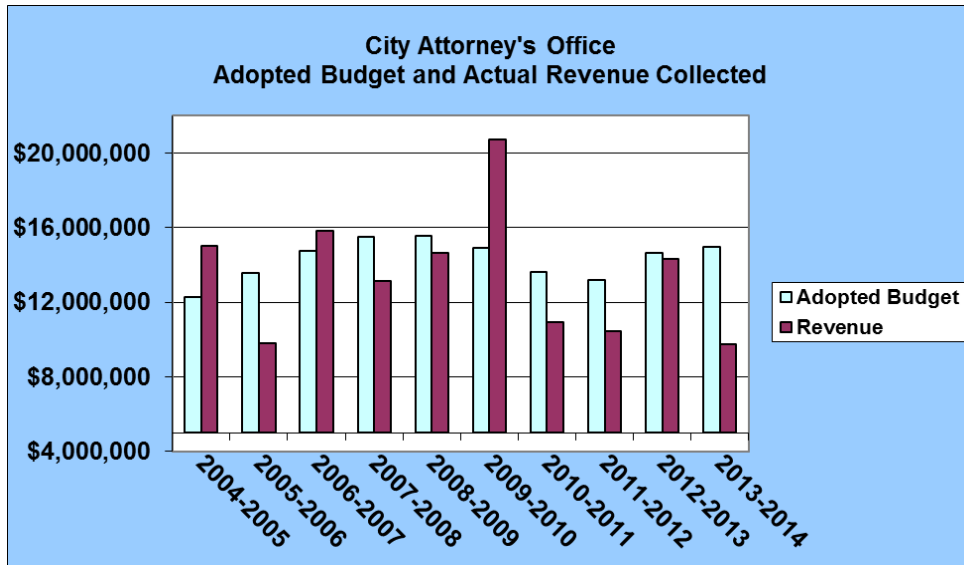
CSA OUTCOMES

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

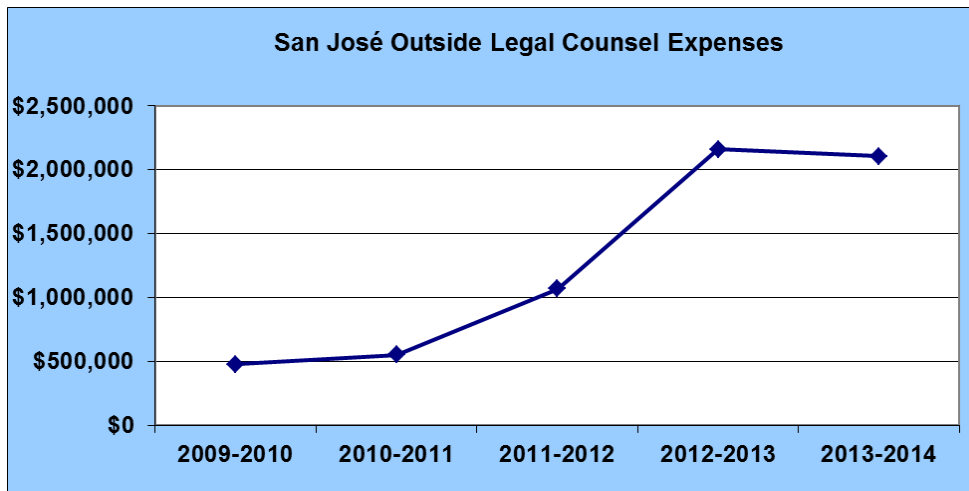
Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Accomplishments

- The latest client survey results indicate that 92.5% of the respondents were 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 2016.
- Annual revenue collections have averaged \$13.5 million over the past ten years, and plaintiff cases handled by the Office in 2013-2014 generated \$9.8 million. Collection actions are initiated in instances when debt to the City is greater than \$100,000.

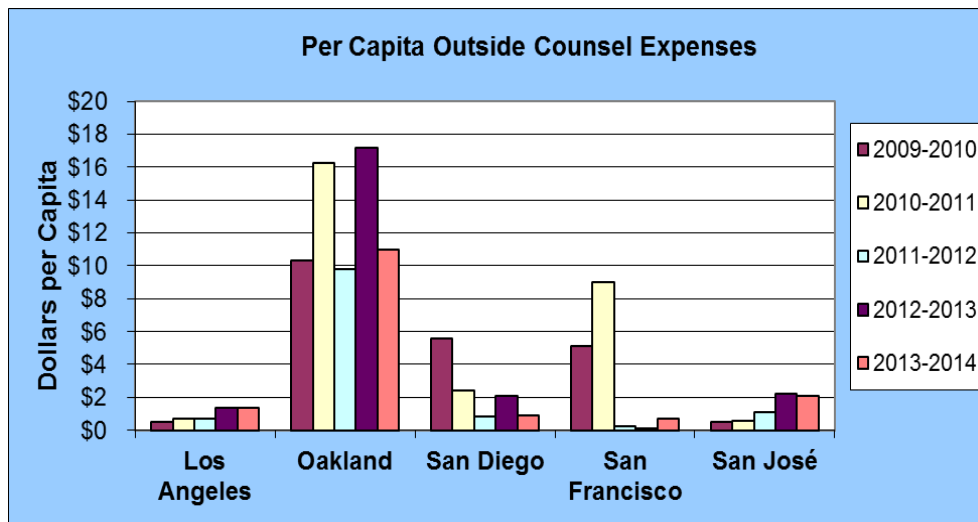


- Legal services are primarily provided by in-house lawyers. Limiting the use of costly outside legal counsel has historically resulted in significant budgetary savings to the City. However, the need for outside counsel services has risen over recent years as a result of decreased staffing, increased volume of employment and labor related matters, and conflicts of interest. The Office spent over \$2.2 million for outside counsel services in 2012-2013, a 102% increase from the prior year, and \$2.1 million in 2013-2014. This overall rise in expenditures in recent years, as outlined in the table below, is primarily a result of legal services related to labor and fiscal reform implementation efforts. Costs for outside legal counsel because of conflicts of interest are on track to decrease in 2014-2015 and are anticipated to continue this trend in 2015-2016.

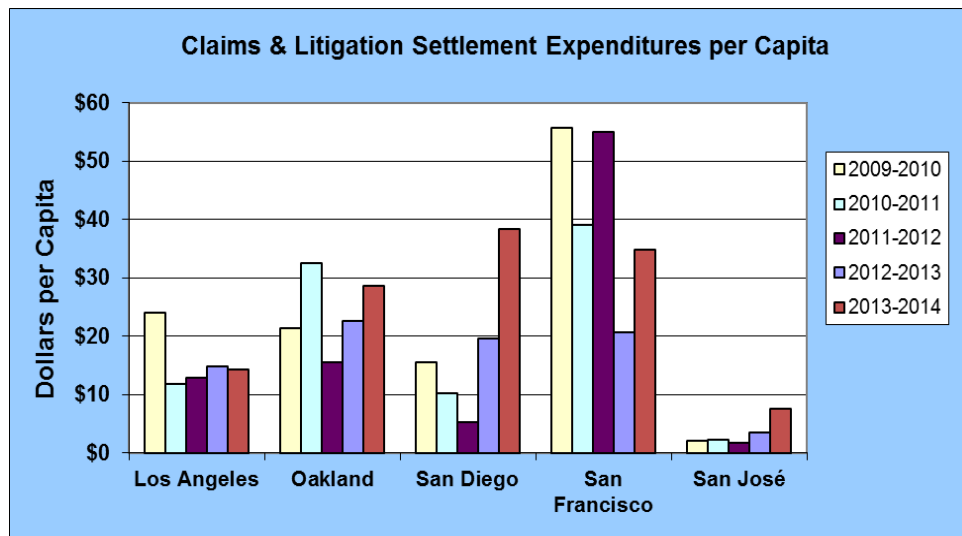


Service Delivery Accomplishments

- Despite the higher relative costs during 2013-2014, the City of San José paid significantly less for outside counsel than the cities of Los Angeles (\$5.3 million) and Oakland (\$4.5 million). However, at \$2.1 million, the City of San José was higher than the reported costs (\$1.2 million) for the City of San Diego, which could not include outside counsel costs relating to Enterprise funds due to a change in their reporting system, and was higher than the reported costs (\$576,800) for the City and County of San Francisco, which included amounts for outside counsel on only cases closed in that fiscal year. Below is a chart comparing Outside Counsel Expenses per Capita of four large California cities to City of San José.



- The City of San José pays considerably less for Claims and Litigation settlements than other large cities in California. Over the last five years, San José paid, on average, \$3.4 million in annual settlement costs. The next lowest average annual payout was \$9.6 million by the City of Oakland. Over the same period, payouts were higher for the cities of Los Angeles (\$59.5 million), San Francisco (\$33.5 million), and San Diego (\$23.7 million). The chart below compares Claims and Litigation Expenditures per Capita of the four large cities to City of San José.



Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Accomplishments

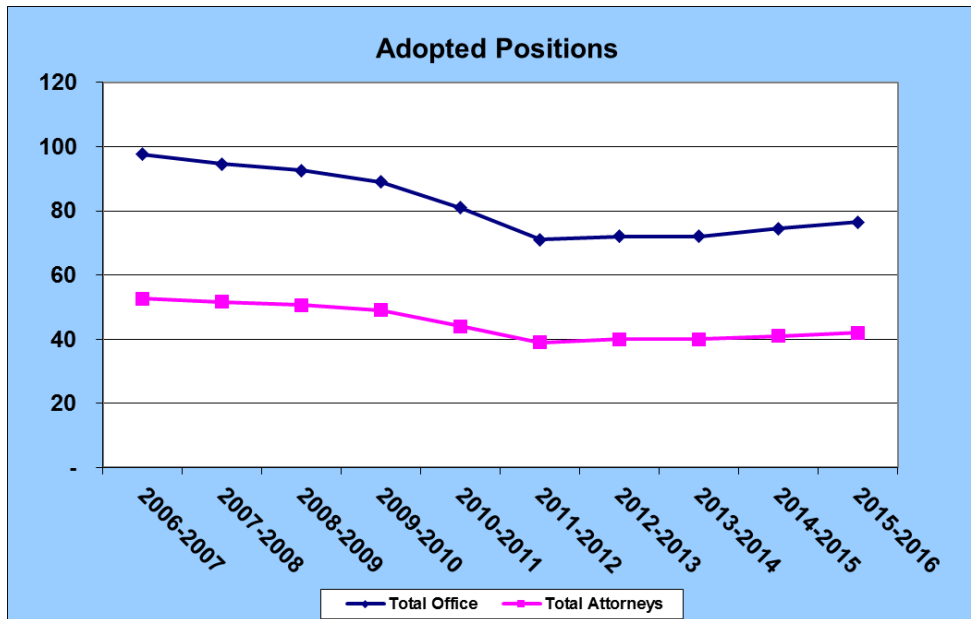
- The Office successfully completed several significant and complex transactions during 2014-2015, including the sale of a portion of the Airport West property for a commercial real estate development, the agreement for the sale of the City's corporation yard in Japantown for a mixed use development, the lease of City Hall space to the U.S. Patent and Trade Office and the design-build contract for the development of the Patent Office's space.
- During 2013-2014 and 2014-2015, the Office drafted a number of ballot measures for City Council consideration, including the Library Parcel Tax that was approved by the voters in June, 2014, a Charter amendment related to the Retirement Boards' governance that was approved by the voters in November, 2014, as well as several iterations of sales tax measures that were not placed on the ballot.
- The Office participated in a number of financings during the year including the refunding of Airport revenue bonds resulting in significant savings (approximately \$20 million net present value), four multi-family housing bond transactions that will assist in creating additional affordable units in San José with additional transactions pending, and the private placement of the bonds that financed the purchase of the Airport West property in order to facilitate its sale.
- At the end of 2013-2014, the Office drafted the ordinances regulating medical marijuana collectives and during 2014-2015 has worked with staff on their implementation. The Office has successfully supported the City's Code Enforcement efforts related to medical marijuana.
- The Office drafted or reviewed 112 ordinances as of March, 2015, including the codification of the City's Sunshine policies in the City's Municipal Code and in the Consolidated Open Government and Ethics Resolution to improve public access.
- 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 additional collection actions on behalf of the City and obtained judgments and settlements in excess of \$1 million.
- Although the former San José Redevelopment Agency was dissolved in 2011-2012, the Office continues to provide legal services to support the Successor Agency to the Redevelopment Agency of the City of San José and to the Oversight Board in its ongoing dissolution 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.

Service Delivery Environment

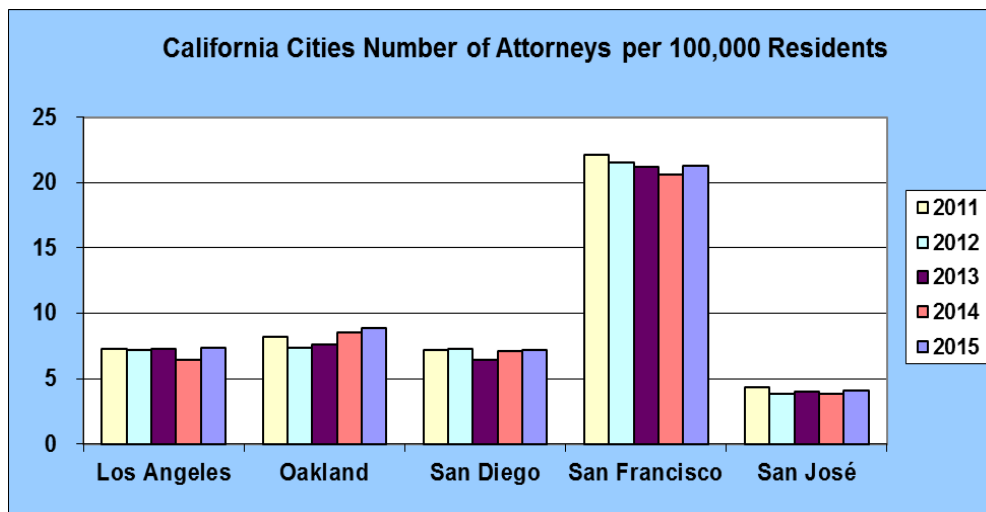
- The City Charter establishes the duties of the City Attorney's Office to represent the City, its Council, boards and commissions, and employees in all actions, and to provide advice to the same parties in all matters pertaining to their powers and duties. These are the Office's core services and fulfilling all of these legal obligations requires a level of staffing higher than the existing model.
- General Fund budget reduction actions implemented from 2006 through 2013 decreased Office resources to bare minimum levels. Though staffing levels stopped decreasing in 2012, demand for legal services has remained constant, with increases in demand for some practice areas. With the stabilization of staffing levels and incremental increases in the past two years, the Office was positioned to better meet demand for services.

Service Delivery Environment

- In light of the improving economy and the implementation of the significant projects included within the Master Plan for the Water Pollution Control Plant, there is an increased need for legal services related to planning and development, economic development, construction and real estate. Elsewhere in this document, 1.0 Senior Deputy City Attorney was added to address the uptick in activity.



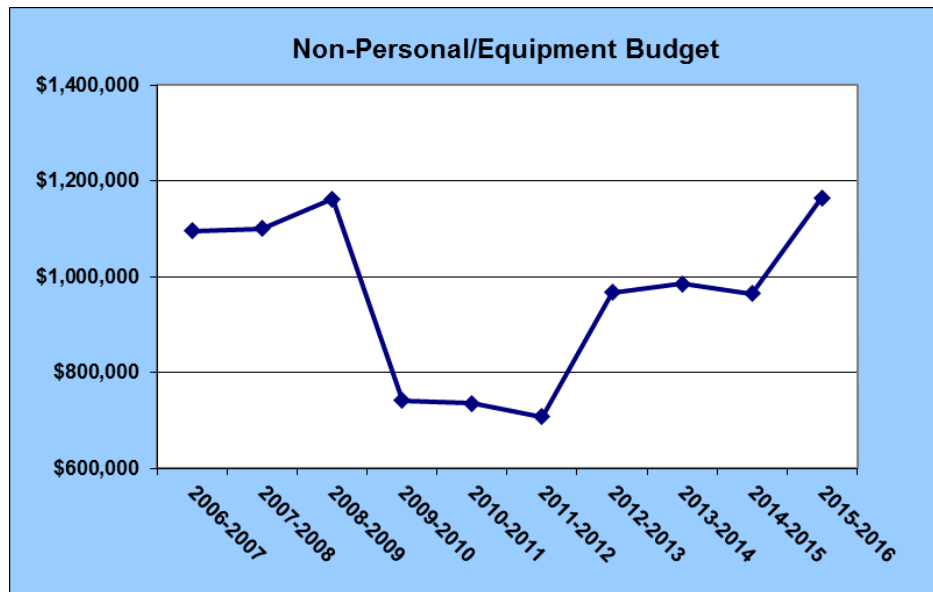
- Staffing levels remain inadequate to proactively address a variety of litigation services.
- Comparing staffing levels of city attorney offices in other large California cities, the attorney per capita ratio for the San José City Attorney’s Office continues to be the lowest among the cities of Los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



Strategic Support
Office of the City Attorney
OVERVIEW

Service Delivery Environment

- For the 2015-2016 Adopted Operating Budget, one new attorney position was approved (for a total of 42 attorneys, which is 9.6 fewer attorneys than in 2007-2008). This 19% decrease continues significant challenges for the Office in meeting the current legal services demand.
- An increase of \$300,000 to the Non-Personal/Equipment appropriation was included as part of the 2015-2016 Adopted Budget to provide funding for outside litigation costs, such as specialized outside counsel, counsel in cases with a conflict of interest, technical experts, and other consultant services. These costs can be unpredictable and are outside of the Office’s control. The Office will continue to use outside expertise as efficiently as possible in order to manage costs.



- The Office continues to administer an unpaid internship program for law students and attorneys newly admitted to the California State Bar. The interns and attorney volunteers are given an opportunity to gain practical experience while providing the Office with needed support in handling the high volume of work. To be effective, the internship program requires significant resources to mentor and oversee the professional development of the volunteers.

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

- ✓ Provide legal counsel at all City Council and Council Committee meetings, and certain meetings of major boards and commissions as necessary. The Office continues to provide staffing at all Planning Commission, Civil Service Commission, and Appeals Hearing Board Commission meetings.
- ✓ Prepare and review certain legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- ✓ Perform legislative analyses. Provide oral and written legal advice and opinions.
- ✓ Provide legal services to assist staff in identifying additional revenue sources, including analysis and implementation of revenue sources (e.g. taxes, assessments, and fees).

Budget Dollars at Work: Performance Goals

OUTCOME 1: CITY BUSINESS IS CONDUCTED LAWFULLY

- ✓ Continue to provide significant construction related legal services for the implementation of the Water Pollution Control Capital Program and the Sanitary Sewer System Capital Program.
- ✓ Continue to provide significant legal services to address the increased volume of development applications as well as economic development initiatives and real estate transactions proposed by the Office of Economic Development.
- ✓ Respond, review, and coordinate complex Public Records Act requests. Considerable resources are dedicated to increasingly complex public record requests involving electronic data.

OUTCOME 2: CITY'S INTERESTS ARE PROTECTED AND ADVANCED

- ✓ Initiate and defend lawsuits and other legal actions involving the City.
- ✓ Initiate collection actions on behalf of the City for matters where the debt is over \$100,000.
- ✓ 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.
- ✓ Considerable resources are dedicated to responding to increasingly complex discovery and public records requests involving electronic data.

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Strategic Support
Office of the City Auditor



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

Primary Partners

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

CSA OUTCOMES

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

Strategic Support
Office of the City Auditor
OVERVIEW

Service Delivery Accomplishments

Since the City Auditor's Office began conducting program performance audits in May 1985, the Office has identified program efficiencies, revenue enhancements, and cost savings. In 2014-2015, the City Auditor's Office identified approximately \$19.1 million in cost savings and revenue enhancements, achieving a ratio of about \$8 in monetary benefits to every \$1 of audit costs (Target: \$4 to \$1).

During 2014-2015, the Office issued 20 audit reports, or approximately 1.8 audits per auditor (Target: 1.5 audits per auditor). Reports issued by the City Auditor's Office during 2014-2015 include:

- Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved
- City Procurement Cards: Better Oversight and Streamlined Processes Would Improve Protection of Public Resources
- Development Services: Improving the Experience for Homeowners
- 2013-14 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities
- Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains
- Service Efforts and Accomplishments Report 2013-14
- Accounts Receivable: The City Can Enhance Revenue Collections By Improving Its Billing & Collection Practices
- Performance Measure Review: Documenting Methodologies Can Ensure More Consistent and Accurate Reporting
- Street Pavement Maintenance: Road Condition Is Deteriorating Due to Insufficient Funding
- Fund Balance and Reserves: San José Should Aim to Have Higher Safety Net Reserves Within the General Fund
- Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies
- Parks, Recreation and Neighborhood Services Fee Cost Recovery
- Curbside Recycling
- Police Disability Retirement

The Office issued monthly audit status reports and semi-annual follow-up reports on outstanding audit recommendations to either the Rules and Open Government Committee or the Public Safety, Finance, and Strategic Support Committee.

Service Delivery Accomplishments

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 2014 Annual Financial Audit, Single Audit, and related financial audits; and
- Semi-Annual Reviews for compliance with the City's Investment Policy.

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 2015-2016 Audit Workplan will target City Council and other City Appointee concerns and areas identified in the City Auditor's City-Wide Risk Assessment model. The City Auditor will continue to focus on ways to reduce costs or increase revenues city-wide.

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 2014-2015 Audit Workplan was approved by the City Council in August 2014. The 2015-2016 Proposed Audit Workplan was submitted for City Council approval in August 2015.
- ✓ Provide performance report. In December 2014, the Office published the City's seventh annual *Service Efforts and Accomplishments Report: 2013-14 Annual Report on City Government Performance*. The Office will continue this project in 2015-2016 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.
- ✓ 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 2014, approximately 61% of the 714 recommendations made in the last ten years have been implemented.
- ✓ Continue to improve the website. The Office's website includes copies of audit reports issued by the Office since 1985 and links to the City Council Committee archive video of the hearings where available. The Office will continue to ensure that information on the site is current and relevant.

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Strategic Support **Office of the City Clerk**



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

Primary Partners

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

CSA OUTCOME

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

Strategic Support
Office of the City Clerk
OVERVIEW

Service Delivery Accomplishments

The Office of the City Clerk continued to ensure that mandated services were provided in the most cost effective manner. In 2014-2015, the Office:

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

Service Delivery Environment

The Office of the City Clerk continues to see heavy workload in all areas of Office operations. As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing 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 based on initiatives such as the "Reed Reforms" and recommendations from the Sunshine Reform Task Force, including disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Councilmembers.
- The need for an improved, less labor intensive process for creating and disseminating City Council meeting agendas and memoranda and improved technology to enhance the public's access to the City's legislative process and records.
- The increased demand for access to a wide variety of public records, including a rising community expectation for online access to candidate and committee campaign disclosure statements and lobbyist activity reports.

Service Delivery Environment

- In addition to providing administrative services for the Mayor and City Council, the Office also posts agendas and minutes, addresses records management and other support services for the Successor Agency to the Redevelopment Agency and the Oversight Board.

Budget Dollars at Work: Performance Goals

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

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

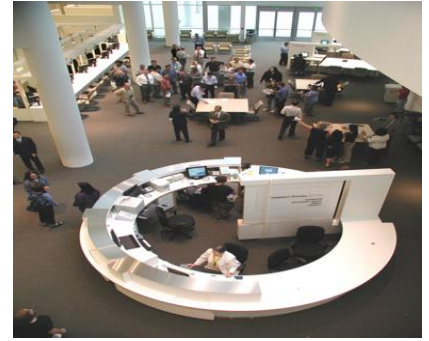
- ✓ Deploy technology resources effectively;
- ✓ Increase efficiency of service delivery; and
- ✓ Maintain high levels of customer service.

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

- ✓ Successfully conducting municipal elections for the Mayor, 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 for 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

A key focus over the past year for the Office of the City Manager was to continue providing the leadership necessary to ensure that ongoing services are being delivered with the highest standards of quality and customer service. Over the next five years, very small variances between projected General Fund revenues and expenditures are expected. Leveraging the increasing stability of the City's budget, the City Manager's Office continues to provide focused leadership in change management, building and developing our workforce, and developing the long term strategies in order to invest in our future. The City Manager's Office is also consistently called upon to lead and/or manage unanticipated issues and projects of significant complexity. Following are highlights of the recent service delivery accomplishments:

- Development of the 2015-2016 Adopted Budget, strategically investing in the most critical service needs while ensuring fiscal stability. Consistent with the Mayor's 2015-2016 March and June Budget Messages, as approved by the City Council, and other City Council priorities, the 2015-2016 Adopted Budget provides a balanced approach to meeting diverse service needs while maintaining a commitment to public safety. These investments and initiatives are primarily aligned to the following key areas: Improving Safety Through Investments in Police and Fire Operations (providing our public safety employees with the resources to be effective); A Safer, Smarter San José (operations that address broader public safety needs); Restoring Basic City Services (services that meet basic community and organizational needs); Broadening Opportunity and Prosperity/Boosting Vitality (expanding opportunities for our residents, enhancing experiences of our residents/visitors); Engaging the Community (investments and initiatives that support innovation and strategic partnerships and increase transparency and community input); and, Our Future (investments that better position the City moving forward).
- On June 5, 2012, Measure B was passed by San José voters, which made changes related to retirement. Since then, a second tier retirement plan has been put into place for all City employees and the Supplemental Retiree Benefit Reserve (SRBR) was eliminated. Consistent with the direction of the City Council, the City Administration and the San José Police Officers' Association and the San José Fire Fighters, IAFF Local 230 bargaining units recently came to an agreement on an alternative pension reform settlement framework. This settlement framework not only settles significant litigation with the sworn bargaining units, but the agreement also solidifies the savings of the elimination of the SRBR, contains savings from a revised Tier 2 pension benefit when compared to Tier 1, and closes the retiree healthcare plan for new and current sworn Tier 2 employees. The City Administration will continue the settlement discussions with the Federated bargaining units with hopes of reaching a global settlement. Additionally, the City reached agreements with 10 bargaining units, including salary increases, which were approved by the City Council on June 23, 2015. In August 2015, the City also reached agreement with the San Jose Police Officers' Association on a subsequent Memorandum of Agreement that also included wage increases.
- The Administration initiated a WorkForce Support and Development Strategy to help improve employee engagement, retain existing employees, and assist in finding talented new employees. Teams of staff from throughout the organization (over 78 employees) have worked to identify and execute key opportunities. Over 17 projects were completed, and 10 more are anticipated to be completed by December 2015. Ideas implemented include outreach to spring college graduates, the selection of staff-generated projects to improve their work areas (Workplace Improvements Now grants), and a staff-created video to welcome new employees to the City. The new employee survey focused on measuring employee engagement and supporting supervisors was launched in late 2014, and the results were shared in March 2015. An updated WorkForce Strategy is anticipated to be presented to Council in fall 2015.

Service Delivery Accomplishments

- Parallel to the Workforce Support and Development Strategy, the City Manager's Office continued engaging the City's senior, executive, and mid-level managers to ensure open dialogue and expectation-setting, provide support for managers, and encourage ongoing engagement with employees. Engagement included weekly meetings with all Department heads, senior staff planning retreats, and interactive learning sessions with the Department senior leadership teams (140+ people) and with all managers and supervisors (400+ people).
- Although the organization has experienced significant contraction and turnover, the City Manager's Office continues to offer opportunities for employee development. The relaunch of *Employee Mentoring* had over 200 participants in 2014, and a new season will launch in summer 2015. Additionally, the City Manager's Office has continued participation in collaborative regional efforts like the *Santa Clara County Leadership Academy*, a cooperative of ten local agencies to offer a Leadership Academy for emerging leaders. A city-wide training needs inventory was completed, and the evaluation and procurement of a Learning Management System (LMS) was started.

Furthermore, the City Manager's Office, in coordination with the Human Resources Department, provides *New Employee Orientation* to all new and returning City employees bi-weekly.

Employees in supervisor or lead classifications also receive training in *Non-Discrimination and Anti-Harassment* as required by California state law upon being newly hired, or promoted, and every two years thereafter. These trainings are offered quarterly and in 2014-2015 approximately 13 in-person trainings were held. The City Manager's Office also provides training to existing and new supervisors through the Supervision Academy which is offered on a semi-annual basis (during 2014-2015 approximately 105 supervisors completed the Supervision Academy), and continues to provide trainings for Departments related to processes including *Performance Appraisals, Discipline, Return-to-Work, Budget* and on topics such as *Workplace Violence*, as well as other trainings as requested or required.

- Through the turnover in key leadership positions, as well as a significant transition in the Mayor and City Council, the City Manager's Office ensured that transitions were handled strategically and with minimum disruption. In 2014-2015, the Office made several interim appointments in the following departments: Housing, Parks, Recreation and Neighborhood Services, Transportation, Public Works, Office of Employee Relations, and the Fire Department as well as the Assistant City Manager, Senior Deputy City Manager and Deputy City Manager positions in the City Manager's Office. The Assistant City Manager, Senior Deputy City Manager, and Deputy City Manager appointments were made permanent in May 2015. Appointments to Parks, Recreation, and Neighborhood Services and Public Works were made permanent in June 2015. The Office of Employee Relations appointment was made permanent effective July 2015. These appointments have provided continuity and leadership during the transition in the organization.
- In 2014, the City Administration continued the ongoing effort of workload prioritization to address the significant backlog of pending ordinances and policies. Working in collaboration with the City Attorney's Office, the City Administration was able to facilitate Council consideration and prioritization of the pending ordinances and policies in September 2014. The prioritization effort has helped staff focus on the priorities and successfully advance them within the constraints of limited available resources. In May 2015, Council adopted a new framework for priority setting to broaden the scope of discussion and streamline the process. The first priority setting meeting using the new process was held on June 23, 2015.

Strategic Support
Office of the City Manager
OVERVIEW

Service Delivery Accomplishments

- The City Manager's Office continues its ongoing focus on ensuring current, accurate, and complete access to online information through the Open Data initiative. The first phases of the City's migration to Microsoft Office 365 are complete, upgrading all employees to Office 2013 Web applications and providing new tools such as Lync for instant messaging and OneDrive document storage and collaboration. The Administration is also expanding the use of various social media platforms to share information and promote community engagement where appropriate and within staffing resource constraints.
- Six Urban Village Plans have been completed to date: Little Portugal, Five Wounds, 24th and William Streets, Roosevelt Park, the Diridon Station Area, and the rezoning of Alum Rock Avenue. Complete draft plans for West San Carlos Street, South Bascom Avenue, and The Alameda Urban Villages have been completed and are posted on the City's Urban Village website. A complete draft plan for the East Santa Clara Street Urban Village, located between City Hall and Coyote Creek, is scheduled to be completed by June 2016. Council consideration of these four Urban Village Plans will occur after resolution of the Envision San José 2040 Environmental Impact Report (EIR) CEQA lawsuit on the Green House Gas Emissions analysis. Staff continues to develop Urban Village Plans for the following Urban Village areas: Stevens Creek Boulevard, Santana Row/Valley Fair, and Winchester with an anticipated completion date in the fall of 2016.
- On April 21, 2015, the City Council approved the 2014 Annual Green Vision Report and the 2015 Work Plan priorities and implementation framework. Progress on the Green Vision to date includes: 12,008 cleantech jobs in San José; nearly \$47.2 billion dollars of venture capital invested in cleantech; completion of 850 energy efficiency retrofit projects to Santa Clara County PG&E utility customers during the 2013-2014 Silicon Valley Energy Watch program cycle, reducing energy use by over 11.5 million kWh; installation of 9,055 solar photovoltaic systems with a total capacity of approximately 80.8 megawatts; conversion of nearly 2,130 streetlights to smart Light Emitting Diode (LED) streetlights in 2014 and more than 22,500 LED streetlights installed by June 30, 2015, usage of an average of 14.1 million gallons of recycled water per day by a record 785 customers; and completion of 19 miles of on-street bikeways for a total of 240 miles of on-street bikeways and 56.8 miles of off-street trails to date.
- Intergovernmental Relations provided city-wide training and the necessary 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 City has taken action to influence and implement City priorities and local control on topics including the North San Pedro Housing Project, expanding opportunities for programs and grant funding, the opening of the new State Department of Motor Vehicles Office in East San José to serve undocumented immigrants, the implementation of the Agnews Development Center, and the funding for the new Santa Clara Family Justice Center. The City Council adopted the 2015 Legislative Guiding Principles and Legislative Priorities, which provides the City's lobbyists with direction in Sacramento and Washington, D.C. The City took an active leadership role in the maintenance of existing transportation and infrastructure funding, as well as the ongoing development of new funding. The City supported maintaining existing public safety funding and improving economic development. The City also participated in a range of State level hearings to provide insight into policy issues affecting the City of San José's priorities.

Service Delivery Environment

- The Budget Office will continue to effectively forecast and monitor both revenues and expenditures in over 100 different funds in 2015-2016 to ensure the continued fiscal health of the City. The focus will continue to be 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 2015-2016, the Budget Office will also be developing a new budget system while producing an annual budget for 2016-2017 using the existing system.
- The Office of Employee Relations will be engaged in a variety of labor relations with the City's 11 bargaining units as needed in 2015-2016.
- Public-Private Partnerships are instrumental in sustaining and improving service delivery for San José residents and businesses. The City Manager's Office has taken a leading role in developing partnerships with corporations and various private sector partners. Recently forged key partnerships include those related to the continued enhancements of the on-line small business permitting tool. In addition, the City's Workforce Support and Development initiative is benefiting from key alliances in the private sector which will assist the City to recruit, retain, and effectively engage top talent. In partnership with the Silicon Valley Chamber of Commerce, the Silicon Valley Leadership Group, CISCO, eBay, and the County of Santa Clara, the City Manager's Office has recently implemented the HIRE initiative that seeks to connect hundreds of homeless individuals with training and employment opportunities. In addition, the City Manager's Office is also leading an effort to develop partnerships with private employers, the County of Santa Clara, non-profits and corporate philanthropic organizations to support a summer work experience program serving up to 1,000 youth this summer. A variety of public-private partnerships are also being developed by the City Manager's Office to support the start-up and growth of immigrant small businesses. Finally, the City Manager's Office continues to provide oversight and guidance for the Non-Profit Strategic Engagement Platform relating to a large portfolio of financial assistance provided to community-based organizations.
- Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved pursuant to AB X1 26. The City Council decided to serve as the Successor Agency to the former Redevelopment Agency and the City Manager to serve as the Executive Director, charged with winding down operations and overseeing the multi-year dissolution process. In this capacity, the City Manager's Office continues to provide leadership and direction by managing the multi-departmental transition team and navigating through the complexities of dissolving an Agency. This transition team provides policy direction and recommendations managing the relationships with the State Department of Finance and the County of Santa Clara, ensuring the Successor Agency and the City remain in compliance with the legislation, and balancing the implications to the City as the Successor Agency to the former Redevelopment Agency.
- On September 17, 2013, the City Council approved moving to a new service delivery model for Recycle Plus Billing and Customer Service. Advanced Systems, purchased by the City in 2014, is the technology solution for the new service delivery strategy and the replacement solution for billing all of Environmental Services Department utility services (Municipal Water and Storm/Sanitary Sewer). The new system went live in July 2015.

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

- ✓ Continue to 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.
- ✓ Continue to implement an aggressive communication plan for community outreach.
- ✓ Continue 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.
- ✓ Continue to 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.
- ✓ Continue to work with regional governance partners on Bay Area interagency issues.
- ✓ Continue to 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.

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

- ✓ Bring forward a balanced budget for the General Fund and all other City funds for 2016-2017 that reflect City Council and community goals and help ensure fiscal stability.
- ✓ Continue to 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.
- ✓ Continue to 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.
- ✓ Continue to engage the City Council in prioritizing updates of Policies and Ordinances.
- ✓ Implement streamlined approaches for agenda management, including paperless distribution and use of technology and online agenda management services.

Budget Dollars at Work: Performance Goals

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

- ✓ Continue to provide timely City Council Referral reports that support the ability to monitor and pace organization workload, reevaluate priorities periodically, and focus resources strategically.
- ✓ Continue 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.

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

- ✓ Continuing to pace the organization has become more important in day-to-day operations as the City Manager provides strategic leadership for the organization, supports the City Council, and motivates the workforce to deliver high quality services in an environment of increasing demands and limited resources. During 2015-2016, 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.
- ✓ Continue to foster constructive and professional working relationships with the City's employee labor unions.
- ✓ Despite extremely limited resources, continue to engage the workforce through ongoing structured communication and ongoing implementation of an overarching workforce support and development strategy to effectively engage, recruit, and retain top talent.
- ✓ Continue to work with employees to develop the organization's capacity in civic engagement and make a difference in the civic life of our community.
- ✓ Build ongoing communication between the City Manager and employees.
- ✓ Continue to 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.
- ✓ Continue to make pursuing grants and partnerships a top priority given the significantly limited funding available for infrastructure and Green Vision initiatives.

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Strategic Support
Office of Retirement Services



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

Primary Partners

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

CSA OUTCOMES

- Retirement plans are properly administered
- Investment of assets to satisfy Plans' obligations

Strategic Support
Office of Retirement Services
OVERVIEW

Service Delivery Accomplishments

- In September 2014, the Office of Retirement Services (ORS) held its first annual stakeholders' meetings for both the Police and Fire Department Retirement Plan and Federated City Employees' Retirement System, with a total of over 100 members attending the meetings. Feedback from attendees was positive and helped enhance communication with Plan members.
- In 2014-2015, ORS implemented the new Tier 2 Retirement Plan for Fire members of the Police and Fire Department Retirement Plan, established by the City Council on November 18, 2014, to create a second tier of benefits applicable to fire plan members hired on or after January 2, 2015.
- In 2014-2015, ORS mailed out its first annual Popular Annual Financial Report (PAFR), a condensed version of the Comprehensive Annual Financial Report (CAFR), to all Plan members, advancing communication and education efforts, while addressing an outstanding City Auditor recommendation.
- ORS kicked off the upgrade of its pension administration system in March 2015. The implementation process is expected to last approximately 40 months.
- The 2015 active member survey results indicate that 100% of the respondents feel that ORS had a positive impact on their ability to make decisions to achieve retirement goals.
- In 2014-2015, ORS continued its implementation of the new asset allocations for each retirement plan in order to meet the plans risk/return objectives.
- Measure G, which became effective in December 2014, amended the City of San José charter related to the retirement Boards' governance structure. The measure provides each retirement plan more authority to better fulfill their fiduciary duties and to work with all stakeholders to communicate their goals and obtain feedback.
- In December 2014, ORS completed the consolidation of its office space to provide a professional environment that is more conducive and collaborative for its staff.
- In 2014-2015, ORS continued to fill its vacant positions and hired two Retirement Investment Officers, with one specializing in fixed income and the other in equity allocations. Additionally, one Senior Internal Auditor position was filled to assist with the implementation of governance projects, as well as address some of the recommendations from the City Auditor.
- Staffing adjustments in ORS provided necessary resources required to support the fiduciary and governance requirements of the Retirement Boards and Committees and increase technical support in preparation for the implementation of a new pension administration system.

Strategic Support
Office of Retirement Services
OVERVIEW

Service Delivery Environment

- Complete Request for Proposals (RFP) for investment consultants and a risk management system.
- Continue implementation of the new pension administration system.
- Continue implementation of Measure G.
- Continue to provide quality services in the delivery of pension and related benefits, as well as continue to properly manage retirement plan assets.

Budget Dollars at Work: Performance Goals

OUTCOME 1: RETIREMENT PLANS ARE PROPERLY ADMINISTERED

- Work with the 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 for both retirement plans annually to provide the information necessary to assist the board members in fulfilling their fiduciary duties.
- Provide quality customer service by working with the plan members to ensure excellent retirement planning and counseling through educational classes and meetings via an average of 1,000 phone inquiries and 70 walk-ins per month.
- Publish annual financial reports, which include the CAFRs and PAFRs, to maintain accountability and provide fiscal transparency.

OUTCOME 2: INVESTMENT OF ASSETS IS PROPERLY SUPERVISED

- Manage Retirement Plan assets in a manner which seeks to achieve long-term net returns in excess of the actuarial investment return assumption and adopted benchmarks, while maintaining a reasonable level of investment risk.
- Work with investment consultants to review and adopt an asset allocation reflective of the Boards' risk tolerances.
- Source and perform due diligence on prospective investment managers, and when appropriate, select and monitor investment managers.
- Develop, implement, and ensure compliance with Board adopted investment policies.

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