

INTRODUCTION

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INTRODUCTION

BACKGROUND

This is the 13th Annual Report on City Services. The purpose of this report is to:

- improve government transparency and accountability,
- provide consolidated performance and workload information on City services,
- allow City officials and staff members to make informed management decisions, and
- report to the public on the state of City departments, programs, and services.

The report contains summary information including workload and performance results for the fiscal year ended June 30, 2020. We limited the number and scope of workload and performance indicators in this report to items we identified as the most useful, relevant, and accurate indicators of City government performance that would also be of general interest to the public. This report also includes the results of a resident survey, completed in October 2020, rating the quality of City services.

All City departments are included in our review; however this report is not a complete set of performance measures. The report provides three types of comparisons when available: historical trends, selected comparisons to other cities, and selected comparisons to stated targets.

This report covers the functions of the City government of San José. The city's residents are also served by the County of Santa Clara, which provides criminal justice, health and hospital, housing, and social services. The Santa Clara Valley Water District provides water and flood protection to San José residents. San José contains 240 schools. Fifteen public school districts serve the city's children.

Note: "City" is capitalized when referring to the City of San José as an organization and lowercase ("city") when referring to the city as a place.

The first section of this report contains information on resident perceptions of the city, City services, and City staff; the City's financial condition; and the City's operating budget and staffing. It also includes City Service Area (CSA) dashboards – the top six measures representing achievements in the City's key lines of business. The remainder of the report displays performance information by department, in alphabetical order. The departments are as follows:

- Airport
- City Attorney
- City Auditor
- City Clerk
- City Manager
- Community Energy
- Economic Development
- Environmental Services
- Finance
- Fire
- Housing
- Human Resources
- Independent Police Auditor
- Information Technology
- Library
- Parks, Recreation and Neighborhood Services
- Planning, Building and Code Enforcement
- Police
- Public Works
- Retirement
- Transportation

ACKNOWLEDGEMENTS

The Office of the City Auditor thanks staff from each City department for their time, information, and cooperation in the creation of this report.

CITY GOVERNMENT

San José operates under a council/manager form of government, where the City Council is the primary legislative body and the City Manager oversees day-to-day municipal operations. The City has an 11-member City Council with many Council-appointed boards and commissions.* The Mayor is elected citywide; Council members are elected by district (see map).

There were 21 City departments and offices during fiscal year 2019-20. Five of the departments and offices are run by officials directly appointed by the City Council. Those officials are the City Manager, City Attorney, City Auditor, Independent Police Auditor, and City Clerk.

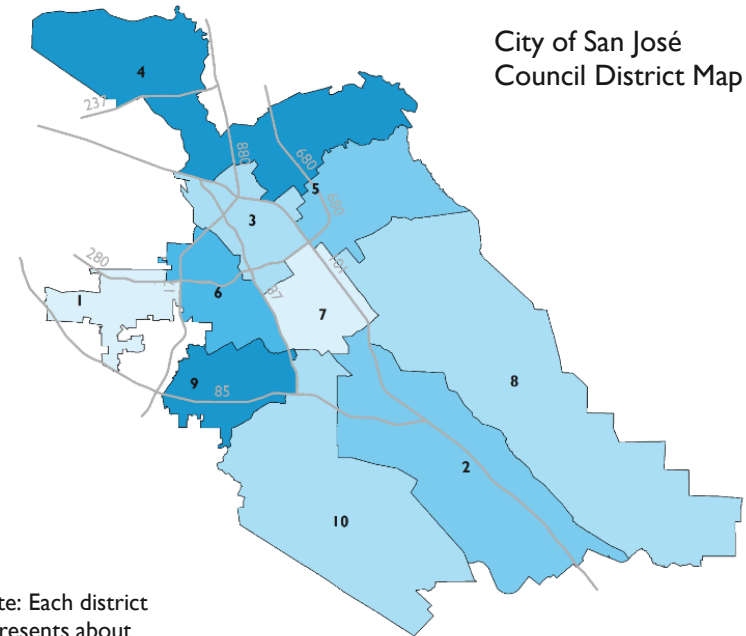
Some departments and programs serve expanded service areas. These departments include Environmental Services, Public Works, and the Airport. For example, the San José/Santa Clara Regional Wastewater Facility is co-owned by the cities of San José and Santa Clara and provides service to those cities as well as Milpitas, Cupertino, Los Gatos, Monte Sereno, Campbell, and Saratoga. The Airport serves the entire South Bay region and neighboring communities.

The Mayor's June 2020 budget message included priorities for the upcoming year, with proposed investments in the areas of:

- Equity and Racial Justice,
- Supporting Our Families In Need,
- Supporting Our Economic Recovery,
- Youth Programming,
- Traffic and Pedestrian Safety,
- Outdoor Park Activation,
- Beautification, and
- Supporting the Arts.

The City Council meets weekly to direct City operations. The Council meeting schedule and agendas can be viewed [online](#).

*Details of the boards and commissions can be found on [the City's website](#).



City of San José Council District Map

Note: Each district represents about 100,000 in population.

The City Council also holds Council Committee meetings each month. The decisions made in these meetings are brought to the main Council meeting for approval.

City Council Committees:

- Community & Economic Development Committee
- Neighborhood Services & Education Committee
- Public Safety, Finance & Strategic Support Committee
- Rules & Open Government Committee
- Smart Cities & Service Improvements Committee
- Transportation & Environment Committee

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COVID-19 IMPACT ON CITY SERVICES

On January 21, 2020, the Centers for Disease Control and Prevention confirmed the first diagnosed case of a U.S. resident with the Novel Coronavirus Disease (COVID-19), a new, highly infectious virus. On March 16, 2020, Santa Clara County issued a shelter in place order, only allowing individuals to leave their residence for essential activities. Since then, COVID-19 has had an unprecedented impact on City services, budget, and staffing.

As a result of the emergency, the City temporarily suspended many City services, activated the Emergency Operations Center (EOC), and established new services to support the emergency response. The City expanded homeless sheltering operations, local assistance for small businesses, digital inclusion efforts, and procurement of personal protective equipment (PPE). The City also set up a Countywide network for food distribution. For more information, see the City Manager's chapter and individual department chapters.

In addition, the City closed several facilities to the public, including City Hall, libraries, community centers, the animal shelter, and the permit processing center. Parks, golf courses, and playgrounds were also closed. As Santa Clara County revised its health orders, the City re-opened parks and amenities with limited access or a phased approach.

In a March 2020 memo, the City Manager outlined four key priority efforts for the City's COVID-19 response, which were to ensure:

- 1) Compliance with all federal, state, and local public health orders,
- 2) Provision of City's essential services,
- 3) Providing support to at-risk populations, and
- 4) Supporting and protecting the City's workforce.

To support continuity of government, City staff provide services remotely. In some cases, emergency response work replaced or was in addition to employees' regular duties. For example, while schools were closed, youth intervention staff from Parks, Recreation and Neighborhood Services (PRNS) worked in food distribution, as well as supporting enhanced City outreach for residents to participate in the 2020 U.S. Census. Across the City, over 220 staff were activated to work in the EOC. Additional information on COVID-19 impacts to City services are detailed throughout the report.

Essential and Non-Essential Services Summary

	<i>Essential Services Provided</i>	<i>Non-Essential Services Suspended</i>
Airport	Airport facilities and operations	Reception desk, info booths
City Attorney	Legal representation and counsel	Jury trials
City Auditor		Performance audits
City Clerk	Facilitation of City's legislative process, public records requests	
City Manager	COVID-19 related support, budget, communications	Non-COVID-19 related support
Community Energy	Clean energy to the community	Community events
Economic Development	COVID-19 related business development activities	Arts and cultural development work
Environmental Services	Water, recycling, garbage services	Regional Wastewater Facility new construction
Finance	Payments, financial reporting	Cashiering services, collections
Fire	Emergency response, fire prevention, code compliance	Community events
Housing	Affordable housing and homelessness-related activities	Apartment rent ordinance and mobile home program petitions
Human Resources	Employment services for critical functions, health and safety	Employment services for non-critical functions
Independent Police Auditor	Complaint intake	Community outreach
Information Technology	Technology infrastructure and operations	
Library	Access to information, library materials, and digital resources	Community events
PRNS	Anti-graffiti, anti-litter, gang prevention, facilities maintenance	Community center operations, youth services, sports
Planning, Building and Code	Plan review, some inspections and code enforcement	Community meetings
Police	Patrol, investigations, crime prevention, community education	Community meetings, fingerprinting services
Public Works	Facilities management	Animal adoptions
Retirement	Retirement plan administration	Disability retirement processing
Transportation	Sewer, pavement, street maintenance, transportation safety	Parking services, tree and sidewalk inspections

This table is not a comprehensive list of essential services. Some non-essential services continued remotely or through a new workflow. For more information, see the [City's Continuity of Operations Plan](#).

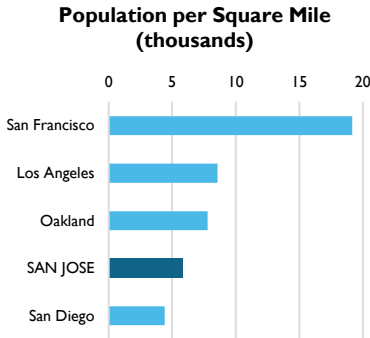
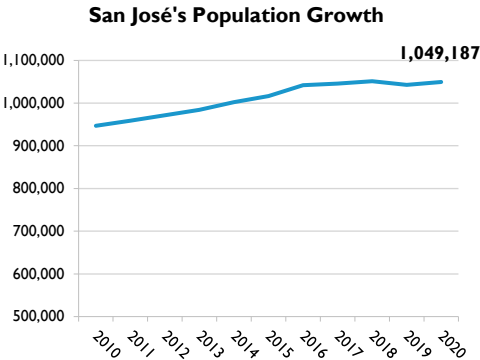
COMMUNITY PROFILE

San José, with a population of 1,049,187, is the tenth largest city in the United States and the third largest city in California. However, San José ranks low in population density. The city covers approximately 181 square miles at the southern end of the San Francisco Bay. By comparison, San Francisco covers 47 square miles with a population of 897,806.

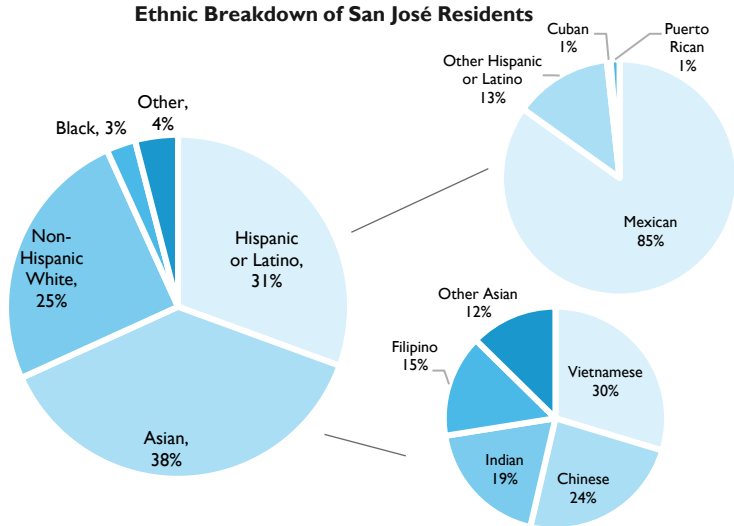
San José’s population has been growing over the past decade, from about 947,000 in 2010 to just over 1,049,000 in 2020, an 11 percent increase, with a slight increase in the past year. (Unless otherwise indicated, this report uses population data from the California Department of Finance and demographic data from the U.S. Census Bureau. In some cases we have presented per capita data to adjust for population growth.)

THE CITY’S RESIDENTS ARE DIVERSE

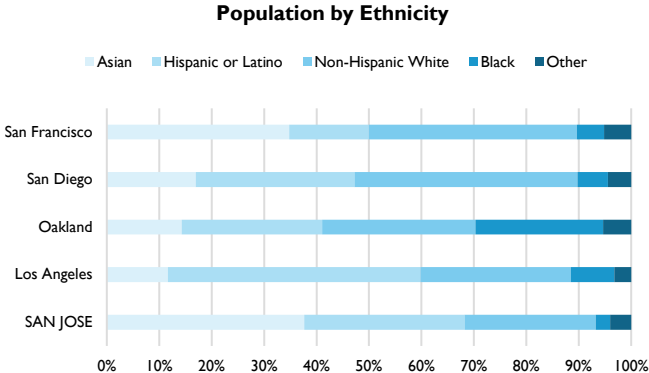
The City serves an ethnically diverse population. The demographics of San José are important because they influence the type of services the City provides and residents demand. It can also influence how services are provided (e.g., providing programming in other languages).



Source: California Department of Finance population estimates and U.S. Census Bureau land area estimates (2010)



Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP05)



Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP05)

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MANY RESIDENTS ARE FOREIGN BORN

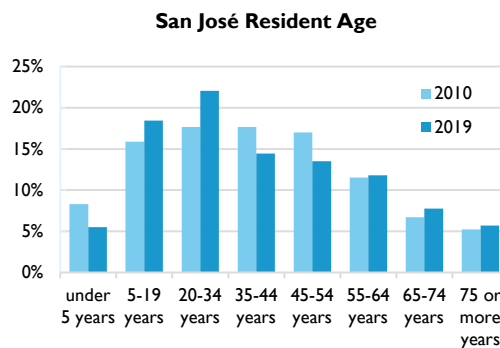
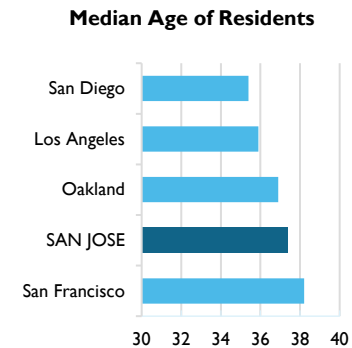
Despite the overall growth in population, the proportion of foreign born residents is about the same as it was ten years ago—though there has been a slight demographic shift within the foreign born population. The percentage of residents born in Asia has increased by 7 percent, while the percentage of residents born in Latin America has decreased by 7 percent.

The proportion of the city's residents that speak a language other than English at home has increased by 4 percent over the past ten years, though the number that report they speak English less than “very well” has decreased by 3 percent. The proportion of the city’s residents who are not U.S. citizens (17 percent) is also about the same as it was a decade ago.

THE MEDIAN AGE IS SLIGHTLY LOWER THAN THE UNITED STATES' GENERALLY

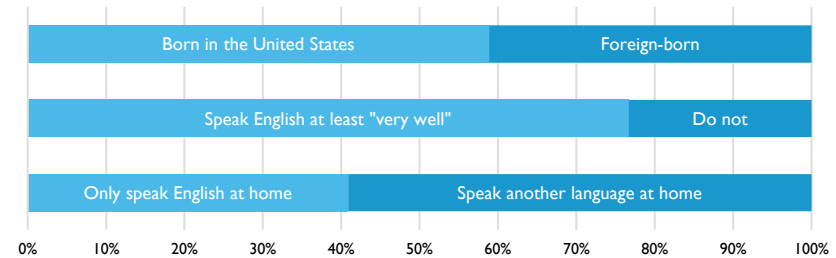
San José's population has a median age of 37 years. This is 1.1 years younger than the median age of the U.S. population. Ten years ago, the city's median age was 35 years.

According to the County Registrar, approximately 85 percent of the 1 million registered voters in Santa Clara County voted in the last election (November 2020). Both voter participation and number of registered voters increased since the 2018 midterm election, when voter turnout was 71 percent and there were 886,000 registered voters.



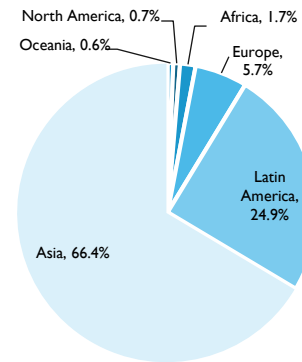
Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP05)

Characteristics of San José Residents

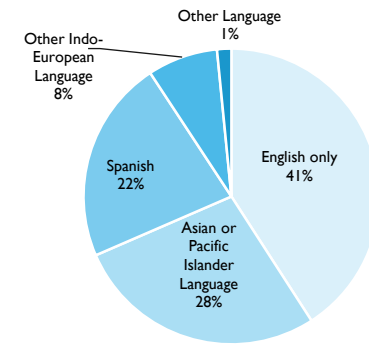


Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP02)

Foreign Born Population by Region



Languages Spoken at Home



Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP02)

ECONOMIC GAINS VARIED WITHIN THE COMMUNITY

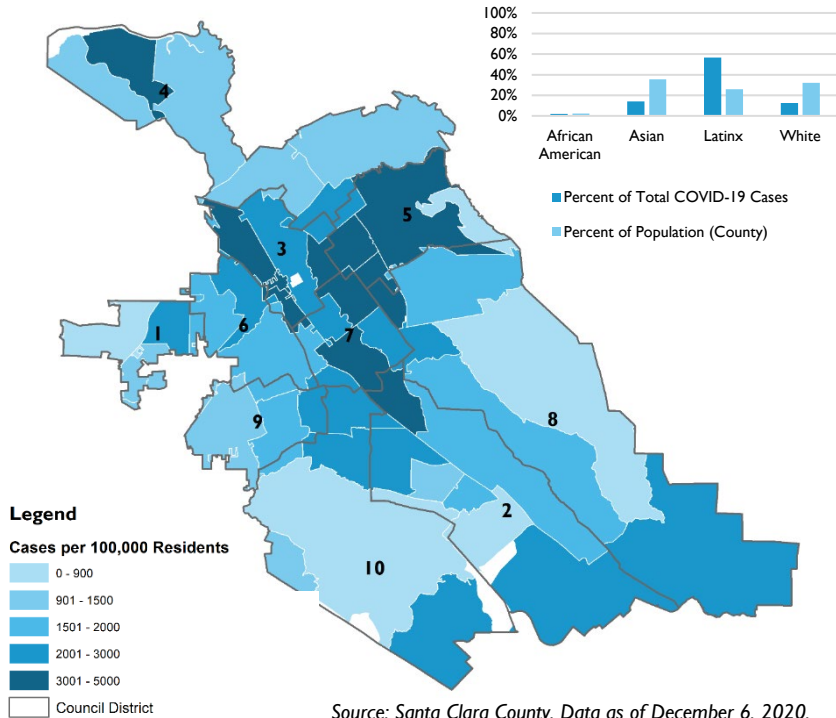
In 2019, median household income in San José rose to nearly \$116,000 and varied by race, with Black and Latinx households earning less than Asian and Non-Hispanic White households.

The COVID-19 pandemic has had a severe economic and human impact on the city since March 2020 and highlighted existing racial inequities. In early December, cases in San José totaled 25,660 out of the 39,193 cases in Santa Clara County, with east San José experiencing high concentrations of cases. The proportion of cases by racial demographic does not align with the racial composition of Santa Clara County. For example, Latinxs constitute nearly 60 percent of cases, despite being only 26 percent of the county's population. Latinxs also have a lower median household income and higher unemployment and poverty rates compared to Asian and Non-Hispanic White households.

During the early stages of the pandemic, the city's unemployment rate soared past its ten-year high to 13.8 percent in April, which declined to 10.9 percent in July. The overall unemployment rate for 2019-20 was 5.3 percent, lower than the overall nationwide unemployment rate of 6 percent.

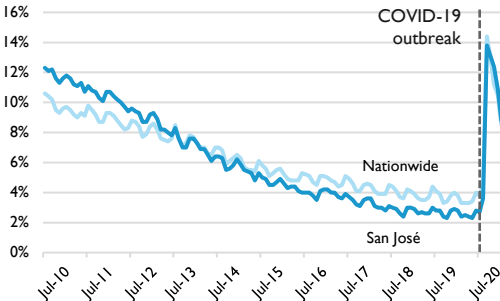
The economic downturn increased food and housing insecurity in the city, and in response the City created a Countywide food distribution network and issued an eviction moratorium (see Housing Chapter), among other emergency efforts.

COVID Cases by Zip Code



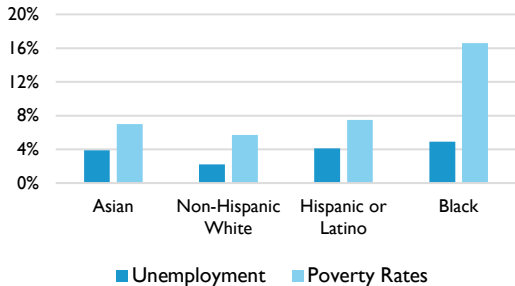
Source: Santa Clara County. Data as of December 6, 2020.

Unemployment Rate



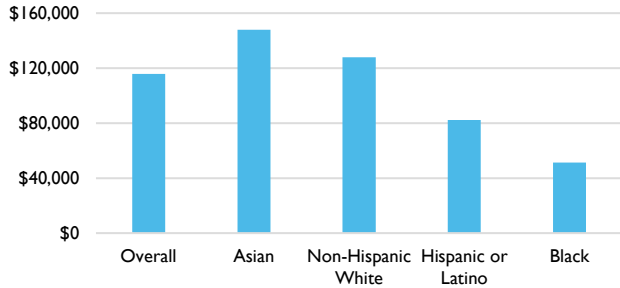
Source: U.S. Bureau of Labor Statistics

Unemployment and Poverty Rates by Race



Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Tables S1701 and S2301)

Median Household Income



Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table S1903)

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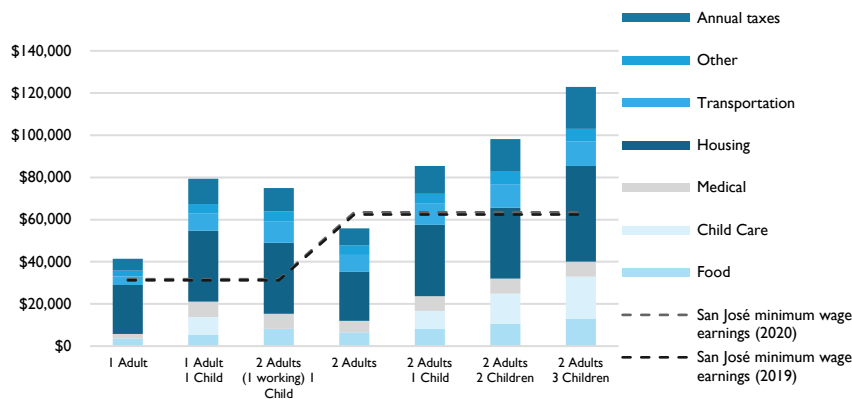
DESPITE HIGH MEDIAN INCOMES, MANY RESIDENTS MAY EXPERIENCE ECONOMIC DISTRESS

The cost of living in San José is among the highest in the country. About 15 percent of households earned less than \$35,000 in income and benefits, and 13 percent of the population received supplemental income or public assistance. The city's overall poverty rate in 2019 was 7.1 percent, with the Black population experiencing more than double the overall poverty rate.

The last homeless census conducted in January 2019 estimated 6,097 residents were homeless, and of these, around 5,117 (84 percent) were unsheltered—that is, sleeping in a place not designed for or ordinarily used as a regular sleeping accommodation (for more information, see the Housing chapter).

Only 18 percent of respondents in the resident survey thought that the economy would have a positive impact on their income over the next six months. (See the Resident Survey chapter and Economic Development chapter for more information.)

Estimated Minimum Annual Living Expenses in San José - Sunnyvale - Santa Clara Metropolitan Area (2019)



According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area for a single, working adult was \$41,500 in 2019. This represents estimated minimum expenses for a single adult for a year, including food, housing, and transportation. It does not include savings for retirement or purchasing a home, for example. For a family of four in San José, with two children and two working adults, the living wage calculation was nearly \$98,200 in household income, or \$49,100 for each adult. In 2019, a full-time, minimum-wage employee in San José would have earned just over \$31,200 a year. (In January 2020, the minimum wage increased to \$15.25 per hour, or just over \$31,700 a year.)

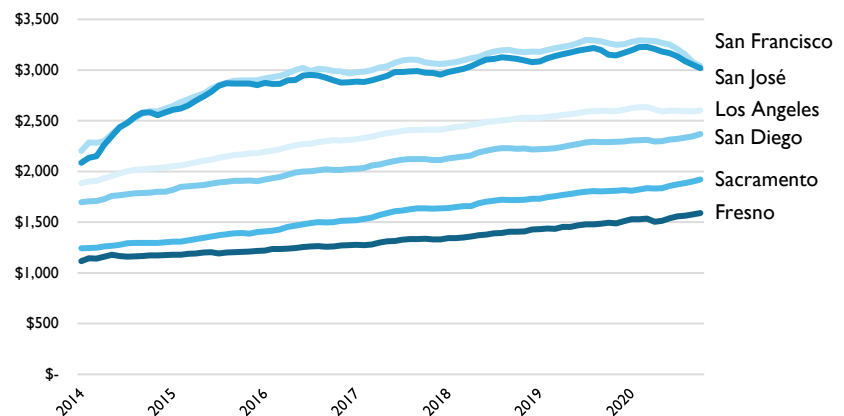
HOUSING PRICES HAVE ALSO INCREASED

According to the Census Bureau, approximately 55 percent of the city's housing stock is owner-occupied and 45 percent is renter-occupied. These vary from the national averages: nationwide 64 percent of housing stock is owner-occupied and 36 percent is renter-occupied. These figures have stayed relatively steady in recent years.

The U.S. Department of Housing and Urban Development defines "housing affordability" as housing that costs less than 30 percent of the occupant's gross income. In San José, 32 percent of homeowners and 50 percent of renters report spending more than 30 percent of household income on housing costs.

The median home price in San José in 2019-20 was \$1,192,00 and average monthly rent for all unit types was about \$2,452. This is up from \$865,000 and \$2,246 respectively, from six years ago. This also marks the third year that the median home price in San José exceeded the million-dollar mark. This compares with a median existing home value of approximately \$271,900 nationally, according to the National Association of Realtors.

Zillow Observed Rent Index for California Cities



Source: Zillow Research

The Zillow Observed Rent Index measures changes in asking rents over time, controlling for changes in the quality of the available rental stock. The index varies from average rent in that it represents price differences for the same rental units over time, rather than the average market rent for units available at a given time.

SCOPE & METHODOLOGY

The City Auditor’s Office prepared this report in accordance with the City Auditor’s FY 2020-21 Work Plan. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The workload and performance results that are outlined here reflect current City operations. The report is intended to be informational and does not fully analyze performance results. The City Auditor’s Office compiled and reviewed departmental performance data. We reviewed information for reasonableness and consistency. We questioned or researched data that needed additional explanation. We did not however audit the accuracy of source documents or the reliability of the data in computer-based systems. We also did not assess the internal controls over performance data unless it was significant to determine the reasonableness and consistency of the reported information. Our review of data was not intended to give absolute assurance that all information was free from error. Rather, our intent was to provide reasonable assurance that the reported information presented a fair picture of the City’s performance.

SELECTION OF INDICATORS

This report relies on existing performance measures, most of which are reviewed yearly by Council, staff, and interested residents during the annual budget process. It also relies on existing benchmarking data.

We used audited information from the City’s Comprehensive Annual Financial Reports (CAFRs). We cited mission statements, performance targets, performance outcomes, workload outputs, and budget information from the City’s annual operating budget. We held numerous discussions with City staff to determine which performance information was most useful and reliable to include in this report. Where possible, we included ten years or more of historical data. We strove to maintain consistency with prior years’ reports by including most of the same performance indicators; however, due to issues such as reporting and program updates, some indicators have changed.

We welcome input from City Council, City staff, and the public on how to improve this report in future years. Please contact us with suggestions at city.auditor@sanjoseca.gov.

COMPARISONS TO OTHER CITIES

Where possible and relevant, we have included benchmark comparisons to other cities (usually other large California cities, the state, or the nation). It should be noted that we took care to ensure that performance data comparisons with other cities compare like with like; however, other cities rarely provide exactly the same programs or measure data with exactly the same methodology.

ROUNDING & INFLATION

For readability, many numbers in this report are rounded. In some cases, tables or graphs may not add to 100 percent due to rounding. Financial data have not been adjusted for inflation. Please keep in mind inflation (in the table of San Francisco Area Consumer Price Index for All Urban Consumers below) when reviewing historical financial data included in this report.

Year	Index
2010-11	233.6
2019-20	300.0
% change in last 10 years	28.4%

Source: Bureau of Labor Statistics. based on June 2011 and June 2020

