



City of San José  
Office of the City Auditor

## Annual Report on City Services 2019-20

The Office of the City Auditor is pleased to present the 13<sup>th</sup> City of San José Annual Report on City Services. This report provides performance data on the cost, quantity, quality, timeliness, and public opinion of City services. It includes historical trends and comparisons to targets and other cities. The report is intended to be informational and to provide the public with an independent, impartial assessment of the services the City provides with their tax dollars.

### Background

With a population of 1,049,000, San José is the tenth largest city in the United States and the third largest city in California. The City of San José serves an ethnically diverse population—about 38 percent Asian, 31 percent Hispanic or Latinx, and 25 percent white. Roughly 40 percent of San José residents are foreign born. More than half of residents speak a language other than English at home.

In 2019, San José's median household income increased to \$116,000; however, the cost of living in San José is among the highest in the nation. Fifteen percent of San José households earned less than \$35,000. An estimated 6,100 residents were homeless, according to the 2019 homeless census.

The City had a challenging year in 2019-20 with multiple emergencies affecting the community and requiring a City response. Record-breaking temperatures and dry weather required public safety power shutoffs early in the fiscal year to prevent wildfires. Beginning in March 2020, the COVID-19 pandemic had an unprecedented impact on the city. Finally, in May and June 2020, the City responded to civil unrest and protests for police reform.

December 18, 2020

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

### COVID-19

The COVID-19 pandemic caused the longest disruption to City services and the longest active emergency response in the City's recent history. In March 2020, the City issued a proclamation of local emergency, as the area's caseload increased, and health officials confirmed community spread. Ten days later, Santa Clara County, along with six other Bay Area counties, issued the nation's first shelter in place order to slow the spread of the virus and to reduce stress on area hospitals.

The pandemic caused economic activity to slow; the city's unemployment rate jumped from a monthly average of 2.6 percent pre-COVID to 13.8 percent in April 2020. The pandemic caused a hunger crisis, with Bay Area food banks reporting a surge in requests as people lost their jobs. The pandemic also had a disproportionate impact across the community. According to data from Santa Clara County, Latinxs accounted for nearly 60 percent of COVID cases in the County, though the Latinx community account for just 26 percent of County residents.

As a result of the emergency, the City suspended many City services, activated the Emergency Operations Center (EOC), and established new services to support the emergency response. Through the EOC, the City expanded homeless sheltering operations, local assistance for small businesses, and procurement of personal protective equipment like masks and gloves. The City also worked to set up a Countywide distribution network for food distribution to at-risk residents. As described later, many regular City services were cut back, and facilities, including City Hall, libraries, community centers, the animal shelter, and the permit processing center, were closed to the public. To support continuity of government,

City staff have provided services remotely. In some cases, emergency response work replaced or added to employees' regular duties.

## Resident Survey

2020 marked San José's 10th year of participation in The National Community Survey™, a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA).

While nearly two thirds of respondents expected to remain in San José over the next five years, less than half rated the quality of life as good or excellent. As described in more detail in this report, ratings for many City services were similar to prior years. Some changes in ratings in 2020 may correspond with changes in services as a result of the pandemic and shelter in place orders. Ratings for overall economic health of San José, shopping opportunities, and employment opportunities were given lower quality ratings in 2020 than 2019. Ratings for traffic flow on major streets and ease of travel by car in San José improved in 2020.

## Financial Condition

In 2019-20, the City's revenues and expenditures increased. Increased governmental revenues were largely attributable to increased grant revenues, like those to support COVID-19 related expenditures under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. As a result, revenues increased, but the City's unassigned General Fund balance ratio decreased. Additionally, governmental expenses increased by 18 percent over last year, due in part to COVID-19 related activities, but also to increased pension and other post-employment benefit costs, street pavement maintenance, and increased garbage and recycling costs. Business-type revenues and expenses increased as well, largely due to 2019-20 being the first full year of operation of San José Clean Energy.

Finally, the amount of money borrowed per capita increased in 2019-20, as the City issued general obligation bonds for public improvements under Measure T, which voters passed in November 2018.

## Operating Budget and Staffing

In 2019-20, the City's departmental operating expenditures totaled \$1.6 billion\*, or about \$1,550 per resident. While the City initially projected a \$5.1 million budget surplus for 2019-20, the economic impact of the COVID-19 pandemic required the City to address a General Fund revenue shortfall of \$45 million in April 2020. The shortfall was resolved through expenditure reductions and other offsetting revenue actions. Additionally, the City received state and federal grants to help fund emergency services.

Increased staffing in recent years has nearly restored staffing levels to what they were 10 years ago; however, some City departments remain below those levels. In some cases, the City has struggled to recover from budget and service reductions a decade ago. In other cases, the City is providing new services or has changed how services are delivered. San José employs about 6.3 people per 1,000 residents—fewer than any other large California city we surveyed.

\* Overall budgeted expenditures totaled \$4.1 billion. This also includes General Fund capital and Citywide expenditures, reserves, transfers, and various non-General Fund and enterprise fund expenditures (e.g., capital, debt service, pass-through grant funds) and operating or other reserves.

## Performance Results by City Service Area

The City of San José provides a wide array of services that city residents, businesses, and other stakeholders count on. With the onset of the pandemic, however, the City had to transition or suspend some services. Other services decreased as a direct result of the shelter in place order.

### Public Safety

- The Emergency Operations Center (EOC) was activated three times in 2019-20, including the City's response to public safety power shutoffs and to COVID-19, which is currently ongoing. As of June 2020, over 220 City staff were activated to work within the EOC with 2,000 additional staff providing support.
- Police received about 1.2 million calls for service and responded to about 212,000 Priority 1 to 4 incidents in 2019-20, similar to last year. The citywide average response time for Priority 1 calls was 7 minutes,

above the 6-minute target. On average, Police responded to Priority 2 calls in 21 minutes, well over their 11-minute response target.

- San José experienced 2,858 major crimes per 100,000 residents in 2019, about the same as last year. San José's per capita crime rate remains below other major California cities such as Los Angeles, San Francisco, and Oakland, though it was higher than both the state and national rates.
- Fire responded to about 91,600 incidents in 2019-20, including 3,700 fires. The Department responded to 75 percent of Priority 1 incidents within its time standard of eight minutes (target: 80 percent), which is about the same as last year. The Department responded to 92 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

#### *Community and Economic Development*

- Jobs per employed resident in San José increased slightly in 2019 to 0.85; however, it is still below the Envision 2040 target of 1.1 job per employed resident. As noted earlier, San José's unemployment rate jumped in 2020, due to the COVID pandemic.
- The number of permit center customers, field inspections, and building permits issued decreased due to the pandemic. Seventy-four percent of plan checks for development projects were completed within processing time targets. Sixty-seven percent of building inspections occurred within the target time of 24 hours. The volume of construction decreased for the third straight year; however, the value of construction increased over those same years.
- In 2019-20, developers completed 217 new affordable housing units with City help, up from the 111 reported in 2018-19. Availability of quality, affordable housing remains among the lowest rated characteristics of the city, however, with 76 percent of residents rating the availability as "poor" (an improvement from last year).

#### *Transportation and Aviation Services*

- The number of Airport passengers decreased in 2019-20, due largely to reduced travel and travel restrictions associated with the pandemic. In 2019-20, the Airport served over 11.3 million airline passengers, with

10.5 million of those flying before March 2020. The Airport remains one of the highest rated City services, with 77 percent of residents rating the overall ease of using the Airport as "good" or "excellent."

- With newly available funding from VTA Measure B, the Department of Transportation (DOT) was able to perform preventative maintenance on local and neighborhood streets in 2019 – the first time in eight years. Measure T funds will further support street pavement repair.
- The fatal and injury crash rate rose slightly to 2.4 per 1,000 residents in 2019, but remains below the national rate, which was 5.9 in 2018.

#### *Environmental and Utility Services*

- The City has a goal of reducing greenhouse gas emissions to less than 3.66 million metric tons of carbon dioxide equivalent by 2030. 2019-20 marked the first full fiscal year that San José Clean Energy (SJCE) provided businesses and residents with options for renewable and carbon-free energy. SJCE served over 329,000 accounts and stayed within its target opt-out rate of 5 percent.
- The percent of waste diverted from landfills increased slightly from last year, though the City is still working to address disruptions in the recyclables market. The City diverted 66 percent of solid waste in 2019 (preventing waste from going into landfills through recycling, reuse, or composting).

#### *Neighborhood Services*

- The Parks, Recreation and Neighborhood Services Department (PRNS) added three new parks in 2019-20: Iris Chang Park, Rincon South Park, and the Arcadia Ballpark. Overall, PRNS rated park condition a 3.4 out of a 5-point scale.
- Due to the pandemic, PRNS closed many of its recreation facilities and programs, including Happy Hollow Park & Zoo, community centers, and certain park amenities (golf courses, playgrounds, picnic sites). As a result, direct program revenues covered just 30 percent of costs, below the target of 40 percent. Residents' satisfaction with the City's parks and recreational opportunities decreased as well.

- Library hours, circulation, and program participation also decreased due to the pandemic. In 2019-20, the Library had 4 million visitors, down 2 million from last year. Circulation dropped from 7.8 million in 2018-19 to 7 million in 2019-20. During the pandemic, the Library transitioned services to allow express pick-up of library materials through online or phone reservation. Seventy-eight percent of residents rated Library services good or better, the same as last year.
- The City's Animal Care Center also closed to the public during the pandemic. In 2019-20, the Center sheltered over 14,000 animals, down from about 17,000 in 2018-19. The Center had a live release rate of 91 percent, about the same as last year.

*Strategic Support*

- The Information Technology Department (IT) reports 86 percent of its 2019-20 projects met scheduling, cost, scope, and value goals, exceeding its target of 80 percent. IT also helped transition the City to a remote work environment during COVID-19, facilitating an increase of over 800 users on the City's secure access servers and more than 70,000 monthly teleconferencing hours.
- Ninety-seven percent of general vehicles in the City's fleet were available when needed, as were 100 percent of emergency vehicles, the same as last year.
- The City has maintained general obligation bond ratings of Aa1/AA+/AA+ by the three leading national ratings agencies: Moody's, Standard & Poor's, and Fitch.
- The Finance Department managed over \$2 billion in City cash and investments and procured \$191.5 million in products and services, including personal protective equipment and janitorial services.

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

**Conclusion**

This report builds on the City's existing systems and measurement efforts. The City Auditor's Office selected and reviewed performance data to

provide assurance that the information in this report presents a fair picture of the City's performance. All City departments are included in our review; however, this report is not intended to be a complete set of performance measures for all users. It provides insights into service results but is not intended to thoroughly analyze those results. By reviewing this report, readers will better understand the City's operations.

The report contains an introduction with a community profile of the City. This is followed by resident survey results, various measures about the City's financial condition, and a summary of the City's overall budget and staffing. The remainder of the report presents the City Service Area Dashboards, followed by performance information for each department in alphabetical order—their missions, descriptions of services, workload and performance measures, and survey results. Additional copies of this report are available from the Auditor's Office and are posted on our website at [www.sanjoseca.gov/servicesreport](http://www.sanjoseca.gov/servicesreport). We thank the many departments that contributed to this report. This report would not be possible without their support.

Respectfully submitted,



Joe Rois,  
City Auditor

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