

INTRODUCTION

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INTRODUCTION

BACKGROUND

This is the 14th 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, 2021. 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 community survey, completed in November 2021, 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. Multiple school districts containing over 220 public schools 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 finances; 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 and Cultural Affairs
- 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 2020-21. 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.

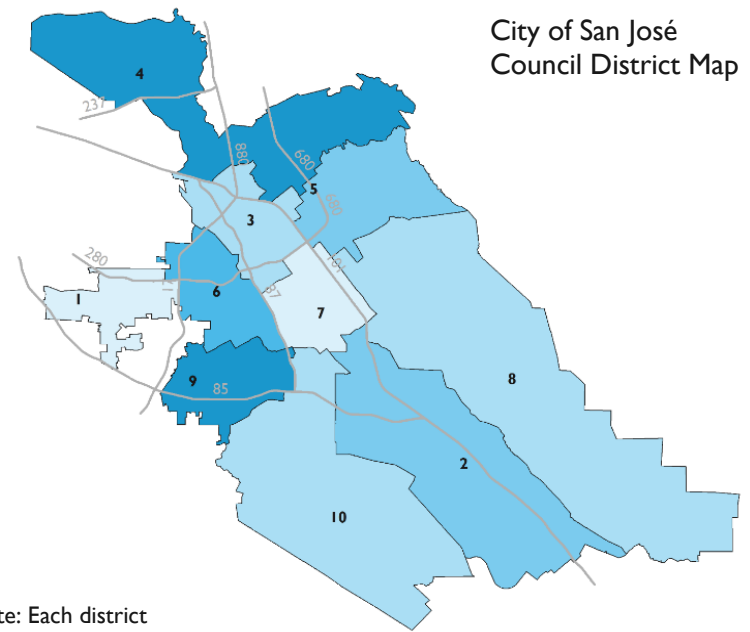
The Mayor's March 2021 budget message, which was unanimously approved by City Council, included priorities for the upcoming year, with proposed investments in the areas of:

- Equitable Recovery for a New Normal,
- Back to Basics: Clean, Safe City
- Homelessness and our Affordable Housing Crisis
- Fiscal Resilience and our Future

In his June 2021 budget message, the Mayor proposed spending principles to promote optimal use of American Rescue Plan funds to achieve these priorities.

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.

Note: The City's Redistricting Commission has proposed new Council boundaries.

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

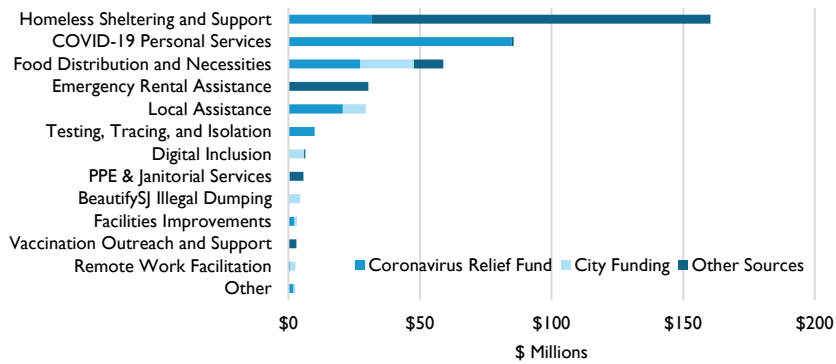
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COVID-19 IMPACT ON CITY SERVICES

Since March 2020, the City has responded to the COVID-19 pandemic by activating its Emergency Operations Center (EOC) and launching services to address community needs throughout San José.* As of June 2021, the City dedicated \$802 million to COVID-19 response efforts, including \$43.5 million from its General Fund and \$121.1 million for the Airport. In its emergency response efforts, the City has provided services in a variety of areas (see Highlights on the right).

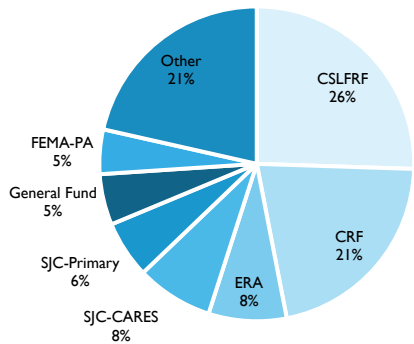
*City staff report that some EOC activities began before March 2020.

COVID-19 Emergency Response Areas, FY 2020-21



Source: Fiscal Recovery Update and Appropriation Actions to Continue the City's COVID-19 Pandemic Response (City Memo, April 29, 2021).

COVID-19 Related Funding Sources



Source: City of San Jose's 2021 Annual Comprehensive Financial Report.

Note: Other includes funds from the Community Development Block Grant, Project Homekey, Housing Authority Litigation Funds, and Santa Clara County Office of Education, as well as other sources.

Funding Source Acronyms

CSLFRF: Coronavirus State and Local Fiscal Recovery Fund (\$212.3M)*
CRF: Coronavirus Relief Fund (\$179.8M)**
ERA: Emergency Rental Assistance Program (\$66.7M)
SJC - CARES: CARES funding received by the Airport (\$65.6M)
SJC - Primary: Funding received by the Airport from American Rescue Plan (\$48.9M)
FEMA-PA: Federal Emergency Management Agency - Public Assistance (\$38.1M)

*CSLFRF funds are budgeted in the American Rescue Plan fund.

**This includes interest the City earned on CRF monies.

Highlights of the City's COVID-19 Response Efforts

Food Distribution

In March 2020, the City and its partners reviewed the capacity of the existing food safety net and expanded the food distribution network throughout San José. The City supported the distribution of 130 million meals to at-risk populations during 2020-21.

Homelessness and Housing Assistance

Recognizing that individuals experiencing homelessness are especially vulnerable to the impacts of the COVID-19 pandemic, the City devoted staff and resources to expand shelter operations, distribute emergency rental assistance, and provide emergency interim housing.

Small Business Support

The City supported local businesses through communications, resource referrals, funding, and layoff support. In addition to providing information and resources to business owners, the City has distributed grants to small businesses. Since October 2020, the City has distributed \$6.1 million in grants to 500 small businesses owned by low- or moderate-income individuals.

Digital Inclusion

In its response efforts, the City's Digital Inclusion Branch identified areas of high need for digital access with a GIS Priority Index. It distributed 12,800 hotspot devices to students, circulated nearly 4,000 hotspots or computers at the 24 San José Public Library branches. Outdoor WiFi networks were constructed at nine libraries, eight parks and near three high schools in east San Jose.

Language Access

The COVID-19 relief efforts marked the first time in the City's history that it created a Language Access Unit during a response. This unit worked to ensure that limited-English speaking populations were reached through information briefs and reports.

RECOVERING FROM THE PANDEMIC

The COVID-19 pandemic has had a severe economic and human impact on the city. As of December 2021, San José experienced a cumulative total of 98,294 cases. Certain communities experienced higher case rates than others. For example, Latino/a/x individuals accounted for 47 percent of cases in Santa Clara County despite just being 27 percent of the County's population. In contrast, White individuals accounted for 15 percent of reported cases while being 33 percent of the County's population.

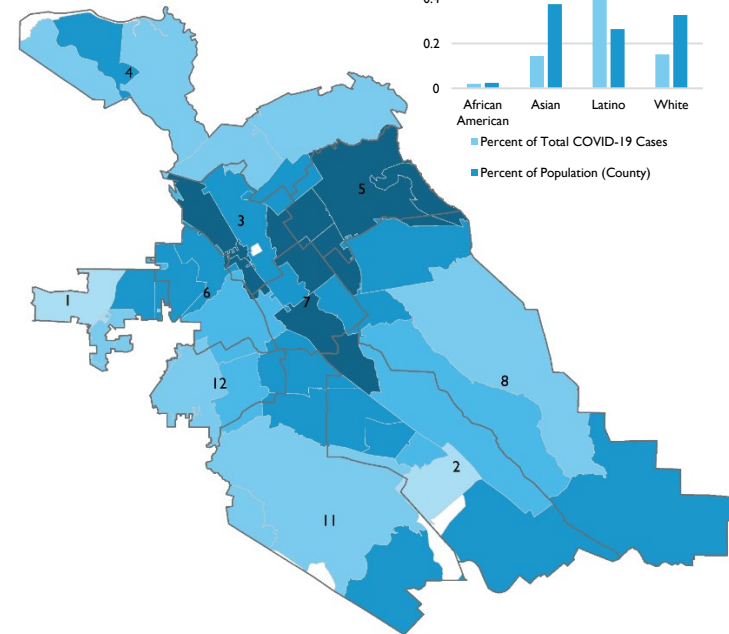
The 2021 [Silicon Valley Poll](#) conducted by Joint Venture Silicon Valley indicated that 24 percent of respondents in Santa Clara County reported that their financial situation had improved compared to before the pandemic, while 28 percent of respondents in the County reported that their financial situation had worsened over the same period.* In the greater Bay Area, 51 percent of respondents who made less than \$50,000 a year reported that their financial situation had become worse during the pandemic, while only 7 percent of respondents who made \$250,000 a year or more reported the same.

As of 2019, median household income in San José was nearly \$116,000. This figure varied by race, with Black and Latino/a/x households earning less than Asian and Non-Hispanic White households.

San José's unemployment rate has improved from 14.3 percent in April 2020 to 5.5 percent in July 2021. The City's Office of Economic Development and Cultural Affairs reports that \$2.4 billion of loans was disbursed through the Paycheck Protection Program (PPP), which went to 28 percent of all registered businesses in San José.

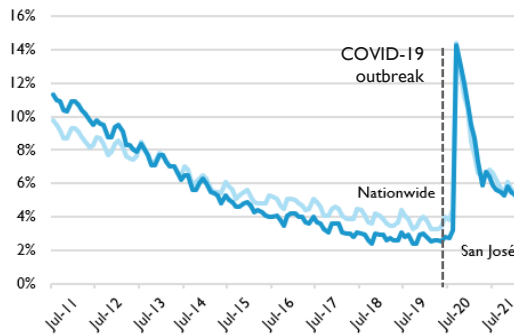
*There were 455 respondents from Santa Clara County, or 28 percent of total respondents to the Silicon Valley Poll.

COVID-19 Cases Per 100,000 Residents by Zip Code



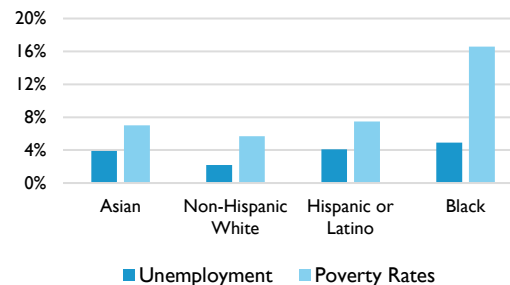
Source: Santa Clara County. Data as of December 3, 2021.

Unemployment Rate



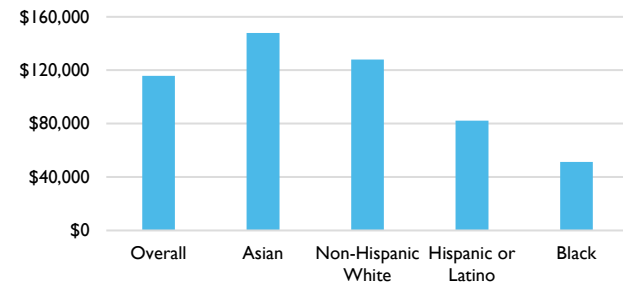
Source: U.S. Bureau of Labor Statistics

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)

COMMUNITY PROFILE

San José, with a population of nearly 1.03 million, 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 178 square miles at the southern end of the San Francisco Bay. By comparison, San Francisco covers 47 square miles with a population of 875,010.

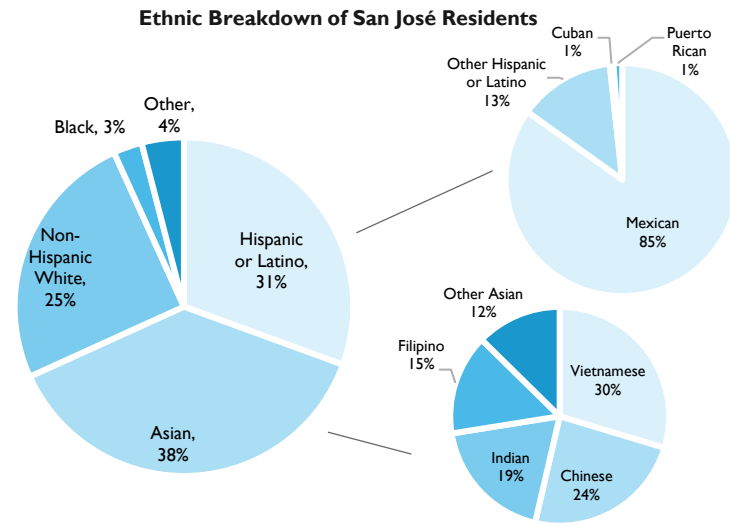
Although there was a slight decrease in the past year, San José's population has grown over the past decade, from about 960,000 in 2011 to nearly 1.03 million in 2021. Since 2016-17, Santa Clara County has experienced an annual net outmigration, with a net migration of -8,600 in FY 2019-20.

Note: 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.

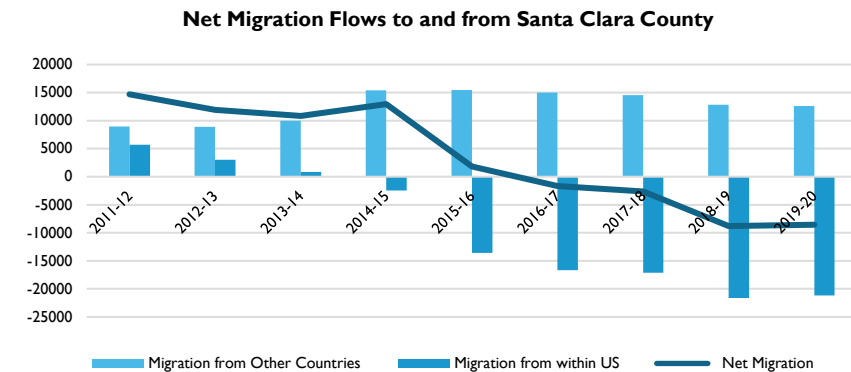
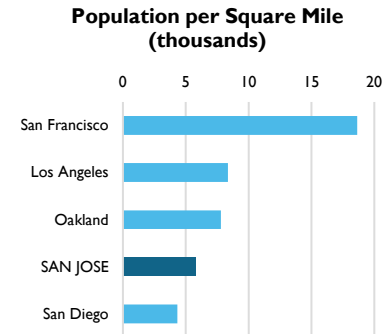
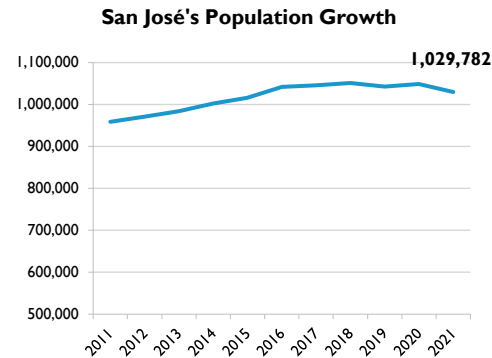
Due to COVID-19, the most recently available city-level data from the Census Bureau is from 2019.

THE CITY'S RESIDENTS ARE DIVERSE

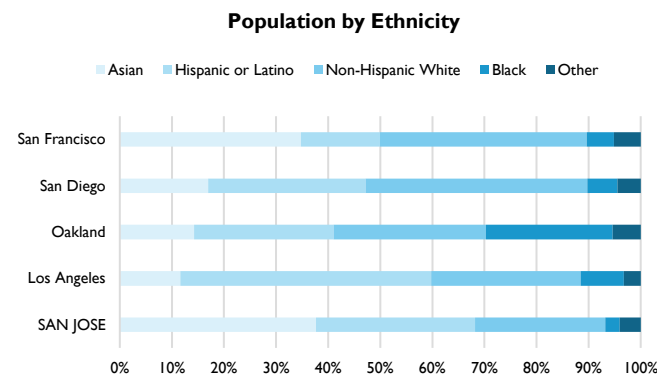
The City serves an ethnically diverse population. The demographics of San José are important because they influence the type of services the City provides and residents demand. It can also influence how services are provided (e.g., providing programming in other languages).



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



Source: California Department of Finance population estimates and U.S. Census Bureau land area estimates (2021)



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

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MANY RESIDENTS ARE FOREIGN BORN

As of 2019, the proportion of foreign born residents was about the same as it was in 2011—though there has been a slight demographic shift within the foreign born population. Over that period, the percentage of residents born in Asia increased by 7 percent, while the percentage of residents born in Latin America decreased by 7 percent.

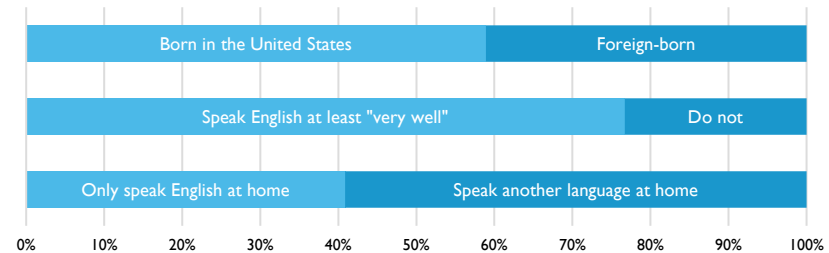
The proportion of the city's residents that speak a language other than English at home increased by 4 percent from 2011 to 2019, though the number that report they speak English less than “very well” has decreased by 3 percent. The proportion of the City’s residents who are not U.S. citizens (17 percent) in 2019 was about the same as it was in 2011.

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

According to 2019 Census data, 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 in 2019. Ten years prior, the city's median age was 35 years.

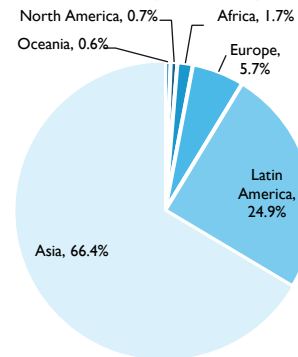
According to the County Registrar, approximately 85 percent of the 1 million registered voters in Santa Clara County voted in the November 2020 election. Both voter participation and number of registered voters increased since the 2018 midterm election, when voter turnout was 71 percent and there were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

Characteristics of San José Residents

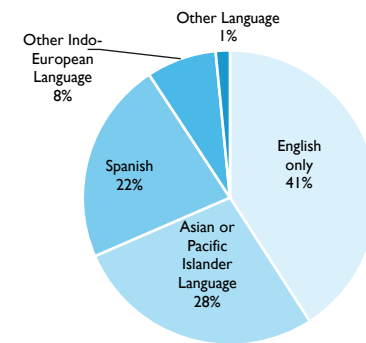


Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP02)

Foreign Born Population by Region

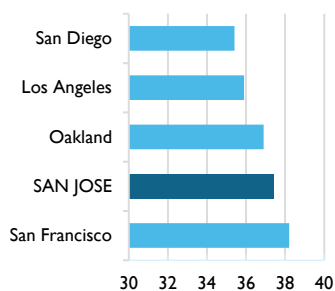


Languages Spoken at Home

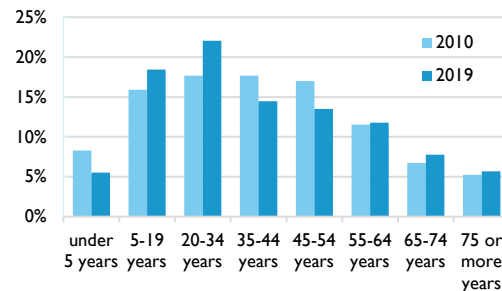


Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP02)

Median Age of Residents



San José Resident Age



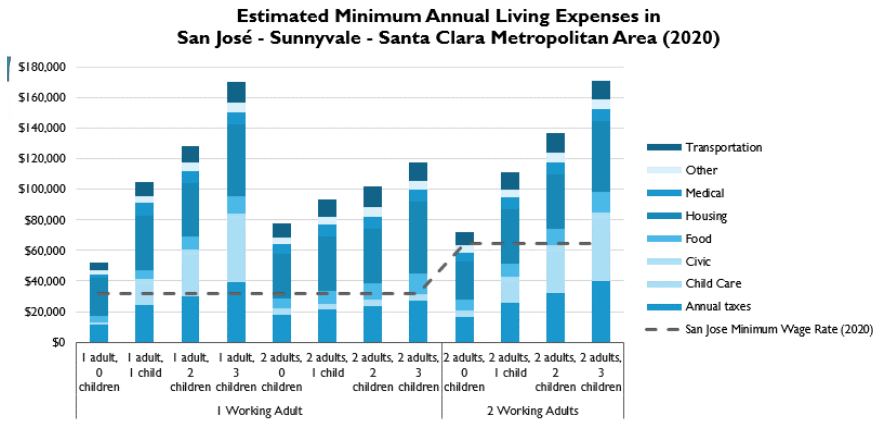
Source: U.S. Census Bureau, American Community Survey, 2019 1-year estimates (Table DP05)

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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. In 2019, 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 was 7.1 percent, with the Black population experiencing more than double the overall poverty rate. (Due to COVID-19, the most recently available city-level data from the Census Bureau is from 2019.)

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. (Note: The homeless census was not conducted in 2021 due to COVID-19.)



According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area for a single, working adult was \$52,250 in 2020. 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.

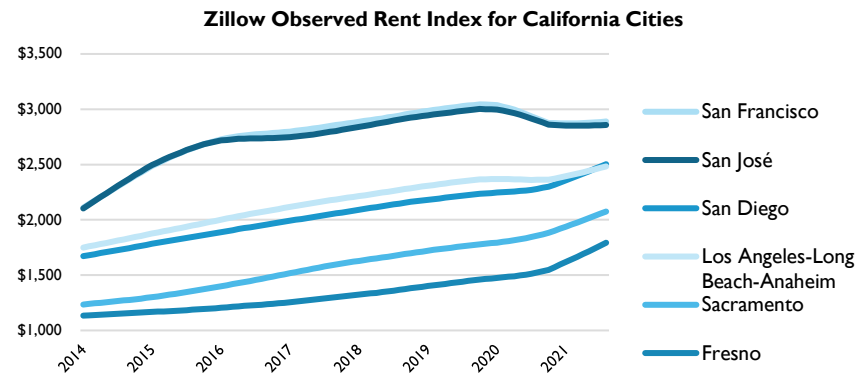
HOUSING PRICES HAVE ALSO INCREASED

The median home price in San José in 2020-21 was \$1,480,000 and average monthly rent for all unit types was about \$2,446. This is up from \$996,000 and \$2,353 respectively, from five years ago. This also marks the fourth year that the median home price in San José exceeded the million-dollar mark. This compares with a median existing home value of approximately \$296,700 nationally, according to the National Association of Realtors.

In 2019, 32 percent of homeowners and 50 percent of renters San José reported spending more than 30 percent of household income on housing costs.* In addition, the National Equity Atlas** reports that approximately 23,300 households in Santa Clara County were behind on rent in October 2021, with an average rent debt per household of \$5,500. It further estimates that there are 38,200 children in households that are behind on rent. To protect tenants, an eviction moratorium was in place in San José through September 2021.

*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.

**The National Equity Atlas publishes data on racial and economic equity and is a partnership between PolicyLink and the USC Equity Research Institute. These figures are taken from its [Rent Debt Dashboard](#) and are based on the U.S. Census Bureau’s household pulse survey from September 29 to October 11, 2021.



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 2021-22 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 Annual Comprehensive Financial Reports (ACFRs). 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
2011-12	239.8
2020-21	309.5
% change in last 10 years	29.1%

Source: Bureau of Labor Statistics, based on June 2012 and June 2021

