



City of San José
Office of the City Auditor

Annual Report on City Services 2020-21

The Office of the City Auditor is pleased to present the 14th 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 1,030,000, 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 Latino/a/x, 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 was \$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.

Like 2019-20, the City had a challenging year in 2020-21 with the ongoing COVID-19 pandemic and responses to multiple emergencies, including the SCU complex fire in August 2020, power safety shutoffs in October 2020, and winter storms in January 2021.

December 17, 2021

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

COVID-19

The COVID-19 pandemic has 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 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 ongoing pandemic has had severe human and economic impacts on the city. As of December 2021, there had been over 98,000 COVID-19 cases in the city. The impact of COVID-19 has varied across communities; within Santa Clara County, Latino/a/x individuals accounted for 47 percent of COVID-19 cases despite being just 27 percent of the County overall.

Economic activity slowed as result of COVID-19 as well; the city's unemployment rate jumped from a monthly average of 2.6 percent pre-COVID to 14.3 percent in April 2020. It has since declined to 5.5 percent in July 2021. The 2021 Silicon Valley Poll conducted by Joint Venture Silicon Valley indicated that 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.

In response to the pandemic, the City launched new services to address community needs and suspended or altered many other City services. As of June 2021, the City had dedicated more than \$802 million of federal, state, and

local funds to COVID-19 response efforts. These efforts have included food distribution to at-risk populations, expanded homeless services and housing assistance programs, support for small businesses, and the distribution of hotspot devices to students across the city to support remote learning. City libraries, community centers, and many other facilities remained closed. In many cases, staff were reassigned to COVID-19 response work.

Community Survey

2021 marked San José's first year of participation in The Community Opinion Survey (referred to throughout this report as the community survey). The survey was developed by True North Research (working closely with the City Auditor's Office and the City Manager's Office) to provide a statistically valid sampling of resident opinions about their community and services provided by local government.

Forty-five percent of respondents rated the overall quality of life in San José as "excellent" or "good." Approximately half were satisfied with the City's overall performance in providing municipal services. Satisfaction with specific government services varied. The highest rated services were operating the Mineta San José International Airport; providing trash, recycling, and yard waste services; and providing library services. The lowest rated services were addressing homelessness and facilitating the creation of affordable housing. Among resident priorities for specific changes to make San José a better place to live, addressing homeless issues was the most commonly mentioned, followed by providing more affordable housing and improving public safety/reducing crime. Among respondents that have had contact with City staff in the past 12 months, a majority were satisfied with the courtesy shown by City staff, the timeliness of the response, and competence displayed.

City Finances

In 2020-21, the City's overall revenues and expenditures decreased because of a decrease in business-type activities, such as the Airport, the Regional Wastewater Facility, and San José Clean Energy. Collectively, business-type activities experienced an 18 percent decrease in revenues. Governmental

revenues and expenditures increased slightly, largely due to increased grant revenues and expenditures for COVID-related activities.

The City's General Fund ended the fiscal year with \$413 million in fund balances, much of which was already set aside for specific purposes. The City's overall obligations totaled \$7.9 billion, which includes debt, pension obligations, and other post-employment benefit (OPEB) obligations.

Operating Budget and Staffing

In 2020-21, the City's departmental operating expenditures totaled \$1.6 billion,* or about \$1,618 per resident. Due to the economic impacts of COVID-19, the City projected a \$78 million shortfall for 2020-21. 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.

Overall, there were 6,592 full-time equivalent positions in 2020-21. Although increased staffing in recent years had nearly restored staffing levels to what they were prior to the Great Recession; staffing decreased this past year because of the fiscal impacts of COVID-19. San José employs about 6.4 people per 1,000 residents—fewer than any other large California city we surveyed.

* Overall budgeted expenditures totaled \$4.8 billion. This also includes General Fund capital and Citywide expenditures, reserves, transfers, and various non-General Fund expenditures (e.g., enterprise funds, 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 public health orders.

Public Safety

- The Emergency Operations Center (EOC) was active for the entirety of 2020-21 in response to COVID-19 and other emergencies. Over 190 City staff were activated to work within the EOC, and additional staff provided support for departmental COVID-19 related activities.

- Police handled about 1.2 million calls for service and responded to about 188,600 Priority 1 to 4 incidents in 2020-21, a slight decrease from last year. The citywide average response time for Priority 1 calls was 7.1 minutes, above the 6-minute target. On average, Police responded to Priority 2 calls in 22.8 minutes, well over their 11-minute response target.
- San José experienced 2,741 major crimes per 100,000 residents in 2020, a decrease from 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 94,800 incidents in 2020-21, including 5,100 fires. The Department responded to 73 percent of Priority 1 incidents within its time standard of eight minutes (target: 80 percent), a slight decrease from last year. The Department responded to 93 percent of Priority 2 incidents within 13 minutes (target: 80 percent).

Community and Economic Development

- Jobs per employed resident in San José was 0.85 in 2019, below Envision 2040 target of 1.1 job per employed resident. San José's unemployment rate decreased since its spike in April 2020 but remains above pre-COVID levels.
- The number of building permits issued and field inspections performed decreased due to the pandemic. Additionally, the Permit Center was closed to in-person customers. Sixty-four percent of plan checks for development projects were completed within processing time targets. Eighty-eight percent of building inspections occurred within the target time of 24 hours. The value of construction has increased every year since 2017-18; however, the volume of construction decreased over those same years.
- Due in part to cost and material shortages, developers did not complete any new affordable housing units with City help in 2020-21. There are over 20,000 affordable housing units in San José in total.

Transportation and Aviation Services

- The number of Airport passengers decreased because of reduced travel and travel restrictions associated with the pandemic. In 2020-21, the Airport served 4.2 million airline passengers, down from a high of nearly 15 million in 2018-19.
- Funding from VTA Measure B, State Senate Bill 1, and Measure T have allowed the Department of Transportation to expand pavement maintenance on local and neighborhood streets. In 2020-21, 116 miles of street were resurfaced and 82 miles were preventatively sealed as part of the pavement maintenance program.

Environmental and Utility Services

- In late 2021, the City adopted the goal of reaching net-zero greenhouse gas emissions by 2030. San José Clean Energy (SJCE) provides businesses and residents with options for renewable and carbon-free energy. SJCE served nearly 348,000 accounts and stayed within its target opt-out rate of 5 percent; however, because of a decrease in revenues SJCE had an operating loss for the year.
- Sixty-eight percent of waste was diverted from landfills in 2020-21, though the tons of waste sent to landfill increased and the City is still working to address disruptions in the recyclables market. The City continued to meet (or exceed) wastewater pollutant discharge requirements 100 percent of the time.

Neighborhood Services

- Due to the pandemic, City libraries, community and recreation centers, and other public facilities were closed for the majority of the fiscal year. In response, City departments offered alternate programming and staff were reassigned to COVID response activities.
- The City has 199 neighborhood and 10 regional parks. These encompassed 1,794 acres.
- Beginning in 2021-22, the City consolidated the Beautify San José (BeautifySJ) program within Parks, Recreation, and Neighborhood Services. The program is intended to provide dedicated and enhanced

focus on blight reduction and beautification and includes several legacy programs such as Anti-Graffiti, Anti-Litter, and Illegal Dumping, and new programs such as the Encampment Trash and the Cash for Trash programs.

- Library hours, circulation, and program participation decreased due to the pandemic. The Library transitioned services to allow express pick-up of library materials through online or phone reservation. Led by the Library, the City distributed 12,800 hotspots to student households and distributed nearly 4,000 hotspots or computers at 24 Library branches (as of September 2021).
- The City's Animal Care Center also closed to the public during the pandemic. In 2020-21, the Center sheltered over 13,600 animals, down from about 14,000 in 2019-20. The Center had a live release rate of 89 percent, slightly down from the prior year.

Strategic Support

- The Information Technology Department (IT) reports 83 percent of its 2020-21 projects met scheduling, cost, scope, and value goals, exceeding its target of 80 percent. IT worked with departments Citywide to transition to a hybrid work environment that included distributing laptops to City employees, setting up video conferencing, and providing access to VPN.
- 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 in prior years.
- Public Works completed 31 capital projects in 2020-21; 94 percent of projects were completed on budget.
- The City received general obligation bond ratings of Aa1/AA+/AAA by the three leading national ratings agencies: Moody's, Standard & Poor's, and Fitch. The Finance Department managed nearly \$2 billion in City cash and investments and procured \$180.6 million in products and 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 community survey results, various measures about the City's finances, 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. 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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