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INTRODUCTION

BACKGROUND

This is the 15th 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, 2022. 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 September 2022, 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 San José 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 2021-22. 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 2022 budget message, which was unanimously approved by City Council, addressed the ongoing COVID-19 pandemic and included priorities for the upcoming year, with proposed investments in the areas of:

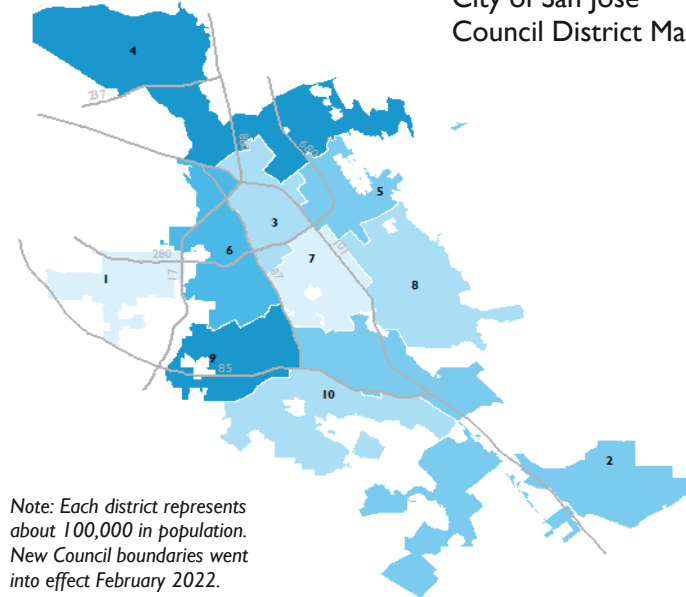
- Homelessness and Affordable Housing
- Public Safety
- Climate and Seismic Resilience
- Equitable Economic Recovery
- Fiscal Sustainability
- Battling Blight

In his June 2022 budget message, the Mayor proposed allocating Essential Services Reserve funds and other funds on a one-time basis to achieve these priorities.

The City Manager's Office presented the 2021-22 City Initiative Roadmap to City Council on March 16, 2021. The Roadmap is a prioritized list of the City's most important policy strategies and projects the Administration intends to focus on during the fiscal year. See *the City Manager chapter for more*

*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. New Council boundaries went into effect February 2022.

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

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.

The City Council Committees are:

- 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

COMMUNITY PROFILE

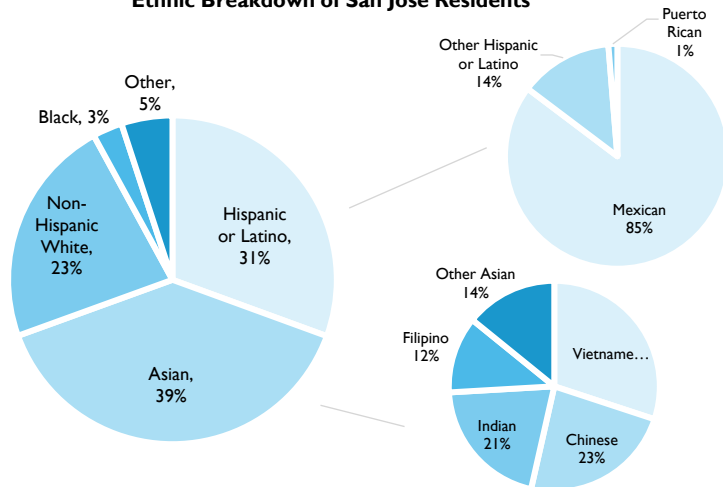
San José, with a population of over 975,000, is the tenth largest city in the United States and the third largest city in California. Major California cities had a population decline over the past year, with the exception of San Diego. Both San José and Santa Clara County have experienced population decreases for the past two years. In 2021, San José's population decreased by 50,000 while the overall County population decreased by 37,000. This is a similar trend to the state's overall population decline. The state experienced a net migration of about -118,000 in the past year.

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.

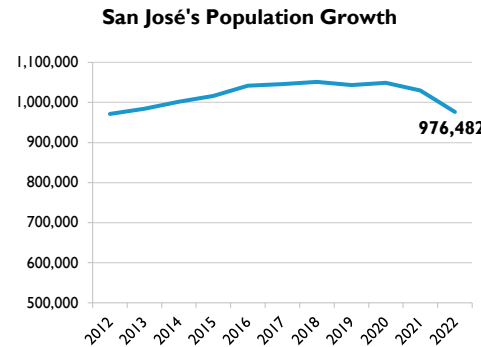
THE CITY'S RESIDENTS ARE DIVERSE

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).

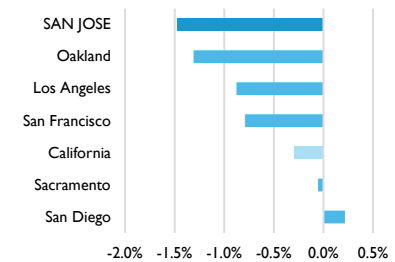
Ethnic Breakdown of San José Residents



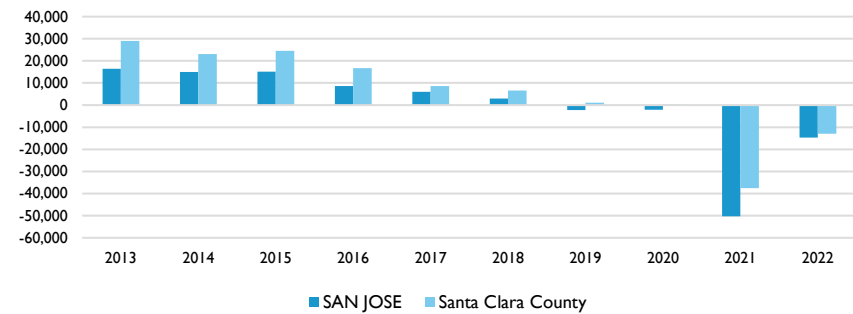
Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table DP05)



Population Change in Major California Cities (2022)

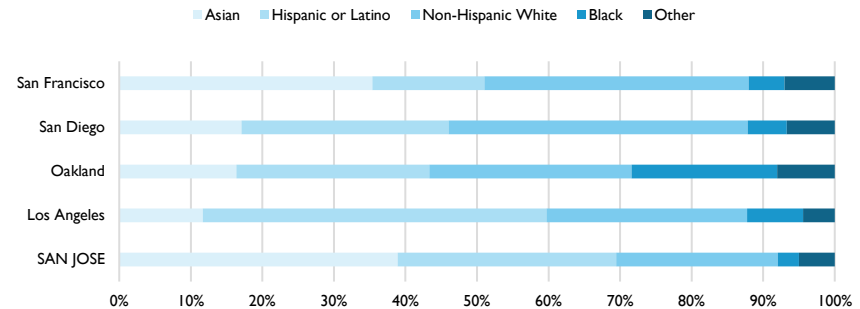


Net Population Gain/Loss in San José and Santa Clara County



Source: California Department of Finance population estimates. Net flows are from January 1 to December 31.

Population by Ethnicity



Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table DP05)

INTRODUCTION

MANY RESIDENTS ARE FOREIGN BORN

The proportion of foreign born residents increased by 3 percent from 2012 to 2021—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 5 percent, while the percentage of residents born in Latin America decreased by 6 percent.

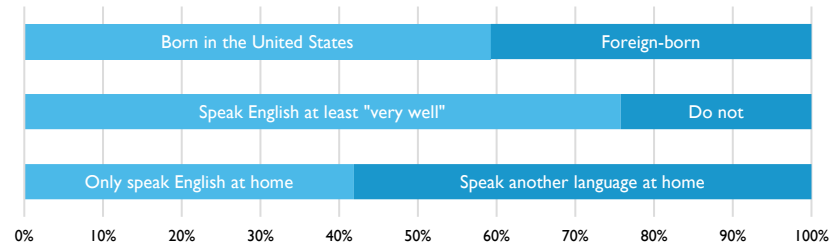
The proportion of the city's residents that speak a language other than English at home increased by 2 percent from 2012 to 2021, though the number that report they speak English less than “very well” has decreased by 2 percent. The proportion of the City’s residents who are not U.S. citizens (18 percent) in 2021 was about the same as it was in 2012.

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

According to 2021 Census data, San José’s population has a median age of 38 years. This is slightly lower than the median age of the U.S. population in 2021. Ten years prior, the city's median age was 36 years.

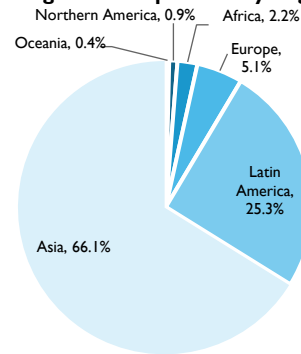
According to the County Registrar, approximately 55 percent of the 1 million registered voters in Santa Clara County voted in the November 2022 election. Voter participation decreased and the number of registered voters increased since the 2018 midterm election, when voter turnout was 71 percent and there were 886,000 registered voters.

Characteristics of San José Residents

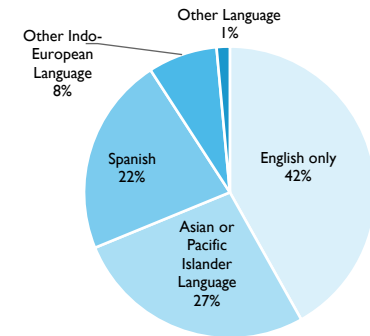


Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table DP02)

Foreign Born Population by Region

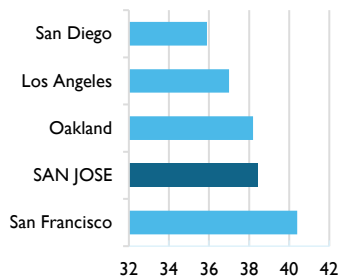


Languages Spoken at Home

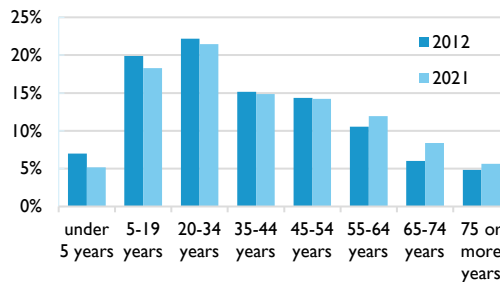


Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table DP02)

Median Age of Residents



San José Resident Age



Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table DP05)

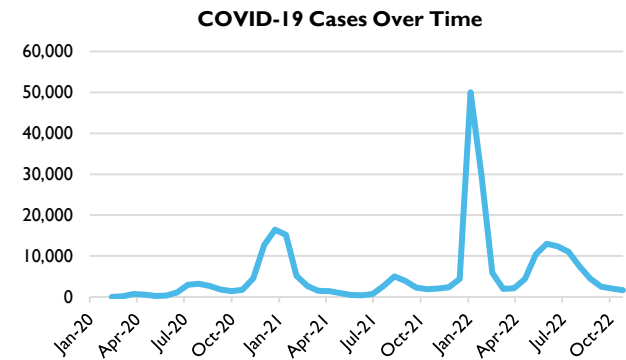
RECOVERING FROM THE PANDEMIC

The COVID-19 pandemic has had a severe economic and human impact on the city. As of December 2022, San José experienced a cumulative total of 265,137 cases. For the latter half of 2021, Delta was the predominant COVID-19 variant, accounting for 78 percent to all cases in Santa Clara County. Since the beginning of 2022, Omicron has been the predominant COVID-19 variant, accounting for almost all cases. COVID-19 cases reached a record high in San José in January 2022, with more than 50,000 cases reported in a three-week period.

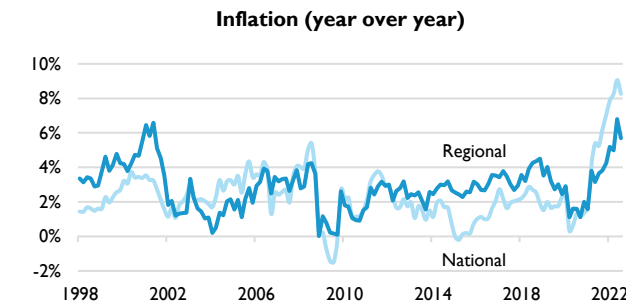
In August 2021, the City temporarily reactivated its Emergency Operations Center (EOC) in response to the Delta and Omicron variants of COVID-19. Services such as food distribution and digital equity were transitioned into departments. Though the City reopened in-person public meetings in 2021, it continues to offer virtual options for community participation. In September 2021, the City approved 55 organizations to the COVID-19 Recovery Task Force. Responsibilities of the Task Force include monitoring progress on recommended actions for Recovery to be considered by the City Council. Further details can be found on the [City's website](#).

Inflation also increased following the onset of the pandemic. Both regional and national inflation reached their highest point in June 2022, at 6.8 percent and 9.1 percent, respectively. The increases are mainly due to higher gas and transportation prices, though the Bay Area saw a large increase in the cost of groceries.

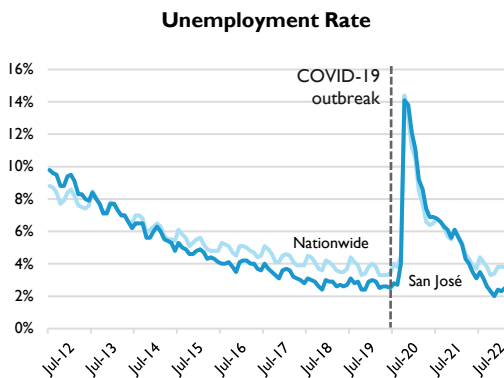
San José's unemployment rate improved from 14.1 percent in April 2020 to 2.3 percent in July 2022. As of 2021, median household income in the city was over \$126,000. This figure varied by race, with Black and Latino/a/x households earning less than Asian and Non-Hispanic White households.



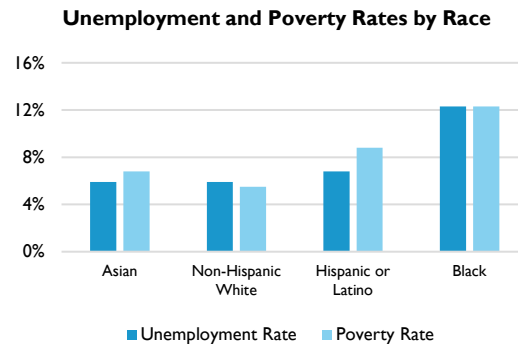
Source: County of Santa Clara Public Health Department



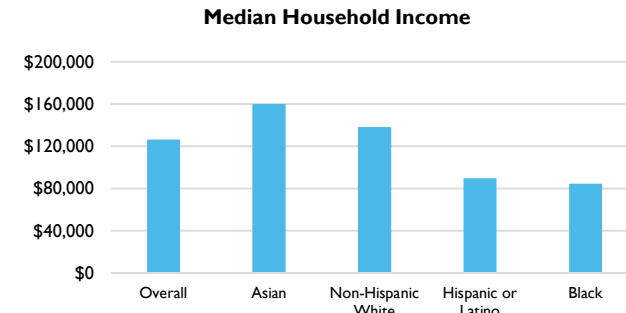
Source: U.S. Bureau of Labor Statistics, San Francisco-Oakland-Hayward Metropolitan Statistical Area



Source: U.S. Bureau of Labor Statistics



Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Tables S1701 and S2301)



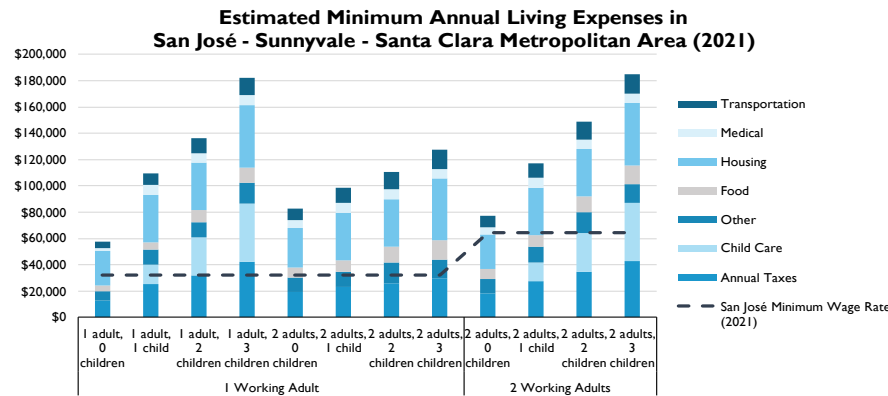
Source: U.S. Census Bureau, American Community Survey, 2021 1-year estimates (Table S1903)

INTRODUCTION

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 2021, about 13 percent of households earned less than \$35,000 in income and benefits, and 19 percent of the population received supplemental income or public assistance. The city's overall poverty rate was 7.4 percent, with the Black population experiencing almost double the overall poverty rate.

The last homeless census, conducted in February 2022, estimated 6,650 residents were homeless, and of these, around 4,975 (75 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.*



According to [the Living Wage Calculator](#), a living wage in the San José metropolitan area for a single, working adult was \$57,700 in 2021. 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.

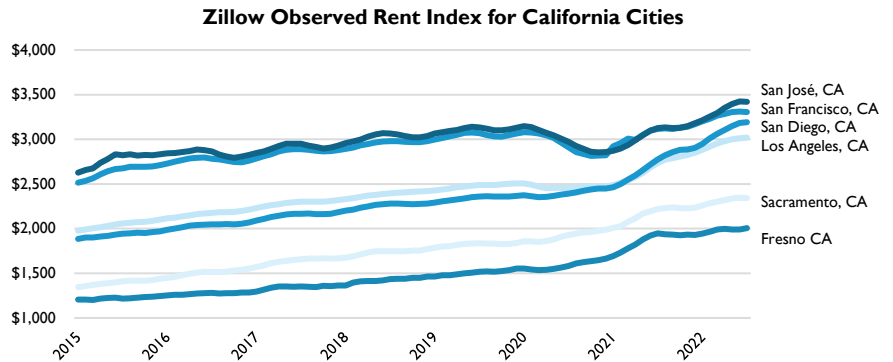
HOUSING PRICES HAVE ALSO INCREASED

As of mid-2022, the median home price in San José was \$1,562,500 and average monthly rent for all unit types was \$2,732. This is up from \$1,225,000 and \$2,479, respectively, from mid-2018. This also marks the fifth year that the median home price in San José exceeded the million-dollar mark. This compares with a median existing home value of approximately \$350,700 nationally, according to the National Association of Realtors.

In 2021, 32 percent of homeowners and 50 percent of renters in San José reported spending more than 30 percent of household income on housing costs.* In addition, the National Equity Atlas** reports that approximately 17,960 households in Santa Clara County were behind on rent in October 2022, with an average rent debt per household of \$11,300. It further estimates that there are 11,500 children in households that are behind on rent.

*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 October 5 to October 17, 2022.



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 2022-23 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 |
|---------------------------|-------|
| 2012-13 | 245.9 |
| 2021-22 | 330.5 |
| % change in last 10 years | 34.4% |

Source: Bureau of Labor Statistics, based on June 2013 and June 2022