



City of San José
Office of the City Auditor

December 16, 2022

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

Annual Report on City Services 2021-22

The Office of the City Auditor is pleased to present the 15th 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 over 975,000, 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 39 percent Asian, 31 percent Hispanic or Latino/a/x, and 23 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 2021, San José's median household income was over \$126,000; however, the cost of living is among the highest in the nation. The observed rent index for San José crept above San Francisco in the past year, with average monthly rents of \$2,732 for all units. The median home price was over \$1.5 million. Meanwhile, 13 percent of San José households earned less than \$35,000. An estimated 6,650 residents were homeless, according to the 2022 homeless census. This is an increase of around 9 percent compared to 2019.

COVID-19

Like 2020-21, the City continued to address the ongoing COVID-19 pandemic, though the nature of the disease and response changed.

The ongoing pandemic has had severe human and economic impacts on the city. As of December 2022, there have been over 265,000 COVID-19 cases in the city, an increase of 170 percent over the past year. The increases in cases followed waves of more infectious variants, first Delta in summer 2021, then Omicron the following winter. 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. Cases became less deadly, however; more infectious variants increased the case rate, but the number of deaths and intensive care hospitalizations from COVID-19 went down in 2021-22.

While economic activity had initially slowed as result of COVID-19; the city's unemployment rate rebounded from a monthly average of 14.3 percent in April 2020 to 2.3 percent in July 2022, below pre-pandemic levels.

Like other California cities, San José lost population during the COVID-19 pandemic. Both San José and Santa Clara County 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.

With the widespread adoption of remote work, 30 percent of residents reported telecommuting, compared to 4 percent in 2019. This shift is also seen in the ratio of jobs per employed resident, which increased to 0.89 in 2021.

In 2020, in response to the pandemic, the City launched new services to address community needs and suspended or altered many other City services. With changes in the pandemic, afforded by the widespread availability of vaccines at the beginning of 2021-22, the City began transitioning from emergency response to recovery. The City continued efforts to provide food distribution to at-risk populations, expand homeless services and housing assistance programs, provide support for small businesses, and distribute hotspot devices to students across the city to support learning, but transitioned these emergency activities out of the Emergency Operations Center (EOC) and into departments. In contrast to 2021-22, City libraries, community centers, and many other facilities opened to the public.

Community Survey

2022 marked San José's second 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-seven percent of respondents rated the overall quality of life in San José as "excellent" or "good"—about the same as last year. Approximately half were satisfied with the City's overall performance in providing municipal services. Satisfaction with specific government services varied, with most similar to last year's. The highest rated services were operating the Mineta San José International Airport; providing library services; and providing trash, recycling, and yard waste 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

improving public safety/reducing crime, and providing more affordable housing—a slight reordering from last year.

City Finances

In 2021-22, the City's overall revenues increased, while the City's total expenses decreased slightly. Collectively, business-type activities, like those associated with the Airport and San José Clean Energy (SJCE), experienced a 19 percent increase in revenues. Governmental expenditures decreased by 9 percent from the prior year, due in part to a decrease in recognized pension expenses that resulted from the prior year's earnings, which were higher than expected.

The City owns a variety of capital assets—land, buildings, vehicles, equipment, infrastructure (e.g., roads, bridges, sewers), and other assets with a useful life beyond one year. At the end of 2021-22 the City owned \$7.4 billion of capital assets. The City's overall obligations totaled \$6.8 billion, which includes debt, pension obligations, and other post-employment benefit (OPEB) obligations.

Operating Budget and Staffing

In 2021-22, the City's departmental operating expenditures totaled \$1.8 billion,* or about \$1,827 per resident. Due to the economic impacts of COVID-19, the City projected a \$38.3 million shortfall in the General Fund for 2021-22. A number of budget-balancing strategies were employed to resolve the shortfall, including the use of American Rescue Plan funds, which also helped to pay for a number of high-priority, one-time projects and programs.

Overall, there were 6,647 full-time equivalent positions in 2021-22, an increase following reduced staffing in 2020-21 that was due to the fiscal impacts of COVID-19. San José employs about 6.8 people per 1,000 residents—fewer than any other large California city we surveyed.

* Overall budgeted expenditures totaled \$4.7 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. As noted, the City restored or re-opened some services that had been closed to the public during the pandemic and transitioned other emergency services to departments.

Public Safety

- The EOC remained active in 2021-22, though with the drop in COVID-19 case counts, the EOC reduced operations in February 2022. The EOC also activated for responses to a gas leak in August 2021 and the Home Depot Fire in April 2022.
- Police handled about 1.3 million calls for service and responded to about 201,800 Priority 1 to 4 incidents in 2021-22, an increase of 7 percent from last year. The citywide average response time for Priority 1 calls was 7.3 minutes, above the 6-minute target. On average, Police responded to Priority 2 calls in 23.9 minutes, well over their 11-minute response target.
- The Fire Department responded to about 103,100 incidents in 2021-22, including 4,900 fires. Fire attributes an increase in incidents (a 9 percent increase) to COVID-19 related medical responses. The Department responded to 71 percent of Priority 1 incidents within its time standard of eight minutes (target: 80 percent), a slight decrease from last year. It also responded to 92 percent of Priority 2 incidents within 13 minutes (target: 90 percent).

Community and Economic Development

- San José had 0.89 jobs per employed resident in 2021, below the Envision 2040 target of 1.1 job per employed resident, but an increase from prior years.
- Due in part to the COVID-19 pandemic, building inspections have decreased year over year from 2018-19; building permits rebounded in 2021-22, with a large increase in online permits issued.
- Sixty-one percent of plan checks for development projects were completed within processing time targets. Seventy-nine percent of building inspections occurred within the target time of 24 hours. The volume of construction has decreased every year since 2016-17; while

previously the value of construction had been increasing, in 2021-22, the value of construction decreased as well.

- Developers completed 133 affordable units with City help in 2021-22. Additionally, through the collective efforts of local jurisdictions and non-profit service providers, 1,857 homeless San José residents received assistance into housing.

Transportation and Aviation Services

- The number of Airport passengers increased following lifted travel restrictions associated with the pandemic. In 2021-22, the Airport served 9.8 million airline passengers, up from a low of 4.2 million in 2020-21, but still below pre-pandemic levels.
- 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 2021-22, 122.5 miles of street were resurfaced and 100 miles were preventatively sealed as part of the pavement maintenance program. Overall, the Department rated city streets as fair (68 out of 100 on the Metropolitan Transportation Commission Pavement Condition Index).

Environmental and Utility Services

- In late 2021, the City adopted the goal of reaching net-zero greenhouse gas emissions by 2030. SJCE provides businesses and residents with options for renewable and carbon-free energy. SJCE served 350,800 accounts and stayed within its target opt-out rate of 5 percent. SJCE had an increase in operating income in part due to a City Council-approved increase in generation rates that set prices for GreenSource up to 8 percent above PG&E (inclusive of state-mandated charges).
- Sixty-three percent of waste was diverted from landfills in 2021-22, though the tons of waste sent to landfill increased. Since 2018-19, the City has been working to address disruptions in the recyclables market by educating residents on the importance of eliminating liquids and foods from recycling bins and exploring infrastructure to recycle domestically.
- The City continued to meet (or exceed) wastewater pollutant discharge requirements 100 percent of the time.

Neighborhood Services

- Most City libraries, community and recreation centers, and other public facilities re-opened during the 2021-22 fiscal year following pandemic closures.
- Library hours, circulation, and program participation increased in 2021-22, though remain below pre-pandemic levels. The City's libraries were open for about 48,000 hours in 2021-22, up from 7,000 hours last year.
- Beginning in 2021-22, the City consolidated the Beautify San José (BeautifySJ) program within PRNS. 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.
- The City's Animal Care Center was also closed to the public during the pandemic. In 2021-22, the Center sheltered over 14,500 animals, up from about 13,600 in 2020-21. The Center had a live release rate of 90 percent.

Strategic Support

- The Information Technology Department reports 74 percent of its 2021-22 projects met scheduling, cost, scope, and value goals, below its target of 80 percent.
- Ninety-eight 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 41 capital projects in 2021-22; 95 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 \$2.73 billion in City cash and investments and procured \$214.6 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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