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BACKGROUND

This is the seventh annual report on the City of San José's Service Efforts and Accomplishments (SEA). 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, 2014. 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 be of general interest to the public.

This report also includes the results of a resident survey, completed in November 2014, 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 for all users. The report provides three types of comparisons when available: historical trends, selected comparisons to other cities, and selected comparisons to stated targets.

After completing the first annual report on the City's Service Efforts and Accomplishments, the City Auditor's Office published [Performance Management And Reporting In San José: A Proposal For Improvement](#), which included suggestions for improving quality and reliability of performance and cost data. Since issuing that report we have worked with the Budget Office to assist a number of City departments in improving their measures. We will continue to work with departments towards improving their data as requested.

The first section of this report contains information on overall City revenues, spending and staffing, as well as resident perceptions of the City, City services, and City staff. 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
- Economic Development
- 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

COMMUNITY PROFILE

San José, with a population of 1,000,536 is the tenth largest city in the United States and the third largest city in California. San José is the oldest city in California; established as El Pueblo de San José de Guadalupe on November 29, 1777, 73 years before California achieved statehood. Although it is the tenth largest city, it ranks 62nd in population density for large U.S. cities. The City covers approximately 179 square miles at the southern end of the San Francisco Bay. For comparison, San Francisco covers 47 square miles with a population of 836,620. Originally an agricultural community, San José is now in the heart of Silicon Valley, so called in reference to the many silicon chip manufacturers and other high-tech companies.

CITY DEMOGRAPHICS

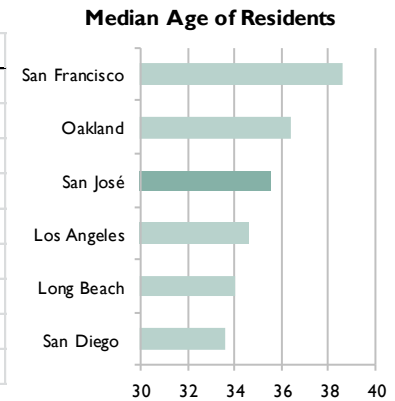
The City of San José serves one of the most ethnically diverse populations in California. The demographics of San José are important because they influence the type of services the City provides and residents demand.

According to the 2013 American Community Survey, the estimated ethnic break-down of residents was:

Ethnic Group	Estimated Total	% of Pop.
Asian	323,201	33%
Vietnamese	103,619	11%
Chinese	68,564	7%
Filipino	55,008	6%
Indian	51,568	5%
Other Asian	44,442	5%
Hispanic	328,168	33%
Non-hispanic white	272,532	28%
Black	29,830	3%
Other	30,044	3%

San José also has a high number of foreign born residents; over 39 percent of San José residents were foreign born. Of those identifying as foreign born, 61 percent were born in Asia and 31 percent were born in Latin America. About 17 percent of residents are not U.S. citizens. Approximately 57 percent of San José residents speak a language other than English at home, and 25 percent of the population identifies as speaking English less than “very well.” *

Resident Age	Estimated Total	% of Pop.
under 5 years	67,279	7%
5-19 years	193,776	20%
20-34 years	216,955	22%
35-44 years	151,486	15%
45-54 years	140,666	14%
55-64 years	106,504	11%
65-74 years	59,349	6%
75 or more years	47,760	5%
Median Age	36 years	



The largest occupation groups are manufacturing (19 percent), education and health services (18 percent), and scientific, professional, and managerial (16 percent).*

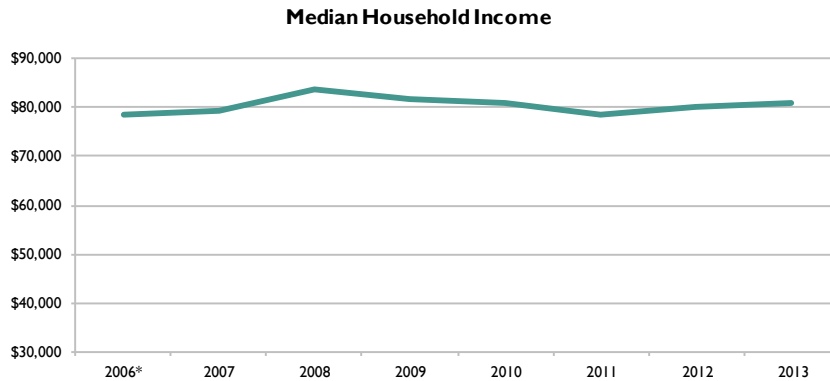
According to the county registrar, approximately 50 percent of the 800,000 registered voters in Santa Clara County voted in the last election (November 2014).

* Source: Census Bureau's [American Community Survey 2013](#).

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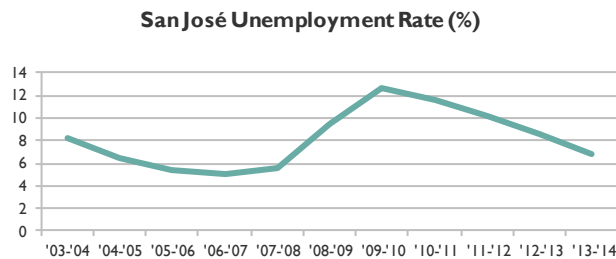
CITY DEMOGRAPHICS

Median household income reached almost \$81,000 in 2013. In the National Citizen Survey, about 37 percent of respondents thought that the economy would have a positive impact on their income over the next six months, while 50 percent of respondents did not anticipate any impact.



Source: Census Bureau's American Community Survey 2013.
* Median household income data is only available since 2006.

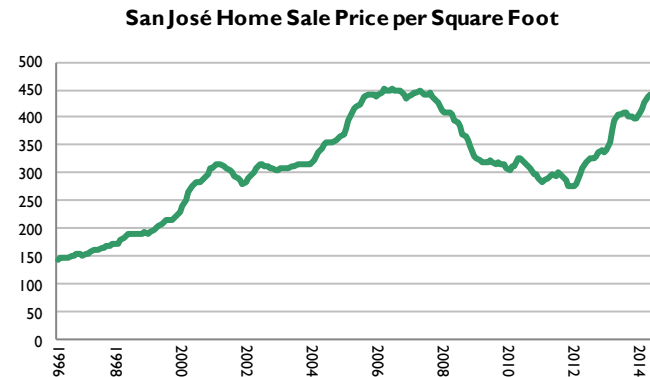
San José's unemployment rate has declined since reaching a high of about 12.6 percent in 2009-10. For 2013-14, it was approximately 6.8 percent.



Source: Bureau of Labor Statistics.

According to the Census Bureau, approximately 56 percent of the housing stock is owner-occupied and 44 percent is renter-occupied. These vary from the national averages: nationwide 64 percent of housing stock is owner-occupied and 36 percent is renter-occupied.

The U.S. Department of Housing and Urban Development defines housing affordability as housing stock which costs less than 30 percent of the occupant's gross income. Based on the 2013 American Community Survey, 36 percent of homeowners and 53 percent of renters report spending more than 30 percent of household income on housing costs.



Source: Zillow.com monthly data, March 1996 through June 2014.

The median home price in San José in 2013-14 was \$780,000 and average monthly rent was about \$2,200. This is up from \$576,000 and \$1,470, respectively from two years ago in 2011-12. This compares with a median existing home value of approximately \$210,000 nationally, according to the National Association of Realtors.

CITY GOVERNMENT

San José is a charter city, operating under a council/manager form of government. There is an 11-member City Council and many Council-appointed boards and commissions.* The Mayor is elected at large; Council members are elected by district (see map).

There were 21 City departments and offices during fiscal year 2013-14. 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.

Each February the Mayor gives a State of the City address which sets priorities for the year. The priorities for 2014 were:

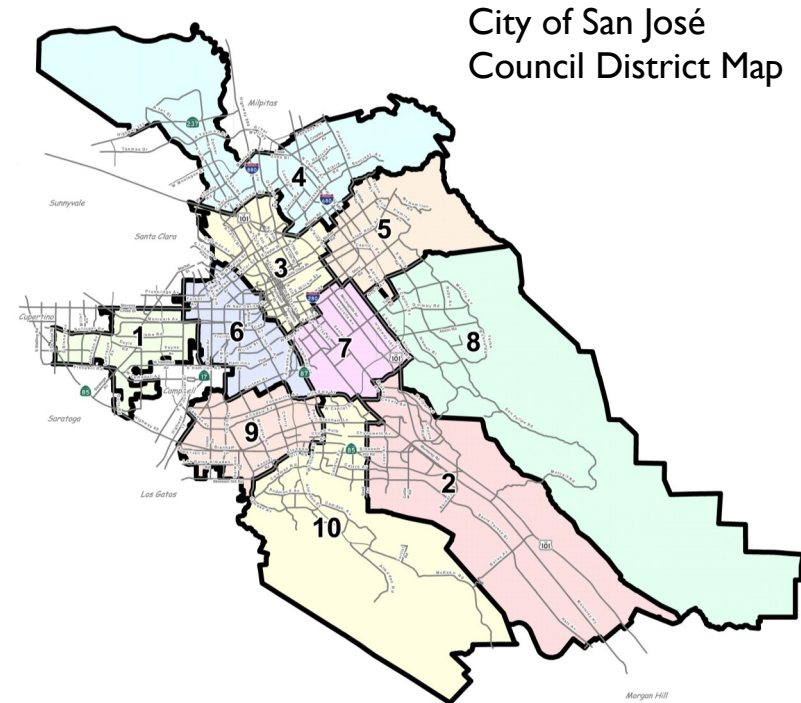
- Restore Police services
- Improve Fire Department response times
- Reduce homelessness
- Strengthen the City’s community partnerships

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 each month.

City Council Committees:

- Airport Competitiveness Committee (ad hoc)
- Community & Economic Development Committee
- Committee on Economic Competitiveness (ad hoc)
- Neighborhood Services & Education Committee
- Public Safety, Finance & Strategic Support Committee
- Rules & Open Government Committee
- Transportation & Environment Committee



*Details of the boards and commissions can be found on [the City’s website](#).

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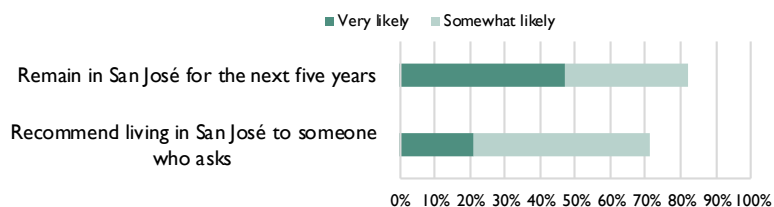
THE NATIONAL CITIZEN SURVEY™

The National Citizen Survey™ is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The survey was developed by NRC to provide a statistically valid sampling of resident opinions about community and services provided by local government. Respondents were selected at random and survey responses were tracked by each quadrant of the City. Participation was encouraged with multiple mailings; self-addressed, postage-paid envelopes; and three language choices—English, Spanish, and Vietnamese. Results were statistically re-weighted, as necessary, to reflect the actual demographic composition of the entire community.

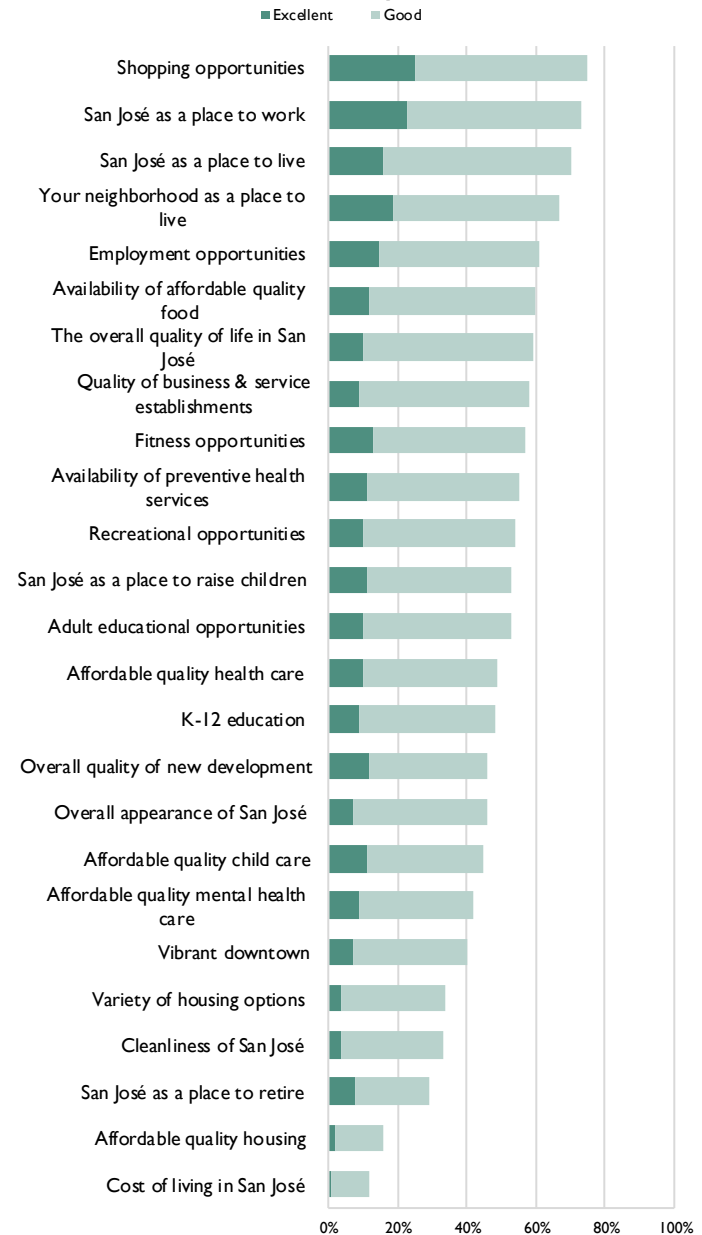
Surveys were mailed to a total of 3,000 San José households in September and October 2014. Completed surveys were received from 469 residents, for a response rate of 16 percent. Typical response rates obtained on citizen surveys range from 25 to 40 percent. It is customary to describe the precision of estimates made from surveys by a “level of confidence” and accompanying “confidence interval” (or margin of error). A traditional level of confidence, and the one used here, is 95 percent. The margin of error around results for the City of San José Survey is plus or minus five percentage points. With this margin of error, one may conclude that when 60 percent of survey respondents report that a particular service is “excellent” or “good,” somewhere between 55 to 65 percent of all residents are likely to feel that way. Differences between years can be considered statistically significant if they are greater than eight percentage points.

The full survey results are posted online at sanjoseca.gov/sea.

Likelihood of Remaining in Community



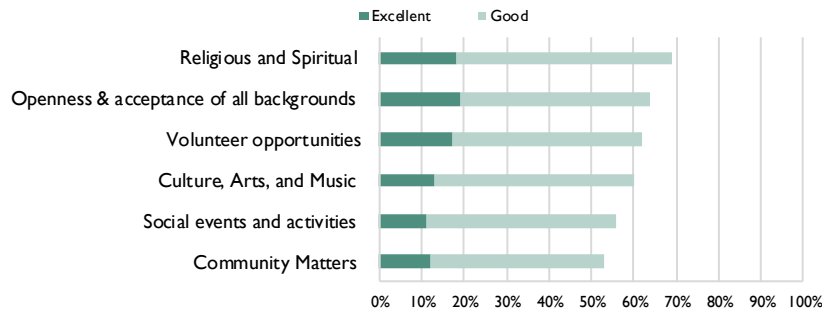
Overall Quality of Life



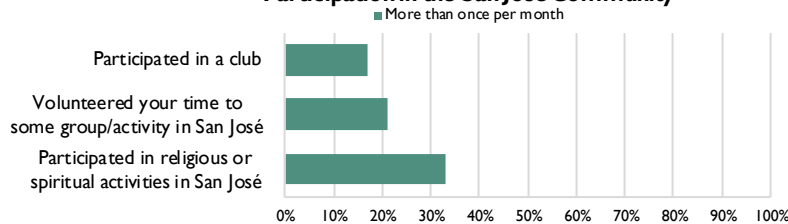
SENSE OF COMMUNITY

The charts below indicate how satisfied residents are with opportunities to engage with the community. Seventy-five percent of residents report that they think it is essential or very important for the San José community to focus on sense of community in the next two years.

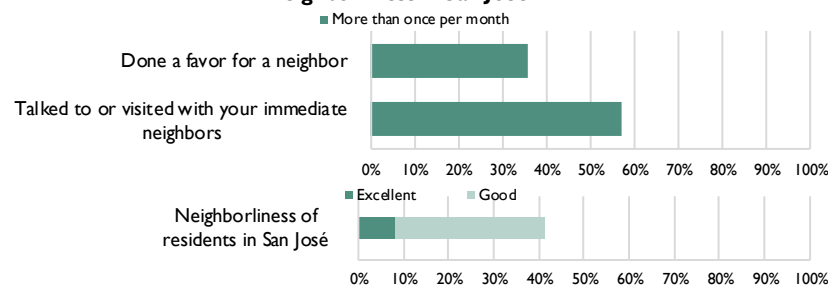
Satisfaction with Opportunities to Participate in the Community



Participation in the San José Community



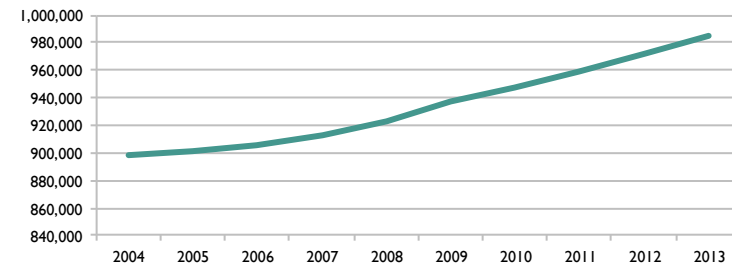
Neighborliness in San José



POPULATION

San José grew from a population of about 901,000 in 2005 to just over 1,000,000 in 2014, an approximately 11 percent increase in population over the last ten years. Unless otherwise indicated, this report uses population data from the California Department of Finance. In some cases we have presented per capita data in order to adjust for population growth.

Population Growth



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.

INFLATION

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
2004-05	201.2
2013-14	253.3
% change in last 10 years	25.9%

Source: Bureau of Labor Statistics, based on June 2005 and June 2014.

INTRODUCTION

SCOPE & METHODOLOGY

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2014-15 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 independent auditors in 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. 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.

SERVICE EFFORTS & ACCOMPLISHMENTS

The Government Accounting Standards Board (GASB) has been researching and advocating Service Efforts and Accomplishments (SEA) reporting for state and local government for many years to provide government officials and the public with information to supplement what is reported in annual financial statements. Financial statements give users a sense of the cost of government service, but do not provide information on the efficiency or effectiveness of government programs. SEA reporting provides that kind of information, and enables government officials and the public to assess how well their government is achieving its goals.

SELECTION OF INDICATORS

This report relies on existing performance measures, reviewed yearly by Council, staff, and interested residents during the annual budget study sessions. It also relies on existing benchmarking data. We used audited information from the City's Comprehensive Annual Financial Reports (CAFRs). 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 of historical data. We strove to maintain consistency with prior years' SEA 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.

ROUNDING

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100 percent due to rounding.

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.

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.