

City of San José Office of the City Auditor

Annual Report on City Services 2014-15

The Office of the City Auditor is pleased to present the eighth City of San José Annual Report on City Services (formerly the Service Efforts and Accomplishments report). This report summarizes and highlights performance results and compares those results over ten years. The 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 when appropriate and available. 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.

Overall Spending and Staffing

With a population of 1,016,479, San José is the tenth largest city in the United States and the third largest city in California. The City of San José serves one of the most ethnically diverse populations in California—about one-third Asian, one-third Hispanic, and one-third white. In 2014-15, the City's departmental operating expenditures were about \$1.48 billion*, or about \$1,459 per resident including:

- \$308 for Police
- \$302 for Citywide, General Fund Capital, Transfers, and Reserves
- \$214 for Environmental Services
- \$176 for Fire
- \$90 for Public Works
- \$78 for Transportation
- \$62 for Parks, Recreation and Neighborhood Services (PRNS)

- \$55 for Airport
- \$45 for Finance, Retirement, Information Technology, and Human Resources
- \$39 for Mayor, City Council, and Council Appointees
- \$39 for Planning, Building, and Code Enforcement
- \$31 for Library
- \$9 for Economic Development
- \$8 for Housing

After nearly a decade of General Fund deficits, a moderate increase in revenues from a stronger economy allowed the City to provide limited service level enhancements and avoid service cuts in 2014-15 for the second year in a row. However, San José receives less tax revenue per capita than many of our neighboring cities, and significant work toward long-term fiscal reform remains, with the goal of returning services to January 1, 2011 levels.

In recent years, the City was forced to reduce many City programs including a significant reduction in staff (16 percent over the last ten years). San José now employs about 5.7 people per 1,000 residents—fewer than its 28-year average of 7.1 and fewer than any other large California city we surveyed. It also faces an estimated \$992 million in deferred maintenance and infrastructure backlog and a \$3.3 billion unfunded liability for pension and retiree health benefits.

^{*} The City's Operating Budget totaled \$2.9 billion, which includes the above expenditures as well various non-General Fund operating and enterprise fund expenditures (e.g., capital expenditures, debt service, pass-through grant funds) and operating or other reserves.

Overall Resident Satisfaction

2015 marked San José's fifth year of participation in The National Citizen Survey. Respondents were selected at random. Participation was encouraged with multiple mailings and self-addressed, postage paid envelopes. Surveys were available in English, Spanish, and Vietnamese. Results were statistically re-weighted to reflect the actual demographic composition of the entire community. The survey and its results are included in the Appendix. Results of service-specific questions are also incorporated into the relevant departmental chapters.

Survey respondents reported mixed feelings about quality of life in San José. Just about half of residents rated the overall quality of life in San José as good or excellent, but 63 percent rated their own neighborhoods as good or excellent places to live, and 66 percent of residents would recommend San José as a place to live. Residents expressed dissatisfaction with the cost of living (only 10 percent thought the cost of living was good or excellent) but highly rated opportunities for employment, shopping, attending religious and cultural events, as well as having a community that is open and accepting of people of all backgrounds.

Nearly every City service received similar or lower ratings from respondents in 2015 compared to the prior year. For many services, ratings have been steadily declining for the past five years as the City went though significant budget and service reductions. Residents identified safety and the economy as priorities for the San José community in the coming two years. 94 percent of respondents felt it was essential or very important for San José to focus on the overall feeling of safety. 86 percent thought it was essential that San José focus on the overall economic health of the City.

Major Service Results and Challenges in 2014-15

The City of San José provides a wide array of services that City residents, businesses, and other stakeholders count on. Some highlights include:

- The Police Department initiated or received about 1,060,000 calls for service, about 14,000 more than in the prior year. The average response time for Priority I calls was 6.9 minutes, slower than the department's target of 6 minutes, but slightly better than the prior year. The response time for Priority 2 calls was 19.6 minutes, much slower than the target of 11 minutes, but about a minute faster than the prior year. Over the past ten years, the number of sworn officers has decreased. As of June 2015, only 850 of the 1,109 authorized sworn positions were filled with street ready sworn officers; 210 sworn positions were vacant. San José's rate of major crimes per 100,000 residents decreased since a spike in 2012 and was below state and national averages. Despite a 5 percent increase in major crimes over the past ten years, the number of arrests for felonies, misdemeanors, and other offenses fell by 50 percent in that time.
- Forty percent of survey respondents reported an overall excellent or good feeling of safety. The majority of residents, 78 percent, feel very or somewhat safe in their neighborhoods during the day but only 21 percent feel the same way in downtown at night. Over the past several years, ratings of Police Department services have declined; in 2015 only 44 percent of residents rated the quality of Police services as good or excellent, and only 25 percent of respondents rated the quality of crime prevention as good or excellent.
- The Fire Department responded to 84,000 emergency incidents in 2014-15. This included 52,000 medical incidents, 2,000 fires, and 30,000 other calls (such as rescues, Haz Mat incidents, and good intent responses). The Department responded to 73 percent of Priority I incidents within 8 minutes. This is below the target of 80 percent compliance but higher than the 68 percent compliance in 2013-14. The Department met its Priority I time target for dispatch time and nearly met its target for turnout time; however, it met its travel time standard for only 46 percent of Priority I incidents. Only three stations met the Priority I response standard of 8 minutes for 80 percent of incidents. Seventy-four percent of residents rated fire services as good or excellent, and 76 percent of residents rated emergency medical services as good or excellent.

- The City has 53 community centers; however, as in the prior year, it operated only 12 of those centers in 2014-15. The remaining facilities were operated through the City's facility re-use program by outside organizations and/or other City programs. The City has 187 neighborhood parks, including the recently opened Antonio Roberto Balermino Park, the Del Monte Park, and the West Evergreen Park. Eighty-seven percent of residents reported having visited a park at least once in the last year. Estimated participation in City-run recreation programs totaled 662,000. However, only 46 percent of residents rated services to seniors as good or excellent, and only 41 percent rated services to youth as good or excellent.
- Although the City increased branch library hours in July 2015, during 2014-15 branch libraries remained open just 33 or 34 hours per week over four days of service (with the exception of Evergreen which was open for five days). This compares to 47 hours per week over six days from 2003-04 through 2009-10. Regular Sunday hours have not been offered at any branch since July 2010. The Dr. Martin Luther King, Jr. main library was open 77 hours per week during the academic year. Although total circulation remained high (9.8 million items, including eBooks), it was 32 percent less than ten years ago. Sixty-nine percent of residents rated library services good or excellent.
- San José remains one of the least affordable cities in the country with 90 percent of residents rating the availability of affordable quality housing as only fair or poor. In 2014, median household income was \$87,000. In 2015 average monthly rent and median home prices in San José increased to \$2,400 and \$865,000, respectively. The City's 2015 Homeless Census identified 4,063 homeless individuals, roughly a third of whom were deemed chronically homeless. Partnering with other agencies, the Housing Department assisted 1,000 homeless individuals into permanent housing in 2014-15.
- Despite significant increases over the past ten years, sewer and stormwater rates remained unchanged in 2014-15; garbage/recycling rates increased slightly. About 70 percent of San José residents rated garbage, recycling, and yard waste pick-up as good or excellent. San José Municipal Water (Muni Water) rates increased by 11 percent from the prior year. Due mainly to the drought, Muni Water delivered 9 percent less water to its customers than the previous year. A state mandate to reduce urban potable water use by 25 percent starting in June 2015 went into effect the last month of the fiscal year.
- The City's permit center served about 26,000 customers. Building activity has remained high, although the value of construction has dropped from 2013-14's unprecedented levels. While the number of building permits issued has returned to pre-recession levels, the number of development staff has not. The City met its timeliness targets for only two out of the seven development processes shown in this report.
- After implementing a risk-based tiered inspection process for its Multiple Housing Program, the City's code enforcement inspectors are targeting properties at high risk of violations. In 2014-15 they inspected buildings that cumulatively had 15,100 housing units.
- Although the Airport saw an increase in passengers from the prior year, the 9.6 million passengers served was down 12 percent from ten years ago. There were 92,000 passenger flights (takeoffs and landings), or about 250 per day. While the number of passengers in the region was greater in 2014-15 than in any of the prior 10 years, the Airport's market share has declined from 19 percent ten years ago to 14 percent in 2014-15 (a 25 percent drop). The Airport reduced operating expenditures 14 percent over the last five years, but annual debt service has grown to \$98.2 million, as a result of the completion of the Airport modernization and expansion. Seventy-three percent of residents rated the ease of use of the Airport as good or excellent.
- San José's street pavement condition was deemed only "fair" in 2014—rated at 62 on the Pavement Condition Index (PCI) scale out of a possible 100. This is down from the 2003 PCI rating of 67. A "fair" rating means that the City's streets are worn to the point where expensive repairs may be needed to prevent them from deteriorating rapidly. Because major repairs cost five to ten times more than routine maintenance, these streets are at an especially critical stage. The Department of Transportation has continued to make corrective repairs, such as filling 10,000 potholes and patching damaged areas. Only 24 percent of residents rated street repair as good or excellent—one of the lowest ratings of any City service.

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 which includes a community profile, information on the preparation of the report, and a discussion of service efforts and accomplishments reporting in general. The following section provides a summary of overall spending and staffing. The remainder of the report presents 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,

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