

FISCAL IMPACTS OF GROWTH

Efficient Delivery of City Services

Growth and development directly impact the delivery of critical city services to residents, workers, and visitors. In the City of San José, services are delivered across 175 square miles. These services include police and fire protection, parks and recreation, libraries, waste disposal, drinking water, and others. As San José continues to grow, the location of development needs to be carefully considered to ensure the continued high quality of such services.



As a geographically large city, San José is challenged to deliver equally high quality urban services to all of its diverse neighborhoods. The challenge is compounded by two additional factors: California's property tax laws (namely Proposition 13) which limits the tax rate, and San José's historic role as a bedroom community and not a major employment center.

URBAN SERVICE AREA

Since the early 1970s, successful service delivery has been accomplished by defining an Urban Service Area boundary within which "urban services" (i.e., water, sanitary sewer, roads, police and fire protection, etc.) would be provided. The Urban Service Area includes lands predominantly on the valley floor, away from environmentally sensitive hillsides and baylands.

By focusing growth within the Urban Service Area, San José has been able to make more efficient use of existing infrastructure and consolidate the delivery of key services. It has also facilitated the identification of the unique needs of certain neighborhoods and the provision of appropriate levels of service to meet those needs.

GROWTH MANAGEMENT

The *San José 2020 General Plan*, the blueprint for land use development, contains policies to manage growth within the Urban Service Area and to only allow expansions of the Urban Service Area under very specific circumstances.

One growth management tool is the Urban Reserve concept. Urban Reserves are areas set aside for future urban development (and inclusion in the Urban Service Area boundary) after certain criteria are satisfied. These criteria include job growth, fiscal stability, and the maintenance of service levels within the existing Urban Service Area. These criteria recognize that the expansion of the Urban Service Area adds to the geographic area of the city to be served and could potentially impact the delivery of services to existing neighborhoods.

FISCAL IMPACT ANALYSIS

As part of the last update of the *San José General Plan*, a fiscal impact analysis compared the fiscal impacts of different growth scenarios to determine whether or not it was time to expand into the Urban Reserves. The growth scenarios ranged from full expansion into the Urban Reserves to only accommodating growth within the existing Urban Service Area, particularly along transit corridors and the Downtown.

The fiscal health of San José is integrally linked with the City's land uses, development patterns, and economic activity.

SMART
GROWTH

The results demonstrated that the location and type of new development affect the costs of services. Generally, residential development on the fringe of the city (i.e., the Urban Reserves) costs more to serve than new growth in infill locations (i.e., transit corridors). In addition, the analysis reinforced the importance of retaining a land supply for a diverse range of commercial and industrial activities to strengthen the City's tax base.

SERVICE DELIVERY MEASURES

The City of San José is actively engaged in developing performance measures that more accurately characterize the services delivered to citizens. "City Service Areas" align services provided by individual departments into seven key lines of business services provided to the community:

- Aviation
- Economic and Neighborhood Development
- Environmental and Utility Services
- Public Safety
- Recreation and Cultural Services
- Transportation
- Strategic Support

Performance measures within each of these City Service Areas reflect a commitment to customer-focused and data/results-driven service delivery.

In addition, they also measure the City's ability to meet strategic goals such as:

- Creating and maintaining a safe place to live and work.
- Expanding the use of alternate commute options.
- Reducing, reusing, and recycling solid waste at work, home and play.

These measures are being integrated into the City's annual operating and capital improvement budgets. In this way, the City's elected leadership has a mechanism to ensure that City expenditures reflect strategic priorities and that the results of these expenditures meet the needs of the community.

As San José fully develops and implements performance measures, the City should be able to more accurately evaluate the impact of growth in terms of service delivery. To date, a more compact urban form has facilitated the efficient and effective delivery of a wide range of services to its diverse population base.

