



Memorandum

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Debra Figone
Harry S. Mavrogenes

SUBJECT: Proposed Fiscal Ballot Measures

DATE: June 13, 2008

RECOMMENDATION

It is recommended that the City Council:

- 1) Direct staff to further analyze and draft ballot language for a Communications Tax to replace the current Emergency Communication System Support fee;
- 2) Direct staff to further analyze and draft ballot language to modernize the Telephone Users portion of the Utility Users Tax to include, as taxable, out of state calls and revenues from emerging technologies;
- 3) Enter into a discussion on the following questions regarding a potential increase to the Card Room Business License Tax
 - a) Is there a willingness to consider increasing the number of tables at this time assuming that the card room operators would actively oppose a tax increase without a commensurate increase in the number of tables?
 - b) Should staff conduct outreach prior to August 5 with community stakeholders and card room operators regarding an increase in the number of tables?
 - c) Should staff further analyze and develop draft ballot measure language to increase the tax?

Staff will return to Council on August 5, 2008, to receive final direction about the measures to be submitted for the November 4, 2008, General Election ballot.

BACKGROUND

The Mayor's March 2008 Budget Message directed the City Manager to prepare a Three-Year General Fund Deficit Elimination Plan by November 2008. It provided for the Council to appoint a Stakeholder Group to advise the City Manager and Redevelopment Agency Executive Director about advantages of and concerns about strategies identified by in the January 2008 report to City Council titled, "*Development of Strategies to Address the City's General Fund Structural Budget Deficit*" prepared by Management Partners; and to suggest additional strategies to eliminate the structural budget deficit.

The Stakeholder Group was appointed by the Council on April 8, 2008. Councilmember Pete Constant chairs a group of twenty-three stakeholder representatives, including business, labor, city employees, tax payers, non-profits and neighborhoods. The Stakeholder group met three times in April and May to discuss advantages and concerns of ten "Top Priority (Urgent Strategies)" that

the City can act on in the near term to realize benefits immediately or that require voter approval and therefore need to be considered for inclusion on the November 2008 ballot. The Stakeholder Group will continue meeting to discuss other strategies through September 2008.

The discussion from the Stakeholder Group meetings and the work accomplished by the City Manager's staff team and the General Fund Structural Deficit Task Force provided the basis for the recommendations in the Manager's Budget Addendum #4, which was presented to the City Council at a Budget Study Session on May 16. At this session, the City Council directed staff to proceed with further research and polling on certain revenue strategies and to convene a Special Meeting of the City Council in mid-June to review results and receive direction on the following measures considered for inclusion on the November 4, 2008 General Election ballot:

- Increase the existing 13% Business Tax on Cardrooms
- Modernize the Telephone Users portion of the Utility Users Tax and include, as taxable, revenues from out of state calls and emerging technologies
- Increase the Conveyance Tax rate, typically paid upon the purchase of real estate, from \$3.30 to \$4.95 per \$1,000 of property value (a 50% increase), continuing to require at least 64% of construction and conveyance taxes be allocated for parks, while allowing their use for maintenance, subject to existing annual audits
- Parking Tax on City-Owned and Redevelopment Agency-Owned Lots

Staff included research regarding a Communications Tax to replace the existing Emergency Communication System Support (ECSS) Fee.

June 3, 2008 - Primary Election Results

In order to provide information to the City Council about what other cities have recently placed on the ballot, staff researched results of the California statewide primary election held on June 3, 2008. According to a League of California Cities report, voters considered 19 measures relating to city taxes and three related to County taxes. Majority vote tax measures (50% + 1) fared well with 13 out of 15 proposed city and county measures passing, whereas special taxes, which required at 2/3 vote (67%) to pass, received lower rate of approvals (3 out of 7 measures).

Utility Users Tax

Of the 22 city/county measures, four cities and one county asked voters to modify their existing Utility User Taxes (UUT) on telecommunications. The measures were in response to changes in telecommunications technology, billing practices and federal law. While four of the five measures maintained the same rate, the City of Winters proposed to reduce the existing 5% rate to 4.75%. All measures to expand existing UUTs passed.

November 4, 2008 - General Election- Potential Revenue Proposals

The November ballot is expected to contain revenue proposals from the State, County and School Districts. To date, the State of California has ten measures that have qualified for inclusion on the ballot, including 4 bond measures. The Santa Clara County Board of Supervisors is considering a \$550 million dollar bond measure to finance seismic upgrades to Valley Medical Center, while Berryessa, Evergreen, Franklin-McKinley and Oak Grove School Districts are considering parcel tax measures.

ANALYSIS

The City contracted with Fairbank, Maslin, Maullin & Associates (FMMA), an opinion research and public policy analysis firm to conduct public opinion polling on June 6 – 10, 2008. Top line results from Ballot Measure Assessment Survey are included as Attachment A. FMMA will present further analysis of the preliminary results at the Special Meeting on June 19. Discussion on each of the proposed measures is below. A matrix summarizing proposed measures is included in this memorandum as Attachment B.

1. COMMUNICATIONS TAX TO REPLACE EMERGENCY COMMUNICATION SYSTEM SUPPORT (ECSS) FEE

A measure to replace the existing City emergency services fee with a tax in the same amount of \$1.75 cents per month, charged to each telephone line, or \$13.13 per trunk line with no increase in charges to phone customers, to fund City services such as police and fire, street repair, parks, and libraries.

Fiscal Impact: This action would ensure the continuation of \$24 million in General Fund revenue collected from the existing ECSS fee. If an inflationary adjustment is not included, it is anticipated that the stream of revenue generated from the new tax would not keep pace with the growth in service costs.

Possible Alternatives to Proposed Strategy

- 5% reduction to the current fee (from \$1.75 to \$1.66 per month) would reduce revenue to \$22.8 million (\$1.2 million loss)
- 10% reduction to the current fee (from \$1.75 to \$1.58 per month) would reduce revenue to \$21.6 million (\$2.4 million loss)
- Restricting use of funds to public safety dispatch costs would make this a special tax, requiring a 2/3 vote
- Including an inflationary adjustment (capped at 2% annually) would account for anticipated growth in service costs
- Could consider some combination of the above, e.g. reducing the current fee, but including an inflationary adjustment

Outreach

The Stakeholder Group discussed this proposed strategy on April 21 and May 5, 2008.

Survey Results

The FMMA ballot measure assessment survey found that when likely voters were read a concept statement about the proposed Communications Tax, 60% of voters stated they would vote Yes¹ on the measure (Attachment A, question 3a). After receiving additional explanatory information, support increased to 67% (Attachment A, question 7). When asked about a proposal to restrict revenue from the Communications Tax to fund the cost of the 9-1-1 emergency communications system, support increased by one percent, for a total Yes support of 68% (Attachment A, question 8). The approval rate needed to pass this measure with no restricted uses is 50% + 1 (majority vote). Restricting use of funds to public safety communication costs would make this a special tax, requiring a 2/3 vote.

Based on the results from the assessment survey and the importance of maintaining this revenue source to the General Fund, staff recommends that a Communications Tax, to replace the Emergency Communication System Support (ECSS) Fee with no restricted uses (general tax-50%+1) be further analyzed and refined for specific ballot language which would be presented to the Council on August 5.

2. MODERNIZE THE TELEPHONE UTILITY USERS TAX

A measure to modernize the City's Telephone Utility Users Tax by imposing the tax on interstate and international calls, with no rate increase, to treat taxpayers equally regardless of the technology used, including cell phones, land line, or voice-over-Internet service; with revenues used to continue funding City services like police, fire, street repair parks and libraries.

Fiscal Impact: Maintaining the current Utility Users Tax rate and modernizing the telephone user's tax is estimated to generate \$1 - \$1.2 million annually to the General Fund. Current revenues for the telecommunications portion of the UUT are approximately \$25 million, with the wireless portion being about \$18 million. The tax currently is not imposed on interstate and international calls made from land lines. It is anticipated that most of the new revenues in the short term would come from including those calls. Future potential revenue could be realized as new technologies emerge.

A potential alternative would be to reduce the tax rate from 5% to 4.75% while modernizing the tax. It is anticipated that this loss in revenue would be offset by the increases associated with modernizing the tax. If the Telephone Utility User Tax rate was lowered, however, it would no longer be consistent with the 5% Utility Tax rate for Electricity, Gas, and Water and would result in one-time costs associated with the implementation of any changes to the tax rate or the type of technologies covered by the tax.

Possible Alternatives to Proposed Strategy

- Increase All UUT Rates - San José could realize increased revenues of \$4.2 million for every 0.25% increase in its UUT rate
- Reduce the current telephone user's tax rate by one-quarter percent.

¹ Yes' voters include those that stated a Definitely, Probably or Leaning towards voting Yes on the measure.

Outreach

The Stakeholder Group discussed this proposed strategy on May 5, 2008.

Survey Results

The FMMA ballot measure assessment survey found that when likely voters were read a concept statement regarding a modernization of the telephone UUT with no rate increase, 56% of voters stated they would vote Yes on the measure (Attachment A, question 3e). When given additional information such as the expansion of the tax to include interstate and international calls, support decreased to 53% (Attachment A, question 18). When asked about a proposal to modernize the UUT and reduce the current tax rate by one-quarter percent, support increased to 59% (Attachment A, question 19).

Policy Consideration

The approval rate needed to pass this measure is 50% + 1 (majority vote). Based on the results from the assessment survey and the and the potential to raise additional General Fund revenue, staff recommends that a modernization of the Telephone Users portion of the Utility Users Tax to include, as taxable, out of state calls and revenues from emerging technologies; be further analyzed and refined for specific ballot language which would be presented to the Council on August 5.

3. CARD ROOM TAX INCREASE

A measure to help prevent cuts in City services like police, fire, street repair, parks and libraries by increasing the tax on card room revenues in San José from 13 percent to 18 percent.

Fiscal Impact: A five percent increase in the tax rate is expected to increase the General Fund revenues generated from the Card room Tax from \$12 million to \$16.5 million (\$4.5 million increase).

Possible Alternatives to Proposed Strategy

- Increase the tax on card room revenues from 13% to 15%
- Include an increase in the number of tables allowed in card rooms

Outreach

The Stakeholder Group discussed this proposed strategy on April 21 and May 5, 2008.

Survey Results

The FMMA ballot measure assessment survey found that when likely voters were read a concept statement regarding an increase on the tax on card room revenues, 65% of voters stated they would vote Yes on the measure (Attachment A, question 3d). After receiving additional explanatory information, support increased to 74% (Attachment A, question 15). A question

asking likely voters if they would support the measure if it also allowed an increase in the number of tables that card rooms were allowed to operate yielded a 60% support rate (Attachment A, question 17). The approval rate needed to pass this measure is 50% + 1 (majority vote).

Policy Considerations

Card room policy has both fiscal and social implications. The survey showed support for both increasing the tax and increasing the number of tables. It is the assumption of staff that card room operators will actively oppose a tax increase unless it is accompanied by an increase in the number of tables. Staff needs direction from the Council about whether it is willing to consider an increase in the number of tables at this time. If the Council is willing to consider an increase in tables, staff would like to receive direction on whether to conduct outreach to the community, and discuss an increase in the tax with the operators prior to the August 5 Council meeting.

Ultimately, staff would like direction on continuing to: a) further analyze an increase in the business tax on card room revenues, b) include an increase in the number of tables (in addition to the tax increase on revenues), or c) conduct no further analysis at this time.

4. CONVEYANCE TAX BALLOT MEASURE

A measure to increase the tax charged when real estate property is sold or transferred, from \$3.30 to \$4.95 per thousand dollars of property value, with most funding dedicated to park maintenance and improvements.

Fiscal Impact: This change would increase the Conveyance Tax by 50% and increase the percentage that can be allocated to maintenance. Based on a 2008-2009 revenue estimate, the Conveyance Tax revenue would increase by \$11.3 million from \$22.5 million (98% of the \$23 million Construction and Conveyance Tax estimate) to \$33.8 million. The amount eligible for parks maintenance would increase by \$6.6 million from \$2.2 to \$8.8 million. The amount eligible for allocating to maintenance of other facilities supported by C & C Funds would be \$4.7 million. These amounts should increase in the future once the housing market improves and the Conveyance Tax collections increase.

Possible Alternatives to Proposed Strategy

The following options were presented to the Council at the Budget Study Session on May 16, but were not recommended for further analysis:

- ***No increase in Conveyance Tax and shift up to 30% of the parks allocation to parks maintenance:*** Increases parks maintenance funding by approximately \$2.2 million with a corresponding decrease of \$2.2 million to the Parks Capital budget.
- ***No increase in Construction and Conveyance Tax and shift all revenues to the General Fund:*** Increases General Fund revenues by \$20.8 million, with a corresponding reduction to the Capital Program. (A sizeable portion of the C & C revenues are used to support expenditures that would otherwise have to be assumed by the operating budget, such as library book purchases.)

- ***No increase in Conveyance Tax; maintain current allocations; reprioritize the 36% allocated for the non-parks purposes to other capital uses:*** No change in funding amounts; shifts funds within the 36% allocations.

Outreach

Staff has attended the meetings of the Joint Sub-Committee on Park Maintenance, Santa Clara County Association of Realtors, Library Commission and Parks and Recreation Commission to present preliminary strategy concepts and receive feedback from members of these groups. The Parks and Recreation Commission submitted a letter in support of an increase in the Conveyance Tax to the Stakeholder Group at the April 28, 2008 meeting (Attachment C).

Survey Results

The FMMA ballot measure assessment survey found that when likely voters were read a concept statement regarding an increase in the Conveyance Tax, 38% of voters stated they would vote Yes on the measure (Attachment A, question 3b). After receiving additional explanatory information, support increased to 43 % (Attachment A, question 11). When asked about a proposal to increase the percentage of the revenue allotted to maintaining existing parks and city facilities, support increased by three percent, for a total Yes support of 46% (Attachment A, question 12). The approval rate needed to pass this measure is 67% (2/3 vote).

Due to the significant gap between the support rate in the assessment survey and the voter threshold needed for approval, staff is recommending that no further polling or research occur on this measure, and that it should not be considered for placement on the November 4 ballot.

5. PARKING TAX ON CITY-OWNED AND REDEVELOPMENT AGENCY-OWNED (RDA) LOTS

A measure to help prevent cuts in City services like police, fire, street repair, parks and libraries by establishing a ten percent tax on use of City-owned and RDA-owned parking facilities.

Fiscal Impact: This new tax is projected to generate \$5.1 million annually for the General Fund based on 2008-2009 estimated gross revenue, primarily from airport-owned facilities. If this tax were expanded to include privately-owned parking lots as well, it is anticipated that \$9.0 million would be generated annually.

Possible Alternatives to Proposed Strategy

A rental car tax strategy was presented to the City Council at the Budget Study Session on May 16. Upon further research and analysis that option was not feasible. However, the following alternative strategy can be considered:

- A 10% parking tax on users of all parking lots, public and private, generating approximately \$9 million

Outreach

Staff has attended the meetings of the: Downtown Parking Board, Airport Commission, and Parks and Recreation Commission, and a scheduled meeting with HP Pavilion officials, to present preliminary strategy concepts and receive feedback from members of these groups.

Survey Results

The FMMA ballot measure assessment survey found that when likely voters were read a concept statement regarding a parking tax on City-owned and RDA-owned lots, 47% of voters stated they would vote Yes on the measure (Attachment A, question 3c). After receiving additional explanatory information, support increased to 51% (Attachment A, question 13). When likely voters were asked if they would support a tax applied to private parking lots, as well as city-owned lots, support for the measure fell to 44% (Attachment A, question 14).

The approval rate needed to pass this measure is 50% + 1 (majority vote). Although results from the assessment survey shows that support for a parking tax on City-owned and RDA-owned lots meets the voter threshold for approval, results have a 4% margin of error. Considering the potential for a crowded ballot and the tepid support for this measure, staff is recommending that no further polling or research occur on this measure, and that it should not be considered for placement on the November 4 ballot.

Next Steps

California Elections Code requires that a Resolution calling and consolidating an election take place no later than the 88th day before the election; therefore, the following timelines must be followed:

- August 5:** Adoption of a Resolution or Ordinance by the City Council of any of the options in this memorandum.
- August 8:** Deadline for the City Clerk to submit ballot measures to the Registrar of Voters.
- August 19:** Due date for arguments and impartial analysis by the City Attorney.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

HONORABLE MAYOR AND CITY COUNCIL

Ballot Measures

6-13-08

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This item meets Criterion 3. The Stakeholder Group, appointed by the Mayor and Council met on April 21, April 28 and May 5 to provide staff with advantages and concerns regarding all proposed measures discussed in this memorandum. Meeting agendas, presentations and synopsis are all available on the City's website. (www.sanjoseca.gov/StakeholderGroup08.asp.)

Additionally, preliminary information regarding relevant proposed measures was presented to the Airport Commission, Association of Santa Clara County Realtors, Downtown Parking Board, Joint Sub-Committee on Park Maintenance, Library Commission and Parks and Recreation Commission.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

CEQA

Not a project.

Christine J. Shipp

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DEBRA FIGONE
City Manager

[Signature]

HARRY S. MAVROGENES
Executive Director

Attachments:

- A: Fairbank, Maslin, Maullin & Associates, Ballot Measure Assessment Survey
- B: Potential Fiscal Ballot Measures- Summary Matrix
- C: Letter from the Parks and Recreation Commission to the Stakeholder Group



ATTACHMENT A: FAIRBANK, MASLIN, MAULLIN & ASSOCIATES (FMMA)

SAN JOSE BALLOT MEASURE ASSESSMENT SURVEY
220-2563WT
A/B/C/D/E SPLIT
N=602

Time Began _____
Time Ended _____
Minutes _____

Hello, I'm _____ from F-M-M-A, a public opinion research company. I am definitely NOT trying to sell you anything. We are conducting an opinion survey about issues that interest people living in San Jose, and we are only interested in your opinions. May I speak to _____? **YOU MUST SPEAK TO THE VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED, OTHERWISE TERMINATE. IF RESPONDENT REPLIES IN SPANISH OR VIETNAMESE, OR DESIRES TO SPEAK ONE OF THESE LANGUAGES, FOLLOW THE ESTABLISHED PROCEDURE FOR HANDING OFF TO AN INTERVIEWER WHO SPEAKS THE APPROPRIATE LANGUAGE.**

1. In November 2008 there will be an election for President, Congress, and state and local ballot measures. I know it is a long way off, but looking ahead, how likely are you to vote in this election – will you definitely vote, probably vote, are the chances 50-50 that you will vote, or will you probably not vote?

Definitely vote -----88%
Probably vote -----11%
50-50 -----1%
Probably not vote -----**TERMINATE**
(DEFINITELY NOT VOTE)-----TERMINATE
(DON'T KNOW / NOT SURE)-----TERMINATE

2. Next, how closely do you follow the news about San Jose City government and the City budget: very closely, somewhat closely, not too closely, or not at all?

(T)
Very closely -----14%
Somewhat closely -----40%
Not too closely -----35%
Not at all -----11%
(DK/NA)-----0%

3. Now I would like to ask you about several measures that may appear on a future City of San Jose ballot. After I read each one, please tell me whether you would you vote yes to support it, or no to oppose it? (IF YES/NO, ASK:) "Is that definitely (YES/NO) or just probably?" (IF UNDECIDED, ASK: Well, do you lean towards voting yes or no?)

(SPLIT SAMPLE A, ASK ITEM a. FIRST THEN RANDOMIZE THE OTHERS)
 (SPLIT SAMPLE B, ASK ITEM b. FIRST THEN RANDOMIZE THE OTHERS)
 (SPLIT SAMPLE C, ASK ITEM c. FIRST THEN RANDOMIZE THE OTHERS)
 (SPLIT SAMPLE D, ASK ITEM d. FIRST THEN RANDOMIZE THE OTHERS)
 (SPLIT SAMPLE E, ASK ITEM e. FIRST THEN RANDOMIZE THE OTHERS)

	<u>DEF</u> <u>YES</u>	<u>PROB</u> <u>YES</u>	<u>LEAN</u> <u>YES</u>	<u>LEAN</u> <u>NO</u>	<u>PROB</u> <u>NO</u>	<u>DEF</u> <u>NO</u>	<u>(DK/</u> <u>NA)</u>
[]a. A measure to replace the existing city emergency services fee with a tax in the same amount of one dollar and 75 cents per month, charged to each telephone line, with <u>no</u> increase in charges to phone customers, to fund City services such as police and fire, street repair, parks, and libraries.-----	31%	24%	5%	4%	8%	18%	10%
[]b. A measure to increase the tax charged when real estate is sold or transferred, from three dollars and 30 cents to four dollars and 95 cents per thousand dollars of property value, with most funding dedicated to park maintenance and improvements.-----	16%	17%	5%	6%	14%	33%	8%
[]c. A measure to help prevent cuts in city services like police, fire, street repair, parks and libraries by establishing a ten percent tax on use of city-owned parking facilities-----	23%	19%	5%	6%	10%	26%	11%
[]d. A measure to help prevent cuts in city services like police, fire, street repair, parks and libraries by increasing the tax on card room revenues in San Jose from 13 percent to 18 percent-----	44%	16%	5%	3%	9%	16%	7%
[]e. A measure to modernize the city's Telephone Utility Users Tax, with <u>no</u> rate increase, to treat taxpayers equally regardless of the technology used, including cell phones, land line, or voice-over-Internet service; with revenues used to continue funding city services like police, fire, street repair parks and libraries.-----	26%	26%	4%	4%	10%	15%	14%

NOW I WOULD LIKE TO ASK YOU A FEW MORE QUESTIONS ABOUT SOME OTHER ISSUES FACING THE CITY OF SAN JOSE.

4. Next, thinking about the overall quality of the services provided by the City of San Jose to its residents, would you say that you are..? **(READ LIST)**

- (T)
- Very satisfied----- 19%
 - Somewhat satisfied----- 54%
 - Neither satisfied nor dissatisfied----- 11%
 - Somewhat dissatisfied, or ----- 11%
 - Very dissatisfied----- 4%
 - (DON'T KNOW/NA)**----- 0%

5. And when you think about the job the City of San Jose is doing of managing its budget and finances, would you say that you are..? **(READ LIST)**

- Very satisfied----- 9%
- Somewhat satisfied----- 33%
- Neither satisfied nor dissatisfied----- 14%
- Somewhat dissatisfied, or ----- 20%
- Very dissatisfied----- 11%
- (DON'T KNOW/NA)**----- 13%

(ASK Q6 ONLY CODES 3-5 IN Q5)

6. In a few words of your own, why would you say you are not satisfied with the city's management of its budget and finances? **(OPEN END, RECORD VERBATIM RESPONSE BELOW)**

- Mismanagement / Wrong Focus / Spend/Waste Money On Unnecessary Things ----- 37%
- Overspending / Inefficient Money Management / Can't Stay Within Budget----- 10%
- Deficit / Don't Have Money / Can't Pay Bills ----- 9%
- Ask For More Money/Raise Taxes Too Often----- 8%
- Salaries Are Too High / Overpaid City Employees----- 8%
- Information Not Provided To Residents / Don't Know What They're Doing ----- 6%
- Cuts / They Cut The Wrong Things----- 5%
- Commercial/Business Development/Zoning Is Poor ----- 4%
- Education Funding Is Not Sufficient ----- 4%
- Job Performance Of City Workers Is Inadequate/Poor ----- 4%
- Results Aren't Seen For Taxes Paid ----- 4%
- Courthouse/City Building Construction Costs ----- 3%
- Personal Use Of Funds By City Employees ----- 2%
- Police/Law Enforcement/Fire Department Funding/Salaries Too High ----- 2%
- Roads/Streets Not Repaired/Maintained ----- 2%
- Trash/Waste Pickup Problems----- 2%
- Cronyism / Contracts Are Given To Mayor's Friends----- 1%
- Don't Listen To Residents/Voters ----- 1%
- Hospital/Health Care Services Funding Is Inadequate----- 1%
- Media Reports / What I've Heard----- 1%
- Property Rights Infringement / Foreclosures ----- 1%
- Tax Revenue Is Insufficient / Need To Raise Taxes----- 0%
- Don't Know / NA / Refused ----- 16%

(RESUME ASKING ALL RESPONDENTS)

INSTRUCTIONS FOR RANDOMIZING QUESTION BLOCKS:

- **SPLIT SAMPLE A, READ Q7-10 FIRST, THEN RANDOMIZE OTHERS**
- **SPLIT SAMPLE B, READ Q11-12 FIRST, THEN RANDOMIZE OTHERS**
- **SPLIT SAMPLE C, READ Q13-14 FIRST, THEN RANDOMIZE OTHERS**
- **SPLIT SAMPLE D, READ Q15-17 FIRST, THEN RANDOMIZE OTHERS**
- **SPLIT SAMPLE E, READ Q18-19 FIRST, THEN RANDOMIZE OTHERS**

(BLOCK ONE: Q7-10)

7. Now I would like to ask you more about the measure that would replace the city's existing emergency services fee on each telephone line with a new tax in an identical amount.

The City of San Jose currently charges residents a monthly charge of one dollar and 75 cents per phone line in order to help pay for 9-1-1 emergency dispatch services. Due to a recent court decision, a number of California cities that charge such fees have decided to submit them to voters for approval. This measure would create a new tax on phone lines to replace the fees customers are currently paying – with no increase in costs to San Jose phone users. If approved, the measure will continue generating 24 million dollars per year for the city, which could be used for vital city services including police, fire, street repair, parks and libraries. If the measure is rejected by voters, the city may have to cut 24 million dollars from existing city services.

Having heard this, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?")

Definitely yes-----	34%
Probably yes -----	26%
Undecided, lean yes-----	7%
TOTAL YES-----	67%
Undecided, lean no-----	3%
Probably no-----	6%
Definitely no -----	15%
TOTAL NO -----	23%
(DON'T READ) Need more info-----	8%
(DON'T READ) DK/NA -----	1%

8. Next, suppose that instead of being used for general city services, the revenue raised by this measure were legally dedicated only to funding the cost of the city's 9-1-1 emergency communications system – which is how the money from the current fee is used – and could not be used for other purposes. In that case, do you think you would vote “yes” in favor of this measure or “no” to oppose it? **(IF YES/NO, ASK: “Is that definitely or just probably?”) (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** “Do you lean toward voting yes or no?”

Definitely yes-----	36%
Probably yes -----	23%
Undecided, lean yes-----	9%
TOTAL YES-----	68%
Undecided, lean no-----	3%
Probably no-----	10%
Definitely no-----	10%
TOTAL NO -----	24%
(DON'T READ) Need more info-----	6%
(DON'T READ) DK/NA -----	2%

9. And suppose that instead of creating a new tax that would be identical to the fee currently charged, this measure instead reduced the tax phone customers would pay by ten percent. In that case, do you think you would vote “yes” in favor of this measure or “no” to oppose it? **(IF YES/NO, ASK: “Is that definitely or just probably?”) (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** “Do you lean toward voting yes or no?”

Definitely yes-----	33%
Probably yes -----	25%
Undecided, lean yes-----	8%
TOTAL YES-----	66%
Undecided, lean no-----	3%
Probably no-----	9%
Definitely no-----	10%
TOTAL NO -----	21%
(DON'T READ) Need more info-----	11%
(DON'T READ) DK/NA -----	2%

10. Suppose that the amount of this tax were adjusted every year to account for inflation, with increases capped at no more than three percent per year. In that case, would you be more likely to support the measure, less likely to support the measure, or would it make no difference to you? **(IF MORE/LESS LIKELY, ASK: "Is that much MORE/LESS likely or just somewhat?")**

Much more likely -----20%
 Somewhat more likely -----19%
TOTAL MORE LIKELY -----39%

Makes no difference-----23%

Somewhat less likely-----12%
 Much less likely-----17%
TOTAL LESS LIKELY-----29%

(DON'T READ) DK/NA ----- 9%

(BLOCK TWO: Q11-12)

11. Now I would like to ask you a few more questions about the measure that would increase the city's real estate conveyance tax. The city currently charges a tax on real estate transactions, including those for homes and businesses. This measure would raise the tax by one dollar and 65 cents for every one thousand dollars of the property's value, with at least 64 percent of that money used for local parks. Having heard this, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:) "Do you lean toward voting yes or no?"**

Definitely yes-----20%
 Probably yes -----16%
 Undecided, lean yes----- 7%
TOTAL YES-----43%

Undecided, lean no----- 6%
 Probably no-----14%
 Definitely no-----29%
TOTAL NO -----49%

(DON'T READ) Need more info----- 7%
(DON'T READ) DK/NA ----- 1%

12. Suppose that this ballot measure also allowed up to 40 percent of the revenue from the real estate conveyance tax, as opposed to the current 15 percent, to be used for repairing, operating, maintaining, and improving the safety of existing parks and city facilities, as opposed to just buying land and construction. In that case, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----20%
 Probably yes -----20%
 Undecided, lean yes----- 5%
TOTAL YES-----46%

Undecided, lean no----- 6%
 Probably no-----12%
 Definitely no -----24%
TOTAL NO -----42%

(DON'T READ) Need more info----- 10%
(DON'T READ) DK/NA ----- 2%

(BLOCK THREE: Q13-14)

13. Now I would like to ask you a few more questions about the measure that would establish a ten percent tax to use city-owned parking facilities. It would increase the cost of parking at city-owned facilities, including parking garages and lots located at the airport, regional parks, downtown and at the H-P Pavilion. This would raise about five million dollars to fund city services, of which 70 percent would be generated by parking at the Airport. Having heard this, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----23%
 Probably yes -----20%
 Undecided, lean yes----- 7%
TOTAL YES-----51%

Undecided, lean no----- 4%
 Probably no-----12%
 Definitely no -----26%
TOTAL NO -----42%

(DON'T READ) Need more info----- 6%
(DON'T READ) DK/NA ----- 1%

14. Suppose that the ten percent tax established by this measure applied to private parking lots, as well as to city-owned lots. In that case, the measure would generate an additional five million dollars for city services. In that case, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----21%
 Probably yes -----18%
 Undecided, lean yes----- 5%
TOTAL YES-----44%

Undecided, lean no----- 5%
 Probably no-----14%
 Definitely no -----30%
TOTAL NO -----49%

(DON'T READ) Need more info----- 5%
(DON'T READ) DK/NA ----- 1%

(BLOCK FOUR: Q15-17)

15. Now I would like to ask a few more questions about the ballot measure that would increase the tax on card rooms in the City of San Jose from 13 percent to 18 percent. The city currently charges a business tax on card rooms in San Jose that provide a place to play card games like poker. This measure would increase that tax from 13 percent to 18 percent of card room revenues, which would generate an additional two million dollars to the city to fund services like police, fire, street repair, parks, and libraries. Having heard this, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----47%
 Probably yes -----21%
 Undecided, lean yes----- 6%
TOTAL YES-----74%

Undecided, lean no----- 2%
 Probably no-----6%
 Definitely no -----13%
TOTAL NO -----21%

(DON'T READ) Need more info----- 4%
(DON'T READ) DK/NA ----- 1%

16. Suppose that this measure increased taxes on card rooms to 15 percent, instead of to 18 percent. In that case, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----47%
 Probably yes -----19%
 Undecided, lean yes----- 7%
TOTAL YES-----72%

Undecided, lean no----- 2%
 Probably no----- 7%
 Definitely no -----13%
TOTAL NO -----23%

(DON'T READ) Need more info----- 4%
(DON'T READ) DK/NA ----- 1%

17. And suppose that this measure also allowed an increase in the number of tables that card rooms were allowed to operate, as well as increasing the tax rate. In that case, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----37%
 Probably yes -----19%
 Undecided, lean yes----- 5%
TOTAL YES-----60%

Undecided, lean no----- 4%
 Probably no-----10%
 Definitely no -----17%
TOTAL NO -----31%

(DON'T READ) Need more info----- 6%
(DON'T READ) DK/NA ----- 2%

(BLOCK FIVE: Q18-19)

18. Let me ask you a few more questions about the measure that would update the city's telephone utility user's tax to apply equally to all San Jose consumers, regardless of the technology they use, with no increase in tax rates. San Jose currently charges a five percent utility users tax that covers several utilities, including telephone service. It does not apply to out of state telephone calls on land lines, voice-over-Internet telephone services or other new technologies. This measure would update the telephone utility user's tax to apply equally to all San Jose consumers for all telephone services, regardless of the technology they use. It would not raise existing tax rates, and would enable the city to adapt the telephone utility user's tax to new and developing technologies in the future.

Having heard this, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----25%
 Probably yes -----20%
 Undecided, lean yes----- 8%
TOTAL YES-----53%

Undecided, lean no----- 5%
 Probably no-----13%
 Definitely no -----19%
TOTAL NO -----36%

(DON'T READ) Need more info----- 8%
(DON'T READ) DK/NA ----- 3%

19. Suppose that in addition to updating the telephone utility user's tax to apply equally to all San Jose consumers, regardless of the technology they use, this measure also reduced the current tax rate by one-quarter percent. In that case, do you think you would vote "yes" in favor of this measure or "no" to oppose it? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, DON'T KNOW, NO ANSWER, NEED MORE INFORMATION ASK:)** "Do you lean toward voting yes or no?"

Definitely yes-----32%
 Probably yes -----20%
 Undecided, lean yes----- 7%
TOTAL YES-----59%

Undecided, lean no----- 5%
 Probably no----- 9%
 Definitely no -----15%
TOTAL NO -----29%

(DON'T READ) Need more info-----10%
(DON'T READ) DK/NA ----- 2%

HERE ARE MY LAST QUESTIONS, AND THEY ARE FOR STATISTICAL PURPOSES ONLY.

20. Do you own or rent the house or apartment where you live?

Own ----- 79%
 Rent ----- 18%
(DON'T READ) Don't know/Refused ----- 3%

21. What was the last level of school you completed?

Grades 1-8----- 0%
 Grades 9-11----- 2%
 High school graduate (12) ----- 14%
 Some college ----- 23%
 Business/Vocational school ----- 4%
 College graduate (4) ----- 40%
 Post-Graduate work/Professional
 school ----- 16%
(DON'T READ) DK/Refused ----- 1%

22. Please stop me when I come to the category that best describes the ethnic or racial group with which you identify yourself. Is it....?

Hispanic/Latino ----- 17%
 African-American----- 3%
 Asian ----- 16%
 Caucasian/White ----- 57%
 Native American/Indian----- 2%
 Some other group or identification ----- 1%
(DON'T READ) Refused ----- 4%

23. In what year were you born?

1990-1984 (18-24)----- 5%
 1983-1979 (25-29)----- 5%
 1978-1974 (30-34)----- 7%
 1973-1969 (35-39)----- 8%
 1968-1964 (40-44)----- 11%
 1963-1959 (45-49)----- 11%
 1958-1954 (50-54)----- 12%
 1953-1949 (55-59)----- 10%
 1948-1944 (60-64)----- 8%
 1943-1934 (65-74)----- 10%
 1933 or earlier (75 & over)----- 7%
(DON'T READ) Refused ----- 6%

24. I don't need to know the exact amount but I'm going to read you some categories for household income. Please stop me when I read the category for the total combined income for all people in your household before taxes in 2007?

\$30,000 and under ----- 8%
 \$30,001 - \$60,000 ----- 12%
 \$60,001 - \$75,000 ----- 12%
 \$75,001 - \$100,000 ----- 13%
 \$100,001 - \$150,000 ----- 17%
 More than \$150,000 ----- 11%
(DON'T READ) Refused ----- 27%

25. Are there any children under the age of 18 living in your household?

Yes ----- 33%
 No ----- 66%
(DK/NA) ----- 1%

THANK AND TERMINATE

GENDER (BY OBSERVATION):

Male ----- 48%
 Female ----- 52%

PARTY REGISTRATION:

Democrat ----- 49%
 Republican ----- 27%
 Decline to State ----- 21%
 Other ----- 3%

Name _____

Phone# _____

Address _____

Date _____

Voter ID# _____

Zip Code _____

Interviewer _____

Cluster # _____

Verified by _____

Page # _____

FLAGS

P02-----	40%
G02-----	54%
R03-----	65%
P04-----	55%
G04-----	85%
N05-----	68%
P06-----	56%
G06-----	81%
F08-----	78%
BLANK-----	0%

VOTE BY MAIL

1-----	23%
2-----	12%
3+-----	25%
Blank-----	40%

PERMANENT ABSENTEE

Yes-----	61%
No-----	39%

HOUSEHOLD PARTY TYPE

Dem 1-----	19%
Dem 2+-----	18%
Rep 1-----	8%
Rep 2+-----	10%
Ind 1+-----	17%
Mix-----	27%

CITY COUNCIL DISTRICT

1-----	9%
2-----	10%
3-----	7%
4-----	11%
5-----	6%
6-----	12%
7-----	7%
8-----	12%
9-----	13%
10-----	13%

SUPERVISORIAL DISTRICT

1-----	29%
2-----	25%
3-----	20%
4-----	23%
5-----	3%

Potential Measure	Fiscal Impact	Survey Results (Margin of error is +/- 4%)	Recommended for further analysis
<p>A measure to replace the existing Emergency Communications Services System (ECCS) fee with a tax in the same amount of \$1.75, charged to each telephone line, with <u>no</u> increase in charges to phone customers</p> <p>Alternatives:</p> <ul style="list-style-type: none"> • 10% reduction to the current fee (from \$1.75 to \$1.58 per month) • Restricting use of funds to public safety communications system. • Including an inflationary adjustment (capped at 2% annually) 	<p>Continuation of the \$24 million in General Fund revenue collected from the existing ECSS fee.</p> <ul style="list-style-type: none"> • Would reduce revenue to \$21.6 million (\$2.4 million loss) • Revenue would not reduce the General Fund Structural Deficit • Would account for anticipated growth in service costs. 	<p>60% of voters stated they would vote Yes* on the measure when read a concept statement. After receiving additional explanatory information, support increased to 67%.</p> <ul style="list-style-type: none"> • Support decreased by one percent, for a total Yes support of 66% • Support increased by one percent, for a total Yes support of 68% • 62% said an inflationary adjustment would make no difference or would make them more likely to support this measure. 29% stated they would be less likely to support this measure. 	<p>Yes</p>
<p>A measure to modernize the City's Telephone Utility Users Tax, with <u>no</u> rate increase</p> <ul style="list-style-type: none"> • Reducing the current tax rate by one-quarter percent. 	<p>Estimated to generate \$1 - \$1.2 million annually to the General Fund, most revenues in the short term would come from the inclusion of interstate and international calls</p> <ul style="list-style-type: none"> • Loss in revenue would be offset by the increases associated with modernizing the tax. One-time costs associated with the implementing of any changes to the tax rate or the type of technologies covered by the tax may be applicable. 	<p>56% of likely voters stated support for the measure when read a concept statement. When given additional information such as the inclusion of interstate and international calls, support fell to 53%.</p> <ul style="list-style-type: none"> • A reduction on the current tax rate from 5% to 4.75% increased voter support to 59%. 	<p>Yes</p>

* Yes' voters include those that stated a Definitely, Probably or Leaning towards voting Yes on the measure.

Potential Measure	Fiscal Impact	Survey Results (Margin of error is +/- 4%)	Recommended for further analysis
<p>A measure to increase the tax on card room revenues in San José from 13 percent to 18 percent.</p> <p>Alternatives</p> <ul style="list-style-type: none"> • An increase in the tax rate from 13 percent to 15 percent • An increase in the number of tables allowed in card rooms 	<p>Expected to increase the General Fund revenues generated from the Cardroom Tax from \$12 million to \$15.6 million (\$3.6 million increase).</p> <ul style="list-style-type: none"> • Expected to increase General Fund revenues to \$13.8 million (\$1.8 million increase) • Unknown 	<p>65% of likely voters stated support for the measure when read a concept statement. After receiving additional explanatory information, support increased to 74%.</p> <ul style="list-style-type: none"> • 72% of likely voters would support a two percent increase in the tax rate • 60% of likely voters stated support for the measure if it also allowed for an increase in the number of card tables. 	<p>Yes</p>
<p>A measure to increase the tax charged when real estate property is sold or transferred, from \$3.30 to \$4.95 per thousand dollars of property value, with most funding dedicated to park maintenance and improvements.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> • Increase in Conveyance Tax and shift up to 40% of revenue for repairing, operating, maintaining and improving existing parks and facilities. 	<p>Conveyance Tax revenue would increase by \$11.3 million. The amount eligible for parks maintenance would increase by \$6.6 million.</p> <ul style="list-style-type: none"> • Increases parks maintenance funding by approximately \$2.2 million with a corresponding to the Parks Capital budget. 	<p>38% of voters stated they would vote “Yes” on the measure upon a reading of a concept statement regarding the measure. After receiving additional explanatory information, support increased to 43%.</p> <ul style="list-style-type: none"> • Support to increase the percentage of the revenue allotted to maintaining existing parks and city facilities yielded a total “Yes support” of 46% 	<p>No</p>
<p>A measure to establish a ten percent tax on use of City-owned and RDA parking facilities.</p> <p>Alternatives</p> <ul style="list-style-type: none"> • A 10% parking tax on users of public and private, generating approximately \$9 million 	<p>Projected to generate \$5.1 million annually for the General Fund, primarily from airport-owned facilities</p> <ul style="list-style-type: none"> • Anticipated that \$9.0 million would be generated annually. 	<p>47% of voters stated they would vote “Yes” on the measure when read a concept statement. After receiving additional explanatory information, support increased to 51%.</p> <ul style="list-style-type: none"> • 44% of voters stated they would support a parking tax on all lots. 	<p>No</p>



Parks, Recreation and Neighborhood Services

PARKS AND RECREATION COMMISSION

April 24, 2008

Honorable Mayor and City Council
 City of San Jose
 200 East Santa Clara Street
 San Jose, CA 95113

Subject: Structural Deficit Elimination Plan – Opinion on C&C Tax Recommendation

Dear Honorable Mayor and City Councilmembers:

In June 2007, after more than a year of meetings, a joint subcommittee of the Parks and Planning Commissions wrote a letter to the Rules Committee outlining a recommendation to identify reliable and sustainable funding sources to supplement the existing PRNS operations and maintenance budget deficit. We were told by City staff that our effort was being tabled in favor of the Management Partners assessment.

On April 16, 2008 the Parks Commission received a presentation by City staff outlining the recommended strategy from the Management Partners Report to shift most (or all) of the Construction and Conveyance Tax to help with the general fund deficit.

As the Parks and Recreation Commission, our role is to advise you, the Mayor and City Council, on the City's system of parks, playgrounds, recreation facilities and programs. The purpose of this letter is to provide you with **our strong and unanimous opinion** that the strategy outlined in the Management Partners report of reallocating the C&C tax to the General Fund would have dramatic repercussions on the sustainability of the parks and recreation system in San Jose.

As you are aware, the Parks Department currently receives 64% of the funds from the yearly C&C tax, some of which is being used for maintenance (15%) and new facilities (22%) and the bulk of which is being used to rehabilitate our existing facilities.

Our commission was taken aback by the fact that the Management Partners Report, which focused on solving the citywide budget deficit and made only a cursory review of the Construction and Conveyance Tax, would take priority over our extensive in-depth analysis of this fund.

To restate our recommendations in the 2007 memo, our preferred options at that time were for the City to investigate (1) A citywide parcel tax to fund recreational programs and/or; (2) Increase the C&C tax by \$2.00 per \$1000 valuation (~60%) and increase the percentage of funds available to maintenance.

Increasing the C&C tax **and** shifting additional funding to operations and maintenance remains our top priority for the following reasons:

- Multiple City departments which receive funds from the C&C tax would benefit from this proposal (Library, Fire, Communications, Parks). Therefore, there would be broad community support for a charter amendment.
- The current City funding for park maintenance is several million dollars under what is adequately needed for maintaining our facilities;
- The bulk of the C&C tax currently being spent on capital projects is being spent to fix the City's deferred capital maintenance backlog, **not to build new projects**. Examples of current parks being retrofitted with C&C funding are Calabazas, Brahmall, and LoBue parks, along with Biebrach and Alviso Pools;
- As shown in the Management Partners report, the City of San Jose's current Conveyance tax of \$3.30 per 1,000 valuation is well below similar cities' taxes such as San Francisco (\$6.80) and Los Angeles (\$4.50);
- This would not be an annual tax on the citizens of San Jose. A 61% increase in the Conveyance tax (\$2.00 increase - from \$3.30 to \$5.30) would add \$2,000 to the purchase of a \$500,000 home and it would only apply to consumers when homes are bought or sold. This type of transaction typically only happens a few times in a person's life. This 61% increase was part of our original proposal last year.

We understand that you are being faced with extremely difficult decisions. However, we feel that it is vital that you consider the following key points when making a decision regarding reallocation of the C&C tax:

- If any funding is shifted from the C&C towards the general fund, it must be used to supplement the current general fund maintenance level for Parks and must be dedicated solely to this use through City ordinance;
- We cannot sacrifice the capital portion of the C&C tax which currently goes to parks as this money is vital to the City's core services of maintaining safe and clean facilities for our citizens;
- Our current interests remain the same as last year and are consistent with the City Manager's Office proposal to increase the C&C tax and shift additional funding to help with parks maintenance.

We appreciate your taking the time to read this letter. Adequate and well maintained parks and recreational facilities continue to be a strong community value and we believe the recommendation to increase the C&C tax and reallocate a portion to maintenance is a very viable option to accomplish this goal.

Sincerely,



Melanie Richardson, Chair
Parks and Recreation Commission