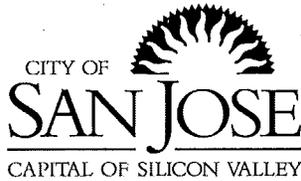


REPLACEMENT



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Tom Manheim

SUBJECT: SURVEY OF POTENTIAL
REVENUE MEASURES

DATE: July 28, 2011

Approved

Date

7/28/11

REASON FOR REPLACEMENT

Figure 6 on page 6 of the attached consultant report entitled *Key Findings from Voter Survey on Potential Finance Measures* was incorrectly titled. As shown in this corrected report, Figure 8 shows responses without “leaners” for a one-quarter percent sales tax, not a one-half percent sales tax as previously labeled.

RECOMMENDATION

Receive report of polling on potential revenue measures and provide direction.

BACKGROUND

The City has a contract with Fairbanks, Maslin, Maulin, Metz, and Associates (FM3) to conduct public opinion polling. On June 24th, the Administration was directed to develop a telephone survey of potential ballot measures including a general sales tax and a special tax for public safety, and to vet the survey questions with organizations experienced in proposing and supporting ballot measures.

ANALYSIS

Immediately following the June 24 City Council meeting, staff began working with FM3 to develop a survey instrument and vet the questions with Silicon Valley Leadership Group, South Bay Labor Council, and the San Jose-Silicon Valley Chamber of Commerce. Between July 13-19, FM3 conducted a telephone survey of 1,206 likely voters in the City of San Jose. The survey was conducted in English, Spanish, and Vietnamese. The overall margin of error for the survey results is $\pm 2.8\%$, however, for those questions where split sampling was used, the margin of error is higher. Because of the tight timeline necessary to conduct this poll and provide findings to the City Council in time for its August 2 meeting, the consultants have provided a *Key Findings* memo (attached), which analyzes the significant findings that would be relevant to a Council decision on whether or not to place a revenue measure on the November ballot.

HONORABLE MAYOR AND CITY COUNCIL

Due Date: 7-28-11

Subject: Survey of Potential Revenut Measures

Page 2

However, the full survey report including specific cross-tab analyses of how subgroups within the overall population of respondents would support or oppose any specific ballot measures will be provided to the City at a later date.

The survey focused on five potential ballot measures—a ½ percent and ¼ percent sales tax both of which would require a simple majority to pass, and three public safety special taxes requiring a super-majority (2/3rds) to pass. None of the special taxes drew support necessary to reach the 2/3rds margin. Of the two general tax measures, the ¼ percent sales tax appears to be the more viable, although it should be noted that placing a general tax measure on the November ballot would require the City Council to declare a fiscal emergency by a unanimous vote.

The lead consultant from FM3 will provide a review the key findings at the August 2nd City Council meeting.

A handwritten signature in black ink that reads "Tom Manheim". The signature is fluid and cursive, with a long horizontal line extending to the right.

TOM MANHEIM
Communications Director

Attachment

For questions please contact Tom Manheim, Communications Director, at 535-8170.

*Fairbank,
Maslin,
Maullin,
Metz &
Associates*

FM3

*Public Opinion Research
& Strategy*

TO: City Manager Debra Figone
City of San José

FROM: David Metz and Curtis Below
Fairbank, Maslin, Maullin, Metz & Associates

RE: Key Findings from Voter Survey on Potential Finance Measures

DATE: July 22, 2011

Fairbank, Maslin, Maullin, Metz & Associates recently completed a survey of 1,206 voters in the City of San José likely to cast ballots in a November 2011 special election.¹ The survey's primary purpose was to assess the feasibility of passing a ballot measure to finance essential City services were one placed on the ballot in a special election this November.

The survey results suggest that passing a one-half percent general purpose sales tax measure this November – with a majority vote threshold required for passage² – would be challenging. The measure receives initial support from a slim majority (51%) of voters. While support can be modestly increased by exposing voters to arguments both for and against a measure, much of that support is tentative, with many voters (9%) initially undecided and only “leaning” towards voting “yes.” Voters are somewhat more supportive (57%) of a smaller one-quarter percent sales tax increase, though again that support relies upon undecided voters “leaning yes.” (Not including “leaners,” 49 percent of voters expressed support for the one-quarter percent sales tax

¹ **Methodology:** From July 13-19, 2011, FM3 completed 1,206 telephone interviews with City of San José voters demographically representative of those likely to cast ballots in a November 2011 special election. Interviews were conducted on landline and cellular telephones, and in English, Spanish and Vietnamese. The overall margin of sampling error for the full sample is +/- 2.8%; margins of sampling error for subgroups within the sample will be larger (e.g., the margin of sampling error for one-half of the sample – 600 interviews – is +/- 4.0%). Also, due to rounding not all percentages will sum to 100%.

² This requires the City Council to unanimously declare a fiscal emergency in the City of San José.

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increase.) Potential alternative measures – one-quarter percent special purpose sales taxes funding public safety services exclusively – fall short of the two-thirds supermajority required for approval, garnering support from only one-half of the electorate.

The balance of this memo covers these topics in more detail, as well as other key findings from the survey.

- **A slim – and tentative – majority of San José voters expresses support for a one-half percent sales tax increase.** As shown in **Figure 1**, a narrow majority of survey respondents indicated it would vote for a measure enacting a one-half percent sales tax supporting general City services. 50 percent indicated they would support such an increase with a 15-year sunset provision, and 53 percent expressed support for a measure with a shorter 9-year sunset. (Combining these results, 51 percent of all respondents expressed support for a one-half percent sales tax measure.)

Figure 1:
Overall Support for a Ballot Measure Enacting a
One-Half Percent General Purpose Sales Tax with “Leaners”

“The City of San José Vital City Services Measure. In order to provide funding for essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs, shall an ordinance be adopted to enact a one-half percent tax on retail transactions in San José for a (HALF SAMPLE: 15-year period) (HALF SAMPLE: 9-year period) and subject to existing independent financial audits, with all revenue controlled by the City?”

Vote	Percentage (%)		
	15-Year Sunset	9-Year Sunset	Total Combined
Definitely yes	24	26	25
Probably yes	18	16	17
Lean yes	8	11	9
TOTAL YES	50	53	51
Definitely no	28	27	28
Probably no	10	7	9
Lean no	5	4	5
TOTAL NO	43	38	41
UNDECIDED	7	9	8

Supporters of the measure are disproportionately likely to be Democrats, renters, voters who are either under age 30 and over age 65, voters with high (post-graduate) and low (high school) levels of educational attainment, and – to a lesser extent – women. Opponents of the measure are disproportionately likely to be Republicans, men (especially independents),

those with school-age children at home, voters age 30-49, and those living in single-family homes.

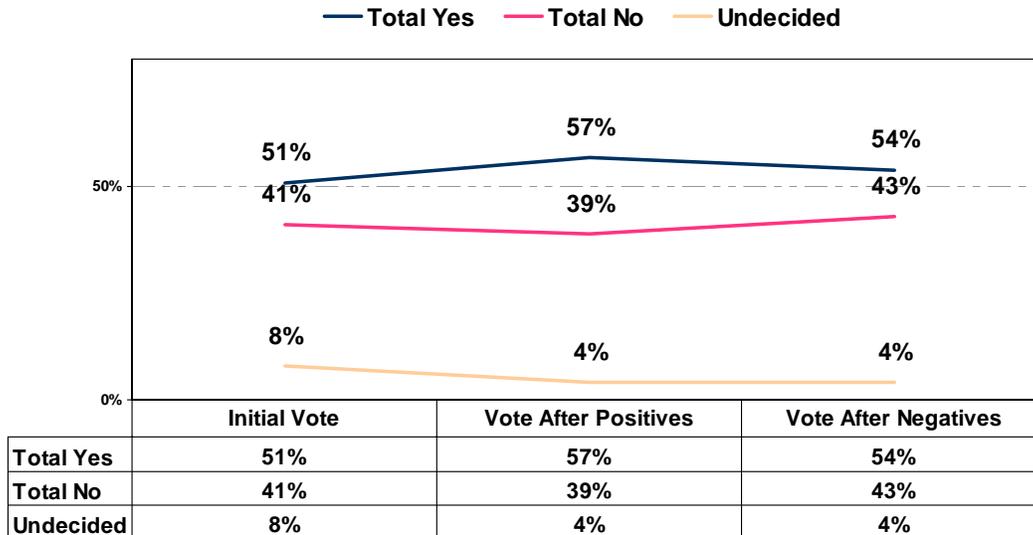
Notably, only one-quarter (25%) of respondents were firmly committed in their support (i.e., would “definitely” vote “yes”). Further, majority support is only achieved by including those who were initially undecided, but when prompted indicated that they were “leaning” towards voting “yes.” **Figure 2** shows the vote totals with these “leaners” included in the “undecided” category (42% “yes,” 37% “no” and 22% “undecided”) and illustrates the tentative nature of support for the measure.

Figure 2:
Support for a Ballot Measure Enacting a
General Purpose One-Half Percent Sales Tax without “Leaners”

Vote	Percentage (%)		
	15-Year Sunset	9-Year Sunset	Total Combined
Definitely yes	24	26	25
Probably yes	18	16	17
TOTAL YES (without leans)	42	42	42
Definitely no	28	27	28
Probably no	10	7	9
TOTAL NO (without leans)	38	34	37
UNDECIDED (with leans)	20	24	22

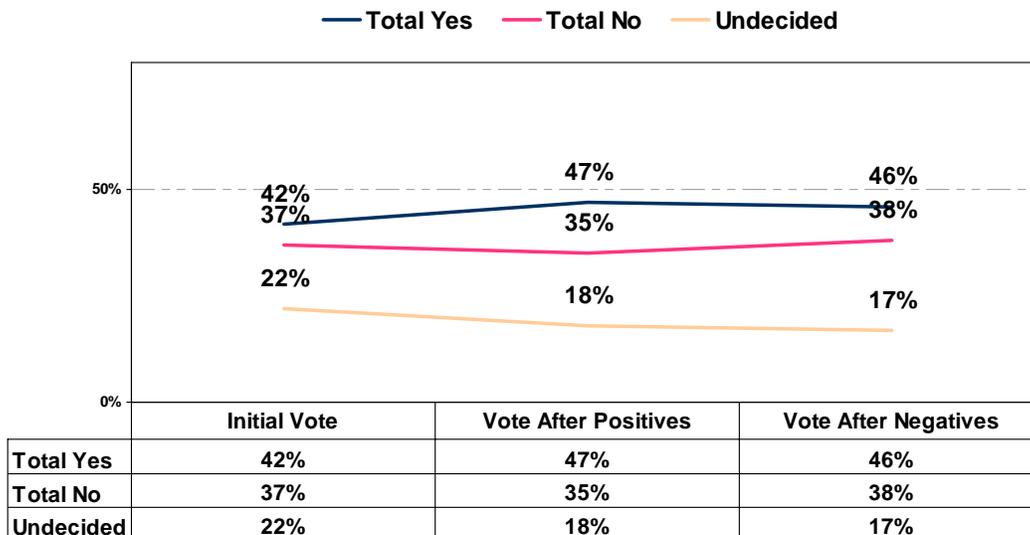
- Hearing arguments for and against increasing the City’s sales tax modestly increases support for a ballot measure.** Survey respondents were presented with potential statements from both supporters and opponents of this proposed sales tax measure. As shown in **Figure 3** on the following page, overall support increased from 51 to 57 percent when respondents were presented with only positive statements regarding the measure, though those gains were somewhat eroded – to 54 percent – after negative statements. These results suggest that the activities of a community “yes” campaign could increase support for a sales tax measure; however, those increases are likely to be modest, particularly if countered by communications critical of the tax increase.

Figure 3:
Support for a One-Half Percent Sales Tax Measure
After Messages from Supporters and Opponents with “Leaners”



Support similarly increases after messaging when “leaners” are not included in the “yes” and “no” vote totals, but falls just short (47%) of the majority vote threshold required for passage (Figure 4).

Figure 4:
Support for a One-Half Percent Sales Tax Measure
After Messages from Supporters and Opponents without “Leaners”



- **Voters are marginally more supportive of a smaller one-quarter percent sales tax increase.** As shown in **Figure 5**, support for a one-quarter percent sales tax increase reached the mid-to-upper 50’s, with 55 percent indicating they would support it with a 15-year sunset and 59 percent expressing support for a measure with a shorter 9-year sunset. Combining these results, 57 percent of all respondents expressed support for a one-quarter percent sales tax increase -- compared to 51 percent who expressed support for a one-half percent increase.

Figure 5:
Support for a Ballot Measure Enacting a
One-Quarter Percent General Purpose Sales Tax with “Leaners”

Vote	Percentage (%)		
	15-Year Sunset	9-Year Sunset	Total Combined
Definitely yes	32	31	31
Probably yes	17	19	18
Lean yes	7	9	8
TOTAL YES	55	59	57
Definitely no	26	24	25
Probably no	10	7	8
Lean no	4	3	4
TOTAL NO	40	34	37
UNDECIDED	6	7	6

Once again, majority support is only achieved with the support of those who were initially undecided, but “leaning” towards voting “yes.” As shown in **Figure 6** on the following page, adding these “leaners” to the “undecided” category leaves roughly one-half (49%) of respondents expressing support for a one-quarter percent sales tax measure.

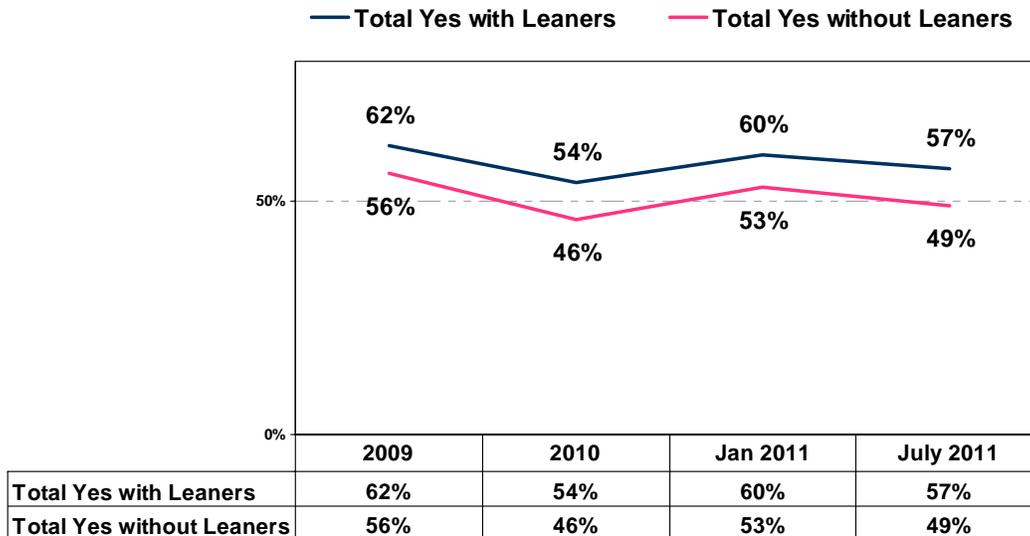
**Figure 6:
Support for a Ballot Measure Enacting a
General Purpose One-Quarter Percent Sales Tax without “Leaners”**

Vote	Percentage (%)		
	15-Year Sunset	9-Year Sunset	Total Combined
Definitely yes	32	31	31
Probably yes	17	19	18
TOTAL YES (without leans)	48	50	49
Definitely no	26	24	25
Probably no	10	7	8
TOTAL NO (without leans)	36	31	33
UNDECIDED (with leans)	17	19	18

- **Since 2009, support for a one-quarter percent sales tax measure has consistently ranged from the mid 50’s to the low 60’s.** Given that the one-quarter percent sales tax measure appears to have the greatest viability, it is helpful to compare voters’ sentiments toward similar proposals assessed in prior City surveys. Similar one-quarter percent sales tax measures were tested for the City in the 2009, 2010 and 2011 budget surveys. While the ballot language tested varied slightly between each survey – including different titles, sunset lengths, etc. – the overall trend shown in **Figure 7** on the following page suggests consistent majority support for a one-quarter percent sales tax increase, with support ranging from 62 percent in 2009 to 54 percent in 2010, though support appears to have peaked at 62 percent in 2009.³ (Support ranged from 56 percent in 2009 to 46 percent in 2010 without “leaners.”)

³ The results presented in **Figure 6** included the total combined results for each test, blending together different split-sampled variations of ballot language. For example, in January 2011 one version of the ballot language referred to a “one-quarter percent” sales tax increase and the other version referred to a “one-quarter cent” increase. The data presented here combine those results.

**Figure 7:
Change in Support for a Ballot Measure Enacting a
One-Quarter Percent Sales Tax from 2009 to 2011**



- **Support for a special purpose sales tax measure funding public safety services falls short of the two-thirds required for approval.** In addition to the general purpose sales tax measure, survey respondents were also asked about a different ballot measure specifically funding public safety services. (They were told that only one of these two measures would appear on the ballot.) Three different alternative structures for a public safety special purpose measure were tested, all enacting a one-quarter percent sales tax and testing 15- and 9-year sunsets:⁴
 - A measure funding all public safety services
 - A measure funding only police protection services
 - A measure funding only fire protection services

Given that passing any special purpose measure requires support from two-thirds of the electorate, none of the different public safety measure variations appears to be viable at this point in time. As shown in **Figure 8** on the following page, all of these measures received support from roughly one-half of survey respondents, far less than what would be necessary to secure passage.

⁴ The overall sample of 1,206 respondents was divided into thirds and each third was read ballot language for only one of these alternatives.

Figure 8:
Support for Alternative Ballot Measures Enacting a One-Quarter Percent
Special Purpose Sales Tax to Fund Public Safety Services

Vote	Percentage (%)		
	All Public Safety	Police Only	Fire Only
Definitely yes	27	25	23
Probably yes	18	15	18
Lean yes	7	9	8
TOTAL YES	53	50	49
Definitely no	27	30	29
Probably no	10	10	10
Lean no	5	6	4
TOTAL NO	41	46	43
UNDECIDED	6	4	8

- **Nearly one-half (48%) of voters would be more likely to support a sales tax measure if a package of retirement benefit changes are adopted.** Survey respondents were provided with additional background information on retirement benefit discussions currently underway between the City and its employees. Specifically, they were told:

“City employees are currently in discussions with the City to reduce and restructure their retirement benefits to help address the City’s budget deficit. The reforms being discussed would:

- *Increase the retirement age;*
- *Increase the amount of money City employees contribute for their own retirement plans and limit the amount of money the City contributes;*
- *Require more years of service before earning medical benefits; and*
- *Lower cost of living adjustments for retirees.*

If such a plan were adopted, would you be more or less likely to support a sales tax measure to protect and maintain essential City services?”

As shown in **Figure 9** on the following page, nearly one-half (48%) of respondents indicated they would be “more likely” to support a sales tax measure if such a plan were adopted. The remaining respondents were evenly split between the adoption of such a plan making them “less likely” to support a sales tax measure (26%) and it making no difference to them (27%). In essence, in terms of supporting a sales tax measure, adoption of retirement changes is seen as a positive by one-half of the electorate and a negative or irrelevant to the other half.

**Figure 9:
Impact of Restructuring Employee Retirement Benefits on
Support for a Sales Tax Measure**

Impact	Percentage (%)
Much more likely	24
Somewhat more likely	24
TOTAL MORE LIKELY	48
Much less likely	17
Somewhat less likely	8
TOTAL LESS LIKELY	26
MAKES NO DIFFERENCE	27

To quantify the impact of adopting these changes on the viability of sales tax measure, it is important to note that 68 percent of those who indicated they were “more likely” to support a measure due to the adoptions of these reforms already expressed support for a general purpose one-half percent sales tax measure (and 74 percent of them already expressed support for a one-quarter percent measure). This suggests that adoption of these reforms may be more helpful in firming up support among those predisposed to supporting a sales tax measure, rather than convincing others to support it.

Given the variety of other factors voters weigh when making a decision to support a measure, it is instructive to isolate those respondents who expressed the most intense reactions to the potential adoption of retirement reforms – those who indicated they would be “much more” or “much less” likely to support a sales tax measure if those reforms were in place. **Figure 9** examines the impact of retirement reforms on a sales tax measure with the following assumptions:

- Respondents initially opposed or undecided would switch to a “yes” position if they indicated they would be “much more” likely to support a sales tax measure with retirement reforms in place.
- Respondents initially supportive or undecided would switch to a “no” position if they indicated they would be “much less” likely to support a sales tax measure with retirement reforms in place.
- All other respondents would retain their initial positions on the sales tax measure.

As shown in **Figure 10** on the following page, the net impact of adopting these reforms appears to be fairly minimal, with support for a one-half percent measure increasing from 51 to 52 percent and support for a one-quarter percent measure decreasing from 57 to 56

percent. (The impact was also similarly minimal on the special purpose public safety measures.)

**Figure 10:
 Impact of Restructuring Employee Retirement Benefits on
 Support for a Sales Tax Measure**

Vote	Percentage (%)			
	One-Half Percent Sales Tax		One-Quarter Percent Sale Tax	
	Initial Vote	Impact of Reforms	Initial Vote	Impact of Reforms
TOTAL YES (with leans)	51	52	57	56
TOTAL NO (with leans)	41	42	37	40
UNDECIDED (without leans)	8	6	6	5

- **Voters see reducing employee compensation as an attractive approach to addressing the City’s budget shortfall, but now slightly prefer raising revenue over cutting services to close the remaining gap.** In the past two City budget surveys, voters were asked two different questions to assess their preferences for addressing the City’s budget shortfall. These two questions were repeated in this survey to assess any underlying changes in voters’ perceptions about the City’s budget.

In the first question, survey respondents were presented with three different strategies for addressing the budget shortfall – *reducing City’s employees’ compensation and retirement benefits, reducing existing City services, and raising additional revenue, including taxes or fees* – and asked to indicate which they would place the highest priority on. As shown in **Figure 11**, voters have consistently preferred reducing employee compensation over raising additional revenue or reducing services – an unsurprising choice given that it is the only option of the three that does not directly impact them.

**Figure 11:
 Preferences between Reducing Employee Compensation, Reducing Services or
 Raising Additional Revenue Since 2010**

Priority Goal	Highest Priority (%)		
	2010	Jan 2011	July 2011
Reducing City’s employees’ compensation and retirement benefits	41	45	53
Raising additional revenue, including taxes or fees	25	20	23
Reducing existing City services	21	15	10
<i>All/None/Don’t Know</i>	12	19	14

While the proportion of those prioritizing raising additional revenue has remained relatively stable (between 20 to 25 percent), over time fewer voters have prioritized reducing services and more have favored reducing employee compensation. In this three-way choice, a majority (53%) now prioritizes reducing employee compensation, while only one in ten (10%) favor reducing services.

It was then explained to respondents that even if the “City and its employees agree upon substantial reductions to employees’ compensation and retirement benefits, San Jose will still face a large budget shortfall.” Subsequently, they were asked to choose between the two remaining alternatives to addressing the budget shortfall – reducing services and raising additional revenue.

As shown in **Figure 12**, in prior surveys, a plurality of voters has repeatedly prioritized reducing services over raising additional revenue, though that gap has steadily narrowed over the years. However, in this recent survey opinions have flipped and now a slim plurality favor raising additional revenue (41%) over reducing services (37%). This change appears consistent with the longer-term trend and is reflected in responses to the three-way choice, in which fewer voters see reducing services as the preferred approach to addressing the City’s budget shortfall.

**Figure 12:
Preferences between Reducing Services or Raising Additional Revenue Since 2008**

Priority Goal	Highest Priority (%)				
	2008	2009	2010	Jan 2011	July 2011
Reducing existing City services	44	42	45	40	37
Raising additional revenue, including taxes or fees	34	34	38	34	41
Both/Neither/Don’t Know	22	24	17	26	22
Difference between reducing services and raising revenue	+10	+8	+7	+6	-4

Taken together, although voters appear to be more inclined than in the past to support raising additional revenue over reducing existing City services, passing a sales tax measure this November appears challenging. The most viable option appears to be a general purpose measure enacting a one-quarter percent sales tax with a relatively short sunset (e.g., 9 years). Voters appear less supportive of measures lasting for a longer term or increasing the sales tax by more than one-quarter percent. A special purpose public safety measure – with its two-thirds vote threshold – does not appear viable at this point in time.

While these survey results did not model a 2012 electorate, the findings do have implications for the viability of passing a sales tax measure next year. Higher turnouts tend to increase the proportion of voters inclined to support finance measures. A modestly higher turnout in June 2012 – and a notably higher turnout in November 2012 – means that the prospects of passing a general purpose sales tax measure would likely be no worse – and perhaps marginally better – than passing one in November 2011. However, other external factors – including economic conditions, competing ballot measures, and the nature of other campaigns run at the same time – could offset the impact of higher turnout. A more accurate assessment could be attained by conducting additional research closer to the time of election and drawing a voter sample more reflective of the projected electorate for an election at that time.

**2011 CITY OF SAN JOSÉ REVENUE MEASURE SURVEY
220-3209-WT
N=1,206
A/B & X/Y/Z SPLITS**

Hello, I'm _____ from F-M-3, a public opinion research company. We're conducting a public opinion survey about issues that interest residents of the City of San José. **(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.)** We are definitely not trying to sell anything, 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.)**

A. Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely? **(IF NOT ON A CELL PHONE, ASK: "Do you own a cell phone?")**

Yes, cell and can talk safely ----- **(ASK QB)** -- 17%
 Yes, cell not cannot talk safely ----- **TERMINATE**
 No, not on cell, but own one ----- **(ASK QB)** -- 62%
 No, not on cell and do not own one ----- **(SKIP QB)** -- 21%
(DON'T READ) DK/NA/REFUSED ----- **TERMINATE**

(ASK ONLY IF CODES 1 OR 2 "OWN A CELL PHONE" IN QA)

B. Would you say you use your cell phone to make and receive all of your phone calls, most of your phone calls, do you use your cell phone and home landline phone equally or do you mostly use your home landline phone to make and receive calls?

All cell phone ----- 13%
 Mostly cell phone ----- 23%
 Cell and landline equally ----- 42%
 Mostly landline ----- 22%

(RESUME ASKING ALL RESPONDENTS)

1. In November of this year there may be an election for local ballot measures. I know it is a long way off, but how likely are you to actually vote in this election? Will you definitely vote, probably vote, are the chances 50-50 that you will vote, will you probably not vote, or will you definitely not vote?

Definitely vote ----- 85%
 Probably vote ----- 15%
 50-50 ----- **TERMINATE**
 Probably not vote ----- **TERMINATE**
 Definitely not vote ----- **TERMINATE**
(DON'T KNOW/NA) ----- **TERMINATE**

NOW I WOULD LIKE TO ASK YOU ABOUT A MEASURE THAT MAY APPEAR ON AN UPCOMING CITY OF SAN JOSÉ BALLOT. PLEASE LISTEN CAREFULLY TO ITS DESCRIPTION AND THEN TELL ME HOW YOU THINK YOU MIGHT VOTE ON IT.

2. The measure is entitled **The City of San José Vital City Services Measure**, and reads as follows:

“In order to provide funding for essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs, shall an ordinance be adopted to enact a one-half percent tax on retail transactions in San José for a (**SPLIT SAMPLE A: 15-year period**) (**SPLIT SAMPLE B: 9-year period**) and subject to existing independent financial audits, with all revenue controlled by the City?”

(RESUME ASKING ALL RESPONDENTS)

If there were an election today, 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, ASK: “Do you lean toward voting yes or no?”**)

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	50% -----	53% -----	51%
Definitely yes -----	24%-----	26%-----	25%
Probably yes -----	18%-----	16%-----	17%
Undecided, lean yes-----	8%-----	11%-----	9%
 TOTAL NO -----	 43% -----	 38% -----	 41%
Undecided, lean no-----	5%-----	4%-----	5%
Probably no -----	10%-----	7%-----	9%
Definitely no-----	28%-----	27%-----	28%
 (DON'T KNOW/NA) -----	 7% -----	 9% -----	 8%

(ASK Q3 IF NOT “DEFINITELY YES” – CODE 1 – IN Q2)

3. Next, suppose that instead of raising the City sales tax by one-half percent this measure raised the City sales tax 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, ASK: “Do you lean toward voting yes or no?”)**

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	41% -----	45% -----	43%
Definitely yes -----	10%-----	7%-----	8%
Probably yes -----	22%-----	25%-----	24%
Undecided, lean yes-----	9%-----	13%-----	11%
 TOTAL NO -----	 52% -----	 46% -----	 49%
Undecided, lean no-----	6%-----	4%-----	5%
Probably no -----	13%-----	9%-----	11%
Definitely no-----	34%-----	33%-----	33%
 (DON'T KNOW/NA) -----	 7% -----	 10% -----	 8%

Q2/Q3 COMBINED

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	55% -----	59% -----	57%
Definitely yes -----	32%-----	31%-----	31%
Probably yes -----	17%-----	19%-----	18%
Undecided, lean yes-----	7%-----	9%-----	8%
 TOTAL NO -----	 40% -----	 34% -----	 37%
Undecided, lean no-----	4%-----	3%-----	4%
Probably no -----	10%-----	7%-----	8%
Definitely no-----	26%-----	24%-----	25%
 (DON'T KNOW/NA) -----	 6% -----	 7% -----	 6%

(RESUME ASKING ALL RESPONDENTS)

NOW I WOULD LIKE TO ASK YOU ABOUT A DIFFERENT MEASURE THAT MAY APPEAR ON AN UPCOMING CITY OF SAN JOSÉ BALLOT INSTEAD OF THE ONE I JUST READ YOU. PLEASE KEEP IN MIND THAT ONLY ONE OF THESE MEASURES WOULD APPEAR ON THE BALLOT.

(SPLIT SAMPLE X ONLY – ALL PUBLIC SAFETY)

4. This measure is entitled **The City of San José Police, Fire and 9-1-1 Emergency Response Measure**, and reads as follows:

“To provide funding solely dedicated to public safety in San José by funding police, fire, and paramedic services, including neighborhood police patrols, violent crime and gang prevention services, emergency fire and medical response capabilities, shall an ordinance be adopted to enact a one-quarter percent tax on retail transactions in San José for a **(SPLIT SAMPLE A: 15-year period)** **(SPLIT SAMPLE B: 9-year period)** and subject to existing independent financial audits, with all revenue controlled by the City?”

If there were an election today, 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, ASK: “Do you lean toward voting yes or no?”)**

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	49% -----	56% -----	53%
Definitely yes-----	26%-----	27%-----	27%
Probably yes-----	17%-----	20%-----	18%
Undecided, lean yes-----	6%-----	9%-----	7%
 TOTAL NO -----	 46% -----	 37% -----	 41%
Undecided, lean no-----	4%-----	5%-----	5%
Probably no-----	11%-----	9%-----	10%
Definitely no-----	31%-----	23%-----	27%
 (DON'T KNOW/NA) -----	 6% -----	 7% -----	 6%

(SPLIT SAMPLE Y ONLY – POLICE PROTECTION ONLY)

5. This measure is entitled **The City of San José Police Protection and Public Safety Measure**, and reads as follows:

“To provide funding solely dedicated to police services in San José including violent crime and gang prevention services, robbery and burglary investigations, officers for neighborhood police patrols, and school safety partnerships, shall an ordinance be adopted to enact a one-quarter percent tax on retail transactions in San José for a **(SPLIT SAMPLE A: 15-year period)** **(SPLIT SAMPLE B: 9-year period)** and subject to existing independent financial audits, with all revenue controlled by the City?”

If there were an election today, 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, ASK: “Do you lean toward voting yes or no?”)**

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	49% -----	50% -----	50%
Definitely yes -----	25%-----	25%-----	25%
Probably yes -----	15%-----	15%-----	15%
Undecided, lean yes-----	9%-----	10%-----	9%
 TOTAL NO -----	 47% -----	 45% -----	 46%
Undecided, lean no-----	8%-----	4%-----	6%
Probably no -----	10%-----	11%-----	10%
Definitely no -----	29%-----	31%-----	30%
 (DON'T KNOW/NA) -----	 4% -----	 5% -----	 4%

(SPLIT SAMPLE Z ONLY – FIRE PROTECTION ONLY)

6. This measure is entitled **The City of San José Fire Protection and 9-1-1 Emergency Medical Response Measure**, and reads as follows:

“To provide funding solely dedicated to fire services in San José including fire fighting, emergency medical services, emergency dispatch and rescue services, and hazardous incident response, shall an ordinance be adopted to enact a one-quarter percent tax on retail transactions in San José for a **(SPLIT SAMPLE A: 15-year period) (SPLIT SAMPLE B: 9-year period)** and subject to existing independent financial audits, with all revenue controlled by the City?”

If there were an election today, 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, ASK: “Do you lean toward voting yes or no?”)**

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	48% -----	50% -----	49%
Definitely yes-----	24%-----	23%-----	23%
Probably yes-----	16%-----	19%-----	18%
Undecided, lean yes-----	8%-----	8%-----	8%
 TOTAL NO -----	 46% -----	 40% -----	 43%
Undecided, lean no-----	4%-----	5%-----	4%
Probably no-----	11%-----	9%-----	10%
Definitely no-----	32%-----	27%-----	29%
 (DON'T KNOW/NA) -----	 5% -----	 10% -----	 8%

(RESUME ASKING ALL RESPONDENTS)

7. Now let me provide you with some additional background information. City employees are currently in discussions with the City to reduce and restructure their retirement benefits to help address the City’s budget deficit. The reforms being discussed would:

- Increase the retirement age;
- Increase the amount of money City employees contribute for their own retirement plans and limit the amount of money the City contributes;
- Require more years of service before earning medical benefits; and
- Lower cost of living adjustments for retirees.

If such a plan were adopted, would you be more or less likely to support a sales tax measure to protect and maintain essential City services? **(IF MORE/LESS, ASK: “Is that much MORE/LESS likely or just somewhat?”)**

TOTAL MORE LIKELY -----	48%
Much more likely -----	24%
Somewhat more likely -----	24%
TOTAL LESS LIKELY -----	26%
Somewhat less likely -----	8%
Much less likely -----	17%
NO DIFFERENCE/DK/NA -----	27%
(DON’T READ) No difference -----	19%
(DON’T READ) DK/NA -----	7%

8. (T) Next, the City currently provides many services to its residents, but will not generate enough revenue to continue providing services at current levels in the future. Please tell me which one of the following three strategies the City of San José should place the highest priority on to address its budget shortfall: **IF FIRST CHOICE MADE, FOLLOW UP BY ASKING:** And which should be the City's second highest priority? (RANDOMIZE)

	<u>FIRST</u>	<u>SECOND</u>
	<u>PRIORITY</u>	<u>PRIORITY</u>
[]a. Reducing City's employees' compensation and retirement benefits -----	53%	19%
[]b. Reducing existing City services -----	10%	30%
[]c. Raising additional revenue, including taxes or fees -----	23%	22%
(DON'T READ) All -----	5%	1%
(DON'T READ) None -----	4%	9%
(DON'T READ) DK/NA -----	5%	19%

9. (T) Next, even if the City and its employees agree upon substantial reductions to employees' compensation and retirement benefits, San José will still face a large budget shortfall. With that in mind, in making decisions about the budget, should the City of San José place a higher priority on: (RANDOMIZE)

[] Reducing existing City services to avoid a need to raise additional revenue, including taxes or fees ----- 37%

OR

[] Raising additional revenue, including taxes or fees, to avoid reductions in existing City services ----- 41%

(DON'T READ)
 (BOTH) ----- 5%
 (NEITHER) ----- 11%
 (DON'T KNOW/NA) ----- 6%

NOW LET ME GIVE YOU SOME MORE INFORMATION ABOUT THIS YEAR’S CITY BUDGET. OVER THE PAST TEN YEARS, IN ORDER TO BALANCE THE BUDGET, THE CITY HAS IMPLEMENTED OVER 680 MILLION DOLLARS IN BUDGET BALANCING SOLUTIONS WHICH INCLUDE ELIMINATING OR REDUCING A VARIETY OF CITY SERVICES, AND CUTTING MORE THAN TWO THOUSAND POSITIONS. HOWEVER, THE CITY STILL FACES A ROUGHLY 78 MILLION DOLLAR BUDGET SHORTFALL IN NEXT YEAR’S BUDGET.

MY NEXT QUESTIONS DEAL WITH THE FIRST POTENTIAL BALLOT MEASURE I MENTIONED EARLIER. THIS IS THE ONE THAT WOULD PROVIDE FUNDING FOR ALL ESSENTIAL CITY SERVICES BY ENACTING A ONE-HALF PERCENT SALES TAX IN SAN JOSÉ FOR A (SPLIT SAMPLE A: 15-YEAR PERIOD) (SPLIT SAMPLE B: 9-YEAR PERIOD).

10. First, I am going to read you some statements from people who support this measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to support such a measure. If you do not believe the statement, please tell me that too.
(RANDOMIZE)

VERY CONV. SMWHT CONV. NOT CONV. DON'T BELIEVE (DK/NA)

[]a. **(AMOUNT)** This measure would only raise the sales tax 5 cents on a 10 dollar purchase. This is a small price to pay to prevent cuts to critical services like police, fire, emergency response, pothole repair, parks, libraries, and youth and senior programs. -----34%----- 30% -----27%----- 7% ----- 2%

[]b. **(PENSIONS)** City employees are in discussions with the City to reduce and restructure their retirement benefits to help address the City’s budget deficit. These reforms will save the City millions of dollars, but this measure is needed to complete the effort to balance the City’s budget.-----27%----- 35% -----28%----- 7% ----- 3%

[]c. **(OUT-OF-TOWN)** Out-of-town visitors use many of our City services when they come to San José to eat, shop, conduct business or vacation. This measure will ensure that visitors – and not just residents – pay their fair share for these services, reducing the burden on local taxpayers. -----27%----- 32% -----32%----- 6% ----- 3%

VERY SMWHT NOT DON'T
CONV. CONV. CONV. BELIEVE (DK/NA)

(SPLIT SAMPLE A ONLY)

- []d. **(SERVICE CUTS – POSITION ELIMINATIONS)** San José has already done all the cost-cutting it can to address the City’s budget deficit – including eliminating more than two thousand jobs. Without additional revenue the City could be forced to make even deeper cuts to essential City services like public safety. ----- 25% ----- 31% ----- 30% ----- 11% ----- 2%
- []e. **(GENERAL SERVICES)** Without the additional revenue from this measure, the City could have no choice but to close fire stations, lay off police officers and crossing guards, and close libraries and community centers. ----- 31% ----- 26% ----- 30% ----- 11% ----- 2%
- []f. **(T) (ACCOUNTABILITY)** All funds raised by this measure will be subject to existing independent financial audits and full public review of all spending, to ensure that the money is spent properly. ----- 28% ----- 29% ----- 28% ----- 12% ----- 3%

(SPLIT SAMPLE B ONLY)

- []g. **(SERVICE CUTS – PROJECTED DEFICITS)** San José is facing several years of major budget deficits, including a 78 million dollar deficit next year. Without additional revenue the City could be forced to make even deeper cuts to essential City services like public safety. ----- 31% ----- 35% ----- 26% ----- 6% ----- 2%
- []h. **(PUBLIC SAFETY SERVICES)** This measure is needed to preserve funding for police and fire protection services in San José. The City is currently facing the prospect of closing fire stations and eliminating 150 police officer positions, making it far more difficult to respond quickly to 9-1-1 emergency calls. ----- 38% ----- 29% ----- 23% ----- 8% ----- 2%
- []i. **(T) (LOCAL CONTROL)** The State Legislature has taken billions of taxpayer dollars from California cities in recent years, forcing massive cuts in essential services in San José. However, money raised by this local measure would be totally controlled by the City, and protected from raids by state government. ----- 33% ----- 30% ----- 24% ----- 9% ----- 3%

(RESUME ASKING ALL RESPONDENTS)

11. Now that you have heard more about it, let me ask you again about this measure that would provide funding for essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs by enacting a one-half percent tax on retail transactions in San José for a **(SPLIT SAMPLE A: 15-year period)** **(SPLIT SAMPLE B: 9-year period)**. 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, ASK: “Do you lean toward voting yes or no?”)**

	<u>SPLIT A:</u> <u>15-YEAR</u>	<u>SPLIT B:</u> <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	56% -----	58% -----	57%
Definitely yes -----	27%-----	26%-----	26%
Probably yes -----	19%-----	23%-----	21%
Undecided, lean yes-----	10%-----	10%-----	10%
 TOTAL NO -----	 41% -----	 37% -----	 39%
Undecided, lean no-----	4%-----	4%-----	4%
Probably no -----	8%-----	7%-----	8%
Definitely no-----	29%-----	26%-----	27%
 (DON'T KNOW/NA) -----	 3% -----	 5% -----	 4%

12. Next, I am going to read you some statements from people who oppose this measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to oppose such a measure. If you do not believe the statement, please tell me that too.
(RANDOMIZE)

	<u>VERY CONV.</u>	<u>SMWHT CONV.</u>	<u>NOT CONV.</u>	<u>DON'T BELIEVE (DK/NA)</u>	
[]a. (T) (ECONOMY) With more people getting laid-off every day, the worst economy in a generation, and the state sales tax recently increasing, this is not the right time to raise taxes. -----	42%	24%	26%	5%	3%
[]b. (T) (WASTE) The City should cut wasteful spending and reduce city bureaucracy instead of raising taxes on hard-working San José residents. -----	46%	25%	21%	5%	3%
[]c. (T) (LOCAL COMPETITION) Increasing our sales tax will drive shoppers out of the city to areas with lower sales tax, hurting both the City budget and small businesses struggling to stay afloat in the current economy. -----	30%	22%	31%	13%	3%
[]d. (PENSIONS) San José’s budget problems are driven by the cost of public employee pensions and retirement benefits. It is not fair to ask taxpayers to pay more for these benefits when a number of City employees are retiring as early as age 50 and receiving six-figure pensions. -----	46%	24%	21%	6%	4%
[]e. (STATE SALES TAX) The State is currently considering raising the sales tax by one percent. Adding on a separate San José sales tax in addition to the state increase is too burdensome on consumers during these tough economic times. -----	41%	27%	24%	4%	4%
[]f. (STRUCTURAL DEFICIT) The reason the City has an ongoing budget deficit is that it spends too much money, not that it doesn’t have enough money. This measure does nothing to fix the real problem and we should instead look to reduce employee compensation, eliminate bureaucracy, and cut low priority services. -----	39%	30%	22%	5%	3%

13. Now that you have heard more about it, let me ask you one last time about this measure that would provide funding for essential City services such as police, fire, emergency response, street maintenance, pothole repair, parks, libraries, and youth and senior programs by enacting a one-half percent tax on retail transactions in San José for a **(SPLIT SAMPLE A: 15-year period) (SPLIT SAMPLE B: 9-year**

period). 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, ASK: “Do you lean toward voting yes or no?”)

	SPLIT A: <u>15-YEAR</u>	SPLIT B: <u>9-YEAR</u>	<u>TOTAL</u>
TOTAL YES -----	52% -----	55% -----	54%
Definitely yes-----	26%-----	26%-----	26%
Probably yes-----	19%-----	20%-----	20%
Undecided, lean yes-----	7%-----	9%-----	8%
 TOTAL NO -----	 45% -----	 40% -----	 43%
Undecided, lean no-----	4%-----	6%-----	5%
Probably no-----	9%-----	7%-----	8%
Definitely no-----	32%-----	28%-----	30%
 (DON'T KNOW/NA) -----	 3% -----	 4% -----	 4%

HERE ARE MY FINAL QUESTIONS. THEY ARE JUST FOR STATISTICAL PURPOSES.

14. (T) Do you live in a single-residence detached home, or do you live in a multi-family apartment, mobile home park, or condo building?

Single family detached house----- 80%
 Multi-family apt/condo ----- 17%
 Mobile home park-----2%
 (DON'T READ) Don't know/Refused --- 1%

15. (T) Do you own or rent the house or apartment where you live?

Own ----- 81%
 Rent ----- 17%
 (DON'T READ) Don't know/Refused --- 2%

16. (T) Are there any children under the age of 18 living in your household?

Yes ----- 28%
 No ----- 70%
 (DK/NA) ----- 1%

17. (T) What was the last level of school you completed?

Grades 1-8----- 1%
 Grades 9-11 -----2%
 High school graduate (12)----- 13%
 Some college----- 24%
 Business/vocational school -----4%
 College graduate (4) -----40%
 Post-graduate work/
 Professional school----- 16%
 (DON'T READ) DK/Refused----- 1%

18. (T) 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----- 13%
 African-American -----3%
 Asian/Pacific Islander ----- 16%
 Caucasian/White----- 61%
 Native American/Indian ----- 1%
 Some other group or identification-----3%
 (DON'T READ) Refused-----4%

19. (T) In what year were you born?

1993-1987 (18-24)	-----	4%
1986-1982 (25-29)	-----	4%
1981-1977 (30-34)	-----	4%
1976-1972 (35-39)	-----	6%
1971-1967 (40-44)	-----	8%
1966-1962 (45-49)	-----	11%
1961-1957 (50-54)	-----	12%
1956-1952 (55-59)	-----	11%
1951-1947 (60-64)	-----	12%
1946-1937 (65-74)	-----	13%
1936 or earlier (75 & over)	-----	11%
(DON'T READ) DK/Refused	-----	4%

20. (T) I don't need to know the exact amount but I'm going to read you some categories for household income. Would you please stop me when I have read the category indicating the total combined income for all the people in your household before taxes in 2010?

\$30,000 and under	-----	9%
\$30,001 - \$60,000	-----	16%
\$60,001 - \$75,000	-----	12%
\$75,001 - \$100,000	-----	14%
\$100,001 - \$150,000	-----	11%
More than \$150,000	-----	9%
(DON'T READ) Refused	-----	29%

THANK YOU VERY MUCH FOR YOUR TIME AND ATTENTION TO MY QUESTIONS.

Gender by observation:

Male	-----	49%
Female	-----	51%

Language by observation:

English	-----	97%
Spanish	-----	1%
Vietnamese	-----	2%

Party: From file

Democrat	-----	49%
Republican	-----	28%
Decline to State	-----	20%
Other party	-----	3%

Phone # _____

Date _____

Name _____

Page # _____

Address _____

Voter ID # _____

City _____

Precinct _____

Zip _____

Interviewer _____

Phone # _____

Cluster # _____

Verified by _____

County _____

FLAGS

P06 -----62%

G06 -----75%

F08 -----82%

P08 -----65%

G08 -----94%

M09 -----66%

P10 -----88%

G10 -----93%

BLANK ----- 1%

VOTE BY MAIL

1 ----- 5%

2 ----- 7%

3+ -----69%

BLANK -----18%

PERMANENT ABSENTEE

Yes -----78%

No -----22%

HOUSEHOLD PARTY TYPE

Dem 1 ----- 19%

Dem 2+ ----- 19%

Rep 1 -----8%

Rep 2+ ----- 12%

Ind 1+ ----- 10%

Mix ----- 32%

CITY COUNCIL DISTRICT

1----- 10%

2----- 11%

3-----6%

4----- 10%

5-----6%

6----- 13%

7-----7%

8----- 11%

9----- 13%

10----- 13%