



City of San José 2012 Budget Priorities Survey

February 14, 2012

320-502

Fairbank, Maslin, Maullin, Metz & Associates - FM3

Public Opinion Research & Strategy

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

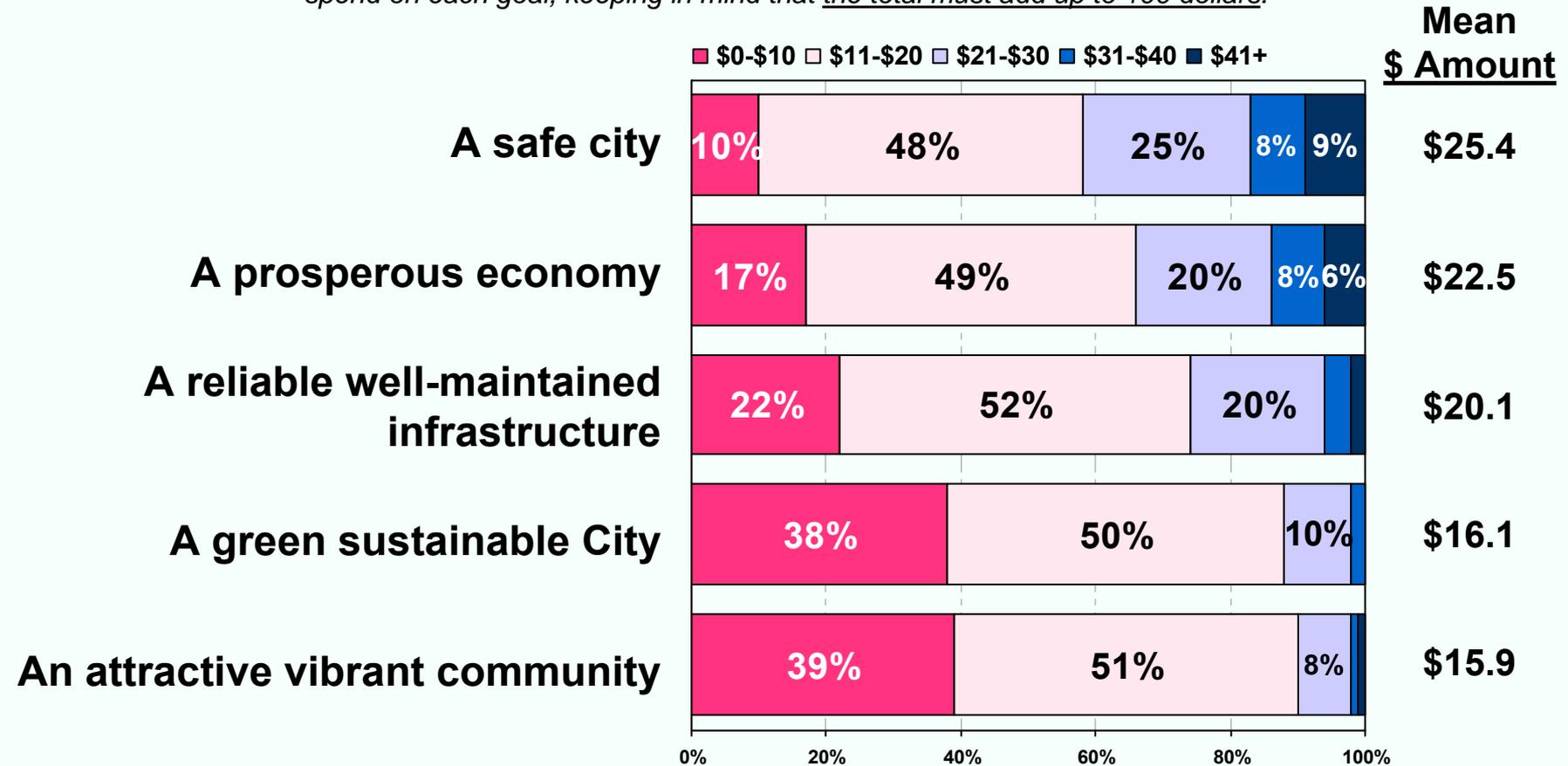
Methodology

- **453 telephone interviews with likely November 2012 San José voters, including 48 on cell phones**
- **451 telephone interviews with adult residents of San José, including 51 interviews from a sample of cell phone numbers**
- **Combined, 756 respondents were deemed to be “likely November 2012 voters” and 433 “likely June 2012 voters”**
- **Interviews conducted between January 11-18, 2012**
- **Margin of sampling error of +/- 4.5% for residential and voter samples**
- **Comparisons to prior surveys dating back to 2008**

Residents continue to prioritize investments in public safety and economic growth.

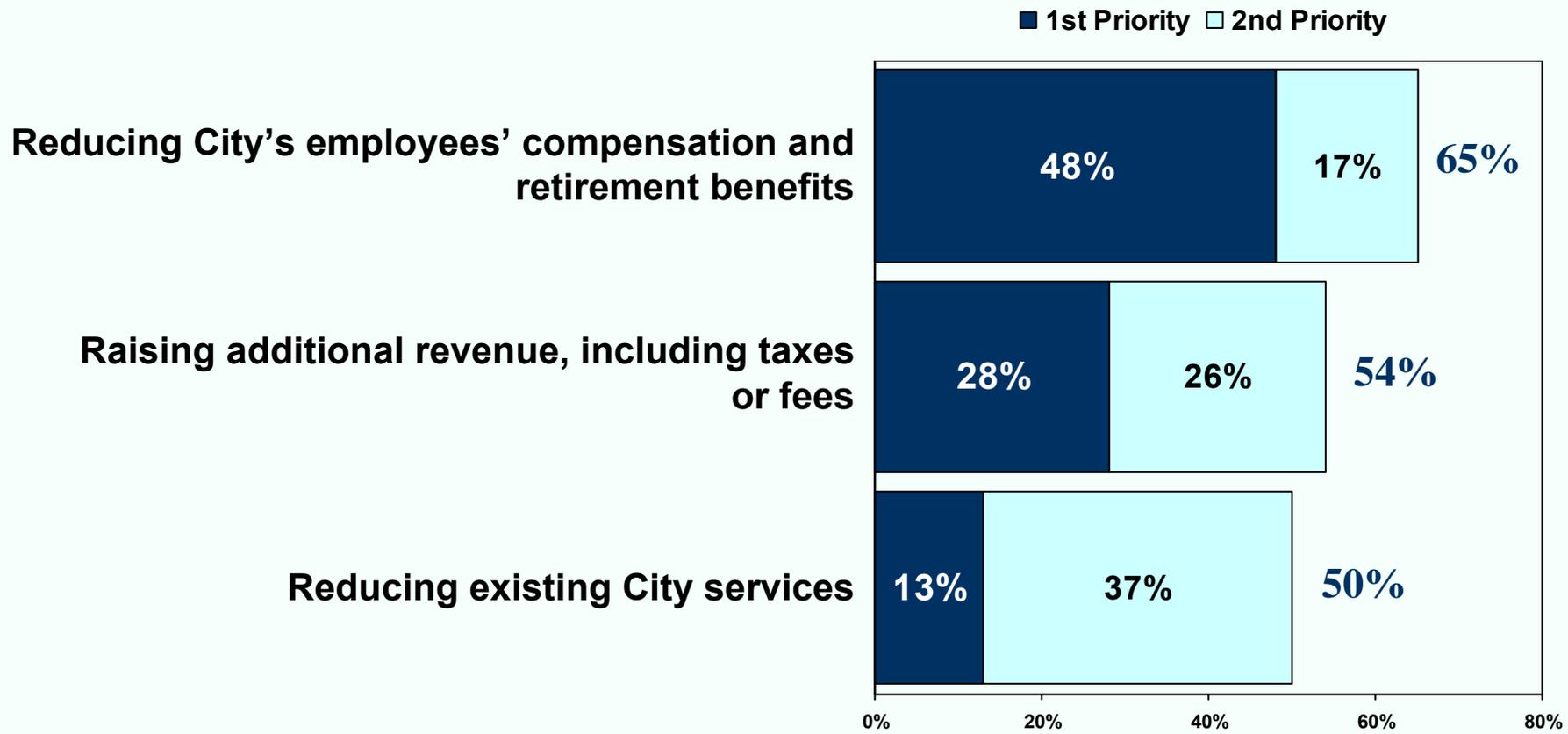


I am going to ask you to imagine you are in charge of San José's city budget. The City of San José has five major priority goals and I would like you to tell me how you would prioritize City spending to achieve these goals. For this exercise, assume you have 100 dollars to spend on all five. After I read you all of the goals, please tell me how many dollars out of 100 you would spend on each goal, keeping in mind that the total must add up to 100 dollars.



8. First, I am going to ask you to imagine you are in charge of San José's city budget. The City of San José has five major priority goals and I would like you to tell me how you would prioritize City spending to achieve these goals. For this exercise, assume you have 100 dollars to spend on all five. After I read you all of the goals, please tell me how many dollars out of 100 you would spend on each goal, keeping in mind that the total must add up to 100 dollars.

As in prior years, respondents prefer reducing the salaries and benefits of City employees over cuts in services or increasing revenues through taxes and fees.



9. 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:

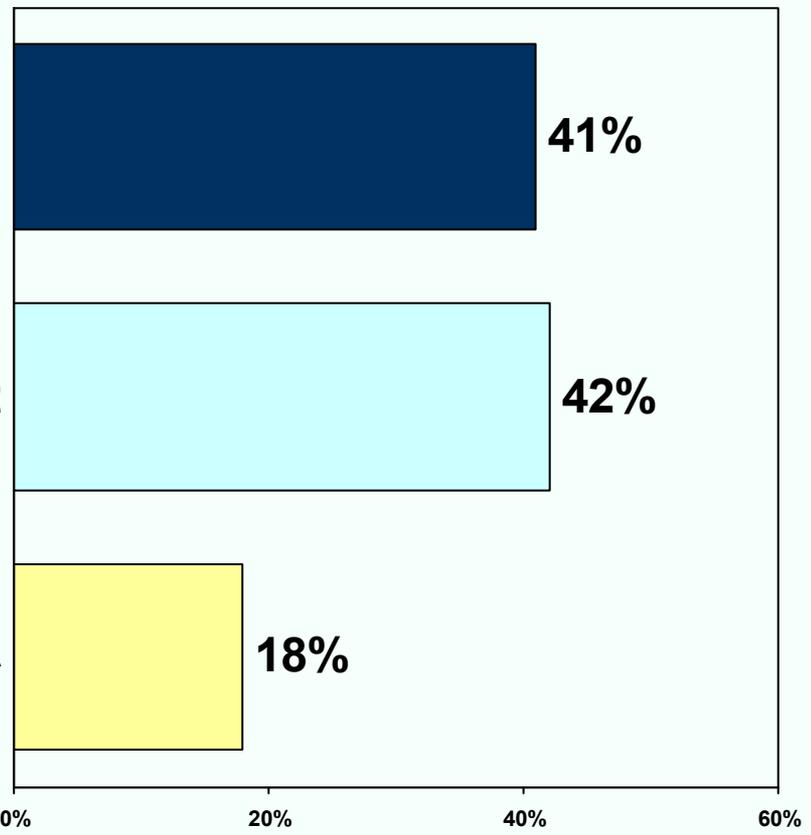
When forced to choose between services cuts or revenue increases, residents are evenly divided between reducing services or raising revenue...

Reducing existing City services to reduce the need to raise additional revenue, including taxes or fees

OR

Raising additional revenue, including taxes or fees, to reduce the need to cut existing City services

Both/Neither/DK/NA



10. 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:

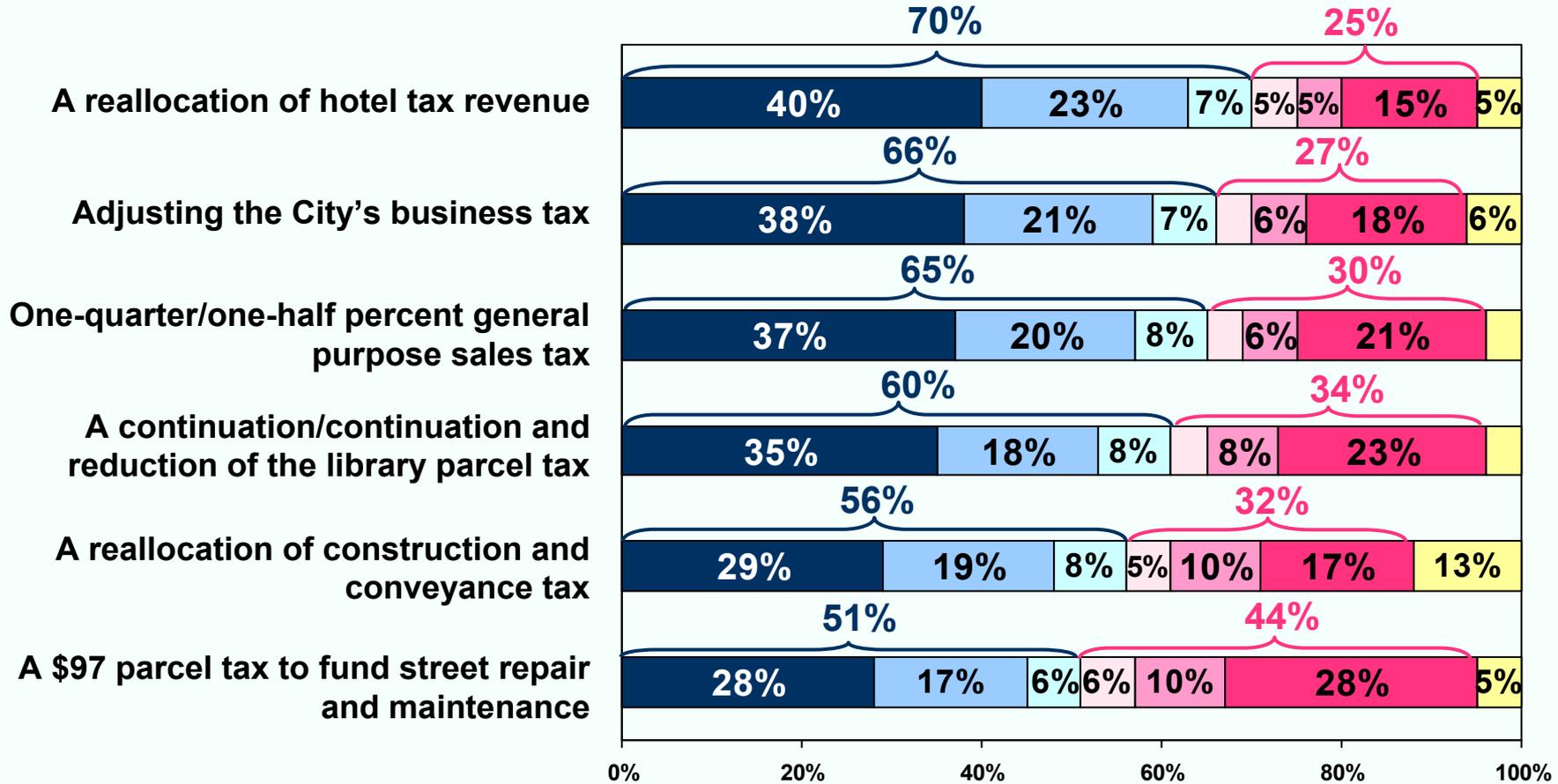
...reflecting a growing openness to revenue increases over the past four years.

Strategy	Highest Priority (%)					
	2008	2009	2010	Jan 2011	July 2011	2012
Reducing existing City services	44	42	45	40	37	41
Raising additional revenue, including taxes or fees	34	34	38	34	41	42
Both/Neither/Don't Know	22	24	17	26	22	18
Difference between reducing services and raising revenue	+10	+8	+7	+6	-4	-1

10. 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:

More specifically, majorities of voters support a variety of potential revenue measures...

■ Def. Yes ■ Prob. Yes ■ Lean Yes ■ Lean No ■ Prob. No ■ Def. No ■ Undecided



...but only support for the hotel, business and sales tax measures exceed their vote thresholds.

(Including “leaners”)

Measure	Support	Vote Threshold	Difference
A reallocation of hotel tax revenue	70%	50%	+20%
Adjusting the City’s business tax	66%	50%	+16%
One-quarter/one-half percent general purpose sales tax	65%	50%	+15%
A continuation/continuation and reduction of the library parcel tax	60%	67%	-7%
A reallocation of construction and conveyance tax	56%	67%	-13%
A \$97 parcel tax to fund street repair and maintenance	51%	67%	-16%

Support still exceeds the threshold even when those “leaning yes” are excluded from the calculation.

(Without “leaners”)

Measure	Support	Vote Threshold	Δ
A reallocation of hotel tax revenue	63%	50%	+13%
Adjusting the City’s business tax	59%	50%	+9%
One-quarter/one-half percent general purpose sales tax	57%	50%	+7%
A continuation/continuation and reduction of the library parcel tax	53%	67%	-14%
A reallocation of construction and conveyance tax	48%	67%	-9%
A \$97 parcel tax to fund street repair and maintenance	45%	67%	-12%

Sales Tax Ballot Language Tested

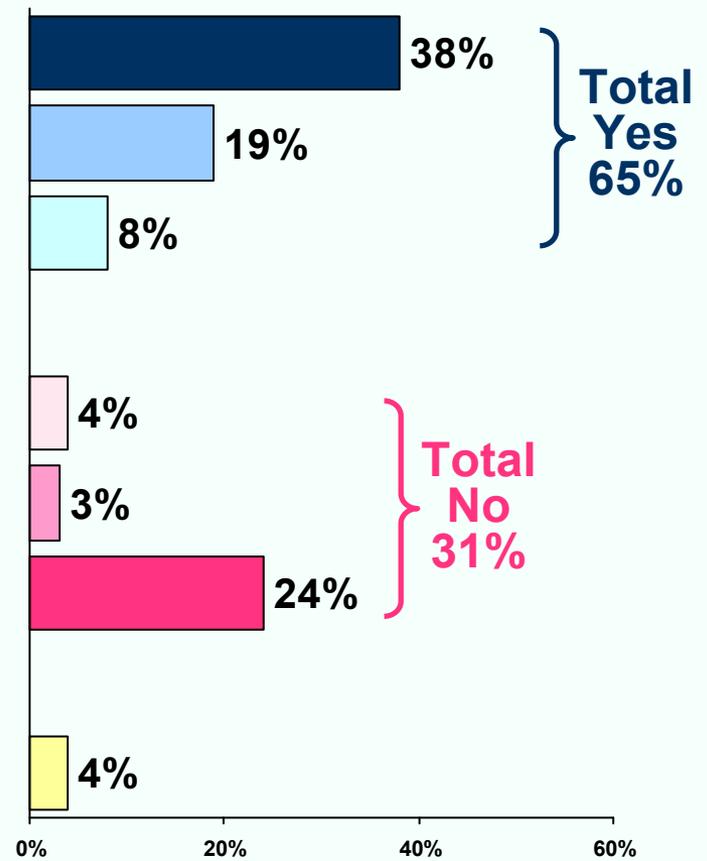
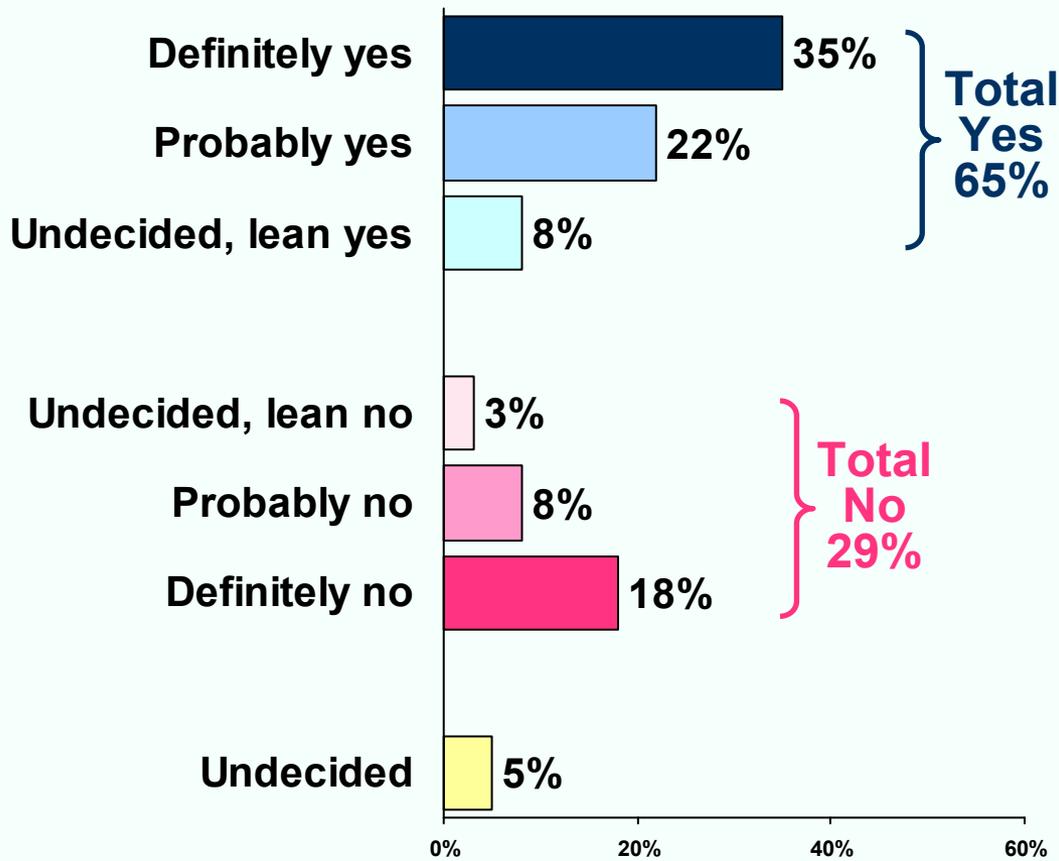
The City of San José Vital City Services Measure.

“To provide temporary funding to preserve essential City services such as: maintaining neighborhood police patrols; keeping 9-1-1 emergency response times low; keeping fire stations open; encouraging economic development and job creation; and maintaining streets, parks and library hours; shall the City enact a **(one-half percent) / (one-quarter percent)** sales tax, limited to 15 years, dedicated to City services and protected from State raids, subject to existing financial audits?”

There was little difference between the 1/2 and 1/4 percent sales tax levels.

One-half Percent

One-quarter Percent



Support for a ¼ percent sales tax measure has fluctuated around 60% since 2009.

Position on ¼ Percent Sales Tax	Year				
	2009	2010	Jan 2011	July 2011	2012
Yes	62%	54%	60%	57%	65%
No	36%	43%	35%	37%	31%

NOTE: Ballot language and turnout models varied somewhat between survey years.

Election Timing Considerations

Should the City elect to pursue a ballot measure in 2012 – such as a sales tax – the following items should be considered when selecting between a June and November election:

- A June 2012 election may require a unanimous declaration of emergency for a general purpose measure to have a majority vote threshold.
- November presidential elections tend to have higher turnout from demographic groups most supportive of finance measures.
- November 2012 may see several statewide ballot measures addressing tax issues.
- For the sales tax, there was little difference the June and November electorates (combining one-half and one-quarter percent)

Electorate	Yes	No	Δ
June 2012	64%	32%	+12%
November 2012	65%	30%	+15%

For more information, contact:

DAVID METZ

Dave@FM3research.com

CURTIS BELOW

Curtis@FM3research.com

1999 Harrison St., Suite 1290

Oakland, CA 94612

Phone (510) 451-9521

Fax (510) 451-0384

Fairbank, Maslin, Maullin, Metz & Associates - FM3

Public Opinion Research & Strategy

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY