General Obligation Bond Update

Survey Results and Next Steps

General Obligation Bond Discussion

1. Background and Direction
2. Survey Results
3. Conclusion and Next Steps

San José Infrastructure:
A Billion Dollar Problem

“$1.39 billion unfunded infrastructure backlog

$112 million needed annually to maintain the City’s existing infrastructure”

Local & Neighborhood Streets

$270 million to restore streets in “poor” condition
$93 million to repair streets in “very poor” condition

Emergency & Disaster Response

Needed Upgrades

- 911 Communications Center
- Emergency Operations Center
- Public Safety Training Facility
- Fire stations (build, rebuild, rehabilitate)
  - Station 37 (new)
- Secure facility for crime scene/DNA evidence
- Crime analysis & data center
- Mass care & shelter
- Department Operations Centers

Recent Bond Initiatives: Major Cities

$800 million

- Streets
- Flood control
- Infrastructure

$850 million

- Streets & bridges
- Flood control
- Parks
- Libraries
- Public Safety

$937 million

- Roads
- Libraries
- Parks
- Other facilities

General Obligation Tax Rates

General Obligation Bond Amount	Average Tax Rate Per $1,000 Assessed Value	Average Annual Tax Homeowner Pays*	Estimated Annual Debt Payment
$750 million	19 cents	$127.57	$44 million
$500 million	12 cents	$85.05	$33 million
$300 million	7 cents	$51.03	$20 million
$150 million	4 cents	$25.51	$10 million

** Assumes average assessed value of approximately $500,000*

SURVEY RESULTS

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

San José Voter Views of Potential 2018 Ballot Measures

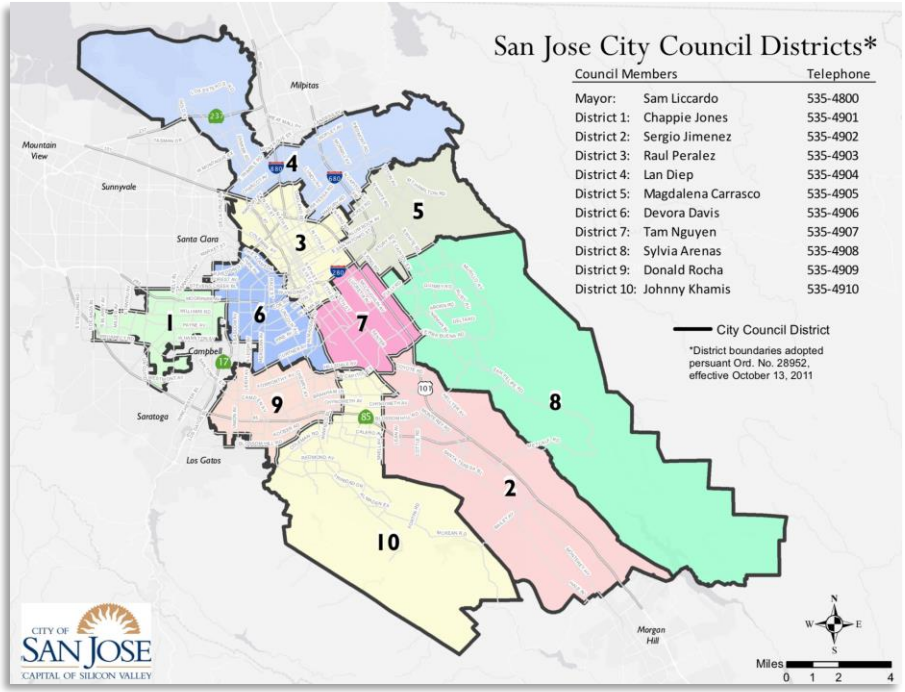
Key Findings of a Survey of San José Voters Conducted April 26-May 3, 2018

FM3 RESEARCH | OPINION RESEARCH & STRATEGY

220-5074

Methodology

- 781 interviews with likely November 2018 voters in San José
- Conducted April 26-May 3, 2018, via landline and cell phones in English, Spanish and Vietnamese
- Margin of sampling error of +/-3.6% at the 95% confidence interval
- Due to rounding, some percentages do not add up to 100



City Council District	Margin of Error
District 1	±11.3%
District 2	±11.3%
District 3	±12.7%
District 4	±12.0%
District 5	±13.5%
District 6	±9.9%
District 7	±13.5%
District 8	±10.8%
District 9	±9.9%
District 10	±10.3%

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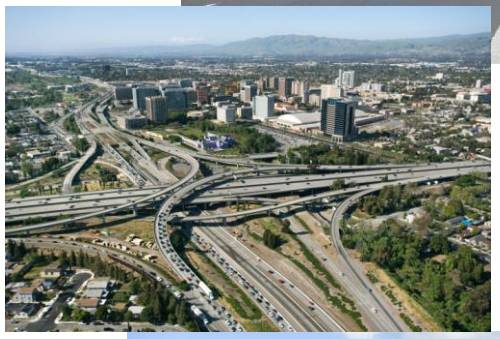
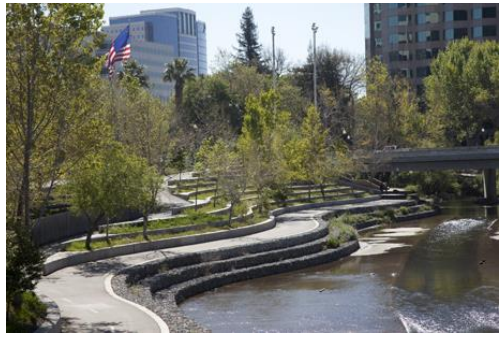
Survey Approach

- All voters were asked about a potential infrastructure bond measure, including pro and con arguments.
- All voters were asked about potential projects; the list was split into two samples
- To mitigate against confusion and interview fatigue, respondents were only asked about two of the other three potential measures, but without any pro and con arguments.



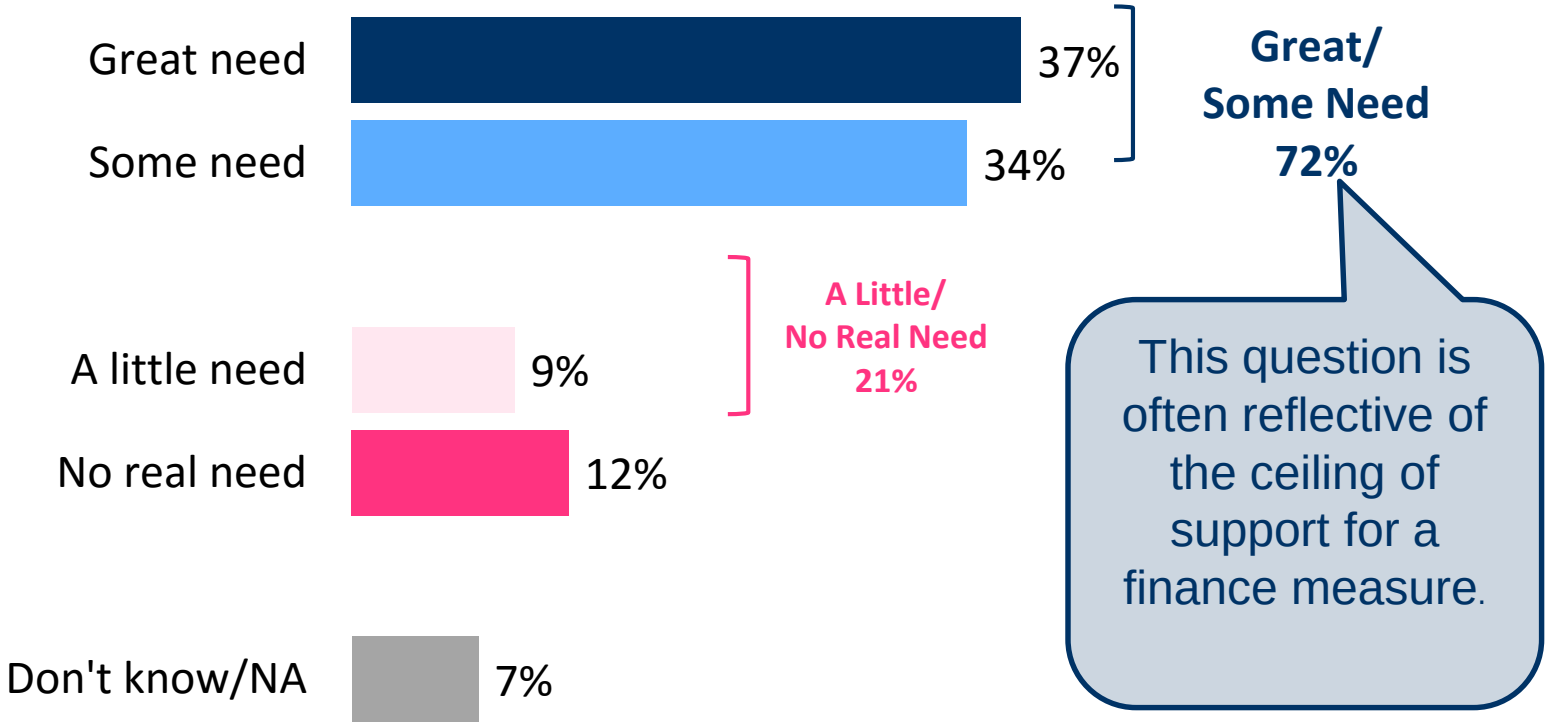


Measure	Margin of Error
Infrastructure Bond	±3.6%
Parks Parcel Tax	±4.5%

Views of an General Obligation Bond

Seven in ten see at least "some need" for additional funding for infrastructure.

Generally speaking, would you say that the City of San José has a great need, some need, a little need, or no real need for additional funding to repair and upgrade the City's public infrastructure and facilities?



Q6.

General Obligation Bond Measure Language Tested

To:

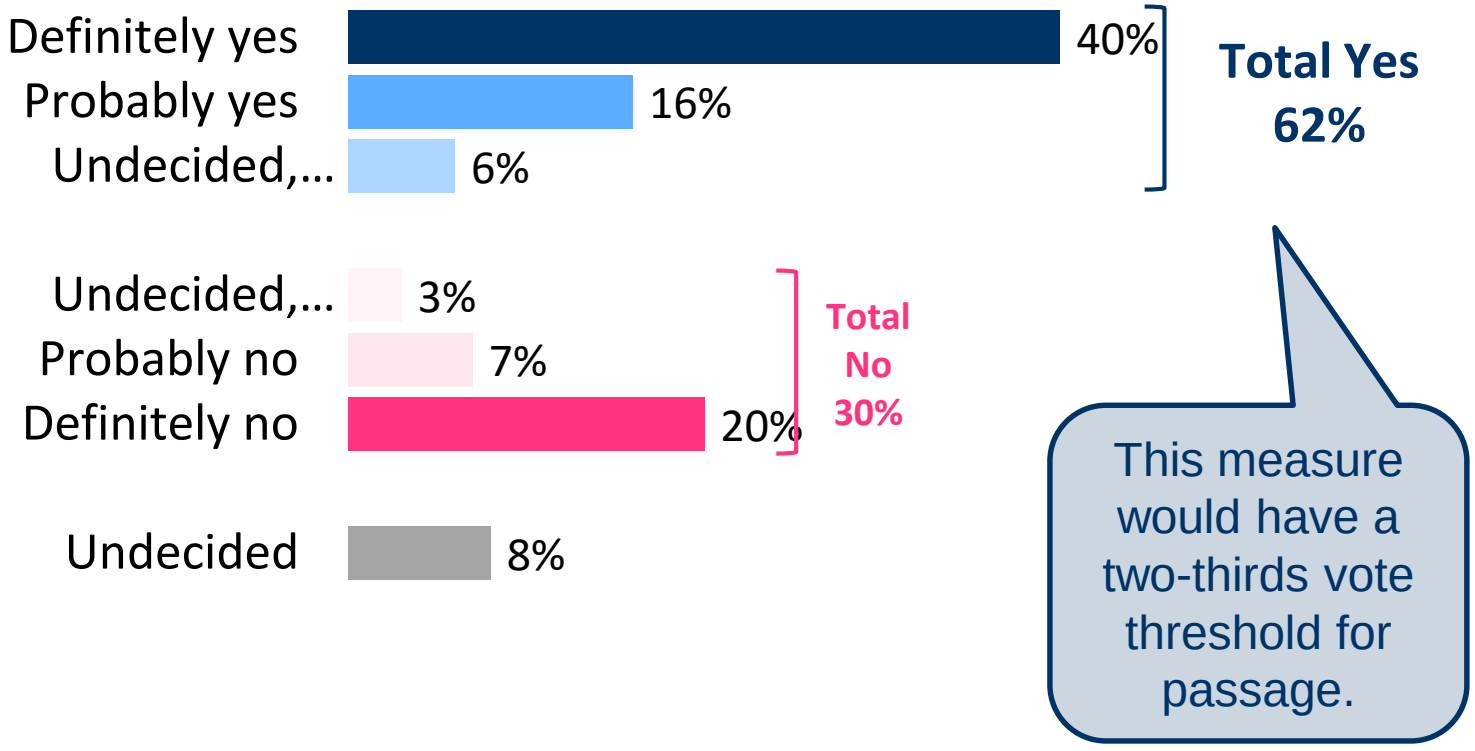
- Upgrade 911 communication, police, and fire facilities to improve emergency, disaster, and medical response;
- Repair deteriorating libraries, playgrounds, parks;
- Fix potholes and roads;
- Repair stormdrains to prevent flooding and waterway pollution; and
- Address other urgent infrastructure needs,

Shall the City of San José issue $750 million in bonds with an average levy of 19 cents per $1,000 of assessed value, generating approximately $44 million annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

FM3 RESEARCH

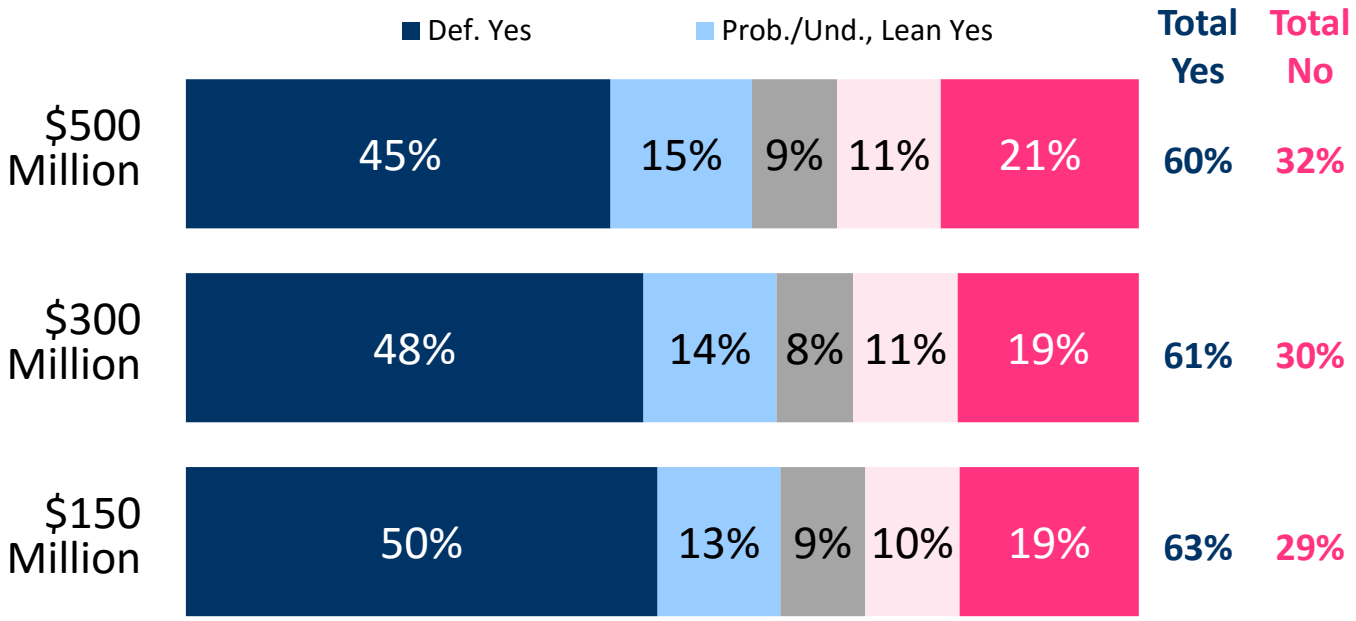
Q3. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

At $750 million, the bond measure is supported by a two-to-one margin, but falls short of two-thirds.



Q3. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

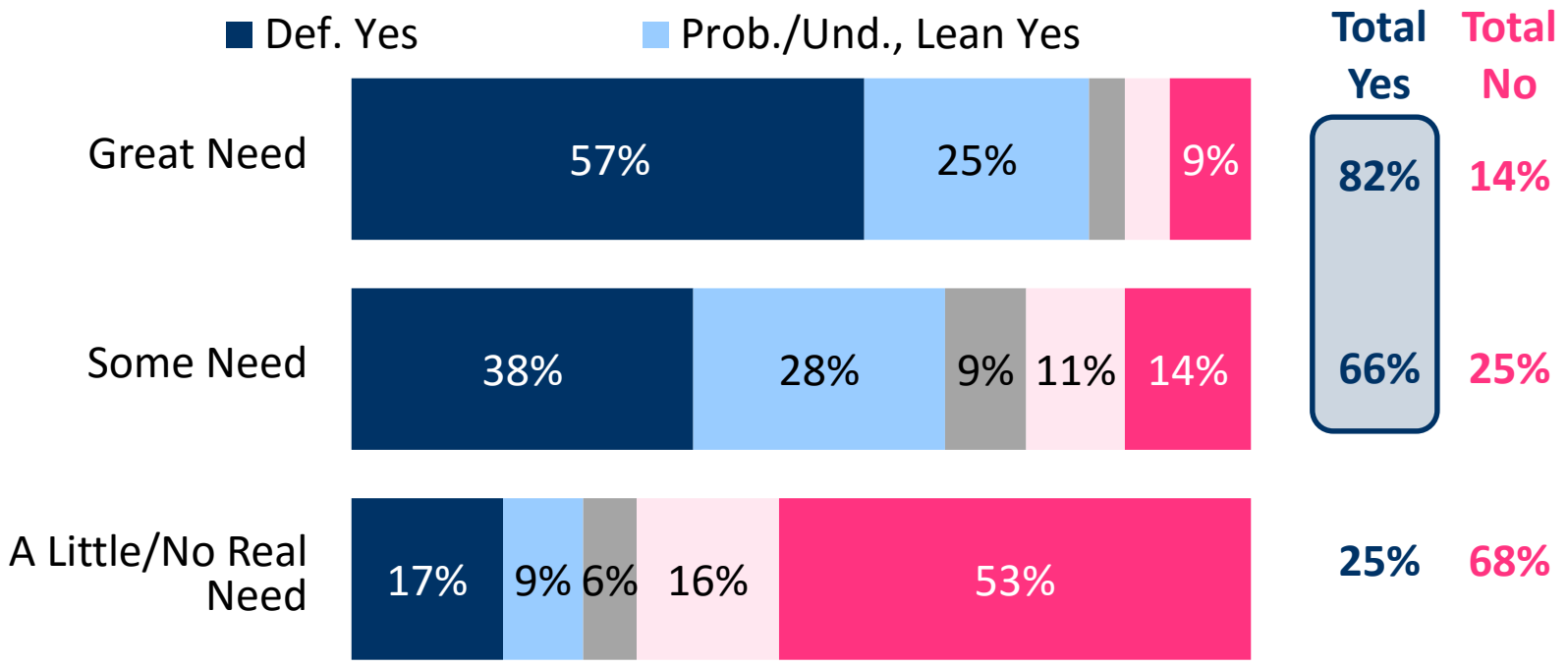
Lower bond amounts make little difference in overall levels of support – all still fall below the two-thirds vote threshold.



Q3/Q5 Combined. What if rather than enabling the City of San José to issue 750 million dollars in bonds, this measure instead enabled the City to issue _____ in bonds with an average levy of _____ per one thousand dollars of assessed value, generating approximately _____ annually?

Perceived need for funding is strongly related to support for the bond measure.

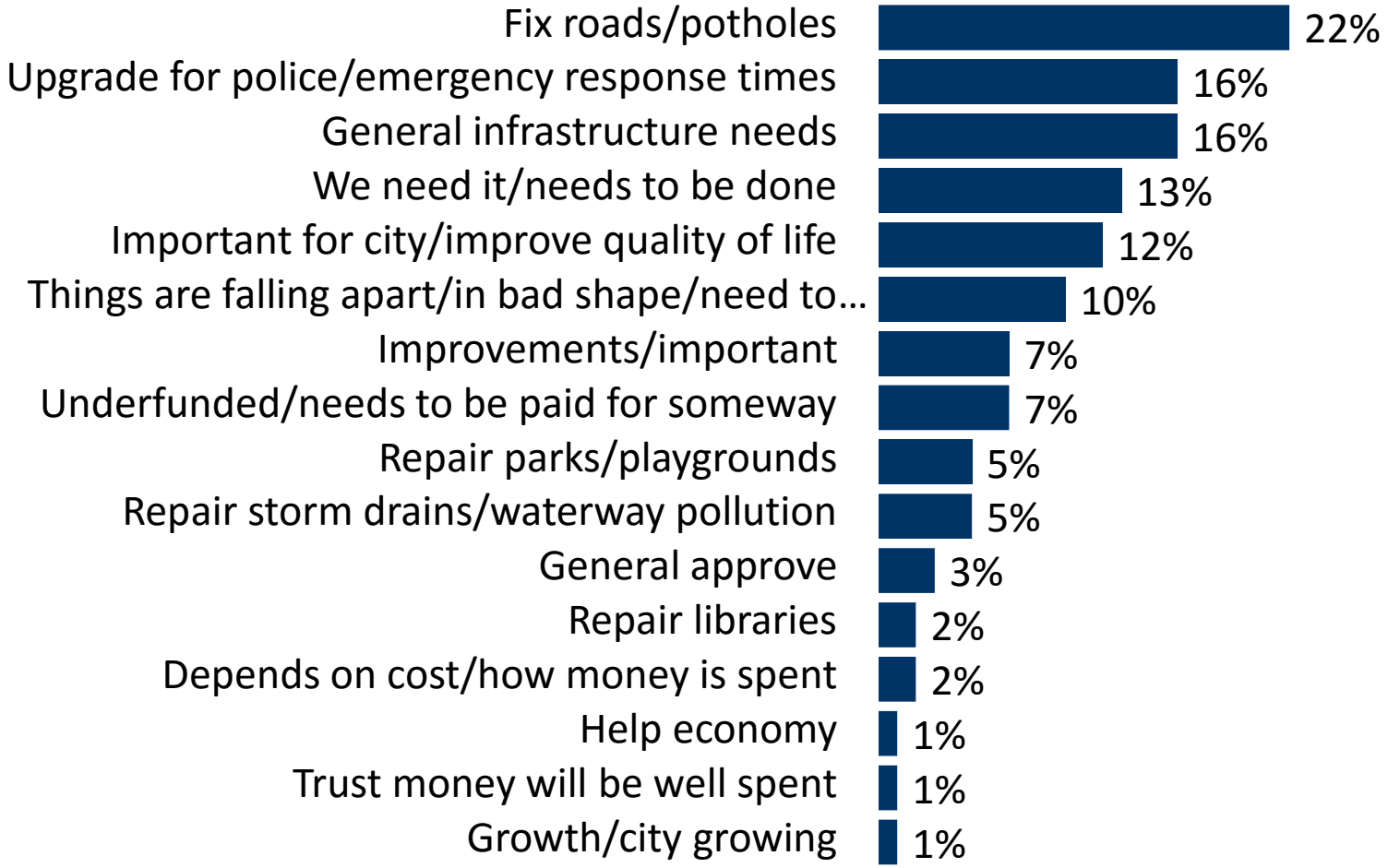
Initial Vote by Need for Funding



Q3. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Road repairs, emergency response times, and infrastructure in general are popular motivations for support.

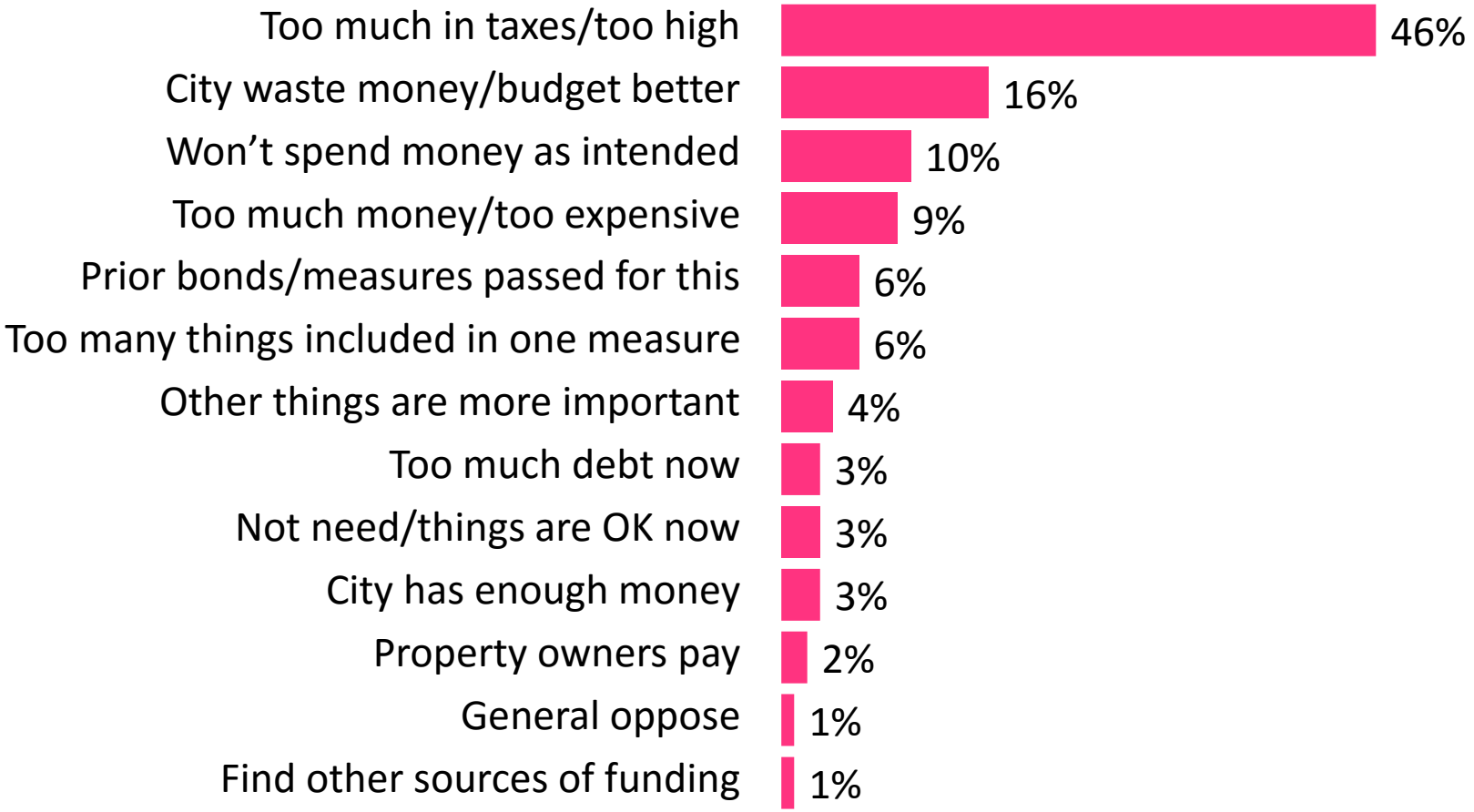
*In a few words of your own, why would you vote **YES** on this measure?*
(Open-Ended; N=484)



Q4a.

Those who oppose the measure are broadly objecting to new taxes.

*In a few words of your own, why would you vote **NO** on this measure? (Open-Ended; N=236)*



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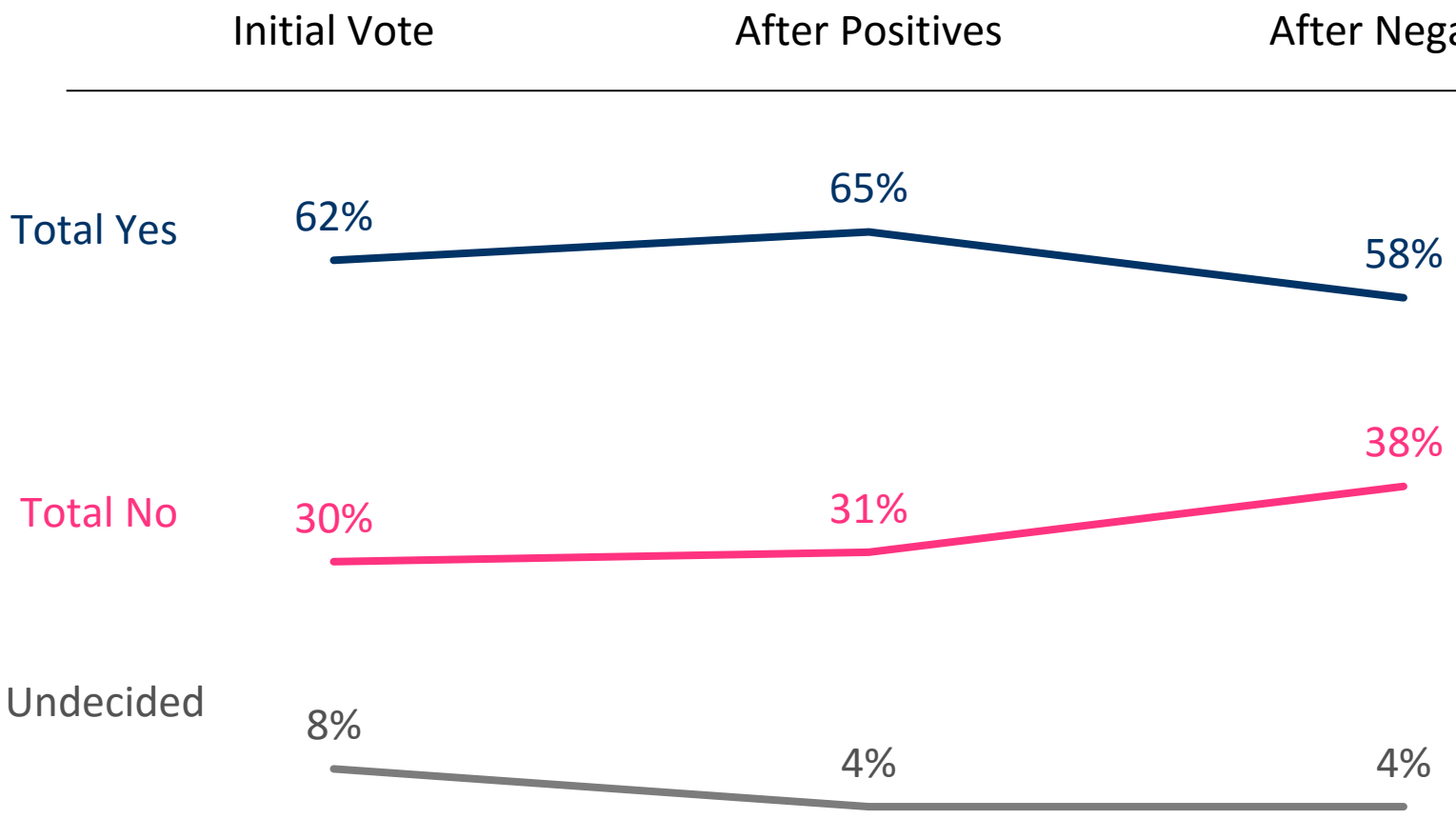
Q4b.

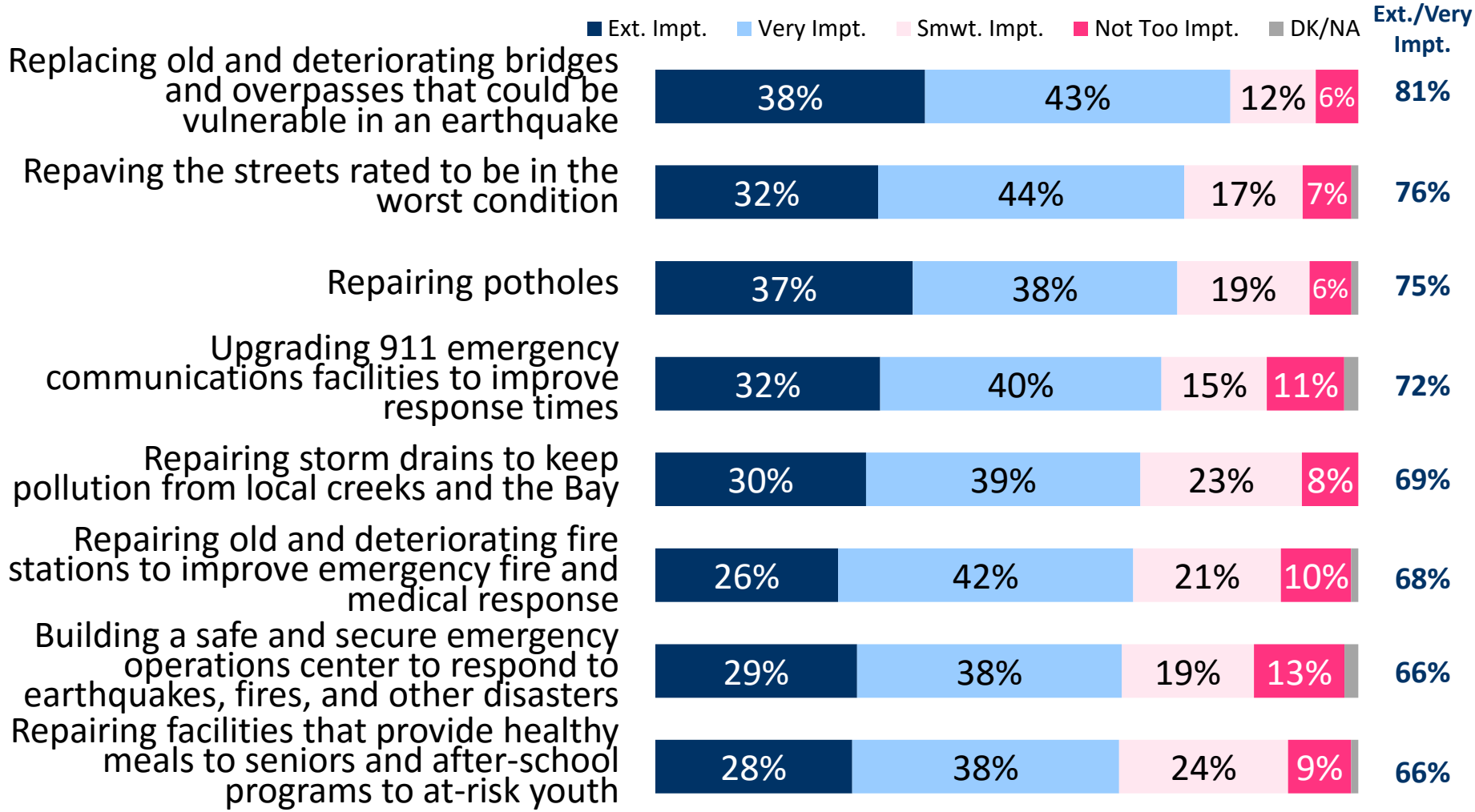
Support for the measure nears two-thirds after positive arguments, but declines again after criticisms.



Q3, Q9 & Q10. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

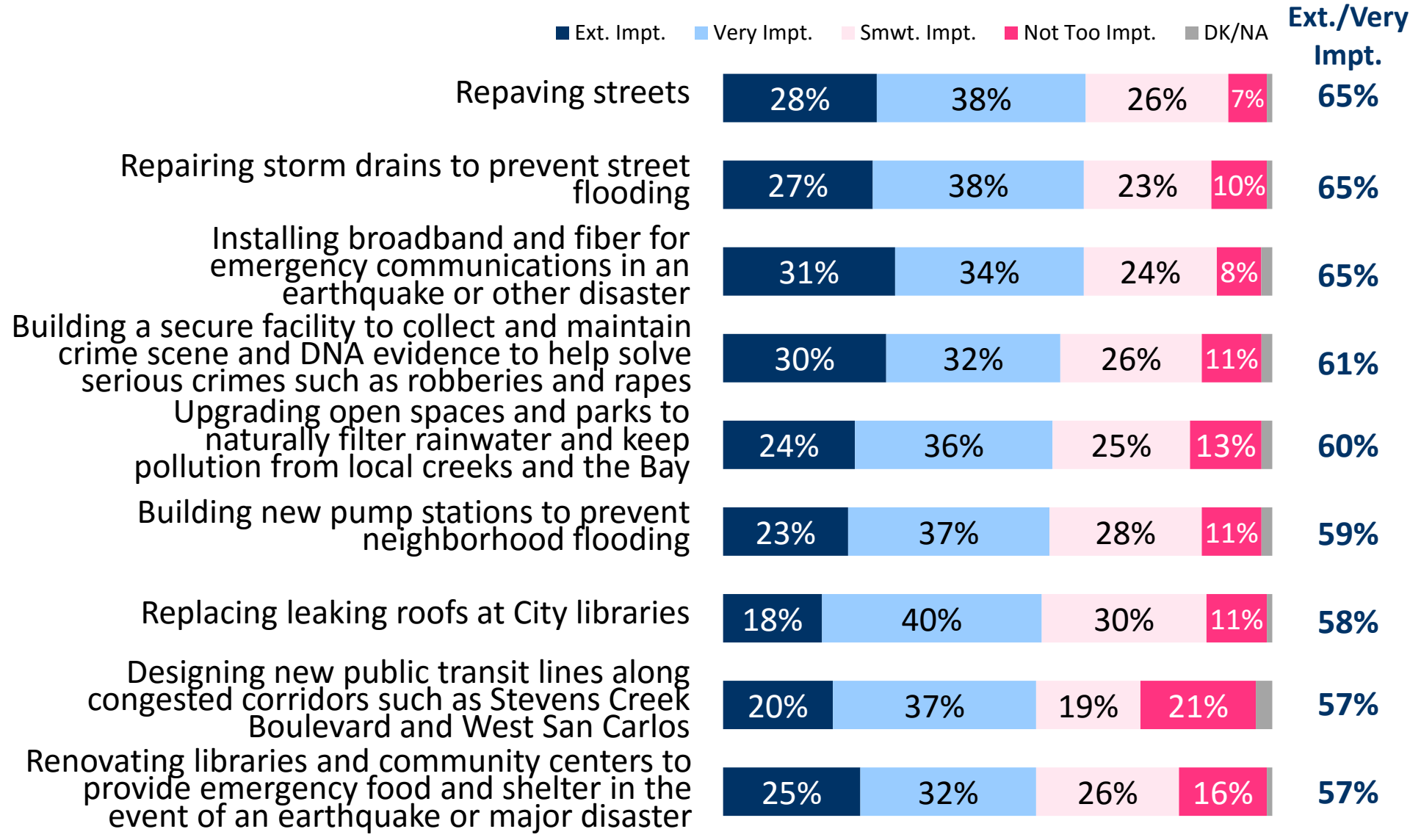
Project Priorities

Top priorities: Fixing bridges, streets, potholes; Improving emergency response.



Q7. I am going to read you a list of City projects that could be funded by a ballot measure. Please tell me how important each project or element would be to you personally: extremely important, very important, somewhat important, or not too important. Split Sample

Just under two-thirds prioritize storm drains.



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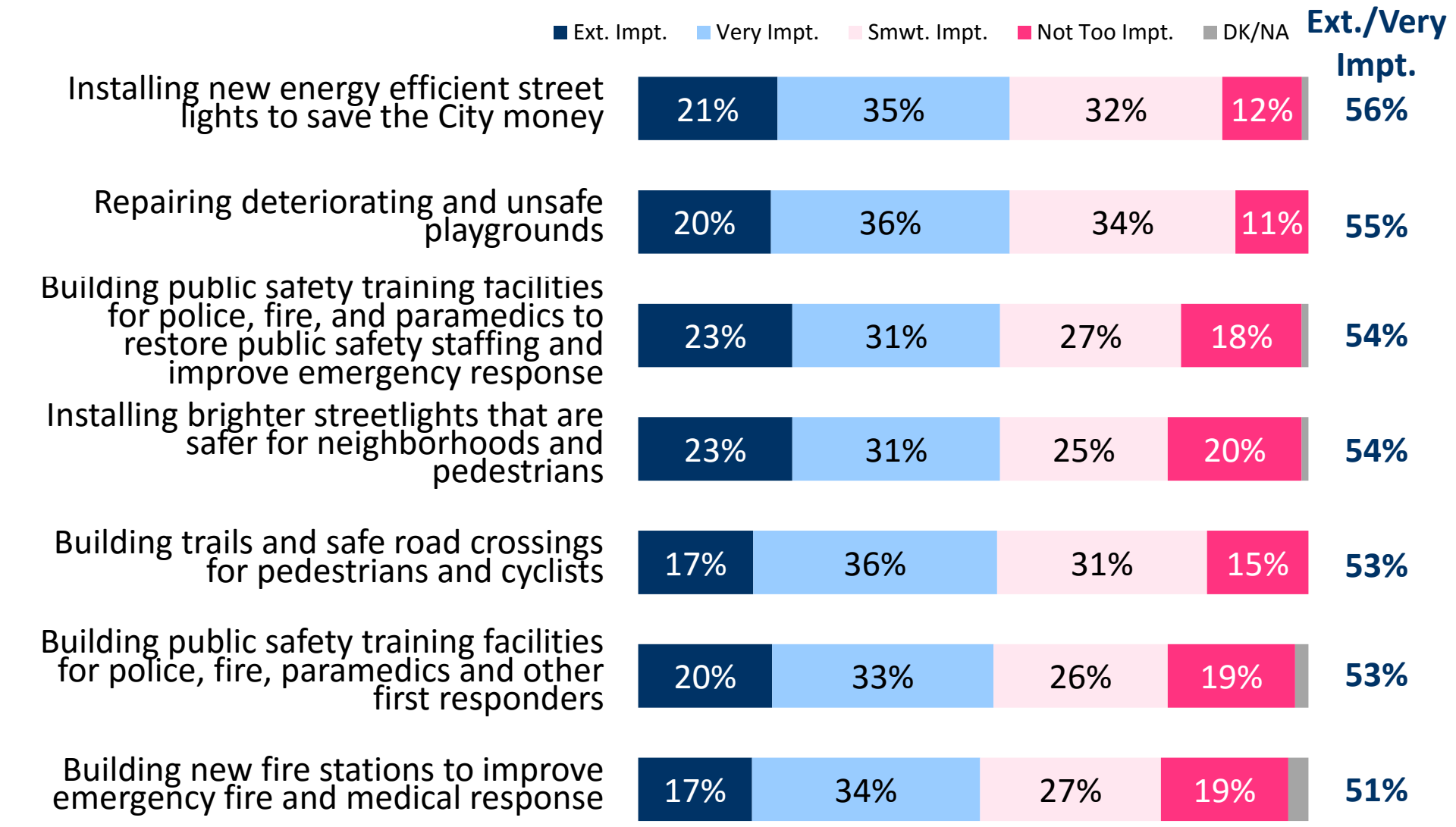
Above 50%: Streetlight replacement, playgrounds, public safety training, trails, fire stations.



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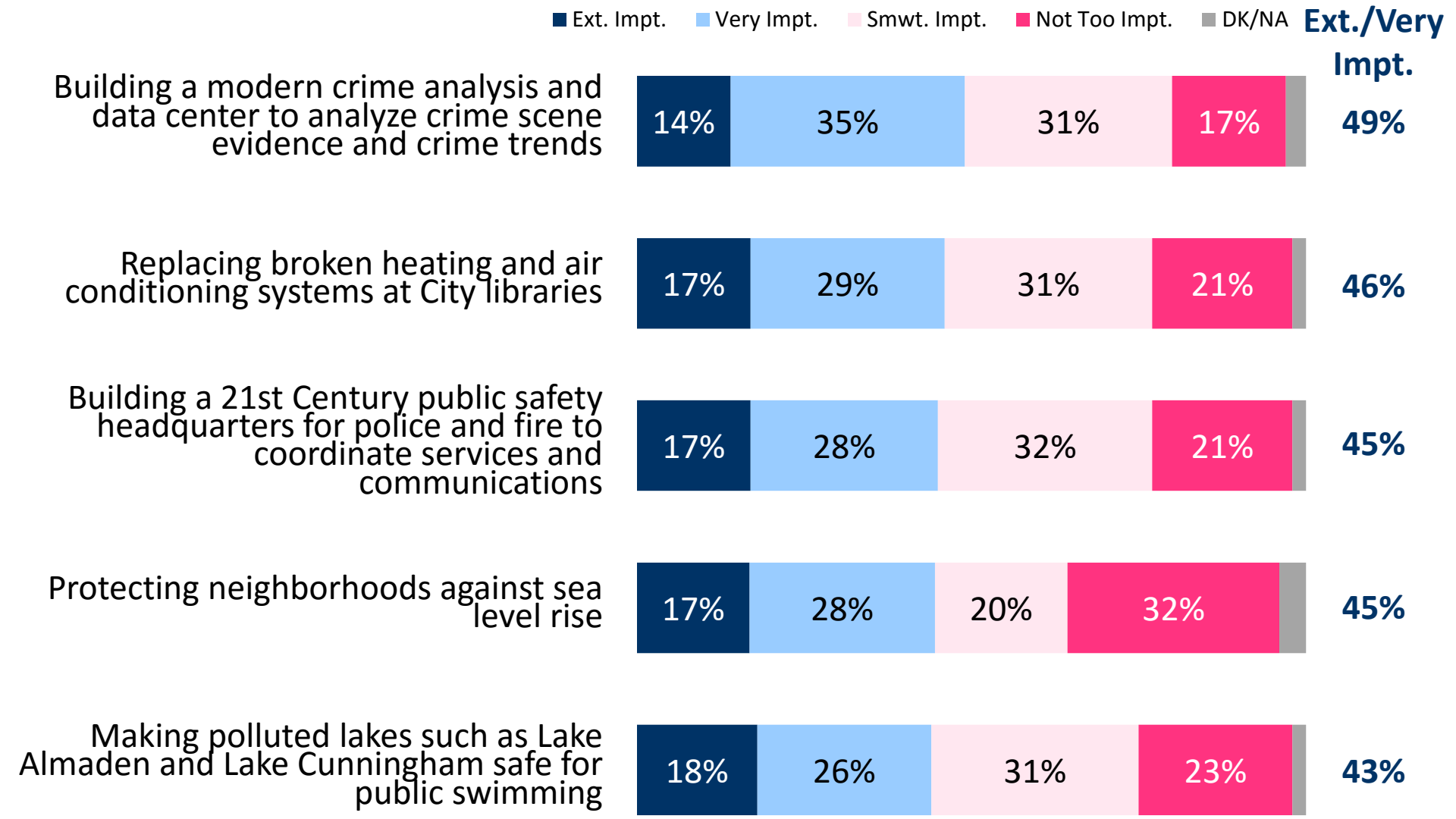
Below 50%: Crime/data center, public safety HQ, heating/air conditioning, lakes, sea level rise.



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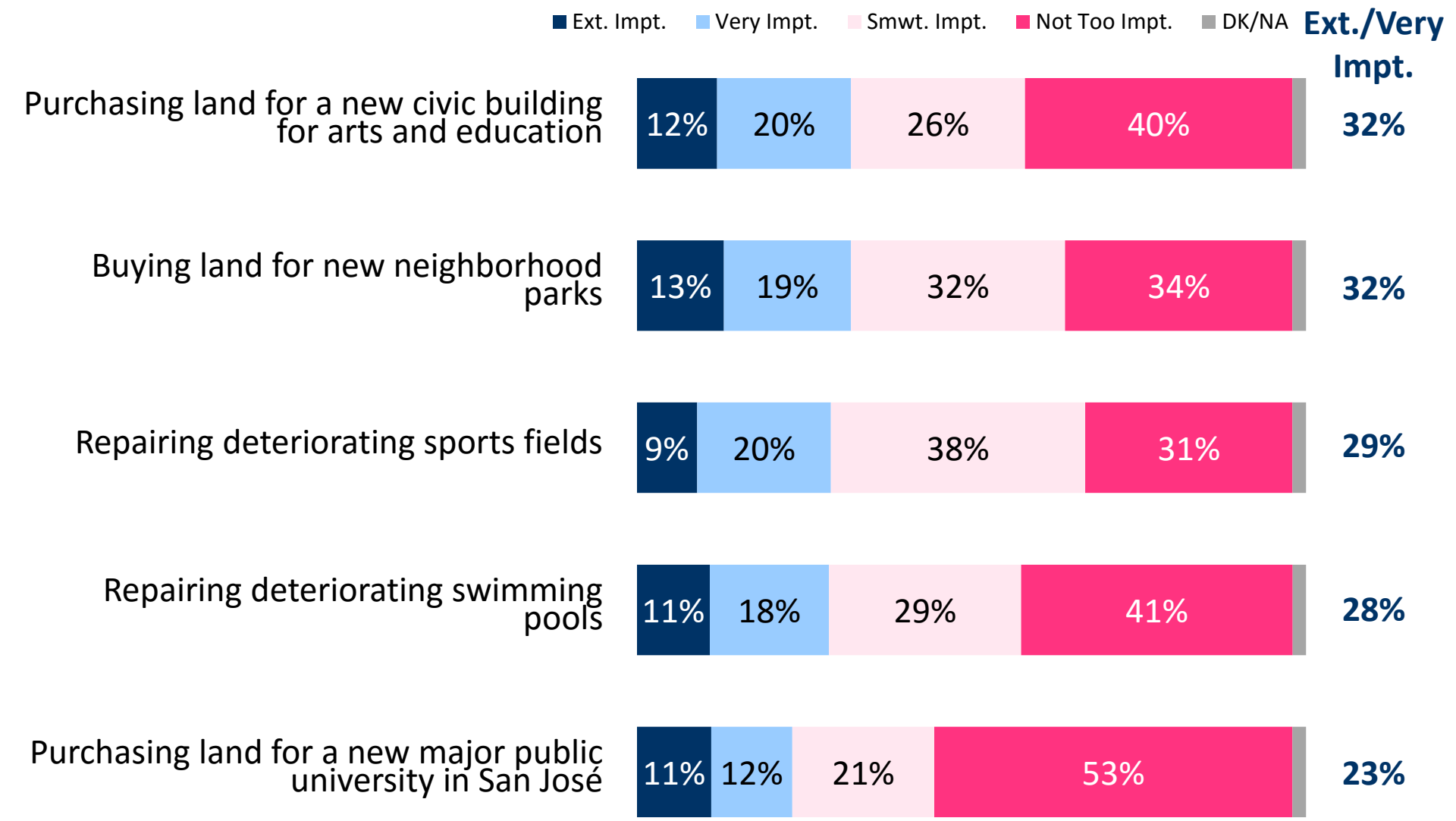
Low priorities: Buying land; fixing sports fields & pools.



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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Views of a Parks Parcel Tax Measure

Parks Parcel Tax Measure Language Tested

To fund safe, clean parks, natural areas, trails, and recreational opportunities in the City of San José including:

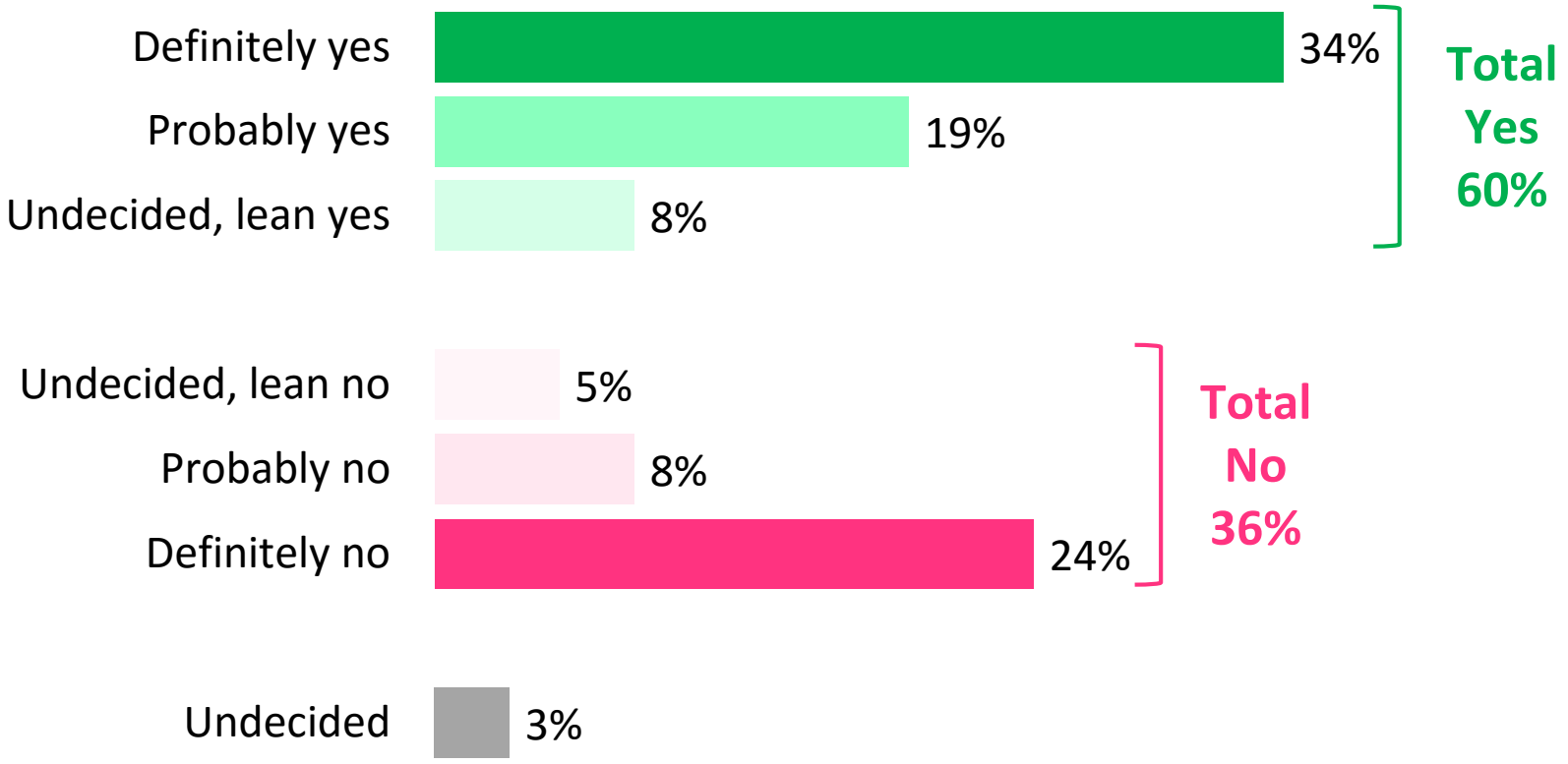
- Cleaning up illegal dumping/ graffiti;
- Providing gang prevention/ preschool/ youth/ senior programs;
- Repairing/ upgrading aging parks and recreation facilities, including restrooms/ playgrounds/ community centers;
- Protecting natural and wildlife areas,

Shall an ordinance be adopted establishing a three-quarters of one-cent per square foot parcel tax, providing about $32 million annually on an ongoing basis, requiring public review of spending, with all revenues controlled locally?

Q11. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Though a parks measure has support from three in five, it fell short of two-thirds.

Parks Parcel Tax, N=491, MOE +/-4.5%



Q11. If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

CONCLUSION AND NEXT STEPS

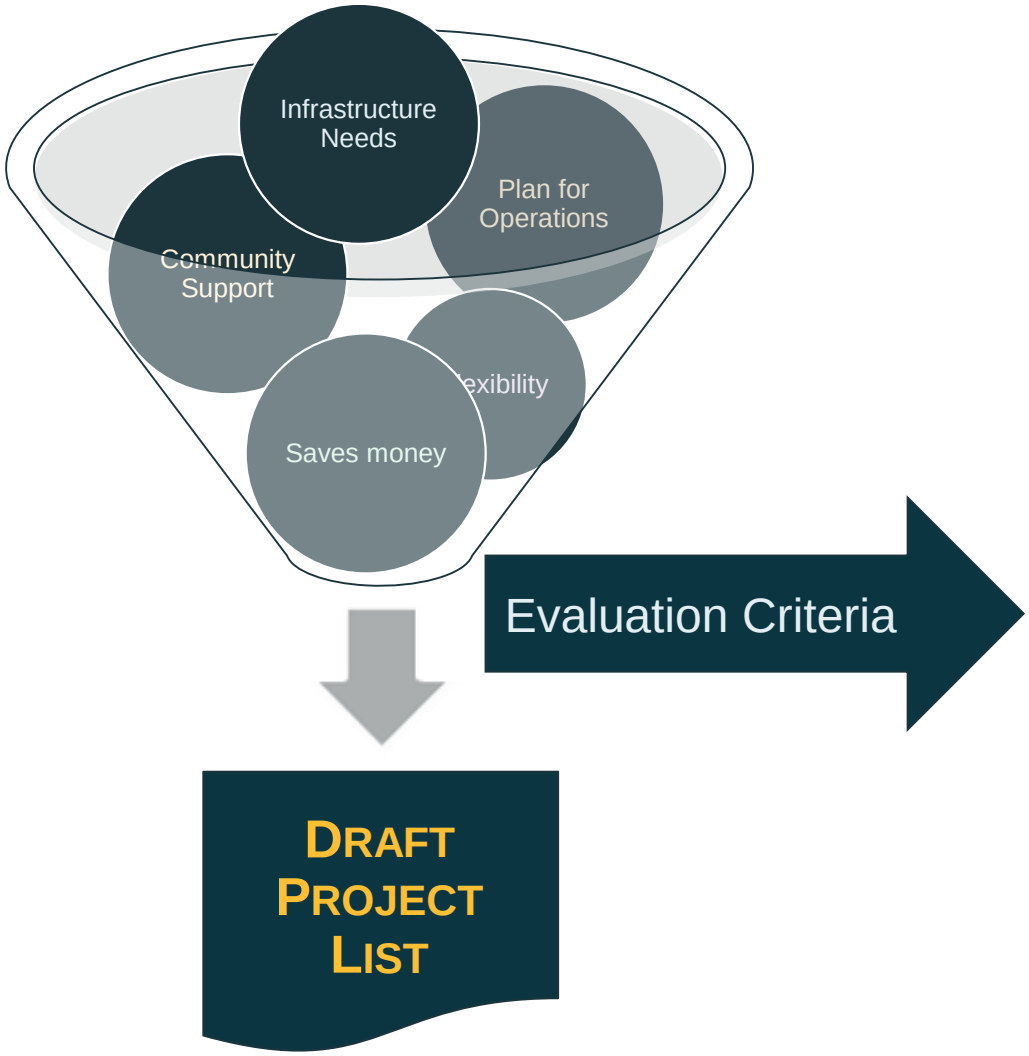
“Voters see a general need for disaster response funding (75%) and infrastructure funding (71%)”

Conclusion

- Support for a ballot measure is strong; potential to reach 2/3 threshold

Next Steps

- Additional polling
  - Test ballot measure language, funding levels, projects
- Work with stakeholders
- Refine tax rates
- Finalize ballot question
- Refine Parks Parcel Tax Work Plan for 2020



Project Plan Evaluation Criteria

1. Fiscal Responsibility
2. Project Readiness & Feasibility
3. Improving Safety & Emergency Preparedness
4. Sustainability (Climate Smart/ Green Vision)
5. Leveraging Opportunities
6. Equity

Proposed Timeline

- May-July: Additional polling
- Aug. 7: Council decision on ballot measure & language
- Aug.10: Registrar of Voters ballot measure deadline

If Council places measure on ballot:

- Sept-Oct.: Finalize draft project list
- November 6: Election Day

If measure passes:

- Jan. 2019: Finance and project work plan to Council