



General Obligation Bond Measure

JUNE 26, 2018

ITEM 3.6

General Obligation Bond Discussion

- ▶ Background and Direction
- ▶ Survey Results
- ▶ Recommendations
- ▶ Preliminary Project List
- ▶ Community Outreach and Education
- ▶ Next Steps

Survey Background

- First survey April/May 2018: Assess viability of a \$750 million GO bond measure to fund a wide variety of critical infrastructure needs.
- No significant differences in support at different funding levels; support just short of two-thirds threshold.
- Top spending priorities: Street, bridge, and storm drain repairs; and public safety, disaster/emergency response.
- Council directed three potential measures be analyzed further:

Omnibus	Public safety and emergency response; street, bridge and storm drain repairs; and other urgent infrastructure needs
Street Repair	Street, bridge and storm drain repairs, and other transportation infrastructure needs
Public Safety	Public safety, disaster/emergency response, and other urgent public safety infrastructure needs

Methodology

Note:

This survey is a follow-up of a similar survey conducted in April-May of 2018.

Each respondent was only asked about one potential bond measure, including an initial ballot vote, a vote for smaller bond issuance, and votes after pro and con arguments.

Due to rounding, some percentages do not add up to 100%

Research Aspect	Specifics
Number of Interviews	1,203
Sample	Likely November 2018 voters in San Jose
Data Collection Mode	Telephone (landline & cell phone)
Respondent Contact Method	Telephone
Languages	English, Spanish, and Vietnamese

Measure	N size	Margin of Error	
		All	Half
Omnibus Bond Measure	401	±4.9%	±6.9%
Street Repair Bond	401	±4.9%	±6.9%
Public Safety Bond	401	±4.9%	±6.9%

Omnibus Bond Measure

SURVEY RESULTS

Omnibus Bond Measure Language Tested

With AB 195 Requirements

- Upgrade 911 communications/police/fire/paramedic facilities to improve public safety and emergency/disaster response;
- Repair deteriorating bridges;
- Fix potholes/repave streets in the worst condition;
- Repair stormdrains to prevent flooding/waterway pollution; and
- Address urgent infrastructure needs,

Shall the City of San José issue \$950 million in bonds with an average levy of 20¢ per \$1,000 of assessed value, generating approximately \$49.5 million annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

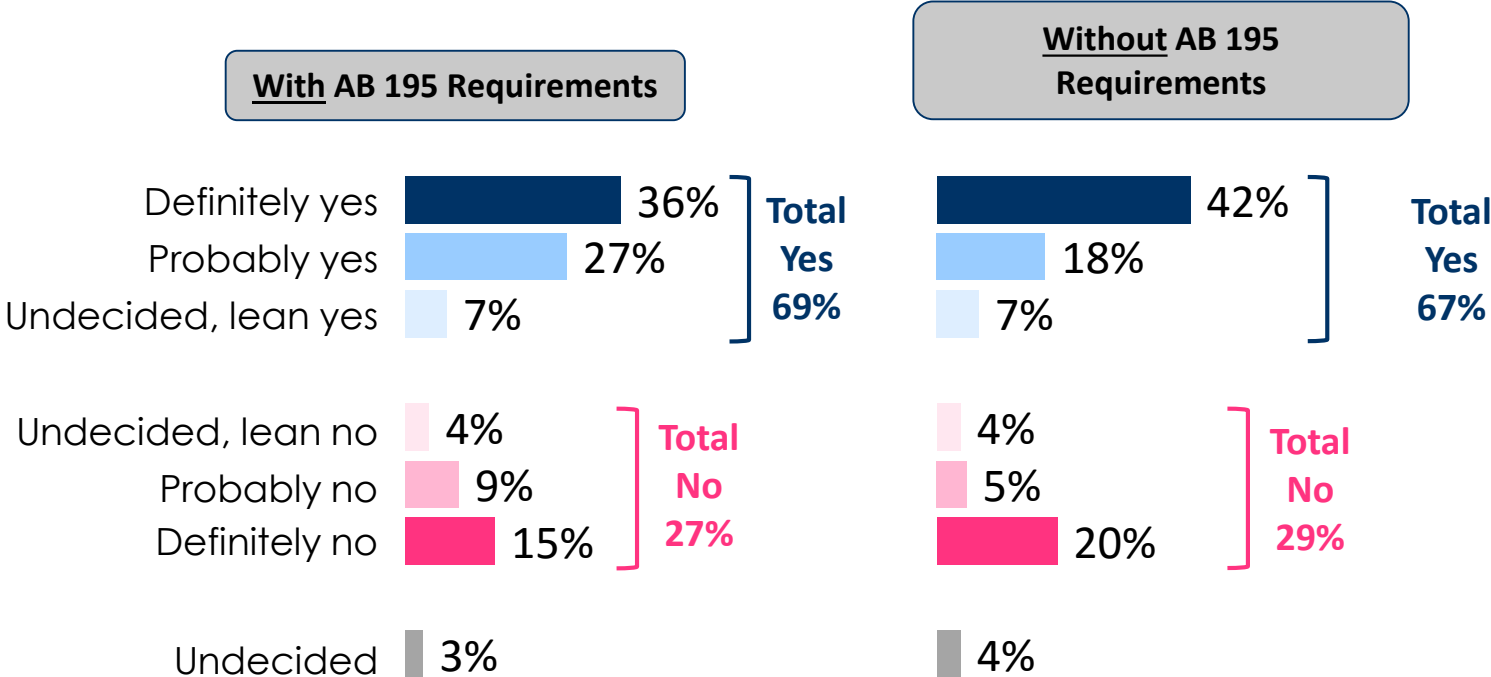
Without AB 195 Requirements

- Upgrade 911 communications, police, fire, and paramedic facilities to improve response times to emergency calls, train firefighters/police officers, increase police patrols, and better respond to earthquakes, fires, floods, and other disasters; and to
- Repair deteriorating bridges;
- Fix potholes and repave streets in the worst condition;
- Repair stormdrains to prevent flooding/waterway pollution; and
- Address other urgent infrastructure needs,

Shall the City of San José issue \$950 million in bonds, requiring independent citizen oversight and annual financial audits?

Q3 (Split D & E). If there were an election today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

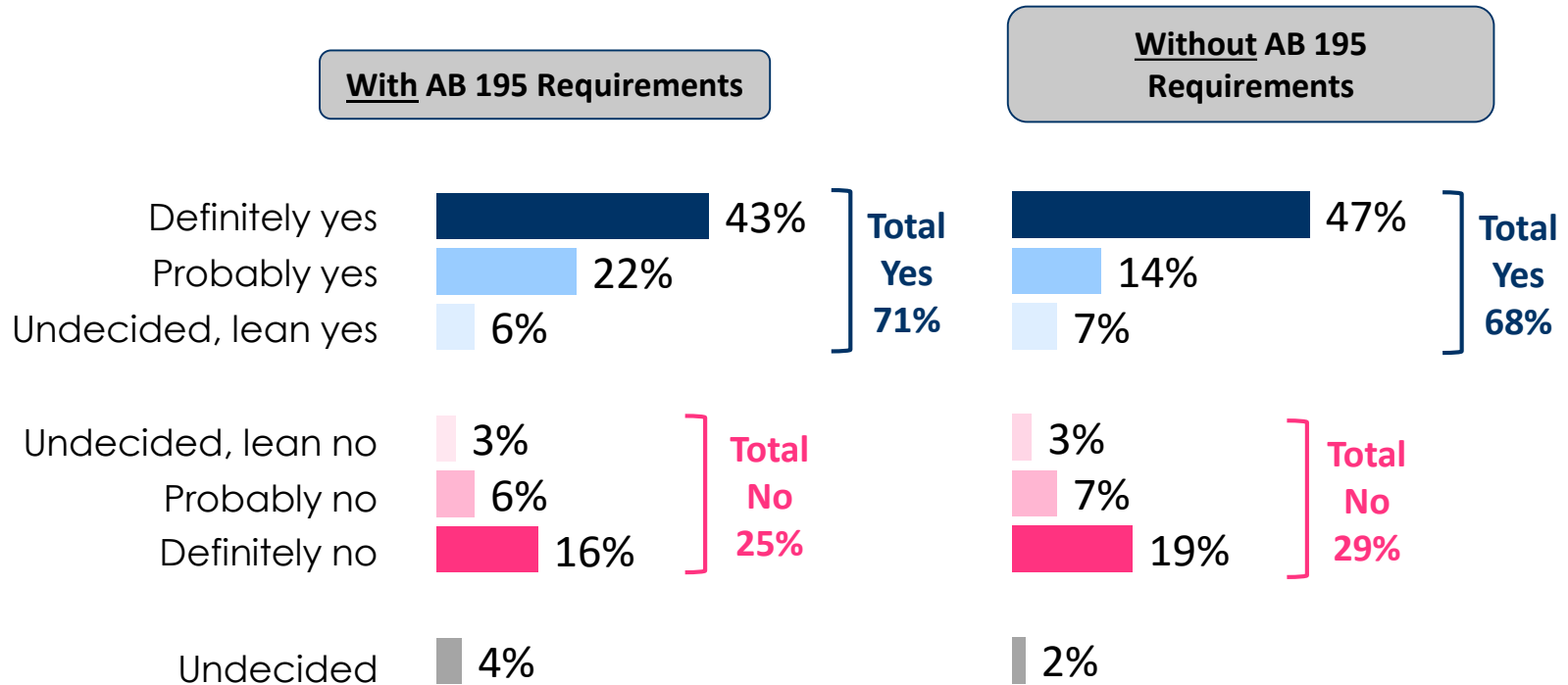
Support hovered just above two-thirds for the omnibus bond measure.



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

Support was only marginally higher (and within the MOE) for a lower amount.

What if rather than enabling the City of San José to issue \$950 million in bonds, this measure instead enabled the City to issue \$750 million in bonds?



Q3/Q4 Combined (Split D & E). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?



Street and Road Repair Bond Measure

SURVEY RESULTS

Street Repair Bond Measure Language Tested

With AB 195 Requirements

- Fix potholes and repave streets in the worst condition throughout San José;
- Repair old and deteriorating bridges and overpasses;
- Repair stormdrains to prevent flooding and keep pollution from creeks and the Bay; and
- Address other transportation infrastructure needs,

Shall the City of San José issue \$500 million in bonds with an average levy of 12¢ per \$1,000 of assessed value, generating approximately \$33 million annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

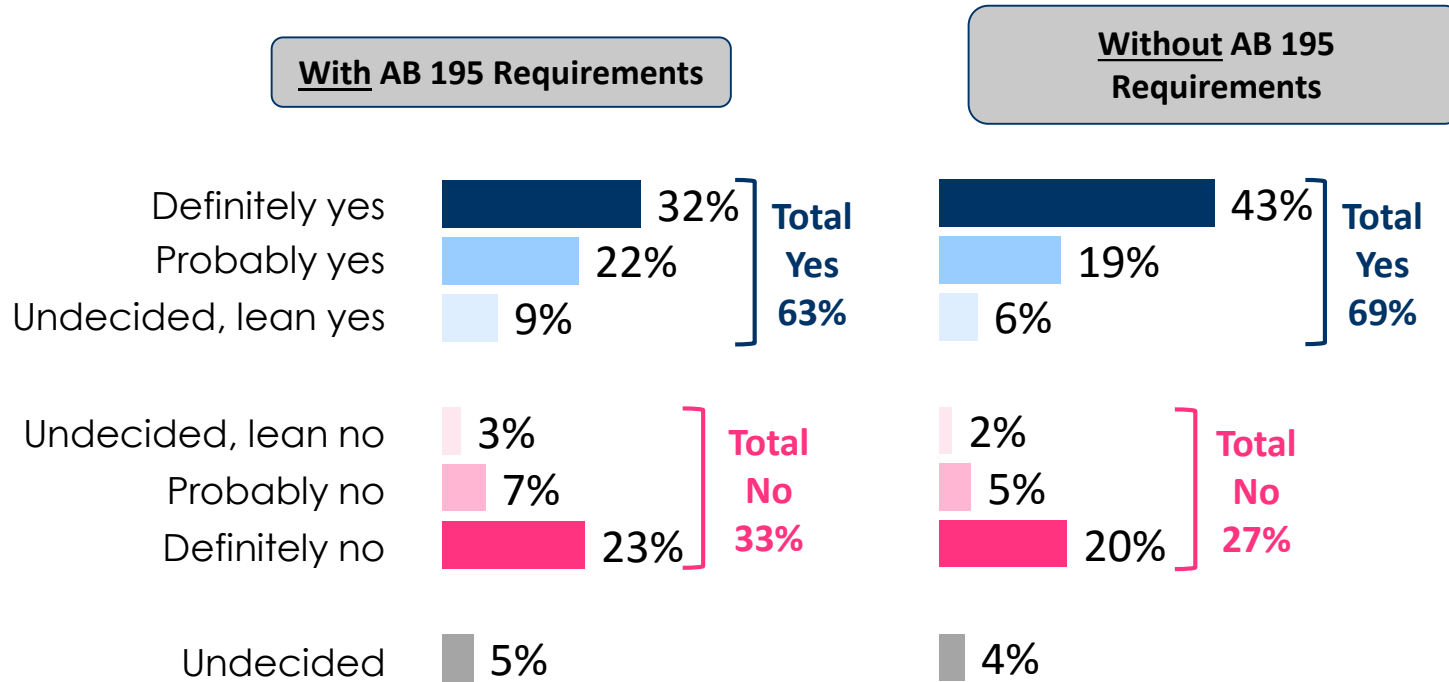
Without AB 195 Requirements

- Fix potholes and repave streets and roads in the worst condition in neighborhoods throughout the City;
- Repair old and deteriorating bridges and overpasses that could be vulnerable in an earthquake;
- Repair stormdrains to prevent street flooding and keep pollution from local creeks and the Bay; and
- Address other transportation infrastructure needs,

Shall the City of San José issue \$500 million in bonds, requiring independent citizen oversight and annual financial audits?

Q7 (Split D & E). If there were an election today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

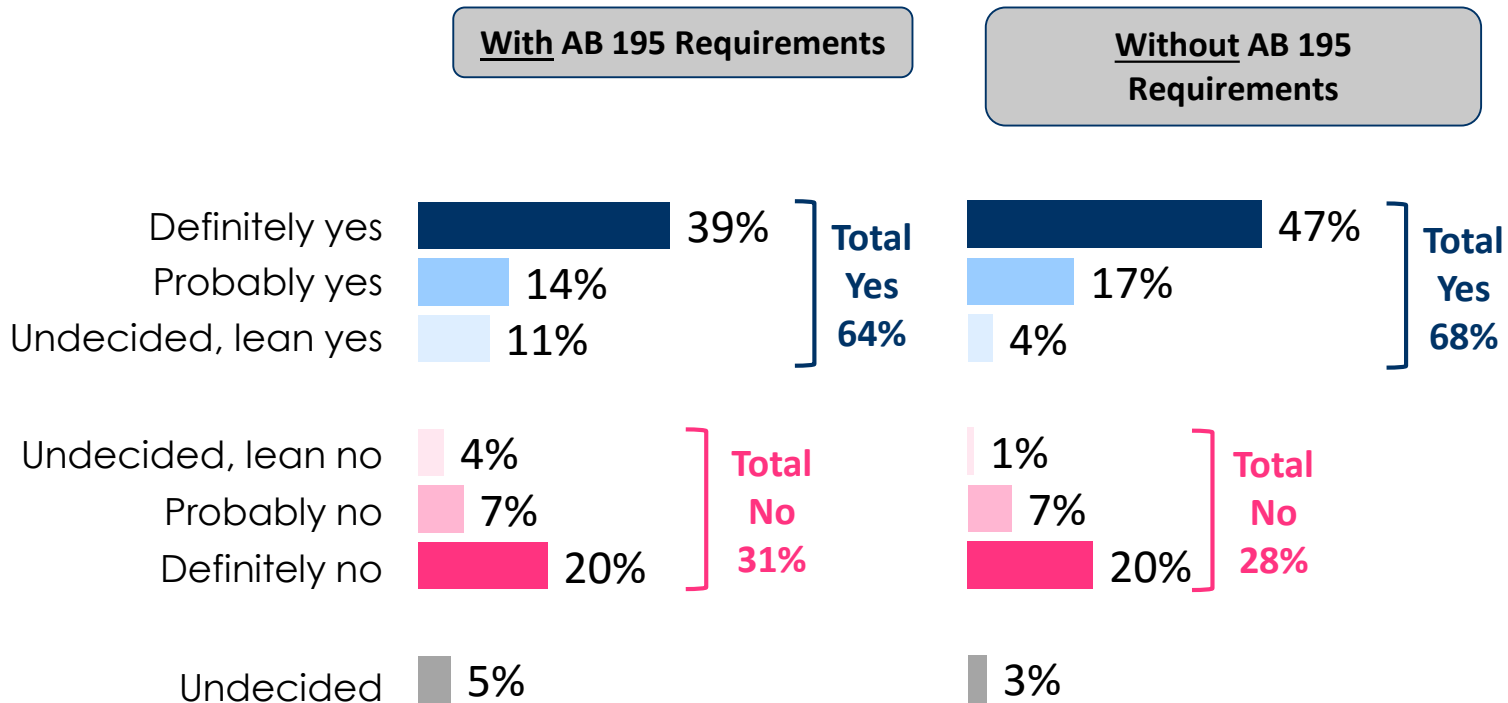
The AB 195 language made more impact for the street repair bond measure, with only the version without its requirements reaching two-thirds.



Q7 (Split D & E). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Support levels were essentially unchanged for a small street repair bond.

What if rather than enabling the City of San José to issue \$500 million in bonds, this measure instead enabled the City to issue \$300 million in bonds?



Q7/Q8 Combined (Split D & E). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Public Safety Bond Measure

SURVEY RESULTS

Public Safety Bond Measure Language Tested

With AB 195 Requirements

- Upgrade 911 communications, police, fire, and paramedic facilities to improve emergency response times, train more firefighters and officers, increase police patrols, and better coordinate responses to earthquakes, fires, floods, and other disasters; and
- Repair other urgent public safety infrastructure,

Shall the City of San José issue \$500 million in bonds with an average levy of 12¢ per \$1,000 of assessed value, generating approximately \$33 million annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

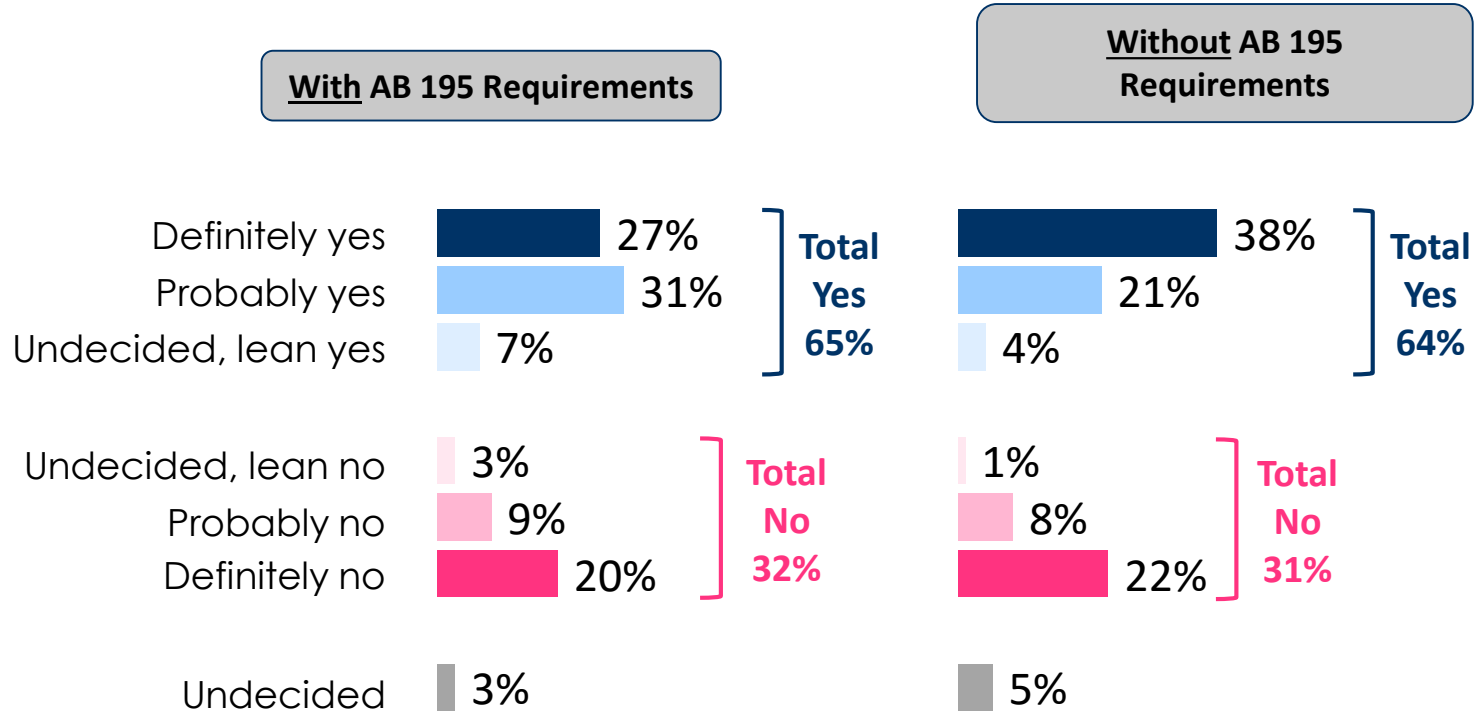
Without AB 195 Requirements

- Upgrade aging 911 communications, police, fire, and paramedic facilities to improve emergency response times;
- Build a safe and secure emergency operations center to better respond to earthquakes, fires, floods, and other disasters;
- Improve fire stations, crime scene and DNA evidence storage, and firefighter and police training facilities, helping to increase neighborhood police patrols; and
- Repair other urgent public safety infrastructure,

Shall the City of San José issue \$500 million in bonds, requiring independent citizen oversight and annual financial audits?

Q11 (Split D & E). If there were an election today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

Both versions of the public safety bond fell short of two-thirds.



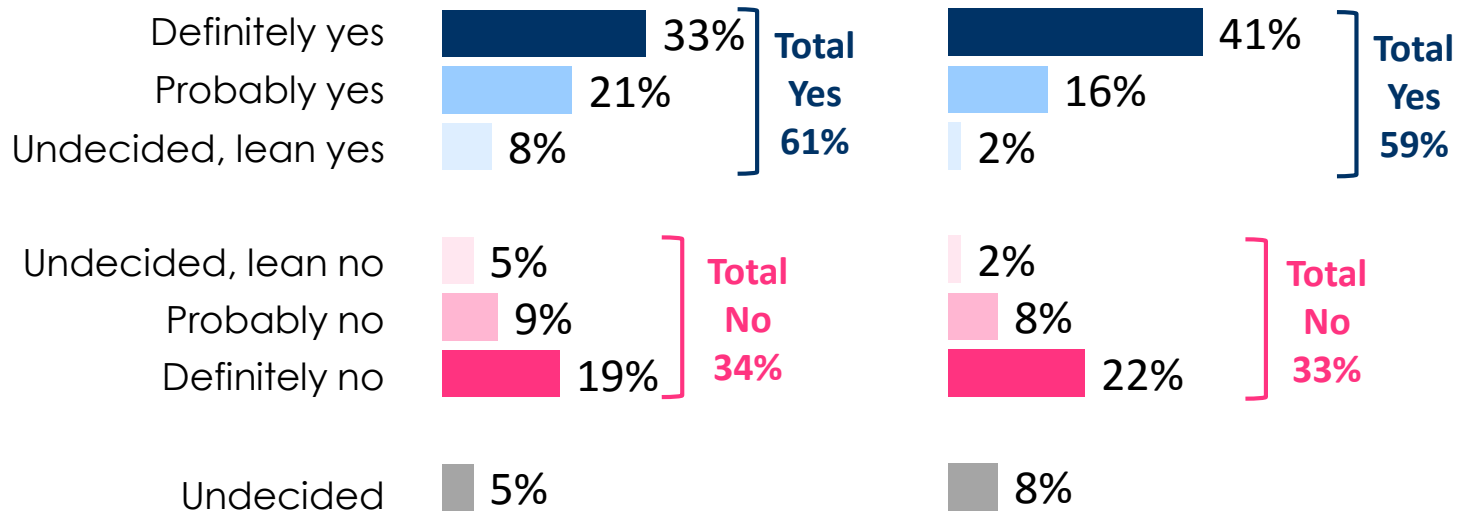
Q11 (Split D & E). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Support fell slightly for a smaller bond.

What if rather than enabling the City of San José to issue \$500 million in bonds, this measure instead enabled the City to issue \$300 million in bonds?

With AB 195 Requirements

Without AB 195 Requirements



Q11/Q12 Combined (Split D & E). If there were an election today, do you think you would vote “yes” in favor of this measure or “no” to oppose it?

Bond Measure “Yes” Votes Summary

Red “yes” totals reached the two-thirds vote threshold

Bond	Initial Vote		Lower Amount	
	With AB 195	Without AB 195	With AB 195	Without AB 195
Omnibus	69%	67%	71%	68%
Street Repair	63%	69%	64%	68%
Public Safety	65%	64%	61%	59%

Conclusions

The past two surveys suggest:

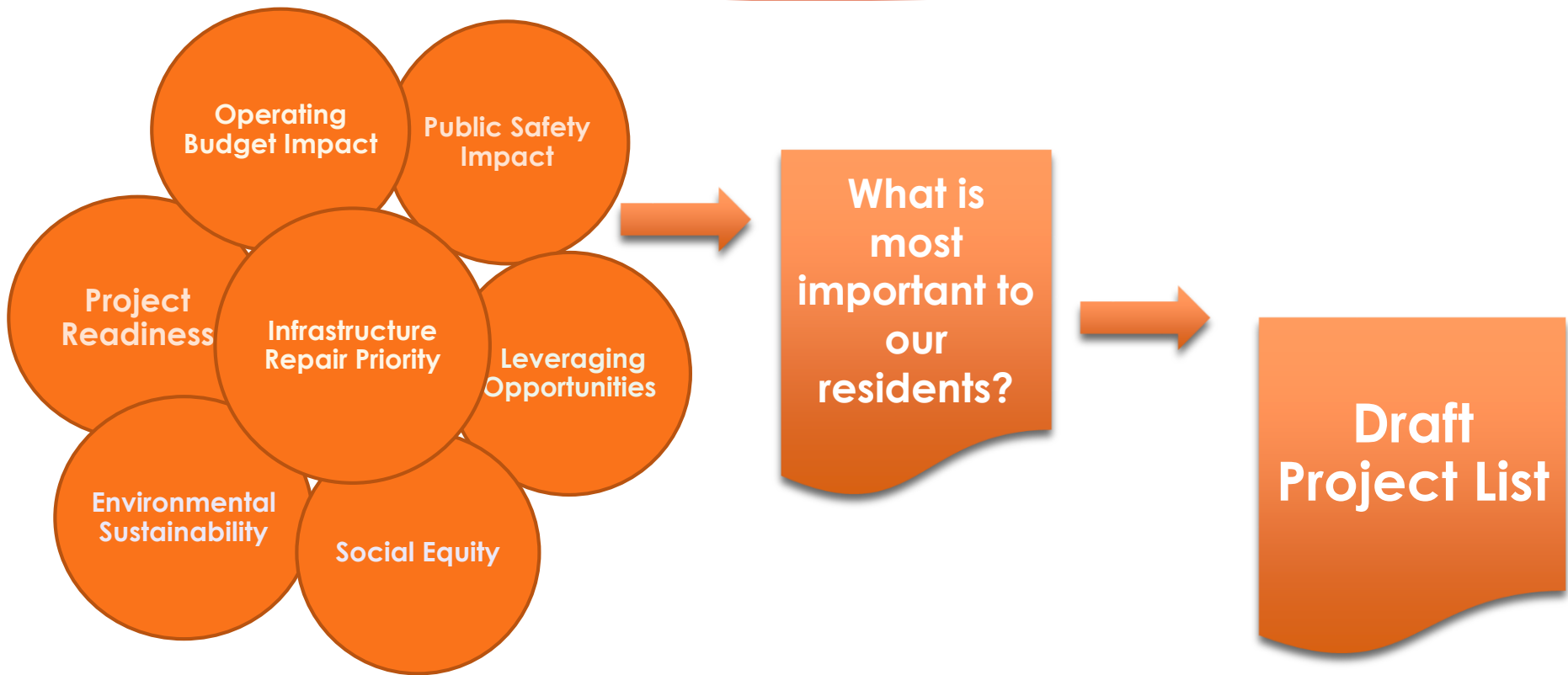
- Passing an infrastructure bond measure in San José will be challenging, but is feasible.
- Positive messages improve support modestly, but not much above two-thirds.
- An omnibus measure funding street repairs and public safety appears to be marginally more viable a single-focus measure. (Note: all within MOE)
- AB 195 ballot language requirements appear to have little impact on overall support levels, but do decrease the intensity of support.



Recommendation

**OMNIBUS GENERAL
OBLIGATION BOND**

Project Category and List Selection



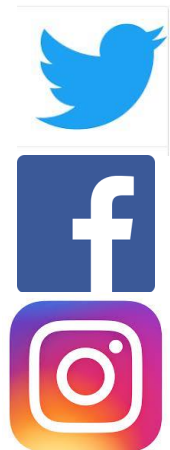
Project Categories Polling Well

- ▶ Bridge Repair/Replace (81%)
- ▶ Streets – Local/Neighborhood (76%)
- ▶ 911 Communications Center (72%)
- ▶ Flood Prevention – Storm Drains (69%)
- ▶ Fire Station Repair (68%)
- ▶ Emergency Operations Center (66%)
- ▶ Community Centers (66%)

Community Outreach and Education

Allowable information:

- ▶ Content of the ballot measure
- ▶ Types of projects that could be funded
- ▶ How much an average homeowner would be taxed based on estimates/projections
- ▶ Other facts about the ballot measure



Next Steps

- ▶ Conduct additional polling to finalize ballot language & funding amount
- ▶ Return to Council August 7, 2018 to consider placing GO bond measure on November 6, 2018 citywide ballot
- ▶ Develop a GO bond project category list to guide development of projects, outreach, and education