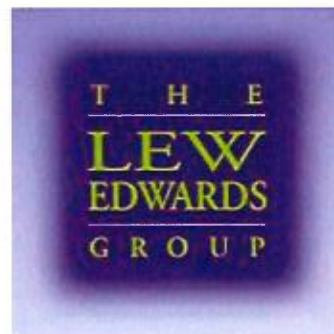


Project Update

City of Santa Clara
February 8, 2022

Introductions & Project Objectives



Subject Matter Experts



Our team prides itself on our professionalism, objectivity and commitment to reporting on the community's views to inform the City Council's fiscal sustainability vision.

- *Catherine Lew and Jennifer Longley* of The Lew Edwards Group are the Project Leads. LEG has enacted over \$41 Billion with a 95% enactment rate in California, and with this team has represented the City successfully since 2018 on enacted Measure M (Cannabis) & E (TOT).
- *Emily Kirby Goodman* from EMC Research is the City's statistical survey research professional. EMC is a national firm that has conducted thousands of such studies.
- *Dr. Shawn Spano* from Public Dialogue Consortium – who the City Council knows – is directing qualitative focus groups, community dialogue and collaboration.

Project Objectives



- Understand the City's current Fiscal Sustainability Vision
- Conduct Community Survey to assist with City Council goal-setting, long-term budget and service delivery planning
- Gather statistically reliable information on community priorities and views, including the viability of potential revenue ballot measures
- Launch community engagement focus groups
- Report to City Council on project status
- Continue engaging the community robustly, prior to Council action on potential measures

Project Update



- The first Community Survey has been completed, and results show:
 - A no-tax-increase Utility Charter Affirmation measure is viable in November 2022.
 - Consistent with previous surveys, an infrastructure bond falls far short of the viability.
 - A business license tax modernization is potentially viable, provided there is stakeholder consensus and public education on the City's proposal
- Stakeholder engagement sessions have been launched and great feedback identified so far.



Highlights of Community Survey Results

Methodology



- ▶ Multimodal survey of likely November 2022 voters
 - Telephone survey with landlines and mobile phones included
 - Email- and text-to-web survey
- ▶ Survey conducted January 20-27, 2022
- ▶ 600 interviews; overall margin of error ± 4.00 percentage points
- ▶ Interviews were conducted in English, Spanish, Chinese & Vietnamese by trained, professional interviewers

Please note that due to rounding, some percentages may not add up to exactly 100%.

City of Santa Clara Job Ratings



Voters feel generally positive about the job the City is doing overall, with electric utility receiving the most positive ratings with high intensity.

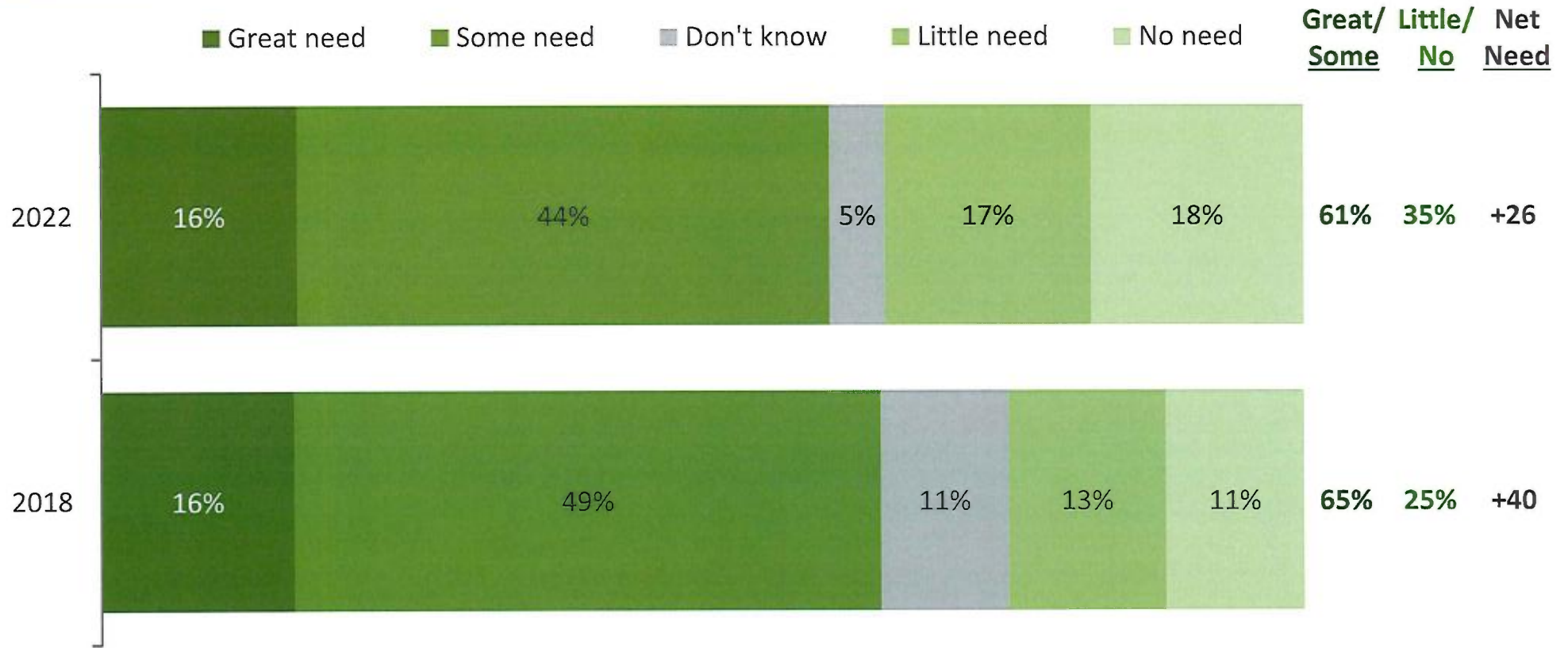


After hearing each one, please tell me how you would rate that aspect, using a scale of excellent, good, only fair, or poor.

Santa Clara Need for Funding Over Time



A solid majority of voters continue to perceive a need for additional funding for the City.



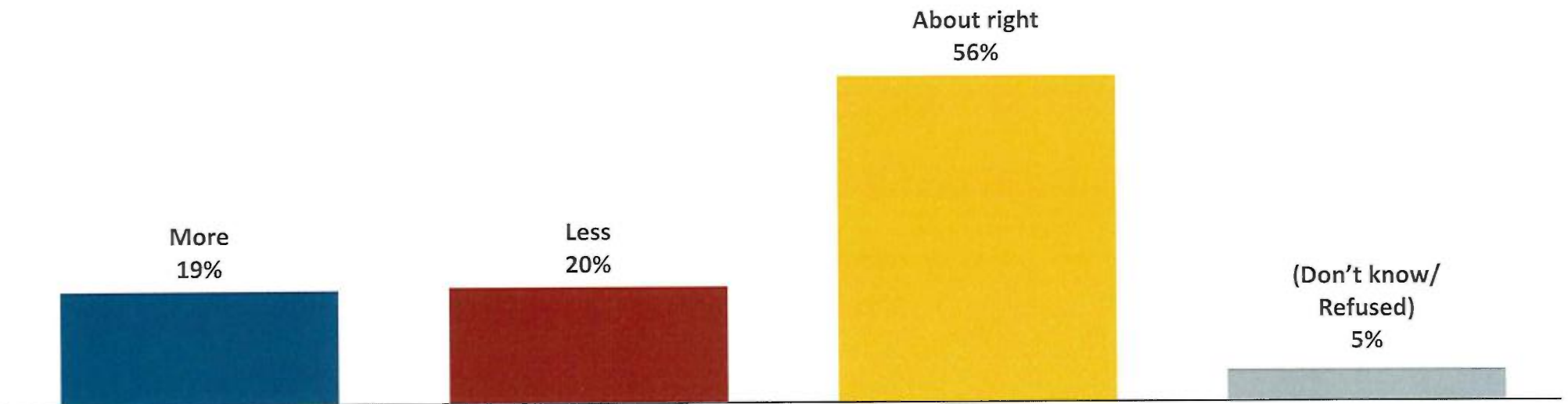
Does the City of Santa Clara have a great need for additional funding, some need, a little need, or no real need for additional funding?

Business Taxation Attitudes



A majority of voters think the current level of taxes on businesses is about right.

In general, do you think the City of Santa Clara should tax businesses more, or less, or do you think the current level of taxes on businesses is about right?



Attitudes Toward Businesses



Three in four voters believe we should be proactive in keeping businesses and jobs in the City.

Santa Clara should
tax businesses more so that
they pay their fair share

vs

Santa Clara should
be proactive in keeping
businesses and jobs in the City

Tax More
21%

(Both)/(Neither)/
(Don't know/Refused)
3%

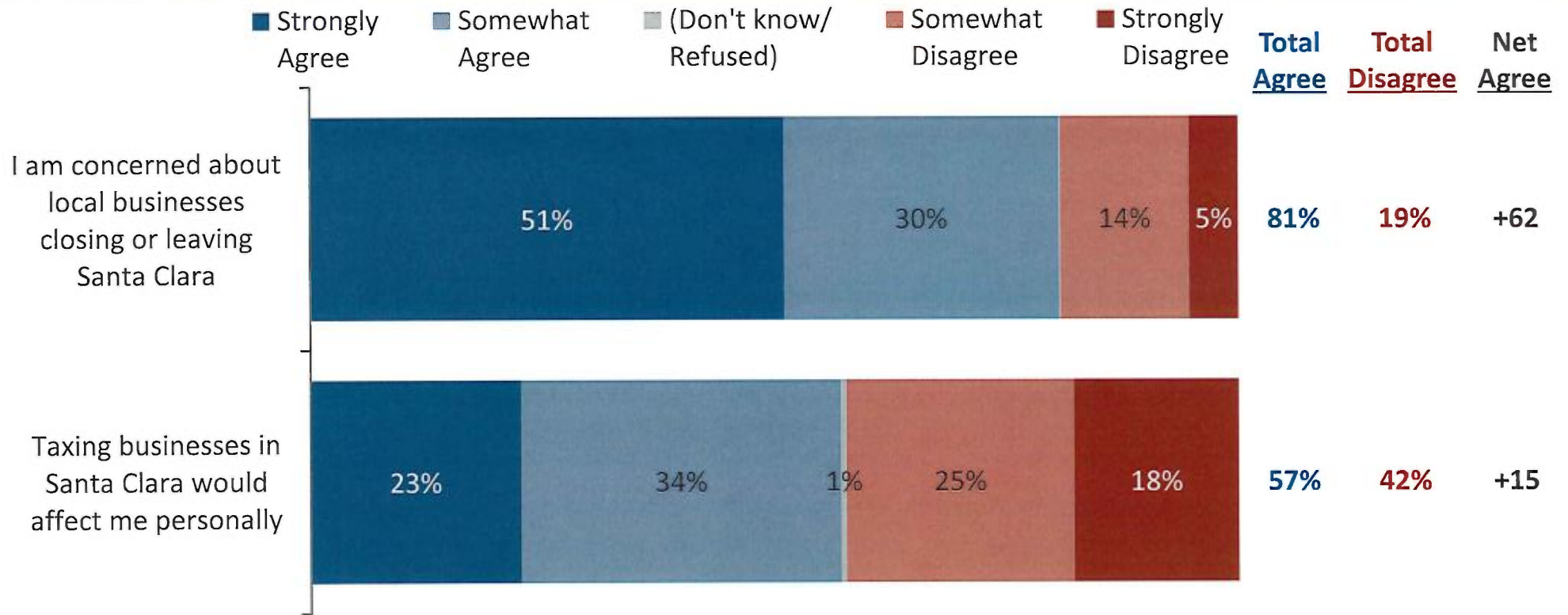
Keep Businesses
76%

Now I'd like to read you a pair of statements. Please tell me which one is closer to your opinion.

Tax Attitudes



A significant majority of voters are concerned about local businesses closing or leaving Santa Clara, while voters are split on whether taxing businesses would affect them personally.



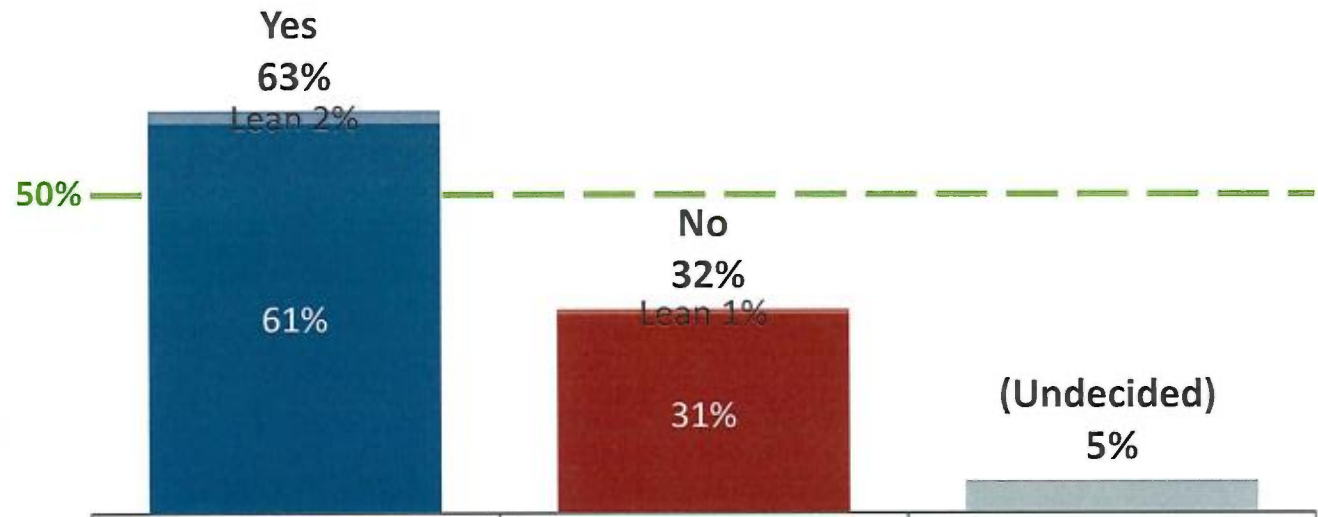
Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements.

Initial Vote: Utility Charter Measure



In an initial vote on the utility charter, the measure receives support from a strong majority of voters.

City of Santa Clara No Tax Increase/Services Protection Measure.
To protect essential services without raising taxes, such as 911 response; police patrols, fire protection; street/storm drain repair, and maintaining reliable local utility service; shall Section 1320 of the Charter continuing the annual routine budget transfer of funds from City utilities to the general fund at 5% of gross receipts until ended by voters, generating approximately \$30,000,000 annually, with independent audits, all funds local, be reaffirmed/adopted?



If the election were held today, would you vote yes to approve or no to reject this measure?

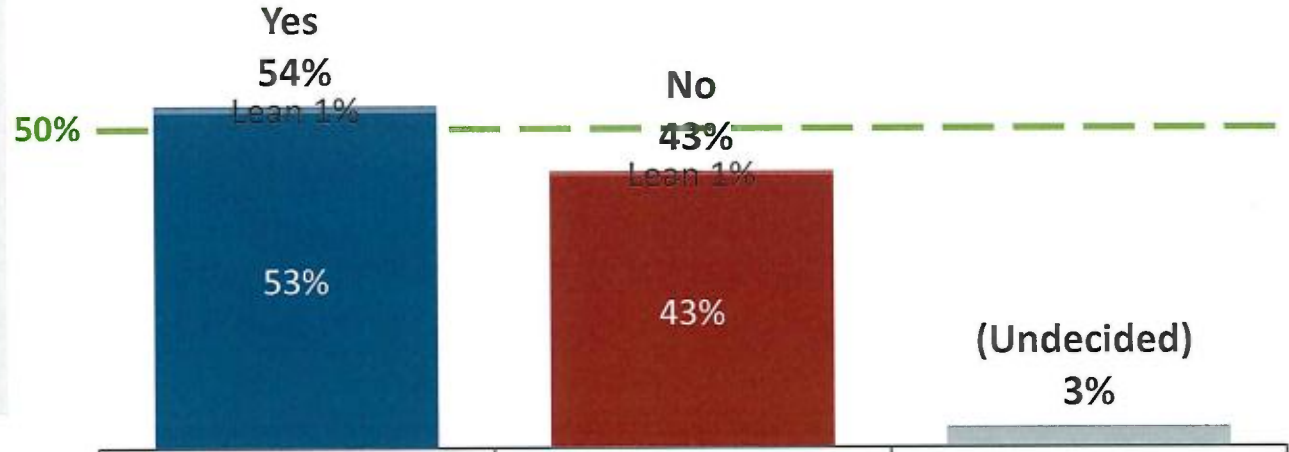
Initial Vote: BLT Measure



In an initial BLT vote, the measure receives support from a majority of voters.

City of Santa Clara Business License Update/Tax Equity Measure.

To protect Santa Clara's financial stability and maintain essential services such as: 911 emergency services, safe/clean public areas, repairing aging streets, parks, and libraries, shall an ordinance updating the business license tax to \$100 per business, and between \$5 and \$150 per employee, with larger businesses paying more per employee, generating approximately \$6,000,000 annually until ended by voters, with independent annual financial audits, all funds staying local, be adopted?



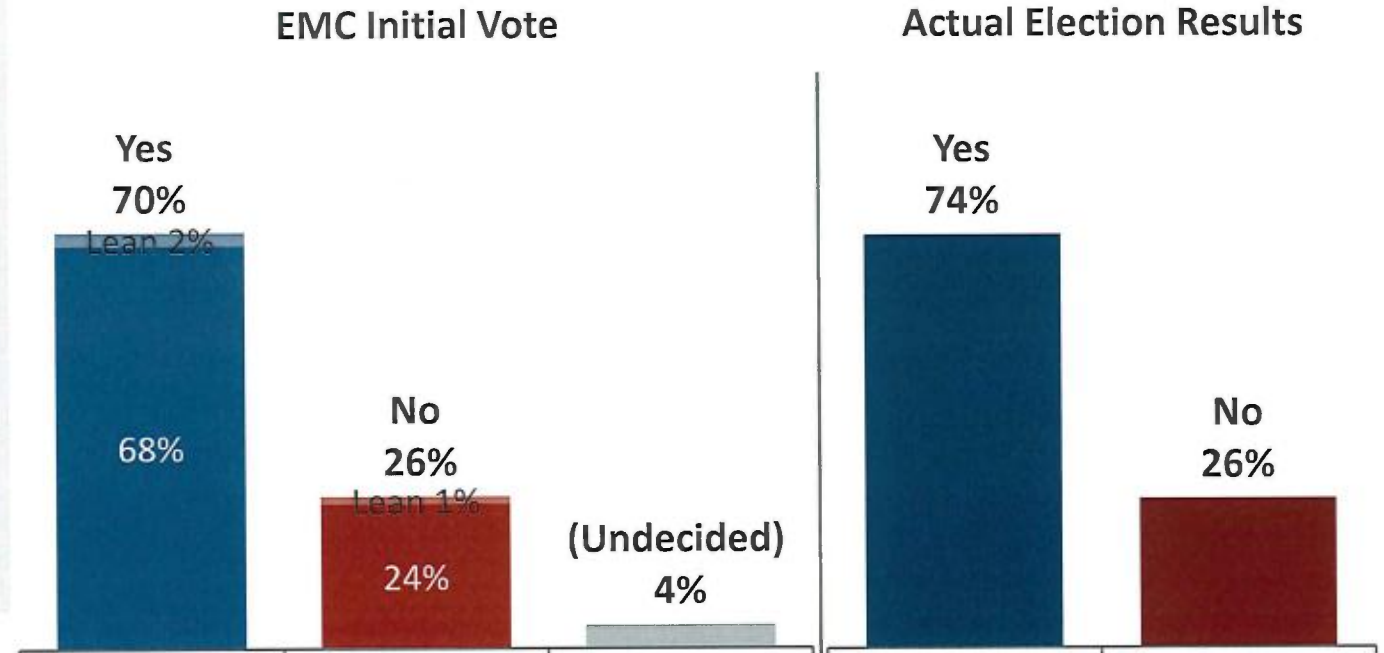
If the election were held today, would you vote yes to approve or no to reject this measure?

Past Comparison: 2020 Hotel Tax



The 2020 hotel tax measure outperformed initial viability polling after voter communication efforts.

To maintain and protect the level of essential city services including 9-1-1 emergency medical/disaster preparedness, police and fire protection, bicycle and pedestrian safety, roadways and storm drains, and other vital services including parks, recreation, libraries and senior services, shall a measure increasing the hotel tax rate up to 4%, generating approximately 7 million dollars annually, paid only by hotel/motel guests, until ended by voters, be adopted?

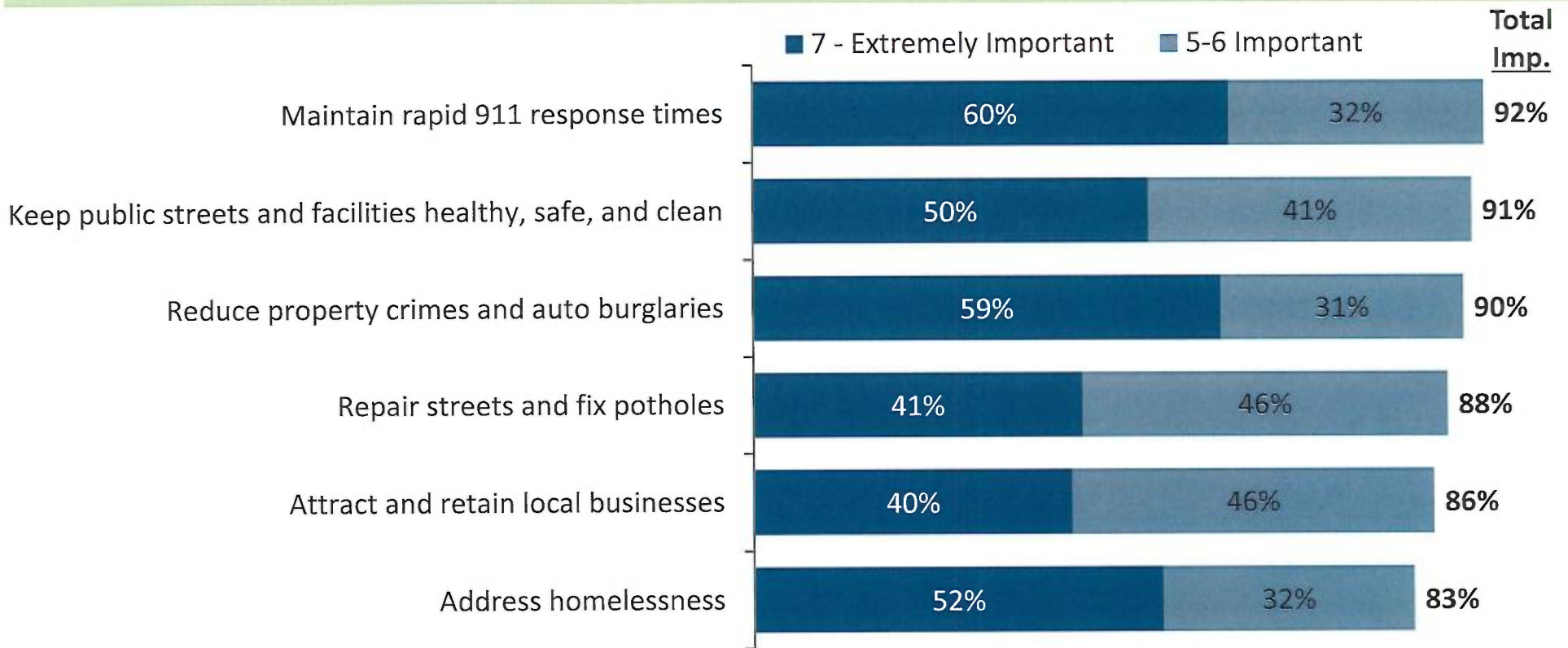


. If the election were held today, would you vote yes to approve or no to reject this measure?
From EMC #20-7648

Measure Components



When considering components of the potential measures, voters rated items related to public safety as most important with maintaining rapid 911 response times rated as most important. (All items randomized.)

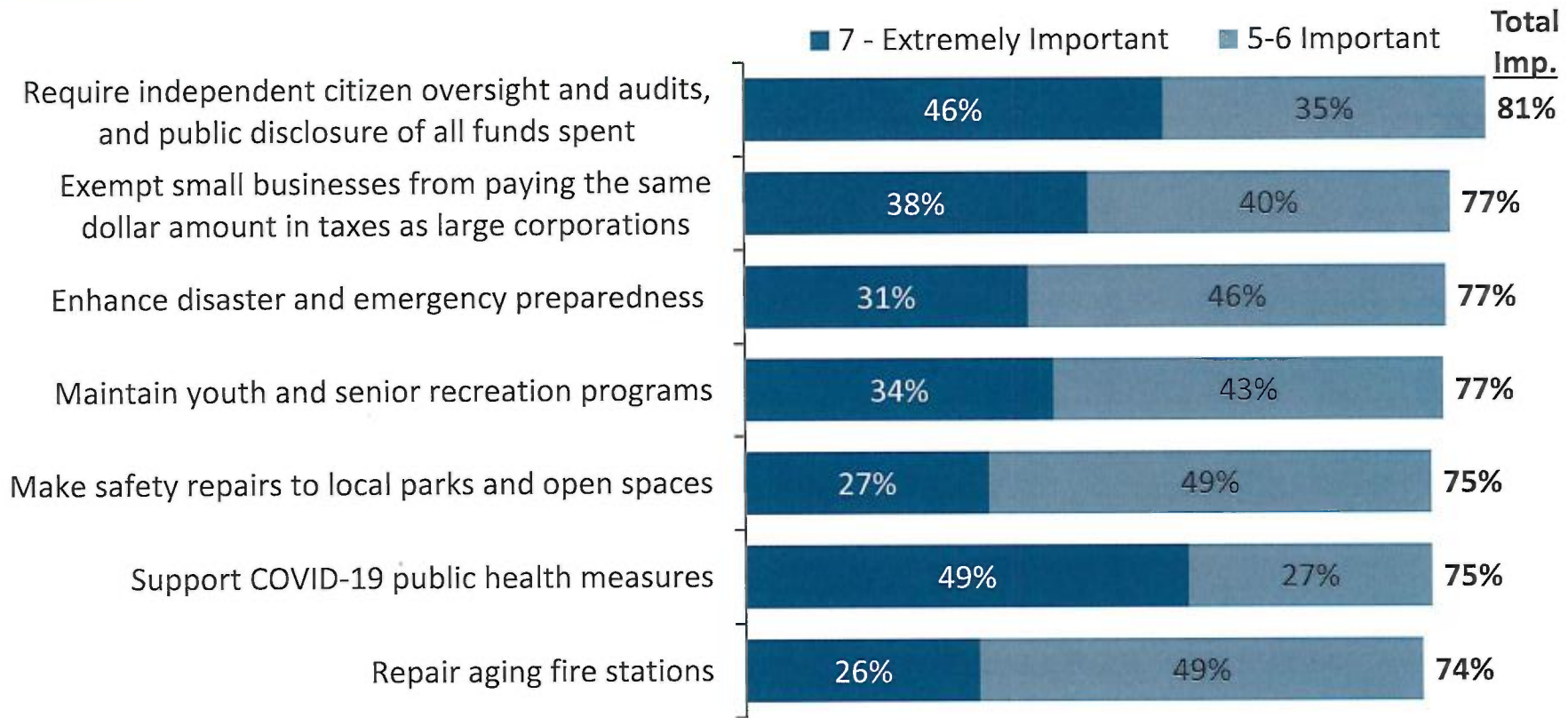


I'm going to read you a list of items that may be included in the measures. After each one, please rate how important that item is to you, using a scale of 1 to 7, where 1 means not at all important, and 7 means extremely important.

Measure Components



Other components of the potential measures are considered somewhat less important by voters.

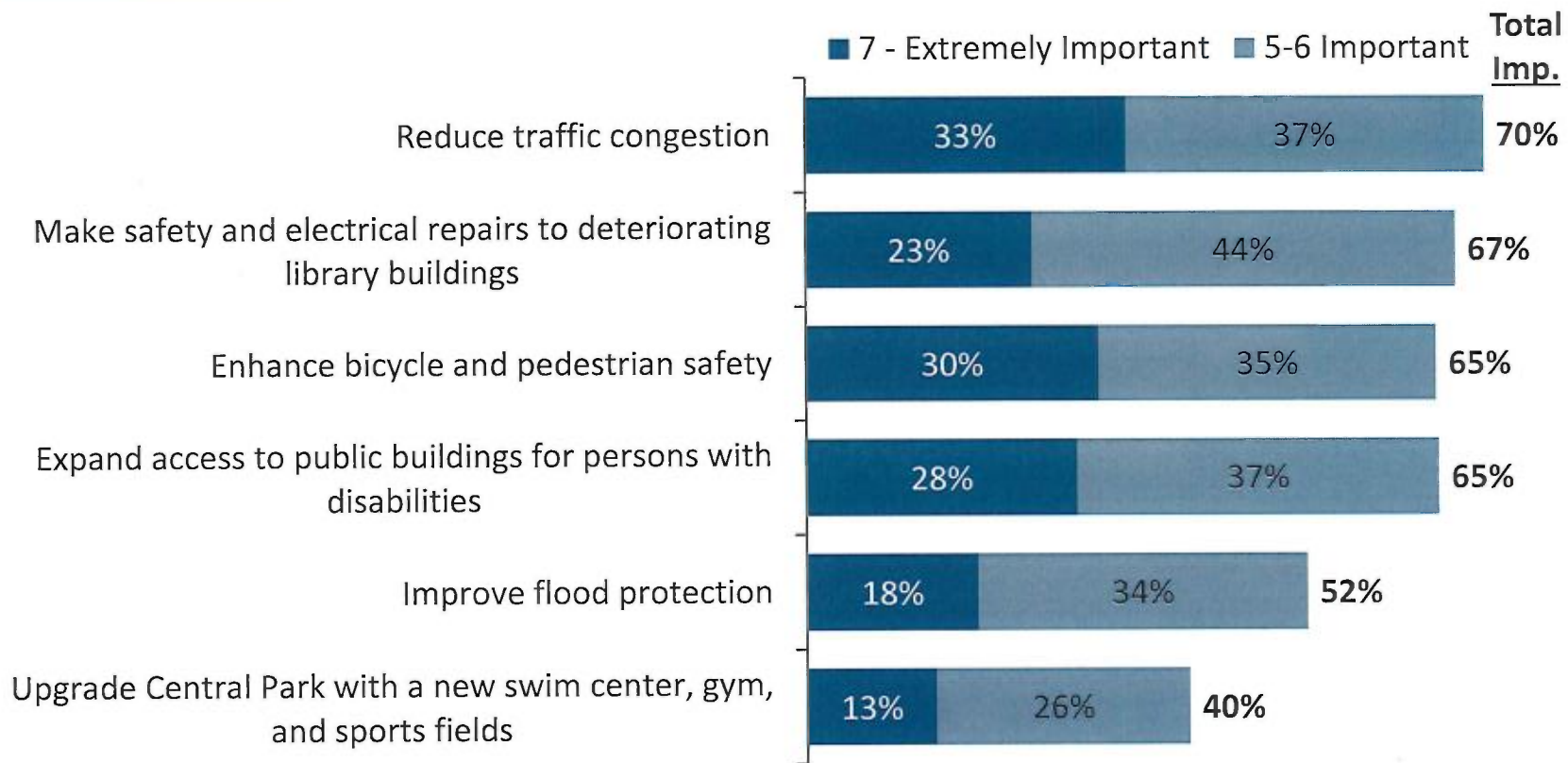


I'm going to read you a list of items that may be included in the measures. After each one, please rate how important that item is to you, using a scale of 1 to 7, where 1 means not at all important, and 7 means extremely important.

Measure Components



Notably, upgrading Central Park with a new swim center, gym, and sports fields is not a priority for voters.

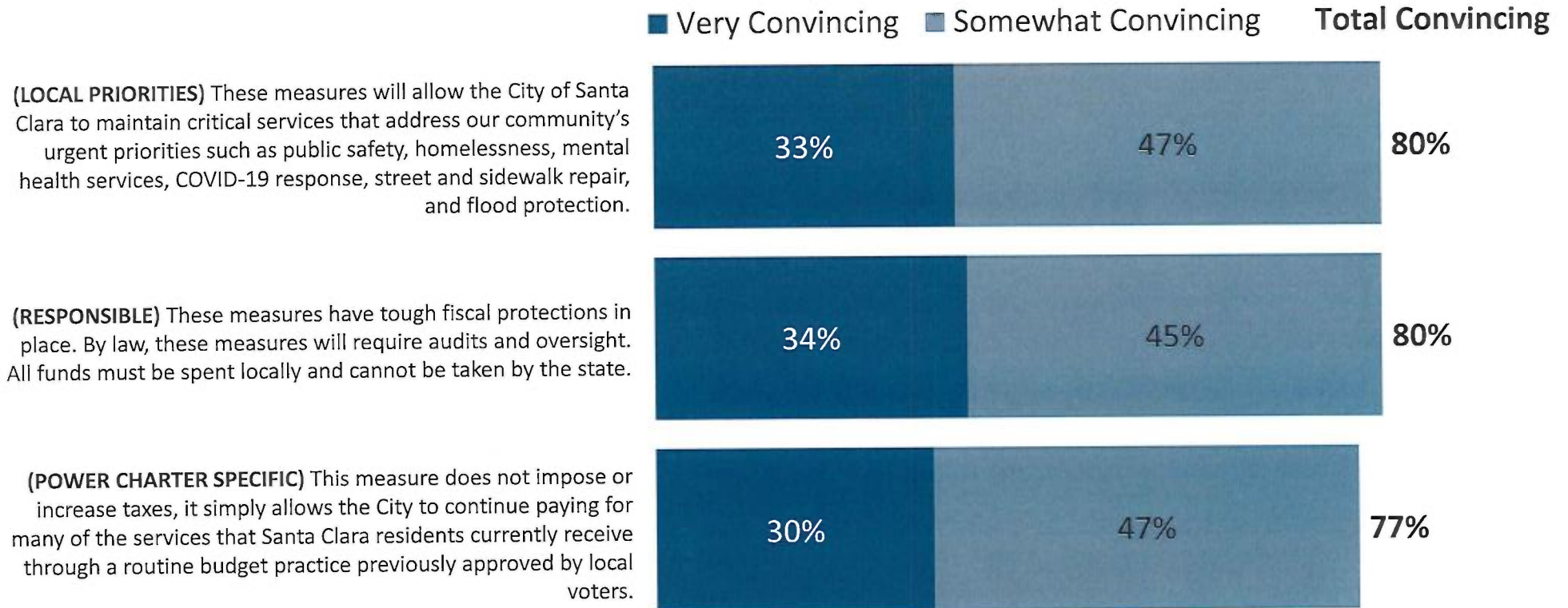


QI'm going to read you a list of items that may be included in the measures. After each one, please rate how important that item is to you, using a scale of 1 to 7, where 1 means not at all important, and 7 means extremely important.

Additional Information



Information that focuses on local impact and fiscal responsibility resonates with voters.



. Next, I'm going to read you statements in SUPPORT of the measures. After each one, please tell me how convincing that statement is as a reason to SUPPORT the measures—very convincing, somewhat convincing, not too convincing, or not at all convincing.

Additional Information



Other information is also compelling, but with lower intensity.

■ Very Convincing ■ Somewhat Convincing Total Convincing

(QUALITY OF LIFE) The City of Santa Clara is a great place for children, families, seniors, and young professionals to live. These measures will ensure that Santa Clara residents continue to enjoy safe streets, excellent parks and libraries, and provide a variety of vibrant spaces for residents of all ages to gather and play.



(COVID OPEN SPACE) We do not know how long the COVID-19 pandemic will last, and the use of our parks and outdoor open spaces have skyrocketed as they remain a refuge for families, seniors, and residents to gather together safely. Additional funding is needed to maintain basic facilities and accelerate repairs on these vital spaces.



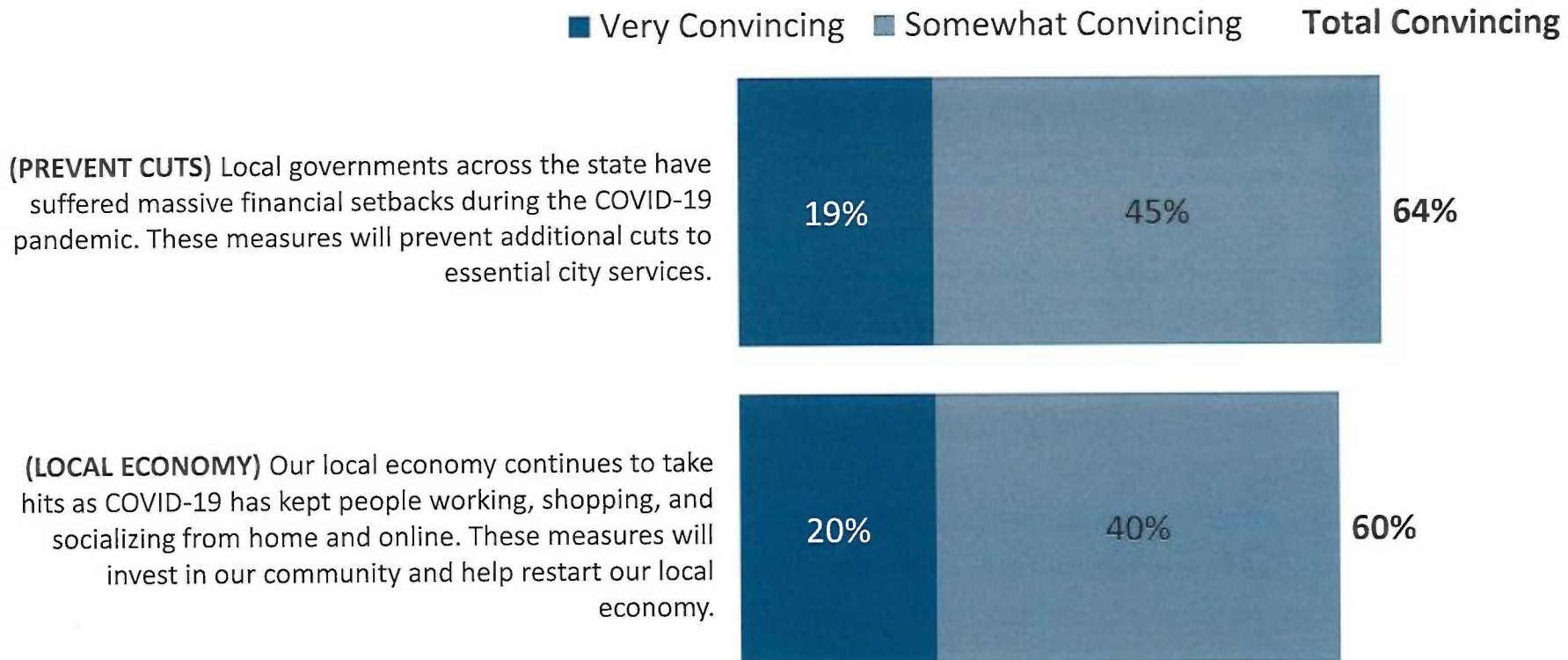
(BLT SPECIFIC--FAIRNESS) Santa Clara’s Business license tax has not been updated since 1992. It does not reflect the way business operates in the City today, and charges small local businesses the same dollar amount as large businesses and corporations that have major parts of their global operations here in Santa Clara. This business license tax measure will allow the city to treat all businesses equitably.



Next, I’m going to read you statements in SUPPORT of the measures. After each one, please tell me how convincing that statement is as a reason to SUPPORT the measures—very convincing, somewhat convincing, not too convincing, or not at all convincing.

Additional Information

Other information is compelling, but with lower intensity.



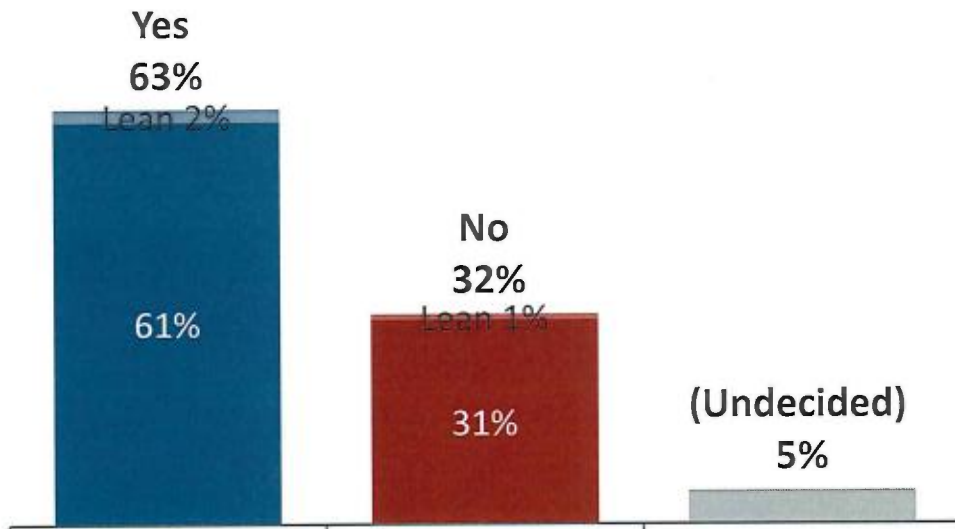
Next, I'm going to read you statements in **SUPPORT** of the measures. After each one, please tell me how convincing that statement is as a reason to **SUPPORT** the measures—very convincing, somewhat convincing, not too convincing, or not at all convincing.

Vote After Additional Information: Utility Charter

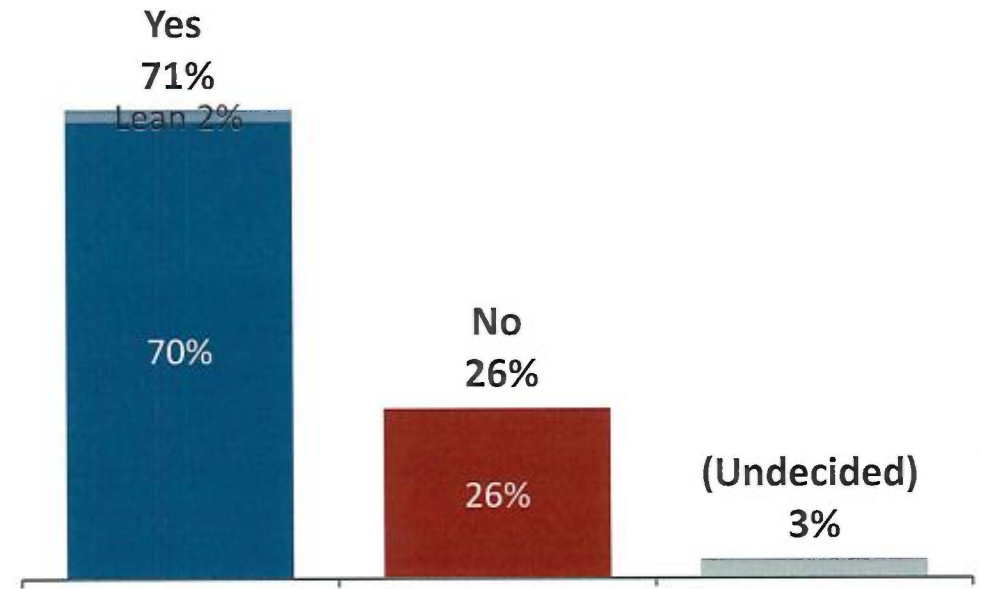


Additional information helps to increase support for the utility charter measure.

Initial Vote



After Additional Information



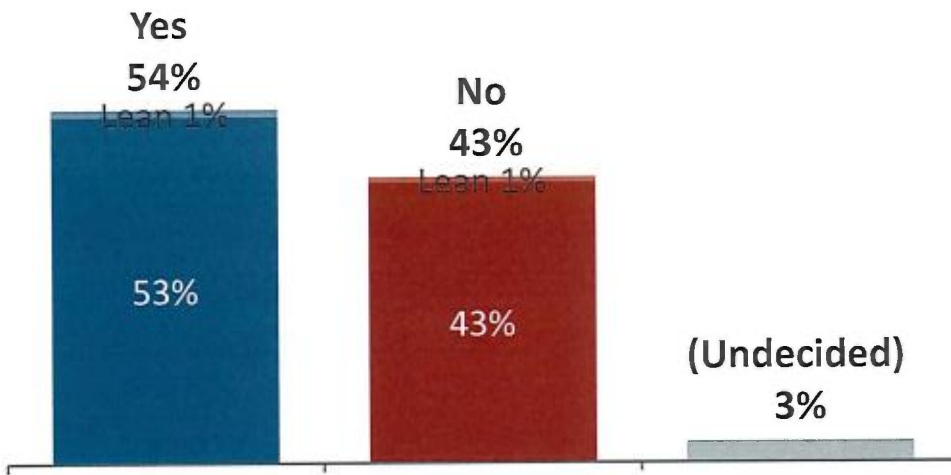
. If the election were held today, would you vote yes to approve or no to reject this measure?

Vote After Additional Information: BLT Measure

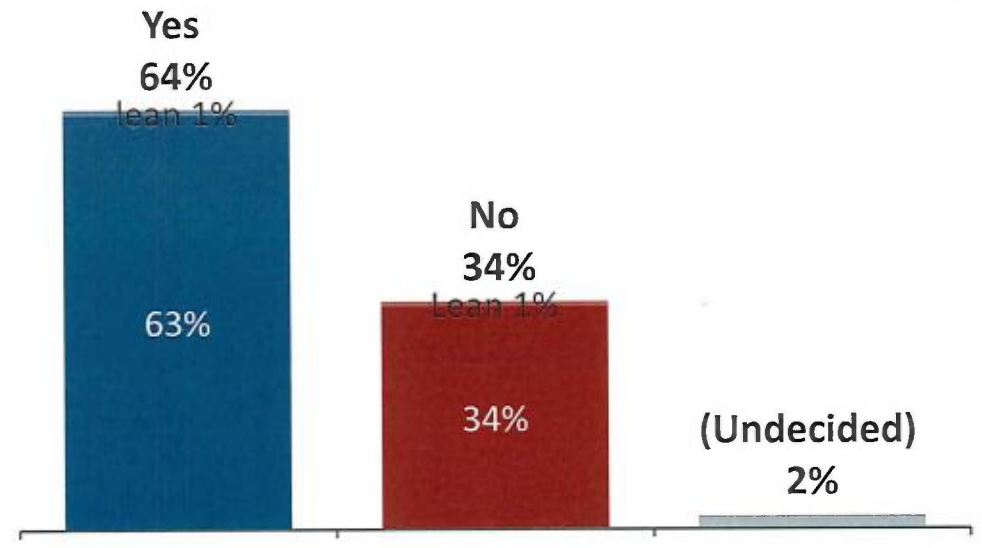


Additional information also helps to increase support for the BLT measure.

Initial Vote



After Additional Information



If the election were held today, would you vote yes to approve or no to reject this measure?

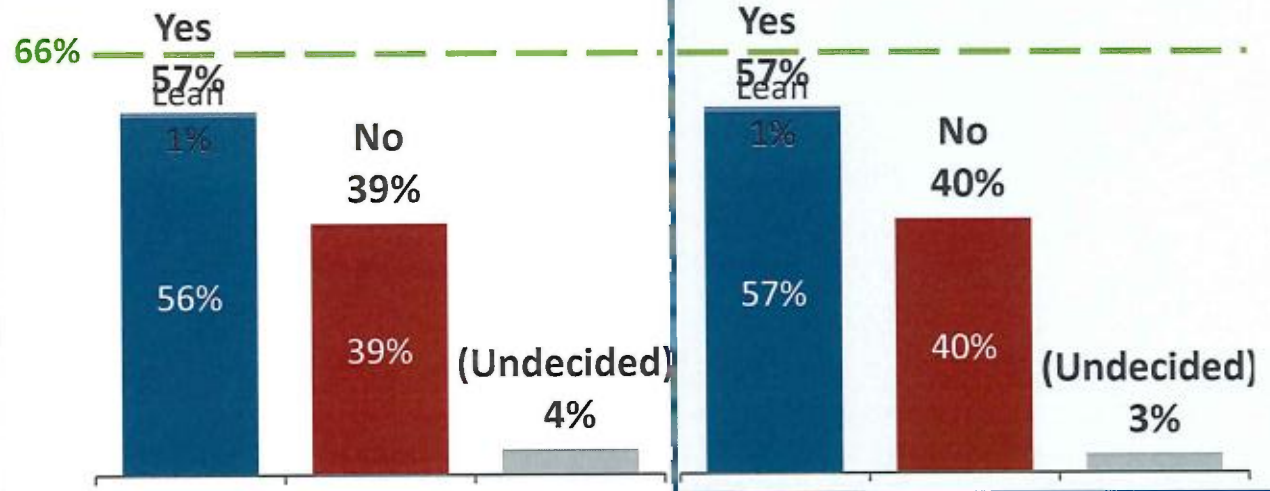
2/3's Req. Infrastructure Bond



The 2/3's requirement infrastructure bond measure is not viable and should be eliminated for planning this year. We advise re-launching this project in January 2023 for a 2024 Presidential.

Santa Clara Safety Measure.

To maintain healthy, safe neighborhoods/improve quality of life in Santa Clara, shall a measure to repair aging fire stations, fix streets/potholes, improve flood protection, bicycle/pedestrian safety, and rehabilitate deteriorating park, recreation, library facilities, by issuing \$198,000,000 in bonds at legal rates, at an estimated 2.3 cents per \$100 of assessed value, raising approximately \$12,000,000 annually while bonds are outstanding, with oversight, financial audits, no funds for salaries, benefits, or pensions, be adopted?



If the election were held today, would you vote yes to approve or no to reject this measure?

Data Conclusions



- ▶ Voters continue to view the City and the job it's doing positively. A majority of voters perceive a need for additional funding.
- ▶ A utility charter measure appears viable, and additional information helps to bolster support.
- ▶ A BLT measure requires stakeholder consensus and strong public education to be viable.
- ▶ The infrastructure bond falls short of two-thirds among both likely June voters and among likely November voters.

Stakeholder Focus Group Results



- ▶ Two focus groups were conducted on February 3rd with seven randomly selected members of the business community
- ▶ Questions asked:
 - What's important to you and your company or organization?
 - What are your thoughts on how the business tax should be structured?

Focus Group Results



- ▶ What's important to you – Key values
 - Fair and equitable for all
 - Simple and easy to administer
 - Accounts for new work trends (virtual and in-person)
- ▶ Thoughts on structuring the business tax
 - A tiered, employee head count is preferred
 - The current \$500 cap on employees is not seen as fair
 - Gross receipt are not seen as fair
 - Square footage also not seen as fair and can be difficult to define

Next Steps



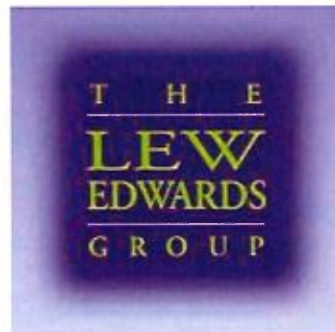
- ▶ Continue Business Stakeholder Focus Groups and incorporate perspectives and feedback into BLT modernization planning.
- ▶ Conduct outreach to opinion leaders and business leaders.
- ▶ Conduct comprehensive engagement and information to the community-at-large, including:
 - Additional opportunities for the public to prioritize needs/services in a “2022 Santa Clara Conversation”
 - Maximizing City budget planning communications opportunities
 - Using multi-disciplinary communications modules, including website/online information; social media; direct mail; and outreach presentations to engage/inform the public
- ▶ Conduct tracking survey, report back to Council.

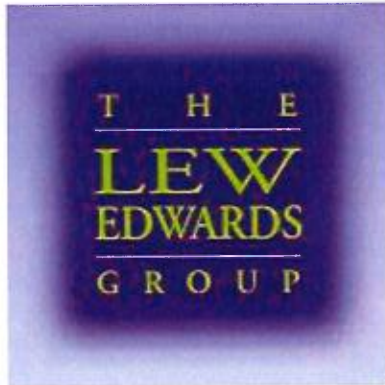
Thumbnail Timeline



Date(s)	Milestone
February to May	Continue Focus Groups, launch Opinion Leader engagement and Speakers Bureau outreach, post interactive engagement, maximize budget messaging, issue direct mail and paid digital
June	Conduct tracking survey
July	If viable to proceed, develop ballot measures, take action
August	Submit measures to ROV, develop Municipal Election communications toolkit, schedule Fall presentations/activities
September/October	Launch Fall communications outreach
November	Election, thank community

Questions and Discussion





Catherine Lew
Catherine@lewedwardsgroup.com
510-594-0224

Jennifer Longley
jennifer@lewedwardsgroup.com
510-594-0224

Shawn Spano
shawn.spano@publicdialogue.org
408.531.5017

Jennifer Mair
jennifer.mair@publicdialogue.org
510.772.7032

Emily Goodman
emily@emcresearch.com
510.550.8932

Alexa DeJesus
alexa@emcresearch.com
202.849.6533