



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox
Jon Cicirelli
Kerrie Romanow

SUBJECT: SEE BELOW

DATE: January 23, 2020

Approved

Date

1-23-20

INFORMATION

**SUBJECT: POLLING REGARDING CITY COUNCIL POLICY PRIORITY #5
UPDATE (DOWNTOWN AND/OR CITYWIDE PARKS OPERATIONS AND
MAINTENANCE FINANCING DISTRICT) AND GREEN STORMWATER
INFRASTRUCTURE**

BACKGROUND

In November 2015, the City Council directed staff to study the feasibility of forming a special financing district and/or other sustainable funding mechanisms that could fund operations, maintenance, and capital repairs in Downtown parks, as well as for all parks within the City of San José. This direction became City Council Policy Priority #5 (Downtown and/or Citywide Parks Operations and Maintenance Financing District).

In 2017, the Parks, Recreation and Neighborhood Services Department partnered with the Trust for Public Lands, which issued a Park Finance Feasibility Study¹ in July 2017 identifying several options for funding parks operations and maintenance, including a parcel tax.

In summer 2017 and spring 2018, the City's contracted survey research consultant conducted public opinion polling for a potential parcel tax ballot measure similar in structure to the Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016². The polling showed that a majority of voters support a variety of parks and recreation programs, but support for new funding fell several percentage points short of the two-thirds requirement for a dedicated tax.

¹ Feasibility Study: <https://www.sanjoseca.gov/Home/ShowDocument?id=48137>

² <http://rposd.lacounty.gov/2016-ballot-measure/>

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When placing revenue measures on the November 2018 ballot, the City Council directed the Administration to do further exploration of a potential parks and recreation revenue measure for 2020. Updates regarding this exploration and City Council Policy Priority #5 were provided to the Neighborhood Services and Education Committee on May 16, 2019 and October 10, 2019.

Other Directed Revenue Measure Exploration

Additionally, on September 10, 2019, the City Council approved the City of San José Green Stormwater Infrastructure Plan, which advances the City's goals of more comprehensively managing stormwater, protecting the City's creeks and the San Francisco Bay from harmful pollutants, and complying with regulatory requirements. Green Stormwater Infrastructure uses vegetation, soils, and natural processes to filter pollutants such as metals, oils, and bacteria that run off impervious pavement and sidewalks during rain events and flow to the creeks and Bay.

In approving the plan, Council gave additional direction to staff. The first two items were to develop a communications strategy for public education on green stormwater infrastructure and to develop a list of near-term projects and approaches and develop a funding strategy for both capital and ongoing maintenance by June of 2020.

ANALYSIS

The 2019-2020 Adopted Operating Budget included \$150,000 in one-time funding to conduct approximately four ballot measure survey to assess community support for several potential ballot measures in advance of the 2020 elections. Previous survey research focused on development of the Real Property Transfer Tax measure that Council voted to place on the March 3, 2020 ballot.

To maximize the funding allocated for survey research in 2019-2020, the Administration explored a number of preliminary options for November 2020 revenue measures in a single, split-sampled survey. From October 29 to November 3, 2019, the City's survey research firm Fairbanks, Maslin, Maullin, Metz & Associates (FM3) surveyed 1,204 likely November 2020 voters about these potential measures. The survey was conducted electronically and by telephone in English, Spanish, and Vietnamese.

This combined survey tested measures that could fund ongoing needs for parks and recreation maintenance, programs, and infrastructure, as well as to fund potential green stormwater infrastructure capital needs. The Administration developed three preliminary models, which were explored in the survey:

- 1) Parks Parcel Tax (Improved Area Model):** This model for a potential parcel tax for parks, recreation, and community services is based on the square footage of the improved area of the parcel (or the square footage of the buildings constructed on the parcel). The tax rate tested was 3 cents per square foot of improved area for residential properties and 15 cents per square foot for non-residential properties, which potentially could bring in approximately \$38 million per year. At this rate, the owner of a 1,500 square foot home would pay \$45 per year.

This model asked likely voters about their potential support for a “San José Safe, Clean Parks and Recreation” measure that would address graffiti and illegal dumping; fund programs to reduce gang activity; clean and repair park bathrooms; maintain parks, playgrounds, and community centers; protect nature and wildlife areas; provide programs to keep seniors healthy; and provide park rangers to patrol parks and trails. Support was just under the two-thirds threshold with 66 percent of respondents saying they would definitely or probably vote yes, or that they were “leaning” toward voting yes.

- 2) Parks Parcel Tax (Parcel Square Footage Model):** This variation of the parcel tax for parks, recreation, and community services based the tax rate on the square footage of the parcel. The rate tested was 1 cent per square foot of parcel area (or lot size) for residential properties and 3 cents per square foot for non-residential properties, which potentially could bring in approximately \$44 million per year. At this rate, the owner of a home on a 6,000 square foot lot would pay \$60 per year.

This model used the same measure name and asked about the same priority items as Question 1; only the mechanics of the measure were different. With this model, support was below the two-thirds threshold with 64 percent of respondents in the definite, probable, or leaning yes categories.

- 3) Parks and Green Infrastructure General Obligation Bond:** The third measure FM3 tested was a \$500 million general obligation bond for parks and recreation and green stormwater infrastructure. The potential measure was designed to invest approximately \$300 million in addressing the backlog of park and community center infrastructure needs and approximately \$200 million in stormwater infrastructure, including green stormwater infrastructure and storm drain and sewer repair. Repayment of the bonds would be through the ad valorem property tax based on assessed valuation (not market value) of the property. The estimate of the property tax required to repay the bonds depends on a number of factors, including the interest rates at the time the bonds are issued and the amount of bonds sold. For this preliminary poll, staff used models developed for the 2018 Measure T and Measure V bond measures. Under those models, the owner of a home assessed at \$500,000 would pay approximately \$60 per year until the bonds are repaid.

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This model asked likely voters about their potential support for a “San José Safe, Clean Parks and Waterways Pollution Prevention Bond.” The potential measure would repair and improve neighborhood and regional parks, playgrounds, park bathrooms, and community facilities; protect creeks, rivers, and the Bay from bacteria, pollution, and trash; fix aging sewers and storm drains; and reduce flooding on neighborhood streets. Support for this potential bond measure was also below two-thirds with 64 percent of respondents in the definite, probable, or leaning yes categories.

Each of these potential measures would require two-thirds of the voters to vote yes to pass. All three models did not meet or surpass the two-thirds requirement. Only model #1 nearly met the required threshold, with encouraging movement from prior polling on parks parcel taxes.

The Administration understands the critical needs for funding to address ongoing maintenance and programmatic needs, as well as make critical investments in infrastructure in the areas of parks, recreation, neighborhood services, and green stormwater infrastructure. The Administration is working with the Departments of Parks, Recreation and Neighborhood Services, Environmental Services, Public Works, and Transportation to refine funding needs and models before conducting further survey research.

NEXT STEPS

The Administration will build upon the findings from this first survey as it analyzes approaches to addressing these funding and infrastructure needs. This will include a deeper dive into the feasibility of the parks parcel tax outlined as model #1 above.

The Administration will come to Council in spring of 2020 to discuss the results of that exploration and will seek Council direction before moving forward with potential ballot measures. The deadline for placing items on the November 3, 2020 ballot is Friday, August 7, 2020.

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COORDINATION

This memorandum was coordinated with the City Attorney's Office, City Manager's Budget Office, and the departments of Finance, Public Works, and Transportation.

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