



Sunnyvale

2018 Sunnyvale Finance Measure Feasibility Survey

Survey Conducted April 3-9, 2018



OPINION
RESEARCH
& STRATEGY

Survey Methodology

- ✓ 552 interviews with randomly selected voters registered in the City of Sunnyvale, and who are projected to vote in the November 2018 election
- ✓ Interviews conducted between April 3 and April 9, 2018, via landlines, cell phones, and online
- ✓ Margin of sampling error of +/- 4.9% at the 95% confidence level for the overall sample; +/- 6.2% for split samples
- ✓ Some percentages may not sum to 100% due to rounding

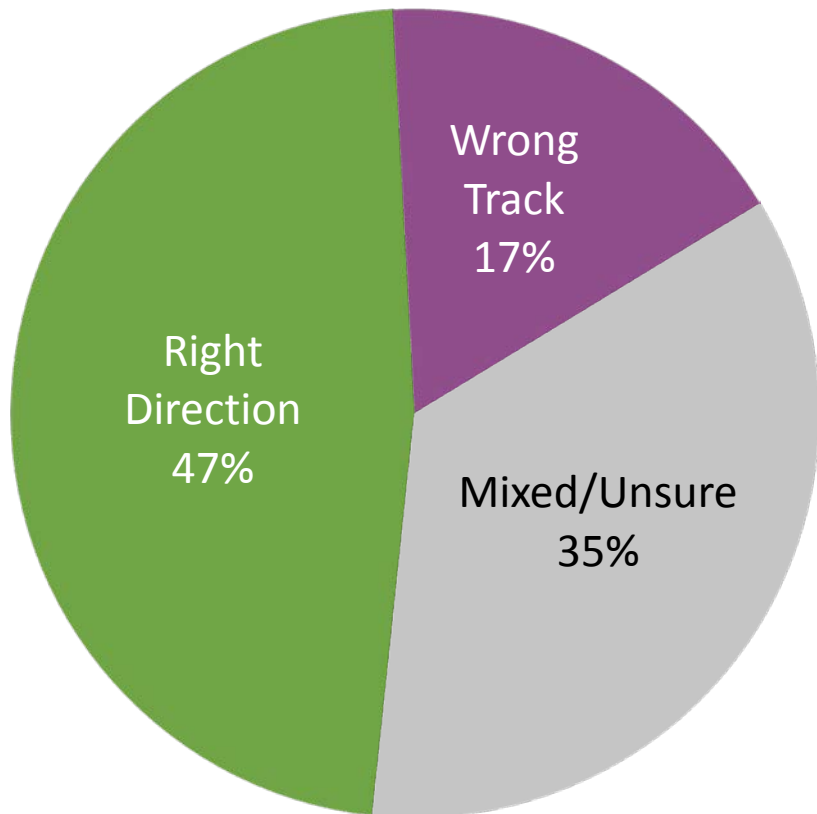


Sunnyvale

Views of Life in Sunnyvale and City Government

About half of voters believe Sunnyvale is headed in the right direction.

Would you say that things in the City of Sunnyvale are generally headed in the right direction, or do you feel that things are off on the wrong track?



More Optimistic
(≥56% “Right Direction”)

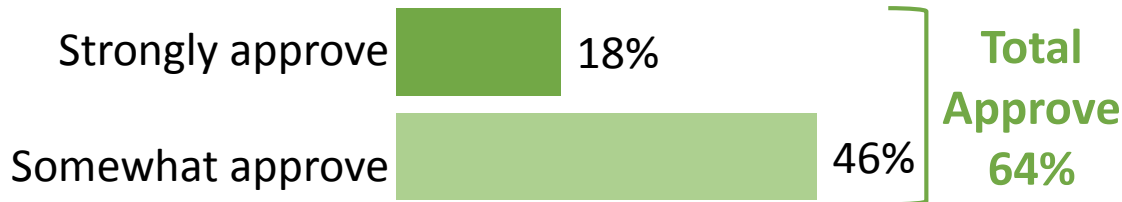
- HH Income >\$200,000
- Age 75+
- Kids at Home
- Democrats Age 18-54
- Democratic Men

More Pessimistic
(≥25% “Wrong Track”)

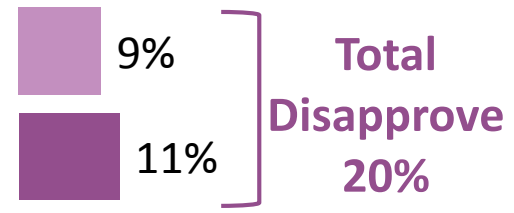
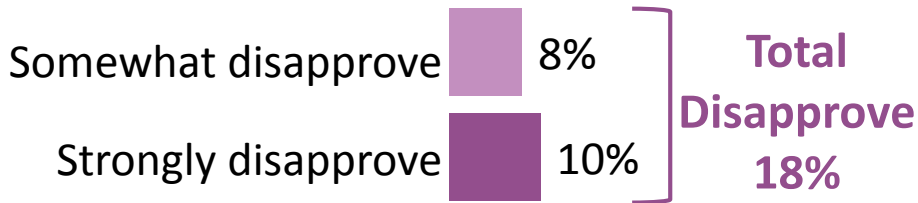
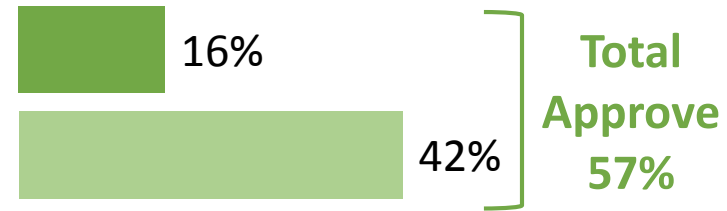
- Republicans Age 55+
- HH Income <\$50,000
- Latinos

Majorities have favorable views of the City's government, the Mayor, and City Council.

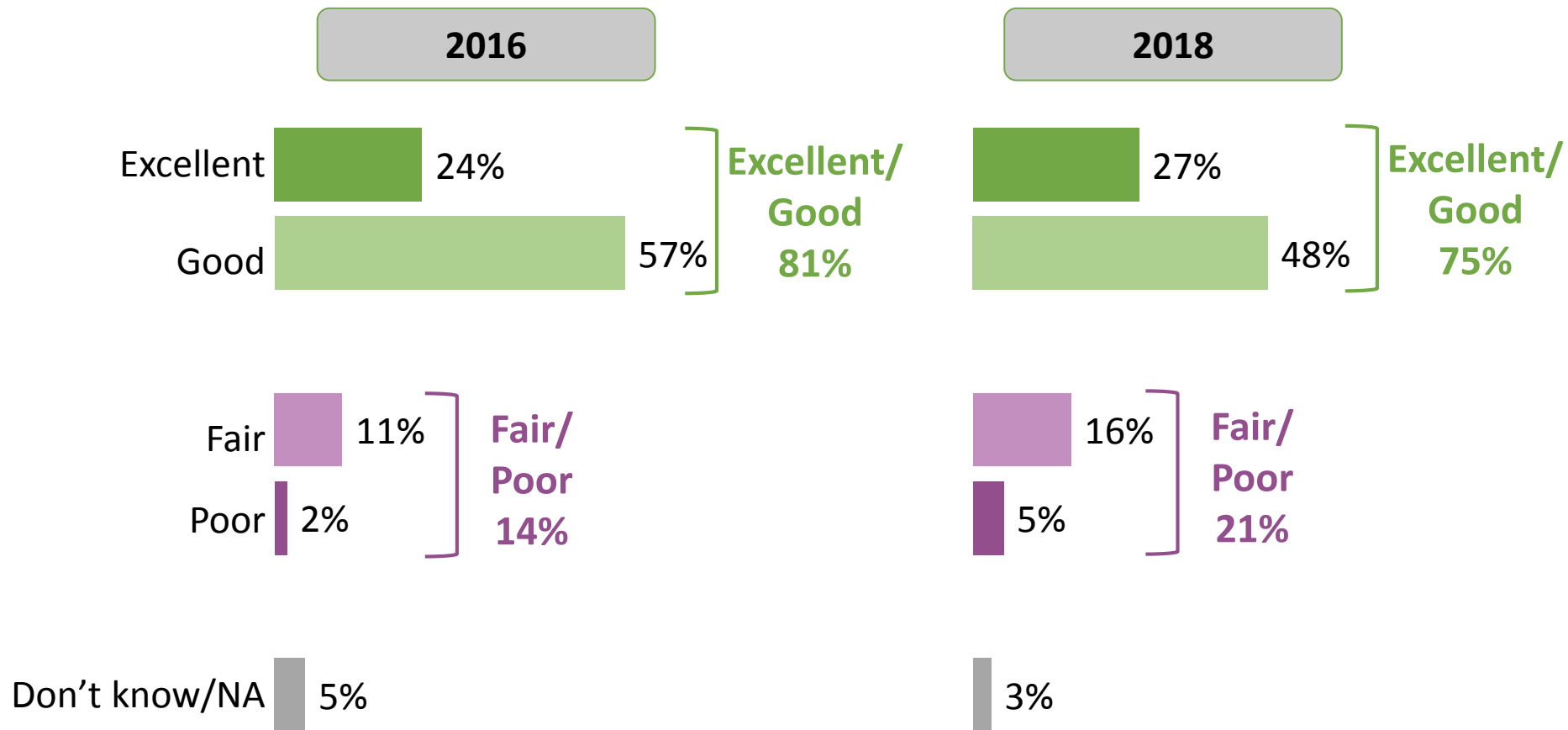
Sunnyvale City Government overall



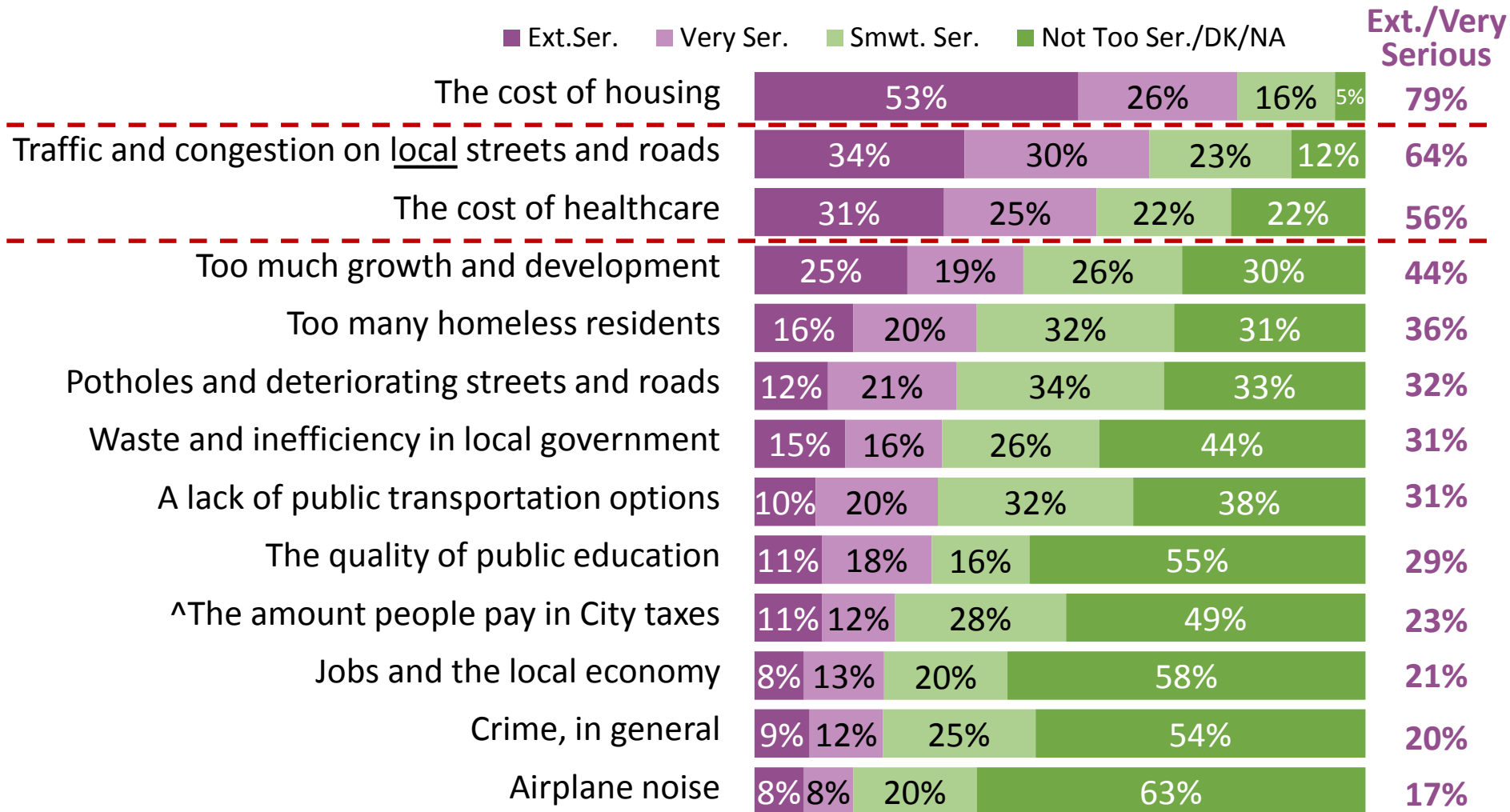
Sunnyvale Mayor and City Council



Large majorities of voters continue to feel good about the quality of City services.



Housing costs, traffic, and healthcare cost were seen as the most pressing problems.



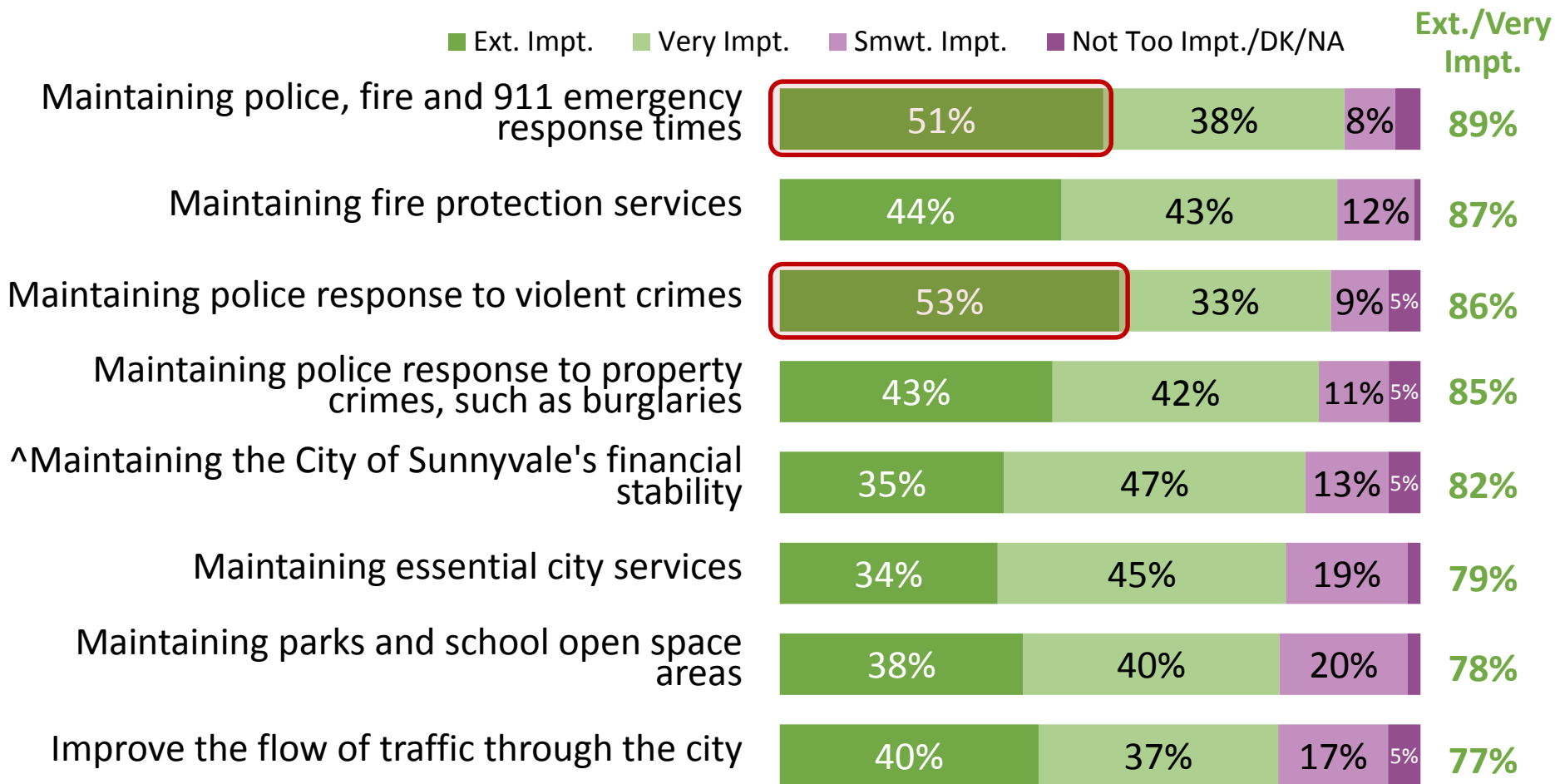
Q6. I'd like to read you some problems facing the City of Sunnyvale that other people have mentioned. Please tell me whether you think it is an extremely serious problem, a very serious problem, somewhat serious problem, or a not too serious problem in Sunnyvale. ^Not Part of Split Sample



Sunnyvale

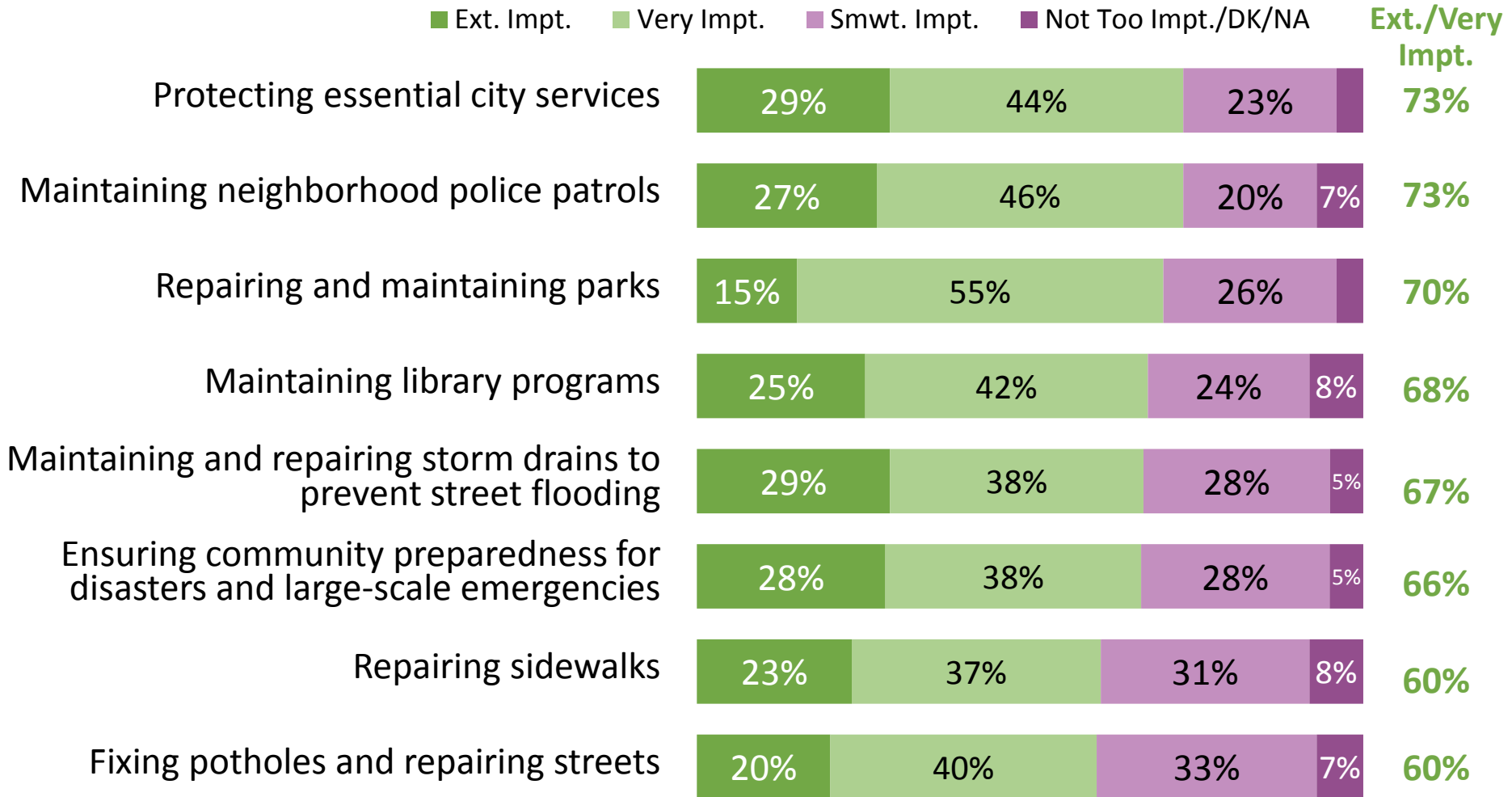
Spending Priorities for New Revenue

Emergency response and fire protection services were seen as top priorities.



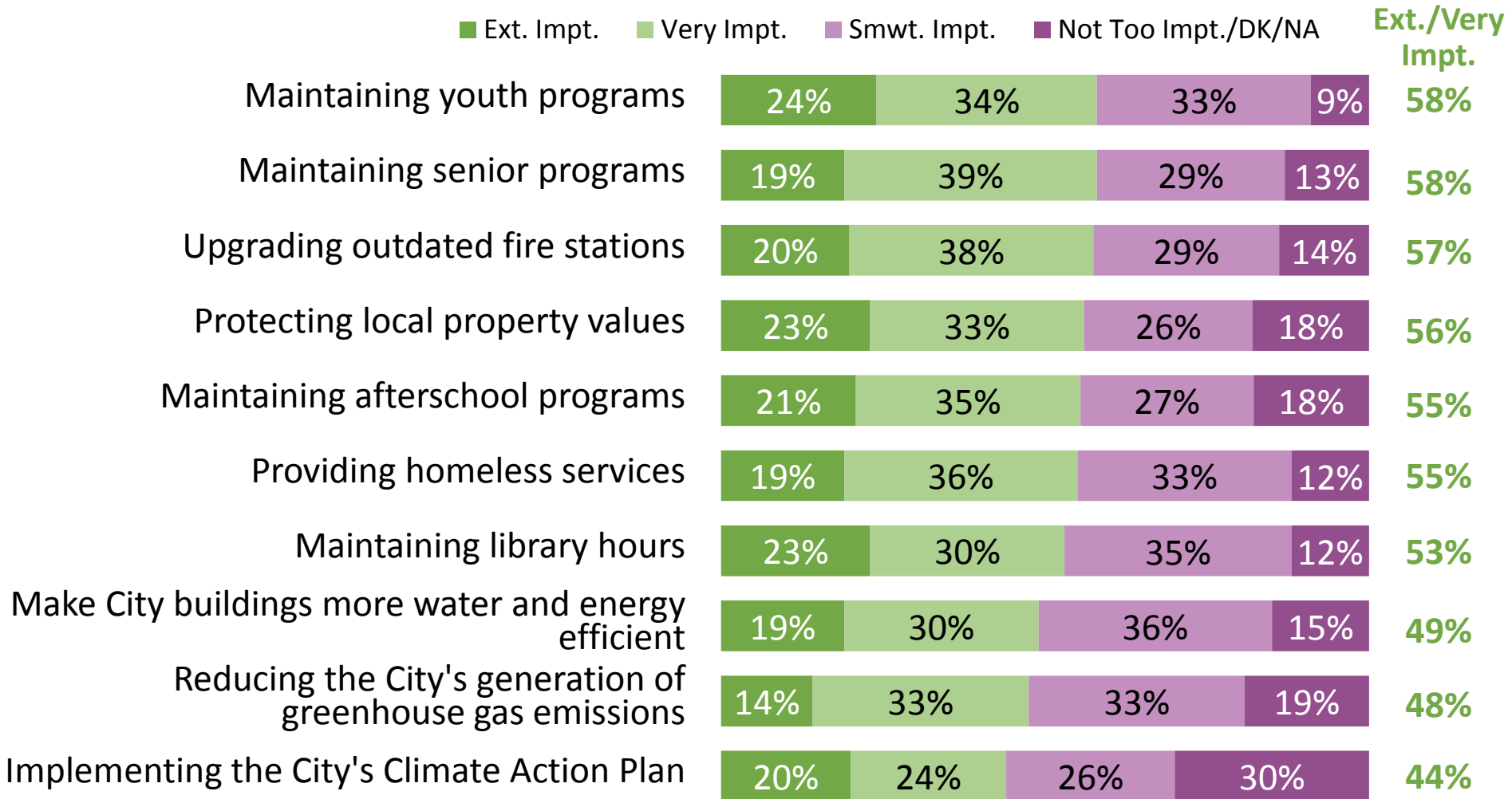
Q8. I am going to read you a list of City projects and programs. If additional funds were made available, whether from one of the ballot measures we previously discussed or from some other means, please tell me how important each spending area is to you personally: extremely important, very important, somewhat important, or not too important. ^Not Part of Split Sample

Capital repair and maintenance projects were also seen as important, but to a lesser degree.



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Other programs and services were seen as at least “somewhat” important, but with far less intensity.



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Ballot Measures

Testing Two Revenue Generating Measures

- Two revenue-generating tax measures were tested:
 - Transient Occupancy Tax (TOT)
 - Real Property Transfer Tax
- Both were written as general-purpose measures with majority vote thresholds required for passage.
- Respondents were told both could be on the ballot at the same time.
 - Respondents were randomly split into two halves to prevent bias based on which measure they heard first
 - Half of respondents heard the TOT first, and the Real Property Transfer Tax second
 - The other half heard the Real Property Transfer Tax First, and the TOT second

Hypothetical Ballot Language Tested

City of Sunnyvale Transient Occupancy Tax and Financial Stability Measure:

To protect and maintain essential city services, including:

- Police/fire/911 emergency response;
- Pothole, streets, sidewalks, and neighborhood park maintenance/repairs;
- Senior/youth/library programs; and
- Other services,

Shall the City of Sunnyvale adopt an ordinance increasing the transient occupancy tax paid only by hotel guests from 10.5% to 12.5%, providing approximately \$2,200,000 additional revenue annually until ended by voters, with independent audits, and all funds used locally?

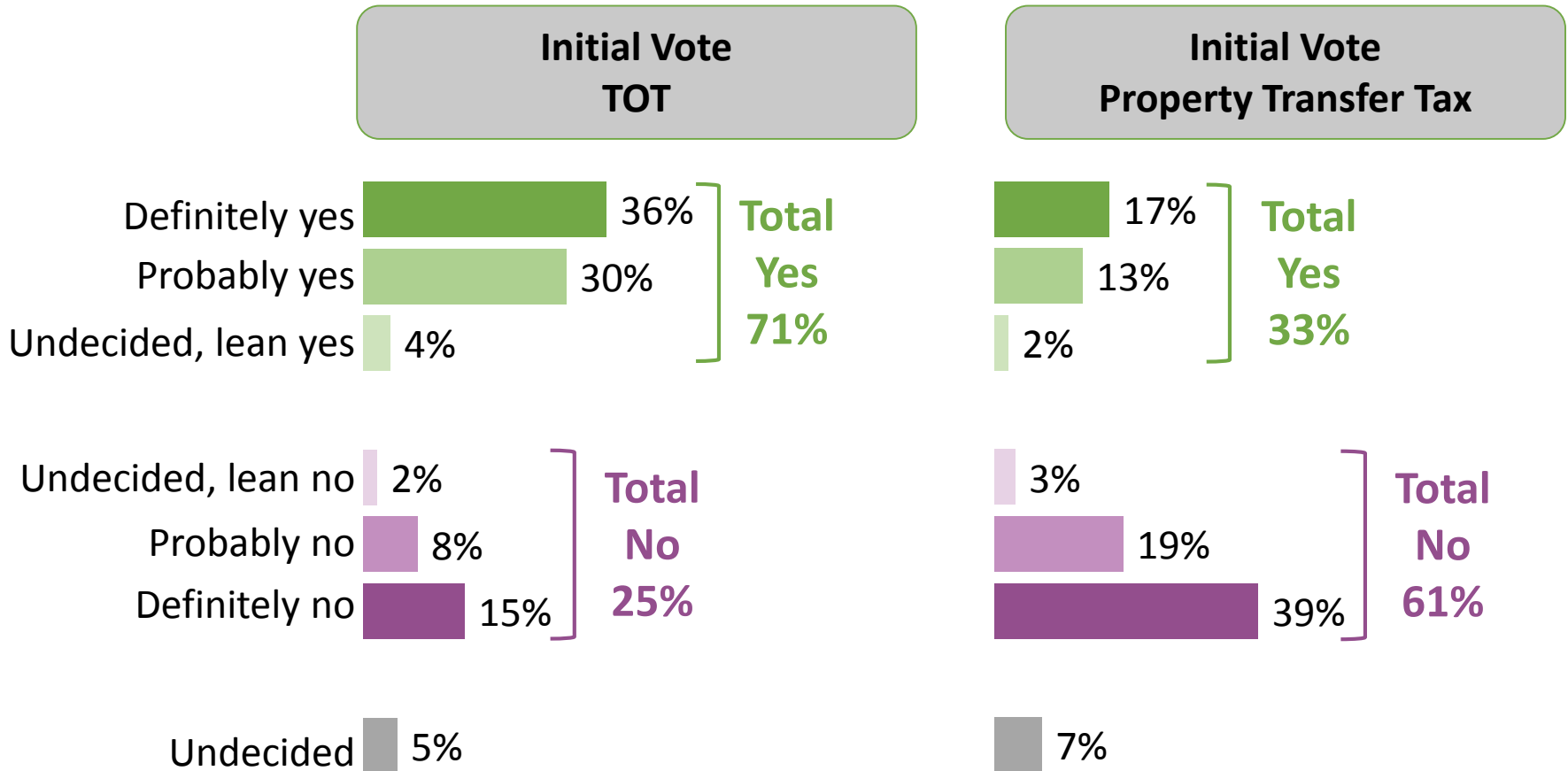
City of Sunnyvale Property Transfer Tax/Financial Stability Measure:

To protect/maintain essential city services, including:

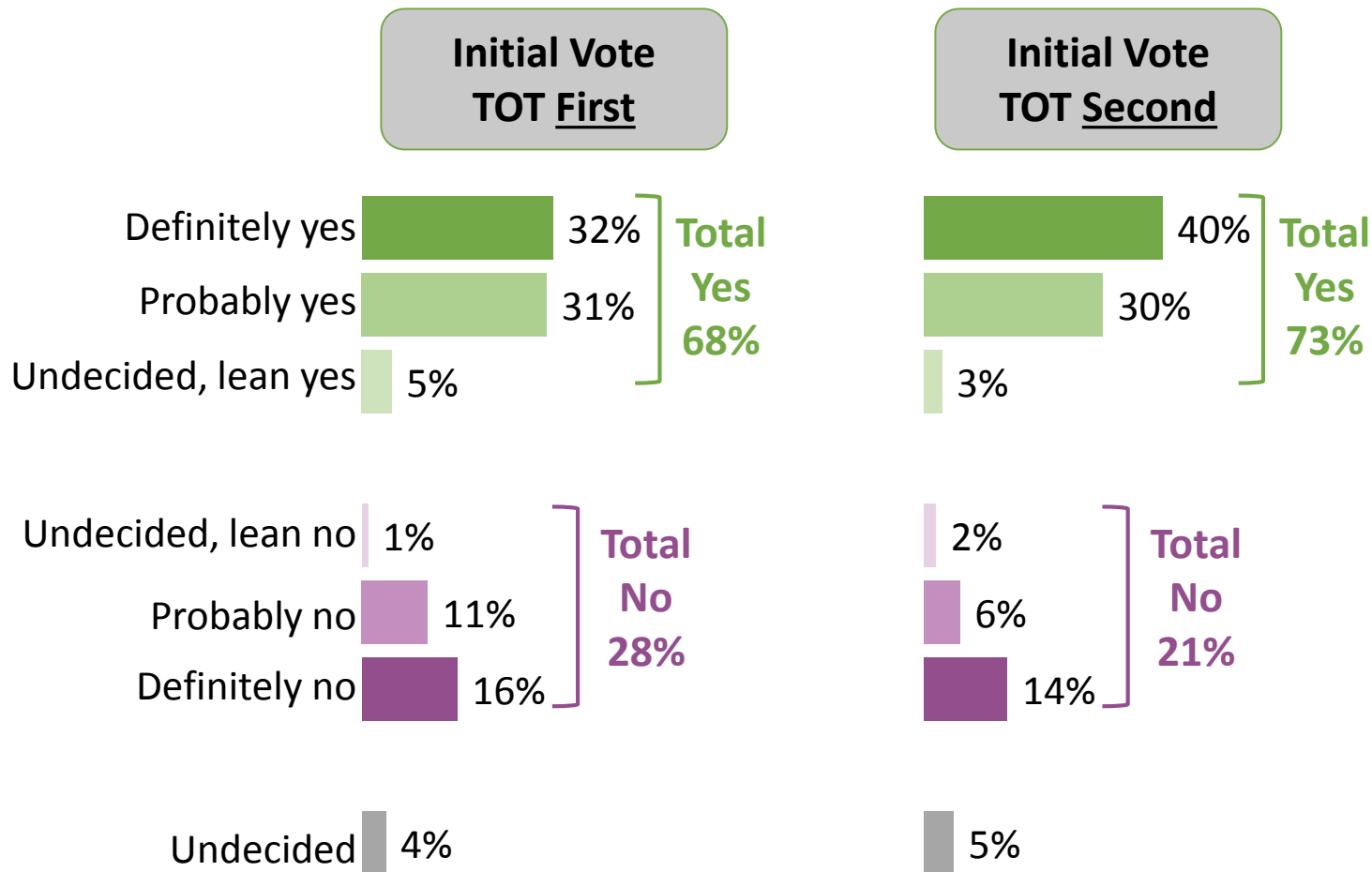
- Police/fire/911 emergency response;
- Pothole/streets/park maintenance/repairs;
- Senior/youth/library programs;
- Other services,

Shall the City of Sunnyvale adopt an ordinance increasing its real Property Transfer Tax, charged when a property is sold, from \$0.55 to \$3.30 per \$1,000 of assessed value, providing approximately \$4,200,000 additional revenue annually until ended by voters, with independent audits, and all funds used locally?

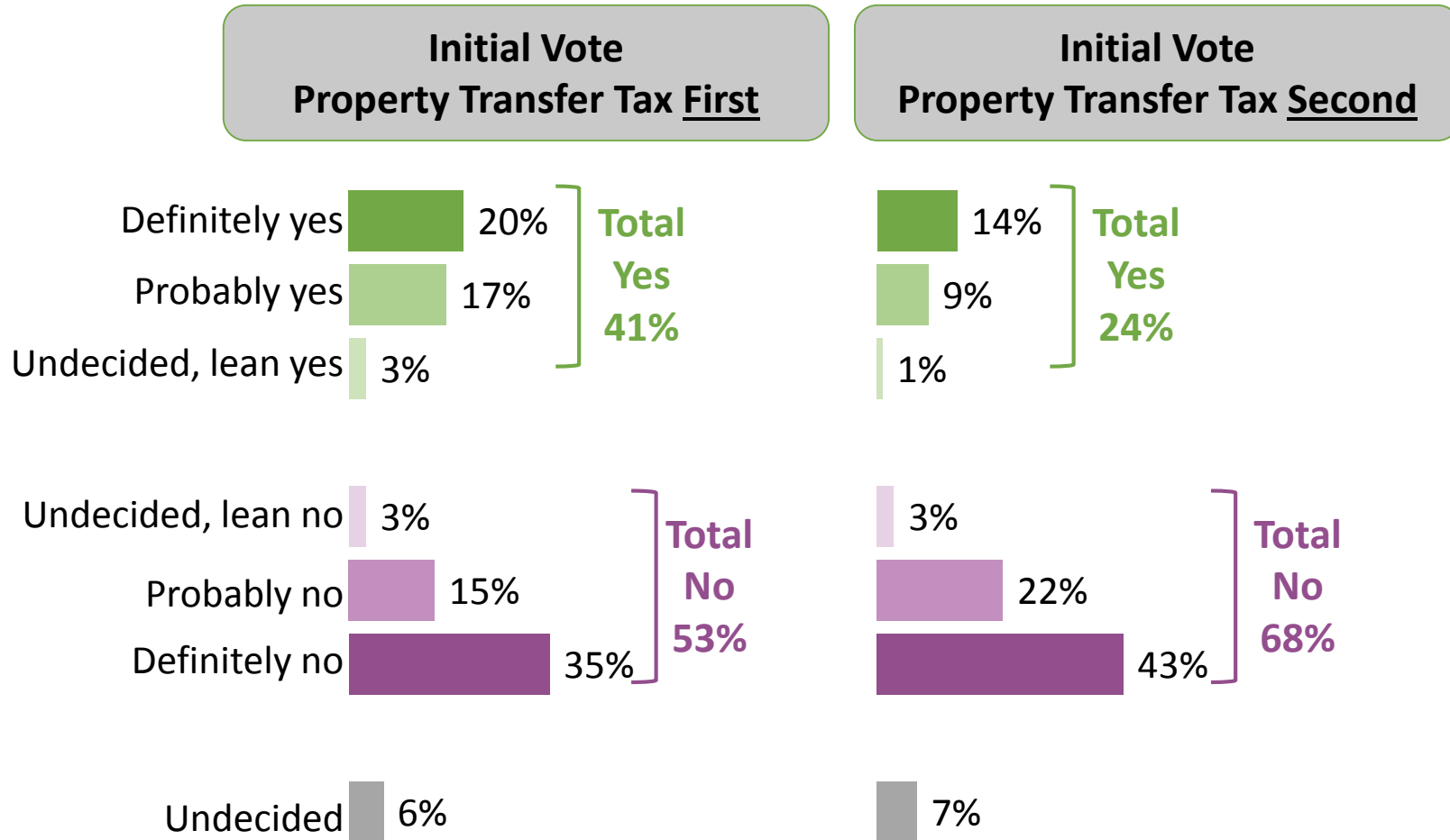
Initial support for the TOT was much higher than that for the Real Property Transfer Tax.



Support for the TOT measure was slightly higher when asked second.



A majority opposed the property transfer tax measure whether it was asked first or second.



Voters who do not support the Property Transfer Tax said the following:

Housing prices are already incredibly high. Increasing property tax would create more of an economic barrier for the lower and middle class.

It already costs a significant sum to buy or sell a house, let's not squeeze residents more.

It seems like an excessively large increase, and I'd need to understand the justification for that.

Transfer tax will create burden for the property owner when they sell their property, especially for seniors.

The rate increase is too high. I would be more in favor of an increase of only 50% over current transfer fee rates.

People are over taxed as it is. Learn to live within the income stream by making correct choices on how to spend.

It's not fair to the younger generation. It's hard enough for them to buy a home without adding more taxes.

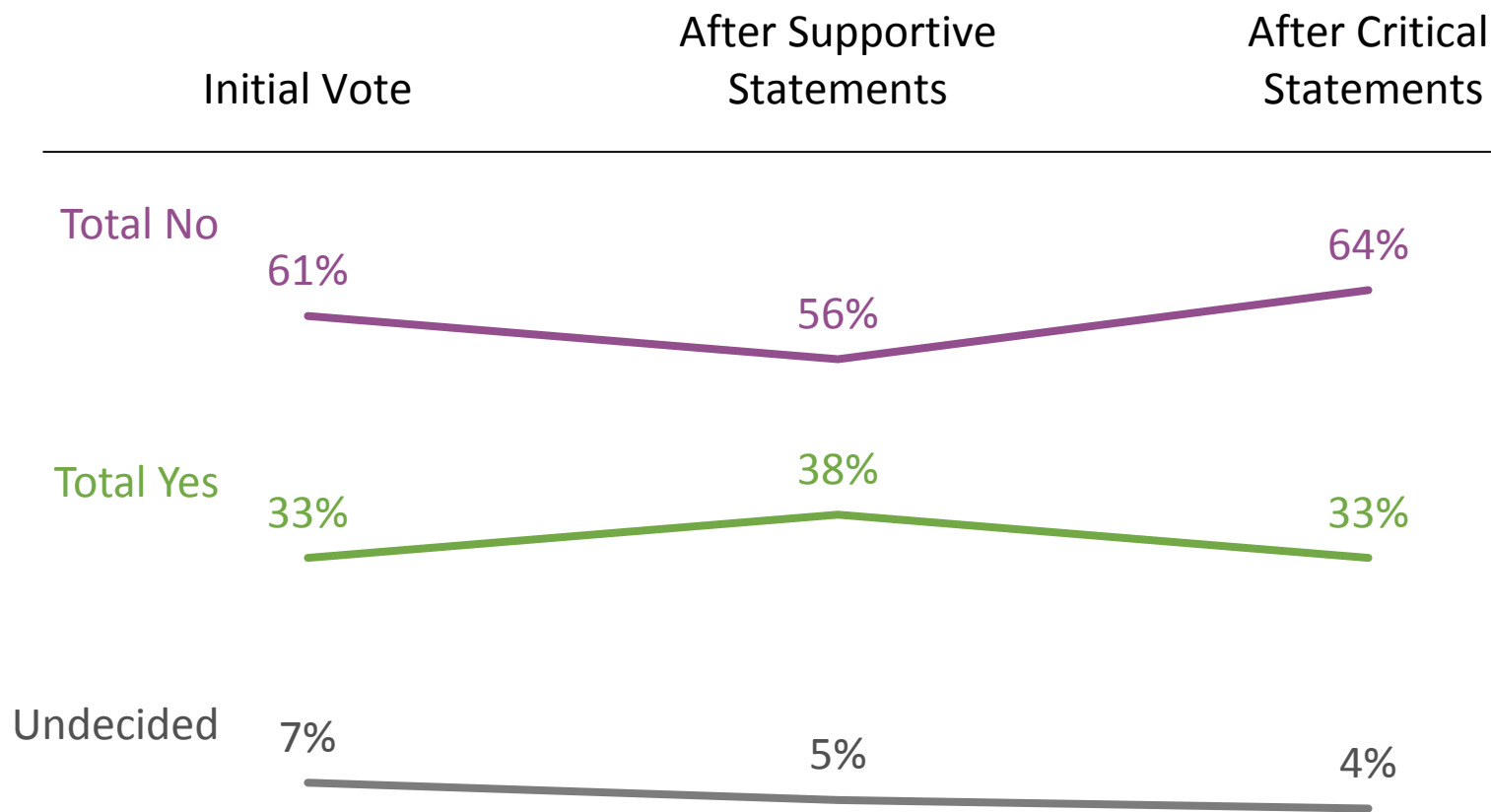
Property taxes are already astronomical. This measure will force out the retired people and is unfair.

I generally vote no on all tax raises, because they have no evidence that the money is being spent correctly.

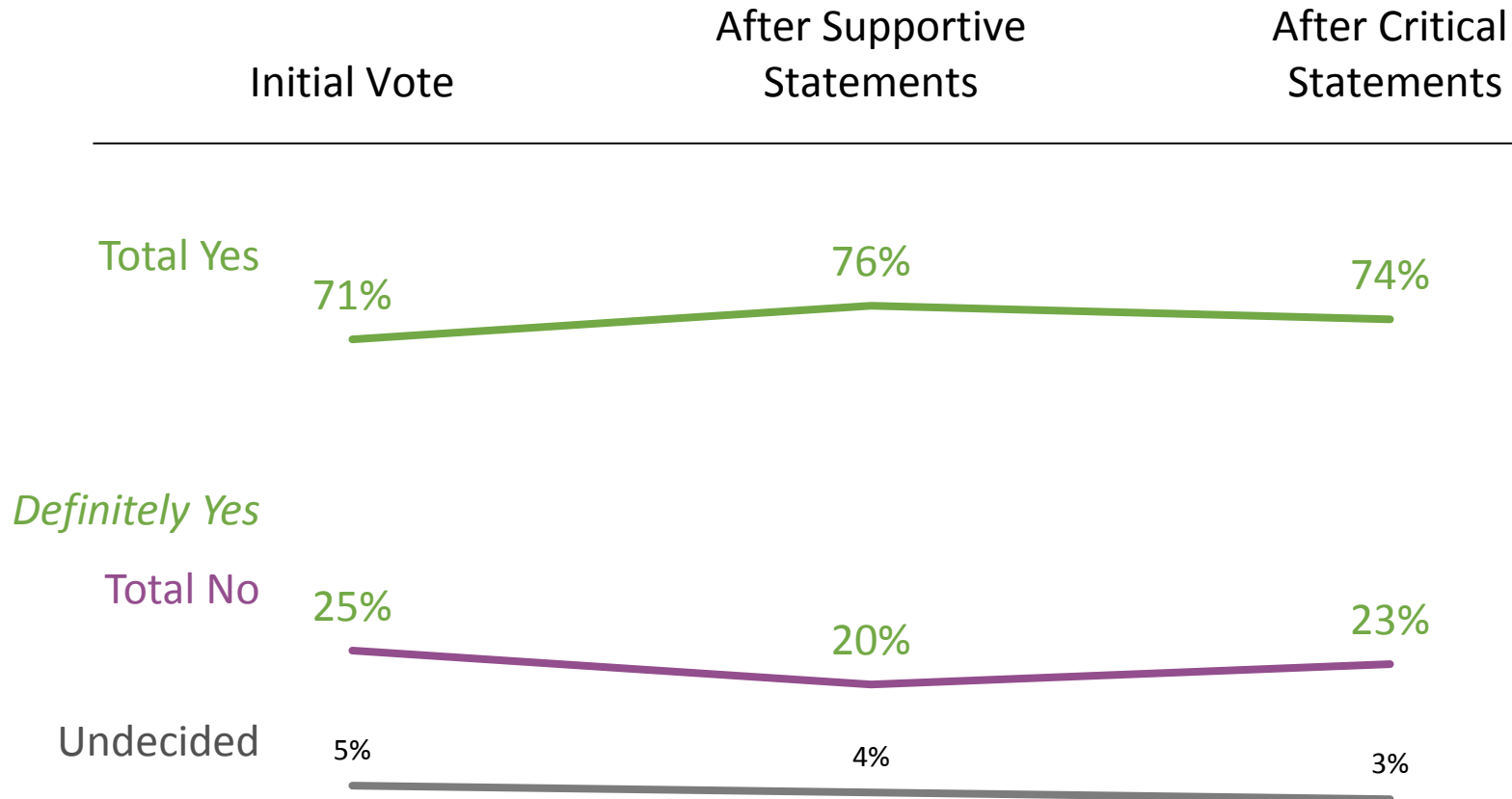


Reactions to Supportive and Critical Statements

Support for the property transfer tax never reached 40% at any point in the survey.

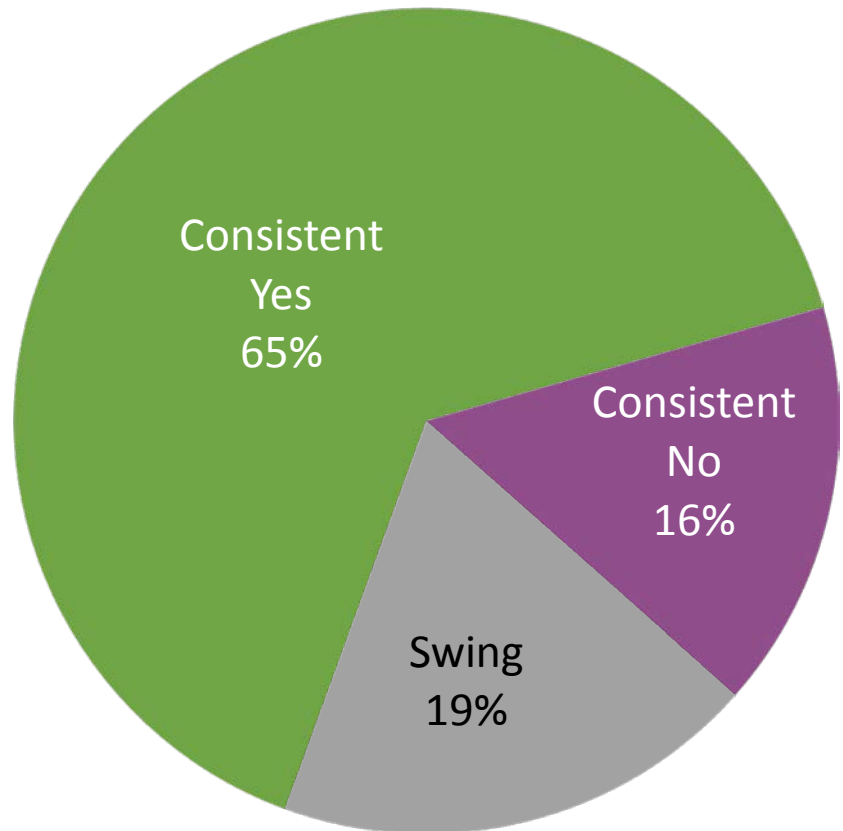


Overall support and opposition for the TOT measure was consistent after pros and cons, though intensity of support did increase.

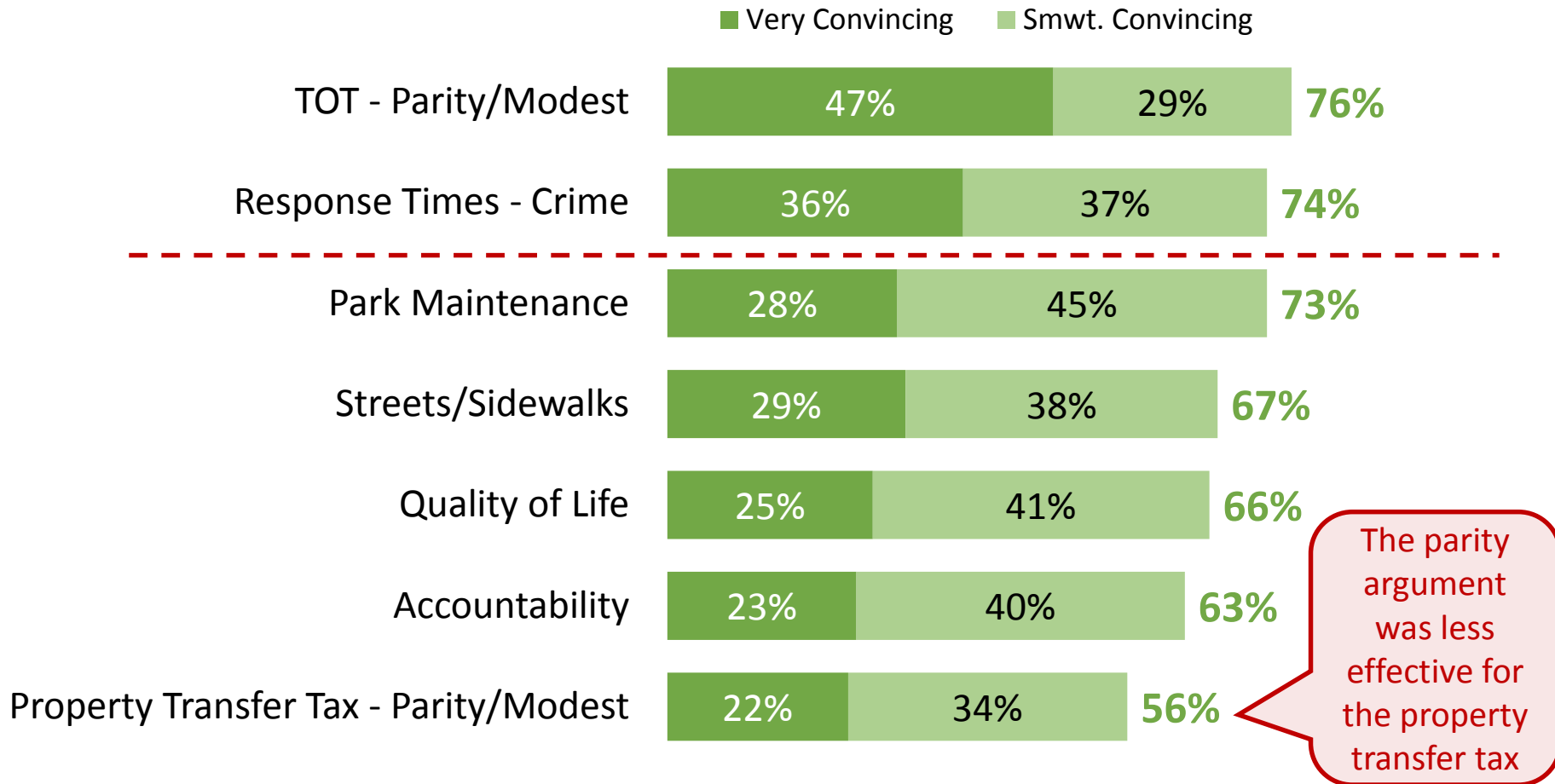


TOT Measure Vote Consistency

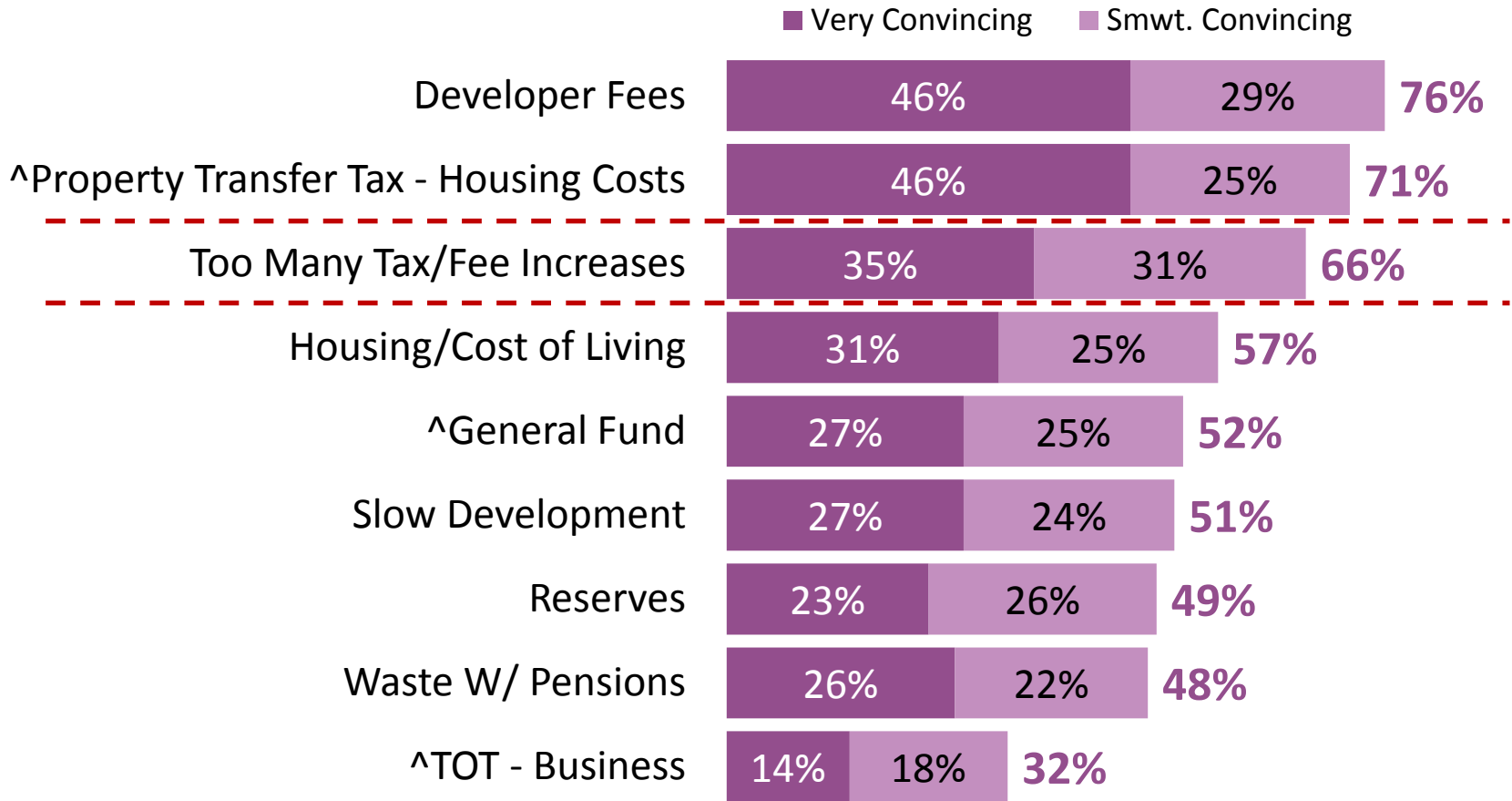
- ❖ **Consistent Yes:** Voters who consistently indicated they would vote “yes” on the TOT measure.
- ❖ **Consistent No:** Voters who consistently indicated they would vote “no” on the TOT measure.
- ❖ **Swing:** Voters who do not fall into any of the other categories – remaining consistently undecided or switching positions.



Increasing TOT rates to levels charged in nearby cities and maintaining 911 response times were the most compelling rationales for supporting the TOT measure.



Housing costs, tax/fee fatigue, and a desire for developers to contribute more were the most compelling negative arguments.



Conclusions

Major Takeaways

- ✓ Many more voters are optimistic about where Sunnyvale is headed than are pessimistic.
- ✓ Furthermore, a majority of voters have favorable views of the City of Sunnyvale's local government and the quality of services it provides.
- ✓ Voters are especially concerned about the cost of housing, and see it as the most pressing issue facing the City.
- ✓ Many are also acutely concerned about traffic congestion on Sunnyvale's streets and the cost of healthcare.
- ✓ Should new revenue become available, voters prioritize spending it on a number of public safety services, but also maintaining the City's financial stability, maintaining parks and school open spaces, and addressing local traffic flow.

Ballot Measure Viability

- ✓ With the high level of concern about housing costs, increasing the City's real property transfer tax from \$0.55 to \$3.30 per \$1,000 of sales price is not viable at this time. Whether a smaller increase might be viable would require future research.
- ✓ However, a measure increasing the City's TOT from 10.5% to 12.5% does appear viable this November.
- ✓ Support was consistent throughout the survey, and only intensified after respondents heard pro and con arguments.
- ✓ Increasing the City's TOT to the levels of neighboring communities was a particularly compelling rationale.
- ✓ The most compelling arguments against the measures were tax/fee fatigue and a feeling that developers should pay their fair share, given that development is putting a strain on City services.



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Appendix: Supportive and Critical Statements

Supportive Statements Tested

(TOT - PARITY/MODEST) Sunnyvale's transient occupancy tax - or "hotel tax" - is currently lower than similar local communities. This measure would simply increase the tax to similar rates charged in other cities, such as Campbell and Palo Alto. And, this modest tax increase is almost exclusively paid by out-of-towners traveling for business.

(RESPONSE TIMES - CRIME) Response times for 911 calls are critical for stopping crime, protecting victims and saving lives. These measures will retain neighborhood patrols and officers on the street to maintain crime rates low in Sunnyvale, keeping our community a safe place to live, run a business, and raise a family.

(PARK MAINTENANCE) Sunnyvale's 23 community and neighborhood parks are an important part of what makes living here special. These measures will help maintain our parks, and keep them safe and clean for our residents to enjoy.

(STREETS/SIDEWALKS) Sunnyvale has a backlog of millions of dollars' worth of street and sidewalk repair projects. These measures are needed to make it safer to drive and walk in the City by repairing road hazards like potholes and cracked sidewalks.

Supportive Statements Tested (Continued)

(QUALITY OF LIFE) Sunnyvale is a place where people desire to live and raise families. These measures will help protect and maintain essential City services that make our community a safe place to live with a high quality of life.

(ACCOUNTABILITY) These measures will be subject to fiscal accountability requirements mandated by law, including independent financial audits, to ensure that the money is spent consistent with community priorities.

(PROPERTY TRANSFER TAX - PARITY/MODEST) Sunnyvale's current property transfer tax is lower than similar local communities. This measure would simply increase the tax to match the rate charged in other cities, such as Mountain View, Palo Alto, and San Jose. And, it is only assessed when a home or property is sold, representing a small fraction of the sale price.

Critical Statements Tested

(DEVELOPER FEES) Instead of raising taxes on regular residents, Sunnyvale should increase developer fees. It's the out-of-control development in Sunnyvale putting a strain on City services, so those getting rich from these projects should pay their fair share.

^(PROPERTY TRANSFER TAX - HOUSING COSTS) It already costs between \$1 and \$2 million to buy a modest home in Sunnyvale. Plus, we're already taxed by both the county and the City of Sunnyvale, meaning this measure would raise the real property transfer tax to a total of \$4.40 per \$1,000 of assessed value. We shouldn't pass this measure and make the cost of buying a home even more expensive for hard-working families.

(TOO MANY TAX/FEE INCREASES) It seems like in every election, the state, the County, our local schools, and the City of Sunnyvale ask voters to raise their taxes, even though we just approved multiple taxes last year and have the new state gas tax. We simply can't afford to pay more on top of everything else we're being asked to pay for.

(HOUSING/COST OF LIVING) Given how expensive it is to live in Sunnyvale, we can't afford to raise taxes. The housing crisis is only going to get worse as more and more people move here to work for tech companies, so we shouldn't make it even more expensive to live in Sunnyvale.

Critical Statements Tested (Continued)

^(GENERAL FUND) Don't be fooled. There is nothing in these measures that requires any of the money to be used for public safety services or any other program mentioned in the description. It makes no sense to write the government a blank check.

(SLOW DEVELOPMENT) In all likelihood, funds from these measures are going to be spent on projects that encourage more growth and development in Sunnyvale. We need to slow down growth before the character of our City is lost and the cost of living gets even higher.

(RESERVES) The City of Sunnyvale has tens of millions of dollars in its reserves, more than enough money to balance its budget and pay to maintain City services. It should spend its reserves first before raising taxes.

(WASTE W/ PENSIONS) Instead of pushing more tax measures, the City should just cut unnecessary spending, including expensive pensions and healthcare benefits for existing and retired City employees. We don't need to raise taxes again, allowing bureaucrats and politicians to waste our tax dollars.

^(TOT - BUSINESS) If we pass this hotel tax measure, it will make it more expensive for business travelers wanting to visit and spend the night in Sunnyvale than in neighboring cities. This will only drive business away and hurt our local economy, making the City's revenue problem even worse.