



OPINION
RESEARCH
& STRATEGY

TO Interested Parties

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FM3 Research

RE: Summary of Recent City of Sunnyvale Survey Results

DATE May 3, 2018

Fairbank, Maslin, Maullin, Metz & Associates (FM3) recently completed a survey with Sunnyvale voters to provide the City with feedback regarding the viability of two possible revenue-generating measures, quality of life issues, and essential service spending priorities.¹ The survey found that Sunnyvale voters hold favorable views of their City government and the quality of services it provides. Voters are also very receptive to a potential measure increasing Sunnyvale's Transient Occupancy Tax, but are far more skeptical about a potential measure increasing the City's Real Property Transfer Tax.

Key findings from the survey include:

Overall Perceptions of Sunnyvale

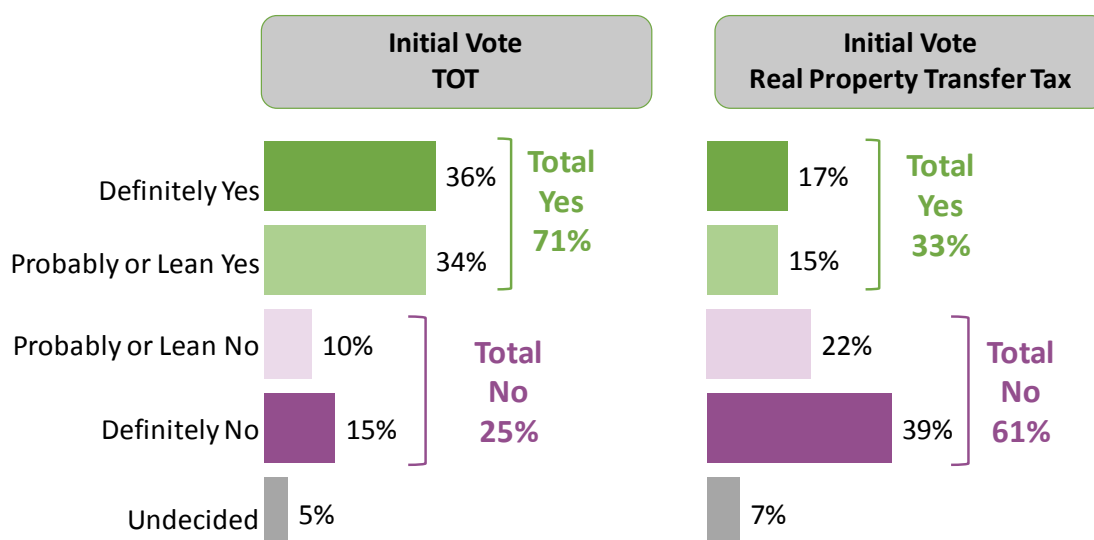
- **Voters have an overall positive perception of the local government and enjoy living in Sunnyvale.** Almost half of all respondents (47%) see the City of Sunnyvale as headed in the "right direction," while only 17 percent see it as off in the "wrong track." Additionally, nearly two-thirds (64%) approve of the job being done by Sunnyvale City Government, overall. Similarly, 57 percent of voters approve of Sunnyvale's Mayor and City Council, although 23 percent were not sure how to rate the Council. Further understating these positive impressions, three quarters (75%) of voters feel the services provided by the City of Sunnyvale are "excellent" or "good," which is comparable to impressions assessed in a similar 2016 survey.
- **Sunnyvale voters are most concerned with the cost of housing.** Over three-fourths (79%) of voters indicated they felt the cost of housing is an "extremely" or "very serious problem." Other issues that were seen as "extremely" or "very serious problems" by majorities include *traffic congestion on local streets and roads* (64%) and *the cost of healthcare* (56%). In contrast, *crime in general* was seen as an "extremely" or "very serious problem" by only 20 percent of all voters. The least serious problem was *airplane noise*, which only 17 percent reported it as an "extremely" or "very serious problem," while 63 percent felt it was a "not too serious of a problem."

Revenue-Generating Measures

Voters were given two potential measures designed to generate revenue for general-purpose funds: A Transient Occupancy Tax (TOT)ⁱⁱ, and a Real Property Transfer Taxⁱⁱⁱ. Before hearing the measures, voters were explained that both measures could potentially appear on the same ballot in an upcoming election. To avoid selection bias, half of all respondents heard the Transient Occupancy Tax first, and the Real Property Tax second. The other half heard the two measures in reverse order. Key findings on voters' reaction to the measures include:

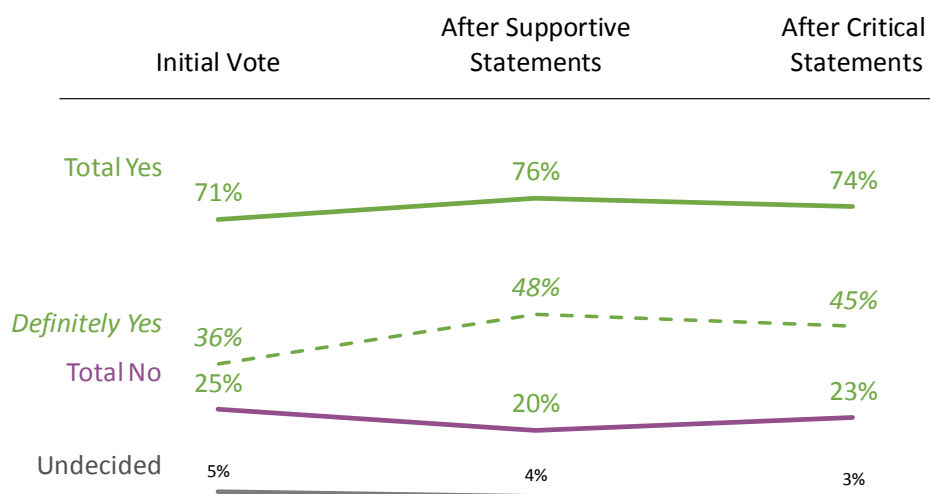
- Sunnyvale voters are overwhelmingly more supportive of increasing the City's TOT over increasing the City's Real Property Transfer Tax.** As shown in Figure 1, 71 percent of all voters initially responded they would vote in favor of the TOT measure, while only a quarter (25%) reported they would vote against it. In contrast, only a third (33%) of all voters initially supported the Real Property Transfer Tax measure, while 61 percent indicated they would vote against it.

Figure 1: Initial Votes on Measures Increasing Sunnyvale's TOT and Real Property Transfer Tax



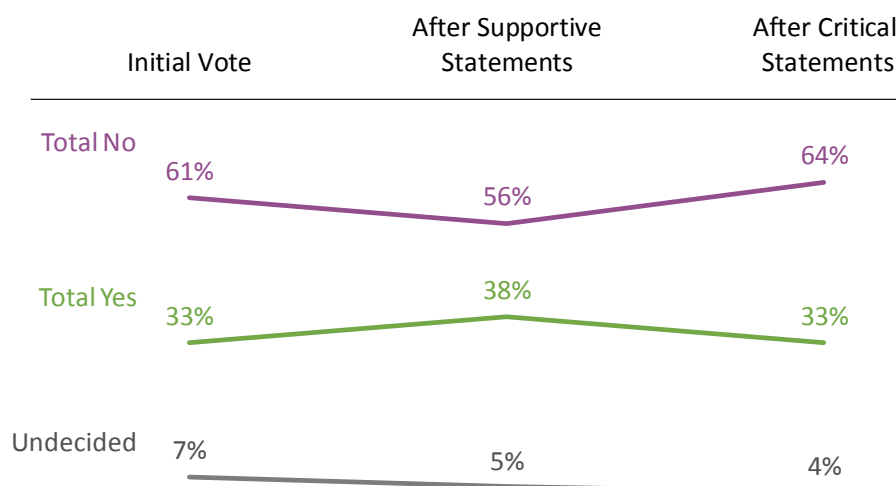
- Overall support for the TOT remained high as voters heard more about the measures.** Survey respondents were presented with a series of statements that provided both positive information and critiques of the measures. After hearing statements supporting the measures, support for the TOT peaked at 76 percent (Figure 2 on the following page). After hearing statements opposing the measures, support for the TOT held relatively steady at 74 percent. Furthermore, the number of voters who indicated they would "definitely" vote "yes" in favor of the measure increased to 48 percent after hearing positive statements, indicating strong support for the measure.

Figure 2: Progression of Support for the Potential TOT Measure



- **In contrast, support for the Real Property Transfer Tax measure remained low throughout the survey.** Unlike the TOT measure, support for the Real Property Transfer Tax measure failed to reach its majority vote threshold at any point in the survey, even after survey respondents were presented with supportive statements.

Figure 3: Progression of Support for the Real Property Transfer Tax Measure



- Maintaining public safety services is a top spending priority for a majority of voters.** Respondents were presented, in random order, with a list of various City spending areas and projects that could potentially be funded by resulting revenue from the measures. As shown in Figure 4, *maintaining police, fire and 911 emergency response times* was the most often selected as an "extremely" or "very important" project to fund, with half of all respondents (51%) indicating it was an "extremely important" spending area. Similarly, *maintaining police response to violent crimes* was selected by 86 percent of all voters as "extremely" or "very important" to fund, and was the most often selected as an "extremely important" item by all voters (53%). Other public safety spending areas were also seen as "extremely" or "very important" by at least three-quarters of voters, including *maintaining fire protection services* and *maintaining police response to property crimes, such as burglaries*. Non-public safety spending priorities in this top tier included broader fiscal and service goals (e.g., *maintaining the City of Sunnyvale's financial stability* and *maintaining essential City services*), *maintaining parks and school open space areas*, and *improving the flow of traffic through the City*.

Figure 4: Top Spending Priorities for New City Revenue

Potential Spending Priority	Extremely Important	Extremely/Very Important
Maintaining police, fire and 911 emergency response times	51%	89%
Maintaining fire protection services	44%	87%
Maintaining police response to violent crimes	53%	86%
Maintaining police response to property crimes, such as burglaries	43%	85%
Maintaining the City of Sunnyvale's financial stability	35%	82%
Maintaining essential City services	34%	79%
Maintaining parks and school open space areas	38%	78%
Improving the flow of traffic through the City	40%	77%

Conclusions

Overall, a majority of voters like living in Sunnyvale, view City government favorably, and believe it is doing a good job providing services, though they are clearly concerned about housing and healthcare costs, and traffic congestion on local streets. When presented with two possible revenue-generating measures, a majority of voters support a measure increasing the City's TOT, but are not currently supportive of increasing the City's Real Property Transfer Tax, at least in the structure proposed in this survey. Additionally, voters prioritize spending any new City revenues on maintaining a variety of public safety services, along with broader fiscal stability, maintaining parks and open spaces, and improving traffic flow.

ⁱ **Methodology:** FM3 conducted a survey online and by telephone between April 3-9, 2018, consisting of 552 registered voters in the City of Sunnyvale likely to vote in the November 2018 Election. The margin of error for the full sample is $\pm 4.9\%$ with a 95% confidence interval. Margins of error for population subgroups will be higher. Some percentages may not sum to 100% due to rounding.

ⁱⁱ The TOT measure was described as a measure that would protect and maintain essential City services by increasing the transient occupancy tax paid only by hotel guests from 10.5% to 12.5%.

ⁱⁱⁱ The Real Property Transfer Tax measure was described as a measure that would protect and maintain essential City services by increasing the City's real property transfer tax, charged when a property is sold, from .55¢ to \$3.30 per \$100,000 of assessed value.