



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

SUBJECT: Potential Parcel Tax Ballot
Measure

DATE: August 1, 2024

Approved

Date:

8/1/2024

COUNCIL DISTRICT: Citywide

RECOMMENDATION

- (a) Review survey results for a potential parcel tax ballot measure for the November 5, 2024 Presidential General Election.
- (b) Defer placing a parcel tax measure on the ballot for the November 5, 2024 election, and direct staff to include consideration of options for funding park maintenance through the analysis of potential revenue measures for 2026 directed through the City Council's adoption of Manager's Budget Addendum #10 as part of the 2024-2025 Adopted Budget.
- (c) If the City Council does not defer action to 2026 and instead directs to place a parcel tax measure on the ballot for the November 5, 2024 election, adopt a resolution of the City Council:
 - (1) Calling and giving notice, on its own motion, the submission to the electors of the City of San José at a Special Municipal Election, to be consolidated with the Presidential General Election on November 5, 2024, a ballot measure proposal to impose an annual special tax in the form of a parcel tax for the purpose of funding Parks and Clean Neighborhoods Services with the following statement of the measure to be printed in the ballot:

San José Parks, Clean Neighborhoods Measure

To clean, maintain and improve parks, playgrounds, trails, restrooms, recreation facilities; remove homeless encampments in parks, creeks, neighborhoods; remove trash, illegal dumping, graffiti; provide gang prevention, recreation programs; shall an ordinance be adopted levying an annual parcel tax of 1¢ per square foot on single-family parcels, with a cap, and for other properties at rates described in ordinance until repealed by voters raising approximately \$21 million annually with public disclosure?

- (2) Direct the City Clerk to, pursuant to Elections Code Section 12111, cause a synopsis of the proposed measure to be published at least one time not later than one week before the election in the *Mercury News*, a newspaper of general circulation within the City of San José, instead of printing the full text of the measure in the Sample Ballot;
 - (3) Authorize the Mayor to submit a ballot argument in support of the measure, pursuant to Elections Code Section 9282;
 - (4) Authorize the submittal of rebuttal arguments pursuant to Elections Code Section 9285;
 - (5) Direct the City Attorney to prepare an Impartial Analysis of the measure, where, as authorized under Elections Code Section 9280, the following statement will be printed in the Impartial Analysis to be prepared by the City Attorney: “If you would like to read the full text of the measure, see www.sanjoseca.gov/your-government/appointees/city-clerk or call 408-535-1260 and a copy will be sent at no cost to you.”; and
 - (6) Direct the City Clerk to take all other actions necessary to place this measure on the November 5, 2024 ballot.
- (d) If the City Council decides to place a parcel tax measure on the ballot for the November 5, 2024 election, direct the City Manager to return to the City Council in September 2024 with a spending plan that shows how the City intends to spend the revenue from the parcel tax if it were approved.

SUMMARY AND OUTCOME

This memorandum provides the results of a second round of polling conducted in July 2024 to assess voter support for a potential parcel tax ballot measure at the November 2024 election. The results of the polling indicate that a parcel tax measure is not viable this year. Consequently, staff do not recommend placing a parcel tax measure on the ballot; however, staff has prepared and agendized parcel tax ballot measure so that the City Council can make the final decision on whether to place it on the ballot.

BACKGROUND

The City Council approved the Mayor's March Budget Message for Fiscal Year 2024-2025 at the March 19, 2024 City Council meeting. This approval included approval of a memorandum from City Councilmembers Ortiz, Candelas, and Jimenez directing the City Manager to "explore additional funding mechanisms for operations and maintenance to improve our Neighborhood Parks."

In response to this direction, staff engaged a polling firm, True North Research, to conduct a survey of a potential parcel tax ballot measure that could be used to fund park maintenance and other services. The survey tested two different versions of the parcel tax language, both of which would have established a rate of one cent per square foot of residential property and three cents per square foot of non-residential property, generating approximately \$31 million annually. The Administration brought forward the results of this survey at the June 18, 2024 City Council meeting.¹ Version A of the ballot language received support from 65% of respondents on the initial test, while Version B received support from 63%. The threshold for passage of a parcel tax is two thirds of the vote, or 66.67%. The staff memorandum describing the results of this survey is included with this memorandum as **Attachment A**. Importantly, at the time of the first poll in May, it was still unclear what state bond measures would definitively appear on the November 2024 ballot.² As such, staff did not include survey language contextualizing other funding measures.

Given that the survey results were close to the threshold for passage, but further refinement was required, staff recommended that the City Council direct the City Manager to conduct additional polling on parcel tax ballot language over the summer and return to the City Council on August 6, 2024, at which time the City Council would make a decision on whether to place a parcel tax measure on the ballot for the November 5, 2024 election. The City Council approved the staff recommendation.

The City engaged Fairbank, Maslin, Maullin, Metz and Associates (FM3) to conduct the second round of polling over the summer. This memorandum provides the results of that polling.

¹ Materials for the June 18, 2024 City Council item 3.5 can be accessed here:
<https://sanjose.legistar.com/View.ashx?M=A&ID=1192738&GUID=376CCCC4-329A-40CB-A474-18F28FA257EA>

² California lawmakers finalized funding measures for the November ballot on July 3, 2024.

ANALYSIS

Survey Results

The survey conducted by FM3 tested three versions of ballot language for a parcel tax measure. The survey was conducted in July 2024 and was administered to a random sample of 1,200 voters in the City of San José who are likely to participate in the November 2024 election. Respondents were split into three subsamples of 400 each, which were used to test different versions of the ballot language. These three versions included the same services but tested different tax rates to determine which rate the public would most likely support. The margin of error for the full sample of 1200 respondents was $\pm 2.8\%$ while the margin for each subsample of 400 was $\pm 4.9\%$.

The ballot language lists the services that can be funded by the parcel tax revenue; the City would not be able to spend parcel tax revenue for a purpose that is not authorized in the ballot language. All three versions of the ballot language included the same services, as follows:

- clean, maintain, and improve parks, playgrounds, trails, restrooms, recreation facilities;
- remove homeless encampments in parks, creeks, neighborhoods;
- remove trash, illegal dumping, graffiti;
- provide gang prevention, recreation programs.

The primary objective in selecting these services was to meet the City Council's direction to fund "operations and maintenance to improve our Neighborhood Parks." The first bullet accomplishes that goal. The second, third, and fourth bullets are also services provided by the Parks, Recreation, and Neighborhood Services Department. These services were selected because they polled highly in the first round of polling the City conducted in May 2024.

While the services are the same across all three versions, each version tested a different tax rate. Sample C tested a flat rate of \$35 per single-family parcel area, while Sample D tested a rate of one-half cent per square foot of single-family parcel area. These rates result in approximately the same amount of revenue at \$15 million annually. Sample E tested a rate of one cent per square foot of single-family parcel area, generating \$37 million annually. Note that the \$37 million revenue estimate was a placeholder used for polling language; additional revisions to the rate structure over July have yielded a final revenue estimate of \$21 million.

Only the single-family rate appears in the ballot language, but other property types, including condominiums, apartments, and non-residential properties, would also be taxed at varying rates. These rates are specified in the ordinance that would be approved by the ballot measure, but would not appear in the ballot language itself. A

discussion of the tax rates can be found in the “Potential Ballot Measure” section of this memorandum.

The full text of each of the three ballot language versions is listed below.

Sample C
<p>San José Parks and Clean Neighborhoods Measure</p> <p>To:</p> <ul style="list-style-type: none">• clean, maintain and improve parks, playgrounds, trails, restrooms and recreation facilities;• remove homeless encampments in parks, creeks, neighborhoods;• remove trash, illegal dumping, graffiti;• provide gang prevention and recreation programs; <p>shall an ordinance be adopted levying an annual parcel tax of \$35 on single-family parcels and for other properties at rates described in ordinance until repealed by voters raising approximately \$15,000,000 annually with citizen oversight and public disclosure?</p>

Sample D
<p>San José Parks, Clean Neighborhoods Measure</p> <p>To:</p> <ul style="list-style-type: none">• clean, maintain and improve parks, playgrounds, trails, restrooms, recreation facilities;• remove homeless encampments in parks, creeks, neighborhoods;• Remove trash, illegal dumping, graffiti;• provide gang prevention, recreation programs; <p>shall an ordinance be adopted levying an annual parcel tax of 1/2¢ per square foot on single-family parcels, with a cap, and for other properties at rates described in ordinance until repealed by voters raising approximately \$15,000,000 annually with public disclosure?</p>

Sample E
<p>San José Parks, Clean Neighborhoods Measure</p> <p>To:</p> <ul style="list-style-type: none">• clean, maintain and improve parks, playgrounds, trails, restrooms, recreation facilities;• remove homeless encampments in parks, creeks, neighborhoods;• remove trash, illegal dumping, graffiti;• provide gang prevention, recreation programs; <p>shall an ordinance be adopted levying an annual parcel tax of 1¢ per square foot on single-family parcels, with a cap, and for other properties at rates described in ordinance until repealed by voters raising approximately \$37,000,000 annually with public disclosure?</p>

Over the course of the survey, respondents were tested multiple times on their support for these measures. At the beginning of the survey, respondents were read the ballot language and asked whether they would support the measure (initial test). Respondents were subsequently read arguments in favor of the measure and had their support tested again (interim test). Finally, respondents were read arguments in opposition to the measure and had their support tested a final time (final test). This approach helps to predict how voters would respond to information they receive during a campaign. **Table 1** below shows the results of the initial test for each sample. The results for all three tests can be found in **Attachment B**.

Table 1: Polling Results for Parcel Tax Ballot Language*

	Sample C Initial Test (\$35 flat tax)	Sample D Initial Test (1/2 ¢)	Sample E Initial Test (1 ¢)
Definitely Yes	30%	31%	35%
Probably Yes	23%	21%	19%
Lean Yes	5%	7%	5%
Total Yes	59%	59%	59%
Definitely No	22%	21%	20%
Probably No	9%	11%	10%
Lean No	3%	2%	4%
Total No	34%	34%	35%
Undecided	7%	7%	6%

*Numbers are rounded to the ones place.

None of these results meet the two-thirds threshold required for passage of a parcel tax, even if one generously applied all of the undecided respondents. Additionally, the results of all three tests (initial, interim, final) collectively show that negative arguments have a significantly stronger impact on prospective voters than arguments in favor of the ballot measure. For example, across all samples, although positive arguments increased support between one and three percent from the initial test, negative arguments decreased support between six and eight percent from the initial test. This suggests it would be exceedingly difficult to increase support from baseline, natural support, which would be required for a successful measure. Consequently, staff does not recommend proceeding with a parcel tax ballot measure at the November 2024 election.

These results differ from the initial round of polling in May 2024, which indicated that a ballot measure may be viable. Changes to the survey script may be partly responsible for this decline in support. The second round of polling included language to make respondents aware that other revenue measures could appear on the ballot in addition to the City’s measure. At the beginning of the survey, before respondents were read the text of the ballot measure, they were read the following statement making them aware that there could be a crowded ballot.

As you may know, this November there will be an election for federal, state, and local candidates for office, as well as statewide, regional, and local ballot measures. Some of these ballot measures might include a \$14 billion statewide school bond and a \$20 billion regional housing bond in the Bay Area, as well as various other potential local city, county, and school district measures. The next questions are about one of those potential local measures that may appear on the ballot specifically in San José.

The initial round of polling in May 2024 did not include this kind of statement. It is possible that apprising respondents of the revenue measures that could appear on the ballot from other agencies reduced support for the City's measure.

It is also important to note that Californians in general appear to be less optimistic about the economy and their own financial situation, thereby likely influencing their willingness to support additional revenue measures at this time. According to the Public Policy Institute of California that regularly polls Californians, more Californians in June 2024 expected bad financial times over the next year than those that responded to the same question in February 2024, with 62% expecting bad times in February and 68% expecting bad times in June.³ Similarly, respondents were asked in February and June if they would support paying higher taxes and have a state government that provides more services or pay lower taxes and receive fewer services. Whereas 48% responded they wanted higher taxes with more services in February, that number decreased to only 42% in June. And, when asked in June if it is a good time for multibillion-dollar state bond measures, 64% of respondents stated it was a bad time. While these questions are focused on the state level, they provide perspective on an electorate that is perhaps experiencing taxing fatigue and holds a pessimistic view of the current and future economy, all of which impact willingness to support a local parcel tax measure regardless of the personal views that parks need additional funding.⁴

Potential Ballot Measure

Given the polling results, staff does not recommend placing a parcel tax on the ballot for the November 2024 election and instead recommends that the City Council defer consideration of parks maintenance funding to existing City Council direction for 2026.⁵ However, staff has prepared ballot language and an ordinance so that the City Council can make the final decision. Sample E polled as well as the other two samples despite having a higher tax rate. If the City Council wishes to proceed with a ballot measure,

³ The Public Policy Institute of California conducted its "Californians and Their Government" surveys in February 2024 and June 2024. Each of these survey results can be found here: <https://www.ppic.org/topics/political-landscape/>

⁴ 64% of respondents to the City's July poll felt that San José was in great need (30%) or some need (34%) for additional funding for its parks.

⁵ Staff was directed to analyze potential revenue measures for 2026 through the City Council's adoption of Manager's Budget Addendum #10 as part of the 2024-2025 Adopted Budget.

staff recommends using the Sample E tax rate of one cent per square foot of single-family residential parcel area. The recommended ballot language is as below.

Recommended Ballot Language
<p>San José Parks, Clean Neighborhoods Measure</p> <p>To clean, maintain, and improve parks, playgrounds, trails, restrooms, recreation facilities; remove homeless encampments in parks, creeks, neighborhoods; remove trash, illegal dumping, graffiti; provide gang prevention, recreation programs; shall an ordinance be adopted levying an annual parcel tax of 1¢ per square foot on single-family parcels, with a cap, and for other properties at rates described in ordinance until repealed by voters raising approximately \$21 million annually with public disclosure?</p>

The ballot language used for polling included estimated revenue of \$37,000,000 for a one cent per square foot tax on single-family parcels, while the above recommended language includes a revenue estimate of \$21 million for the same single-family rate. The revenue estimate changed due to refinements in the rate structure for property types other than single-family. Staff worked with a revenue consultant over July to ensure that rates for all property types are equitable. The rates for property types other than single-family are not included in the ballot language but are included along with the ordinance. The full rate structure is included with this memorandum as **Attachment C**.

Table 2 shows the amount of revenue generated by each of the land use types under the proposed rate structure and provides examples of the types of uses that fall into each classification.

Table 2: Parcel Tax Revenue by Land Use Classification*

Land Use Classification	Estimated Revenue	Examples of Types of Uses
Single-Family Parcels	\$11,662,654	Single-family homes
Condominium/Townhome Parcels	\$2,549,450	Condominiums, townhouses
Other Residential Parcels	\$20,069	Fraternities, sororities, boarding houses, summer cabins
Multi-Family Residential	\$3,277,086	Apartments, mobile homes
Commercial Parcels	\$956,877	Retail stores, restaurants, hotels, recreational facilities
Professional Parcels	\$1,564,274	Office buildings, hospitals, research and development facilities
Industrial Parcels	\$429,114	Warehouses, manufacturing plants
Vacant Parcels	\$137,172	Unimproved parcels
Total	\$20,596,700	

*Dollar figures are rounded to the ones place.

As mentioned above, staff worked with a revenue consultant to develop a rate structure that is equitable across property types. The important features of this rate structure are outlined below.

- **Single-Family Cap:** The proposed rate structure establishes a cap of \$250 for the tax on single family houses. At a tax rate of one cent per square foot of parcel area, the average single-family house would be assessed a tax of approximately \$70. Without a cap, a small number of very large single family lots would be assessed a much higher amount, some in excess of \$10,000. The cap ensures that all single-family parcels are taxed within a reasonable range.
- **Tiered Rates:** The tax rates for non-residential uses are tiered such that larger parcels pay a lower rate per acre. Like the cap for single-family parcels, this approach ensures that very large parcels do not pay an excessive tax. For large parcels, the size of the parcel often does not scale with the number of employees who work at the site. For example, office or research and development sites located in rural areas on the edge of the City can include large areas of hillside or other open space, while the facility where employees work comprises a relatively small portion of the site. A tiered structure ensures that such parcels do not pay an unreasonable tax amount. The City's existing Library Parcel Tax uses this tiering approach; staff used that tax as a model, both for non-residential, as discussed above, and for multi-family properties.
- **Yearly Adjustments:** The City's current Library Parcel Tax includes a provision that allows the tax to increase annually based on the Consumer Price Index. The ordinance for the proposed tax includes a similar provision. The tax rates could be increased every year consistent with Consumer Price Index, provided that the increase is not greater than 5% in any single year.
- **Public Disclosure:** The ballot measure would require that information on the amount of revenue collected and how that revenue is spent be disclosed to the public annually. The ordinance provides that this information be transmitted in a report to the City Council on a yearly basis.

As noted above, many of these features are modeled after the City's existing Library Parcel Tax. Taken together, staff believes this tax structure would be equitable across property types, allow the tax to keep up with inflation over time, and be transparent with the public about how the tax is being used.

Timeline and Cost

Timeline

The Santa Clara County Registrar of Voters has established a timeline of important deadlines leading up to the November 5, 2024 election. These deadlines determine the timeframe in which the City Council would need to make a final decision on whether to place a measure on the ballot. **Table 3** summarizes relevant deadlines.

Table 3: Registrar of Voters Key Deadlines for the November 5, 2024 Presidential General Election

Date	Activity
August 9, 2024	Last day for ballot measures to be submitted to the Registrar of Voters.
August 13, 2024	Due date for primary ballot arguments and for the list of measure supporters and opponents.
August 20, 2024	Due date for rebuttal arguments and impartial analyses.
November 5, 2024	Election Day

The City must submit any ballot measure for the November 5, 2024 Presidential General Election by August 9, 2024. If the City Council wishes to place a measure on the ballot, it would need to take action at its August 6, 2024 Special Meeting.

Cost

The base cost that the City will pay for the November 5, 2024 election without any ballot measures is \$302,419. The estimated additional cost of placing one ballot measure on the ballot is \$2,244,455, for a total election cost of \$2,546,874. There is sufficient funding within the Elections and Ballot Measures City-Wide Expenses appropriation to accommodate this ballot measure if the City Council opts to move forward.

To reduce election costs, in recent measures, the City Council decided not to include the full text of the ballot measure in the sample ballot. Instead, the full text of the measure would be made available on the City's web page in multiple languages or provided to any person upon request by the City Clerk. Staff recommends that the City Council take this approach if it places the parcel tax measure on the ballot. The City Attorney's Impartial Analysis would include the following statement: "If you would like to read the full text of the measure, see www.sanjoseca.gov/your-government/appointees/city-clerk or call 408-535-1260 and a copy will be sent at no cost to you."

EVALUATION AND FOLLOW-UP

If the City Council decides not to place a parcel tax measure on the November 2024 ballot and defers action to 2026, staff will seek to identify additional options for funding park maintenance as part of the analysis of potential revenue measures for 2026 directed through the City Council's adoption of the Manager's Budget Addendum #10 as part of the 2024-2025 Adopted Budget.

If the City Council chooses to place a parcel tax measure on the ballot, staff will take the necessary steps to ensure that the Santa Clara County Registrar of Voters includes the measure as part of the November 5, 2024 election and will return to the City Council in September 2024 with a spending plan showing how the revenue from the measure would be spent.

COST SUMMARY/IMPLICATIONS

The base cost that the City will pay for the November 5, 2024 election without any ballot measures is \$302,419. The estimated additional cost of placing one ballot measure on the ballot is \$2,244,455, for a total election cost of \$2,546,874. There is sufficient funding within the Elections and Ballot Measures City-Wide Expenses appropriation to accommodate this ballot measure if the City Council opts to move forward.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Parks, Recreation, and Neighborhood Services Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the August 6, 2024 City Council Special Meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-001, CEQA Guidelines Section 15262, Feasibility and Planning Studies with no commitment to future actions.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



SARAH ZÁRATE
Director, Office of Administration, Policy
and Intergovernmental Relations

For questions, please contact Peter Hamilton, Assistant to the City Manager, at peter.hamilton@sanjoseca.gov or (408) 535-7998.

Attachments:

Attachment A: June 18, 2024 City Council Memorandum November 2024 Ballot Measure Polling

Attachment B: Parcel Tax Polling Results

Attachment C: Parks and Clean Neighborhoods Parcel Tax Rates in Effect for Fiscal Year 2025-2026



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Sarah Zárate

**SUBJECT: POTENTIAL NOVEMBER 2024
BALLOT MEASURE POLLING**

DATE: June 7, 2024

Approved

Date

6/7/24

RECOMMENDATION

- (a) Review survey results for potential ballot measures for the November 5, 2024 General Election, including two parcel tax measures, a bond measure, and a charter amendment pertaining to long-term leases in City parks.
- (b) Set a City Council Special Meeting entitled “November 5, 2024 General Election Ballot Measure” for Tuesday, August 6, 2024 starting at 1:30 p.m.
- (c) Direct the City Manager and City Attorney to draft ballot language and return to City Council at the August 6, 2024 Special Meeting for consideration of placing on the November 5, 2024 ballot a measure levying a parcel tax for the purpose of funding City services to clean, maintain, and improve San José’s parks, playgrounds, trails, restrooms, and recreation facilities and fund other City services.
- (d) Direct the City Manager to conduct additional polling to refine the tax rate and ballot language.

SUMMARY AND OUTCOME

Pursuant to City Council direction through approval of the Mayor’s March Budget Message for 2024-2025, staff commissioned a survey to explore potential ballot measures for the November 5, 2024 General Election, including revenue measures to fund park maintenance as well as a Charter amendment to lengthen the term for which the City can enter into leases in City parks. This memorandum outlines the results of that survey and, based on those results, proposes to narrow consideration of potential ballot measures to a parcel tax that would fund park maintenance and several other City services. Staff is seeking direction regarding whether the City Council wishes to pursue this option. If so, the next steps would involve scheduling a special meeting of the City Council for August 6, 2024, where the City Council would make a final decision as to whether to place a measure on the ballot, directing staff to bring back revised ballot language for a parcel tax to that meeting, and directing staff to conduct additional polling to inform that revised language.

BACKGROUND

The City Council approved the Mayor's March Budget Message for 2024-2025 at the March 19, 2024 City Council meeting. Through approval of the Budget Message, the City Council provided the City Manager with two separate items of direction to explore ballot measures intended to improve the condition of San José's parks.

First, through a memorandum issued by Councilmembers Ortiz, Candelas, and Jimenez and approved by the City Council along with the March Budget Message, the City Manager was directed to "explore additional funding mechanisms for operations and maintenance to improve our Neighborhood Parks."

Second, the March Budget Message included direction to explore a ballot measure that would amend the City Charter to allow longer-term leases of City parkland, as follows:

The City Manager is directed to explore placing a measure on the upcoming November 2024 ballot to allow the City to enter long-term retail and commercial leases on City park land and direct the resulting revenues back into our parks.

In response to this direction, staff engaged the City's polling firm, True North Research, to conduct a survey of potential ballot measures as directed by the City Council. This memorandum outlines the results of that survey.

ANALYSIS

Revenue Measure Options

When designing the survey, staff evaluated three potential tax measures: a parcel tax, a bond, and a sales tax. They evaluated the feasibility of each option and their alignment with the City Council's direction to fund the operations and maintenance of City parks.

Parcel Tax

A parcel tax is a type of property tax that, unlike standard property taxes, is not levied based on the property's assessed value. Instead, parcel taxes are based on either a flat rate per nonvacant parcel or a rate that varies depending on use, size, number of units, or both on each parcel. Parcel taxes are special taxes that require two-thirds voter approval. Proceeds may be spent on services, capital improvement, or the operations and maintenance of City facilities. For example, proceeds can be spent on capital maintenance, such as replacing a park irrigation system, as well as on operating costs, such as routine maintenance of City parks or funding parks programs. Given the flexibility to spend on both operations and maintenance costs, staff identified a parcel tax as the best avenue to meet the objectives established by the City Council. The survey tested two versions of ballot language for a parcel tax.

Bond Measure

Staff also considered a bond measure. The State of California Constitution provides that cities may issue general obligation bonds for the acquisition and improvement of real property if authorized by two-thirds of its voters. General obligation bonds are payable only from ad valorem property taxes, which are required to be levied in an amount sufficient to pay interest and principal on the bonds coming due in each year. These property tax revenues are generated from an additional property tax that is distinct from general property tax collections and are dedicated to paying debt service on the bonds and cannot be levied or used for any other purpose. The General obligation bonds are typically issued over a period of years and then repaid over a 20- to 30-year period from the date of issuance. Bond proceeds may only be spent on capital costs - they cannot be spent on operations, such as routine park maintenance. Since a bond measure cannot fund operating costs, it would only partially meet the City Council's objectives. The survey included one question on such a measure.

Sales Tax

San José cannot currently pursue a local sales tax measure. California law provides that the combined rate of local sales taxes may not exceed two percent, and San José is currently at that cap, though it is possible to raise this cap through state legislation. Staff discussed this possibility with the City's delegation in the California Legislature but understands that such legislation could not be enacted in time to allow for a sales tax measure in November 2024. Staff will continue to work with the City's delegation to explore opportunities to raise this cap. Additional information on a general purpose sales and use tax or the potential modernization of the City's General Business Tax was provided in Manager's Budget Addendum #10, published May 21, 2024.¹

Assembly Constitutional Amendment 1

A statewide ballot proposition, Assembly Constitutional Amendment 1 (ACA 1), could potentially affect the passage threshold of some of the above options. Placed on the November 2024 statewide ballot by the legislature, ACA 1 would reduce the threshold to pass a bond measure or special tax (including a parcel tax) from two-thirds to 55%, provided that the bond or special tax is used for the purpose of funding public infrastructure, affordable housing, or permanent supportive housing. If approved by voters, ACA 1 would lower the threshold of passage for any qualifying bond or special tax measure that also appears on the November 2024 ballot. It is important to note that, if passed, it would only lower the passage threshold for special taxes that are limited to capital costs. It would not lower the threshold for a parcel tax that includes operating expenditures.

However, in May 2024, Assemblymember Aguiar-Curry announced that she would try to amend the ACA 1 language to remove the special tax provisions, which would eliminate the possibility of a lower passage threshold for a parcel tax, even if it were limited to capital costs. This revised

¹ <https://www.sanjoseca.gov/home/showpublisheddocument/112014/638518872821730000>

language is not available at this time but will be released in print in June to conform to the June 27, 2024 deadline for qualifying statewide ballot measures. The decision to remove special taxes from the measure is based on concern about a potentially crowded ballot with many statewide measures in November 2024, recent polling results on the current ACA 1 language, and pressure from Bay Area legislators who are attempting to pass a regional housing bond. The City Manager's Office of Administration, Policy, and Intergovernmental Relations continues to monitor this legislation as it develops.

Survey Results

As noted above, the survey tested support for two versions of ballot language for a parcel tax measure. It also included a question on support for a parks bond measure and for a Charter amendment that would allow longer-term leases in City parks.

The survey was conducted between May 9 and May 21, 2024 and was administered to a random sample of 800 voters in the City of José who are likely to participate in the November 2024 election. Respondents were split into two subsamples, of 400 each, who were used to test different versions of ballot language for a parcel tax. The margin of error for the entire sample is plus or minus 3.4%, while the margins for the two subsamples are plus or minus 4.9%. The two parcel tax versions tested in the subsamples are referred to as Measure A and Measure B. In each version, the ballot language specifies the purposes for which revenue generated by the parcel tax may be spent; the City would not be able to spend for a purpose that is not authorized in the ballot language. To accomplish this polling on an expeditious timeline, the questions on the bond and on park leases were not given their own subsamples; they were asked as trailing questions on the samples used for Measure A and Measure B.

Parcel Tax Results

Both versions of the parcel tax language establish a rate of one cent per square foot of residential property and three cents per square foot of non-residential property, generating approximately \$31 million annually. The two versions of the language include a slightly different mix of services. Both versions authorize proceeds to be spent on park maintenance and removing trash, illegal dumping, and graffiti. In addition to these two elements, Measure A includes abatement of homeless encampments and funding park police and park rangers, while Measure B includes protecting nature and wildlife areas and funding certain programs provided by the Parks, Recreation, and Neighborhood Services Department. Note that the removal of trash, illegal dumping, and graffiti, included in both measures, and the abatement of homeless encampments, included in Measure A, could be funded citywide, not just in parks. The full text of the two versions is provided below.

Measure A
<p>In order to:</p> <ul style="list-style-type: none"> • remove homelessness encampments in San José’s parks, creeks and neighborhoods; • remove trash, illegal dumping, graffiti; • fund park Police and Rangers to reduce crime and increase safety; • and keep parks, playgrounds, trails, restrooms, and recreation facilities clean and well-maintained; <p>shall City of San José’s ordinance be adopted levying an annual parcel tax of 1-cent per square foot of residential property (3 cents for non-residential property), generating approximately 31 million dollars annually until repealed, with annual adjustments and citizen oversight?</p>

Measure B
<p>In order to:</p> <ul style="list-style-type: none"> • keep parks, playgrounds, trails, restrooms, and recreation facilities clean and well-maintained; • protect nature and wildlife areas; • remove trash, illegal dumping, and graffiti; • and provide gang prevention, senior health and nutrition, and children and youth programs, <p>shall City of San José’s ordinance be adopted levying an annual parcel tax of 1-cent per square foot of residential property (3 cents for non-residential property), generating approximately 31 million dollars annually until repealed, with annual adjustments and citizen oversight?</p>

Over the course of the survey, respondents were tested multiple times on their support for these measures. At the beginning of the survey respondents were read the ballot language and asked whether they would support it (initial test). Respondents were subsequently given more information about the cost of the measure and were read arguments in favor and against it. Respondents’ support was retested at each step (interim tests) and a final time after all the cost information and arguments had been conveyed (final test.) This approach helped to predict how voters would respond to information they received during a campaign. Table 1 below shows the results of the initial and final tests; support and opposition varied in the interim tests.

Table 1: Polling Results for Measure A and Measure B Parcel Tax Ballot Language

	Measure A Initial Test	Measure A Final Test	Measure B Initial Test	Measure B Final Test
Definitely Support	32.4	33.9	29.5	31.7
Probably Support	32.9	29.2	33.6	34.4
Total Support	65.3	63.1	63.1	66.1
Definitely Oppose	16.5	19.8	18.8	21.3
Probably Oppose	11.0	12.0	10.9	8.5
Total Oppose	27.5	31.8	29.7	29.8
Not Sure	7.0	4.2	5.9	3.7

These results suggest that a parcel tax measure in November 2024 may be viable, but there is still significant uncertainty about whether it would prevail. Staff would make three observations for

the City Council's consideration. First, although the final test of Measure B comes very close, none of these results exceed the two-thirds threshold (66.6%) required for passage. With a margin of error of plus or minus 4.9%, both passage and failure of the measure are within the margin.

Second, Assembly Bill 1416, enacted in 2022, may also affect the outcome. For statewide measures, Assembly Bill 1416 requires that a list of supporters and opponents of the measure be listed below the ballot language. The names of supporters and opponents are determined by who signed the supporting and opposing ballot arguments printed in the voter information guide. While this is a requirement for statewide measures, it is not necessarily required for local measures. The law provides that, at least 30 days before the deadline for submitting arguments for or against local measures, a county board of supervisors may elect not to list supporters and opponents for county, city, district, and school measures on the county ballot and future county ballots. The Administration recently was made aware the County of Santa Clara has not chosen to opt out of this requirement, and as such, the City can expect supporters and opponents to be listed along with any measures it places on the ballot.

The City's pollster, True North Research, advised that based on recent experience in other cities, listing supporters and opponents on a ballot tends to reduce support for ballot measures. True North Research indicated that this effect could occur irrespective of who is listed. It is difficult to determine how much support could be reduced, but True North Research indicated that it could be in the three to four percentage points. Staff engaged with the County Executive's Office at the County of Santa Clara to determine whether the County has any plans to opt out of this requirement, as provided in Assembly Bill 1416. If the County does not opt out, inclusion of supporters and opponents may reduce support for a parcel tax.

Finally, it may be possible to increase support for the ballot measure by making refinements to the ballot language. Additional polling is required to test support for the revised language. Consequently, if the City Council wishes to pursue a parcel tax, staff recommends that the City Council direct staff to conduct additional polling over the summer. This additional polling would test language that combines elements of Measures A and B, includes other services not tested in either measure, includes a lower tax rate (for example, a rate of ½ cent per square foot) or changes the mix of rates between property types. Staff will also include language in the poll question on potential supporters and opponents of the measure, consistent with the requirements of Assembly Bill 1416, to test the effect of that element on public support. Staff would then return to the August 6, 2024 Council Meeting with recommended ballot language crafted to maximize potential support for the measure.

Bond Measure Results

The survey tested support for a bond in the amount of \$500 million for the purpose of repairing and improving park facilities. Unlike Measures A and B discussed above, this measure was not tested as part of a separate subsample; it was included as a trailing question on the Measure B subsample. In other words, respondents were asked after they had already been polled on the Measure B parcel tax. While combining this question with the Measure B subsample allowed the survey to be completed on an expeditious timeline, it is possible that combining two measures in

one subsample can depress support for the second measure. The language of the polling question and polling results are below.

Parks Bond Question	
Would you support or oppose a parks bond for the purpose of repairing and improving neighborhood and regional parks, playgrounds, park bathrooms, and community facilities, where the total amount of the bond was \$500 million and the average levy on property owners was 12 cents per \$100 of assessed value?	

Table 2: Polling Results for Park Bond Measure Question

	Parks Bond Measure Results
Definitely Support	13%
Probably Support	29%
Total Support	42%
Definitely Oppose	27%
Probably Oppose	20%
Total Oppose	47%
Not Sure	10%
Prefer Not to Answer	1%

Polling results for a park bond are well below the current passage threshold of two thirds. Even if Assembly Constitutional Amendment 1 was to pass and lower the threshold to 55%, the results are still below the threshold. Staff does not recommend pursuing a bond measure in this cycle. If ACA 1 were to pass, it may be worthwhile in future election cycles to refine the ballot language and conduct a poll to determine whether a revised measure could meet the lower threshold.

Long-Term Park Lease Results

Section 1700.1 of the City Charter provides that the City Council may enter into long-term leases and other agreements with non-City entities for the use of public parks for terms of up to 25 years, provided that the agreement could meet several conditions, including that:

- The agreement would enhance the designated recreational purposes for the public park,
- The park subject to the agreement is more than five acres in size and has at least one community serving amenity,
- The agreement complies with an adopted City Council policy governing long-term agreements in City parks,
- That any funds received by the City from the agreement shall be used for recreational purposes.

This section only allows agreements of up to 25 years—agreements longer than this term must be authorized by the voters at the ballot.

As discussed in the Background section, the March Budget Message included directions to explore a charter amendment that would allow long-term retail and commercial leases on City

parkland. Pursuant to this direction, the survey tested support for a ballot measure that would increase the current 25-year maximum term to a total of 55 years. Like the bond question, this question was not tested with a separate subsample; it was included as a trailing question on the same subsample used to test the Measure A parcel tax language.

Long-Term Park Lease Question
Would you support or oppose amending the City Charter to allow the City Council to lease public parkland in San José to private entities for a period of 55 years, with the requirement that such leases enhance the recreational purposes or maintenance condition of the park, and that all revenues from such leases be spent on park recreation, maintenance, and capital improvements?

Table 3: Polling Results for Park Long Term Park Lease Question

	Parks Bond Measure Results
Definitely Support	17%
Probably Support	29%
Total Support	46%
Definitely Oppose	29%
Probably Oppose	15%
Total Oppose	44%
Not Sure	9%
Prefer Not to Answer	1%

The threshold for passage of this measure is a simple majority. Although the measure does not reach this mark, it may be possible in a future election cycle to improve performance through further refinement of the ballot language and through testing the language with its own subsample and more outreach—ensuring potential voters have a better understanding of the measure.

Next Steps

Based on the survey data presented in this memorandum, the Administration recommends narrowing consideration of ballot measures for the November 5, 2024 General Election to a parcel tax that would fund keeping San José’s parks clean and maintained and also support several other City services. If the City Council wishes to pursue a parcel tax measure, staff recommends that the City Council schedule a special meeting of the City Council for August 6, 2024, where the City Council would make a final decision as to whether to place a measure on the ballot, direct staff to bring back revised ballot language for a parcel tax to that meeting, and direct staff to conduct additional polling to help inform that revised language.

Staff believes additional polling is necessary to determine whether a parcel tax measure is viable for the November 2024 ballot. If directed to conduct additional polling, staff will develop a revised version of the ballot language intended to maximize potential support. Revisions will include selecting City services for inclusion in the measure that will be most appealing to voters (while maintaining the focus on park maintenance) and adjusting the tax rate. Adjustments to the

tax rate will include lowering the rate to increase support and potentially changing the balance of rates between different property types. Finally, if the County does not opt out of the Assembly Bill 1416 requirement, the polling will also include language on potential supporters and opponents of the measure. If a parcel tax measure is viable based on this polling, staff will return with recommended ballot language for the City Council’s consideration at the August 6, 2024 special meeting.

In advance of that meeting, staff will also monitor which other measures qualify for the ballot, whether from the County or the state, and return with this information. Voters’ decision on the City’s measure may be affected by which other measures appear on the ballot alongside it; understanding this context may be useful to the City Council in making a final decision.

Timeline

The Santa Clara County Registrar of Voters established a timeline of important deadlines leading up to the November 5, 2024 election. These deadlines determine the timeframe in which the City Council would need to decide whether to place a measure on the ballot. Table 4 below summarizes relevant deadlines.

Table 4: Registrar of Voters Key Deadlines for the November 5, 2024 General Election

Date	Activity
August 9, 2024	Last day for ballot measures to be submitted to the Registrar.
August 13, 2024	Due date for primary ballot arguments and for the list of measure supporters and opponents.
August 20, 2024	Due date for rebuttal arguments and impartial analyses.
November 5, 2024	Election Day

The City must submit any ballot measures for the November 5, 2024 General Election by August 9, 2024. Given that August 13, 2024, is the proposed first regularly scheduled City Council meeting in August, staff recommends scheduling a special meeting on August 6, 2024. Staff would return to this meeting with a revised draft of the parcel tax ballot language. At that time, the City Council would make a final decision as to whether to place a measure on the ballot.

EVALUATION AND FOLLOW-UP

Should the City Council wish to pursue a parcel tax ballot measure for the November 5, 2024 election and to schedule a special meeting on August 6, 2024 to consider placing such a measure on the ballot, staff will conduct additional polling over the summer, prepare a revised version of the ballot language, and bring it forward at the August 6, 2024 special meeting for a final decision by the City Council.

HONORABLE MAYOR AND CITY COUNCIL

June 7, 2024

Subject: Potential November 2024 Ballot Measure Polling

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, the Finance Department, and the Parks, Recreation, and Neighborhood Services Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 18, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-001, CEQA Guidelines Section 15262, Feasibility and Planning Studies with no commitment to future actions.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



SARAH ZÁRATE
Director, Office of Administration, Policy
and Intergovernmental Relations

For questions, please contact Peter Hamilton, Assistant to the City Manager, at peter.hamilton@sanjoseca.gov or (408) 535-7998.

Attachment B –Parcel Tax Polling Results*

	Sample C			Sample D			Sample E		
	Initial Test	After Positive Arguments (Interim Test)	After Negative Arguments (Final Test)	Initial Test	After Positive Arguments (Interim Test)	After Negative Arguments (Final Test)	Initial Test	After Positive Arguments (Interim Test)	After Negative Arguments (Final Test)
Definitely Yes	30%	32%	26%	31%	36%	26%	35%	36%	29%
Probably Yes	23%	24%	20%	21%	22%	20%	19%	19%	16%
Lean Yes	5%	6%	5%	7%	5%	7%	5%	4%	8%
Total Yes	59%	62%	51%	59%	62%	53%	59%	60%	54%
Definitely No	22%	16%	25%	21%	20%	26%	20%	19%	23%
Probably No	9%	7%	10%	11%	7%	9%	10%	6%	9%
Lean No	3%	5%	3%	2%	3%	3%	4%	4%	3%
Total No	34%	28%	39%	34%	31%	39%	35%	29%	35%
Undecided	7%	10%	11%	7%	7%	8%	6%	11%	11%

**Numbers are rounded to the ones place*

Attachment C

**PARKS AND CLEAN NEIGHBORHOODS PARCEL TAX RATES IN EFFECT FOR FISCAL
YEAR 2025-26¹**

Land Use Classification	Tax Rate Adjusted as of July 1, 2025
Single Family Parcels	\$0.01 per parcel square foot with a maximum of \$250.00/Parcel.
Condominium/Townhome Parcels	\$53.23/Parcel
Other Residential Parcels (Fraternity, Sorority, Boarding, Rooming House, Farm Labor Camp)	
Up to 20 Units	\$35.48/Unit
21 to 50 Units	\$709.60 + \$23.65/Unit Greater than 20 Units
51 to 100 Units	\$1,419.20 + \$11.83/Unit Greater than 50 Units
Over 100 Units	\$2,010.53 + \$4.73/Unit Greater than 100 Units
Multi-Family Residential	
Up to 20 Units	\$47.31/Unit
21 to 50 Units	\$946.20 + \$31.54/Unit Greater than 20 Units
51 to 100 Units	\$1,892.40 + \$15.77/Unit Greater than 50 Units
Over 100 Units	\$2,680.90 + \$6.31/Unit Greater than 100 Units

¹ Subject to annual CPI adjustment of up to 5% per Section 4.61.330 of the ordinance.

Commercial Parcels

Less than or equal to 0.5 acres	\$435.60 /Acre
Greater than 0.5 acres to 1.0 acre	\$217.80 + \$290.40/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$363.00 + \$217.80/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$943.80 + \$145.20/Acre Greater than 5.00 Acres
Greater than 10 acres	\$1,669.80 + \$36.30/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$35.48/Parcel

Professional Parcels

Less than or equal to 0.5 acres	\$871.20/Acre
Greater than 0.5 acres to 1.0 acre	\$435.60 + \$580.80/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$726.00 + \$435.60/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$1,887.60 + \$290.40/Acre Greater than 5.00 Acres
Greater than 10 acres	\$3,339.60 + \$72.60/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$70.96/Parcel

Industrial Parcels

Less than or equal to 0.5 acres	\$217.80/Acre
Greater than 0.5 acres to 1.0 acre	\$108.90 + \$145.20/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$181.50 + \$108.90/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$471.90 + \$72.60/Acre Greater than 5.00 Acres
Greater than 10 acres	\$834.90 + \$18.15/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$17.74/Parcel

Vacant Parcels

Less than or equal to 0.5 acres	\$108.90/Acre
Greater than 0.5 acres to 1.0 acre	\$54.45 + \$72.60/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$90.75 + \$54.45/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$235.95 + \$36.30/Acre Greater than 5.00 Acres
Greater than 10 acres	\$417.45 + \$9.08/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$8.87/Parcel