



Meeting Date: 01 /15/ 08

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input checked="" type="checkbox"/> Other Study Session

Prepared By: Martin R. Erickson Agenda Item No. R-1

Reviewed By: City Manager [Signature] City Attorney [Signature] Finance SW Other _____

DATE: January 4, 2008

TO: City Council

FROM: Martin R. Erickson
Legislative Affairs Manager
City Manager's Office

SUBJECT: Results of Potential Half-Cent Sales Tax Ballot Measure Feasibility Survey

RECOMMENDATION

That City Council:

1. Review and consider the results of a survey conducted by Fairbank, Maslin, Maullin & Associates (FMMA) concerning the feasibility of a general purpose half-cent sales tax in the City of Oxnard.
2. Provide direction to the City Manager regarding the development of an action plan, schedule and budget for proceeding with the next step of initiating a public information program regarding a ballot measure.

DISCUSSION

The results of a revenue ballot measure feasibility survey concluded that a general-purpose sales tax measure of not more than one-half percent in 2008 has a reasonable chance for success and is viable provided it has stringent fiscal accountability provisions. The survey of 400 randomly selected likely voters in Oxnard was conducted by FMMA from September 26-30, 2007, and marked a key step in a process that began during the development of the City's 2007-2009 budget process last spring.

Background:

Unlike many other California cities, by prudent policy direction from City Council and management of resources, Oxnard has maintained significant general fund reserves since 2000, which have averaged eighteen percent of the general fund budget. Due to increasing demands for general City services, such as street maintenance, police and fire services, community recreation, creation of parks, and youth programs, the FY 2007-2009 recommended budget included use of over \$2 million of the general fund reserves to result in essentially a "status quo" budget.

The City Council was able to create significant reserves in a challenging fiscal environment, where state and federal takeaways caused many cities to liquidate financial reserves and eliminate many important programs. Indeed, with the state projecting a fiscal shortfall of between \$10 -15 billion, and the Governor recently declaring a "fiscal emergency", and a special session of the legislature, apparently state funding to cities may again be in jeopardy. In past years, the state has reduced revenue to cities to attempt to balance the state budget.

In this context, during the development of the FY 2007-09 budget, the City Manager invited senior staff from San Luis Obispo to make a presentation to the Executive Board in April, 2007. They explained how voters of the city of San Luis Obispo passed a half-cent sales tax increase in November, 2006, largely in response to fiscal challenges similar to those facing Oxnard. They emphasized that the critical first step in the process was conducting an opinion poll to gauge the likelihood of success for a revenue measure.

The City Manager retained the firm FMMA (the same firm used by San Luis Obispo), to conduct a survey and make a recommendation on its findings. The results of the survey are summarized in Attachment 1 (FMMA). The findings are summarized as follows:

- When initially queried, 70 percent of voters said they would favor a local ballot measure asking voters to raise the City sales tax by one-half cent "to maintain/improve essential City services". This is well above the 50 percent threshold needed to pass a general funding measure, especially given that 42 percent of voters said they will "definitely vote yes" on such a measure. Eighteen percent said they would oppose the measure, with 12% undecided.
- Support for a revenue measure is well above the 50 percent threshold across all major demographic groups and throughout all parts of the City. These results show that support for the revenue measure enjoys a wide base of support that draws from all types of voters.
- Voters recognize that Oxnard has experienced significant population growth, which supplies the underlying reason for providing additional funds for City services. These results illustrate that Oxnard voters implicitly understand that the City needs additional resources.
- Fundamental to support for a funding measure is the belief among voters that "the City government needs more money for City services". By nearly a 3-to-1 ratio, voters view this statement as an accurate description. 68 percent to 24 percent.
- Overall, voters are pleased with Oxnard and rate the City highly. More than seven in ten (71 percent) rate the City as an "excellent" or "good" place to live. Just 29 percent give the City government an "only fair" or "poor" rating.
- Similar to voters throughout Southern California, Oxnard voters view gangs, the cost of housing and traffic congestion to be the most serious problems facing the community. Although voters are generally pleased with their quality of life, 75 percent identify "gangs and juvenile violence" to be an extremely or very serious problem in the City. Seventy percent regard "the availability of

housing for working class families in Oxnard", and two-thirds (67%) consider "traffic on local streets and roads" to be significant problems.

- A positive rating for the City Council outweighs the negative by more than 3-to-1. Fifty-seven percent of voters gave the City Council a favorable review, while only 16 percent have an unfavorable impression. One-quarter (26 percent) are neutral in their view (3 percent could not give a rating). Further, a majority (51 percent) believes the City is "headed in the right direction"; while only 34 percent believe Oxnard is "off on the wrong track." Voters feel even more positive about their part of the City, with 61 percent stating that their local neighborhood is headed in the right direction, while only 32 percent believe their neighborhood is "off on the wrong track".

Key Sales Tax Concepts:

There are a number of decisions yet to be made about the specifics of a potential revenue ballot measure in 2008. Staff suggests that City Council consider the following concepts for a general purpose revenue ballot measure supporting essential service needs:

- **Funding Source:** The best mechanism is a sales tax with no more than a half-cent increase. Even with this increase, the City's sales tax rate would still be one of the lowest in the state.
- **June or November 2008:** There are pros and cons to each of these dates. At this point, the City Manager advocates the November 2008 general election. A formal recommendation on this will be presented to the City Council next month.
- **General Purpose Measure:** If the proposed measure is successful, funds derived from this ballot measure would not be used to balance the budget. New funding would be used to enhance existing services such as police and fire emergency response, increased street paving, sidewalk/pothole repair, expanding youth recreation, after-school and anti-gang programs, parks/open space preservation and senior services. Because proposed funding would be utilized to enhance a variety of programs and services, this approach argues for a general purpose measure. Additionally, any ballot measure should include accountability guidelines, such as citizen review and full disclosure of how funds are spent.

Next Steps:

Based on successful experiences from other cities, three essential steps are necessary in preparing for the successful adoption of a revenue measure:

1. **Feasibility Assessment:** Conduct scientifically-based public opinion research and assess the likelihood of a successful revenue measure. With this report, staff suggests this step is complete.
2. **Public Information Program:** If public opinion research is favorable, develop and implement a public information educational program on why new revenues are needed by the City. This is the next step, and, if directed to do so, staff will prepare a presentation for City Council consideration next month.

3. Ballot Measure: Place the measure on the ballot, ideally with support from community driven effort efforts that will aggressively campaign for its passage.

Based on the results and consideration of the survey, staff is seeking direction from Council to take the next step: the development of an action plan, schedule and budget for initiating a public information program regarding such a ballot measure.

FINANCIAL IMPACT

There is no direct financial impact at this time.

Attachment #1 - Survey Results and Recommendation from FMMA

***Fairbank,
Maslin,
Maullin &
Associates***

*Opinion Research &
Public Policy Analysis*

TO: The City of Oxnard

FROM: Fairbank, Maslin, Maullin & Associates

RE: Key Findings of Survey Results and Recommendations

DATE: January 4, 2008

Fairbank, Maslin, Maullin & Associates (FMM&A) conducted a telephone-based survey of 400 randomly selected likely voters in the City of Oxnard.¹ Overall, the survey results suggest that a half-cent sales tax increase ballot measure to provide additional funding for City of Oxnard programs and services can be passed.

I. POSITIVE FINDINGS

- **When initially queried, 70 percent of voters said they would favor a local ballot measure asking voters to raise the City sales tax by one-half cent to “to maintain/improve essential City services.”** Not only is this result well above the 50 percent threshold needed to pass a general funding measure, but this finding is all the more encouraging given that 42 percent of voters say they will “definitely vote yes” on the measure. Eighteen percent (18%) said they would oppose the measure, with 12 percent undecided.
- **Support for the ballot measure remains well-above the 50 percent threshold even after oppositional arguments.** After a series of arguments both for and against raising the City’s sales tax by a half-cent 66 percent of voters continue to support the ballot measure, with 38 percent voting “definitely yes.” These results demonstrate that when presented with both sides of the debate, Oxnard voters still support the finance measure.

¹ The survey was conducted September 26-30, 2007. The margin of error for the sample as a whole is +/- 4.9 percentage points. The margin of error for subgroups within the sample will be higher.

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- **Support for a City of Oxnard ballot measure to increase the City sales tax by one half-cent is well-above the 50 percent threshold across all major demographic groups and throughout all parts of the City.** Support for the measure is stronger among demographic groups traditionally more supportive of finance measures, including Democrats (71%), Latinos (73%), and voters under the age of 50 (78%). Nevertheless, Republicans (61%), Whites (67%), and voters over the age of 50 (64%) also support the ballot measure in large numbers. These results show that support for the City of Oxnard half-cent sales tax measure enjoys a wide base of support that draws from all types of voters.
- **Voters recognize that Oxnard has experienced significant population growth, which supplies the underlying reason for providing additional funds for City services.** More than four-in-five (81%) voters regard the statement, “Oxnard’s population has grown substantially in the past few years” to be accurate, with 57 percent describing the characterization to be a “very” accurate assessment. These results illustrate that Oxnard voters implicitly understand that the City needs additional resources, because a population increase places greater demands on local services.
- **Fundamental to support for a funding measure – or specifically a sales tax measure – is the belief among voters that “the City government needs more money for City services.”** By nearly a 3-to-1 ratio, voters view this statement as an accurate description, 68 percent to 24 percent.
- **The survey shows that Oxnard voters see a wide variety of City funded programs and services as important and in need additional funding.** More than three-quarters (75%) of voters consider: “fixing potholes on Oxnard City streets,” “improving the ability of the City to respond quickly and effectively to a natural disaster such as an earthquake,” “expanding and improving youth anti-gang programs,” and “upgrading City streets and intersections to improve traffic flow and reduce congestion” to be either extremely or very important uses of funds raised by a half-cent sales tax measure. These results indicate that educating voters as to how funds raised by the half-cent sales will increase support for the ballot measure because it provides revenue to programs and services voters perceive as highly important.
- **Overall, most positive arguments resonated well with two-thirds or more of all Oxnard voters.** Not surprisingly, the strongest messages tested in favor of the ballot measure addressed how additional funding provided by a sales tax increase will improve local streets and reduce congestion; fund after-school youth services and anti-gang and anti-drug programs; and enable the City to expand affordable housing programs. This suggests that a future campaign will have a strong arsenal of arguments to promote a revenue enhancement measure.
- **Communicating with voters that the ballot measure contains effective accountability provisions is important to Oxnard voters, and is particularly crucial to gaining support among voters over the age of 65 and Whites.** The required creation of a citizens’ oversight committee and independent annual financial audits are regarded as highly important aspects of

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the ballot measure by these voters. To ensure support from these voters it is necessary to educate them of the accountability requirements written into the measure.

- **Negative messages against the ballot measure did not test as strongly.** However, the strain of making ends meet, particularly with rising gas prices, is a message that resonates with a significant portion of the electorate. Further, the growing concern about home foreclosures – an issue not tested in this survey – could also affect voter willingness to increase the local sales tax. Nevertheless, the positive messages are significantly more effective and provide a much greater rationale for voters to support the ballot measure than the negative messages provide to oppose the measure.
- **When presented with a series of facts about the City of Oxnard and how the lack of sufficient funding is impacting the City, voters exhibit high levels of concern.** More than seventy percent (70%) are extremely or very concerned that, “recent studies show that 200 miles of Oxnard streets and roads need repaving and improvements,” “by 2020 the Oxnard storm water drainage system will not be able to accommodate the City’s growing population,” and “the City had to use reserve funds to pay for vital services this year, including public safety.” Additionally, two-thirds (67%) of voters are concerned that youth after-school and recreation programs and free health screenings for seniors will have to be cut without additional funds. These results show that educating voters about Oxnard’s funding needs will increase voter recognition of the importance of providing the City with additional revenue.
- **Overall, voters are pleased with Oxnard and rate the City highly.** More than seven in ten (71%) rate the City as an “excellent” or “good” place to live. Just 29 percent give City government an “only fair” or “poor” rating.
- **Reflecting the positive sentiment about the City’s record in providing services, a positive rating for the City Council outweighs the negative by more than 3-to-1.** Fifty-seven percent (57%) of voters give the City Council a favorable review, while only 16 percent have an unfavorable impression. One-quarter (26%) are neutral in their view (3% could not give a rating). Further, a majority (51%) believes that the City is “headed in the right direction,” while only 34 percent believe Oxnard is “off on the wrong track.” Voters feel even more positive about their own part of the City, with 61 percent feeling that their local neighborhood is headed in the right direction, while only 32 percent believe their neighborhood is “off on the wrong track.”
- **Voters believe that City government does a good job managing its funds by more than a 2-to-1 ratio.** A majority (57%) perceives the statement, “The City of Oxnard’s finances are generally well-managed,” as accurate, indicating that voters are pleased with the fiscal stewardship provided by Oxnard City leadership.
- When asked directly about “waste or inefficiency” in city government, just 20 percent considered it an “extremely” serious problem. However, 51 percent considered it a “very” or

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“somewhat” serious problem. While this finding suggests there is some concern about waste and inefficiency when it is brought to voters’ attention, other issues were judged to be more pressing concerns.

- **Similar to voters throughout Southern California, Oxnard voters view gangs, the cost of housing and traffic congestion to be the most serious problems facing their community.** Although voters are generally pleased with their quality of life, 75 percent identify “gangs and juvenile violence” to be an extremely or very serious problem in the City. Seventy percent regard “the availability of housing for working-class families in Oxnard,” and two-thirds (67%) consider “traffic on local streets and roads” to be significant problems.

CHALLENGES AND LESS POSITIVE FINDINGS

- **The high satisfaction level with City services and the quality of life in Oxnard suggests a challenge as well as an opportunity.** The confidence voters have in City government should translate into support for a ballot measure that funds Oxnard City services. However, it could also mean that voters might be less likely to believe there is a need to provide more money for current services. This possibility makes it particularly important to clearly communicate to voters that the services that make them so content with life in Oxnard will be compromised without additional funds.
- While few voters express serious concern about inefficiency and waste of taxpayer dollars in Oxnard, the concern that exists could certainly be exploited by a revenue measure’s opposition. The City and the election committee will need a strong defense against these attacks.

BASE SUPPORT AND TARGETS VOTERS

- **Base support voters are 18-49 years old, Democrats, and Latinos.** These voting groups were most likely to favor a funding measure in each balloting and respond most strongly to the positive messages. This is consistent with general attitudes toward finance measures, as these groups of voters are traditionally the most supportive of government revenue enhancement funding mechanisms.
- **One of the most important findings of the survey is that the measure receives strong support from voters, specifically Republicans, Whites, and older voters, who are traditionally less willing to support tax measures.** Support among these voting groups does not increase significantly throughout the survey; however, the ability to retain and maintain support from Republicans, Whites and older voters is almost certainly a reflection of their positive view of life in Oxnard and positive impressions of City government.

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- **Independent voters are usually a swing voting group for tax measures.** However, in Oxnard, independents are among the strongest supporters (80% vote yes) of raising the City sales tax. Again, these results reflect an overall satisfaction with the City of Oxnard and recognition that the City needs additional funding to maintain and provide quality services.
- The pro-revenue measure forces should also target seniors because they are historically high turnout groups. Seniors showed some positive movement, from the initial vote to the vote following the positive messages. Solid gains were made with college-educated voters as well. Sixty-seven percent of these voters supported the one-quarter cent sales tax increase mechanism.
- Spanish speaking voters are also a demographic worth targeting as the survey results show that these voters become more supportive of the ballot measure as they learn more information and hear how additional revenue will be used to improve Oxnard City services.

RECOMMENDATIONS

- Oxnard should seek a one half cent general purpose sales tax increase and the ballot measure should be placed on the November 2008 Presidential Election ballot. The November 2008 election will draw the largest number of voters to the polls, which will increase the proportion of base supporters – Democrats, Latinos and younger voters – who make up the Oxnard voting electorate. Additionally, the November 2008 election provides the City with ample opportunity to conduct public education and communicate with voters about the financial needs of the City.
- FMMA believes the central campaign theme should be that while the City of Oxnard has experienced significant growth over the past few years, the City has expended resources to maintain public safety, infrastructure, and other City services. To meet the needs of a vibrant, growing community and continue providing quality essential City services to Oxnard residents, the City needs additional resources. The urgency of this situation will come across best by talking about how the City has had to reach into its emergency reserves to continue to fund essential services. Additionally, the continued deterioration of City streets and roads, the inability of Oxnard's storm water system to accommodate a growing population, and the potential for making substantial cuts to youth recreation and after-school programs without additional revenue should also be communicated to voters. Therefore, a primary objective of the revenue enhancement measure should be to "preserve and maintain" quality vital City services that Oxnard residents have come to expect and depend.
- Furthermore, the communications effort should also highlight "local control" of the revenue generated by the measure, thus freeing City services from the vagaries of state budgets. The state budget deficit looks to be a major problem in 2008, and will presumably lead to significant funding cuts. Therefore, it is reasonable to anticipate that educating voters that this measure protects funding for Oxnard City services will increase support for the sales tax increase as voters become more aware and concerned about the state's fiscal problems.

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- Given voter concern about gangs and youth violence and the strength of messages related to funding youth anti-gang programs, messengers from the police and fire departments or associations should be used to promote this measure. However, crime and safety are not the only issues at the forefront of voter concerns and the campaign should not be framed solely around these issues. Voters also react strongly to the poor condition of local streets, and want repairs and upgrades made to reduce traffic congestion. Housing is also a top of mind concern, and addressing voter concern about the lack of affordable housing for middle income families should be communicated.

THE JUNE 2008 OR NOVEMBER 2008 BALLOT

A number of factors need to be considered in deciding whether the funding measure should be on the June or November 2008 ballot. The survey findings show that the measure gets slightly more support from voting groups traditionally more likely to turn out in November elections, including Democrats, Latinos and younger voters. Support is strongest with liberals and Democrats – among whom support is generally maximized in a November contest. Additionally, the November 2008 ballot allows the City a greater amount of time to conduct its education program to raise greater awareness of the issues Oxnard faces and build a coalition that can be mobilized to inform and educate residents.

Although there will be some statewide ballot measures on the June 2008 ballot that may interest voters, turnout is likely to be significantly depressed in comparison to November. As a result, the June electorate will be composed of voters who are less supportive of the measure, specifically older voters, conservatives, and Whites. Additionally, the City will have less time to organize and conduct its education program. Therefore, placing the measure on the June ballot will increase the degree of difficulty for passage.

Therefore, FMMA believes it would be prudent to place the measure on the November 2008 ballot—as the Presidential Election will draw the largest pool of voters, increasing the proportion of voters who are supportive of increasing the Oxnard City sales tax to fund essential City services.

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