REVENUE MEASURE FEASIBILITY STUDY

CONDUCTED FOR THE CITY OF CHULA VISTA

PRESENTED BY
TIMOTHY McLarney Ph.D.

6/21/2016



PURPOSE OF STUDY

- O Determine if a local revenue measure is feasible
- Identify how to create a measure consistent with community priorities
- Gather information needed for communications & outreach





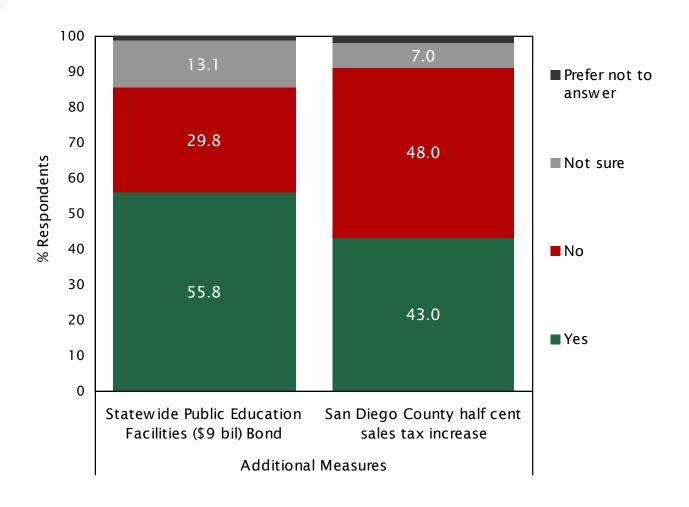
METHODOLOGY OF STUDY

- Conducted June 8 to June 14, 2016
- Random Sample: 1,322 District voters likely to participate in November 2016 election
 - Split Sample: Half received only Measure A (Sales Tax) & Half received Measures A & B (Sales Tax & Advisory Measure)
- o Mixed-Method approach
 - ORecruited via phone and email
 - Data collection via phone and online
 - o 12 minute average interview length
- Overall margin of error is ± 2.7%, ± 3.8% within split sample





CROWDED BALLOT SIMULATION







INITIAL BALLOT TEST: MEASURE A

To:

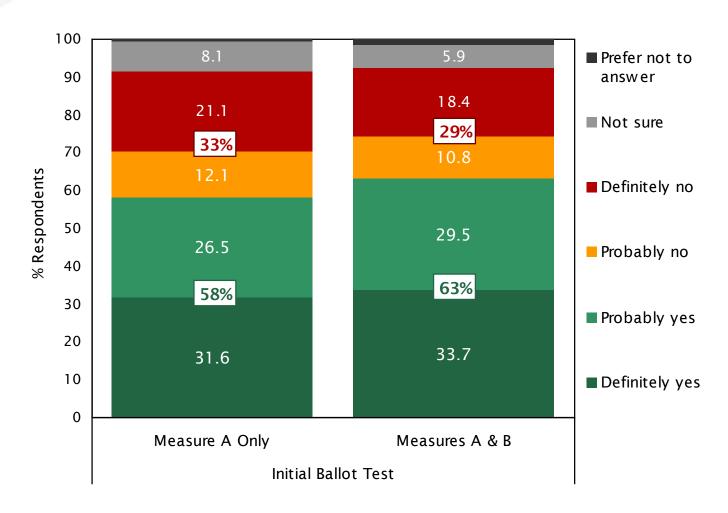
- o Fix potholes, repair and maintain streets, sidewalks, and aging storm drains to prevent sinkholes
- OUpgrade aging police, fire and 9-1-1 emergency response facilities and equipment
- Maintain parks, recreation centers, and libraries
- And improve water conservation and other essential projects and services

Shall the City of Chula Vista adopt an ordinance enacting a one-half cent sales tax for ten years, generating \$16 million annually for improvements in the City of Chula Vista, requiring citizen oversight and independent audits? If the election were held today, would you vote yes or no on this measure?





INITIAL BALLOT TEST: LOCAL FUNDING FOR SAFETY REPAIRS & IMPROVEMENT (MEASURE A)







INITIAL BALLOT TEST: MEASURE B

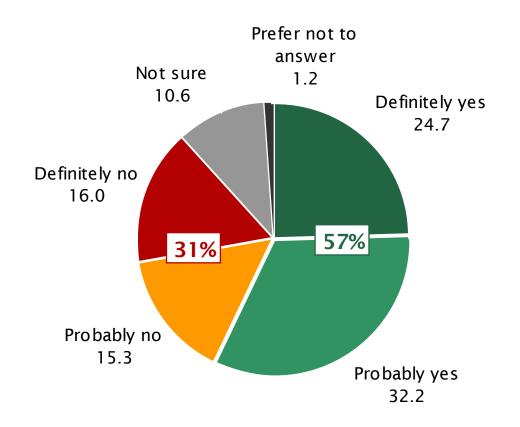
Advisory Measure:

If the sales tax measure passes, generating an estimated \$16 million annually for the City of Chula Vista, shall the new revenue be used only to repair and replace essential City infrastructure and facilities with a minimum of 40 percent of these funds being used to upgrade obsolete police, fire and 9-1-1 emergency response facilities and equipment?





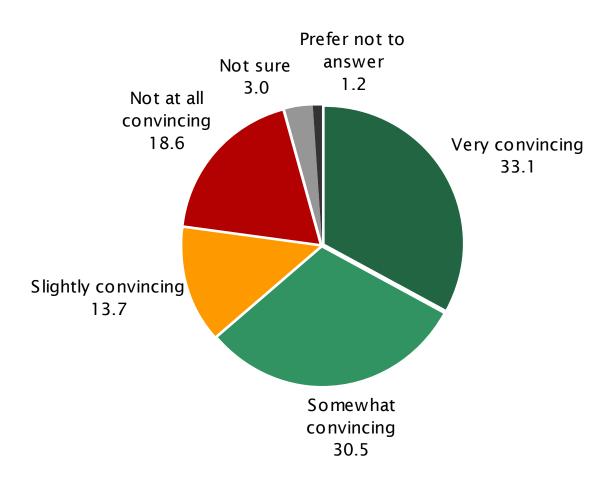
INITIAL BALLOT TEST ADVISORY MEASURE (MEASURE B)







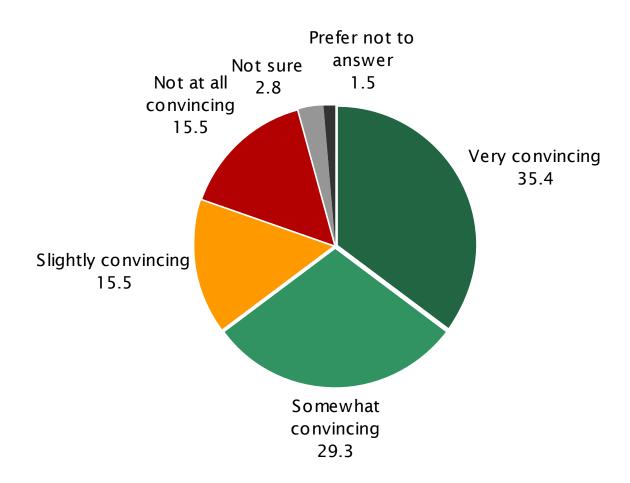
SUPPORTIVE ARGUMENTS







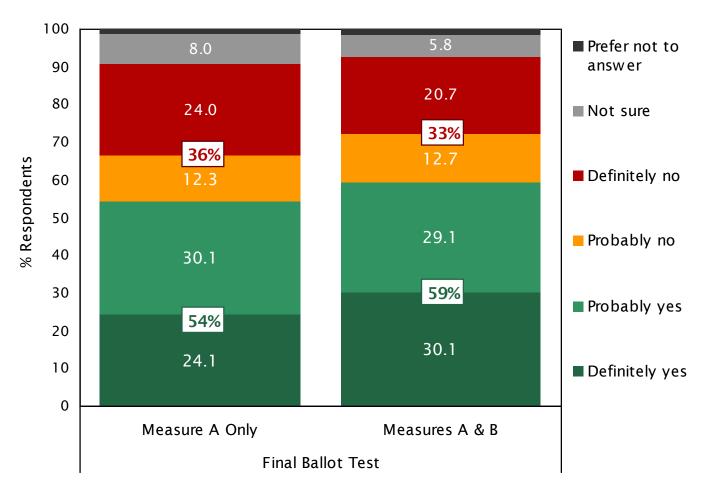
OPPOSITION ARGUMENTS







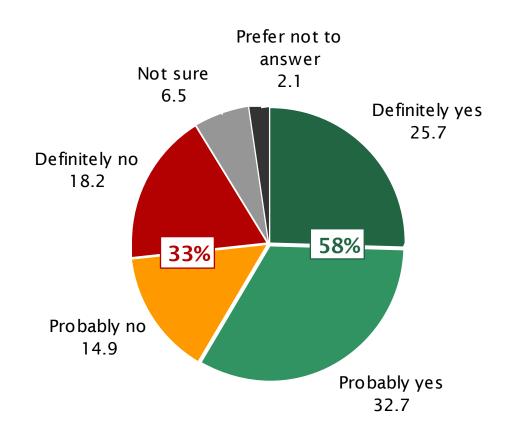
FINAL BALLOT TEST: LOCAL FUNDING FOR SAFETY REPAIRS & IMPROVEMENT (MEASURE A)







FINAL BALLOT TEST ADVISORY MEASURE (MEASURE B)







CONCLUSIONS

- o Is it feasible to move forward with a local sales tax measure? Yes.
 - o The natural, baseline level of support for a measure is above the required simple majority by more than the margin of error for the survey.
- o Electorally speaking, does the Advisory Measure help? *Probably Not*.
 - Does not strengthen support for the Sales Tax Measure. Has less overall support than the tax measure (Measure A).
- o Does including an Advisory Measure increase risk? Yes.
 - Raises the potential for voter confusion, vote-splitting, disagreement with plan, and complicates communications.
- o Does the crowded ballot and other measures on the November ballot matter? Yes.
 - Those who received the competing measures at the outset of the interview exhibited 5%/7% less support for City's measure.
- o It will be a noisy, challenging election environment with overlapping, competing measures.





REVENUE MEASURE FEASIBILITY STUDY

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Recommendation

- Adopt the Resolution
 - Calling the Nov. 8th Election
 - Submitting a measure relating to the establishment of a general transactions and use (sales) tax
 - Ballot arguments
 - City Attorney Impartial Analysis



Sales Tax Measure

"Chula Vista: Local Funding for Safety, Repairs, Improvements: To fix potholes, repair/ maintain streets, sidewalks, and aging storm drains to prevent sinkholes; upgrade aging police, fire and 911 emergency response facilities/ equipment; maintain parks, recreation centers, libraries; water conservation; and other projects/services; shall an ordinance be adopted enacting a one-half cent sales tax for 10 years, generating an estimated \$16 million per year to be spent locally, requiring citizen oversight and independent audits?"



Advisory Vote

"If Measure X passes, generating an estimated \$16 million annually for the City of Chula Vista, shall the new revenue be used only to repair and replace critical City infrastructure and facilities, with a minimum of 40% of the total funds collected being used to upgrade aging police, fire and 911 emergency response facilities/ equipment and the remaining funds to be used only for essential city infrastructure and public buildings?"



A Stronger, Safer Chula Vista









Sales Tax Example

- Paid at the time of sale of goods
- Sales tax is not charged for groceries and prescription medicine
- Vehicle sales attributed to the address of purchaser
- For every \$100 in taxable items the increase in sales tax would be 50¢



Infrastructure Funding Scenario Summary Table

Attachment 1

Estimated 1/2 cent Sales Tax Cash Flows over 10 year period - Infrastructure Funding Scenario Summary Table

Total by Major Category	<u>10 \</u>	ear Timeframe	
Other Public Infrast. (Vehicles, Public Bldgs, Storm Drains, Sidewalks, Trees etc)	\$	37,492,359	
Streets (Arterials/Collectors/Residential)	\$	27,209,612	
Sports Fields and Courts	\$	16,966,595	
Traffic Signal Systems	\$	16,425,000	
Park Infrastructure (Playground Equipment, Gazebbos, Restrooms, Parking etc.)	\$	7,660,881	
Total Infrastructure	\$	105,754,447	
	3 		
Fire Response Vehicles	\$	16,847,580	
Fire Stations	\$	15,419,094	
Fire Safety Equipment	\$	5,197,913	
Total Fire Services	\$	37,464,587	
	-		
Police Response Vehicles	\$	12,951,470	
Public Safety Communication Systems (Dispatch and Regional Communication Syst.)	\$	7,151,740	
Police Facility	\$	12,662,512	
Total Police Services	\$	32,765,722	
Total Allocations	\$	175,984,756	
Allocated to Public Safety	\$ \$	70,230,309	40%
Allocated to Other Infrastructure	\$	105,754,447	60%



Infrastructure Funding Scenario Detail Table

Estimated 1/2 cent Sales Tax Cash Flows over 10 year period - Infrastructure Funding Scenario

Attachment 2

High probability of failure which could result in significant impact to public safety response or availabilty of highly used community infrastructure.

Medium probability of failure which could impact public safety response or availability of modestly used community infrastructure.

Low Risk of Failure - Falls within scheduled replacement timeframe

Estimated Annua	Revenues	1/	2 cent Sales Tax)	
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Fire Vehicles

Police Vehicles
Total Public Safety Vehicles

Total City Vehicles (Non-Safety)

Police Facility Repairs

Fire Station 5 - Replacement

Fire Station 4 - Expansion

Fire Station 9 - Repairs

Fire Station 1 - Repairs Other Fire Station Repairs

Total Public Safety Buildings

Total Other Public Blds (Library, Recreation Centers, Animal Shelter etc)

Total Fire Equipment

Police Communications and Dipatch System

Regional Communications System (RCS)

Police Power Back Up System

Total Police Equipment

Sports Courts and Fields

Playground Equipment

Street Pavement (Arterials/Collectors/Residential)

Traffic Signal System

Other Infrastructure (Storm Drains, Drainage Systems, Sidewalks, Trees etc)

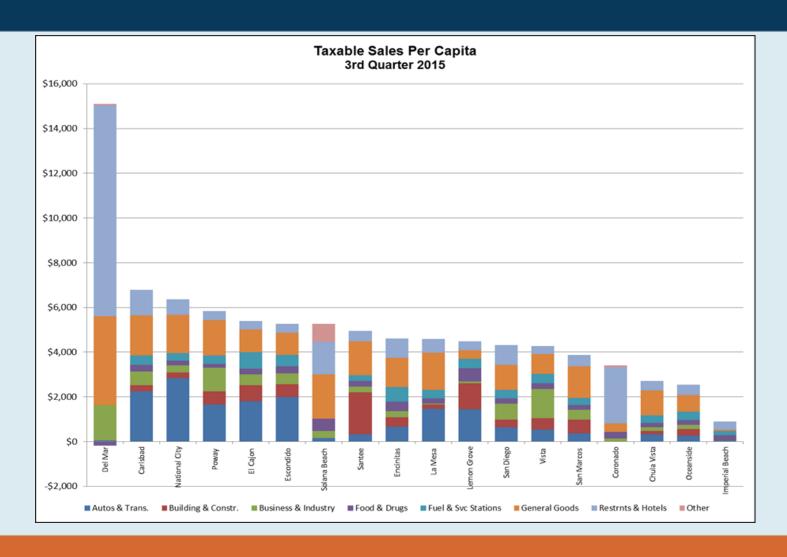
Total Infrastructure

Total Remaining Funds

	Year 1	Year 2		Year 3	Year 4	Year 5	Year 6		Year 7	Year 8	Year 9	Year 10	Total
\$	16,000,000 \$	16,320,00	00 \$	16,646,400	16,979,328	\$ 17,318,915	\$ 17,665,293	\$	18,018,599 \$	18,378,971	18,930,340	19,726,911 \$	175,984,756
\$	(5,313,580) \$	(2,531,00	00) \$	(2,350,000)		\$ (1,410,950)	\$ (246,050)	\$	(1,938,900) \$			(286,500) \$	(16,847,580)
\$	(2,262,700) \$	(653,00	00) \$	(494,850)	(1,693,500)	\$ (1,547,200)	\$ (944,950)	\$	(285,500) \$	(1,641,720) \$	(2,571,150)	(856,900) \$	(12,951,470)
\$	(7,576,280) \$	(3,184,00	00) \$	(2,844,850)	(4,185,500)	\$ (2,958,150)	\$ (1,191,000)	\$	(2,224,400) \$	(1,683,120) \$	(2,808,350)	(1,143,400) \$	(29,799,050)
\$	- S	(3,818,00	00) \$	(1,749,000)	(1,520,100)	\$ (1,674,000)	\$ (2,434,000)	\$	- \$	- 5	- :	- \$	(11,195,100)
\$	(200,000) \$	(200,00	00) \$	(200,000) \$	(500,000)	\$ (500,000)	\$ (500,000)	ŝ	(500,000) \$	(500,000) 5	(5,338,667)	(4,223,845) \$	(12,662,512)
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\$	- s	(577,50	00) \$	(601,030)	-	\$ -	\$ -	\$	- \$	- 5	- :	\$ - \$	(1,178,530)
\$	(891,164) \$	(1,000,00	00) \$	(1,000,000) \$	(1,000,000)	\$ (1,000,000)	\$ (330,657)	\$	- \$	- 5	÷ - :	\$ - \$	(5,221,821)
\$	(1,091,164) \$	(3,777,50	00) \$	(4,801,030)	(4,948,600)	\$ (2,070,143)	\$ (830,657)	\$	(500,000) \$	(500,000)	(5,338,667)	(4,223,845) \$	(28,081,606)
\$	(350,000) \$	(300,00	00) \$	(1,295,000)	(1,500,000)	\$ (1,500,000)	\$ (1,500,000)	\$	(637,326)	(1,500,000)	(1,500,000)	(1,500,000) \$	(11,582,326)
\$	(1,385,000) \$		\$	- 5	-	\$ -	\$ (358,216)	\$	- \$	(272,356) \$	(1,435,251)	(1,747,090) \$	(5,197,913)
S	(218,162) \$	(206,2)	75) S	(212.372) 5	(218,813)	\$ (196,955)	S (204,115)	\$	(211.712) \$	(219,774) 8	(228.321)	(170,241) \$	(2,086,740)
s						\$ (500,000)					(500,000)	(500,000) \$	
\$	(65,000) \$	-	\$	- 5	-	\$ -	\$ -	\$	- \$	- 5	- :	- \$	(65,000)
\$	(783,162) \$	(706,27	75) \$	(712,372)	(718,813)	\$ (696,955)	\$ (704,115)	\$	(711,712) \$	(719,774)	(728,321)	(670,241) \$	(7,151,740)
	(1,500,000) \$	(1,600,00	2 100	(2,400,000)	(1,412,815)	\$ (1,874,960)	S (587.185)	d	(2,591,635) \$	(1,000,000)	(2,000,000)	(2,000,000) \$	(16,966,595)
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7	(2,414,394) \$			(278.148)		\$ (1,410,066)			(5.461.089) \$	(6,473,436)			
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ě	(200,000) \$						S (4.004.729)		(2.892.436) 5	(3,230,285)	Section of the sectio	And and the second	
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Per Capita Sales Tax





Sales Tax Rates in County



