Guide to the Ballot Measure Galaxy

MMANC – Annual Conference
Sacramento CA -- October 14, 2019

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Fran Mancia – Avenu Insights & Analytics
Mike Madrid – Grassroots Lab/Avenu Insights & Analytics

Moderated by Tom Adams – Avenu Insights & Analytics
Reading the Stars

Fran David
EFDAssociates – Avenu Insights & Analytics
What’s Different?

• Failure to Educate
• Lack of Trust
• Price Elasticity
Failure to Educate

• No civics classes in school

• Ill-informed voters

• Confusing revenue flow in State of California
  • Property tax split
  • Sales tax split
  • Purpose of fees and fees vs. taxes
  • Municipal financing vs. school districts vs. ???

• SB 5
Lack of Trust

- Corruption
- Incompetence
- Social media
- Degrading role of professional journalism
Decreasing Price Elasticity

- CA Ballot Initiatives -- Jarvis Gann (Prop 13), Prop 65 et al
- Cost of Living in CA
- Perceived and Actual High Taxes
- Out of Whack Alignment between (1) Hourly and Salaried Workers, (2) Employees and Executives, (3) Tech and other Industries
- Taxpayers and Rate Payers are the Same People
What Taxes Are Going to Ballot?

Types of Non-School Local Tax Measures
November 2018

- Sales Tax: 58
- Hotel Tax: 31
- Parcel Tax: 41
- Cannabis Tax: 77
- G.O. Bond: 11
- Sales Tax Special: 11
- Hotel Tax Special: 9
- Utility Users Tax: 5
- Prop Transf Tax: 6
- Utility Transfer: 2
- BusnLic Tax Other: 7

Majority Vote: 2/3 Vote

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Stories from Planet Hayward
Ballot Activity – 2010 - 2018

• 2009 – New 10-year UUT at 5.5% on gas, electricity, video, and telecommunications services (fiscal emergency)

• 2014 – 50¢ local sales tax for 20 years

• 2016 – Early renewal of the UUT at same rate for 20 years

• 2018 – Increased RPTT from $4.25/$1,000 to $8.50/$1,000
  Increased TOT from 8.5% to 12%
Outcome

• Initial UUT estimated at $13M/year – actual was just short of $102.8M in first 7 years.

• Local Sales Tax resulted in $65.8M bond for capital projects including new, multi-story Library and Community Learning Center

• UUT renewal is bringing in just under $18M/year

• RPTT projected to bring in an additional $7M/year

• TOT projected to bring in an additional $838,000/year
Proven Process – Walk, Talk, Listen

- Community Ask – Walk, Talk, Listen
- Community Listen – Walk, Listen, Talk
- Community Check-in – Did We Hear You?
- Community Opinion Leaders – Develop Support: Personal endorsements, Money, Public Expression
- Neutralize Opposition – Hear their objections; find middle ground/agreement prior to election
Proven Process – Walk the Walk

• Frame the Ballot Language Honestly to Reflect What You Heard

• Do the promised Work Quickly and Well (e.g., Hayward vs. Oakland)

• Publicize what their money is doing: Promote the Work; Advertise

• Report Frequently and with Transparency

• Live up to the Commitment
Initial Critical Questions

#1: What is our cap in the county – legally and politically?

#2: What are other competing jurisdictions planning for the same ballot/election?

#3: Is it a general tax or a special tax?
   • A special tax will require a 2/3 voter approval
   • A general tax will only require a majority voter approval
Special Tax v. General Tax

- Revenues from a general tax can be spent on any municipal purpose.
  
  ✓ A general tax can have a non-binding companion measure that states the voters’ preference for the use of the tax (i.e., a “straw poll” or a “guidance measure”).

- Revenues from a special tax can be spent only on specific uses.
  ✓ Can be very narrow (purchasing library books) or very broad (parks, police, fire, and libraries).
  ✓ Must be a legal, binding restriction.
Special Tax v. General Tax

Local Revenue Measures 2002 through November 2016
Cities, Counties, and Special Districts

- Majority Vote
  - Pass 667
  - Fail 262

- 2/3 Vote
  - Pass 447
  - Fail 55%+ 264
  - Fail 488

~Michael Coleman CaliforniaCityFinance.com
Ballot Language

- Must use the language “Shall the measure (stating the nature thereof) be adopted? (Elec. Code § 13119(a).)

- Must state the amount of revenue to be raised annually and the rate and duration of the tax. (Elec. Code § 13119(b).)

- Limited to 75 words. (Elections Code §§ 9051, 13247)

- Added in 2018: “The statement of the measure shall be a true and impartial synopsis of the purpose of the proposed measure and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure.” (Elec. Code § 13119(c).)
Expenditures of “Public Resources”

Before a measure is qualified for the Ballot, A City CAN:

- Hire a communications consultant or pollster to survey voter support.
- Propose and draft the ballot measure.
- Take a public position for or against a measure.
- Have an opinion about a measure, but it cannot mount a campaign on a measure.
- Issue a report on the probable effects of a measure if it passes or fails.
After a measure is qualified for the Ballot, A City **CANNOT**:

- Produce communications that advocate for or against a measure. (If challenged, a court will look at the “style, tenor, and timing” of a communication.)

- Disseminate literature prepared by proponents or opponents of a measure.

- Expend public funds to mount a campaign on the merits of a measure.

“Public resources” include funds, staff time, materials, equipment, facilities, and communication channels (e.g., website, email, newsletters).
Another Successful Flight

Fran Mancia
Avenue Insights & Analytics
4 Measures at Once

- Measure X: SANTA ANA NEIGHBORHOOD SAFETY, HOMELESS PREVENTION AND ESSENTIAL CITY SERVICES ENHANCEMENT MEASURE

- Measure Y: APPROVE ORDINANCE REGARDING A MARIJUANA/COMMERCIAL CANNABIS BUSINESS LICENSE TAX

- Measure Z: CITY CHARTER MODERNIZATION AND UPDATE OF ADMINISTRATIVE PROVISIONS

- Measure AA: REQUIRE BY-WARD NOMINATION AND ELECTION OF COUNCILMEMBERS, AND REDRAWING OF WARD BOUNDARIES TO COMPLY WITH STATE AND FEDERAL LAW
APPLIED THE FORMULA

#1: Fully explained the measures.

#2: Made the case for why they are needed; used data.

#3: Clearly described the impacts of successful passage.

#4: Were precise about what has been done to utilize, conserve, and manage existing resources.

#5: Drew relevant comparisons to other jurisdictions.
What Does Measure Y Do?

Measure Y is a tax on marijuana/cannabis businesses operating in Santa Ana.

It is a business license tax 25 cents to $35.00, calculated on the gross square footage of a commercial cannabis/marijuana business, as well as a gross receipts tax rate of up to 10% for cultivating, manufacturing, distributing, selling or testing of commercial cannabis and related products.

Measure Y is expected to generate $11 to $14 million dollars a year to fund general city services.
What Does Measure Y Do?

Measure Y applies to businesses that are cultivating, manufacturing, distributing, selling or testing of commercial cannabis and related products within the City of Santa Ana.

Does not include medicinal cannabis also known as medical marijuana, which has a separate business license tax.

Does not apply to cultivation of marijuana for personal use.
Why does Santa Ana need additional revenue?

The city faced a shortfall of $8.1 million this past fiscal year, and $17.1 million next fiscal year and $31.9 million the following fiscal year.

In order to provide necessary city services, additional revenue is needed. Without additional revenue, services will be impacted.
Why does Santa Ana need additional revenue?

Due to Property Tax Valuations, some cities may never need a sales tax measure.

<table>
<thead>
<tr>
<th>City</th>
<th>Net Value</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irvine</td>
<td>78.383 Billion</td>
<td>211,906</td>
</tr>
<tr>
<td>Newport Beach</td>
<td>57.641 Billion</td>
<td>85,186</td>
</tr>
<tr>
<td>Anaheim</td>
<td>45.648 Billion</td>
<td>336,440</td>
</tr>
<tr>
<td>Huntington Beach</td>
<td>40.137 Billion</td>
<td>191,037</td>
</tr>
<tr>
<td>Santa Ana</td>
<td>26.497 Billion</td>
<td>324,792</td>
</tr>
<tr>
<td>Orange</td>
<td>21.663 Billion</td>
<td>136,416</td>
</tr>
</tbody>
</table>
I. Address Homelessness

The City of Santa Ana currently utilizes $17.4 million in city resources to address the homelessness epidemic and other closely related issues – including affordable housing, triage services, temporary shelters and medical services.

Santa Ana bears a disproportionately large burden of the homeless population in the region. Using local revenue to address the issue will ensure that our residents will benefit directly from this investment.
II. Increase efficiency & effectiveness of emergency response services by retaining firefighters, police officers and paramedics

According to the *Western States Police Officers Association*, the average number of officers across all ranks is 1.8 officers per 1,000 residents for cities with a population over 250,000.

As of June 30, 2018, Santa Ana retained only 326 staff – just 0.9 per 1,000 residents – a number that should be closer to 700 sworn officers.
III. Fix and Maintain Roads and Parks

Without adequate funding, the proportion of “good” or “very good” pavement citywide is expected to drop by 10%. To maintain a PCI rating of above 75, the city needs between $3.5 million - $10 million in annual revenue.

Additionally, a 2016 City Park Facts Report shows that the City of Santa Ana contains a total of 517 acres of parks (3% of total city land). This revenue will fund ongoing maintenance and enhancement efforts to ensure that our parks are safe and desirable for all of our residents.
What has Santa Ana done to address its budget challenges?

- In recent years, the City has reduced spending by cutting over 500 positions.
- Contracted out the City's fire department
- Contracted out maintenance functions where feasible
- Modernized the Utility User Tax
- Reduced all non-essential personnel
- Invested in technology enhancements to reduce ongoing operating costs
- Reduced park and recreation programming
What has Santa Ana done to address its budget challenges?

Santa Ana has far fewer employees than neighboring cities of similar size.

<table>
<thead>
<tr>
<th>City</th>
<th>Full-Time</th>
<th>Part-Time</th>
<th>FTE Equivalent of PT</th>
<th>Total</th>
<th>Population</th>
<th>Resident/Ee Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Beach</td>
<td>4,417</td>
<td>1,673</td>
<td>837</td>
<td>6,090</td>
<td>462,257</td>
<td>75.9</td>
</tr>
<tr>
<td>Riverside</td>
<td>2,155</td>
<td>336</td>
<td>168</td>
<td>2,323</td>
<td>303,871</td>
<td>130.8</td>
</tr>
<tr>
<td>Anaheim</td>
<td>1,865</td>
<td>1,274</td>
<td>637</td>
<td>2,502</td>
<td>336,440</td>
<td>134.5</td>
</tr>
<tr>
<td>Huntington Beach</td>
<td>890</td>
<td>672</td>
<td>336</td>
<td>1,226</td>
<td>191,037</td>
<td>155.8</td>
</tr>
<tr>
<td>Irvine</td>
<td>802</td>
<td>878</td>
<td>439</td>
<td>1,241</td>
<td>211,906</td>
<td>170.8</td>
</tr>
</tbody>
</table>
Why does Santa Ana need additional revenue?

Compared to other California cities, Santa Ana’s current Sales Tax rate of 7.75% is very low. In terms of cities of similar size, Santa Ana is currently equal to Anaheim, but lower than:

- Long Beach (10.25%),
- Oakland (9.25%),
- Riverside (8.75%)
- San Bernardino (8.0%)

If approved, Santa Ana’s Sales Tax rate would be 9.25% for Phase 1, and 8.75% for Phase 2.
Are other cities considering a Sales Tax Measure?

Cities with current add-on Sales Tax:
Fountain Valley, Stanton, La Habra, Westminster, and La Palma

Cities considering add-on Sales Tax:
Garden Grove, Placentia, Seal Beach, and Laguna Beach
Mission Accomplished!
All Measures Passed!
Results

- Measure X (Sales Tax) – 56.5%
- Measure Y (Commercial Cannabis) – 69%
- Measure Z (City Charter) – 66.2%
- Measure AA (Ward Elections) – 63.3%
Getting the Right Crew

Mike Madrid
GrassrootsLab
Why Hire a Consultant?

A seasoned political consultant...

• Will provide a roadmap to success by demonstrating how to move public opinion

• Is familiar with transitioning policy talking points to messages that (1) resonate with specific target demographics and (2) drive the target audience to a desired action

• Maintains an extensive professional network to augment campaign reach (e.g. data vendors, video producers, members of the media, pollsters etc.)
Polling Firms

The backbone of any campaign is quality data.

Conducting adequate polling will:

• Inform the consultant and team on the campaign’s leading talking points – and allow the team to prepare for potential counter-arguments

• Identify the campaign’s natural constituents and opponents

• Provide statistically significant indication of how well known the issue is and its current level of support/opposition
### Campaign Timeline

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12 Months Out:</strong></td>
<td>Identify &amp; select consultant &amp; campaign team; ID lead talking points &amp; draft campaign plan</td>
</tr>
<tr>
<td><strong>9 Months Out:</strong></td>
<td>Draft &amp; Field Poll #1 (permitting 2-4 weeks for administration, results &amp; analysis); revise campaign plan accordingly</td>
</tr>
<tr>
<td><strong>8-5 Months Out:</strong></td>
<td>Engage with target demographics</td>
</tr>
<tr>
<td><strong>5 Months Out:</strong></td>
<td>Draft &amp; Field Poll #2; revise campaign outreach based on movement between Poll #1 and Poll #2</td>
</tr>
</tbody>
</table>
Campaign Budget

- Direct Mail: 40%
- Polling: 25%
- Online: 15%
- Consulting: 20%
Preview of Coming Attractions

Some Issues to Consider for 2020 Ballot.

#1: “Split Roll” Tax – How will this affect other tax measures on the ballot? Chamber/Business Groups - “Crowding Out?”

#2: Presidential Election – How will national politics affect local ballot measures? “Progressive Tide” impact in CA. Note – this may vary by region/jurisdiction

#3: Other Variables? Impact of Wildfires on Voting Habits etc.
Navigation Assistance

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