



GODBE RESEARCH
Gain Insight



County of San Mateo

2010 Revenue Measure Feasibility Study

June 2010

Overview and Research Objectives

The County of San Mateo commissioned Godbe Research to conduct a combined focus group/telephone survey study of voters within San Mateo County. The focus groups were designed to help better understand perceptions of county services and inform the design of the survey. Specifically the focus groups explored:

- Perceptions of living in San Mateo County
- Opinions of the programs and services provided by San Mateo County;
- Attitudes toward the funding of County programs and services; and
- Identification of arguments in favor of and opposed to a sales tax.

The telephone survey was designed to:

- Assess potential voter support for a sales tax measure versus a commercial parking and a vehicle rental business license tax to maintain direct County services;
- Identify the optimum tax rate and the tax duration at which voters will support the measures;
- Prioritize potential projects to be funded based on voter reception;
- Test the influence of supporting and opposing arguments on potential voter support; and
- Identify any differences in voter support due to demographic and/or voter behavioral characteristics.



GODBE RESEARCH
Gain Insight



Focus Groups

Methodology Overview

Field Dates	May 10 and 12, 2010
Location	North San Mateo County (Burlingame) South San Mateo County (Redwood Shores)
Participants	San Mateo County voters
Sample Size	28 participants in 3 groups
Session Length	90 minutes
Incentive	\$75.00

Before presenting the results of this study, it is important to note that focus groups are a qualitative research technique that allow for a more in-depth exploration of impressions and ideas that arise during the course of discussion. These techniques are excellent methods of exploring voters' opinions on local issues and services. As with any qualitative research, Godbe Research wishes to emphasize that the small number of respondents do not permit the findings presented here to be reliably generalized (statistically) to the larger population of San Mateo County voters.

Focus Group Participants



- ✓ The focus group participants included San Mateo County voters who are likely to vote in the November 2010 election.
- ✓ The voters were recruited based on their support for a sales tax to fund county services, and included a mix of voters who indicated that they would vote “probably yes” or “probably no,” as well as voters who were undecided.
- ✓ The groups were balanced in terms of participant gender, and were diverse in the ages and ethnic groups represented.
- ✓ For more detailed information on the focus group participants, please see the report appendices.

“Honestly, I don’t think of myself as a San Mateo County resident. I think of myself as a resident of [my city].”

- The participants were asked to describe San Mateo County as a whole, and the qualities and descriptions they cited were overwhelmingly positive. Several participants mentioned the following: outdoor activities; open spaces; the coastline, ocean, and bay; climate; cultural and economic diversity; and the unique character of individual cities. In contrast, a few participants mentioned negative qualities, such as the cost of living, traffic, and perceived overcrowding.
- The participants identified a wide range of important issues facing San Mateo County in the next few years. Across the groups, the participants discussed education, water conservation and other environmental issues, managing growth, improving the local economy and balancing city budgets, public safety and crime, healthcare, earthquake and disaster preparedness, transportation, affordable housing, and affordability of taxes.
- During the discussion of important issues, several participants shared that they generally think of their city or town, but rarely think of San Mateo County as a whole. Other participants agreed that they think of themselves as residents of their city, but do not often identify with San Mateo County. Accordingly, many participants felt that these issues are largely addressed at the city level. This theme continued throughout the discussions, most of the participants felt that their cities generally addresses these issues and provides services and programs.

“I’m surprised by how much San Mateo County impacts my life.”

“I was right, there’s a lot I don’t know about San Mateo County.”

- Nearly all of the participants had a favorable opinion of the government agency, San Mateo County; however, a number of the participants felt that they needed more information on the agency before forming a decided opinion.
- In line with these comments, the focus groups were able to identify only a limited list of services provided by the County, including: Sheriff’s department and associated public safety services; parks and recreation; registrar of voters; and health and human services, such as the county hospital.
- When the focus groups were provided with a list that summarized county services, many of the participants were struck by the length of the list. Many of the participants also felt that many of these county services are provided at the city level. This perception continued throughout the discussion, and became especially important when the participants were asked to identify the county services that are most important.

Importance of San Mateo County Services

“All of these services are important – I can’t pick just three.”

“It seems to me that a lot of these [social services] are provided by cities, churches, and non-profits.”

“If there is no back-up to provide these services, that is a big deal.”

- The participants were asked to identify the county services that are most important. Across the groups, several participants argued that all of the services are important, and that it was difficult to identify just a handful as most important. Further, the participants readily identified how many of these services affect their quality of life even when they do not personally use a service. According to one participant, “If the homeless don’t have a place to go, it becomes a problem for our parks and local creeks.” Another participant explained, “Crime in unincorporated areas eventually gets pushed into our city.”
- Interestingly, the participants generally did not identify the county services that they personally use, such as the county parks and regional trail system. Instead, most of the participants identified services associated with public safety or other services that they perceived to be uniquely provided by the county.
- Overall the focus groups suggest that the extent to which voters perceive the county to be the sole provider of a service heavily influences the perceived importance of funding that service.

Importance of San Mateo County Services

- Several of the participants identified the following county services as the “most important”:
 - ✓ 911 emergency dispatch services
 - ✓ Sheriff’s patrols and investigations
 - ✓ Disaster and earthquake preparedness programs
 - ✓ County jails
 - ✓ Child abuse prevention and protection programs
 - ✓ Emergency room services
 - ✓ County urgent care and primary care for low-income children and seniors
 - ✓ Fire prevention and vegetation management programs

- Several of the participants identified the following county services as the “least important”:
 - ✓ Programs to make County buildings more energy efficient
 - ✓ First-time homebuyer assistance
 - ✓ Veterans services
 - ✓ Preschool programs
 - ✓ Recycling programs

- Again, many of the participants explained that they based their selections on whether there is another agency that currently provides the service.

Funding for County Services

Cut local services	✓✓✓✓✓✓✓✓✓
Local tax increase	✓✓✓
Combination of both	✓✓✓✓✓✓✓✓✓✓ ✓✓✓✓✓✓✓

- The participants were asked how San Mateo County should cope with the current budget deficit – cut local services, a local tax increase, or a combination of both. Most of the participants favored a combination of cuts to services and a local tax increase.
- Most importantly, in explaining their responses, several of the participants cited the current economy and that coping with the budget deficit exclusively through a tax increase would be a burden to residents. On the other hand, the participants also argued that more residents are relying on county services because of the current economy, so it is more difficult to cut services. Their solution was a balanced approach – cuts to services and a local tax increase to preserve essential services.
- In interpreting these responses, it is critical to note that the focus group participants were recruited because they did not have definite opinions toward a county sales tax measure. As such, these results are strictly anecdotal and cannot be generalized to likely voters as a whole.

Who Should Pay for County Services

“Everyone should pay, not just homeowners.”

“Visitors should pay the same as we do.”

- When asked who should pay for county services, the focus groups quickly identified residents, visitors, and businesses. Across the focus groups, there was strong agreement that “all should pay their fair share.”
- None of the participants questioned whether residents should pay, but several felt that residents pay a disproportionately high amount for services than visitors or businesses. This discussion also suggests that voters may be confused by a tax increase only in unincorporated areas due to a lack of familiarity with the boundaries of unincorporated areas and uncertainty over whether the residents of these areas use services to a greater extent than those in incorporated areas.
- Most of the participants felt that visitors to San Mateo County should help pay for county services. These participants argued that visitors use county services, such as parks and open spaces, and naturally would be expected to contribute to the funding. At the same time, a few participants felt that any tax paid by visitors should be modest so as not to discourage travel or shopping.
- The discussion on whether businesses should pay was similar. Most of the participants mentioned that businesses should pay, but not to the extent that it discourages businesses from opening in San Mateo County or burdens small-business owners.
- Although many of the participants felt that fees should be increased, they questioned whether this would be sufficient to address the current budget deficit. Additionally, according to one participant, “It can’t be fees – the people who need the services are the ones who can’t afford to pay.”

- The participants cited the following arguments in favor of a sales tax measure:
 - ✓ *A sales tax will reduce the budget deficit, and voters need information on the budget deficit.*
 - ✓ *Reduce and control the deficit.*
 - ✓ *Keep county services and San Mateo County strong.*
 - ✓ *Keep necessary programs operational.*
 - ✓ *It seems the most equitable way to increase revenue.*
 - ✓ *It would appear to generate the highest gain with the least pain.*
 - ✓ *Need money from somewhere, and this is more equitable than some options.*
 - ✓ *Help prevent further staff reductions and reduce the deficit.*
 - ✓ *Property tax will not increase.*
 - ✓ *The funds will help prevent gangs and drugs and keep our communities safe.*
 - ✓ *Provides funding from other sources than just a business tax.*
 - ✓ *Sales tax makes sure that all people that can afford to pay help with the burden.*
 - ✓ *It will keep vital services intact. (Wish I knew more about county services.)*
 - ✓ *Not a property tax, property taxes are too high and they were just raised.*
 - ✓ *Help keep county programs running and keep people in their jobs.*
 - ✓ *With a sales tax, you pay as you go. It is quick and easy.*
 - ✓ *These programs are needed to keep San Mateo County the special place it is.*
 - ✓ *Keep our community safe.*
 - ✓ *Guarantees that the money would stay in San Mateo County.*
 - ✓ *The money would go to important, effective programs.*
 - ✓ *We will be told exactly how the money will be spent.*
 - ✓ *Keep San Mateo County a safe and desirable place to live.*
 - ✓ *Investment in the future of our community.*
 - ✓ *Would prevent some services from being lost altogether.*
 - ✓ *Sales tax would be temporary.*
 - ✓ *County can show how it has made cuts to services, staff, and salaries/pensions.*

- The participants cited the following arguments in opposition to a sales tax measure:
 - ✓ *Taxes keep taking a higher and higher percentage of our income.*
 - ✓ *Higher taxes are driving businesses and individuals out of the county and state.*
 - ✓ *Money would go to county administrative waste.*
 - ✓ *Unfair to burden younger residents who are more likely to be establishing a household and buying big-ticket items.*
 - ✓ *As it is written, it does not cover how long the tax will be in place.*
 - ✓ *The measure does not specify what it will be used to fund.*
 - ✓ *It seems that no matter what is promised, taxes are spent unwisely.*
 - ✓ *It simply contributes to overspending.*
 - ✓ *I would prefer to see some of the services mentioned cut.*
 - ✓ *Hits the young more than the old, exacerbating property tax inequities.*
 - ✓ *People may not buy as much – local businesses would be hurt due to lower sales.*
 - ✓ *It's not clear enough how the money would be used.*
 - ✓ *A sales tax will hurt low-income residents.*
 - ✓ *Taxes are already too high.*
 - ✓ *Economy is already in trouble – shouldn't raise taxes right now.*
 - ✓ *Drive out businesses by increasing costs.*
 - ✓ *There is not much accountability.*
 - ✓ *Will go to fund programs that are not essential.*
 - ✓ *People making big-ticket purchases may go to other counties to shop.*
 - ✓ *Tax increase is a cop-out – it demonstrates a lack of creativity in funding services.*
 - ✓ *Sales tax is already almost 10%.*



GODBE RESEARCH
Gain Insight



Telephone Survey

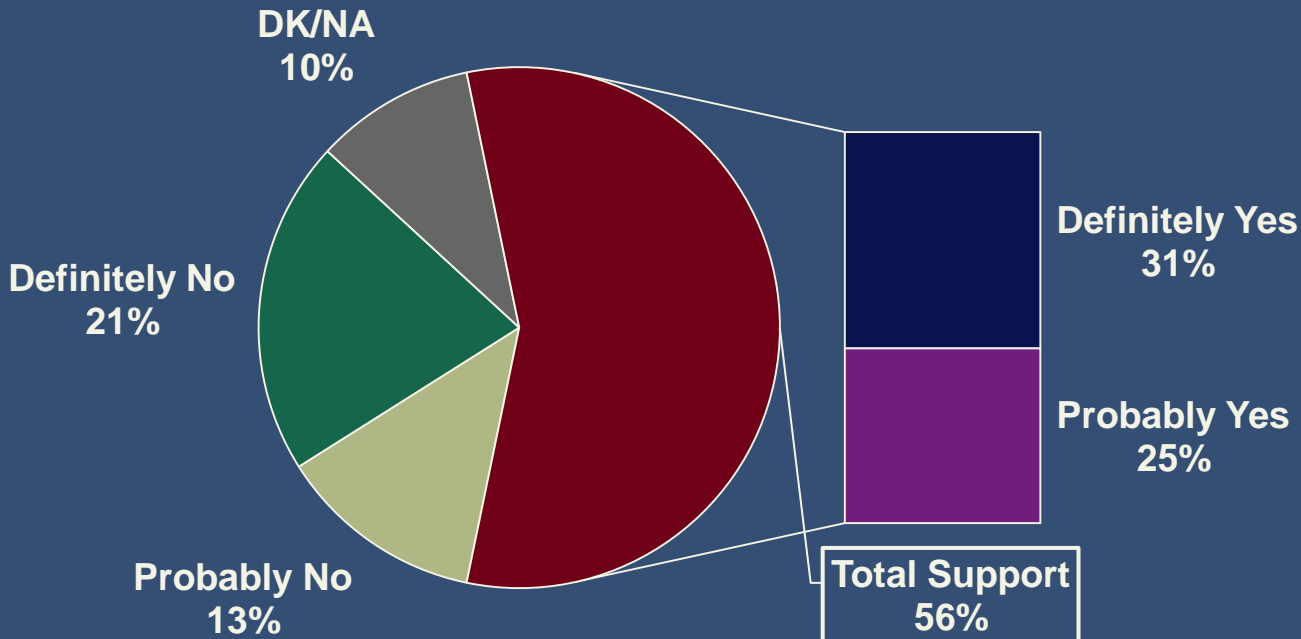
- Data Collection Telephone Interviewing
- Universe 203,702 registered voters in the County of San Mateo who are likely to vote in the November 2010 election
- Fielding Dates May 21 through May 27, 2010
- Interview Length 18 minutes
- Sample Size 900 voters (two samples of 450 voters)
- Margin of Error $\pm 4.6\%$ for each split (450 voters)

Initial Ballot Test – Sales Tax

In order to protect and preserve the quality of life in San Mateo County and maintain direct services, including:

- 911 emergency dispatch;
- Sheriff's patrol, gang and drug prevention;
- County hospital, clinics and emergency room;
- Help for vulnerable children, seniors and disabled;
- County parks; and,
- Other County services;

shall San Mateo County levy a half cent sales tax, which the State cannot take away, with annual fiscal oversight and review, and independent audits?



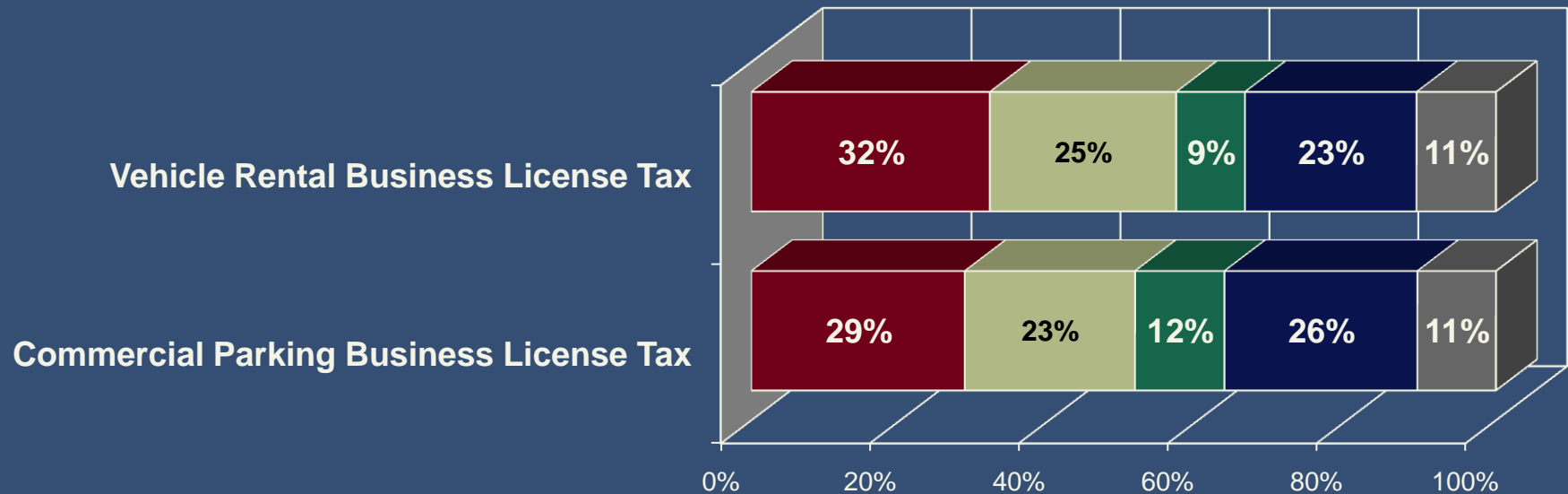
Initial Ballot Test – Business License Tax

In order to protect and preserve the quality of life in San Mateo County and maintain direct services, including:

- 911 emergency dispatch;
- Sheriff's patrol, gang and drug prevention;
- County hospital, clinics and emergency room;
- Help for vulnerable children, seniors and disabled;
- County parks; and,
- Other County services;

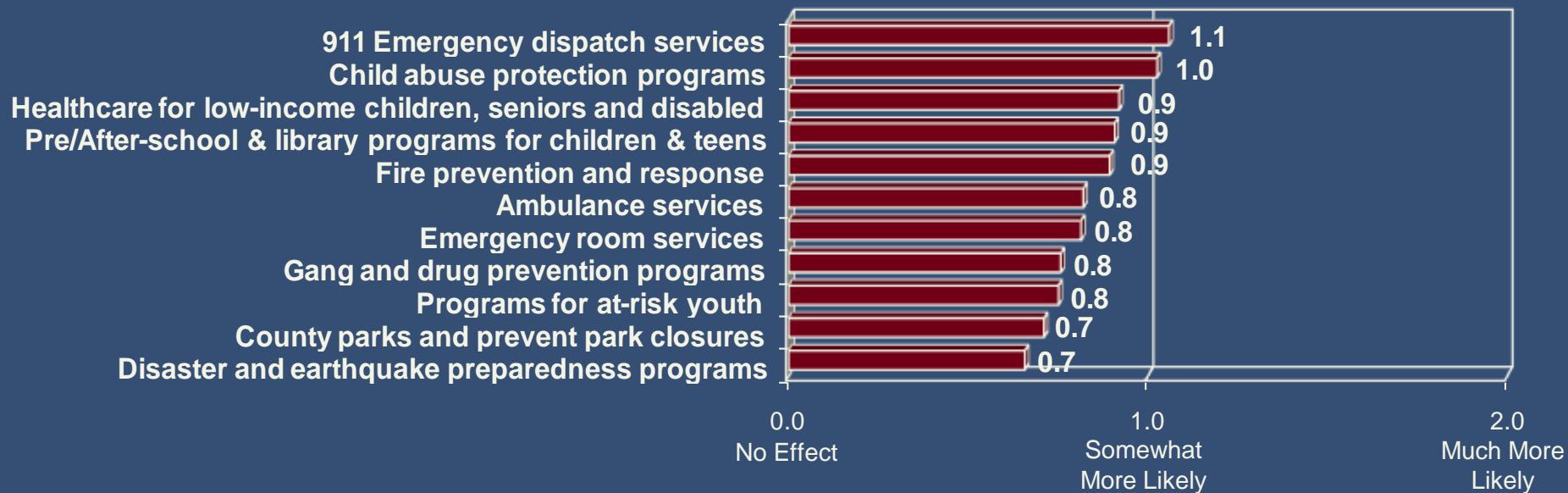
shall San Mateo County levy a two and a half percent gross receipts tax on vehicle rental businesses in unincorporated areas, which the State cannot take away, with annual fiscal oversight and review, and independent audits?

shall San Mateo County levy an eight percent gross receipts tax on commercial parking businesses in unincorporated areas, which the State cannot take away, with annual fiscal oversight and review, and independent audits?

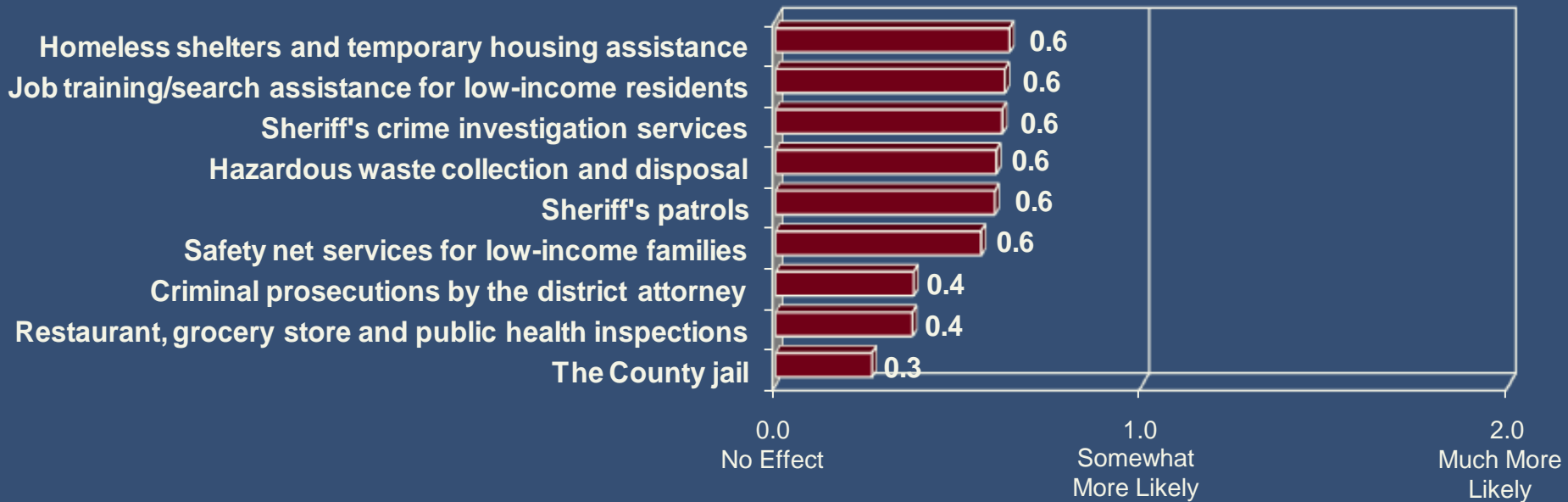


■ Definitely Yes ■ Probably Yes ■ Probably No □ Definitely No □ DK/NA

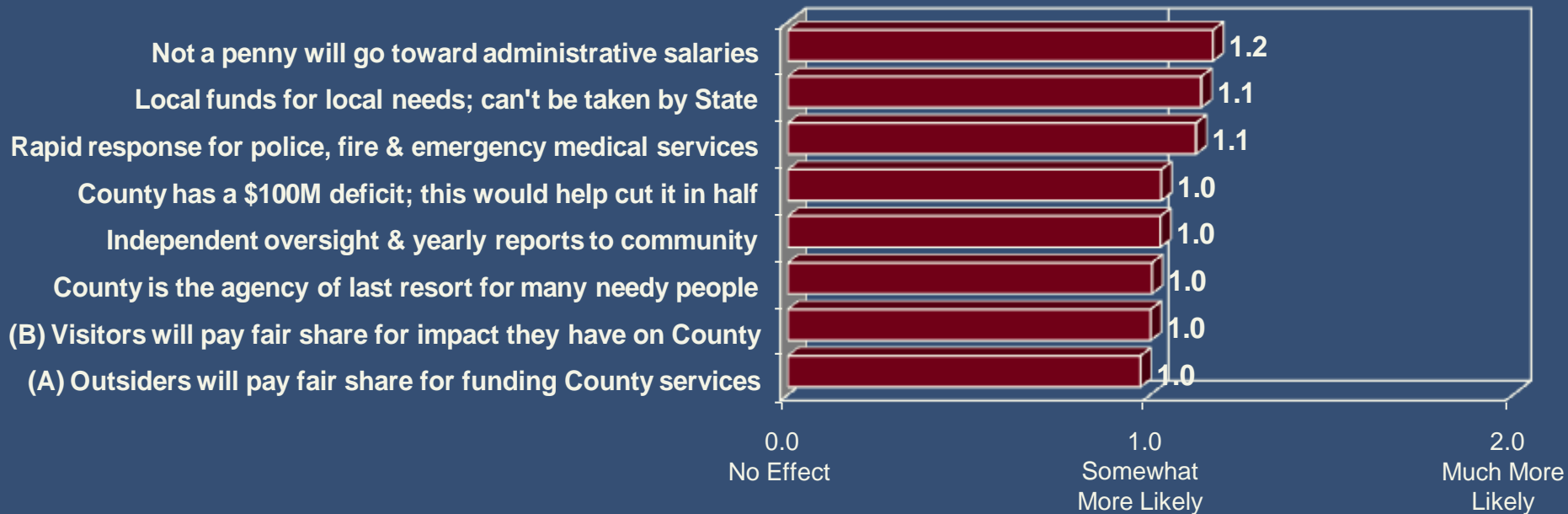
Features of the Measure I



Features of the Measure II



Supporting Arguments I



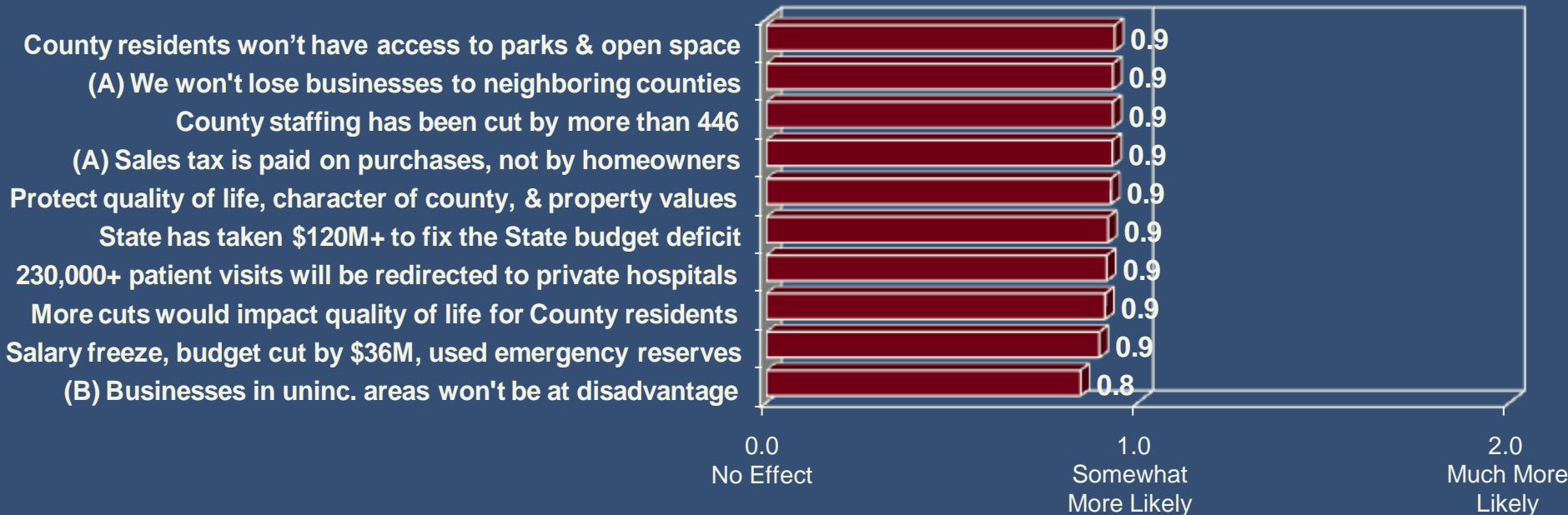
(A) Presented to the voters in split sample A - Sales Tax Measure

(B) Presented to the voters in split sample B - Business License Tax Measures

Note: The above rating questions have been abbreviated for charting purposes. The responses were recoded to calculate mean scores:

"Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Supporting Arguments II



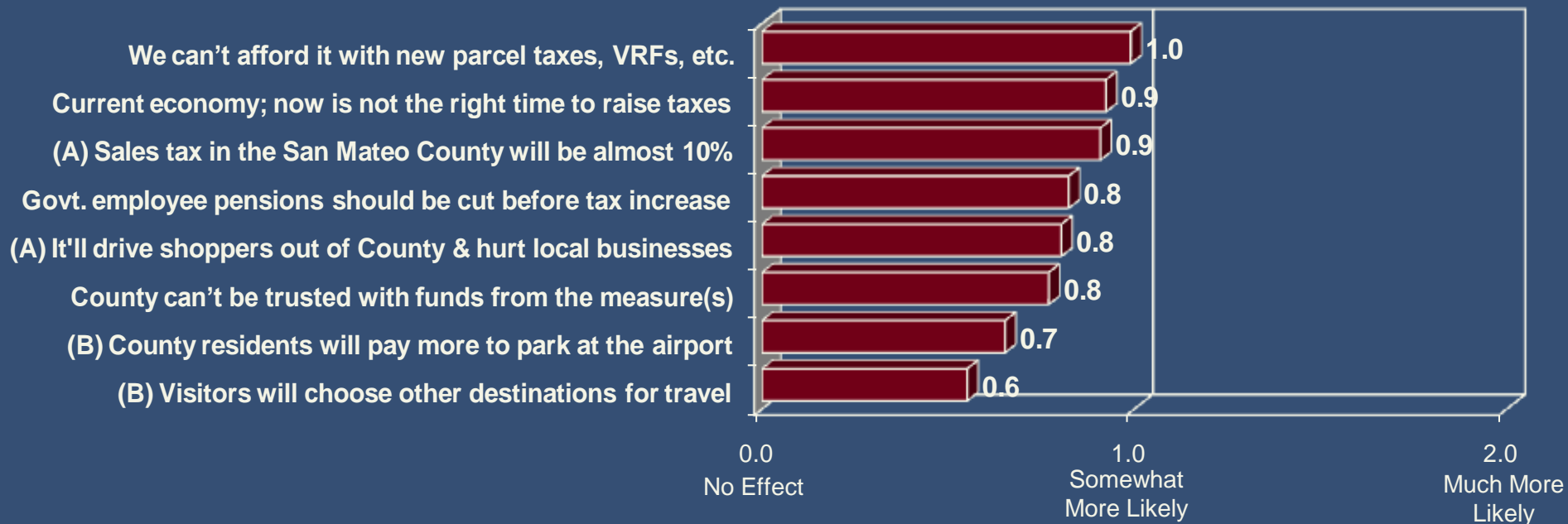
(A) Presented to the voters in split sample A - Sales Tax Measure

(B) Presented to the voters in split sample B - Business License Tax Measures

Note: The above rating questions have been abbreviated for charting purposes. The responses were recoded to calculate mean scores:

"Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Potential Opposition Arguments



(A) Presented to the voters in split sample A - Sales Tax Measure

(B) Presented to the voters in split sample B - Business License Tax Measures

Note: The above rating questions have been abbreviated for charting purposes. The responses were recoded to calculate mean scores:

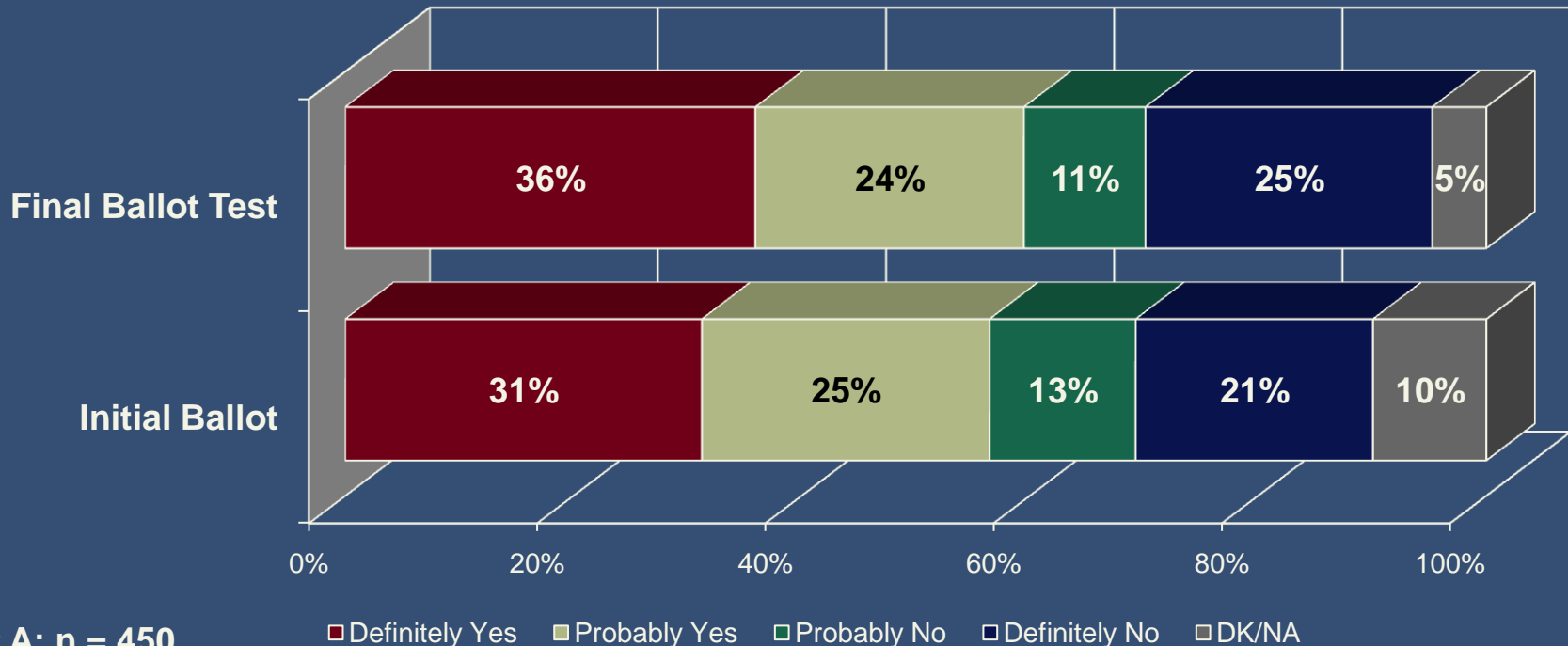
"Much More Likely" = +2, "Somewhat More Likely" = +1, and "No Effect" = 0.

Final Ballot Test – Sales Tax

In order to protect and preserve the quality of life in San Mateo County and maintain direct services, including:

- 911 emergency dispatch;
- Sheriff's patrol, gang and drug prevention;
- County hospital, clinics and emergency room;
- Help for vulnerable children, seniors and disabled;
- County parks; and,
- Other County services;

shall San Mateo County levy a half cent sales tax, which the State cannot take away, with annual fiscal oversight and review, and independent audits?



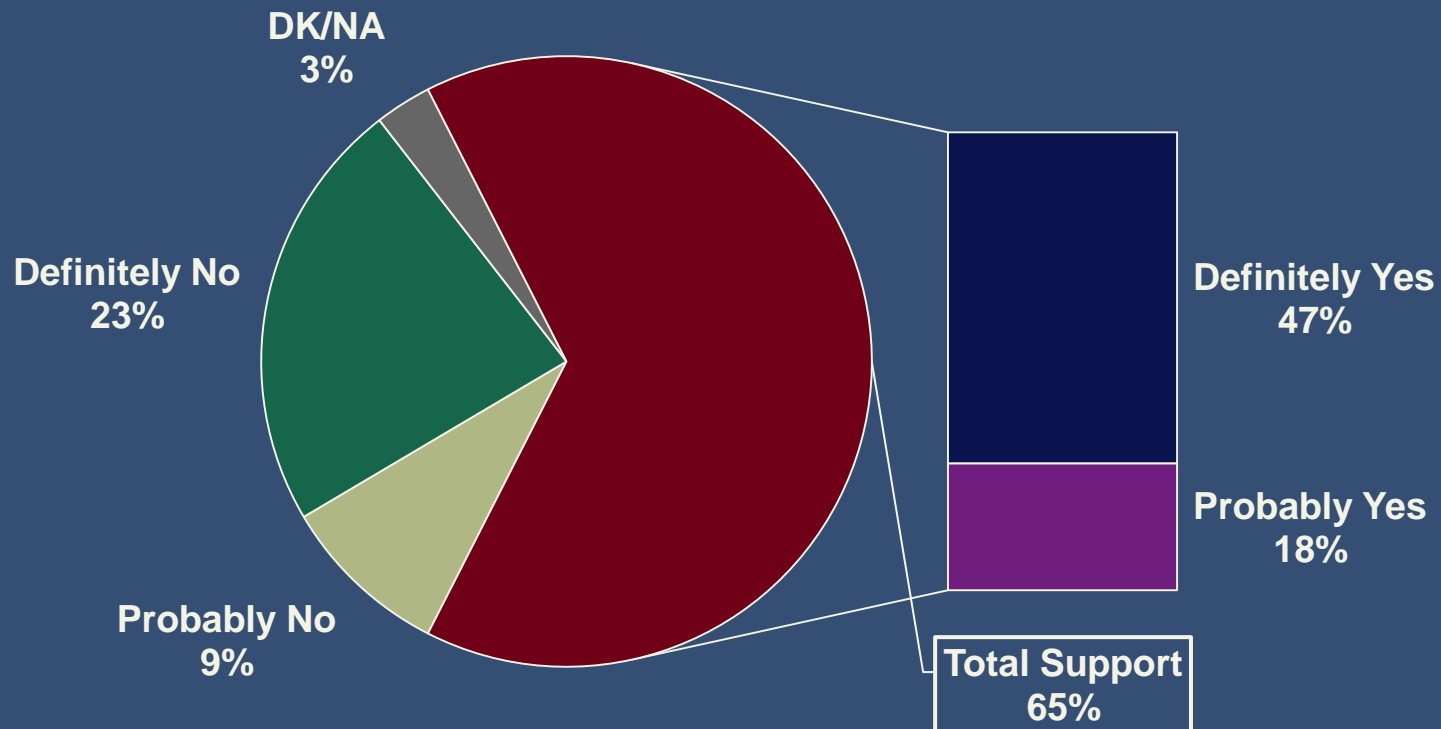
Final Ballot Test – Sales Tax

Subgroup Comparisons

	Area of Residence				Voting Propensity		
	North	Central	South	Coastside	Low	Medium	High
Total	120	152	150	28	63	181	206
Definitely Yes	48.6%	33.4%	28.2%	37.7%	38.5%	32.9%	37.9%
Probably Yes	28.1%	24.2%	20.9%	14.6%	31.7%	20.0%	24.1%
Probably No	4.1%	13.1%	12.1%	17.4%	4.4%	12.8%	10.6%
Definitely No	17.3%	26.2%	31.2%	20.2%	19.2%	27.2%	25.2%
DK/NA	1.9%	3.1%	7.6%	10.1%	6.2%	7.1%	2.2%

Support for Quarter-Cent Sales Tax

If you heard that the sales tax was going to be one-quarter cent instead of a half cent, but would still be used to protect and maintain San Mateo County services and facilities would you vote yes or no on this measure?

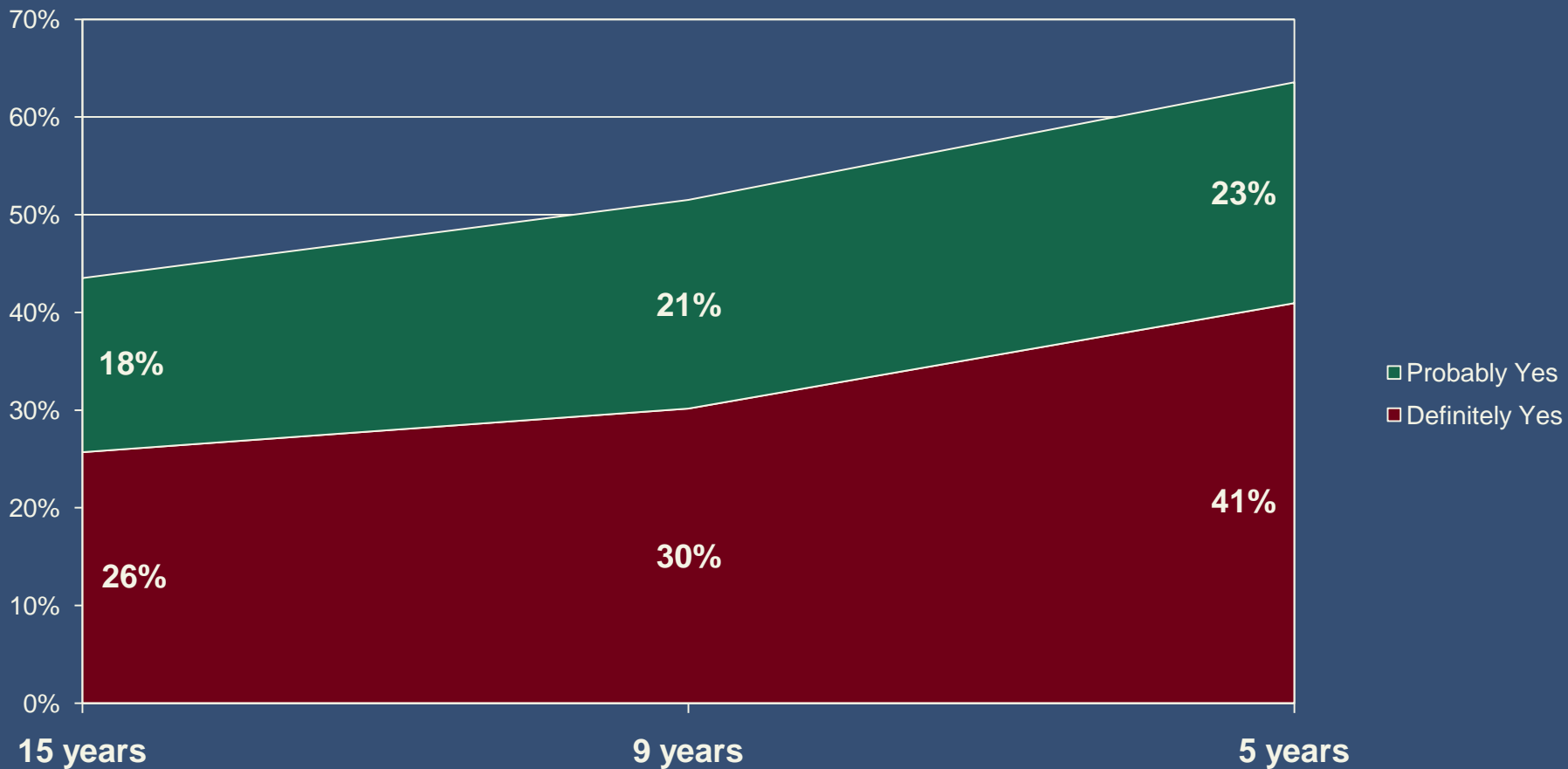


Support for Quarter-Cent Sales Tax Subgroup Comparisons

	Area of Residence				Voting Propensity		
	North	Central	South	Coastside	Low	Medium	High
Total	120	152	150	28	63	181	206
Definitely Yes	61.7%	42.9%	38.3%	48.3%	52.8%	43.8%	47.4%
Probably Yes	15.9%	19.6%	19.8%	9.5%	20.2%	18.2%	17.2%
Probably No	4.6%	10.9%	9.9%	14.2%	7.5%	11.0%	7.9%
Definitely No	16.1%	23.5%	29.0%	17.0%	16.4%	23.9%	24.2%
DK/NA	1.7%	3.1%	3.0%	10.9%	3.1%	3.1%	3.3%

Support for Different Sales Tax Durations

The duration of the measure(s) has yet to be decided. If you heard that the measure to protect and maintain County services would _____, would you vote yes or no on this measure?



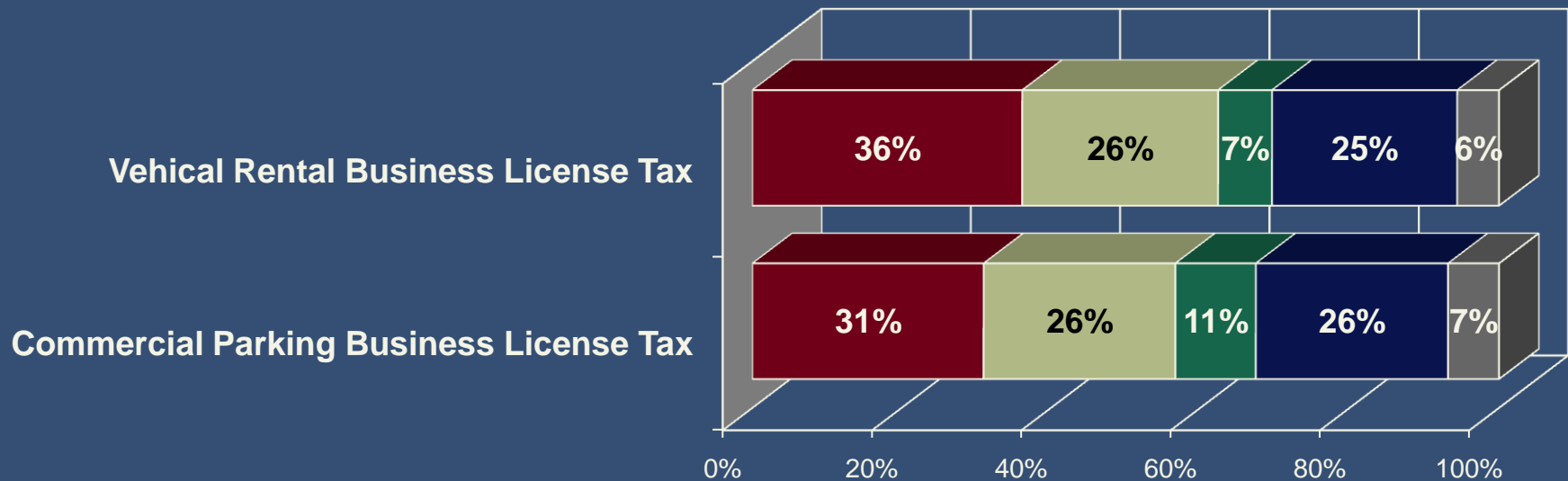
Final Ballot Test – Business License Tax

In order to protect and preserve the quality of life in San Mateo County and maintain direct services, including:

- 911 emergency dispatch;
- Sheriff's patrol, gang and drug prevention;
- County hospital, clinics and emergency room;
- Help for vulnerable children, seniors and disabled;
- County parks; and,
- Other County services;

shall San Mateo County levy a two and a half percent gross receipts tax on vehicle rental businesses in unincorporated areas, which the State cannot take away, with annual fiscal oversight and review, and independent audits?

shall San Mateo County levy an eight percent gross receipts tax on commercial parking businesses in unincorporated areas, which the State cannot take away, with annual fiscal oversight and review, and independent audits?



Final Ballot Test – Business License Tax

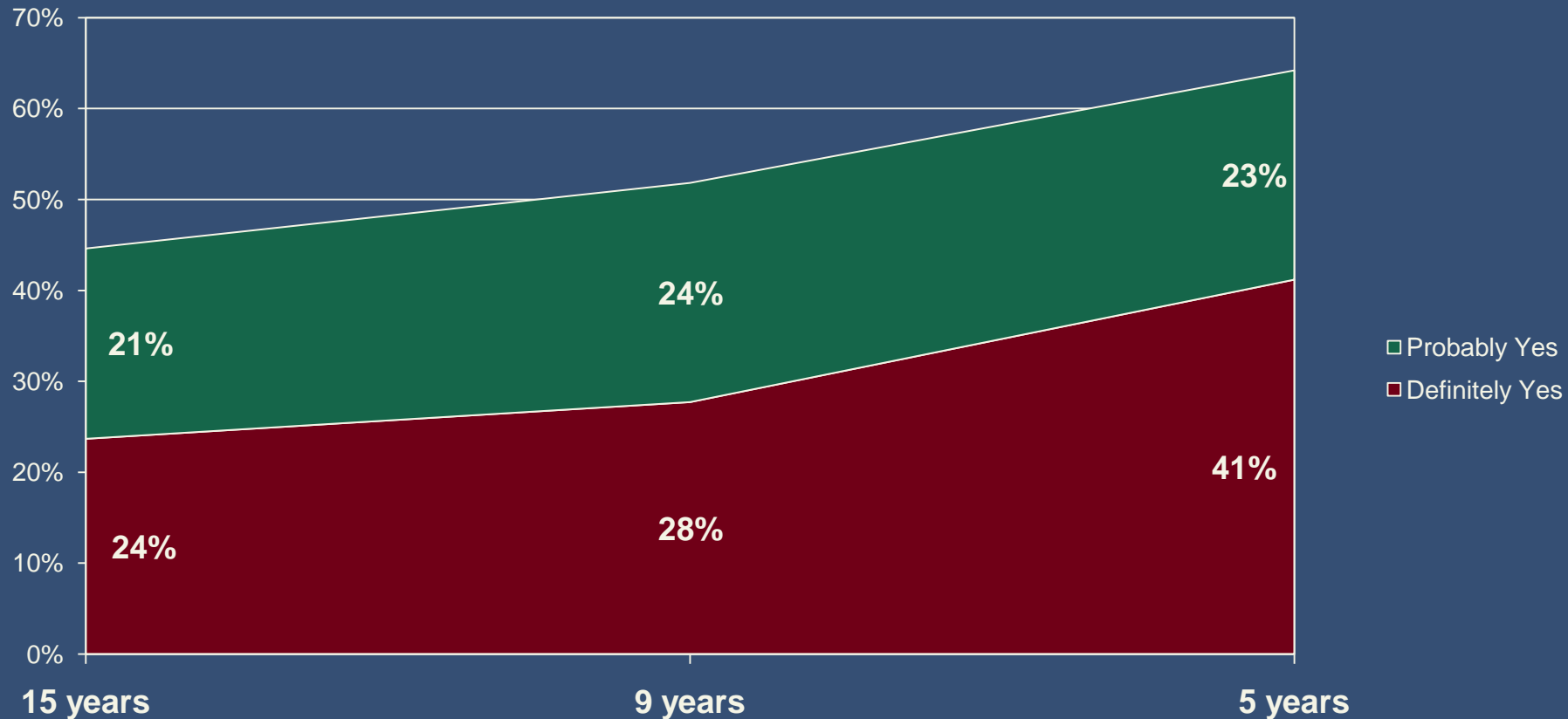
Subgroup Comparisons

Vehicle Rental Business License Tax	Area of Residence				Voting Propensity		
	North	Central	South	Coastside	Low	Medium	High
Total	144	135	139	32	63	187	199
Definitely Yes	36.7%	35.9%	35.9%	35.9%	36.3%	32.9%	39.1%
Probably Yes	31.0%	24.5%	21.5%	32.9%	27.5%	28.1%	24.1%
Probably No	3.4%	9.9%	7.2%	13.1%	6.9%	9.7%	5.0%
Definitely No	23.7%	24.6%	27.7%	18.1%	26.1%	25.0%	24.2%
DK/NA	5.3%	5.0%	7.7%	0.0%	3.2%	4.2%	7.6%

Commercial Parking Business License Tax	Area of Residence				Voting Propensity		
	North	Central	South	Coastside	Low	Medium	High
Total	144	135	139	32	63	187	199
Definitely Yes	31.7%	32.1%	31.5%	21.1%	33.6%	26.9%	34.0%
Probably Yes	30.0%	23.5%	20.3%	39.0%	28.2%	29.6%	21.2%
Probably No	8.2%	13.9%	8.5%	18.9%	11.7%	13.2%	8.2%
Definitely No	23.5%	24.0%	31.6%	18.1%	23.3%	24.6%	27.6%
DK/NA	6.6%	6.5%	8.2%	3.0%	3.2%	5.7%	9.0%

Support for Different BLT Durations

The duration of the measure(s) has yet to be decided. If you heard that the measure to protect and maintain County services would _____, would you vote yes or no on this measure?





GODBE RESEARCH
Gain Insight



Summary and Recommendations

- The survey revealed potential voter support for a sales tax or a commercial parking and a vehicle rental business license tax measures, and Godbe Research recommends that San Mateo County move forward with placing a single revenue measure on the ballot in November 2010.
- The survey results indicate moderate voter support for a half-cent sales tax measure for a duration of 5 years to maintain direct County services.
 - After hearing a summary of a half-cent sales tax measure that replicates the language that would be placed on the ballot, 56 percent of the voters indicated their “yes” vote. Support increased to fully 60 percent after the voters had heard additional information on the measure, including potential programs and services to be funded.
 - Given the 5 percent margin of error for the study, we can conservatively estimate that informed support for the sales tax measure among all likely November 2010 voters is not below 55 percent – above the simple majority required in an election.
- At a quarter-cent and 5-year duration, voter support increases into the mid-60s, giving a better cushion beyond the 5 percent margin of error.
 - The survey results also show that a sales tax at a lower rate and for a shorter duration would garner stronger voter support. More specifically, 65 percent of the voters indicated support for a quarter-cent sales tax increase.
 - Similarly, a measure lasting 9 years received 51 percent support, and a measure lasting 5 years received 64 percent support.

- The survey results also found potential voter support for a commercial parking and a vehicle rental business license tax measures among the likely November 2010 voters.
 - After simulated public information, total voter support for a 2.5 percent gross receipts tax on vehicle rental businesses in unincorporated areas was at 62 percent. Likewise, 57 percent of the voters indicated support for an 8 percent gross receipts tax on commercial parking businesses in unincorporated areas.
 - Considering the 5-percent margin of error, voter support for a commercial parking and a vehicle rental business license tax could be as low as 57 percent and 52 percent, respectively.
 - The survey results also indicate that a shorter duration for the measures would garner higher support, with 52 percent indicating their “yes” vote on measures lasting 9 years, and 64 percent reporting support for measures lasting 5 years.

Summary and Recommendations III

- The survey results indicate the following critical considerations should San Mateo County decide to place one of the two revenue measure alternatives on the ballot:
 - Communications are needed to maximize success during the pre-electoral phase and by an independent campaign committee after a measure has been placed on the ballot.
 - Be prepared to address voter concerns regarding the affordability of these revenue measures in the current economy, and along with other potential parcel taxes, vehicle registration fee increases, and bond measures.
- The ballot question should feature funding needs that are the highest priority to voters in San Mateo County:
 - 911 Emergency dispatch services;
 - Child abuse protection programs;
 - Healthcare for low-income children, seniors and disabled;
 - Pre-school, after-school and library programs for children and teens, including reading programs, and homework center;
 - Fire prevention and response;
 - Ambulance services;
 - Emergency room services;
 - Gang and drug prevention programs; and
 - Programs for at-risk youth.

- An education campaign should emphasize the key supporting arguments that speak to why revenue from these measures is necessary:

Accountability and proper management of funds

- All the money raised by this measure will be used for maintaining direct County services. Not a penny will go toward administrative salaries;
- The measure(s) will give San Mateo County local control over local funds for local needs. No funds can be taken by the State; and
- The measure(s) require(s) independent citizen oversight, mandatory financial audits, and yearly reports to the community to ensure the funds are spent as promised.

Generate critically needed funds for maintaining direct County services

- The measure will maintain rapid response time for police, fire, and emergency medical services;
- The County has a \$100 million dollar deficit and this would help cut it in half; and
- The County is the agency of last resort for many needy people; without this measure low-income people may not be able to see a doctor, get needed job training, or may even become homeless.

Those from outside San Mateo County will pay their fair share

- (Business License Tax) Visitors who park and rent cars will pay their fair share for the impact they have on San Mateo County instead of local homeowners; and
- (Sales Tax) Residents, businesses, and visitors from outside San Mateo County will all pay their fair share for funding County services; the responsibility won't fall solely on homeowners.



GODBE RESEARCH
Gain Insight



County of San Mateo

2010 Revenue Measure Feasibility Study

June 2010