



To: Ms. Lianne Marshall, Assistant City Manager
City of San Leandro

From: Catherine Lew, Esq.
President, The Lew Edwards Group

Date: September 27, 2013

Re: Proposal to Provide Strategic Consulting Services for Revenue Measure Planning

VIA EMAIL TRANSMISSION

Dear Lianne:

I was excited to have the opportunity to meet with the City Manager, you and David recently to discuss a potential collaboration on the City's behalf moving forward. Our firm's institutional record of success within the City of San Leandro makes our team uniquely qualified to represent the City again at this time. I speak for our entire organization when I say that we found our last collaboration to be highly effective and that we would enjoy serving the City's needs again.

Though we know each other well, in consideration of our new relationship with City Manager Zapata and the fact that there are two new City Councilmembers who have joined the City since Measure Z, a comprehensive proposal is provided for your records.

INTRODUCTION

Since our last collaboration with the City of San Leandro in 2010, the Lew Edwards Group (LEG) has now passed more than \$30 Billion in California revenue measures, with a 95% success rate. LEG's recent successes have included successful Revenue Measures and 218 Projects for clients such as the County of Fresno, Santa Clara County Library District, and the cities of Artesia, Bellflower, Benicia, Ceres, Concord, El Cerrito, Elk Grove, Emeryville, Fairfield, Gardena, Hercules, Huntington Beach, Indio, La Mirada, Lathrop, Moraga, Newark, Novato, Palm Springs, Pinole, Ridgecrest, Riverside, Santa Fe Springs, Santa Maria, South Pasadena, Tracy, Vallejo, and Wildomar, among several others.

LEG is currently assisting the cities of Adelanto, Cloverdale, Gilroy, Larkspur, Los Banos, Modesto, National City, Rancho Cordova, Rancho Cucamonga, Rohnert Park, Santa Fe Springs, Seaside, and Stanton among other clients in their 2013 and 2014 ballot measure planning needs.

Experience in Cities with Long-term or Sequential Revenue Needs

LEG is well versed in the needs of local government clients who have multiple revenue measure needs. There have been many instances where LEG has represented a city's sequential or multiple revenue measure needs.

Cities represented by LEG on sequential revenue needs include: City of Bellflower (enacted two UUTs); City of Ceres (enacted a Public Safety Tax, School Bond, and sewer and water rate increases); City of Desert Hot Springs (enacted UUT and Parcel Tax extensions); City of Dinuba (enacted Public Safety Tax and UUT extension); City of Emeryville (enacted UUT, local bond, and cardroom/business tax); **City of El Cerrito (enacted two sales tax measures)**; City of Gardena (enacted UUT extension and LAD increase); City of La Habra (enacted UUT and sales tax measures); City of Inglewood (enacted sales tax and UUT measures); City of La Mesa (enacted bond and sales tax measures); City of Lawndale (enacted UUT and civic center fund release measures); **City of Los Banos (enacted two sales tax-related measures and a school bond, now working on a third sales tax redirect)**; City of San Juan Capistrano (enacted a second conservation bond); City of Stockton (enacted Public Safety Tax and UUT); and City of West Hollywood (enacted TOT and BLT increases on the same ballot).

Current clients falling within this category include the cities of Cotati (sales tax renewal); Gilroy (enacted an infrastructure bond, now planning a sales tax for infrastructure needs); Indio (enacted a UUT, now planning a 2014 TOT); Larkspur (working on the City's second revenue measure); National City and Rohnert Park (sales tax renewals).

Past Experience within the City of San Leandro

The Lew Edwards Group (LEG) has extensive experience and an archive of knowledge about the City of San Leandro based on a number of successful projects within the City:

- **Measure G (2000):** Working with a broad-based coalition of community leaders, LEG successfully defeated an attempt to repeal the City's real estate transfer tax. LEG identified the fact that San Leandrans needed significant information about the city services at risk of being cut without the real estate transfer revenue. This information needed to be posed in simple, anecdotal terms easily understood by the average person. After providing comprehensive information on the consequences, Measure G was resoundingly defeated.
- **Measure Z (2010):** As you are aware, LEG collaborated closely with the City on its successful ¼ cent sales tax measure in November 2010. The City considered a variety of other revenue options and with LEG's assistance, facilitated a number of highly engaged City Council, Key Influential, and City Stakeholder input sessions to achieve consensus on the agreed-upon measure. In addition to two broad-based community surveys, input was solicited from literally hundreds of San Leandrans prior to the measure being placed on the ballot.

- **Measure L (2012):** The San Leandro Unified School District tapped LEG to quarterback a much needed Parcel Tax Measure following an election defeat some years ago on a similar measure attempted (LEG did not represent SLUSD on the previous failed measure). Following extremely difficult negotiation sessions with union leadership (the District was undergoing negotiations at the time), large property owners and the Chamber, and a highly successful interactive outreach program soliciting input from scores of San Leandrans, Measure L was enacted with a come-from-behind victory in November 2012.

LEG's extensive experience in your City—including our direct experience with the often challenging but effective and fruitful process of building consensus across coalitions of San Leandro stakeholders—makes LEG uniquely qualified to serve the City's needs at this time. LEG and its recommended opinion research firm of Godbe Research are prepared to initiate services in October on behalf of a potential November 2014 revenue measure. As our previous collaboration and experience dictate, while ample planning time exists, due to unique nuances within the City of San Leandro, we do need to get started as soon as possible in the month of October.

KEY CONSIDERATIONS

Despite the successful enactment of Measure Z, in today's slowly recovering economy LEG has advised its clients that passage of upcoming measures cannot be taken for granted, even for those cities that have enjoyed past support at the ballot box. Consider the following:

- As with Measure Z, the *unique nuances of a Council election year* must be carefully considered as we evaluate the viability of any potential revenue measure.
- 75 cities had local revenue measures on the November 2012 ballot. 80% of those cities seeking simple majority requirement measures, passed. *Of those cities seeking 2/3s-requirement measures, only one-third were successful.* Based on past polling and election results we have conducted and analyzed in the City of San Leandro, our initial gut instinct is that a two-thirds requirement measure for infrastructure would be extremely difficult to pass. *Therefore we would strongly recommend that the City consider the flexibility of a second general purpose sales tax that could be bonded against for infrastructure.* As discussed, this would require proceeding in a regularly scheduled municipal election unless a fiscal emergency was unanimously declared by the City Council, which is likely not to be feasible.
- The volume of local revenue measures has remained consistent over the last three presidential years and has not diminished, despite the tough economy. Our past experience with the community of San Leandro is that its constituents value substantive information from the City about its fiscal needs and community service delivery challenges. As in our past collaborations, it will be necessary to implement a *comprehensive communications program* to your constituents to update them and keep them informed about any infrastructure needs.

PROPOSED SCOPE OF WORK

The below Scope of Work is consistent with our past Measure Z collaboration.

Phased Planning Objectives

Phase One

- 1) Use updated Public Opinion Research to assess all pertinent issues, and up to two revenue-enhancement mechanisms (2/3s requirement bond, General Purpose sales tax measure) desired by the City of San Leandro. Godbe Research was utilized in the City's past effort and LEG's recent collaboration with the San Leandro Unified School District.
- 2) Analyze your public's current service/funding priorities and their attitudes.
- 3) Identify the key messages and information that are important to your audience.
- 4) Develop Strategic Findings that assess viability, risks and opportunities; if feasibility exists, recommend a Strategic Plan that includes recommendations on legally permissible Public Education Outreach activities to effectively educate your constituents, ideal timing and tax threshold, project budget and timetable.

Phase Two

- 5) Implement the Strategic Plan to educate your constituents about pertinent City facts and needs.
- 6) Update an informational Speakers' Bureau Program and Earned (nonpaid) Media program for balanced and effective news coverage.
- 7) Produce permissible Public Education Outreach mailings to your voters that are funded by the City.
- 8) Work with the City Attorney to finalize effective, easy to understand voter materials.

Phase One

Project Management

As in our 2010 collaboration LEG will initiate our efforts through a Kick Off meeting and schedule subsequent, consistent planning sessions with the City. As you know this project planning is designed to use the City's time efficiently and well, while providing important Strategic Oversight to ensure that all timetables and benchmarks are met.

With the input of participants, LEG will develop meeting agendas, facilitate sessions, and coordinate the timely deployment of all tasks and assignments consistent with a timetable, agreed-upon strategy/work plan, and budget.

LEG prides itself on an inclusive, team-building approach and approaches its leadership role with personal dedication, enthusiasm, and a commitment to excellent service, recognizing that our

ultimate consumer is not only the City of San Leandro, but also most importantly, the constituents you represent.

Assessment

As discussed in our meeting, LEG strongly recommends that the City initiate an updated “baseline” public opinion research survey as soon as possible –ideally in October--to assess current voter attitudes and priorities. LEG will oversee and facilitate this process to ensure an excellent survey document that will give the City a clear sense of, among other issues:

- ✓ Constituent attitudes about a variety of service needs/infrastructure projects and how they rank them.
- ✓ Constituent attitudes and willingness to support a potential revenue measure across a variety of demographic categories, whether November 2014 is feasible, the type of mechanism and the amount of tax threshold.
- ✓ Whether your audience is still aware of Measure Z.
- ✓ The most effective messages and ballot language that resonate with your constituents.
- ✓ The specific messages and information that allow your constituents to decide whether to support additional revenue.
- ✓ Ways to refine and prioritize the City’s Informational Public Outreach Program to effectively present key facts and information.
- ✓ How to inform the development and refinement of voter materials associated with your Measure.

Working with the City’s pollster to create a thorough survey questionnaire that vets and evaluates a variety of issues, and thoroughly analyzing the results will allow LEG to fully advise the City on whether a potential November 2014 measure is feasible, and under what set of circumstances.

Following our evaluation of your updated baseline research, LEG will provide recommendations on the deployment and direction of the City’s planning efforts for the balance of the project period.

Additional Considerations – Timing of Key Influential Involvement

Uniquely to San Leandro, it will be necessary to engage the participation of External Influentials and City Stakeholders early in the process. As we discussed, in the City’s case, these diverse interests are both aligned and at odds, increasing the importance of building buy-in and consensus. These issues are best discussed further in our KickOff meeting.

Phase Two

As you are aware, in Phase Two of an Assessment Preparation program, LEG typically provides the following services:

City-Sponsored, Informational Communications Outreach Program

Direct Mail. As in our Measure Z planning effort, LEG recommends that an informational direct mail program be implemented to factually inform and update constituents about your needs, which is also an excellent way of soliciting additional community input. Specifically, we received a healthy number of responses to the interactive mailing we produced on the City's behalf in 2010 and would recommend that one of the mailers be interactive again.

In the 2010 effort, three informational mailers were produced: the highly successful interactive mailer soliciting input, whereby hundreds of responses were received; a report-back to the community on their perspectives; and a mailing which included information about the Fiscal Impact if new revenue was not adopted.

As in our past collaboration the number of mailings and recommended topics would not be developed until after the initial analysis of the updated baseline survey.

Media/Internet. LEG will also continue to assist the City in placing informational update stories in local media. As in the past, LEG will draft press releases and guest columns to ensure effective, balanced coverage. Other communications vehicles include the City's website, community television, or existing publications. Consistent with our previous collaboration LEG will draft copy and text to update all of the City's existing communications vehicles.

Speakers' Bureau Outreach. LEG will also assist in updating an informational, Speakers' Bureau Outreach plan strategically directed to key organizations in the City, and will develop a Speakers Bureau Toolkit that will include items such as a short PowerPoint Presentation; Frequently Asked Questions (FAQ) handout; and Speakers' Training Manual, including Presentation Tips, Key Messages, and Helpful Hints. LEG will continue to provide Speakers' Bureau training to City messengers, which is fact-based, not advocacy.

Rapid Response Needs. LEG will redirect message points and materials to assist in rapid response to problematic media or citizen inquiries as necessary, based on our institutional knowledge of the unique nuances of the San Leandro community, its influential and constituents. LEG experts will continue to be available to craft appropriate rapid responses as necessary to address changing external nuances or unforeseen problems.

Provide Additional Strategic Advice. LEG will continue to confer with your City Attorney so that any revenue ballot materials are easily understood by the average person, not just lawyers. As you are aware, we collaborate frequently with Meyers Nave on other joint clients. And consistent with our best practices, all of LEG's recommended direct mail products will be strategically crafted in close

collaboration with your City Attorney, ensuring that any material issued by the City is legally permissible.

Phase Three

In the Measure Z model, LEG terminated its services following placement of the measure on an Election Day ballot and went on to represent the Community Campaign upon the natural conclusion of our services to the City. However, this model only works if a third party information-disseminator exists to pass the information baton to.

Whether our past Measure Z model will still be appropriate in 2014 is dependent upon the infrastructure projects and services contemplated in any future measure, and specifically whether an organized constituency is interested in any of these projects or services. As an example, measures that address street and road repair rarely have organized entities who can carry an advocacy campaign, so the LEG cities we've represented on these types of issues have found themselves in the position of being the primary or sole information disseminator even after placement of a measure on the ballot.

Continuing to issue legally permissible factual information following placement of a measure on the ballot is not unusual for cities. For example, in the cities of El Cerrito, La Mirada and Moraga where infrastructure revenue measures were implemented, LEG continued to be engaged with each of these cities up through Election Day. Whether we will be continuing our partnership during a Phase Three period (August-November 2014) will be assessed and decided on later in the project period.

PROFESSIONAL FEES

As a returning client, LEG is pleased to offer a cost-effective proposal in meeting the City's current needs. LEG's proposed fee for preparing for a potential November 2014 measure is \$49,500 prorated over the anticipated project period for Phases One and Two of the project, which is anticipated to commence in October 2013 and conclude in July 2014.

Please remember that LEG's professional fee the City's cost to retain The Lew Edwards Group's (LEG's) strategic expertise, including overall project direction and advice, strategy, planning, and assessment. Professional fees are for strategic services only -- and do not include "hard" project costs such as polling, mailing data, postage, printing and design of Public Education materials, mailers, or brochures. If you haven't already received it, please expect to receive a separate polling proposal from Godbe Research.

A recommended Public Education project budget will be presented to the City by LEG in Phase Two, when survey results have been analyzed and we have a good understanding of the degree of outreach necessary for your constituents.

Please note that without exception and consistent with our past collaboration, the Lew Edwards Group does not charge on an hourly or time/materials basis.

CONCLUSION

I would like to thank you for your continued consideration of The Lew Edwards Group to meet your needs, and emphasize my firm's enthusiasm for a second partnership.

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