



December 18, 2000

Pandora and Company

Bruce Buel
General Manager
Los Osos Community Services District
2122 9th Street
Los Osos, California 93402

SUBJECT: Proposal for Consulting Services
in connection with: LOCSD Wastewater Project

Dear Bruce,

Enclosed is our proposal for the information campaign on behalf of the Los Osos Community Services District in connection with the proposed wastewater collection, treatment, and disposal system for Los Osos.

You and the Los Osos CSD Board of Directors are familiar with my involvement in this project to date. As you know, *Pandora & Company* was instrumental in educating and motivating the community to support the alternative wastewater project proposed by the Solution Group; we created and implemented the strategy to inform and educate the community on the benefits of forming the Los Osos Community Services District; and we crafted and carried out the campaign for the election of the first five Board members of the LOCSD. I believe my past and current in-depth involvement in these efforts, together with the expertise of the team specifically assembled to work on this project, will result in a successful information campaign at an affordable cost.

Because timing is critical, we would like to start as early as possible—if indeed, we are selected to do the Project. Because legal details can take weeks or months to finalize, we would like to work under a "verbal" authorization to proceed, during the time that contract details are being implemented. If our work on the Project were verbally authorized, the Project could be further expedited if the LOCSD appointed a small subcommittee, or authorized you, as General Manager, to provide *Pandora & Company* with direction and approval of Project phases, rather than our needing to wait for twice-monthly Board meetings to provide this direction and approval.

I would very much like to work with you and the Board on this important and challenging project. Thank you for your consideration.

Best regards,


Pandora Nash-Karner
Pandora & Company

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Marketing & Graphics
180 Mitchell Drive
Los Osos, CA 93402
805-528-2111
FAX: 805-528-2112

Project Understanding and Scope of Work:

The Los Osos Community Services District (LOCSD) is in the preliminary phases of designing and building a community-wide wastewater system. In its role as a governmental body, the LOCSD cannot, by law, take on an advocacy role or a partisan viewpoint for the assessment district vote to be held in Spring 2001. The LOCSD *can* be the educator, providing factual information regarding the project and its benefits.

The objective of *Pandora & Company* is to develop and implement a multi-tiered strategy for a Public Information Program that will effectively educate the community as a whole, and the property owners specifically, on the LOCSD's proposed wastewater project. We will identify the target audience(s) and focus our communication to each audience, expanding beyond the use of traditional communication tools to educate the Los Osos community and the out-of-town property owners. And we will accomplish the goal on time, and within your budget.

The Public Information Program will include:

- 1) **Survey:** Conduct a public opinion survey and analyze the data. The results of this survey will determine which of the following components will be employed.
- 2) **Media relations:** On-going proactive contact with members of the media who can cover the wastewater project.
- 3) **Marketing:** The use of traditional and non-traditional communications tools to promote specific information and benefits of the wastewater project to targeted audiences.
- 4) **Community relations:** The identification of opinion leaders, third-party influencers, and civic, professional, corporate, and special-interest groups to whom the factual information on the wastewater project should be delivered personally, by means of cultivation meetings, letters, focus groups, speeches, etc.
- 5) **External communications:** A multiple-level approach to the property owners to create awareness and acceptance of the wastewater project and its benefits.
- 6) **Internal communications:** The use of simple tools to keep staff, Board members, and volunteers informed about the wastewater project's progress.

Public Opinion Survey

The purpose of this research is to collect data from a random sample of property owners in Los Osos to determine their attitudes toward a number of local issues. The survey will do the following:

- 1) Discover the individual property owner's knowledge of the Wastewater Project, including the costs and benefits, the timeline and the external funding. (An appropriate method to establish the respondent's level of information will be based upon the construction of a multi-item information index. Both the index and the questionnaire will be pre-tested in order to ensure that the final versions will be conceptually sound.)
- 2) Establish which type of media—electronic or print—do the respondent relies upon for information.
- 3) Determine the property owner's willingness to pay for the most recently proposed Wastewater Project.
- 4) Probe the respondent's opinions about the trade-offs between costs and the following: groundwater quality, estuary water quality, water supply, and open space.
- 5) Explore the respondent's concerns about issues such as growth in general, adjacent growth and impacts of construction.

We will rely upon a standardized questionnaire and which will contain both closed-ended as well as open-ended questions. Some standard demographic variables such as age, income level, primary residence, etc., will be included in the study. The data analysis will include both descriptive as well as inferential statistics. Several bi-variate as well as multi-variate relationships will be examined. For example, to what extent are the following variables associated with a willingness to pay for the Wastewater Project: a) information level, b) income, c) age, and d) primary residence?

The results of the public opinion survey will determine the appropriate tools and messages for the Public Information Program.

Public Information Program:

We believe outreach communication to be a powerful tool to establish credibility, increase public awareness and acceptance, create enthusiasm, change minds, and fuel the LOCSD's effectiveness. Effective communications consist of the simplest, most efficient methods of conveying a message to an audience in a way that enables the audience to understand and to take action. This can take place only when the audiences have been clearly defined, and the appropriate communications techniques and tools have been targeted for each audience.

In order for the Public Information Program to be effective, it is imperative to discover what the property owners know, what they believe, and what they are willing to pay for the wastewater project. Working with David George, *Pandora & Company* will undertake a market analysis through the use of a random telephone survey of 500 local and absentee property owners. This study will establish the demographic and psychographical character of the audience as a whole, and will indicate how to segment the audience into smaller groups and how to prioritize each audience.

These smaller audience groups (target groups) include:

	Units	Votes	Percent
A. Owners of one single-family residential property (SFR)	5377	5377	74.79%
B. Owners of more than one SFR			
C. Owners of residential multi-family property	1855	1891	19.89%
D. Owners of non residential property (commercial, retail, school, etc.)	185	185	2.67%
E. Owners of mobile home park property (such as the coop association owners of Daisy Hill)	490	245	3.46%
	7907	7198	100%

The survey will provide demographic information on each group, and an indication of its members' specific concerns in this assessment district election. Because we will be able to isolate each of these target groups and analyze attitudes and opinions, we will be able to tailor a marketing strategy specific to each one. For example, we know there are only five owners (Morro Shores, Holland, Anastasi, Corr, and Walker) of the large properties. These five represent 746 votes or 10.4% of the total votes. Once we have the information on the specific concerns of those five people, we will create a strategy tailored specifically to those five people and their concerns. We will take this approach for each of the target groups in the study.

These customized strategies may include a full range of tools—as determined within your budget—appropriate to outreach/education, such as:

- Chamber newsletter insertions
- Channel 59 broadcasts of wastewater information video
- Column in Sun Bulletin, The Gazette, and Dean Sullivan's new paper
- Coordinating additional materials with Bear Pride and assessment district notification mailings
- Consider changing LOCSD's water billing to envelopes and insert information
- Creating customized educational materials
- Doorhangers

Public Information Program- continued

- Endorsements (Mega, Chamber of Commerce, etc.)
- Enlarged sandwich boards with town hall meeting advertisements
- Focus group information-gathering sessions
- Handbills at merchant locations
- Identify other organizations which mail to Los Osos and insert into their mailing
- Inclusion in utility providers' mailings (Cal Cities, S&T, Baywood Water)
- Inclusion of short article in newsletters of other organizations (Baywood Navy, MEGA, NEP, etc.)
- Individualized direct mail letters to small, targeted groups
- Information/educational videos available throughout the community
- Information mailings
- Invitations to meetings of one's target group
- Mobile home park meetings
- Neighborhood information meetings
- Personal appointments with key landowners and stakeholders
- Posting information in public places (as allowed)
- Press conferences
- Press releases
- Public-service announcements
- School & PTA presentations
- Service group presentations
- Speakers' Bureau for group outreach to Board of Realtors, churches, Chamber of Commerce, etc.
- Testimonials on the wastewater project
- Town hall meetings for the general public
- Town hall meetings for specific audiences (with direct mail to targeted audience)
- Use of the LOCSD's updated wastewater brochure

While there will be some overlapping of these tools, the particular mix may differ for each target group. The information collected in the public opinion survey will enable us to do this customization.

As specified in the Request for Proposal, once the opinion survey has been completed, we will prepare and submit to the LOCSD "a strategic communications program describing conceptual message framework, target groups, communication tools, and media to be used, along with the cost for each element." Also, as specified, we will include a minimum of two direct mail pieces (the first to be sent by May 1, the second by June 1, of the year 2001) to the affected property owners.

We anticipate that, through close communication with LOCSD Board members and staff, and through customization of the above outreach strategies, we will help the LOCSD realize its goal of providing property owners with good information—objective and neutral—in order to enable them to make an informed decision on the wastewater project when they consider the assessment issue next spring.

Fee:

Pandora & Company fully appreciates the Los Osos Community Services District's concern regarding the cost of professional services. Because we have been deeply involved in the process for the past two years on a pro bono basis, our philosophical objective is to create excellent work for you at a cost within your budget.

Our business goal is to produce not just satisfied clients, but delighted clients with whom we can enjoy long working relationships and who will refer others to us. We are "out-of-the box thinking," service-oriented professionals offering a very specialized body of knowledge and relevant experience in "guerrilla marketing," public relations, and graphic design. *Pandora & Company* team members are enthusiastic about the possibility of working with you on this important project.

<u>Task</u>	<u>Fee</u>
Phase 1: January 8, 2001 - January 22, 2001 Project Assessment and Programming <ul style="list-style-type: none"> • Meet with LOCSD to outline key issues and concerns • Prepare and test public opinion survey instrument • Review public outreach/information tools • Create general strategy of the Public Information Program and Survey 	\$4,875*
Upon receiving LOCSD recommendations and approval, <i>Pandora & Company</i> will proceed to Phase 2.	
Phase 2-A: January 23, 2001 - March 1, 2001 Property Owner Survey <ul style="list-style-type: none"> • Conduct public opinion survey • Analyze results 	\$5,000*
Phase 2-B: February 2, 2001 - March 16, 2001 (concurrent with survey) Public Information Program <ul style="list-style-type: none"> • Refine public outreach/information tools, research costs, and priorities • Conduct information-gathering focus-group events • Identify potential partnerships (if any) to assist in LOCSD efforts • Prepare conceptual outreach messages for each target group 	\$6,750*
Upon receiving LOCSD recommendations and approval, <i>Pandora & Company</i> will proceed to Phase 3.	
Phase 3: March 16, 2001 - June 29, 2001 Project Implementation <ul style="list-style-type: none"> • Design, write, prepare, produce, and disseminate the outreach/educational program (to include at least two mailings) • Complete 	\$33,375*
Fixed fee	\$50,000*

*Reimbursable expenses are included in the budget. They include actual expenditures made by *Pandora & Company* to perform necessary services to complete this project. Reimbursable expenses include: printing, postage, mailing costs, video/film, reproductions, etc., within the approved program.

Manner of payment: Fees for professional services shall be paid 25% at the time this proposal is accepted; 50% on or before March 23, 2001; and, the remaining to be paid on or before July 20, 2001.

Accounts are payable at our offices in Los Osos, California upon receipt of the invoice.

Additional Services:

Additional Services shall be provided on an hourly basis as follows:

Principal:	\$95.00
Associates and team members:	\$65.00
Administrative staff:	\$50.00

Additional Services include:

- Services not described under Scope of Services.
- Any costs incurred for Client changes to earlier Client-approved typography, artwork, and production checks.

Conditions and Other Terms:

If *Pandora & Company* is authorized to commence and/or continue providing its services on the project, either orally or in writing, prior to the full execution of a written Agreement, such authorization shall be deemed an acceptance of this proposal, and all such services shall be provided and compensated for in accordance with the terms and conditions contained herein as though this proposal were fully executed by the Client.

Pandora & Company shall have the right to suspend services on this project if: (a) the parties have not executed a written contract for *Pandora & Company*'s services and unpaid invoices have been rendered with an aggregate balance exceeding \$500,000 or the unpaid project invoice over 30-day old exceed \$7000.00 in the aggregate.

Original drawing and design documents shall become the property of the Client upon full payment to *Pandora & Company*. *Pandora & Company* reserves the right to use these documents in its own marketing and design competitions, and to insert a small by-line on the produced pieces.

Design and production documents provided in electronic media form may be subject to inaccuracies, anomalies and errors due to electronic translation, formatting or interpretation. *Pandora & Company* is not responsible for errors and omissions because of these conditions, nor for those resulting from conversion, modification, misinterpretation, misuse or reuse by others after electronic media is released by *Pandora & Company*.

Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to arbitration or the institution of legal or equitable proceedings by either party. Mediation, unless the parties mutually agree otherwise, shall be in accordance with the Mediation Rules of the American Arbitration Association currently in effect. Request for mediation shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in San Luis Obispo, California, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

Subsequent to attempts to settle claims, disputes, or other matters by mediation, any unresolved controversy or claim arising out of or relating to the formation, interpretation, application, enforceability, or breach of this Agreement, including disputes as to which persons or entities may be liable

Conditions and Other Terms - continued

hereunder, shall be subject to arbitration at San Luis Obispo, California, in accordance with the rules of the American Arbitration Association, and judgment upon any award rendered by the arbitrator(s) may be entered and enforced in any court of competent jurisdiction. In any such arbitration proceedings, discovery may be had under California Code of Civil Procedure, Section 1283.05, which section is incorporated herein by reference in its entirety. The prevailing party in any such arbitration shall be entitled to recover arbitration costs and reasonable attorneys' fees, as determined by the arbitrator(s), in addition to any other relief available. Except where clearly prevented by the area in dispute, both parties agree to continue performing their respective obligations under this Agreement while the dispute is being resolved. This arbitration provision shall not preclude either party from seeking provisional judicial remedies to preserve the status quo.

The party submitting such dispute shall request the American Arbitration Association to:

- appoint an arbitrator who is knowledgeable in the subject matter of the dispute and who will follow substantive rules of law. If an arbitration panel is appointed, the panel shall include a lawyer;
- require the testimony to be transcribed; and
- require the award be accompanied by findings of fact and a statement of reason for the decision.

This Agreement shall be interpreted and enforced according to the laws of the State of California.

It is understood that these services may be terminated upon 10 days' written notice for *good reason* by either party. In this event, *Pandora* or *Company* shall be compensated for all work performed prior to date of termination.

This proposal shall be considered revoked if acceptance is not received within 60 days of the date hereof.

We would be pleased to answer questions you may have or to clarify the various points above.

If this proposal meets with your approval, please sign below and return one copy for our files.

Sincerely yours,

Pandora or *Company*



Pandora Nash-Katner
President

Accepted: (Client): _____

By: _____

Title: _____

Date: _____