

Money Measures: In it to Win it!

OCCA Conference



Money Measures 101: In It To Win It!



Part 1: Importance of Survey Research

Melissa Martin
Survey Research Manager
Public Affairs Counsel/The Nelson Report
(503) 363-7084
martinm@pacounsel.org



Why Conduct Public Opinion Survey Research?

- It's the most efficient method for collecting information about a large group of people.
- It provides opinions from a small representative subset of a population in order to generalize to the whole.
- It assists in the initial decision-making process, the development of messages and in the overall management and execution of a campaign.
- Voters can be schizophrenic. While they may want “high quality” city services, they differ as to their individual definition of “high quality” and how much they are willing to pay for it.

What Types of Surveys are Available?

Community Perception Surveys – Anytime

- Tests job performance, perception of money management, level of communication with public, primary information sources and what kinds of services are most important to the community at large.

GO Bond Measures – 6 months-year in advance

- Tests job performance, perception of spending practices, public safety, transportation, etc... non-biased “who’s ahead” on bond measure, trust identification, priority series and agree/disagree series.

First Steps: Taking a closer look



- **Determine how much revenue is needed, or how much can be raised for the projects or services you want to fund.**
- **Determine the cost per thousand and how much revenue it will raise.**
- **Hire an experienced research firm**
 - ✓ Cost is based on sample size (margin of error) and time it takes to administer the survey.
 - ✓ +/-5% is industry standard for margin of error. Sample sizes can range from 350-382 for this error rate.
 - ✓ Ask how many questions a firm estimates per minute. One survey firm's 10 minute survey could contain far fewer questions than another.
 - ✓ We estimate approximately 3-4 questions per minute.

Knowing The Community/Demographics



- Knowing the demographic make-up of your community is vital before embarking on any campaign.
- 80%-90% of the most frequent voters (3 of 4 elections, 4 of 4 elections) in most communities are over the age of 45.
- Voters at 1 out of 4 elections and 2 out of 4 elections are unlikely to vote and even if messages are positive in these groups it's very difficult to motivate them to vote.
- Respondents over the age of 55 are key demographics can mean the difference between the success or failure of a bond/levy proposal.
- Typically, females tend to be more supportive of money measures than males.
- More information, not less, typically solicits higher levels of support from nearly all demographic groups, but beware of components that significantly decrease support for a measure.
- Geographic areas within a community can respond very differently depending on the message being delivered.

How many votes do you need to win

- Your # registered voters _____
- X expected % turnout _____
- = # who will probably vote _____
- 50% + 1 needed to win = _____
- + 25% to assure a win = _____
- = Total needed to win _____

Questionnaire Design and Testing

- **Research goals should always direct how survey questions are asked**
 - ✓ Questions should not be leading
 - ✓ Questions should only ask for one piece of information
 - ✓ Questions need to be relevant to topic of interest
 - ✓ Questions/response categories should be suitably designed and coded for the necessary statistical analysis
 - ✓ Questions should not be threatening
 - ✓ Questions should use language easily understood to participants
 - ✓ Questions should be organized in a logical manner

Once survey instrument is designed, the researcher must pre-test questions/procedures to reduce error and identify problems

Important Question Formats To Include in Final Survey Instrument

- **Job Rating:** Offer an even scale of choices; excellent, pretty good, only fair, poor. Forces respondents to give a positive or negative rating. There's a direct correlation between job rating and ability to pass a money measure.
- **Money Management:** Does public entity spend wisely, or rate the money management of public entity (yes/no or scale above for clear opinions).
- **Non-biased Who's Ahead:** Outlines components included in measure/levy and cost to taxpayers.
- **If You Knew Series:** Offers one piece of information and asks whether respondent would favor or oppose with said information.
- **Priority Series:** Asks respondents to rate each component on a scale of 1 to 4 with 1 being low priority and 4 being high priority.
- **Vs. Question:** If another public entity is competing for money on the ballot, it's vital to know how it affects support for your money measure.
- **Agree/Disagree:** Checks correspondence with "if you knew" and "priority series" Tests whether respondents believe messages delivered previously in an instrument are true or not.

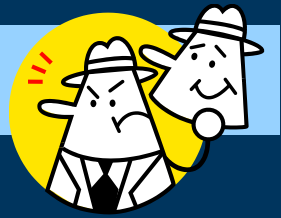
Positive Hot Buttons for Bonds



Positive Bond Measures:

- Protecting community's investment in buildings by replacing roofs.
- Energy efficiency improvements related to new equipment, and/or building improvements will decrease operating costs.
- New residents will help pay.
- Cooperative endeavors between public entities (example community centers and schools).
- Maintaining level property tax rates for schools
- Updated equipment/technology for student learning

Negative Hot Buttons for Bonds

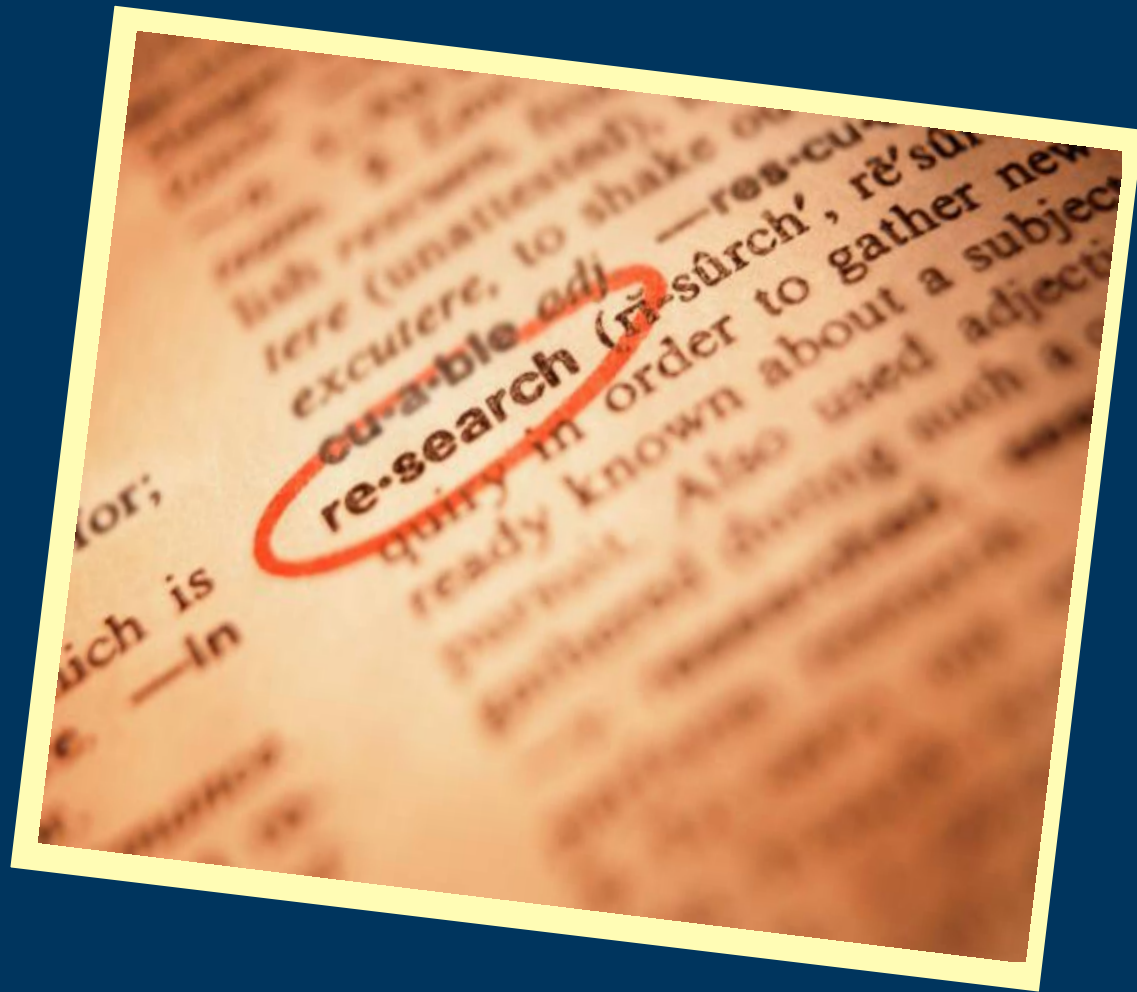


Negative Bond Measures:

- Property purchase for future facilities
- Replacing athletic fields/ stadiums/artificial turf/gyms
- Constructing performing arts buildings
- Tearing down facilities residents have strong sentimental attachment to
- Unreasonable cost
- Components in measure respondents strongly oppose
- Negative press about district receiving funds– Residents have VERY long memories

What About After the Survey is Completed?

- A survey research firm should provide a detailed executive summary which outlines results and key messages/demographics.
- Campaign committee *must* stick to tested messages.
- If a message hasn't been tested it shouldn't be used.
- Understand the demographic makeup of your community and target messages that positively impact key demographic groups.
- Don't be afraid to ask the tough questions, even those that an opposition campaign may use.



Final Take-Away

- Hire a professional survey research firm to test any money measure being considered
- Know the demographic make-up of your community
- Questionnaire designed to test all components of measure/levy
- Don't be afraid to ask the tough questions. Even those you may not want to hear
- Once survey is complete, understand your messages and stick to them!!!
- Finally, develop a communication plan to give your money measure the greatest chance for success!

Public Affairs Counsel/The Nelson Report

Salem Office:

867 Liberty St. NE

Salem, OR 97309

**Melissa Martin,
Survey Research Manager**

(503)363-7084

martinm@pacounsel.org

Mark Nelson, President

(503)363-7084

pacounsel@pacounsel.org

**Alicia Givens,
Survey Supervisor**

(503) 363-7084

agivens@pacounsel.org

Part 2: Financial and Legal Background: General Obligation Bonds

K&L | GATES

Ann Sherman
Partner
(503) 226-5720
Ann.Sherman@klgates.com

 **SNW**

David Taylor
Senior Vice President
(503) 275-8303
dtaylor@snwsc.com

General Bond Primer

- A “bond” is a loan that is broken into pieces and sold to investors.
- Local governments use bonds for major capital projects that cannot be financed on a pay-as-you go basis.



General Obligation Bonds

- ✓ Secured by the “full faith and credit” of the Issuer. Payable from unlimited property taxes.
- ✓ Considered most secure form of municipal debt resulting in lowest interest cost.
- ✓ Levies for GO bonds are outside M5 and M50 rate limits if used for capital costs with useful life of one year or more.
- ✓ Simple majority voter approval is required at May or November elections. Double majority approval (majority approval and majority turnout) is required in March and September.



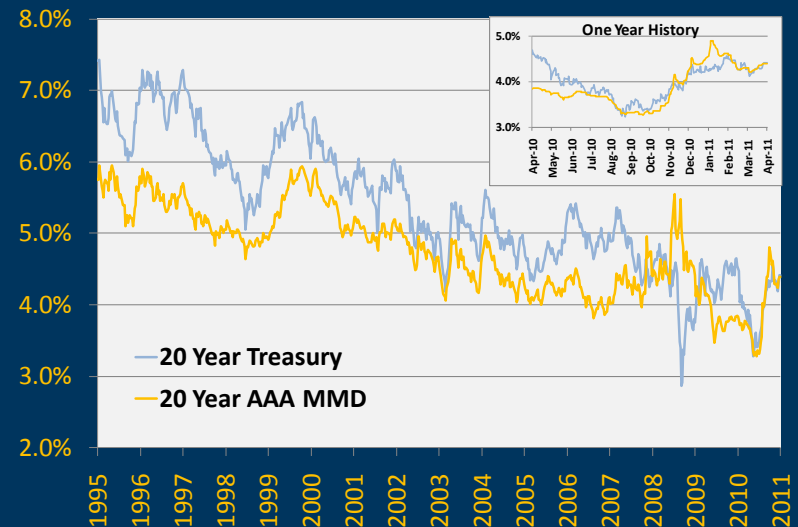
Bond Tax Status

- Bonds come in several varieties:

- Tax-exempt bonds - how most local governments issue bonds. Bondholder receives repayment of principal and interest. Interest is not subject to federal or state income taxes.

- Taxable bonds - Bondholder receives repayment of principal and interest. However, interest is subject to federal (not state) income taxes. Local governments have used taxable bonds to fund pension liabilities, non-public purpose projects, operating shortfalls and in connection with the recent stimulus legislation.

- Local governments can combine tax-exempt and taxable bonds in one issuance.



Steps to a GO: Hire Financing Team

Financial Consultant and Bond Counsel are key team members



✓ Financial Consultant

- Works with District to determine bond size and structure
- Assists District in evaluating tax rate impacts
- Provides guidance on timing of sale
- Plans and executes the sale and coordinates closing of the Bonds

Financing Team (Cont'd)

✓ Bond Counsel

- Provides guidance on eligible projects under Oregon law
- Assists District in preparing ballot title
- Prepares legal documentation authorizing sale of bonds
- Provides guidance on federal tax law and securities laws
- Provides investors with required validity and tax opinions

Now you need to identify the projects

How can general obligation bond proceeds be used?

Constitutional Limits

Measure 68 approved in May 2010, significantly liberalized use of proceeds for GO bonds issued after January 1, 2011. Proceeds may be used as follows:

- ✓ For “capital costs” with a useful life of 1 year or more.
- ✓ “Capital Costs” means land and other assets, including costs associated with acquisition, construction, improvement, remodeling, furnishing, equipping, maintenance or repair.
- ✓ Eligible projects are those where the “weighted average life” of bonds do not exceed the “weighted average life” of assets.
- ✓ Projects that are “routine” maintenance or supplies are not eligible. However, technology, furnishings and large scale maintenance projects would all qualify.

Now you need to identify the projects (Cont'd)

Statutory Limits

Under ORS 341.675, community colleges may issue bonds for the following projects:

- ✓ Acquire, construct, reconstruct, improve, repair, equip or furnish a college building or buildings or additions thereto
- ✓ Acquire or improve all property, real and personal, appurtenant thereto or connected there with, including self financing facilities
- ✓ To fund or refund outstanding debt, provide for payments of debt and pay cost of issuance
- ✓ The total amount of GO debt outstanding must total no more than 1.5% of Real Market Value

Ballot Title Limits

Your ballot title (to be discussed later) is usually your most detailed limitation.

Debt Repayment Options



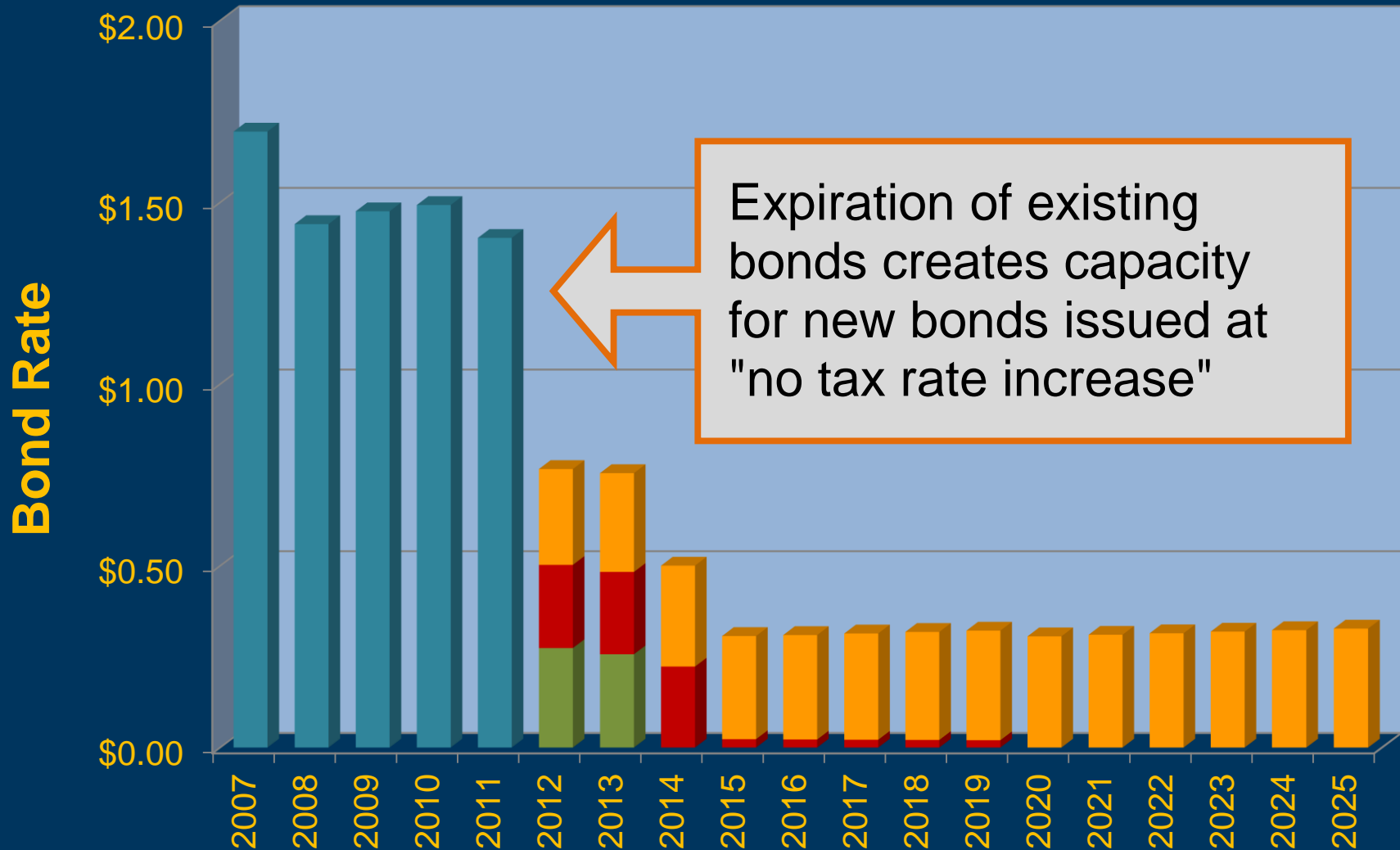
A balancing act:

- ✓ **Length of Issue** — *What maturity do you want?*
 - Useful life of items being financed
 - Trade-off between annual and overall cost
 - Specific community priorities and relationship with other outstanding debt

- ✓ **Number of Issues**
 - Authorized total can be split into multiple issues
 - Federal tax law requires certification to reasonably expect to spend 85% of funds within 3 years
 - GO bond authorization can “mimic” capital serial levy

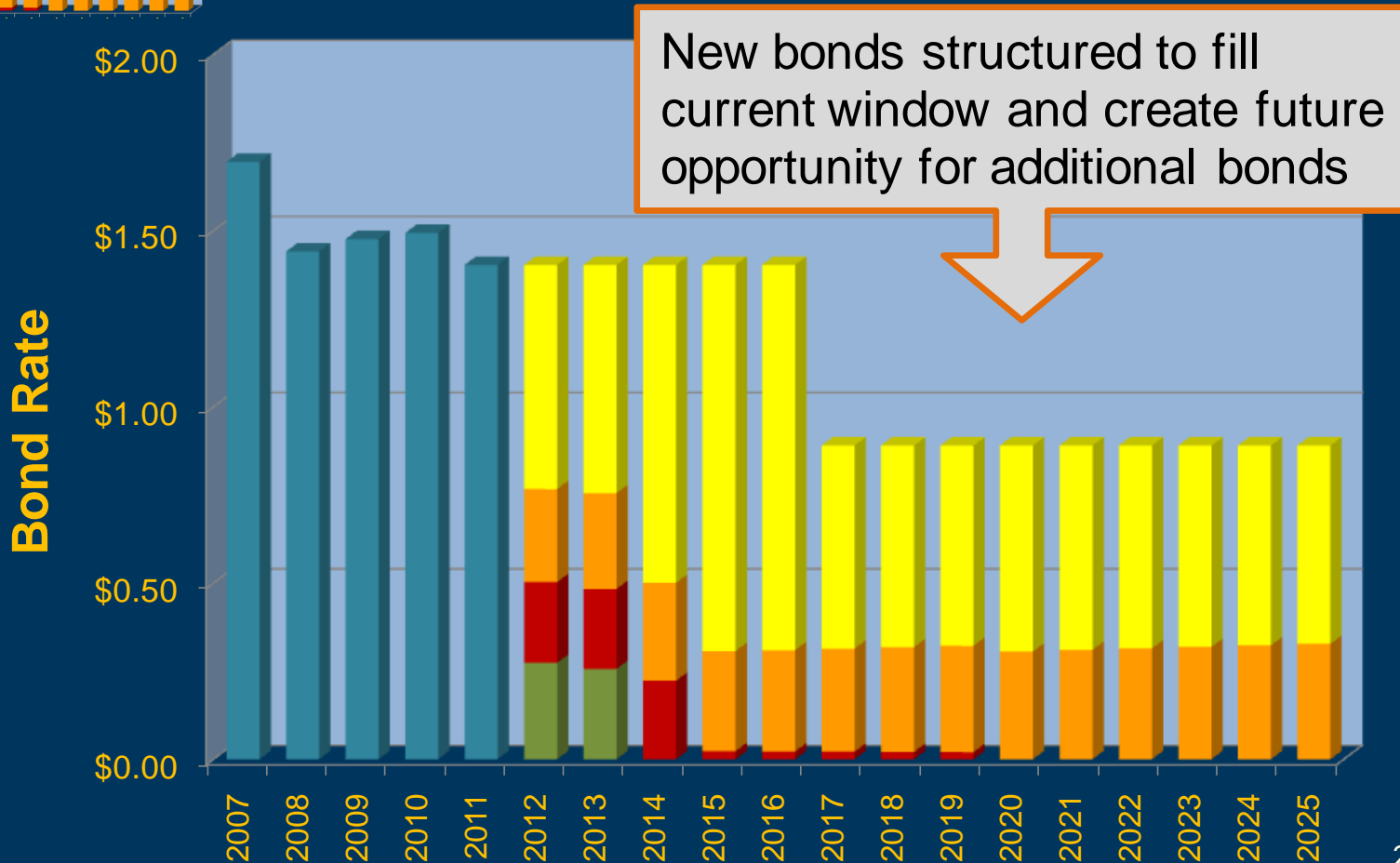
- ✓ **Levy Impact**
 - Level debt vs. level levy structures?
 - Focus on single issue or combined debt burden?
 - Future debt plans?

Examples of Structuring Options

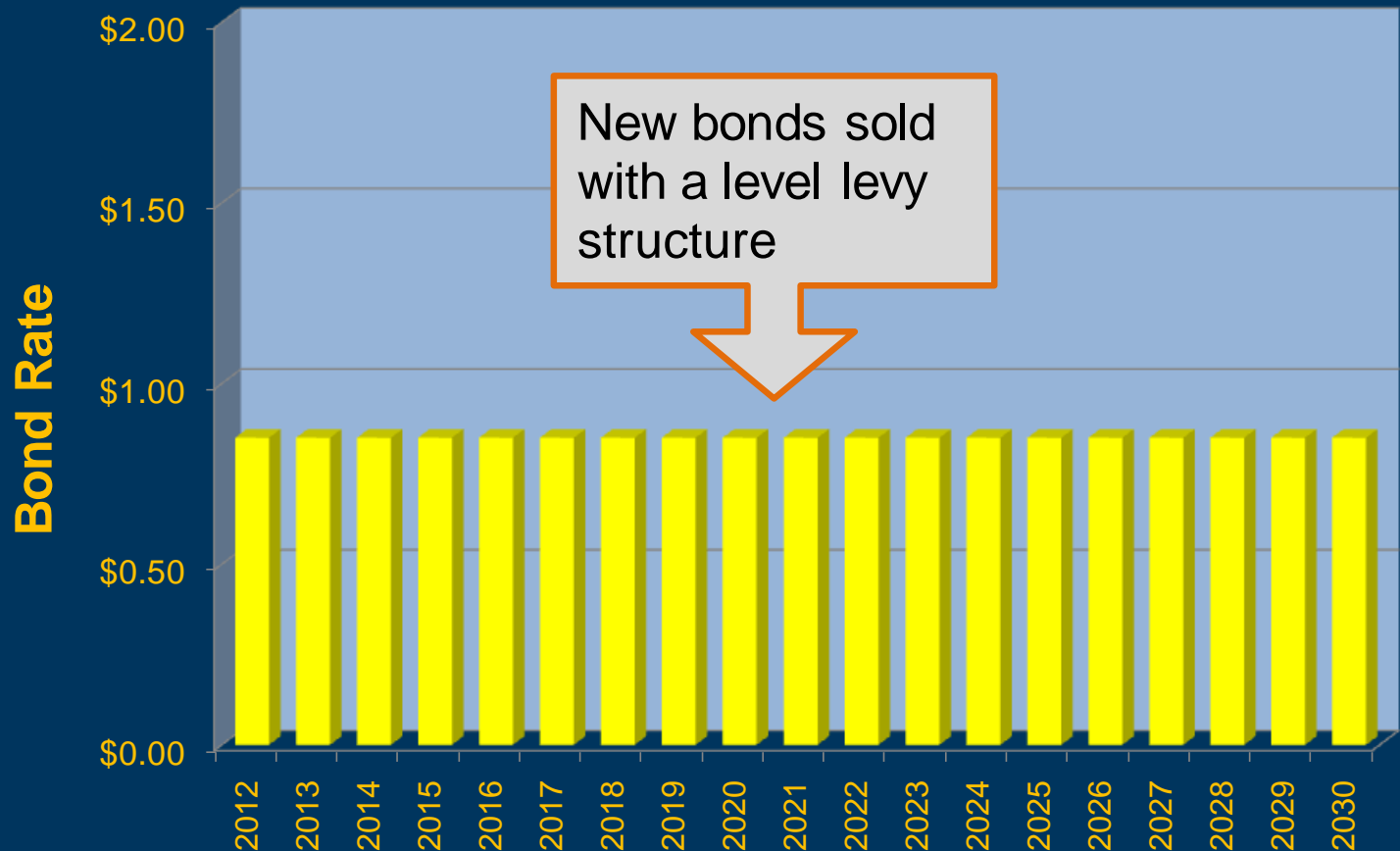


Structuring choices should fit your community's unique needs

Examples of Structuring Options



Examples of Structuring Options



I have the projects, the amount and the maturity. Now what?

Preparing the ballot title

- ✓ A GO ballot title consists of a caption (10 words), a question (20 words) and a summary (175 words).
- ✓ It provides for the issuance of a not-to-exceed amount of bonds over a not-to-exceed maturity to finance a set of identified projects.
- ✓ It authorizes an amount of bonds. It may not guarantee a \$ per thousand levy rate.
- ✓ There is also an explanatory statement in the voters' pamphlet that is limited to 500 words and if your county prepares a voters' pamphlet, must be filed at the same time as the ballot title.

Secretary of State Rules on Advocacy

- Equal access to public facilities
- No use of public equipment for promotion
- Public employee vs. elected officials
- Impartial statements in publications (including ballot title and explanatory statement)
 - No urging of yes or no vote
 - Dispassionate not enthusiastic
 - Factual information
 - No personal pronouns
 - Use "would" not "will"
 - Do not use "need", "best way", "same great", "request", "support for", and so forth that imply promotion
 - Do not use advocacy photographs or graphics or checkmarks

Secretary of State Advocacy Rules Link

- For further information go to http://www.sos.state.or.us/elections/publications/260.432_quickref.pdf and also to " 2008-Restrictions on Political Campaigning by Public Employees" issued by Bill Bradbury in March 2008

Election Schedule

Election Date	County Filing/ Voters' Pamphlet Deadline **	Ballots Mailed	Debt Service Levy Collected
March 13, 2012 *	January 12	February 24 - 28	
May 15, 2012	March 15	April 27 - May 1	FY 2013
September 18, 2012 *	July 19	Aug. 31 - Sept. 4	
November 6, 2012	September 6	October 19 - 23	
March 12, 2013*	January 13	Feb. 25 - March 1	FY 2014
May 21, 2013	March 12	April 24 - 28	
September 17, 2013*	July 18	Aug. 30 - Sept. 3	

*Subject to double majority provisions.

** When a City files a measure with the County, the ballot title challenge process must be completed and notice published in accordance with ORS 250.275C5.

- ✓ **Check with your County elections office to verify filing deadlines.**
- ✓ **All elections are by mail.**

Summary of Financial and Legal Concepts

- ✓ Major capital projects will almost always require borrowing.
- ✓ Finance team should be retained early to assist with finance plan.
- ✓ Verify your projects are allowable uses for general obligation bonds.
- ✓ Bond structures need not be “one size fits all.” Structure to your specific needs and opportunities.
- ✓ Set up investment procedures ahead of closing.
- ✓ Recognize you are issuing securities that are subject to state and federal securities and tax laws and ongoing disclosure responsibilities.

Part 3: Communicating for Success



Bob Lawrence, Consultant
One Move Ahead
www.onemoveahead.net
503-805-7169

Elements of Communication

WHAT YOU ARE COMMUNICATING

Connect with voters through the Heart, the Head or the Wallet to *make your message “stick.”*

Use Community Perception and Campaign Surveys to *determine the most effective messages.*

Use messages *consistently and repeatedly* in all communications with voters
Lincoln County

“Local contractors will be used for school construction.”

“Replacing worn out roofs and low efficiency heating/ventilation systems will protect the community’s investment in schools.”

“Energy improvements to existing schools will save the district in annual operating costs.”

“No tax increase; continue current school property tax rate of \$0.78/\$1000.”

May 2011 Elections Results

20 School District Measures on the Ballot

8 Local Option Measures

1 Won, 7 Lost - 12.5% winning percentage

Average winning percentage for a May Election: 32%

12 Bond Measures

5 Won, 7 Lost – 42% winning percentage

Average winning percentage for a May Election: 48%

Bond/Levy Readiness Evaluation

“ENGAGE – PLAN – INFORM – VOTE”

- o For governing bodies that have recently lost a bond/levy campaign or whose polling indicates the present success of such a measure is unlikely.**
- o Timeline is one to three years prior to the next election.**
- o The bond election campaign is the shortest part of the process.**

ENGAGE

- O Engage your staff in evaluating your needs**
- O Engage professional staff/consultants to develop costing proposals, possible alternatives and a timeline**
- O Conduct a Baseline Community Perception Survey**
- O Engage your community**

PLAN

- O Refine you plan based on initial engagement**
- O Re-engage your community**
- O Conduct a follow-up Community Perception Survey or Focus Groups**
- O Develop a bond/levy proposal, timeline and communications plan.**

INFORM

- O Re-engage your community**
- O Launch public information campaign around proposed education change/improvements**
- O Governing body approves bond**

VOTE

- O Launch Bond Election Campaign**
- O G-O-T-V**
- O Election Day**
- O Victory Celebration**

Post- Election Activities

WIN OR LOSE: THANK YOUR VOTERS

- Keep the conversations going after the vote.
- Utilize the communications tools and venues you developed for the campaign.
- Stay on message.
- Use Community Perception Surveys to monitor performance, satisfaction and needs.
- Continue the dialog with voters about the services/projects their vote pays for.
- Keep your audiences informed about construction budgets and projects.

Summary

- Use survey research to identify community needs, voter strength and messages.
- Get buy-in from your leadership about goals and objectives.
- Designate a campaign team, have a campaign plan and timeline.
- Know the difference between information and advocacy. What is permitted/prohibited by public employees while “on the clock.”
- Maintain message discipline.
- Win or lose: stay in touch with voters.

Money Measures: “In It to Win It”

Thank you for joining us today.

David Taylor, Seattle-Northwest Securities Corporation
503-275-8303 - www.snwsc.com

Ann Sherman, K&L Gates LLP
503-226-5720 - www.klgates.com

Melissa Martin, Public Affairs Counsel/The Nelson Report
503-363-7084 - www.pacounsel.org

Bob Lawrence, One Move Ahead
503-805-7169 - www.onemoveahead.net