



# PRESS RELEASE

## CITY OF SAN CLEMENTE

OFFICE OF THE CITY MANAGER  
JAMES MAKSHANOFF, CITY MANAGER

**Contact:** Erik Sund, Assistant City Manager  
(949) 361-8360, SundE@san-clemente.org

### FOR IMMEDIATE RELEASE

**San Clemente Councilmembers Introduce Motion at TCA Board Meeting for Independent Third-Party Audit and Suspension of All Consultant Contracts Until Audit is Complete-TCA Boardmembers Refuse to Discuss Evidence of Overbilling and Choose More Secret Meeting Instead**

March 14, 2019...San Clemente, California...At the first Board Meeting of the Transportation Corridor Agencies (TCA) following the shocking Los Angeles Times investigative report, San Clemente City Councilmembers and TCA Boardmembers Dan Bane and Laura Ferguson introduced a motion calling for an independent, third party audit of the TCA's consultant agreements. The motion further stated that while the audit was ongoing, all current consultant agreements be suspended until the results are made public. The TCA Board refused to even debate this motion and instead allowed the TCA to spend approximately \$750,000 for consultants for the months of March and April to do things like read the news at \$185 per hour.

Instead of allowing an independent third-party review the over \$10,000,000 in consultant invoices for the past 4 years, the TCA Board of Directors instead announced its referral to an Ad Hoc Contracts Committee, which was meeting today. When asked by TCA

Boardmember Bane if this Ad Hoc meeting of government officials was open to the public, he was informed that it was not. The TCA also claims that this meeting is not subject to the Brown Act or any other open meeting laws. It is even unclear who sits on this new secret Ad Hoc Committee. This item will be placed on the agenda for the next TCA Board meeting.

Furthermore, on Monday, TCA staff sent an email to all TCA Boardmembers stating that “TCA staff is working on a comprehensive media response and will update [Boardmembers] at Thursday’s Board meeting.” No report, including any comprehensive media response, was provided to TCA Boardmembers or the public at this meeting.

This past Monday, March 11, 2019, the Los Angeles Times posted a story titled “*While you sit in traffic, these tollway consultants charge the public \$185 an hour for reading news*” (<https://www.latimes.com/local/lanow/la-me-ln-toll-road-consultants-20190311-story.html>).

*This story states that billing records of the TCA show that:*

- Katie Pringle, a TCA consultant billed 28 hours in a single day;
- Venture Strategic, who has a \$1.8 Million annual contract with the TCA, received \$230,000 for more than 1,300 hours spent reading “emails of news from transportation stories; evaluate reporter perspectives” at up to \$185 an hour;
- LAB, another consultant, billed the TCA more than \$3,000 every month to compile news stories at \$90 an hour;
- TCA spent \$380,000 in one year for two micro-sites and small social media pages; and

- Venture Strategic received a \$21,000 a month flat fee retainer and then billed \$100 to \$185 an hour to complete the same tasks that are covered under the flat fee arrangement, effectively double-dipping on public funds.

When questioned about the large amount of hours that appear to have been inflated, Jeff Corless, the CEO of Venture Strategic, stated “Clearly [the Transportation Corridor Agencies] agrees as they approved the time.”

Overall, the TCA has spent over \$15,700,000 on consultants over the past few years. This includes payments of:

- \$5,890,977 to Venture Strategic since 2015;
- \$4,247,160 to Barrios and Associates;
- \$2,873,037 to Akin Gump;
- \$804,285 to Packard Government Affairs

“We introduced today’s motion for an independent outside audit in attempt to press pause on what appears gross fiscal mismanagement of the TCA,” said San Clemente Councilmember Dan Bane. “I didn’t believe that any rational person, especially one that has a fiduciary duty to protect taxpayer funds, would have rejected this attempt to find out exactly how staff and these highly-paid consultants have been spending public money. I hope my colleagues will join me in pursuing a third party audit and a halt to this wasteful spending at the April Board meeting. We as a Board must stand for transparency and fiscal oversight as this responsibility is ours alone.”

“As a new member of the TCA Board, I am amazed by what appears to have been years of no oversight as consultants have been paid millions and millions of dollars,” said

San Clemente Councilmember Laura Ferguson. “I was elected to be a taxpayer advocate and make sure that we do not allow for waste and abuse of governments funds. Until such time as a full and complete audit is completed, these consultant contracts should be suspended. When our consultants say that the bills must be okay because staff paid them, I think we need a wholesale review of our staff and our consultants.”

The following TCA Boardmembers voted against immediately discussing potential waste of public funds and the call for an independent third-party audit:

**San Joaquin Transportation Corridor Agency:** Chair Fred Minagar (Laguna Niguel), Vice-Chair Cynthia Connors (Laguna Woods), Lisa Bartlett (County of Orange, 5th District), Janine Heft (Laguna Hills), Patricia Kelley (Mission Viejo), Mike Munzing (Aliso Viejo), David Penaloza (Santa Ana), Christina Shea (Irvine) and Richard Viczorek.

**Foothill/Eastern Transportation Corridor Agency:** Chair Christina Shea (Irvine), Vice Chair Chuck Puckett (Tustin), Lucille Kring (Anaheim), Lisa Bartlett (County of Orange, 5th District), Doug Chaffee (County of Orange, 4th District), Peggy Huang (Yorba Linda), Patricia Kelley (Mission Viejo), Mark Murphy (Orange), Anthony Beall (Rancho Santa Margarita) and David Penaloza (Santa Ana)

**Contact:** Adam Englander – (310) 717-8311 or adam@ekapr.com

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