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While you sit in traffic, these tollway consultants charge the public \$185 an hour for reading news

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Transportation planners have turned to consultants to design outreach campaigns to sell skeptical Orange County residents on extending the Highway 241 toll road to ease traffic. (Los Angeles Times)

The warnings have been ominous for motorists winding their way to and from San Diego along a busy stretch of Interstate 5 in South Orange County — a future of crushing gridlock unless something drastic is done.

Transportation planners have been trying to sell skeptical residents for more than a decade on an extension of the Highway 241 toll road to help ease traffic.

To win public support for the extension or an alternative solution, the toll road agency has turned to consulting firms to wage a multimillion-dollar public outreach campaign.

But that spending is sparking questions about how the public agency is using the money.

San Clemente officials, fierce opponents of a proposal to extend the toll road through the beach town, obtained the consultants' billings through a public records lawsuit and have sharply criticized the payments to the high-priced, politically connected consultants.

Billing records reviewed by The Times show a consultant at one firm was paid for working 28 hours in a single day.

Another consulting firm received nearly \$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, the records show. Meanwhile, the authority paid yet another consultant more than \$3,000 a month to compile news stories at \$90 an hour, according to the bills.

Some digital media experts questioned a \$380,000 budget in one year to produce content for two small websites and social media accounts for the tollway authority, as well as marketing to specific audiences, saying such work should cost far less.

San Clemente City Manager James Makshanoff said some of the charges the lawsuit unearthed "defy belief" and called for an independent outside audit "to determine how much these consultants have been overpaid and why there appears to have been little to no oversight of these bills by the management."

Jeff Corless, chief executive and president of the firm that has received the most money, Venture Strategic Inc., said some costs were incurred from tracking and responding to misinformation put out by San Clemente and a flood of emails he said the city had encouraged people to send.

“Their method is to tear down and destroy and spread misinformation and create confusion,” Corless said.

His colleague, Alex Avetoom, said the source of the problem was an “antagonizing” campaign waged by San Clemente’s own consulting firm, Los Angeles-based Englander, Knabe & Allen, which had lost out to Venture Strategic in bidding for the tollway agency’s contract.

The firm’s strategic proposal to San Clemente invoked Sun Tzu’s “The Art of War” in explaining how it would battle the toll road extension, and mentioned filing public records requests for consultants’ fees as one of its weapons. City records show the firm in late 2017 was paid nearly \$100,000.

Adam Englander, a partner, said the firm didn’t start working for the city until early 2018 so it can’t be blamed for the tollway’s spending before then. He called it “pathetic” to point the finger at his firm for helping uncover “lobbyists who appear to have been ripping off a public agency.”

Late last month, after The Times asked about the spending, the Transportation Corridor Agencies announced that a “routine audit” had identified some double-billings, but that the lead consultant had actually underbilled, leaving the agency owing more than \$4,500.

The joint authority’s chief strategy officer, Mike Chesney, defended the consultants’ work as essential to “help us navigate” the controversies that have plagued the project. He said the firms have been effective in engaging the public in the agency’s planning.

The spending, Chesney said, “reflects a tremendous amount of work that we’re coordinating with them on.” He said he reviews the invoices and has caught duplicate billings but couldn’t recall specific examples.

The tollway agency oversees the toll roads network that spans from South Orange County to Yorba Linda and the Riverside freeway. It is funded by a mix of housing developer fees and the roughly 325,000 daily tolls paid by the roads’ drivers. Its board of directors is made up of elected council members from more than half of Orange County cities, as well as a majority of county supervisors.

A long-running proposal to build the extension through San Onofre State Beach was abandoned in 2016 after the agency settled lawsuits with a coalition that included the state attorney general’s office. Alternative plans for the road to cut through San Clemente have drawn intense backlash from city leaders and residents.

In 2015, the tollway agency approved a nearly \$500,000 eight-month contract with Corless’ firm for public relations that include enhancing support for extending the 241. Corless was a political consultant to the successful 2014 election campaign of County Supervisor Lisa Bartlett, who sits on the authority’s board of directors. In 2016, the tollway contract with his business, Venture Strategic, grew to up to \$1.8 million annually.

The firm is subcontracting some of its strategic planning to Curt Pringle & Associates, which has a separate contract with the tollway agency for overall “long-range visioning.” Pringle, a Republican political consultant, served as assembly speaker and Anaheim’s mayor.

It was his daughter, Katie Pringle, who was listed on a 2016 invoice from Venture Strategic charging for 28 hours she supposedly worked in a single day. Amy Potter, the tollway agency’s chief financial officer, said the audit found that the firm had double-billed for 14 hours worked by Pringle that day.

Curt Pringle said he was surprised to see the double-billing and that his firm had not been reviewing Venture Strategic's invoices to make sure his staff's time was being reflected accurately, but would do so from now on.



Proposals to extend the 241 toll road through San Clemente. (Transportation Corridor Agencies)

Invoices reviewed by The Times cover December 2015 through December 2018. Venture Strategic's fees start with a flat \$21,000 a-month retainer for some general tasks, including "strategy meetings" and "real time planning" for "specific stakeholder outreach."

The firm charges between \$100 and \$185 an hour for additional tasks, though its general descriptions for many of those hours — such as meetings about "stakeholder outreach" — appear similar to the type of work covered by the retainer agreement.

Corless and Chesney said the consultants conduct a lot of work under the agreement without seeking hourly payments.

Pressed about specific bills, Chesney said he was unsure of the exact work that was described as “review TCA emails of news from transportation stories; evaluate reporter perspectives.” He disputed that consultants were being paid to read news stories under that billing entry.

“I know that’s not what it is,” Chesney said.

But Venture Strategic consultant Nico Melendez said it was. He said he needed to keep abreast of transportation news from around the country.

Still, he struggled to explain some of his own billing.

In a single day in 2017, he worked seven hours reading news at \$175 an hour, according to one invoice. But Melendez said in an interview that his time sheet showed he spent only two hours that day reading news.

Corless later said the seven hours were for Melendez reading news all week. But the same invoice charged \$1,050 for six hours of reading news on another day earlier that same week.

Corless said he saw no problems with the invoices. “Clearly [the Transportation Corridor Agencies] agrees as they approved the time,” he said.

Many of the bills submitted by his firm were for consultants talking to fellow consultants.

One eight-hour meeting of 10 Venture Strategic consultants cost nearly \$14,000.

The firm’s contract allowed up to \$380,000 in fiscal year 2017-18 for “digital communications” that includes “micro targeting” to specific audiences, maintaining social media pages on Twitter, Instagram and Facebook, and

updating two existing websites affiliated with the tollway agency — howsthehive.com and getmovingoc.com.

Nadeem Mazen, chief executive of a boutique digital content creation firm, said there can be wide variances in the industry but the contract price appeared to be “highly inflated” and that the only way to defend it would be billing many hours for tasks not specified in the budget.

The most popular tollway social media account run by Venture Strategic has fewer than 7,800 followers. Mazen said a six-figure contract should buy social media pages that rise to social influencer status — somewhere in the neighborhood of 150,000 followers.

“Unless you’re just pouring money into the ocean,” he said.

Marcy Rye, founder of the Marina del Rey website design company Wire Media, said she reviewed the content on the two websites and their social media. She said it was all “simple stuff.”

The price “seems quite excessive to me,” Rye said.

Erik Brown, president of DMI Direct, the subcontractor that created the digital content, said a tremendous amount of planning went into designing the content and that numerous tasks were done beyond the two websites and social media.

“We have ... provided good value and good service,” Brown said. “Any claim to the contrary is unfounded.”

A toll roads spokesperson said more than 1,300 hours billed for digital work between August and November 2017 — a total cost of more than \$173,000 — was spent writing responses to hundreds of people who commented at a public forum and posting answers to common questions online.

Ultimately, spending on digital communications for the fiscal year totaled nearly \$338,000, the records show, below the \$380,000 budget cap. The current contract has a digital budget of \$225,000, according to the bills.

When the contract was up for renewal at the board's June meeting last year, San Juan Capistrano Mayor Brian Maryott, who also sits on the tollway agency's board of directors, said the team of consultants was being paid a "pretty sizable sum" but had failed to quell opposition to the 241 extension.

"It's an absolute failure," Maryott said.

Irvine Councilwoman Christina Shea chastised Maryott and others for their criticism.

"I think it's just inappropriate that we're publicly trying to humiliate our consultants," Shea said.

The contract was approved in a single voice vote, with no roll call.