STRATEGIC CONSULTING PROPOSAL

Thank you for this opportunity to present a proposal for your consideration. Englander Knabe & Allen (EKA) is uniquely qualified to serve as consultants to the City of San Clemente in its opposition to the proposed Transportation Corridor Agencies (TCA) toll road extension options that will significantly and negatively impact your City.

Preface

Many organizations believe that Sun Tzu's "The Art of War" is the pre-eminent textbook when preparing to go to war. We agree. However, most firms only read Lesson One: "*Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.*" While the senior personnel at EKA strongly believe in this lesson, we also believe that adhering to Sun Tzu's other lessons are critical to success. For example:

Lesson Two: *"If you know the enemy and know yourself, you need not fear the result of a hundred battles."* At EKA, this means performing research.

Lesson Four: *The general who wins the battle makes many calculations in his temple before the battle is fought."* At EKA, this means having contingency plans and understanding that every action we undertake for our clients will have a reaction by our opponents.

Lesson Six: *The quality of decision is like the well-timed swoop of a falcon which enables it to strike and destroy its victim."* At EKA, this means that having a well thought out timetable enables us to be offensive in our activities and be prepared to take a "kill-shot" when the opportunity is presented.

Lesson Eight: *"You have to believe in yourself."* At EKA, this means that we are going to be as committed to our Client's success as they are.

Overview

The over-arching theory of this proposal is to engage in a campaign to educate Orange County citizens about the credibility of the settlement that the Foothill/Eastern Transportation Corridor Agency (TCA) cut with some environmental groups in November 2016 to "save Trestles." In addition, the campaign will also educate Orange County citizens about the TCA itself

with the ultimate goal of either having the TCA agree to a toll road route with minimal if any impact on San Clemente, or in the alternative, to cancel the project.

Greenfield construction of new transportation facilities being pursued by the TCA can be extremely challenging under the best of circumstances for a myriad of reasons. For TCA, this is compounded by what currently appears to be very low public support for their activities combined with high profile and negative media coverage and leadership challenges at TCA itself.

We also recognize that traffic volumes and utilization of TCA's toll roads continue to put financial pressure on its ability to pay off debt and continue to efficiently operate the toll road system.

At a broader level, EKA understands that traffic congestion and congestion relief continue to be among the most important issues for the public throughout the region. We believe there is an opportunity to link the public's dissatisfaction with congestion and with the lack of real benefits to South Orange County residents of the potential toll road routes.

Because the TCA's primary challenge throughout its' history has been earning public support for their activities, the path to success is to increase public antagonism towards the agency; its' Board of Directors within their home cities, taxpayers and even some environmental groups.

Issues

We believe that there are a number of issues that can be raised in various formats that will decrease support for a project that despoils San Clemente and overall reduces support for a toll road in the area. Among the ideas that we would want to consider as strategy is being developed are:

1. **Litigation:** We believe that there may be cause for either a taxpayer or City sponsored lawsuit against the Trestles settlement. Amplifying the litigation will be a lingering question about the TCA's paying $30 million to settle a lawsuit where the recipients have no financial damages and the funds are a bribe for silencing their opposition to other routes that may be equally or more damaging to the environment than the Trestles plan.

2. **Build a Tunnel:** The tunnel alternative for the 710 North freeway was deemed by the staff following a $40 million dollar, multi-year study as the best plan for the completion of that route. Demanding a similar study is both time-consuming and a heavy expenditure on an agency that already has financial problems. It also opens the door as a salient point for CEQA litigation that it was not studied.

3. **Potential Legislation:** Research should be conducted as to whether legislation could be introduced to reduce further bonding authority for the TCA.

4. **Cost Benefit Analysis:** Stakeholders should demand a CBA with a shorter time horizon (e.g. 10 years) to justify whether or not the toll road extension makes economic sense given the huge cost.

5. **Independent Traffic Analysis:** TCA's studies show an 8-20% traffic improvement. That is a wide margin and we should demand an independent analysis.

6. **San Diego Challenge:** San Diego County voters have already voted to not fund their share of the toll road expansion. Why should Orange County taxpayers be burdened with building a system that will benefit traffic coming up from San Diego without their participation in financing this regional traffic improvement?

7. **CPRA Requests:** Regular requests under the California Public Records Act should be made for staff and consultant salaries, consulting costs, and other expenditures.

8. **Follow The Money:** Which environmental groups are not receiving a share of the $30 million dollar settlement who would be willing to step up to oppose any plan that puts a toll road through open space in San Clemente.

Recommended Approach

We envision running this engagement like a "campaign," designed specifically at moving stakeholder sentiment against TCA's plans in and around San Clemente so that various projects are studied and litigated for decades in the same type of campaign that was utilized to kill the 710 North freeway completion in Los Angeles County. Our use of the term "campaign" refers to a holistic communications approach with message targeting to educate local and regional audiences

Traditional outreach programs tend to use a universal set of messages across a broad audience. We propose to conduct research that will enable us to communicate messages that will inform and validate how and to what degree conceptual messaging i.e. disturbing valuable open space, continued gridlock, no mobility increase, wasted taxpayer money and reduced air quality versus alternative or complementary messaging such as targeted messaging for specific

engagement will include several communications tactics such as community meetings and forums, direct mail, social media, paid advertising, third-party validators, editorial board meetings, etc.

At the conclusion of the research phase, EKA will provide a comprehensive assessment summarizing our outreach efforts and polling data and will provide recommendations to the City on next steps.

Conclusion

EKA believes that success is based upon a collaborative effort that focuses on specific goals with specific deliverables. Because we don't have a plan, we cannot at this time provide a timetable or budget to implement the plan that will be developed beyond the initial strategy development phase.

The Work Plan and Strategy Development Phase will take approximately 60 days. The budget for this activity is as follows:

	Minimum	Maximum
Englander Knabe & Allen	$45,000	$45,000
Mike Roos & Co.	$12,500	$12,500
Probolsky Research*	$29,700	$39,650
5% Contingency/Expenses	$ 4,360	$ 4,850
Total	$91,560	$102,000

Research Option:
Minimum: Up to 25 questions, 400 Respondents, English, Spanish, Vietnamese (+/-5%)
Maximum: Up to 35 questions, 400 Respondents, English, Spanish, Vietnamese (+/-5%)

We are happy to meet with a sub-committee of the Council and with the entire Council in the appropriate forum.

Thank you for your consideration.