



# Council Agenda Report

From: Warren Frace, Community Development Director

Subject: Caltrans Lobbyist Consultant – Gus Khouri  
Authorize Contracts with Khouri Consulting for a comprehensive lobbying program regarding Caltrans permitting policies within the City

Date: November 7, 2017

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## Facts

1. The City of Paso Robles is divided by US 101, SR 46 East and SR 46 West which are all State Highways under the jurisdiction of Caltrans District 5.
2. The City has worked with Caltrans on numerous studies and programs to address traffic and circulations issues on SR 46 East including:
  - a. 1964 - 46 East Freeway Agreement
  - b. 2001 - 46 East Corridor Study
  - c. 2003 - Route 46 Corridor Improvement Project
  - d. 2007 - Caltrans Freeway Requirement letter
  - e. 2008 - 46E Parallel Route Study
  - f. 2009 - SR 46 Corridor System Management Plan
  - g. 2009 - 46E Comprehensive Corridor Study (CCS)
  - h. 2010 – 46E / Union Road PID
  - i. 2011 - Circulation Element Update
  - j. 2014 - 46E / Union Road PSR
  - k. 2015 - 46E / Union Road PAED
  - l. 2017 - 46 Concept Plan (TCR)
3. Despite the dozen studies and programs, there remains significant disagreement between the City and Caltrans regarding how 46 East should be improved in the future.
4. The City hired Khouri Consulting in early 2017 to provide an outside assessment of the issues dividing the City and Caltrans.
5. Khouri Consulting set up a number of meetings and prepared a strategy outline to address areas of disagreement.
6. In order to implement this strategy, a long term contract with Khouri Consulting will be necessary.
7. The City's Purchasing Manual provides for the "sole source" of professional services when it can be determined by the City Council that it is in the best interest of the City to do so.
8. Khouri Consulting has unique experience with transportation related lobbying efforts within Caltrans District 5 and in Sacramento.

## Options

1. Take no action.
2. Authorize initiation of a comprehensive lobbying program regarding Caltrans permitting policy within the City by authorizing the City Manager to execute a contract with Khouri Consulting.
3. Refer back to staff for additional analysis.

**Analysis & Conclusion**

Khouri Consulting Proposal.

Khouri Consulting is proposing the following strategy to address Caltrans permitting policy within the City:

1. Set up either an in-person meeting or conference call to ensure that we gather all of the necessary information on issues relating to Highway 46 within the City and proceed on your behalf.
2. Finalize a strategy to effectively lobby City interests
3. Set up meetings with Caltrans, CHP, CTC, California State Transportation Agency (CalSTA), Governor’s office, and legislative delegation if necessary, in order to help influence a favorable outcome on Highway 46 for the City of El Paso De Robles.
4. Drafting letters and talking points as necessary and testify on the City’s behalf at hearings before legislative committees, as directed.
5. Work with other agencies and organizations to develop support for our policies, such as participation in coalition efforts to generate support.
6. Maintain regular phone and email communication with your designated key staff.

Based on staff’s previous experience working with Khouri Consulting, the proposal strategy will be a useful tool to address issues with Caltrans.

**Fiscal Impact**

The proposed contract covers the remainder of fiscal year 2017-18 at a cost of \$5,000 per month.

<b>· 8 months of consulting services</b>	<b>\$40,000</b>
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In order to fund this effort, an additional appropriation of \$40,000 is needed. The Traffic Mitigation Development Fund has approximately \$4.5 million of unappropriated reserves and is an appropriate source to cover the cost of this contract.

**Recommendation**

Option 2: Authorize initiation of a comprehensive lobbying program regarding Caltrans permitting policy within the City by appropriating \$40,000 from the Traffic Mitigation Development Fund and authorizing the City Manager to execute a contract with Khouri Consulting.

**Attachments**

1. Khouri Consulting Statement of Qualifications
2. Draft Resolution 17-xxx – Khouri Consulting Contract Authorization
  - a. Exhibit A - Proposal from Khouri Consulting

# Attachment 1: Khouri Consulting SOQ

## Consultant Background

*Khouri Consulting* is a sole proprietorship, certified with the State of California as a small business enterprise (SBE# 1783928), providing comprehensive, high-caliber legislative advocacy and consulting services to a broad range of clients, with a particular specialization in the transportation arena. We are just steps away from the State Capitol, in the prestigious Esquire Building located at 1215 K Street, Suite 1700. Our office has a large conference room, business lounge, kitchen, and is well equipped with high-speed Wi-Fi and telephonic capabilities.

The firm, which was established in 2013, has one legislative assistant and two administrative assistants to accommodate our clients' **needs**. We are registered with the Fair Political Practices Commission (FPPC) to lobby state government for various clients consisting of primarily local government and transportation entities.

With over 20 years of experience, Khouri Consulting currently provides legislative advocacy and consulting services for 15 county transportation planning agencies including the Central Coast Coalition (CCC) (Monterey, San Benito, San Luis Obispo, San Benito, Santa Barbara), San Joaquin Valley Policy Council (SJVPC) (Fresno, Kern, Kings, Madera, Merced, Stanislaus, San Joaquin, and Tulare), Santa Barbara County Association of Governments (SBCAG), San Luis Obispo Council of Governments (SLOCOG), San Mateo County Transportation Authority (SMCTA), Stanislaus Council of Governments (StanCOG), Transportation Agency for Monterey County (TAMC), and Transportation Authority of Marin (TAM). The firm has also had successful short-term contracts representing the City/County Association of Governments of San Mateo County (C/CAG), City of San Carlos, and City of Seal Beach.

**We proactively work with each entity's legislative delegation in advocating for the passage or defeat legislation, and excel at identifying and delivering on funding opportunities for opportunities for our clients.** In fact, we have helped deliver over \$70 billion worth of funding over the past decade through various transportation funding programs for our clients.

## Experience

Khouri Consulting specializes in lobbying for regional transportation planning agencies, public transit districts, which includes securing infrastructure funding, and general local government issues. Gus Khouri consistently has a seat at the table, especially when it comes to issues revolving around transportation funding for regional transportation planning agencies and policy issues. This is due to a long-track record of delivering on major transportation funding and policy proposals. Very few firms can make that claim.

We enjoy a reputation among legislators, staff, and peers as one of the hardest working, honest, and most effective lobbying firms in Sacramento. This is because we spend much of our time in the Capitol and before regulatory bodies making direct contact with legislators, staff, and others.

We enjoy regular access to and success in working with the leadership of both parties and both Houses of the California Legislature, state agencies and the Governor's Administration. Our connections and access to the Brown **Administration extend to the Governor's Legislative Office** (commonly referred to as the "The Horseshoe"), California Air Resources Board, Caltrans, California State Transportation Agency, California Transportation Commission, Department of

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Finance, California High-Speed Rail Authority, **Resources Agency, State Controller's office,** and other boards, departments and offices, as well as the Assembly and Senate Transportation Local Government, Revenue and Taxation, and Transportation Committees, among others.

Gus Khouri originally honed his local agency advocacy experience working with clients including the California Transit Association, C/CAG, City/County of San Francisco, Fresno County Transportation Authority (FCTA), Peninsula Corridor Joint Powers Board (Caltrain), San Mateo County Transit District (SamTrans), SMCTA, Solano Transportation Authority (STA), and the Tulare County Association of Governments (TCAG).

As a result, Gus Khouri has been involved in every major transportation policy development or funding issue in Sacramento over the past two decades. Past highlights include: participation in the Traffic Congestion Relief Act of 2000 and Proposition 42, which dedicated the sales tax on gasoline to a variety of transportation programs and projects; working with legislative leadership to help craft the language Proposition 1B (SB 1266, Chapter 25, Statutes of 2006); positioning the interests of clients in the acquisition of funding from various Proposition 1B programs (examples below); negotiating on **the "gas tax swap" (AB 6 and 9, 8<sup>th</sup> Extraordinary Session of 2009)** to protect and provide additional funding for highways and transit.

As the former Legislative Director for the California Transit Association, he was primarily **responsible for developing strategies and executing on the Association's annual legislative** platform, as well as helping to create material, secure meetings and speakers for **the Association's** Lobby Day, Spring Legislative Conference, and Fall Conference. He was heavily relied upon in other key Association meetings and committees that were orchestrated by the Executive Director over his seven-year tenure.

That role has allowed him to become an expert on transit funding and deliver on key objectives for the Association. In 2007, when then-Governor Schwarzenegger attempted to eliminate state funding for public transportation, Mr. Khouri helped broker a deal to restore and increase funding for operations (a minimum guarantee of \$350 million statewide through revenue made available by the increase of the sales tax on diesel which is deposited into the State Transit Assistance program) while still allowing for the state to realize General Fund savings to pay down bond debt service. The lack of a deal would have jeopardized nearly 40,000 jobs for transit bus drivers and train operators statewide.

In addition, he has been trusted by Caltrans to develop the methodology for administering \$3.6 billion in transit capital projects and rolling stock purchases (AB 1072, Chapter 271, Statutes of 2009 and the subsequent guidelines) and is regularly consulted on funding for highways and transit programs by Caltrans and the California Transportation Commission (CTC). Gus has routinely staffed additional legislation such as AB 372, Chapter 262, Statutes of 2006, and AB 729, Chapter 466, Statutes of 2009, which extended design-build authority for transit properties.

Mr. Khouri also secured the deciding votes on, SB 1029 (Leno), Chapter 152, Statutes of 2009, which appropriates \$8 billion of Proposition 1A for high-speed rail, as well as SB 862 (Budget), Chapter 36, Statutes of 2014. He also participated in the drafting of Proposition 22, which protected

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transit funding, among other things, from being raided by the General Fund. He also coordinated with the legislature on MAP-21 implementation.

Despite the aforementioned accomplishments, state funding for transportation remained precarious given the maturation of Proposition 1B, which provided one-time funding. Traditional solutions such as indexing or increasing the gas tax (an adjustment had not occurred since 1994), passing another bond measure, increasing the vehicle license fee, or lowering the vote threshold for local sales tax measures all poll poorly with the electorate.

The lack or unreliability of state funding (failure to index the gas tax reduced its buying power as has the prevalence of zero emission vehicles, which do not use petroleum as an energy source) made it difficult for most regional transportation planning agencies (especially those without a local sales tax measure) to address the maintenance of existing infrastructure, let alone congestion management and mobility needs. This had not stopped the state however from passing unfunded mandates such as AB 32 and SB 375 requiring metropolitan planning organizations to meet greenhouse gas emission reduction targets and have a reduced footprint between housing and transportation.

The legislature failed to approve a transportation funding package during the 2015-16 Extraordinary Session on Transportation that was called by Governor Brown, primarily due to the sole reliance on regressive revenue generators, such as the gas tax and a flat vehicle registration fee, and the sole focus on maintenance and rehabilitation of local streets and roads needs and highways (**"Fix It First"**). Concurrently, the CTC was asking for regional transportation agencies to develop an allocation plan as it sought to cut the STIP by \$754 million due to the volatility of the price-based portion of the gas tax.

Mr. Khouri was initially the sole advocate pushing for restoration of the State Transportation Improvement Program (STIP) **in what was originally supposed to be only a "Fix It First" package**. The STIP is critical because it allows locals flexibility in addressing congestion management and safety needs on the state highway system or funding public transportation, bicycle and pedestrian programs, and reducing greenhouse gas emissions. In our opinion, it was the last thing that should have been cut. Our advocacy set the stage for a conversation going into 2017 on a more global fix for transportation funding.

This Spring, Gus Khouri worked closely with the Brown Administration and several legislators, particularly Assembly Member Adam Gray and Senator Anthony Cannella, to craft and secure the deciding votes on SB1 (Beall), a \$5.2 billion annual transportation-funding package for highways, local streets and roads, and public transit, including commuter and intercity rail. His contributions included the foundational development and insertion of the annual \$1.6 billion Transportation Improvement Fee (a vehicle registration fee based on the market value of a vehicle) that led to funding the \$250 million Solutions for Congested Corridors Program, and infusion of \$350 million for public transit, among other things; advocacy for the creation of a dedicated pot of funding for commuter and intercity rail, which resulted in the imposition of a .5% sales tax on diesel (\$37 million annually) to fund the program; and advocacy for restoration of \$1.1 billion to the STIP. SB 1 would not have been approved without these additions.

# Attachment 1: Khouri Consulting SOQ

## Résumés of Key Personnel

Our credentials are primarily highlighted above under the *Team Experience* section; however, please see below for a short resume of key personnel.

### Principal Advocate



With 20 years of experience, Gus Khouri is **Sacramento's leading** transportation advocate. Gus Khouri has been involved in every major transportation policy development or funding issue in Sacramento over that period.

He served in the Legislature for seven years, most recently as a Senior Consultant to the Assembly Transportation Committee. Mr. Khouri has earned a well-respected reputation for finding solutions for complex issues on a bipartisan basis. Mr. Khouri was the Assembly Transportation

**Committee's point person on negotiations with respect to the 2006 Transportation Infrastructure Bond package (Propositions 1A and 1B).** In addition, Mr. Khouri assisted in crafting language for the completion of the San Francisco-Oakland Bay Bridge re-financing deal.

Gus holds a Master of Arts degree in Government, from the California State University at Sacramento, as well as a Bachelor of Arts degree in Political Science, from University of the Pacific. **In 2006, he was named "Up and Coming Lobbyist" by *Capitol Weekly*.** He is affiliated with the California League of Cities, California State Association of Counties, and Self-Help Counties Coalition.

Gus Khouri will be assigned as the day-to-day contact for the contract.

## Project Examples and References

Santa Barbara County Association of Governments (SBCAG)  
260 N. San Antonio Road, Suite B  
Santa Barbara, CA 93110  
Marjie Kirn, Executive Director  
(209) 261-6425

### Accomplishments

- Negotiated the agreement for the extension of LOSSAN Intercity rail service through the county and a commitment for the state to contribute towards completing Phase 4 of the 101 Widening Project through proceeds realized through the enactment of SB 1, Chapter 5, Statutes of 2017.
- **Lobbied for the inclusion of the 101 in the Governor's letters to the Trump Administration to highlight the 101 corridor as only one of 8 highways projects nominated for expedited environmentally review and only one of 16 (out of an original list of 250) as a preferred candidate for federal investment.**

# Attachment 1: Khouri Consulting SOQ

- Obtained a commitment from Caltrans in May of 2016 to retain funding in the ITIP for Phase 4 (final phase) of the Highway 101 Widening Project, despite a \$754 million reduction to the STIP program.
- Acquired \$60 million in January of 2016 for Phase 3 of the Highway 101 Widening Project through an allocation plan by the CTC. The project was only one of four projects funded statewide due to an adjustment made to the STIP program as a result of the Board of Equalization adjustment to account for the reduction of the price-based portion of the gas tax.
- Successfully acquired \$31.6 million from the Proposition 1B Corridor Mobility Improvement Account (CMIA) program to complete the funding gap for the Santa Maria River Bridge Widening project.
- Acquired \$6.1 million for the Union Valley Parkway project.
- Successfully advocated for the passage of SB 1225 (Padilla), Chapter 802, Statutes of 2012, which authorizes Caltrans to enter into an interagency transfer agreement with a joint powers authority, such as Metrolink for the administration of intercity rail passenger service. SBCAG supported the bill because of the potential to increase service into the county.
- Secured commitments from the California Transportation Commission to host Town Hall meetings in Santa Barbara (October 2011), Santa Cruz (October 2012), and San Luis Obispo (September 2013), which has helped raise the visibility and importance of the Highway 101 corridor and resulted in additional investments by the commission.
- Helped coordinate activities with the California Highway Patrol and Caltrans to provide investments to improve safety along the Highway 154 corridor, including additional enforcement and road improvements.

San Mateo County Transportation Authority (SMCTA)  
1250 San Carlos Avenue  
San Carlos, CA 94070  
Seamus Murphy, Chief Communications Officer  
(650) 508-6388

## Accomplishments

- Modified the terms of a contract established in 1994 between Caltrans and SamTrans to reflect deferment (until 2014) of the \$3.5 million loan owed to Caltrans by the SMCTA resulting from the Dumbarton Rail Bridge Corridor purchase agreement.
- Successfully lobbied the passage of SB 705 (Hill), Chapter 579, Statutes of 2015, which allows an exemption to the current two-percent local sales tax cap in order for SMCTA to pursue a .5% sales tax measure for transportation.
- Acquired \$9 million in Proposition 1B Highway Railroad Crossing Safety Account for San Mateo Bridges Grade Separation Project, Phase 2.
- Enactment of legislation raising the general manager's authority to contract for goods and services without governing board action, from \$50,000 to \$100,000 (AB 117, Chapter 408, Statutes of 2009).
- Secured an ongoing allocation of 25 percent of all Cap and Trade funding for sustainable communities and transit.

# Attachment 1: Khouri Consulting SOQ

- Secured the remaining appropriation of \$1 billion in Proposition 1B capital funds for transit and intercity rail.
- Successful passage of SB 1433 (Hill) and SB 785 (Wolk) authorizing the continued use of design-build for the Caltrain electrification project.
- Secured a total appropriation of \$706 million in Proposition 1A High-Speed Rail funds for the Caltrain Modernization Program.
- Successfully lobbied for the enactment of SB 705 (Hill), Chapter 579, Statutes of 2015, which created an exemption from the local sales tax cap for San Mateo and Monterey County to create capacity for pursuing a transportation sales tax measure.
- Secured the deciding votes on passage of SB 595 (Beall), Chapter 650, Statutes of 2017, which allows the Metropolitan Transportation Commission to place a measure before voters in all nine Bay Area Counties to raise state owned bridge tolls within the region by up to \$3, which would result in a \$4.45 billion investment for various transportation projects. If approved by voters, San Mateo (which also operates Caltrain) is positioned to receive \$605 million in investments (\$325 million for Caltrain Downtown Extension, Transbay Terminal Phase 2; \$100 million for San Jose Diridon Station; \$130 million for Dumbarton Transportation Corridor Improvements; \$50 million for the Highway 101/92 Interchange) and as well as other competitive programs (\$300 million for express lanes, which the 101 managed lanes project qualifies for and \$20 million regional express buses) that provide countywide and regional priorities. We also inserted language allowing for a countywide high-occupancy toll lane network.
- Advocated for the passage of AB 1613 (Mullin), Chapter 231, Statutes of 2017, which allows the San Mateo County Transit District to use the .5% capacity created by SB 705, to pursue a local sales tax.
- Advocated for the passage of SB 797 (Hill), Chapter 653, Statutes of 2017, which allows Caltrain to pursue a 1/8-cent sales tax.

Transportation Authority of Marin  
781 Lincoln Avenue, Suite 160  
San Rafael, CA 94901  
David Chan, Manager of Programming and Legislation  
(415) 226-0821

## Accomplishments

- Secured \$82 million from the Corridor Mobility Improvement Account (CMIA) within Proposition 1B for the Marin-Sonoma Narrows highway project.
- Secured \$20 million from the CMIA for the Westbound I-580/101 interchange connector project in Marin County.
- Acquired \$10 million in funding for the Sonoma-Marín Area Rail Transit (SMART) for Phase 1.
- Secured the deciding votes on passage of SB 595 (Beall), Chapter 650, Statutes of 2017, which allows the Metropolitan Transportation Commission to place a measure before voters in all nine Bay Area Counties to raise state owned bridge tolls within the region by up to \$3, which would result in a \$4.45 billion investment for various transportation projects. For Marin, this would result in \$460 million of direct investment (Richmond-San Rafael Access Improvements - \$210 million; Marin-Sonoma Narrows -\$120 million; State



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- Route 37 Improvements - \$100 million; San Rafael Transit Center- \$30 million) and an additional \$455 million in regional funding that Marin would qualify.
- Advocated for amending SB 1 guidelines to provide flexibility by allowing for the use of STIP funds and removal of the match requirement for the Solutions for Congested Corridors Program and use of STIP for the Local Partnership Program.

# Attachment 2

## Draft Resolution

RESOLUTION 17-xxx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES AUTHORIZING A SOLE SOURCE PROFESSIONAL SERVICES CONTRACT WITH KHOURI CONSULTING FOR A COMPREHENSIVE LOBBYING PROGRAM REGARDING CALTRANS PERMITTING POLICY WITHIN THE CITY**

WHEREAS, the City of Paso Robles is divided by US 101, SR 46 East and SR 46 West which are all State Highways under the jurisdiction of Caltrans District 5; and

WHEREAS, the City has worked with Caltrans on numerous studies and programs to address traffic and circulations issues on SR 46 East including:

- 1964 - 46 East Freeway Agreement
- 2001 - 46 East Corridor Study
- 2003 - Route 46 Corridor Improvement Project
- 2007 - Caltrans Freeway Requirement letter
- 2008 - 46E Parallel Route Study
- 2009 - SR 46 Corridor System Management Plan
- 2009 - 46E Comprehensive Corridor Study (CCS)
- 2010 - 46E / Union Road PID
- 2011 - Circulation Element Update
- 2014 - 46E / Union Road PSR
- 2015 - 46E / Union Road PAED
- 2017 - 46 Concept Plan (TCR)

WHEREAS, despite the dozen studies and programs, there remains significant disagreement between the City and Caltrans regarding how 46 East should be improved in the future; and

WHEREAS, the City hired Khouri Consulting in early 2017 to provide an outside assessment of the issues dividing the City and Caltrans; and

WHEREAS, Khouri Consulting set up a number of meetings and prepared a strategy outline to address areas of disagreement; and

WHEREAS, in order to implement this strategy, a long term contract with Khouri Consulting will be necessary; and

WHEREAS, the City's Purchasing Manual provides for the "sole source" of professional services when it can be determined by the City Council that it is in the best interest of the City to do so; and

WHEREAS, Khouri Consulting has unique experience with transportation related lobbying efforts within Caltrans District 5 and in Sacramento.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

# Attachment 2

## Draft Resolution

Section 2. The City Council hereby authorize initiation of comprehensive lobbying program regarding Caltrans permitting policy within the city as attached hereto as Exhibit A, and incorporated herein by reference, and authorize the City Manager to execute the Agreement and Budget Adjustments, subject to any minor, technical, or non-substantive changes as approved by the City Manager and the City Attorney.

Section 3. The City Council appropriates an amount not to exceed \$40,000 from Development Impact Fee Transportation Account.

APPROVED this 7<sup>th</sup> day of November 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk

Exhibit A – Khouri Consulting Scope of Work

# Exhibit A - Khouri Consultant Scope of Work

## Exhibit A Scope of Services and Cost Proposal For Khouri Consulting To Advocate On Behalf Of The City El Paso De Robles on State Route 46

### Firm Profile

Khouri Consulting is a Sacramento-based firm, located at 1215 K Street, Suite 1700, that provides comprehensive, high-caliber legislative advocacy and consulting services to a broad range of clients.

Khouri Consulting currently provides legislative advocacy or consults for 16 counties including the Central Coast Coalition (CCC) (Monterey, San Benito, San Luis Obispo, San Benito, Santa Barbara), San Joaquin Valley Policy Council (SJVPC)(Fresno, Kern, Kings, Madera, Merced, Stanislaus, San Joaquin, and Tulare), Santa Barbara County Association of Governments (SBCAG), San Mateo County Transportation Authority (SMCTA), and Transportation Authority of Marin (TAM). Prior local agency clients include the California Transit Association (CTA), City/ County Association of Governments of San Mateo County (C/CAG), City/County of San Francisco, Fresno County Transportation Authority (FCTA), Peninsula Corridor Joint Powers Board (Caltrain), San Mateo County Transit District (SamTrans), Solano Transportation Authority (STA), Tulare County Association of Governments (TCAG). Gus Khouri has also represented private sector clients such as the Association of California High-Speed Trains, Federal Express and the Pacific Merchant Shipping Association.

We not only expertly represent clients before the State Legislature, but also have a proven record of successfully lobbying state regulatory agencies and departments. Each one of our clients is unique and we pride ourselves on being responsive, devoting the proper time and resources to learn their issues and representing them knowledgeably and energetically – we operate for each client as if we are an extension of their in-house operations.

Important to our success is our strong belief in utilizing a unique, proactive philosophy in which we invest the time to understand the needs of the client and utilize our unique relationships and skill set to achieve our clients' goals. We tell our clients what they need to hear, not just what they want to hear. In the post-term limits era, we are constantly working to build key relationships with not only incumbent policymakers, but also those of the future at the local, state and federal level, as well as staff.

We utilize our legislative expertise, combined with our strong relationships with key legislators on both sides of the aisle and the Executive Branch to deliver tangible, high-value results to our varied client base. We have connections and access to the Brown Administration, which extend to the Governor's Legislative Office (commonly referred to as the "The Horseshoe"), as well as most legislative offices.

Legislators and policymakers will tell you we are direct, honest, and work tirelessly on behalf of our clients. We proactively engage with decision-makers on a consistent basis in order to seek opportunities to help maximize results for our clients when such opportunities arise. In fact, our firm is regularly consulted and relied upon by key officials, especially in the Brown Administration, and staff to help deliver on transportation funding.

### Principal's Qualifications

With 20 years of experience, Gus Khouri is one of Sacramento's leading local government advocates. Gus Khouri has been involved in every major transportation policy development or funding issue in Sacramento over the past decade and a half. Highlights include: participation in the Traffic Congestion Relief Act of 2000 and Proposition 42, which dedicated the sales tax on gasoline to a variety of transportation programs and projects; working with legislative leadership to help craft the language Proposition 1B (SB 1266, Chapter 25, Statutes of 2006); positioning the interests of clients in the acquisition of funding from various Proposition 1B programs (examples below); negotiating on the "gas tax swap" (AB 6 and 9, 8<sup>th</sup> Extraordinary Session of 2009) to protect and provide additional funding for highways and transit.

# Exhibit A - Khouri Consultant Scope of Work

As the former Legislative Director for the California Transit Association, he was primarily responsible for developing strategies and executing on the Association's annual legislative platform, as well as helping to create material, secure meetings and speakers for the Association's Lobby Day, Spring Legislative Conference, and Fall Conference. He was heavily relied upon in other key Association meetings and committees that were orchestrated by the Executive Director over his seven-year tenure.

That role has allowed him to become an expert on transit funding and deliver on key objectives for the Association. In 2007, when then-Governor Schwarzenegger attempted to eliminate state funding for public transportation, Mr. Khouri helped broker a deal to restore and increase funding for operations (a minimum guarantee of \$350 million statewide through revenue made available by the increase of the sales tax on diesel which is deposited into the State Transit Assistance program) while still allowing for the state to realize General Fund savings to pay down bond debt service. The lack of a deal would have jeopardized nearly 40,000 jobs for transit bus drivers and train operators statewide.

In addition, he has been trusted by Caltrans to develop the methodology for administering \$3.6 billion in transit capital projects and rolling stock purchases (AB 1072, Chapter 271, Statutes of 2009 and the subsequent guidelines) and is regularly consulted on funding for highways and transit programs by Caltrans and the California Transportation Commission (CTC). Gus has routinely staffed additional legislation such as AB 372, Chapter 262, Statutes of 2006, AB 729, Chapter 466, Statutes of 2009, which extended design-build authority for transit properties.

Mr. Khouri also secured the deciding votes on, SB 1029 (Leno), Chapter 152, Statutes of 2009, which appropriates \$8 billion of Proposition 1A for high-speed rail and commuter and intercity rail services; as well as SB 862 (Budget), Chapter 36, Statutes of 2014, which created the Cap and Trade Program. He also participated in the drafting of Proposition 22, which protected transit funding, among other things, from being raided by the General Fund. He also coordinated with the legislature on MAP-21 implementation.

This Spring, Gus Khouri worked closely with the Brown Administration and several legislators to craft and secure the deciding votes on SB1 (Beall), a \$5.2 billion annual transportation-funding package, which includes \$300 million for Trade Corridors and \$250 million for Congested Corridors. His contributions included the foundational development and insertion of the annual \$1.6 billion Transportation Improvement Fee (a vehicle registration fee based on the market value of a vehicle) that led to funding the \$250 million Solutions for Congested Corridors Program, and infusion of \$350 million for public transit, among other things; advocacy for a dedicated pot of funding for commuter and intercity rail, which resulted in the imposition of a .5% sales tax on diesel (\$37 million annually) to fund the program; and advocacy for restoration of \$1.1 billion to the State Transportation Improvement Program (STIP) to allow local transportation agencies to improve congestion and provide multi-modal options statewide. Gus was initially the sole advocate pushing for restoration of the STIP in what was originally supposed to be only a "Fix It First" package.

As San Francisco Mayor Edwin M. Lee's lead advocate, Mr. Khouri has protected billion of dollars in redevelopment funds that otherwise would have been diverted to State General fund coffers, while negotiating complex, transformative deals to protect the San Francisco Bay, build the Transbay Terminal, and move the Golden State Warriors to San Francisco.

He served in the Legislature for seven years, most recently as a Senior Consultant to the Assembly Transportation Committee. Mr. Khouri has earned a well-respected reputation for finding solutions for complex issues on a bipartisan basis. His primary responsibilities on the Committee were: preparing analyses and providing research on complex legislation in the transportation policy field, including briefing the Committee Chair, Committee Member staff, and Speaker's staff, as well as providing vote recommendations; acting as liaison with various state agencies, such as the California Highway Patrol (CHP), Caltrans, CTC, Department of Motor Vehicles, and legislative staff, to craft, amend or monitor legislation as it moved through the process; organizing informational hearings on various transportation

# Exhibit A - Khouri Consultant Scope of Work

issues; and, staffing Assembly Member Jenny Oropeza on the Appropriations Committee, as well as on issues regarding revenue and taxation, labor, and information technology.

Mr. Khouri was the Assembly Transportation Committee's point person on negotiations with respect to the 2006 Transportation Infrastructure Bond package (Propositions 1A and 1B). In addition, Mr. Khouri assisted in crafting language for the completion of the San Francisco-Oakland Bay Bridge re-financing deal.

Gus holds a Master of Arts degree in Government, from the California State University at Sacramento, as well as a Bachelor of Arts degree in Political Science, from University of the Pacific. In 2006, he was named "Up and Coming Lobbyist" by *Capitol Weekly*. He is affiliated with the California League of Cities, California State Association of Counties (CSAC), and Self-Help Counties Coalition (SHCC).

## **Overall Strategy to Accomplish Proposed Scope of Work**

Specifically, our proposed comprehensive lobbying program consists of the following elements:

1. Upon being retained, we would immediately set up either an in-person meeting or conference call to ensure that we gather all of the necessary information on issues relating to Highway 46 within the City and proceed on your behalf.
2. We would then formulate a strategy to effectively lobby your interests, set up meetings accordingly with Caltrans, CHP, CTC, California State Transportation Agency (CalSTA), Governor's office, and legislative delegation if necessary, in order to help influence a favorable outcome on Highway 46 for the City of El Paso De Robles.
3. Our direct lobbying will also include assisting with or drafting letters and talking points as necessary. We will also testify on your behalf at hearings before legislative committees, as directed.
4. We will assist you in working with other agencies and organizations to develop support for our policies, such as participation in coalition efforts to generate support. The members of our team regularly interact with the staff, lobbyists and members of organizations, including: the League of California Cities and CSAC, among others.
5. We will maintain regular phone and email communication with your designated key staff.
6. We will adhere to all laws and regulations governing the activities of registered lobbyists in California.

# Exhibit A - Khouri Consultant Scope of Work

## Cost Proposal

Our proposed cost to serve the City is based on our experience that government advocacy is a constant effort that is subject to cyclical periods of more or less intensity given the legislative and regulatory calendar. That is why we propose to bill in monthly installments rather than an hourly rate.

Our proposal is based on these specific assumptions:

1. Given the seasonal nature of legislative calendar and state agency board meetings, we work significantly more hours for than other weeks.
2. Nevertheless, issues constantly arise and we will therefore invest as much time and effort as necessary to tend to issues on State Route 46.
3. Our expertise and experience with the legislative process that has been cultivated over 20 years is ultimately what is most valuable. In some instances, the effort we expend or the activity we pursue will be successful due to our expertise and experience, and to the relationships we have spent years cultivating, rather than due to the exact length of time it will take us to transact certain business on your behalf. Sometimes a few phone calls or quick meetings with the appropriate officials or staff will be worth as much or more to you than spending hours by us monitoring one policy committee hearing.
4. We will not bill for administrative costs and support staff to further the purposes of the lobbyists' efforts such as delivering letters, inputting data into computer databases, etc.). We would however ask that reimbursement for travel outside of the Sacramento area for work performed on behalf of the City be considered.

We propose to deliver the scope of work herein for a total not-to-exceed **\$40,000.00** payable in 8 monthly installments (November 2017- June 2018) of **\$5,000 per month**.