



June 11, 2013

Honorable Bob Blumenfield
Chair, Committee on Budget
California State Assembly
State Capitol
Sacramento, CA 95814

Honorable Mark Leno
Chair, Committee on Budget and Fiscal Review
California State Senate
State Capitol
Sacramento, CA 95814

Re: Assembly Budget Subcommittee #5 – Item 0250

Dear Chair Blumenfield & Chair Leno:

We are writing to express our concerns relating to proposed budget trailer bill language that would threaten the ability of local governments to deliver key transportation projects.

The Legislature will soon consider a recommendation that could place numerous obstacles and require duplicative approvals for transportation projects that use public private partnerships (P3). We strongly encourage any trailer bill language to address the Long Beach Courthouse P3 only and not broadly apply to all public infrastructure projects.

The Assembly and Senate Budget Subcommittees #5 recommendations to codify expanded approval authority for the Public Infrastructure Advisory Commission (PIAC) and new broad-reaching criteria for P3 analysis and selection would have a chilling effect on P3's in the transportation sector. These additional requirements not only introduce additional hurdles and potential delays for projects, but a more difficult approval process could also deter potential bidders from engaging in negotiations or bidding on projects altogether. The Subcommittees' recommendations are highly duplicative of rigorous statutory requirements for analysis of transportation P3's established by SB 2X 4 (Cogdill, Statutes of 2009). Adding additional approval steps beyond the California Transportation Commission's (CTC) existing oversight adds increased risk to P3 partners, unnecessarily delays projects without providing foreseeable benefits, and increases costs.

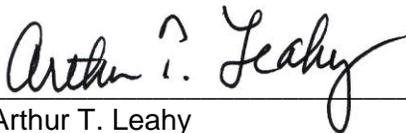
The state is now contributing less than 1/3 of the cost of transportation projects in the state. Regional agencies, such as our transportation commissions, have stepped up and will fund over 60% the transportation projects planned to be delivered over the next ten years. Our agencies are bearing the overwhelming majority of financial risk to deliver billions of dollars of projects for the state highway system and expanding public transit. Risks, responsibilities, and oversight should all be appropriately aligned with the entity's relative funding role in the project. If the state is not

participating as a major funding partner, there should be a more limited role in project approvals, while providing an appropriate amount of oversight.

We agree that P3's are not appropriate for every transportation project and must be used selectively according to industry best practices. However, we do not believe a one-size-fits-all top-down policy approach to infrastructure projects of all types (public buildings, education, transportation, water, etc.) is wise or effective public policy. We support a more focused, flexible approach for transportation projects that includes the input of regional agencies that will be the sponsors of P3's in the near future.

California's infrastructure is in dire need of upgrade. We believe the Legislature is a partner in providing all of the tools necessary to provide the public with safe, efficient, and effective public works projects. We respectfully ask you to consider our request to narrow the proposed budget trailer bill language on the Long Beach Courthouse item. Our agencies commit to working with you on future efforts to improve California's approach to P3's for public infrastructure.

Sincerely,



Arthur T. Leahy
Chief Executive Officer
Los Angeles County Metropolitan Transportation Authority



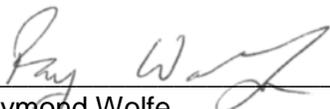
Darrell Johnson
Chief Executive Officer
Orange County Transportation Authority



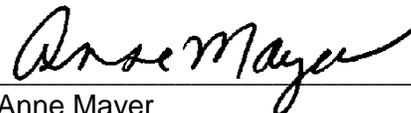
Hasan Ikhata
Executive Director
Southern California Association of Governments



Mark Baza
Executive Director
Imperial County Transportation Commission



Raymond Wolfe
Executive Director
San Bernardino Associated Governments



Anne Mayer
Executive Director
Riverside County Transportation Commission

cc: Brian P. Kelly, Acting Secretary of Transportation, Business, Transportation and Housing Agency
Assemblymember Reggie Jones-Sawyer, Chair, Assembly Budget Sub-Committee #5
Senator Loni Hancock, Chair, Senate Budget Sub-Committee #5