



Metro

Los Angeles County
Metropolitan Transportation Authority

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PRESERVING PUBLIC PRIVATE PARTNERSHIPS (P3) AB 1265 (PEREA & ALEJO)

ISSUE

AB 1265 (Perea & Alejo) will soon be considered in the Assembly Appropriations Committee. Amendments have been proposed by the Professional Engineers in California Government (PECG) which could jeopardize the authority to use P3's in California.

Background

AB 1265 (Perea and Alejo) would extend the authorization for Caltrans and regional transportation agencies to use public private partnerships for transportation projects. P3s are contractual agreements between a public agency and a private sector entity that allow for greater private sector participation in the financing and delivery of transportation projects. California's first statute authorizing P3s was enacted in 2009 and sunsets in 2017. AB 1265 extends the sunset to 2030. The bill passed the Assembly Transportation Committee and will be taken up by the Assembly Appropriations Committee as part of the suspense file on May 28.

The bill is opposed only by Professional Engineers in California Government (PECG), the Caltrans engineers union. PECG is asking for amendments that would preserve, at a minimum, a significant role for Caltrans for construction inspection services. Major potential investors (pension funds, insurance companies, infrastructure funds) in P3 projects oppose the amendments and say that they would create unnecessary risk and will cause investment funds to go to other states or countries.

The coalition supporting AB 1265 (transportation agencies, investors, contractors, engineers and construction trade unions) is asking for the bill to move forward "as is" without the PECG amendments.

ACTION NEEDED

Staff urges the board to contact the key members of the committee and Speaker Atkins this week to urge passage of this bill. The Assembly Appropriations Committee will conclude its consideration of AB 1265 and other bills by May 28th.

TALKING POINTS (in favor of AB 1265):

--Metro is considering several major projects, including the Sepulveda Pass tunnel, which would need capital from P3 investors in order to move forward in a timely way. Extending the sunset on the current statute is crucial to those projects.

--P3s enable a transportation agency to accelerate projects by advancing major capital investment and leveraging the ongoing cash flow from local sales tax measures and other sources.

--Public safety is still protected through Caltrans engineering and safety inspections.

KEY DECISION MAKERS TO CONTACT:

- 1) Speaker Toni Atkins (D-San Diego) – 916-319-2078;
- 2) Assembly Member Jimmy Gomez (D-Los Angeles), Chair of Appropriations – 916-319-2051;
- 3) Assembly Member Chris Holden (D-Pasadena, Majority Floor Leader and a member of the committee) – 916-319-2041.

Other committee members from Los Angeles County:

- 4) Assembly Member Ian Calderon (D-Whittier) – 916-319-2057; and
- 5) Assembly Member Anthony Rendon (D-Lakewood) – 916-319-2063

Should you have any questions regarding this matter, please contact Michael Turner, Director of State Affairs at 213-922-2122 or Marisa Yeager, Government Relations Manager at 213-922-2262.