



April 20, 2017

**TO: MEMBERS, CALIFORNIA STATE LEGISLATURE**  
**FR: AFSCME, PECG, SEIU Local 1000, SEIU State Council**  
**RE: “OPPOSE UNLESS AMENDED” on P3 Reauthorization Bills – SB 422 (Wilk), SB 768 (Allen) and AB 1454 (Bloom)**

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On behalf of our hundreds of thousands of members in California, AFSCME, PECG, SEIU Local 1000, and SEIU California regret to inform you of our “oppose unless amended” position on SB 422, AB 768, and AB 1454 which seek to reauthorize public private partnerships (P3s) in California.

In principle, AFSCME, PECG, SEIU Local 1000 and SEIU State Council strongly oppose P3s because they propose the privatization of public works infrastructure and outsource work customarily performed by public sector, union employees. It is unfortunate and somewhat surprising that SB 422, SB 768 and AB 1454 are reliant on the same failed premise – that somehow Californians are best served by privatizing public highways and turning tolling authority over to private for profit companies. Interestingly, President Trump’s own proposed infrastructure plan is dependent on the same logic.

If the Legislature concludes that providing renewed P3 authority is appropriate in California, we would encourage the adoption of amendments that would improve the safety of future P3 projects, prohibit the displacement of public employees, and require common sense public interest protections prior to converting projects to P3s.

Specifically:

- Construction inspection on P3s must be performed by the state to ensure projects are safe and meet state standards.

The original legislation authorizing P3s (SBX2 4 of 2009) specifically required that construction inspection be performed by the state of California. That requirement was nullified in the existing statutory language by a court decision in 2011. It must be restored in a renewed P3 authority just as it was in AB 401 (Daly) of 2013, the bill that renewed state and local design build authority. Failing to do so would allow the private design and construction concessionaire on a P3 to approve and inspect their own work.

- Protect existing public sector workers.

This language would prevent the displacement of existing public sector workers. While we would prefer protecting against the lost opportunity to grow bargaining units, at a minimum we should ensure continued employment opportunities for union members displaced when facilities are converted to private sector control and operation.

- Common sense public interest protections – including an expanded oversight and evaluation process – must be built into any reauthorization.

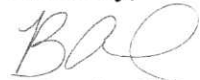
Enhanced evaluation and oversight recommendations were made in the Legislative Analysts' Office 2012 report – Maximizing State Benefits from Public-Private Partnerships and were included in AB 749 (Gorell) of 2013, as introduced. Such provisions are the only way to generate an objective analysis of P3 proposals so policymakers and stakeholders can make informed decisions.

- Projects must have a non-public revenue source and not rely on availability payments.

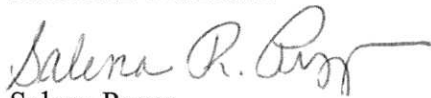
California just approved an historic \$5.2 billion annual funding package to rebuild and improve our crumbling transportation infrastructure. It would violate the trust of taxpayers if that new revenue or existing state highway revenue were siphoned off to make annual multi-million availability payments on a P3. You might remember that is exactly what occurred on the Presidio Parkway Project in San Francisco which was and is financed by an annual payment of \$35 to \$40 million annually for 30 years. That is money that will not be available for other projects in our state for an entire generation. We should not repeat the mistake.

If P3 legislation is to advance this session, AFSCME, PECG, SEIU Local 1000, SEIU State Council urge you to adopt our proposed amendments to ensure projects are safe and that public interests are met. If we can provide any additional information, please do not hesitate to contact us.

Sincerely,



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Political and Legislative Director  
AFSCME California



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CA State Council of the Service Employees  
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cc: Dan Reeves, Chief of Staff, Senate President pro Tempore  
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