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**BOARD OF DIRECTORS MEETING  
APRIL 28, 2005**

**SUBJECT: STATE LEGISLATION**

**ACTION: APPROVE STAFF RECOMMENDATION ON STATE LEGISLATION**

**RECOMMENDATION**

Adopt the following positions:

- A. AB 1714 (Assembly Member Plescia). Would modify the cost estimates to complete the Toll Bridge Seismic Safety Repair and Retrofit Program and identifies funding for the revised estimates. **WORK WITH AUTHOR**
- B. SB 172 (Senator Torlakson). Would grant budgetary control of all toll revenues to the Bay Area Toll Authority (BATA) and requires Caltrans and BATA to establish various oversight procedures for toll revenues. **WORK WITH AUTHOR**
- C. SB 1024 (Senators Perata and Torlakson). Would authorize the sale of \$7.688 billion in general obligation bonds for capital improvement projects throughout the state, including funding for the Toll Bridge Seismic Safety Repair and Retrofit Program. **WORK WITH AUTHOR**

**ATTACHMENTS**

- A. AB 1714 (Assembly Member Plescia)
- B. SB 172 (Senator Torlakson)
- C. SB 1024 (Senators Perata and Torlakson)

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*for* Maria A. Guerra  
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**BILL:** AB 1714

**AUTHOR:** ASSEMBLY MEMBER GEORGE PLESCIA (R- SAN DIEGO)

**TITLE:** TOLL BRIDGE SEISMIC SAFETY REPAIR AND RETROFIT PROGRAM

**STATUS:** ASSEMBLY TRANSPORTATION COMMITTEE

**ACTION:** WORK WITH AUTHOR

### **RECOMMENDATION**

Adopt a WORK WITH AUTHOR position on AB 1714 which would modify the cost estimates to complete the Toll Bridge Seismic Safety Repair and Retrofit Program and would identify funding for the revised estimates.

### **ISSUE**

The continuing cost overruns on the Oakland Bay Bridge have resulted in the introduction of several pieces of legislation to attempt to address the situation. Many in the Bay area contend that this is a state bridge and should be paid for by the state. This could ultimately shift millions of transportation dollars from the “south” to the “north.” Metro has opposed such efforts. Recently Northern California legislators have introduced several bills in an effort to forge a statewide compromise.

### **PROVISIONS**

AB 1714 (Plescia) implements the Governor’s proposal relative to the Toll Bridge Seismic Safety Repair and Retrofit Program (TBSSRRP). Specifically AB 1714 would:

- Revise the cost of the state-owned toll bridge seismic retrofit and replacement program from \$4.637 billion to \$7.204 billion, including revising the cost estimate for the San Francisco-Oakland Bay Bridge from \$2.6 billion to \$4.929 billion.
- Delete the provision of replacing the Bay Bridge with a specific single tower cable suspension design and instead specify a skyway design.
- Increase the existing \$1 toll surcharge to \$2 effective July 1, 2008 on the Bay Area toll bridge.
- Require the funds for the revised cost estimates to be the responsibility of the Metropolitan Transportation Commission (MTC).
- Allow the MTC to make these funds available from an increase in the toll revenues, reallocate existing toll revenues or reprogram projects funded out of toll revenues or other Bay Area fund sources.
- Authorize Caltrans to utilize any contracting process to complete the program.

- Authorize the allocation of \$300 million in State Highway Operations Protection and Preservation Program funds for demolition of the existing San Francisco Oakland Bay Bridge (SFOBB) upon completion of the new SFOBB.
- Require that the responsibility to fund cost overruns beyond the revised estimates be apportioned 75% to the MTC and 25% to the State and authorize the state to utilize various transportation funds to fulfill the 25% obligation.

## **IMPACT ANALYSIS**

Since the 1989 Loma Prieta earthquake, several studies have concluded that the state needed to retrofit a number of bridges throughout the state. In 1997, the Legislature adopted measures that established financing mechanisms for the seismic retrofit of state-owned toll bridges. The estimated cost of the replacement and retrofit work was estimated at approximately \$2.6 billion (in 1997). Since then, the cost of the seismic retrofit program has ballooned to a projected \$7.4 billion, of which \$5.13 billion represents the SFOBB alone.

The Schwarzenegger Administration has proposed that the self-anchored-suspension design chosen by the Bay Area be replaced with a simpler skyway design and that using primarily Bay Area funds finance the remaining costs. AB 1714 would implement the Governor's proposal relative to completion of this program.

As compared to other proposals to fund the completion of this program, AB 1714 provides the most protection for Los Angeles County transportation funds. When first proposed, AB 1714 only authorized the expenditure of \$300 million in SHOPP funds for demolition of the existing bridge and required that all future costs be borne by the Bay Area. The most recent amendment to the bill requires that the base construction costs be absorbed by the Bay Area but requires that future cost overruns be split 75% to the Bay Area and 25% to the State. If the program continues to experience increases on the same order of magnitude as has been experienced in the past, the state's apportionment could be a very high figure and would impact projects statewide.

Although AB 1714 does authorize the use of state resources, it still provides the most protection for Los Angeles County transportation projects.

Staff therefore recommends that the Board of Directors adopt a Work With Author position on AB 1714.

**BILL:** SB 172

**AUTHOR:** SENATOR TOM TORLAKSON (D- ANTIOCH)

**TITLE:** MANAGEMENT OF THE TOLL BRIDGE SEISMIC SAFETY REPAIR AND RETROFIT PROGRAM AND TOLL REVENUES

**STATUS:** SENATE APPROPRIATIONS COMMITTEE

**ACTION:** WORK WITH AUTHOR

### **RECOMMENDATION**

Adopt a WORK WITH AUTHOR position on SB 172 which would grant budgetary control of all toll revenues to the Bay Area Toll Authority (BATA) and would require Caltrans and BATA to establish various oversight procedures for toll revenues.

### **ISSUE**

The continuing cost overruns on the Oakland Bay Bridge have resulted in the introduction of several pieces of legislation to attempt to address the situation. Many in the Bay area contend that this is a state bridge and should be paid for by the state. This could ultimately shift millions of transportation dollars from the “south” to the “north.” Metro has opposed such efforts. Recently Northern California legislators have introduced several bills in an effort to forge a statewide compromise.

### **PROVISIONS**

This bill would:

- Consolidate budgetary control of all toll revenues under the Bay Area Toll Authority (BATA).
- Require Caltrans and the BATA to provide oversight and control responsibilities with the toll surcharge currently on Bay Area Bridge.
- Require program reports to be submitted within 45 days after the end of each quarter.
- Require Caltrans to take specified actions to manage the risks associated with the seismic retrofit projects.

### **IMPACT ANALYSIS**

SB 172 is proposed by Senator Torlakson to address the management problems related to the state’s seismic retrofit program. The bill essentially places all control of the toll revenues under BATA and requires Caltrans to perform certain tasks. By placing BATA in complete control of the toll revenue and by essentially subjecting Caltrans to the budgetary control of BATA the state could potentially face significantly diminished control over this program.

This would not necessarily be an issue for transportation agencies outside of this program with the notable exception that the final costs of this program have not been identified. Until that issue is resolved, staff is concerned that placing Caltrans in such a position could risk the obligation of state resources. Additionally, the Bay Area has asserted that the bridges are state-owned facilities and are therefore the state's responsibility. By that same logic the tolls assessed on the bridges should be state funds under the control of the state. Placing BATA, a local agency, in control of the toll revenues is contradictory to that original assertion and places state funds under the control of a local agency.

Increased oversight and increase reporting on the program are warranted and should be implemented. However, as currently proposed, SB 172 goes beyond this need.

Staff therefore recommends that the Board of Directors adopt a Work With Author position on SB 172.

**BILL:** SB 1024

**AUTHOR:** SENATOR DON PERATA (D- OAKLAND)  
 SENATOR TOM TORLAKSON (D-ANTIOCH)  
 SENATOR ALAN LOWENTHAL (D-LONG BEACH)  
 SENATOR NELL SOTO (D-POMONA)

**SUBJECT:** PUBLIC WORKS AND IMPROVEMENTS: BOND MEASURE

**STATUS:** SENATE TRANSPORTATION AND HOUSING COMMITTEE

**ACTION:** WORK WITH AUTHOR

### **RECOMMENDATION**

Adopt a WORK WITH AUTHOR position on SB 1024 which authorize the sale of \$7.688 billion in general obligation bonds for capital improvement projects throughout the state, including funding for the Toll Bridge Seismic Safety Repair and Retrofit Program.

### **ISSUE**

The continuing cost overruns on the Oakland Bay Bridge have resulted in the introduction of several pieces of legislation to attempt to address the situation. Many in the Bay area contend that this is a state bridge and should be paid for by the state. This could ultimately shift millions of transportation dollars from the “south” to the “north.” Metro has opposed such efforts. Recently Northern California legislators have introduced several bills in an effort to forge a statewide compromise.

### **PROVISIONS**

SB 1024 would authorize the sale of \$7.688 billion in general obligation bonds for capital improvements throughout the state and allocate bond proceeds in the following manner:

- \$2.363 billion would be allocated to the Safe Facilities Account. Of the \$2.363 billion, \$1.363 billion would be allocated to complete the San Francisco-Oakland Bay Bridge and \$1 billion would be allocated to the Department of Water Resources for improvements to levees.
- \$2.3 billion would be allocated to repay the outstanding loans from Proposition 42
- \$2.5 billion would be allocated to the California Ports Infrastructure, Security and Air Quality Improvement Account. Of this amount, \$2 billion would be allocated by the California Transportation Commission to federally designated Trade Corridors of National Significance or along corridors within the state that have high volumes of freight movement. \$400 million would be allocated to the State Air Resources Board for air quality improvement projects around ports in the state and \$100 million would be allocated by the California Infrastructure Bank for port security.

- \$425 million would be allocated by the CTC to cities and counties for street and road projects that improve accessibility to affordable housing.
- \$100 million would be allocated to the Environmental Enhancement Mitigation Program for projects that include highway landscaping and urban forestry projects and roadside recreational opportunities.

### **IMPACT ANALYSIS**

SB 1024 is Senator Perata's proposal to partially fund the San Francisco Oakland Bay Bridge through bonds and in that same effort address goods movement issues in the state.

Staff are initially concerned that while SB 1024 provides a non-state transportation source of funds for completion of the bridge, the bill does not comprehensively address the program's funding needs as is done in AB 1714. For example the bill references that the allocation of bonds to the bridge constitute a percentage of the total funding program but the bill does not raise the tolls or reallocate Bay Area projects to fund the remainder. Without a complete proposal, it is difficult to support a bond measure on its own.

However, if General Obligation Bonds are ultimately a part of the bridge solution and if such a bond proposal were to include goods movement projects, staff believe that the following issues must be addressed.

First, that without protection of Proposition 42 funds, a general obligation bond will put further pressure on the state to suspend Proposition 42 in the future. This establishes a dynamic where, one must subtract the loss of Proposition 42 funds from whatever is allocated by the bond measure in order to understand if there is a net benefit to Los Angeles County. Generally, Los Angeles County loses over \$330 million for each suspension of Proposition 42. Either a strong protection for Proposition 42 must be in place or the amount of funds allocated to Los Angeles must be high enough to offset the loss of Proposition 42 funds for this measure to benefit the County.

Secondly, the categorical allocation of funds should be proportionate to the needs of the individual categories. For example, since Los Angeles County has few if any levees, Los Angeles County would not expect to receive much of the funds allocated to levees. On the other hand, Los Angeles County and its surrounding partner Counties are home to the goods movement issue and any reasonable allocation of these resources should be proportionate to the volume of trade along corridors.

Lastly, the repayment of Proposition 42 funds, while initially encouraging, essentially replaces an existing obligation of the state. There may be other ways in which the state could meet these obligations without subjecting the general fund to increased debt obligation and these should be explored before committing to a bond measure.

Staff therefore recommends that the Board of Directors adopt a Work-With Author position on SB 1024.