



Los Angeles Area
Chamber of Commerce

TUESDAY | May 17, 2005

THE BUSINESS PERSPECTIVE:

Transportation Bond Picks Favorites



Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

WED | May 18

Power Hour Lunch: Creating a Mindset for Building Your Business Through Better People Management

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THU | May 19

Special Briefing with Joe Desmond, California Energy Commission Chair

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THU | May 19

Environmental Quality Committee Meeting

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TUE | May 24

Referral Network
A Growing Companies Program sponsored by Wells Fargo

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WED | May 25

Major League Networking with the LA Galaxy

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THU | May 26

Export Seminar Series: Freight & Logistics

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THU | May 26

Economic Development & Land Use Committee Meeting

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The Los Angeles Area Chamber of Commerce, with nearly 1,400 members, is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit www.lachamber.org

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Nobody should misunderstand our position on the construction of a new Bay Bridge--not if they have been reading what we have been saying.

We think that a new, seismically safe bridge must be built linking both sides of the Bay.

We think it is necessary project for the benefit of the entire state.

We think that the current design is too expensive.

We think the users of the Bay Area should pay for the major cost overruns and design enhancements that have made it so expensive.

We do not believe that other areas of California should be financially penalized because the Bay Area wants a more expensive bridge, or because it cannot get its act together to make a fiscally prudent decision.

That is the long and short of it.

The 1989 Loma Prieta Earthquake caused significant damage to the Bay Bridge. The state of California began a process of retrofitting all bridges in the state, and it was decided that the San Francisco-Oakland Bay Bridge needed to be replaced. Seismic retrofits in the Bay Area alone have utilized 72 percent of the state's \$5.1 billion in transportation funds, which are set aside for such projects, with 28 percent going to the rest of the state.

It is clear that the state, and all of its taxpayers, have made substantial contributions to fixing the problems that unfortunately hit the Bay Area.

In the meantime, Southern California's population continues set the pace for growth as commuters are facing longer and longer commute times, and more and more delays in vital transportation projects. We don't have to remind readers that 43 percent of the nation's imports enter through L.A. County ports and transportation corridors.

The Bay Area chose a signature design for the new bridge which was originally estimated to cost \$1.1 billion. Current estimates are more than \$5.1 billion. Costs continue to rise at an estimated \$400,000 a day for every day of inaction. It does not take any imagination to believe that the costs will continue to rise beyond the current estimates, despite the best efforts by Caltrans to keep the costs under control. Part of that must be to review all aspects of the bridge design and construction program to determine where costs can be cut without sacrificing the functional requirements to move vehicles across the bay.

It was only a matter of time before the Bay Area's political delegation began to flex its muscle to get what it wants. Senator Don Perata, the president pro tempore of the Senate and a powerful man in California, has introduced SB 1024, the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2005.

The bond issue, currently being discussed for a vote in 2006, would authorize \$7.7 billion in state general obligation bonds for transportation purposes. It's a holiday gift basket with money for all types of things, but make no mistake about it, the main reason for the measure is to earmark an additional \$1.4 billion for the Bay Bridge.

It is the only project in the legislation to receive any specific funding. A specific earmark in a statewide bond issue for only one project--talk about special interest project funding!

If Sen. Perata authored a bond issue to fund the Bay Bridge, it probably would never pass. But SB 1024 contains all of the ornaments it needs to be attractive. It contains some payback of Prop. 42 funds so that everyone gets a little. It puts enough money in so many pockets--from ports and harbors to homeland security equipment to an affordable housing incentive program--that everyone gets something. But the Bay Bridge gets the lion's share of the real benefit as the only specific project that is guaranteed for funding under this bond measure.

The problem with opposing it is that many of the items funded by

The Business Perspective is an award-winning weekly opinion column by Rusty Hammer, President & CEO, LA Area Chamber

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What we need is for the state to determine how much it will contribute, then let the Bay Area raise the balance of the money through additional tolls or taxes paid for in the Bay Area.

this bond measure will be of benefit to the state. We need to pay back Prop. 42 funding. We need to upgrade transportation in and around ports and in corridors of national significance. And yes, we need a new bridge for the Bay Area.

But what we don't need is a bond measure that funds dramatic cost overruns and design extravagancies on the Bay Bridge, with money that could be used on these other priorities. What we need is a funding measure that will fund our priorities, not our wishes.

What we need is for the state of California to make a determination as to the amount the state will contribute to the project, and let the Bay Area raise the balance of the money through additional tolls or taxes paid for in the Bay Area.

There are those who will say that other parts of California contributed to projects after the Northridge quake or Southern California fires. True. But nowhere near the levels that we are talking about here.

And remember, we are not saying that the state should not contribute. But given the amount the state has already spent there relative to the rest of California, and given the state's financial position, the only reasonable and fiscally prudent thing we can do is to build a project that is functional and cost effective.

If Sen. Perata is prepared to negotiate a bond measure that will do this, and at the same time provide reasonable funding for the Bay Bridge, then he can consider us his partner get SB 1024 off of the Appropriations Committee's suspense file, where thankfully it landed yesterday.

And that's the *Business Perspective*.



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