



SACOG Board of Directors

Item #06-4-19
Receive/File

April 13, 2006

Infrastructure Bond Update

Issue: What is the status of legislative discussions for an infrastructure bond for 2006?

Recommendation: Receive and file only.

Committee Action/Discussion: The Legislation & Public Affairs Committee received and filed this item. The Governor and Legislative leadership negotiated furiously until mid-March, and ultimately failed to come to agreement on an infrastructure bond measure to go on the June primary ballot. The Governor sought a large bond program (\$50-70 billion) focused on transportation and levee repairs, accompanied by a Proposition 42 firewall and various reforms to CEQA and transportation programs. The Democrats in the Legislature wanted a smaller bond program (\$30-50 billion) focused on affordable housing and education facilities as well as transit and levee repairs, accompanied by a partial Proposition 42 firewall and smart growth provisions. The Republicans in the Legislature wanted an infrastructure program paid for using annual appropriations instead of bonds, including highways and flood control dams, accompanied by a Proposition 42 firewall and more dramatic CEQA and transportation reforms.

The fault lines cut several ways, and several factors in the end led to impasse: size of funding package, how to divide the pie, what program areas fit into the pie, bonds or pay-as-you-go, state-designated transportation projects or money through existing programs, what kind of CEQA reforms for smart growth, how far to go with design-build and public-private partnerships, and levees versus dams. Election year strategy loomed in the background, pitting the Governor's re-election leverage from a successful bond package against public perception that Legislative Democrats failed to deal with infrastructure.

The collapse of the bond proposals in play in early March may yet lead to a different set of proposals better for the Sacramento region. This region has 5.5% of the state's population, and growing. The Governor's transportation package seemed to be gaining traction; its focus on statewide corridors and freight projects would have yielded only about 4.5% of statewide investment in this region, lower the more the emphasis tilted toward freight. Speaker Nunez pushed a transit program that seemed likely to make it into a compromise package; that program used formulas favoring places with high transit use (Los Angeles and San Francisco), and this region would have received less than 3% of funds. The CEQA reforms seemed to be getting squeezed toward the sidelines, although a \$1 billion smart growth package that would have benefited this region was included in the Senate version. So, except for possibly the levee repairs, this region might have received well below a fair share of investment.

The Legislature has renewed discussions about an infrastructure bond for the November general election ballot in an attempt to assemble a package before the May budget revisions come into play on May 15 and partisan politics become more intense as campaign season draws nearer. Executive Director, staff, and SACOG's lobbyist continue to follow and engage in the meandering discussions about an infrastructure bond package, trying to ensure the region's interests are well-represented in any final package. We will report on updated status at the committee meeting.

Approved by:

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Executive Director

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