



Paul Meyer
Executive director
Consulting Engineers and Land
Surveyors of California (CELSOC)

“Under Schwarzenegger’s leadership, we hope to gain much stronger statutory authority that will allow us to start rebuilding California’s infrastructure”



California dreaming?

WHERE WILL THE SCHWARZENEGGER TURN TO ADDRESS THE \$500BN INVESTMENT DEFICIT, ASKS **PAUL MEYER** FROM CELSOC

California’s economy ranks among the top-10 largest in the world, yet the state’s infrastructure hasn’t kept pace with the last 30 years of economic growth or our expanding population. Our existing roads, bridges, ports, schools, levees, rail lines, prisons and public buildings are old...and getting older.

CELSOC agrees with the other industry experts who say at least \$500bn of investment in infrastructure is needed just to fix systems created in the 1930s and 1940s, make them safe, and add the schools, transit, water and other infrastructure needed to serve the state’s constantly growing population.

California governor Arnold Schwarzenegger is setting an example by pushing hard for infrastructure investment. In recent months, he and some of our leading legislators have discussed the idea of encouraging more partnerships between the public and private sectors as just one option for delivering infrastructure projects faster, with maximum quality and with cost efficiency for the taxpayer.

While fiscal responsibility should always be a priority, with the current economic downturn related to the housing industry and the weakening of the US dollar, fiscal responsibility is more important than ever. But these questions remain: Where is the money going to come from, how do we make sure we do not get another failed toll road or a bridge that skyrockets over budget, and how do we get the best bang for our buck?

Another way

Often in California, and around the world, proponents of public private partnerships (PPPs) point to what they considered failed projects completed decades ago while failing to look at successful examples here in the US and abroad. The fact is, comparing current and future PPPs is like comparing cassette tapes to an i-Pod. The times have most certainly changed. As the world continues to engage in these partnerships, the rest of the world, including California, continues to learn from their success and failures with hopes of putting these finance and project

delivery models to work for the benefit of our state.

In the United Kingdom and Canada, PPPs are successfully used to build a variety of public infrastructure projects. Closer to home, states such as Arizona, Nevada, Texas and Michigan have had major successes using the PPP model to accelerate public infrastructure projects, improve performance and keep costs in line. The list continues to grow as more states realise the benefits of combining private capital and expertise with public oversight and regulation.

While not used to the extent of other states, California has a demonstrated -- a successful -- partnership track record and there are examples throughout the Golden State’s history. An excellent historical example is the Golden Gate Bridge in San Francisco. The bridge project, which is now a treasured, internationally recognised icon of the State of California, was initiated and overseen by state and local officials and was financed, designed and constructed by private organisations. The Golden Gate Bridge was and remains a world-class example of a successful PPP – long before that term became popular.

We can also point to a more recent example such as the Alameda Corridor Project in Southern California. This 20-mile-long freight rail expressway – a series of bridges, underpasses, overpasses, and street improvements separating freight rail, passenger rail and street traffic and extending through eight cities – links the vital ports of Long Beach and Los Angeles with the transcontinental rail network and was completed under budget and one day early.

The \$2.4bn project, completed in 2002, is still hailed by infrastructure industry leaders today as the most successful public infrastructure project unveiled in the last 20 years, and clearly underscores the benefits of PPPs and their ability to deliver projects faster, better and more cost-effectively than is possible through California’s traditional financing and development methods.

The project required collaboration among the Alameda County Transportation

Authority (ACTA), the ports of Los Angeles and Long Beach, the Los Angeles Metropolitan. Since its opening, the Alameda Corridor has seen 106% growth in cargo movement, which is more than double the ports' growth rate during that same time period, according to a joint 2005 study by ACTA and the ports. That same study revealed that use of the Alameda Corridor has resulted in more than 6,600 tons of total emission reductions due to the consolidation of freight rail operations and the alleviation of traffic congestion at more than 200 rail crossings in the Southland.

Golden opportunity

Unfortunately, California does not have a general adequate statutory framework for creating new PPP projects. For example,

the statute that authorised the Golden Gate Bridge only authorised that one project. The lack of a general statutory framework means other vital infrastructure projects have been put on the shelf where many of them have stayed for years. Today, under Schwarzenegger's leadership, we hope to gain much stronger statutory authority that will allow us to start rebuilding California's infrastructure.

No one is suggesting that PPPs will solve all of the state's ills. However, successful partnerships demonstrate real alignment between private expertise and financing on one hand, and on the other hand, public agency oversight and accountability. They coordinate shared public and private sector responsibility, and provide checks and balances that keep costs under control and at the highest quality levels. These partnerships

only work if public officials are given full authority to work side by side with their private counterparts.

Professional engineers know all too well that California simply cannot go another 30 years without major new investments in our roads, bridges, schools, water treatment and sewage plants, courthouses, and levees to raise them up to the highest standards. Failure to invest in California's infrastructure will jeopardise our leadership position in the national and global economies.

Schwarzenegger and the state's leading legislators, mayors, and city officials have shown the vision and foresight to recognise the need for immediate solutions to rebuild our infrastructure. Now we need to pave the way for California to more effectively use the public private partnership model.



“Golden Gate Bridge was and remains a world-class example of a successful PPP”